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ingenta

the global research gateway



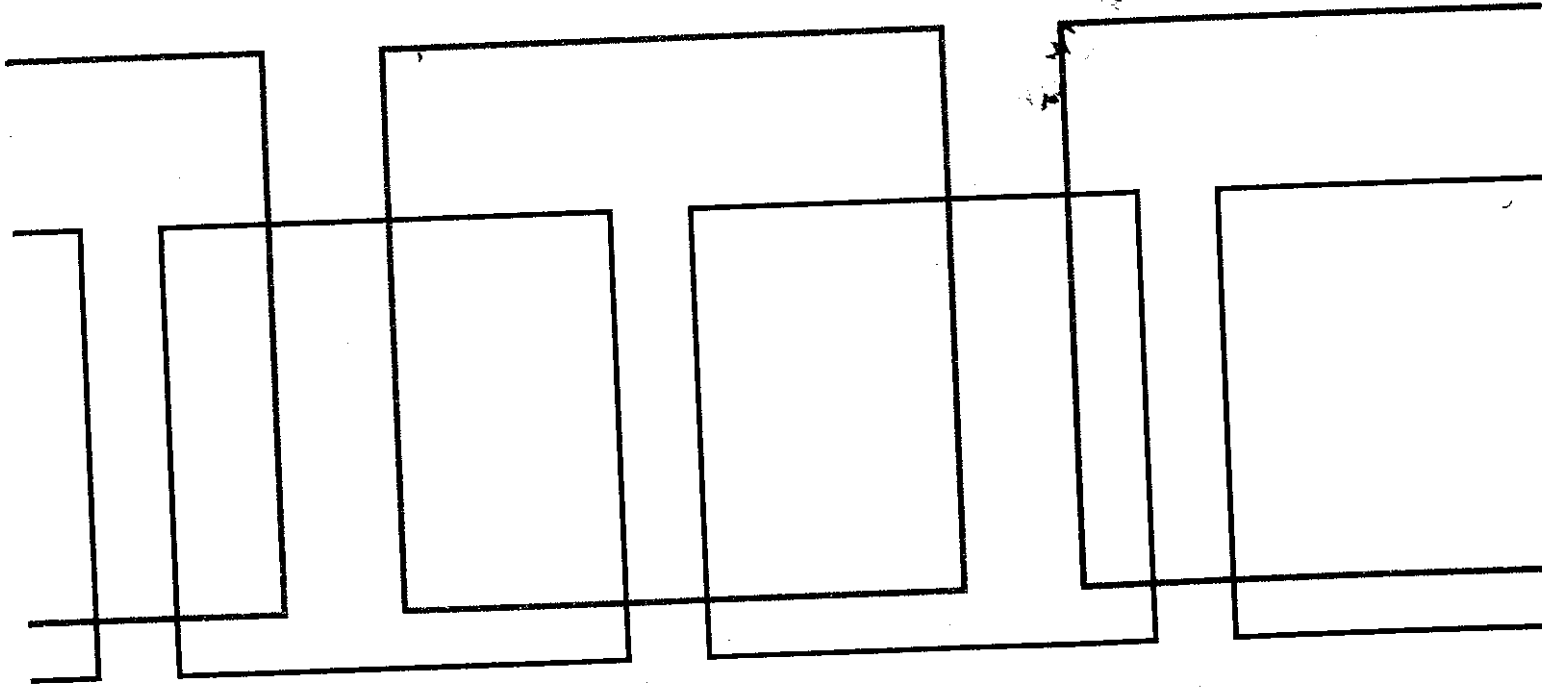
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ingenta plc
(formerly Delyn Group plc)

Annual Report and Accounts 2000



Directors and Advisors

Executive Directors

Mark Rowse, Chief Executive
David Callcott, Finance Director

Non-Executive Directors

Martyn Rose, Chairman
David Embleton
Ward Shaw

Company Secretary

David Callcott

Registered Office

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BA2 7AY

Head Office

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Auditors

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Annual report for the year ended 30 September 2000

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Chairman's statement 2000

The year to 30 September 2000 saw continuing dynamic growth in all the Company's activities together with the listing of the Company on the London Stock Exchange. The Company's business model was proven and we expanded rapidly into our target markets.

Listing on AIM

In May 2000 the Company was successfully listed on the Alternative Investment Market (AIM), achieved through the reverse acquisition of Delyn Group plc.

Results

Turnover for the year was £4.3m, an increase of 188% over the previous year. Losses of £3.1m before interest, taxation, depreciation and amortisation and before integration costs and National Insurance on share options were in line with expectations. The Group operating loss of £21.2 million includes a one off charge of £15.6m relating to goodwill arising from the reverse acquisition of Delyn Group plc.

The Company's customer base has expanded rapidly and now includes over 80 publishers and societies including 7 of the world's 10 largest journal publishers.

Usage of the Company's services continues to grow strongly with over 2.5 million unique visits to its websites in October 2000, putting the Company in the top 10 web service operators in the UK.

Dividends

The Directors believe that, given the opportunities for growth, it is not appropriate to recommend the payment of a dividend.

People

People are the key to our success. To have increased staff numbers from 43 to 168, gained a listing to achieve public company status and to have made and integrated acquisitions while growing the business in technological and revenue terms is a very considerable achievement. As Chairman I am full of admiration for the way staff and management at every level have responded to the challenges of the past year and on the Board's behalf I would like to thank everyone for their dedication and effort.

Prospects

I am delighted that the Company's business model has been further proven since becoming a public company. With further penetration of our target markets, expansion of our target audience and cash balances of over £12 million immediately following the share placing in October 2000 we are well placed to continue rapid scaling of operations and achieve the objective of becoming the leading web intermediary for 'must-have' professional and business research.

Since the year end the Company has continued to move ahead strongly. Demand for our services continues to be extremely strong and we expect that the year to September 2001 will produce continuing rapid growth.

Martyn Rose
Chairman
8 January 2001



Chief Executive's statement 2000

The Company's operations are split into three main areas all of which have shown substantial growth during the past year:

- Publisher Services works with publishers to provide on-line hosting, marketing and distribution services.
- ingenta.com provides a web search facility for professional research users world-wide.
- e.communities leverages ingenta's content and technology to create subject specific portals in partnership with publishers and societies, and enterprise portals for libraries.

Publisher services

Within the publisher services area, some 65 publishers are now partnering with ingenta to provide a technology platform for distributing their high value content on the web, up from 28 last year. This is a sign of publishers' increasing desire to work with ingenta to host their content, provide access control technology to allow them to distribute that content to their existing subscribers, and to take advantage of ingenta's global distribution and marketing facilities to reach substantial numbers of new users.

ingenta.com

The ingenta.com service continues to develop, with numerous new features released during the year, such as a personalisation function and other features to improve usability and performance. It now includes links to over 1.2 million articles from 2,700 publications. This has contributed to continuing rapid growth in usage, with over 200,000 articles downloaded during October alone, and users increasingly coming from outside the Company's traditional academic research base.

e-communities

I am particularly pleased that the Company's e-communities business has grown rapidly during the year, leveraging the existing content within ingenta together with our technical infrastructure to create subject-specific web portals for scientists, researchers and industry professionals. Over 20 of these sites are now live on the web, including 6 launched during November, and a further 18 are being developed in partnership with publishers and societies. These activities are generating a combination of fee income, subscription and e-commerce revenues, and management believes that this combination of peer-reviewed research journals with traditional trade magazine-style and other content is creating the 'must-have' on-line information source of the future for existing groups of niche users.

For example, www.sourceoecd.com was the venue of the first on-line release of the OECD's monthly Economic Outlook report in November. This subscription service provides web access onto all the OECD's journal, report and statistical output, which is also searchable within the ingenta.com site. The commercial launch of www.animalscience.com and www.nutritiongate.com, which also took place the same month, was preceded by thousands of trials from users all over the world and has already resulted in an encouraging level of sales for the 2001 subscription year.

Operations

The Company's operational infrastructure has grown rapidly during the year with new offices opening in both the UK and the US, and the headcount rising from 43 to 168 at the year end in locations in London, Oxford and Bath in the UK and Boston and Providence in the USA.

The management team has moved very effectively during the year to further consolidate the Company's position in both the USA and Europe, and to integrate the acquisitions made. This has continued since the year end following the acquisition of Dynamic Diagrams which is rapidly being integrated into the Company's activities to increase capacity and broaden the range of services provided, and which has contributed to the rapid growth of the business in the USA, which now accounts for over 50% of total revenues.

The Company now has the infrastructure to capitalise on and sustain the substantial organic growth which the Board is confident will be delivered during the present year.

Financial review 2000

In our first published results as a public company ingenta has met the financial expectations of analysts and investors. The Company has grown rapidly while at the same time conserving cash resources and remains well funded.

Basis of accounts preparation

In May 2000 ingenta UK Limited achieved a listing on the Alternative Investment Market (AIM) through the reverse acquisition of Delyn Group plc, an AIM listed company. Although the legal form of this transaction is an acquisition of ingenta UK Limited by Delyn Group plc, the substance is the reverse of this. Accordingly these accounts have been prepared using reverse acquisition accounting, the details of which are set out in the notes to the accounts.

Operating results

Revenues, which grew by 188% to £4.3m, and operating losses of £21.2m, which include a one off charge of £15.6m relating to the write-off of goodwill arising on the reverse acquisition, were in line with expectations.

During the year the Company incurred software development costs of £1.2m which were written off to the profit and loss account as incurred.

Taxation

A tax credit of £0.3m arose during the year. This reflects the release of a deferred tax provision relating to a property owned by Delyn Group plc which was sold subsequent to the reverse acquisition.

Shareholder returns and dividends

The share price ended the year at £2.83, compared with the price at which a placing of shares was carried out in connection with the reverse acquisition in April 2000 of £2.80.

The Directors do not recommend the payment of a dividend.

Balance Sheet and Cash

Shareholders' funds totalled £12.3m at the year end.

Creditors at 30 September were £6.8m, an increase of £6.5m. Of this £3.5m relates to deferred income being invoices raised and deposits received for services to be provided in the future which had not been taken to income at the year end. In addition £1.2m of consideration remained to be paid for the acquisition of Dynamic Diagrams.

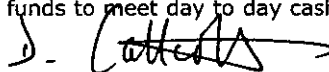
During the year £3.6m was absorbed by operations and a further £3.9m was spent on acquisitions.

Cash balances at the year end of £7.7m were further strengthened by a placing of 2.5m new ordinary shares in October which raised £6.7m net of expenses.

Treasury

The Company's policy with regard to cash balances is to monitor short and medium term interest rates and to place cash on deposit for periods that optimise interest earned while maintaining access to sufficient funds to meet day to day cash requirements.

David Callcott
Finance Director
8 January 2001



Directors' report for the six month period ended 30 September 2000

The Directors present their report for the six month period ended 30 September 2000, and the audited financial statements for the twelve months ended 30 September 2000.

Principal activity

The principal activity of Delyn Group plc (now ingenta plc) was previously property management. For some time, Delyn Group plc had been seeking to combine with a company in the technology sector. On 25 May 2000, Delyn Group plc became the legal parent of ingenta UK Limited and its subsidiaries. On 26 May 2000, Delyn Group plc changed its name to ingenta plc. The Group's principal activity is now the provision of internet based electronic hosting and delivery services for publishers of research material and the delivery of internet based search and access services for users of that material.

Due to the relative sizes of Delyn Group plc and ingenta UK Limited, the former ingenta UK Limited shareholders became the majority shareholders of the enlarged Group. The substance of the transaction is that ingenta UK Limited acquired Delyn Group plc via a reverse acquisition.

The accounting implications of the reverse acquisition and the effect on the consolidated financial statements are disclosed in note 1 of the financial statements.

Review of business and future developments

A review of the business, its results and future direction is included in the Chairman's statement on page 2, the Chief Executive's statement on page 3 and the financial review on page 4.

Results and dividends

The consolidated profit and loss account for the year is set out on page 14.

The Directors do not recommend the payment of a dividend (March 2000: £261,000).

Directors

The Directors of the Company during the period were:

Executive Directors

M A Rowse, Chief Executive (appointed 25 May 2000)
D W Callcott, Finance Director (appointed 25 May 2000)

R J Elman (resigned 25 May 2000)
G A Naggar (resigned 25 May 2000)

Non-Executive Directors

M C Rose, Chairman (appointed 25 May 2000)
D T Embleton (appointed 25 May 2000)
W E Shaw (appointed 25 May 2000)

M Braun (resigned 25 May 2000)
T J Hockings (resigned 25 May 2000)
P R Klimt (resigned 25 May 2000)
P C Lazard (resigned 25 May 2000)
Dr. T J Norris (resigned 25 May 2000)

The interests of Directors in the shares of the Company at 30 September 2000 are disclosed in the report of the Remuneration Committee on pages 10 to 12.

Directors' report for the year ended 30 September 2000

Corporate governance

Details of corporate governance and the Company's compliance with the Combined Code for the six month period to 30 September 2000 are given on pages 7 to 9.

Substantial shareholdings

At 5 January 2001 the Company had been notified of the following shareholders, who are interested directly or indirectly, in three per cent or more of the issued share capital of the Company:

	Number of ordinary £0.05 shares	Percentage of issued ordinary share capital
University of Bath	6,400,767	12.8
Maguire Childrens Trust	6,153,300	12.3
M A Rowse	5,842,558	11.7
Pershing Keen Nominees Limited	4,128,513	8.2
Nutraco Nominees Limited	3,391,366	6.8
Prudential Client Nominee Limited	2,564,000	5.1

No other person has notified an interest in the ordinary shares of the Company required to be notified to the Company.

Charitable and political contributions

The Group made no political or charitable contributions during the year.

Creditor payment policy

The Group's payment policy is to negotiate with its suppliers at the time they are engaged and to abide by the terms agreed. During the year ended 30 September 2000 the Group and Company, on average, paid its creditors within 30 days of receipt of a valid invoice, as in prior periods.

Employment policy

Employees of the Group are regularly consulted by management and kept informed of matters affecting them and the overall development of the Group. The Group's policy is to give disabled people full and fair consideration for job vacancies, having due regard for their abilities and the safety of the individual. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and appropriate training is arranged.

Post balance sheet events

On 4 October 2000, the Company placed a further 2,500,000 new ordinary £0.05 shares at a price of £2.80 on the Alternative Investment Market. The placing raised approximately £6.7 million (net of commissions and expenses).

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution that they be reappointed will be proposed at the Annual General Meeting.

By order of the Board


David Callcott
Company Secretary

Corporate governance

The Board of Directors is accountable to the Company's shareholders for ensuring good corporate governance and the Directors support the Combined Code published in June 1998. However, being a small company with limited resources, the Directors have decided to move towards full compliance with the Code over a reasonable period of time and as appropriate for the size of business. In accordance with the Code, this section is split into two parts. The first part sets out how the Company has applied the principles and the second part deals with compliance with the provisions of the Code during the accounting period.

Principles of the Combined Code

Board of Directors

Board meetings are scheduled to take place at least quarterly, with additional meetings to review and approve significant transactions. Last year, 17 meetings were held. There is a Company procedure which describes the matters which are reserved for the Board and all members of the Board have access to this document. The main items reserved for the Board include business acquisitions and disposals, funding requirements, major capital expenditure and reviewing the financial results. In addition, approval of the annual budget and the quarterly reforecasts is performed by the main Board.

If required, the Directors are entitled to take independent advice and if the Board is informed in advance, the cost of the advice will be reimbursed by the Company.

The Company Secretary's services are available to all members of the Board. The appointment and removal of the Company Secretary is a decision for the Board as a whole.

At the year end, the Board comprised the Non-Executive Chairman, the Chief Executive, two other Non-Executive Directors and one other Executive Director. All Non-Executive Directors are independent of management. However, all Non-Executive Directors are either directly, or are associated with shareholders.

Non-Executive Directors are appointed on a contract with a three month notice period and the Executive Directors are appointed on contracts with a six month notice period. All Directors are subject to re-election. Each year, one third of the Directors are subject to re-election. The Company does not combine the role of Chairman and Chief Executive.

The Board is provided with extensive Board papers, usually the week before each Board meeting.

The Remuneration Committee, the report of which is on pages 10 to 12, is composed of two Non-Executive Directors. It is responsible for the terms and conditions and remuneration of the Executive Directors and senior management. The Remuneration Committee may consult external agencies when ascertaining market salaries. The Chairman of the Remuneration Committee is available at the AGM to answer any shareholder questions.

The Company has recently established an Audit Committee comprising two Non-Executive Directors, M C Rose and D T Embleton. The intention is for the Committee to meet at least twice a year and have written terms of reference. It will monitor the adequacy of the Group's internal financial controls, financial and accounting policies and practices, the form and content of financial reports and statements, and will provide the opportunity for the external auditors to communicate directly with the Non-Executive Directors.

Corporate governance continued

Relations with shareholders

The Company gives high priority to its communication with shareholders by means of an active investor relations programme. This is achieved through correspondence and extensive corporate information. In addition, the Company visits its main institutional investors on an ongoing basis and makes available, free of charge, its Interim and Annual Reports from the Company's head office or via the Financial Times Annual Report Service. At the AGM the shareholders are given the opportunity to question most of the members of the Board. The notice of the AGM is sent to shareholders at least 20 working days before the meeting.

Internal financial controls

The Board of Directors acknowledges their responsibility for the Group's system of internal financial control, including suitable monitoring procedures. There are inherent limitations in any system of internal financial control and accordingly, even the most effective system can provide only reasonable, and not absolute, assurance with respect to the preparation of financial information and the safeguarding of assets.

The Group's control environment is the responsibility of the Group's Directors and managers at all levels. The Group's organisational structure has clear lines of responsibility. Operating and financial responsibility for subsidiary companies is delegated to the operational management, including key risk assessment. Investment policy, acquisition and disposal proposals and major capital expenditure are authorised and monitored by the Group Board.

The Group operates a comprehensive budgeting and financial reporting system and as a matter of routine, compares actual results with budgets, which are approved by the Group Board of Directors. Management accounts are prepared for each subsidiary company and for the Group on a monthly basis. Material variances from budget are thoroughly investigated. In addition updated forecasts are prepared, at least quarterly, to reflect actual performance and the revised outlook for the year.

Provisions of the Combined Code

As stated in the introduction, the Company is obliged to report on its compliance with the detailed requirements of the Combined Code throughout the six month period ended 30 September 2000. Other than the provisions of the Code set out below, the Company believes it has complied with the provisions throughout the period.

Training of Directors

The Company as yet does not have a formal training procedure for new Directors as recommended by provision A.1.6.

Senior independent Non-Executive Directors

The Non-Executive Directors are independent of management, but will not be regarded as independent under the terms of the Combined Code, due to their interests in the shares of the Company. Accordingly, there is no senior independent Non-Executive Director, as recommended by provision A.2.1.

Nomination Committee

The Directors feel that at this stage in its development the Company is too small to establish a separate Nomination Committee as recommended in provision A.5.1. All Board Directors have an input to the appointment of new Directors.

Review of internal controls

The Board of Directors has not conducted a formal review of internal controls, including compliance controls and risk management, as recommended by the Code. In September 1999, the Turnbull report was issued giving guidance with reference to provision D.2.1. of the Code (effectiveness of systems of internal control). Along with other listed companies, the Company has adopted the transitional approach permitted by the London Stock Exchange and has reported on its internal financial controls in the same format as in the last period. In adopting the transitional approach, the Board has not conducted a review of its internal financial controls as this will be undertaken as part of a full review of its internal controls subsequent to the period end. During November 2000 the Company commenced a formal review of its internal controls and by the end of January 2001 expects to have fully adopted the guidance in the Turnbull report.

Audit Committee

The Audit Committee was not established until after the period end. Due to the size of the Board, the Audit Committee does not comprise three Non-Executive Directors as recommended by provision D.3.1 of the Code.

Other matters

Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Group's financial statements.

Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Company and the Group and of the profit and 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.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and 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 Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



David Calcott
Company Secretary

Report of the Remuneration Committee

Up until 25 May 2000, the Remuneration Committee consisted of the Non-Executive Directors, Dr. T J Norris and T J Hockings. Following the reverse acquisition by ingenta UK Limited, the Remuneration Committee now comprises M C Rose and D T Embleton who are both Non-Executive Directors.

The Remuneration Committee decides the remuneration policy that applies to Executive Directors and senior management. The Remuneration Committee meets regularly in order to consider and set the annual remuneration for Executive Directors, having regard to personal performance and industry remuneration rates. In determining that policy, it considers a number of factors including:

- (a) the basic salaries and benefits available to executive directors of comparable companies;
- (b) the need to attract and retain directors of an appropriate calibre;
- (c) the need to ensure the Executive Directors' commitment to the success of the Group.

Non-Executive Directors are appointed on contracts with a three month notice period and may be awarded fees in relation to the Board and Committee meetings attended. Any fees awarded to Non-Executive Directors are determined by the Board. Non-Executive Directors do participate in the Company's share option scheme but they do not receive pension contributions.

Executive Directors are appointed on contracts with a six month notice period. The Company makes contributions to an externally administered defined contribution pension scheme for two Executive Directors.

Directors' remuneration

At the time of the reverse acquisition by ingenta UK Limited on 25 May 2000, all Directors at 1 April 2000 of Delyn Group plc (now ingenta plc) resigned. A new Board of Directors was appointed on the same day.

The following table summarises the remuneration received by the Delyn Group plc Directors from 1 April 2000 up until their date of resignation on 25 May 2000. The comparative figures are those previously reported in the financial statements of Delyn Group plc for the year to 31 March 2000.

	Salary & fees £'000	Benefits £'000	Sums paid to a third party for Director's services £'000	Compensation for loss of office £'000	Pension contributions £'000	1 April to 25 May 2000 Total £'000	March 2000 Total £'000
Executive							
G A Naggar	2	-	-	10	-	12	10
R J Elman	-	-	-	-	-	-	24
Non-Executive							
M Braun	2	-	-	-	-	2	15
T J Hockings	2	-	-	10	-	12	10
P R Klimt	2	-	-	10	-	12	10
P C Lazard	2	-	-	10	-	12	10
Dr. T J Norris	3	-	-	10	-	13	17
	13	-	-	50	-	63	96

The following table summarises the remuneration received by the Directors who were appointed on 25 May 2000, for the period from 25 May 2000 to 30 September 2000. The remuneration was received from ingenta UK Limited.

	Salary & fees £'000	Benefits £'000	Sums paid to a third party for Director's services £'000	Compensation for loss of office £'000	Pension contributions £'000	25 May to 30 Sept 2000 Total £'000	March 2000 Total £'000
Executive							
D W Callcott	25	-	-	-	3	28	-
M A Rowse	40	5	-	-	4	49	-
Non-Executive							
D T Embleton	-	-	-	-	-	-	-
M C Rose	-	-	10	-	-	10	-
W E Shaw	-	-	11	-	-	11	-
	65	5	21	-	7	98	-
Total	78	5	21	50	7	161	96

To aid comparability, the reported remuneration in the following table below summarises the remuneration received by the Directors who were appointed on 25 May 2000 during the year to 30 September 2000 as Directors of ingenta UK Limited. No additional emoluments were received other than those disclosed below. The comparative figures are those previously reported in the financial statements of ingenta UK Limited for the year to 30 September 1999.

	Salary & fees £'000	Benefits £'000	Sums paid to a third party for Director's services £'000	Pension contributions £'000	Sept 2000 Total £'000	Sept 1999 Total £'000
Executive						
D W Callcott	65	-	-	6	71	-
M A Rowse	120	16	-	12	148	131
Non-Executive						
D T Embleton	-	-	-	-	-	-
M C Rose	-	-	30	-	30	20
W E Shaw	-	-	19	-	19	-
	185	16	49	18	268	151

Directors' interests

The interests of the Directors at 30 September 2000 in the shares of the Company were as follows:

	Number of ordinary shares of £0.05 each	
	Sept 2000	March 2000
D W Callcott	-	-
D T Embleton	-	-
M C Rose	1,329,756	-
M A Rowse	5,842,558	-
W E Shaw*	403,578	-

* W E Shaw is interested by reason of his controlling shareholding in 966 Corporation Inc.

Report of the Remuneration Committee continued

Under the terms of an Inland Revenue approved option scheme and an Executive option scheme, the Directors at 30 September 2000 have an interest in options over ordinary shares of £0.05 each of the Company, as follows:

	Number of options on date of appointment	Number of options granted in the period	Number of options exercised in the period	30 Sept 2000	Exercise price £	Date from which exercisable	Expiry date
D W Callcott	-	143,100 ¹	-	143,100	0.14	30 July 2000 ²	30 July 2009
	-	14,310 ¹	-	14,310	0.70	23 Dec 2000 ³	23 Dec 2009
	-	238,490 ¹	(100,000)	138,490	0.70	26 June 2000	29 Dec 2009
D T Embleton	-	-	-	-	-	-	-
	-	286,200 ¹	-	286,200	0.70	26 June 2000	29 Dec 2009
M C Rose	-	-	-	-	-	-	-
M A Rowse	-	-	-	-	-	-	-
W E Shaw	-	-	-	-	-	-	-

¹ An equivalent number of options were previously held by the Directors in the ordinary shares of ingenta UK Limited. In consideration for the release of share options to subscribe for shares in ingenta UK Limited (formerly ingenta Limited), the Directors were granted options to subscribe for shares in ingenta plc instead on equivalent commercial terms, as disclosed above.

² One third of the options are exercisable from 30 July 2000, another third from 30 July 2001 and the remainder from 30 July 2002.

³ One third of the options are exercisable from 23 December 2000, another third from 23 December 2001 and the remainder from 23 December 2002.

During the period, D W Callcott exercised options over 100,000 ordinary shares of £0.05 at an exercise price of £0.70 per share. The market price at the time of exercise was £2.60 per share.

No options lapsed during the period. No other Directors have been granted share options in the shares of the Company or other Group Companies.

The market price of the Company's shares at the end of the financial period was £2.83 and the range of market prices during the six month period was between £2.22 and £3.14. Since the reverse acquisition by ingenta UK Limited on 25 May 2000, the range of market prices was between £2.22 and £2.88.

On behalf of the Board

Martyn Rose
Chairman of the Remuneration Committee

Martyn Rose

Auditors' report to the Members of ingenta plc

We have audited the financial statements on pages 14 to 40 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 19 to 21.

Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report. As described on page 9, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 or the Listing Rules regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

We also, at the request of the Directors (because the Company applies the Listing Rules of the Financial Services Authority as if it is a fully listed company on the London Stock Exchange), review whether the statement on pages 7 to 9 reflects the Company's compliance with the seven provisions of the Combined Code specified by the Financial Services Authority for review by auditors of fully listed companies, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls or to form an opinion on the effectiveness of the Company's or Group's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

We conducted our audit in accordance with 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 30 September 2000 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Reading

19th January 2001

Consolidated profit and loss account for the year ended 30 September 2000

	Notes	Continuing operations		Total 2000 £'000	17 months ended 30 Sept 1999 £'000
		2000 £'000	Acquisitions 2000 £'000		
Turnover	2	1,861	2,458	4,319	1,499
Cost of sales		(109)	(1,123)	(1,232)	(61)
Gross profit		1,752	1,335	3,087	1,438
Operational costs		(5,386)	(1,552)	(6,938)	(2,417)
Write-off of goodwill		-	(15,637)	(15,637)	-
Amortisation of goodwill		(775)	(692)	(1,467)	-
National insurance on share options		(196)	-	(196)	-
Administrative expenses	3	(6,357)	(17,881)	(24,238)	(2,417)
Group operating loss		(4,605)	(16,546)	(21,151)	(979)
Share of operating loss in joint venture				(1)	-
Total operating loss: Group and share of joint venture				(21,152)	(979)
Interest receivable and similar income	6				
Group				260	19
Joint venture				4	-
Interest payable and similar charges	7				
Group				(69)	-
Loss on ordinary activities before taxation	2, 8			(20,957)	(960)
Tax on loss on ordinary activities	9			312	-
Loss for the financial year	24			(20,645)	(960)
Loss per 5p share basic and diluted	11			52p	5p
Loss per 5p share before goodwill amortisation and write-off basic and diluted	11			9p	5p

There is no difference between the loss on ordinary activities before taxation and the loss for the periods stated above and their historical cost equivalents.

Statement of Group total recognised gains and losses

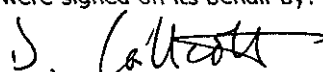
For the year ended 30 September	Notes	30 Sept 2000 £'000	17 months ended 30 Sept 1999 £'000
Loss for the financial year		(20,645)	(960)
Currency translation differences on foreign currency net investments	24	(288)	-
Total recognised losses for the year		(20,933)	(960)

Consolidated balance sheet as at 30 September 2000

	Notes	Sept 2000		Sept 1999	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	12	8,059		1,550	
Tangible assets	13	1,718		389	
			9,777		1,939
Investments					
Interests in joint ventures:	14				
Share of gross assets		174		-	
Share of gross liabilities		(142)		-	
			32		-
			9,809		1,939
Current assets					
Stocks	15	-		7	
Debtors	16	2,029		536	
Cash at bank and in hand		7,718		6	
			9,747		549
Creditors - amounts falling due within one year	17		(6,764)		(608)
Net current assets/(liabilities)			2,983		(59)
Total assets less current liabilities			12,792		1,880
Creditors - amounts falling due after more than one year	18		(319)		-
Provisions for liabilities and charges	20		(170)		-
Net assets			12,303		1,880
Capital and reserves					
Called up share capital	22	2,373		10	
Shares to be issued	24	313		-	
Share premium account	24	3,194		2,830	
Reverse acquisition reserve	24	12,679		-	
Profit and loss account	24	(6,256)		(960)	
Equity shareholders' funds	25		12,303		1,880

The financial statements on pages 14 to 40 were approved by the Board of Directors on 8 January 2001 and were signed on its behalf by:

David Callcott
Finance Director



Mark Rowse
Chief Executive




Company balance sheet as at 30 September 2000

	Note	Sept 2000 £'000	March 2000 £'000
Fixed assets			
Tangible assets	13	-	2,952
Investments	14	7,340	-
		7,340	2,952
Current assets			
Debtors	16	4,594	204
Cash at bank and in hand		4,549	8,211
		9,143	8,415
Creditors - amounts falling due within one year	17	(379)	(663)
Net current assets		8,764	7,752
Provisions for liabilities and charges	20	(170)	(312)
Net assets		15,934	10,392
Capital and reserves			
Called up share capital	22	2,373	437
Shares to be issued	24	313	-
Share premium account	24	3,194	181
Revaluation reserve	24	-	1,150
Profit and loss account	24	10,054	8,624
Equity shareholders' funds		15,934	10,392

The financial statements on pages 14 to 40 were approved by the Board of Directors on 8 January 2001 and were signed on its behalf by:

David Callcott
Finance Director



Mark Rowse
Chief Executive



Consolidated cash flow statement for the year ended 30 September 2000

		17 months ended 30 Sept	
	Notes	Sept 2000 £'000	1999 £'000
Net cash outflow from operating activities	26	(3,637)	(753)
Returns on investments and servicing of finance			
Interest received		260	19
Interest paid on finance leases		(69)	-
Net cash inflow from returns on investments and servicing of finance		191	19
Taxation		(28)	-
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(309)	(125)
Sale of tangible fixed assets		2,951	12
Net cash inflow/(outflow) from capital expenditure and financial investment		2,642	(113)
Acquisitions			
Payments made to acquire subsidiary undertakings	21	(1,428)	(1,250)
Cash acquired with subsidiary undertakings and businesses	21	80	-
Payments made to acquire businesses	21	(2,566)	-
Acquisition costs in respect of Delyn Group plc	21	(1,489)	-
Cash acquired on reverse acquisition of Delyn Group plc	21	7,735	-
Net cash inflow/(outflow) for acquisitions		2,332	(1,250)
Cash inflow/(outflow) before financing		1,500	(2,097)
Financing			
Repayment of principal under finance leases		(41)	-
Take up of cash alternative by ingenta UK Limited shareholders over offer of shares in Delyn Group plc (now ingenta plc)		(3,711)	-
Issue of ordinary share capital		9,977	2,090
Cash inflow from financing		6,225	2,090
Increase/(decrease) in cash in the year	27	7,725	(7)

Notes to the consolidated financial statements for the year ended 30 September 2000

1 Principal accounting policies

These financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings and are in accordance with applicable accounting standards. A summary of the Group accounting policies is set out below.

Basis of consolidation

With effect from 25 May 2000, the Company, then named Delyn Group plc, became the legal parent of ingenta UK Limited and its subsidiary undertakings in a predominantly share-for-share transaction. However, certain shareholders elected to receive a total cash alternative of £3,711,305 instead of shares in Delyn Group plc. Because of the relative values of the Companies, the former ingenta UK Limited shareholders became the majority shareholders of the enlarged Group. The substance of the combination was that ingenta UK Limited acquired Delyn Group plc via a reverse acquisition. Subsequent to the combination, Delyn Group plc changed its name to ingenta plc.

Under the specific requirements of the Companies Act 1985 (the "Act") and Financial Reporting Standard 6 – Acquisitions and Mergers, it would be necessary for the Company's consolidated accounts to follow the legal form of the business combination. In that case, the pre-combination results of the Group would be those of Delyn Group plc and its previously existing subsidiaries with the assets and liabilities of ingenta UK Limited brought in at fair value from the date of acquisition. This approach would portray the combination as an acquisition of ingenta UK Limited by Delyn Group plc. In the opinion of the Directors, this would fail to give a true and fair view of the substance of the combination and hence present a distorted picture of the Group, its results and financial position. The substance of the combination is that ingenta UK Limited acquired Delyn Group plc. Accordingly, the Directors have departed from the requirements of the Act and UK GAAP and have adopted the reverse acquisition accounting in order to present accounts which give a true and fair view. The key features of this basis of consolidation are:

- The consolidated profit and loss account includes the results of the ingenta UK Limited Group for the twelve month period to 30 September 2000 and of the Delyn Group plc from the date of acquisition.
- The consolidated profit and loss reserves of the Group are based on the pre-acquisition profit and loss reserves of ingenta UK Limited.
- Delyn Group plc has been consolidated from the date of the reverse acquisition, 25 May 2000, based on fair values of the assets and liabilities at that date.
- The comparative assets and liabilities and results are of ingenta UK Limited to 30 September 1999.
- Goodwill is calculated as being the difference between the fair value of the consideration effectively given by ingenta UK Limited to acquire Delyn Group plc and the aggregate of the fair values of the separable net assets of Delyn Group plc. The goodwill arising has been written off to the profit and loss account in the year since the Directors consider the goodwill to have no recoverable value.

In invoking the true and fair override, the Directors note that reverse acquisition accounting as described above is endorsed by the International Accounting Standards and that the Urgent Issues Task Force of the UK's Accounting Standards Board has concluded that there are instances where it is right and proper to invoke the override in such a way. The effects on the consolidated financial statements as a result of adopting reverse acquisition accounting are widespread. For example, the goodwill arising on consolidation under the standard method of acquisition accounting would be the difference between the fair value of consideration given to acquire the ingenta UK Limited group and the aggregate of the fair values of identifiable assets and liabilities acquired. The principal effects on the composition of shareholders' funds at 30 September 2000 and on the level of goodwill arising on the acquisition are shown in note 25.

Comparatives

The last financial statements of Delyn Group plc (now ingenta plc) were prepared for the twelve months to 31 March 2000. The Company changed its accounting reference date to 30 September. These financial statements are for the twelve month period to 30 September 2000.

As described above, the Directors consider the combination between Delyn Group plc and ingenta UK Limited to be a reverse acquisition by ingenta UK Limited, which previously prepared financial statements to 30 September 1999. The consolidated financial statements have been prepared on the basis that ingenta UK Limited acquired Delyn Group plc during the twelve month accounting period of ingenta UK Limited. As such, the comparative results in the consolidated financial statements are those of ingenta UK Limited and its subsidiaries to 30 September 1999 and not Delyn Group plc for the year to 31 March 2000. Although the comparatives reflect a 17 month accounting period, from 28 May 1998 (date of incorporation) to 30 September 1999, ingenta UK Limited did not commence trading until 22 September 1998.

A balance sheet for ingenta plc as an entity has been presented in the financial statements. The comparative results are those at 31 March 2000, the previous accounting reference date of the Company.

Joint ventures

The financial statements include an appropriate share of the results and net assets of joint venture companies where the Group has a long term interest and the entity is jointly controlled.

Goodwill

Goodwill represents the difference between the fair value of consideration given and the fair value of the net assets acquired. During the year, the Directors revised their estimate of the useful economic life of goodwill purchased in the prior period to four years. Goodwill is now amortised on a straight line basis. This has resulted in an amortisation charge of £775,000 in the current year in relation to goodwill purchased in the prior year. This represents the prior and current year charges which arise as a result of the change in useful economic life. As described above, goodwill arising on the reverse acquisition has been written off to the profit and loss account in the year.

Tangible fixed assets

Investment properties are carried at valuation and all other fixed assets are carried at their purchase cost.

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual value on a straight line basis over the expected useful economic lives of the assets. The principal expected lives used for this purpose are:

Motor vehicles	25%
Fixtures, fittings and equipment	20%
Computer equipment	33%

In accordance with SSAP19, (i) investment properties are revalued annually and any aggregate surplus or deficit is transferred to a revaluation reserve and (ii) no depreciation or amortisation is provided in respect of freehold investment properties. The requirements of the Companies Act 1985 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principle in SSAP19. The Directors consider that as these properties are not held for consumption but for investment, to depreciate them would not give a true and fair view and that it is necessary to adopt SSAP19 in order to give a true and fair view. The effect of this departure is stated in note 13.

Full valuations are made by independent professionally qualified valuers every five years. In the intervening years, these valuations are updated by Directors with the assistance of independent professional advice as required.

Fixed asset investments

Fixed asset investments are carried at cost less any provision made for impairment. Where an acquisition satisfies the provisions of sections 131 to 134 of the Companies Act 1985 for merger relief, the investment is stated at the nominal value of shares issued plus the value of any other consideration and the expenses of acquisition.

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Where fixed assets are financed by leasing agreements which transfer to the Group substantially all the benefits and risks of ownership, the assets are treated as if they had been purchased outright and are included in tangible fixed assets. The capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding using the sum of digits method. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful economic lives of equivalent owned assets.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the financial year. Transactions in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the transaction. All such foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Assets and liabilities of subsidiaries in foreign currencies are translated at rates of exchange ruling at the balance sheet date and the results of foreign subsidiaries are translated at the average rate for the year. The exchange differences arising on the retranslation of opening net investment in subsidiary companies, and from the retranslation of the results of those companies at average rate, are taken to reserves and are reported in the statement of total recognised gains and losses.

Turnover

Turnover, which excludes value added tax, sales between Group companies and trade discounts, represents the value of services supplied. Revenues from the creation of e-journal databases are recognised when the work is completed. Ongoing service fees are recognised over the life of the relevant agreements. Revenues collected or billed in advance of such services being performed are recorded as deferred revenue.

The revenues for documents delivered are recognised on despatch of the document.

Financial instruments

The Group's financial instruments comprise cash and liquid resources together with debtors and creditors that arise directly from its operations.

The Group does not enter into derivative or hedging transactions. It has been, throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The Group does not have any committed borrowing facilities, other than a finance lease facility, because the cash balances held are adequate to fund its current activities. The Group places the majority of its cash on short-term deposit. The Group's objective is to minimise the risk of loss to the Group by limiting the Group's credit exposure to quality institutions maintaining a very high credit rating. The main risks arising from the Group's financial instruments are interest rate risk and foreign currency risk. Numerical disclosures relating to these risks are given in note 19 to the financial statements.

The Group's policy in relation to interest rate risk is to monitor short and medium term interest rates and to place cash on deposit for periods that optimise the amount of interest earned while maintaining access to sufficient funds to meet day to day cash requirements.

Although the Group is based in the UK, it has three overseas subsidiaries in the United States. As a result, movements in the exchange rates can affect the Group's sterling balance sheet. The magnitude of this risk is not currently significant to the Group and therefore no specific measures are currently undertaken to manage the risk.

Pension costs

The Company makes contributions into individual employees' personal pension plans on a defined contribution basis. The pension charge in the period represents the contributions payable into these plans. The Company provides no other post retirement benefits to its employees.

Related party disclosures

FRS 8 'Related Party Disclosures' requires the disclosure of the details of material transactions between the reporting entity and any related parties. However transactions between the Company and its subsidiaries have not been disclosed in accordance with the exemption in FRS 8 paragraph 3(c).

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Share options issued to employees

Under Urgent Issue Task Force Statement 17 (UITF 17), the Company is required to recognise as a charge to the profit and loss account ("stock compensation expense") the amount by which the fair market value of any share options issued to employees exceeds their respective exercise prices at the date of grant. These costs are recognised over the performance period. However, the Company issues share options with an exercise price equivalent to the market value at the date of grant. Accordingly, no charge arises.

As a result of the grant of share options under unapproved schemes since 5 April 1999, the Company will be obliged to pay National Insurance contributions on the difference between the market value of the underlying shares and their exercise price when the options are exercised.

2 Segmental reporting

The Group's turnover and loss on ordinary activities before taxation are derived entirely from its principal activity.

The analysis by geographical area of turnover, loss on ordinary activities before taxation and net assets is set out below:

	30 Sept 2000		17 months ended 30 Sept 1999	
	Sales by destination £'000	Sales by origin £'000	Sales by destination £'000	Sales by origin £'000
United Kingdom	1,675	1,891	1,205	1,322
Rest of Europe	216	-	117	-
USA	2,305	2,428	177	177
Rest of World	123	-	-	-
Total	4,319	4,319	1,499	1,499
Group	4,319	4,319	1,499	1,499
Joint ventures	-	-	-	-

	30 Sept 2000	17 months ended 30 Sept 1999
	£'000	£'000
United Kingdom	(19,393)	(846)
USA	(1,759)	(133)
Operating loss	(21,152)	(979)
Net interest receivable		
United Kingdom	194	19
USA	1	-
Total	(20,957)	(960)
Group	(20,956)	(960)
Joint ventures	(1)	-

	2000	1999
	£'000	£'000
United Kingdom	10,650	1,880
USA	1,653	-
Total	12,303	1,880
Group	12,271	1,880
Joint ventures	32	-

3 Administrative expenses

	Continuing operations		Total 2000 £'000	17 months ended 30 Sept 1999 £'000
	2000 £'000	Acquisitions 2000 £'000		
Operational costs:				
Technical services	1,156	572	1,728	391
Software development	1,009	159	1,168	479
Sales and marketing expenses	1,839	169	2,008	800
Depreciation	314	4	318	165
Integration costs	-	469	469	-
Other administration costs	1,068	179	1,247	582
	5,386	1,552	6,938	2,417
Write-off of goodwill	-	15,637	15,637	-
Amortisation of goodwill	775	692	1,467	-
National insurance on share options	196	-	196	-
	971	16,329	17,300	-
Administrative expenses	6,357	17,881	24,238	2,417

4 Directors' emoluments

	30 Sept 2000 £'000	17 months ended 30 Sept 1999 £'000
Aggregate emoluments	201	112
Pension contributions to money purchase schemes	18	11
Sums paid to a third party for the services of Directors	49	20

Retirement benefits are accruing to 2 (1999: 1) Executive Directors under money purchase pension schemes.

Emoluments payable to the highest paid Director are as follows:

	30 Sept 2000 £'000	17 months ended 30 Sept 1999 £'000
Aggregate emoluments	136	112
Pension contributions to money purchase schemes	12	11

The detailed numerical analysis of Directors' remuneration and share options is included in the report of the Remuneration Committee on pages 10 to 12 and forms part of these financial statements.

5 Employee information

The average monthly number of persons (including Executive Directors) employed by the Group during the period was:

By activity	30 Sept 2000	17 months ended 30
	Number	Sept 1999 Number
Technical services	18	11
Software development	21	13
Sales and marketing	26	8
Administration	14	5
	79	37

Staff costs (for the above persons)	30 Sept 2000	17 months ended 30
	£'000	Sept 1999 £'000
Wages and salaries	2,419	1,110
Social security costs (includes National Insurance on share options)	428	110
Pension costs	190	88
	3,037	1,308

6 Interest receivable and similar income

	30 Sept 2000	17 months ended 30
	£'000	Sept 1999 £'000
Bank interest receivable		
Group	260	19
Share of joint venture	4	-
Total interest receivable	264	19

7 Interest payable and similar charges

	30 Sept 2000	17 months ended 30
	£'000	Sept 1999 £'000
Finance leases	69	-

8 Loss on ordinary activities before taxation

	30 Sept 2000 £'000	17 months ended 30 Sept 1999 £'000
Operating loss is stated after charging:		
Depreciation charge for the year on tangible fixed assets:		
Owned assets	221	165
Leased assets	97	-
Amortisation of goodwill	1,467	-
Write-off of goodwill	15,637	-
Auditors' remuneration for:		
Audit (Company £25,000) (March 2000: £20,000)	42	6
Non audit services	10	-
Operating lease charges:		
Plant and machinery	3	6
Other	281	-

9 Tax on loss on ordinary activities

	30 Sept 2000 £'000	17 months ended 30 Sept 1999 £'000
United Kingdom corporation tax at 20% (1999: 21%)	-	-
Release of deferred tax provision	312	-
	312	-

The Group has unutilised tax losses of £4,462,000 (1999: £833,000) available to set-off against future trading profits. These are still to be agreed with the Inland Revenue.

Delyn Group plc (now ingenta plc) carried a deferred tax provision of £312,000 in respect of Industrial Building Allowances available on a property that was sold subsequent to the reverse acquisition. The provision is no longer required and has been released.

10 Profit for the financial period

As permitted by section 230 of the Companies Act 1985, the parent Company's profit and loss account has not been included in these financial statements. The parent Company's profit for the six month financial period was £280,000 (Year to 31 March 2000: £387,000).

11 Loss per share

The basic loss per share has been calculated by dividing the loss for the financial year by the weighted average number of ordinary shares of 39,428,804 (1999: 21,240,390) in issue during the year. The Company had no dilutive ordinary shares in either year and there is therefore no difference between the loss per ordinary share and the diluted loss per ordinary shares.

Supplementary basic and diluted EPS have been calculated to exclude the effect of goodwill amortisation and write-off in respect of subsidiaries and businesses acquired and in respect of the goodwill arising on the reverse acquisition of Delyn Group plc. The adjusted numbers have been provided so that the effect of goodwill amortisation and write-off on reported earnings can be fully appreciated. The supplementary figures have been calculated by dividing the loss for the financial year, excluding goodwill amortisation and write-off of £1,467,000 and £15,637,000 respectively, by the weighted average number of ordinary shares, as described above.

12 Intangible assets

Group	Goodwill £'000
Cost	
At 1 October 1999	1,550
Additions	23,613
At 30 September 2000	25,163
Accumulated amortisation	
At 1 October 1999	-
Write-off	15,637
Charge for the year	1,467
At 30 September 2000	17,104
Net book value	
At 30 September 2000	8,059
At 30 September 1999	1,550

13 Tangible fixed assets

Group	Investment properties £'000	Computer Equipment £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation					
At 1 October 1999	-	512	33	8	553
Additions	-	656	152	-	808
Acquired	2,951	721	118	-	3,790
Disposals	(2,951)	-	-	(1)	(2,952)
At 30 September 2000	-	1,889	303	7	2,199
Depreciation					
At 1 October 1999	-	157	5	2	164
Charge for the period	-	296	20	2	318
Disposals	-	-	-	(1)	(1)
At 30 September 2000	-	453	25	3	481
Net book value					
At 30 September 2000	-	1,436	278	4	1,718
At 30 September 1999	-	355	28	6	389

The net book value of tangible fixed assets includes an amount of £396,000 (1999: £ nil) in respect of assets held under finance leases.

Company	Plant and equipment £'000	Investment properties £'000	Total £'000
Cost or valuation			
At 1 April 2000	6	2,951	2,957
Disposals	(6)	(2,951)	(2,957)
At 30 September 2000	-	-	-
Depreciation			
At 1 April 2000	5	-	5
Disposals	(5)	-	(5)
At 30 September 2000	-	-	-
Net book value			
At 30 September 2000	-	-	-
At 31 March 2000	1	2,951	2,952

Company	Sept 2000 £'000	March 2000 £'000
Investment properties are stated at:		
Open market value	-	2,951
The historical cost of investment properties is:		
Cost (less grant of £158,000)	-	2,338
Accumulated depreciation based on historical cost	-	(580)
Historical cost net book value	-	1,758

If departure from the Act had not been made in respect of the treatment of investment properties and the property had been carried at historical cost, the profit before taxation, for ingenta plc as an entity, for the period ended 30 September 2000 would have increased by a net amount of £1,193,000. This gain would have represented the proceeds on disposal compared to the historic cost of the property. Instead, the appreciation in the value of the property has been recognised in the statement of total recognised gains and losses of Delyn Group plc (now ingenta plc) in prior periods.

14 Fixed asset investments

Company	Shares in subsidiary undertakings £'000
Cost	
At 1 April 2000	-
Additions	7,340
At 30 September 2000	7,340
Net book value	
At 30 September 2000	7,340
At 31 March 2000	-

The addition relates to the purchase of the ordinary share capital of ingenta UK Limited. As described in note 1, the combination has been treated as a reverse acquisition of Delyn Group plc (now ingenta plc) by ingenta UK Limited.

Group

Details of subsidiary undertakings, which have all been consolidated in these financial statements are as follows:

Name of undertaking	Country of incorporation	Description of shares held	Proportion of nominal value of issued shares held by the		Nature of the business
			Group	Company	
ingenta UK Limited	England & Wales	Ordinary	-	100%	On-line publications service
ingenta Inc	USA	Ordinary	100%	-	On-line publications service
Uncover, Inc	USA	Ordinary	100%	-	On-line publications service
PCG Inc	USA	Ordinary	100%	-	Marketing
BIDS Limited	England & Wales	Ordinary	100%	-	Dormant
Panorama Homes Limited	England & Wales	Ordinary	-	100%	Property leasing

Details of joint venture undertakings, which have been equity accounted in these consolidated financial statements are as follows:

Name of undertaking	Country of incorporation	Description of shares held	Proportion of nominal value of issued shares held by the Group	Nature of the business
Braemar Homes Limited (Joint venture of Panorama Homes Limited)	England & Wales	50 ordinary shares of £1	50%	Non-trading
Braemar Homes 2 Limited (Joint venture of Ingenta plc)	Scotland	50 ordinary shares of £1	50%	Non-trading
Inveresk Property Services Limited (Subsidiary of Braemar Homes 2 Limited)	Scotland	36,000 ordinary shares of £1	50%	Non-trading

The most recent set of financial statements prepared by joint venture undertakings were for the twelve month period to 31 March 2000.

15 Stocks

	Group Sept 2000 £'000	Group Sept 1999 £'000	Company Sept 2000 £'000	Company March 2000 £'000
Goods for resale	-	7	-	-

16 Debtors

	Group Sept 2000 £'000	Group Sept 1999 £'000	Company Sept 2000 £'000	Company March 2000 £'000
Amounts falling due within one year				
Trade debtors	1,562	487	-	-
Amounts owed by Group undertakings	-	-	4,498	-
Amounts owed by joint ventures	108	-	87	87
Advance corporation tax	-	-	-	4
Other debtors	43	2	3	-
Prepayments and accrued income	316	47	6	113
	2,029	536	4,594	204

17 Creditors - Amounts falling due within one year

	Group Sept 2000 £'000	Group Sept 1999 £'000	Company Sept 2000 £'000	Company March 2000 £'000
Bank loan and overdraft	-	13	-	-
Trade creditors	947	112	22	1
Amounts owed to Group undertakings	-	-	196	218
Corporation and overseas tax	97	-	96	96
Other taxation and social security	106	147	-	13
Finance leases	139	-	-	-
Other creditors	1,209	34	-	10
Accruals and deferred income	4,266	302	65	151
Dividends payable	-	-	-	174
	6,764	608	379	663

18 Creditors - Amounts falling due after more than one year

	Group Sept 2000 £'000	Group Sept 1999 £'000	Company Sept 2000 £'000	Company March 2000 £'000
Finance leases	319	-	-	-

An analysis of the maturity of finance lease obligations is given in note 19.

19 Financial instruments

Details of the Group's objectives with respect to financial instruments are given in note 1 to the financial statements. There have been no significant changes in these objectives from the prior year and before the approval of the financial statements. The numerical disclosures in this note deal with the financial assets and liabilities defined in Financial Reporting Standard 13 as financial instruments.

Short term debtors and creditors

Except with respect to disclosures regarding currency risk, short-term debtors and creditors have been excluded from the disclosures. In the opinion of the Directors, they contain no material financial risks for the Group. Details of creditors due after more than one year are given in note 18.

Interest rate risk profile of financial liabilities

Group	Sept 2000 Fixed rate £'000	Sept 2000 Total £'000	Sept 1999 Floating rate £'000	Sept 1999 Total £'000
	Sterling	458	458	13
Of which:				
Finance leases	458	458	-	-
Overdraft	-	-	13	13

The finance leases had a weighted average annualised rate of interest of 12% (1999: nil %). The floating rate overdraft incurred interest at LIBOR.

Maturity of financial liabilities

The maturity profile of the carrying amount of the Group's financial liabilities, other than short term creditors, was as follows:

	Group Sept 2000 £'000	Group Sept 1999 £'000	Company Sept 2000 £'000	Company March 2000 £'000
Within one year	139	13	-	-
One to two years	169	-	-	-
Two to five years	150	-	-	-
	458	13	-	-

Interest rate risk profile of financial assets

Group	Sept 2000	Sept 2000	Sept 1999	Sept 1999
	Floating rate £'000	Total £'000	Floating rate £'000	Total £'000
Sterling	5,263	5,263	6	6
US dollars	2,499	2,499	-	-
Of which:				
Cash at bank and in hand	7,718	7,718	6	6
Other debtors (rent deposit)	44	44	-	-
	7,762	7,762	6	6

Sterling cash deposits are normally placed on the money market at floating bank deposit rates for periods up to one month. However, there were no such short-term deposits at 30 September 2000. Floating rate cash and rent deposits earn interest at LIBOR.

Currency exposures

The Group has two principal functional currencies, Sterling and US Dollars. The table below shows the extent to which the Group operations have net monetary liabilities in currencies other than their local currency. Foreign exchange differences on re-translation of these net liabilities are charged to the profit and loss account.

Group	Sept 2000	Sept 2000	Sept 1999	Sept 1999
	US Dollars £'000	Total £'000	US Dollars £'000	Total £'000
Functional currency of Group operation:				
Sterling	(2,023)	(2,023)	-	-

Fair value

The Directors consider that the fair values of the financial instruments of ingenta plc are not significantly different from their book value.

20 Provision for liabilities and charges

Group	Employers National Insurance £'000	Deferred taxation £'000
	At 1 October 1999	-
Charged to profit and loss account	196	-
Paid in year	(26)	-
At 30 September 2000	170	-

Company	Employers National Insurance £'000	Deferred taxation £'000
	At 1 April 2000	-
Charged to profit and loss account	196	-
Paid in year	(26)	-
Reversal of unused provision	-	(312)
At 30 September 2000	170	-

Employers National Insurance on share options

On exercise of share options in the parent company issued after 5 April 1999 under an executive option scheme, the Company is required to pay National Insurance on the difference between the exercise price and market value at the exercise date of the shares issued. The Company will become unconditionally liable to pay the National Insurance upon exercise of the options, which are exercisable over a period of 10 years from the date of grant. The Company therefore makes a provision following the grant of options, as opposed to on vesting or on exercise.

The amount of National Insurance payable will depend on the number of employees who remain with the Group and exercise their options, the market price of the parent company's ordinary shares at the time of exercise and the prevailing National Insurance rates at the time.

The provision of £170,000 included in these financial statements has been calculated based upon the share price of £2.80 with reference to the total current number of options at 30 September 2000 which had been granted since 5 April 1999.

Deferred taxation

Deferred taxation provided in the financial statements, and the amount not recognised of the total potential liability/(asset), are as follows:

Group	Amount recognised		Amount not recognised	
	Sept 2000 £'000	Sept 1999 £'000	Sept 2000 £'000	Sept 1999 £'000
Tax effect of timing differences:				
Excess of depreciation over capital allowances	-	-	(262)	-
Other timing differences	-	-	(4)	9
Losses	-	-	(1,339)	(171)
	-	-	(1,605)	(162)

Company	Amount recognised		Amount not recognised	
	Sept 2000 £'000	March 2000 £'000	Sept 2000 £'000	March 2000 £'000
Tax effect of timing differences:				
Excess of depreciation over capital allowances	-	312	(217)	-
Losses	-	-	(8)	-
	-	312	(225)	-

21 Acquisitions

On 1 March 2000, ingenta UK Limited acquired the whole of the issued share capital of Uncover Inc for an aggregate of £4.2m, made up of consideration of £0.7m in a combination of cash and shares and the assumption of net liabilities of £3.5m. On 25 May 2000, ingenta UK Limited obtained a stock market listing on the London Alternative Investment Market via a reverse acquisition into Delyn Group plc, which subsequently changed its name to ingenta plc. On 1 June 2000, ingenta UK Limited acquired the whole of the issued share capital of PCG Inc for a total cash consideration of £1,053,000. On 29 September 2000, ingenta Inc, a subsidiary of ingenta UK Limited, purchased the trade and certain assets and liabilities of Dynamic Diagrams for a total consideration of maximum £3,902,000. The Group has used acquisition accounting to account for the Uncover, Inc and PCG Inc acquisitions. The combination of ingenta UK Limited and Delyn Group plc, now renamed ingenta plc has been accounted for as a reverse acquisition.

Uncover Inc results

The summarised profit and loss account for Uncover Inc for the period from 1 January 2000, the beginning of the acquired Company's financial year, to the date of acquisition on 1 March 2000, is as follows:

	Period ended 29 Feb 2000 £'000
Turnover	593
Operating profit	105
Profit on ordinary activities before tax	105
Tax on ordinary activities	-
Profit on ordinary activities after tax	105

The loss on ordinary activities after taxation of the acquired Company for its previous financial year ended 31 December 1999 was £186,000. Uncover Inc had no recognised gains or losses other than those detailed above and therefore no separate statement of total recognised gains and losses has been presented.

Acquisition summary	Book value Uncover Inc £'000	Adjustments - revaluation £'000	Fair value Uncover Inc £'000
Debtors	432	(127)	305
Cash	58	(1)	57
Creditors	(3,910)	-	(3,910)
Net liabilities acquired	(3,420)	(128)	(3,548)
Goodwill			4,205
Consideration			657
Consideration satisfied by:			
Cash			317
Shares			317
Deferred shares			313
Vendor consideration adjustment against services provided			(348)
Acquisition costs			58
Total			657

The revaluation of debtors includes a provision to reflect the estimated realisable value of debtors.

Delyn Group plc (now ingenta plc) results

The summarised profit and loss account for Delyn Group plc (now ingenta plc) for the period from 1 April 2000, the beginning of the Company's financial year, to the date of acquisition on 25 May 2000, is as follows:

	Period ended 24 May 2000 £'000
Turnover	45
Operating loss	(93)
Loss on ordinary activities before taxation	(24)
Tax on ordinary activities	(27)
Loss on ordinary activities after tax	(51)

The profit on ordinary activities after taxation of the Company for its previous financial year ended 31 March 2000 was £387,000. Delyn Group plc had no recognised gains or losses other than those detailed above and therefore no separate statement of total recognised gains and losses has been presented.

Acquisition summary

	Book and fair value of Delyn Group plc (now ingenta plc) £'000
Fixed assets	2,951
Investments	28
Debtors	404
Cash	7,735
Creditors	(529)
Net assets acquired	10,589
Goodwill	15,637
Consideration	26,226
Consideration satisfied by:	
Shares	24,472
Acquisition costs	1,754
Total	26,226

The acquisition costs of £1,754,000 include £265,000 of costs that were prepaid by Delyn Group plc and included within debtors on acquisition. The cash payments made by ingenta UK Limited were £1,489,000.

PCG Inc results

The summarised profit and loss account for PCG Inc for the period from 1 April 2000, the beginning of the acquired company's financial year, to the date of acquisition on 1 June 2000, is as follows:

	Period ended 31 May 2000 £'000
Turnover	116
Operating profit	10
Profit on ordinary activities before tax	10
Tax on ordinary activities	-
Profit on ordinary activities after tax	10

The profit on ordinary activities after taxation of the acquired Company for its previous financial year ended 31 March 2000 was £1,000. PCG Inc had no recognised gains or losses other than those detailed above and therefore no separate statement of total recognised gains and losses has been presented.

Acquisition summary	Book value PCG Inc £'000	Adjustments - consistency of accounting policies £'000	Fair value PCG Inc £'000
Fixed assets	18	(10)	8
Debtors	104	-	104
Cash	23	-	23
Creditors	(25)	(4)	(29)
Net assets acquired	120	(14)	106
Goodwill			947
Consideration			1,053
Consideration satisfied by:			
Cash			1,024
Acquisition costs			29
Total			1,053

The accounting policy adjustments arose in order to align the policies with those used by the Group.

Dynamic Diagrams results

Acquisition summary	Book and fair value Dynamic Diagrams £'000
Fixed assets	831
Debtors	446
Creditors	(199)
Net assets acquired	1,078
Goodwill	2,824
Consideration	3,902
Consideration satisfied by:	
Cash	2,566
Deferred cash	1,196
Acquisition costs	140
Total	3,902

The Group acquired the trade and certain assets and liabilities of Dynamic Diagrams, the on-line journal and website development operations of Cadmus Communications Corporation Inc. Since the assets and liabilities were previously included within other business operations, it is not practical to separately distinguish the historic trading results of the assets and liabilities acquired.

Consideration for the acquisition included deferred cash of \$1,750,000. Payment of this consideration is subject to the fulfilment of certain contractual conditions and is payable over the year from acquisition. The sterling equivalent of £1,196,000 has been included within other creditors.

The acquisition costs of £140,000 are included within Accruals.

22 Called up share capital

Company	30 Sept 2000 £'000	31 March 2000 £'000
Authorised		
Ordinary shares of £0.05 each	5,000	1,000
Allotted, called up and fully paid		
Ordinary shares of £0.05 each	2,373	437

On 22 May 2000, the authorised share capital of the Delyn Group plc (now ingenta plc) was increased to 100,000,000 ordinary £0.05 shares.

During the period to 30 September 2000, Delyn Group plc (now ingenta plc) issued a total of 1,228,514 ordinary shares of £0.05 each, with an aggregate nominal value of £61,426 fully paid for cash of £3,077,993.

A further 37,495,548 ordinary shares of £0.05 each, with an aggregate nominal value of £1,874,777 were issued in a share-for-share exchange to the shareholders of ingenta UK Limited.

A Director exercised options over shares in the company. Details have been disclosed in the Directors' report.

The comparative figures presented in the consolidated balance sheet are those of ingenta UK Limited at 30 September 1999 and not the Delyn Group plc (now ingenta plc). As described in note 1, this is to reflect the combination of Delyn Group plc and ingenta UK Limited as a reverse acquisition. The table below reconciles the previously reported share capital of ingenta UK Limited at 1 October 1999 and the share capital of ingenta plc at 30 September 2000.

Reconciliation of reported share capital in the consolidated balance sheet

	£'000
Allotted, called up and fully paid share capital of ingenta UK Limited at 1 October 1999	10
Additional ordinary £0.01 shares issued in ingenta UK Limited to 25 May 2000	4
Delyn Group plc (now ingenta plc) ordinary £0.05 shares issued in exchange for shares in ingenta UK Limited on 25 May 2000	1,875
ingenta UK Limited shares exchanged	(14)
Delyn Group plc (now ingenta plc) ordinary £0.05 shares in issue prior to the reverse acquisition	437
ingenta plc shares issued subsequent to the reverse acquisition on 25 May 2000	61
Allotted, called up and fully paid share capital of ingenta plc at 30 September 2000	2,373

In the period from 1 October 1999 until the reverse acquisition ingenta UK Limited issued shares for a total cash consideration of £6,899,163. Subsequent to the reverse acquisition ingenta plc issued shares for a total cash consideration of £3,077,993 as detailed above. The combined total of £9,977,156 represents the cash consideration raised by the Group as disclosed in the consolidated cash flow statement.

23 Share options

The Company has an approved and an executive option scheme. The executive option scheme relates to options granted to certain Directors and senior management. The approved option scheme is an Inland Revenue approved scheme available to eligible Directors and employees. The total number of options outstanding over ordinary shares of £0.05 each that had been granted and had not lapsed at 30 September 2000 were as follows:

Number of shares	Exercise price £	Grant date	Expiry date
427,070	0.14	15 March 1999*	15 March 2009
572,400	0.14	22 March 1999*	22 March 2009
240,885	0.14	30 July 1999*	30 July 2009
42,930	0.14	2 August 1999*	2 August 2009
143,100	0.14	12 August 1999*	12 August 2009
98,739	0.70	23 December 1999*	23 December 2009
901,671	0.70	29 December 1999	29 December 2002
114,480	0.70	4 January 2000*	4 January 2010
300,000	2.60	27 July 2000	27 July 2003
135,706	2.80	1 August 2000*	1 August 2010
48,000	2.86	26 September 2000	26 September 2003
49,000	2.83	27 September 2000	27 September 2003
3,073,981			

* The options are exercisable on the first, second and third anniversaries from the date of grant.

24 Reserves

Group	Shares to be issued £'000	Share premium £'000	Reverse acquisition reserve £'000	Profit and loss account (deficit) £'000
At 1 October 1999	-	2,830	-	(960)
Premium on shares issued prior to reverse acquisition by ingenta UK Limited	-	6,896	-	-
Reverse acquisition adjustments:				
• cash alternative over offer of Delyn Group plc shares	-	-	(3,711)	-
• premium on existing Delyn Group plc shares	-	-	24,035	-
• difference between share capital and premium of combining entities	-	(9,545)	7,992	-
Reverse acquisition goodwill write-off transfer	-	-	(15,637)	15,637
Premium on shares issued by ingenta plc subsequent to reverse acquisition (net of £3,000 expenses)	-	3,013	-	-
Shares to be issued in relation to acquisition of Uncover Inc (see note 21)	313	-	-	-
Net exchange adjustments	-	-	-	(288)
Loss for the year	-	-	-	(20,645)
At 30 September 2000	313	3,194	12,679	(6,256)

Company	Shares to be issued £'000	Share premium £'000	Revaluation reserve £'000	Profit and loss account £'000
At 1 April 2000	-	181	1,150	8,624
Premium on shares issued (net of £3,000 expenses)	-	3,013	-	-
Transfer from revaluation reserve to profit and loss reserve	-	-	(1,150)	1,150
Shares to be issued on acquisition of Uncover Inc (see note 21)	313	-	-	-
Retained profit for the period	-	-	-	280
At 30 September 2000	313	3,194	-	10,054

No share premium arises in respect of the legal acquisition of ingenta UK Limited on 25 May 2000 since the acquisition satisfies the provisions of the Companies Act 1985 for merger relief.

25 Reconciliation of movements in equity shareholders' funds

	30 Sept 2000 £'000	30 Sept 1999 £'000
Loss for the year	(20,645)	(960)
Net exchange adjustments	(288)	-
New share capital issued	2,730	2,840
Expenses of share issue	(3)	-
Reverse acquisition adjustments	28,316	-
Shares to be issued	313	-
Net addition to shareholders' funds	10,423	1,880
Opening shareholders' funds	1,880	-
Closing shareholders' funds	12,303	1,880

The following table shows the principal effects of adopting reverse acquisition accounting on the composition of shareholders' funds at 30 September 2000 and on the level of goodwill arising on the acquisition, which in the case of the standard method of acquisition accounting has been deemed to have an economic life of four years.

	Standard acquisition accounting £'000	Reverse acquisition accounting £'000
Called up share capital	2,373	2,373
Shares to be issued	313	313
Share premium account	3,194	3,194
Reverse acquisition reserve	-	12,679
Profit and loss account:		
at 1 April 2000	8,898	(960)
loss for the period	(10,385)	(20,645)
exchange difference	(288)	(288)
transfer from reverse acquisition reserve	-	15,637
at 30 September 2000	(1,775)	(6,256)
Equity shareholders' funds	4,105	12,303
Goodwill on acquisition at 25 May 2000	103,494	15,637

26 Cash flow from operating activities

Reconciliation of operating loss to net cash outflow from operating activities:

	Group 30 Sept 2000 £'000	Group 30 Sept 1999 £'000
<i>Continuing operations</i>		
Operating loss	(21,151)	(979)
Depreciation charge	318	165
Write-off of goodwill	15,637	-
Amortisation of goodwill	1,467	-
Decrease in stocks	7	2
Increase in debtors	(465)	(536)
Increase in creditors	380	595
Increase in provisions	170	-
Net cash outflow from continuing operations	(3,637)	(753)

27 Reconciliation of net cash flow to movement in net funds/(debt)

	30 Sept 2000 £'000	30 Sept 1999 £'000
Increase/(decrease) in cash in the year	7,725	(7)
Finance lease repayments	41	-
Other Non-cash changes: new finance leases	(499)	-
Movement in net funds in the year	7,267	(7)
Net (debt) at beginning of the year	(7)	-
Net funds/(debt) at end of the year	7,260	(7)

28 Analysis of net funds/(debt)

	At 1 Oct 1999 £'000	Cash flow £'000	Acquired £'000	Other non cash changes £'000	At 30 Sept 2000 £'000
Cash in hand and at bank	6	(103)	7,815	-	7,718
Overdraft	(13)	13	-	-	-
Finance leases	-	41	-	(499)	(458)
Total	(7)	(49)	7,815	(499)	7,260

29 Financial commitments

Group

At 30 September 2000, the Group has lease agreements in respect of annual commitments under non-cancellable operating leases expiring as follows:

	Sept 2000 Land and buildings £'000	Sept 2000 Other £'000	Sept 1999 Land and buildings £'000	Sept 1999 Other £'000
Within one year	63	-	-	-
Within two to five years	164	46	93	71
After five years	43	-	-	-
	270	46	93	71

Company

At 30 September 2000, the Company had no operating lease commitments (31 March 2000 nil).

30 Related party transactions

Name of connected party	Description of transactions during year	Value of transactions during year £'000	Amount owed from/ (to) at 30 Sept 2000 £'000
University of Bath	Rent and service charge from University	204 (1999: 105)	(43) (1999: nil)
University of Bath	Sales to University	493 (1999: 653)	22 (1999: 8)
CARL Corporation	Facilities management and document delivery	1,192 (1999: nil)	(188)

During the year the Group obtained services from and made sales to the University of Bath. The University is represented on the Board of Directors. Each transaction was carried out at normal market prices.

The CARL Corporation Inc was owned by 966 Corporation Inc, the previous owner of Uncover Inc. W E Shaw, a Non-Executive Director of ingenta plc is the owner and Chairman of the Board of the 966 Corporation Inc which owned the CARL Corporation until 30 June 2000.

31 Post balance sheet events

On 4 October 2000, the Company placed a further 2,500,000 new ordinary £0.05 shares at a price of £2.80 on the Alternative Investment Market. The placing raised approximately £6.7 million (net of commissions and expenses).