

ENTELLECT LIMITED
(ASX: ESN)

20 April 2011

ASX and Media Release

Re acquisition of *vPublisher* business

Entellect Limited (“**ESN**” or “**the Company**”) announces that it has acquired all of the assets of Virtual Communications International Pty Ltd ACN 110 675 691 (in liquidation) (“**VCI**”) necessary to conduct the business that was previously operated by this company prior to it being placed in liquidation.

ESN originally acquired VCI in July 2008. VCI was an on-line technology innovator that created digital media solutions and applications with its core product being *vPublisher*, a conversion tool that transfers standard PDF files into interactive, intelligent e-book applications. Before the appointment of external administrators, the *vPublisher* program had been commercialised in the publishing and tourism industries but had predominant involvement in the education industry and was complementary to and provided synergies for ESN’s other educational software business streams.

It recently came to the Directors’ attention that the VCI assets, despite the company being in liquidation, were still on the market and having access to funds through its loan facility with Furneaux Equity Limited, the ESN board took this opportunity to acquire all of the assets necessary to operate the VCI business from the liquidator. The total purchase price for the assets was \$28,200. As a result of the acquisition, VCI will change its name and ESN will operate the VCI business through a wholly owned subsidiary which will be renamed “Virtual Communications International Pty Ltd”.

The *vPublisher* software represents an opportunity for ESN to revive a significant piece of its prior business operations, in which it had significant development and intellectual property investment, which has potential on its own as well as providing synergistic opportunities for ESN’s new venture, Knowledge Nation.

The rapid global adoption of new mobile-media devices presents significant opportunities for the revitalized *vPublisher* product to serve as a major stand-alone revenue source as well as a synergistic tool alongside Company’s Knowledge Nation products.

The flexibility of the *vPublisher* architecture will allow it to rapidly achieve revenue as an interactive education application, an e-publishing application and a platform for the creation of interactive rich –media content across a broad range of market sectors. Revenue you will be achieved by enterprise level licence sales with interest again being expressed by several global technology and telecommunications companies thereby creating an ongoing income stream. Specific purpose versions of *vPublisher* will also be marketed as retail application subscriptions sales.

The resumption of the *vPublisher* business and its continuing development is further enhanced by the agreement of Mr. Craig Sinclair to join the company. Craig was the founding director of Virtual Communications International Pty Ltd and co-developer of the *vPublisher* application and has a background in trade and industry development and a strong international business network in communications and technology development.

His *vPublisher* product knowledge and experience in a diverse range of communications environments over the past 25 years including strategic and operational marketing, public relations, corporate communications, brand management, journalism and e-based marketing, is pivotal to the further commercialisation of *vPublisher* and the attainment and maximising of revenue.

ESN has been in discussions with the ASX regarding the requirements for ESN to have its securities reinstated on the official list. ESN will shortly announce to the market the terms of its proposed recapitalisation, by way of a pro rata rights issue and placement (as previously noted in the recent Notice of Annual General Meeting) which will be the final step in the reinstatement of ESN securities. Money raised by the recapitalisation will be used by the Company to fund the development and commercialisation of *vPublisher*, ESN's commitments to the Knowledge Nation venture, repayment of the Furneaux loan amount and provide working capital for the Company's immediate future.

ESN also advises Mr. James Kellett's appointment as acting Chief Executive Officer has been extended to 30 June 2011 to assist the Company in achieving the objectives above together with others previously outlined.

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