INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

ILX Group plc company No. 3525870

ILX Group plc ("ILX" or "the Company"), announces its Interim Results for the six months ended 30 September 2009.

Corporate Highlights

- Sales of e-Learning and blended products across the Group grew by 40% and now make up 33% of group revenues (6 months to 30 September 2008: 22%)
- Best Practice revenues up 12%, increasing market share.
- Finance division revenues down 29%; but market showing signs of recovery
- Unique PRINCE2 Practitioner e-Learning launched in February 2009 achieves sales in excess of £300,000 in the period (£500,000 since launch)
- ILX now global market leader in PRINCE2 training
- Annualised cost savings in excess of £1.3 million from H2 expected
- New York subsidiary ILX Group Inc established

Financial Highlights

- Revenue of £7.397 million (6 months to 30 September 2008: £7.873 million)
- Profit before tax and non-recurring items £0.491 million (6 months to 30 September 2008: £1.065 million)
- Strong operating cash flow of £0.738 million. (2008: £0.007 million)
- Net debt reduced by £0.357 million since the year end to £4.334 million (31 March 2009: £4.691 million and 30 September 2008: £5.421 million)
- Adjusted fully diluted earnings per share 1.76p (6 months to 30 September 2008: 3.96p)

Ken Scott, Chief Executive, ILX Group plc commented:

"The results were encouraging but we still have much work to do. We continue to increase market share in the UK and are diversifying overseas. The Company has continued to consolidate its existing operations, has weathered a difficult economic climate, and is now poised for its next stage of growth.

"The cost savings resulting from the restructuring are expected to exceed £1.3 million per annum and with the continuing move towards e-learning will further enhance profitability. Our work in consolidating the business has given us a strong and stable base from which to take advantage of any improvement in the marketplace."

16 November 2009

Chairman's Statement

For the Six Months ended 30 September 2009

I am pleased to present the unaudited interim results for the six months ended 30 September 2009. During this period, the Group has continued to consolidate its existing operations, has weathered a difficult economic climate, and is now poised for its next stage of growth.

Financial Results

Revenue for the period was £7.397 million (2008: £7.873 million), a decline of 6%, with a profit before tax and non-recurring items of £0.491 million (2008: £1.065 million). Adjusted fully diluted earnings per share was 1.76p (2008: 3.96p). Although this is down on last year's figures, due to the contraction in the finance training market, these results are encouraging.

The Group has incurred non-recurring costs in the period totalling £271,000, principally in ceasing stand-alone operations in the company's Desktop Migration range of products, and in further integrating the CTG business into the rest of the Group. Full provision has been included within this for any remaining items which are expected to be payable in the second half of the year. The cost savings resulting from these changes are expected to exceed £1.3 million per annum and will take effect substantially from October. Details of non-recurring items, which include a £38,000 credit as a result of a revaluation of our interest rate SWAP, are included as Note 4 to this Interim Statement.

After these non-recurring items the group delivered a profit before taxation of £0.258 million (2008: £0.929 million). We have provided for corporation tax at a rate of 28% although we expect a future reduction in this balance may result from the Group's ongoing research and development activities.

The Group delivered strong operating cash flow in the period of £0.738 million (2008: £0.007 million), reducing working capital due to good credit control and an increasing number of customers paying in advance for products and services. Net debt at 30 September was further reduced to £4.334 million (30 September 2008: £5.421 million and 31 March 2009: £4.691 million).

Business Review

During the period, the Group underwent a restructuring with the creation of a Finance training division, consolidating both the Corporate Training Group business and the Finance for Non-Financial Managers e-Learning products and customer base. The results, split by our two operating divisions, Best Practice and Finance, are presented in Note 6 to these statements as required by IFRS 8.

Our Best Practice division last year took significant market share with classroom training and related services growing by over 70% and sales of e-Learning and blended products showing growth of 24%. This cemented its position as the global market leader for PRINCE2 training. In the six months to date, classroom revenues growth has slowed to 2% but e-Learning revenues have accelerated with growth of 32%. This growth has been driven partly through converting more customers to e-Learning and also by the launch of the division's new PRINCE2 Practitioner product, which has now sold in excess of £0.5 million since its launch in February 2009. The margins derived from e-learning revenues are considerably higher than the equivalent classroom training.

Overall, Best Practice revenues grew by 12% in the period to £4.973 million. The shift to e-Learning has had a positive effect on the division's margins, with gross profit increasing by 19% and operating profit by 41% to £0.608 million. Best Practice remains a predominantly second half weighted division due principally to Q4 e-learning sales and we are therefore very encouraged by this performance in the division's historically weaker half.

The Desktop range of products, which was discontinued as a stand-alone operation, has continued to generate modest revenues from both existing and new customers. This is now fully integrated within Best Practice giving annual savings of £0.3 million.

The Finance division is traditionally strongest in H1 due to the graduate training revenues and delivered a significant operating profit of £0.657 million on revenues of £2.424 million. This result however was substantially down on the same period last year with revenues dropping by 29%. This drop is in line with reduced graduate recruitment across the marketplace. Meanwhile, e-Learning sales tripled in the period to £0.231 million.

We are seeing some signs of recovery in the finance training market, albeit early stages and we are exploring a number of initiatives to bolster revenues in the division's quieter second half. The previous CTG headquarters has also been relocated to Hammersmith, achieving savings in premises and staff costs. The full time training staff, which was expanded during the early part of last year, has now been reduced from 17 to 12. These changes will generate annualised cost savings of £1.0 million, starting in October and ensure that the division is well positioned to return to previous levels of profitability when the market recovers.

Dividend

For the year ended 31 March 2009, the Group maintained its annual dividend of 1.5 pence a share, which was paid after the balance sheet date of these financial statements, on 30 October 2009. 12.6% of the issued shares took up the scrip dividend offer, and accordingly 106,590 new ordinary shares, representing 0.55% of the issued share capital, were issued and admitted to AIM on 30 October 2009.

As in previous years the Group does not intend to declare an interim dividend but remains committed to maintaining an annual dividend.

Summary

ILX Group is continuing to thrive despite the economic climate and we are confident in meeting market expectations for the full year. We are also confident that our work in consolidating the business has given a strong and stable base from which to take advantage of further opportunities for substantial growth.

Paul Lever
Chairman

16 November 2009

Independent Review Report

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 2009 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.

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 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the AIM Rulebook for Companies.

Saffery Champness
Chartered Accountants

Beaufort House
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Clifton
Bristol
BS8 2AE

16 November 2009

Consolidated Income Statement

For the Six Months ended 30 September 2009

	Notes	6 months ended 30.9.2009 Unaudited £'000	6 months ended 30.9.2008 Unaudited £'000	Year ended 31.3.2009 Audited £'000
Revenue		7,397	7,873	15,582
Cost of sales		(3,889)	(3,886)	(7,954)
Gross profit		3,508	3,987	7,628
Administrative and distribution expenses excluding depreciation	4	(3,059)	(2,813)	(5,584)
Earnings before interest, tax and depreciation		449	1,174	2,044
Depreciation		(60)	(63)	(127)
Impairment		-	-	(2,360)
Operating profit		389	1,111	(443)
Interest receivable and similar income		-	11	16
Interest payable and similar charges	4	(131)	(193)	(579)
Profit before tax		258	929	(1,006)
Tax		(72)	(285)	(420)
Profit for the year attributable to equity shareholders		186	644	(1,426)
Earnings per share:				
Basic	5	0.96p	3.32p	(7.35p)
Diluted	5	0.94p	3.32p	(6.97p)

Consolidated Balance Sheet

As at 30 September 2009

		As at 30.9.2009 Unaudited	As at 30.9.2008 Unaudited	As at 31.3.2009 Audited
Assets	Notes	£'000	£'000	£'000
Non-current assets				
Property, plant and equipment		159	205	184
Intangible assets		21,167	23,267	21,006
Total non-current assets		21,326	23,472	21,190
Current assets				
Trade and other receivables		3,241	3,751	3,191
Cash and cash equivalents		145	-	96
Total current assets		3,386	3,751	3,287
Total assets		24,712	27,223	24,477
Current liabilities				
Trade and other payables		(2,886)	(2,230)	(2,778)
Tax liabilities		(1,152)	(1,009)	(946)
Bank loans and facilities		(1,596)	(2,233)	(1,287)
Total current liabilities		(5,634)	(5,472)	(5,011)
Non-current liabilities				
Derivative financial instruments		(172)	(19)	(210)
Bank loans		(2,883)	(3,188)	(3,500)
Total non-current liabilities		(3,055)	(3,207)	(3,710)
Total liabilities		(8,689)	(8,679)	(8,721)
Net assets		16,023	18,544	15,756
Equity				
Issued share capital		1,939	1,939	1,939
Share premium		11,802	11,804	11,802
Shares to be issued – deferred consideration	8	-	750	-
Own shares in trust	7	(1,825)	(1,825)	(1,825)
Share option reserve		189	328	115
Buyback reserve		1,178	1,178	1,178
Retained earnings		2,740	4,370	2,547
Total equity		16,023	18,544	15,756

The financial statements were approved by the board of directors and authorised for issue on 16 November 2009.

Consolidated Cash Flow Statement

For the Six Months ended 30 September 2009

	6 months ended 30.9.2009 Unaudited £'000	6 months ended 30.9.2008 Unaudited £'000	Year ended 31.3.2009 Audited £'000
Profit from operations	389	1,111	(443)
Adjustments for:			
Depreciation	60	63	127
Impairment	-	-	2,360
Share option charge	76	25	59
Movement in trade and other receivables	(10)	(304)	238
Movement in trade and other payables	231	(888)	(522)
Exchange differences on consolidation	5	-	-
Cash generated from operating activities	751	7	1,819
Tax paid	(13)	-	(14)
Net cash generated from operating activities	738	7	1,805
Investing activities			
Interest received	-	11	16
Proceeds on disposal of property and equipment	-	-	-
Purchases of property and equipment	(35)	(62)	(105)
Expenditure on product development	(161)	(138)	(230)
Acquisition of subsidiaries (net of cash acquired)	-	(1,775)	(2,518)
Net cash used by investing activities	(196)	(1,964)	(2,837)
Financing activities			
(Decrease) / Increase in borrowings	(27)	438	192
Net proceeds of share issue	-	-	(2)
Interest and refinancing costs paid	(186)	(195)	(388)
Dividend paid	-	(263)	(263)
Net cash from financing activities	(213)	(20)	(461)
Net change in cash and cash equivalents	329	(1,977)	(1,493)
Cash and cash equivalents at start of period	(499)	994	994
Cash and cash equivalents at end of period	(170)	(983)	(499)
Cash and cash equivalents represented by:			
Bank Overdraft	(315)	(983)	(595)
Cash at bank	145	-	96
	(170)	(983)	(499)

Consolidated Statement of Changes in Equity

For the Six Months ended 30 September 2009

	6 months ended 30.9.2009 Unaudited £'000	6 months ended 30.9.2008 Unaudited £'000	Year ended 31.3.2009 Audited £'000
Balance at start of period	15,756	18,888	18,888
Profit for the period	186	644	(1,426)
Dividends paid	-	(263)	(263)
Options granted	76	25	59
Deferred consideration	-	(750)	(1,500)
Costs relating to share issue	-	-	(2)
Exchange differences arising on consolidation	5	-	-
Balance at end of period	16,023	18,544	15,756

Notes to the Interim Report

For the Six Months ended 30 September 2009

1. The financial information contained in the Interim Report does not constitute statutory accounts as defined by the Companies Act 2006. The Interim Report is in compliance with International Accounting Standard 34 (Interim Financial Reporting). The comparative figures for the year ended 31 March 2009 were derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. Those accounts received an unqualified audit report which did not contain statements under sections 498(2) or (3) (accounting record or returns inadequate, accounts not agreeing with records and returns or failure to obtain necessary information and explanations) of the Companies Act 2006.

   It should be noted that accounting estimates and assumptions are used in preparation of the interim financial information. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the interim financial information, are set out in note 2 to the interim financial information.

2. The key estimates and judgements made by management are detailed below:

   Goodwill
   Goodwill is determined by comparing the amount paid, including the full undiscounted value of any deferred and contingent consideration, on the acquisition of a subsidiary or associated undertaking and the group's share of the aggregate fair value of its separable net assets. It is considered to have an indefinite useful economic life as there are no legal, regulatory, contractual, or other limitations on its life. Goodwill is therefore capitalised and is subject to annual impairment reviews in accordance with applicable accounting standards.

   Acquired customer relationships
   The value of acquired customer relationships is determined by estimating the net present value of the future profits expected from the customer relationships. Where customer relationships relate to contracts covering a pre-determined period, the value is amortised over that period. Where the relationships have an indefinite life, the value is subject to annual impairment reviews in accordance with applicable accounting standards.

3. The interim financial statements have been prepared on the basis of the accounting policies set out in the March 2009 financial statements of ILX Group Plc.

4. During the period the group incurred one-off costs totalling £271,000 (2008: £136,000), as detailed below. These costs are included within administrative expenses, in line with the presentation adopted in the group's annual accounts. In addition, included within interest payable for the period, is a credit of £38,000 resulting from the revaluation of the group's interest rate swap agreement (2008: nil).

	6 months ended 30.9.2009 Unaudited £'000	6 months ended 30.9.2008 Unaudited £'000	Year ended 31.3.2009 Audited £'000
Included within administrative expenses			
Restructuring costs	269	-	-
Fixed asset disposal	2	-	-
Exceptional bad debt provisions	-	136	176
	271	136	176
Included within operating profit			
Goodwill impairment	-	-	2,360
Included within interest payable			
Financing costs	(38)	-	170

5. 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 (2008: 19,390,762).

To allow shareholders to gain a better understanding of the underlying trading performance of the group, 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.

	6 months ended 30.9.2009 Unaudited £'000	6 months ended 30.9.2008 Unaudited £'000	Year ended 31.3.2009 Audited £'000
Post tax profit for the period	186	644	(1,426)
After tax interest on outstanding options multiplied by exercise price	4	-	6
Profit for diluted earnings per share	190	644	(1,420)
	£'000	£'000	£'000
Post tax profit for the period	186	644	(1,426)
Add back actual tax charge	72	285	420
Strip out non-recurring items	233	136	2,706
Normalised tax charge	(138)	(298)	(476)
Profit for adjusted earnings per share	353	767	1,224
	£'000	£'000	£'000
Profit for adjusted earnings per share	353	767	1,224
After tax interest on outstanding options multiplied by exercise price	4	-	6
Profit for adjusted diluted earnings per share	357	767	1,230
	Number	Number	Number
Weighted average shares	19,390,762	19,390,762	19,390,762
Outstanding share options	902,250	-	972,750
Weighted average shares for diluted earnings per share	20,293,012	19,390,762	20,363,512
Basic earnings per share	0.96p	3.32p	(7.35p)
Diluted earnings per share	0.94p	3.32p	(6.97p)
Adjusted earnings per share	1.82p	3.96p	6.31p
Adjusted diluted earnings per share	1.76p	3.96p	6.04p

6. In accordance with IFRS8, the group now presents its segmental analysis in terms of its two operating divisions, Best Practice and Finance, as opposed to one segment of supply of training and consultancy solutions. The analysis of revenue and profit by division for the period, and restated for prior periods, is as follows:

	6 months ended 30.9.2009		6 months ended 30.9.2008		Year ended 31.3.2009	
	Revenue £'000	Profit / (Loss) £'000	Revenue £'000	Profit / (Loss) £'000	Revenue £'000	Profit / (Loss) £'000
Best Practice division	4,973	608	4,437	431	10,417	1,390
Finance division	2,424	657	3,436	1,420	5,165	1,656
Unrecharged central costs	-	(605)	-	(604)	-	(953)
Continuing operations	7,397	660	7,873	1,247	15,582	2,093
Interest		(169)		(182)		(393)
Underlying Profit Before Tax		491		1,065		1,700
Non-Recurring items		(233)		(136)		(2,706)
Taxation		(72)		(285)		(420)
Retained Profit / (Loss)		186		644		(1,426)

7. The company holds 1,850,000 of its own ordinary shares in a trust, administered by Investec Trust Guernsey Ltd. The shares are held in trust and represent 9.5% of the total called up share capital. They will be utilised as required to satisfy share options granted to directors and other senior management on vesting and exercise.

8. The group has no further liabilities in relation to earn-outs on acquisitions (2008: £750,000).

9. The group has a related party relationship with its subsidiaries, its directors, and other employees of the group 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.

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