INVU INC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 JANUARY 2005

DIRECTORS AND ADVISORS

For the year ended 31 January 2005

IRS employer identification number:	84-1135638
Place of incorporation:	COLORADO, USA
Principal executive offices:	The Beren Blisworth Hill Farm Stoke Road Blisworth NORTHANTS NN7 3DB
Directors:	D Goldman - Non-executive chairman D Morgan J C Agostini J V Halestrap T P Maxfield - Non-executive
Secretary:	J C Agostini
Bankers:	Bank of Scotland plc 55 Temple Row BIRMINGHAM B2 5LS
Nominated advisor and broker:	Arbuthnot Securities Limited Arbuthnot House 20 Ropemaker Street LONDON EC2Y 9AR
Registrars:	(UK) Capita IRG Plc The Registry 34 Beckenham Road Beckenham KENT BR3 4TU (USA) Corporate Stock Transfer 3200 Cherry Creek Drive South/Suite 430 DENVER, CO 80209

Solicitors:	(UK) DLA Piper Rudnick Gray Cary UK LLP Victoria Square House Victoria Square BIRMINGHAM B2 4OL
	(USA) Jenkens & Gilchrist 1445 Ross Avenue, Suite 3200 DALLAS, TEXAS 75202
Auditors:	Grant Thornton UK LLP Registered Auditors Chartered Accountants Elgin House Billing Road NORTHAMPTON NN1 5AU
Public relations:	Financial Dynamics Limited Holborn Gate 26 Southampton Buildings LONDON WC2A 1PB

INVU INC

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For the year ended 31 January 2005

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CHAIRMAN'S STATEMENT

This year we have seen very strong revenue growth accompanied by initial annual profits. The Group has fulfilled all its aims for the year which, in addition to the maiden profits, includes further development of our sales channel, a strengthened balance sheet, and investment in sales and marketing. All of this enables us to look forward with optimism as we continue to build on our success.

Turnover rose 58% year on year. This growth, with the continued high gross margins, enabled the Group to record its maiden profit. Trading continues to be strong both from new and existing customers. InvuCare revenues (annual maintenance contracts) have risen by 47% to £0.53m whilst deferred revenues and provisions have increased by 75% to £0.98m. These figures include a 76% renewal rate for InvuCare contracts beyond the first year.

In 2003 we focused our attention on increasing the number of accredited resellers, however, this year the key task has been to improve the quality of the reseller channel. In addition, the Group continues to invest in research and development, resulting in the successful launch in 2004 of new versions of the core products, including one major and one minor upgrade. As ever, all new products adhere to our brand values of ease of use, high quality and price performance.

Following on from the admission to AIM in January 2004, the Group raised a further £0.74m in November 2004. The proceeds of this fundraising will be used to invest in sales and marketing. The continued pace and quality of reseller sign-ups gives us confidence in our ability to generate significant, repeatable and profitable revenues in the future.

Building on the success of last year, and with the dual focus on expanding Invu's marketing reach and enriching the product offering, we expect this year to be just as exciting, with strong growth in all of the key areas of our business. As usual, we would expect a strong weighting to the second half.

On behalf of the Group, I would like once again to thank our employees, accredited partners, shareholders and advisors, without whom none of the success is possible. I look forward to yet another very exciting year.

……………………………..
Daniel Goldman
Non Executive Chairman

29 April 2005

Introduction

Trading this year has been extremely encouraging, once again showing significant growth during the second half. All of the key performance indicators have improved during the period, including the number of resellers up to 138, total customer sites of 1,283, and total number of end users now 24,088. All these factors have contributed to the Group's substantial improvement in trading in the second half of the year.

We have consolidated our position within the SME channel through a successful strategy of accrediting new and better quality resellers, while at the same time discontinuing accreditation for a small number of less productive resellers. The strong brand names who have joined as Invu resellers this year further vindicates our product offering and has substantially increased our potential market reach within the UK and Holland.

Demand for our products remains strong and throughout the year an average of 40 new customers have installed Invu products each month (not including S100), in comparison to 25 per month during the previous year.

Financial Performance

Turnover for the period was £3.15m (2004: £2.00m), an increase of 58% on the prior year. Recognised recurring revenues from InvuCare increased from £0.36m in the previous year to £0.53m in the year ended 31 January 2005. In addition a further £0.28m of InvuCare revenue was deferred into the current financial year.

Gross profit margin improved slightly to 94.8% of turnover (2004: 94.3%). This is well in excess of our internal benchmark of 92%, and reflected a slight change in product mix.

Technical and support expenditure, which includes research and development, was £0.53m for the year (2004: £0.48m). We continue to maintain an active development programme, covering upgrades of core products and product innovations. It is the Group's policy to direct research and development according to the needs of the market, and to ensure that every new product adheres to our core brand values of ease of use, high quality and price performance. It is important to note that we adopt the policy of writing off research and development costs as and when they occur.

Sales and marketing expenditure increased by 66% to £0.98m (2004: £0.59m), or 31% of turnover (2004: 30%). This reflects the Group's requirement to invest in sales and marketing in order to increase both turnover and brand recognition. The bulk of this increase reflects a larger sales team and focused PR and marketing programmes. It also includes a one-off expense incurred as a result of the successful launch of the Group's new branding and website.

General and administrative expenses (excluding exchange gains) were £0.90m during the period compared with £0.77m for the previous year. This 17% increase reflects the investment in the administrative infrastructure in terms of personnel, systems and premises and is now only 29% of turnover (2004: 39%).

Operating profit this year amounted to £0.61m (2004: loss £1.02m).

The net profit after tax amounted to £0.61m (2004: loss £0.13m), giving earnings per share of 0.64p (2004: loss 0.36p). Net profit after tax adjusted for the unrealised exchange gain is £0.35m (2004: loss £0.21m).

The Group's balance sheet has been further strengthened by a net £0.71m of additional capital raised in November 2004 and the profit for the year. The bulk of the proceeds will be used in further investment in sales and marketing with a small amount be invested in a new accounts and CRM system. This implementation will be completed in the next few months.

I am pleased to report that debtor days as at the year end have been reduced to 87 days (2004: 111 days). This number is still likely to fluctuate in the future due to the Group's continued rapid growth. However, this will be tempered by the recruitment of more established resellers which pay based on more advantageous terms to the Group.

Creditors (excluding accruals and deferred revenue) of £0.82m (2004: £1.54m) were covered 4.5 times by current assets (2004: 2 times covered). At 31 January 2005 shareholders funds had nearly doubled at £2.24m compared to £1.18m at 31 January 2004.

The Group is virtually debt free and therefore effectively ungeared as at 31 January 2005.

Taking into account the ongoing investment in the business and accumulated losses to date, the Board cannot recommend the payment of a dividend.

Operations

Trading

During the past year we have again seen an improvement in all areas of the business. The Group has accredited 60 new resellers and has also continued to grow existing customer sites through the selling of extra licenses and new products. InvuCare recurring revenues represent a growing proportion of invoiced sales, although the Group's revenue recognition policy means that a high percentage is deferred to the following year. At 31 January 2005 the value of deferred revenue was more than double that of the previous year at £0.46m (2004: £0.18m).

Contract Wins

This year has seen both a number of exciting new customers, and growth of existing installations. The customer base now includes Numis Securities, Connaught Plc, Racal Acoustics, Anglia Housing, Dimension Data, Menzies Hotels, amongst many others. There have been some excellent repeat sales as well to Persimmon, Millfield Group (following their acquisition of InterAlliance) and LogicaCMG.

We continue to successfully sell to the financial services market, this year adding mortgage brokers as they are now regulated by the FSA. In the second half we started to see the results of our investment in marketing within the financial and professional services market with press releases, case studies and articles published in leading trade publications.

In addition to Invu's other traditional markets, e.g. construction and logistics, certain new markets have been targeted successfully, such as the accounting profession. We will continue to identify and target specific market segments where we believe our product offering is most compelling. These are supported by a growing number of reference customers in vertical markets including education, legal, retail, housing associations and engineering, amongst others.

Reseller Channel

The reseller recruitment programme has been very successful once again. Exciting wins for Invu this year include Evesham Technology, Danwood and Azzurri Communications in the UK, with Panasonic and Lexmark signing up in Holland. Lexmark is not itself an accredited reseller, but is partnering with Invu in approaching its dealer base in order to market a Lexmark/Invu solution. Both the Panasonic and Lexmark relationships are at an early stage. Nevertheless, we are pleased with progress in executing marketing messages to their respective large customer bases in Holland. Hence, we expect these relationships to contribute sales growth this year.

It is worth mentioning that many of our existing resellers in the UK have performed very strongly this year and among them Lindenhouse continues to grow particularly rapidly, whilst Scanworx have firmly established themselves as the leading reseller to the accountancy sector. Copifax have also emerged as a significant office systems reseller with The Content Group continuing to achieve success in the construction vertical.

In addition to our existing channel of resellers we have started a programme of partnerships with other vendors and resellers more oriented to the business solutions market, which has not traditionally been exposed to document management. An example of this would include Draycir, an award winning Sage partner with lead products specialising in document distribution.

Overseas Markets

Holland continues to be the only foreign market in which the Group is active. Growth in Holland was in line with the growth of the Group. Already, a vertical market strength is emerging in that territory with sales to Broekman and Seatrade, two large specialist shipping and freight groups.

Following the introduction of Version 6 of the core Invu product, the Group can start planning the penetration of further overseas markets including other territories within continental Europe, as localisation becomes a more simple process. This will be on an opportunistic basis in the first instance, where we feel that the local partner can add significant value over time.

Research & Development

We are delighted with the performance of the product in the market place. Version 5.4 of the core product range has been released and has proven very successful. Codefree integration continues to be a significant factor in our sales success selling on average to about 50% of customers. We are expecting to complete the conversion of our core products to the .NET operating environment this year, which will give our products greater longevity and easier translation to foreign languages.

Of particular note, are the Group's significant advances in the area of artificial intelligence. A beta version of the Invu Intelligent Processing Engine (IPE) was released prior to the year end with the signing of our first paying customer for this technology. This product can be utilised in many different guises to automate repetitive and time consuming clerical tasks. The Group expects a full product launch of the first of a series of products this year, based on the core technology currently in its beta phase.

Outlook

This year has seen very strong growth in all areas of the business and the new financial year has started very strongly.

Our positioning within our chosen market has resulted in Invu developing into the lead brand for document management software in the UK's SME market and it is our intention to consolidate and leverage this position during the coming months and years. The exposure that we have created for Invu and document management is helping to grow the still infant market place for our solutions and we are very excited about the growth prospects for the Group.

We have a strong, loyal and growing customer base, and they are serviced and supported by a stable, intelligent and highly motivated team of staff at Invu. Given the strong progress that Invu has made in 2004/5 and its future prospects, I am confident that 2005/6 will be another very successful year for the Group.

…………………………..
David Morgan
Chief Executive Officer

29 April 2005

Executive Directors

David Morgan (aged 44), Chief Executive Officer

David Morgan founded INVU's business in 1997 and is the company's Chief Executive Officer. Prior to joining INVU, David was managing director of Orchid Limited, a UK computer software reseller, from 1995. In 1992, he was appointed managing director of Network Imaging UK Holdings Limited, an international software and systems house. In 1990, he was appointed managing director of Hunsbury Computer Services Limited, a systems integrator and subsidiary of Blackwood Hodge plc. David began his career with Rolls Royce plc and progressed to assistant, to the director of the industrial and marine division. He graduated from Warwick University in 1982 with a Bachelor of Law degree.

John Charles Agostini FCA (aged 46), Chief Finance Officer

John is a qualified chartered accountant and joined the company in February 1999 as Chief Finance Officer and Company Secretary. In 1997, he joined the performance textiles division of Porvair plc as finance and operations director. In 1996, he was employed as an interim European financial controller for Sunbeam Europe Limited, a domestic appliance distributor. Between 1993 and 1996 he was the director of finance and operations at Bizeq Limited, a security alarms distributor. John trained as a chartered accountant with Grant Thornton and qualified in 1984.

Jonathan Victor Halestrap (aged 46), Director of Sales and Marketing

Jonathan joined the company in July 2000 as director of Sales and Marketing. Prior to joining INVU Jonathan was Northern European business development manager for Motiva Limited, a global information management solutions company. In 1996, Jonathan joined the international software company Bentley Systems Limited, where he became channel director, prior to which he was group sales director at Orchid Limited. In 1994, Jonathan joined Hunsbury Computer Services Limited (to become Network Imaging Solutions Limited) as divisional managing director. Jonathan graduated from Coventry Polytechnic in 1984 with a Bachelor of Science degree in engineering.

Non-Executive Directors

Daniel Goldman (aged 35), Non-Executive Chairman

Daniel joined the Board in May 1999 and replaced David Morgan as Chairman in 2002. He has significant experience with emerging technology companies, raising private equity finance and providing bespoke corporate finance advice. Daniel is currently managing director of DG Goldman Investments Limited, a provider of strategic advice and investment banking services and a director of BATM Advanced Communications Limited. He is also a director of the Puma II Fund, a fund managed by the Shore Capital Group with a bias towards technology. Daniel holds a degree in Engineering and Business Administration and studied corporate finance at the London Business School.

Thomas Patrick Maxfield (aged 55), Non-Executive Director

Thomas joined the Board of INVU in May 1999. Between 1989 and 1997 he was a main board director of The Sage Group plc, a supplier of accounting software. His responsibilities included the development of a national reseller network, creating and maintaining telesales and field sales operations, and the creation of the group's retail sales channel. Since leaving Sage, Thomas founded Seaham Hall Limited, an independent private company set up to develop and acquire several hotel and restaurant properties of which he is a director. The Automobile Association recently awarded Seaham Hall Hotel, its flagship property, the prestigious Hotel of the Year Award 2003. Thomas holds a Bachelor of Honours degree in Modern Languages.

The directors present their report together with the audited financial statements for the year ended 31 January 2005. These will be presented to the shareholders at the Annual General Meeting to be held on 29 June 2005.

Principal activity

The group is principally engaged in the design and sale of computer software for the electronic management of information and documents.

Business review

On 6 January 2004 the company's common shares, no par value, were admitted to trading on AIM. The directors made the decision to transfer the company's listing to a UK market as that is where the company's trading activities are concentrated.

There was a profit for the year after taxation amounting to £608,000 (2004: loss of £126,000). The directors cannot recommend the payment of a dividend and the profit for the year has been transferred to reserves. A review of the group's performance for the year ended 31 January 2005 is contained in the Chairman's statement.

Research and development

The group incurs research and development expenditure which is fully expensed through the profit and loss account.

Share issues

On 10 November 2004 the company issued a further 6,005,404 common shares of no par value for consideration of 12.25p per share. Total proceeds amounted to £735,662 before issue costs of £28,392 (see note 15 to the financial statements).

Directors

The present membership of the Board is set out below. All of the directors served throughout the year.

The interests of the directors and their families in the shares of the company as at 1 February 2004 and 31 January 2005 were as follows:

	Common shares no par value	
	31 January 2005	1 February 2004
D Goldman	**5,000**	5,000
D Morgan *	**-**	-
J C Agostini	**50,000**	-
J Halestrap	**100,000**	100,000
T P Maxfield	**1,551,483**	1,551,483

* D Morgan is a potential beneficiary of an Isle of Man discretionary trust that owns Montague Limited. Montague Limited owns 19,655,890 (2004: 19,755,890) common shares of no par value of the company. The percentage of D Morgan's beneficial interest in the assets of the discretionary trust has not been determined.

Details of options held by the directors are included within the remuneration report.

Directors' responsibilities for the financial statements

The directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- 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 group will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Substantial shareholders

At 11 March 2005 the following, other than the directors whose shareholdings are outlined above, had notified the company of disclosable interests in 3% or more of the nominal value of the company's common shares:

Name	**Shareholding**	**%**
Tyne & Wear Holdings Limited	23,639,188	23.64
Montague Limited	19,655,890	19.66
Pershing Keen Nominees Limited	15,864,440	15.86
BNY (OCS) Nominees Limited	5,350,000	5.35
Cede & Co	4,220,664	4.22

Supplier payment policy and practice

The group's normal terms of payment are between 30 and 60 days. Trade creditors at the period end amount to 66 days of average supplies for the quarter ended 31 January 2005.

International Financial Reporting Standards

As an AIM-listed company, the current proposals would require the company to prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRS's) from 2008. The company is currently undertaking a review of the conversion from UK GAAP to International Financial Reporting Standards. The first financial results prepared in accordance with IFRSs will be for the six months ended 31 July 2007.

Auditors

On 1 July 2004, the Grant Thornton partnership transferred its business to a limited liability partnership, Grant Thornton UK LLP. The directors consented to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004.

Grant Thornton UK LLP offer themselves for reappointment as auditors.

BY ORDER OF THE BOARD

J C Agostini
Secretary

29 April 2005

Board

The Board, comprising three Executive directors, a Non-Executive Chairman and a further Non-Executive director, is responsible for the overall strategy of the group as well as considering a formal schedule of matters reserved to it and meets regularly during the year. The Board is supplied in a timely manner with information in a form suitable to enable it to discharge its duties. Advice from independent sources is available if required.

The Board members and their roles are described on page 5. The Executive directors have service contracts which are terminable upon six months notice.

The Board delegates specific responsibilities to Board committees.

Audit Committee

The Audit Committee comprises both of the Non-Executive directors, Daniel Goldman and Tom Maxfield, and the Chief Finance Officer John Agostini. Executive directors are invited to attend meetings when considered appropriate. The Committee is responsible for reviewing the half year and annual financial statements prior to submission to the Board and monitoring the group's systems of internal control. The Committee also ensures the independence and objectivity of the external auditors and also review the provision of non-audit services by external auditors. Taxation and legal advice are provided to the company by independent advisors with experience in the relevant jurisdictions.

Remuneration Committee

The Remuneration Committee is chaired by Daniel Goldman and comprises both of the Non-Executive directors. When appropriate the Committee also invites the views of the Chief Executive. The Committee makes recommendations to the Board, within agreed terms of reference, on the group's framework of executive remuneration and cost. It also determines the remuneration and benefits packages for the Executive directors and any changes to their service contracts.

Internal control

The Board has overall responsibility for the group's system of internal control and for reviewing its effectiveness. These systems of internal control can only provide reasonable, not absolute, assurance that no material loss or misstatement has occurred.

Assessment of business risk

The group has an ongoing process for identifying, evaluating and managing business risk. Strategic risks are regularly reviewed by the Board. Risks relating to the key activities of the group are assessed continuously.

Control environment

The group's operating procedures encompass a comprehensive system for providing information, both financial and non-financial, to the Board including:

- Preparation and review of annual budgets
- Review of the business at each Board meeting.

Control procedures

Detailed operational procedures, that incorporate key controls, have been developed within the group. These procedures take account of the implications of changes in law and regulations.

Monitoring procedures

There are clear procedures for monitoring the systems of key controls. The significant elements are:

- Regular reviews of operational and financial controls by the Executive directors.
- Review by the Audit Committee of the process for identifying and assessing risks and of the effectiveness of controls via the work of External Audit.

The Board considers that there have been no significant weaknesses in internal financial controls that have resulted in any material losses, contingencies or uncertainties, which need to be disclosed in the financial statements. The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the group, and that this process has been in place for the year under review and up to the date of this report.

Shareholder relations

INVU is committed to open communication with all its shareholders and recognises the importance of maintaining a regular dialogue with shareholders to ensure that the group's strategy and performance is understood. Following the group's listing on AIM, the directors continue to hold regular meetings with institutional shareholders to discuss and review the group's activities, objectives and performance.

Communication with private shareholders is principally through the Annual General Meeting, where participation is encouraged and where the Board is available to answer questions. Shareholders are also encouraged to contact the company directly and the directors undertake to reply to all such contacts either by telephone or e-mail with information that is within the public domain.

Every shareholder will receive by post a full annual report each year and an interim report at the half year. Care is taken that price sensitive information is released to all shareholders, institutional and private, at the same time in accordance with London Stock Exchange requirements.

The Remuneration Committee operates within defined terms of reference. The Remuneration Committee comprises the Non-Executive Chairman, Daniel Goldman the other Non-Executive director, Tom Maxfield. When appropriate the Committee consults with the Chief Executive in respect of its proposals. The committee is chaired by Daniel Goldman and meets as and when remuneration issues arise.

Remuneration policy

The policy of the group is to set levels of remuneration to attract, retain and motivate Executive directors and key staff. In setting executive salaries, the Remuneration Committee considers a number of factors, such as market conditions, salaries in comparable companies in similar industries and affordability, also taking into account performance and market comparisons.

The committee recognises the need to link an executive's remuneration package to individual and corporate performance.

The components of the Executive directors' remuneration packages as at the year end comprised a basic salary, bonus and benefits in kind. The benefits included a car allowance, private medical cover, life insurance and critical illness cover. The bonus elements are dependent upon the Executive directors achieving performance criteria set out by the Remuneration Committee. The criteria include targets for turnover, and net profit.

AUDITED INFORMATION

Directors' remuneration

	Salaries and fees £	Bonuses £	Benefits £	Total 2005 £
David Morgan	97,125	30,000	17,369	144,494
John Agostini	76,250	18,000	12,233	106,483
Jon Halestrap	88,250	23,250	12,018	123,518
Daniel Goldman	25,000	-	-	25,000
Tom Maxfield	-	-	-	-
	286,625	71,250	41,620	399,495

	Salaries and fees £	Bonuses £	Benefits £	Total 2004 £
David Morgan	97,125	5,000	17,204	119,329
John Agostini	72,250	10,500	10,800	93,550
Jon Halestrap	88,250	8,500	10,440	107,190
Daniel Goldman	7,575	-	-	7,575
Tom Maxfield	-	-	-	-
	265,200	24,000	38,444	327,644

Non-Executive directors

The Board, based on a recommendation by the Non Executive Chairman determines the remuneration of the Non-Executive directors. The Non-Executive directors do not currently participate in the various benefit schemes operated by the company apart from share option schemes. All Non-Executive directors are engaged on letters of appointment, which set out their duties and responsibilities. Both the company and the Non-Executive directors are required to give one months notice of termination.

Service contracts

The Executive directors have entered into Service Contracts with the group that are terminable by either party on six months prior notice.

Share options

The company's share option schemes are set out in note 21 to the financial statements. The directors believe it is important to incentivise key management and employees generally by granting them options over shares in the company to allow them to participate over time in any increase in value of the group.

The following options have been granted to the Executive and Non-Executive directors over Common Shares of no par value in the company:

			Number of common shares				
	Date of grant	Granted	At 31 Jan 2003	At 31 Jan 2004	At 31 Jan 2005	Exercise price per share	Expiry date
David Morgan	27 December 2001	400,000	400,000	400,000	-	£0.27 ($0.50)	December 2011
John Agostini	14 September 2001	250,000	250,000	250,000	-	£0.27 ($0.50)	September 2011
Jon Halestrap	14 September 2001	250,000	250,000	250,000	-	£0.27 ($0.50)	September 2011
Daniel Goldman	27 December 2001	150,000	150,000	150,000	150,000	£0.27 ($0.50)	December 2011
Tom Maxfield	27 December 2001	50,000	50,000	50,000	50,000	£0.27 ($0.50)	December 2011

In addition in June 2000 Mr J Agostini was given an option in a personal capacity by Mr D Morgan to purchase 100,000 Common Shares for US$2 per share if Mr D Morgan was allocated a distribution from a trust that has an interest in the group. The option was exercisable from March 2001.

On 12 March 2004 the company cancelled all prior option schemes with regard to its employees and executive directors and replaced them with a new option scheme as detailed below. The Non-Executive directors still retain their entitlement to options under the original scheme as noted above.

	Date of grant	Number of common shares granted	Exercise price per share	Expiry date
David Morgan	12 March 2004	500,000	10.4p	March 2014
John Agostini	12 March 2004	350,000	10.4p	March 2014
Jon Halestrap	12 March 2004	350,000	10.4p	March 2014

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

INVU INC

We have audited the financial statements of INVU Inc for the year ended 31 January 2005 which comprise the principal accounting policies, the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with United Kingdom accounting standards are set out in the statement of directors' responsibilities.

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

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 generally accepted accounting practice in the United Kingdom. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We read other information contained in the annual report, including the corporate governance report and consider whether it is consistent with the audited financial statements. This other information comprises only the chairman's statement, the chief executive's report, the directors' report, the corporate governance report and the remuneration report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. We are not required to consider whether the Board's statement on internal control covers all risks and controls or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

INVU INC

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group as at 31 January 2005 and of the profit of the group for the year then ended and have been properly prepared in accordance with generally accepted accounting practice in the United Kingdom.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

Northampton

29 April 2005

The maintenance and integrity of the INVU Inc website is the responsibility of the directors: the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from the legislation in other jurisdictions.

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The principal accounting policies of the group are set out below and are unchanged from the previous year.

BASIS OF CONSOLIDATION

The financial statements represent the consolidation of the company and its subsidiary undertakings drawn up to 31 January 2005. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting.

GOODWILL

Goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired is capitalised and is amortised on a straight line basis over its estimated useful economic life.

REVENUE RECOGNITION

Turnover represents amounts receivable by the group for goods supplied and services provided, excluding VAT and trade discounts.

Fees for services and maintenance are charged to resellers separately from the sale of software. Revenues from the sale of software to resellers are recognised upon product shipment when fees are fixed, collectability is probable and the group has no significant obligations remaining under the sale agreement. In instances where a significant vendor obligation exists, revenue recognition is delayed until such obligation has been satisfied.

For those sale agreements to resellers which provide the resellers the right to multiple copies in exchange for guaranteed amounts, software revenues are recognised at delivery of the product master or the first copy as the reseller has no recourse to the group after this point. Per copy royalties on sales which exceed the guarantee are recognised as earned.

Resellers are charged an accreditation fee each year for training and consulting to be provided by the group to the resellers and this fee is recognised evenly over each accreditation period.

The group's resellers provide primary maintenance and ongoing support to the end users. The group provides secondary support to the end users via the resellers and charge the reseller an annual fee for this support. The fees charged by the group to the resellers are recognised over a twelve month period. Where the end user no longer has an accredited reseller, support fees are charged by the group to the end user and recognised over a twelve month period.

INTANGIBLE FIXED ASSETS

Purchased software licences and similar rights and assets are included at cost and amortised on a straight line basis over their expected useful economic life of 3 years.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

Computer equipment	25% per annum
Motor vehicles	25% per annum
Fixtures, fittings and equipment	25% per annum

LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

INVESTMENTS

Investments in subsidiary undertakings are included at cost less amounts written off.

STOCKS

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

DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

FINANCIAL INSTRUMENTS

Financial assets are recognised in the balance sheet at the lower of cost and net realisable value.

Income and expenditure arising on financial instruments is recognised on the accruals basis, and credited or charged to the profit and loss account in the financial period to which it relates.

FOREIGN CURRENCY

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

The balance sheets of foreign subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The profit and loss accounts of foreign subsidiaries are translated at the average exchange rate for the period. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to reserves. All other exchange differences are dealt with through the profit and loss account.

RESEARCH AND DEVELOPMENT

Research and development expenditure is charged to profits in the period in which it is incurred.

CASH AND LIQUID RESOURCES

Cash at bank and in hand includes cash deposits that have notice periods of one day apart from balances held in escrow that are treated as liquid resources.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 January 2005

	Note	**2005 £'000**	2004 £'000
Turnover	1	**3,149**	1,997
Cost of sales		**(165)**	(113)
Gross profit		**2,984**	1,884
Distribution costs		**(223)**	(182)
Administrative expenses		**(2,149)**	(2,720)
Operating profit/(loss)		**612**	(1,018)
Net interest	2	**(4)**	(359)
Profit/(loss) on ordinary activities before taxation	1	**608**	(1,377)
Tax on profit/(loss) on ordinary activities	4	**-**	1,251
Profit/(loss) for the year transferred to/(from) reserves	17	**608**	(126)
Earnings/(loss) per share			
Basic & diluted	5	**0.64p**	(0.36p)

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET AT 31 JANUARY 2005

	Note		**2005**		2004
		£'000	**£'000**	£'000	£'000
Fixed assets					
Intangible assets	7	**-**		17	
Tangible assets	8	**152**		141	
			152		158
Current assets					
Stock	10	**151**		182	
Debtors	11	**2,678**		1,296	
Short term deposits		-		425	
Cash at bank and in hand		**894**		1,122	
		3,723		3,025	
Creditors: amounts falling due within one year	12	**(1,635)**		(1,993)	
Net current assets			**2,088**		1,032
Total assets less current liabilities			**2,240**		1,190
Creditors: amounts falling due after more than one year	13		**-**		(8)
Net assets			**2,240**		1,182
Capital and reserves					
Called up share capital	15		**-**		-
Share premium account	16		**6,269**		5,562
Profit and loss account	16		**(4,029)**		(4,380)
Shareholders' funds	17		**2,240**		1,182

The financial statements were approved by the Board of Directors on 29 April 2005.

……………………
D Goldman
Chairman

……………………
J C Agostini
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

BALANCE SHEET AT 31 JANUARY 2005

	Note		2005		2004
		£'000	**£'000**	£'000	£'000
Fixed assets					
Investments	9		**176**		176
Current assets					
Debtors	11				
- amounts due in less than one year		**200**		350	
- amounts due in more than one year		**4,547**		4,414	
		4,747		4,764	
Creditors: amounts falling due within one year	12	**(160)**		(713)	
Net current assets			**4,587**		4,051
Total assets less current liabilities			**4,763**		4,227
Capital and reserves					
Called up share capital	15		**-**		-
Share premium account	16		**6,269**		5,562
Profit and loss account	16		**(1,506)**		(1,335)
Shareholders' funds			**4,763**		4,227

The financial statements were approved by the Board of Directors on 29 April 2005.

……………………
D Goldman
Chairman

……………………
J C Agostini
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 January 2005

	Note	2005 £'000	2004 £'000
Net cash outflow from operating activities	18	**(254)**	(470)
Returns on investments and servicing of finance			
Interest paid		**(25)**	(126)
Interest received		**22**	1
Hire purchase interest paid		**(1)**	(5)
Net cash outflow from returns on investments and servicing of finance		**(4)**	(130)
Capital expenditure			
Purchase of tangible fixed assets		**(83)**	(65)
Sale of tangible fixed assets		**-**	34
Net cash outflow from capital expenditure		**(83)**	(31)
Management of liquid resources			
Receipt from/(purchase) of short term deposits		**425**	(425)
Net cash inflow/(outflow) from management of liquid resources		**425**	(425)
Financing			
Issue of shares		**736**	3,000
Issue costs paid		**(29)**	(620)
Receipts from borrowings		**-**	567
Repayments of borrowings		**(1,005)**	(324)
Capital element of hire purchase payments		**(14)**	(57)
Net cash (outflow)/inflow from financing		**(312)**	2,566
(Decrease)/increase in cash	19	**(228)**	1,510

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2005	2004
	£'000	£'000
Profit/(loss) for the financial year	**608**	(126)
Currency differences on foreign currency net investments	**(257)**	79
Total recognised gains and losses for the year	**351**	(47)

The accompanying accounting policies and notes form an integral part of these financial statements.

1 TURNOVER AND PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit/(loss) on ordinary activities before taxation is attributable to the activity stated in the Report of the Directors. An analysis of turnover by geographical market is given below:

	2005	2004
	£'000	£'000
United Kingdom	**2,899**	1,822
Europe	**250**	175
	3,149	1,997

There is no material difference between turnover by origin and destination.

An analysis of profit / (loss) before tax is given below:

	2005	2004
	£'000	£'000
United Kingdom	**546**	(1,167)
Europe	**62**	(210)
	608	(1,377)

An analysis of net assets is given below:

	2005	2004
	£'000	£'000
United Kingdom	**2,060**	1,024
Europe	**180**	158
	2,240	1,182

The profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):

	2005	2004
	£'000	£'000
Research and development expenditure (including wages and salaries)	**457**	477
Auditors' remuneration:		
Audit services	**35**	40
Non-audit services - other advisory services	**13**	16
Depreciation and amortisation:		
Goodwill	**-**	155
Other intangible fixed assets	**17**	33
Tangible fixed assets, owned	**68**	57
Tangible fixed assets, held under hire purchase contracts	**4**	14
Goodwill impairment provision	**-**	604
Other operating lease rentals	**55**	69
Exchange gains	**(257)**	(81)

2 NET INTEREST

	2005	2004
	£'000	£'000
On bank loans and overdrafts	**15**	56
On other loans and convertible loan stock	**10**	169
Other debt finance costs	**-**	130
Finance charges in respect of hire purchase contracts	**1**	5
Other interest receivable and similar income	**(22)**	(1)
	4	359

On 2 January 2004, £99,000 of the other interest payable above for that year together with accrued interest from previous years amounting to £412,000 was converted into common shares of no par value.

3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2005	2004
	£'000	£'000
Wages and salaries	**1,341**	1,154
Social security costs	**139**	113
	1,480	1,267

The average number of employees of the group during the year was:

	2005	2004
	Number	Number
	31	25

Details of directors' remuneration are disclosed within the Audited Information section of the Remuneration Report on page 11.

4 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

The tax credit represents:

	2005 **£'000**	2004 £'000
Adjustment in respect of prior year:		
Overseas taxation	**-**	(1,251)
Total current tax	**-**	(1,251)

Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 30%. The differences are explained as follows:

	2005 **£'000**	2004 £'000
Profit/(loss) on ordinary activities before tax	**608**	(1,377)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	**182**	(413)
Effect of:		
Expenses not deductible for tax purposes	**8**	317
Non-taxable income	**(113)**	-
Difference between capital allowances and depreciation	**11**	(19)
Research and development deductions	**(31)**	(32)
Losses unutilised in the year	**56**	117
Losses utilised in the year	**(119)**	-
Adjustment in respect of prior year	**-**	(1,251)
Other timing differences	**6**	30
Current tax charge for the year	**-**	(1,251)

On acquisition of INVU Netherlands B.V. in the year ended 31 January 2003 the group inherited a tax liability of £1.25m. As a result of tax losses incurred since the acquisition the group has received independent tax advice that this will not now be payable and therefore this liability was reduced in the year ended 31 January 2004.

Unrelieved tax losses remain available to offset against future taxable trading profits in the respective countries as follows:

Country	**Unrelieved tax losses £'000**
UK	2,893
US	885
Netherlands	1,934

5 EARNINGS/(LOSS) PER SHARE

	2005	2004
	£'000	£'000
Basic earnings/(loss) per share		
Profit/(loss) for the financial year	**608**	(126)

	2005	2004
	Number	Number
Weighted average number of common shares in issue during the year	**95,228,582**	35,440,330
Basic earnings/(loss) per share	**0.64p**	(0.36p)
Diluted earnings/(loss) per share	**0.64p**	(0.36p)

The basic earnings per share is based on the profit after taxation of £608,000 (2004 – loss of £126,000) and on the weighted average number of shares in issue during the year of 95,228,582 (2004 – 35,440,330). The diluted earnings per share is based on a diluted average number of shares of 95,505,473 (2004 – 35,440,330), the dilution resulting from share options.

6 LOSS FOR THE FINANCIAL YEAR

The parent company has not included its own profit and loss account in these financial statements. The loss for the financial year of the company was £170,993 (2004 - £148,357).

7 INTANGIBLE FIXED ASSETS

The group	**Goodwill on consolidation £'000**	**Software rights and licences £'000**	**Total £'000**
Cost			
At 1 February 2004 and at 31 January 2005	828	100	928
Amortisation			
At 1 February 2004	828	83	911
Provided in the year	-	17	17
At 31 January 2005	828	100	928
Net book amount at 31 January 2005	**-**	**-**	**-**
Net book amount at 31 January 2004	-	17	17

Goodwill on consolidation related to the acquisition of INVU Netherlands B.V. (formerly Corsham Holding B.V.). An impairment provision of £604,000 was made during the year ended 31 January 2004 as no future economic benefit was expected to be derived from the original net assets acquired.

The company has no intangible fixed assets.

8 TANGIBLE FIXED ASSETS

The group

	Computer equipment £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 February 2004	213	52	74	339
Additions	71	-	12	83
At 31 January 2005	284	52	86	422
Depreciation				
At 1 February 2004	89	40	69	198
Provided in the year	56	12	4	72
At 31 January 2005	145	52	73	270
Net book amount at 31 January 2005	**139**	**-**	**13**	**152**
Net book amount at 31 January 2004	124	12	5	141

Motor vehicles above includes assets held under hire purchase contracts with a net book value of £Nil (2004: £12,000). Depreciation amounting to £4,000 (2004: £14,000) has been charged to the profit and loss account during the year.

The company has no tangible fixed assets.

9 FIXED ASSET INVESTMENTS

The company	**Shares in group undertakings £'000**
Cost	
At 1 February 2004 and 31 January 2005	**176**

9 FIXED ASSET INVESTMENTS (CONTINUED)

At 31 January 2005 the company held 20% or more of the allotted share capital of the following:

	Country of Incorporation	Class of share capital held	Proportion held By parent company	Proportion held By the group	Nature of business
INVU Plc	England	Ordinary	100%	-	Holding company
INVU Services Limited	England	Ordinary	-	100%	Software and related services, design and sales
INVU International Holdings Limited	England	Ordinary	-	100%	Holds intellectual property rights
INVU Netherlands B.V.	Netherlands	Ordinary	-	100%	Software and related services and sales

10 STOCK

	The group 2005 £'000	The group 2004 £'000
Licences and goods for resale	**151**	182

11 DEBTORS

	The group 2005 £'000	The group 2004 £'000	The company 2005 £'000	The company 2004 £'000
Trade debtors	**2,558**	1,234	**-**	-
Amounts owed by group undertakings	-	-	**4,747**	4,764
Prepayments and accrued income	**120**	62	**-**	-
	2,678	1,296	**4,747**	4,764

Amounts owed by group undertakings for the company for 2005 include £4,546,544 that is due after more than one year (2004: £4,414,000).

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The group		The company	
	2005	2004	**2005**	2004
	£'000	£'000	**£'000**	£'000
Bank loans and overdrafts	**-**	434	**-**	-
Other loans	**5**	576	**5**	576
Trade creditors	**350**	406	**-**	-
Other taxation and social security	**461**	117	**-**	-
Accruals and deferred income	**815**	450	**155**	137
Amounts due under hire purchase contracts	**4**	10	**-**	-
	1,635	1,993	**160**	713

Other loans comprise the following:

Loan amount		Interest rate per annum
2005	2004	
£'000	£'000	
-	300	15%
-	110	14%
-	166	6%
5	-	0%
5	576	

Amounts due under hire purchase contracts are secured on the assets to which they relate.

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	The group	
	2005	2004
	£'000	£'000
Amounts due under hire purchase contracts	**-**	8

Amounts due under hire purchase contracts are secured on the assets to which they relate.

14 FINANCIAL INSTRUMENTS

The group uses financial instruments, comprising borrowings, cash and various items, such as trade debtors, trade creditors etc that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

The main risks arising from the group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all the following disclosures, other than the currency risk disclosures.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Interest rate risk

The group finances its operations through a mixture of equity, bank and other borrowings. The group exposure to interest rate fluctuations on its borrowings is managed by the use of fixed and floating facilities. There is no standing policy on the mix of interest rate.

14 FINANCIAL INSTRUMENTS (CONTINUED)

Financial liabilities

The interest rate profile of the financial liabilities as at 31 January 2005 was:

Currency	**Total £'000**	**Fixed rate financial liabilities £'000**	**Floating rate financial liabilities £'000**
2005			
Sterling	**9**	**9**	**-**

	Total £'000	**Fixed rate financial liabilities £'000**	**Floating rate financial liabilities £'000**
2004			
Sterling	918	484	434
US dollars	110	110	-
	1,028	594	434

	Weighted average fixed interest rate %
2005	
Sterling	**6%**
2004	
Sterling	12%
US dollars	14%

All of the financial liabilities at 31 January 2005 are repayable within the next financial year.

14 FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets

The interest rate profile of the financial assets as at 31 January 2005 was:

Currency	**2005 Floating rate financial assets £'000**	2004 Floating rate financial assets £'000
Sterling	**838**	1,529
Euro	**56**	18
	894	1,547

The floating rate assets bear interest at various rates linked to the bank base rate.

Maturity of financial liabilities

The group financial liabilities analysis at 31 January 2005 and 31 January 2004 was as follows:

	The group		**The company**	
	2005 £'000	2004 £'000	**2005 £'000**	2004 £'000
In less than one year or on demand				
Bank and other borrowings	**5**	1,010	**5**	576
Hire purchase contracts	**4**	10	**-**	-
In more than one year but less than two years				
Hire purchase contracts	**-**	8	**-**	-
	9	1,028	**5**	576

Bank overdraft

The group has an overdraft facility of £200,000 which is due for review on 1 November 2005.

Currency risk

The group does not hedge its exposure to foreign currencies. The group is exposed to translation and transaction foreign exchange risk. The group has an overseas subsidiary operating in Europe, whose revenues and expenses are denominated in Euros. The group's UK sales are to customers within the UK, these sales are priced and invoiced in sterling.

14 FINANCIAL INSTRUMENTS (CONTINUED)

The tables below show the extent to which group companies have monetary assets and liabilities in currencies other than their local currency. Foreign exchange differences on retranslation of these assets and liabilities are taken to the profit and loss account of the group companies and the group.

Net foreign currency monetary assets/(liabilities)

Functional currency of operation	**Euro £'000**	**US Dollar £'000**	**Total £'000**
2005			
Sterling	**10,348**	**-**	**10,348**

	Euro £'000	**US Dollar £'000**	**Total £'000**
2004			
Sterling	9,496	(137)	9,359

Of the net monetary liabilities £10,348,396 (2004: £9,496,366) relates to intercompany balances.

Fair values

The fair values of the group's financial assets and liabilities at 31 January 2005 are not materially different from their carrying values.

15 SHARE CAPITAL

	2005 £'000	2004 £'000
Authorised		
20,000,000 Preferred shares, no par value	**-**	-
100,000,000 Common shares, no par value	**-**	-
	-	-
Allotted, called up and fully paid		
99,999,999 (2004 – 93,994,595) Common shares, no par value	**-**	-

Issue of shares

On 10 November 2004 the company issued 6,005,404 common shares of no par value for consideration of 12.25p per share. Total proceeds amounted to £735,662 before issue costs of £28,392.

16 SHARE PREMIUM ACCOUNT AND RESERVES

The group

	Share premium account £'000	**Profit and loss account £'000**
At 1 February 2004	5,562	(4,380)
Profit for the year	-	608
Exchange differences	-	(257)
Premium on allotment during the year	736	-
Issue costs	(29)	-
At 31 January 2005	**6,269**	**(4,029)**

The company

	Share premium account £'000	**Profit and loss account £'000**
At 1 February 2004	5,562	(1,335)
Loss for the year	-	(171)
Premium on allotment during the year	736	-
Issue costs	(29)	-
At 31 January 2005	**6,269**	**(1,506)**

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

The group

	2005 £'000	2004 £'000
Profit/(loss) for the year	**608**	(126)
Exchange differences	**(257)**	79
	351	(47)
Issue of shares in year	**707**	2,510
Conversion of debt to equity	**-**	2,809
Net increase in shareholders' funds	**1,058**	5,272
Shareholders' funds at 1 February 2004	**1,182**	(4,090)
Shareholders' funds at 31 January 2005	**2,240**	1,182

18 NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2005	2004
	£'000	£'000
Operating profit/(loss)	**612**	(1,018)
Depreciation and amortisation	**89**	863
Profit on disposal of fixed assets	**-**	(7)
Decrease/(increase) in stock	**31**	(107)
Increase in debtors	**(1,382)**	(306)
Increase in creditors	**653**	130
Exchange differences	**(257)**	(25)
Net cash outflow from operating activities	**(254)**	(470)

19 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2005	2004
	£'000	£'000
(Decrease)/increase in cash in the year	**(228)**	1,510
Net cash outflow/(inflow) from financing	**1,005**	(243)
Net cash outflow from hire purchase contracts	**14**	57
Net cash (inflow)/outflow from (decrease)/increase in liquid resources	**(425)**	425
Change in net funds from cash flows	**366**	1,749
Conversion of debt to share capital	**-**	2,298
Effect of foreign exchange changes	**-**	179
Movement in net funds in the year	**366**	4,226
Net funds/(debt) at 1 February 2004	**519**	(3,707)
Net funds at 31 January 2005	**885**	519

20 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 February 2004 £'000	Cash flow £'000	At 31 January 2005 £'000
Cash at bank and in hand	1,122	(228)	**894**
Debt	(1,010)	1,005	**(5)**
Hire purchase contracts	(18)	14	**(4)**
Short term deposits	425	(425)	**-**
	519	366	**885**

21 SHARE OPTIONS

The following share options were outstanding over common shares of no par value at 31 January 2005:

Scheme	Date of grant	Number of common shares granted	Exercise price per share	Expiry date
Enterprise Management Share Option Scheme (Group A)	12 March 2004	1,483,528	£0.104	12 March 2014
Enterprise Management Share Option Scheme (Group B)	12 March 2004	629,229	£0.104	12 March 2014
Enterprise Management Share Option Scheme (Group B)	14 September 2001	97,995	£0.27 ($0.50)	14 September 2011
Executive Share Option Scheme	27 December 2001	230,000	£0.27 ($0.50)	27 December 2011
Options issued to loan providers	27 December 2001	1,200,000	£0.13 ($0.25)	1 March 2006

Enterprise Management Share Option Scheme (Group A and B)

The share options under these schemes contain performance targets over the first 3 to 4 years after the date of grant which accelerate the vesting of the options. If the performance targets are not met, the options would vest to the individuals on the sixth anniversary of the date of grant.

Executive Share Option Scheme

The share options under this scheme vest to the individuals at each anniversary from the date of the grant in four annual instalments.

Other information

The share options issued on the 14 September 2001 and the 27 December 2001 are denominated in US dollars and have been translated into sterling at the year end exchange rate.

During the year the following share options were granted:

Scheme	Number of common shares granted	Exercise price per share	Expiry date
Enterprise Management Share Option Scheme (Group A)	1,483,528	£0.104	March 2014
Enterprise Management Share Option Scheme (Group B)	746,854	£0.104	March 2014

During the year the following share options were cancelled for employees who left the group during the year or due to changes in the share option schemes; Enterprise Management Share Option Scheme (Group A) granted 14 September 2001 – 650,000 options cancelled, Enterprise Management Share Option Scheme (Group B) granted 14 September 2001 – 204,489 options cancelled, Executive Share Option Scheme granted 27 December 2001 – 400,000 options cancelled, Enterprise Management Share Option Scheme (Group B) granted 12 March 2004 – 117,625 options cancelled.

The market price of the common shares of no par value each at 31 January 2005 was 11p. For the year ended 31 January 2005 the market price ranged from a low of 8.0p to a high of 18.75p.

The share options held by directors are detailed in the remuneration report.

22 CAPITAL COMMITMENTS

The group had no capital commitments at 31 January 2005 or 31 January 2004.

23 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 January 2005 or 31 January 2004.

24 LEASING COMMITMENTS

Operating lease payments amounting to £31,000 (2004: £32,000) are due within one year. The leases to which these amounts relate expire as follows:

	Land and buildings		**Other**	
	2005	2004	**2005**	2004
	£'000	£'000	**£'000**	£'000
In one year or less	**30**	25	**1**	-
Between one and five years	**-**	-	**-**	7
	30	25	**1**	7

25 TRANSACTIONS WITH RELATED PARTIES

The group entered into the following transactions with directors or shareholders or companies in which the directors or shareholders had an interest during the year.

		2005	2004
Shareholder	**Transaction**	**£'000**	£'000
P Fraser	Loan to the group	**5**	166

Notice is hereby given that the Annual Meeting of Shareholders (the "Annual Meeting") of INVU Inc will be held at the offices of Arbuthnot, 20 Ropemaker Street, London, EC2Y 9AR on 29 June 2005 at 11.00am for the following purposes:

1 To receive and adopt the report of the directors and the financial statements for the year ended 31 January 2005 and the report of the independent auditors thereon.

2 To adopt and approve an amendment to the Articles of Incorporation of the company increasing the authorized number of shares of common stock from 100,000,000 to 250,000,000.

3 To adopt and approve an amendment to the Articles of Incorporation of the company removing the limitation on the number of directors.

4 To adopt and approve an amendment to the Articles of Incorporation of the company to provide for a three-class staggered Board of Directors.

5 To elect/re-elect the following persons to serve as the directors of the company, each director to be classified as set forth opposite his name as recommended by the Board of Directors:

Class	**Name**	**Term of expiration**
Class I	David Morgan	2006
Class I	John Agostini	2006
Class II	Jon Halestrap	2007
Class II	Tom Maxfield	2007
Class III	Daniel Goldman	2008
Class III	Bernard Fisher	2008

6 To re-appoint Grant Thornton UK LLP as the auditors of the company and to authorise the directors to fix their remuneration.

7 To transact any other ordinary business.

Our Board of Directors has fixed the close of business on May 16, 2005 as the record date for the determination of our shareholders entitled to notice of, and to vote, at the Annual Meeting and any postponement or adjournment of the Annual Meeting. Only those shareholders of record as of the close of business on that date are entitled to notice of and to vote at the Annual Meeting. The stock transfer books shall remain open between the record date and the date of the Annual Meeting. A list of shareholders entitled to vote at the Annual Meeting will be available for inspection by any shareholder of the company, any purpose germane to the Annual Meeting, at the Annual Meeting or during ordinary business hours at our executive offices for a period of ten (10) days prior to the Annual Meeting.

Note that, if the proposal to remove the limit on the number of directors is not approved and all six director nominees are elected, the company will select five of the six director nominees to serve on the Board of Directors. All of the other director nominees have previously served on our Board of Directors, except for Bernard Fisher.

Mr. Fisher has over 30 years' experience in the IT sector, including roles in the industry as well as an external advisor. Since March 2004, Mr. Fisher has been Executive International General Manager of Popkin Software and Services, which was recently sold to the Swedish firm Telelogic for $45 million. Prior to that, Mr. Fisher focused his career as an entrepreneur, starting up and providing international business development advice to a range of high technology enterprises. Mr. Fisher has served as a member of the Board of Directors of The Sage Group plc and Adaytum, and currently serves as the Non-Executive Chairman of Chemistry Communications, the largest independent direct marketing and customer relationship marketing company in the UK. Other current Board positions include Extrada Ltd, furnishing digital service aggregation to the home, and Newfield IT, a provider of document management services to the Ricoh customer base.

We hope that you will be able to attend the Annual Meeting. Whether or not you plan to attend the Annual Meeting, please complete, sign, date and return the enclose proxy promptly. If you attend the Annual Meeting, you may revoke your proxy and vote in person if you wish, even if you previously returned your proxy. Simply attending the Annual Meeting, however, will not revoke your proxy; you must vote at the Annual Meeting to revoke the proxy. If you do not attend the Annual Meeting, you may still revoke your proxy at any time prior to the Annual Meeting by providing a later dated proxy or providing written notice of your revocation to the Secretary of the company.

ON BEHALF OF THE BOARD

J C Agostini F.C.A.
Secretary

18 May 2005

The Beren
Blisworth Hill Farm
Stoke Road
Blisworth
Northants
NN7 3DB

Notes

Copies or particulars of contracts of service between directors and the company or any of its subsidiary undertakings will be available for inspection by shareholders at the registered office of the company during normal business hours from the date of this notice until 28 June 2005 and at the place of the Annual Meeting for fifteen minutes prior to and until the conclusion of that meeting.