

INTELLEXIS PLC

Company No. 3525870

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST MARCH 2003

Intellexis plc

Contents

	Page
Statutory and Other Information	1
Chairman's Statement	2 and 3
Directors' Report	4 and 5
Corporate Governance	6
Statement of Directors' Responsibilities and Report of the Auditors'	7 and 8
Consolidated Profit and Loss Account	9
Consolidated Balance Sheet	10
Company Balance Sheet	11
Statement of Total Recognised Gains & Losses	12
Consolidated Cash Flow Statement	13
Notes to the Consolidated Cash Flow Statement	14 and 15
Notes to the Financial Statements	16 to 27

Intellexis plc

Statutory and Other Information

Directors	P R S Lever (Non-Executive Chairman) K P Scott (Chief Executive) P H Palmarozza (President) J A Pickles (Finance Director) J H Davies (Non-Executive) D A Little (Non-Executive)
Secretary	D A Little
Company Number	3525870
Registered Office	149 Hammersmith Road London W14 0QL
Bankers	HSBC PO Box 120 Corn Street Bristol BS99 7PP Barclays Bank plc P.O. Box 12820 London N20 0WE
Auditors	Saffery Champness Courtyard House Oakfield Grove Bristol BS8 2AE
Nominated Adviser	Teather & Greenwood Beaufort House 15 St Botolph Street London EC3A 7QR
Nominated Broker	Teather & Greenwood Beaufort House 15 St Botolph Street London EC3A 7QR
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

Intellexis plc

Chairman's Statement For the year ended 31st March 2003

I am pleased to present the results for the year ended 31st March 2003. This is the first set of results I have announced since my appointment to the board as non-executive Chairman in January this year, one during which a number of changes to the board were made including the appointment of Ken Scott as Chief Executive and Jon Pickles as Finance Director.

During the year the emphasis has been placed on re-focusing the company's efforts on its core competence, which is the provision of financial awareness and financial knowledge training for the non-financially trained business manager, and building on its distribution channels – direct sales in Europe and North America, and an expanding network of Distributors.

Financial Results

The company achieved turnover in the period of £1.38 million, a significant increase on previous years (6 months to 31 March 2002: £255,000). Although the bulk of the turnover relates to sales of e-Learning products and related services, a significant proportion (13%) remains classroom based.

Underpinning this growth in revenue is a dramatic increase in orders, with £1.47 million of new business having been secured during the course of the year. This is an 80% increase compared to the previous 12 month period, during which Intellexis International Ltd and Time2Learn plc were brought together, and has been achieved from sales of Intellexis' core products.

The loss for the year was £2.04 million (6 months ended 31 March 2002: £1.82 million). Going forward, however, the now fully written off capitalised development costs will ensure operating margins in excess of 80% and in addition the annualised reduction in overhead cost achieved is approximately £500,000.

Business Review

The performance of the Company continues to be boosted by new client wins, with major contracts having been signed during the year with blue-chip clients such as Rolls-Royce, British American Tobacco, Heineken, RMC, GlaxoSmithKline, Leica, Xerox, and significant repeat business from the likes of Pirelli, Hilton, IBM, Nestlé, and Novartis. Warwick Business School and Swiss Business School IMD International have also been major users throughout the period, and our 100% repeat business rate has contributed to the company's return to profitability in the first quarter of the current trading period. With almost 150 clients in the last year and the largest client representing only 12% of turnover, there is significant potential for revenue growth.

It is also most encouraging to note that the level of business coming from our distributors, managed by Paul Palmarozza and which currently represents 15% of turnover, has almost tripled in the past year. We currently have 11 key established distributors, predominantly in Europe, but with coverage in the US, Australia, and the Middle East. The Company continues to actively expand the distribution network as well as work closely with these established distributors to maximise revenue generation from this key source.

Although staffing levels were reduced at our operations in the US, we maintain a presence sufficient to exploit current opportunities in the North American market in short-term. In the medium term, the company is pursuing opportunities with distributors to cover this market effectively.

Share consolidation and forthcoming AGM

With the number of Ordinary Shares in issue now over 3.1 billion and with a share price of a fraction of a penny, we believe that the Ordinary Shares are viewed by some investors as 'penny shares', which has a detrimental effect on the Company's ability to attract new institutional shareholders.

Accordingly, at the forthcoming AGM we propose to consolidate our share capital. Details of this, and a resolution to this effect, are enclosed in the Circular and Notice attached with this report.

The company would also like to take advantage of recent changes to the law, which allow us to communicate with shareholders in electronic form where shareholders wish to receive communications in this way. This requires a change to the Company's Articles of Association, and you will note that a resolution to this effect is also proposed at the forthcoming AGM.

Intellexis plc

Chairman's Statement For the year ended 31st March 2003 (continued)

This form of communication not only offers a significant cost benefit to the company but is also an environmentally friendly way of communicating. We would therefore encourage you to vote in favour of the resolution and subsequently to make use of this enhanced service.

Current trading

The company now has a clear strategy. This, together with changes in personnel and responsibilities, puts Intellexis in a position to grow significantly. The company's current order book continues to be strong in the first quarter with several major renewals having been achieved. This, together with the significantly reduced cost base, has allowed the company on target to deliver an operating profit for first quarter of the new financial year, the company's first profitable quarter since the Intellexis/Time2Learn merger in December 2001.

It is increasingly apparent that there is a strong need for Financial Awareness training, that this need is being progressively recognised in both the public and private sectors, and that Intellexis' products, services and expertise together provide excellent value to its customers in meeting this need.

The fortunes of the company have changed markedly since the appointment of Ken Scott as Chief Executive Officer in July last year and the subsequent reorganisation of the board. Ken has galvanised the management team, rationalised the business, and provided a strong foundation for the future.

May I thank the staff and shareholders for their continued support.

Paul Lever
Chairman

Intellexis plc

Directors' Report For the year ended 31st March 2003

The directors present their report and the financial statements for the year ended 31st March 2003.

Principal Activity and Business Review

The principal activity of the group during the year was as providers of financial training services. A full review of trading and future developments is presented in the Chairman's Statement.

Results and Dividends

The results of the group for the year set out on page 9.

The directors do not recommend payment of a final dividend as the funds of the company are fully employed.

Significant Shareholdings

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

	Ordinary Shares of 0.1 pence each	Percentage
Park Row Group Plc	863,985,540	27.4
P H Palmarozza	403,010,000	12.8
Pershing Keen Nominees Limited	155,146,476	4.9
T D Willis	147,950,000	4.7
Investec Trust Guernsey Limited	140,500,000	4.5
C R Mansell	117,000,000	3.7

The investment by Investec Trust Guernsey Limited represents 4.5% of the total called up share capital. This investment is a Medium Term Incentive Plan and the shares held by the trust will be made available to K P Scott on achievement of certain performance criteria.

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 31st March 2003 was 55.

Intellexis plc
Directors' Report
For the year ended 31st March 2003 (Continued)

Directors and their Interests

The directors who served the company during the year together with their interests (including family interests) in the shares of the company at the beginning and end of the year, were as follows:

	Ordinary Shares of 0.1 pence each	
	At	At
	31st March 2003	31st March 2002
		or subsequent
		date of
		appointment
P R S Lever (Non-Executive Chairman - appointed 7.1.03)	-	-
K P Scott (Chief Executive - appointed 1.6.02)	35,625,000	-
P H Palmarozza (President)	459,710,000	446,260,000
J A Pickles (Finance Director - appointed 24.3.03)	42,412,500	14,400,000
J H Davies (Non-Executive)	15,000,000	5,000,000
D A Little (Non-Executive - appointed 18.10.02)	10,000,000	-
D C Gardner (Non-Executive - resigned 7.1.03)	20,000,000	20,000,000
M S Vickers (Non-Executive - resigned 18.10.02)	17,000,000	17,000,000
R W Gulick (Chief Executive North America - resigned 13.12.02)	4,000,000	4,000,000
D J Boddy (Non-Executive - resigned 9.10.02)	9,000,000	4,000,000

P H Palmarozza retires by rotation and, being eligible, offers himself for re-election at the forthcoming AGM. D A Little, P R S Lever, and J A Pickles, having been appointed since the last AGM, retire and being eligible offer themselves for re-election at the forthcoming AGM.

The following options were granted to directors during the period over the ordinary shares of the company:

	Date	Number of	Option
	Granted	Shares	Price
		of 0.1p each	
K P Scott	30.9.2002	140,500,000	0.11p
J H Davies	9.12.2002	10,000,000	0.11p
D A Little	9.12.2002	15,000,000	0.11p
J A Pickles	9.12.2002	25,000,000	0.11p
P R S Lever*	7.1.2003	15,000,000	0.11p

* Shares over which options granted to P R S Lever have been paid for in full by way of a reduced salary payment.

Auditors

Saffery Champness were appointed auditors on 5 February 2003. They have indicated their willingness to continue in office and in accordance with the Companies Act 1985 it is proposed that they be reappointed as auditors to the company for the ensuing year.

This report was approved by the Board on 25 July 2003.

By order of the Board

.....
D.A. Little
Secretary

Intellexis plc

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 prepared by the Committee on Corporate Governance chaired by Sir Ronald Hampel and 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, D A Little and J H Davies, and a Remuneration Committee which also comprises P R S Lever, D A Little and J H Davies, 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, for appointing the auditors and reviewing the report 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 introduced 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 financial 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 period.

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.

Intellexis plc

Directors' Responsibilities and Report of the Auditors

Statement of 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 period.

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; 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.

Independent Auditors' Report to the Shareholders of Intellexis plc

We have audited the financial statements of Intellexis plc for the year ended 31st March 2003 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 auditor's 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.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the directors' remuneration and transactions with the company and other members of the group is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report and the Corporate Governance Statement. 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 United Kingdom Auditing Standards 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 company'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.

Intellexis plc

Directors' Responsibilities and Report of the Auditors (Continued)

Going Concern

In forming our opinion, we have considered the disclosures made in the financial statements concerning the adequacy of working capital to continue operations for the foreseeable future. Details of the circumstances relating to this fundamental uncertainty are described in Note 1. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the group's and company's affairs as at 31st March 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Saffery Champness
Chartered Accountants and
Registered Auditors
Courtyard House
Oakfield Grove
Bristol BS8 2AE

Date: 25 July 2003

Intellexis plc

Consolidated Profit and Loss Account For the period ended 31st March 2003

	Notes	Year ended 31.3.2003 £	Six months ended 31.3.2002 £
Turnover	2	1,377,823	255,379
Cost of sales		<u>(989,004)</u>	<u>(210,493)</u>
Gross Profit		388,819	44,886
Distribution costs		(168,163)	(127,238)
Administrative expenses		(2,019,145)	(1,611,030)
Other operating income		<u>-</u>	<u>-</u>
Operating Loss	3	(1,798,489)	(1,693,382)
Reorganisation Costs	4	<u>(198,582)</u>	<u>(100,372)</u>
Loss on Ordinary Activities before Interest		(1,997,071)	(1,793,754)
Interest receivable and similar income	5	4,855	12,922
Interest payable and similar charges	6	<u>(47,240)</u>	<u>(34,724)</u>
Loss on Ordinary Activities before Taxation		(2,039,456)	(1,815,556)
Tax on loss on ordinary activities	9	<u>-</u>	<u>-</u>
Loss for the Year transferred from Reserves	18	<u><u>(2,039,456)</u></u>	<u><u>(1,815,556)</u></u>
Loss per share - basic	10	(0.07)p	(0.09)p
Loss per share - diluted	10	(0.07)p	-

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Intellexis plc

Consolidated Balance Sheet as at 31st March 2003

	Note	31.3.2003 £	31.3.2003 £	31.3.2002 £	31.3.2002 £
Fixed Assets					
Intangible assets	11		2,735,957		3,590,066
Tangible assets	12		68,342		178,702
Investments	13		<u>140,500</u>		<u>-</u>
			2,944,799		3,768,768
Current Assets					
Stocks	14	-		12,973	
Debtors	15	160,001		175,499	
Cash at bank and in hand		<u>183,588</u>		<u>646,221</u>	
			343,589	834,693	
Creditors: Amounts falling due within one year (including convertible debt)					
	16	<u>(653,445)</u>		<u>(607,967)</u>	
Net Current (Liabilities)/Assets			<u>(309,856)</u>		<u>226,726</u>
Total Assets less Current Liabilities			2,634,943		3,995,494
Creditors: Amounts falling due after more than one year (including convertible debt)					
	17		<u>(782,349)</u>		<u>(575,183)</u>
Net Assets			<u>1,852,594</u>		<u>3,420,311</u>
Capital and Reserves					
Called up share capital	18		3,152,140		2,755,000
Share premium account	18		3,958,182		3,891,109
Profit and loss account	18		<u>(5,257,728)</u>		<u>(3,225,798)</u>
Equity Shareholders' Funds	18		<u>1,852,594</u>		<u>3,420,311</u>

The financial statements were approved by the board on 25 July 2003 and signed on its behalf by:

J A Pickles Director

K P Scott Director

Intellexis plc

Company Balance Sheet as at 31st March 2003

	Note	31.3.2003 £	31.3.2003 £	31.3.2002 £	31.3.2002 £
Fixed Assets					
Intangible assets	11		-		708,191
Tangible assets	12		68,342		175,423
Investments	13		<u>2,390,507</u>		<u>2,250,007</u>
			2,458,849		3,133,621
Current Assets					
Stocks	14		-	12,973	
Debtors	15	160,001		271,300	
Cash at bank and in hand		<u>183,588</u>		<u>646,315</u>	
		343,589		930,588	
Creditors: Amounts falling due within one year (including convertible debt)					
	16	<u>(653,445)</u>		<u>(595,943)</u>	
Net Current (Liabilities)/Assets					
			<u>(309,856)</u>		<u>334,645</u>
Total Assets less Current Liabilities					
			2,148,993		3,468,266
Creditors: Amounts falling due after more than one year (including convertible debt)					
	17		<u>(782,349)</u>		<u>(575,183)</u>
Net Assets					
			<u>1,366,644</u>		<u>2,893,083</u>
Capital and Reserves					
Called up share capital	18		3,152,140		2,755,000
Share premium account	18		3,958,182		3,891,109
Profit and loss account	18		<u>(5,743,678)</u>		<u>(3,753,026)</u>
Equity Shareholders' Funds					
	18		<u>1,366,644</u>		<u>2,893,083</u>

The financial statements were approved by the board on 25 July 2003 and signed on its behalf by:

J A Pickles Director

K P Scott Director

Intellexis plc

Statement of Total Recognised Gains and Losses For the year ended 31st March 2003

	Note	Year ended 31.3.2003 £	Six months ended 31.3.2002 £
Loss for the financial year		(2,039,456)	(1,815,556)
Currency translation differences on foreign currency net investments		7,526	-
Total gains and losses recognised in the period		<u>(2,031,930)</u>	<u>(1,815,556)</u>

Intellexis plc

Consolidated Cash Flow Statement For the year ended 31st March 2003

	Note	Year ended 31.3.2003 £	Year ended 31.3.2003 £	Six months ended 31.3.2002 £	Six months ended 31.3.2002 £
Net Cash Outflow from Operating Activities and Exceptional Items	(i)		(885,470)		(2,264,179)
Returns on Investments and Servicing of Finance					
Interest received		4,855		12,922	
Interest paid		<u>(47,240)</u>		<u>(34,724)</u>	
Net Cash Outflow for Returns on Investments and Servicing of Finance			(42,385)		(21,802)
Capital Expenditure and Financial Investment					
Payments to acquire intangible fixed assets		(49,500)		(115,976)	
Payments to acquire tangible fixed assets		(31,989)		(43,185)	
Sale of tangible fixed assets		12,878			
Payments to acquire investments		<u>(140,500)</u>		<u>-</u>	
Net Cash Outflow for Capital Expenditure			(209,111)		(159,161)
Acquisitions and Disposals					
Net overdrafts acquired with subsidiary		<u>-</u>		<u>(12,825)</u>	
Net Cash Outflow for Acquisitions and Disposals			<u>-</u>		<u>(12,825)</u>
Cash Outflow before Financing			(1,136,966)		(2,457,967)
Financing					
Issue of ordinary share capital		468,640		2,408,060	
Expenses paid in connection with share issues		(4,427)		-	
Debt due within a year		(8,334)		(33,333)	
Debt due after one year		276,250			
Capital element of finance lease rental payments		<u>(57,199)</u>		<u>(18,419)</u>	
Net Cash Inflow from Financing			<u>674,930</u>		<u>2,356,308</u>
Decrease in Cash	(ii)		<u>(462,036)</u>		<u>(101,659)</u>

Intellexis plc

Notes to the Consolidated Cash Flow Statement For the year ended 31st March 2003

(i) Reconciliation of Operating Loss to Net Cash Outflow from Operating Activities	Year ended 31.3.2003	Six months ended 31.3.2002		
	£	£		
Operating loss	(1,798,489)	(1,693,382)		
Loss on disposal of fixed assets	6,944	-		
Depreciation	73,265	39,550		
Amortisation of goodwill	903,609	594,623		
Decrease in stocks	12,973	53,587		
Decrease in debtors	23,094	12,448		
Increase/(Decrease) in creditors	91,716	(1,170,633)		
	<u> </u>	<u> </u>		
Net cash outflow from operating activities	(686,888)	(2,163,807)		
Net cash outflow in respect of reorganisation costs (Note (iv))	(198,582)	(100,372)		
	<u> </u>	<u> </u>		
Net cash outflow from operating activities and exceptional items	<u>(885,470)</u>	<u>(2,264,179)</u>		
(ii) Reconciliation of Net Cash Flow to Movement in Net Debt (Note (iii))				
Decrease in cash in the year	(462,036)	(101,659)		
Cash (outflow)/inflow from increase in debt and lease financing	(210,717)	51,752		
	<u> </u>	<u> </u>		
Change in net debt resulting from cash flows	(672,753)	(49,907)		
Change in finance leases	49,191	(68,644)		
	<u> </u>	<u> </u>		
Movement in net debt in the year	(623,562)	(118,551)		
Net (debt)/funds at 1st April 2002	(70,132)	48,419		
	<u> </u>	<u> </u>		
Net debt at 31st March 2003	<u>(693,694)</u>	<u>(70,132)</u>		
(iii) Analysis of Changes in Net Debt				
	At 1st April 2002	Cash Flow	Other Non-Cash Changes	At 31st March 2003
	£	£	£	£
Cash at bank and in hand	646,221	(462,633)		183,588
Overdrafts	(597)	597		-
	<u> </u>	<u> </u>		<u> </u>
	645,624	(462,036)		183,588
Debt due within one year	(66,667)	8,334		(58,333)
Debt due after one year	(500,000)	(276,250)		(776,250)
Finance leases	(149,089)	57,199	49,191	(42,699)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	(715,756)	(210,717)	49,191	(877,282)
Net debt	<u>(70,132)</u>	<u>(672,753)</u>	<u>49,191</u>	<u>(693,694)</u>

Intellexis plc

Notes to the Consolidated Cash Flow Statement For the year ended 31st March 2003 (Continued)

(iv) Cash Flow Relating to Exceptional Items

The operating cash outflows include an outflow of £198,582, which relates to the reorganisation costs of the group as disclosed in note 4 to the accounts.

(v) Major Non-Cash Transactions

During the year the group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £nil (2002 - £68,644).

The movement of £49,191 shown under Other Non-Cash Changes in note (iii) above relates to the re-assignment of a finance liability to D C Gardner disclosed under note 17 - Related Party Transactions.

Intellexis plc

Notes to the Financial Statements For the year ended 31st March 2003

1 Accounting Policies

Accounting Convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Going Concern

During the year the company successfully raised additional funds and restructured the repayment of existing liabilities. This was combined with a concerted effort to reduce overheads. With this, and after making enquiries in respect of the budgets and results post year end, the directors are satisfied that the company has sufficient working capital to enable the company to continue operations for the foreseeable future.

Basis of Consolidation

The group financial statements incorporate a consolidation of the financial statements of the company and its subsidiary undertakings. The results of subsidiary undertakings acquired during a financial year are included in the consolidated financial statements using acquisition accounting from the effective date of acquisition.

Turnover

Turnover represents the invoiced value of goods sold and services provided net of value added tax. Amounts invoiced in advance are treated as deferred income until the service is provided.

Goodwill

Goodwill is determined by comparing the amount paid on the acquisition of a subsidiary or associated undertaking and the group's share of the aggregate fair value of its separable net assets. Goodwill is capitalised and amortised over a period of 20 years. The directors review the need for impairment and provide for diminution in accordance with applicable accounting standards.

Research and Development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure has historically been capitalised where the directors are satisfied as to the technical, commercial and financial viability of individual projects, the remainder being written off in the same year in which it is incurred. This year, after a detailed review, the directors have taken the decision to fully amortise the balance of capitalised development costs due to the difficulty in identifying and separating attributable future revenue streams in respect of these projects.

Depreciation

Depreciation on fixed 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:

Motor vehicles – 4 years

Fixtures, fittings and equipment – 4 years

Computer equipment – 3 years

Fixed Asset Investments

Investments in subsidiary companies are included at cost in the accounts of the company less any amount written off in respect of any permanent diminution in value.

Stock

Stock is valued at the lower of cost and net realisable value.

Deferred Taxation

Full provision is made for deferred tax in respect of the taxation effects of all timing differences, calculated at the rate at which it is estimated that tax will be payable.

Leasing and Hire Purchase Commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period. All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Intellexis plc

Notes to the Financial Statements For the year ended 31st March 2003 (continued)

1 Accounting Policies (continued)

Foreign Currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. The financial statements of the foreign subsidiary are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising from the retranslation of opening net assets in the subsidiary is taken directly to reserves.

Defined Contribution Pension Scheme

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

2 Turnover

Turnover is attributable to the one principal activity of the group.

	Year ended 31.3.2003	6 Months ended 31.3.2002
	£	£
Geographical analysis:		
United Kingdom	837,137	170,544
Rest of Europe	248,672	78,670
North America	289,744	-
Other	2,270	6,165
	<u>1,377,823</u>	<u>255,379</u>

3 Operating Loss

	Year ended 31.3.2003	6 Months ended 31.3.2002
	£	£
Operating loss is stated after charging:		
Amortisation	903,609	594,623
Depreciation	60,700	21,812
Depreciation on assets held under finance leases	12,565	17,738
Auditors' remuneration	13,619	10,750
Auditors' remuneration from non-audit work	23,217	23,529
Operating lease rentals - land and buildings	<u>109,642</u>	<u>84,084</u>

4 Exceptional Items: Reorganisation Costs

The exceptional item relates to costs incurred in a fundamental reorganisation of the group's continuing operations.

5 Interest Receivable and Similar Income

	Year ended 31.3.2003	6 Months ended 31.3.2002
	£	£
Bank interest	<u>4,855</u>	<u>12,922</u>

Intellexis plc

Notes to the Financial Statements For the year ended 31st March 2003 (continued)

6 Interest Payable and Similar Charges	Year ended 31.3.2003 £	6 Months ended 31.3.2002 £
On bank loans and overdrafts	5,939	-
On other loans	37,325	29,607
Hire purchase interest	3,976	5,117
	<u>47,240</u>	<u>34,724</u>

7 Employees

Number of employees

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

	31.3.2003 Number	31.3.2002 Number
Production	4	3
Office and management	7	6
Development	2	8
Sales and marketing	12	17
	<u>25</u>	<u>34</u>

Their total remuneration was:

Employment costs

	Year ended 31.3.2003 £	6 Months ended 31.3.2002 £
Wages and salaries	1,063,769	550,058
Social security costs	101,499	54,881
Other pension costs	81,779	14,191
	<u>1,247,047</u>	<u>619,130</u>

Directors' Emoluments

	£	£
Remuneration and other emoluments	311,479	145,595
Pension contributions	25,187	1,488
Compensation for loss of office	24,099	25,000
Sums paid to third parties	22,457	103,040
	<u>383,222</u>	<u>275,123</u>

Highest paid director

	£	£
	<u>127,600</u>	<u>68,500</u>

Number of directors to whom retirement benefits are accruing under a money purchase scheme

	Number	Number
	<u>3</u>	<u>1</u>

The services of D C Gardner, M S Vickers, and D J Boddy were provided through Pembroke Consulting Limited, Burleigh Financial Consulting, and Business Media Holdings Limited respectively. Included within sums paid to third parties is an amount of £3,040 paid to D J Boddy for consultancy services.

Intellexis plc

Notes to the Financial Statements For the year ended 31st March 2003 (continued)

8 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 and amounted to £23,465 (2002 - £14,191).

9 Taxation

	Year ended 31.3.2003	6 Months ended 31.3.2002
Current Tax Charge	<u>-</u>	<u>-</u>
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation.	<u>(2,039,456)</u>	<u>(1,815,556)</u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2002:30%)	(611,837)	(544,667)
Effects of:		
Non deductible expenses	41,447	348,065
Depreciation and amortisation	293,062	190,252
Capital Allowances	(23,769)	(10,157)
Tax losses carried forward	<u>301,096</u>	<u>16,507</u>
	<u>611,837</u>	<u>544,667</u>
Current tax charge	<u>-</u>	<u>-</u>

Unrelieved tax losses of £ 4,291,700 remain available to offset against future taxable trading profits.

10 Loss per Share

The calculation of earnings per share is based on the loss for the period after tax of £2,039,456 (2002 - £1,815,556) and on the weighted average number of shares in issue during the period of 2,875,487,157 (2002 - 1,924,230,769).

The calculation of fully diluted loss per share includes the conversion of shares under the Convertible Loan Stock agreement entered into on 9 December 2002. This is based on the loss for the period, after adjustments, of £2,039,456 (2002 - no dilution) and on a weighted average number of shares, including the conversion, of 2,881,624,143 (2002 - no dilution).

Intellexis plc

Notes to the Financial Statements For the year ended 31st March 2003 (continued)

11 Intangible Fixed Assets

Group	Development		Total
	Costs	Goodwill	
Cost	£	£	£
At 1st April 2002	796,890	3,478,903	4,275,793
Additions	<u>49,500</u>	<u>-</u>	<u>49,500</u>
At 31st March 2003	<u>846,390</u>	<u>3,478,903</u>	<u>4,325,293</u>
Amortisation			
At 1st April 2002	88,699	597,028	685,727
Charge for the year	<u>757,691</u>	<u>145,918</u>	<u>903,609</u>
At 31st March 2003	<u>846,390</u>	<u>742,946</u>	<u>1,589,336</u>
Net Book Value			
At 31st March 2003	<u>-</u>	<u>2,735,957</u>	<u>2,735,957</u>
At 31st March 2002	<u>708,191</u>	<u>2,881,875</u>	<u>3,590,066</u>
Company	Development		Total
Cost	Costs	Goodwill	£
At 1st April 2002	796,890	560,548	1,357,438
Additions	<u>49,500</u>	<u>-</u>	<u>49,500</u>
At 31st March 2003	<u>846,390</u>	<u>560,548</u>	<u>1,406,938</u>
Amortisation			
At 1st April 2002	88,699	560,548	649,247
Charge for the year	<u>757,691</u>	<u>-</u>	<u>757,691</u>
At 31st March 2003	<u>846,390</u>	<u>560,548</u>	<u>1,406,938</u>
Net Book Value			
At 31st March 2003	<u>-</u>	<u>-</u>	<u>-</u>
At 31st March 2002	<u>708,191</u>	<u>-</u>	<u>708,191</u>

This year, after a detailed review, the directors have taken the decision to fully amortise the balance of capitalised development costs due to the difficulty in identifying and separating attributable future revenue streams in respect of these projects.

Intellexis plc

Notes to the Financial Statements For the year ended 31st March 2003 (continued)

12 Tangible Fixed Assets

Group	Fixtures, Fittings and Equipment	Computer Equipment	Motor Vehicles	Total
	£	£	£	£
At 1st April 2002	33,140	143,132	85,144	261,416
Additions	10,239	21,750	-	31,989
Disposals	-	(249)	(85,144)	(85,393)
At 31st March 2003	<u>43,379</u>	<u>164,633</u>	<u>-</u>	<u>208,012</u>
Depreciation				
At 1st April 2002	7,302	63,957	11,455	82,714
Charge for the year	11,144	57,267	4,854	73,265
Eliminated on Disposal	-	-	(16,309)	(16,309)
At 31st March 2003	<u>18,446</u>	<u>121,224</u>	<u>-</u>	<u>139,670</u>
Net Book Value				
At 31st March 2003	<u>24,933</u>	<u>43,409</u>	<u>-</u>	<u>68,342</u>
At 31 March 2002	<u>25,838</u>	<u>79,175</u>	<u>73,689</u>	<u>178,702</u>

Company	Fixtures, Fittings and Equipment	Computer Equipment	Motor Vehicles	Total
	£	£	£	£
At 1st April 2002	33,140	139,555	85,144	257,839
Additions	10,240	22,289	-	32,529
Disposals	-	-	(85,144)	(85,144)
At 31st March 2003	<u>43,380</u>	<u>161,844</u>	<u>-</u>	<u>205,224</u>
Depreciation				
At 1st April 2002	7,302	63,659	11,455	82,416
Charge for the year	11,144	54,777	4,854	70,775
Eliminated on Disposal	-	-	(16,309)	(16,309)
At 31st March 2003	<u>18,446</u>	<u>118,436</u>	<u>-</u>	<u>136,882</u>
Net Book Value				
At 31st March 2003	<u>24,934</u>	<u>43,408</u>	<u>-</u>	<u>68,342</u>
At 31st March 2002	<u>25,838</u>	<u>75,896</u>	<u>73,689</u>	<u>175,423</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	2003 Net Book Value	2003 Depreciation Charge	2002 Net Book Value	2002 Depreciation Charge
	£	£	£	£
Computer equipment	6,283	12,565	18,848	6,283
Motor vehicles	-	-	73,689	11,455
	<u>6,283</u>	<u>12,565</u>	<u>92,537</u>	<u>17,738</u>

Intellexis plc

Notes to the Financial Statements For the year ended 31st March 2003 (continued)

13 Investments

	Group		Company	
	31.3.2003	31.3.2002	31.3.2003	31.3.2002
<i>Own shares held for investment purposes: At cost</i>	£	£	£	£
At 1st April 2002	-	-	-	-
Acquired during the year	140,500	-	140,500	-
At 31st March 2003	140,500	-	140,500	-

The above relates to the investment in a Medium Term Incentive Plan which is administered by Investec Trust Guernsey Ltd. The shares are held in trust under the Plan and represent 4.5% of the total called up share capital. These shares become payable to K P Scott on achievement of certain performance criteria.

	Group		Company	
	31.3.2003	31.3.2002	31.3.2003	31.3.2002
<i>Shares in Group Undertakings: At cost</i>	£	£	£	£
At 1st April 2002	-	-	2,250,007	-
Acquired during year	-	-	-	2,250,007
At 31st March 2003	-	-	2,250,007	2,250,007
Investments at 31st March 2003	140,500	-	2,390,507	2,250,007

The company has the following subsidiary undertakings:

<i>Name</i>	<i>Principal Activity</i>	<i>Holding</i>	<i>Registered</i>
Intellexis International Limited	Non-trading	100%	England & Wales
Intellexis International Incorporated	Computer software	100%	United States
Time2Learn Incorporated	Non-trading	100%	United States

These companies have prepared accounts to 31st March 2003.

14 Stocks

	Group		Company	
	31.3.2003	31.3.2002	31.3.2003	31.3.2002
	£	£	£	£
Work in progress	-	1,667	-	1,667
Finished goods and goods for resale	-	11,306	-	11,306
	-	12,973	-	12,973

Intellexis plc

Notes to the Financial Statements For the year ended 31st March 2003 (continued)

15 Debtors	Group		Company	
	31.3.2003	31.3.2002	31.3.2003	31.3.2002
	£	£	£	£
Trade debtors	96,728	81,424	96,728	81,280
Amounts owed by Group Undertakings	-	-	-	95,946
Other debtors	19,213	39,678	19,213	39,677
Prepayments and accrued income	44,060	54,397	44,060	54,397
	<u>160,001</u>	<u>175,499</u>	<u>160,001</u>	<u>271,300</u>

16 Creditors: Amounts falling due within one year	Group		Company	
	31.3.2003	31.3.2002	31.3.2003	31.3.2002
	£	£	£	£
Bank loans and overdraft	25,000	597	25,000	597
Convertible loan stock	33,333	66,667	33,333	66,667
Trade creditors	229,638	256,385	229,638	256,385
Other taxes and social security costs	31,496	44,036	31,496	43,968
Other creditors	1,289	18,979	1,289	18,979
Net obligations under finance leases and hire purchase contracts	36,599	73,906	36,599	73,906
Accruals and deferred income	296,090	147,397	296,090	135,441
	<u>653,445</u>	<u>607,967</u>	<u>653,445</u>	<u>595,943</u>

The first tranche of Convertible Loan Stock is redeemable at par by eighteen six monthly instalments of £33,333 which commenced on the 1st January 2002, and bears interest at 6% per annum. During the year it was agreed that the company would benefit from a capital repayment holiday of 18 months, thus extending the maturity date of the loan. It was also agreed that interest payments due for the period 1 January 2003 to 31 December 2003 would be deferred until 31 December 2003.

The stock is convertible into ordinary shares at the option of the holder, only in the event of an offer being made to purchase all of the issued ordinary shares, or if the company becomes listed on a recognised Stock Exchange. The rate of conversion shall be one share for each unit of unredeemed stock to the value of 80% of the amount offered per share, or in the event of a listing, one share per unredeemed unit of stock to the value of 80% of the mid-market value on the actual date of conversion.

The second tranche of Convertible Loan Stock, issued on 9 December 2002, is repayable in 5 years (on 10 December 2007), or earlier subject to mutual agreement between the Company and the Lender. The loan is interest free and unsecured. The stock is convertible at either the Lender's or the Company's option to be converted into 20,000,000 new ordinary shares of 0.1 pence.

Intellexis plc

Notes to the Financial Statements For the year ended 31st March 2003 (continued)

17 Creditors: Amounts falling due after more than one year	Group		Company	
	31.3.2003	30.9.2002	31.3.2003	30.9.2002
	£	£	£	£
Convertible loan stock (note 16)	553,333	500,000	553,333	500,000
Net obligations under finance leases and hire purchase contracts	6,100	75,183	6,100	75,183
HSBC loan	222,916	-	222,916	-
	<u>782,349</u>	<u>575,183</u>	<u>782,349</u>	<u>575,183</u>
Loans				
Repayable in one year or less, or on demand (note 16)	58,333	66,667	58,333	66,667
Repayable between one and two years	91,667	66,667	91,667	66,667
Repayable between two and five years	275,000	200,000	275,000	200,000
Repayable in five years or more	409,583	233,333	409,583	233,333
	<u>834,583</u>	<u>566,667</u>	<u>834,583</u>	<u>566,667</u>
Net obligations under finance leases and hire purchase contracts				
Repayable within one year	36,599	73,906	36,599	73,906
Repayable between one and five years	6,100	75,183	6,100	75,183
	<u>42,699</u>	<u>149,089</u>	<u>42,699</u>	<u>149,089</u>

The loan and overdraft facility are secured by a Debenture granted by Intellexis Plc in favour of HSBC Bank Plc dated 9 December 2002, which includes a Fixed Equitable Charge over all present and future freehold and leasehold property; First Fixed Charge over among other things, book and other debts, chattels and goodwill, both present and future; and First Floating Charge over all assets and undertaking both present and future to be given by Intellexis Plc.

18 Shareholders' Funds	31.3.2003	30.9.2002
	£	£
(a) Company share capital		
Authorised equity:		
Ordinary shares of 0.1 pence each	<u>4,500,000</u>	<u>4,500,000</u>
Allotted, called up and fully paid equity:		
Ordinary shares of 0.1 pence each	<u>3,152,140</u>	<u>2,755,000</u>

On 12 April 2002 55,000,000 ordinary shares of 0.1 pence each were issued at a premium of 0.13 pence per share.

On 13 December 2002 201,640,480 ordinary shares were issued at par.

On 14 March 2003 140,500,000 ordinary shares were issued at par. (see note 13)

Intellexis plc

Notes to the Financial Statements For the year ended 31st March 2003 (continued)

18 Shareholders' Funds (continued)

(b) *Share options and warrants*

At 31st March 2003, the following share options over ordinary shares of the company had been granted:

Date of Grant	Number of Shares	Exercise Price	Expiry Date
7th January 2002	8,500,000	0.25p	7th January 2012
30th September 2002	140,500,000	0.11p	30th September 2012
9th December 2002	96,000,000	0.11p	9th December 2012
7th January 2003	15,000,000	0.11p	7th January 2013

All share options are exercisable after two years from the date of the grant. Details of directors' share options can be found in the Directors' Report.

(c) *Movements on capital and reserves - group*

	Called Up Share Capital	Share Premium Account	Profit and Loss Account	Total
	£	£	£	£
Balance at 1st April 2002	2,755,000	3,891,109	(3,225,798)	3,420,311
Loss for the year			(2,039,456)	(2,039,456)
Currency translation differences on foreign currency net investments			7,526	7,526
Premium on issue of shares		67,073		67,073
Issue of shares	397,140			397,140
Balance at 31st March 2003	<u>3,152,140</u>	<u>3,958,182</u>	<u>(5,257,728)</u>	<u>1,852,594</u>

(d) *Movements on capital and reserves - company*

	Called Up Share Capital	Share Premium Account	Profit and Loss Account	Total
	£	£	£	£
Balance at 1st April 2002	2,755,000	3,891,109	(3,753,026)	2,893,083
Loss for the year			(1,990,652)	(1,990,652)
Premium on issue of shares		67,073		67,073
Issue of shares	397,140			397,140
Balance at 31st March 2003	<u>3,152,140</u>	<u>3,958,182</u>	<u>(5,743,678)</u>	<u>1,366,644</u>

Intellexis plc

Notes to the Financial Statements For the year ended 31st March 2003 (continued)

19 Related Party Transactions

During the year a car was sold to D C Gardner for a sum equivalent to the finance liability outstanding at the date of the purchase (being £49,191). In addition, a car was sold to P H Palmarozza for a sum of £12,700.

At the balance sheet date there was an amount due to P H Palmarozza, a director of the company, of £20,000 in respect of Convertible Loan Stock. This loan is provided on an interest free basis. Further details are given in note 16.

The short term loan advance made by P H Palmarozza shown as outstanding as at the last balance sheet date (£11,000) was repaid during the year.

The following transactions with Park Row Group PLC occurred during the year:

Fees were paid to Park Row Group PLC in respect of the services of their employee of £8,500 (2002 - £8,500).

Total payments in respect of rental paid to Park Row Group PLC amounted to £31,948. (2002 - £100,000).

Interest paid on the convertible loan stock amounted to £28,332 (2002 - £14,166). A sum of £8,500 is included under Accruals in note 16.

Other transactions not exceeding £7,700 net took place between Park Row Group PLC and Intellexis PLC.

20 Ultimate Parent Undertaking and Controlling Interest

There is no ultimate controlling party.

21 Financial Instruments

All assets and liabilities are denominated in Sterling.

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

It is, and has been throughout the period under review, the group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the group's financial instruments are interest rate risk and liquidity risk. The board reviews and agrees positions for the management of these risks and they are summarised below.

Interest Rate Risk

The following analysis excludes debtors and creditors falling due within one year, other than cash at bank, short term deposits or borrowings.

At 31st March 2003 the interest rate profile of the group's financial assets and liabilities was as follows:

	Floating Interest Rates	Fixed Interest Rates	Total
	£	£	£
Financial assets			
Cash at bank deposits denominated in Sterling	-	130,000	130,000

Intellexis plc

Notes to the Financial Statements For the year ended 31st March 2003 (continued)

21 Financial Instruments (continued)	0% Interest Rates £	Floating Interest Rates £	Fixed Interest Rates £	Total £
Financial liabilities				
Bank overdraft denominated in Sterling	-	-	-	-
Bank loan denominated in Sterling	-	247,916	-	247,916
Convertible loan stock denominated in Sterling	20,000	-	566,667	586,667
Finance leases and hire purchase contracts	-	-	42,699	42,699
	<u>20,000</u>	<u>247,916</u>	<u>609,366</u>	<u>877,282</u>

Surplus cash and bank deposits are held on overnight or short term (less than 90 days) deposit at fixed interest rates of 2.2%- 3.0%. Operating cash balances are maintained at a minimum and attract no interest. The Convertible Loan Stock has a fixed interest rate of 6% (£566,667) and 0% (£20,000). The bank loan and overdraft has an interest rate of 2% above HSBC Bank Plc base rate.

The group finances its operations primarily through a mixture of cash raised through issues of shares and borrowings with various items of computer equipment purchased through finance leases. Details of finance leases are in notes 16 and 17.

Liquidity risk

The group's policy is to ensure that sufficient long term cash resources are available to finance the group's requirements for the foreseeable future. It is the directors' opinion that sufficient long-term cash is held by the group at the year end.

Fair value of assets and liabilities

There is no material difference between the fair value of the group's financial statements assets and liabilities and their book value as shown in the financial statements.

Borrowing facilities

During the year an overdraft facility was agreed with HSBC Bank Plc for a limit of £50,000.

In addition, a Small Firms Loan Guarantee Scheme loan of £250,000, over a term of 10 years, was agreed and drawn down.

22 Operating Leases

At 31st March 2003 the group had annual commitments under operating leases as set out below:

	Land and Buildings 31.3.2003 £	Land and Buildings 31.3.2002 £
Leases which expire: in second to fifth year	<u>76,079</u>	<u>92,079</u>

23 Loss for the Financial Year

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the company is not presented as part of these financial statements. The group loss for the financial year after taxation of £2,039,456 (2002 - £1,815,556) includes a loss of £1,990,652 (2002 - £2,342,784) which is dealt with in the financial statements of the company.

Intellexis plc

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Intellexis plc will be held at the offices of Teather & Greenwood, Beaufort House 15 St Botolph Street, London EC3A 7QR on 30 September 2003 at 10.00 am for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the report of the directors and the audited accounts for the financial year ended 31 March 2003.
2. To re-elect P H Palmarozza, who retires by rotation, as a director of the Company.
3. To re-elect D A Little, who was appointed on 1st October 2002, as a director of the Company.
4. To re-elect P R S Lever, who was appointed on 7th January 2003, as a director of the Company.
5. To re-elect J A Pickles, who was appointed on 24th March 2003, as a director of the Company.
6. To re-appoint Saffery Champness as auditors of the Company and to authorise the directors to fix their remuneration.
7. That the 4,500,000,000 ordinary shares of 0.1p each in the capital of the Company whether issued or unissued be consolidated into 4,500,000 ordinary shares of 100p each and that any fractional entitlement arising will be aggregated by the Company and sold for the benefit of the Company pursuant to Article 49 of the Company's Articles of Association.

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions as special resolutions;

8. That the Company, in order to facilitate electronic communication with shareholders where appropriate, adopt new Articles of Association in the form to be presented at the meeting and initialled for identification by the Chairman.
9. That the directors be and are hereby empowered, pursuant to section 95 of the Companies Act 1985 ("the Act"), to allot equity securities (as defined in section 94 of the Act) for cash as if section 89 (1) of the Act did not apply to any such allotment provided that this power shall be limited to:-
 - (a) the allotment of equity securities in connection with a rights issue or other pro rata offer in favour of holders of Ordinary Shares where the equity securities respectively attributable to the interests of all holders of Ordinary Shares are proportionate (as nearly as may be) to the respective numbers of equity securities held by them subject in each case to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with fractional entitlements arising or any legal or practical problems under the laws of any overseas territory or the requirements of any regulatory body or stock exchange;
 - (b) the allotment of equity securities pursuant to the terms of the Company's share option schemes and;
 - (c) the allotment (otherwise than pursuant to sub-paragraphs (a) and (b) above) of equity securities up to an aggregate nominal amount of £1,300,000.
and provided such power shall expire on whichever is the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling fifteen months from the date of the passing of this resolution except that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired and further provided that this power shall be in substitution for any previous power granted to the directors.

Registered Office

Lyric House
149 Hammersmith Road
London W14 0LQ

By order of the Board
David Little
Secretary

25 July 2003

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
2. A form of proxy is provided with this notice and instructions for its use shown on the form. To be valid, completed forms must be received at the office of the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours before the time fixed for the meeting. Deposit of the form of proxy will not prevent a member from attending the meeting and voting in person.
3. The following documents will be available for inspection during normal business hours on any weekday (public holidays excepted) at the registered office of the Company from the date of this notice until the date of the Meeting, and at the Meeting from 15 minutes prior to its commencement and until it ends:
 - (a) copies of Director's service contracts with the Company
 - (b) the Register of Directors' interests in the share capital of the Company.

Intellexis plc

Form of Proxy For Annual General Meeting

I/We _____ (NAME IN FULL – BLOCK CAPITALS, PLEASE)

of _____ being (a) member(s) of the above
named Company hereby appoint the Chairman of the Meeting or in place of him

_____ (NAME IN FULL – BLOCK CAPITALS, PLEASE)
as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 10.00am at the offices of Teather & Greenwood, Beaufort House 15 St Botolph Street, London EC3A 7QR on 30 September 2003 and at any adjournment thereof, on the following resolutions, as indicated by an “X” in the appropriate box and on any other resolutions as he or she thinks fit:

	For	Against
1. To receive and adopt the report of the directors and the audited accounts for the financial year ended 31 March 2003.		
2. To re-elect P H Palmarozza as a director of the Company.		
3. To re-elect D A Little as a director of the Company.		
4. To re-elect P R S Lever as a director of the Company.		
5. To re-elect J A Pickles as a director of the Company.		
6. To re-appoint Saffery Champness as auditors of the Company and to authorise the directors to fix their remuneration.		
7. That the ordinary shares of 0.1p in the capital of the Company be consolidated into 4,500,000 ordinary shares of 100p		
8. To adopt new Articles of Association in order to facilitate electronic communication		
9. To disapply the statutory pre-emption rights on certain equity issues for cash.		

Please indicate with an “X” in the appropriate box above how the proxy should vote and then sign in the space provided below. If no specific direction is given, the proxy may vote or abstain at his or her discretion.

Signed: _____ Dated: _____ 2003

Notes:

- i. To be valid this form must be completed and delivered to the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not later than 48 hours before the time of the Meeting or any adjournment thereof.
- ii. A proxy need not be a member of the Company.
- iii. In the case of a corporation, the form of proxy must be expressed to be executed by the corporation and must be executed under its legal seal or under the hand of its duly authorised officer or attorney or other person authorised to sign.
- iv. In the case of joint holders the vote of the senior holder tendering a vote will be accepted to the exclusion of the votes of the other joint holders. Seniority depends on the order in which the names stand in the register of members.
- v. Returning the form of proxy will not prevent you from attending the Meeting and voting in person.



Third fold and tuck in

BUSINESS REPLY SERVICE
Licence No. MB122



Capita Registrars
The Registry
34 Beckenham Road
BECKENHAM
Kent BR3 4BR

First fold

Second fold



Intellexis plc

Electronic Communication Shareholder Registration Form

Intellexis Plc is offering shareholders the facility for receiving notification of certain shareholder documents by e-mail, where the law allows. Please read the notes carefully and then tick the appropriate box indicating how you would prefer to receive all future notices of meetings and other shareholder documents and communications from the Company.

Please read the following notes before making your election:

1. It is the shareholder's responsibility to notify the Company of any change to their e-mail address (or other contact details).
2. The Company's obligation to effect the electronic communication to you would be satisfied when it transmits the notification of availability to the electronic address for you that it has on file. The Company cannot be held responsible for any failure in transmission beyond its control any more than it can for postal failures.
3. If the Company becomes aware that an electronic notification to you has not been successfully transmitted, two further attempts will be made. If the transmission fails again, a hard copy of the notification will be mailed to you at your last known postal address.
4. The Company will continue to use the election and relevant contact address details supplied by you until such time as the Company receives alternative instructions from you.
5. Before electing for electronic communications shareholders should ensure that they have the appropriate equipment and computer capabilities sufficient for that purpose.
6. The Company takes all reasonable precautions to ensure that no viruses are present in any communication it sends out but the Company cannot accept responsibility for loss or damage arising from the opening or use of any e-mail or attachments from the Company and recommend that shareholders subject all messages to virus checking procedures prior to use. Any electronic communication received by the Company, including the lodgement of an electronic proxy form, that is found to contain any virus will not be accepted.

(tear here)

To the Directors of Intellexis Plc and Capita Registrars

I _____
(Full Name)

of _____
(Address)

hereby request that future communications issued by Intellexis Plc be sent to me in electronic form, where possible, to the following E-Mail address:

I understand that I will receive a notification from the Company by e-mail (to the e-mail address indicated above) advising me that certain specified documents are being made available for viewing on the Company's website leaving me to access, read and retrieve the documents at my convenience.

Signed _____

Date _____

Post form back to:
Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU (ref: SSD-T2LN)

Alternatively, you may register your instructions on-line at: www.capitaregistrars.com

