



OneClickHR plc

ANNUAL REPORT 2005

OneClickHR plc
Annual report
for the year ended 31st December 2005

Registered Number: 03252181

OneClickHR plc

Annual report

for the year ended 31st December 2005

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Chairman's statement

Review of the Business

We have completed a successful year in which the Group moved from loss making to breakeven. This transition was largely due to the success of HR.net, our enterprise level solution.

Financial review

The Group has made a small profit of for the year 31 December 2005 of £64,000 (2004: loss £1,589,000). This is a significantly improved result compared to previous years. Turnover for the year was up by 24% and the gross margin has increased from 34% to 52%. This combined with our efforts to control overhead costs, which have decreased by 9%, improved our trading position. All development expenditure continues to be expensed as incurred.

The move in our product range to address the needs of large organisations has meant a change in our working capital position and a reduction in cash balances. Large implementations are more likely to have extended time and payment profiles. The group seeks to minimise the impacts of these, by obtaining payments throughout the life of the project. A benefit of dealing with larger organisations is that they generally improve the credit profile of the amounts due to the group.

Operating review

Through 2005 HR.net has demonstrated that it is an extremely competitive product. This is evidenced by the fact that we added the following significant companies as HR.net users; Honda, FTSE, Hilton Hotels, Herbert Smith, Williams Lea and King Sturge. During the period we also secured our first overseas customers for HR.net and these included East Caribbean Development Bank, World Vision and Digicell. Another significant development was the fact we also signed our first public sector clients - the NHS Central Purchasing Agency and the NHS Trust in Dumfries and Galloway. During 2005 we recruited our first channel partners to resell HR.net and these partners delivered their first HR.net clients in 2005 including Amnesty International and Jersey Telecom.

Licence revenue for the HR.net software ranges from £30,000 for new clients and in some large users is significantly more. Clients also purchase consultancy and implementation services to help them configure the software to meet their own specific needs. There is a growing trend whereby existing HR.net clients purchase further consultancy services from us. For example at De La Rue we further configured HR.net to develop a worldwide ideas management system, My Contribution. This activity demonstrates the powerful document management and workflow functionality that we have built into the system as standard.

Consultancy and training on our own products remains an important and growing part of our business. In mid 2005 we recruited our first Indian HR.net consultants and expanded the range of services offered from our Chennai base. Our ultimate aim is to have an offshore centre providing development, implementation and support for all our services. To prepare for this we made the decision to move into a new office in Chennai giving us increased capacity to accommodate HR.net consultants and developers.

Although the HR.net product is seen by us as being the key product for the success of the group, we continue to invest in all our software products, with functionality and upgrades being added to many.

Change of Name

As reported last year, the shareholders approved a change of name to Vizual Software plc. However in the period between the issuing of the AGM notice and the meeting, another company (not under our control) was incorporated with the same name. The Registrar of Companies, correctly, refused our application for a change of name. It is our intention to rename the business after this years AGM to Vizual plc.

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Outlook for 2006

We continue to invest in our software products. With particular emphasis on HR.net, we plan to expand our development and technical centre in Chennai, which continues to provide us with a high quality service and a considerable price advantage. This will increase skills, capability and capacity in our implementation and support teams. Within the UK, we are looking at how best to increase our sales penetration using both our direct sales force and the third party dealers who we support.

We come into 2006 with a solid sales momentum for both HR.net licence and consulting revenue. The biggest challenge we face is due to the longer sales cycle of the larger deals which constitute HR.net, however our recurring revenue is continuing to build, reflecting the increasing number of significant customers.

Lord Sheppard of Didgemere
Chairman

7th July 2006

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Operating review

Aims and strategy

In 2005 our objective continued to be to build OneClickHR plc into a group providing innovative solutions, using our software technology and consultancy skills, that enable organisations to manage their people more efficiently and to maximise the return on their human capital.

During 2005 we added to the momentum initiated in 2004 by continuing to add significant large customers through the introduction of the HR.net product, generating significantly higher revenues and profits per sale compared to that achieved previously.

We also continue to provide fully outsourced HR solutions, services to internal HR departments and training services, but as sales of HR.net increase we expect these parts of the organisation to contribute a smaller proportion of Group profit and turnover.

HR Software

The single most significant development in the past year has been the launch of HR.net.

Built around our vision for a convergence between database, workflow and portal technologies HR.net is aimed at larger clients with more configuration requirements. As far as we know this is one of a few, if not the only, HR solution on the market developed using Microsoft .NET. This product has been built for organisations that wish to take maximum advantage of web enabled software to drive their internal processes.

HR.net continues to give us significant technology leadership over our competitors as well as improving development times and demonstrating reduced implementation times compared to other enterprise wide systems. As well as increased software licence value HR.net has enabled us to significantly increase our professional services revenue both from initial implementation and downstream projects.

We continue to sell our other HR solutions - Personnel Director, our client server solution, is now aimed at larger clients without the budget to purchase HR.net. Personnel Manager continues to be the main HR software product offering for smaller businesses. To the best of our knowledge we still remain the only supplier in the UK with a fully scaleable range of HR solutions ranging from entry-level solutions for smaller businesses to fully enterprise enabled solutions. This scalability has allowed us to cross-sell HR.net to existing Personnel Director and Personnel Manager customers.

During 2005 we continued to build our contracted software support revenue and where appropriate this support delivered from our operation in India allowing us to maximise the commercial position of this revenue stream.

Online HR services and HR outsourcing

We continue to offer outsourced HR services to smaller businesses. This business, offering payroll services as well as HR consultancy and advice, has grown in the past year but because the average sales value is small the rate of growth in terms of the group is smaller than that achieved from higher value software sales. We will review this area of our business in the group as sales of HR.net progress.

Training services

In the early part of the year, we re-structured our training services to focus upon those areas where we could profitably offer our clients a valued service. Although our independent training revenues have fallen, the loss generated by this business has significantly reduced. We believe the business is now on a stable footing and well placed in its own right, as well as providing a source of knowledge and experience for our training activities linked to the delivery of HR.net.

Product development

Our software development operation is largely based in Chennai and has focused primarily on the development of HR.net although we continue to maintain our other products and upgrades in response to market changes and requirements. In

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the UK, we continue to manage product architecture and design enabling us to best use the respective skills of our employees.

Our people

We have continued to grow our professional services team to provide consulting and training services around HR.net. During 2005 we have added to the sales team and focused on training the sales team on selling HR.net to both new customers and upgrading users of our other products so that the group can fully capitalise on the opportunities created for HR.net.

Having total ownership of our development and support operations means that our staff, wherever they sit, are experienced and trained in working with our products. We have chosen to support HR.net from a UK based help-desk, but with experienced staff also in India, are able to exploit use the difference in time zones to the advantage of our customers.

Our locations

We continue to reduce our physical offices and now only have leased premises in Beckenham and Weston Super Mare. Our operations in Chennai, India moved into new premises. This is a standalone building outside the technology park where we had been based for the past 5 years and clearly demonstrates our commitment to our staff in India. The new building doubles the seating capacity from the previous building and will allow us to scale our HR.net consulting capacity.

UK sales activity

As well as having a direct sales-force, supported by telemarketing and a central marketing function, we have had an excellent reaction from UK channel partners for the new generation of software. Our strategy has been to work with a small number of selected partners putting our resources into training and supporting these businesses to build an HR.net pipeline. By year end we had appointed seven HR.net partners. Centurion, the first partner accredited to sell HR.net delivered their first sale - King Sturge, the international property management group. Our partners' HR.net pipeline has continued to build through 2005 as the combination of valued relationship and class leading software has demonstrated value to clients. In many cases we beat off competition from significant enterprise software vendors.

Another development resulting from these HR.net sales has been our ability to secure further consultancy level sales from new clients. A good example of this is De La Rue Holdings plc where we are now using the HR.net framework to provide other solutions across their business. This is evidence of the flexibility of the framework and shows how HR.net is capable of generating significant incremental professional services revenue.

We have increased sales of HR services during the past year and signed distribution agreements with both ADP and Northgate who offer re-branded OneClickHR services to their client bases.

Overseas

We continue to explore how to best sell into overseas markets without exposing the group to a significant cost burden. With our Personnel Manager and Personnel Director products we have successfully established distribution channels in a number of territories, however the HR.net product is enabling us to look at partnering with organisations who are already working with clients at an enterprise level. In addition, some of our existing clients are seeking to deploy HR.net on a global basis and we plan to help them in their ambitions.

Summary

During the past year we continued our transition from being product based to a solutions focused business. The core technology of HR.net, allows us to develop a more in-depth relationship with our customers creating post-sale revenue opportunities. This is reflected in increased consulting revenues and the emergence of HR.net forming a key business solution, rather than a 'nice to have' HR solution.

HR.net sales have gained momentum and we have proven our ability to deliver on significant sales contracts. We have also grown our ability to secure and deliver on downstream consulting activities. Developing an effective sales organisation capable of capitalising on these opportunities continues to be one of our main frustrations. Despite this we have grown the business in the past year and we see this growth continuing in the coming year.

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As we go forward into 2006, we will:

- Continue to capitalise on the opportunities for HR.net in the UK market
- Generate more sales through partners, in particular in the UK
- Increase overseas sales through partners

Frank Beechinor-Collins
Group Chief Executive Officer
7th July 2006

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Directors

Non-executive directors

The Rt.Hon. The Lord Sheppard of Didgemere, KCVO, KT, aged 73 is non-executive Chairman. Lord Sheppard was previously Group Chief Executive (1986 – 1993) and Group Chairman (1987 – 1996) of Grand Metropolitan plc, and is currently Chairman of Namibian Resources plc, McBride plc and the Unipart group of companies. Lord Sheppard's other interests include being President of London First, Chancellor of Middlesex University, an Honorary Fellow and Governor of the London School of Economics and a Vice-President of Business in the Community. He was appointed non-executive Chairman of OneClickHR plc in May 1999.

Mark Loveland, aged 52. From 1981 to 1996, Mark was with Rowe & Pitman and SG Warburg. At Rowe & Pitman\SG Warburg, he headed up the UK Technology Research Group from 1986 to 1996, was Head of Telecoms Research from 1988 to 1993 and Head of UK Electricity Privatisation Research and was Deputy Head of UK Research from 1990 to 1994 and Deputy Chairman of the Small\MidCap Investment Bank. From 1996 to 2000, Mark was Head of European Technology Research at Dresdner Kleinwort Benson and, from 2000 to 2002, was Head of European IT Equity Research and the head of European Technology Strategy for JP Morgan Investment Bank. Mark was educated at Eltham College and Oxford University where he received a BA in Jurisprudence. He was appointed as a non-executive Director of OneClickHR plc in July 2004 and Manpower Software plc and IBS Open Systems plc in 2005.

Executive directors

Frank Beechinor-Collins, aged 42, is Chief Executive. Prior to founding OneClickHR plc with Peter Sedman, Frank worked as a marketing and sales strategy adviser for Paladin Solutions, an HR software company. Prior to this Frank was a marketing manager at Grand Metropolitan Community Services Trust, the community services arm of Grand Metropolitan plc. Frank holds an MBA from Henley Management College.

Peter Sedman, aged 35, is Technical Director, a position he has held since founding the company with Frank Beechinor-Collins. Peter graduated with a degree in electronic engineering from the University of Hertfordshire. After graduation Peter was involved at a senior level with several development projects in the UK and overseas, including the writing of a major financial management system for the European Bank of Reconstruction and Development.

Angus Dent, aged 43, was Finance Director and Company Secretary until April 2006. Angus qualified as a Chartered Accountant with Price Waterhouse, London. He then spent ten years in the international food trade with Kiril Mischeff Group, rising from Group Accountant to Managing Director before joining OneClickHR plc in August 1999. Angus left the group in April 2006.

Stephen Oliver, aged 37, was appointed as Group Finance Director and Company Secretary in April 2006. Stephen was previously Chief Financial Officer and Company Secretary of Epic Group Plc, a technology based company listed on AIM. He is a qualified Chartered Accountant.

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Directors' report

The directors present their report and the audited financial statements of the group for the year ended 31st December 2005.

Principal activities

The group's principal activity during the year continued to be the design, production, marketing and selling of human resources software and related products and services.

Results and dividends

The results of the group for the year ended 31st December 2005 are set out on page 14 and a commentary on the results is included in the Chairman's statement and the operating reviews on pages 1 to 5. The Directors do not recommend the payment of a dividend (2004: £nil).

Future developments

The group will continue to develop its range of human resources software and related services and market and sell these products in the UK and overseas.

Directors and their interests

The Directors during the year ended 31st December 2005 and their interests at 20 June 2006 are listed below.

The interests of the Directors and the persons connected with them (within the meaning of Section 346 of the Companies Act 1985) and their interests in the share capital of the company at the beginning and end of the year were as follows:

| | Ordinary shares of 1p each | | | | |
|---|--|-------------------|---------------------|---|-------------------|
| | At 31 st December 2005 and 20 June 2006 | | | At 31 st December 2004 (or date appointed, if during year) | |
| | No of Shares Held | Held under option | % of issued capital | Held | Held under option |
| The Rt. Hon Lord Sheppard of Didgemere (Chairman) | 4,000,000 | - | 2.9 | 4,000,000 | - |
| F. Beechinor-Collins (1) | 8,460,705 | - | 5.7 | 8,460,705 | - |
| F. Beechinor-Collins (2) | 100,910 | - | - | 100,910 | - |
| P.B. Sedman | 8,642,660 | - | 5.8 | 8,642,660 | - |
| A. Dent (3) | 291,061 | 916,232 | 0.2 | 266,061 | 916,232 |
| M.J.S. Loveland | 3,287,879 | - | 2.2 | 3,287,879 | - |

Stephen Oliver, who was appointed in April 2006 has no interests in the share capital of the Company.

- (1) 8,460,705 shares are held non-beneficially in the name of the Curra Trust.
- (2) Share held beneficially
- (3) Options have been granted at 10p per share over 651,232 shares, at 40p per share over 165,000 shares and at 28.5p over 100,000 shares. The options have all vested; exercise may take place at any time until 31st August 2011.

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Directors' remuneration

| | Executive directors' remuneration | | Non-executive directors' remuneration | |
|-----------------------------------|-----------------------------------|-----------|---------------------------------------|-----------|
| | 2005 £ | 2004 £ | 2005 £ | 2004 £ |
| The Rt. Hon Lord Sheppard | - | - | 12,000 | 9,000 |
| F. Beechinor-Collins | 120,000 | 102,500 | - | - |
| P.B. Sedman | 105,000 | 93,780 | - | - |
| A. Dent | 100,000 | 100,000 | - | - |
| M. Loveland | - | - | 12,000 | 9,000 |
| M. Goodlad (resigned during 2004) | - | - | - | 9,000 |
| J. Bell (resigned during 2004) | - | 60,000 | - | - |

The directors received no benefits in kind and no pension contributions from the group in either year. The directors have exercised no share options.

The director who retires by rotation is Frank Beechinor-Collins who, being eligible, offers himself for re-election. In accordance with s292 of the Companies Act Lord Sheppard also retires and, being eligible, offers himself for re-election. All executive Directors have service contracts, which are terminable by the company on one year's notice. All non-executive Directors are appointed by letter and their appointment may be terminated by the company on one month's notice.

Substantial shareholders

In addition to the shareholdings noted above under directors' shareholdings the directors are aware of the following substantial holdings which each represent 3% or more of the company's issued share capital at 20th June 2006.

| | Number of ordinary Shares | Percentage of issued share capital |
|---|---------------------------|------------------------------------|
| Herald Ventures Limited Partnership | 17,613,997 | 11.8% |
| Artemis AIM VCT plc | 15,000,000 | 10.1% |
| Herald Ventures Limited Partnership II | 7,828,416 | 5.3% |
| Herald Investment Trust plc | 7,172,689 | 4.8% |
| Herald Ventures Limited Partnership III | 6,262,760 | 4.2% |
| Strathclyde Pension Fund | 6,053,377 | 4.1% |
| White Family Holding | 5,913,491 | 4.0% |
| Top Technology Ventures III LP | 5,029,132 | 3.4% |

Relations with shareholders

The group encourages communication with both institutional and private investors, endeavouring to respond promptly to queries received. All shareholders receive notice of the Annual General Meeting. The directors are available for questions at the Annual General Meeting.

The group was unable to publish its annual accounts within the six months specified by the London Stock Exchange. As a consequence trading in the shares was suspended. The change in Finance Director combined with the resolution of audit matters contributed to the delay in the publication of these results. The publication of these audited financial statements means that the suspension has now been lifted. Measures are being put in place to prevent this situation occurring in the future.

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Employees

The group gives full and fair consideration to applications and employment by disabled persons having regard to their particular aptitudes and abilities. Every effort is made to continue the employment of employees who have become disabled during their employment with the group. Depending on their skills and abilities, disabled employees have the same career prospects and opportunities for promotion as other employees.

The group endeavours to keep all employees informed on all matters affecting them.

Payment of suppliers

The group's policy is to agree payment terms with each supplier in advance of supplies being made. Having agreed payment terms with suppliers the group will then pay to these terms. At the end of the year creditors days were 37 days (2004: 60 days).

Political and charitable donations

During 2005 the group made no charitable donations (2004: £nil).

The group did not make any political contributions during the year (2004: £nil).

Research and development

The Directors aim to maintain the group's products as the most functional per pound spent in the market. To achieve this the group has a continuous programme of research and development updating existing products and developing new products. Research and development costs, all of which were expensed as incurred, in 2005 were £850,527 (2004: £747,509).

Marketing

The group has adopted an aggressive marketing policy and has invested considerable resources in building the group's brands. The group will continue to invest to reinforce and enhance the value of the Vizual brand during 2006.

Going concern

In the light of the previous trading losses of the group, the directors keep the going concern position of the group under constant review. The directors have considered the prospects of the group by reference to anticipated levels of future business and the cashflows associated with that business. Such estimates cannot be certain.

As a result the directors have a number of sources of funding available in the event of a shortfall in cashflow generated by failing to meet the expected levels. These facilities include an existing bank overdraft facility of £150,000 (which to date has been unused) and a factoring facility of up to £500,000 that can be activated at short notice.

Accordingly, the Directors are satisfied that the group has adequate cash resources available to it to continue in business for the foreseeable future and for this reason they continue to adopt the going concern basis in preparing the financial statements.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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 year. The directors are required to prepare financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently as explained on pages 18 and 19 under Note 1 "Accounting Policies". They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31st December 2005 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to 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 of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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The directors are responsible for the maintenance and integrity of the company's website. Information published on the internet is accessible in many countries with different legal requirements. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as the auditors of the company will be proposed at the next annual general meeting.

By Order of the Board

Stephen Oliver
Company Secretary
7th July 2006

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Corporate Governance

Compliance with the Combined Code

The group seeks to comply in all material respects with corporate governance best practice, including the Combined Code, in the context of the size of the company.

The Board of Directors is responsible for the group's system of internal control and for monitoring its effectiveness. It must be recognised that any such system can provide only reasonable and not absolute assurance of the safeguarding of the assets, the maintenance of proper accounting records and the reliability of financial information. The key features of the control system that has been established are identified below.

The group is committed to ensuring that a proper control environment is maintained. There is a commitment to competence and integrity, and the communication of ethical values and control consciousness to management and employees. The appropriate organisational structure has been developed within which to control the business and to delegate authority and accountability having regard to acceptable levels of risk. There is regular reporting to and review by the Board of Directors.

The working of the Board and its committees

The Board

The Board currently comprises two non-executive directors and three executive directors, and is responsible to shareholders for the proper management of the group. It meets monthly for reviewing trading performance, setting and monitoring strategy, examining major acquisition possibilities and reporting to shareholders and has other meetings on an ad-hoc basis, as required.

Audit committee

The audit committee, which is chaired by M. Loveland, comprises both the non-executive directors, and meets not less than twice annually. The audit committee is responsible for reviewing a wide range of financial matters including the half-year and annual accounts before their submission to the Board, and monitoring the controls that are in force to ensure the integrity of the financial information reported to the shareholders. The audit committee advises the Board on the appointment of external auditors and on their remuneration.

Remuneration committee

The remuneration committee is responsible for determining the contract terms, remuneration and other benefits for executive directors. The committee comprises the non-executive directors and is chaired by M. Loveland.

Assessment of financial risk

A full description of the financial instruments used by the group to manage its financial risk is given under note 24 to the financial statements.

Assessment of operating risk

The group reviews its operating risks on a regular basis, the major risks and their resolution / limitations are noted below:

- (a) Failure of a product supplied

All of the group's products are tested, both in house and by third parties, before they are released to customers. The group uses recognised software development practices and tools in the creation of its products.

- (b) Business interruption

The group has back up procedures, daily, weekly and monthly, in place to minimise any loss of data and development work. The group uses its presence in different countries to provide back-up support and systems both for internal purposes and also client facing activities.

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The group has commercial insurance for business interruption and loss of profits.

(c) Integrity of data

The group has data stored on computer servers for its own use and also on behalf of customers. The group has a policy of using dedicated servers to an appropriate specification, ensuring that up to date firewall and anti-virus technologies are used and in some cases using expert providers in this field.

Independent auditors' report to the members of OneClickHR plc

We have audited the group and parent company financial statements (the "financial statements") of OneClickHR plc for the year ended 31 December 2005 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been 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 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 other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the Chairman's Statement, the Operating Review and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. 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 financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2005 and of the group's profit and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Gatwick

12 July 2006

OneClickHR Plc

Consolidated profit and loss account for the year ended 31st December 2005

| | Notes | 2005 £ | 2004 £ |
|---|-------|------------------|-------------|
| Turnover | 1&2 | 5,919,811 | 4,764,879 |
| Cost of sales | | (2,843,004) | (3,127,743) |
| Gross profit | | 3,076,807 | 1,637,136 |
| Administrative expenses | | (3,046,833) | (3,361,104) |
| Operating profit / (loss) | | 29,974 | (1,723,968) |
| Interest receivable | 3 | 27,750 | 40,274 |
| Interest payable and similar charges | 3 | (102) | (61,510) |
| Profit / (loss) on ordinary activities before taxation | 4 | 57,622 | (1,745,204) |
| Tax on profit / (loss) on ordinary activities | 7 | 6,035 | 155,820 |
| Profit / (loss) for the financial year | 17 | 63,657 | (1,589,384) |
| Basic and diluted earnings/(loss) per share | 9 | 0.04p | (1.30p) |

The above results relate entirely to continuing operations.

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

Consolidated statement of total recognised gains and losses for the year ended 31st December 2005

| | 2005 £ | 2004 £ |
|---|----------------|-------------|
| Profit / (loss) for the financial year | 63,657 | (1,589,384) |
| Exchange differences on foreign currency net investments | 43,468 | (820) |
| Total profit / (losses) recognised during the year | 107,125 | (1,590,204) |

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Consolidated balance sheet as at 31st December 2005

| | Notes | 2005 £ | 2004 £ |
|--|-------|---------------------|--------------|
| Fixed assets | | | |
| Intangible assets | 10 | - | 17,733 |
| Tangible assets | 11 | 198,195 | 217,477 |
| | | 198,195 | 235,210 |
| Current assets | | | |
| Stocks | 13 | 48,432 | 74,311 |
| Debtors | 14 | 1,967,653 | 1,500,385 |
| Cash at bank and in hand | | 650,120 | 1,182,352 |
| | | 2,666,205 | 2,757,048 |
| Creditors: amounts falling due within one year | 15 | (1,538,234) | (1,791,404) |
| Net current assets | | 1,127,971 | 965,644 |
| Total assets less current liabilities | | 1,326,166 | 1,200,854 |
| Creditors: amounts falling due after more than one year | | - | - |
| | | 1,326,166 | 1,200,854 |
| Capital and reserves | | | |
| Called up share capital | 16 | 1,487,601 | 1,487,601 |
| Share premium account | 17 | 10,921,689 | 10,903,502 |
| Other reserves | 17 | 167,062 | 167,062 |
| Profit and loss account | 17 | (11,250,186) | (11,357,311) |
| Equity shareholders' funds | 17 | 1,326,166 | 1,200,854 |

These financial statements which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated statement of cash flows, the consolidated statement of total recognised gains and losses and the related notes were approved by the Board of Directors on 7th July 2006 and were signed on its behalf by:

Frank Beechinor-Collins
Group Chief Executive Officer

OneClickHR Plc

Company balance sheet as at 31st December 2005

| | Notes | 2005 £ | 2004 £ |
|--|-------|------------------|------------------|
| Fixed assets | | | |
| Tangible assets | 11 | 20,623 | 26,026 |
| Investments | 12 | 77,199 | 62,486 |
| | | 97,822 | 88,512 |
| Current assets | | | |
| Debtors | 14 | 931,407 | 33,654 |
| Cash at bank and in hand | | 612,260 | 914,979 |
| | | 1,543,667 | 948,633 |
| Creditors: amounts falling due within one year | 15 | (104,629) | (383,315) |
| Net current assets | | 1,439,038 | 565,318 |
| Total assets less current liabilities | | 1,536,860 | 653,830 |
| Creditors: amounts falling due after more than one year | | - | - |
| | | | |
| Net assets | | 1,536,860 | 653,830 |
| Capital and reserves | | | |
| Called up share capital | 16 | 1,487,601 | 1,487,601 |
| Share premium account | 17 | 10,921,689 | 10,903,502 |
| Other reserves | 17 | 167,062 | 167,062 |
| Profit and loss account | 18 | (11,039,492) | (11,904,335) |
| Equity shareholders' funds | | 1,536,860 | 653,830 |

These financial statements which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated statement of cash flows, the statement of total recognised gains and losses and the related notes were approved by the Board of Directors on 7th July 2006 and were signed on its behalf by:

Frank Beechinor-Collins
Group Chief Executive Officer

OneClickHR Plc

Consolidated statement of cash flows for the year ended 31st December 2005

| | Notes | 2005 £ | 2004 £ |
|--|-------|------------------|-------------|
| Net cash outflow from operating activities | 19(a) | (529,444) | (1,428,708) |
| Returns on investments and servicing of finance | | | |
| Interest received | | 27,750 | 40,274 |
| Interest paid | | (102) | (61,510) |
| Net cash inflow / (outflow) on investments and servicing of finance | | 27,648 | (21,236) |
| Taxation | | | |
| Corporation tax paid | | (19,644) | (945) |
| Corporation tax recovered | | 25,679 | 156,765 |
| | | 6,035 | 155,820 |
| Capital expenditure | | | |
| Proceeds on disposal of tangible fixed assets | | 8,986 | 9,121 |
| Payments to acquire tangible fixed assets | | (104,418) | (132,579) |
| | | (95,432) | (123,458) |
| Net cash outflow before use of liquid resources and financing | | (591,193) | (1,417,582) |
| Management of liquid resources | | | |
| Decrease / (increase) in short term deposits with banks | 19(b) | 306,279 | (548,777) |
| Financing | | | |
| Issue of ordinary share capital | | - | 2,400,000 |
| Repayment of loan stock | | - | (150,000) |
| Share issue costs refunded / (paid) | 17 | 18,187 | (196,836) |
| Net cash inflow from financing | | 18,187 | 2,053,164 |
| (Decrease) / increase in cash | 19(c) | (266,727) | 86,805 |

Notes to the financial statements for the year ended 31st December 2005

1 Accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and in accordance with the Companies Act 1985. The directors have reviewed the group's accounting policies and consider that the financial statements are prepared in accordance with FRS 18 "Accounting Policies". The particular accounting policies adopted, which have been consistently applied, are described below:

With effect from 31 December 2005 the company has adopted a new accounting standard, FRS 21 Events after the balance sheet date, in preparing its financial statements. The adoption of this standard represents a change in accounting policy but it has no impact on the current or prior year figures.

In the light of the previous trading losses of the group, the directors keep the going concern position of the group under constant review. The directors have considered the prospects of the group by reference to anticipated levels of future business and the cashflows associated with that business. Whilst the directors have every confidence in their forecasts, such estimates can be influenced by external events

The directors have a number of sources of funding available in the event of a shortfall in cashflow generated by failing to meet the expected levels. These facilities include an existing bank overdraft facility of £150,000 (which to date has been unused) and a factoring facility of up to £500,000 that can be activated at short notice.

Accordingly, the directors are satisfied that the group has adequate cash resources available to it to continue in business for the foreseeable future and for this reason they continue to adopt the going concern basis in preparing the financial statements

Basis of consolidation

These financial statements consolidate the accounts of the company and all of its subsidiaries. Accordingly the financial statements include a consolidated profit and loss account, balance sheet and cash flow statement, together with comparatives for 2004.

On acquisition, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. The results of subsidiaries acquired are included in the consolidated profit and loss account from the date control passes.

Accounting convention

The accounts are prepared under the historical cost convention.

Turnover

Turnover comprises the value of sales to third party customers, excluding value added tax. Revenue is recognised when the benefit arising from the product has been passed to the customer.

Revenue from services such as training and consultancy is not recognised until the service has been delivered to the customer. Revenue is accrued throughout the delivery of the service to the customer, the rate of accrual being based upon the rate payable by the customer and an assessment by the group of the services delivered.

Revenue from licences is recognised when the customer has a working product available to them. In the case of lower value products, this is taken as being the point of receipt by the customer. In the case of more complex software products, this is taken as being when the client has access to a live customer-branded version and passwords and user names have been issued to the client.

Revenue from support activities, generally where there is no right on the part of the customer to cancel the contract and where the customer has generally paid in advance for the service, is deferred and recognised over the period of the contract, usually one year, on a straight line basis.

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Development expenditure

Development expenditure is charged to the profit and loss account in the year in which it was incurred.

Fixed assets

All fixed assets are recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:

| | |
|---------------------------------------|-------------|
| Computer equipment | 33% on cost |
| Fixtures, fittings & office equipment | 20% on cost |
| Motor vehicles | 25% on cost |

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill is capitalised and amortised over its useful economic life.

Investments

Investments in subsidiaries are stated at cost less any provision for permanent diminution in value.

Deferred taxation

Deferred taxation is recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more (or less) taxation in the future. Deferred taxation assets are only recognised if recovery against future profits is reasonably certain. Deferred tax balances have not been subject to discounting.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is calculated on a first-in first-out basis.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

The profit and loss account of the group's overseas subsidiary, OneClickHR Private Limited, is translated into sterling at average rates of exchange and differences arising from this and the closing rate and from translation of the opening net investment at the closing rate are taken directly to reserves.

Finance leases

Assets held under finance leases are capitalised and are depreciated over the lesser of the lease term and the expected useful lives of the asset. The lease rentals are treated as consisting of capital and interest elements. The capital element of leasing commitments are shown as obligations under finance leases and the interest element of the rental obligations is charged to the profit and loss account in proportion to the reducing capital element outstanding.

Operating leases

Rental costs under operating leases are charged to the profit and loss account as incurred.

Loan stock

The loan stock was initially stated at the fair value of consideration received. Finance costs were recognised at a constant rate on the carrying amount of loan stock.

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2 Segmental reporting

Turnover

Turnover is attributable to one continuing activity – the production, marketing and selling of human resource software and other related products and services.

An analysis of turnover by geographical market is given below:

| | 2005 £'000 | 2004 £'000 |
|-------------------------------|---------------|---------------|
| Geographical analysis | | |
| United Kingdom | 5,639 | 4,612 |
| European Union (excluding UK) | 60 | 46 |
| Rest of the World | 221 | 107 |
| Total | 5,920 | 4,765 |

An analysis of turnover, profit/(loss) before tax and net assets by origin is given below:

| | Turnover | | Profit / (loss) before tax | | Net assets | |
|--------------|---------------|---------------|----------------------------|----------------|---------------|---------------|
| | 2005 £'000 | 2004 £'000 | 2005 £'000 | 2004 £'000 | 2005 £'000 | 2004 £'000 |
| UK | 5,920 | 4,765 | 167 | (1,823) | 1,182 | 675 |
| India | - | - | (109) | 78 | 144 | 526 |
| Total | 5,920 | 4,765 | 58 | (1,745) | 1,326 | 1,201 |

3 Interest and similar items

| | 2005 £ | 2004 £ |
|---|------------|---------------|
| Interest payable on bank loans and overdrafts | 102 | 310 |
| Finance costs of loan stock | - | 16,587 |
| Notional finance costs of loan stock | - | 44,613 |
| Total interest payable and similar charges | 102 | 61,510 |

| | 2005 £ | 2004 £ |
|--------------------------------------|---------------|---------------|
| Interest receivable on bank deposits | 27,750 | 40,274 |
| Total interest receivable | 27,750 | 40,274 |

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4 Profit / (loss) on ordinary activities before taxation

This is stated after charging / (crediting):

| | 2005 £ | 2004 £ |
|---|-----------|-----------|
| Auditors' remuneration: | | |
| - audit services | 68,640 | 60,000 |
| - non-audit services | 24,636 | 46,364 |
| Staff costs (note 5) | 3,522,272 | 3,394,118 |
| Research and development | 850,527 | 747,509 |
| Depreciation: | | |
| - owned fixed assets | 119,171 | 194,528 |
| - finance lease assets | - | - |
| Amortisation of goodwill | 17,773 | 34,347 |
| Impairment of goodwill | - | 25,477 |
| (Profit) / loss on disposal of fixed assets | (1,763) | (3,663) |
| Hire of other assets | 189,900 | 183,297 |

Of the auditors' remuneration £20,000 (2004: £20,000) relates to the holding company audit.

5 Staff costs (including directors' remuneration)

| | 2005 £ | 2004 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 3,223,400 | 3,071,260 |
| Social security costs | 298,872 | 322,858 |
| | 3,522,272 | 3,394,118 |

The average monthly number of employees, including executive directors, during the year was:

| | 2005 No. | 2004 No. |
|--------------------------|-------------|-------------|
| Management | 5 | 7 |
| Product development | 58 | 51 |
| Sales | 20 | 18 |
| Consultancy and training | 41 | 43 |
| Administration | 14 | 9 |
| | 138 | 128 |

The average monthly number of employees by geographical location, including executive directors, during the year was:

| | 2005 No. | 2004 No. |
|----------------|-------------|-------------|
| United Kingdom | 72 | 67 |
| India | 66 | 61 |
| | 138 | 128 |

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6 Directors' remuneration

| | 2005 £ | 2004 £ |
|------------|----------------|-----------|
| Emoluments | 349,000 | 383,280 |

The emoluments of the highest paid Director amounted to £120,000 (2004: £102,500). No retirement benefits are accruing to any of the directors and no share options have been exercised during the year.

7 Tax on loss on ordinary activities

| Analysis of tax (credit) / charge in the period | 2005 £ | 2004 £ |
|---|-----------------|-----------|
| Corporation tax payable - overseas | 19,644 | 945 |
| Research and development tax credit | (25,679) | (156,765) |
| Deferred taxation | - | - |
| | (6,035) | (155,820) |

Factors affecting the tax charge

The tax assessed for the year varies from the standard rate of corporation tax in the UK of 30% due to the differences below:

| | 2005 £ | 2004 £ |
|--|-----------------|-------------|
| Profit / (loss) on ordinary activities before tax | 57,622 | (1,745,204) |
| Profit / (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004: 30%) | 17,287 | (523,561) |
| Effects of: | | |
| Expenses not deductible for tax purposes / other timing differences | (11,522) | 75,532 |
| Overseas tax | 19,644 | 945 |
| Tax losses utilised | (5,765) | - |
| Unutilised tax losses carried forward | - | 448,029 |
| Research and development tax credit | (25,679) | (156,765) |
| | (6,035) | (155,820) |

At 31 December 2005 there is a deferred tax asset in relation to carried forward losses of approximately £3.6m (2004: £3.6m). This amount has not been recognised in the accounts as the group cannot be certain that the companies with the accumulated tax losses will generate sufficient future taxable profits in order to utilise the tax losses.

8 Loss for the financial year

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 financial year was £864,843 (2004: loss of £1,477,856).

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9 Profit / (loss) per share

The basic profit / (loss) per ordinary share is based on the profit after tax of £63,657 (2004: loss after tax £1,589,384) and on 148,760,100 ordinary shares (2004: 122,673,176 ordinary shares) being the weighted average number of ordinary shares in issue during the year.

Diluted profit / (loss) per share is calculated by adjusting the weighted average number of ordinary shares in issue for the dilutive effect of options. Currently there are no share options that have any value, in all cases the option price is below the current market price. Consequently the share options have no dilutive effect on the earnings per share.

10 Intangible fixed assets

| Group | Goodwill |
|--|-----------------|
| Cost | £ |
| At 1 st January 2005 | 763,528 |
| Additions | - |
| At 31st December 2005 | 763,528 |
| Amortisation | |
| At 1 st January 2005 | 745,795 |
| Charge for the year | 17,733 |
| Impairment | - |
| At 31st December 2005 | 763,528 |
| Net book value | |
| As at 31st December 2005 | - |
| As at 31 st December 2004 | 17,773 |

Goodwill arose on the acquisition of Parker Technologies Limited and on the acquisition of the trade and certain assets of Microsolve Training and Outsourced Personnel Services in 2001. Goodwill arose on the purchased intellectual property of these companies and was originally assessed as having a useful economic life of 6 years, subject to impairment reviews.

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11 Tangible fixed assets

| Group | Motor vehicles £ | Computer equipment £ | Fixtures and fittings £ | Total £ |
|--|---------------------|----------------------------|-------------------------------|------------------|
| Cost | | | | |
| As at 1 st January 2005 | 10,364 | 619,014 | 368,844 | 998,222 |
| Additions | - | 45,945 | 58,473 | 104,418 |
| Disposals | - | (8,986) | - | (8,986) |
| Exchange difference | 530 | 8,875 | 11,575 | 20,980 |
| At 31st December 2005 | 10,894 | 664,848 | 438,892 | 1,114,634 |
| Depreciation | | | | |
| As at 1 st January 2005 | 10,289 | 484,645 | 285,811 | 780,745 |
| Charge for the year | 79 | 62,386 | 56,706 | 119,171 |
| Disposals | - | (1,763) | - | (1,763) |
| Exchange difference | 526 | 10,642 | 7,118 | 18,286 |
| At 31st December 2005 | 10,894 | 555,910 | 349,635 | 916,439 |
| Net book value | | | | |
| As at 31st December 2005 | - | 108,938 | 89,257 | 198,195 |
| As at 31 st December 2004 | 75 | 134,369 | 83,033 | 217,477 |
| Company | | | | |
| | | Computer equipment £ | Fixtures and fittings £ | Total £ |
| Cost | | | | |
| As at 1 st January 2005 | | 181,116 | 11,047 | 192,163 |
| Additions | | 9,413 | 75 | 9,488 |
| Group transfers | | - | - | - |
| At 31st December 2005 | | 190,529 | 11,122 | 201,651 |
| Depreciation | | | | |
| As at 1 st January 2005 | | 157,355 | 8,782 | 166,137 |
| Charge for the year | | 13,776 | 1,115 | 14,891 |
| Group transfers | | | | |
| At 31st December 2005 | | 171,131 | 9,897 | 181,028 |
| Net book value | | | | |
| As at 31st December 2005 | | 19,398 | 1,225 | 20,623 |
| As at 31 st December 2004 | | 23,761 | 2,265 | 26,026 |

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12 Investments in group undertakings

| | Company | |
|------------------------------------|---------------|---------------|
| | 2005 | 2004 |
| | £ | £ |
| Cost and net book value | | |
| At 1 st January | 62,486 | 64,688 |
| Exchange difference | 14,713 | (2,202) |
| At 31st December | 77,199 | 62,486 |

The directors believe that the investments in group undertakings have a value of at least the net book value stated above. The company's subsidiary companies at 31st December 2005, all of which have been included in the consolidation, were:

| Name of subsidiary | Country of incorporation, registration and trading | Proportion of ordinary share capital and voting rights held | Principal activity |
|--|--|---|--|
| OneClickHR (Software Sales) Ltd | England and Wales | 100% | Intermediate holding company |
| OneClickHR (Outsourced Services) Ltd | England and Wales | 100% | Intermediate holding company |
| OneClickHR (Training) Ltd | England and Wales | 100% | Intermediate holding company |
| Vizual Business Tools Private Ltd | India | 100% | Software development and software support |
| Vizual Business Tools plc* | England and Wales | 100% | Sale of licences to use HR software |
| Vizual Time & Attendance Ltd* | England and Wales | 100% | Non-trading |
| Vizual Human Resources Ltd* | England and Wales | 100% | Provision of human resources management services |
| Vizual Human Resources (North-East) Ltd* | England and Wales | 100% | Provision of human resources management services |
| Vizual Learning plc* | England and Wales | 100% | Provision of training services |

* Owned by subsidiary undertakings of the company

13 Stocks

| | Group | |
|-------------------------------|--------|--------|
| | 2005 | 2004 |
| | £ | £ |
| Raw materials and consumables | 48,432 | 74,311 |

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14 Debtors

| | Group | | Company | |
|--|------------------|------------------|----------------|---------------|
| | 2005 | 2004 | 2005 | 2004 |
| | £ | £ | £ | £ |
| Amounts falling due within one year | | | | |
| Trade debtors | 1,192,171 | 1,258,200 | 712 | 14,411 |
| Amounts owed by group undertakings | - | - | 880,773 | - |
| Other debtors | 110,083 | 25,557 | 38,690 | - |
| Prepayments and accrued income | 665,399 | 216,628 | 11,232 | 19,243 |
| Total | 1,967,653 | 1,500,385 | 931,407 | 33,654 |

15 Creditors

| | Group | | Company | |
|--|------------------|------------------|----------------|----------------|
| | 2005 | 2004 | 2005 | 2004 |
| | £ | £ | £ | £ |
| Amounts falling due within one year | | | | |
| Trade creditors | 278,529 | 454,388 | 37,896 | 116,271 |
| Amounts owed to group undertakings | - | - | - | 212,884 |
| Taxation and social security | 320,193 | 369,812 | 20,296 | 28,464 |
| Other creditors | 70,766 | 80,268 | - | 2,480 |
| Accruals and deferred income | 868,746 | 886,936 | 46,437 | 23,216 |
| Total | 1,538,234 | 1,791,404 | 104,629 | 383,315 |

All amounts owed to and owed by group companies are interest free and have no fixed repayment terms.

16 Called up share capital

| | 2005 | 2004 | 2005 | 2004 |
|--|-------------|-------------|------------|------------|
| | No | No | £ | £ |
| Authorised, ordinary shares of 1p each | 200,000,000 | 200,000,000 | 20,000,000 | 20,000,000 |
| Allotted, called up and fully paid, ordinary shares of 1p each | 148,760,069 | 148,760,069 | 1,487,601 | 1,487,601 |

The market price of the ordinary shares on 31st December 2005 was 4.375p. The highest price for the shares during 2005 was 6.75p, the lowest was 2.75p.

The company has granted share options to certain of its employees (see note 26).

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17 Reconciliation of movement in shareholders' funds

| Group | Share capital £ | Share premium £ | Other reserves £ | Profit & loss a/c £ | Total £ |
|---|--------------------|--------------------|---------------------|------------------------|------------------|
| At 1 st January 2005 | 1,487,601 | 10,903,502 | 167,062 | (11,357,311) | 1,200,854 |
| Exchange difference on investment in foreign subsidiary | - | - | - | 43,468 | 43,468 |
| Shares issued | - | - | - | - | - |
| Premium arising on issue of shares | - | - | - | - | - |
| Costs relating to new issue of shares* | - | 18,187 | - | - | 18,187 |
| Profit for the year | - | - | - | 63,657 | 63,657 |
| At 31st December 2005 | 1,487,601 | 10,921,689 | 167,062 | (11,250,186) | 1,326,166 |

* During the year, the group received a refund of fees previously paid and deducted from the share premium account.

18 Reconciliation of movement in company profit and loss account

| | 2005 £ | 2004 £ |
|------------------------------------|---------------------|---------------------|
| At 1 st January | (11,904,335) | (10,426,479) |
| Profit / (loss) for the year | 864,843 | (1,477,856) |
| At 31st December | (11,039,492) | (11,904,335) |

19 Notes to the consolidated statement of cash flows

a) Reconciliation of operating loss to net cash outflow from operating activities

| | 2005 £ | 2004 £ |
|---|------------------|--------------------|
| Operating profit / (loss) | 29,974 | (1,723,968) |
| Depreciation charge | 119,171 | 194,528 |
| Profit / (loss) on disposal of fixed assets | (1,763) | (3,663) |
| Amortisation and impairment | 17,733 | 59,824 |
| Decrease in stocks | 25,879 | 14,035 |
| (Increase) / decrease in debtors | (467,268) | (219,449) |
| (Decrease) / increase in creditors | (253,170) | 254,785 |
| Decrease in other reserves and provisions | - | (4,800) |
| Net cash outflow from operating activities | (529,444) | (1,428,708) |

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b) Analysis of changes in net funds / (debt)

| | At 31 December 2004 | Cash flow £ | Non-cash items £ | Exchange movements £ | At 31 December 2005 |
|--------------------------|---------------------------|-------------------|------------------------|----------------------------|---------------------------|
| Cash at bank and in hand | 265,813 | (266,727) | - | 40,774 | 39,860 |
| Bank deposits | 916,539 | (306,279) | - | - | 610,260 |
| Net funds | 1,182,352 | (573,006) | - | 40,774 | 650,120 |

c) Reconciliation of net cash flow to movements in net funds / (debt)

| | 2005 £ | 2004 £ |
|---|------------------|-----------|
| (Decrease) / increase in cash | (266,727) | 86,805 |
| (Decrease) / increase in short terms deposits with banks | (306,279) | 548,777 |
| Loan stock | - | 150,000 |
| Change in net funds / (debt) resulting from cash flows | (573,006) | 785,582 |
| Loan stock | - | 848,700 |
| Exchange adjustments | 40,774 | 388 |
| (Decrease) / increase in net funds in the year | (532,232) | 1,634,670 |
| Net funds / (debt) as at 1st January | 1,182,352 | (452,318) |
| Net funds as at 31st December | 650,120 | 1,182,352 |

20 Pension commitments

The group has established, in the UK, a stakeholder pension scheme to which employees may contribute if they wish. This is a defined contribution scheme. The group does not contribute to the scheme, although upon the instruction of certain employees the group does deduct money from their wages and make payments to money purchase pension schemes on behalf of the employees.

21 Operating lease commitments

a) Group

| | 2005 Land and buildings £ | 2004 Land and buildings £ |
|--|------------------------------------|------------------------------------|
| Annual commitments under non-cancellable operating leases expiring: | | |
| Within one year | - | 18,917 |
| Within two to five years | 55,412 | 158,016 |
| After five years | 161,166 | - |
| | 216,578 | 176,933 |

The group has entered into agreements with third parties to sublet surplus land and buildings. The amount currently receivable by the group is slightly less than the rentals payable by the group.

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b) Company

| | 2005 | 2004 |
|--|-----------------------|-----------------------|
| | Land and buildings | Land and buildings |
| | £ | £ |
| Annual commitments under non-cancellable operating leases expiring: | | |
| Within one year | - | 17,250 |
| Within two to five years | 55,412 | 55,413 |
| After five years | 30,000 | |
| | 85,412 | 72,663 |

22 Contingent liabilities

The company and group have no contingent liabilities as at 31st December 2005 or 31st December 2004.

23 Capital commitments

The company has made capital expenditure commitments of £63,000 and the group £129,000 as at 31st December 2005 (2004 – no commitments).

24 Financial instruments disclosure under FRS 13

The group uses a limited number of financial instruments, which arise directly from its operations, and comprise bank deposits, trade debtors and trade creditors. As permitted by FRS13 the disclosures which follow exclude those in relation to short term debtors and creditors. The Board reviews and agrees policies for managing the risks arising from the holding of these instruments, such as changes in interest rates, liquidity, foreign currency risks and bad debts. These policies are summarised below:

a) Liquidity risk

The group had £650,120 (2004: £1,182,352) of cash at the year-end, at varying floating rates of interest. Having made prudent plans for future years the directors believe that this will be sufficient to meet the group's needs for the foreseeable future. The group's cash position is monitored on a daily, weekly and monthly basis. The company prepares accounts each month, compares these to forecasts and variances are discussed at the monthly board meeting.

The majority of the group's cash deposits are held in sterling with UK regulated financial institutions.

b) Interest rate risk

When the group has surplus funds, these are placed upon deposit at interest rates linked to the UK bank base rate.

c) Foreign currency risk

With activity in overseas markets the group has an exposure to foreign currencies. In order to reduce the impact to the group of variances arising from changes in exchange rates, assets are matched to liabilities in so far as possible and denominated in the same currency.

The group's wholly owned subsidiary in India, Vizual Business Tools Private Limited, charges in sterling for services provided and holds its cash reserves in sterling until such time as it needs to make payments in local currency (Indian Rupees). Consequently all trade debtors are denominated in sterling and trade creditors include £11,806 (2004: £23,648) denominated in Rupees, which are amounts due to Indian suppliers. At the year end, the group's cash reserves include £32,166 (2004: £234,960) held in India but denominated in sterling. Only the amount needed to make payments in local

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currency is translated into Rupees and this is done at the prevailing market rates as required. To comply with India's strict transfer pricing legislation, payments due from the UK for services rendered, including to group companies', must be made on arms length basis.

d) Bad debts

The group operates a strict credit control policy, checking the financial worth of all customers before credit is advanced. Full provision has been made for all bad and doubtful debts of which the Directors are aware.

e) Other disclosures

The fair values of the group's financial assets and liabilities are not materially different from their book values.

At the year end there were no foreign currency contracts outstanding (2004: £nil).

25 Related party transactions

There were no related party transactions involving the directors of OneClickHR during either year.

The group has taken advantage of the exemption under FRS 8 Related Party Transactions to not disclose balances or transactions between group entities which have been eliminated on consolidation.

26 Share options

The company operates 3 share option schemes, an Approved, an Unapproved and an Enterprise Management Incentive scheme. All options are granted at the prevailing market price and are exercisable within 10 years of issue.

At 31 December 2005 options had been granted to 72 employees (2004: 76 employees) over 4,199,573 (2004: 4,345,788) shares at prices between 4p and 55p. The options may be exercised between 7 November 2002 and 23 August 2015 may have performance criteria attached.

OneClickHR Plc

Advisers

Auditors

PricewaterhouseCoopers LLP
First Point
Buckingham Gate
Gatwick
RH6 0PP

Registrars

Capita IRG plc
Bourne House
34 Beckenham Road
Beckenham
Kent BR3 4TH

Bankers

National Westminster Bank
PO Box 34
15 Bishopsgate
London
EC2P 2AP

Nominated advisers & brokers

KBC Peel Hunt Limited
111 Old Broad Street
London
EC2N 1PH

Solicitors

Nellen
19 Albemarle Street
London
W1S 4HS

Registered office

2 Bromley Road
Beckenham
Kent BR3 5JE

OneClickHR Plc

Notice of Annual General Meeting

Notice is hereby given that the annual general meeting of OneClickHR plc in respect of the financial year ended 31st December 2005 will be held at 4pm on 9th August 2006 at 2 Bromley Road, Beckenham, Kent, BR3 5JE to transact the following business.

Ordinary Business

1. To receive the Accounts and Reports of the Directors and Auditors for the year ended 31st December 2005.
2. To re-elect Frank Beechinor-Collins as a Director, who retires by rotation.
3. To re-elect Stephen Oliver as a Director, who was appointed a director of the company for the first time, since the previous AGM.
A biography of the directors appears on page 6 of the annual report.
4. To re-appoint PricewaterhouseCoopers LLP as Auditors of the Group and to authorise the Directors to determine their remuneration.

Special Business

To consider, and if thought fit pass the following resolutions which will be proposed in the case of resolution 4 as an ordinary resolution and in the case of resolutions 5 and 6 as special resolutions.

5. To re-elect Lord Sheppard as a Director. Lord Sheppard retires at the conclusion of this meeting having reached the age of 73.
6. To change the company name to Vizual plc
7. That the Directors of the Company be and are hereby generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 ("the Act") (in substitution for all existing authorities under the said section 80) to exercise all the powers of the Company to allot relevant securities (within the meaning of the said section 80) up to an aggregate nominal amount of £495,867, provided that this authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution and provided further that the Company may before such expiry make any offers or agreements which would or might require relevant securities to be allotted after such expiry.
8. That, subject to the passing of resolution 6 above, the Directors of the Company be and are hereby empowered pursuant to section 95(1) of the Act for the period commencing on and with effect from the date of adoption of this resolution and expiring on the date of the next Annual General Meeting of the Company to allot equity securities (within the meaning of section 94(2) of the Act) for cash pursuant to the authority conferred upon the Directors in accordance with section 80 of the Act on the 19th May 2004 as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:
 - (a) The allotment of equity securities in connection with or pursuant to an offer by way of rights to the holders of shares in the Company in the proportion (as nearly as may be) to such holders' holding of such shares subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or legal problems under the laws of any territory or the requirements of any recognised regulatory body or stock exchange; and
 - (b) The allotment of equity securities (otherwise than pursuant to paragraph (a) hereof up to a maximum nominal value of £74,380

OneClickHR Plc

and the foregoing power shall allow and enable the directors to make an offer or agreement before the expiry of that power which would or might require securities to be allotted after such expiry as if the power conferred hereby had not expired.

By order of the Board

Stephen Oliver
Company Secretary
7th July 2006

Registered in England No. 3252181
Registered Office: 2 Bromley Road
Beckenham

Notes:

1. A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, vote on their behalf. A proxy need not be a Member of the Company.
2. The register of Directors interests in the Company's shares and copies of the Director's service contracts will be available for inspection at the registered office of the Company during normal office hours from the date of this notice until the meeting closes.
3. The Articles of Association of the Company, specify that only those shareholders registered in the Company's register of members at 21st July 2006 will be entitled to attend or vote at the meeting and that the number of votes which any such member may cast, upon a poll, will be determined by reference to the number of shares registered in such shareholders name at that time.
4. The power proposed to be conferred on the Directors in resolution 6 to allot relevant securities up to an aggregate nominal amount £495,867 complies with the ABI Guidelines. The figure of £495,867 is arrived at by calculating one-third of the issued ordinary share capital of the Company .

OneClickHR Plc

Form of proxy

In respect of the Annual General Meeting for the financial year ended 31st December 2005

I/We (full name(s))
(block letters please)

of
(address(es))

being (a) holder(s) of ordinary shares of the above-named Company, hereby appointthe Chairman of the Meeting (see Note 1 below) as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 9th August 2006 at 3pm and at any adjournment thereof. I/We direct my/our votes to be cast on the ordinary and special resolutions to be proposed at the Meeting as set out in the Notice thereof dated 7th July 2006 as follows (see Note 2 below):

.....

| ORDINARY RESOLUTIONS | FOR | AGAINST |
|----------------------|-----|---------|
|----------------------|-----|---------|

- | | | |
|----|---|--|
| 1. | To receive the Accounts and Reports of the Directors and Auditors for the year ended 31 st December 2005. | |
| 2. | To re-elect as a Director Frank Beechinor-Collins, who retires by rotation | |
| 3. | To re-elect Stephen Oliver, who has been appointed a director of the company for the first time during the year. | |
| 4. | To appoint PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors to determine their remuneration | |

SPECIAL RESOLUTIONS

- | | | |
|----|--|--|
| 5. | To re-elect Lord Sheppard as a Director. Lord Sheppard retires at the conclusion of this meeting having reached the age of 73. | |
| 6. | To change the company name to Vizual plc | |
| 7. | To authorise the Directors to allot relevant securities. | |
| 8. | To give the Directors power to allot equity securities as if the pre-emption provisions contained in s.89(1) of the Companies Act 1985 do not apply. | |

Signature(s)Dated

OneClickHR Plc

Notes:

- 1 If you wish to appoint a proxy other than the Chairman of the Meeting, please insert the name of your proxy in the space provided and delete the words "the Chairman of the Meeting"; please initial the alterations. A proxy need not be a member of the Company.
- 2 Please indicate by an 'X' in the space provided how you wish your votes to be cast. If you do not do so, the proxy will vote as he thinks fit in respect of the member's total holding or abstain from voting at his discretion.
- 3 To be valid, this form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the office of OneClickHR plc, 2 Bromley Road, Beckenham, Kent. BR3 5JE, no later than 10.30am on Monday 7th August 2006.
- 4 In the case of an individual, this form of proxy must be signed by the appointor or by his duly constituted attorney.
- 5 In the case of a corporation, this form of proxy must be either given under its common seal or signed on its behalf by two directors, a director and the company secretary or a duly authorised officer of the corporation.
- 6 In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding. The names of all joint holders should be stated.
7. Completion and return of this form of proxy will not preclude you from attending and voting at the Meeting in person if you so wish. You may appoint more than one proxy to attend at the Meeting.



OneClickHR **plc**

2 Bromley Road, Beckenham, Kent, BR3 5JE, UK | Tel: 0844 7700250 | Fax: 0844 7700255 | Email: info@oneclickhr.com
Visit us at www.vizual.co.uk and www.oneclickhr.com