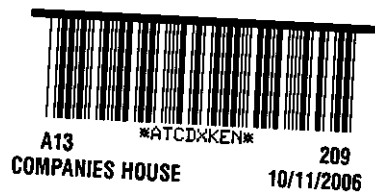


Betternote Limited

Report and Accounts
Year ended 31 December 2005



BETTERNOTE LIMITED

Directors

J Satchell
R Barby

Secretary

J Satchell

Auditors

Rees Pollock
35 New Bridge Street
London
EC4V 6BW

Solicitors

Kingsley Napley
Knights Quarter
14 St John's Lane
London
EC1M 4AJ

Registered Office

Mount Mill Farm
Wicken
Milton Keynes
MK19 6DG

Registered Number

3439039

BETTERNOTE LIMITED

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 2005.

Results and dividends

The profit for the year, after taxation, amounted to £100,985 (2004: £301,975).

The directors have recommended the following dividends:

	Year to 31 December 2005 £	Year to 31 December 2004 £
Dividends paid on ordinary shares	100,985 =====	301,975 =====

Review of the business

The company's principal activity during the period was that of a holding company of a group whose principal activity during the year was that of the production of bespoke e-learning tools.

Events since the end of the year

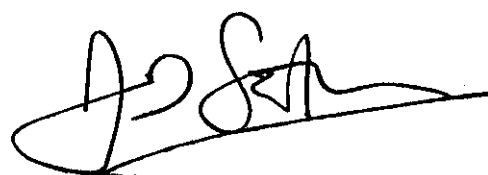
No events of any material consequence have taken place since the year-end.

Directors and their interests

The directors who served during the year were as follows:

J Satchell
R Barby

Neither of the directors have any interest in the share capital of the company. Their interests in the share capital of the parent undertaking, Lexon Incorporated, were as follows:



J Satchell
R Barby

	At 31 December 2005 No of shares	At 31 December 2004 No of shares
J Satchell	379	379
R Barby	391	391

BETTERNOTE LIMITED

DIRECTORS' REPORT

(continued)

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial period, which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing these accounts the directors are required to:

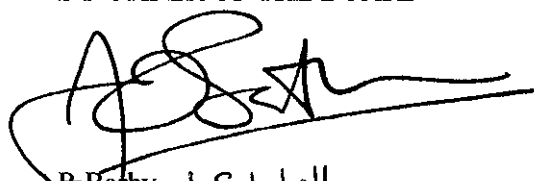
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention of fraud and other irregularities. The directors confirm that these accounts comply with these requirements.

Auditors

Rees Pollock have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD



R. Barry J. Satchell
Director

12 March 2006



REESPOLLOCK

Chartered Accountants

35 New Bridge Street
London EC4V 6BW
Telephone 020 7778 7200
Fax 020 7329 6408

INDEPENDENT REPORT OF THE AUDITORS TO THE MEMBERS OF BETTERNOTE LIMITED

We have audited the accounts of Betternote Limited for the year ended 31 December 2005 on pages 6 to 13 which have been prepared on the basis of the accounting policies set out on page 7.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and the auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, 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 company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- the accounts have been properly prepared in accordance with the Companies Act 1985.

Rees Pollock

Rees Pollock
Chartered Accountants
Registered Auditors

12 March 2006

BETTERNOTE LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005**

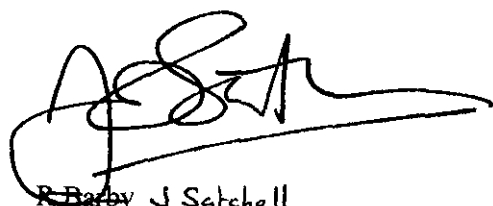
	Note	Year to 31 December 2005 £	Year to 31 December 2004 £
TURNOVER		—	—
Cost of sales		—	—
Gross profit		—	—
Administration expenses		(15)	(15)
OPERATING LOSS	2	(15)	(15)
Interest receivable		—	—
Interest payable		—	—
Investment income		101,000	301,990
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		100,985	301,975
Taxation on loss on ordinary activities	3	—	—
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		100,985	301,975
Dividends		(100,985)	(301,975)
Retained profit for the financial year		—	—

There were no other recognised gains or losses other than the results for the financial year.

The notes on pages 7 to 8 form part of these accounts

BETTERNOTE LIMITED**BALANCE SHEET AT 31 DECEMBER 2005**

	Note	2005 £	2004 £
FIXED ASSETS			
Investments	4	45,500	45,500
Creditors: amounts falling due within one year	6	(45,498)	(45,498)
Net current liabilities		(45,498)	(45,498)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2</u>	<u>2</u>
CAPITAL AND RESERVES:			
Called up share capital	7	2	2
Profit and loss account		—	—
EQUITY SHAREHOLDER'S FUNDS/(DEFICIT)	8	<u>2</u>	<u>2</u>



R. Barby J. Satchell
Director

12 March 2006

The notes on pages 7 to 8 form part of these accounts

BETTERNOTE LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 2005

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Group accounts

Group accounts have not been prepared because of the exemption conferred by s248 of the Companies Act 1985 on small sized groups. Therefore information presented in these accounts relates only to the company.

2. OPERATING LOSS

	Year to 31 December 2005	Year to 31 December 2004
Operating loss is stated after charging:		
– auditors' remuneration	–	–
	<u> </u>	<u> </u>

3. TAXATION

No tax has been provided due to the absence of any taxable profits.

4. INVESTMENTS

	Subsidiary undertakings £
Cost at 31 December 2004	45,500
Additions	–
	<u> </u>
Cost at 31 December 2005	45,500
	<u> </u>

See note 5 for additional information regarding the company's subsidiary.

5. PRINCIPAL FIXED ASSET INVESTMENTS

The company holds 99% of the share capital of the following:

Name	Country of incorporation	Class of share	Nature of business
Executive Business Channel Limited	UK	Ordinary	Production of e-learning tools

The accounts of Executive Business Channel Limited for the year to 31 December 2005 reported a profit after tax of £281,341 (2004: £333,956) and aggregated capital and reserves of £430,821 (2004: £250,480).

BETTERNOTE LIMITED**NOTES TO THE ACCOUNTS AT 31 DECEMBER 2005***(continued)***6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2005	2004
	£	£
Amounts due to parent undertaking	44,953	44,968
Amount due to subsidiary undertaking	45	30
Accruals	50	500
	<u>45,498</u>	<u>45,498</u>

7. SHARE CAPITAL

	Authorised		Authorised, called up and fully paid	
	2005	2004	2005	2004
	No.	No.	£	£
£1 ordinary shares	1,000	1,000	2	2
	<u>1,000</u>	<u>1,000</u>	<u>2</u>	<u>2</u>

8. SHAREHOLDERS' FUNDS

	2005	2004
	£	£
Shareholders' funds brought forward	2	2
Retained profit for the period	—	—
	<u>2</u>	<u>2</u>
Shareholders' funds carried forward	<u>2</u>	<u>2</u>

9. ULTIMATE PARENT UNDERTAKING

The company is a wholly owned subsidiary of Lexon Incorporated, a company registered in the British Virgin Islands.