'08/'09

REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2009

ILX GROUP

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 Evans (Business Development Director)
P Virik (Non-executive Director)

Secretary
Maclay Murray and Spens LLP

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 and Broker
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
Lothbury Financial
Mercury House
Triton Court
14 Finsbury Square
London
EC2A 1BR

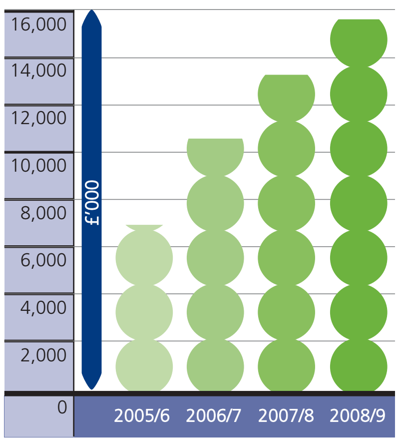
Financial highlights

£15.6m

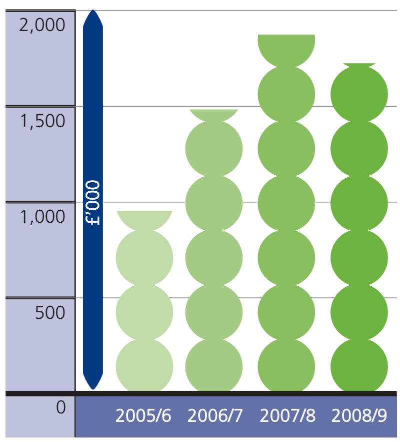
Revenue for the year was £15.6 million, an increase of 17%

	Year ended 31.3.2009 £'000	Year ended 31.3.2008 £'000	Increase/ (Decrease) %
Revenue	15,582	13,312	17.1%
Operating profit before non-recurring items, interest and taxation	2,093	2,285	(8.4%)
Profit before taxation and non-recurring items	1,700	1,858	(8.5%)
Cash generated from operating activities	1,819	3,167	(42.6%)
Net debt (cash less bank debt and all deferred consideration for acquisitions)	4,691	5,506	(14.8%)
Adjusted fully diluted earnings per share	6.04p	6.61p	(8.6%)
Dividend per share	1.50p	1.50p	-

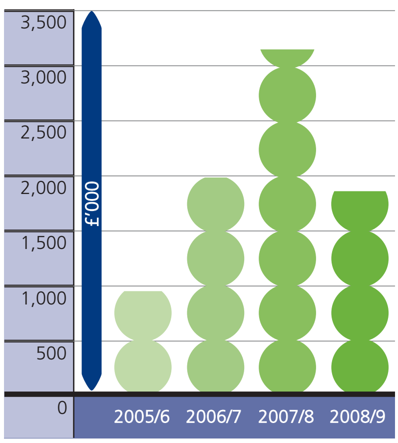
Revenue



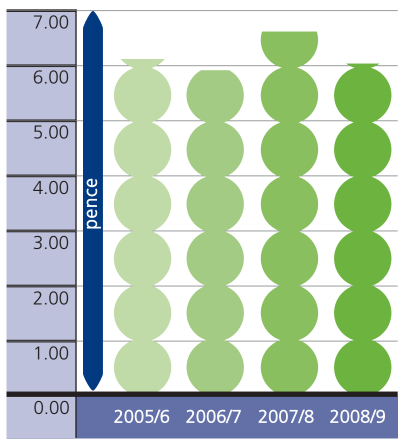
Adjusted profit before tax



Operating cash flow



Adjusted diluted earnings per share



£1.82m

Cash of £1.82 million was generated in the year from operating activities

£1.7m

Underlying profit before taxation and non-recurring items was £1.7 million, a fall of 8.5%

I am pleased to present the results for the year ended 31 March 2009. This year has been one of unprecedented financial and economic turmoil. The financial services sector, from which the Company gains approximately one-third of its revenues, has experienced tectonic shifts in the trading landscape. In addition, the global economy is in the midst of the worst recession in living memory.

In this context I believe that our results for the year ended 31 March 2009, which demonstrate considerable revenue growth, and a significant underlying profit, are highly creditable. Our strategy for some years has been to focus on the provision of hard skills training to our customers through a combination of innovative e-learning products and traditional classroom training. This has continued in the year just ended and the focus on hard skills training has contributed to the robustness of the business.

The Best Practice Group has enjoyed an exceptional year, building on the structural changes made last year and the launch of a major new product, taking significant market share from the competition and delivering increased revenue in excess of 40%.

The Corporate Training Group by contrast had a mixed, but overall difficult year. Revenues grew by 9% in the first half, but fell by 37% in the second half of the year, following the collapse of Lehman Brothers and the resulting global banking crisis. Despite maintaining excellent relationships with core clients and generating a number of new business streams, in particular from overseas collaborations, full year revenues were 11% down over the preceding year.

Financial Results

Total revenue for the year was £15.6 million (2008: £13.3 million), an increase of 17.1%. However, margin pressures meant that operating profit before non-recurring items was £2.09 million (2008: £2.29 million) and underlying profit before taxation and non-recurring items was £1.70 million (2008: £1.86 million), a fall of 8.5%. Accordingly, adjusted diluted earnings per share, before non-recurring items reduced to 6.04p (2008: 6.61p).

In the light of significant (mainly non-cash) non-recurring costs, it is appropriate to present an adjusted underlying profit and diluted earnings per share figure, stated before non-recurring costs which are explained in the Chief Executive's Business Review and detailed in the notes to these accounts.

Net debt, defined as all bank debt less cash at bank, was £4.69 million at the end of the year (2008: £5.51 million which included deferred consideration).

Personnel Changes

Peter Evans, previously managing director and co-founder of the Corporate Training Group, joined the Board in January 2009. Peter has specific responsibility to identify and evaluate strategic opportunities for the Company.

Chairman's Statement

For the year ended 31 March 2009

Earn-outs

The second and final earn-out payment of £2.5 million for the Corporate Training Group was made in cash. Whilst the Company had the option to pay up to £1.5 million of the total in shares, this would have resulted in considerable dilution for shareholders given the current share price.

ILX has now paid all its liabilities under earn-out arrangements in full and is now concentrating primarily on repaying debt.

Dividend

The Board remains committed to the payment of an annual dividend, but it is also mindful of the requirement to conserve cash and repay debt, particularly in the current uncertain climate.

A dividend of 1.5 pence per share was paid in August 2008, in respect of the year ended 31 March 2008. Subject to shareholders' approval being obtained at the Company's forthcoming AGM, the Directors recommend the payment of a maintained annual dividend of 1.5 pence per share in respect of the year ended 31 March 2009. It is intended that this dividend will be paid on 30 October 2009 to shareholders on the register at 14 August 2009 and that the ordinary shares will become ex-dividend on 12 August 2009.

The Company is offering a scrip alternative to a cash dividend, which is expected to be taken up by each of the Directors in respect of the shares they hold.

Investor Relations

Our AGM has been moved back to September in order that it does not coincide with the holiday period and in the hope that more shareholders will be able to attend. I would strongly encourage shareholders to attend the AGM on 25 September, at One London Wall, where you will be able to hear from and question the Directors and other key members of staff as well as see a demonstration of the Company's products.

Finally, I am pleased to remind shareholders that we continue to offer a 10% discount on all training courses, and a 20% discount on software products, to all shareholders holding at least 1,000 shares at the time of purchase. The discount is applicable to private individuals only for open course enrolments and single user licences.

Outlook

The forthcoming year promises to be a difficult one and we are under no illusions as to the tough trading conditions which persist in the market and are likely to for the foreseeable future. Nevertheless we have built a strong business and expect to increase our market share, improve our positioning, and reduce our debt. Trading into the new financial year remains challenging but robust.

Once again I would like to thank management and all staff for their hard work over the year and I look forward to the future with confidence.

Paul Lever
Chairman

24 July 2009

1.50p

Recommended dividend for the year maintained at 1.50 pence per share

17%

The company achieved organic revenue growth of 17% in the year

ITIL® is a Registered Trade Mark of the Office of Government Commerce in the United Kingdom and other countries.

PRINCE2® is a Registered Trade Mark of the Office of Government Commerce in the United Kingdom and other countries.

Our strategy is to build a strong company providing technical business training, delivered through innovative and exciting e-learning software together with top quality traditional instructor-led training. The Company continues to trade through two divisions; the Best Practice Group, providing training in project and service management qualifications such as PRINCE2® and ITIL®, and the Corporate Training Group, providing financial training programmes principally for finance professionals.

In the year to 31 March 2009, we have experienced mixed trading conditions in what has been by far the toughest economic environment in living memory. Nevertheless, the strengths of the business have ensured that we once again delivered revenue growth and a significant, albeit slightly reduced, underlying profit.

Financial Results

Profit for the Year

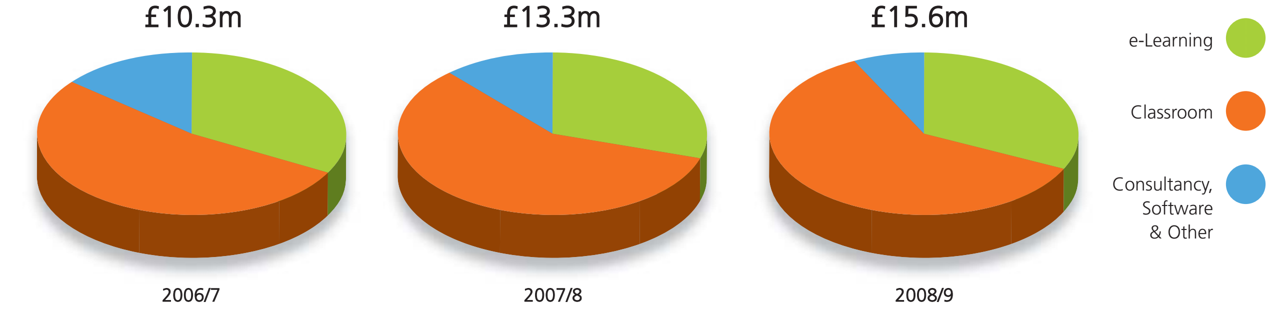
Revenues for the year were £15.6 million (2008: £13.3 million), an increase of 17.1%. This is entirely due to organic growth (2008: organic growth of 14.0%). Best Practice Group revenues were up 40.4% to £10.5 million (2008: £7.50 million). Corporate Training Group revenues were £4.83 million (2008: £5.40 million), a fall of 10.6%.

Revenues from other services fell from £0.41 million to £0.22 million.

Whilst the Company saw strong growth in sales of e-learning products over the year, the fastest growth area was once again classroom training. Accordingly, gross margins have again decreased slightly to 49.0% (2008: 51.1%), due to the changed revenue mix as highlighted below.

Operating margins decreased to 13.4% (2008: 17.2%), principally

Revenues by product type



due to reduced profits from the Corporate Training Group. Operating profit, before non-recurring items was £2.09 million (2008: £2.29 million), a fall of 8.5%. Consequently, profit before tax and non-recurring items also fell by 8.5% to £1.70 million (2008: £1.86 million).

Cash Flow and Net Debt

The Company delivered a further year of strong operating cash flow. Cash generated from operating activities for the year was £1.82 million (2008: £3.17 million), representing 87% of underlying operating profit (2008: 139%).

Free cash flow, being net cash generated from operating activities, less capital expenditure, was £1.47 million (2008: £2.55 million).

During the year, the Company made the second and final earn-out payment in respect of the acquisition of Corporate Training Group. This was made entirely in cash with £1.5 million generated from operating cash flow, and the remaining £1 million from bank facilities. This was done so as not to dilute existing shareholders. All earn-out payments were completed in January 2009.

Net debt, defined as all bank debt less cash at bank, was £4.69 million at 31 March 2009 (2008: £5.51 million which included deferred consideration). This is a multiple of just over three times free cash flow, and just over two times underlying operating profit.

This remaining net debt comprises £4.13 million in term debt, which is repayable over three years, and £0.56 million in working capital facilities, comprising an overdraft and confidential invoice finance facility.

Non-Recurring Items

This year the Company has incurred substantial non-recurring charges, principally non-cash items that warrant particular explanation. Full details are contained in Note 5 to the accounts.

Cash items totalled £176,000 in respect of bad debts, principally relating to Lehman Brothers and Kaupthing. The exceptional circumstances that surrounded the collapse of these two banks and the fact that historically the Company has experienced a negligible level of bad debt are the principal reasons behind highlighting these losses separately as non-recurring costs.

The remaining charges are non-cash entries.

The principal charge relates to the write-off of £2.36 million in goodwill relating to the Mount Lane acquisition. This charge is shown as an impairment on the Income Statement. Whilst this acquisition has not ultimately been successful, it is worth noting that five other acquisitions were made between 2004 and 2006, each of which have proven successful.

As last year, the Company used an interest rate swap arrangement, details of which are contained in the notes to the financial statements, to reduce exposure to future movements in interest rates. Nothing was paid for this arrangement, but accounting standards require us to value the instrument and to take any change in value to the Income Statement. This resulted in an additional notional charge of £170,000 which is included in interest payable for the year (2008: £39,000). Provided the Company does not look to exit this arrangement early, these charges will ultimately be reversed and returned to distributable reserves.

Taxation

The taxation charge for the year was £420,000 (2008: £460,000). The Company has now fully utilised all its tax losses and carries forward a tax liability of £329,000 payable in January 2010.

6.04p

Adjusted diluted earnings per share for the year was 6.04p, a fall of 8.6%

Net Profit and Dividend

After the non-recurring charges highlighted above, net loss attributable to equity holders after tax and non-recurring items for the year was £1.43 million (2008: profit £1.03 million).

A dividend of 1.5 pence per share was paid during the year in respect of the year ended 31 March 2008, and this is shown in the statement of changes in equity. As stated in the Chairman's Statement, a recommended final dividend of 1.5 pence in respect of the year ended 31 March 2009 will be payable in October 2009, subject to obtaining shareholders' approval at the forthcoming AGM, with the prospect of a scrip dividend alternative being offered.

Earnings Per Share

The Company uses an adjusted diluted earnings per share measure to evaluate performance. This measure takes fully diluted earnings per share and adjusts to remove the effect of non-recurring items, both costs and benefits. It also ensures a consistent normalised tax rate is used, thus removing the beneficial effect of recognition of tax assets and accelerated research and development tax credits.

Adjusted diluted earnings per share for the year were 6.04p (2008: 6.61p), a fall of 8.6%.

£5.0m

Sales of e-learning software generated revenues of £5 million in the year

Markets – Revenue Streams

Revenue Mix

The proportion of classroom training has increased again during the year, with instructor-led training, which grew by 21% in the year, now accounting for 61% of revenues (2008: 59%). E-learning, which grew by 26%, now accounts for 32% (2008: 30%). The remaining 7% of revenues (2008: 11%) relates to consultancy, software development and sales of books and manuals.

We remain committed to the appropriate use of e-learning and instructor-led training across all our subject areas. (See fig.1)

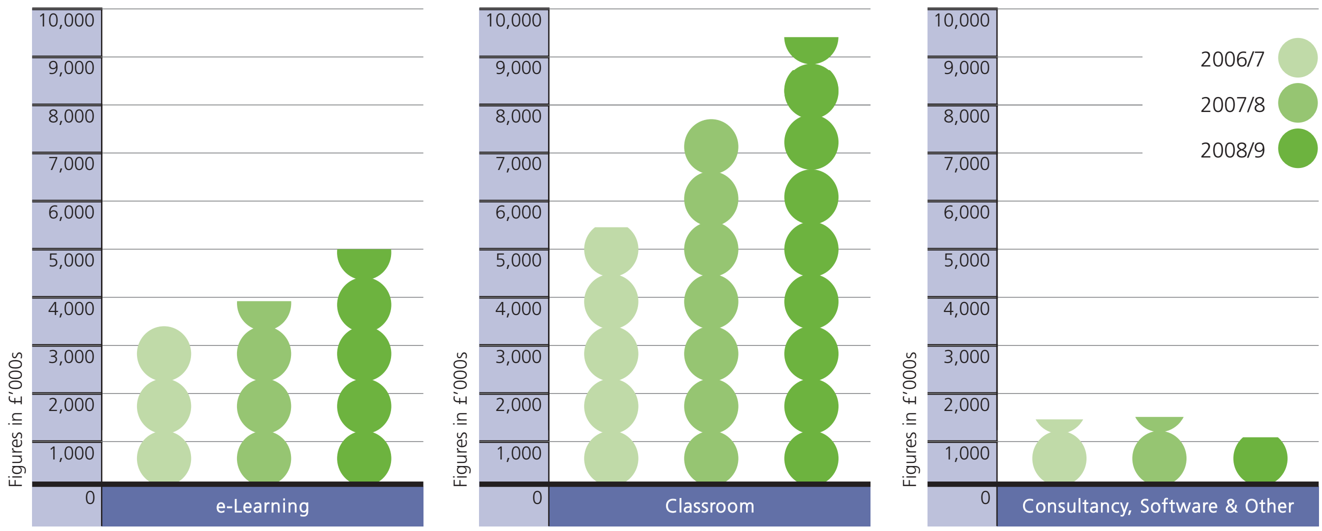
Revenue by Subject

The Company continues to train in a range of hard business skill subjects. (See fig.2)

During 2008/9, PRINCE2® and other project management training significantly outperformed all other subjects to grow by almost 60%. During this period, ILX Group has won significant market share and is now the global market leader for PRINCE2® training.

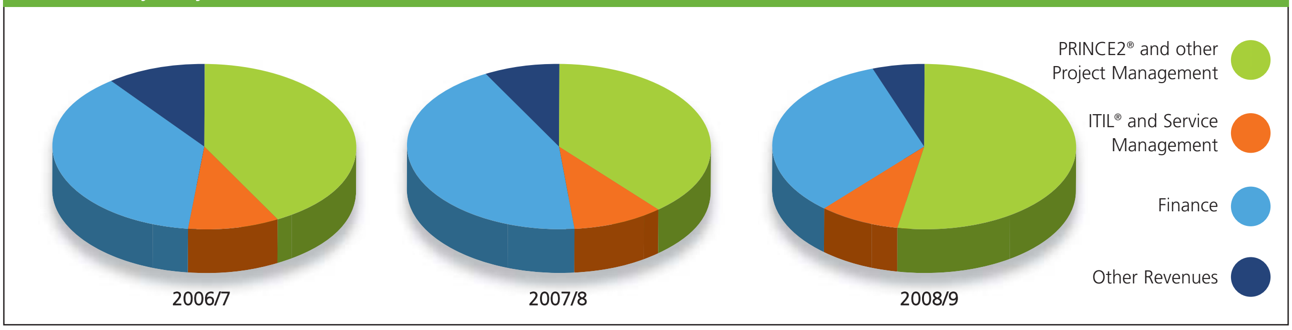
(fig.1)

Revenues by product type



(fig.2)

Revenues by subject



Business Review

For the year ended 31 March 2009

The key markets at present are as follows.

PRINCE2® and other Project Management

This area provided 53% of group revenues (2008: 40%) in the year.

We train to both PRINCE2® Foundation and PRINCE2® Practitioner level, as well as in qualifications such as the APM Introductory Certificate in Project Management, Managing Successful Programmes, and general project management.

Training is provided to a wide range of corporate customers spread across the public and private sector. In addition, sales of distance learning and open programme places direct to individuals have soared during the year and now account for around 30% of revenues.

Our ability to offer a full range of e-learning and distance learning products, as well as public and custom classroom training sessions, and consultancy, remains unique in the marketplace and has been key in cementing our position as the lead PRINCE2® supplier. The company launched a fully interactive accredited PRINCE2® Practitioner e-learning product in February, which contributed significantly to year end sales. PRINCE2® revenues grew nearly 60% in a year in which saw many of our competitors struggle.

ITIL® and Service Management

9% of group revenues (2008: 10%) in the year came from ITIL®, the IT service management qualification, and related service management training.

As with PRINCE2® and project management, training is provided to a wide range of customers across public and private sectors, and is delivered through both classroom training and e-learning products.

The major change in the ITIL® qualification from version 2 to version 3, which took place in 2007/8, provided us with a major opportunity to demonstrate market leadership. Our ITIL® v3 products, both classroom and e-Learning, were first to market, and additional courses have been developed to highlight the transition from version 2 to version 3.

ITIL® remains a core part of our offering but with the market still adjusting to the new version, sales remained relatively flat during the year, growing by just 4%.

Finance for Professionals and Non-Financial Managers

This market, serviced primarily by the Corporate Training Group, accounted for 33% (2008: 44%) of revenues.

A wide range of subjects is covered including Accounting and Analysis, Corporate Finance, Company Valuation, Financial Modelling, Investment Management, Financial Products and Markets, and Regulation.

We train at various levels from major graduate training programmes right up to managing director level. Customers include a number of major investment banks as well as other financial institutions and some corporates and professional firms.

It has been a difficult year for this revenue stream, which has seen revenues fall by 11% overall.

We continue with the provision of customised e-learning solutions for multi-national and global organisations, and have developed additional e-learning products to service this market. This is expected to ensure our offerings to key clients remain cost-effective in what is currently a difficult period for all of them.

We remain one of the leaders in this marketplace but it is a market which is likely to shrink further before it recovers.

60%

PRINCE2® and Project Management revenues increased by 60% in the year

Other Revenue Streams

Bespoke software development accounted for a small revenue stream and continues to be undertaken in certain circumstances for key customers.

IT and Migration training also contributed but suffered from the economic climate, with customers putting off software transition plans with a resulting knock-on effect on the training requirement. Accordingly, we ceased operations in this area on a stand alone basis.

There are still opportunities to generate revenues from existing clients utilising our bespoke development capability, as well as to repurpose the existing product suite to support business elsewhere in the group.

Markets – Prospects

Market Outlook

Even in times of recession demand for hard skills training tends to remain robust. Nevertheless the landscape for the next twelve months will be particularly challenging given the depth and global nature of this recession.

All the major investment banks which have historically provided considerable training revenue, particularly in the summer graduate training months, have continued to book significant sums for 2009/10, but these numbers are in many cases materially reduced. The market is very fragmented and its size is difficult to determine, but we believe that we continue to gain market share.

In the short to medium term, we expect the financial services training market to contract significantly. This will clearly impact revenues from Corporate Training Group, which as previously noted fell 37% in the second half of 2008/9. Commensurate action will include driving revenue-generating initiatives both abroad and in the corporate sector.

The IT and project management training market is less dramatically affected, but our revenue growth of 40% in this area last year in difficult economic conditions is a clear indication of how we have grown in stature, and obtained significant market share, when many competitors are struggling. The annual IT Skills Research survey recently placed ILX as number 8 (up from number 14 last year) in the Top 50 providers of IT and related training, which is a very pleasing result.

The PRINCE2® methodology is undergoing a significant update to PRINCE2®2009, which will provide particular challenges to the whole industry. We expect to be in a strong position to deal with and benefit from this update.

We expect our market-leading e-learning products, and flexible classroom training business model, to hold us in good stead for the coming year. Trading conditions will however remain difficult.

Operations

During the year, the Company continued to operate as two divisions, Best Practice Group, run by Managing Director Eddie Kilkelly, and Corporate Training Group. As previously announced, Peter Evans, formerly the Managing Director of Corporate Training Group, joined the Board as Strategic Business Development Director in January 2009.

Given the change in landscape for 2009/10, we have made a number of changes to integrate the businesses further and to address our cost base. Since the year end, Eddie Kilkelly has been promoted to the post of Chief Operating Officer, a role which carries the responsibility for both divisions and a remit to integrate the sales and operations of the two businesses.

Summary and Prospects

As mentioned above, 2009/10 will be a very different year for the training industry. However, I believe the Company is well positioned to respond to, and operate in, the new environment, building on the work we have achieved to date even though there are still challenges to be overcome.

We believe our strategy of continuing to build a sizeable training and software company in the hard skills business training market is the right one. In 2009/10 we look forward to consolidating our position further.

8

IT Skills Research survey placed ILX at number 8 in the Top 50 providers, up from number 14 last year

Ken Scott
Chief Executive

24 July 2009

Directors

Paul Lever
Chairman and Non-executive Director

Paul joined the board as Chairman in January 2003. Paul's executive career spans a number of Chief Executive positions at Crown Paints, Crown Berger Europe, and Tube Investments – Small Appliance Operations, as well as Executive Chairman of Lionheart plc. Paul has considerable experience within the personal development and training sector in addition to extensive corporate transaction experience. He was appointed as Non-Executive Chairman in 1992 of BSM Group plc (formerly the British School of Motoring) and saw it through its flotation in 1994, its development into a service related business and its subsequent sale to the RAC in 1998. As Non-Executive Chairman of Oxford Aviation Holdings Ltd, the largest commercial air training school outside the United States, with annual sales of £40 million, he led a private purchase of the company, which was later sold to BBA Group plc.

Ken Scott
Chief Executive

Ken joined ILX Group as its CEO in July 2002 with the mandate to refocus the Company and deliver a new strategy. He has been the architect and driver of the business transformation which has taken place within ILX Group since then.

Ken has a rich background in business leadership and commerce, a great deal of which was gained in financial services. His previous roles include positions as UK country head for Avco Trust (consumer and business financing), CEO of Hamptons Estate Agents, Group Marketing Director of Bristol & West and Regional Director for one-fifth of the UK retail branch network of HSBC.

He is a strong advocate of customer retention activities and of seeking ways to gain long-term competitive advantage. Ken has attended Harvard Business School and INSEAD and is a Fellow of the Chartered Institute of Bankers.

Paul Virik
Non-executive Director

Paul joined the board of directors in January 2008. He brings with him experience that spans magazine publishing, conferences, exhibitions, directories and major internet developments. He has led operations across diverse markets including IT, Agriculture, Aviation, Social Work, Legal, Electronics, Hospitality, Human Resources, and Construction.

His focus has always been on long term sustainable market leadership through teamwork, innovation and customer focus. His previous positions include Managing Director of Reed Business Publishing, CEO of OAG, and CEO of Butterworths legal publishing.

Jon Pickles
Finance Director

Jon has 15 years' experience with the group. He has a degree in Mathematics and Philosophy from London University and is a chartered management accountant. He was appointed Group Financial Controller after the business was floated on AIM as Intellexis plc prior to being appointed to the board as Finance Director in March 2003.

Jon has played a major role in the restructuring of Intellexis plc to ILX Group and in the subsequent acquisitions and growth.

Peter Evans
Business Development Director

Peter joined the board in January 2009 and takes responsibility for the Company's strategic business development.

Peter is a highly experienced instructor and training developer and was a co-founder and the Managing Director of The Corporate Training Group Limited which was acquired by ILX Group in July 2006. Peter has a PhD from the LSE in 1985 and qualified as a chartered accountant with Moore Stephens.

Directors' Report

For the year ended 31 March 2009

The directors present their report and the financial statements for the year ended 31 March 2009.

Principal activity and business review

The principal activity of the group during the year was as providers of education and training products and services and related software development. A full review of trading and future developments is presented in the Chairman's Statement and the Business Review.

Results and dividends

The results for the group for the year are set out on page 18. The directors recommend payment of a dividend of 1.50 pence per share, subject to shareholder approval at the annual general meeting on 25 September 2009. This dividend will be paid on 30 October 2009 to shareholders on the register at 14 August 2009. These financial statements do not reflect this dividend payable, which will be accounted for in the statement of changes in equity as an appropriation of retained earnings, in the year ending 31 March 2010.

Principal shareholders

At the date of this report the company has been notified of the following shareholdings in excess of 3% of the company's issued share capital:

	Ordinary Shares of 10 pence each	Percentage
Barnard Nominees Ltd	2,177,430	11.23
Investec Trust Guernsey Ltd	1,850,000	9.54
Brewin Dolphin (Giltspur Nominees)	1,471,544	7.59
Park Row Group plc	1,030,652	5.32
Singer & Friedlander Investment Management	1,009,438	5.21
Kate Blackall	843,190	4.35
Singer & Friedlander AIM 3 VCT	591,600	3.05

The investment by Investec Trust Guernsey Limited represents 9.5% of the total called up share capital. The shares held by this trust are available to satisfy certain share options issued under the company's share option scheme on vesting and exercise.

Authority to purchase own shares

At the annual general meeting of the company held on 20 July 2008 shareholders approved a general authority for the company to re-purchase up to 14.99% of the company's issued ordinary share capital. No purchase of shares has been made pursuant to this authority, but the directors consider it desirable that the possibility of making such purchases under appropriate circumstances remains available. A similar authority will be requested at the forthcoming annual general meeting on 25 September 2009. Any shares purchased under this authority will either be cancelled, and the number of shares in issue reduced accordingly, or held in treasury.

Charitable donations

The company made charitable donations during the year of £1,000 (2008: £1,000).

Policy on payments to creditors

The group agrees payment terms with individual suppliers which 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 2009 was 52 (at 31 March 2008: 44).

Directors and their interests

The present directors are listed on page 11. The interests of the directors (including family interests) in the share capital of the company are as follows.

	Ordinary Shares of 10 pence each	
	At 31 March 2009	At 31 March 2008
P R S Lever	125,100	100,100
K P Scott	208,585	208,585
J A Pickles	159,812	159,812
P Evans	515,000	515,000*
P Virik	-	-

*At date of appointment

There were no changes between 31 March 2009 and 24 July 2009.

J A Pickles retires by rotation and, being eligible, offers himself for re-election at the forthcoming annual general meeting. P Evans, having been appointed by the board since the last annual general meeting, retires and, being eligible, offers himself for election at the forthcoming annual general meeting.

Directors' and officers' liability insurance

The company has purchased insurance to cover its directors and officers against their costs in defending themselves in any legal proceedings taken against them in that capacity and in respect of charges resulting from the unsuccessful defence of any proceedings.

Auditors

In accordance with S489 of the Companies Act 2006 a resolution proposing that Saffery Champness be reappointed as auditors to the company will be put to the Annual General Meeting.

Disclosure of information to auditors

Each of the directors has confirmed that:-

(a) so far as he is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Annual general meeting

The resolutions to be proposed at the annual general meeting to be held on 25 September 2009 appear in the separate Notice of Annual General Meeting.

This report was approved by the board on 24 July 2009.

On behalf of the board

J A Pickles
Director

24 July 2009

Remuneration Report

For the year ended 31 March 2009

Remuneration policy

The objective of the company's remuneration policy is to attract, motivate and retain high quality individuals who will contribute significantly to shareholder value. The remuneration committee decides on the remuneration of the directors and other senior management, which comprises a basic salary, car allowance, healthcare, bonus scheme, share options, and medium term incentive plan. The board as a whole decide the remuneration of the non-executives.

Directors' remuneration

Details of the remuneration of the directors for the financial year are set out below:

	Salary & fees £'000	Car allowance £'000	Other benefits £'000	Bonus £'000	Pension contributions £'000	TOTAL £'000
Executive directors						
K P Scott	195	14	31	90	20	350
J A Pickles	113	9	1	-	-	123
P Evans*	35	3	-	13	4	55
Non-executive directors						
P R S Lever	38	-	-	-	-	38
P Virik	26	-	-	-	-	26
	407	26	32	103	24	592

*From date of appointment on 1 January 2009

Share options

The company grants options under an HM Revenue and Customs approved scheme and also under an unapproved scheme. The share options granted to the directors are as follows:

	Number of shares under option at 31 March 2008	Granted / (lapsed) during the year	Number of shares under option at 31 March 2009	Exercise price	Date of grant
K P Scott	140,500	(140,500)	-	110p	30-Sep-02
K P Scott	16,875	(16,875)	-	70p	31-Mar-04
K P Scott	225,000	(225,000)	-	96p	01-Dec-04
K P Scott	49,893	(49,893)	-	100p	13-Apr-05
K P Scott	144,901	(144,901)	-	100p	24-Nov-05
K P Scott	298,271	(298,271)	-	99p	22-Sep-06
K P Scott	-	875,000	875,000	0p	28-Nov-08
J A Pickles	25,000	(25,000)	-	110p	09-Dec-02
J A Pickles	7,125	(7,125)	-	70p	31-Mar-04
J A Pickles	122,875	(122,875)	-	96p	01-Dec-04
J A Pickles	17,907	(17,907)	-	100p	13-Apr-05
J A Pickles	57,960	(57,960)	-	100p	24-Nov-05
J A Pickles	119,309	(119,309)	-	99p	22-Sep-06
J A Pickles	-	350,000	350,000	0p	28-Nov-08
P R S Lever	10,000	(10,000)	-	140p	07-Jan-03
P Evans	10,000	(10,000)	-	53p	22-May-07
P Evans	-	167,000	167,000	0p	30-Dec-08
P Evans	-	10,000	10,000	23p	30-Dec-08
	1,245,616	156,384	1,402,000		

As at 31 March 2009, 63 employees (including directors) held options (granted between 30 September 2002 and 30 January 2009) over a total of 3,288,250 ordinary shares at an average option price of 13.8p. All options are exercisable between 2 and 10 years from date of grant.

The company's share price on 31 March 2009 was 19.0p (on 31 March 2008: 43.0p).

Medium term incentive plan

The company ceased its Medium Term Incentive Plan on 23 November 2008, with all share allocations under the scheme failing to vest. The 1,850,000 shares in the plan will be utilised as required to satisfy share options granted to directors and other senior management on vesting and exercise.

Shareholder approval

In accordance with best practice in corporate governance, the company will put a resolution to shareholders to approve the remuneration report at the forthcoming Annual General Meeting.

Corporate Governance

Corporate governance

The directors intend, so far as possible and to the extent appropriate given the company's size and the constitution of the board, to comply with the Combined Code which is appended to the Listing Rules of the Financial Services Authority.

The board has separate roles for chairman and chief executive.

The board has established an audit committee, which comprises P R S Lever, and P Virik (chairman), and a remuneration committee which also comprises P R S Lever (chairman), and P Virik, with formally delegated responsibilities.

The audit committee meets at least twice a year and is responsible for ensuring that the financial performance of the company is properly monitored and reported. It is also responsible for appointing the auditors, ensuring the auditors' independence is not compromised, and reviewing the reports on the company from the auditors in relation to the accounts and internal control systems.

The remuneration committee is responsible for reviewing the performance of the executive directors, and for determining the scale and structure of their remuneration packages and the basis of their service contracts bearing in mind the interests of shareholders. The committee also monitors performance and approves the payment of performance related bonuses and the granting of share options.

The board has not established a nomination committee as it regards the approval and appointment of directors (whether executive or non-executive) as a matter for consideration by the whole board.

Internal control

The Combined Code includes a requirement that the directors' review should be extended to cover not just internal financial controls but all controls including operations, compliance and risk management. It reports as follows:

The directors are responsible for the group's system of internal control. Although no system of internal control can provide absolute assurance against material misstatement or loss, the company's system is designed to provide the directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately. The key procedures that have been established and which are designed to provide effective internal control are as follows:

Management structure: the board of directors meets regularly and minutes of its meetings are maintained.

Financial reporting: budgets are prepared and reviewed by executive management. Any material variances to actual results are investigated.

Investment appraisal: the company has a clearly defined framework for capital expenditure requiring approval by key personnel and the board where appropriate.

The board has reviewed the effectiveness of the system of internal controls and it has considered the major business risks and the control environment. No significant control deficiencies were reported during the year.

No weaknesses in internal control have resulted in any material losses, contingencies or uncertainty which would require disclosure, as recommended by the guidance for directors on reporting on internal control.

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that year.

In preparing those financial statements, the directors are required to select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and prepare the financial statements on a going concern basis unless it is inappropriate to assume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Auditors

We have audited the group and company financial statements (the "financial statements") of ILX Group plc for the year ended 31 March 2009 on pages 18 to 41. These financial statements have been prepared in accordance with the accounting policies set out therein. We have also audited the information in the remuneration report.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities above, the company's directors are responsible for the preparation of the annual report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In addition we report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we required for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the chairman's statement, the business review, the corporate governance statement and the directors' remuneration report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

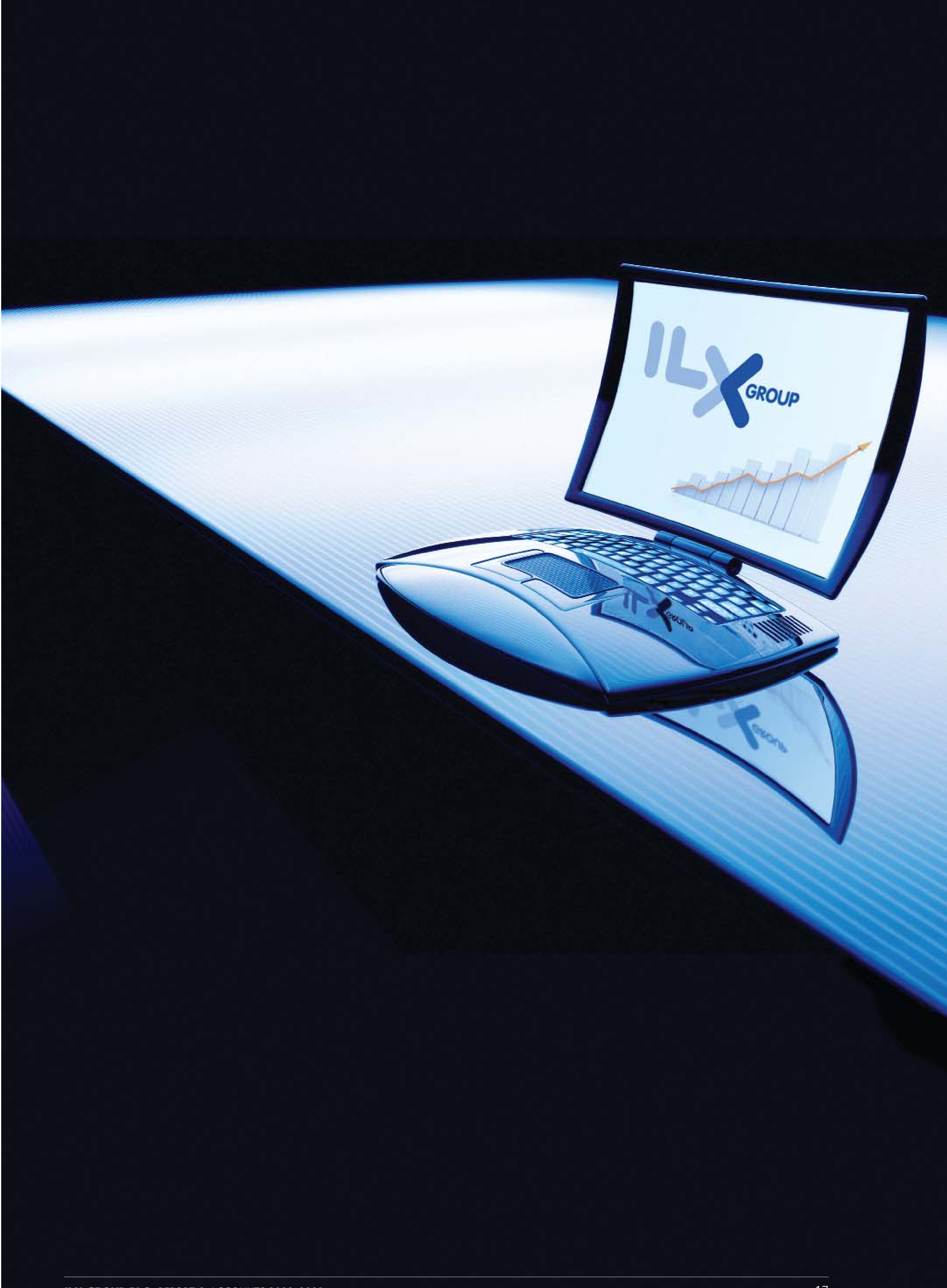
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:
- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of affairs of the company and the group as at 31 March 2009 and of the profit of the group for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provision of the Companies Act 1985, of the state of the parent company's affairs as at 31 March 2009;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Saffery Champness
Chartered Accountants and Registered Auditors
Beaufort House
2 Beaufort Road
Clifton
Bristol BS8 2AE

24 July 2009


ILX GROUP

Consolidated and Company Income Statement

For the year ended 31 March 2009

	Notes	Year ended 31.3.2009 £'000	Year ended 31.3.2008 £'000
Revenue	3	15,582	13,312
Cost of sales		(7,954)	(6,513)
Gross profit		7,628	6,799
Administrative and distribution expenses excluding depreciation		(5,584)	(4,640)
Earnings before interest, tax and depreciation		2,044	2,159
Depreciation		(127)	(127)
Impairment		(2,360)	-
Operating (loss) / profit	4	(443)	2,032
Interest receivable and similar income	6	16	16
Interest payable and similar charges	7	(579)	(554)
(Loss) / Profit before tax		(1,006)	1,494
Tax	10	(420)	(460)
(Loss) / Profit for the year attributable to equity shareholders		(1,426)	1,034
(Loss) / Earnings per share:			
Basic	11	(7.35p)	5.33p
Diluted	11	(6.97p)	5.27p

Consolidated Balance Sheet

As at 31 March 2009

	Notes	As at 31.3.2009 £'000	As at 31.3.2008 £'000
Assets			
Non-current assets			
Property, plant and equipment	12	184	206
Intangible assets	13	21,006	23,129
Deferred tax asset	10	-	77
Total non-current assets		21,190	23,412
Current assets			
Trade and other receivables	15	3,191	3,464
Cash and cash equivalents		96	994
Total current assets		3,287	4,458
Total assets		24,477	27,870
Current liabilities			
Trade and other payables		(2,778)	(3,249)
Deferred consideration	17	-	(1,000)
Tax liabilities		(946)	(694)
Bank loans and facilities	18	(1,287)	(1,250)
Total current liabilities	16	(5,011)	(6,193)
Non-current liabilities			
Derivative financial instruments	23	(210)	(39)
Bank loans	18	(3,500)	(2,750)
Total non-current liabilities		(3,710)	(2,789)
Total liabilities		(8,721)	(8,982)
Net assets		15,756	18,888
Equity			
Issued share capital	19	1,939	1,939
Share premium	19	11,802	11,804
Shares to be issued – deferred consideration	17	-	1,500
Own shares in trust	19 & 20	(1,825)	(1,825)
Share option reserve	19	115	303
Buyback reserve	19	1,178	1,178
Retained earnings	19	2,547	3,989
Total equity		15,756	18,888

The financial statements were approved by the board of directors and authorised for issue on 24 July 2009.
They were signed on its behalf by:

J A Pickles ______________________ Director

K P Scott ______________________ Director

Company Balance Sheet

As at 31 March 2009

	Notes	As at 31.3.2009 £'000	As at 31.3.2008 £'000
Assets			
Non-current assets			
Property, plant and equipment	12	184	206
Intangible assets	13	1,417	1,187
Investments	14	19,589	21,942
Deferred tax asset	10	-	77
Total non-current assets		21,190	23,412
Current assets			
Trade and other receivables	15	3,205	3,464
Cash and cash equivalents		82	994
Total current assets		3,287	4,458
Total assets		24,477	27,870
Current liabilities			
Trade and other payables		(2,778)	(3,249)
Deferred consideration	17	-	(1,000)
Tax liabilities		(946)	(694)
Bank loans and facilities	18	(1,287)	(1,250)
Total current liabilities	16	(5,011)	(6,193)
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Own shares in trust	19 & 20	(1,825)	(1,825)
Share option reserve	19	115	303
Buyback reserve	19	1,178	1,178
Retained earnings	19	2,547	3,989
Total equity		15,756	18,888

The financial statements were approved by the board of directors and authorised for issue on 24 July 2009.
They were signed on its behalf by:

J A Pickles ____________________ Director

K P Scott ____________________ Director

Consolidated Cash Flow Statement

For the year ended 31 March 2009

	Year ended 31.3.2009 £'000	Year ended 31.3.2008 £'000
(Loss) / Profit from operations	(443)	2,032
Adjustments for:		
Depreciation	127	127
Goodwill impairment	2,360	-
Share option charge	59	45
Movement in trade and other receivables	238	(796)
Movement in trade and other payables	(522)	1,759
Cash generated from operating activities	1,819	3,167
Interest paid	-	(21)
Tax paid	(14)	(137)
Net cash generated from operating activities	1,805	3,009
Investing activities		
Interest received	16	16
Proceeds on disposal of property and equipment	-	7
Purchases of property and equipment	(105)	(108)
Expenditure on product development	(230)	(350)
Acquisition of subsidiaries (net of cash acquired)	(2,518)	(2,532)
Net cash used by investing activities	(2,837)	(2,967)
Financing activities		
Increase in borrowings	192	780
Net cost of share issue	(2)	(8)
Interest and refinancing costs paid	(388)	(540)
Dividend paid	(263)	(123)
Net cash from financing activities	(461)	109
Net change in cash and cash equivalents	(1,493)	151
Cash and cash equivalents at start of year	994	843
Cash and cash equivalents at end of year	(499)	994
Cash and cash equivalents represented by:		
Overdraft and invoice finance facilities	(595)	-
Cash at bank	96	994
	(499)	994

Company Cash Flow Statement

For the year ended 31 March 2009

	Year ended 31.3.2009 £'000	Year ended 31.3.2008 £'000
(Loss) / Profit from operations	(443)	2,032
Adjustments for:		
Depreciation	127	127
Goodwill impairment	2,360	-
Share option charge	59	45
Movement in trade and other receivables	224	(796)
Movement in trade and other payables	(522)	1,759
Cash generated from operating activities	1,805	3,167
Interest paid	-	(21)
Tax paid	(14)	(137)
Net cash generated from operating activities	1,791	3,009
Investing activities		
Interest received	16	16
Proceeds on disposal of property and equipment	-	7
Purchases of property and equipment	(105)	(108)
Expenditure on product development	(230)	(350)
Acquisition of subsidiaries (net of cash acquired)	(2,518)	(2,532)
Net cash used by investing activities	(2,837)	(2,967)
Financing activities		
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Net cash from financing activities	(461)	109
Net change in cash and cash equivalents	(1,507)	151
Cash and cash equivalents at start of year	994	843
Cash and cash equivalents at end of year	(513)	994
Cash and cash equivalents represented by:		
Overdraft and invoice finance facilities	(595)	-
Cash at bank	82	994
	(513)	994

Consolidated and Company Statement of Changes in Equity

For the year ended 31 March 2009

	Year ended 31.3.2009 £'000	Year ended 31.3.2008 £'000
Balance at start of year	18,888	19,440
(Loss) / Profit for the year	(1,426)	1,034
Dividends paid	(263)	(123)
Options exercised	-	1
Options granted	59	45
Deferred consideration	(1,500)	(1,500)
Costs relating to share issue	(2)	(9)
Balance at end of year	15,756	18,888

ILX Group plc (the "company") is a company incorporated in England and Wales. The financial statements are presented in pounds sterling, and were authorised for issue by the directors on 24 July 2009.

The group financial statements consolidate those of the company and its subsidiaries (together referred to as the "group"). The parent company financial statements present information about the company as a separate entity and not about its group.

Both the group financial statements and the company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). In publishing the company financial statements here together with the group financial statements, the company has taken advantage of the exemption in Section 230 of the Companies Act 1985 not to present its individual income statement and related notes that form a part of these approved financial statements.

1. Basis of preparation and significant accounting policies

Basis of preparation

The preparation of the group accounts in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the Financial Statements. The key estimates and assumptions are set out in the accounting policies below, together with the related notes to the accounts.

Such estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances and constitute management's best judgement of conditions at the date of the Financial Statements. In the future, actual experience may deviate from these estimates and assumptions, which could affect the Financial Statements as the original estimates and assumptions are modified, as appropriate, in the year in which the circumstances change.

The financial statements have been prepared on the historical cost basis as modified by financial assets and financial liabilities (including derivative financial instruments) at fair value through the income statement.

The accounting policies set out below have, unless otherwise stated, been applied consistently by the group to all years presented in these financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of ILX Group plc and its subsidiaries. There are no associates or joint ventures to be considered.

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. The group uses the purchase method of accounting to account for the acquisition of subsidiaries.

Revenue

Revenue represents the amount chargeable, excluding sales related taxes, for goods or services supplied. Revenue is only recognised when there is persuasive evidence that a contract exists, the fee is fixed or determinable and collection of the resulting receivable is considered probable. Full provision is made for all known or expected losses.

Revenue for sales of generic software products and delivery of standard services is recognised where an order has been placed and delivery has occurred. Revenue from blended software and workshop products is recognised based on expected levels of take-up of the workshop element, where those levels can be reliably estimated.

Revenue from fixed price consultancy, customisation, and software development projects is recognised in accordance with the percentage completed for each project. Revenue from such projects chargeable on a time and materials basis is recognised when the work is performed.

Revenue from rental and support services is recognised evenly over the period for which the service is to be provided.

Deferred revenue represents amounts invoiced for revenue which is expected to be recognised in a future period. Accrued revenue represents amounts recognised as revenue which are to be invoiced in a future period.

Share based payments

The company operates two share option schemes. The fair value of the options granted under these schemes is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the vesting period.

The fair value of the options granted is measured using the Black-Scholes model, adjusted to take into account sub-optimal exercise factor and other flaws in Black Scholes, and taking into account the terms and conditions upon which the incentives were granted.

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.

Research and development

Research expenditure is written off to the income statement in the year in which it is incurred. Costs incurred on product development relating to the design and development of new or enhanced products are capitalised as intangible assets when it is probable that the development will provide economic benefits, considering its commercial and technological feasibility and the resources available for the completion and marketing of the development, and where the costs can be measured reliably. The expenditures capitalised are the direct labour costs, which are managed and controlled centrally. Other development costs are recognised as an expense as incurred. Product development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised product development expenditure is considered to have an indefinite economic life and is subject to regular impairment reviews, based on the continued sales and profitability of the products developed. It is stated at cost less any accumulated impairment losses. Any permanent impairment taken during the year is shown under amortisation on the income statement.

Segment reporting

A business segment is a distinguishable component of a group engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographic segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

Depreciation

Property, plant, and machinery are stated at cost less accumulated depreciation. Depreciation on these assets is provided at rates estimated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Fixtures, fittings and equipment – 4 years
Motor vehicles – 4 years
Computer equipment – 3 years

Investments

The company carries the value of investments in subsidiaries at cost, after adjusting for any impairment.

Deferred taxation

Deferred tax is provided in full in respect of temporary differences between the treatment of certain items for taxation and accounting purposes. Deferred tax liabilities are not material against the available losses brought forward and are therefore not reported.

Deferred tax assets are recognised where unused tax losses are available to offset against future profits and where there is convincing evidence that sufficient taxable profits will be available against which the unused tax losses can be offset.

Defined contribution pension scheme

The pension costs charged in the financial statements represent the contributions payable by the company during the year.

Leases and hire purchase contracts

The company has no assets financed through finance leases.

Other leases are treated as operating leases. Annual rentals are charged to the income statement on a straight line basis over the term of the lease.

Deferred and contingent consideration

Deferred and contingent consideration payable is shown as a creditor on the balance sheet to the extent that a contractual obligation exists, or may exist, to make payment in cash. Where the consideration may be paid by way of shares the deferred and contingent consideration is shown under equity.

Interest

Interest on loans is expensed as it is incurred. Transaction costs of borrowings are expensed as interest over the term of the loans.

Financial instruments

The directors consider the company to have financial instruments, as defined under IFRS7, in the following categories:

Loans and receivables

The company's loans and receivables comprise cash and cash equivalents and trade receivables.

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Trade receivables are recognised and carried at original invoice amount less an adjustment for doubtful debts. Bad debts are written off to the income statement when identified. An estimate of the adjustment for doubtful debts is made when collection of the full amount is no longer probable.

Financial liabilities measured at fair value through the income statement

The company uses derivative financial instruments to reduce exposure to interest rate risk. Certain derivative instruments, while providing effective economic hedges, do not qualify for hedge accounting. Changes in the fair value of any such derivative instruments are recognised immediately in the income statement.

Other financial liabilities measured at amortised cost

These include accruals, trade payables, and term debt.

Trade payables are recognised and carried at original invoice amount. Accruals are recognised and carried at the amounts expected to be paid for the goods or services received but not invoiced at the balance sheet date.

Bank borrowings are classified as current liabilities to the extent that capital repayments are due within 12 months of the balance sheet date, and long term liabilities where they fall due more than 12 months after the balance sheet date.

Future changes to accounting policies

Certain new standards, amendments and interpretations to existing standards have been issued by the IASB or IFRIC with an effective date after the date of these financial statements:

Standard	*Description*	*Effective (periods beginning)*
IFRIC 13	Customer Loyalty Programmes	1 July 2008
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1 October 2008
IAS 1 (revised)	Presentation of Financial Statements	1 January 2009
IFRIC 15	Agreements for the Construction of Real Estate	1 January 2009
IFRS 8	Operating Segments	1 January 2009
IFRS 3	Business Combinations (revised January 2008)	1 July 2009
IFRIC 17	Distributions of Non-Cash Assets to Owners	1 July 2009
IFRIC 18	Transfers of Assets from Customers	1 July 2009

Whilst these standards may affect disclosures in future financial statements, implementation is not expected to have a significant effect on the company's results or balance sheet.

2. Financial instruments – risk management

The company is exposed through its operations to the following financial risks:

- Credit risk
- Liquidity risk
- Interest rate risk
- Exchange rate risk
- Capital risk

The company's financial instruments comprise cash and short term deposits, and various items such as trade receivables and trade payables that arise directly from its operations. The main purpose of these instruments is to fund the company's operations, manage working capital and invest surplus funds.

The principal financial instruments used by the company from which financial instrument risk arises are as follows:

- Trade receivables
- Cash at bank
- Trade and other payables
- Borrowings
- Derivative financial instruments

It is, and has been throughout the year under review, the company's policy that no trading in financial instruments shall be undertaken. The company does, however, manage interest rate risk as detailed below.

Credit risk

Credit risk is the risk of financial loss to the company if a customer fails to meet its contractual obligations. The group is exposed to credit risk from credit sales.

The total exposure to credit risk lies within trade receivables and accrued revenue. The majority of these balances are with blue-chip companies. The risk is spread over a wide range of approximately 600 customers with an average balance of just over £5,000. The largest balance at year end comprised 7% of the total trade receivable balance. Balances aged 60 days or over comprised 9% of the total receivables.

The historic default rate of accrued revenue and trade receivables, other than as specifically highlighted in Note 5 to these accounts, has been negligible and at the reporting date the directors do not expect any losses from bad debts other than where specific provision has been made.

Liquidity risk

Liquidity risk arises from the company's management of working capital. It is the risk that the company may encounter difficulty in meeting its financial obligations as they fall due.

It is the company's policy to ensure that it will always have sufficient cash to allow it to meet its liabilities when they fall due.

To ensure that this is achieved, rolling 12-month cash flow projections are prepared on a monthly basis within a model that can be readily flexed to show the effect of changes to key variables on cash balances and cash flow. These projections are reviewed by the board and made available to the company's bankers.

At the balance sheet date these projections indicated that the company expected to have sufficient cash and facilities to meet its obligations for the next 12 months.

Interest rate risk

Interest risk arises from potential changes to interest rates. It is the risk that the company's financial position may be adversely affected by future changes to interest rates.

It is the company's policy to reduce its exposure to movements in interest rates in instances where a significant change in rates could have a material adverse impact on the company's position.

The company's exposure to interest rate risk arises principally from its term debt. The company has entered into an interest rate swap agreement with Barclays Capital.

This has the effect of fixing the interest paid on term debt. Future changes in LIBOR will affect the carrying value of the swap and this will be reflected as an asset or liability on the balance sheet with any change in value taken to the income statement.

Details of the swap agreement are contained in Note 23 to these accounts.

Exchange rate risk

All assets and liabilities are denominated in Sterling. Transactions in Euros and Dollars are translated at the exchange rate ruling at the date of the transaction. The company did not carry out transactions in any other currency during the year.

Any gain or loss resulting from the final realisation of these transactions in sterling is taken to the income statement as an exchange gain or loss. Monetary assets and liabilities remaining in foreign currencies are re-translated at the rates of exchange ruling at the balance sheet date, with any gain or loss taken to the income statement as an exchange gain or loss.

No hedging of this risk is undertaken as the amounts denominated in currencies other than sterling comprise in all cases less than 5% by value of the total transactions undertaken by the company. Details of the exchange gain or loss for the year are included in Note 4 to the accounts.

Capital risk

Capital comprises all components of equity including share capital, share premium, buyback reserve, and retained earnings.

The company seeks to maintain a capital structure that safeguards the company's ability to continue as a going concern and ensures sufficient resources are available for the company's growth.

The company's net debt, defined as all bank debt and deferred consideration less cash at bank, was £4.69 million at 31 March 2009 (At 31 March 2008: £5.51 million).

3. Segment reporting

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).

For the year ended 31 March 2009	UK, Republic of Ireland and Channel Islands £'000	Mainland Europe £'000	North America and Canada £'000	Other £'000	Total £'000
Segment revenue	12,952	1,282	464	884	15,582
Segment result	6,340	628	227	433	7,628
Central costs					(8,071)
Operating loss					(443)

For the year ended 31 March 2008	UK, Republic of Ireland and Channel Islands £'000	Mainland Europe £'000	North America and Canada £'000	Other £'000	Total £'000
Segment revenue	11,798	968	228	318	13,312
Segment result	6,027	494	116	162	6,799
Central costs					(4,767)
Operating profit					2,032

All assets and liabilities are maintained and managed centrally.

4. Operating profit

Operating profit is stated after charging:

	Year ended 31.3.2009 £'000	Year ended 31.3.2008 £'000
Depreciation	127	127
Exchange (gains) / losses	(15)	(2)
Operating lease rentals - land and buildings	126	95

Fees receivable by the group's auditors:

	Year ended 31.3.2009 £'000	Year ended 31.3.2008 £'000
Audit of financial statements	36	42
Other services relating to taxation	21	12
Services relating to corporate finance transactions	2	9
Other services	16	2
	75	65

5. Non-recurring costs

During the year the company incurred non-recurring costs as follows:

	Year ended 31.3.2009 £'000	Year ended 31.3.2008 £'000
Included within administrative expenses		
Restructuring costs	-	179
Other non-trading costs	-	74
Exceptional bad debt provisions	176	-
	176	253
Included within operating profit		
Goodwill impairment	2,360	-
Included within interest payable		
Financing costs	170	111

The exceptional bad debt provisions relate principally to full provisions which have been made in respect of amounts owed by Lehman Brothers and Kaupthing for services provided. The company has seen negligible levels of bad debt in previous years.

The goodwill impairment relates to the write-off of the goodwill which arose on the acquisition of Mount Lane Implementation and Training Solutions Ltd in November 2005.

The financing costs relate to the revaluation of the company's interest rate swap agreement (2008: £111,000 related to the early settlement of the company's debt finance with HSBC).

6. Interest receivable and similar income

	Year ended 31.3.2009 £'000	Year ended 31.3.2008 £'000
Bank Interest	16	16

7. Interest payable and similar charges

	Year ended 31.3.2009 £'000	Year ended 31.3.2008 £'000
On bank loans and overdrafts	331	246
Other interest	43	117
Mark to market of derivative financial instrument	170	39
Arrangement fees and refinancing costs	35	152
	579	554

Other interest relates to interest on deferred consideration which became payable on 30 June 2008 but was paid in instalments between 31 July 2008 and 2 January 2009.

8. Employees' and directors' remuneration

The average monthly number of employees (including the directors) during the year were:

Group and company	Year ended 31.3.2009 Number	Year ended 31.3.2008 Number
Development and delivery	39	30
Administration and management	20	20
Sales and marketing	32	25
	91	75

Their total remuneration was:

Group and company	Year ended 31.3.2009 £'000	Year ended 31.3.2008 £'000
Wages and salaries	6,139	5,905
Social security costs	721	711
Pension costs	271	268
Share based payments	59	45
	7,190	6,929

The employees' and directors' remuneration is reflected in the financial statements as follows:

Group and company	Year ended 31.3.2009 £'000	Year ended 31.3.2008 £'000
Cost of sales	3,578	3,638
Administrative expenses	3,388	2,996
Product development capital expenditure	199	287
Other capital expenditure	25	8
	7,190	6,929

Directors' emoluments can be analysed as follows:

Group and company	Year ended 31.3.2009 £'000	Year ended 31.3.2008 £'000
Remuneration and other emoluments	568	522
Pension contributions	24	54
	592	576
	£'000	£'000
Highest paid director	350	335

There are three directors to whom retirement benefits are accruing under a money purchase scheme (2008: 2).

Key person insurance policies at a total value of £2,500,000 (2008: £2,500,000) are in place over the lives of 5 staff, including the 3 executive directors.

A detailed analysis of directors' remuneration is provided on pages 13 and 14.

9. Pension costs

The company operates a defined contribution pension scheme in respect of the directors and employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company which amounted to £91,000 (2008: £60,000) plus contributions payable directly to directors' and employees' personal pension schemes which amounted to £180,000 (2008: £208,000).

10. Tax

	Year ended 31.3.2009 £'000	Year ended 31.3.2008 £'000
Current tax charge	343	3
Deferred tax charge	77	457
Tax expense	420	460
Factors affecting the tax charge for the year		
(Loss) / Profit before tax	(1,006)	1,494
(Loss) / Profit before tax multiplied by standard rate of UK corporation tax of 28% (2008: 30%)	(282)	448
Effects of:		
Non-deductible expenses	23	5
Depreciation in excess of capital allowances	5	11
Goodwill impairment	659	-
Product development adjustment	-	(52)
Swap valuation	-	12
Share option adjustment	17	14
Tax losses utilised	(83)	(433)
Adjustment for tax rate	4	(2)
Deferred tax asset reduced	77	457
Tax charge for period	420	460

The Company's historical tax losses have now been fully utilised.

11. (Loss) / Earnings per share

Earnings per share is calculated by dividing the loss attributable to shareholders of £1,426,000 (2008: profit of £1,034,000) by the weighted average number of shares in issue during the year.

Diluted earnings per share is adjusted for outstanding share options and the average option price, using an average interest saving of 8.0% (2008: 8.0%).

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.

	Year ended 31.3.2009 £'000	Year ended 31.3.2008 £'000
Post tax (loss) / profit for the year	(1,426)	1,034
After tax interest on outstanding options multiplied by exercise price	6	17
(Loss) / Profit for diluted earnings per share	(1,420)	1,051
	£'000	£'000
Post tax (loss) / profit for the year	(1,426)	1,034
Add back actual tax charge	420	460
Strip out non-recurring items	2,706	364
Normalised tax charge	(476)	(557)
Profit for adjusted earnings per share	1,224	1,301
	£'000	£'000
Profit for adjusted earnings per share	1,224	1,301
After tax interest on outstanding options multiplied by exercise price	6	17
Profit for adjusted diluted earnings per share	1,230	1,318
	Number	Number
Weighted average shares	19,390,762	19,390,598
Outstanding share options	972,750	557,125
Weighted average shares for diluted earnings per share	20,363,512	19,947,723
Basic earnings per share	(7.35p)	5.33p
Diluted earnings per share	(6.97p)	5.27p
Adjusted earnings per share	6.31p	6.71p
Adjusted diluted earnings per share	6.04p	6.61p

12. Property, plant and equipment

Cost	Motor vehicles £'000	Fixtures, fitting and equipment £'000	Computer equipment & software £'000	Total £'000
At 31 March 2007	12	94	264	370
Additions	-	49	59	108
Disposals	(12)	(12)	(48)	(72)
At 31 March 2008	-	131	275	406
Additions	-	22	83	105
Disposals	-	(19)	(75)	(94)
At 31 March 2009	-	134	283	417
Depreciation				
At 31 March 2007	3	31	104	138
Charge for the year	2	35	90	127
Disposals	(5)	(12)	(48)	(65)
At 31 March 2008	-	54	146	200
Charge for the year	-	34	93	127
Disposals	-	(19)	(75)	(94)
At 31 March 2009	-	69	164	233
Net Book Value				
At 31 March 2009	-	65	119	184
At 31 March 2008	-	77	129	206
At 31 March 2007	9	63	160	232

13. Intangible fixed assets

Group	Goodwill	Acquired customer relationships	Product development and intellectual property	Total
Cost	£'000	£'000	£'000	£'000
At 31 March 2007	15,281	6,974	1,465	23,720
Additions	-	-	350	350
At 31 March 2008	15,281	6,974	1,815	24,070
Additions	7	-	230	237
At 31 March 2009	15,288	6,974	2,045	24,307
Amortisation and Impairment				
At 31 March 2007	907	-	34	941
Charge for the year	-	-	-	-
At 31 March 2008	907	-	34	941
Impairment charge for the year	2,360	-	-	2,360
At 31 March 2009	3,267	-	34	3,301
Net Book Value				
At 31 March 2009	12,021	6,974	2,011	21,006
At 31 March 2008	14,374	6,974	1,781	23,129
At 31 March 2007	14,374	6,974	1,431	22,779

Company	Goodwill	Product development and intellectual property	Total
Cost	£'000	£'000	£'000
At 31 March 2007	11	860	871
Additions	-	350	350
At 31 March 2008	11	1,210	1,221
Additions	-	230	230
At 31 March 2009	11	1,440	1,451
Amortisation			
At 31 March 2007	-	34	34
At 31 March 2008	-	34	34
At 31 March 2009	-	34	34
Net Book Value			
At 31 March 2009	11	1,406	1,417
At 31 March 2008	11	1,176	1,187
At 31 March 2007	11	826	837

The fair value of acquired customer relationships was calculated by discounting the estimated future cash flows resulting from certain key customer relationships acquired with The Corporate Training Group Limited to their net present value.

The aggregate amount of research and development recognised as an expense during the year was £6,000 (2008: £7,000).

For impairment purposes the carrying value of goodwill was reviewed against the following cash generating units:

	Financial training £'000	Best Practice training and consultancy £'000	IT training and consultancy £'000	Total £'000
Goodwill arising on acquisition of:				
Intellexis International Ltd	2,590			2,590
Key Skills Ltd		2,200		2,200
Computa-Friendly Ltd		368		368
Mindscope Ltd		1,494		1,494
Mount Lane Training & Implementation Solutions Ltd			2,353	2,353
Techpractice Ltd (purchase of elements of the trade)		11		11
Customer Projects Ltd		442		442
Corporate Training Group Ltd	4,916			4,916
Additions re Corporate Training Group Ltd	7			7
Impairment	(7)		(2,353)	(2,360)
	7,506	4,515	-	12,021

The carried forward goodwill balances have been tested by comparing the total value of all intangible assets, including goodwill, attached to each cash generating unit, with the net present value of future cash flows expected from that unit.

As the projections and assumptions are subject to considerable judgment, management have taken the view that the goodwill balances should reflect the original purchase transaction except where there it is clear that substantial impairment has occurred.

Financial Training

This cash generating unit has been valued on the assumption that revenues reduce by 7% as a result of the current economic climate and thereafter remain constant, with margins remaining constant at 35%, in perpetuity. A discount rate of 10% has been used.

The impairment of £7,000 relates to the correction of a previously underestimated fee payable for the acquisition of the Corporate Training Group.

Best Practice Training

This cash generating unit has been valued on the assumption that revenues remain in line with 2008/9 levels, with margins remaining constant at 20%, in perpetuity. A discount rate of 10% has also been used.

IT Training and Consultancy

During the year revenues relating to IT Training and Consultancy products and services declined significantly rather than recovering as had been hoped. Shortly after the end of the financial year, the division responsible for these revenues ceased to be run as a stand-alone operation. Accordingly, the goodwill relating to this cash generating unit has been fully impaired.

14. Investments

Cost	Shares in group undertakings (at cost) £'000
At 31 March 2007 and 31 March 2008	21,942
Additions	-
Adjustments	(2,353)
At 31 March 2009	19,589

The company has the following subsidiary undertakings:

Name	*Principal Activity*	*Holding*	*Registered*
ILX Group Inc	Non-trading	100%	USA
Mindscope Ltd	Non-trading	100%	England & Wales
Computa-Friendly Ltd	Non-trading	100%	England & Wales
Intellexis Ltd	Non-trading	100%	England & Wales
Key Skills Ltd	Non-trading	100%	England & Wales
Intellexis International Ltd	Non-trading	100%	England & Wales
Mount Lane Training & Implementation Solutions Ltd	Non-trading	100%	England & Wales
Customer Projects Ltd	Non-trading	100%	England & Wales
The Corporate Training Group Ltd	Non-trading	100%	England & Wales
Corporate Training Solutions Ltd	Non-trading	100%	England & Wales
CTG Exam Training Ltd	Non-trading	100%	England & Wales

These companies have all prepared accounts to 31 March 2009.

15. Trade and other receivables

Group	At 31.3.2009 £'000	At 31.3.2008 £'000
Trade receivables	2,703	3,009
Other receivables	6	-
Prepayments	346	282
Accrued revenue	136	173
	3,191	3,464

Company	At 31.3.2009 £'000	At 31.3.2008 £'000
Trade receivables	2,703	3,009
Other receivables	6	-
Amounts owed by group undertakings	14	-
Prepayments	346	282
Accrued revenue	136	173
	3,205	3,464

16. Total current liabilities

	At 31.3.2009 £'000	At 31.3.2008 £'000
Barclays 4-year term loan (see note 18)	692	1,250
Overdraft and invoice finance facilities	595	-
Trade payables	1,114	678
Corporation tax	329	-
Other taxes and social security costs	617	694
Deferred consideration (see note 17)	-	1,000
Accruals	586	1,648
Deferred revenue	1,078	923
	5,011	6,193

The company has an overdraft facility of £300,000 in addition to a confidential invoice finance facility, both with Barclays Bank plc. The facility is capped at £700,000 and allows the Company to draw down 75% of amounts outstanding to customers subject to various reserves in relation principally to overseas debts, aged debts, and deferred revenue.

17. Deferred and contingent consideration

	At 31.3.2009 £'000	At 31.3.2008 £'000
Current liabilities: Deferred consideration		
Acquisition of Corporate Training Group Ltd	-	1,000
	-	1,000
Equity: Deferred consideration		
Acquisition of Corporate Training Group Ltd	-	1,500
	-	1,500

18. Bank loans and facilities

	At 31.3.2009 £'000	At 31.3.2008 £'000
Bank loan amounts included in non-current liabilities		
Barclays 4-year term loan	3,500	2,750
	3,500	2,750
Total bank loans		
Repayable in one year or less (note 16)	692	1,250
Repayable between one and two years	1,250	1,250
Repayable between two and five years	2,250	1,500
	4,192	4,000

The Barclays loan and additional facilities are secured by a Debenture granted by the company in favour of Barclays Bank plc dated 18 February 2008, which includes a Fixed Charge over all present freehold and leasehold property; a First Fixed Charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and a First Floating Charge over all assets and undertakings both present and future.

The company has additional facilities with Barclays Bank plc as stated in Note 16.

The carrying amount of financial assets pledged as collateral under this Debenture as at 31 March 2009 was £3,287,000.

The Barclays 4-year term loan has an interest rate of 4.0% plus LIBOR.

19. Share capital and reserves

	At 31.3.2009 £'000	At 31.3.2008 £'000
Authorised equity:		
Ordinary shares of 10p each	5,000	5,000
Allotted, called up and fully paid equity:		
Ordinary shares of 10p each	1,939	1,939

Details of movement on reserves are as follows:

Group	Called up share capital £'000	Share premium account £'000	Deferred consider-ation £'000	Own shares in trust £'000	Share option reserve £'000	Buyback reserve £'000	Retained earnings £'000	Total £'000
Balance at 31 March 2007	1,938	11,813	3,000	(1,825)	258	1,178	3,078	19,440
Profit for the year	-	-	-	-	-	-	1,034	1,034
Dividend paid	-	-	-	-	-	-	(123)	(123)
Options exercised	1	-	-	-	-	-	-	1
Options granted	-	-	-	-	45	-	-	45
Deferred consideration	-	-	(1,500)	-	-	-	-	(1,500)
Costs relating to share issue	-	(9)	-	-	-	-	-	(9)
Balance at 31 March 2008	1,939	11,804	1,500	(1,825)	303	1,178	3,989	18,888
Loss for the year	-	-	-	-	-	-	(1,426)	(1,426)
Dividend paid	-	-	-	-	-	-	(263)	(263)
Options granted	-	-	-	-	59	-	-	59
Options lapsed and waived	-	-	-	-	(247)		247	-
Deferred consideration	-	-	(1,500)	-	-	-	-	(1,500)
Costs relating to share issue	-	(2)	-	-	-	-	-	(2)
Balance at 31 March 2009	1,939	11,802	-	(1,825)	115	1,178	2,547	15,756

Share premium account
This reserve records the consideration premium for shares issued as a value that exceeds their nominal value, less any costs incurred by the company relating directly to the issue of these shares.

Deferred consideration
This reserve records the elements of deferred and contingent future consideration on acquisitions where the company has the option to make payments in shares. Further details are contained in note 17.

Own shares in trust
This reserve records the purchase cost of shares by Investec Trust held in the company's medium term incentive plan trust. Further details are contained in note 20.

Share option reserve
This reserve records the cumulative charges to profit with respect to unexercised share options.

Buyback reserve
This reserve was created as a result of a capital reorganisation effected by a special resolution passed at an AGM held on 22 July 2005, and by Order of the High Court of Justice on 24 August 2005, for the purpose of the company purchasing its own shares.

20. Share options and own shares in trust

Share options
As at 31 March 2009, 63 employees (including directors) held options (granted between 9 December 2002 and 30 January 2009) over a total of 3,288,250 (2008: 2,074,615) ordinary shares at an average exercise price of 13.8p (2008: 85.4p), as follows:

Date of Grant	Number of shares under option at 31 March 2008	Granted during the year	Exercised during the year	Forfeited during the year	Number of shares under option at 31 March 2009	Exercise Price	Expiry Date
30-Sep-02	140,500	-	-	(140,500)	-	110p	30-Sep-12
09-Dec-02	30,000	-	-	(25,000)	5,000	110p	09-Dec-12
07-Jan-03	10,000	-	-	(10,000)	-	140p	07-Jan-13
01-Feb-04	64,500	-	-	(9,000)	55,500	70p	01-Feb-14
31-Mar-04	16,875	-	-	(16,875)	-	70p	31-Mar-14
01-Dec-04	347,875	-	-	(347,875)	-	96p	01-Dec-14
24-Dec-04	42,000	-	-	-	42,000	90p	24-Dec-14
13-Apr-05	67,800	-	-	(67,800)	-	100p	13-Apr-15
15-Jul-05	48,125	-	-	-	48,125	90p	15-Jul-15
01-Oct-05	81,875	-	-	-	81,875	90p	01-Oct-15
23-Nov-05	202,860	-	-	(202,860)	-	100p	23-Nov-15
01-Dec-05	27,500	-	-	-	27,500	100p	01-Dec-15
12-Jun-06	15,000	-	-	-	15,000	90p	12-Jun-16
22-Sep-06	417,580	-	-	(417,580)	-	99p	22-Sep-16
15-Nov-06	5,000	-	-	-	5,000	90p	15-Nov-16
22-May-07	557,125	-	-	(371,625)	185,500	53p	22-May-17
28-Nov-08	-	1,225,000	-	-	1,225,000	0p	28-Nov-18
30-Dec-08	-	167,000	-	-	167,000	0p	30-Dec-18
30-Dec-08	-	10,000	-	-	10,000	23p	30-Dec-18
30-Jan-09	-	538,500	-	-	538,500	20p	30-Jan-19
30-Jan-09	-	548,250	-	-	548,250	0p	30-Jan-19
30-Jan-09	-	334,000	-	-	334,000	0p	30-Jan-19
	2,074,615	2,822,750	-	(1,609,115)	3,288,250		

The weighted average exercise prices of these options, and the number exercisable at the end of the year, were as follows:

	Options outstanding at 31 March 2008	Options granted during the year	Options exercised during the year	Options forfeited during the year	Options exercisable at 31 March 2009	Options outstanding (including those exercisable) at 31 March 2009
Number of shares under option	2,074,615	2,822,750	-	(1,609,115)	280,000	3,288,250
Weighted average exercise price	85.4p	3.9p	-	88.8p	87.4p	13.8p

The weighted average time to expiry of the share options outstanding at 31 March 2009 was 9.35 years (2008: 7.67 years). Details of individual expiry dates are shown above. For those share options outstanding but not exercisable at 31 March 2009, the weighted average time prior to the options becoming exercisable was 1.88 years (2008: 0.84 years).

All options are exercisable either between 2 and 10 years or 3 and 10 years from date of grant. Details of directors' share options can be found on page 13. The company's share price on 31 March 2009 was 19.0p (on 31 March 2008: 43.0p).

The fair value of all options granted is recognised as an employee expense with a corresponding increase in equity. The employee expense is recognised equally over the time from grant until vesting of the option. The employee expense for the year was £59,000 (2008: £45,000). The fair value has been measured using the Black Scholes model. The expected volatility is based on the historic volatility adjusted for any expected changes to future volatility. The material inputs into the model have been:

	Granted in year ended 31 March 2004	Granted in year ended 31 March 2005	Granted in year ended 31 March 2006	Granted in year ended 31 March 2007	Granted in year ended 31 March 2008	Granted in year ended 31 March 2009
Average share price at grant	70.0p	95.4p	97.0p	98.6p	53.0p	21.5p
Average exercise price	70.0p	95.4p	97.0p	98.6p	53.0p	3.9p
Expected volatility	35%	27%	27%	15%	40%	48%
Expected life	3.5 years	3.5 years	3.5 years	3.5 years	3.5 years	3.5 years
Expected dividend yield	0.0%	0.0%	1.0%	1.0%	1.3%	5.2%
Risk-free rate of return	4.5%	4.5%	4.5%	5.0%	5.0%	5.0%

Own shares in trust

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.

21. Related party transactions

The company has a related party relationship with its subsidiaries, its directors, and other employees of the company with management responsibility. There are no transactions with related parties which are not members of the group.

During the year members of key management as defined by IAS 24 (Related Party Disclosures) who were not directors received compensation, including salary, benefits, and pension contributions, totalling £250,000 (2008: £304,000). As at the year end there were a total of 15,000 share options outstanding for these individuals (2008: 10,000).

The company leases an office premises used by its Corporate Training Group Division from a partnership which includes Peter Evans and other employees of the company. During the year the company paid £20,000 for rental of this premises (2008: £15,000). Future commitments under the lease are included in those disclosed in Note 24.

22. Ultimate parent undertaking and controlling interest

There is no ultimate controlling party.

23. Derivative financial instruments

The company has a 4-year Interest Rate Swap Agreement with Barclays Capital, from 26 February 2008 to 29 February 2012, over an amortising notional principal of £5,000,000. Under this agreement the company pays 5.39% per annum on the principal and receives 3 month LIBOR.

No premium was paid to enter into the Swap Agreement and no amount will be payable on maturity. The Swap Agreement was valued by Barclays Capital as a liability of £210,000 at 31 March 2009 (2008: £39,000).

24. Operating leases

At 31 March 2009 the group had minimum commitments under non-cancellable operating leases as set out below:

	Land and buildings 31.3.2009 £'000	Land and buildings 31.3.2008 £'000
Due within one year	73	92
Due in second to fifth year	37	73
Total minimum lease payments	110	165

The group leases four office spaces under operating leases. The lease terms typically range from three years to ten years. Lease terms of greater than five years are often subject to a rent review under the lease term, and all leases greater than 5 years have numerous break points.

The amounts shown above assume the all leases are broken at the earliest opportunity and include any penalty payments that would result from exercising the early break clauses.

25. Dividend

A final dividend of 1.50 pence per share in respect of the year ended 31 March 2008 was paid on 22 August 2008. This dividend is reflected in these financial statements.

As stated in the directors' report, the directors recommend payment of a final dividend of 1.50 pence per share in respect of the year ended 31 March 2009, subject to shareholder approval at the annual general meeting on 25 September 2009. This dividend will be paid on 30 October 2009 to shareholders on the register at 14 August 2009. The ordinary shares will become ex-dividend on 12 August 2009. These financial statements do not reflect this dividend payable, which will be accounted for in the statement of changes in equity as an appropriation of retained earnings, in the year ended 31 March 2010.

26. Capital commitments

There were no capital commitments at the end of the year (2008: £0).

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

www.ilxgroup.com

Design: www.LCD.uk.com