

Woodspeen Training PLC

Interim Statement

30 September 2009

Woodspeen Training PLC Chairman's statement

I enclose the interim results for the Company for the six month period to 30 September 2009. I am disappointed to tell you that these results have been badly affected by a loss incurred by Futures Training Centres (Futures). I have every confidence, however, that as a result of actions we have taken, outlined below, this loss will be eliminated in the next few months. Futures is now trading profitably.

The Group made an operating profit before interest and tax of £111,354 for the six months to 30 September 2009 compared to £14,032 for the six months to 30 September 2008. This profit is made up as follows:

	30 September 2009 (6 months) £	30 September 2008 (6 months) £
Futures Training Centres ⁽¹⁾	(22,079)	93,562
A&R Training Services ⁽²⁾	280,765	-
	<hr/> 258,686	93,562
Woodspeen Training – Central costs	(75,453)	(59,160)
	<hr/> 183,233	34,402
Operating profit before intangibles amortisation	183,233	34,402
Intangibles amortisation – customer contracts	(71,879)	(20,370)
	<hr/> 111,354	14,032
Operating profit	111,354	14,032

(1) acquired 8 May 2008, profit for period 9 May – 30 September 2008

(2) acquired 6 May 2009, profit for period 7 May – 30 September 2009

Futures core business of delivering “Learndirect” programmes remains profitable. However, Futures made a significant loss on its “Train to Gain” contract. In my last report I mentioned that there was a national funding problem with this programme which was beginning to affect us. Against our expectations our funding was further reduced. Unfortunately we had been investing heavily in increasing our capacity to deliver NVQs under this programme and, as a result, we were overstaffed. We have now reduced our headcount to a level in line with the business that we do have.

One of our objectives this year has been to diversify the training programmes that Futures provides so that it becomes less dependent on its Learndirect and Train to Gain programmes. As a result of the increase in unemployment the Government is initiating new programmes to help the unemployed. Futures is, therefore, looking for new business in this area. A start has been made with the award of two small contracts in the South under the “Next Step” funding stream and, in the East Midlands, a small contract has been awarded under the “Flexible New Deal” provision. Further contracts are being bid for.

A & R Training Services Ltd (A & R) which we acquired on 6 May 2009 is performing ahead of our expectations. A & R specialises in pre-apprenticeship and apprenticeship training for school leavers in the childcare and social healthcare sectors. It operates these programmes in all four of its centres in West Yorkshire. A & R also runs “New Deal” programmes for the unemployed in two of its centres. All these programmes are priority areas for both major political parties and, therefore, should not be affected very much by any change in funding plans.

On the corporate front we have recently completed centralising the accounting function throughout the Group. This centralisation will improve the financial and cash controls we have over our existing companies. It also provides us with a platform to add new companies as we make further acquisitions.

We continue to investigate potential acquisitions. Clearly we are concentrating on looking at businesses that run programmes where we believe that government funding, under either of the two major political parties, will be secure.

As a result of the action we have taken at Futures and the progress that A & R is making I am confident that trading over the next six months will be considerably better.

Charles Prior
Chairman
30 November 2009

Woodspeen Training PLC
Unaudited Group income statement
Period to 30 September 2009

	Notes	30 September 2009 (6 months) £	30 September 2008 (6 months) £	31 March 2009 (16 months) £
Revenue		2,148,844	760,370	1,966,862
Cost of sales		(1,468,054)	(492,641)	(1,112,843)
Gross profit		680,790	267,729	854,019
Administrative expenses		(569,436)	(253,697)	(868,673)
Group operating profit/(loss)		111,354	14,032	(14,654)

Analysed as:				
Operating profit excluding exceptional item		111,354	14,032	32,101
Exceptional item		-	-	(46,755)
		111,354	14,032	(14,654)

Finance revenue		56	41,172	69,595
Finance costs		(10,255)	(4,409)	(6,377)
Net finance revenue		(10,199)	36,763	27,401
Profit before taxation		101,155	50,795	48,564
Tax expense		(28,431)	(17,630)	(37,780)
Profit for the period		72,724	33,165	10,784

Earnings per share attributable to the equity holders of the Parent during the period

- Basic and Diluted	3	0.39p	0.35p	0.14p
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The directors do not recommend the payment of a dividend for the period.

Turnover and profit all derive from continuing operations.

Statement of recognised income and expense for the period ended 30 September 2009

There is no difference between the profit for the period shown and the total recognised income and expense for the period. Reconciliation of movements in total equity are given in note 9 to the consolidated interim financial statements.

The accompanying notes form an integral part of these consolidated interim financial statements.

Woodspeen Training PLC
Unaudited Group balance sheet
As at 30 September 2009

	Note	30 September 2009	30 September 2008 £	31 March 2009 £
Assets				
Non-current assets				
Property, plant and equipment	4	124,328	49,644	56,903
Intangible assets	5	3,915,133	1,127,608	1,103,164
Deferred tax assets		-	16,629	-
		4,039,461	1,193,881	1,160,067
Current assets				
Trade and other receivables		737,347	223,506	304,502
Cash and short term deposits		720,967	1,960,325	1,931,963
		1,458,314	2,183,831	2,236,465
Total assets		5,497,775	3,377,712	3,396,532
Liabilities				
Current liabilities				
Trade and other payables		279,268	101,813	181,745
Current tax liabilities		322,655	-	11,554
Financial liabilities	7	100,000	97,675	-
		701,923	199,488	318,042
Non-current liabilities				
Financial liabilities	7	300,000	-	-
Deferred tax liabilities		113,258	31,778	22,257
		413,258	31,778	22,257
Total liabilities		1,115,181	231,266	215,556
NET ASSETS		4,382,594	3,146,446	3,180,976
Equity				
Capital and reserves attributable to equity holders of the Company				
Issued share capital	8,9	2,052,000	976,000	976,000
Share premium reserve	9	1,907,822	1,854,928	1,854,928
Merger reserves	9	336,000	336,000	336,000
Other reserves	9	-	3,264	-
Retained earnings	9	86,772	23,009	14,048
TOTAL EQUITY		4,382,594	3,146,446	3,180,976

The financial statements were approved and authorised for issue by the Board of Directors on 30 November 2009 and were signed on its behalf by:

Charles C L Prior
Chairman

The accompanying notes form an integral part of these consolidated interim financial statements.

Woodspeen Training PLC
Unaudited Group cash flow statement
Period to 30 September 2009

	30 September 2009 (6 months) £	30 September 2008 (10 months) £	31 March 2009 (16 months) £
Cash flows from operating activities			
Profit before taxation	101,155	31,277	48,564
Adjustments for:			
Depreciation of property, plant and equipment	10,929	5,768	14,608
Amortisation of intangibles – customer contracts	71,879	20,370	44,814
Amortisation of intangibles - software	180	-	-
Finance income	(56)	(51,515)	(69,595)
Finance costs	10,255	13,771	6,377
Decrease/(Increase) trade and other receivables	95,452	11,689	(65,632)
Increase/(Decrease) trade and other payables	(89,519)	(27,962)	44,994
Cash generated by operations	200,275	3,398	24,130
Income taxes paid	-	(27,408)	(27,408)
Cash flows from operating activities	200,275	(24,010)	(3,278)
Cash flows from investing activities			
Acquisitions – Consideration	(2,850,202)	(650,000)	(651,487)
Acquisitions – Cash acquired	352,717	41,254	41,254
Acquisitions - Expenses	(33,787)	(153,952)	(153,952)
Purchase of plant and equipment	(6,931)	(3,218)	(19,317)
Purchase of software	(1,495)		
Interest received	56	48,215	69,595
Net cash used in investing activities	(2,539,642)	(717,701)	(713,907)
Cash flows from financing activities			
Proceeds from issue of shares	1,196,000	2,834,000	2,834,000
Expenses in connection with share issues	(67,106)	(129,827)	(83,072)
Interest paid	(523)	(2,137)	(1,780)
Net cash generated by financing activities	1,128,371	2,702,036	2,649,148
Increase in cash and cash equivalents	(1,210,996)	1,960,325	1,931,963
Cash and cash equivalents at start of period	1,931,963	-	-
Cash and cash equivalents at end of period	720,967	1,960,325	1,931,963

The accompanying notes form an integral part of these consolidated financial statements.

Woodspeen Training PLC

Notes to the unaudited Group financial statements as at 30 September 2009

1 Accounting policies

(a) General information

The interim report was approved by the Board on 30 November 2009.

The consolidated interim financial information is unaudited and does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

The interim financial information has not been reviewed or audited.

(b) Basis of preparation

The interim financial information has been prepared in accordance with the reporting requirements of Plus Markets.

The interim report should be read in conjunction with the annual financial statements for the period ended 31 March 2009, which have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRIC interpretations endorsed by the European Union (EU) and with those parts of the Companies Act 2006 applicable to groups preparing their accounts under IFRS.

The figures for the period ended 31 March 2009 were derived from the statutory accounts for that period. The statutory accounts for the period ended 31 March 2009 were approved by the board of Directors on 22 June 2009 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain statements under Section 27(2) or (3) of the Companies Act 1985.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the period ended 31 March 2009, as described in those annual financial statements.

Taxes on income in interim periods are accrued using the expected annual effective tax rate that would be applicable to expected total annual earnings.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for revenues, expenses, assets, liabilities and disclosures of contingent liabilities at the date of the financial statements. However, the nature of estimation means that actual outcomes could differ from those estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities in the next financial year are as follows:

- The measurement and impairment of goodwill, an intangible asset with an indefinite life. The Group determines whether goodwill is impaired on an annual basis requiring an estimation of the value in use of the cash generating unit to which goodwill is allocated. This involves estimation of future cash flows and choosing a suitable discount rate.
- The determination of the fair value of intangible assets on acquisition and their useful lives.

2 Restatement of comparatives 30 September 2008

The comparative figures for the six months to 30 September 2008 and as at 30 September 2008 have been restated from those published in the unaudited interim statement for the period ended 30 September 2008.

(a) Group income statement

Finance costs have been reduced by £9,362 as no charge is required on the unwinding the discount on contingent consideration as the estimated amount payable has been reduced to £nil.

The restatement has no impact on the tax charge for the period.

(b) Group balance sheet

The share premium account has been increased by £46,755 as IAS 32 requires that flotation costs are treated as a revenue item rather than being set off against share premium. The £46,755 was treated as an exceptional revenue item in the audited financial statements for the period ended 31 March 2009 but set off against share premium in the 30 September 2008 interims.

Contingent consideration for the acquisition of Futures Training Centres has been reduced to £nil from £924,026 reducing intangible assets by £855,125 and deferred tax assets by £68,901. Current liabilities have been reduced by £118,554, non-current liabilities by £262,139; shares to be issued by £106,288; merger reserve by £446,407 and retained profits (see above) increased by £9,362.

Woodspeen Training PLC
Notes to the unaudited Group financial statements
as at 30 September 2009

3 Earnings per share

(a) Basic and diluted earnings per share

The calculation of basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted number of shares in issue during the period.

To understand the underlying trading performance, the directors feel it appropriate to disclose earnings per share before and after adjusting for the amortisation of intangible assets acquired on acquisition of subsidiaries and the exceptional item relating to flotation costs. The calculation of adjusted earnings per share is set out below:

	6 months ended 30 September 2009	6 months ended 30 September 2008	16 months ended 31 March 2009
	£	£	£
Earnings attributable to ordinary shareholders	72,724	33,165	10,784
Amortisation acquired intangible assets (net of tax)	51,933	14,815	32,593
Flotation costs	-	-	46,755
Adjusted profit on ordinary activities after tax	124,657	47,980	90,132
Weighted average number of shares – basic	18,576,522	9,591,694	7,805,706
Basic earnings per share (pence)	0.39	0.35	0.14
Amortisation charge on acquired intangible assets (pence)	0.28	0.15	0.41
Flotation costs (pence)	-	-	0.60
Adjusted basic earnings per share (pence)	0.67	0.50	1.15

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential Ordinary Shares of which there are none.

(b) Potential ordinary share transactions

The deferred contingent consideration in respect of the acquisition of Futures Training Centres Limited provides for up to 750,375 ordinary shares to be issued in June 2010. Based on forecast profit for the year to 31 March 2010, no ordinary shares will be issued or contingent consideration paid.

Account would not be taken of any shares potentially issuable in settlement of deferred contingent consideration for Futures Training Centres Limited as the conditions for issue have not yet been achieved.

There were no potential dilutive shares at 30 September 2009 so diluted earnings per share is the same as basic earnings per share.

4 Property, plant and equipment

	Leasehold Improvements	Fixtures	Equipment	Total
	£	£	£	£
Cost				
On incorporation	-	-	-	-
Additions	-	968	2,250	3,218
Acquired through business combinations	-	14,120	38,074	52,194
At 30 September 2008	-	15,088	40,324	55,412
Additions	11,959	2,136	2,004	16,099
At 31 March 2009	11,959	17,224	42,328	71,511
Additions	-	2,904	4,027	6,931
Acquired through business combinations	-	24,928	46,495	71,423
At 30 September 2009	11,959	45,056	92,850	149,865

Woodspeen Training PLC
Notes to the unaudited Group financial statements
as at 30 September 2009

4 Property, plant and equipment (continued)

	Leasehold Improvements	Fixtures	Equipment	Total
	£	£	£	£
Depreciation				
On incorporation		-	-	-
Charge for the period	-	1,291	4,477	5,768
At 30 September 2008	-	1,291	4,477	5,768
Charge for the period	747	1,951	6,142	8,840
At 31 March 2009	747	3,242	10,619	14,608
Charge for the period	748	3,128	7,053	10,929
At 30 September 2009	1,495	6,370	17,672	25,537
Net book value				
At 30 September 2009	10,464	38,686	75,178	124,328
At 31 March 2009	11,212	13,982	31,709	56,903
At 30 September 2008	-	13,797	35,847	49,644

5 Intangible assets

	Software	Goodwill	Customer Contracts	Total
	£	£	£	£
Cost				
On incorporation	-	-	-	-
Acquired through business combinations	-	1,893,103	110,000	2,003,103
At 30 September 2008 (as originally reported)	-	1,893,103	110,000	2,003,103
Restatement amount acquired (see Note 2)	-	(855,125)	-	(855,125)
At 30 September 2008 (restated) and 31 March 2009	-	1,037,978	110,000	1,147,978
Acquisitions	1,495	-	-	1,495
Acquired through business combinations	-	2,512,533	370,000	2,882,533
At 30 September 2009	1,495	3,550,511	480,000	4,032,006
Depreciation				
On incorporation	-	-	-	-
Charge for the period	-	-	20,370	20,370
At 30 September 2008	-	-	20,370	20,370
Charge for the period	-	-	24,444	24,444
At 31 March 2009	-	-	44,814	44,814
Charge for the period	180	-	71,879	72,059
At 30 September 2009	180	-	116,693	116,873
Net book value				
At 30 September 2009	1,315	3,550,511	363,307	3,915,133
At 31 March 2009	-	1,037,978	65,186	1,103,164
At 30 September 2008 (as restated)	-	1,037,978	89,630	1,127,608

6 Acquisitions

On 6 May 2009 the group acquired 100% of the issued share capital of A&R Training Services Limited which provides government sponsored training programmes directed at school leavers and the long term unemployed in the UK. The acquisition was satisfied by way of issue of share capital, convertible loan notes and cash consideration. The transaction has been accounted for by the purchase method of accounting.

A&R Training Services Limited's profit after tax for the period 6 May to 30 September 2009 was £202,150.

Woodspeen Training PLC
Notes to the unaudited Group financial statements
as at 30 September 2009

6 Acquisitions (continued)

Fair Values

The book and provisional fair values of the assets and liabilities acquired were as follows:

	Book value	Fair value adjust- ments	Fair value
	£	£	£
Intangible assets	-	370,000	370,000
Tangible assets	136,261	(64,838)	71,423
Trade and other receivables	528,529	-	528,529
Bank balances and cash	352,717	-	352,717
Trade and other payables	(171,492)	(6,050)	(177,542)
Current tax liabilities	(264,689)	1,618	(263,071)
Deferred tax liabilities	(25,218)	(85,382)	(110,600)
	556,108	215,348	771,456
Goodwill			2,512,533
			3,283,989
Satisfied by:			
Cash			2,850,202
Convertible loan notes			400,000
Acquisition costs			33,787
			3,283,989

The outflow of cash resulting from the acquisition is as follows:

	£
Cash	2,850,202
Acquisition costs	33,787
Cash and cash equivalents acquired	(352,717)
	2,531,272

Due to the proximity of the acquisition to the period end, the fair value adjustments contain provisional amounts which will be finalised by the year end. This includes the valuation of intangible assets and related deferred tax effect.

The intangible assets identified on the acquisition of A&R Training Services Centres Limited represent the Directors' estimate of the fair value of customer contracts at acquisition. Residual goodwill represents items that cannot be individually separated and measured due to their natures. This includes the value associated with A&R training Services' workforce and delivery model, systems and processes.

7 Financial liabilities

	30 Sept 2009	30 Sept 2008	31 March 2009
	£	£	£
Current			
Convertible Loan Note	100,000	-	-
Non-Current			
Convertible Loan Note	300,000	-	-
	400,000	-	-

£400,000 (nominal value) of Convertible Loan Notes were issued as part of the consideration for A&R Training Services Limited. The Convertible Loan Notes are unsecured, bear interest at 6% per annum and are redeemable in four semi-annual payments of £100,000 commencing on 31 January 2010. Should Woodspeen fail to make a redemption payment by the due date, the Loan Note holders may either grant an extension of time for payment or convert the Loan Notes being redeemed into Ordinary Shares. The conversion price is the higher of: i) the mid-market price per Ordinary Share on the date of conversion; or ii) 30 pence per Ordinary Share. Interest will be paid on each redemption date.

Woodspeen Training PLC
Notes to the unaudited Group financial statements
as at 30 September 2009

8 Share capital

	Number	£
Authorised		
Ordinary shares to 10p each	100,000,000	10,000,000
Allotted, called up and fully paid		
Ordinary shares of 10p each		
Issued on incorporation	2	-
Allotment of shares 26 November 2007	499,998	50,000
Allotment of shares 30 January 2008	3,250,000	325,000
Placing of shares 17 March 2008	5,000,000	500,000
Placing of shares 31 March 2008	160,000	16,000
Placing of shares 25 April 2008	50,000	5,000
Allotted on 8 May 2008 on acquisition of Futures Training Centres Limited	800,000	80,000
At 30 September 2008 & 31 March 2009	9,760,000	976,000
Placing of shares 16 April 2009	1,000,000	100,000
Placing of shares 5 May 2009	9,760,000	976,000
At 30 September 2009	20,520,000	2,052,000
Deferred shares – to be issued		
Ordinary shares of 10p each		
Issuable as contingent consideration for acquisition Futures Training Centres Limited	1,062,875	106,288
As at 30 September 2008 (as reported)	1,062,875	106,288
Restatement number issuable (see Note 2)	(1,062,875)	(106,288)
As at 30 September 2008 (restated), 31 March 2009 and 30 September 2009	-	-

9 Reconciliation of movements in equity

	Issued and issuable share capital	Share premium account	Merger reserve	Other reserves	Retained earnings	Total share- holders equity
	£	£	£	£	£	£
At 31 March 2008	896,000	1,854,928	-	-	(56,911)	2,694,017
<i>Changes in equity for the six month period ended 30 September 2008</i>						
Profit for the period	-	-	-	-	23,803	23,803
Restatement (see Note 2)	-	-	-	-	9,362	9,362
Total recognised income/ expense for the period	-	-	-	-	33,165	33,165
Allotted on acquisition of Futures Training Centres	80,000	-	336,000	-	-	416,000
Convertible loan note – equity component	-	-	-	4,597	-	4,597
Deferred tax on equity component	-	-	-	(1,333)	-	(1,333)
At 30 September 2008	976,000	1,854,928	336,000	3,264	(23,746)	3,146,446

Woodspeen Training PLC
Notes to the unaudited Group financial statements
as at 30 September 2009

9 Reconciliation of movements in equity (continued)

	Issued and issuable share capital	Share premium account	Merger reserve	Other reserves	Retained earnings	Total share- holders equity
	£	£	£	£	£	£
At 31 March 2009	976,000	1,854,928	336,000	-	14,048	3,180,676
<i>Changes in equity for the six month period ended 30 September 2009</i>						
Profit for the period	-	-	-	-	72,724	72,724
Total recognised income/ expense for the period	-	-	-	-	72,724	72,724
Placing of shares in period	1,076,000	120,000	-	-	-	1,276,000
Expenses of share issues	-	(67,106)	-	-	-	(67,106)
At 30 September 2009	2,052,000	1,907,822	336,000	-	86,772	4,382,594