

## INTELLEGO HOLDINGS PLC

### UNAUDITED INTERIM STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2006

#### CHAIRMAN'S STATEMENT

**I should like to thank all our shareholders for their support throughout the period.**

“Turnover in the period rose by over 32% to £416,379 (six months to 30 September 2005, £313,859), and featured several major new client wins.

The value and quality of our gross margin at 62% continued to be strong, for the sector, albeit not at the exceptional level of last year (2005: 72%).

The Group incurred pre-tax losses in the period of £316,848 (six months to 30 September 2005, pre-tax loss £179,915), in line with the Board's expectations, due in part to the exceptional asset write-offs described in note 1, which amounted to £123,903.

The Board has been concentrating on improving the financial performance of the business which over the six months shows significant improvement before adjustments for exceptional items. The Board is confident that with the work in progress and current prospect list this will continue to improve and the turnaround will be completed in the second half.

#### **Product update and new client wins**

Intellego now offers a range of products and services that are oriented towards the provision of complete turnkey content development, and managed learning implementation and hosting services.

Overall, we continue to see a shift away from departmental purchases of rapid e-Learning tools towards more complex company-wide deployments of integrated learning management systems. The Group has moved significantly up the value chain incorporating a greater proportion of value added services into its revenue mix. The business now has more sales and service delivery resource to support the growth of the Group in its expanding markets. Whilst this has increased our average order value and maintained a strong gross margin, it has extended the sales cycle and the proportion of revenue which has had to be treated as deferred.

The new business wins announced this year with leading players: Rightmove and Datography in property; Endsleigh, Travelex and Genworth Financial in financial services; Spirits Group in food & beverage; and Expotel in hotel reservations are examples of market leaders in their fields adopting Intellego solutions.

The E-learning market addressed by Intellego has two primary drivers: Regulatory Compliance and Workforce Performance Improvement. An ever increasing requirement throughout all organisations in the public, private and not-for-profit sectors, is an ability to train and develop staff and, moreover, to demonstrate that each individual has been provided with the required training and has achieved a given level of competence.

## **INTELLEGO HOLDINGS PLC**

### **The Group Update and Outlook**

Since the appointment of a full time Finance Director there has been real emphasis on improving the financial performance of the business. The first signs of this are the dedication of the salesforce in achieving the 32% increase in sales, whilst building a record prospect list to provide sales opportunities for the second half of the year. At the same time costs are being pro-actively controlled. The Board of Directors is confident that the results in the second half will reflect these changes.

As with many rapid growth markets, consolidation, mergers and acquisitions feature on the daily landscape and we are actively pursuing potential partners. In the meantime I am confident that we have the management team in place that will deliver continued organic growth.”

Mike Couzens  
Chairman  
27 October 2006

## INTELLEGO HOLDINGS PLC

Summarised Unaudited consolidated profit & loss account for Intellego Holdings Plc for the six months to 30<sup>th</sup> September 2006.

	Notes	Six months ended 30 September 2006 £	Six months ended 30 September 2005 £	Year ended 31 March 2006 £
<b>TURNOVER</b>		416,379	313,859	615,198
Cost of sales		(156,647)	(86,318)	(205,143)
<b>GROSS PROFIT</b>		259,732	227,541	410,055
Administrative expenses		(439,676)	(397,758)	(933,105)
Exceptional write offs	1	(123,903)	-	-
<b>Total administrative costs</b>		(563,579)	(397,758)	(933,105)
<b>OPERATING LOSS</b>		(303,847)	(170,217)	(523,050)
Interest receivable		179	277	315
Interest payable		(13,180)	(9,975)	(20,830)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(316,848)	(179,915)	(543,565)
Taxation		-	-	-
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		(316,848)	(179,915)	(543,565)
<b>LOSS PER SHARE – basic</b>	2	(0.60)p	(0.47)p	(1.34)p
<b>- fully diluted</b>	2	(0.58)p	(0.47)P	(1.15)p

All operations are continuing.

There are no recognised gains and losses other than those passing through the profit and loss account.

## INTELLEGO HOLDINGS PLC

### Unaudited consolidated balance sheet for Intellego Holdings Plc as at 30 September 2006

	30 September 2006 £	30 September 2005 £	Audited 31 March 2006 £
<b>Fixed Assets</b>			
Intangible assets	77,949	298,400	241,452
Tangible assets	103,290	81,022	118,379
Investments	-	-	-
	<u>181,239</u>	<u>379,422</u>	<u>359,831</u>
<b>Current Assets</b>			
Stock	9,714	5,500	19,428
Debtors: Amounts falling due within one year	515,325	530,874	579,484
Cash at bank and in hand	2,215	5,471	-
	<u>527,254</u>	<u>541,845</u>	<u>598,912</u>
<b>Creditors: amounts falling due within one Year</b>	(560,734)	(356,755)	(566,430)
<b>Net Current (Liabilities) /Assets</b>	<u>(33,480)</u>	<u>185,090</u>	<u>32,482</u>
<b>Total Assets Less Current Liabilities</b>	147,759	564,512	392,313
<b>Creditors: amounts falling due after more than one year</b>	(24,058)	(31,274)	(27,665)
	<u>123,701</u>	<u>533,238</u>	<u>364,648</u>
<b>Capital and Reserves</b>			
Called up share capital	292,800	196,000	235,500
Share premium account	934,426	496,645	762,226
Shares to be issued	-	263,620	153,599
Profit and loss account	(1,103,525)	(423,027)	(786,677)
Shareholders' funds – equity interests	<u>123,701</u>	<u>533,238</u>	<u>364,648</u>

## INTELLEGO HOLDINGS PLC

### Unaudited consolidated cash flow statement for Intellego Holdings Plc as at 30 September 2006.

	Notes	Six months ended 30 September 2006 £	Six months ended 30 September 2005 £	Audited Year ended 31 March 2006 £
Net cash outflow from operating activities	3	(263,090)	(194,636)	(439,098)
Returns on investments and servicing of finance				
Interest Received		179	277	325
Interest Paid		(13,180)	(9,975)	(20,830)
		<u>(13,001)</u>	<u>(9,698)</u>	<u>(20,515)</u>
Net Cash outflow from investments and servicing of finance.				
Capital expenditure and financial investment				
Purchase of tangible assets		(11,712)	(23,460)	(75,638)
Research and development expenditure				(57,021)
Purchase of investments			(15,585)	(15,085)
		<u>(11,712)</u>	<u>(39,045)</u>	<u>(147,744)</u>
Net cash outflow before management of liquid resources and financing		(287,803)	(243,379)	(607,357)
Financing				
Issue of shares		229,500	98,900	398,600
Principal repayments of loans		(3,607)	(5,303)	(8,910)
		<u>225,893</u>	<u>93,597</u>	<u>389,690</u>
Net cash inflow from financing				
Decrease in cash in the period/year	4	<u>(61,910)</u>	<u>(149,782)</u>	<u>(217,667)</u>

**INTELLEGO HOLDINGS PLC**

**NOTES ON THE UNAUDITED INTERIM FINANCIAL INFORMATION**

**1. Exceptional write offs**

	<b>Six months Ended 30 September 2006</b>	<b>Six months ended 30 September 2005</b>	<b>Audited Year ended 31 March 2006</b>
Long standing bad debts and prepayments written off	111,681	-	-
Fixed assets written off	12,221	-	-
	<u>123,902</u>	<u>-</u>	<u>-</u>

**2. Loss per Share**

The calculation of loss per share is in accordance with FRS22

	<b>Six months Ended 30 September 2006</b>	<b>Six months ended 30 September 2005</b>	<b>Audited Year ended 31 March 2006</b>
Loss per Share			
Basic	(0.60)p	(047)p	(1.34)p
Diluted	(0.58)p	(047)p	(1.15)p

	<b>Six months Ended 30 September 2006 £</b>	<b>Six months ended 30 September 2005 £</b>	<b>Audited Year ended 31 March 2006 £</b>
Loss for the period / year	<u>(316,848)</u>	<u>(179,915)</u>	<u>(543,565)</u>

	<b>Six months Ended 30 September 2006</b>	<b>Six months ended 30 September 2005</b>	<b>Audited Year ended 31 March 2006</b>
For basis earnings per share	52,830,000	38,118,032	40,625,000
For diluted earnings per share	54,242,000	38,118,032	47,307,588

## INTELLEGO HOLDINGS PLC

### NOTES ON THE UNAUDITED INTERIM FINANCIAL INFORMATION

#### 3. Net cash flow from operating activities

	<b>Six months ended 30 September 2006 £</b>	<b>Six months ended 30 September 2005 £</b>	<b>Audited Year ended 31 March 2006 £</b>
Operating loss	(303,847)	(170,217)	(523,050)
Depreciation of tangible assets	14,580	7,184	22,205
Amortisation of intangible assets	9,675	3,130	11,758
Loss on write off of assets	12,221	-	-
Decrease / (Increase) in stocks	9,714	(1,504)	(15,432)
Decrease / (Increase) in debtors	64,159	(105,174)	(153,784)
(Decrease) / Increase in creditors	(69,592)	71,945	219,205
<b>Net cash outflow from operating activities</b>	<u>(263,090)</u>	<u>(194,636)</u>	<u>(439,098)</u>

#### 4. Reconciliation of net cash flow to movement in net debt

	<b>Six months Ended 30 September 2006 £</b>	<b>Six months ended 30 September 2005 £</b>	<b>Audited Year ended 31 March 2006 £</b>
(Decrease) / increase in cash in the period	(61,910)	(149,782)	(217,667)
Cash outflow from decrease in debt and lease financing	3,607	5,303	8,910
Movement in net debt in the period	(58,303)	(144,479)	(208,757)
Net debt / (funds) at start of period	(97,293)	111,464	111,464
<b>Net debt at end of period</b>	<u>(155,596)</u>	<u>(33,015)</u>	<u>(97,293)</u>

## **INTELLEGO HOLDINGS PLC**

### **NOTES ON THE UNAUDITED INTERIM FINANCIAL INFORMATION**

#### **5. Basis of Preparation**

The accounting policies and presentation of figures in this preliminary announcement have been prepared on the same basis as set out in the consolidated financial statements for the year ended 31 March 2006. In particular, the directors have considered the implications of FRS 20 “ Share-based payment”, which is effective for accounting periods beginning on or after 1 January 2006, and have concluded that the implementation of this accounting standard has no material effect on the unaudited interim financial information.

The financial information set out in the announcement does not constitute the company’s statutory accounts within the meaning of section 240 of the Companies Act 1985.

The financial information for the year ended 31 March 2006 is derived from the statutory accounts which have been delivered to the Registrar of Companies and on which the auditors gave an unqualified opinion.

#### **6. Date of approval**

The interim statement was approved by the directors of Intellego Holdings Plc on 27 October 2006.

#### **7. Availability of Information**

A copy of the statement is available from the Company’s place of business:

1 Orlando House, High Street, Teddington, Middlesex, TW11 8LZ



## INTELLEGO HOLDINGS PLC

<b>Directors</b>	Michael Couzens - <i>Non-Executive Chairman</i> Andrew Green – <i>Group Managing Director</i> Angus Forrest – <i>Non-Executive Director</i> Ranjit Roy-Choudhuri ACA– <i>Group Finance Director</i>
<b>Company Secretary</b>	Ranjit Roy-Choudhuri, ACA
<b>Company Number</b>	5212388
<b>Website</b>	<a href="http://www.intellego-systems.com">www.intellego-systems.com</a>
<b>Email</b>	info@ intellego-systems.com
<b>Registered Office</b>	The White Cottage 19 West Street Epsom Surrey KT18 7BS
<b>Business Address</b>	1 Orlando House High Street Teddington Middlesex TW11 8LZ
<b>Nominated Adviser</b>	Beaumont Cornish Limited 10-12 Cophall Avenue London EC2R 7DE
<b>Broker</b>	HB Corporate plc 40 Marsh Wall Docklands London E14 9TP
<b>Solicitors</b>	Vizards Tweedie 42 Bedford Row London WC1R 4JL
<b>Independent Auditors</b>	HLB Vantis Audit Plc 82 St John Street London EC1M 4JN
<b>Bankers</b>	Lloyds TSB Bank plc
<b>Registrars</b>	Computershare Investor Services plc P O Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH Tel: 0870 702000