ILX GROUP PLC

2006 INTERIM RESULTS

ILX Group plc ('ILX'), the AIM quoted vocational education and training company, announces Interim Results for the six months ended 30th September 2006.

Financial Highlights:

	6 months To Sept '06 £'000	6 months to Sept '05 £'000	% Change
Turnover	**4,470**	2,941	+52.0%
- Acquisitions contributed £1,221,048			
EBITDA	**611**	369	+65.6%
Operating Profit	**578**	346	+66.8%
Profit before tax	**506**	313	+61.6%
Maiden dividend	**0.75p**	-	-
Adjusted earnings per share	**3.58p**	3.46p	+3.6%

Corporate Highlights:

- Acquisition of Corporate Training Group (CTG), the provider of in-house financially focused classroom training courses to major global organisations. ILX acquired CTG for a total consideration of £12.3 million. The acquisition was immediately earnings enhancing and effectively doubles the size of the group in profit terms.
- Best Practice Group: Consolidation of two offices to one new location. Best Practice ceased to provide desktop application training in order to focus on ILX Group's core area of accreditation led training.

Operational Highlights:

- Successful Integration of The Corporate Training Group
- Continued expansion of PRINCE2 and ITIL (Best Practice) training markets
- Major customers during the period include: Citigroup, NM Rothschild, Home Office, HSBC, Credit Suisse, Pension Protection Fund and British American Tobacco

In summary Ken Scott, Chief Executive of ILX Group commented:
"I am very pleased to announce these results which reflect the maiden contribution from Corporate Training Group where trading has been excellent.

The company has made considerable progress during the period, firstly in consolidating its activities in best practice training and consultancy and secondly in the acquisition in July of The Corporate Training Group, a highly respected financial training company showing rapid growth and high profitability. This acquisition effectively doubles the size of the group in profit terms and was immediately earnings enhancing for the current year. CTG has a very long and strong forward order book. Its investment banking graduate training programmes reached record levels in 2006 and graduate intakes for next year look set to exceed this year's level.

We are confident in the outlook for the full year for the Group and our capacity to meet market expectations."

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Chairman's Statement
For the six months ended 30 September 2006

I am pleased to present the results for the six months ended 30 September 2006.

The company has made considerable progress during the period, firstly in consolidating its activities in best practice training and consultancy and secondly in the acquisition in late July of The Corporate Training Group, a highly respected financial training company showing rapid growth and high profitability.

The company is now broadly organised into two divisions. The Best Practice Group, which incorporates all of the company's trading and acquisitions up to, but not including, The Corporate Training Group, provides training and consultancy in and around accredited standards in project and service management, with a particular focus on the use of software products and solutions to customers' needs.

The Corporate Training Group provides in-house financial training to major international organisations, with a particular focus on graduate training for major investment banks.

Acquisition of The Corporate Training Group
The Corporate Training Group was acquired on 26 July 2006 for a total consideration of £12.3 million, of which £5.7 million is contingent on future performance. The initial consideration comprised £2.0 million in shares and £4.6 million in cash, the cash elements being financed by additional bank debt and a placing of 3,275,468 new ordinary shares.

This acquisition effectively doubles the size of the group in profit terms and we expect it to be immediately earnings enhancing in the current financial year. I would like to take this opportunity to formally welcome the staff of The Corporate Training Group to the company.

Financial Results
Turnover for the period was £4.47 million (6 months to September 2005: £2.94 million), including a first time contribution of £1.22 million from The Corporate Training Group. Profit from operations was £577,996 (6 months to September 2005: £346,441) and net profit attributable to equity holders was £354,324 (6 months to September 2005: £312,997). The recognition of a deferred tax asset in the company's 2005/6 results requires that the company show a tax charge in the interim results, even though no tax is payable as the company continues to utilise its tax losses which currently stand at approximately £2.0 million. Accordingly, in order to provide a proper comparison, an adjusted earnings per share for the 6 months ended 30 September 2006 is 3.58p (6 months to September 2005: 3.46p). Details are to be found in note 4 to these interim statements.

Seasonality
There are a number of seasonal variations underpinning the results which should be explained. Firstly, the Best Practice Group business has always been weighted heavily towards the second half, primarily due to sales of the company's higher margin e-learning products which peak in the latter months of the Group's financial year, particularly in March. This trend is expected to continue in the current year. The Corporate Training Group business experiences seasonal fluctuations but by contrast to the Best Practice Group the busy period is July to November, when the Group's revenues are dominated by large graduate training programmes.

This seasonality contributes to the contrast between the results from continuing operations and acquisitions on the face of the income statement, as well as the high level of debtors on the balance sheet as compared to turnover for the period, with 50% of these debtors relating to the Corporate Training Group from which we have had only two months of turnover.

Business Review – Best Practice Group
The Best Practice Group has undergone some consolidation during the period; we have reduced our number of office premises, closing down the offices in Notton and Shenley and relocating the majority of these operations to a new location at Theale Business Park. As part of this process, we have ceased to provide desktop applications training in order to allow us to focus on our core area of accreditation-led training.

Turnover, on a like-for-like basis excluding Mount Lane and Customer Projects, has been flat compared to last year. This reflects the Group's greater focus on its core products and services, as illustrated by the key areas of accreditation-led e-learning and blended training, now comprising 48% of this Group's turnover, which have shown continued significant growth of 45% over last year. The areas showing reducing turnover are primarily those of applications training and finance for non-financial managers. In addition the Group has experienced some price pressure on its pure classroom training offerings.

Trading at Mount Lane in the first half of the year has been very disappointing, primarily due to the loss of that division's Commercial Director. Additional sales staff have been hired to fill the gap and the initial signs are encouraging. The outlook for the future growth of the self-help and desktop migration areas remains promising, particularly with the forthcoming launch of Microsoft Vista.

Trading at Customer Projects, the Group's consultancy and solutions division, has been steady; the division has hired its first dedicated sales person, and considerable work has been undertaken in the first half to prepare to take the proposition to the wider marketplace.

Business Review – Corporate Training Group

Trading at The Corporate Training Group has been excellent; the division expects to see annual sales growth this year in excess of 30%, which will maintain its 4 year compound annual growth rate of over 25%. The division has experienced increases on both market size and in market share. The Corporate Training Group offers very good visibility to the Group with significant revenues for both this and next financial year already booked.

The graduate training programmes that form a key element of The Corporate Training Group's business have reached record levels in 2005 and 2006 and graduate intakes for next year already look to exceed this. This in turn has led to much higher demand for follow on continuous professional development courses. Mobility of staff between banks is also at record levels and this in turn feeds through with an increase in contact referrals from bankers who have moved and now want high quality training in their new companies.

New expanding areas include wealth management, and private banking, with a number of our clients investing in this area. We are also seeing private equity firms starting to seriously invest in skills training, in particular financial modelling, as well as accountants and lawyers being recruited as lateral hires who need immediate training to get them up to speed.

Dividend

The Company paid its maiden dividend of 0.75p per share on 15 August 2006; in accordance with International Financial Reporting Standards this dividend, which was payable to shareholders on the register at the end of June 2006, is shown in these financial statements as an appropriation of retained earnings.

The Company does not intend payment of an interim dividend but expects to maintain an annual dividend going forward.

Summary and Future Opportunities

We are confident in the outlook for the full year and our capacity to meet market expectations. The Best Practice Group is now better focused and well positioned to capitalise on the opportunities available in its traditionally stronger second half. We remain confident that this will be boosted by the recovery of Mount Lane sales. The Corporate Training Group is going from strength to strength and we are most encouraged by both the performance to date and the enthusiasm of the staff.

Paul Lever
Chairman

20 November 2006

Independent Review Report to ILX Group plc

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 September 2006 which comprises the consolidated and company income statement, consolidated statement of changes in equity, consolidated balance sheet, consolidated cash flow statement and the related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the United Kingdom Listing Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards in the United Kingdom and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 2006.

Saffery Champness
Chartered Accountants

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Clifton
Bristol
BS8 2AE

20 November 2006

Consolidated and Company Income Statement
For the six months ended 30 September 2006

	Notes	Six months ended 30.9.2006 Unaudited Continuing £	Six months ended 30.9.2006 Unaudited Acquisitions £	Six months ended 30.9.2006 Unaudited TOTAL £	Six months ended 30.9.2005 Unaudited and Restated TOTAL £	Year ended 31.3.2006 Audited TOTAL £
Revenue		3,249,206	1,221,048	4,470,254	2,940,638	6,913,255
Cost of sales		(1,400,262)	(333,894)	(1,734,156)	(955,172)	(2,335,574)
Gross profit		1,848,944	887,154	2,736,098	1,985,466	4,577,681
Distribution costs		(116,698)	(2,841)	(119,539)	(125,225)	(227,548)
Administrative expenses excluding depreciation and amortisation		(1,861,412)	(144,175)	(2,005,587)	(1,491,354)	(3,302,092)
(Loss) / earnings before interest, tax and depreciation and amortisation		(129,166)	740,138	610,972	368,887	1,048,041
Depreciation		(31,759)	(1,217)	(32,976)	(22,446)	(47,316)
(Loss) / profit from operations		(160,925)	738,921	577,996	346,441	1,000,725
Interest receivable and similar income				9,317	5,920	12,073
Interest payable and similar charges				(81,396)	(39,364)	(71,123)
Profit before tax				505,917	312,997	941,675
Tax				(151,593)	-	757,755
Profit for the period attributable to equity holders				354,324	312,997	1,699,430
Earnings per share – from continuing operations and acquisitions						
Basic	4			2.37p	3.46p	16.39p

Consolidated Statement of Changes in Equity
For the six months ended 30 September 2006

	Six months ended 30.9.2006 £	Six months ended 30.9.2005 £	Year ended 31.3.2006 £
Balance at start of period	12,919,708	6,460,731	6,460,731
Profit for the year	354,324	312,997	1,699,430
Dividends Paid	(96,250)	-	-
Capital reorganisation	-	(18,267)	(18,267)
Issue of shares to trust	(742,500)	-	(781,420)
Issue of shares	653,547	-	385,937
Options granted	67,424	44,400	108,750
Contingent consideration	3,000,000	-	1,655,000
Premium on issue of shares	4,718,328	-	3,495,483
Costs relating to share issue	(161,459)	-	(85,936)
Balance at end of period	20,713,122	6,799,861	12,919,708

Consolidated Balance Sheet as at 30 September 2006

	Notes	As at 30.9.2006 Unaudited	As at 30.9.2005 Unaudited and Restated	As at 31.3.2006 Audited
Assets		£	£	£
Non-current assets				
Property, plant and equipment		178,099	91,423	132,872
Intangible assets		24,995,563	7,053,211	12,386,146
Total non-current assets		25,173,662	7,144,634	12,519,018
Current assets				
Deferred tax asset		637,405	-	789,000
Trade and other receivables		3,463,195	1,288,464	2,031,070
Cash and cash equivalents		261,435	251,115	646,126
Total current assets		4,362,035	1,539,579	3,466,196
Total assets		29,535,697	8,684,213	15,985,214
Current liabilities				
Trade and other payables		(1,516,770)	(642,693)	(1,317,742)
Deferred consideration		-	(67,642)	(236,869)
Provision for contingent consideration	8	(1,270,000)	-	-
Tax liabilities		(777,911)	(282,365)	(417,086)
Bank loans		(1,653,743)	(146,429)	(146,429)
Total current liabilities		(5,218,424)	(1,139,129)	(2,118,126)
Net current (liabilities) / assets		(856,389)	400,450	1,348,070
Non-current liabilities				
Provision for contingent consideration	8	(1,000,000)	-	(270,000)
Hire purchase creditor		(2,438)	-	(3,048)
Bank loans		(2,601,713)	(745,224)	(674,332)
Total non-current liabilities		(3,604,151)	(745,224)	(947,380)
Total liabilities		(8,822,575)	(1,884,353)	(3,065,506)
Net assets		20,713,122	6,799,860	12,919,708
Equity				
Issued share capital		1,936,876	933,694	1,283,329
Share premium		11,804,906	4,177,188	7,248,037
Shares to be issued – contingent consideration	8	5,030,000	-	2,030,000
Own shares in trust	7	(1,824,692)	(300,772)	(1,082,192)
Share option reserve		267,040	135,266	199,616
Buyback reserve		1,177,819	1,177,819	1,177,819
Retained earnings		2,321,173	676,665	2,063,099
Total equity		20,713,122	6,799,860	12,919,708

The financial statements were approved by the board of directors and authorised for issue on 20 November 2006. They were signed on its behalf by **J A Pickles**, Director and **K P Scott**, Director

Consolidated Cash Flow Statement
For the six months ended 30 September 2006

	Six months ended 30.9.2006 Unaudited	Six months ended 30.9.2005 Unaudited and Restated	Year ended 31.3.2006 Audited
	£	£	£
Profit from operations	577,996	346,441	1,000,725
Adjustments for:			
Profit on disposal of non-current assets	-	(9,861)	(9,861)
Depreciation and amortisation	32,976	22,446	47,316
Share option charge	67,424	44,400	108,750
Movement in trade and other receivables	(472,507)	(229,298)	(821,795)
Movement in trade and other payables	(528,754)	(31,688)	628,057
Cash (used by) / generated from operating activities	(322,865)	142,440	953,192
Interest paid	(45,648)	(40,670)	(71,030)
Tax paid	(905)	(28,140)	(187,307)
Net cash (used by) / generated from operating activities	(369,418)	73,630	694,855
Investing activities			
Interest received	9,317	5,920	12,073
Proceeds on disposal of property, plant and equipment	-	206,430	206,431
Purchases of property, plant and equipment	(55,113)	(48,085)	(90,402)
Expenditure on product development	(118,163)	(236,524)	(474,305)
Acquisition of subsidiaries (net of cash acquired)	(5,648,065)	(237,738)	(839,914)
Net cash used by investing activities	(5,812,024)	(309,997)	(1,186,117)
Financing activities			
Increase in / (repayment of) borrowings	3,434,695	(184,356)	(255,247)
Repayment of finance lease obligations	(610)	-	-
Net proceeds of share issue	2,458,916	-	720,796
Dividend paid	(96,250)	-	-
Net cash from / (used by) financing activities	5,796,751	(184,356)	465,549
Net change in cash and cash equivalents	(384,691)	(420,724)	(25,713)
Cash and cash equivalents at start of period	646,126	671,839	671,839
Cash and cash equivalents at end of period	261,435	251,115	646,126

Notes to the Consolidated Cash Flow Statement
For the six months ended 30 September 2006

1 Purchase of subsidiary undertaking – The Corporate Training Group Ltd

On 26 July 2006 the company acquired 100% of the ordinary share capital of The Corporate Training Group Ltd. ("CTG"). This was acquired for a maximum £12.3 million in cash and shares. The trade, assets and liabilities of CTG were immediately hived up to the parent company.

The fair values of the identifiable assets and liabilities of the new subsidiary at the date of acquisition were as follows:

Net assets acquired	**Book value**	**Revaluation**	**Fair value**
	£	**£**	**£**
Tangible fixed assets	23,090	-	23,090
Trade and other receivables	1,032,956	-	1,032,956
Cash at bank and in hand	213,021	-	213,021
Trade and other payables	(409,425)	-	(409,425)
Tax liabilities	(598,165)	-	(598,165)
Net assets	261,477	-	261,477
Acquisition costs			(452,731)
Goodwill			12,491,254
			12,300,000
Satisfied by			
Shares allotted			2,000,000
Cash paid			5,300,000
Contingent consideration			5,000,000
			12,300,000

Of the cash paid the sum of £700,000 is ring fenced within an escrow account to be released on or before 30 June 2008 provided that the average annual pre-tax profit of CTG over the two-year period ended 31 March 2008 exceeds £1.149 million.

The contingent consideration is payable in two instalments on or before 30 June 2007 and on or before 30 June 2008.

The first instalment is calculated as 9 times the excess of CTGs pre-tax profits for the year ended 21 March 2007 over £1.149 million. This payment is capped at £2.5 million and the first £1.0 million is to be made in cash with the remainder in cash or ordinary shares at the company's option.

The second instalment, which is capped at £5.0 million less the amount of the first instalment, is calculated as a total of 9 times the amount by which CTGs pre-tax profits for the 2 year period ended 31 March 2008 exceed the sum of £2.576 million, less the amount of the first instalment.

A mechanism exists whereby if CTGs pre-tax profits for the year ended 31 March 2007 exceed the level at which the maximum first instalment is payable, these excess profits can be transferred to the second year.

The summarised profit and loss account of the acquired entity for the period from the beginning of its financial year on 1 January 2005 to the effective date of acquisition, and for its previous financial year, is set out below:

	30 weeks to 26.7.2006	Year ended 31.12.2005
	£	£
Turnover	1,816,102	3,318,538
Cost of sales	(1,204,665)	(2,178,023)
Gross profit	611,437	1,140,515
Distribution costs	(3,840)	(15,210)
Administrative expenses	(145,923)	(818,098)
Operating profit	461,674	307,207
Interest receivable	8,225	7,944
Profit on ordinary activities before taxation	469,899	315,151
Taxation	(130,338)	(67,435)
Profit on ordinary activities after taxation	339,561	247,716

In order to fund the cash elements of the consideration the company issued 3,275,468 new ordinary shares which raised £2,458,916 net of expenses.

In addition the company took out a £3,000,000 a term loan repayable in 12 quarterly instalments and also obtained a £1,000,000 revolving credit facility. At 30 September 2006 £500,000 had been drawn down on the revolving credit facility leaving a further £500,000 available.

Notes to the Interim Report
For the six months ended 30 September 2006

1. The financial information contained in the Interim Report does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The Interim Report is in compliance with International Accounting Standard 34 (Interim Financial Reporting). The comparative financial information for the six months ended 30 September 2005, which has been restated under IFRS, and the year ended 31 March 2006 is an abridged version of the group's published financial statements for these periods. The financial statements for the year ended 31 March 2006 contained an unqualified audit report and have been filed with the Registrar of Companies.

2. The interim financial statements have been prepared on the basis of the accounting policies set out in the March 2006 financial statements of ILX Group Plc.

3. During the period the company incurred exceptional costs of £30,185 relating to a reorganisation of the company's continuing operations.

4. The basic earnings per share calculation is based on a weighted average number of ordinary shares of 10 pence each in issue during the period of 14,960,662 (6 months to 30 September 2005: 9,049,715). Adjusted earnings per share which exclude reorganisation costs of £30,185 and the non-cash tax charge of £151,593 are shown below. The comparative adjusted earnings per share for the 12 month period to 31 March 2006 excludes the non-cash tax credit of £757,755 arising out of the recognition of a deferred tax asset.

	Six months ended 30.9.2006	**Six months ended 30.9.2005**	**Year ended 31.3.2006**
Earnings / (Loss) per share	2.37p	3.46p	16.39p
Adjusted earnings per share - excluding non-cash tax charges and credits and reorganisation costs	3.58p	3.46p	9.08p

The calculation of fully diluted earnings per share has not been disclosed as the effect of the company's outstanding share options is not dilutive.

5. 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).

6. The amount of operating profit or loss since the acquisition date of acquired companies included in the company's profit and loss account, excluding apportioned central costs, is as follows:

	Six months ended 30.9.2006	**Six months ended 30.9.2005**	**Year ended 31.3.2006**
	£	**£**	**£**
Mount Lane Training & Implementation Solutions Ltd	-	-	292,096
Customer Projects Ltd	-	-	(10,485)
Corporate Training Group Ltd	843,810	-	-

The revenues and profits of the group for the year, had the acquisitions made during the year been made at the beginning of the year, would have been as follows:

	Consolidated Income Statement for the Six months ended 30.9.2006	**Pre-acquisition trading of Corporate Training Group for the period 1.4.2006 to 26.7.2006**	**Total for the six months ended 30.9.2006 as though the acquisition date was 1.4.2006**
	£	**£**	**£**
Turnover	4,470,254	1,340,288	**5,810,542**
Operating profit	577,996	598,271	**1,176,267**

7. The company holds 1,850,000 of its own ordinary shares in trust in a Medium Term Incentive Plan, administered by Investec Trust Guernsey Ltd. These shares become payable to directors and senior management, on the achievement of certain performance criteria. The shares are shown at cost as a debit against reserves and relate to the investment. The shares are held in trust under the Plan and represent 9.9% of the total called up share capital.

8. The company has the following contingent liabilities, contingent on certain future performance criteria, arising out of earn-out provisions in the agreements relating to recent acquisitions. These contingent liabilities and their potential timing are as follows:

	Mount Lane Training & Implementation Solutions Ltd	**Customer Projects Ltd**	**Corporate Training Group Ltd**	**TOTAL**
	£	**£**	**£**	**£**
Provision for cash contingent consideration - within one year	270,000	-	1,000,000	**1,270,000**
Provision for cash contingent consideration - after one year	-	-	1,000,000	**1,000,000**
Contingent consideration to be issued in shares	1,530,000	500,000	3,000,000	**5,030,000**
	1,800,000	500,000	5,000,000	**7,300,000**

9. These are the company's first interim financial statements prepared in accordance with IFRS. In preparing its opening IFRS balance sheet and comparative information for the six months ended 30 September 2006, the company has adjusted amounts reported previously in financial statements prepared in accordance with UK GAAP.

An explanation of how the transition from UK GAAP to IFRS has affected the company's financial position and financial performance is set out in the following tables and notes accompanying them. There have been no changes to the group's or company's cash flows as a result of the transition.

Shareholders' equity	**UK GAAP**	**Effects of transition**			**IFRS**
	Six months ended 30.9.2005	**Development expenditure capitalised**	**Share options expensed**	**Goodwill amortisation eliminated**	**Six months ended 30.9.2005**
	£	**£**	**£**	**£**	**£**
Called up share capital	933,694				933,694
Share premium account	4,177,188				4,177,188
Own shares in trust	(300,772)				(300,772)
Share option reserve	-		135,266		135,266
Other reserves	1,177,819				1,177,819
Retained earnings	(54,119)	400,345	(135,266)	465,705	676,666
Total stockholders' equity	5,933,810	400,345	-	465,705	6,799,860

Consolidated Income Statement **For the six months ended 30 September 2005**	**UK GAAP**		**IFRS**
	Six months ended 30.9.2005	**Effect of transition**	**Six months ended 30.9.2005**
	£	**£**	**£**
Revenue	2,940,638	-	2,940,638
Cost of sales	(955,172)	-	(955,172)
Gross profit	1,985,466	-	1,985,466
Distribution costs	(125,225)	-	(125,225)
Administrative expenses excluding depreciation and amortisation	(1,683,479)	192,125	(1,491,354)
Earnings before interest, tax, depreciation and amortisation	176,762	192,125	368,887
Depreciation	(22,446)	-	(22,446)
Amortisation	(174,991)	174,991	-
(Loss) / Profit from operations	(20,675)	367,116	346,441
Interest receivable and similar income	5,920	-	5,920
Interest payable and similar charges	(39,364)	-	(39,364)
Profit before tax	(54,119)	367,116	312,997
Tax	-	-	-
Profit for the period attributable to equity holders	(54,119)	367,116	312,997

Consolidated Balance Sheet as at 30 September 2005	UK GAAP 30.9.2005	Effect of transition	IFRS 30.9.2005
Assets	**£**	**£**	**£**
Non-current assets			
Property, plant and equipment	91,423	-	91,423
Intangible assets	6,187,161	866,050	7,053,211
Total non-current assets	6,278,584	866,050	7,144,634
Current assets			
Trade and other receivables	1,288,464	-	1,288,464
Cash and cash equivalents	251,115	-	251,115
Total current assets	1,539,579	-	1,539,579
Total assets	7,818,163	866,050	8,684,213
Current liabilities			
Trade and other payables	(642,693)	-	(642,693)
Deferred and contingent consideration	(67,642)	-	(67,642)
Tax liabilities	(282,365)	-	(282,365)
Bank loans	(146,429)	-	(146,429)
Total current liabilities	(1,139,129)	-	(1,139,129)
Net current assets	400,450	-	400,450
Non-current liabilities			
Bank loans	(745,224)	-	(745,224)
Total non-current liabilities	(745,224)	-	(745,224)
Total liabilities	(1,884,353)	-	(1,884,353)
Net assets	5,933,810	866,050	6,799,860
Equity			
Issued capital	933,694	-	933,694
Share premium	4,177,188	-	4,177,188
Own shares in trust	(300,772)	-	(300,772)
Share option reserve	-	135,266	135,266
Buyback reserve	1,177,819	-	1,177,819
Retained earnings	(54,119)	730,785	676,666
Total equity	5,933,810	866,050	6,799,860

Summary of changes resulting from the adoption of IFRS:

a) Under UK GAAP all expenditure on research and development was expensed as incurred. Under IFRS, research expenditure is recognised as an expense as incurred but costs incurred on product development are capitalised as intangible assets when it is probable that the development will provide economic benefit, considering its commercial and technical feasibility, where resources are available for the completion of the development, and costs can be measured reliably. Other development expenditures are recognised as an expense as incurred. Capitalised product development expenditure is reviewed regularly for impairment.

b) IFRS requires that the fair value of share options provided to employees be estimated and charged to the income statement over the vesting period of the options.

c) Under UK GAAP goodwill was amortised over 20 years. Under IFRS goodwill is now subject to annual impairment reviews. Goodwill balances have been written back to their net book value, under UK GAAP, at 31 March 2004.

d) Under IFRS dividends are charged to the income statement when paid or approved and not in the period to which they relate as required previously by UK GAAP.