2008

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

ILX Group plc company No. 3525870

Contents

Statutory
and Other Information

Directors
P R S Lever (Chairman and non-executive Director)
K P Scott (Chief Executive)
J A Pickles (Finance Director)
P Virik (Non-executive Director)

Secretary
Secretarial Solutions Limited

Company Number
3525870

Registered Office
1 London Wall
London
EC2Y 5AB

Bankers
Barclays Bank plc
Level 28
1 Churchill Place
London
E14 5HP

Auditors
Saffery Champness
Beaufort House
2 Beaufort Road
Clifton
Bristol
BS8 2AE

Nominated Adviser
Arbuthnot Securities Limited
Arbuthnot House
20 Ropemaker Street
London
EC2Y 9AR

Registrars
Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
HD8 0GA

Solicitors
Maclay Murray and Spens LLP
1 London Wall
London
EC2Y 5AB

Financial PR
Adventis Financial PR
93-95 Wigmore Street
London
W1U 1HH

Chairman's Statement

For the Six Months ended 30 September 2008

I am pleased to present the unaudited interim results for the six months ended 30 September 2008.

This period has been one of unprecedented turmoil both in the financial sector as well as the wider UK and global economies. In this turbulent climate our stated strategy of focusing on must-have technical training appears to have paid off, with revenues in both divisions showing growth in the period.

Financial Results

Revenue for the six months was £7.87 million (2007: £6.26 million), representing growth of 25.7%. This delivered an operating profit of £1.11 million (2007: £1.17 million), a slight decline of 5.3%. The fall in operating margins, from 18.7% to 14.1%, is due to changes in the mix of revenue streams, continued investment in training staff, and a bad debt provision, all of which are described further below.

Profit before taxation was down 5.1% to £0.93 million (2007: £0.98 million). Net profit after tax for the period was down 8.7% to £0.64 million (2007: £0.71 million), giving basic earnings per share of 3.32p (2007: 3.64p), also down 8.7%. Adjusted earnings per share was 3.96p (2007: 4.14p), down 4.4%.

Net debt, defined as cash at bank less all bank debt and all future deferred consideration whether payable in cash or in shares, was £6.17 million (at 30 September 2007: £7.37 million and at 31 March 2008: £5.51 million). The Company drew down its final tranche of term debt in June as planned. We believe that with net debt of approximately 2.5 times annualised EBITDA, and interest cover in excess of 6, that this is a prudent level of gearing. There remains £750,000 in earn-out payments to be made which will be settled in full by the Company's year end from operating cash flow.

Business Review

Revenue growth of 25.7% for the six months was driven by growth across both our operating divisions.

Our Corporate Training Group (CTG) division, servicing primarily the financial services sector, saw revenues grow by 8.7% to £3.38 million (2007: £3.10 million). CTG has grown considerably in stature and in reputation since being acquired in July 2006, making market share gains as a result. As a consequence, we have continued to invest in this division by expanding our base of highly regarded trainers and by opening a representative office on Wall Street. These investments in our future are likely to impact short-term on CTG profits, but we believe will position the division well to take advantage of UK and global opportunities in what is certain to be a difficult year ahead for the sector.

The division has fully provided for a debt totalling £136,000 which is unlikely to be recovered. This is as a result of a single customer, Lehman Brothers, going into administration. This provision is included in the income statement under administrative expenses.

Our Best Practice division has continued the momentum which began in the second half of last year, with revenues growing 42.4% to £4.50 million (2007: £3.16 million). This growth has been driven by strong market share gains in the PRINCE2™, ITIL®, and related areas, with e-learning sales in this area up by 38.3% and classroom events, including exam events, up by 87.8%.

Classroom events accounted for 51% of Best Practice revenues for the period against a longer-term average of 35-40%. Whilst the growth in sales has boosted profits, e-learning is more profitable than classroom training and the shift in mix towards lower-margin revenue streams has inevitably resulted in lower overall margins. Nevertheless we are delighted with the growth in the services side of the business which is the result of our real and perceived market leadership across all methods of training and consultancy in this area.

Dividend

During the period the Company paid a dividend of 1.5 pence per share in respect of the year ended 31 March 2008. This dividend is covered approximately 5 times on the basis of annualised profits for the six months ended 30 September 2008. The Directors do not propose the payment of an interim dividend but expect to continue to recommend the payment of a final dividend.

Summary

The Group is continuing to make progress during a time of economic uncertainty and difficulty for a number of its customers and competitors. This is a testament to the strength and diversity of our business and our strategy.

We remain cautiously optimistic that we can continue to deliver robust revenues and profits in difficult times. We also remain open and alert to potential strategic acquisition opportunities.

Paul Lever
Chairman

17 November 2008

Independent Review Report

For the Six Months ended 30 September 2008

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2008 which comprises specifically the primary financial statements and the related explanatory notes that have been reviewed. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the London Stock Exchange Alternative Investment Market's (AIM) Rulebook for Companies. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rulebook for Companies.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union, vary according to the commercial relationship and the terms of agreement reached. Payments are made to suppliers in accordance with the terms agreed. The number of supplier days represented by trade creditors at 31 March 2008 was 44 (2007: 44).

Our Responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

Saffery Champness
Chartered Accountants

Beaufort House
2 Beaufort Road
Clifton
Bristol
BS8 2AE

17 November 2008

Consolidated and Company Income Statement

For the Six Months ended 30 September 2008

	Notes	6 months ended 30.9.2008 Unaudited £'000	6 months ended 30.9.2007 Unaudited £'000	Year ended 31.3.2008 Unaudited £'000
Revenue		7,873	6,262	13,312
Cost of sales		(3,886)	(2,847)	(6,513)
Gross profit		3,987	3,415	6,799
Administrative and distribution expenses excluding depreciation	3	(2,813)	(2,178)	(4,640)
Earnings before interest, tax and depreciation		1,174	1,237	2,159
Depreciation		(63)	(64)	(127)
Operating profit		1,111	1,173	2,032
Interest receivable and similar income		11	10	16
Interest payable and similar charges		(193)	(204)	(554)
Profit before tax		929	979	1,494
Tax		(285)	(274)	(460)
Profit for the year attributable to equity shareholders		644	705	1,034
Earnings per share:				
Basic	4	3.32p	3.64p	5.33p
Diluted	4	3.32p	3.51p	5.27p

Consolidated Balance Sheet

For the Six Months ended 30 September 2008

Assets	Notes	As at 30.9.2008 Unaudited £'000	As at 30.9.2007 Unaudited £'000	As at 31.3.2008 Audited £'000
Non-current assets				
Property, plant and equipment		205	243	206
Intangible assets		23,267	22,899	23,129
Deferred tax asset		-	260	77
Total non-current assets		23,472	23,402	23,412
Current assets				
Trade and other receivables		3,751	3,152	3,464
Cash and cash equivalents		-	112	994
Total current assets		3,751	3,264	4,458
Total assets		27,223	26,666	27,870
Current liabilities				
Bank overdraft		(983)	-	-
Trade and other payables		(2,230)	(1,413)	(3,249)
Deferred consideration	7	-	(1,000)	(1,000)
Tax liabilities		(1,009)	(715)	(694)
Bank loans		(1,250)	(1,898)	(1,250)
Total current liabilities		(5,472)	(5,026)	(6,193)
Non-current liabilities				
Derivative financial instruments		(19)	-	(39)
Bank loans		(3,188)	(1,583)	(2,750)
Total non-current liabilities		(3,207)	(1,583)	(2,789)
Total liabilities		(8,679)	(6,609)	(8,982)
Net assets		18,544	20,057	18,888
Equity				
Issued share capital		1,939	1,939	1,939
Share premium		11,804	11,813	11,804
Shares to be issued – deferred consideration	7	750	3,000	1,500
Own shares in trust	6	(1,825)	(1,825)	(1,825)
Share option reserve		328	292	303
Buyback reserve		1,178	1,178	1,178
Retained earnings		4,370	3,660	3,989
Total equity		18,544	20,057	18,888

The financial statements were approved by the board of directors and authorised for issue on 17 November 2008.
They were signed on its behalf by:

J A Pickles ______________________ Director

K P Scott ______________________ Director

Consolidated and Company Cash Flow Statement

For the Six Months ended 30 September 2008

	6 months ended 30.9.2008 Unaudited £'000	6 months ended 30.9.2007 Unaudited £'000	Year ended 31.3.2008 Audited £'000
Profit from operations	1,111	1,173	2,032
Adjustments for:			-
Depreciation	63	64	127
Share option charge	25	34	45
Movement in trade and other receivables	(304)	(486)	(796)
Movement in trade and other payables	(888)	129	1,759
Cash generated from operating activities	7	656	3,167
Interest paid	-	(16)	(21)
Tax paid	-	(131)	(137)
Net cash generated from operating activities	7	509	3,009
Investing activities			
Interest received	11	10	16
Proceeds on disposal of property and equipment	-	-	7
Purchases of property and equipment	(62)	(75)	(108)
Expenditure on product development	(138)	(119)	(350)
Acquisition of subsidiaries (net of cash acquired)	(1,775)	(1,000)	(2,532)
Net cash used by investing activities	(1,964)	(1,184)	(2,967)
Financing activities			
Increase in borrowings	438	260	780
Net proceeds of share issue	-	(3)	(8)
Interest and refinancing costs paid	(195)	(191)	(540)
Dividend paid	(263)	(123)	(123)
Net cash from financing activities	(20)	(57)	109
Net change in cash and cash equivalents	(1,977)	(732)	151
Cash and cash equivalents at start of period	994	844	843
Cash and cash equivalents at end of period	(983)	112	994

Consolidated and Company Statement of Changes in Equity

For the Six Months ended 30 September 2008

	6 months ended 30.9.2008 Unaudited £'000	6 months ended 30.9.2007 Unaudited £'000	6 months ended 31.3.2008 Audited £'000
Balance at start of period	18,888	19,440	19,440
Profit for the period	644	705	1,034
Dividends paid	(263)	(123)	(123)
Options exercised	-	1	1
Options granted	25	34	45
Deferred consideration	(750)	-	(1,500)
Costs relating to share issue	-	-	(9)
Balance at start of period	18,544	20,057	18,888

Notes to the Financial Statements

For the Six Months ended 30 September 2008

1.

The financial information contained in the Interim Report does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The Interim Report is in compliance with International Accounting Standard 34 (Interim Financial Reporting). The comparative financial information for the six months ended 30 September 2007, and the year ended 31 March 2008, is an abridged version of the group's published financial statements for these periods. The financial statements for the year ended 31 March 2008 contained an unqualified audit report and have been filed with the Registrar of Companies.

2.

The interim financial statements have been prepared on the basis of the accounting policies set out in the March 2008 financial statements of ILX Group Plc.

3.

During the period the company made a provision of £136,000 as a result of a single customer going into administration. In the six months to 30 September 2007 the company incurred exceptional costs of £167,000 relating to a fundamental re-organisation of the company's continuing operations. Both costs are shown under administrative expenses, in line with the presentation adopted in the company's annual accounts.

4.

The basic earnings per share calculation is based on a weighted average number of ordinary shares of 10 pence each in issue during the period of 19,390,762 (6 months to 30 September 2007: 19,390,295).

To allow shareholders to gain a better understanding of the underlying trading performance of the company, an adjusted earnings per share and adjusted diluted earnings per share has been calculated using an adjusted profit after taxation before post-taxation non-recurring costs.

At the period end all share options had exercise prices higher than the average share price for the period. In accordance with IAS 33, the company has excluded these shares in arriving at diluted earnings per share and adjusted diluted earnings per share.

	6 months ended 30.9.2008 £'000	6 months ended 30.9.2007 £'000	Year ended 31.3.2008 £'000
Post tax profit for the period	644	705	1,034
After tax interest on outstanding options multiplied by exercise price	-	51	17
Profit for diluted earnings per share	644	756	1,051
	£'000	£'000	£'000
Post tax profit for the period	644	705	1,034
Add back actual tax charge	285	274	460
Strip out non-recurring items	136	167	364
Profit for adjusted earnings per share	(298)	(344)	(557)
	767	802	1,301
	£'000	£'000	£'000
Profit for adjusted earnings per share	767	802	1,031
After tax interest on outstanding options multiplied by exercise price	-	51	17
Profit for adjusted diluted earnings per share	767	853	1,318
	Number	Number	Number
Weighted average shares	19,390,762	19,390,295	19,390,598
Outstanding share options	-	2,134,615	557,125
Weighted average shares for diluted earnings per share	19,390,762	21,524,910	19,947,723
Basic earnings per share	3.32p	3.64p	5.33p
Diluted earnings per share	3.32p	3.51p	5.27p
Adjusted earnings per share	3.96p	4.14p	6.71p
Adjusted diluted earnings per share	3.96p	3.96p	6.61p

5.

The group operates in one business segment; that of supply of training and consultancy solutions. The operations are monitored by the geographic regions of UK, Mainland Europe, North America, and Other (Asia, Middle and Far East, Africa, and South America).

6.

The company holds 1,850,000 of its own ordinary shares in trust in a Medium Term Incentive Plan, administered by Investec Trust Guernsey Ltd. These shares become payable to directors and senior management, on the achievement of certain performance criteria. The shares are shown at cost as a debit against reserves and relate to the investment. The shares are held in trust under the Plan and represent 9.9% of the total called up share capital.

7.

The company has the following liabilities arising out of earn-out provisions in the agreements relating to recent acquisitions. These liabilities and their timing are as follows:

	As at 30.9.2008 £'000	As at 30.9.2007 £'000	As at 31.3.2008 £'000
Current liabilities: Deferred consideration			
Acquisition of Corporate Training Group Ltd	-	1,000	1,000
	-	1,000	1,000
Equity: Deferred consideration			
Acquisition of Corporate Training Group Ltd	750	1,500	1,500
	750	1,500	1,500
Equity: Contingent consideration			
Acquisition of Corporate Training Group Ltd	-	1,500	-
	-	1,500	-

£2,500,000 fell due on 30 June 2008 of which £1,750,000 had been paid, in cash, at 30 September 2008. It has been agreed that the remaining £750,000 will be paid by way of 3 equal monthly installments. Under the terms of the agreement, interest accrues on the outstanding balance at 5% above Bank of England Base Rate, and the Company retains the ability to pay in shares.

8.

The company has a related party relationship with its subsidiaries, its directors, and other employees of the company with management responsibility. There were no transactions with these parties during the period outside the usual course of business. There were no transactions with any other related parties.

For further information contact:
ILX Group plc, 115 Hammersmith Road, London, W14 0QH, UK
Tel **+44 (0)20 7371 4444** Fax +44 (0)20 7371 6556
Email info@ilxgroup.com

Company No. 3525870