

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your Ordinary Shares, please forward this document and the Form of Proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee. If you have sold or otherwise transferred some of your Ordinary Shares, you should contact your stockbroker, banker or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

Subject to the Resolutions being passed at the General Meeting, application will be made to London Stock Exchange for the Placing Shares to be admitted to trading on AIM. The Placing Shares are expected to be admitted to AIM to commence trading at 8:00 a.m. on 8th January 2010.

ILX Group plc

(Incorporated in England and Wales with registered number 03525870)

Notice of General Meeting and Proposed Placing of Ordinary Shares

FinnCap, which is authorised and regulated by the Financial Services Authority for the conduct of regulated activities in the United Kingdom, is acting as nominated adviser and broker for the Company and for no one else in connection with the Proposals and will not be responsible to any other person other than the Company for providing the protections afforded to its customers or for providing advice in relation to the Proposals.

This document should be read in conjunction with the Notice of General Meeting set out at the end of this document and the Form of Proxy. Your attention is drawn to the letter from the Chairman of the Company set out on pages 5 to 8 of this document which recommends you to vote in favour of the Resolutions to be proposed at the General Meeting.

Notice of a General Meeting of the Company to be held at the offices of Maclay Murray & Spens LLP, 12th floor, One London Wall, London EC2Y 5AB at 10:00 a.m. on 7th January 2010 is set out on pages 9 and 10 of this document. The Form of Proxy for use at the General Meeting should be completed in accordance with the instructions printed thereon and returned as soon as possible to Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by not later than 10:00 a.m. on 5 January 2010. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.

This document does not constitute or form part of any offer or instruction to purchase, subscribe for or sell any shares or other securities in the Company nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract therefor.

Certain statements contained in this document are or may constitute “**forward looking statements**”. Such forward looking statements involve risks, uncertainties and other factors which may cause the actual results, performance or achievement of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Such risks, uncertainties and other factors include, among others, changes in the credit markets, changes in interest rates, legislative and regulatory changes, changes in taxation regimes, and general economic and business conditions, particularly in the United Kingdom.

Copies of this document will be available, free of charge, for a period of one month from the date of this document at the Company’s registered office, c/o Maclay Murray & Spens LLP, 12th floor, One London Wall, London EC2Y 5AB, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted).

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PLACING STATISTICS

Placing Price	25 pence
Gross proceeds of the Placing	£1,017,500
Number of Ordinary Shares in issue immediately prior to the Placing <i>(Note: Assuming no further issues of Ordinary Shares on or before Admission)</i>	19,497,352
Number of Placing Shares to be issued pursuant to the Placing	4,070,000
Number of Ordinary Shares in issue at Admission <i>(Note: Assuming no further issues of Ordinary Shares on or before Admission)</i>	23,567,352
Number of Ordinary Shares under option at Admission <i>(Note: Assuming no further granting of options on or before Admission. In addition to this, 1,930,891 shares have been issued to Investec Trust to satisfy management options upon vesting)</i>	119,359
Placing Shares expressed as a percentage of the enlarged issued share capital of the Company at Admission	17.3 per cent.

EXPECTED TIMETABLE FOR ADMISSION

Publication of this document	14 th December 2009
Latest time and date for receipt of Forms of Proxy	10:00 a.m. on 5 th January 2010
General Meeting	10:00 a.m. on 7 th January 2010
Admission and dealings in the Placing Shares expected to commence on AIM	8:00 a.m. on 8 th January 2010
Expected date for CREST accounts to be credited (where applicable)	8 th January 2010
Despatch of definitive share certificates (where applicable) on or around	22 nd January 2010

DEFINITIONS

The following definitions apply throughout this document and the Form of Proxy, unless the context otherwise requires:

“Admission”	the admission of the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AGM”	the annual general meeting of the Company held on 25 September 2009 at 10:00 a.m.
“AIM”	the AIM market of the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange
“Board”	the board of directors of the Company
“the Company”	ILX Group plc
“Directors”	the directors of the Company, whose names are set out on page 5 of this document
“FinnCap”	JMFinn Capital Markets Limited
“Form of Proxy”	the form of proxy for use by Shareholders in connection with the General Meeting
“General Meeting”	the general meeting of the Company convened for 10:00 a.m. on 7 th January 2010 (or any adjournment or postponement thereof)
“Independent Directors”	Paul Lever (Chairman and Non-Executive Director) and Paul Virik (Non-Executive Director), being the independent directors not participating in the Placing
“London Stock Exchange”	London Stock Exchange plc
“Notice of General Meeting”	the notice of General Meeting, set out at the end of this document
“Ordinary Shares”	ordinary shares of 10 pence each in the capital of the Company
“Placing”	the conditional placing of the Placing Shares pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 11 th December 2009 between the Company, the Directors and FinnCap relating to the Placing
“Placing Price”	25 pence per Placing Share
“Placing Shares”	4,070,000 new Ordinary Shares which are to be placed in accordance with the terms of the Placing Agreement
“Resolutions”	the resolutions numbered 1 and 2 set out in the Notice of General Meeting
“Shareholders”	holders of Ordinary Shares

LETTER FROM THE CHAIRMAN OF ILX GROUP PLC

(Incorporated in England and Wales with registered number 03525870)

Directors:

Paul Lever (Non-executive Chairman)
Ken Scott (Chief Executive)
Jon Pickles (Finance Director)
Paul Virik (Non-Executive Director)

Registered Office:

c/o Maclay Murray & Spens LLP
One London Wall
London
EC2Y 5AB

Head office:

115 Hammersmith Road
London, W14 0QH

14th December 2009

Dear Shareholder

Introduction

The Company today announced a conditional placing of, in aggregate, 4,070,000 Ordinary Shares at a price of 25 pence per share. Once completed and assuming full subscription under the Placing, the proceeds available for the Company will be £1,017,500 (before commissions and expenses). The purpose of the Placing is to strengthen the Company's balance sheet and provide working capital to fund the future growth of its business.

The Placing is conditional, *inter alia*, upon the Company obtaining approval from its Shareholders to grant the Board authority to allot the Placing Shares and to disapply statutory pre-emption rights which would otherwise apply to the allotment of the Placing Shares.

The purpose of this document is to explain the background to and reasons for the Placing, to explain why the Board considers the Placing to be in the best interests of the Company and its Shareholders and why the Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the General Meeting, notice which is set out at the end of this document.

General update

The Company has grown substantially over the last five years. It has increased revenue in that time from turnover of £1.6 million for the year ended 31 March 2004 to turnover of £15.6 million for the year ended 31 March 2009. EBITDA has increased from £16,000 to in excess of £2.0 million, and the Company has grown from 20 staff to 91 during that period. This growth has been achieved through both acquisitive and organic growth, funded through bank debt, new share issues and deferred contingent consideration for acquisitions. The Company now provides training principally across the areas of PRINCE2, where it is the UK market leader, ITIL, and Finance.

More recently, since the Company's last acquisition in July 2006, the Company has gone through a period of consolidation during which the acquired businesses have been integrated with the Company's existing operations. The Company also announced in its recent unaudited interim results that annualised cost savings in excess of £1.3 million are expected, taking effect from 1 October 2009. During this period of consolidation our net debt, including deferred consideration, has been reduced from £7.3 million at 31 March 2007 to £4.3 million at 30 September 2009. In addition, the Company has returned more than £0.7 million in cash to shareholders by way of a dividend programme which commenced in 2006.

Our recently announced unaudited interim figures show good trading despite difficult conditions in the financial training sector, with strong growth of the Company's e-Learning products in particular. The Company is now ready for its next phase of growth.

Reasons for Placing

In order to provide a strong platform for growth, the Company wishes to strengthen its balance sheet. At 30 September 2009, the Company had net debt of £4.3 million. This comprised £4.2 million in term debt repayable over three years in 13 equal quarterly instalments from 30 November 2009, plus amounts drawn down from a £0.3 million overdraft facility and £0.7 million confidential invoice finance facility. Both facilities are with Barclays Bank plc. The overdraft facility ceased on 30 October 2009. All contingent and deferred consideration for acquisitions has been paid in full.

Whilst net debt represents only 2.1 times historical EBITDA, the required repayment schedule of £1.3 million per annum to repay the term debt leaves the Company short of headroom and capital with which to grow.

The Placing proceeds will be used to provide additional working capital for growth. Immediate savings of £50,000 per annum are expected to result from the Placing as the Company intends, following the Placing, to take its currency invoicing out of the invoice finance arrangement. This will enable the Company to obtain improved rates on its increasing level of currency sales in Euros and US dollars, estimated at £1.3 million last year, by allowing the Company to find the best market rates and to sell in bulk.

In addition, Barclays Bank plc have indicated that in the event that the ratio of gross borrowings to operating profit reduces to 1.5 : 1, that the margin on the Company's term debt will reduce by 130 basis points, which will, if and when achieved, save the Company an estimated £50,000 per annum in interest costs.

The additional working capital will then provide headroom to facilitate growth of the business as outlined below.

Strategy for growth

The Directors intend to grow the Company's share of the existing PRINCE2, ITIL, and Finance training markets within the UK, Europe, and the US. In particular, the Company plans to invest in products and people to enable the Company to grow ITIL and Finance revenues towards the point where the Company can start to build strong positions in those areas and emulate what the Company has achieved with PRINCE2.

The Directors also intend for the Company to gain further global market share through expansion into overseas markets, in particular Australia, South Africa and the Middle East. This will be done initially through building on our existing direct sales and export capabilities, with the establishment of overseas subsidiaries where local regulations require or where volumes of business dictate. The Company will also consider acquisition opportunities where these can be easily integrated and where this will provide immediate increased market share or geographical coverage.

The Company also aims to enter new markets for subject areas that have been and will be identified as fitting our criteria of accredited training capable of delivery through high quality e-Learning, supported by classroom training if necessary. The Directors have already identified the Software Testing training market, accredited by ISEB, as one such opportunity, and a repackage of the Finance e-Learning combined with a University accreditation as another. Other new market opportunities for the Company will be actively researched.

The Placing

The Company is proposing to raise, in aggregate, £1,017,500 (before commissions and expenses) by means of the Placing. The Placing Shares will rank in full for all dividends and otherwise *pari passu* with the existing Ordinary Shares from the date of Admission.

Certain Directors have agreed to subscribe for New Ordinary Shares under the Placing as follows:

<i>Director</i>	<i>Number of Existing Ordinary Shares currently held</i>	<i>Number of new Ordinary Shares conditionally subscribed for</i>	<i>Percentage of enlarged issued share capital</i>
Ken Scott	219,328	160,000	1.61%
Jon Pickles	162,536	160,000	1.37%

It is expected that the Placing Shares will be admitted to trading on AIM on 8th January 2010. The Placing is conditional, *inter alia*, upon:

- shareholder approval of the Resolutions at the General Meeting;
- the Placing Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms; and
- Admission

in each case by no later than 8:00 a.m. on 8th January 2010 (or such time and date as the Company and FinnCap may agree, being not later than 31st January 2010).

The Placing Agreement

Pursuant to the terms of the Placing Agreement, FinnCap, as agent for the Company, has agreed conditionally to use its reasonable endeavours to place the Placing Shares on a non-underwritten basis at the Placing Price.

In consideration of its services in connection with the Placing, the Company will pay to FinnCap a commission equal to 5 per cent. of the aggregate value, at the Placing Price, of the Placing Shares (excluding any Placing Shares issued to the Directors and to a certain individual) placed by FinnCap, and a corporate finance fee of £10,000.

The Placing Agreement contains certain warranties from the Company in favour of FinnCap in relation to, *inter alia*, the accuracy of the information contained in this document and certain other matters relating to the Company and its business. In addition, the Company has agreed to indemnify FinnCap in relation to certain liabilities it may incur in respect of the Placing. FinnCap has the right to terminate the Placing Agreement in certain circumstances prior to Admission, including without limitation for an event of *force majeure* or in the event of a material breach of the warranties set out in the Placing Agreement.

Related Party Transaction

The placing of shares with Ken Scott (Chief Executive) and Jon Pickles (Finance Director) are classified as a related party transaction for the purposes of the AIM Rules. The Independent Directors of the Company, having consulted with FinnCap, as nominated adviser to the Company, consider the Placing to be fair and reasonable insofar as the Shareholders are concerned. In providing advice to the Independent Directors, FinnCap has taken into account the Independent Directors' commercial assessments.

Admission and dealings

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. The Placing Shares will, when issued, rank *pari passu* in all respects with the existing Ordinary Shares, including the right to receive dividends and other distributions declared following Admission. It is expected that Admission on AIM will become effective and that dealings will commence on 8th January 2010.

General Meeting

A notice convening the General Meeting to be held at the offices of Maclay Murray & Spens LLP, 12th floor, One London Wall, London EC2Y 5AB at 10:00 a.m. on 7th January 2010 is set out at the end of this document.

At the General Meeting, the Resolutions will be proposed to grant the Directors the authority to allot the Placing Shares without first offering them to existing Shareholders on a pre-emptive basis.

The Directors appreciate that it would be normal when a company issues a material number of new shares for cash for that issue to be fully pre-emptive i.e. to incorporate an offer to all Shareholders. However, the Directors believe it would not be in Shareholders' best interests to incur the significant additional expense that would be required for such an offer to Shareholders to be implemented.

The Directors have therefore concluded that seeking general authority from Shareholders to issue Ordinary Shares other than on a pre-emptive basis is the most flexible and cost effective method available to the Company.

Resolution 1 in the Notice of General Meeting seeks to give the Directors authority to allot up to 7,855,784 Ordinary Shares (inclusive of the Placing Shares) in substitution for the authority given to the Directors at the AGM. After the Placing, the Directors would have authority to allot approximately one-third of the issued share capital. There is no current intention for the Directors to utilise this authority other than in respect of the Placing Shares.

Resolution 2 in the Notice of General Meeting seeks to empower the Directors to allot and issue the Placing Shares and other than in connection with a rights issue an additional 2,356,735 Ordinary Shares (being 10 per cent. of the issued share capital of the Company as enlarged by the Placing) without first offering such Ordinary Shares to existing Shareholders. This power is in substitution to the power given to the Directors at the AGM. There is no current intention for the Directors to utilise this authority other than in respect of the Placing Shares.

Irrevocable undertakings

The Company has received irrevocable undertakings to vote in favour of the Resolutions from the Directors who in aggregate have a beneficial interest in respect of 512,433 Ordinary Shares representing approximately 2.62 per cent. of the existing issued share capital of the Company.

Action to be taken

Shareholders have been sent a Form of Proxy for use at the General Meeting. Whether or not you propose to attend the General Meeting in person, you are requested to complete the Form of Proxy and to return it to the Company's Registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to arrive not later than 10:00 a.m. on 5th January 2010. Unless the Form of Proxy is received by this date and time, it will be invalid. The completion and return of a Form of Proxy will not preclude you from attending the General Meeting and voting in person if you so wish.

Recommendation

The Independent Directors consider the Resolutions to be proposed at the General Meeting to be in the best interests of the Company and the Shareholders as a whole. Consequently, the Independent Directors unanimously recommend that you vote in favour of all of the Resolutions to be proposed at the General Meeting as the Directors intend to do in respect of their own beneficial holdings.

Yours faithfully

Paul Lever
Non-executive Chairman

ILX Group PLC

(Incorporated in England and Wales with registered number 03525870)

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of ILX Group plc (the "Company") will be held at the offices of Maclay Murray & Spens LLP, 12th floor, One London Wall, London EC2Y 5AB on 7th January 2010 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:

Ordinary resolution

1. THAT, in substitution for any existing authority under section 80 of the Companies Act 1985 but without prejudice to the exercise of any such authority prior to the date of this resolution, the directors of the Company be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the "Act") to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company (such shares and rights together being "**relevant securities**") up to an aggregate nominal amount of £785,578, such authorisation to expire at the conclusion of the next annual general meeting of the Company to be held in 2010, unless previously renewed revoked or varied by the Company in general meeting, save that the Company may at any time before the expiry of this authorisation make an offer or enter into an agreement which would or might require relevant securities to be allotted or granted after the expiry of this authorisation and the directors of the Company may allot or grant relevant securities in pursuance of any such offer or agreement as if the authorisation conferred hereby had not expired.

Special resolution

2. THAT subject to the passing of resolution numbered 1 above and in substitution for any existing authority under section 95(1) of the Companies Act 1985 but without prejudice to the exercise of any such authority prior to the date of this resolution, the Directors be empowered pursuant to sections 570 and 573 of the Act to allot equity securities (within the meaning of section 560 of the Act) either pursuant to the authorisation under section 551 of the Act as conferred by resolution 1 above or by way of a sale of treasury shares, in each case for cash as if section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to the allotment of equity securities:
 - (a) up to an aggregate nominal amount of £407,000 in connection with the Placing (as that term is defined in the Company's Circular dated 14th December 2009 convening the general meeting);
 - (b) otherwise than pursuant to (a) above, up to an aggregate nominal amount of £235,674; and
 - (c) in connection with an offer to (a) all holders of Ordinary Shares of 10p each in the capital of the Company in proportion (as nearly as may be) to the respective numbers of Ordinary Shares held by them and (b) to holders of other equity securities as required by the rights of those securities (but subject in either case to such exclusions limits or restrictions or other arrangements as the Directors may consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in or under the laws of, or requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever) ("**rights issue**"); and

such power shall expire at the conclusion of the next annual general meeting of the Company to be held in 2010, but so that this power shall enable the Company to make offers or agreements before such expiry which would or might require equity securities to be allotted after such expiry and the Directors may do so as if such expiry had not occurred.

By Order of the Board

Jon Pickles
Director

Registered office:
c/o Maclay Murray & Spens LLP
One London Wall
London
EC2Y 5AB

Notes:

1. As a member, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise the rights attached to any one share.
2. A form of proxy has been sent to you. To be valid, your proxy form and any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority should be sent to Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive no later than 48 hours before the time fixed for the meeting.
3. If you appoint a proxy, this will not prevent you attending the meeting and voting in person if you wish to do so.
4. In accordance with Regulation 41 of the Uncertified Securities Regulations 2001, to have the right to attend and vote at the meeting a member must first have his or her name entered in the Company's register of members by no later than 10:00 a.m. on 5th January 2010 or, if this meeting is adjourned, not more than 48 hours prior to the adjourned meeting. Changes to entries on that register after that time shall be disregarded in determining the rights of any member to attend and vote at the meeting.