Wilmington plc

Turning knowledge into advantage

2017

Wilmington plc
Interim Report
for the six months ended 31 December 2017
Stock Code: WIL

Welcome to Our Interim Report 2017

Wilmington operates in three key knowledge areas, Risk & Compliance, Professional and Healthcare.

Wilmington's Vision

To be the recognised knowledge leader and partner of choice for information, education and networking in Risk & Compliance, Professional and Healthcare.

Wilmington Risk & Compliance   Wilmington Professional   Wilmington Healthcare

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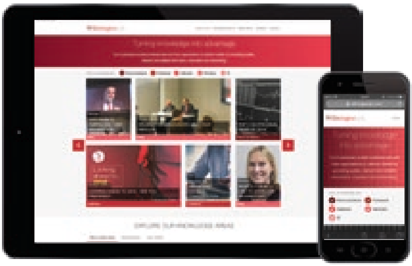

Investor website
Our corporate website at www.wilmingtonplc.com contains a wide range of information of interest to institutional and private investors including:

- Latest news and press releases
- Annual reports and investor presentations

Operating and Financial Review

Revenue for the six-month period was up (6%) against the same period last year (up 6% on a constant currency basis) supported by the acquisition of Health Service Journal ("HSJ"). Adjusting for acquisitions, underlying revenue was down 3%. Underlying revenue performance partially reflects the exit from the legal practice support market combined with delays previously highlighted in our in-house compliance training assignments and a recent slowdown in the UK Pharmaceutical area of our healthcare business. Wilmington overall saw revenue growth in Risk & Compliance and 27% growth in Healthcare driven by HSJ with the Professional division marginally down.

Revenue grew £3.4m to £58.2m (2016: £54.8m) and Adjusted EBITA grew £0.3m (3%) to £10.0m (2016: £9.7m). HSJ, acquired in January 2017, contributed £4.8m to revenue and £0.9m to EBITA. EBITA margins at 17.1% were down marginally, compared to 2016 (17.7%) reflecting to some extent the planned operational investments in our digitisation initiatives and the start of the rollout of Marketo® our new automated marketing system outlined in the 2017 Annual Report.

Finance costs, which include interest charges and associated costs, increased to £1.0m from £0.9m reflecting the higher average debt levels in this period compared to the same period in 2016. This higher level of debt is due primarily to £16.9m of acquisition and related spend during 2017 offset by the £7.3m received from the London property disposal in June 2017 and £4.5m of related costs including leasehold improvements, termination payments, and tax in respect of the replacement building.

The growth in Adjusted EBITA was offset by increased finance costs and translated into Adjusted Profit before Tax up 2% (£0.2m) to £9.0m (2016: £8.8m). Foreign currency translation impacts were only marginal in the period.

Business vision and strategy

Our vision, which acts as our guide and underpins our strategy, is:

"To be the recognised knowledge leader and partner of choice for information, education and networking in Risk & Compliance, Professional and Healthcare."

In achieving our vision, we aim to turn knowledge into competitive advantage for our clients.

Wilmington's strategy is to further develop its business into a knowledge-based model and structure focussing on serving the needs of chosen communities with an overall objective of becoming a single integrated international business. This business structure will maximise Wilmington's opportunities to help its clients and communities meet their information, education and networking requirements as well as drive operational efficiencies. As part of its evolution, Wilmington has, and is continuing to be, more focussed on its core communities that provide a higher quality of earnings.

Capital Markets Day

In May 2018 we will be hosting a Capital Markets Day at our new London offices to show case our products, our business leaders and to explain in more detail our operational progress to date.

Learning management systems update

We have made further progress in developing products for the evolving digital learning market. Wilmington, like its larger competitors is positioning itself to take advantage of rapidly changing client demands and is investing, as well as in its existing digital areas, into blended digital learning solutions, courses and packages. In our operational decision-making process we are increasingly taking a "digital first" approach to new training product launches and in support we have invested significant resource in setting up and developing the next generation of digital training products and learning support systems.

Operating and Financial Review continued

Learning management systems update
continued

During 2016/17 we set up a dedicated e-learning team using Totara© as our learning management system. Totara© integrates with other key systems such as SalesForce and our new automated marketing system Marketo® and provides the end to end platform for all our products facilitating an ambitious and ultimately seamless roll out of new digital training product.

As previously announced we have identified up to 250 existing training courses across the Group which can be repurposed and restructured as blended digital training products; learning and building from the established pioneering digital training programs of SWAT and AMT and coordinated by the newly formed e-learning team. The blended approach uses a combination of reading materials, on line discussion forums, personalised support, interim assessments and feedback to improve the user experience, outcomes and ultimately the return on our client's investment. To date we have 46 existing training courses under conversion, to be completed by the end of the year.

Wilmington already has an extensive back catalogue of digital products including webinars, talking heads and multi-channel products which are largely produced in dedicated facilities within our UK offices.

We expect to see many commercial advantages from our digital learning expansion aided by a greater ability to repurpose and repackage products across Wilmington's communities and other opportunities for example allowing access to overseas markets currently uneconomic for us to address. We expect these investments and opportunities to be reflected in higher operating margins principally in our Professional division in the medium term.

Update on Project Sixth Gear and new London office

With the appointment of the new Divisional director for the Professional Division on 1 July 2017 an emphasis of Project Sixth Gear has been the closer integration of our post qualification professional training businesses onto single integrated platforms. As a result of this move towards single platforms in November 2017 we have also now completed the final integration of the remaining UK credit control teams with all credit control activities now based in Basildon.

During the period we initiated the migration of all our UK IT infrastructure to a UK based third party specialist. In doing this we are transforming our IT Services to improve the experience for our global workforce in 24 offices. We are consolidating four IT support functions into one, introducing 24/7 support for all staff, and standardising our approach to business continuity. A shared hosting facility for our internal systems giving us Tier 3 and ISO 27001 data centres for extra security and a common disaster recovery position has also been introduced. A third of our workforce is now benefiting from the new services, and we are on track to complete the migration for all staff and offices by the end of this financial year.

This initiative to outsource IT has not only strengthened our systems and increased efficiency but has enabled improved communication, work station flexibility and remote working as well as reducing our office property requirements. The new structure, whilst improving business continuity protection, also offers flexible working for our people which in turn helps with talent attraction and retention. The costs of this project were £1.1m and are shown as an adjusting item. The project includes restructuring costs in respect of our separate IT departments across the UK.

On 2 January 2018 we officially opened our new centralised London offices which now houses 300 of our London based staff and consolidates our London office requirements. This investment represents an important step in improving collaboration and moving to the objective of a "One Wilmington" culture.

We are nearing the end of the consolidation process surrounding Project Sixth Gear which we expect to be completed during 2017/18.

Acquisitions

On 12 February 2018 Wilmington completed the acquisition of the Interactive Medica group of companies ("IM") for an initial net cash consideration of €2.2m with an adjustment for working capital, and further deferred consideration of up to €1.6m subject to IM achieving stretching annual revenue targets for the periods to 31 December 2019.

IM provides Wilmington with the high-quality technology solutions that enables the users of our market leading information to capture, present and analyse both numeric and text information. The addition of the IM technology will offer Wilmington's pharmaceutical clients the ability to support an increasingly complex "go to market" strategy which in turn will enable them to engage with multiple stakeholders in the healthcare ecosystem.

In recent years, the increased sophistication of sales messages and the need to demonstrate cost effective outcomes for drugs and other products to be adopted by national health services or private insurers, has meant it is more important than ever to have access to the right information at the right time. IMs proven technology will not only enhance Wilmington's existing product offerings in the UK but will increase its ability to access other European markets; an area where Wilmington is actively looking to expand its offerings.

Wilmington has been acquisitive in the past and we will continue to review opportunities to enhance growth and to add expertise through selective earnings enhancing acquisitions consistent with our strategy. Our priority areas for capital allocation remain compliance, insurance and healthcare as we focus on adding further scale and expertise to our existing market positions.

Our people

As an increasingly digital information education and networking business, operating in dynamic and competitive markets, we are fundamentally reliant upon the quality and professionalism of our people. We would once again like to express our own and our fellow Board members' appreciation of the hard work and dedication of all our people. We would also like to take the opportunity to welcome our new colleagues from Interactive Medica to the Wilmington family.

Board changes

Following from the announcement of Mark Asplin's intention to step down as Chairman we are pleased to announce the appointment of Martin Morgan as Chairman. Martin Morgan will take over as Chairman on 1 May 2018.

We are also pleased to confirm, as previously announced, that Richard Amos will join the Board on 1 March 2018 succeeding Anthony Foye as Chief Financial Officer.

Dividend

The Board's policy is to pay a progressive dividend reflecting our confidence in the vision and resilience of our business models. We are pleased to confirm that the interim dividend for this year will be 4.0p (2016: 3.9p) per share, an increase of 3% on last year. It is the Board's intention to maintain its progressive dividend policy whilst ensuring that a suitable dividend cover of at least two times adjusted earnings per share compared to the dividend per share is maintained.

The interim dividend of 4.0p per share will be paid on 6 April 2018 to shareholders on the share register as at 9 March 2018, with an associated ex-dividend date of 8 March 2018.

Business Review

Risk and compliance (34% of Group revenue, 43% of Group contribution)

This division provides in-depth regulatory and compliance accredited training and information, market intelligence, and analysis. It focuses on the international financial services and international insurance markets as well as the UK pensions industry. The main community that uses our offerings is risk and compliance officers globally.

	2017 £'m	2016 £'m	Movement £'m	Movement %
Revenue	**19.6**	19.5	0.1	0
Contribution	**5.2**	5.6	(0.4)	(7)
Margin %	**27**	29		

Divisional revenue was up £0.1m compared to 2016. We saw excellent growth from the Risk businesses offsetting a slight decrease in the compliance businesses with Axco our insurance market intelligence business recording encouraging growth of 8%.

Compliance

Our Compliance business, which accounts for just over 50% of the division's revenue, saw revenue down by £0.3m compared to a strong comparator in 2016 largely due to client delays and rescoping of some in-house training assignments. We did however continue to see good performances in online and in public courses as well as growth in the new audit programs supported by continued strong momentum from the ICA membership drive. Reflected in the in-house delays we are seeing a growing trend away from larger enterprise wide assignments to specialist, more labour intensive bespoke assignments which now account for around 30% of our in-house program (up from around 10% last year) this combined with a downscale and rescope of one of the two major contracts we had won last year has reduced our expected in-house revenue in the first six months. In response to this new trend we have been increasing our library of accredited compliance programs and now have 47 courses (which compares to 43 courses last year).

The contract pipeline for in-house projects for both general and bespoke training remains robust and this, combined with deferred revenue up £0.7m (20%) at 31 December 2017, provides encouragement for the start of the second half year.

During the period we downsized our US office which was opened last year but had not gained the traction we had hoped for in US public courses. We transferred the responsibility for the US corporate in-house assignments won in the US to our team in the UK but the costs and lack of revenue resulted in an overall operational loss of £0.2m in the period.

Our audit training business ("ICA Audit") which provides support to client financial enterprises seeking to achieve ISO 19600 (Compliance Management Systems) has performed well in the period and has won further contracts with the forward pipeline building strongly.

Compliance Week US Governance Risk and Compliance ("GRC") events and information business reported revenue up 16% responding to the ongoing program of investment in new content and technology to reposition the business as a GRC resource centre which started in 2016/17.

The continued strong underlying performance and activity across our compliance businesses, notwithstanding the first six months, reflects general demand for accredited compliance training and qualifications and information supplied globally both for individual professionals and as part of corporate assignments. That demand is also reflected in growth of 27% in membership of the ICA, the global association for compliance professionals, over the period. Membership of the ICA has more than doubled over the last 12 months.

Risk

The Risk part of the division contains our insurance businesses: Axco, ICP and Inese and our Pensions business Pendragon. Overall revenue growth was 4% with Axco, the industry leading provider of insurance market intelligence, regulation and compliance information, reporting an 8% growth in revenue.

Overall divisional contribution was down £0.4m to £5.2m (2016: £5.6m). Margins were also down, reflecting, inter alia, reduced in-house compliance training revenue with an increased technical salary cost base to respond to the demand for more bespoke content and courses.

Professional (32% of Group revenue, 25% of Group contribution)

This division includes Wilmington's financial training businesses, financial networking events and our repositioned legal product lines. The Professional division provides expert and technical training as well as support services to professionals in corporate finance and capital markets and to qualified lawyers, expert witnesses and accountants in the UK in both the profession and in industry. This division serves primarily tier 1 banks, the international financial services industry, US Capital Markets and small to medium sized professional accountancy and law firms.

	2017	2016	Movement	
	£'m	£'m	£'m	%
Revenue	**18.5**	19.5	(1.0)	(5)
Contribution	**3.0**	2.7	0.3	10
Margin %	**16**	14		

Divisional revenue declined £1.0m (5%) of which the discontinued legal practice support business accounted for £0.5m.

The Accountancy products performed strongly, boosted by demand for courses on recent technical accounting changes including new UK GAAP and the impact on small and micro-entities. Wilmington also supports over 1500 practices in summarising the business context of the annual UK fiscal Budget for their clients. The impact of moving the annual UK fiscal budget from March to November meant a proportion of this revenue stream was realised in the first half of the year rather than the second half.

The legal product lines have seen a levelling out of demand previously associated with the October Continuing Professional Education ("CPE") year following the recent change to the CPE requirements. Investment bank training performed well with big client retentions and wins offset by slightly more challenged trading in the Asia Pacific market.

Good initial progress has been made on rolling out digital products as explained earlier in this report.

The division increased profits by £0.3m and increased associated margins benefiting from removing the loss making legal practice support revenue as well as good overhead control and the encouraging performance from the Accountancy product lines.

The next six months look encouraging with deferred revenue up 4%.

Healthcare (34% of Group revenue, 32% of Group contribution)

The Healthcare division provides analysis and clarity to customer-focused organisations predominantly in the Healthcare and Life Science markets, enabling them to better understand and connect with their markets. This division includes our UK healthcare information businesses, our Paris based European healthcare news agency, healthcare networking events and our legacy non-healthcare data suppression and charity information businesses. The main communities that use our offerings are healthcare professionals on an increasingly global basis.

	2017	2016	Movement	
	£'m	£'m	£'m	%
Revenue	**20.1**	15.8	4.3	27
Contribution	**3.9**	3.4	0.5	15
Margin %	**20**	22		

Divisional revenue grew £4.3m (27%) driven by a maiden contribution from HSJ (£4.8m) which performed well. Non-healthcare revenue which represents an increasingly smaller proportion of the division at 17% was down by £0.2m to £3.4m (2016: £3.6m) as expected. Overall revenue was down 3% on an underlying basis.

Business Review continued

Within the division the Wilmington healthcare business (excluding HSJ) had a slower start than anticipated with overall revenue down 2% (£0.3m) albeit against a strong comparative period last year. High margin pharmaceutical contract wins in the traditionally strong November and December months, which mark the end of the UK pharmaceutical financial year, were weaker than expected, down £0.5m. This weaker demand was caused by delays and uncertainty over areas such as GDPR, and the greater involvement of the procurement function, all of which have started to feature in our clients' extended decision-making process. We have also continued to experience competitive pressures, particularly from Pan-European data offerings, which we will be in a better position to counter following the IM acquisition.

Deferred revenue increased by 20% (23% constant currency) led by HSJ and US healthcare events, but this was partly offset by UK healthcare deferred revenue which was down by £1.1m reflecting the revenue performance issues outlined above in December and November.

The sales pipeline for the second half of the year for the UK Healthcare pharmaceutical business is not as strong as we would have expected. Combined with the reduction of £1.1m in UK deferred income and a planned reduction in the number of US healthcare events this will make revenue growth more challenging overall for the full year.

Benefiting from a contribution of £0.9m from HSJ, overall contribution increased by 15% (£0.5m) to £3.9m (2016: £3.4m).

Group overheads

Group overheads, which include plc Board costs, head office salaries, as well as unallocated central overheads, increased by £0.1m to £1.9m (2016: £1.7m).

Foreign currency

All of our divisions are to varying degrees affected by translation impacts from foreign currency exchange rate movements. Wilmington in the year to 30 June 2017 generated around 20% of its revenue in US $ and 10% in Euros. During the year the Group entered into foreign currency contracts to sell $10m at an average rate of $1.31 and €5.0m at an average rate of €1.14 which was 80% of the expected net currency earnings for 2017/18.

Current trading and outlook

The performance of the Group in the first half year has been mixed. Healthcare has had a slower start than expected (which is continuing) whilst other parts of our business, particularly Insurance and Accountancy and our investments in new compliance products and content, are performing well.

The second half of the year tends to be more profitable for Wilmington and will be boosted by the expected positive impacts from IM and from the addition of a full six months of HSJ. The new areas of compliance, in addition to Insurance and Accountancy, have performed well and continue to do so. The second half of the year has also started well for in-house compliance assignments recovering from a slow start, and benefiting from the growth in deferred revenue at 31 December 2017. In the case of our Healthcare division non-pharma product demand is performing as expected but sales in the UK pharmaceutical side of the business continue to be adversely affected by uncertainties over GDPR, clients' extended decision-making process, and the impact of Pan-European competition. All of these factors have also been reflected in a reduction to deferred revenue at 31 December 2017.

We continue to see tighter regulatory control and more complex legislation implemented in many of our key markets which in turn continues to drive the demand for our products and services globally. The Board will continue to review opportunities to add additional growth and expertise through organic investment and selective earnings enhancing acquisitions consistent with our strategy with emphasis on compliance, insurance and healthcare.

As we move into the second half, we look forward to delivering another good set of results for the full year with the business performing broadly in line with expectations.

Financial Review

Adjusted results

Reference is made in this financial review to adjusted results as well as the equivalent statutory measures. Adjusted results, in the opinion of the Directors, can provide additional relevant information on our future or past performance where equivalent information cannot be presented using financial measures under IFRS. Adjusted results exclude adjusting items, profit on disposals of property, plant and equipment (to the extent it is material or significant in nature) goodwill impairment and intangible amortisation excluding computer software. As previously disclosed in the 2017 Annual Report, share based payments are now included in operating expenses and the adjusted results in all periods have been updated to reflect this.

	2017	2016	Movement	
	£'m	£'m	£'m	%
Revenue	**58.2**	54.8	3.4	6
Adjusted EBITA	**10.0**	9.7	0.3	3
Margin %	**17.1**	17.7		

Revenue

Revenue for the six months to 31 December 2017 increased by £3.4m (6%) to £58.2m (2016: £54.8m). Excluding the impact of acquisitions, underlying revenue was down 3% (2016: down 2%).

Operating expenses before amortisation of intangibles excluding computer software, impairment of goodwill and intangible assets and adjusting items

Operating expenses before amortisation of intangibles excluding computer software, impairment of goodwill and intangible assets and adjusting items, were £48.2m (2016: £45.1m) up 7% reflecting, inter alia, ongoing investment in new staff and new systems.

Adjusting Items – included in operating expenses

Adjusting items of £3.5m (2016: £0.9m) includes £1.9m costs in respect of the London property portfolio review, £1.1m in respect of the IT outsourcing project. £0.2m increase in deferred consideration payable in respect of SWAT following improved financial forecasts, £0.2m in respect of aborted disposal expense and £0.1m of Project Sixth Gear costs.

Amortisation of intangible assets (excluding computer software)

Amortisation of intangible fixed assets (excluding computer software) at £3.4m (2016: £2.8m) reflecting six months of amortisation of intangible fixed assets arising on the acquisition of HSJ acquired in January 2017.

Operating profit

Operating profit was £3.0m compared to an operating profit of £5.9m in 2016 due to additional adjusting items of £2.6m and additional amortisation of £0.6m, offset by increased adjusted EBITA (see note 5) which increased from £9.7m to £10.0m.

Finance costs

Finance costs, which consist of interest payable and bank charges, were up £0.1m from £0.9m to £1.0m reflecting, inter alia, increased debt associated with £16.9m spent on the acquisition of HSJ and related costs since 1 January 2017 offset by net cash inflows from the disposal of our Underwood Street London property and strong cash generation.

Financial Review continued

Wilmington typically converts over 100% of its adjusted EBITA into funds from operations before adjusting items over a twelve-month financial period. The Group sees slightly lower cash conversion in the first half of its financial year and cash conversion in this period was at 78% compared to 82% last year.

Profit before taxation

Profit before taxation was down £3.0m from £5.0m to £2.0m.

Taxation

Taxation decreased by £0.4m to £0.8m from £1.2m. The decrease in the tax expense is due to lower taxable profits but the higher average tax rate at 38% (2016: 23%) reflects inter alia £2.3m of adjusting items which do not attract a deduction for corporation tax purposes, and a deferred tax credit resulting from changes to the US corporation tax rate.

The underlying tax rate which ignores the tax effects of adjusting items was 22% (2016: 23%) which is the underlying rate we anticipate for the remainder of this financial year.

Earnings per share

Adjusted Basic Earnings per Share increased by 2% to 7.97p (2016: 7.81p). Basic earnings per share decreased to 1.43p from 4.43p and diluted earnings per share decreased to 1.41p from 4.39p.

Goodwill

Goodwill decreased by £1.2m to £84.8m since 30 June 2017 due to currency translation impacts and a change in the provisional value of the deferred tax liability arising on the acquisition of Health Services Journal in the year ended 30 June 2017.

Intangible assets

Intangible assets decreased since 30 June 2017 by £3.4m reflecting additions of £1.0m offset by exchange rate movements of £0.4m and offset by amortisation of £4.0m.

Property, plant and equipment

Property, plant and equipment increased since 30 June 2017 by £2.0m to £6.4m reflecting additions to tangible fixed assets of £2.9m including £2.4m of leasehold improvements, furniture and computer equipment relating to the London head office move.

Trade and other receivables

Trade and other receivables decreased by £1.6m compared to 31 December 2016 reflecting receivables transferred with the acquisition of HSJ offset by improved cash collection following the movement of all UK credit control functions to Basildon.

Trade and other payables

Trade and other payables, which include deferred revenue, were up £4.7m compared to 31 December 2016 reflecting the increase in trade payables of £2.6m and £2.1m increase in subscriptions and deferred revenue.

Subscriptions and deferred revenue, which represents revenue received in advance increased by 9% from £24.2m in 2016 to £26.3m. Underlying growth was 1% (constant currency) and HSJ contributed £2.2m to the increase. There was strong growth in deferred revenue balances for Compliance up 20% (£0.7m), Professional up 4%, offset by Healthcare (excluding FRA) down £1.1m, and Axco down £0.2m. FRA's deferred revenue was up £0.3m.

Net debt
Net debt, which includes cash and cash equivalents, bank loans and bank overdrafts, was £45.9m (2016: £40.6m), an increase of £5.3m. Net debt increased, inter alia, due to the acquisitions of HSJ for £16.9m offset by good operating cash flow. In support of the acquisition of HSJ the Group increased its debt facility to £85.0m from £65.0m on 17 January 2017 under the accordion provision of the loan agreement. On 24 November 2017 this facility was reduced by £10.0m to £75.0m.

Current tax liabilities
Current tax liabilities were down by £0.1m to £0.7m at 31 December 2017.

Deferred consideration
The liabilities of £1.5m and £0.9m relate to the deferred cash payments to the vendors of SWAT of £1.3m and to the vendors of Evantage of £1.1m.

Dividend
It is the Board's intention to pay a progressive dividend whilst ensuring a cover of at least two times the Group's adjusted earnings per share over the dividend per share in respect of the financial year. An interim dividend of 4.0p per share (December 2016: 3.9p) will be paid on 6 April 2018 to shareholders on the register as at 9 March 2018, with an associated ex-dividend date of 8 March 2018.

Pedro Ros
Chief Executive Officer

Anthony Foye
Chief Financial Officer

Consolidated Income Statement

	Notes	**Six months ended 31 December 2017 £'000 (unaudited)**	Six months ended 31 December 2016 £'000 (unaudited)	Year ended 30 June 2017 £'000 (audited)
Continuing operations				
Revenue	6	**58,159**	54,813	120,329
Operating expenses before amortisation of intangibles excluding computer software, impairment of goodwill and intangible assets and adjusting items		**(48,201)**	(45,100)	(96,977)
Adjusting items	7	**(3,526)**	(947)	(3,468)
Amortisation of intangibles excluding computer software	7	**(3,407)**	(2,820)	(6,028)
Impairment of goodwill and intangible assets	7	**—**	—	(2,366)
Operating expenses		**(55,134)**	(48,867)	(108,839)
Other income – gain on sale of leasehold property	7b	**—**	—	6,333
Operating profit		**3,025**	5,946	17,823
Finance costs	8	**(986)**	(915)	(1,961)
Profit before tax	5	**2,039**	5,031	15,862
Taxation	9	**(775)**	(1,160)	(2,988)
Profit for the year		**1,264**	3,871	12,874
Attributable to:				
Owners of the parent		**1,245**	3,853	12,836
Non-controlling interests		**19**	18	38
		1,264	3,871	12,874
Earnings per share attributable to the owners of the parent:				
Basic (p)	11	**1.43**	4.43	14.72
Diluted (p)	11	**1.41**	4.39	14.62
Adjusted earnings per share attributable to the owners of the parent:				
Basic (p)	11	**7.97**	7.81	19.05
Diluted (p)	11	**7.91**	7.76	18.91

The notes on pages 15 to 29 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

	Six months ended 31 December 2017 (unaudited) £'000	Six months ended 31 December 2016 (unaudited) £'000	Year ended 30 June 2017 (audited) £'000
Profit for the period	**1,264**	3,871	12,874
Other comprehensive income/(expense): Items that may be reclassified subsequently to the Income Statement			
Fair value movements on interest rate swap (net of tax)	**150**	336	431
Currency translation differences	**(909)**	1,703	939
Net investment hedges (net of tax)	**437**	(1,034)	(395)
Other comprehensive (expense)/income for the period, net of tax	**(322)**	1,005	975
Total comprehensive income for the period	**942**	4,876	13,849
Attributable to:			
Owners of the parent	**923**	4,858	13,811
Non-controlling interests	**19**	18	38
	942	4,876	13,849

Items in the statement above are disclosed net of tax. The notes on pages 15 to 29 are an integral part of these financial statements.

Consolidated Balance Sheet

	Notes	**31 December 2017 (unaudited) £'000**	31 December 2016 (unaudited) £'000	30 June 2017 (audited) £'000
Non-current assets				
Goodwill	12	**84,812**	73,737	86,028
Intangible assets	12	**28,526**	29,879	31,911
Property, plant and equipment	12	**6,443**	4,899	4,444
Deferred tax assets		**590**	703	820
Derivative financial instruments	4	**36**	—	—
		120,407	109,218	123,203
Current assets				
Trade and other receivables	13	**28,233**	29,881	28,444
Derivative financial instruments	4	**178**	—	—
Cash and cash equivalents		**11,965**	17,233	10,687
		40,376	47,114	39,131
Total assets		**160,783**	156,332	162,334
Current liabilities				
Trade and other payables	14	**(49,612)**	(44,914)	(52,330)
Current tax liabilities		**(735)**	(787)	(1,932)
Deferred consideration – cash settled		**(1,477)**	(177)	(177)
Derivative financial instruments	3a	**(29)**	(1,474)	—
Borrowings	15	**(1,647)**	(1,237)	(925)
		(53,500)	(48,589)	(55,364)
Non-current liabilities				
Borrowings	15	**(55,844)**	(56,220)	(49,353)
Deferred consideration – cash settled		**(951)**	(2,252)	(2,305)
Derivative financial instruments	3a	**(510)**	(769)	(662)
Deferred tax liabilities		**(3,213)**	(4,154)	(4,585)
Provision for future purchase of non-controlling interests		**—**	(100)	(100)
		(60,518)	(63,495)	(57,005)
Total liabilities		**(114,018)**	(112,084)	(112,369)
Net assets		**46,765**	44,248	49,965
Equity				
Share capital	16	**4,371**	4,362	4,362
Share premium	16	**45,225**	45,225	45,225
Treasury shares	16	**(96)**	(96)	(96)
Share based payments reserve		**814**	683	898
Translation reserve		**2,632**	4,305	3,541
Accumulated losses		**(6,235)**	(10,297)	(4,051)
Equity attributable to owners of the parent		**46,711**	44,182	49,879
Non-controlling interests		**54**	66	86
Total equity		**46,765**	44,248	49,965

The notes on pages 15 to 29 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Share capital, share premium and treasury shares (note 16) £'000	Share based payments reserve £'000	Translation reserve £'000	Accumulated losses £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
At 30 June 2016 (audited)	**49,478**	**886**	**2,602**	**(10,116)**	**42,850**	**153**	**43,003**
Profit for the period	—	—	—	3,853	3,853	18	3,871
Other comprehensive income/ (expense) for the period	—	—	1,703	(698)	1,005	—	1,005
	49,478	886	4,305	(6,961)	47,708	171	47,879
Dividends	—	—	—	(3,749)	(3,749)	(105)	(3,854)
Issue of share capital	13	(466)	—	453	—	—	—
Share based payments	—	263	—	—	263	—	263
Tax on share based payments	—	—	—	(40)	(40)	—	(40)
At 31 December 2016 (unaudited)	**49,491**	**683**	**4,305**	**(10,297)**	**44,182**	**66**	**44,248**
Profit for the period	—	—	—	8,983	8,983	20	9,003
Other comprehensive (expense)/ income for the period	—	—	(764)	662	(102)	—	(102)
	49,491	683	3,541	(652)	53,063	86	53,149
Dividends	—	—	—	(3,401)	(3,401)	—	(3,401)
Share based payments	—	215	—	—	215	—	215
Tax on share based payments	—	—	—	2	2	—	2
At 30 June 2017 (audited)	**49,491**	**898**	**3,541**	**(4,051)**	**49,879**	**86**	**49,965**
Profit for the period	—	—	—	1,245	1,245	19	1,264
Other comprehensive (expense)/ income for the period	—	—	(909)	587	(322)	—	(322)
	49,491	898	2,632	(2,219)	50,802	105	50,907
Dividends	—	—	—	(4,019)	(4,019)	(62)	(4,081)
Issue of share capital	9	(384)	—	375	—	—	—
Share based payments	—	300	—	—	300	—	300
Tax on share based payments	—	—	—	(27)	(27)	—	(27)
Movements in non-controlling interests	—	—	—	(345)	(345)	11	(334)
At 31 December 2017 (unaudited)	**49,500**	**814**	**2,632**	**(6,235)**	**46,711**	**54**	**46,765**

The notes on pages 15 to 29 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

	Notes	**Six months ended 31 December 2017 (unaudited) £'000**	Six months ended 31 December 2016 (unaudited) £'000	Year ended 30 June 2017 (audited) £'000
Cash flows from operating activities				
Cash generated from operations before adjusting items	17	**7,728**	7,962	26,653
Cash flows for adjusting items – operating activities		**(1,176)**	(1,073)	(1,510)
Cash flows from share based payments		**(50)**	(87)	(87)
Cash generated from operations		**6,502**	6,802	25,056
Interest paid		**(1,027)**	(880)	(1,656)
Tax paid		**(2,518)**	(1,996)	(3,905)
Net cash generated from operating activities		**2,957**	3,926	19,495
Cash flows from investing activities				
Purchase of businesses net of cash acquired		**—**	(2,122)	(19,005)
Deferred consideration paid		**(205)**	(1,295)	(1,295)
Purchase of non-controlling interests		**(335)**	—	—
Cash flows for adjusting items – investing activities		**(781)**	(116)	(1,327)
Purchase of property, plant and equipment		**(2,860)**	(579)	(1,300)
Cash flows from sale of leasehold property		**—**	—	7,300
Proceeds from disposal of property, plant and equipment		**31**	21	43
Purchase of intangible assets		**(1,047)**	(888)	(1,599)
Net cash used in investing activities		**(5,197)**	(4,979)	(17,183)
Cash flows from financing activities				
Dividends paid to owners of the parent		**(4,019)**	(3,749)	(7,150)
Dividends paid to non-controlling interests		**(62)**	(105)	(105)
Share issuance costs		**(8)**	(5)	(5)
Cash flows for adjusting items – financing activities		**(23)**	—	(146)
Increase in bank loans		**8,000**	11,650	27,702
Decrease in bank loans		**(1,000)**	(3,546)	(25,593)
Net cash generated from/(used in) financing activities		**2,888**	4,245	(5,297)
Net increase/(decrease) in cash and cash equivalents, net of bank overdrafts		**648**	3,192	(2,985)
Cash and cash equivalents, net of bank overdrafts, at beginning of the period		**9,762**	12,438	12,438
Exchange (losses)/gains on cash and cash equivalents		**(92)**	366	309
Cash and cash equivalents, net of bank overdrafts at end of the period		**10,318**	15,996	9,762
Reconciliation of net debt				
Cash and cash equivalents at beginning of the period		**10,687**	14,642	14,642
Bank overdrafts at beginning of the period	15	**(925)**	(2,204)	(2,204)
Bank loans at beginning of the period	15	**(49,781)**	(47,126)	(47,126)
Net debt at beginning of the period		**(40,019)**	(34,688)	(34,688)
Net increase/(decrease) in cash and cash equivalents (net of bank overdrafts)		**556**	3,558	(2,676)
Net drawdown in bank loans		**(7,000)**	(8,104)	(2,109)
Exchange gain/(loss) on bank loans		**570**	(1,376)	(546)
Cash and cash equivalents at end of the period		**11,965**	17,233	10,687
Bank overdrafts at end of the period	15	**(1,647)**	(1,237)	(925)
Bank loans at end of the period	15	**(56,211)**	(56,606)	(49,781)
Net debt at end of the period		**(45,893)**	(40,610)	(40,019)

The notes on pages 15 to 29 are an integral part of these consolidated financial statements.

Notes to the Financial Results

General information

The Company is a public limited company incorporated and domiciled in the UK. As of 15 December 2017 the address of its registered office is 10 Whitechapel High Street, London, E1 8QS. Prior to this date, the registered office address was 6–14 Underwood Street, London, N1 7JQ.

The Company is listed on the Main Market on the London Stock Exchange. The Company is a provider of information, education and networking to the professional markets.

This condensed consolidated interim financial information ('Interim Information') was approved for issue on 21 February 2018.

The Interim Information is neither reviewed nor audited and does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 June 2017 were approved by the Board of Directors on 12 September 2017 and subsequently filed with the Registrar. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

1. Basis of preparation

This Interim Information for the six months ended 31 December 2017 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. The Interim Information should be read in conjunction with the Annual Financial Statements for the year ended 30 June 2017 which have been prepared in accordance with IFRSs as adopted by the European Union, and are available on the Group's website: wilmingtonplc.com.

The Group's forecast and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate well within the level of its current banking facilities. The Directors have therefore adopted a going concern basis in preparing the Interim Information.

2. Accounting policies

The accounting policies applied are consistent with those of the Annual Financial Statements for the year ended 30 June 2017, as described in those Annual Financial Statements. The following new standards, amendments and interpretations have been adopted in the current year:

International Financial Reporting Standards (IFRS/IAS)		Effective for accounting periods starting after
IAS 7	Disclosure initiative – Amendments to IAS 7	1 January 2017
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12	1 January 2017
IFRS 12	Annual improvements 2014-2016 cycle	1 January 2017

The following new standards and amendments to standards have been issued but are not yet effective for the purpose of the Interim Report and have not been early adopted.

International Financial Reporting Standards (IFRS/IAS)		Effective for accounting periods starting after
IFRS 2	Classification and Measurement of Share Based Payment Transactions – Amendments to IFRS 2	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IAS 28	Investments in Associates and Joint Ventures	1 January 2019

Management is currently assessing the impact of the above new standards. In advance of the year starting 1 July 2018, the Group will put in place necessary processes to capture all of the adjustments and additional disclosures required for those standards taking effect before this date.

Notes to the Financial Results continued

2. Accounting policies continued

IFRS 15 Revenue from Contracts with Customers replaces IAS 18 Revenue and related interpretations, introducing a single, principles based approach to the recognition and measurement of revenue from all contracts with customers. The new approach requires identification of performance obligations in a contract and revenue to be recognised when or as those performance obligations are satisfied, as well as additional disclosure. The Group is currently in the process of completing its review of the potential impact of adopting IFRS 15. The necessary processes to capture all of the adjustments and any additional disclosures required under IFRS 15 will be put into place before the beginning of the year starting 1 July 2018.

As previously disclosed in the 2017 Annual Report, the 2016 Annual Report was subject to review by the FRC in accordance with their routine statutory responsibilities. In response to the queries raised in this review, management liaised with the FRC to discuss and impartially evaluate the Annual Report and its compliance with IFRS and ESMA guidelines. As a result of the review and subsequent discussions the 2017 Annual Report included some enhanced disclosures which improved the quality of information presented. These enhanced disclosures, where relevant, have been reflected in the Interim Information presented for the six months ended 31 December 2017.

3. Principal risks and uncertainties

The principal risks and uncertainties that affect the Group are as stated on pages 25 to 33 of the strategic report in the Annual Report and Financial Statements for the year ended 30 June 2017. These remain unchanged since this date. The main financial risks that affect the Group are:

(a) Interest rate risk

Risk

The Group financing arrangements include external debt that is subject to a variable interest rate. The Group is consequently exposed to cash flow volatility arising from fluctuations in market interest rates applicable to that external finance. In particular, interest is charged on the £56m (2016: £57m) amount drawn down on the revolving credit facility at a rate of between 1.50 and 2.25 per cent above LIBOR depending upon leverage. Cash flow volatility therefore arises from movements in the LIBOR interest rates. Any undrawn amounts are charged a commitment fee at a rate of 0.9% (2016: 0.9%).

Group policy

The Group policy is to enter into interest rate swap contracts to maintain the ratio of fixed to variable rate debt at a level that achieves a reasonable cost of debt whilst reducing the exposure to cash flow volatility arising from fluctuations in market interest rates.

Risk management arrangements

The Group's interest rate swap contracts offset part of its variable interest payments and replace them with fixed payments. In particular, the Group has hedged its exposure to the LIBOR part of the interest rate via interest rate swaps, as follows:

- a $7.5m interest rate swap commencing on 13 July 2015 and ending on 1 July 2020, whereby the Group receives interest on $7.5m based on the US Dollar LIBOR rate and pays interest on $7.5m at a fixed rate of 1.79%.
- a £15.0m interest rate swap commencing on 22 November 2016 and ending on 1 July 2020, whereby the Group receives interest on £15.0m based on the LIBOR rate and pays interest on £15.0m at a fixed rate of 2.00%.

These derivatives have been designated as a cash flow hedge for accounting purposes. The net settlement of interest on the interest rate swap, which comprises a variable rate interest receipt and a fixed rate interest payment, is recorded in finance costs in the income statement and so is matched against the corresponding variable rate interest payment on the revolving credit facility. The derivatives are remeasured at fair value at each reporting date. This gives rise to a gain or loss, the entire amount of which is recognised in Other Comprehensive Income ('OCI') following the Directors' assessment of hedge effectiveness.

3. Principal risks and uncertainties continued

(b) Foreign currency risk

Risk

The currency of the primary economic environment in which the Group operates is Sterling, and this is also the currency in which the Group presents its financial statements. However, the Group has significant Euro and US Dollar cash flows arising from international trading and overseas operations. The Group is consequently exposed to cash flow volatility arising from fluctuations in the applicable exchange rates for converting Euros and US Dollars to Sterling.

Group policy

The Group policy is to fix the exchange rate in relation to a periodically reassessed set percentage of expected Euro and US Dollar net cash inflows arising from international trading, by entering into foreign currency contracts to sell a specified amount of Euros or US Dollars on a specified future date at a specified exchange rate. This set percentage is approved by the Board as part of the budgeting process and upon the acquisition of foreign operations.

The Group policy is to finance investment in overseas operations from borrowings in the local currency of the relevant operation, so as to achieve a natural hedge of the foreign currency translation risk. This natural hedge is designated as a net investment hedge for accounting purposes. Debt of $18.2m (2016: $18.2m) has been designated as a net investment hedge relating to the Group's interest in Compliance Week and FRA.

Risk management arrangements

The following forward contracts were entered into in order to provide certainty in Sterling terms of 80% of the Group's expected net US Dollar and Euro income:

- On 03 July 2017, the Group sold €1.0m to 15 November 2017 at a rate of 1.1379
- On 03 July 2017, the Group sold €1.5m to 15 January 2018 at a rate of 1.1360
- On 03 July 2017, the Group sold €2.5m to 16 April 2018 at a rate of 1.1333
- On 03 July 2017, the Group sold $3.0m to 16 October 2017 at a rate of 1.3027
- On 03 July 2017, the Group sold $3.0m to 15 March 2018 at a rate of 1.3085
- On 03 July 2017, the Group sold $4.0m to 16 April 2018 at a rate of 1.3100

The above derivatives are remeasured at fair value at each reporting date. This gives rise to a gain or loss, the entire amount of which is recognised in the Income Statement.

(c) Liquidity and capital risk

Risk

The Group has historically expanded its operations both organically and via acquisition, financed partly by retained profits but also via external finance. As well as financing cash outflows, the Group's activities give rise to working capital obligations and other operational cash outflows. The Group is consequently exposed to the risk that it cannot meet its obligations as they fall due, or can only meet them at an uneconomic price.

Group policy

The Group policy is to preserve a strong capital base in order to maintain investor, creditor and market confidence and to safeguard the future development of the business, but also to balance these objectives with the efficient use of capital. The Group has, in previous years, made purchases of its own shares whilst taking into account the availability of credit.

Notes to the Financial Results continued

3. Principal risks and uncertainties continued

(c) Liquidity and capital risk continued

Risk management arrangements

The Group ensures its liquidity is maintained by entering into short, medium and long-term financial instruments to support operational and other funding requirements. The Group determines its liquidity requirements by the use of short and long-term cash forecasts.

On 1 July 2015 the Group extended its £65.0m revolving credit facility with Barclays Bank plc, HSBC Bank plc and The Royal Bank of Scotland plc through to 1 July 2020. On 17 January 2017 £20.0m of the accordion facility was triggered, increasing the total unsecured bank facility to £85.0m. This extension was made to fund the acquisition of HSJ. The extended facility comprised of a revolving credit facility of £80.0m and an overdraft facility across the Group of £5.0m. On 24 November 2017 the revolving credit facility was reduced by £10.0m to £75.0m, to decrease the non-utilised portion.

(d) Credit risk

Risk

The Group's principal financial assets are receivables and bank balances. The Group is consequently exposed to the risk that its customers or the credit facility providers cannot meet their obligations as they fall due.

Group policy

The Group policy is that the lines of business assess the creditworthiness and financial strength of customers at inception and on an ongoing basis. The Group also reviews the credit rating of the bank.

Risk management arrangements

The Group's credit risk is primarily attributable to its trade receivables. However, the Group has no significant exposure to credit risk because its trading is spread over a large number of customers. The payment terms offered to customers take into account the assessment of their creditworthiness and financial strength, and they are set in accordance with industry standards. The creditworthiness of customers is considered before trading commences. Most of the Group's customers are large and well established institutions that pay on time and in accordance with the Group's standard terms of business.

The amounts presented in the Balance Sheet are net of allowances for bad and doubtful receivables estimated by management based on prior experience and their assessment of the current economic value.

4. Financial instruments and risk management

The methods and assumptions used to estimate the fair values of financial assets and liabilities are as follows:

- The carrying amount of trade receivables and payables approximates to fair value due to the short maturity of the amounts receivable and payable.
- The fair value of the Group's borrowings is estimated on the basis of the discounted value of future cash flows using approximate discount rates in effect at the balance sheet date.
- The fair value of the Group's outstanding interest rate swaps, foreign exchange contracts and put option for non-controlling interest are estimated using discounted cash flow models and market rates of interest and foreign exchange at the balance sheet date.

4. Financial instruments and risk management continued

Financial instruments are measured at fair value via a valuation method. The different levels have been defined as:

- level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- level 3: Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

The Group has recognised a level 2 financial asset of £150,311 (2016: liability of £1,474,217) for foreign exchange trading derivatives at fair value through income or expense. In addition the Group has recognised a level 2 financial liability of £474,850 (2016: £769,278) for two (2016: three) interest rate swap contracts at fair value through other comprehensive income or expense. The Group has no recognised level 1 or level 3 assets or liabilities.

5. Measures of profit

(a) Reconciliation to profit on continuing activities before tax

To provide shareholders with additional understanding of the trading performance of the Group, adjusted EBITA has been calculated as profit before tax after adding back:

- amortisation of intangible assets excluding computer software;
- impairment of goodwill and intangible assets;
- adjusting items (included in operating expenses);
- other income – gain on sale of leasehold property; and
- finance costs.

Adjusted EBITA and adjusted EBITDA reconcile to profit on continuing activities before tax as follows:

	Six months ended 31 December 2017 (unaudited) £'000	Six months ended 31 December 2016 (unaudited) £'000	Year ended 30 June 2017 (audited) £'000
Profit before tax	**2,039**	5,031	15,862
Amortisation of intangible assets excluding computer software	**3,407**	2,820	6,028
Impairment of goodwill and intangible assets	**—**	—	2,366
Adjusting items (included in operating expenses)	**3,526**	947	3,468
Other income – gain on sale of leasehold property	**—**	—	(6,333)
Finance costs	**986**	915	1,961
Adjusted operating profit ('adjusted EBITA')	**9,958**	9,713	23,352
Depreciation of property, plant and equipment included in operating expenses	**399**	493	1,071
Amortisation of intangible assets - computer software	**653**	455	1,165
Adjusted EBITA before depreciation ('adjusted EBITDA')	**11,010**	10,661	25,588

Notes to the Financial Results continued

5. Measures of profit continued

(a) Reconciliation to profit on continuing activities before tax continued

Adjusted profit before tax reconciles to profit on continuing activities before tax as follows:

	Six months ended 31 December 2017 (unaudited) £'000	Six months ended 31 December 2016 (unaudited) £'000	Year ended 30 June 2017 (audited) £'000
Profit before tax	**2,039**	5,031	15,862
Amortisation of intangible assets excluding computer software	**3,407**	2,820	6,028
Impairment of goodwill and intangible assets	**—**	—	2,366
Adjusting items (included in operating expenses)	**3,526**	947	3,468
Other income – gain on sale of leasehold property	**—**	—	(6,333)
Adjusted profit before tax	**8,972**	8,798	21,391

(b) Reconciliation to adjusted profit before tax

	Adjusted results December 2017 £'000 (unaudited)	**Adjusting items December 2017 £'000 (unaudited)**	**Statutory results December 2017 £'000 (unaudited)**	Adjusted results December 2016 £'000 (unaudited)	Adjusting items December 2016 £'000 (unaudited)	Statutory results December 2016 £'000 (unaudited)
Revenue	**58,159**	**—**	**58,159**	54,813	—	54,813
Operating expenses before share based payments, amortisation of intangible assets excluding computer software and impairment	**(47,863)**	**(3,526)**	**(51,389)**	(44,790)	(947)	(45,737)
Share based payments	**(338)**	**—**	**(338)**	(310)	—	(310)
Operating expenses before amortisation of intangible assets excluding computer software and impairment	**(48,201)**	**(3,526)**	**(51,727)**	(45,100)	(947)	(46,047)
Amortisation of intangible assets excluding computer software	**—**	**(3,407)**	**(3,407)**	—	(2,820)	(2,820)
Operating profit/(loss)	**9,958**	**(6,933)**	**3,025**	9,713	(3,767)	5,946
Finance costs	**(986)**	**—**	**(986)**	(915)	—	(915)
Profit before tax	**8,972**	**(6,933)**	**2,039**	8,798	(3,767)	5,031

6. Segmental information

In accordance with IFRS 8 the Group's operating segments are based on the operating results reviewed by the Board, which represents the chief operating decision maker. Following a strategic review in the year ended 30 June 2017, the Group now reports its results in three operating segments (previously four) as this more accurately reflects the way the Group is managed. The comparatives have been restated to provide information on a consistent basis.

The Group's organisational structure reflects the main communities to which it provides information, education and networking. The three divisions (Risk & Compliance, Professional, and Healthcare) are the Group's segments and generate all of the Group's revenue.

The Board considers the business from both a geographic and product perspective. Geographically, management considers the performance of the Group between the UK, North America, the rest of Europe and the rest of the world.

(a) Business segments

	Six months ended 31 December 2017 (unaudited)		Six months ended 31 December 2016 (unaudited)		Year ended 30 June 2017 (audited)	
	Revenue £'000	**Contribution £'000**	Revenue £'000	Contribution £'000	Revenue £'000	Contribution £'000
Risk & Compliance	**19,596**	**5,249**	19,535	5,630	42,272	12,265
Professional	**18,480**	**2,986**	19,506	2,726	39,472	5,864
Healthcare	**20,083**	**3,921**	15,772	3,413	38,585	9,705
Group contribution	**58,159**	**12,156**	54,813	11,769	120,329	27,834
Unallocated central overheads	**–**	**(1,860)**	–	(1,746)	–	(3,930)
Share based payments	**–**	**(338)**	–	(310)	–	(552)
	58,159	**9,958**	54,813	9,713	120,329	23,352
Amortisation of intangible assets excluding computer software		**(3,407)**		(2,820)		(6,028)
Impairment of goodwill and intangible assets		**–**		–		(2,366)
Adjusting items (included in operating expenses)		**(3,526)**		(947)		(3,468)
Other income – gain on sale of leasehold property		**–**		–		6,333
Finance costs		**(986)**		(915)		(1,961)
Profit before tax		**2,039**		5,031		15,862
Taxation		**(775)**		(1,160)		(2,988)
Profit for the financial year		**1,264**		3,871		12,874

There are no intra-segmental revenues which are material for disclosure. Unallocated central overheads represent head office costs that are not specifically allocated to segments. Total assets and liabilities for each reportable segment are not presented, as such information is not provided to the Board.

Notes to the Financial Results continued

6. Segmental information continued

(b) Segmental information by geography

The UK is the Group's country of domicile and the Group generates the majority of its revenue from external customers in the UK. The geographical analysis of revenue is on the basis of the country of origin in which the customer is invoiced:

	Six months ended 31 December 2017 (unaudited) £'000	Six months ended 31 December 2016 (unaudited) £'000	Year ended 30 June 2017 (audited) £'000
UK	**34,337**	31,275	68,588
Europe (excluding the UK)	**9,055**	9,310	18,049
North America	**9,599**	9,191	22,863
Rest of the world	**5,168**	5,037	10,829
Total revenue	**58,159**	54,813	120,329

7. Adjusting items

(a) Adjusting items

The following items have been charged to the Income Statement during the period but are considered to be adjusting so are shown separately:

	Six months ended 31 December 2017 (unaudited) £'000	Six months ended 31 December 2016 (unaudited) £'000	Year ended 30 June 2017 (audited) £'000
Adjusting items relating to property portfolio review and IT infrastructure transformation	**3,018**	—	1,027
Costs relating to successful and aborted acquisitions, disposals and integration	**188**	328	1,569
Restructuring and rationalisation costs	**169**	402	818
Increase in the liability for deferred consideration	**151**	—	54
Aborted leasehold property sale	**—**	217	—
Other adjusting items (included in operating expenses)	**3,526**	947	3,468
Amortisation of intangible assets excluding computer software	**3,407**	2,820	6,028
Impairment of goodwill	**—**	—	2,366
Total adjusting items (classified in profit before tax)	**6,933**	3,767	11,862

7. Adjusting items continued

(b) Property portfolio review and IT infrastructure transformation

During the year ended 30 June 2017 Wilmington performed a review of its London property portfolio, on the back of this it sold the leasehold interest in its Underwood Street London premises for a £7.3m cash consideration. This resulted in a gain on sale of £6.3m. At the same time as disposing of its leasehold interest, Wilmington entered into a new ten-year market rate lease for a London head office premises near Aldgate. The Aldgate premises became the address of its registered office on 15 December 2017.

The items which have been credited to profit or loss in relation to this review are as follows:

Operating expenses – adjusting items relating to the property portfolio review:

	Six months ended 31 December 2017 (unaudited) £'000	Six months ended 31 December 2016 (unaudited) £'000	Year ended 30 June 2017 (audited) £'000
Rent, rates and legal and professional fees relating to new Aldgate lease	**(1,317)**	–	(514)
Relocation and fit out costs incurred on occupation of Aldgate premises	**(315)**	–	–
Redundancy and implementation costs relating to IT infrastructure transformation	**(954)**	–	–
Accelerated depreciation of property plant and equipment on sale of Underwood Street leasehold property	**(322)**	–	(85)
Accelerated depreciation of computer equipment relating to IT infrastructure transformation	**(110)**	–	–
Cost to surrender Old Broad Street lease	**–**	–	(231)
Onerous lease on property in Kent	**–**	–	(197)
Total adjusting items relating to property portfolio review	**(3,018)**	–	(1,027)

8. Finance costs

	Six months ended 31 December 2017 (unaudited) £'000	Six months ended 31 December 2016 (unaudited) £'000	Year ended 30 June 2017 (audited) £'000
Finance costs comprise:			
Interest payable on bank loans and overdrafts	**903**	849	1,814
Amortisation of capitalised loan arrangement fees	**83**	66	147
	986	915	1,961

Notes to the Financial Results continued

9. Taxation

	Six months ended 31 December 2017 (unaudited) £'000	Six months ended 31 December 2016 (unaudited) £'000	Year ended 30 June 2017 (audited) £'000
Current tax:			
Current tax on profits for the period	**1,273**	1,463	4,292
Adjustments in respect of previous years	**14**	—	60
Total current tax	**1,287**	1,463	4,352
Deferred tax:			
Deferred tax credit	**(387)**	(312)	(1,247)
Effect on deferred tax of change in corporation tax rate	**(125)**	9	(117)
Total deferred tax	**(512)**	(303)	(1,364)
Taxation	**775**	1,160	2,988

10. Dividends

Distributions to owners of the parent in the period:

	Six months ended 31 December 2017 (unaudited) pence per share	Six months ended 31 December 2016 (unaudited) pence per share	Year ended 30 June 2017 (audited) pence per share	Six months ended 31 December 2017 (unaudited) £'000	Six months ended 31 December 2016 (unaudited) £'000	Year ended 30 June 2017 (audited) £'000
Final dividends recognised as distributions in the year	**4.6**	4.3	4.3	**4,019**	3,749	3,749
Interim dividends recognised as distributions in the year	**—**	—	3.9	**—**	—	3,401
Total dividends paid in the period				**4,019**	3,749	7,150
Interim/final dividend proposed	**4.0**	3.9	4.6	**3,495**	3,401	4,011

11. Earnings per share

Adjusted earnings per share has been calculated using adjusted earnings calculated as profit after taxation and non-controlling interests but before:

- amortisation of intangible assets excluding computer software;
- impairment of goodwill and intangible assets;
- adjusting items (included in operating expenses);
- other income – gain on sale of leasehold property; and
- adjusting items (included in finance costs).

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

	Six months ended 31 December 2017 (unaudited) £'000	Six months ended 31 December 2016 (unaudited) £'000	Year ended 30 June 2017 (audited) £'000
Earnings from continuing operations for the purpose of basic earnings per share	**1,245**	3,853	12,836
Add/(remove):			
Amortisation of intangible assets excluding computer software (net of non-controlling interests)	**3,407**	2,820	6,028
Impairment of goodwill and intangible assets	**—**	—	2,366
Adjusting items (included in operating expenses)	**3,526**	947	3,468
Other income – gain on sale of leasehold property	**—**	—	(6,333)
Tax effect of adjustments above	**(1,220)**	(820)	(1,757)
Adjusted earnings for the purposes of adjusted earnings per share	**6,958**	6,800	16,608

	Number	Number	Number
Weighted average number of ordinary shares for the purpose of basic and adjusted earnings per share	**87,317,182**	87,062,219	87,193,340
Effect of dilutive potential ordinary shares:			
Future exercise of share awards and options	**704,993**	610,495	611,052
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**88,022,175**	87,672,714	87,804,393
Basic earnings per share	**1.43**	4.43p	14.72p
Diluted earnings per share	**1.41**	4.39p	14.62p
Adjusted basic earnings per share ('adjusted earnings per share')	**7.97**	7.81p	19.05p
Adjusted diluted earnings per share	**7.91**	7.76p	18.91p

Notes to the Financial Results continued

12. Goodwill, Intangible assets and Property, plant and equipment

	Goodwill £'000	Intangible assets £'000	Property, plant and equipment £'000
Closing net book amount as at 30 June 2016 (audited)	70,763	29,038	4,628
Acquisitions	2,064	2,350	183
Additions	—	888	579
Disposals	—	—	(13)
Exchange translation differences	910	878	15
Depreciation of property, plant and equipment	—	—	(493)
Amortisation of publishing rights, titles and benefits	—	(2,820)	—
Amortisation of computer software	—	(455)	—
Closing net book amount as at 31 December 2016 (unaudited)	73,737	29,879	4,899
Additions	—	711	721
Acquisitions	12,867	7,742	—
Disposals	—	(1)	(589)
Exchange translation differences	(321)	(391)	(9)
Impairment	(1,536)	(830)	—
Depreciation of property, plant and equipment	—	—	(578)
Amortisation of publishing rights, titles and benefits	—	(3,208)	—
Amortisation of computer software	—	(710)	—
Reallocation	1,281	(1,281)	—
Closing net book amount as at 30 June 2017 (audited)	86,028	31,911	4,444
Additions	—	1,047	2,860
Acquisitions	(762)	—	—
Disposals	—	(4)	(24)
Exchange translation differences	(454)	(368)	(6)
Depreciation of property, plant and equipment	—	—	(831)
Amortisation of publishing rights, titles and benefits	—	(3,407)	—
Amortisation of computer software	—	(653)	—
Closing net book amount as at 31 December 2017 (unaudited)	**84,812**	**28,526**	**6,443**

Included within additions to property plant and equipment is £2,371,000 of leasehold improvements, furniture and computer equipment relating to the London head office move to premises near Aldgate.

The acquisition movement in goodwill relates to a change in the provisional value of the deferred tax asset arising on the acquisition of Health Services Journal in the year ended 30 June 2017.

Depreciation of property plant and equipment includes £432,000 of accelerated depreciation on assets disposed of on the exit of the Underwood Street leasehold property in December 2017 and in relation to the IT infrastructure outsourcing. The decision to exit the leasehold property triggered a review, and subsequent reduction, of the useful economic lives of assets held at the property. On disposal, the net book value of these assets was £nil, and the portion of depreciation arising on the reduction in useful economic lives of these assets is shown within other adjusting items (included in operating expenses) within the Income Statement.
The remaining £399,000 depreciation is included in operating expenses within the Income Statement.

13. Trade and other receivables

	31 December 2017 (unaudited) £'000	31 December 2016 (unaudited) £'000	30 June 2017 (audited) £'000
Trade receivables	**23,422**	25,371	23,207
Prepayments and other receivables	**4,811**	4,510	5,237
	28,233	29,881	28,444

14. Trade and other payables

	31 December 2017 (unaudited) £'000	31 December 2016 (unaudited) £'000	30 June 2017 (audited) £'000
Trade and other payables	**23,270**	20,748	25,357
Subscriptions and deferred revenue	**26,342**	24,166	26,973
	49,612	44,914	52,330

15. Borrowings

	31 December 2017 (unaudited) £'000	31 December 2016 (unaudited) £'000	30 June 2017 (audited) £'000
Current liability			
Bank overdrafts	**1,647**	1,237	925
	1,647	1,237	925
Non-current liability			
Bank loans	**56,211**	56,606	49,781
Capitalised loan arrangement fees	**(367)**	(386)	(428)
Bank loans net of facility fees	**55,844**	56,220	49,353

16. Share capital

	Number of ordinary shares of 5p each	Ordinary shares £'000	Share premium account £'000	Treasury shares £'000	Total £'000
At 1 July 2016 (audited)	86,985,731	4,349	45,225	(96)	49,478
Shares issued	262,243	13	—	—	13
At 31 December 2016 (unaudited) and 30 June 2017 (audited)	87,247,974	4,362	45,225	(96)	49,491
Shares issued	166,099	9	—	—	9
At 31 December 2017 (unaudited)	**87,414,073**	**4,371**	**45,225**	**(96)**	**49,500**

On 20 September 2017, 166,099 ordinary shares were issued in respect of the vesting of the 2014 PSP Share Awards to employees (including Directors).

At 31 December 2017, 46,584 shares (2016: 46,584) were held in Treasury, which represents 0.1% (2016: 0.1%) of the called up share capital of the Company.

Notes to the Financial Results continued

17. Cash generated from operations

	Six months ended 31 December 2017 (unaudited) £'000	Six months ended 31 December 2016 (unaudited) £'000	Year ended 30 June 2017 (audited) £'000
Profit from continuing operations before income tax	**2,039**	5,031	15,862
Gain on sale of leasehold property	**—**	—	(6,333)
Adjusting items – excluding depreciation of property plant and equipment	**3,094**	947	3,468
Adjusting items – depreciation of property, plant and equipment	**432**	—	—
Depreciation of property, plant and equipment included in operating expenses	**399**	493	1,071
Amortisation of intangible assets	**4,060**	3,275	7,193
Impairment of goodwill and intangible assets	**—**	—	2,366
(Profit)/loss on disposal of property, plant and equipment	**(3)**	8	(20)
Share based payments (including social security costs)	**338**	310	552
Finance costs	**986**	915	1,961
Operating cash flows before movements in working capital	**11,345**	10,979	26,120
Decrease/(increase) in trade and other receivables	**968**	(3,614)	(1,997)
(Decrease)/increase in trade and other payables	**(4,585)**	597	2,530
Cash generated from operations before adjusting items	**7,728**	7,962	26,653

Cash conversion is calculated as a percentage of cash generated by operations to Adjusted EBITA as follows:

	Six months ended 31 December 2017 (unaudited) £'000	Six months ended 31 December 2016 (unaudited) £'000	Year ended 30 June 2017 (audited) £'000
Funds from operations before adjusting items:			
Adjusted EBITA	**9,958**	9,713	23,352
Share based payments (including social security costs)	**338**	310	552
Amortisation of intangible assets – computer software	**653**	455	1,165
Depreciation of property, plant and equipment included in operating expenses	**399**	493	1,071
(Profit)/loss on disposal of property, plant and equipment	**(3)**	8	(20)
Operating cash flows before movements in working capital	**11,345**	10,979	26,120
Net working capital movement	**(3,617)**	(3,017)	533
Funds from operations before adjusting items	**7,728**	7,962	26,653
Cash conversion	**78%**	82%	114%
Free cash flows:			
Operating cash flows before movement in working capital	**11,345**	10,979	26,120
Proceeds on disposal of property, plant and equipment	**31**	21	43
Net working capital movement	**(3,617)**	(3,017)	533
Interest paid	**(1,027)**	(880)	(1,656)
Tax paid	**(2,518)**	(1,996)	(3,905)
Purchase of property, plant and equipment	**(2,860)**	(579)	(1,300)
Purchase of intangible assets	**(1,047)**	(888)	(1,599)
Free cash flows	**307**	3,640	18,236

18. Related party transactions

The Company and its wholly owned subsidiary undertakings offer certain Group-wide purchasing facilities to the Company's other subsidiary undertakings whereby the actual costs are recharged.

The Chief Executive Officer, Pedro Ros, owns a minority shareholding in SMARP OY (a company incorporated in Finland) which provides ongoing social media services to the Group, invoiced on an annual basis. SMARP UK Limited, a subsidiary of SMARP OY, invoiced £nil (2016: £nil) during the period.

Close family members of key management personnel provided services to the Group during the period for lecturing and photography. The total invoiced for these services was £40,466 (2016: £120).

19. Seasonality

The Group has traditionally generated the majority of its revenues and profits during the second half of the financial year. This has historically resulted from two factors. Firstly, most of the Group's businesses (the notable exception being AMT) produce seasonally low sales in July, August and December which include holiday periods for many of the Group's clients. Secondly, Inese, Compliance Week, FRA and HSJ, have major annual events in the second half of the year.

20. Events after the reporting period

Acquisition – Interactive Medica, S.L.

On 12 February 2018 Wilmington Insight Limited (a wholly owned indirect subsidiary of Wilmington plc) acquired the entire share capital of the Interactive Medica, S.L. group of companies ('IM'). IM is a pan-European provider of cloud-based insight, CRM and KAM offerings to the pharmaceutical industry. The Group acquired IM from its founding management team, who will continue in the business. The initial consideration is €2.8m (£2.4m) with an adjustment for working capital payable on completion. Further deferred consideration of up to €1.6m (£1.4m), conditional upon the continued employment of a key member of the management team and subject to IM achieving revenue targets, for the periods to 31 December 2018 and 31 December 2019 is payable in the future. IM was acquired with €0.6m (£0.5m) of cash.

The initial consideration has been financed out of the extended £75.0m multi-currency revolving credit facility. The process of fair valuing IM has not been completed at the date of these financial statements. Subject to this process to fair value, the Group acquired intangible assets that include the IM brand, technology and customer relationships. The excess consideration above the fair value of these acquired net assets and will be recognised as goodwill and intangible assets following completion of the exercise to fair value. All amounts are disclosed as provisional.

Statement of Directors' Responsibilities

The Directors confirm that, to the best of their knowledge, the Interim Information has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as adopted by the European Union. The Interim Management Report includes a fair review of the Interim Information and, as required by DTR 4.2.7R and DTR 4.2.8R, the following information:

- an indication of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- disclosure of material related party transactions that have taken place in the first six months of the current financial year and of any material changes in the related party transactions described in the last Annual Report and Financial Statements.

A list of current Directors is maintained on the Wilmington plc website: wilmingtonplc.com.

By order of the Board

Anthony Foye
Chief Financial Officer
21 February 2018

Officers

Directors:

Mark Asplin
Non-Executive Chairman

Pedro Ros
Chief Executive Officer

Anthony Foye
Chief Financial Officer

Derek Carter
Senior Independent
Non-Executive Director

Nathalie Schwarz
Non-Executive Director

Paul Dollman
Non-Executive Director

Company Secretary:

Daniel Barton

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Shareholder notes

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