

24 APRIL 2013

WOODSPEEN TRAINING PLC – TICKER WSTP

WOODSPEEN TRAINING GROUP PLC (“Woodspeen” or “the Company” or “the Group”)

Unaudited Interim Statement – Six Months to 31 January 2013.

This unaudited Interim Statement has not been reviewed or audited by BDO LLP, the Company’s Auditors.

CHIEF EXECUTIVE’S STATEMENT

I am pleased to report to you on the Group’s results for the six month period to 31 January 2013.

During the last financial reporting period the Company changed its accounting reference date and extended its reporting year end to 31 July. The comparatives presented are for the six months to 31 March 2012, the closest previously reported interim period.

Business overview

The Group operates through two divisions, Vocational Training and Skills Training. Funding for both is primarily through a single direct contract held with the Skills Funding Agency (SFA).

Vocational Training programmes comprise pre-apprenticeship and apprenticeship training, predominantly delivered to younger learners (aged 16-18).

Skills Training programmes comprise basic skills such as Maths, English, and ICT predominantly delivered to unemployed adult learners.

Government policies towards the funding of training programmes, the availability of learners and the existence of suitable employment opportunities are key drivers of the Group’s success.

Performance during the period under review

Group operating loss before amortisation of acquired intangible assets of £26,000 (2012 £118,337) is as follows:

	Six Months 31 January 2013			Six Months 31 March 2012		
	Revenue	Operating Profit/ (Loss)	Margin	Revenue	Operating Profit/ (Loss)	Margin
	£	£	%	£	£	%
Vocational Training	1,474,867	1,035	0.1	1,733,672	22,571	1.3
Skills Training	591,000	1,137	0.2	542,920	(119,333)	-
	-----	-----		-----	-----	
Total for segments	2,065,867	2,172		2,276,662	(97,362)	
Group items:						
Unallocated central costs		(154,726)			(164,347)	
	-----	-----		-----	-----	
	2,065,867	(152,554)		2,276,662	(261,709)	
	=====	=====		=====	=====	

The Group’s performance for the period has been in line with the Board’s expectations in both Vocational and Skills Training.

The operating environment has remained very challenging.

Vocational Training

Securing employment for the much publicised NEET (Not in Employment, Education or Training) population comprising 16-18 year olds (young learner) and 19-24 year olds (young adult learner) remains difficult. Reduced employment opportunities coupled with employers’ high entry level skills expectations of learners underpins the mismatch between learner supply and employer demand. In a nationally declining market for

young apprentices, learner volumes have been maintained across these key age groups over the period as a result of the Group's strategy to invest in business development and learner support. However costs associated with this strategy continue to bear down on operating margins.

The number of apprenticeship learners enrolled on Woodspeen programmes is summarised below:

	31 January 2013	31 July 2012
In Learning	2013	2012
16 – 18 learners	366	387
19 - 24 learners	246	224
	-----	-----
	612	611
25+ learners	240	289
	-----	-----
Total	852	900
	=====	=====

The Government recognises the scale of the problem and the recent announcement of a new pre-employment 'Traineeship' programme is an important step towards addressing this challenge. Whilst important details are yet to emerge including, critically, how funding will be made available, the objective is to help equip young learners with the employability skills necessary to bridge the gap between leaving school and gaining first employment. We welcome this initiative and have already commenced planning for the programme, scheduled to commence later this year, as details are finalised.

The 25+ age group is not a government funding priority and as a result the Group has been reducing its exposure to this age group.

Skills Training

During the period, the Group has switched over 80% of its funding for basic skills programmes to direct contract. This is in line with Group strategy to hold funding contracts directly. There may be scope to increase this further and the Group may seek to increase its direct funding whilst maintaining an appropriate degree of flexibility to respond quickly to changing demand patterns.

Outlook

The medium term outlook remains bleak. With no signs of improvement in the macroeconomic or employment environments, trading performance in the second half is unlikely to show improvement over the first half and conditions may deteriorate further before they improve. The sector is in what is likely to be a prolonged period of rationalisation. The recent announcement by Pearson that it is exiting the sector together with news of smaller providers that are withdrawing from the sector underlines the scale of change underway. Rationalisation within the sector will create opportunities for the Group to increase scale through acquisition over the longer term. In the immediate term we remain resolutely focused on seizing organic revenue growth opportunities, controlling our cost base and managing cash.

Si Hussain
Chief Executive
24 April 2013

WOODSPEEN TRAINING GROUP PLC UNAUDITED CONSOLIDATED INCOME STATEMENT PERIOD TO 31 JANUARY 2013

	Notes	6 Months January 2013 Unaudited £	6 Months March 2012 Unaudited £	16 Months July 2012 Audited £
Revenue	2	2,065,867	2,276,662	6,547,870
Cost of sales		(1,356,949)	(1,649,601)	(4,487,702)
		-----	-----	-----
Gross profit		708,918	627,061	2,060,168
Administrative expenses		(887,472)	(1,007,107)	(3,504,368)
		-----	-----	-----

Loss from operations	2	(178,554)	(380,046)	(1,444,200)
Analysed as:				
Loss from operations before amortisation and impairment intangible assets		(152,554)	(261,709)	(164,397)
Amortisation intangibles – customer contracts acquired on acquisition		(26,000)	(118,337)	(279,803)
Exceptional item		-	-	(1,000,000)
		-----	-----	-----
		(178,554)	(380,046)	(1,444,200)
		-----	-----	-----
Finance revenue		12,659	11,927	28,630
		-----	-----	-----
Loss before taxation	2	(165,895)	(368,119)	(1,415,570)
Tax (expense)/credit		(3,272)	91,053	78,836
		-----	-----	-----
(Loss)/Profit for the period		(169,167)	(277,066)	(1,336,734)
		=====	=====	=====
Earnings per share				
Basic and diluted	3	(0.48)p	(0.77)p	(3.74)p
		=====	=====	=====

Turnover and profit all derive from continuing operations.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
SIX MONTHS ENDED 31 JANUARY 2013

There is no difference between the loss for the period shown and total comprehensive income.

Reconciliation of movements in total equity are given in the Statement of changes in equity.

WOODSPEEN TRAINING GROUP PLC
UNAUDITED CONSOLIDATED INCOME STATEMENT
PERIOD TO 31 JANUARY 2013

	Notes	As at January 2013 Unaudited £	As at March 2012 Unaudited £	As at July 2012 Audited £
Assets				
Non-current assets				
Property, plant and equipment		235,985	168,085	178,968
Intangible assets		1,661,935	2,755,815	1,689,819
Deferred tax assets		9,150	-	20,804
		-----	-----	-----
		1,907,070	2,923,900	1,889,591
		-----	-----	-----
Current assets				
Trade and other receivables		628,759	613,425	747,434
Cash and short term deposits		2,795,423	3,246,376	2,927,056
		-----	-----	-----
		3,424,182	3,859,801	3,674,490

Total assets		5,331,252	6,783,701	5,564,081
Liabilities				
Current liabilities				
Trade and other payables		681,770	575,862	714,331
Deferred revenue		3,207	18,726	9,523
Current tax liabilities		101	50,103	10,557
Provisions		50,784	163,471	94,817
		735,862	808,162	829,228
Non-current liabilities				
Provisions		18,874	19,043	10,550
Deferred tax liabilities		37,873	104,056	43,853
		56,747	123,099	54,403
Total liabilities		792,609	931,261	883,631
Net Assets		4,538,643	5,852,440	4,680,450
Equity				
Capital and reserves attributable to equity holders of the Company				
Share capital	4	357,862	3,578,620	3,578,620
Deferred shares	4	3,220,758	-	-
Share premium reserve		2,997,637	2,997,637	2,997,637
Merger reserve		376,000	376,000	376,000
Retained earnings		(2,413,614)	(1,099,817)	(2,271,807)
Total Equity		4,538,643	5,852,440	4,680,450

WOODSPEEN TRAINING GROUP PLC
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
PERIOD TO 31 JANUARY 2013

	6 Months January 2013 Unaudited £	16 Months July 2012 Audited £
Cash flows from operating activities		
Loss before taxation	(165,895)	(1,415,570)
Adjustments for:		
Impairment write down goodwill	-	1,000,000
Depreciation of property, plant and equipment	30,606	72,074
Depreciation leasehold improvements	19,021	55,378
Loss on disposal of property, plant and equipment	-	32,802
Amortisation of intangibles		
- Customer contracts acquired on acquisition	26,000	279,803
- Software	3,625	6,636
Loss on disposal of intangibles - software	-	2,371

Share based payment expense	27,360	63,792
Finance income	(12,668)	(28,611)
Decrease in trade and other receivables	278,519	470,025
(Decrease) in trade and other payables	(199,825)	(261,174)
(Decrease) in deferred revenue	(6,316)	(30,795)
(Decrease) in provisions	(55,000)	(166,363)
	-----	-----
Cash (absorbed)/generated by operations	(54,573)	80,368
Income taxes paid	(340)	(336,220)
	-----	-----
Cash flows from operating activities	(54,913)	(255,852)
	-----	-----
Cash flows from investing activities		
Acquisitions – Consideration	-	(1,817,433)
Acquisitions – Cash acquired	-	1,330,998
Purchase of plant and equipment	(87,623)	(101,148)
Purchase of intangibles – software	(1,741)	(17,402)
Interest received	12,644	24,572
	-----	-----
Net cash used in investing activities	(76,720)	(580,413)
	-----	-----
(Decrease) in cash and cash equivalents	(131,633)	(836,265)
Cash and cash equivalents at start of period	2,927,056	3,763,321
	-----	-----
Cash and cash equivalents at end of period	2,795,423	2,927,056
	=====	=====

WOODSPEEN TRAINING GROUP PLC
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 JANUARY 2013

	Issued Share Capital £	Share Premium account £	Merger reserve £	Retained earnings £	Total Shareholder equity £
At 1 April 2011	3,528,620	2,997,637	336,000	(998,865)	5,863,392
Transactions with owners:					
Allotted on acquisition of BDTS Limited	50,000	-	40,000	-	90,000
Employee share option schemes:					
- Value of share options granted	-	-	-	17,164	17,164
- Deferred tax on share options	-	-	-	758	758
Profit and total comprehensive income	-	-	-	133,615	133,615
	-----	-----	-----	-----	-----
At 30 September 2011	3,578,620	2,997,637	376,000	(847,328)	6,104,929
Transactions with owners:					
Employee share option schemes:					
- Value of share options granted	-	-	-	28,368	28,368
- Deferred tax on share options	-	-	-	(3,791)	(3,791)
Loss and total comprehensive income	-	-	-	(277,066)	(277,066)
	-----	-----	-----	-----	-----
At 31 March 2012	3,578,620	2,997,637	376,000	(1,099,817)	5,852,440

Transactions with owners:					
Employee share option schemes:					
- Value of share options granted	-	-	-	18,260	18,260
- Deferred tax on share options	-	-	-	3,033	3,033
Loss and total					
comprehensive income	-	-	-	(1,193,283)	(1,193,283)
	-----	-----	-----	-----	-----
At 31 July 2012	3,578,620	2,997,637	376,000	(2,271,807)	4,680,450
Transactions with owners:					
- Value of share options granted	-	-	-	27,360	27,360
Loss and total					
comprehensive income	-	-	-	(169,167)	(169,167)
	-----	-----	-----	-----	-----
At 31 January 2013	3,578,620	2,997,637	376,000	(2,413,614)	4,538,643
	=====	=====	=====	=====	=====

WOODSPEEN TRAINING GROUP PLC
NOTES TO THE UNAUDITED PRELIMINARY ANNOUNCEMENT
FOR THE PERIOD ENDED 31 JANUARY 2013

1 Accounting policies

(a) General information

The interim report was approved by the Board on 24 April 2013.

The consolidated interim financial information is unaudited and does not constitute statutory accounts within the meaning of section 434(1) of the Companies Act 2006.

The interim financial information has not been reviewed or audited by BDO LLP, the Company's Auditors.

(b) Basis of preparation

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

The interim report should be read in conjunction with the annual financial statements for the period ended 31 July 2012, 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.

Except as described below, the accounting policies applied in the preparation of the interim financial information are consistent with those adopted in the statutory accounts for the period ended 31 July 2012 as described in those 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 Directors believe that any new standards, amendments to standards or interpretations that are mandatory for the first time for the financial period beginning 1 August 2012 are either not relevant to the Group or are not anticipated to impact the Group.

The figures for the period ended 31 July 2012 were derived from the statutory accounts for that period. The statutory accounts for the period ended 31 July 2012 were approved by the Board of Directors on 12 November 2012 and have been delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain statements under Section 498(2) or (3) of the Companies Act 2006.

(c) Significant accounting estimates and judgements

The preparation of interim financial information 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 interim financial information. However, the nature of estimation means that actual outcomes could differ from those estimates.

The key sources of estimation uncertainty in the preparation of the interim financial information 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; and
- The estimation of dilapidation provisions.

(d) Comparative information

During the last financial reporting period the Company changed its accounting reference date to 31 July to align its reporting year end to that of subsidiary undertakings bringing the Group's and Company's reporting year end in line with the academic year.

The comparatives presented are therefore for the six months to 31 March 2012 (the closest previously reported interim period) and the 16 months to 31 July 2012.

Statements of cash flows are presented for the period from the start of the financial period to the reporting date rather than for the six months reported upon. No consolidated statement of cash flows is therefore presented for the six months to 31 March 2012. Consolidated statements of cash flows are presented for the six months to 31 January 2013 and the 16 months to 31 July 2012.

2 Segment information

The principal activity of the Group is government sponsored training, assessment and related services. The Chief Executive considers the Group's business through two reporting segments based on principal activity:

Vocational Training (pre-apprenticeship and apprenticeship training) and Skills Training (basic skills and other employability training programmes).

The Chief Executive assesses the performance of operating segments based on operating profit before amortisation of acquired intangible assets, interest and tax. Information presented to the Chief Executive is measured in a manner consistent with that in the Financial Statements.

The performance of operating segments reviewed by the Chief Executive does not include any allocation of corporate costs. Corporate costs, although not an operating segment as defined by IFRS8 are reviewed by the Chief Executive and shown as Group items in the table below.

	6 months January 2013		6 months March 2012	
	Revenue	Profit/ (Loss)	Revenue	Profit/ (Loss)
	£	£	£	£
Vocational Training	1,474,867	1,035	1,733,672	22,571
Skills Training	591,000	1,137	542,990	(119,933)
	-----	-----	-----	-----
	2,065,867	2,172	2,276,662	(97,362)
Group items:				
Unallocated corporate costs		(154,726)		(164,347)
		-----		-----
		(152,554)		(261,709)
Amortisation charge on acquired intangible assets		(26,000)		(118,337)
Impairment of goodwill		-		-
	-----	-----	-----	-----
Total for Group	2,065,867	(178,554)	2,276,662	(380,046)
	=====	=====	=====	=====
				16 months July 2012
				Profit/ (Loss)
			Revenue	

	£	£
Vocational Training	4,693,804	188,244
Skills Training	1,854,066	96,515
	-----	-----
	6,547,870	284,759
Group items:		
Unallocated corporate costs		(449,156)
		(164,397)
	-----	-----
Amortisation charge on acquired intangible assets		(279,803)
Impairment of goodwill		(1,000,000)
	-----	-----
Total for Group	6,547,870	(1,444,200)
	=====	=====

The reconciliation, by operating segment of the profit reported to the Chief Decision Maker to operating profit shown in the financial statements is as follows:

	Reported Segmental Operating Profit/(Loss) £	Amortisation on Acquired Intangible Assets £	Impairment of Goodwill £	Segmental Operating Profit/(Loss) £
6 Months to 31 January 2013				
Vocational Training	1,035	(26,000)	-	(24,965)
Skills Training	1,137	-	-	1,137
	-----	-----	-----	-----
Total for segments	2,172	(26,000)	-	(23,828)
Group items:				
Unallocated corporate costs				(154,726)
	-----	-----	-----	-----
Total for Group				(178,554)
	=====	=====	=====	=====
6 Months to 31 March 2012				
Vocational Training	22,571	(118,337)	-	(95,766)
Skills Training	(119,933)	-	-	(119,933)
	-----	-----	-----	-----
Total for segments	(97,362)	(118,337)	-	(215,699)
Group items:				
Unallocated corporate costs				(164,347)
	-----	-----	-----	-----
Total for Group				(380,046)
	=====	=====	=====	=====
16 Months to 31 March 2012				
Vocational Training	188,244	(279,803)	(1,000,000)	(1,091,559)
Skills Training	96,515	-	-	96,515
	-----	-----	-----	-----
Total for segments	284,759	(279,803)	(1,000,000)	(995,044)
Group items:				
Unallocated corporate costs				(449,156)
	-----	-----	-----	-----
Total for Group				(1,444,200)

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 All income is derived from the United Kingdom.

3 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.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares for the conversion of all dilutive potential ordinary shares. Options granted under Employee Share Schemes dilute the earnings per share by increasing the weighted average number of shares without changing net profit. As at 31 January 2013, 31 July 2012 and 31 March 2012 diluted earnings per share is the same as basic earnings per share as options granted under Employee Share Schemes were anti-dilutive.

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. The calculation of adjusted earnings per share is set out below:

	Six months Ended January 2013 £	Six Months Ended March 2012 £	16 Months Ended July 2012 £
Earnings			
Earnings attributable to ordinary shareholders	(169,167)	(277,066)	(1,336,734)
Amortisation of acquired intangible assets	26,000		279,803
Taxation impact amortisation of acquired intangible assets	(5,980)	(30,767)	(78,469)
Impairment of goodwill	-	-	1,000,000
	-----	-----	-----
Adjusted profit on ordinary activities after tax	(149,147)	(189,496)	(135,400)
	=====	=====	=====
Number of shares			
Weighted average number of shares for basic earnings per share	35,786,204	35,786,204	35,781,081
Potential dilutive effect of employee share schemes	-	-	-
	-----	-----	-----
Weighted average number of shares for diluted earnings per share	35,786,204	35,786,204	35,781,081
	=====	=====	=====
	Pence	Pence	Pence
Earnings per share			
Basic and diluted earnings per share	(0.48)	(0.77)	(3.74)
Adjusted Earnings per share			
Adjusted basic and diluted earnings per share	(0.43)	(0.53)	(0.38)

The calculation of adjusted basic earnings per share is set out below:

	Six months Ended January 2013 Pence	Six Months Ended March 2012 Pence	16 Months Ended July 2012 Pence
Basic earnings per share	(0.48)	(0.77)	(3.74)
Amortisation of acquired intangible assets	0.07	0.33	0.78
Taxation impact amortisation of acquired intangible assets	(0.02)	(0.09)	(0.22)
Impairment of goodwill	-	-	2.80
	-----	-----	-----
Adjusted basic earnings per share (pence)	(0.43)	(0.53)	(0.38)
	=====	=====	=====

4 Share capital

At the Annual General Meeting held on 11 December 2012 shareholders in the Company approved the sub-division of the Company's shares such that each issued existing Ordinary share of 10p nominal value was sub-divided into one new Ordinary share of 1p and one Deferred share of 9p and each authorised but unissued existing Ordinary share was sub-divided into ten new Ordinary shares of 1p each.

The new Ordinary shares carry the same rights in all respects as the existing Ordinary shares, including voting rights and right to participate in dividends of the Company. The Deferred shares do not carry any rights to vote or dividend rights and they will only be entitled to a payment on a return of capital on a winding up of the Company or otherwise after each new Ordinary Share has received the amount paid up on such shares and a payment of £10,000,000. The Deferred shares are not listed or traded on the ISDX Growth Market and are not transferable without the written consent of the Company.

The Company has one class of Ordinary shares which carry equal voting rights and no right to fixed income.

	Ordinary Shares		Deferred Shares	
	Number	£	Number	£
Authorised				
Ordinary & Deferred shares				
Ordinary shares 10p				
At 30 September 2011, 31 March & 31 July 2012	100,000,000	10,000,000		
Increase authorised share capital				
11 December 2012 on sub-division of each				
Ordinary share of 10p into 1 Ordinary share of				
1p each and 1 Deferred share of 9p each	577,924,164	57,792,416	35,786,204	3,220,758
	-----	-----	-----	-----
Ordinary shares 1p & Deferred shares 9p				
At 31 January 2013	677,924,164	67,792,416	35,786,204	3,220,758
	=====	=====	=====	=====
	Ordinary Shares		Deferred Shares	
	Number	£	Number	£
Allotted, called up and fully paid				
Ordinary and Deferred shares				
Ordinary shares 10p				
At 1 April 2011	35,286,204	3,278,620		
Allotted 6 April 2011 on acquisition				
of BDTs Limited	500,000	50,000		
	-----	-----		
Ordinary shares 10p				
At 30 September 2011, 31 March & 31 July 2012	35,786,204	3,578,620		
Sub-division 11 December 2012 of each				
Ordinary share of 10p into 1 Ordinary share of				
1p each and 1 Deferred share of 9p each	-	(3,220,758)	35,786,204	3,220,758
	-----	-----	-----	-----
Ordinary shares 1p & Deferred shares 9p				
At 31 January 2013	35,786,204	357,862	35,786,204	3,220,758
	=====	=====	=====	=====

5 Post balance sheet events

At the Annual General Meeting held on 11 December 2012, shareholders in the Company approved, inter alia, the subdivision of each of the Company's ordinary shares of 10p each into 1 Ordinary share of 1p and 1 Deferred share of 9p and a reduction of capital involving the cancellation of the Deferred shares and the cancellation of the Company's share premium account.

On 13 February 2013 Court approval required to give effect to the reduction of capital was received and the Deferred shares and the Company's share premium account were cancelled. The Deferred Shares represented a capital reserve of £3,220,758 and the share premium account as at 13 February 2013 amounted to £2,997,637. The reduction of capital which involved the cancellation of the Deferred shares and

the cancellation of the share premium account eliminated the accumulated deficit on the Company's profit and loss account and created distributable reserves.

6 Dividends

The directors do not recommend payment of a dividend.

The consolidated interim financial statements for the period to 31 January 2013 will be posted to shareholders.

Copies of the consolidated interim financial statements may be obtained from the Company Secretary, Woodspeen Training Group plc, 32 Wingate Road, Hammersmith, London W6 0UR, the Company's website or from the ISDX Markets website.

The directors of Woodspeen Training Group plc take responsibility for this announcement.

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