# HUVEAUX PLC

*Annual Report & Accounts*
*2004*

Huveaux

2004 saw a further major transformation of Huveaux. We made three acquisitions more than doubling our size and in addition achieved good organic growth. Overall the outlook for 2005 is for continued significant growth.

**Contents**

# Financial & Group Highlights.

The financial and operating highlights below set out the underlying business performance of the Group. The statutory results show the financial results after exceptional items

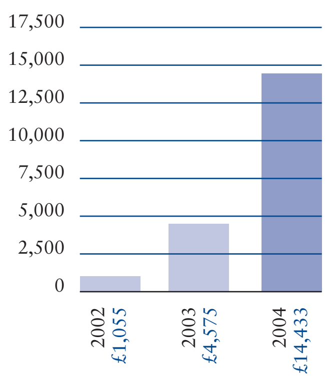
### Financial & Operating Highlights

- Sales more than trebled to £14.4 million.
- Pre-tax profit before exceptional items doubled to £2.45 million*.
- Earnings per share before exceptional items up by 9 per cent*.
- Dividend up by 14 per cent.
- Cash of £3.1 million at year-end, and strong cash generation.
- 3 acquisitions - Public Affairs News, Parliamentary Communications and ATP-Egora.
- Significant reorganisation and restructuring of operations under strengthened management and Board.

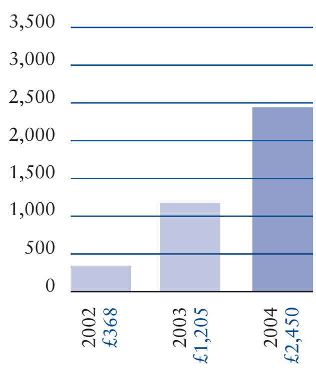
| Statutory Results | 2004 £'000 | 2003 £'000 | Growth % |
|---|---|---|---|
| Turnover | **14,433** | 4,575 | + 215% |
| Profit before taxation and exceptional items* | **2,450** | 1,205 | + 103% |
| Profit before taxation | **2,128** | 1,205 | + 77% |
| Earnings per share before exceptional items* (basic) | **2.19p** | 2.01p | + 9% |
| Earnings per share (basic) | **1.94p** | 2.01p | - 3% |
| Dividend per share | **1.00p** | 0.88p | + 14% |

* Exceptional items amounted to £322,000, before tax, relating principally to the cost of restructuring the Parliamentary Communications Limited operations acquired during 2004.

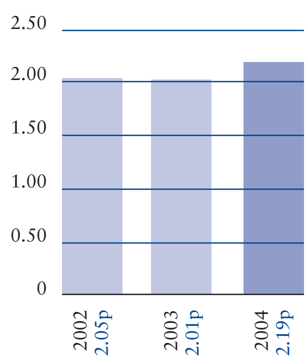
Turnover (£'000)



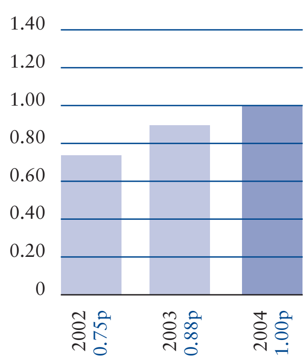

Profit before taxation (before exceptional items) (£'000)




Basic earnings per share (before exceptional items) (pence)




Dividend per share (pence)




### 2001

- Company established
- Floated on AIM

### 2002

- Acquisition of Vacher Dod

### 2003

- Acquisitions of:
  - Lonsdale Revision Guides
  - Le Trombinoscope
  - Fenman
- Board Appointment – David Horne

### 2004

- Acquisitions of:
  - Public Affairs Newsletter
  - Parliamentary Communications
  - ATP-Egora
- Re-organisation of Political Division into:
  - UK Political Division
  - EU Political Division
- Enlarged UK Political Division moves into Westminster Tower
- Board Appointments:
  - Kevin Hand
  - Gerry Murray
  - Jean-Marie Simon

# Chairman's Statement

"2004 saw a further major transformation of Huveaux. We made three acquisitions more than doubling our size and in addition achieved good organic growth. Overall the outlook for 2005 is for continued significant growth."

John P de Blocq van Kuffeler Chairman

The year 2004 saw a further major transformation of Huveaux. We made three acquisitions more than doubling our size and in addition achieved good organic growth. As a result sales more than trebled from £4.6 million to £14.4 million and pre-tax profits before exceptional items doubled to £2.45 million (2003 - £1.20 million). Earnings per share before exceptional items increased by 9 per cent to 2.2 pence (2003 - 2.0 pence) and the directors are recommending a dividend of 1 pence per share (2003 - 0.88 pence), an increase of 14 per cent over 2003. Huveaux ended the year with a strong balance sheet, no borrowings and £3.1 million of cash balances in the bank.

The exceptional item of £322,000 (2003 - £nil) represents principally the cost of restructuring the Parliamentary Communications Limited operations, including 18 redundancies, the day we completed that acquisition. After this exceptional item, the pre-tax profit was £2.1 million (2003 - £1.2 million).

The acquisitions in 2004 of Parliamentary Communications and Public Affairs News have been fully integrated with Vacher Dod in the UK creating a very strong market position in UK political publishing, with significant cost and revenue benefits flowing through in 2005. Similarly, the operations of ATP-Egora have been integrated into Le Trombinoscope in Paris with similar benefits flowing through to 2005. In addition we have significantly strengthened our Board and management team. Altogether, these measures have ensured a strong start to 2005.

## Review of Operations

As at 31 December 2004 Huveaux's business comprised four operating units all in the field of specialist B2B publishing. The sales and profits of each were as follows for the year 2004:

| | Sales £000s | Pre-tax Profit* £000s |
|---|---|---|
| UK Political | 6,682 | 1,283 |
| EU Political | 2,213 | 335 |
| Total Political Division | 8,895 | 1,618 |
| Fenman | 2,875 | 466 |
| Lonsdale | 2,663 | 1,188 |
| Total Education & Training Division | 5,538 | 1,654 |
| Operating Result | 14,433 | 3,272 |
| Head Office | - | (822) |
| Sales/Pre-tax Profit | 14,433 | 2,450 |

* before exceptional items

*Each of these is now described in turn.*

# UK Political

**Our UK Political Operation, Dod's Parliamentary Communications, is our largest operating unit and is the leading political information, public affairs and policy communication specialist in the UK.**

It comprises magazines, websites, databases, reference books, seminars and events. Sales totalled £6.7 million in 2004, up from £1.5 million in 2003, with a large proportion of the increase from the acquisitions made during the year. This Division is showing strong organic growth with revenues increasing 16 per cent in 2004 on a like-for-like basis. The costs in 2004 include the full costs of moving from four separate office buildings to the new integrated office in Westminster Tower (including the costs of the remainder of the old leases). The pre-tax profit before exceptional items of this division amounted to £1.28 million.

Our magazines offer comprehensive editorial content from key decision makers who influence, inform and educate – resulting in an essential read for those interested in government, policy and the decision-making process. Regularly highlighted in independent "best read" research, our publications link the political communities of the UK, allowing readers to keep abreast of developments at all levels.

**Our magazines account for some 35 per cent of Dod's Parliamentary Communications sales and comprise:**
**The House Magazine** is the premier weekly publication for the Houses of Parliament and those involved in politics and policy development.

**The Parliamentary Monitor** provides a monthly commentary on the big issues in the political world, resulting in a respected insight into the current and forthcoming agenda. In 2005 we have added The Regional Monitor, a month by month analysis of the political issues around the regions of the UK.

**Whitehall & Westminster World** is a fortnightly newspaper for the civil servants charged with developing, influencing and implementing policy in Whitehall and Westminster.

**Public Affairs News** is Europe's leading monthly business publication dedicated to those in the public affairs industry and government relations.

**pH7** is the quarterly parliamentary health magazine for parliamentarians and health policy makers to read and debate current issues.

**The International Development Magazine** is a new magazine which analyses issues in the developing world. It is read by parliamentarians and leading figures involved in development.

**Our UK new media services comprise:**
**ePolitix.com** is the highly regarded open access politics website with news, policy bulletins, and a comprehensive legislation guide, as well as 420 MP and 250 specialist government relations websites. It has a monthly audience of 60,000 unique users and over 8,000 people read the daily email bulletins.

**ePolitixlocal.com** is the local government equivalent of ePolitix.com which was launched in February 2005.

**dodonline.co.uk** is the UK's most authoritative online political intelligence resource covering the people, institutions and constituencies in the UK. As preferred supplier to the UK Parliament it delivers unrivalled real-time information and search facilities based on the highly respected Dod's Parliamentary Companion database.

**ePolitixplus.com** is a specialist information provider for political monitoring. It delivers fast and accurate tailor-made political information to clients for a fee, which varies according to the complexity of information required. The number of clients grew from 30 to more than 100 during the year 2004.

The revenue from the above new media businesses account for some 25 per cent of UK Political sales.

**Our UK Political training and seminar business comprises:**
**Westminster Explained** which offers high quality training and development seminars to the public and private sector, facilitating a high standard of performance and understanding in policymaking.

**The Certificate in Public Sector Delivery** which offers a high quality professional training programme for people working in the civil service and the public sector.

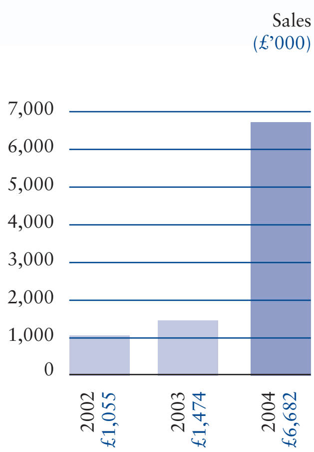
**Westminster Briefing** which offers political and policy specialists the rare opportunity to hear about proposed government legislation and initiatives from key parliamentary figures.

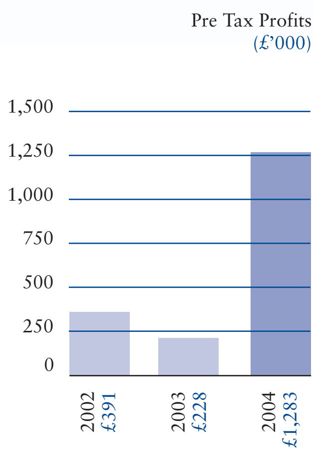
The revenue from the above training and seminar businesses account for some 22 per cent of UK Political sales from over 100 events in 2004.

Our database and reference book business is dominated by **Dod's Parliamentary Companion** and its accompanying titles, Dod's Civil Service Companion, Dod's Constituency Guide, Dod's Scotland, Wales and Northern Ireland Companion, VQ, and the Dod's Handbooks of Parliamentary Procedures. The revenue from these publications account for some 15 per cent of UK Political sales.

**Electus** is the leading search and selection consultancy for the public affairs and political communications industry. The revenue from this business account for some 3 per cent of UK Political sales, after sales more than doubled in 2004.

The outlook for 2005 is for continued good growth in sales with the cost and operational benefits of the new building flowing through. Our budgets for 2005 are based upon a May General Election, but an autumn poll date could have an influence on the Division's results for 2005.


'The Coming Year in Parliament' conference

# EU Political

**Our EU Political Operation, based in Paris and Brussels, had sales of £2.2 million in 2004, a like-for-like increase of 19 per cent over 2003. It consists of:**

- **Le Trombinoscope** (two reference books, a newsletter, a subscription website and the prestigious 'Prix du Trombinoscope' political awards) which had sales growth of 9 per cent in 2004;
- **Parliament Magazine,** published fortnightly, reports and reflects upon the work of the European Parliament, and the European Commission as well as upon broader European issues, which achieved a phenomenal 46 per cent sales growth over the equivalent period last year;
- **EUPolitix.com** which has seen stable revenues since being acquired by Huveaux, and has turned a £364,000 loss pre-acquisition into a small pre-tax profit;
- **ATP-Egora** acquired in 2004 (which consists of four quarterly specialist medical magazines under the brand "Réseaux" and a website for professionals in the French healthcare sector) which similarly saw stable revenues but saw increased profits under our ownership with a contribution of approximately €70,000 (£48,000) in the four months post-acquisition.

Overall, the EU Political Operation achieved pre-tax profits of £335,000 in 2004.

Our operations in Paris, comprising the separate businesses of Le Trombinoscope and ATP-Egora, have recently moved into new premises together, enabling further operational benefits to accrue.

Parliament Magazine and EUPolitix.com are both run from our Brussels office which is opposite the European Commission building.

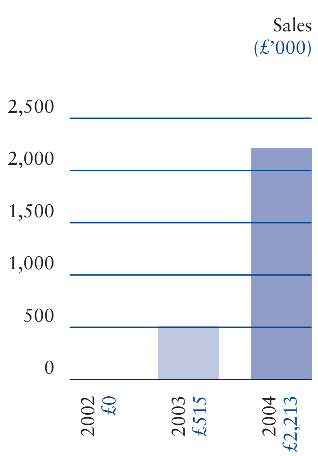
Eurosource, which is the title for the new database and reference books and subscription website on the EU Parliament and the EU Commission (which combines the former Dod's and Trombinoscope databases) achieved sales of approximately £249,000 in 2004, all of which were deferred to 2005 pending the delivery to customers of Volume II. This postponement arose as a direct result of the EU Parliament rejecting the proposed EU Commission in October. Sales in 2004 were therefore £ nil as compared to £184,000 on a like-for-like basis in 2003.

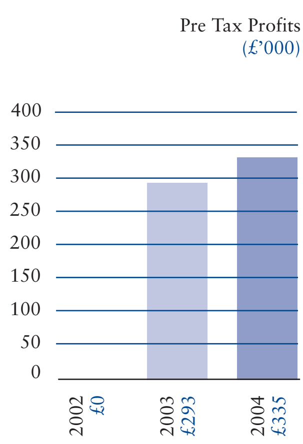
Overall, the EU Political Operation should see continued strong growth in 2005 combined with the benefit of the Eurosource sales being deferred from 2004 to 2005.

«Huveaux's ambition is to become the leader in providing the finest quality, 'must-have' political information throughout Europe. The acquisition of Parliamentary Communications is a major step towards achieving this goal.»

Jean-Marie Simon Directeur Général, Huveaux EU


LE TROMBINOSCOPE
2001-2005
eurosource
La lettre du TROMBINOSCOPE
PARLIAMENT
WHAT NEXT?
Réseaux hépatites
Dépistage de l'hépatite C en France de 2000 à 2002
Réseaux diabète
Réseaux cancer
« Le travail en réseau de cancérologie présente de nombreux avantages »
Réseaux respiratoire
Plan national santé-environnement :


Sales
(£'000)
2,500
2,000
1,500
1,000
500
0
2002 £0
2003 £515
2004 £2,213


Pre Tax Profits
(£'000)
400
350
300
250
200
150
100
50
0
2002 £0
2003 £293
2004 £335

# Education & Training

**The Education & Training Division consists of Fenman and Lonsdale.**

**Fenman** is a specialist publisher of material for training managers in both the public and private sectors, including larger companies, government departments, local authorities, the armed forces and large accounting firms. Its flagship product is a monthly publication, The Training Journal, which has some 5,000 annual subscribers. Fenman also makes and sells a wide range of training videos and publishes 108 different training manuals. In addition, it runs seminars and courses for training managers at locations throughout the UK, and operates a website for training managers with over 2,000 subscribers. Fenman is based in Ely, Cambridgeshire and has 16 employees.

Fenman had sales of approximately £2.9 million in 2004 as compared to £0.7 million in 2003 (part year only), but on a like-for-like basis, sales were 2 per cent lower. Pre-tax profits were £466,000 (2003 - £184,000 part year only). This was a disappointing result reflecting a slowing of manual and video sales (down 13 per cent) counterbalanced by 8 per cent growth in Training Journal revenues and a 48 per cent growth in seminar revenues (on a like-for-like basis in each case). Immediate action has been taken to address these points:-

- Production of the Training Journal is being moved to London to be produced alongside our other magazine titles with consequent cost savings and the benefit of a large advertising sales department.
- The Fenman seminars business will be given the added expertise of our large London political conference and training unit and further expansion of this high growth business is planned for 2005.
- The manual and video business will reduce its heavy direct marketing spend which will be replaced by a small sales unit targeting high value customers, particularly the larger Government departments.

The outlook for 2005 for Fenman is therefore for a resumption of modest sales growth.

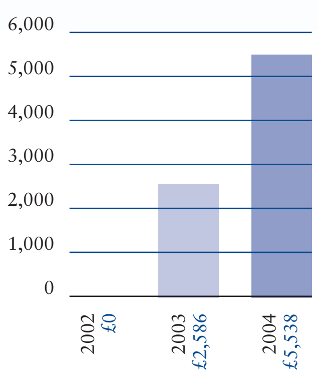
**Lonsdale** is a specialist publisher of revision guides and workbooks for schools in England and Wales. It specialises in Key Stages 2, 3 and 4, including GCSE (for pupils between the ages of 7 and 16) and has 63 current titles. Sales are made directly to schools and are priced at between £1 and £4. The guides are designed to assist teachers to ensure that their pupils receive the exact material on which they will be assessed. Lonsdale is based in Holmfirth, Yorkshire; and Carnforth and Penrith in the Lake District. It has 18 employees.

Lonsdale achieved sales of approximately £2.66 million in 2004, as compared to £2.5 million on a like-for-like basis in 2003, representing sales growth of 6 per cent. Pre-tax profits were approximately £1.19 million, which represents a pre-tax profit margin of 44 per cent. A number of new titles were published during the year, including six new maths titles published in November, and sales have started strongly in 2005.

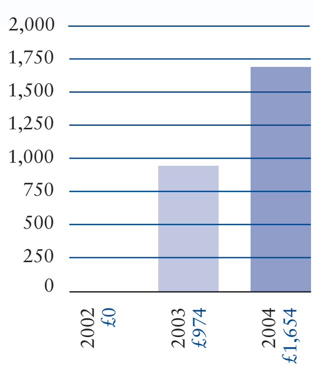
«I have been using Lonsdale Revision Guides for years – they really are superb. The pupils love them and I honestly do believe that they do raise their achievement in exams.»

Mr D. Barnett Head of Science,
St. Thomas More RC School, Haringey


Sales
(£'000)




Pre Tax Profits
(£'000)




«The timing of Training Journal's recent articles is superb for us, as they cover so many of the topics that are at the top of my agenda.»

Hatty Richmond Head of Training & Development, easynet Ltd

# Group & Outlook

### Group Financial
Head Office costs were £822,000 net of interest income which was in line with expectations.

Huveaux ended the year with a strong balance sheet with no borrowings and approximately £3.1 million cash in the bank. Cash generation was strong with 93 per cent of pre-tax profits being converted into cash during the year, excluding deferred payments in respect of the Fenman and Lonsdale acquisitions and the payment following exercise of options by the vendors of Parliamentary Communications Limited.

### Corporate Philosophy
Huveaux has the objective of building a substantial publishing and media group over the next ten years. After three years of significant achievement, including seven acquisitions, our corporate philosophy remains unchanged:

- Concentration on "must-have" information businesses with strong market positions
- Strong organic growth supplemented by carefully targeted acquisitions
- Increasing pre-tax profits and EPS each year
- All our businesses must be cash generating
- A progressive dividend policy

### Staff
We now have approximately 190 employees, of whom approximately 160 are in the UK and 30 are in Paris and Brussels. Our staff represent a valuable resource of the Group, which through our acquisitions in 2004 has been strengthened by significant sales and marketing, editorial and events management expertise.

During the year, we introduced two share incentive schemes to provide staff at all levels with the opportunity to participate in share ownership of Huveaux. Our staff have responded well to a period of rapid change. I would like to thank all staff for their continued efforts and hard work, which have been so important to the success of the Group.

### Board and Management
During 2004 we continued the strengthening of our board. Kevin Hand, Gerry Murray and Jean-Marie Simon were appointed directors in November, 2004. Five of our eight directors are highly experienced publishers and three have served on FTSE100 company boards. This gives us confidence that we have the management in place to exploit the next phase of our growth.

2004 has been an active year, involving three acquisitions and significant reorganisation and restructuring of the operations under our strengthened senior management team. Gerry Murray now has responsibility for all our UK operations, and Jean-Marie Simon heads our European political activities. Both have actively integrated our acquisitions and positioned the businesses for growth. The benefits of the actions taken this year are expected to flow through for years to come.

### Outlook
It is still early in the new financial year, but the results for January and February are encouraging. We are concentrating on achieving strong organic growth during the early months of the year to lay the sound foundations for a successful year. We will also have the benefit of the full year contribution from the three acquisitions made in 2004. In addition, the Board is continuing to evaluate and negotiate acquisitions which meet its strict criteria. Overall the outlook for 2005 is for continued significant growth, enhanced by the expected UK General Election in May.

John P de Blocq van Kuffeler
Chairman

4 Grosvenor Place
London, SW1X 7DL

4 March 2005

# ePolitix.com

ePolitix is the UK's leading politics website which serves to improve communication between MPs and stakeholders, policymakers and the electorate with a monthly audience of more than 60,000 unique users.

**What leading Parliamentarians are saying about ePolitix.com**

"By making information about politics speedily and readily available in a clear and straightforward way, ePolitix.com has shown how the internet will play an increasingly important role in informing political debate in this country."

Rt Hon Tony Blair MP, Prime Minister

"ePolitix.com is at the forefront of efforts to make political information more accessible via the internet. The range and quality of its work is highly impressive. Its services are very valuable to all with an interest in politics."

Rt Hon Michael Howard QC MP, Leader of the Opposition

"ePolitix.com provides an extremely useful service to all its many users. It makes politics on the Internet simple and accessible. Anyone with an interest in politics, who seeks accurate, up to date and insightful information on the world of politics would do well to visit their site."

Rt Hon Charles Kennedy MP, Leader of the Liberal Democrats

**What leading political journalists are saying about ePolitix.com**

"A strong cup of coffee and a run through the ePolitix bulletin is the only way to start the political day."

Michael White, Political Editor, The Guardian

"Joining ePolitix was one of the best bits of advice I got when I started in Westminster."

Helen Rumbelow, Political Correspondent, The Times

"In the morning when the phones are running hot and the news desk is clamouring for "list lines", how could we manage without the ePolitix morning bulletin?...except the news desk has already read it too!"

Trevor Kavanagh, Political Editor, The Sun

ePolitix.com – Regularly used by more MPs than any other politics website*

*TNS Parliament Media Poll June 2004

# Directors & Advisers

**Nominated Adviser**
Brewin Dolphin Securities Ltd
7 Drumsheugh Gardens
Edinburgh EH3 7QH

**Broker**
Bell Lawrie White
(a division of Brewin Dolphin Securities Ltd)
48 St. Vincent Street
Glasgow G2 5TS

**John P de Blocq van Kuffeler, MA, FCA**
**Chairman**

He is Chairman and founder of Huveaux PLC. He is also Chairman of Provident Financial plc and Eidos plc. He was formerly Chief Executive of Provident Financial plc and prior to that Chief Executive of Brown Shipley Holdings PLC. Chairman of the Nomination Committee.

**David B Horne, CA, MCIM**
**Finance Director and Company Secretary**

Prior to joining the Board of Huveaux PLC, he ran his own consultancy practice. He was formerly European Finance Director of BSMG Worldwide, the large international PR agency. After qualifying with Price Waterhouse in Canada, he moved with them to Zurich. He then held senior positions with AT&T in Zurich and London, and with the BBC. Appointed as director on 1 January 2004.

**Gerry Murray**
**Chief Executive, Huveaux UK**

He started his publishing career as a journalist becoming a senior publisher at Emap Plc in the 1980s. Built Emap's stable of business magazines and was the Chief Executive of Emap Business Publishing and a main board director of Emap Plc. More recently he has managed media companies both in the UK and in Sydney, Australia. He joined Huveaux in May 2004 and was appointed as director of Huveaux PLC and Chief Executive of Huveaux UK on 1 November 2004.

**Jean-Marie G Simon, ESSEC**
**Directeur Général, Huveaux EU**

He was formerly Deputy General Manager of Emap, France, following senior finance roles with The Walt Disney Company (Paris and Los Angeles) and G D Searle (Chicago, Eastern Europe and France). Prior to that he worked with Arthur Andersen, Paris. He joined Huveaux in October 2003 as Managing Director of Le Trombinoscope in Paris, and has since taken responsibility for the political operations in Brussels and ATP-Egora in Paris. Appointed as director on 1 November 2004.

**Auditors and Reporting Accountants**
KPMG Audit PLC
8 Salisbury Square
London EC4Y 8BB

**Solicitors to the Company**
Eversheds LLP
Senator House
85 Queen Victoria Street
London EC4V 4JL

**Registrars**
Lloyds TSB Registrars
The Causeway
Worthing
West Sussex BN99 6DA

**Bankers**
Bank of Scotland
3 Queen Street
Norwich NR2 4SG

**Audit Committee**
John Clarke (Chairman)
Christina Benn
Timothy Benn

**Nomination Committee**
John van Kuffeler (Chairman)
Christina Benn
Timothy Benn
Kevin Hand

**Remuneration Committee**
Timothy Benn (Chairman)
Christina Benn
John Clarke
Kevin Hand

## Christina G Benn, MCIPD
## Non-executive director

She was formerly Head of Personnel and Training at Benn Brothers PLC and Chief Executive of Timothy Benn Publishing Limited and Dalesman Publishing Company Limited. Member of the Remuneration, Audit and Nomination Committees.

## Timothy J Benn, MA, FCIM
## Non-executive director

He was formerly Chairman of Benn Brothers PLC, Timothy Benn Publishing Limited and Dalesman Publishing Company Limited. Chairman of the Remuneration Committee and member of the Audit and Nomination Committees.

## John L Clarke, FCA
## Non-executive director

After a career at KPMG he became a partner at Moores Rowland, and subsequently founded Clarke & Co, chartered accountants in 1990. He is also Chairman of Cranzon Systems Limited. Chairman of the Audit Committee and member of the Remuneration Committee.

## Kevin L Hand
## Non-executive director

He is Chairman of Hachette Filipacchi UK Limited, the UK publisher of consumer magazines including ELLE. Prior to that he was Chief Executive and director of Emap plc, having joined them in 1983. During that time he was responsible for establishing their French business, and being Chief Executive of Emap's newly created Consumer Magazine Division. Appointed as director on 1 November 2004. Member of the Remuneration and Nomination Committees.

# Directors' Report

## The directors present their annual report and the audited financial statements for the year ended 31 December 2004

### Principal activities

A review of the Company's activities, performance and prospects is given in the Chairman's Statement.

### Share capital

During the period from 1 January 2004 to 31 December 2004 the Company's ordinary share capital increased from £7,146,473 to £10,646,473 as set out in note 22 to the accounts. In addition, part of the deferred consideration in respect of the acquisition of Lonsdale SRG will be satisfied by the issue of 1,142,855 shares in March 2005.

At the Annual General Meeting, shareholders will be asked to approve a number of resolutions regarding authority to allot shares.

Resolutions 9 and 10 provide authority to the directors to allot shares, and Resolution 11 provides authority to the directors to make market purchases of shares, which authorities will all expire at the following Annual General Meeting of the Company or, if earlier, 15 months after the relevant resolution is passed (18 months in the case of Resolution 11).

Resolution 9, which is an Ordinary Resolution, continues the authority of the directors to allot Ordinary shares, or rights to subscribe for or convert any securities into Ordinary shares, up to a nominal value of £3,600,000, equal to 33.8% of the existing issued share capital. Resolution 10, a Special Resolution, continues the authority of the directors to allot Ordinary shares or rights to subscribe for or convert securities into Ordinary shares up to a nominal value of £532,323, equal to 5% of the existing issued share capital for cash, otherwise than to existing shareholders pro rata to their holdings. Resolution 11, a Special Resolution, continues the directors' authority to make market purchases of shares up to a nominal value of £1,596,970. Except as stated herein, the directors have no present intention of issuing any shares, and will not issue shares which would effectively change the control of the Company without the prior approval of the shareholders in general meeting.

### Proposed dividend

The directors propose a final dividend of 1.00 pence per share in respect of the year ended 31 December 2004. The dividend, if approved at the Annual General Meeting, will be paid on 13 May 2005 to shareholders on the register at close of business on 15 April 2005.

### Directors and directors' interests

The directors who currently hold office are set out on pages 12 and 13, and the following changes to directors have taken place.

Kevin Hand, Gerry Murray and Jean-Marie Simon were appointed directors on 1 November 2004 and in accordance with the Company's articles of association, will each retire as directors at the Annual General Meeting and, being eligible, offer themselves for re-election.

The director retiring by rotation is John Clarke who, being eligible, offers himself for re-election.

Save as disclosed below, according to the register of directors' interests, no rights to subscribe for shares in or debentures of the Company were granted to any of the directors or their immediate families, or exercised by them, during the financial period. There have been no changes in the interests of directors in shares since 1 January 2005.

| | Class of Share | Interest at end of year | Interest at start of year or date of appointment | Options at end of year (see note) |
|---|---|---|---|---|
| John P de Blocq van Kuffeler | Ordinary | 2,444,036 | 2,444,036 | 367,000 |
| David B Horne | Ordinary | 217,000 | 80,000 | 398,142 |
| Gerry Murray | Ordinary | 100 | 100 | 925,925 |
| Jean-Marie G Simon | Ordinary | - | - | 305,000 |
| Christina G Benn | Ordinary | 1,471,861 | 1,471,861 | - |
| Timothy J Benn | Ordinary | 1,471,861 | 1,471,861 | - |
| John L Clarke | Ordinary | 215,180 | 215,180 | - |

During the year, Mr van Kuffeler rearranged his shareholding and pension arrangements, although the total number of shares in which he remained interested was unchanged. A total of 1,719,000 of the shares included above are now held in 2 personal pension accounts of which Mr van Kuffeler is the beneficiary.

All options shown above were granted during the year. They relate to options granted under the Huveaux Unapproved Executive Share Option Scheme, save for 31,142 options granted to Mr Horne under the Huveaux Savings Related Share Option Scheme in June 2004. Options were granted to Messrs van Kuffeler, Horne and Simon under the Executive Share Option Scheme in May 2004, and to Mr Murray in November 2004. Further details of options granted under both Schemes are provided in note 22 to the accounts.

## Substantial shareholdings

As of 4 March 2005, the directors were aware of the following interests of 3 per cent or more in the issued ordinary share capital of the Company and had not been notified, pursuant to the provisions of the Companies Act 1985, of any further such interest:

| | |
|---|---|
| Jupiter Asset Management Limited | 9.9% |
| Deutsche Asset Management Limited | 9.8% |
| Scottish Widows Investment Partnership Limited | 9.3% |
| F&C Asset Management Limited/ISIS | 7.7% |
| Schroders Investment Management Limited | 7.6% |
| Rathbone Investment Management Limited | 5.2% |
| Singer & Friedlander Investment Management Limited | 4.9% |
| Unicorn Asset Management Limited | 3.8% |
| Artemis Investment Management Limited | 3.4% |

## Employees

Group policy is to recruit, employ and develop staff on the basis of the suitability of their qualifications and experience, regardless of sex, marital status, race, nationality, age, sexual orientation or religion. Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

## Corporate Governance

The directors intend, so far as is possible given the Group's size and the numbers on its Board, to comply with the Combined Code. Currently, the Board comprises eight members, four of whom are full-time executives. The directors have established a remuneration committee comprising Timothy Benn (Chairman), Christina Benn, John Clarke and Kevin Hand, an audit committee, comprising John Clarke (Chairman), Christina Benn and Timothy Benn, and a nomination committee, comprising John van Kuffeler (Chairman), Christina Benn, Timothy Benn and Kevin Hand.

## Political and charitable contributions

During the year, the Company made charitable contributions of £110 (2003: nil). The Company made no political contributions during the period (2003: nil).

## Creditor payment policy

The Group agrees the terms and conditions under which business transactions with suppliers are conducted. It complies with these payment terms, provided that it is satisfied that the supplier has provided the goods or services in accordance with agreed terms and conditions. The number of days taken to pay suppliers calculated on the basis of trade creditors as at 31 December 2004 and average daily purchases for the year then ended, is 50 (2003-55).

## Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

**David B Horne**
Secretary

4 Grosvenor Place
London, SW1X 7DL

4 March 2005

# Statement of Directors' Responsibilities

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

# Report of the Independent Auditors to the Members of Huveaux PLC

We have audited the financial statements on pages 18 to 41.

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 directors and auditors**
The directors are responsible for preparing the financial statements. As described on page 16, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**Basis of audit opinion**
We conducted our audit in accordance with the 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.

**Opinion**
In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2004 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG Audit Plc**
Chartered Accountants
Registered Auditor

8 Salisbury Square
London, EC4Y 8BB

4 March 2005

# Consolidated Profit and Loss Account

for the year ended 31 December 2004

| | Note | 2004 £ 000s | 2003 £ 000s |
|---|---|---|---|
| **Turnover** | | | |
| Continuing operations | 2 | **7,572** | 4,575 |
| Acquisitions | 2 | **6,861** | — |
| | | **14,433** | 4,575 |
| Cost of sales | 3 | **(6,872)** | (1,497) |
| **Gross profit** | 3 | **7,561** | 3,078 |
| Administrative expenses | 3 | **(5,217)** | (1,969) |
| Exceptional items | 3,4 | **(322)** | — |
| **Total administrative expenses** | | **(5,539)** | **(1,969)** |
| Continuing operations | 2 | **1,281** | 1,109 |
| Acquisitions | 2 | **741** | — |
| **Total operating profit** | | **2,022** | 1,109 |
| Other interest receivable and similar income | 8 | **116** | 99 |
| Interest payable and similar charges | 9 | **(10)** | (3) |
| **Profit on ordinary activities before taxation** | 5 | **2,128** | 1,205 |
| Tax on profit on ordinary activities | 10 | **(345)** | (250) |
| **Profit for the financial year** | | **1,783** | 955 |
| Dividends on equity shares | 11 | **(1,065)** | (629) |
| **Retained profit for the year** | 23 | **718** | 326 |
| Adjusted basic earnings per share before exceptional items | 12 | **2.19p** | 2.01p |
| Earnings per share – basic | 12 | **1.94p** | 2.01p |
| Earnings per share – diluted | 12 | **1.92p** | 2.01p |

The accompanying notes are an integral part of this consolidated profit and loss account.

Historical cost profit is the same as reported profit, therefore a statement of historical cost profit is not required.

# Consolidated Balance Sheet

at 31 December 2004

| | Note | 2004 £ 000s | 2003 £ 000s |
|---|---|---|---|
| **Fixed assets** | | | |
| Intangible assets | 14 | **38,046** | 19,451 |
| Tangible assets | 15 | **800** | 515 |
| | | **38,846** | 19,966 |
| **Current assets** | | | |
| Stocks | 17 | **1,329** | 841 |
| Debtors | 18 | **4,638** | 1,153 |
| Cash at bank and in hand | | **3,120** | 3,710 |
| | | **9,087** | 5,704 |
| **Creditors:** Amounts falling due within one year | 19 | **(8,736)** | (2,901) |
| **Net current assets** | | **351** | 2,803 |
| **Total assets less current liabilities** | | **39,197** | 22,769 |
| **Creditors:** Amounts falling due after more than one year | 20 | **(77)** | (1,162) |
| **Provision for liabilities and charges** | 21 | **—** | (22) |
| **Net assets** | | **39,120** | 21,585 |
| **Capital and reserves** | | | |
| Called-up equity share capital issued | 22 | **10,646** | 7,146 |
| Called-up equity share capital not issued | 22 | **400** | 400 |
| Share premium account | 23 | **26,444** | 13,157 |
| Merger reserve | 23 | **409** | 409 |
| Profit and loss account | 23 | **1,221** | 473 |
| **Equity shareholders' funds** | | **39,120** | 21,585 |

The accompanying notes are an integral part of this consolidated balance sheet.

These financial statements were approved by the board of directors and signed on its behalf by:

**John P de Blocq van Kuffeler**
Chairman

**David B Horne**
Finance Director

4 March 2005

# Company Balance Sheet

at 31 December 2004

| | Note | 2004<br>£ 000s | 2003<br>£ 000s |
|---|---|---|---|
| **Fixed assets** | | | |
| Intangible assets | 14 | **12,193** | 11,375 |
| Tangible assets | 15 | **424** | 440 |
| Investments | 16 | **25,332** | 8,126 |
| | | **37,949** | 19,941 |
| **Current assets** | | | |
| Stocks | 17 | **615** | 381 |
| Debtors | 18 | **1,003** | 755 |
| Cash at bank and in hand | | **2,534** | 3,429 |
| | | **4,152** | 4,565 |
| **Creditors:** Amounts falling due within one year | 19 | **(3,797)** | (1,769) |
| **Net current assets** | | **355** | 2,796 |
| **Total assets less current liabilities** | | **38,304** | 22,737 |
| **Creditors:** Amounts falling due after more than one year | 20 | **(376)** | (1,476) |
| **Provision for liabilities and charges** | 21 | **(15)** | — |
| **Net assets** | | **37,913** | 21,261 |
| **Capital and reserves** | | | |
| Called-up equity share capital issued | 22 | **10,646** | 7,146 |
| Called-up equity share capital not issued | 22 | **400** | 400 |
| Share premium account | 23 | **26,444** | 13,157 |
| Merger reserve | 23 | **409** | 409 |
| Profit and loss account | 23 | **14** | 149 |
| **Equity shareholders' funds** | | **37,913** | 21,261 |

The accompanying notes are an integral part of this balance sheet.

These financial statements were approved by the board of directors and signed on its behalf by:

**John P de Blocq van Kuffeler**
Chairman

**David B Horne**
Finance Director

4 March 2005

# Consolidated Cash Flow Statement

for the year ended 31 December 2004

| | Note | 2004 £ 000s | 2003 £ 000s |
|---|---|---|---|
| **Reconciliation of operating profit to net cash flow from operating activities** | | | |
| Operating profit | | **2,022** | 1,109 |
| Depreciation charges | | **238** | 45 |
| Increase in stocks | | **(483)** | (106) |
| Increase in debtors | | **(773)** | (258) |
| Decrease in creditors | | **(108)** | (631) |
| Net cash inflow from operating activities | | **896** | 159 |
| **Cash flow statement** | | | |
| **Cash flow from operating activities** | | **896** | 159 |
| **Returns on investments and servicing of finance** | 26 | **106** | 96 |
| **Taxation** | | **(49)** | — |
| **Capital expenditure and financial investment** | 26 | **(309)** | (240) |
| **Acquisitions and disposals** | 26 | **(17,122)** | (12,514) |
| **Equity dividends paid** | | **(629)** | (155) |
| **Management of liquid resources** | | **(47)** | — |
| Cash outflow before financing | | **(17,154)** | (12,654) |
| **Financing** | 26 | **16,787** | 14,763 |
| **(Decrease)/increase in cash in the year** | 27 | **(367)** | 2,109 |

# Consolidated Statement of Total Recognised Gains and Losses

for the year ended 31 December 2004

| | 2004<br>£ 000s | 2003<br>£ 000s |
|---|---|---|
| **Profit for the financial year** | **1,783** | 955 |
| Currency translation differences | **30** | 1 |
| **Total recognised gains and losses for the year** | **1,813** | 956 |

# Reconciliation of Movements in Consolidated Shareholders' Funds

for the year ended 31 December 2004

| | 2004<br>£ 000s | 2003<br>£ 000s |
|---|---|---|
| **Profit for the financial year** | **1,783** | 955 |
| Dividends | **(1,065)** | (629) |
| **Retained profit for the financial year** | **718** | 326 |
| Other recognised gains and losses relating to the year (net) | **30** | 1 |
| Shares to be issued | **—** | 400 |
| New share capital subscribed (net of issue costs) | **16,787** | 14,763 |
| **Net addition to shareholders' funds** | **17,535** | 15,490 |
| Opening shareholders' funds | **21,585** | 6,095 |
| **Closing shareholders' funds** | **39,120** | 21,585 |

# Notes to the Financial Statements

31 December 2004

## 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

### Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and the Companies Act 1985, except in respect of intangible assets.

### Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December each year. Profits arising on trading between Group undertakings are excluded. The acquisition method of accounting has been adopted. Under this method the results of subsidiary undertakings acquired in the year are included in the consolidated profit and loss account from the date of acquisition.

As permitted by section 230(4) of the Companies Act 1985, the profit and loss account of the company is not presented as part of these accounts. The profit after taxation attributable to Huveaux PLC for the year and dealt with in the financial statements of the company was £930,000 (2003: £632,000).

### Turnover and revenue recognition

Turnover represents the amounts derived from the provision of goods and services to third party customers, net of trade discounts and VAT. Turnover in respect of subscription-based services, including online services, is recognised on a straight line basis over the period of the subscription. Turnover in respect of advertising services is recognised upon publication. Turnover in respect of conferences and seminars is recognised when the event is held. Where publications are printed and distributed in more than one volume, revenue is deferred until the complete publication has been delivered. Turnover in all other respects is recognised when the goods or services are delivered to the customer.

### Intangible assets

*Group*

In accordance with FRS 10: "Goodwill and intangible assets", intangible assets arising on consolidation are capitalised. Intangible assets are amortised to nil by equal instalments over their estimated useful economic lives unless they are considered to have an indefinite useful economic life, in which case they are not amortised but subject to annual review for impairment. Each acquisition is assessed with reference to its durability, ability to sustain long-term profitability and proven ability to maintain market leadership.

Based on their assessment, the directors are of the opinion that the intangible assets of the Group have indefinite useful economic lives.

Where intangible assets are treated as having an indefinite economic life, the financial statements depart from the requirement of Schedule 4 of the Companies Act 1985 to amortise intangible assets over a finite period, in order to give a true and fair view for the reasons outlined above. Capitalised intangible assets regarded as having an indefinite useful economic life amounted to £38,046,000 as at 31 December 2004 (2003: £19,451,000). If these intangible assets were to be amortised over a period of 20 years, the maximum period recommended under FRS 10, operating profit for the year ended 31 December 2004 would have decreased by £1,600,000 (2003: £597,000).

In accordance with FRS 10 and FRS 11: "Impairment of fixed assets and goodwill", the carrying values of intangible assets are reviewed annually for impairment on the basis stipulated in FRS 11 and adjusted to the recoverable amount if required. No such adjustment was considered necessary as at 31 December 2004 or 2003.

### Negative goodwill

Negative goodwill arising on consolidation in respect of acquisitions is included within fixed assets and released to the profit and loss account in the periods in which the fair values of non-monetary assets purchased in the same acquisition are recovered, whether through depreciation or sale.

### Fixed assets and depreciation

Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives, as follows:

| | |
|---|---|
| Freehold buildings | 50 years |
| Leasehold improvements | Over the remaining life of the lease |
| Equipment, fixtures and fittings | 5 years |
| Database development costs | 5 years |
| Motor vehicles | 4 years |
| IT systems | 3 years |

### Current asset investments

Current asset investments are stated at the lower of cost and market value.

### Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account. The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date.

Exchange differences arising from the translation of the opening net assets and the results of overseas operations are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

### Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

### Stocks and work in progress

Finished goods are stated at the lower of cost and net realisable value. Work in progress consists of internal and third party editorial and production costs prior to print, which are capitalised for new publications and substantial updates of continuing publications. Work in progress is valued at the lower of cost and net realisable value being the recoverable amount based on anticipated forward sales from the first print run.

For new publications and other new products, development costs are deferred and amortised over periods of between one and five years following the first release of the new product for sale.

### Deferred revenue and deferred marketing expenditure

As explained under Turnover and revenue recognition, revenue from subscription-based services is recognised over the period of the subscription. The unrecognised element is carried within creditors as deferred revenue.

Where marketing expenditure has been incurred that is directly attributable to that deferred revenue, it is carried within other debtors as deferred marketing and is recognised on the same basis as the deferred revenue.

### Taxation

The charge for taxation is based on the profit for the year. Deferred tax is recognised with discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, as allowed by FRS 19: "Deferred tax".

### Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash at bank and in hand, deposits repayable on demand, less overdrafts payable on demand.

### Employee share schemes

The cost of awards to employees that take the form of shares or rights to shares are recognised over the period of the employee's related performance. Where there are no performance criteria, the cost is recognised when the employee becomes unconditionally entitled to the shares. No cost is recognised in respect of SAYE schemes that are offered on similar terms to all or substantially all employees in accordance with exemptions provided under UITF 17.

## 2 Segmental information

All amounts shown relate to one business segment, that of publishing.

| | Continuing Operations 2004 £ 000s | Acquisitions 2004 £ 000s | Total 2004 £ 000s | 2003 £ 000s |
|---|---|---|---|---|
| Group turnover by geographical area | | | | |
| United Kingdom | 6,645 | 5,580 | 12,225 | 4,060 |
| Continental Europe & rest of the world | 927 | 1,281 | 2,208 | 515 |
| | 7,572 | 6,861 | 14,433 | 4,575 |
| Operating profit after exceptional items by geographical area | | | | |
| United Kingdom | 1,182 | 614 | 1,796 | 889 |
| Continental Europe & rest of the world | 99 | 127 | 226 | 220 |
| | 1,281 | 741 | 2,022 | 1,109 |
| Net assets/(liabilities) by geographical area | | | | |
| United Kingdom | 38,553 | (575) | 37,978 | 21,459 |
| Continental Europe | 595 | 547 | 1,142 | 126 |
| | 39,148 | (28) | 39,120 | 21,585 |

Head office operating costs of £917,000 (2003: £378,000) have been allocated to operating profits on a pro rata basis.

Exceptional items of £322,000 (2003: nil) were incurred in respect of the United Kingdom totalling £306,000 and Continental Europe and rest of the world totalling £16,000

## 3 Profit and loss account items split between continuing operations and acquisitions

| | 2004 £ 000s | 2003 £ 000s |
|---|---|---|
| Cost of sales | | |
| Continuing operations | 2,521 | 1,497 |
| Acquisitions | 4,351 | — |
| Total cost of sales | 6,872 | 1,497 |
| Gross profit | | |
| Continuing operations | 5,051 | 3,078 |
| Acquisitions | 2,510 | — |
| Total gross profit | 7,561 | 3,078 |
| Administrative expenses before exceptional items | | |
| Continuing operations | 3,749 | 1,969 |
| Acquisitions | 1,468 | — |
| Total administrative expenses before exceptional items | 5,217 | 1,969 |

## 4 Exceptional items

| | 2004 £ 000s |
|---|---|
| Wages and salaries | 182 |
| Social security costs | 78 |
| Legal fees | 27 |
| Redundancy and people related costs | 287 |
| Provisions for vacant properties | 35 |
| | 322 |

Immediately following the acquisition of Parliamentary Communications Limited, the Group carried out a significant cost reduction exercise in parts of that business that were loss-making. 18 people left the Group and a property was vacated. Following the integration of our UK Political Division into a single location, 2 further properties were vacated. The exceptional charge for the properties represents the costs incurred in vacating them and provisions for future rental cost, net of expected rental income. There were no exceptional items in the prior year.

Wages and salaries, and social security costs as disclosed above are included in aggregate payroll costs disclosed under note 7.

## 5 Profit on ordinary activities before taxation

| | 2004 £ 000s | 2003 £ 000s |
|---|---|---|
| Profit on ordinary activities before taxation is stated after charging: | | |
| Auditors' remuneration | | |
| – audit services, Group | 130 | 105 |
| – audit services, Company | 74 | 77 |
| Depreciation of owned tangible fixed assets | 238 | 45 |
| Hire of plant and machinery – operating leases | 27 | 4 |
| Hire of property – operating leases | 239 | 21 |

Auditors' remuneration for non-audit services of £78,000 (2003: £163,000) related to share placings and £243,000 (2003: £191,000) related to due diligence work on acquisitions have been capitalised to the share premium account and investments, respectively.

## 6 Directors' remuneration

| | 2004 £ 000s | 2003 £ 000s |
|---|---|---|
| Directors' emoluments | 340 | 144 |
| Company contributions to money purchase pension schemes | 37 | — |
| Other benefits | 4 | — |
| | 381 | 144 |

The emoluments of the highest paid director were £140,000 (2003: £67,000), and company pension contributions of £14,000 (2003: nil) were made to a money purchase scheme on the director's behalf.

## 6 Directors' remuneration *(continued)*

Retirement benefits are accruing to the following number of directors under:

| | 2004 number | 2003 number |
|---|---|---|
| Money purchase schemes | 3 | — |

## 7 Staff costs

The average number of persons employed by the Group (including executive directors) during the year within each category was:

| | 2004 number | 2003 number |
|---|---|---|
| Editorial and production staff | 48 | 21 |
| Sales and marketing staff | 52 | 18 |
| Managerial and administration staff | 38 | 24 |
| Research and development staff | 1 | 1 |
| | 139 | 64 |

The aggregate payroll costs in respect of these employees (including executive directors) were:

| | 2004 £ 000s | 2003 £ 000s |
|---|---|---|
| Wages and salaries | 4,571 | 1,037 |
| Social security costs | 635 | 148 |
| Pension and other costs | 57 | 61 |
| | 5,263 | 1,246 |

## 8 Other interest receivable and similar income

| | 2004 £ 000s | 2003 £ 000s |
|---|---|---|
| Bank interest receivable | 98 | 99 |
| Net exchange gains | 18 | — |
| | 116 | 99 |

## 9 Interest payable and similar charges

| | 2004 £ 000s | 2003 £ 000s |
|---|---|---|
| On bank loans and overdrafts | 10 | 3 |

## 10 Taxation

| | 2004 £ 000s | 2003 £ 000s |
|---|---|---|
| UK corporation tax | | |
| Current tax on income for the period | **272** | 46 |
| Overaccrual in respect of prior periods | **(4)** | — |
| | **268** | 46 |
| Double taxation relief | **(5)** | — |
| Foreign tax | | |
| Current tax on income for the period | **5** | — |
| Total current tax | **268** | 46 |
| Deferred tax – note 21 | | |
| Origination and reversal of timing differences | **371** | 275 |
| Deferred tax asset on French losses | **(278)** | — |
| Impact of discounting | **(16)** | (71) |
| Total deferred tax | **77** | 204 |
| Tax on profit on ordinary activities | **345** | 250 |

### Factors affecting the tax charge for the current period

The tax charge for the period differs from the standard rate of corporation tax in the UK of 30% (2003: 30%). The differences are explained below:

| | 2004 £ 000s | 2003 £ 000s |
|---|---|---|
| Current tax reconciliation | | |
| Profit on ordinary activities before tax | **2,128** | 1,205 |
| Current tax at 30% (2003: 30%) | **639** | 361 |
| Effects of: | | |
| Permanent differences between expenditures charged in arriving at income and expenditures allowed for tax purposes | **28** | (6) |
| Capital allowances in excess of depreciation | **(115)** | (128) |
| Effect of differing tax rates | **—** | (125) |
| Adjustments to tax charge in respect of prior periods | **(4)** | — |
| Utilisation of tax losses | **(280)** | (56) |
| Total current tax | **268** | 46 |

## 11 Dividends

| | 2004 £ 000s | 2003 £ 000s |
|---|---|---|
| Equity shares – Final dividend proposed 1.00p (2003: 0.88p) | **1,065** | 629 |

A final dividend of 1.00 pence per 10p Ordinary share (2003: 0.88 pence per 10p Ordinary share) is recommended and, subject to approval by shareholders, will be paid on 13 May 2005 to shareholders on the register as at 15 April 2005.

## 12 Earnings per Share

| | 2004 £ 000s | 2003 £ 000s |
|---|---|---|
| Profit attributable to shareholders | **1,783** | 955 |
| Add: exceptional items – note 4 | **322** | — |
| Less: tax in respect of exceptional items | **(97)** | — |
| Adjusted profit attributable to shareholders | **2,008** | 955 |

| | 2004 Shares | 2003 Shares |
|---|---|---|
| **Weighted average number of shares** | | |
| In issue during the year – basic | **91,737,954** | 47,473,307 |
| Dilutive potential ordinary shares | **1,179,162** | — |
| Diluted | **92,917,116** | 47,473,307 |
| Adjusted basic earnings per share before exceptional items (pence) | **2.19** | 2.01 |
| Earnings per share – basic (pence) | **1.94** | 2.01 |
| Earnings per share – diluted (pence) | **1.92** | 2.01 |

## 13 Acquisitions

Each of the following acquisitions has been accounted for by the acquisition method. An analysis of the book value and provisional fair value of the net assets acquired on each is set out below. Publishing rights have, for each acquisition, been valued to reflect their estimated fair values, and each publication can be separately identified and valued.

### a) Public Affairs Newsletter

On 5 March 2004 the Group acquired the assets and trade of the Public Affairs Newsletter, a sole proprietorship, excluding the cash of the business.

**13 Acquisitions** *(continued)*

The following table sets out the book values of the identifiable assets and liabilities acquired and their provisional fair value to the group. All fair values are provisional, awaiting final determination of the balances required.

| | Book value £ 000s | Fair value adjustments £ 000s | Fair value £ 000s |
|---|---|---|---|
| Publishing rights | — | 818 | 818 |
| Debtors | 85 | — | 85 |
| Creditors | (85) | — | (85) |
| Net assets acquired | — | 818 | 818 |
| Goodwill | | | — |
| Total consideration | | | 818 |
| Satisfied by: | | | |
| Cash paid | | | 750 |
| Acquisition costs | | | 68 |
| | | | 818 |

The summarised profit and loss account for the Public Affairs Newsletter for the year ended 31 January 2004 is given below.

| | Year ended 31 January 2004 Unaudited £ 000s |
|---|---|
| Turnover | 199 |
| Profit before taxation | 119 |

b) Parliamentary Communications Limited

On 6 May 2004 the Group took effective control of Parliamentary Communications Limited.

A number of loss-making activities (investments in and intercompany funding of other business activities controlled by the vendors) and other assets and liabilities were hived out of Parliamentary Communications Limited prior to completion. The book value of these adjustments is as follows:

| | Book value £ 000s |
|---|---|
| Tangible fixed assets | 66 |
| Fixed asset investments | 588 |
| Creditors | (678) |
| Net liabilities hived out | (24) |

The following table sets out the book values of the identifiable assets and liabilities acquired (after hive-out) and their provisional fair value to the Group. The adjustment to tangible fixed assets was made to reduce to zero the net book value of software and leasehold improvements that are no longer used in the operation. The adjustments to stock, deferred tax and creditors were made to ensure consistency of accounting policies. The fair value adjustment to debtors reflects write-down to estimated realisable value. All fair values are provisional, awaiting final determination of the balances required.

## 13 Acquisitions *(continued)*

| | Book value £ 000s | Adjustments £ 000s | Fair value £ 000s |
|---|---|---|---|
| Publishing rights | 1 | 17,744 | 17,745 |
| Tangible fixed assets | 607 | (439) | 168 |
| Stock | 27 | (11) | 16 |
| Debtors | 1,730 | (51) | 1,679 |
| Deferred tax | 81 | 510 | 591 |
| Creditors | (3,037) | (937) | (3,974) |
| Net (liabilities)/assets acquired | (591) | 16,816 | 16,225 |
| Goodwill | | | — |
| Total consideration | | | 16,225 |
| Satisfied by: | | | |
| Cash paid | | | 15,229 |
| Deferred consideration | | | 471 |
| Acquisition costs | | | 525 |
| | | | 16,225 |

On the date of acquisition, an agreement was entered into for the simultaneous creation and repurchase of a minority interest in the subsidiary. Subsequent to 6 May 2004, options over 9,009,009 ordinary shares of Parliamentary Communications Limited were exercised and £450,000 was paid into that company. Huveaux PLC controlled 100% of the share capital throughout the post-acquisition period.

The summarised consolidated profit and loss account for Parliamentary Communications Limited for the year ended 30 June 2003 and the period from 1 July 2003 to 30 April 2004, both before hive-out as previously noted, is given below:

| | **Period ended 30 April 2004 Unaudited £ 000s** | Year ended 30 June 2003 Audited £ 000s |
|---|---|---|
| Turnover | **6,836** | 7,980 |
| Operating profit/(loss) | **1,099** | (437) |
| Profit/(loss) before taxation | **452** | (417) |
| Taxation | **(250)** | (271) |
| Profit/(loss) after tax | **202** | (688) |

# Notes to the Financial Statements (continued)

31 December 2004

**13 Acquisitions** *(continued)*

c) ATP Egora SA

On 1 September 2004 the group took effective control of ATP Egora SA.

The following table sets out the book values of the identifiable assets and liabilities acquired and their provisional fair value to the group. The adjustment to deferred tax was made to ensure consistency of accounting policies. All fair values are provisional, awaiting final determination of the balances required.

| | Book value £ 000s | Adjustments £ 000s | Fair value £ 000s |
|---|---|---|---|
| Publishing rights | — | 1 | 1 |
| Tangible fixed assets | 33 | — | 33 |
| Debtors | 330 | — | 330 |
| Deferred tax | — | 173 | 173 |
| Cash at bank and in hand | 238 | — | 238 |
| Creditors | (287) | — | (287) |
| Net assets acquired | 314 | 174 | 488 |
| Goodwill | | | — |
| Total consideration | | | 488 |
| Satisfied by: | | | |
| Cash paid | | | 341 |
| Acquisition costs | | | 147 |
| | | | 488 |

The summarised profit and loss account for ATP Egora SA for the year ended 31 December 2003 and the period from 1 January 2004 to 31 August 2004 is given below.

| | **Period ended 31 August 2004 Unaudited £ 000s** | Year ended 31 December 2003 Audited £ 000s |
|---|---|---|
| Turnover | **700** | 1,294 |
| Operating profit/(loss) | **45** | (62) |
| Profit/(loss) before taxation | **19** | (632) |
| Taxation | **—** | — |
| Profit/(loss) after tax | **19** | (632) |

## 14 Intangible fixed assets

| | Publishing rights Group £ 000s | Publishing rights Company £ 000s |
|---|---|---|
| **Cost and net book value** | | |
| At 1 January 2004 | 19,451 | 11,375 |
| Additions | 5 | — |
| Additions through acquisition | 18,564 | 818 |
| Fair value adjustments | 26 | — |
| **At 31 December 2004** | **38,046** | **12,193** |

Additions to publishing rights of £5,000 are additional costs in respect of the acquisition of Publications Professionnelles Parlementaires SAS and Fenman Limited.

Fair value adjustments to publishing rights of £26,000 are in respect of changes to the provisional fair values of Fenman Limited, as follows:

| | £ 000s |
|---|---|
| Stock (finished goods) | 59 |
| Creditors (accruals and deferred income) | 28 |
| Debtors (trade debtors) | 4 |
| Cost of sales | (39) |
| Tangible fixed assets (additions through acquisition) | (15) |
| Turnover (continuing operations) | (11) |
| | **26** |

The directors' impairment review of intangible assets used a discount rate of 10% in the net present value calculation of the carrying value.

# Notes to the Financial Statements (continued)

31 December 2004

## 15 Tangible fixed assets

| | Freehold land and buildings £ 000s | Short leasehold buildings £ 000s | Equipment and motor vehicles £ 000s | Total £ 000s |
|---|---|---|---|---|
| Group | | | | |
| **Cost** | | | | |
| At 1 January 2004 | 200 | 14 | 609 | 823 |
| Exchange adjustment | — | — | 16 | 16 |
| Additions | — | 56 | 257 | 313 |
| Additions through acquisition | — | 3 | 791 | 794 |
| Disposals | — | — | (174) | (174) |
| **At 31 December 2004** | **200** | **73** | **1,499** | **1,772** |
| **Depreciation** | | | | |
| At 1 January 2004 | 3 | 4 | 301 | 308 |
| Exchange adjustment | — | — | 15 | 15 |
| Charge for the year | 4 | 7 | 227 | 238 |
| Additions through acquisition | — | 1 | 577 | 578 |
| Disposals | — | — | (167) | (167) |
| **At 31 December 2004** | **7** | **12** | **953** | **972** |
| **Net book value** | | | | |
| At 1 January 2004 | 197 | 10 | 308 | 515 |
| **At 31 December 2004** | **193** | **61** | **546** | **800** |

| | Freehold land and buildings £ 000s | Leasehold land and buildings £ 000s | Equipment and motor vehicles £ 000s | Total £ 000s |
|---|---|---|---|---|
| Company | | | | |
| **Cost** | | | | |
| At 1 January 2004 | 200 | 14 | 346 | 560 |
| Additions | — | 3 | 94 | 97 |
| **At 31 December 2004** | **200** | **17** | **440** | **657** |
| **Depreciation** | | | | |
| At 1 January 2004 | 3 | 4 | 113 | 120 |
| Charge for the year | 4 | 5 | 104 | 113 |
| **At 31 December 2004** | **7** | **9** | **217** | **233** |
| **Net book value** | | | | |
| At 1 January 2004 | 197 | 10 | 233 | 440 |
| **At 31 December 2004** | **193** | **8** | **223** | **424** |

## 16 Fixed asset investments

| | Subsidiary undertakings £ 000s | Loan to group undertaking £ 000s | Total £ 000s |
|---|---|---|---|
| Company | | | |
| **Shares** | | | |
| Cost | | | |
| At 1 January 2004 | 8,126 | — | 8,126 |
| Acquisitions – see note 13 | 17,168 | 1,616 | 18,784 |
| Disposals (iii) | (1,578) | — | (1,578) |
| **At 31 December 2004** | **23,716** | **1,616** | **25,332** |

### Subsidiary undertakings

The results of these subsidiaries have been included in the Group accounts as at 31 December 2004:

| Company | Activity | % Holding | Country of registration |
|---|---|---|---|
| Vacher Dod Publishing Limited (i) | Dormant | 100 | England and Wales |
| Training Journal Limited (formerly Fenman Holdings Limited) | Holding company | 100 | England and Wales |
| Fenman Limited (ii) | Publishing | 100 | England and Wales |
| Dods Parliamentary Communications Ltd (formerly Parliamentary Communications Ltd) | Publishing | 100 | England and Wales |
| Huveaux France SAS (formerly ATP Egora SA) (iii) | Publishing | 100 | France |

(i) The company owns the entire issued share capital of Vacher Dod Publishing Limited, which is comprised of: 223,306 Ordinary "A" shares of £1 each; 156,581 Ordinary "B" shares of £1 each; 21,750 Ordinary "C" shares of £1 each; and 178,363 Ordinary "D" shares of £1 each.

(ii) The company directly owns 50% of the issued share capital of Fenman Limited, with the other 50% being owned by Training Journal Limited, of which the company owns 100%. The company therefore controls the entire issued share capital of Fenman Limited.

(iii) ATP Egora SA was transformed and renamed Huveaux France SAS. The investment in Publications Professionnelles Parlementaires SAS was sold to Huveaux France SAS at fair value and subsequently merged into Huveaux France SAS.

# Notes to the Financial Statements (continued)

31 December 2004

## 17 Stocks

| | 2004 Group £ 000s | 2004 Company £ 000s | 2003 Group £ 000s | 2003 Company £ 000s |
|---|---|---|---|---|
| Work-in-progress | 794 | 271 | 325 | 31 |
| Finished goods | 535 | 344 | 516 | 350 |
| | 1,329 | 615 | 841 | 381 |

## 18 Debtors

| | 2004 Group £ 000s | 2004 Company £ 000s | 2003 Group £ 000s | 2003 Company £ 000s |
|---|---|---|---|---|
| Trade debtors | 3,216 | 492 | 713 | 453 |
| Amounts owed by group undertakings | — | 286 | — | — |
| Other debtors | 172 | 73 | 278 | 197 |
| Deferred tax asset – see note 21 | 677 | — | — | 25 |
| Prepayments and accrued income | 573 | 152 | 162 | 80 |
| | 4,638 | 1,003 | 1,153 | 755 |

Other debtors include current asset investments of £47,000 (2003: nil). This represents the Company's investment in a company listed on the London Stock Exchange. The market value as at 31 December 2004 was £51,000.

## 19 Creditors: Amounts falling due within one year

| | 2004 Group £ 000s | 2004 Company £ 000s | 2003 Group £ 000s | 2003 Company £ 000s |
|---|---|---|---|---|
| Short term loan | — | — | 240 | — |
| Trade creditors | 1,874 | 264 | 530 | 245 |
| Amounts owed to group undertakings | — | 47 | — | — |
| Other creditors including tax and social security | 2,951 | 1,824 | 997 | 484 |
| Accruals and deferred income | 2,846 | 597 | 505 | 411 |
| Dividend proposed | 1,065 | 1,065 | 629 | 629 |
| | 8,736 | 3,797 | 2,901 | 1,769 |

Other creditors (Group and Company) include £1,571,000 (2003: £400,000) in respect of deferred consideration which has been paid subsequent to the balance sheet date as disclosed under note 28. Other creditors (Group) include £32,000 (2003: nil) in respect of onerous lease provisions and £16,000 (2003: nil) in respect of staff costs that have been charged as exceptional items during the year as disclosed under note 4. The short term loan of £240,000 held at 31 December 2003, representing an interest-free vendor loan in respect of the Fenman acquisition, was repaid during 2004.

## 20 Creditors: Amounts falling due after more than one year

| | 2004 Group £ 000s | 2004 Company £ 000s | 2003 Group £ 000s | 2003 Company £ 000s |
|---|---|---|---|---|
| Other creditors | 77 | 376 | 1,162 | 1,476 |

Amounts in respect of the Company include £376,000 (2003: £376,000) which represents a loan from a subsidiary undertaking. £1.1 million of the amount included at 31 December 2003, representing deferred consideration in respect of the Lonsdale acquisition, is included at 31 December 2004 in creditors: amounts falling due within one year (see note 19).

## 21 Provisions for liabilities and charges

| | 2004 Group £ 000s | 2004 Company £ 000s | 2003 Group £ 000s | 2003 Company £ 000s |
|---|---|---|---|---|
| Deferred tax asset – see note 18 | (677) | — | — | (25) |
| Deferred tax liability | — | 15 | 22 | — |

The elements of deferred tax are as follows:

| | 2004 Group £ 000s | 2004 Company £ 000s | 2003 Group £ 000s | 2003 Company £ 000s |
|---|---|---|---|---|
| Accelerated capital allowances | 205 | 218 | 136 | 77 |
| Change in effective tax rate from 19% to 30% | — | — | 44 | 44 |
| | 205 | 218 | 180 | 121 |
| Tax losses carried forward | (866) | (63) | (30) | (30) |
| Change in effective tax rate from 19% to 30% | — | — | (50) | (50) |
| | (866) | (63) | (80) | (80) |
| Undiscounted net deferred tax (asset)/liability | (661) | 155 | 100 | 41 |
| Effect of discounting | (16) | (140) | (78) | (66) |
| Discounted net deferred tax (asset)/liability | (677) | 15 | 22 | (25) |

Movements in deferred tax for the year are set out below:

| | Group £ 000s |
|---|---|
| Liability at 1 January 2004 | (22) |
| Assets acquired during the year | 764 |
| Charge to the profit and loss account | (77) |
| Exchange adjustment | 12 |
| **Discounted net deferred tax asset at 31 December 2004** | **677** |

The charge to the profit and loss account of £77,000 (2003: £204,000) is stated after recording a deferred tax asset of £278,000 (before discounting) (2003: nil) in respect of tax losses, the recovery of which has been enabled by the merger of our French operations. There are other potential deferred tax assets totalling £443,000 (2003: nil) that have not been recognised on the basis that their future economic benefit is uncertain. Liabilities in respect of deferred consideration and exceptional costs for onerous leases and staff are disclosed under note 19.

## 22 Called-up share capital

| | 2004 £ 000s | 2003 £ 000s |
|---|---|---|
| Company | | |
| Authorised: | | |
| Equity : 175,000,000 (2003: 120,000,000) ordinary shares of 10p each | **17,500** | 12,000 |
| Allotted, called-up and fully paid: | | |
| Equity: 106,464,730 (2003: 71,464,730) ordinary shares of 10p each | **10,646** | 7,146 |
| Equity shares to be issued | **400** | 400 |

During the year the company issued 35,000,000 ordinary shares of 10p each for consideration of £3,500,000 and share premium of £13,287,000 net of expenses, as disclosed under note 23.

Shares to be issued of £400,000 relates to the settlement of contingent consideration in relation to the acquisition of Lonsdale SRG in 2003.

### Share options

The following options over 10p ordinary shares have been granted and are outstanding at 31 December 2004 :

| | Number of shares |
|---|---|
| Unapproved Executive Share Option Scheme | |
| Outstanding options at 1 January 2004 | — |
| Granted during the year | 3,136,925 |
| Outstanding options at 31 December 2004 | 3,136,925 |

| | 2004 Number of shares | Exercise price | Exercise date |
|---|---|---|---|
| Outstanding options are analysed as follows: | | | |
| Granted in May 2004: | | | |
| EMI options | **878,000** | 65.0p | May 2007-2014 |
| Unapproved options | **763,000** | 65.0p | May 2007-2014 |
| | **1,641,000** | | |
| Granted in November 2004: | | | |
| Unapproved options | **1,495,925** | 54.0p | November 2007-2014 |
| | **1,495,925** | | |
| Outstanding options at 31 December 2004 | **3,136,925** | | |
| comprising: | | | |
| EMI options | **878,000** | | |
| Unapproved options | **2,258,925** | | |
| Outstanding options at 31 December 2004 | **3,136,925** | | |

## 22 Called-up share capital *(continued)*

| | Number of shares |
|---|---|
| Savings related share option scheme | |
| Outstanding options at 1 January 2004 | — |
| Granted during the year | 585,643 |
| Lapsed during the year | (6,228) |
| Outstanding options at 31 December 2004 | 579,415 |

| | 2004 Number of shares | Exercise price | Exercise date |
|---|---|---|---|
| Outstanding options analysed as follows: | | | |
| Granted in June 2004 | **145,605** | 52.5p | July 2007-2009 |
| Granted in September 2004 | **433,810** | 44.0p | November 2007-2009 |
| Outstanding options at 31 December 2004 | **579,415** | | |

## 23 Share premium and reserves

| | Share premium £ 000s | Merger reserve £ 000s | Profit and loss account £ 000s |
|---|---|---|---|
| Group | | | |
| At 1 January 2004 | 13,157 | 409 | 473 |
| Retained profit for the year | — | — | 718 |
| Currency translation differences | — | — | 30 |
| Premium on shares issued, less expenses | 13,287 | — | — |
| **At 31 December 2004** | **26,444** | **409** | **1,221** |

| | Share premium £ 000s | Merger reserve £ 000s | Profit and loss account £ 000s |
|---|---|---|---|
| Company | | | |
| At 1 January 2004 | 13,157 | 409 | 149 |
| Retained loss for the year | — | — | (135) |
| Premium on shares issued, less expenses | 13,287 | — | — |
| **At 31 December 2004** | **26,444** | **409** | **14** |

# Notes to the Financial Statements (continued)

31 December 2004

## 24 Commitments

Annual commitments under non-cancellable leases are as follows:

| | 2004 Land and buildings £ 000s | 2004 Other £ 000s | 2003 Land and buildings £ 000s | 2003 Other £ 000s |
|---|---|---|---|---|
| Group | | | | |
| Expiry date: | | | | |
| – within one year | 262 | 25 | 148 | 4 |
| – between two and five years | 510 | 49 | 159 | 16 |
| | 772 | 74 | 307 | 20 |
| Company | | | | |
| Expiry date: | | | | |
| – within one year | 47 | 1 | 88 | 1 |
| – between two and five years | 37 | 3 | 99 | 5 |
| | 84 | 4 | 187 | 6 |

## 25 Financial instruments

The Group's financial instruments comprise cash at bank and in hand, consideration for acquisitions and various items such as trade debtors and creditors that arise as a result of normal operations. The Group does not enter into complex derivative transactions and does not trade in financial instruments. As permitted by FRS13: "Derivatives and other financial instruments: disclosure" short-term debtors and creditors have been excluded from all financial instrument disclosures. The fair value of financial assets and liabilities is the same as the carrying amount as at 31 December 2004.

The Group's financial assets at 31 December 2004 comprise sterling and Euro deposits, current accounts and marketable securities. £852,000 (2003: £175,000) of the Group's cash was denominated in Euros at 31 December 2004. The balance of cash held is in sterling accounts. Cash at bank and in hand includes a £700,000 (2003: £1,000,000) term deposit at a weighted average interest of 4% and £2,420,000 (2003: £2,710,000) at a weighted average interest of 3.8%. The marketable securities are listed investments with a cost of £47,000 (2003: nil) and a market value of £51,000 (2003: nil).

The financial liabilities on which no interest is paid are a loan which was repaid during the year (2003: £240,000), deferred consideration of £1,100,000 (2003: £1,400,000) in respect of the Lonsdale acquisition and deferred consideration of £471,000 (2003: nil) in respect of the acquisition of Parliamentary Communications Limited as disclosed under note 13.

## 26 Analysis of cash flows

| | 2004 £ 000s | 2003 £ 000s |
|---|---|---|
| **Returns on investment and servicing of finance** | | |
| Interest and similar income received | 116 | 99 |
| Interest paid | (10) | (3) |
| | 106 | 96 |
| **Capital expenditure and financial investment** | | |
| Purchase of tangible fixed assets | (304) | (231) |
| Purchase of intangible fixed assets | (5) | (9) |
| | (309) | (240) |
| **Acquisitions and disposals** | | |
| Purchase of subsidiary undertakings and assets | (17,060) | (12,866) |
| Lonsdale deferred consideration paid | (300) | — |
| Cash acquired on acquisition of subsidiary | 238 | 352 |
| | (17,122) | (12,514) |
| **Financing** | | |
| Short term funding received | — | 1,380 |
| Short term funding paid | — | (1,380) |
| Issue of ordinary share capital | 17,500 | 15,573 |
| Expenses paid in connection with share issue | (713) | (810) |
| | 16,787 | 14,763 |

## 27 Analysis of net funds

| | At beginning of year £ 000s | Cash flow £ 000s | Exchange movement £ 000s | At end of year £ 000s |
|---|---|---|---|---|
| Cash at bank and in hand | 3,710 | (607) | 17 | 3,120 |
| Debt due within one year | (240) | 240 | — | — |
| | 3,470 | (367) | 17 | 3,120 |

## 28 Post balance sheet events

Payments totalling £1,100,000 of deferred consideration in respect of the Lonsdale acquisition were settled in full on 16 February 2005.

A payment of £471,000 of deferred consideration in respect of the Parliamentary Communications Limited acquisition was paid on 2 March 2005.

## 29 Related Party disclosures

Payments of £10,000 (2003: £10,000) were made by the Company for financial services to Clarke & Co, of which John Clarke is a partner. This is included in directors' remuneration as disclosed in note 6.

In 2004, no payments (2003: £41,667) were made by the Company for management services to Dalesman Publishing Company Limited, of which Timothy and Christina Benn were directors.

Payments of £65,000 (2003: nil) were made by the Company for management services to Virtual Reality Centre Limited, of which Gerry Murray is a director. These payments were made in respect of the period prior to his appointment as a director of Huveaux PLC.

# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Huveaux PLC will be held at Eversheds LLP, Senator House, 85 Queen Victoria Street, London EC4V 4JL at 11:00a.m. on 12 April 2005, for the following purposes:

**Ordinary business**

1 To receive and adopt the Financial Statements for the year ended 31 December 2004, together with the Reports of the Directors and the Auditors thereon.

2 To declare a final dividend for the year ended 31 December 2004 of 1.00 pence per share payable on 13 May 2005 to shareholders on the register of members of the Company on 15 April 2005.

3 To re-appoint Mr Kevin Hand, who has been appointed since the last AGM and retires in accordance with the Company's Articles of Association, as a Director of the Company.

4 To re-appoint Mr Gerry Murray, who has been appointed since the last AGM and retires in accordance with the Company's Articles of Association, as a Director of the Company.

5 To re-appoint Mr Jean-Marie Simon, who has been appointed since the last AGM and retires in accordance with the Company's Articles of Association, as a Director of the Company.

6 To re-appoint Mr John Clarke, who retires by rotation in accordance with the Company's Articles of Association, as a Director of the Company.

7 To re-appoint KPMG Audit Plc as Auditors to the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.

8 To authorise the Directors to determine the remuneration of the Auditors.

To transact any other ordinary business of the Company.

**Special Business**

As special business, to consider and if thought fit pass the following resolutions which will be proposed, as to resolution 9, as an ordinary resolution and, as to resolutions 10 and 11, as special resolutions:

9 That the Directors be generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 ("the Act") to allot relevant securities (as defined by section 80(2) of the Act) up to a maximum aggregate nominal value of £3,600,000, such authority to be in place of any unutilised existing like authority and to expire at the conclusion of the next Annual General Meeting of the Company or the date falling 15 months from the date on which this Resolution is passed, whichever is the earlier provided always that the Company may prior to such date make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if this authority has not expired.

10 That conditional upon the passing of Resolution 9 above and pursuant to the provisions of section 95 of the Act, the Directors be generally and unconditionally authorised to allot equity securities (as defined in section 94 of the Act) for cash pursuant to the authority conferred in Resolution 9 above and to sell relevant shares (as defined in section 94 of the Act) held by the Company as treasury shares (as defined in section 162A of the Act) for cash as if section 89(1) of the Act did not apply to any such allotment or sale provided that such power is limited to the allotment of equity securities and the sale of treasury shares:

(a) in connection with an offer by way of rights or other pre-emptive offer to the holders of shares in the Company and other persons entitled to participate therein in proportion (as nearly as practicable) to their respective holdings, subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the regulations or requirements of any regulatory authority or any stock exchange in any territory; and

(b) (otherwise than pursuant to (a) above) up to a maximum aggregate nominal value of £532,323

and such power shall expire at the conclusion of the next Annual General Meeting of the Company or the date falling 15 months from the date on which this Resolution is passed, whichever is earlier, provided always that the Company may prior to the expiration of this power make an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after such expiry and the Directors may allot equity securities or sell treasury shares in pursuance of such offer or agreement as if this power had not expired.

11 That the Company be generally and unconditionally authorised pursuant to section 166 of the Act to make market purchases (within the meaning of section 163 of the Act) of up to 15,969,700 Ordinary Shares of 10p each in the capital of the Company on such terms and in such manner as the Directors of the Company may from time to time determine, provided that:

(a) the minimum price which the Company may pay for each Ordinary Share (exclusive of expenses) is the nominal value of each such share;

(b) the maximum price (excluding expenses) which the Company may pay for each Ordinary Share is 5% above the average of the middle-market quotation for Ordinary Shares, based upon the London Stock Exchange Daily Official List, for the five business days immediately before the day on which the Company agrees to purchase the Ordinary Shares; and

(c) the authority conferred shall expire at the conclusion of the next Annual General Meeting of the Company or the date falling 18 months from the date on which this Resolution is passed, whichever is the earlier, provided always that the Company may before such expiry make a contract to purchase its own shares which would or might be executed wholly or partly after such expiry, and the Company may make a purchase of its own shares in pursuance of such contract as if the authority hereby conferred had not expired.

**Notes:**

1. Any member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies (who need not be a member of the Company) to attend and, on a poll, to vote instead of the member. Completion and return of a form of proxy will not preclude a member from attending and voting at the meeting in person, should he subsequently decide to do so.
2. In order to be valid, any form of proxy and power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power or authority, must reach the Company's Registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6ZL not less than 48 hours before the time of the meeting or of any adjournment of the meeting.
3. As permitted by Regulation 41 of the Uncertificated Securities Regulations 2001, shareholders who hold shares in uncertificated form must be entered on the Company's share register at 6:00pm on 10 April 2005 in order to be entitled to attend and vote at the Annual General Meeting. Such shareholders may only cast votes in respect of shares held at such time. Changes to entries on the relevant register after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

By Order of the Board.

**David B Horne**
Secretary

Registered Office:
4 Grosvenor Place,
London, SW1X 7DL

4 March 2005

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“It’s got the right stuff and I think it is extremely good. I think our own in-house magazine at the MoD could learn a few things from Whitehall & Westminster World.”

Sir Kevin Tebbit, permanent secretary of the Ministry of Defence

# Corporate Directory

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www.dodsparlicom.com
www.dodonline.co.uk
www.epolitix.co.uk
www.epolitixlocal.co.uk
Tel: 020 7091 7500

**Lonsdale Revision Guides**
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Elmsfield Park
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www.lonsdalesrg.co.uk
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**Fenman Limited**
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