



Introduction

Welcome to the first ILX Group shareholder newsletter. We hope through this medium we can open up the Group to its shareholders and let you know more about your business, the markets it serves and where we hope to take it in the coming years.

A great deal of change has taken place in the past year which, if we covered everything, would make this first newsletter far too bulky. We have therefore focused on some key areas and, over the next few issues will ensure you get a good overview of the business and its activities.

We plan to issue the newsletter on a regular basis. In every issue we will home in on some aspect of the Group's trading activities. This issue focuses on the markets for PRINCE2 and for ITIL, by far the most vibrant sectors we serve. Future editions will cover other markets, products and operational divisions. Over time it is hoped to provide you with a good overview of the Group's activities.

Our overall objective with these newsletters is to stimulate an increase in shareholder interest and enthusiasm for the ILX Group. In essence, we want you to take notice. We are no longer the loss making train wreck once associated with the old names Time2Learn and Intellexis plc. The ILX Group is now a vibrant and growing entity delivering value today and for the future.

We hope you take time to read this newsletter and I will be happy to receive feedback; the more constructive the better.

Enjoy the read.



Ken Scott
Chief Executive

ILX Group and its Operating Divisions

ILX Group plc (formerly Intellexis plc) has been listed on AIM since December 2001 and has over the past year grown rapidly, both organically and by acquisition. Today it is a vibrant education and training company specialising in Computer Based Training (CBT), e-Learning software and classroom training. The company trades through four divisions:

Key Skills division is a leader in the design and delivery of multimedia based interactive Project and IT Service management training courseware, used by over 2,000 companies worldwide. Key Skills offers fully accredited PRINCE2, Project Management and ITIL training delivered entirely via CD-ROM or the internet.

Mindscope offers a wide range of project and programme management classroom training solutions, which lead to nationally recognised qualifications. PRINCE2 classroom training is one of its specialisations and it will soon be launching an ITIL programme.

Intellexis is a specialist provider of financial and business skills learning solutions, delivered using accredited e-learning and classroom based courses. It has over 16 years' experience in improving the financial understanding of more than 100,000 individuals worldwide.

Computa-Friendly provides classroom training and consultancy in a number of IT related subjects, and PRINCE2. It has also developed a suite of e-learning products on subjects such as Data Protection, Freedom of Information, E-mail and Internet Best Practice, and IT/Information Systems Security.



Quarterly Focus – PRINCE2 and ITIL at a glance

These two markets represent the core activities for Key Skills and Mindscope and by a long way, the most vibrant and fast growing markets within which we operate. However, both are little known outside of their professional arenas, yet they are each large in their own right. Below is a thumbnail sketch of what each represents.

PRINCE2

PRINCE stands for Projects In Controlled Environments and was originally a method for running IT projects, adopted as a UK government standard for IT project management. In 1996, PRINCE2 was launched to a far wider audience with a view to creating one standard for the universe of project management activities.

The methodology brings with it official recognition in the form of accreditation which means every individual or organisation that wants to practice in a real PRINCE2 project management environment must first have qualified or have qualified personnel under the PRINCE2 banner. It is nowadays used extensively in both private and public sectors and is now the UK's de facto standard for project management.

Apart from the UK market, PRINCE2 has also been widely adopted in the rest of Europe, the Far East and in Australasia. According to the accrediting agency, the market for PRINCE2 training, examination and consultancy support is worth over £100 million a year and is growing at a rate of between 10% and 30% per annum.

ITIL

The ITIL (Information Technology Infrastructure Library) methodology is designed to help organisations run their IT services more efficiently and effectively.

Like PRINCE2, it was developed as a UK government standard originally for the public sector but it has now been adopted globally. Also like PRINCE2, the subject is accredited. The methodology covers seven topics including service support, service delivery, managing IT infrastructure and security.

Although the market for ITIL is far less easy to pin down than that for PRINCE2 (for a start there are two separate accreditation agencies), it is considered by all informed opinion to be considerably larger than its cousin and in recent years, growing at a sustained faster rate. In addition to all the developed markets that have accepted PRINCE2, ITIL has also been widely accepted in the USA and in Canada.

Client Case Studies

In each newsletter we will provide an insight into how one or more of the ILX Group customers had their needs fulfilled through our products and services. In this first edition, we focus on two clients from Intellexis and two from Key Skills.

Financial Training to support growth at global chemicals company

Ciba Specialty Chemicals, a leading global chemical manufacturer, launched a strategic initiative last autumn to ensure that its 2,500 key business managers develop a broad financial understanding as the basis to achieving sustainable profitable growth. Ciba approached Intellexis and was particularly interested in its tools for identifying individual knowledge gaps as the foundation for focused training.

"We used our well heeled process," said David Willis, MD of Intellexis. "This included an initial online financial skills gap analysis from which we produced individual learning plans for each manager and a full skills gap summary for Ciba.

The learning plan also included courses covering basic finance, ratio analysis, costing, project appraisal, shareholder value and working capital management, which Intellexis customised to match Ciba-specific internal speak."

The principal contact at Ciba was Jürgen Kühl, Global Head of People Development. He said, "We believe financial goals such as cash generation, profitability and price management are key to business success." He went on, "It is essential therefore that managers have a sound understanding of how these goals impact business performance and how they can contribute to achieving them. We chose Intellexis because of its internationally recognised experience in e-learning and its ability to provide excellent customisation focused on our specific business need and market environment."

The strategic financial goals were reinforced using the innovative Intellexis game simulation programme 'Cash Flow Challenge' which was customised to include additional Ciba-specific scenarios.

Ciba took a strong view on the necessity for managers to have this knowledge. "It definitely is not a voluntary thing," said Michael Jacobi, CFO. "We started the programme with a letter from the CEO and from me explaining what has to be done. We also stated that this type of education is now a prerequisite to reach certain levels of management."

The approach taken resulted in uptake across 28 countries in excess of 90% within 6 weeks of project launch.

Intellexis helps plastics company raise awareness of return on capital employed

Borealis, headquartered in Copenhagen, is a global supplier of plastics solutions. It has recently launched a world wide initiative to improve business acumen among employees using a financial awareness programme from Intellexis. Driven by CFO Clive Watson, the initiative will help finance staff plus other employees make more informed financial decisions. The aim is to increase return on capital employed (ROCE), Borealis' primary business performance measure. The company estimates that using Intellexis e-learning to provide training to staff at any time, anywhere in the world will reduce training costs by 70 per cent.

"The initial audience is the finance population", said David Willis. "The CFO is determined to change their thinking from merely working with the financial figures to understanding the business decisions behind the data. This is being followed by selective roll-out to key non-finance managers." He added, "We were told Borealis reviewed many other e-learning companies, but Intellexis best understood their business issues."

Intellexis created and now hosts a Borealis Finance Academy site which is used to deliver FACT (the Intellexis skills assessment tool), finance courses and Cash Flow Challenge, each of which have been customised to include Borealis terminology and key Borealis messages. Intellexis is also managing the delivery of the service, assisted by its intelligent email campaign methodology.

Ciba Specialty Chemicals and Borealis join a raft of multinational organisations that also include Rolls-Royce, Nestlé and GKN, who now regard financial awareness development and training as an essential enabling factor within their business strategy.

"Increasingly, we are finding that initiatives such as the Borealis Finance Faculty are being sponsored by the CFO or indeed the CEO", added David Willis. "This indicates to us that more and more organisations realise that addressing the financial skills gap in business is no longer simply an HR training issue but a strategic one and essential to effective business performance."

Key Skills quotes Norwich Union happy with 100% pass rate!

Norwich Union became a Key Skills customer recently when the financial services company was going through a major reorganisation. An opportunity to be re-skilled was offered to leavers as part of the redundancy package. 635 staff chose PRINCE2 foundation training as a means of equipping themselves for their next jobs. Key Skills provided PRINCE2 computer based training to Norwich Union as a cost effective method to suit the purpose.

"We were told that they (the Norwich Union staff) identified PRINCE2 as the most sought after qualification in the employment market and specifically asked for the training" said Martyn Kinch, commercial director for ILX Group. "All 635 people who took the examination passed after going through our training. And you cannot do better than a 100% pass rate!"

PRINCE2 Training helps make UN Projects more effective

The United Nations Development Programme is the United Nation's global development network, advocating for change and connecting countries to knowledge, experience and resources to help people build a better life. World leaders have pledged to achieve the Millennium Development Goals, including the overarching goal of cutting poverty in half by 2015. UNDP's network links and coordinates global and national efforts to reach these Goals. Its focus is helping countries build and share solutions to the challenges of Democratic Governance, Poverty Reduction, Crisis Prevention and Recovery, Energy and Environment, HIV/AIDS. UNDP is on the ground in 166 countries and carries out a wide range of projects, which are time-bound and tackle specific development problems.

Recently PRINCE2 was adopted by UNDP in an attempt to make its projects more efficient, demonstrate clear results and to strengthen planning and implementation efforts. UNDP approached Key Skills and subsequently piloted PRINCE2 Foundation in six developing countries around the world. The results were successful and UNDP has now purchased a worldwide licence for PRINCE2 Foundation from Key Skills. The initial plan is to train between 1,500 and 2,000 people globally.

Recent News

18 May 2005, London – Mindscope lands largest contract win to date

Ahead of their financial results ILX Group announced that its most recent acquisition, Mindscope, had won a contract to supply over £250,000's worth of project management training products to a major UK telecommunications company, focusing on the PRINCE2 project management accreditation. This contract is Mindscope's largest single deal to date. Commenting on the deal, Ken Scott, CEO of ILX said, "This deal further underlines the momentum the Group is now experiencing, particularly in the high growth PRINCE2 and ITIL markets. ILX Group is now a dynamic, profitable business capable of generating future quality earnings."

13 June 2005, London – ILX Group announces strong Final Results and confident view for 2006

ILX Group announces a strong set of full year results with turnover up 144% to £3.9m and an operating profit before amortisation of £656,760 turning around from a loss of £29,381 the previous year. Cash generation from the company was also strong, with cash flow from continuing operating activities of £497,059 over the year.

Ken Scott, CEO, spoke of the continuing growth of the PRINCE2 market at c. 10-30% per annum as well as a new fast growing market in training products for the Information Technology Infrastructure Library (ITIL).

Summarising, Paul Lever, Chairman said, "Over this last year and the last six months in particular, the Company has gained considerable momentum. Organic growth has been strong and market share, in the growing PRINCE2 and ITIL markets, has been increased; two excellent businesses have been acquired and successfully integrated into the Group; the process of rationalising our activities and focus across the Company has continued; and most importantly, profits are now being delivered and cash generated." He added, "I believe the prospects for the Company over the coming years are very exciting."

Previous News headlines

18 May 2005	Mindscope wins + £0.25m training contract
13 April 2005	Positive Q4 trading update
6 April 2005	Director share purchases
25 January 2005	Director share purchases
24 January 2005	Positive Q3 trading update
13 December 2004	Acquisition of Mindscope for £1.27m
29 November 2004	Interim Results
4 October 2004	Acquisition of Compu-Friendly for £0.48m
26 August 2004	Director share purchase
23 August 2004	Director share purchase
20 August 2004	£0.39m share placing and debt reduction
28 July 2004	Positive Q1 trading update
27 July 2004	AGM
07 June 2004	Final Results
29 March 2004	Acquisition of Key Skills for £2.39m

To receive stock exchange announcements on ILX Group plc as they are released to the market please email info@ilxgroup.com with the words, "subscribe to ILX RNS announcements" in the subject line.

ILX Group plc – Shareholder Information

EPIC code:	ILX
Index membership:	FTSE AIM, Support Services – Education, business training & employment agencies
No. shares in issue:	8,973,920
Share price:	98p
Market cap:	£8.8 million
12 months Hi/Lo:	103.5p / 62.5p
End of financial year:	31 March

Financial Calendar

Interim Results:	November 2005
Preliminary Results:	June 2006
AGM:	July 2006

Share price listings

The share price for ILX Group plc is listed in the following newspapers:

- Financial Times
- The Times

It is also available by calling the Financial Times Cityline on 0906 003 5679. Calls are charged at a premium rate. The company receives no income from this service which is provided by a third party.

Directors' Shareholdings

Ordinary Shares of 10 pence each	At 14 June 2005
P R S Lever	46,600
K P Scott	96,570
J A Pickles	82,812
J H Davies	36,600

Significant Shareholders

Ordinary Shares of 10 pence each		Percentage
Kate Blackall	1,049,318	11.7
Park Row Group Plc	1,030,652	11.5
Marlborough Fund Managers Ltd	783,447	8.7
Barnard Nominees Ltd	623,330	6.9
Singer & Friedlander AIM 3 VCT	541,600	6.0
Giltspur Nominees Ltd	487,495	5.4
Paul and Judica Palmarozza	410,210	4.6
Investec Trust Guernsey Ltd	318,580	3.6
Martyn and Heather Kinch	311,204	3.5