Huveaux

Annual Report & Accounts 2007

Know more > Perform better

Our purpose is to drive personal and professional improvement through all media which enables our customers to know more and perform better. We provide essential and intelligent information, learning and training to both the public and private sectors.

Huveaux operates through four market-facing divisions, Political, Learning, Education and Healthcare, and in the seven years since our formation we have established ourselves as the leading provider of:

- political information, public affairs and policy communications in the UK and EU;
- study aids and revision guides in the UK;
- bespoke e-learning in the UK; and
- medical information and education in France.

The Group currently employs 500 people and operates at the forefront of its selected growth markets in the UK, France and Belgium.

Contents

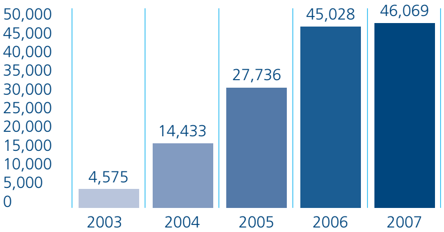
Financial and Operational Highlights 2007

- Revenue up 2% to **£46.1 million** (2006: £45.0 million)
- EBITDA down 19% to **£5.8 million** (2006: £7.2 million)*
- Profit for the year of **£0.4 million** (2006: £2.3 million)
- Basic EPS of **0.24 pence** per share (2006: 1.59 pence)
- Normalised EPS down 38% to **1.82 pence** per share (2006: 2.93 pence)**
- Dividend recommended in line with results at **0.75 pence** per share (2006: 1.21 pence)
- Results depressed by **fall in pharmaceutical advertising** in France and **reduction in UK public sector spend** on learning
- We have reacted by **adapting parts of our business models,** creating **new sources of revenue** and reducing costs by **£2.5 million** on an annualised basis
- Education division EBITDA **up 25%**
- EU Political business showed **strong growth**

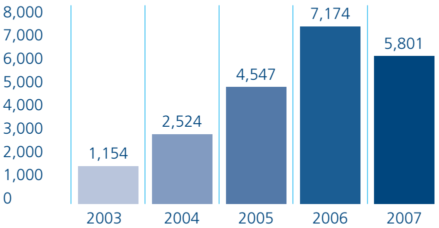
Summary Results

£'000	2007	2006
Revenue	**46,069**	45,028
Profit for the year	**362**	2,288
EBITDA*	**5,801**	7,174
Normalised earnings per share (basic)**	**1.82p**	2.93p
Earnings per share (basic)	**0.24p**	1.59p
Dividend per share	**0.75p**	1.21p

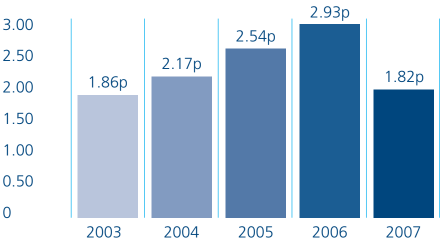
Revenue (£'000)



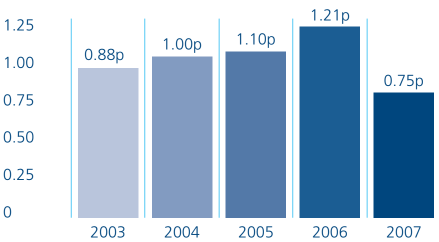
EBITDA* (£'000)



Normalised EPS** (pence)



Dividend per share (pence)



*EBITDA is calculated as earnings before interest, tax, depreciation, amortisation of intangible assets acquired through business combinations, and non-trading items.

**Normalised earnings per share is stated before amortisation of intangible assets acquired through business combinations, non-trading items and related tax.

Non-trading items are items which in management's judgement need to be disclosed by virtue of their size, incidence or nature. Such items are included within the income statement caption to which they relate and are separately disclosed either in the notes to the consolidated financial statements or on the face of the consolidated income statement.

Chairman's Statement

"2007 was a disappointing year for Huveaux with a 19 per cent fall in EBITDA. In response to this, we adapted parts of our business model to the new market conditions by creating a series of successful new initiatives and lowering our cost base."

2007 Overview

2007 was a disappointing year for your Company. Revenue grew by £1.1 million to £46.1 million despite two sizable acquisitions in the previous year, and earnings before interest, tax, amortisation and non-trading items (EBITDA) declined from £7.2 million to £5.8 million, a 19 per cent fall. Normalised earnings per share decreased by 38 per cent to 1.82 pence and basic earnings per share fell to 0.24 pence (2006: 1.59 pence).

Non-trading items amounted to a total of £0.9 million, including the costs of the abortive deal process for the Company (£0.4 million) and the impact of the Group initiative to reduce costs (£0.7 million), less profit on disposal of assets (£0.2 million).

Your Board is recommending a dividend in line with our financial performance of 0.75 pence per share (2006: 1.21 pence), a reduction of 38 per cent compared to last year.

The Board explored the possibility of an offer for the Company from a private equity house in the last quarter of 2007 but conditions, particularly in the financial markets, were not conducive to effecting a successful transaction, and the talks were terminated on 12 December 2007.

Strategy

Our first priority is to deliver a good set of results in 2008 to restore investor confidence in our business. We are well placed to do this as we have successfully restructured both *Epic* and our *Political Knowledge* businesses, leading to major contract wins which will flow through to profit in the first quarter of this year. This, combined with the impact of the cost reduction measures undertaken throughout the Group, should allow us to deliver on this priority.

At the same time we are concentrating our resources on driving new development in the businesses which are showing good organic growth, principally in the Political and Education Divisions. This is reflected in our new exhibition and conference business and the further developments in expanding our digital portfolio within the Political Division. It is equally apparent in the Education Division where digital developments are now gathering pace while our revision guide portfolio continues to expand.

We are also adapting the business model of our French Healthcare business by containing the effects of the structural decline in pharmaceutical advertising revenues while growing our Continuing Medical Education business. We are examining any opportunities to optimise shareholder value from this Division.

Achieving these strategic priorities will migrate Huveaux's business and financial profile towards one of strong organic revenue and EBITDA growth with good margins in attractive B2B sectors with significant digital and events revenue.

The Board, Management and People

I would like to thank our management and staff for their considerable efforts during such a difficult year. Much has been achieved in reducing costs and winning new business which is a direct result of their hard work.

There have also been three changes at Board level. Dan O'Brien, our Finance Director for the last two years, is leaving to take up a high profile appointment with another media company and intends to step down from the Board on 4 March. I am pleased to announce that we are today announcing the appointment of his successor Rupert Levy, Finance Director within the Haymarket Group, who will join us on 22 April this year. Mike Arnaouti, our Company Secretary and Director of Corporate Services, has also stepped down after two and a half active and eventful years. He is succeeded by Sue De Cesare. Finally, I am moving from Executive Chairman to Non-Executive Chairman, which gives Huveaux the benefit of a conventional Board structure with a Non-Executive Chairman and a Chief Executive. The net result of these three changes is a significant cost saving for the Group.

Outlook

The Board is mindful that the external economic environment in 2008 is likely to be difficult, implying that both corporate profits and Government tax revenues are likely to be under pressure. This background has conditioned our strategy for 2008, namely to focus on organic growth, cost control and margin improvement, guided by the new management teams that have been put in place in 2007. In addition, 2008 will benefit from the full impact of the cost saving measures introduced in 2007. As a result, your Board is confident that the Group can deliver a satisfactory performance in the year ahead, notwithstanding the overall market environment.

The Board is not planning any material acquisitions and continues to review the optimum structure for the Group to ensure that shareholder value is maximized.

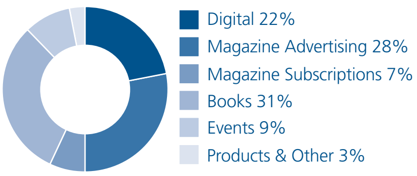
John P de Blocq van Kuffeler
Non-Executive Chairman

3 March 2008

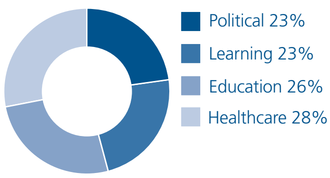
Chief Executive's Business and Financial Review

"We have emerged from a challenging 12 months a stronger company better able to take the opportunities that lie ahead."

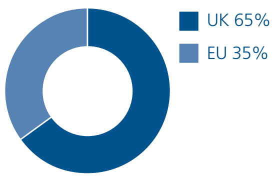
Revenue Sources
For the year ended 31 December 2007



Revenue by Division
For the year ended 31 December 2007



Revenue by Geography
For the year ended 31 December 2007



Introduction

In a year when some of our markets have seen considerable turmoil and presented major challenges, we have worked hard to reorganise our company, reduce our costs and move forward in a business climate which remains difficult for all media owners. However, we are confident that the changes we have made will drive substantial improvement in the year ahead.

Business Overview

Our performance this year has been impacted by fundamental changes in the global pharmaceutical market, public sector cutbacks in the UK and a flat public affairs market. We have changed our business model in response to each of these and the efforts of management throughout the Group have been directed at developing new initiatives to grow future revenues while eliminating costs where we can, without damaging the prospects for the businesses going forward. In addition we have very substantially reduced our central costs in line with the strategic needs of our company.

In our French Healthcare Division advertising volumes fell throughout the year. We have continued to grow our online and Continuing Medical Education (CME) revenues but not at sufficient pace to make up for lost advertising income in our three major healthcare magazines. The final divisional result of £1.8 million EBITDA for the year was disappointing but still represented more than a 15 per cent return on the acquisition cost. The fall in the pharmaceutical advertising market is driven by the inexorable rise in the use of generic drugs, as governments around the world attempt to cut healthcare costs. It is our view that this will persist for the foreseeable future. We continue to examine the options for the future of this business.

Cost efficiencies in the UK civil service have led to reduced spending on public sector training. Whilst this adversely impacted our e-learning and civil service training business during the year, we have recently seen a return to growth in this sector and are confident of better market conditions going forward. We have refined our business model for face-to-face training and implemented an efficiency programme at *Epic*. Both these changes have already had a positive effect on our recent performance, and December was a record month for new business orders, which will be realised as profit in 2008. Our training business at *Fenman* had a very good year with the cost reduction exercise we implemented during 2006 helping us achieve more than 80 per cent growth in EBITDA.

In our Education Division we have continued to expand our portfolio and have seen year on year underlying EBITDA growth in excess of 25 per cent as a result. Revenue growth was substantial in our Scottish business, *Leckie & Leckie,* and indeed all our education companies showed double digit EBITDA growth. The integration of *Letts* was completed during the year and it showed very pleasing growth in its sales direct to schools where historically it has not been strong. We will continue our portfolio expansion throughout 2008 both in print and online, and are very confident of the future for this business.

Our Political Division had a mixed year with good growth in our European and Government business but with a disappointing performance from our parliamentary magazines. We had a flat party conference season and the subsequent uncertainty around a possible general election caused confusion in our markets. This gave us a poor final quarter for the division though for the whole year revenue was slightly up on 2006, driven principally by a strong performance of the EU unit in Brussels. EBITDA for the Political Division fell to £1.8 million as we absorbed the costs of several new developments which will benefit the Group from 2008 onwards.

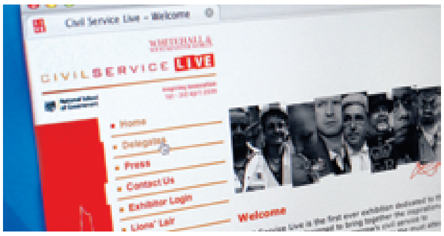
2008 Priorities

Huveaux was established with the intention of creating a substantial B2B media group. Throughout 2005 and 2006 we made good progress with this objective showing double digit earnings per share growth in both years.

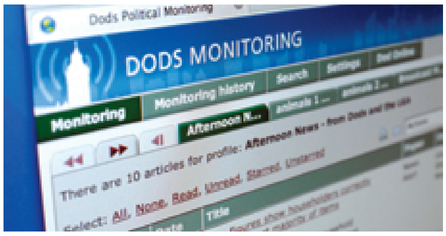
There is no doubt that the difficult trading conditions we have faced during 2007, particularly in France, have interrupted that progress. However, we enter 2008 a much leaner and fitter organisation. Management overhead and central costs have been substantially reduced in line with more conservative growth ambitions. Divisional management costs have also been reduced and cost control and margin improvement are central to our business

Right: Prime Minister Gordon Brown presenting at our *Whitehall and Westminster World Civil Service Awards* in November 2007.

Below: We have significantly invested in political monitoring in the UK and Europe.



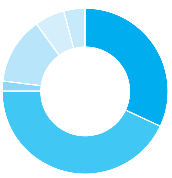
5,000
The number of senior civil servants due to attend the inaugural *Civil Service Live Exhibition* in 2008.



improvement strategy for 2008. During the second half of 2007 a cost reduction programme was put in place, as a result of which £2.5 million of costs will be saved on an annualised basis. The full benefit of these will be seen in 2008.

The trading environment for all media companies in 2008 is predicted to be challenging. Whilst much of our advertising is 'defensive' in nature, we will not be entirely immune to an economic downturn. We can expect very little in the way of growth in advertising. Progress during a period such as this is driven by concentration on new events and digital content, and on costs and margin management. That is the task we are determined to complete in the next 12 months and we feel confident that this will deliver a good result to shareholders.

Revenue Sources – Political Division
For the year ended 31 December 2007



- Digital 32%
- Magazine Advertising 43%
- Magazine Subscriptions 2%
- Books 13%
- Events 6%
- Products & Other 4%

Political Division

£'000	2007	2006
Revenue	**10,825**	10,578
EBITDA*	**1,791**	2,428

*A reconciliation between EBITDA and operating profit is provided in Schedule A on page 49

As the country awaited the long transition from Tony Blair to Gordon Brown, and in the autumn the new Prime Minister decided against a general election, the public affairs market in Westminster in 2007 was flat.

For us it was a year of investment for our Political Division. It was a year where we invested in our people, technology and products to secure expansion into growing markets and new services.

Highlights

- Our government business grew its revenues by 29 per cent and expanded its online and events income.
- Revenues in our European political publishing business increased by 18 per cent with our *Regional Review* magazine growing by more than 50 per cent.
- We became the clear leader in EU political monitoring and this business more than doubled in size.
- We now run over 100 political events across the Group.
- We have launched *Civil Service Live,* the first ever exhibition for the civil service showcasing best practice and innovation in public sector delivery.

We have now successfully expanded into the civil service market. Our government business, which operates under the brand of *Whitehall and Westminster World,* grew by 29 per cent in 2007. In just three years it has developed into a thriving newspaper, online and events business, and has established itself as an indispensable resource to senior civil servants. This was highlighted when the Prime Minister Gordon Brown and the Cabinet Secretary Sir Gus O'Donnell gave presentations at our *Whitehall and Westminster World Civil Service Awards* ceremony in November.

In 2008 our government business will take a major leap forward through the launch of *Civil Service Live.* This is the first ever exhibition dedicated to the UK civil service. It will bring together more than 5,000 senior civil servants over three days to inspire innovation amongst the people running today's and tomorrow's civil service. It will showcase best practice and innovation in the civil service and will be the must-attend event for senior civil servants. *Civil Service Live* is a significant brand extension for *Whitehall and Westminster World* and it moves our successful events business into major exhibitions. In 2004 *Dods* held just one event; in 2008 it will hold over 50.

We have successfully expanded in the Brussels market through the solid growth of our European political magazine business. In 2007 revenue for this business grew by 18 per cent. *The Parliament Magazine,* our magazine for the European Parliament has become an increasingly influential channel for EU Commissioners to communicate to MEPs.

The Regional Review, our magazine focussing on the regions of the EU, saw revenue grow by 58 per cent last year. Michel Delaberre, the President of the Committee of the Regions, gave the closing address at the inaugural *Regional Review Awards.*

In 2007 *Dods* acquired the *European Public Affairs Directory (EPAD),* the definitive guide to who's who in public affairs in Brussels. This is an excellent addition to our market leading portfolio of books and we plan to launch the inaugural *EPAD Awards* in 2008.

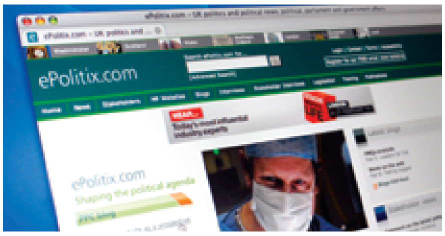
In 2008 we expect further growth in our Europe business, especially through the growing demand for policy forums and networking events in Brussels.

In 2007 our online information business showed solid growth, especially our EU monitoring information service which grew by an exceptional 150 per cent. We expect our EU monitoring service to continue this significant growth in 2008. We have invested heavily in our digital information products as we see this as a key growth area in future years.

In 2008 we will be launching a new version of *ePolitix.com*, our website for parliamentarians and policymakers. We will also be launching an improved version of *Dodonline* which will offer much greater functionality reflecting our clients' changing needs.

Chief Executive's Business and Financial Review continued

Below: *ePolitix.com*, our website for parliamentarians and policymakers, will be relaunched in 2008.



Above: *TrainerActive*, one of two new web-based interactive training resources created in 2007.

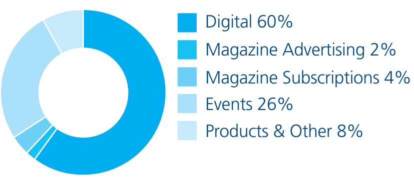
Our recruitment business *Electus* showed good profit growth in 2007. Although the recruitment market is increasingly competitive, the demand for public affairs recruitment services remains strong.

Last year *Public Affairs News*, our magazine for the public affairs industry showed strong profit growth. In July, four hundred public affairs practitioners gathered at the Café Royal for our annual *Public Affairs News Awards* dinner.

In the summer of 2008 *Dods* will hold a major exhibition in Westminster Hall in the Palace of Westminster, lasting three months. *The 'Your Parliament' Exhibition* will celebrate 175 years of *Dods* serving Parliament and will also reveal how Parliament has made dramatic changes to our society over this time. We are proud to be working with Parliament through this exhibition to encourage people, and especially young people, to engage more in the democratic process.

In 2007 we invested in our future growth by expanding into new markets, particularly government and the EU. We invested in technology to drive our digital products forward and by further developing the expertise to grow our highly successful events business. In 2008 we will deliver on these ambitious and exciting expansion plans.

Revenue Sources – Learning Division
For the year ended 31 December 2007



Learning Division

£'000	2007	2006
Revenue	**10,544**	12,718
EBITDA*	**798**	1,888

*A reconciliation between EBITDA and operating profit is provided in Schedule A on page 49

Our Learning Division had a very mixed and ultimately disappointing year. Severe public sector training cuts across all government departments seriously impacted our *Political Knowledge* and *Epic* businesses in the first half of the year. This slowly turned around in the second half of the year, but too late for what is clearly a very disappointing result. Throughout all this our *Fenman* training business, which also saw revenue downturn, was able to increase its profits by over 80 per cent to record levels. This was due entirely to the cost reduction programme undertaken in the final quarter of 2006.

We ended the year on a high at both *Political Knowledge* and *Epic* where newly installed management and record levels of sales have given us much increased visibility on future revenues, and renewed confidence for a very different financial picture in 2008.

Highlights

- *Fenman* increased its profits year on year by 87 per cent and launched two web based interactive training services: *TrainerActive* and *Good Practice*.
- The *Political Knowledge* business won its largest ever contract in December 2007 with the Equality and Human Rights Commission to deliver training to its staff in the first quarter of 2008.
- *Westminster Explained* and *Westminster Briefing* launched new websites in July 2007 enabling clients to book courses on-line. This has proved popular and approximately 25 per cent of places are now reserved through the website. This proportion is expected to grow in 2008.
- *Epic* had its largest ever sales month in December with well over £1 million of orders. This business now has a new management team and has completed an efficiency programme resulting in a 15 per cent headcount reduction.

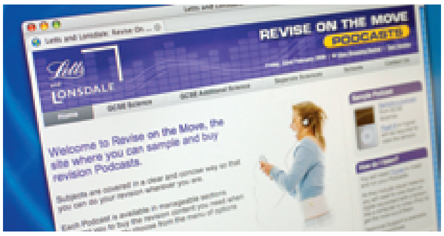
Market conditions in 2007 were very tough in the public sector. Training budgets were under pressure and many organizations opted to save money by delivering training internally or ensuring value for money through competitively procured solutions.

In our classroom training business, *Westminster Explained*, we have traditionally relied on an "open courses" model with off the shelf content. This model has worked well when budgets are available; however in leaner times it simply does not offer sufficient value to the customer. In light of this we have developed a much more customized option for government departments. This complementary model has the added advantage of creating a much closer relationship with the customer and giving a much greater degree of visibility of revenue going forward. As a result we started winning significant new business in the final months of 2007.

Our *Westminster Briefing* business continued to prosper throughout the year putting on a record number of briefings and conferences, and we plan to expand this substantially in 2008. This part of our business is very strong and we continue to attract top flight speakers.

We have launched several new civil service programmes in the year including new courses for fast-track entrants and an international civil service programme based on best practice in the UK. We look forward to these new products bringing brand new customers on board in 2008. Our *Political Knowledge* business finished the year on a high winning the largest single training contract in our history from The Human Rights and Equalities Commission.

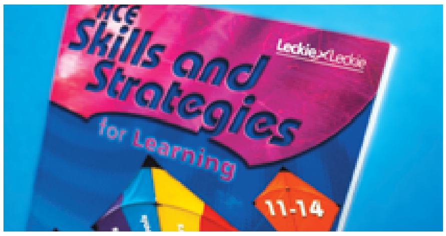
In the final quarter of 2006 we implemented a comprehensive cost reduction initiative at *Fenman*. This exercise produced significant savings in 2007 enabling *Fenman* not only to withstand the downturn but to increase profits by over 80 per cent. Through a policy of co-production we have been able to develop new training materials for relatively low investment, and this is now paying off.

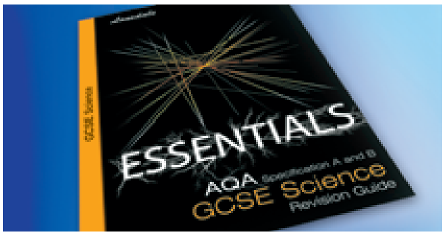


Above: *'Revise on the Move'*: podcasts and downloadable content developed by our new combined *Letts* and *Lonsdale* brand.

25%

The like-for-like EBITDA increase in our Education Division.





Above: *Leckie & Leckie* retained its position as the leading Scottish educational publisher.

Left: *Lonsdale Essentials*: a highly successful new range of revision guides launched in the year.

Training Journal had a satisfactory year, the highlight being its annual *TJ* conference which is now a premier industry event after only two years. *TrainerActive*, our online training resources service, made good progress and we have now established a joint arrangement with *Good Practice* to extend the range of training materials we can offer online.

Epic had a very difficult first half year and struggled to find sufficient high margin work in the poor public sector climate. This situation improved as the year went on and in the last quarter we contracted a record amount of work with a significant proportion coming from the public sector. This work will mostly be completed in the first half of 2008. In the last quarter of the year we carried out an efficiency drive. This has resulted in a significant headcount reduction and these savings are expected to come through in increased margins as we go through 2008.

Revenue Sources – Education Division

For the year ended 31 December 2007

Education Division

£'000	**2007**	2006
Revenue	**12,060**	6,798
EBITDA*	**2,933**	2,159

*A reconciliation between EBITDA and operating profit is provided in Schedule A on page 49

Overall our Education Division had an excellent year in 2007.

The UK schools market for educational publishing showed modest growth in 2007, although it was boosted in Scotland by additional money made available from the Scottish Executive. However, school spend on digital product is expected to have declined slightly, as government e-learning credit funds reduced significantly year on year.

The traditional retail market for educational publishing (high street bookstores) also increased in value modestly in 2007 by 2.3 per cent, slightly behind overall book sales growth.

Highlights

- Sales direct to schools were well above the overall market performance and contributed to our strategy of increased schools presence to reinforce retail/consumer sales.
- A year-on-year revenue increase strengthened *Leckie & Leckie's* position as the leading Scottish educational publisher, and Bookscan figures confirmed that both school and retail/consumer performance outstripped the overall market.
- The new *Lonsdale Essentials* revision range launched in Science had an immediate impact, both contributing to year-on-year revenue growth and adding choice to the range of revision materials available to learners.
- Online revenue growth over prior year was encouraging, and the increase in the number of registered users, driven by various marketing campaigns, was also impressive.
- The expanded internal editorial and design capability allowed 21 per cent more new titles to be published in the year than planned, including the new *Essentials* range, which contributed to the sales growth of the *Lonsdale* imprint.

Our Education Division revenue for the full year was in line with the market, whilst EBITDA was well in advance of 2006 levels with an encouraging like for like 25 per cent increase.

Leckie & Leckie enhanced its reputation as the leading Scottish educational publisher with a 13 per cent revenue increase over 2006, with full year revenue of £2.6 million. Sales to retail were up 7 per cent, driven by *Leckie's* own titles, whilst the past paper titles published with the SQA maintained their sales levels. School sales were 21 per cent up on 2006, and again *Leckie* titles generated most of the increase. Bookscan figures for the full year showed *Leckie's* sales out of bookstores up 7 per cent year-on-year, with both SQA and *Leckie* titles improving their performance.

Lonsdale revenue finished at £3.1 million, 5 per cent up on 2006. Trade sales and new publishing were responsible for the increase, with *Lonsdale* titles distributed through high street bookstores for the first time in 2007. New publishing contributed over 12 per cent of sales, lead by the new *Essentials* series for GCSE Science, which had immediate sales impact. Overall GCSE Science sales, a key barometer of the *Lonsdale* imprint, grew by 15 per cent and re-established this offering as a market-leading list. E-commerce revenue was also encouraging, finishing 60 per cent ahead of prior year.

Letts revenue finished at £6.4 million, with school sales performing particularly well, up 21 per cent on 2006. Sales to high street retail customers were also very strong, up nearly 5 per cent on prior year, a significant achievement at a time of decreasing consumer confidence. However, sales to independents and supermarkets fell in 2007. This has been a lucrative sales channel for *Letts* and, coupled to a smaller presence in the supermarket channel than in previous years, meant that *Letts* retail sales outside the high street bookstores declined year on year. However, signs are that this was a cyclical effect, and 2008 should see a return to previous sales levels through these outlets.

Letts e-commerce sales also showed dramatic growth, up 112 per cent, and a marketing collaboration with St Ivel (promoting *Letts* books on Omega 3 milk) brought 20,000 new registered users to the *Letts* website.

Chief Executive's Business and Financial Review continued

Below: *Egora.fr* remains the leading medical information website in France.

Above: The winners of our prestigious political *Prix du Trombinoscope Awards*, held in the Senate in Paris in February 2008.

Overall Divisional sales through the schools channel significantly outperformed the market, being 9 per cent up on 2006, compared to a 5 per cent market increase.

Most impressively, overall EBITDA at £2.9 million was up £0.8 million on 2006 due to a combination of significant cost savings in print and distribution (the former due to improved buying capability across the Division) added to tight overhead control.

Essentials Online was launched in November 2007 as this Division's first venture into online test practice and revision product. Co-developed by sister company *Epic*, the product currently covers GCSE Science but has the potential to roll out to other subjects and levels in future years. Initial response to the product has been favourable, and distribution deals with key school re-sellers have been signed.

A licensing deal with Autology, an online intelligent search service for secondary schools, was signed during the first half of the year. A growing number of schools across the UK are benefiting from this service, which includes content from most of the *Letts* and *Lonsdale* secondary catalogue. In addition a groundbreaking deal with TutorVista, an online tutoring service, was signed in the second half of the year, which combined *Letts* Science and Maths GCSE content with live, real-time tuition delivered via webex, Skype and messaging.

Future curriculum change in schools secondary markets in England and Wales, at GCSE, KS3 and A-level, will create opportunity for new business as schools begin to switch to updated materials, an opportunity that our Education Division is well placed to realise. Increased use of digital product by schools and the need for a wider range of curriculum software content will also be a key driver of growth for Huveaux, as the Education Division migrates more of its publishing into digital formats and develops more digital pure play product.

Retail markets may be exposed to a downturn in consumer confidence, but the education book sector has usually been immune to this trend as revision books and study guides are a relatively small outlay and are viewed as an investment for a child's future, even more so in times of economic uncertainty.

The education book sector is therefore expected to continue to show modest growth and we feel well placed to take advantage.

Healthcare Division

£'000	2007	2006
Revenue	12,800	14,934
EBITDA*	1,752	2,366

*A reconciliation between EBITDA and operating profit is provided in Schedule A on page 49

The pharmaceutical advertising market is enduring the worst trading conditions in recent memory. The rise in use of generic drugs and lack of new blockbuster drug launches which has traditionally fuelled this market has meant an 8 per cent reduction in advertising spend.

Highlights

- The Healthcare Division remains the leading supplier of Continuing Medical Education (CME) products in France.
- Medical monitoring business launched at the end of 2007.
- New e-learning programmes established in conjunction with *Epic*.

Our magazines have held their market share at 24 per cent but revenue was down by 14 per cent and EBITDA by 24 per cent. These difficult conditions have continued into 2008. Maintaining a 15 per cent profit margin in these very difficult circumstances is one of the few positives in this disappointing situation.

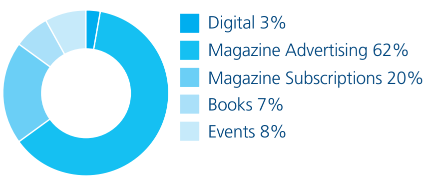
Our CME revenue grew substantially in the period but not enough to close the gap created by the advertising shortfall. It is clear that the growth of CME revenue will be much slower than we originally thought. During the period we signed an exclusive agreement with the Federal organization of French medical associations, Fédérations des Spécialités Médicales, to produce CME programs which carry official CME credits. By the beginning of 2008, three national CME programs were taking place under this agreement.

In addition we have begun production of two new e-learning programmes with the assistance of *Epic*. This is a completely new type of revenue for us in this division. These programmes will be available to GPs from the *Egora.fr* website in the spring of 2008.

A further new revenue source was developed with the introduction of a monitoring business for the pharmaceutical industry based on the principles of our well established political monitoring business in the UK. It will deliver customised technical and marketing information on demand and will show a profit in its first year.

We are realistic about the prospects for our healthcare publishing business and do not expect the return of sizeable advertising revenues in the foreseeable future. In the short term we continue our efforts to maintain our market share and develop new sources of non advertising revenue. In the longer term we remain open minded about the strategic alternatives for this business.

Revenue Sources – Healthcare Division
For the year ended 31 December 2007



Key Performance Indicators
The Group uses a number of performance indicators to manage the business and to ensure that the strategy of the Group is being delivered. Many of these are targeted at driving performance at the divisional and business unit levels. In addition, the Board also regularly monitors the following Group level indicators:

- Adjusted earnings per share
  – *Adjusted for non-trading items and amortisation of intangible assets acquired through business combinations*
- Adjusted profit before tax
  – *Adjusted for non-trading items and amortisation of intangible assets acquired through business combinations*
- Revenue mix and revenue per employee
- Adjusted operating cash flow
  – *Cash generated by operations excluding non-trading items*
- Gearing levels and net debt to EBITDA ratio

	2007	2006
Adjusted EPS (pence)	**1.82**	2.93
Adjusted profit before tax (£ million)	**3.7**	6.0
Revenue by source (%)		
– Digital	**22%**	26%
– Magazine Advertising	**28%**	31%
– Magazine Subscriptions	**7%**	9%
– Books	**31%**	19%
– Events	**9%**	12%
– Products & Other	**3%**	3%
Revenue per employee (£'000)	**89**	93
Adjusted operating cash flow (£ million)	**6.8**	6.4
Gearing ratio (%)	**29%**	28%
Net debt to EBITDA ratio (times)	**3.2**	2.6

Financial Review
On 11 May 2007, the Company announced its adoption of International Financial Reporting Standards (IFRS) for the year ended 31 December 2007. The comparative financial information for the year ended 31 December 2006 has been restated accordingly. A reconciliation between operating profit under IFRS and EBITDA is provided below. Distributable reserves are not affected by the adoption of IFRS.

£'000	2007	2006
Operating profit	**971**	3,891
Depreciation and amortisation of software	**595**	511
Amortisation of intangible assets acquired through business combinations	**3,304**	2,132
Non-trading items	**931**	640
EBITDA	**5,801**	7,174

Revenue and Operating Results
Operating performance was disappointing across the business. Revenue for the year was £46.1 million (2006: £45.0 million). The growth was the result of acquisitions made in the prior year.

Profit for the year was £0.4 million (2006: £2.3 million) and EBITDA was £5.8 million (2006: £7.2 million). The profit for the year is also lower in 2007 due to the first full year of interest charges on the £13.4 million aggregated term loans entered into in 2006 to fund acquisitions.

Non-trading Items
Non-trading items for the year totalled £0.9 million, of which £0.4 million related to the potential acquisition of the Company by a private equity house. The Company also incurred redundancy costs of £0.7 million in realising the significant cost savings achieved during 2007. Also included within non-trading items is a profit of £0.2 million on disposal of assets.

Taxation
The utilisation of tax losses in the year has led to a decrease in the overall rate of effective tax (adjusted for non-trading items and amortisation of intangible assets acquired through business combinations) to 24.7 per cent (2006: 29.2 per cent). Whilst the Group continues to seek to optimise its tax position going forward, it is expected that the blended tax rate will increase.

Earnings per Share (EPS)
Normalised EPS (before non-trading items and amortisation of intangible assets acquired through business combinations) was 1.82 pence (2006: 2.93 pence). Basic EPS was 0.24 pence (2006: 1.59 pence).

Dividends
The Board is proposing a final dividend for the year of 0.75 pence per share. Subject to shareholders' approval at the forthcoming Annual General Meeting, this dividend will be paid on 29 August 2008 to shareholders registered on 6 June 2008.

Liquidity and Capital Resources
During the year, Huveaux repaid £3.2 million of debt and ended the year with gross bank debt of £20.7 million (2006: £23.0 million).

Interest payable during the year amounted to £1.7 million (2006: £0.9 million). This increase reflects the first full year of interest charges on the £13.4 million aggregated term loans entered into in 2006. Interest receivable was £0.1 million (2006: £0.2 million).

During the year, underlying cash conversion was again strong with the Group generating £6.0 million (2006: £4.6 million) of cash from its operating activities. At the year-end, the Group had cash balances of £2.0 million (2005: £4.3 million) and net debt of £18.7 million, representing a net debt to EBITDA ratio of 3.2 times (2006: 2.6 times).

Derivatives and Other Instruments
In 2007, Huveaux's financial instruments comprised bank loans, cash deposits and other items such as normal receivables and payables. The main purpose of these financial instruments is to finance the Group's day-to-day operations.

During 2007, the Company entered into certain derivative transactions in order to manage the financial risk exposures arising from the Group's activities such as interest rate, liquidity and foreign currency risks. The Group's policy is that no speculative trading in derivatives is permitted. The Board regularly reviews and agrees policies for managing these risks and the current situation is as follows:

Liquidity Risk
The Group has in place a £2.0 million working capital facility with Bank of Scotland which expires in July 2008, for the purpose of providing contingency funds in the event of any significant delay in converting working capital into cash.

Foreign Currency Risk
The Group derives a significant proportion of revenue from its operations in France. The investment in these operations is naturally hedged by the €15.0 million seven-year term loan taken out in 2005, of which €12.8 million remained outstanding as at 31 December 2007.

Interest Rate Risk
The outstanding €12.8 million seven-year term loan attracts interest payable in Euros, calculated with reference to prevailing EURIBOR. The £13.4 million term loans attract interest payable in sterling, calculated with reference to prevailing LIBOR. In order to limit our forward exposure to changes in EURIBOR and LIBOR, the Group has entered into interest rate caps for the terms of the loans.

Gerry Murray
Group Chief Executive

Board of Directors

The Board comprises a carefully selected blend of individuals with experience from relevant sectors and businesses. The directors all share a passion for Huveaux and a genuine belief in the collective ability to make our strategic vision a reality.

John P de Blocq van Kuffeler* (59) N
Non-Executive Chairman
Chairman of Huveaux PLC since its foundation in 2001, John is the original founder. He is also non-executive Chairman of Provident Financial plc. Prior to taking up these appointments, John was Chief Executive of Provident Financial plc and Brown Shipley Holdings plc. He is an Advisory Board member of the Princes Trust and was formerly a Council member of the CBI.

Gerry Murray (54)
Chief Executive Officer
Gerry started his publishing career as a journalist before becoming a senior publisher at Emap Plc in the 1980's from where he created its stable of business magazines. He was appointed Chief Executive of Emap Business Publishing in 1987 and served as a main board director of Emap Plc between 1987 and 1991. He joined Huveaux in May 2004 and was appointed to the Board as its UK Chief Executive in November of that year. He was promoted to Group Chief Executive in November 2005.

Dan O'Brien (40)
Group Finance Director
Qualifying as a chartered accountant with Deloitte & Touche in 1991, Dan had previously held senior financial positions with Hanson PLC and COLT Telecom before taking up the position of Director of Finance at Eidos plc in 2003. He was appointed to the Huveaux Board on 1 January 2006. Dan is anticipated to step down from the Board on 4 March 2008.

John L Clarke* (59) A N R
Following a successful career at KPMG, John became a partner at Moores Rowland before founding Clarke & Co, chartered accountants, in 1990. He is Chairman of The Addington Society of tax specialists. John became a Huveaux Board member upon foundation in 2001.

Kevin L Hand* (56) A N R
Kevin is Chairman of Hachette Filipacchi UK Limited, the UK publisher of consumer magazines, including ELLE. Prior to that, he was Chief Executive of Emap Plc, having joined them in 1983. During this tenure, he was responsible for establishing Emap's French business and leading their newly created Consumer Magazine Division. He was appointed to the Huveaux Board in 2004 and Deputy Chairman in April 2006.

Richard Flaye* (53) A N R
Richard Flaye is currently Chairman of Pageant Media (a B2B publisher) and ADP (one of the UK's largest dental chains). He founded and was Chief Executive of Quantum Business Media, one of the B2B media success stories of the last decade. Previous to that, Richard was Managing Director of Emap Maclaren and Marketing Director of Reed Business Publishing. He was a management consultant with McKinsey & Co. for four years. He was appointed to the Huveaux Board on 1 September 2006.

* Denotes Non-Executive Director
A Member of the Audit Committee
N Member of the Nomination Committee
R Member of the Remuneration Committee

Directors' Report

The directors present their annual report together with the audited financial statements of Huveaux PLC (the "Company") and its subsidiaries (together, the "Group") for the year ended 31 December 2007.

Principal Activities and Business Review
The Group's principal activity is the creation, development and distribution of information to business and professional markets through a combination of publications, conferences and events, online information and digital services, training courses and other media. The Group operates primarily in the UK and France and has market-leading positions in its Political, Learning, Education and Healthcare divisions.

A review of the Group's performance during the year and its position at the year end, including commentary on its financial performance, likely future developments and prospects, is set out on pages 2 to 9 and should be read in conjunction with this Report. A description of the principal risks and uncertainties facing the Group can be found later in this Report on page 12.

The purpose of the Annual Report is to provide information to the members of the Company. The Annual Report contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve risk and uncertainty, since future events and circumstances can cause results and developments to differ from those anticipated. Nothing in this Annual Report should be construed as a profit forecast.

Results and Dividends
The Group's financial results for the year are shown in the Consolidated Income Statement on page 18. The directors recommend a final dividend for the year of 0.75 pence per Ordinary share (2006: 1.21 pence) which, if approved by shareholders at the forthcoming Annual General Meeting (see below), will be paid on 29 August 2008 to shareholders registered at the close of business on 6 June 2008.

Financial Instruments
Details of financial instruments can be found in notes 20 and 23 to the accounts.

Directors
The names and brief biographical details of the current directors are given on page 10. All held office throughout the year and up to the date of this Report. Dan O'Brien is anticipated to step down from the Board on 4 March 2008.

Retirement and Rotation of Directors.
Pursuant to the Company's Articles of Association, Gerry Murray will retire by rotation at the Company's Annual General Meeting ("AGM") and, being eligible, offers himself for re-election. The Board has considered the requirements of the Combined Code in respect of these matters and believes that this member continues to be effective and to demonstrate his commitment to his role, the Board and the Group. The Board therefore has no hesitation in recommending the above director for re-election at the forthcoming AGM. Rupert Levy will retire at this year's AGM (having been appointed since the last AGM) and, being eligible, offers himself for election.

The service contracts of the executive directors and the letters of appointment of the non-executive directors, together with the statutory Register of the Directors' Interests, are available for inspection by shareholders at the Company's registered office during normal business hours.

Directors' Interests
Details of the directors' interests (including those of their immediate families and any connected persons) in the share capital of the Company at the beginning and end of the year are set out below. Save as disclosed, no contracts or arrangements were entered into during the year or subsisted at the year-end in which a director had, directly or indirectly, a material interest which was significant in relation to the Group's business.

	Interest in Ordinary shares		Interest in Options over Ordinary shares		
	At 01/01/07	At 31/12/07	At 01/01/07	Granted	At 31/12/07
John P de Blocq van Kuffeler	2,459,036	2,759,036	1,267,000	–	1,267,000
Gerry Murray	134,189	484,189	1,662,500	–	1,662,500
Dan O'Brien	2,500	32,500	644,605	–	644,605
John L Clarke	125,180	125,180	–	–	–
Kevin Hand	208,851	208,851	–	–	–
Richard Flaye	–	305,243	–	–	–

Notes:

1 There have been no changes in the directors' beneficial or non-beneficial interests between the year-end and 3 March 2008, the date on which this Report has been signed. Save as disclosed, none of the directors had any interest in the securities of the Company or any subsidiary.

2 All options relate to awards made under the Huveaux (Unapproved) Executive Share Option Scheme except for 153,000 options held by John van Kuffeler which were approved and granted in 2004 under an Enterprise Management Incentive arrangement. Further details of the Company's share option schemes, including all outstanding options at the year-end, the various option exercise prices and the EPS performance condition attaching to the pre-exercise of all Executive Share Options, are set out in note 30 to the accounts.

3 The market-price of a Company share during the year was as follows:

Price at 1 January 2007	51p
Highest price	53.5p
Lowest price	19.5p
Price at 31 December 2007	19.5p

Directors' Report continued

Directors' and Officers' Indemnity Insurance
The Group has taken out an insurance policy to indemnify the directors and officers of the Company and its subsidiaries in respect of certain liabilities which may attach to them in their capacity as directors or offices of the Group, as far as permitted by law. This indemnity policy subsisted throughout the year and remains in place at the date of this report.

Substantial Shareholdings
As at 15 February 2008, the Company has been notified of the following interests in 3% or more of its issued share capital:

	%
AXA Framlinton Investment Management	19.81
F&C Asset Management	5.39
Saracen Fund Management	4.00
Scottish Widows Investment Partnership	3.01

Share Capital
At the AGM held on Thursday 26 April 2007, shareholders granted the Company limited authority to purchase its own shares, subject to certain specified conditions. No such purchase was made during the year and a resolution seeking to renew this authority is proposed at this years' AGM.

Share Listing
The Company's Ordinary shares are listed on the Alternative Investment Market (AIM), which is regulated by the London Stock Exchange.

Employee Involvement
Huveaux aims to attract, retain and motivate the highest calibre of employee by encouraging and rewarding high performance, both on an individual and team contribution basis, through competitive remuneration and incentive arrangements. Considerable efforts are made to provide employees with continuing opportunities to develop their full potential and advance to positions of greater responsibility by gaining the relevant skills and experience required to deliver upon both the Group's business objectives and the individual's own personal objectives.

The Group is committed to providing equality of opportunity to all existing and prospective employees without unlawful or unfair discrimination. In addition, it is supportive of the employment and advancement of disabled persons.

All operations within the Group actively encourage employee involvement and communication, both through regular employee briefings and by direct access to managers and directors at all levels.

Employee Share Schemes
The Company has established a discretionary share incentive scheme for executive directors, senior management and key employees from those principal countries in which the Group operates. It has also established an All-Employee Savings-Related Share Option Scheme, which operates in both the UK and France, and which encourages share ownership by providing employees with the opportunity to acquire shares in the Company at a discount to the market price at the date of grant through regular savings over a three to five year time-frame. Further details of these two share option schemes are set out in note 30 to the accounts.

Political and Charitable Donations
No charitable or political donations were made in the year (2006: nil).

Creditor Payment Policy
The Group's practice is to settle the terms of payment and credit with suppliers as part of the agreed terms and conditions of contract governing each business transaction. Payment is then made pursuant to these terms provided that the goods and services have been delivered in accordance with the agreed contract terms and conditions.

The average creditor payment period for the Company during the year was 38 days (2006: 39).

Health, Safety and Environmental
The Chief Executive Officer is responsible to the Board for the health, safety and environmental performance of the Group. Local management has been delegated responsibility for practical day-to-day compliance with relevant legislation at operating unit level. Thus includes the requirement for a local policy statement, the provision of appropriate related training as well as the communication to all employees of the need to create and maintain a safe and healthy working environment.

In appreciating the importance of good environmental practice, Huveaux seeks to ensure that its operations and products cause minimum detrimental impact to the environment. The Group's objective is to comply with environmental legislation in all countries in which it operates and to promote effective environmental management throughout its business.

Business Risks
The key business risks and uncertainties facing the Company are considered by the Board as part of its annual strategy review, with the resulting potential impacts and mitigating actions reported back to the Board at subsequent meetings throughout the year. Details of the day-to-day identification, monitoring and managing of our business risks by the Executive Management team, and an explanation of the process involved (including the regular review by the Board and Audit Committee), are set out in the section entitled "Internal Controls" in the Corporate Governance Statement on page 15.

The alternative sources of Huveaux's revenue streams serve to spread our general exposure to business risks and uncertainties. However, Huveaux is exposed to certain specific risks as follows:

- The reliance on advertising revenue, circulation and subscriptions across our Political and Healthcare Divisions;
- The strength of the UK and French economic and political environments, where the vast majority of the Group's operations are based;
- Our ability to attract and retain the right people;
- Financial risks (see Financial Review on page 9);
- Our increasing dependence on information technology systems and technological change; and
- The fact that all our businesses operate in highly competitive and constantly changing markets.

Going Concern
The directors believe, having reviewed the Group's budget for the year to 31 December 2008 and its existing banking and loan facilities, that the Group has adequate resources available to continue its operations for the foreseeable future. Consequently, the going concern basis has been applied in preparing the financial statements for the year ended 31 December 2007.

Directors' Statement on Disclosure of Information to Auditors
The directors who held office at the date of approval of this Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of such information.

This confirmation is given and should be interpreted in accordance with the provisions of s234Z of the Companies Act 1985.

Auditors
A resolution to reappoint KPMG Audit Plc as auditors and to authorise the directors to determine their remuneration will be proposed at the forthcoming AGM.

Annual General Meeting
The Annual General Meeting of the Company will be held on Tuesday, 3 June 2008 at the offices of Brewin Dolphin, 12 Smithfield Street, London EC2A 9BD. A separate circular, comprising a Letter from the Chairman, Notice of Meeting, Explanation of Special Business and a reply-paid Form of Proxy, accompanies this document.

By Order of the Board

Sue De Cesare
Company Secretary

3 March 2008

Corporate Governance Statement

The Board is committed to establishing and maintaining integrity and high ethical standards in all of its business activities; and high standards of corporate governance – the process by which the Group is directed and managed, risks are identified and controlled, and effective accountability to shareholders is assured.

Although the Company has its listing on the Alternative Investment Market (AIM), it seeks to embrace, voluntarily, the full spirit of the Combined Code on Corporate Governance (the "Combined Code"), but as a minimum, adhere to the Corporate Governance Guidelines for AIM Companies issued by the Quoted Companies Alliance.

The Board: Non-Executive Chairman, John van Kuffeler

The Board presently comprises two executive directors and four non-executive directors. (During 2007, both of these director categories comprised three in number). The roles of the Non-Executive Chairman and the Chief Executive (Gerry Murray) are held separately and clearly defined in relation to their responsibility for managing the Board and managing the Group's operations respectively. Summary biographical details and standing committee memberships of all the directors are shown on page 10.

The Board of directors are collectively responsible for the strategic direction, investment decisions and effective leadership and control of the Group. To this end, there exists:

- a schedule of matters specifically reserved to the Board for its decisions, including approval of the Group's strategy, annual budget, major capital expenditure, acquisitions and disposals, risk management policies and financial statements; and
- in relation to non-reserved matters, the terms of reference under which the Board has delegated certain responsibilities to its three standing committees.

Each of the non-executive directors other than the Non-Executive Chairman is considered to be independent, as determined by the Board, and together bring a wide range of relevant skills and experience to bear on issues under consideration. This helps to ensure that independent judgement is exercised and that a proper balance of power is maintained for full and effective control.

All directors are required to stand for election at the first Annual General Meeting following their appointment and seek re-election at least every three years. They have direct access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are adhered to and that applicable rules and regulations are complied with. The Senior Independent Director (Kevin Hand) has authority to ensure that directors may, if necessary, take independent professional advice at the Company's expense. Appropriate training for new and existing directors is kept under review and provided where necessary.

The Board generally meets on a monthly basis and met on 11 occasions during 2007. The aggregate attendance for all Board and Committee meetings was 100%. Directors receive in advance of each meeting an agenda and set of supporting papers with detailed commentary. The non-executive directors are encouraged to voice any concerns they may have at the monthly Board meetings and to ask for further information if required. Minutes of each Board meeting are circulated for comment before being formally approved at the next meeting. Non-executive directors meet informally as a group at least once a year without the executive directors in attendance. An independent committee comprising Kevin Hand, Richard Flaye, John Clarke and Michael Arnaouti was created towards the end of the year to ensure that any decisions made relating to the aborted deal process with a private equity house were taken by a committee suitably independent from the transaction.

The performance of the directors and the effectiveness of the Board as a whole has been reviewed and monitored as part of an ongoing assessment under the stewardship of the Non-Executive Chairman.

Audit Committee: Chairman, John Clarke

The Audit Committee comprises all of the non-executive directors except for the Chairman of the Company and meets no less than four times a year with the external auditors together with various representatives of the executive and finance functions. It also meets privately with the external auditors on a regular basis. The Committee, inter alia:

- is responsible for the appointment, review and remuneration of the external auditors and has authority to pre-approve their engagement for both audit and permitted non-audit services within an agreed framework;
- annually assesses the independence and objectivity of the auditors;
- reviews the annual and interim financial statements, the Group's accounting policies and procedures and its financial control environment; and
- reviews the Group's system of internal controls, including risk management procedures.

Remuneration Committee: Chairman, Kevin Hand

The Remuneration Committee comprises all the non-executive directors except for the Chairman of the Company and meets at least twice a year and otherwise as necessary. It advises the Board on the Company's remuneration strategy and determines, on behalf of the Board and within its remuneration framework, the individual remuneration package of each of the executive directors and certain members of the senior management team.

No director is involved in deciding his own remuneration, whether determined by the Committee, or in the case of non-executives, by the Board.

Nomination Committee: Chairman, John van Kuffeler

The Nomination Committee comprises the Non-Executive Chairman and all the non-executive directors and meets at least once a year. It is responsible for reviewing the composition and structure of the Board and for making recommendations to the Board for its consideration and approval.

Relations with Shareholders

The Board attaches considerable importance to its relationship and communication with shareholders. The Non-Executive Chairman in particular, and other representatives of the Board, meet regularly with institutional investors, fund managers, financial analysts and brokers with feedback reports provided to and discussed with the Board.

Communication with shareholders is facilitated by the issue of full-year and interim reports which, together with other corporate information and press releases, are available on the Company's website: www.huveauxplc.com

The Annual General Meeting provides a forum for private shareholders to raise issues with directors. The Notice convening the Meeting is normally issued at least 20 working days in advance and separate resolutions are proposed on each substantially separate issue. The results of the Meeting's proceedings are made available on the Company's website.

Internal Controls

The Board is ultimately responsible for the good standing of the Company, the management of assets for optimum performance and for the operation of an effective system of internal control appropriate to the business. However, it must be recognised that any control system can provide only reasonable and not absolute assurance against material misstatement or loss.

Internal Control Environment

Day-to-day operating and financial responsibility rests with senior management at a divisional head and operating unit level, although performance is closely monitored through the executive management team which meets on a monthly basis throughout the year, chaired by the Chief Executive.

The process of internal control is communicated through various operating, risk management and accounting policies and procedures. The following key elements comprise the present internal control environment which has been designed to identify, evaluate and manage, rather than eliminate, the risks faced by the Group in seeking to achieve business objectives.

- an organisation structure with clear lines of responsibility and delegated levels of authority;
- a comprehensive financial planning, control, budgeting and rolling forecast system, which includes monthly risk and opportunity assessment reviews at Group level; and
- a flat management structure which facilitates open and timely communication.

The Board has considered the need for a separate internal audit function but has decided that, because of the present size of the Group, this function will continue to be carried out by existing finance staff. This position remains subject to annual review.

The internal control process described above, which is reviewed annually by the Board, has been in place throughout the year under review and up to the date of the 2007 Annual Report and Accounts.

Improvements Made During the Year

The following significant improvements were made to the internal control framework during the year:

- the implementation of a template for request and approval of significant capital expenditure and new business cases;
- the revision of internal accounting guidance for key areas such as capitalisation of internal costs and revenue recognition following the implementation of IFRS by the Group; and
- an improved programme for regular reviews of divisional balance sheets by head office management.

Internal Control Process

The CEO-led "Operational Excellence" programme, which includes the requirement for all operating units to conduct an annual self-assessment risk workshop, was launched early in 2007. This programme requires divisional management to identify the key risks facing their division and to assign responsibility for each risk to a member of local management. Risks are reviewed monthly at divisional management meetings, and progress is reported to the CEO, Group Finance Director, the Board and the Audit Committee. Central risks are managed by the executive management team.

Review of Effectiveness

The Board, assisted by the Audit Committee, has reviewed the effectiveness of the system of internal controls in place for the year ended 31 December 2007, taking account of any material developments since that date, using the process set out above. The Board confirms that the review revealed nothing which, in its opinion, indicated that the system was ineffective or unsatisfactory.

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

The directors are responsible for preparing the Annual Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable laws and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The group financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and the performance of the Group; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The parent company financial statements are required by law to give a true and fair view of the state of affairs of the parent company.

In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors' Report to the Members of Huveaux PLC

We have audited the Group and parent company financial statements (the ''financial statements'') of Huveaux Plc for the year ended 31 December 2007 which comprise the Consolidated Income Statement, the Consolidated Balance Sheet, the Company Balance Sheet under UK GAAP, the Consolidated Cash Flow Statement, the Consolidated Statement of Recognised Income and Expense and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, 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' responsibilities for preparing the Annual Report, Directors' Report and the group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU, and for preparing the parent company financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 16.

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

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report covers the requirements of the Enhanced Business Review and includes reference to specific information presented in the Chairman's Statement and Chief Executive's Business and Financial Review.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information. We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 31 December 2007 and of its profit for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 December 2007;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

8 Salisbury Square
London EC4Y 8BB

3 March 2008

Consolidated Income Statement
for the year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Revenue	3	**46,069**	45,028
Cost of sales		**(27,918)**	(26,408)
Gross profit		**18,151**	18,620
Administrative expenses:			
Non-trading items	4	**(931)**	(640)
Amortisation of intangible assets acquired through business combinations	5, 16	**(3,304)**	(2,132)
Other administrative expenses		**(12,945)**	(11,957)
		(17,180)	(14,729)
Operating profit		**971**	3,891
Finance income	8	**148**	161
Financing costs	9	**(1,689)**	(872)
(Loss)/profit before tax	5	**(570)**	3,180
Income tax credit/(expense)	10	**932**	(892)
Profit for the year attributable to equity holders of parent		**362**	2,288
Earnings per share			
Basic	13	**0.24p**	1.59p
Diluted	13	**0.24p**	1.58p

Consolidated Statement of Recognised Income and Expense
for the year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Actuarial gains/(losses) on defined benefit scheme	24	**28**	25
Exchange differences on translation of foreign operations	27	**(723)**	158
Net (expense)/income recognised directly in equity		**(695)**	183
Profit for the year		**362**	2,288
Total recognised income and expense for the year attributable to equity holders of parent		**(333)**	2,471

Consolidated Balance Sheet

at 31 December 2007

	Note	2007 £'000	2006 £'000
Goodwill	15	**28,651**	28,165
Intangible assets	16	**42,325**	44,888
Property, plant and equipment	17	**887**	991
Non-current assets		**71,863**	74,044
Inventories	19	**3,181**	3,158
Trade and other receivables	21	**12,175**	15,102
Derivative financial instruments	20	**117**	140
Cash and cash equivalents	21	**1,994**	4,307
Income tax receivable		**163**	–
Assets held for sale	21	**–**	188
Current assets		**17,630**	22,895
Interest bearing loans and borrowings	23	**(3,788)**	(3,140)
Income tax payable		**–**	(412)
Provisions	22	**(709)**	(368)
Trade and other payables	22	**(14,703)**	(16,731)
Current liabilities		**(19,200)**	(20,651)
Net current (liabilities)/assets		**(1,570)**	2,244
Total assets less current liabilities		**70,293**	76,288
Interest bearing loans and borrowings	23	**(16,877)**	(19,855)
Employee benefits	24	**(141)**	(156)
Deferred tax liability	25	**(7,390)**	(8,248)
Other non-current liabilities		**–**	(96)
Non-current liabilities		**(24,408)**	(28,355)
Net assets		**45,885**	47,933
Equity attributable to equity holders of parent			
Issued capital	26	**15,200**	15,200
Share premium	27	**30,816**	30,816
Other reserves	27	**409**	409
Retained earnings	27	**25**	1,350
Translation reserve	27	**(565)**	158
Total equity		**45,885**	47,933

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

These financial statements were approved by the Board of Directors and were signed on its behalf by:

John P de Blocq van Kuffeler
Non-Executive Chairman

Dan O'Brien
Finance Director

3 March 2008

Consolidated Cash Flow Statement

for the year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Profit for the year		**362**	2,288
Depreciation of property, plant and equipment		**366**	300
Amortisation of intangible assets acquired through business combinations		**3,304**	2,132
Amortisation of other intangible assets		**881**	329
Profit on disposal of assets held for sale		**(64)**	–
Profit on disposal of magazine titles		**(101)**	–
Movements on defined benefit scheme		**18**	(1)
Share based payments charges		**124**	153
Net finance costs		**1,541**	711
Income tax (credit)/expense		**(932)**	892
Cash flow relating to restructuring provisions		**(755)**	(1,824)
Operating cash flows before movements in working capital		**4,744**	4,980
Change in inventories		**(23)**	81
Change in receivables		**2,601**	(1,449)
Change in payables		**(1,325)**	1,000
Cash generated by operations		**5,997**	4,612
Income tax paid		**(423)**	(745)
Net cash from operating activities		**5,574**	3,867
Cash flows from financing activities			
Interest and similar income received		**148**	153
Proceeds from sale of property, plant and equipment		**19**	–
Proceeds from sale of investments		**–**	55
Proceeds from sale of magazine titles		**575**	131
Proceeds from sale of assets held for sale		**252**	–
Acquisition of subsidiary, net of overdraft acquired		**–**	(16,842)
Net deferred consideration paid		**(140)**	–
Acquisition of property, plant and equipment		**(271)**	(854)
Acquisition of publishing rights	14	**(183)**	–
Acquisition of other intangible assets	16	**(1,859)**	(312)
Net cash used in investing activities		**(1,459)**	(17,669)
Proceeds from issue of share capital		**–**	5,500
New loans acquired		**–**	13,400
Payment of transaction costs		**–**	(296)
Interest and similar expenses paid		**(1,478)**	(1,066)
Repayment of borrowings		**(3,186)**	(516)
Dividends paid		**(1,839)**	(1,542)
Net cash used in financing activities		**(6,503)**	15,480
Net (decrease)/increase in cash and cash equivalents		**(2,388)**	1,678
Opening cash and cash equivalents		**4,307**	2,678
Effect of exchange rate fluctuations on cash held		**75**	(49)
Closing cash and cash equivalents	29	**1,994**	4,307

Notes to the Financial Statements

31 December 2007

1 Statement of Accounting Policies

Huveaux PLC is a Company incorporated in the UK.

The consolidated financial statements of Huveaux PLC have been prepared and approved by the directors in accordance with International Financial Reporting Standards as endorsed by the International Accounting Standards Board and adopted by the EU ("adopted IFRS"). The Company has elected to prepare its parent company financial statements in accordance with UK GAAP; these are presented after the notes to the consolidated financial statements.

The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its group.

The accounting policies set out below, have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements and in preparing an opening IFRS balance sheet at 1 January 2006 for the purposes of the transition to adopted IFRS.

Judgements made by the directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

Transition to adopted IFRSs

These are the Group's first consolidated financial statements prepared under IFRS, and IFRS 1 "First-time adoption of International Financial Reporting Standards" has been applied. IFRS 1 sets out the procedures that the Group must follow when IFRS is adopted for the first time as the basis for preparing Group consolidated financial statements. An explanation of how the transition to Adopted IFRS has affected the reported financial position, financial performance and cash flows of the Group is provided in note 32.

The following exemptions given by IFRS 1 have been taken in these financial statements:

The Group has taken advantage of the exemption from restating all previous acquisitions under IFRS 3 "Business Combinations" and has chosen to restate all business combinations from 1 October 2003 onwards; and

The Group has set its cumulative translation differences to zero at the date of transition to adopted IFRS.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules, except for derivative financial instruments which are stated at their fair value, and non-current assets and disposal groups held for sale which are stated at the lower of previous carrying value and fair value less costs to sell.

Basis of consolidation

Subsidiaries are entities controlled by the Group (parent company and its subsidiaries referred to as the "Group"). Control is achieved where the Group has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The results of subsidiaries acquired or sold are included in the consolidated financial statements from the date control commences to the date control ceases. Where necessary, adjustments are made to the results of the acquired subsidiaries to align their accounting policies with those of the Group. All intra-group transactions, balances, income and expenditure are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 "Business Combinations" are recognised at fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", which are recognised and measured at fair value less costs to sell.

In respect of acquisitions prior to 1 October 2003, publishing rights are held at deemed cost, which represents the amount recorded under UK GAAP. Under UK GAAP these assets were not amortised. Management have reviewed this accounting policy and consider it more appropriate to assign useful lives to these assets in accordance with the policy adopted for other publishing rights as detailed above.

The effect of amortising these assets over their useful lives has been to increase the loss for the period by £432,000 and to reduce intangible assets by the same amount.

Revenue recognition – sale of goods

Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes, and provisions for returns and cancellations.

Notes to the Financial Statements continued

31 December 2007

1 Statement of Accounting Policies (continued)

Revenue on books or magazines provided for clients is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

When books are sold on a sale or return basis, revenue is recognised on distribution less a provision for expected returns.

Revenue recognition – sale of services

Revenue in respect of subscription-based services, including online services and licensing, is recognised on a straight line basis over the period of subscription or licence. The unrecognised element is carried within creditors as deferred revenue.

Revenue in respect of advertising services is recognised on publication. Where publications are printed and distributed in more than one volume, the fair value of the revenue attributable to each volume is recognised as it is distributed.

Where the outcome of an e-learning contract can be estimated reliably, revenue is recognised in proportion to the stage of completion of the contract. Where the outcome of an e-learning contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred and work in progress amounts are recorded in the balance sheet at cost. Costs consist of salaries of staff allocated to specific contracts on the basis of time spent on the contract, and any materials directly incurred on that contract. Costs do not include an apportionment of overheads. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where long term training is provided together with training materials, the fair value of the materials provided to delegates is recognised as revenue upon distribution. The remaining revenue is recognised in stages as courses occur.

When long term training programmes are designed on a client's behalf, revenue relating to the conception, set-up and design of the programme is recognised when the first event occurs. Revenue in relation to the organisation and administration of the programme is recognised over the programme's life.

Revenue on all one-off events and conferences is recognised as they occur.

Revenue for recruitment services provided is recognised when an unconditional offer is accepted. Retainer revenue is recognised upon completion of the candidate's probationary period. Interim revenue is recognised for the period in which the interim staff member works.

Leases

Operating lease rentals are charged to the income statement on a straight line basis over the period of the lease. Lease incentives are recognised in the income statement as an integrated part of the total lease expense.

Post retirement benefits – defined contribution

The Group contributes to independent defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting period.

Post retirement benefits – defined benefit

The Group operates a defined benefit pension scheme in France providing benefits on final pensionable pay. The assets of the scheme are held separately from those of the Group. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme deficit is recognised in full. The movement in the scheme deficit is split between operating charges, finance items and, in the statement of total recognised income and expense, actuarial gains and losses. The Group recognises all actuarial gains and losses in the period in which they are valued.

Share based payment

The Group operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense with a corresponding increase in equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Deferred tax is recognised where it is likely that share relief will be available on the difference between exercise price and market price at the balance sheet date.

Non-trading items

Non-trading items are items which in management's judgement need to be disclosed by virtue of their size, incidence or nature. Such items are included within the income statement caption to which they relate and are separately disclosed either in the notes to the consolidated financial statements or on the face of the consolidated income statement.

1 Statement of Accounting Policies (continued)

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is based on taxable profit for the year and any adjustment to tax payable in respect of previous years. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's assets and liabilities for current tax are calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax nor the accounting profit other than in a business combination.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates enacted or that are expected to apply (substantially enacted) at the balance sheet dated when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority or the Group intends to settle its current tax assets and liabilities on a net basis.

Goodwill
Goodwill represents the difference between the cost of acquisition of a business and the fair value of identifiable assets, liabilities and contingent liabilities acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is tested annually for impairment. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

Intangible assets
Intangible assets acquired by the Group are stated at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised on a straight-line basis over their useful lives in accordance with IAS 38 "Intangible Assets". Assets are not revalued. The amortisation period and method are reviewed at each financial year end and are changed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" if this is considered necessary. The estimated useful lives are as follows:

Publishing rights	10-75 years
Brand names	15-20 years
Customer relationships	1-8 years
Customer lists	4 years
Order books	1 year
Other assets	1 year

Software which is not integral to a related item of hardware is included in intangible assets and amortised over its estimated useful life of 3 years. The salaries of staff employed in the production of new software within the Group are capitalised into software.

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. The costs of the design and development of revision material ("plate costs") are capitalised on individual projects where the future recoverability of the costs can be foreseen with reasonable certainty. Plate costs are stated at their direct cost less accumulated amortisation. Full provision is made for any plate costs where the revision material titles are excess to requirements or where they will no longer be used in the business. Amortisation is provided to write off the plate costs over one to three years at varying rates to match the anticipated future income streams.

Notes to the Financial Statements continued

31 December 2007

1 Statement of Accounting Policies (continued)

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is provided to write off the cost less estimated residual value of property, plant and equipment by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	Over the lease period
Equipment, fixtures and fittings	5 years
Database development costs	5 years
Motor vehicles	4 years
IT systems	3 years

Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Inventories, work in progress and long term contracts

Inventories 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. Inventories are expensed through cost of sales.

E-learning contracts work in progress represents the gross unbilled amount expected to be collected for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. This work in progress is presented as part of inventories. If payments received from customers exceed income recognised then the difference is presented as deferred income on the balance sheet.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible (with a maturity of three months or less) to a known amount of cash and are subject to an insignificant risk of changes in value.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Financial liabilities and equity instruments

Financial assets and financial transactions are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities, and includes no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group, and, where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and incremental costs directly attributable to the issue, are accounted for on an accruals basis as part of finance expenses in the income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period that they arise.

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

1 Statement of Accounting Policies (continued)

Derivative financial instruments

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses foreign exchange forward contracts and interest rate caps to hedge these exposures. The Group does not apply hedge accounting. The Group does not use derivative financial instruments for speculative purposes.

Subsequent to initial recognition, derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in pounds sterling, which is the presentation currency of the Group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated but remain at the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period ended on the balance sheet date. Exchange rate differences arising, if any, are recognised directly in equity in the Group's translation reserve. Such translation differences are recognised as income or as expense in the income statement in the period in which the operation is disposed of.

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised directly in equity, to the extent the hedge is effective. To the extent the hedge is ineffective such differences are recognised in the income statement. When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is transferred to the income statement as an adjustment to the profit or loss on disposal.

2 Accounting estimates, judgements and adopted IFRS not yet applied

Estimates

The key assumptions concerning the future and other key sources of estimation at the balance sheet date that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Capitalisation of internal costs and assessment of their future recoverability

Management has capitalised costs incurred in relation to the development of internally generated intangible assets. The two main areas where costs have been capitalised are summarised below:

i) Production of software

The salaries of staff employed in the production of new software within the Group have been capitalised into software, within other intangible assets. These production costs are then expensed over the estimated useful life of the software, being 3 years.

ii) Production of plate costs

The Group leases a property at which all staff are employed on developing plate costs. Management considers that the location serves an equivalent function to an outsourcing agency and has therefore capitalised all costs associated with the operation of those premises, in addition to the salaries of staff employed there, into plate costs, held within intangible assets as described in note 1. These costs are then expensed as each product is sold.

Management estimate the extent to which internally generated intangibles will be recovered by assessing future earnings. This is based on past revenue performance and the likelihood of future releases or the use of catalogue. Future sales performance varies from such assessments and changes for provisions against specific publications may be necessary.

b) Intangible assets

When the Group makes an acquisition, management review the business and assets acquired to determine whether any intangible assets should be recognised separately from goodwill. If such an asset is identified, it is valued by discounting the probable future cash flows expected to be generated by the asset over the estimated life of the asset. Where there is uncertainty over the amount of economic benefit and the useful life, this is factored into the calculation. Details of intangible assets are given in note 16.

Notes to the Financial Statements continued

31 December 2007

2 Accounting estimates, judgements and adopted IFRS not yet applied (continued)

c) Recoverability of trade receivables

Trade receivables are reflected net of estimated provisions for doubtful accounts. This provision is based on the ageing of receivable balances and historical experience.

d) Deferred tax

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, judgement is used when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing and level of future taxable income.

Adopted IFRS not yet applied

The following IFRS were available for early adoption but have not been applied by the Group in these financial statements. These IFRS are effective for the Group after 1 January 2008 but will not have a material impact.

Endorsed: IFRS 8 "Operating Segments"
Unendorsed: IAS 23 (Revised) "Borrowing Costs", IFRIC 12 "Service Concession Arrangements", IFRIC 13 "Customer Loyalty Programmes", IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction".

3 Segmental information

Business segments

For management purposes the Group is currently organised into four operating divisions: Political, Learning, Education and Healthcare. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Political Division – The market leader in political business-to-business publishing in the UK and EU, serving both the political and public affairs communities. The Division comprises Dods Parliamentary Companion, The House Magazine, Epolitix.com and numerous other political magazines, reference books, monitoring products and revenue-generating websites as well as events, awards and recruitment services.

Learning Division – A leading provider of resources to learning communities in the UK, including e-learning solutions for the public and private sector and blended learning solutions, seminars and events for the political, public affairs and training markets. The Division comprises Epic, the UK market leader in e-learning; the TJ magazine; and the highly acclaimed Westminster Explained conferences and seminars business.

Education Division – The leading supplier of study aids and revision guides in the UK, with full product coverage across all subjects and stages of the entire curriculum in UK schools. The Division comprises Lonsdale, Letts Educational and Leckie & Leckie.

Healthcare Division – One of the leading providers of specialist B2B publications and online education for the medical sector in France. The Division comprises Panorama du Médecin, a leading weekly magazine for French doctors, Le Concours Medical and La Revue du Praticien, market-leading Continuing Medical Education magazines; Egora.fr, the leading medical information website; a medical conference business; and a number of other magazines and reference materials. The results for the Healthcare division include the results of our French political business.

Segment information about these business is presented below.

Year ended 31 December 2007	Political £'000	Learning £'000	Education £'000	Healthcare £'000	Eliminations £'000	**Consolidated £'000**
Revenue						
External revenue – sale of goods	1,631	1,268	12,060	3,468	–	**18,428**
– rendering of services	9,194	9,116	–	9,332	–	**27,641**
Inter-segment revenue	–	160	–	–	(160)	**–**
Total revenue	**10,825**	**10,544**	**12,060**	**12,800**	**(160)**	**46,069**
Segment result	**264**	**(251)**	**1,910**	**1,354**		
Unallocated Head Office expenses						**(2,306)**
Operating profit						**971**
Finance income						**148**
Financing costs						**(1,689)**
Loss before tax						**(570)**
Income tax credit						**932**
Profit after tax						**362**

Head Office expenses include £813,000 in respect of non-trading items (2006: £nil). For a breakdown of non-trading items by division see Schedule A.

3 Segmental information (continued)

Other information	Political £'000	Learning £'000	Education £'000	Healthcare £'000	Head Office £'000	Consolidated £'000
Capital expenditure – intangible assets	480	30	799	162	13	**1,484**
Capital expenditure – other	61	83	111	15	1	**271**
Depreciation	120	101	63	66	16	**366**
Amortisation of intangible assets	1,329	745	1,674	433	4	**4,185**

Balance sheet	Political £'000	Learning £'000	Education £'000	Healthcare £'000	Eliminations £'000	Consolidated £'000
Assets						
Segment assets	**36,423**	**12,837**	**29,610**	**18,847**	**(8,747)**	
Unallocated Head Office assets						**523**
Consolidated total assets						**89,493**
Liabilities						
Segment liabilities	**6,225**	**2,696**	**4,834**	**14,538**	**(8,747)**	
Unallocated Head Office liabilities						**24,062**
Consolidated total liabilities						**43,608**
Consolidated net assets						**45,885**

Year ended 31 December 2006	Political £'000	Learning £'000	Education £'000	Healthcare £'000	Consolidated £'000
Revenue					
External revenue – sale of goods	2,006	1,459	6,798	3,379	**13,642**
– rendering of services	8,572	11,259	–	11,555	**31,386**
Total revenue	**10,578**	**12,718**	**6,798**	**14,934**	**45,028**
Segment result	**1,187**	**984**	**1,711**	**1,704**	
Unallocated Head Office expenses					**(1,695)**
Operating profit					**3,891**
Financing income					**161**
Financing costs					**(872)**
Profit before tax					**3,180**
Income tax expense					**(892)**
Profit after tax					**2,288**

Other information	Political £'000	Learning £'000	Education £'000	Healthcare £'000	Head Office £'000	Consolidated £'000
Capital expenditure – intangible assets	2,221	149	8,834	57	–	**11,261**
Capital expenditure – other	73	115	235	319	1	**743**
Depreciation	83	115	24	50	28	**300**
Amortisation of intangible assets	1,056	264	770	371	–	**2,461**

Balance sheet	Political £'000	Learning £'000	Education £'000	Healthcare £'000	Eliminations £'000	Consolidated £'000
Assets						
Segment assets	**37,700**	**14,475**	**29,756**	**20,834**	**(10,721)**	
Unallocated Head Office assets						**4,895**
Consolidated total assets						**96,939**
Liabilities						
Segment liabilities	**8,030**	**3,476**	**5,752**	**18,695**	**(10,721)**	
Unallocated Head Office liabilities						**23,774**
Consolidated total liabilities						**49,006**
Consolidated net assets						**47,933**

Notes to the Financial Statements continued

31 December 2007

3 Segmental information (continued)

Geographical segments

The following table provides an analysis of the Group's performance and assets by geographical market. Segment revenue is based on the geographical location of customers and segment assets on the basis of location of assets.

	Revenue by geographical market		Carrying amount of segment assets		Additions to property, plant and equipment and intangible assets	
	2007 £'000	2006 £'000	**2007 £'000**	2006 £'000	**2007 £'000**	2006 £'000
UK	**30,164**	27,921	**70,646**	76,105	**1,578**	11,628
Continental Europe and rest of world	**15,905**	17,107	**18,847**	20,834	**177**	376
	46,069	45,028	**89,493**	96,939	**1,755**	12,004

4 Non-trading items

	Note	**2007 £'000**	2006 £'000
Redundancy and people related costs		**648**	452
Relocation and integration		**–**	188
Abortive deal costs		**448**	–
Profit on sale of assets held for sale	21	**(64)**	–
Profit on disposal of magazine titles	11	**(101)**	–
		931	640

Non-trading redundancy and people related costs in 2007 represent the effect of a Group initiative to reduce costs. Abortive deal costs represent advisory fees relating to the aborted deal process with a private equity firm.

Non-trading items in 2006 represent the restructuring of the Group following the acquisitions of Letts Educational Limited, Leckie & Leckie Limited, Political Wizard Limited and Parliamentary Monitoring Services Limited, and additional restructuring of the operations at COPEF SA following the acquisition of that business in 2005.

5 (Loss)/profit before tax

(Loss)/profit before tax has been arrived at after charging/(crediting):	**2007 £'000**	2006 £'000
Depreciation of property, plant and equipment	**366**	300
Amortisation of intangible assets acquired through business combinations	**3,304**	2,132
Amortisation of other intangible assets	**881**	329
Cost of inventories recognised as an expense	**4,549**	4,960
(Writeback)/writedown of inventories recognised as an expense	**(70)**	174
Staff costs (see note 7)	**21,853**	19,580
Non-trading items (see note 4)	**931**	640

Auditors' remuneration	**2007 £'000**	2006 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**75**	85
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries, pursuant to legislation	**125**	190
Services relating to corporate finance transactions entered into by the Group	**102**	197
Other services relating to accounting advice in respect of the transition to Adopted IFRS	**43**	–

Auditors' remuneration for non-audit services of £nil (2006: £197,000) related to due diligence and acquisition related work has been capitalised to intangible assets. Amounts paid to the Company's auditor and their associates in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

6 Directors' remuneration

	2007 £'000	2006 £'000
Directors' emoluments	**690**	701
Company contributions to money purchase pension schemes	**91**	91
Share based payments charge	**97**	62
	878	854

The emoluments of the highest paid director were £236,000 (2006: £255,000) and company pension contributions of £35,000 (2006: £36,000) were made to a money purchase scheme on the director's behalf.

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

	2007	2006
Money purchase schemes	**3**	3

7 Staff costs

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

	2007	2006
Editorial and production staff	**282**	267
Sales and marketing staff	**158**	149
Managerial and administration staff	**80**	70
Research and development staff	**–**	–
	520	486

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

	2007 £'000	2006 £'000
Wages and salaries	**18,003**	15,912
Social security costs	**3,229**	3,041
Pension and other costs	**497**	474
Share based payment charges	**124**	153
	21,853	19,580

8 Finance income

	2007 £'000	2006 £'000
Bank interest receivable	**148**	96
Other income	**–**	8
Net exchange gains	**–**	57
	148	161

9 Financing costs

	2007 £'000	2006 £'000
On bank loans and overdrafts	**1,534**	862
Finance costs on defined benefit scheme (see note 24)	**9**	10
Net exchange losses	**146**	–
	1,689	872

Notes to the Financial Statements continued

31 December 2007

10 Taxation

	2007 £'000	2006 £'000
Current tax		
Current tax on income for the year at 30% (2006: 30%)	**3**	878
Adjustments in respect of prior periods	**(247)**	24
	(244)	902
Double taxation relief	**(1)**	(1)
Overseas tax		
Current tax expense on income for the year at 30% (2006: 30%)	**1**	1
Total current tax expense	**(244)**	902
Deferred tax (see note 25)		
Origination and reversal of temporary differences	**268**	83
Effect of change in tax rate	**(592)**	–
Benefit from previously unrecognised tax losses	**(364)**	(93)
Total deferred tax income	**(688)**	(10)
Total income tax (credit)/expense	**(932)**	892

The effect of non-trading items charged during the year is to reduce the tax charge by £279,000 (2006: £192,000).

The credit to the income statement in respect of deferred tax of £688,000 (2006: £10,000) is stated after recording a deferred tax asset of £364,000 (2006: £93,000) in respect of tax losses, the recovery of which has been enabled by the merger of our French operations in 2006. There are other potential deferred tax assets in respect of tax losses totalling £238,000 (2006: £200,000) that have not been recognised on the basis that their future economic benefit is uncertain.

Included within the tax credit to the income statement is £133,000 of tax-related goodwill written off on the sale of magazine titles (2006: £nil).

The tax charge for the period differs from the standard rate of corporation tax in the UK of 30% (2006: 30%). The differences are explained below:

	2007 £'000	2006 £'000
Income tax reconciliation		
(Loss)/profit before tax	**(570)**	3,180
National tax charge at standard rate of 30% (2006: 30%)	**(171)**	954
Effects of:		
Expenses not deductible for tax purposes	**1,183**	756
Accelerated capital allowances and temporary differences	**158**	(26)
Adjustments to tax charge in respect of prior periods	**(247)**	24
Utilisation of tax losses	**(899)**	(723)
Effect on deferred tax of change in tax rate	**(592)**	–
Recognition of previously unrecognised tax losses	**(364)**	(93)
Total income tax (credit)/expense	**(932)**	892

11 Disposal of magazine titles

On 1 July 2007, the Group entered into a sale agreement to dispose of the French magazine titles AMCV and AMCP. The titles were sold for £0.6 million and a profit of £0.1 million arose on the transaction, representing the proceeds of disposal less the carrying amount of the goodwill and intangibles attributable to the titles.

The results of these titles included in the consolidated income statement were as follows:

	2007 £'000	2006 £'000
Revenue	**317**	653
Expenses	**(285)**	(505)
Profit before tax and net profit for the year	**32**	148

12 Dividends

	2007 £'000	2006 £'000
The aggregate amount of dividends comprises:		
Final dividends paid in respect of the previous year but not recognised as liabilities in that year	**1,839**	1,542

A final dividend of 0.75 pence per 10p Ordinary share has been recommended and, subject to approval by shareholders at the Annual General Meeting on 3 June 2008, will be paid on 29 August 2008 to shareholders on the register at 6 June 2008.

13 Earnings per share

	2007 £'000	2006 £'000
Profit attributable to shareholders	**362**	2,288
Add: non-trading items (see note 4)	**931**	640
Add: amortisation of intangible assets acquired through business combinations	**3,304**	2,132
Less: tax in relation to the above items	**(1,838)**	(845)
Adjusted profit attributable to shareholders	**2,759**	4,215

	2007 Ordinary shares	2006 Ordinary shares
Weighted average number of shares		
In issue during the year – basic	**151,998,453**	143,994,329
Dilutive potential ordinary shares	**634,341**	698,200
In issue during the year – diluted	**152,632,794**	144,692,529
Earnings per share – basic	**0.24p**	1.59p
Earnings per share – diluted	**0.24p**	1.58p
Normalised earnings per share (before non-trading items and amortisation of intangible assets acquired through business combinations)	**1.82p**	2.93p

14 Acquisitions

	2007 Fair value £'000	2006 Fair value £'000
Intangible assets	**183**	10,084
Property, plant and equipment	**–**	4
Inventories	**–**	1,855
Receivables	**–**	1,984
Cash and cash equivalents	**–**	(2)
Deferred tax asset	**–**	606
Payables	**–**	(2,686)
Net identifiable assets and liabilities	**183**	11,845
Goodwill arising on acquisition	**–**	5,615
Consideration payable	**183**	17,460
Satisfied by:		
Cash paid	**183**	11,220
Shares issued	**–**	5,500
Acquisition costs	**–**	740
	183	17,460

On 22 May 2007 the Group acquired the publishing rights to the European Public Affairs Directory ("EPAD") for a cash consideration of €240,000. No amounts are held as deferred consideration in respect of this transaction. No identifiable assets and liabilities were acquired. Profit of £53,000 has been recognised since acquisition.

In 2006 the Group acquired 100% of the issued share capital in Letts Educational Limited, Leckie & Leckie Limited, Political Wizard Limited and Parliamentary Monitoring Services Limited.

Notes to the Financial Statements continued

31 December 2007

15 Goodwill

	2007 £'000	2006 £'000
Cost & Net book value		
Opening balance	**28,165**	19,869
Revisions to fair values of assets and liabilities on acquisitions made in the prior year	**584**	343
Acquisitions through business combinations	**–**	7,953
Disposals	**(98)**	–
Closing balance	**28,651**	28,165

Additions to goodwill in the year represent amendments to the fair value of goodwill acquired in 2006 on the acquisitions of Letts Educational Limited and Political Wizard Limited.

Goodwill acquired in a business combination is allocated at acquisition to the cash-generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

	2007 £'000	2006 £'000
Political Division	**15,112**	15,016
Learning Division	**5,071**	5,071
Education Division	**4,411**	3,868
Healthcare Division	**4,057**	4,210
	28,651	28,165

The Group tests annually for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGUs are determined from value in use calculations. Value in use was determined by discounting future cash flows generated from the continuing use of the titles and was based on the following most sensitive assumptions:

– cash flows were projected based on operating results and the 5 year business plan.
– cash flows were extrapolated using conservative growth rates of between 0% and 2.5%.
– cash flows were discounted using the Company's pre-tax weighted average cost of capital of 7.8% (2006: 8.2%).

16 Intangible assets

	Assets acquired through business combinations £'000	Software £'000	Plate costs £'000	Total £'000
Cost				
At 1 January 2006	37,843	2,413	–	40,256
Additions – externally purchased	–	411	175	586
Additions through acquisition	10,084	–	591	10,675
Disposals	–	(77)	–	(77)
Exchange adjustment	–	(44)	–	(44)
At 1 January 2007	47,927	2,703	766	51,396
Additions – externally purchased	–	588	713	1,301
Additions – internally generated	–	184	374	558
Additions through acquisition (see note 14)	183	–	–	183
Disposals	(477)	(1,370)	–	(1,847)
Reclassifications (see note 17)	–	(312)	–	(312)
Exchange adjustment	–	72	–	72
At 31 December 2007	**47,633**	**1,865**	**1,853**	**51,351**

16 Intangible assets (continued)

	Assets acquired through business combinations £'000	Software £'000	Plate costs £'000	Total £'000
Amortisation				
At 1 January 2006	1,965	2,202	–	4,167
Charged in year	2,132	211	118	2,461
Disposals	–	(77)	–	(77)
Exchange adjustment	–	(43)	–	(43)
At 1 January 2007	4,097	2,293	118	6,508
Charged in year	3,304	231	650	4,185
Disposals	(23)	(1,407)	–	(1,430)
Reclassifications (see note 17)	–	(294)	–	(294)
Exchange adjustment	–	57	–	57
At 31 December 2007	**7,378**	**880**	**768**	**9,026**
Net book value				
At 1 January 2006	35,878	211	–	36,089
At 31 December 2006	43,830	410	648	44,888
At 31 December 2007	**40,255**	**985**	**1,085**	**42,325**

	Net book value 2007 £'000	Net book value 2006 £'000
Assets acquired through business combinations comprise:		
Publishing rights	**33,679**	35,648
Brand names	**2,610**	2,765
Customer relationships	**3,701**	4,942
Customer lists	**198**	358
Other assets	**67**	117
	40,255	43,830

Amortisation of plate costs is recognised within cost of sales; all other amortisation is recognised within administrative expenses.

No intangibles have an indefinite useful economic life.

Included within intangibles are internally generated assets with a net book value of £182,000 (2006: £16,000).

17 Property, plant and equipment

	Freehold land and buildings £'000	Leasehold improvements £'000	Equipment and motor vehicles £'000	Total £'000
Cost				
At 1 January 2006	200	398	1,424	2,022
Additions	–	300	426	726
Additions through acquisition	–	–	17	17
Disposals	–	(246)	(34)	(280)
Reclassification as asset held for sale	(200)	–	–	(200)
Exchange adjustment	–	(5)	(4)	(9)
At 1 January 2007	–	447	1,829	2,276
Additions	15	66	190	271
Disposals	(19)	(14)	(657)	(690)
Reclassifications (see note 16)	4	(56)	364	312
Exchange adjustment	–	19	31	50
At 31 December 2007	**–**	**462**	**1,757**	**2,219**

Notes to the Financial Statements continued

31 December 2007

17 Property, plant and equipment (continued)

	Freehold land and buildings £'000	Leasehold improvements £'000	Equipment and motor vehicles £'000	Total £'000
Depreciation				
At 1 January 2006	11	328	894	1,233
Charge for the year	1	48	251	300
Additions through acquisition	–	–	13	13
Disposals	–	(235)	(9)	(244)
Reclassification as asset held for sale	(12)	–	–	(12)
Exchange adjustment	–	(4)	(1)	(5)
At 1 January 2007	–	137	1,148	1,285
Charge for the year	–	69	297	366
Additions through acquisition	–	–	–	–
Disposals	–	(14)	(620)	(634)
Reclassifications (see note 16)	–	(51)	345	294
Exchange adjustment	–	4	17	21
At 31 December 2007	**–**	**145**	**1,187**	**1,332**
Net book value				
At 1 January 2006	189	70	530	789
At 31 December 2006	–	310	681	991
At 31 December 2007	**–**	**317**	**570**	**887**

The Group did not have any assets recognised from obligations under finance leases in either the current or prior year.

18 Subsidiaries

The results of each of the following principal subsidiary undertakings have been included in the Group accounts as at 31 December 2007 and 31 December 2006:

Company	Activity	% Holding	Country of registration
Vacher Dod Publishing Limited (i)	Dormant	100	England and Wales
Training Journal Limited	Holding company	100	England and Wales
Fenman Limited (ii)	Publishing	100	England and Wales
Dods Parliamentary Communications Limited	Publishing	100	England and Wales
Huveaux France SAS	Publishing	100	France
Epic Group plc	E-learning	100	England and Wales
Letts Educational Limited	Publishing	100	England and Wales
Leckie & Leckie Limited	Publishing	100	Scotland
Parliamentary Monitoring Services Limited (iii)	Political Monitoring	100	England and Wales
Political Wizard Limited (iii)	Political Monitoring	100	England and Wales

All subsidiaries are owned directly except as noted below.

(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 residual 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) Dods Parliamentary Communications Limited owns 75% of the issued share capital of Political Wizard Limited with the residual 25% being owned by Parliamentary Monitoring Services Limited, of which Dods Parliamentary Communications Limited owns 100%. The Company owns 100% of the issued share capital of Dods Parliamentary Communications Limited and therefore controls the entire issued share capital of Political Wizard Limited.

19 Inventories

	2007 £'000	2006 £'000
Work-in-progress	**887**	2,247
Finished goods	**2,294**	911
	3,181	3,158

20 Financial instruments

The Group has exposure to several forms of risk through its use of financial instruments. Details of these risks and the Group's policies for managing these risks are included below.

Credit risk

The Group's principal financial assets are trade and other receivables, and cash and cash equivalents.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The credit risk on cash and cash equivalents is limited as the Group places its cash with banks with high credit ratings assigned by international credit rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. At 31 December 2007 no guarantees were outstanding (2006: none).

At 31 December 2007, £3,962,000 of the Group's trade receivables were exposed to risk in countries other than the United Kingdom (2006: £4,737,000).

The ageing of trade receivables at the reporting date was:

	Gross 2007 £'000	Provided 2007 £'000	Gross 2006 £'000	Provided 2006 £'000
Overdue by less than 3 months	**8,978**	**–**	10,636	–
Overdue by between 3 and 12 months	**502**	**275**	936	419
Overdue by more than 12 months	**92**	**92**	216	216
	9,572	**367**	11,788	635

Provisions against trade receivables are made in accordance with Group policy based on an ageing analysis of overdue receivables and any other indications which suggest an impairment.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group has in place a £2,000,000 working capital facility with Bank of Scotland for the purpose of providing contingency funds in the event of any significant delay in converting working capital into cash. For further details on this facility see note 23.

Currency risk

The Group is exposed to currency risk on transactions denominated in euros. Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Group.

The Group uses currency derivatives to reduce its exposure to foreign exchange movements. Three separate forward contracts to sell €1,000,000 into sterling were taken out and redeemed in 2007. The sterling: euro rates on these transactions were 1.4907, 1.48 and 1.467. A maximum of 75% of the Group's profits or cash flows can be hedged under the Group's treasury policy.

Interest rate caps

The Group uses interest rate caps which cap its euro denominated loan at 4% and its sterling loans at 6%, thereby reducing the Group's exposure to interest rate risk. The fair value of interest rate caps at 31 December 2007 is £117,000 (2006: £140,000). These amounts are based on the market value of equivalent instruments at the balance sheet date. Fair value movements on the interest rate caps are recognised in the income statement. The euro interest rate cap expires in 2012 and the sterling interest rate cap in 2013.

Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. For further details of share capital see note 26.

Notes to the Financial Statements continued
31 December 2007

20 Financial instruments (continued)

Sensitivity analysis
In managing interest rate and currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, permanent changes in foreign exchange and interest rates would have an impact on consolidated earnings.

At 31 December 2007, it is estimated that a general increase of one percentage point in interest rates would have decreased the Group's profit before tax by approximately £53,000 (2006: £118,000). Interest rate caps have been included in this calculation.

It is estimated that a general increase of one percentage point in the value of the euro against sterling would have increased the Group's profit before tax by approximately £30,000 (2006: £25,000).

Fair values
The directors consider that the fair value of financial instruments is materially the same as their carrying amounts.

21 Other financial assets

	2007 £'000	2006 £'000
Trade and other receivables		
Trade receivables	**9,572**	11,788
Other receivables	**1,005**	1,420
Prepayments and accrued income	**1,598**	1,894
	12,175	15,102

Trade and other receivables denominated in currencies other than sterling comprise £4,470,000 (2006: £5,237,000) denominated in euros.

Other receivables include £nil (2006: £400,000) representing deferred cash consideration held in escrow relating to the acquisition of Letts Educational Limited and Leckie & Leckie Limited. This amount was received by the Group in 2007.

	2007 £'000	2006 £'000
Cash and cash equivalents		
Cash and cash equivalents	**1,994**	4,307

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value.

Cash includes £721,000 (2006: £1,062,000) denominated in euros.

	2007 £'000	2006 £'000
Assets held for sale		
Assets held for sale	**–**	188

Assets held for sale comprises a warehouse sold during the year for a net profit of £64,000 (see note 4). Efforts to sell the warehouse commenced in 2006 and the sale completed on 16 March 2007. The asset formed part of the Education division.

22 Current liabilities

	2007 £'000	2006 £'000
Trade and other payables		
Trade creditors	**3,028**	2,605
Other creditors including tax and social security	**6,168**	7,755
Accruals and deferred income	**5,507**	6,371
	14,703	16,731

Trade creditors and accruals comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 38 days (2006: 39 days).

Other creditors for the Group include £40,000 (2006: £580,000) in respect of deferred consideration relating to the acquisition of Political Wizard Limited and Parliamentary Monitoring Services Limited in 2006. The outstanding element is due to be paid on 30 June 2008.

22 Current liabilities (continued)

Current liabilities denominated in currencies other than sterling comprise £7,777,000 (2006: £7,698,000) denominated in euros.

	£'000
Provisions for liabilities and charges	
At 1 January 2007	**368**
Charge to the profit and loss account	**1,096**
Utilised	**(755)**
At 31 December 2007	**709**

The provision for liabilities and charges relates to aborted deal costs, and redundancy and people related costs, as described in note 4. These are expected to be paid within the next 12 months.

23 Interest bearing loans and borrowings

Borrowings are repayable as follows:

	2007 £'000	2006 £'000
On demand or within one year	**3,788**	3,140
Between one and two years	**3,788**	3,645
Between two and five years	**12,469**	11,440
After five years	**620**	4,770
	20,665	22,995
Less: Amounts due for settlement within 12 months	**(3,788)**	(3,140)
Amount due for settlement after 12 months	**16,877**	19,855

Borrowings are taken out in the following currencies:

	Interest	Principal Thousands	2007 £'000	2006 £'000
Sterling	Floating linked to LIBOR	£13,400	**11,270**	13,400
Euros	Floating linked to EURIBOR	€15,000	**9,395**	9,595
Total			**20,665**	22,995

The weighted average interest rate paid on the bank loans was 6.8% (2006: 5.7%). The floating rates of interest expose the Group to cash flow interest rate risk, which is mitigated by the interest rate caps into which the Group has entered (see note 20).

The euro loan represents the outstanding element of a €15,000,000 loan to finance the acquisition of COPEF SA in 2005, on which the last repayment is due in December 2012. The sterling loans represent a £5,400,000 loan taken out in 2006 to finance the acquisition of Parliamentary Monitoring Services Limited and Political Wizard Limited, on which the last repayment is due in December 2012; and an £8,000,000 loan taken out in 2006 to finance the acquisition of Letts Educational Limited and Leckie & Leckie Limited, on which the last repayment is due in June 2013. All loans are with Bank of Scotland.

In connection with the Group's banking and borrowing facilities with the Bank of Scotland, the Company and its UK subsidiary undertakings have entered into a cross guarantee, which gives a fixed and floating charge over the assets of the UK trading companies of the Group.

The Group estimates the fair value of its loans to be the same as their carrying amount.

At 31 December 2007, the Group had available £2,000,000 (2006: £2,000,000) of undrawn facilities under its working capital facility. Interest on amounts drawn down under this facility is paid at 2% over base rate. This facility is due to expire in July 2008.

Notes to the Financial Statements continued

31 December 2007

24 Employee benefits

The Group's French subsidiary operates a scheme which is open to its employees, who are entitled to a lump sum on retirement, calculated based on the period of service and the salary at the date of retirement.

A full actuarial valuation was carried out during the year by a qualified independent actuary to determine the net defined benefit obligations.

The major assumptions used in this valuation were:

	2007 £'000	2006 £'000
Rate of increase in salaries	**2.5%**	2.5%
Expected return on assets	**5.3%**	4.0%
Discount rate applied to scheme liabilities	**5.3%**	4.5%
Inflation assumption	**2.1%**	2.1%

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not actually be borne out in practice.

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the defined benefit obligations, which are derived from cash flow projections and thus inherently uncertain, were:

	2007 £'000	2006 £'000
Cash	**169**	148
Total market value of scheme assets	**169**	148
Present value of defined benefit obligations	**(310)**	(304)
Net defined benefit obligations	**(141)**	(156)

No payments were made into the scheme in 2007 or 2006. Movements on scheme assets comprise interest on cash held within the scheme and foreign exchange movements thereon.

The expected rates of returns on the assets in the scheme were:	Long term rate of return 2007	Long term rate of return 2006
Cash	**5.3%**	4.0%

Movement in present value of defined benefit obligations during the year	2007 £'000	2006 £'000
At beginning of year	**(304)**	(318)
Current service cost	**(25)**	(26)
Other finance cost	**(15)**	(12)
Gains on settlements and curtailments	**–**	27
Actuarial gain	**60**	18
Expected return on pension scheme assets	**6**	–
Foreign exchange (losses)/gains	**(32)**	7
At end of year	**(310)**	(304)

Analysis of other pension costs charged in arriving at operating profit	2007 £'000	2006 £'000
Current service cost	**(25)**	(26)
Gains on settlements or curtailments	**–**	27
	(25)	1

Analysis of amounts included in other finance costs	2007 £'000	2006 £'000
Expected return on pension scheme assets	**6**	2
Interest on pension scheme liabilities	**(15)**	(12)
	(9)	(10)

24 Employee benefits (continued)

Analysis of amount recognised in statement of recognised income and expense	**2007 £'000**	2006 £'000
Actuarial gain recognised	**60**	18
Foreign exchange (losses)/gains	**(32)**	7
	28	25

History of experience gains and losses	**2007 £'000**	2006 £'000	2005 £'000
Fair value of plan assets	**169**	148	146
Present value of defined benefit obligation	**(310)**	(304)	(283)
Deficit	**(141)**	(156)	(137)
Difference between the expected and actual return on scheme assets:			
Amount (£'000)	**21**	8	–
Percentage	**12%**	5%	0%
Experience gains and losses on scheme liabilities			
Amount (£'000)	**60**	18	–
Percentage	**19%**	6%	0%
Total amount recognised in statement of recognised recognised income and expense			
Amount (£'000)	**28**	25	–
Percentage	**9%**	8%	0%

25 Deferred tax liability

The following are the major deferred tax liabilities and assets recognised by the Group, and movements thereon during the current and prior year.

	Liabilities		Assets			
	Intangible assets £'000	Accelerated capital allowances £'000	Share based payment £'000	Tax losses £'000	Employee benefits £'000	**Total £'000**
At 1 January 2006	7,173	206	(5)	(1,416)	(41)	**5,917**
Acquisition of intangible assets	2,995	165	–	(770)	–	**2,390**
Charge to income	(653)	(18)	(33)	694	–	**(10)**
Disposals	(73)	–	–	–	–	**(73)**
Exchange differences	–	–	–	30	(6)	**24**
At 1 January 2007	9,442	353	(38)	(1,462)	(47)	**8,248**
Acquisition of intangible assets	55	–	–	–	–	**55**
Charge to income	(869)	190	38	528	8	**(105)**
Disposals	(125)	–	–	–	–	**(125)**
Effect of change in tax rate	(567)	(36)	–	11	–	**(592)**
Exchange differences	–	–	–	(88)	(3)	**(91)**
At 31 December 2007	**7,936**	**507**	**–**	**(1,011)**	**(42)**	**7,390**

Deferred tax assets and liabilities have been offset in both the current and preceding year as the current tax assets and liabilities can be legally offset against each other, and they relate to taxes levied by the same taxation authority or the Group intends to settle its current tax assets and liabilities on a net basis.

At the balance sheet date, the Group has unused tax losses of £3,774,000 (2006: £4,507,000) available for offset against future profits. A deferred tax asset of £1,011,000 (2006: £1,462,000) has been recognised in respect of such losses. No deferred tax asset was recognised in respect of the remaining tax losses due to their recoverability being uncertain as a result of the merger of our French operations in 2006.

26 Called-up share capital

	2007 £'000	2006 £'000
Authorised:		
200,000,000 Ordinary shares of 10p each (2006: 200,000,000)	**20,000**	20,000
Allotted, called-up and fully paid:		
151,998,453 Ordinary shares of 10p each (2006: 151,998,453)	**15,200**	15,200

The Company has one class of ordinary shares which carry no right to fixed income.

Notes to the Financial Statements continued

31 December 2007

27 Reconciliation of movements in equity

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Translation reserve £'000	**Total shareholders' funds £'000**
At 1 January 2006	14,017	26,795	409	426	–	**41,647**
Profit for the year	–	–	–	2,288	–	**2,288**
Dividends paid	–	–	–	(1,542)	–	**(1,542)**
Actuarial gains and losses	–	–	–	25	–	**25**
Currency translation differences	–	–	–	–	158	**158**
New share capital subscribed, net of issue costs	1,183	–	–	–	–	**1,183**
Premium on shares issued, less expenses	–	4,021	–	–	–	**4,021**
Share based payment charge	–	–	–	153	–	**153**
At 1 January 2007	15,200	30,816	409	1,350	158	**47,933**
Profit for the year	–	–	–	362	–	**362**
Dividends paid	–	–	–	(1,839)	–	**(1,839)**
Actuarial gains and losses	–	–	–	28	–	**28**
Currency translation differences	–	–	–	–	(723)	**(723)**
Share based payment charge	–	–	–	124	–	**124**
At 31 December 2007	**15,200**	**30,816**	**409**	**25**	**(565)**	**45,885**

28 Operating lease arrangements

Annual commitments under non-cancellable leases are as follows:

	2007 Land and buildings £'000	**2007 Other £'000**	2006 Land and buildings £'000	2006 Other £'000
Expiry date:				
– within one year	**1,198**	**147**	1,067	148
– between two and five years	**3,184**	**291**	3,529	295
– after five years	**739**	**–**	471	–
	5,121	**438**	5,067	443

29 Analysis of net debt

	At beginning of year £'000	Cash flow £'000	Reclassification £'000	Exchange movement £'000	**At end of year £'000**
Cash at bank and in hand	4,307	(2,388)	–	75	**1,994**
Debt due within one year	(3,140)	3,186	(3,645)	(189)	**(3,788)**
Debt due after one year	(19,855)	–	3,645	(667)	**(16,877)**
	(18,688)	**798**	**–**	**(781)**	**(18,671)**

30 Share based payment

Executive Share Option Scheme

The Company operates an Unapproved Executive Share Option Scheme under which share options are granted to selected Group employees. All options are settled by physical delivery of shares in exchange for payment of the aggregated option price. The contractual life of each grant is 10 years.

Grant date	Number of shares
27 May 2004	1,641,000
2 November 2004	1,495,925
17 November 2005	1,524,075
13 April 2006	50,000
13 October 2006	3,292,500
2 July 2007	120,000
3 September 2007	1,400,000

All options granted are discretionary (as determined by the Remuneration Committee) and carry a pre-exercise performance condition, requiring the Company's Earnings Per Share achievement during any rolling three year financial performance period to exceed the retail/consumer price index by at least 3%, in aggregate, during the same period. No consideration is received for an award and no grants can be made at an option exercise price per share which is less than the market price at the time of grant.

30 Share based payment (continued)

Details of the share options outstanding during the year are as follows:

	Number of Ordinary shares	Weighted average exercise price (pence)
At 1 January 2006	4,409,000	52.97
Granted during the year	3,342,500	51.93
Lapsed during the year	(1,157,000)	62.93
At 1 January 2007	6,594,500	50.69
Granted during the year	1,520,000	32.71
Lapsed during the year	(1,235,000)	48.19
At 31 December 2007	**6,879,500**	**47.17**

The following options were outstanding under the Company's Executive Share Option Scheme as at 31 December 2007:

Granted	Number of Ordinary shares	Exercise price per share (p)	Exercise Period
27 May 2004**	*367,000	65	May 2007 – 2014
2 November 2004**	1,300,925	54	November 2007 – 2014
17 November 2005	1,094,075	41	November 2008 – 2015
13 April 2006	50,000	47	April 2009 – 2016
13 October 2006	2,597,500	52	October 2009 – 2016
2 July 2007	120,000	41	July 2010 – 2017
3 September 2007	1,350,000	32	September 2010 – 2017
	6,879,500		

*included within this figure are 153,000 Enterprise Management Incentive options
**exercisable as at 31 December 2007

The options outstanding at the year end have an exercise price in the range of 32p to 65p and a weighted average contractual life of 8.3 years.

Savings Related Share Option Scheme

The Company operates a Savings Related Share Option Scheme which facilitates the grant of options to all employees.

This is based on a three to five year share save contract and options may be granted at an option exercise price discounted by up to 20% of the market price at the time of grant. Options are forfeited if the employee leaves the Group on a voluntary basis before the options vest.

Details of the share options outstanding during the year are as follows:

	Number of Ordinary shares	Weighted average exercise price (pence)
At 1 January 2006	1,051,497	33.09
Granted during the year	1,025,303	38.21
Lapsed during the year	(280,492)	37.24
At 1 January 2007	1,796,308	35.37
Granted during the year	1,174,315	30.10
Lapsed during the year	(1,260,358)	34.99
At 31 December 2007	**1,710,265**	**32.03**

The following options were outstanding under the Company's Savings Related Share Option Scheme as at 31 December 2007:

Granted	Number of Ordinary shares	Exercise price per share (p)	Exercise Period
4 June 2004	7,063	53	June 2007 – 2009
20 September 2004	56,934	44	September 2007 – 2009
10 May 2005	267,688	31	May 2008 – 2010
9 May 2006	314,004	38	May 2009 – 2011
10 May 2006	171,392	39	May 2010
8 May 2007	98,277	40	May 2010 – 2012
8 May 2007	24,337	42	May 2011
10 September 2007	770,570	26	September 2010 – 2012
	1,710,265		

Notes to the Financial Statements continued
31 December 2007

30 Share based payment (continued)
Options over 23,327 shares were exercisable as at 31 December 2007.

The options outstanding at the year end have an exercise price in the range of 26p to 52.5p and a weighted average contractual life of 2.6 years.

The aggregated inputs into the Black-Scholes option pricing model for both schemes are as follows for options granted in the current and preceding year:

Weighted average:	**2007**	2006
Fair value at measurement date	**7.4p**	13.47p
Share price at date of grant	**32.49p**	51.11p
Option exercise price	**31.78p**	48.72p
Expected volatility	**32.23%**	28.23%
Option life	**3.48 years**	3.9 years
Risk free interest rate	**5.3%**	4.92%
Dividend yield	**4.36%**	2.21%

The expected volatility is based on the previous 12 months' share price history.

31 Related party transactions
During the year the group received £36,000 (2006: £nil) for office services from Provident Financial Plc, a group of which John P de Blocq van Kuffeler is Chairman.

32 Explanation of transition to IFRS
This is the first year that the Group has presented its financial statements under IFRS. The following disclosures are required in the year of transition. The last financial statements under UK GAAP were for the year ended 31 December 2006 and the date of transition to IFRS was therefore 1 January 2006.

IFRS 1 "First time adoption of International Financial Reporting Standards" requires an explanation of major adjustments to cash flows under IFRS. Whilst the format of the cash flow statement is different from UK GAAP, there are no material changes to Group cash flows.

UK GAAP in the tables below refers to UK GAAP in force at 31 December 2006.

Reconciliation of equity reported under UK GAAP to equity under IFRS

	Note	1 January 2006 £'000	31 December 2006 £'000
Equity shareholders' funds under UK GAAP		**44,046**	**51,522**
Amortisation of intangible assets	a	(1,965)	(3,612)
Deferred tax on intangible assets	b	590	1,243
Fair values revised under IFRS	c	(837)	(837)
Reversal of discounting of deferred tax	d	(187)	(383)
Net IFRS adjustments		(2,399)	(3,589)
Equity shareholders' funds under IFRS		**41,647**	**47,933**

Reconciliation of profit reported under UK GAAP to profit under IFRS

	Note	31 December 2006 £'000
Profit for the year under UK GAAP		**3,473**
Amortisation of intangible assets	a	(1,647)
Deferred tax on intangible assets	b	653
Reversal of discounting of deferred tax	d	(191)
Net IFRS adjustments		(1,185)
Profit for the year under IFRS		**2,288**

32 Explanation of transition to IFRS (continued)
Notes to the reconciliations

a Under IFRS 3 a value is assigned to intangible assets acquired through business combinations. These assets are then amortised over their useful life. This adjustment amortises assets under IFRS 3 and reverses goodwill previously amortised under UK GAAP. Goodwill is not amortised under IFRS but is reviewed annually for impairment. As allowed under IFRS 1 the Group has restated all acquisitions since 1 October 2003.*

b A deferred tax liability is set up on the creation of these intangible assets, with the other side going to goodwill. The liability is released over the useful life of the intangible asset to match the amortisation charge.

c As part of the exercise to value intangible assets the following fair values were revised: deferred revenue in COPEF SA and Dods Parliamentary Communications Limited at acquisition date was revalued to the fair value of the obligation to perform subsequent to acquisition; and the fair value of stock acquired with Fenman Limited has been restated.

d Under UK GAAP the Group discounted its deferred tax. This treatment is not permitted under IAS 12.

*Intangibles relating to acquisitions made before 1 October 2003 remain classified as publishing rights. UK GAAP did not require these assets to be amortised. However, following the adoption of IFRS, management consider it to be more prudent to amortise these assets over their useful economic lives in line with the treatment for other intangible assets under IFRS.

There were no adjustments to the cash flow statement.

A full reconciliation between IFRS and UK GAAP was released on 11 May 2007 and can be found on the Group's website www.huveauxplc.com.

Company Balance Sheet Under UK GAAP

at 31 December 2007

	Note	2007 £'000	2006 £'000
Fixed assets			
Intangible assets	35	**7,772**	7,772
Tangible fixed assets	36	**190**	338
Investments	37	**55,299**	55,269
		63,261	63,379
Current assets			
Stocks	38	**938**	506
Debtors (including £7,737,000 (2006: £8,585,000) due after more than one year)	39	**15,404**	11,599
Cash at bank and in hand		**–**	2,224
		16,342	14,329
Creditors: Amounts falling due within one year	40	**(14,842)**	(9,286)
Net current assets		**1,500**	5,043
Total assets less current liabilities		**64,761**	68,422
Creditors: Amounts falling due after more than one year	41	**(13,653)**	(15,731)
Provision for liabilities	42	**(544)**	–
Net assets		**50,564**	52,691
Capital and reserves			
Called-up share capital	43	**15,200**	15,200
Share premium account	44	**30,816**	30,816
Merger reserve	44	**409**	409
Profit and loss account	44	**4,139**	6,266
Equity shareholders' funds		**50,564**	52,691

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

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

John P de Blocq van Kuffeler
Non-Executive Chairman

Dan O'Brien
Finance Director

3 March 2008

Notes to the Parent Company Financial Statements

33 Accounting Policies

The principal accounting policies of the Company are summarised below.

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

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 loss after taxation attributable to Huveaux PLC for the year and dealt with in the financial statements of the Company was £412,000 (2006: £870,000). Under Financial Reporting Standard 1 the Company is exempt from the requirements to prepare a cash flow statement on the grounds that it is included in the consolidated accounts.

The Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group. The Company has also taken advantage of the exemption in FRS 29 as the disclosure and requirements have been adopted on the Group basis.

Share based payments

The Company operates a number of equity-settled, share based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense with a corresponding increase in equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Deferred tax is recognised where it is likely that share relief will be available on the difference between exercise price and market price at the balance sheet date.

Where the Company grants options over its own shares to the employees of its subsidiaries, it recognises an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share based payment charge recognised in its subsidiary's financial statements, with the corresponding credit being recognised directly in equity.

Leases

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

Post retirement benefits – defined contribution

The Company contributes to independent defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting period.

Dividends

Dividends from subsidiary companies are accounted for when declared payable. Dividends payable to shareholders are recognised when they are approved by the shareholders at the Annual General Meeting.

Tax

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 Financial Reporting Standard 19: "Deferred tax".

Intangible assets

Intangible assets represent publishing rights acquired by the Company.

In 2002, the trade and net assets of a subsidiary undertaking were transferred to the Company at their net book value which was less than their fair value. The cost of the Company's investment in that subsidiary undertaking reflected the underlying fair value of its net assets, including intangible assets, at the time of acquisition. As a result of this transfer, the value of the Company's investment in that subsidiary undertaking fell below the amount at which it was stated in the Company's accounting records. Schedule 4 to the Companies Act 1985 required that the investment be written down accordingly and that the amount be charged as a loss in the Company's profit and loss account. However, the directors considered that, as there had been no overall loss to the Company, it would have failed to give a true and fair view to charge that diminution to the Company's profit and loss account for the year ended 31 December 2002 and the amount was re-allocated to the identifiable net assets transferred, so as to recognise in the Company's individual balance sheet the effective cost to the Company of those net assets, including publishing rights. The Group accounts were not affected by this transfer.

Notes to the Parent Company Financial Statements continued

33 Accounting Policies (continued)

In 2006 the Company transferred the trade and net assets of this entity to a different subsidiary undertaking at their book value excluding any amount for the carrying value of publishing rights. As the business no longer exists in the Company, Schedule 4 to the Companies Act 1985 required that these publishing rights be written down accordingly and that the amount be charged as a loss in the Company's profit and loss account. As there was no overall loss to the Company, the directors considered that it would fail to give a true and fair view to charge the amount to the Company's profit and loss account and instead reallocated this amount to the Company's investment in its subsidiaries. The effect of this departure was to increase the Company's fixed asset investments by £4,421,000 and to decrease publishing rights by a corresponding amount.

Tangible 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

Fixed asset investments

In the Company's financial statements, investments in subsidiary undertakings and participating interests are stated at cost less any provisions for impairment.

Financial liabilities and equity instruments

Financial assets and financial transactions are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities, and includes no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, or, where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and incremental costs directly attributable to the issue, are accounted for on an accruals basis as part of finance expenses in the income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period that they arise.

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

34 Staff costs

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

	2007	2006
Editorial and production staff	**13**	8
Sales and marketing staff	**17**	7
Managerial and administration staff	**16**	19
	46	34

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

	2007 £'000	2006 £'000
Wages and salaries	**1,819**	1,537
Social security costs	**191**	166
Pension and other costs	**160**	121
Share based payment charges	**–**	22
	2,170	1,846

Detailed disclosures on directors' emoluments are given in note 6.

35 Intangible assets

	Publishing rights £'000
Cost and Net book value	
At 1 January 2007 and 31 December 2007	7,772

36 Tangible fixed assets

	Freehold land and buildings £'000	Leasehold improvements £'000	Equipment and motor vehicles £'000	**Total £'000**
Cost				
At 1 January 2007	200	65	227	**492**
Additions	15	10	96	**121**
Reclassifications	4	(4)	–	**–**
Disposals	(219)	(9)	(48)	**(276)**
At 31 December 2007	**–**	**62**	**275**	**337**
Depreciation				
At 1 January 2007	12	11	131	**154**
Charge for the year	–	5	56	**61**
Disposals	(12)	(8)	(48)	**(68)**
At 31 December 2007	**–**	**8**	**139**	**147**
Net book value				
At 1 January 2007	188	54	96	338
At 31 December 2007	**–**	**54**	**136**	**190**

37 Fixed asset investments

	Subsidiary undertakings £'000	Loan to subsidiary undertaking £'000	**Total £'000**
Cost			
At 1 January 2007	53,653	1,616	**55,269**
Additions in respect of share based payments	30	–	**30**
At 31 December 2007	**53,683**	**1,616**	**55,299**

Detailed disclosures on subsidiary undertakings are given in note 18.

Detailed share based payments disclosures are given in note 30.

38 Stocks

	2007 £'000	2006 £'000
Work-in-progress	**–**	34
Finished goods	**938**	472
	938	506

Notes to the Parent Company Financial Statements continued

39 Debtors

	2007 £'000	2006 £'000
Trade debtors	**209**	380
Amounts owed by group undertakings	**14,732**	10,357
Other debtors	**15**	474
Prepayments and accrued income	**448**	388
	15,404	11,599

Other debtors for 2006 included £400,000 held in escrow relating to the acquisition of Letts Educational Limited and Leckie & Leckie Limited, which was received during 2007.

Total debtors include an amount owed by a group undertaking of £7,737,000 (2006: £8,585,000) due after more than one year.

40 Creditors: Amounts falling due within one year

	2007 £'000	2006 £'000
Term loan facility payable in 2007 (see note 41)	**2,888**	2,240
Bank overdrafts	**507**	–
Trade creditors	**506**	208
Amounts owed to group undertakings	**9,839**	6,262
Other creditors including tax and social security	**479**	108
Deferred tax liability	**77**	51
Accruals and deferred income	**546**	417
	14,842	9,286

The elements of deferred tax are as follows:

	2007 £'000	2006 £'000
Accelerated capital allowances	**403**	343
Deferred tax on share based payment	**–**	(11)
Undiscounted net deferred tax asset	**403**	332
Effect of discounting	**(326)**	(281)
Discounted net deferred tax asset	**77**	51

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

	£'000
At 1 January 2007	(51)
Charge to the profit and loss account	(32)
Change in tax rate to 28%	6
At 31 December 2007	**(77)**

41 Creditors: Amounts falling due after more than one year

	2007 £'000	2006 £'000
Term loan facility	**13,277**	15,355
Amounts owed to group undertakings	**376**	376
	13,653	15,731

Borrowings are repayable as follows:

	2007 £'000	2006 £'000
On demand or within one year	**2,888**	2,240
Between one and two years	**2,888**	2,745
Between two and five years	**9,769**	8,740
After five years	**620**	3,870
	16,165	17,595
Less: Amounts due for settlement within 12 months (shown within trade and other payables – see note 40)	**(2,888)**	(2,240)
Amount due for settlement after 12 months	**13,277**	15,355

42 Provision for liabilities

	£'000
At 1 January 2007	–
Charge to the profit and loss account	681
Utilised	(137)
At 31 December 2007	**544**

Provision for liabilities relates to non-trading items as described in note 4. Amounts charged in 2007 represent redundancy and people related costs as part of a Group initiative to reduce costs, and abortive deal costs relating to the aborted transaction with a private equity firm.

43 Share capital

	2007 £'000	2006 £'000
Authorised: 200,000,000 Ordinary shares of 10p each (2006: 200,000,000)	**20,000**	20,000
Allotted, called-up and fully paid: 151,998,453 Ordinary shares of 10p each (2006: 151,998,453)	**15,200**	15,200

The Company has one class of ordinary shares which carry no right to fixed income.

44 Share premium and reserves

Company	Share premium £'000	Merger reserve £'000	Profit and loss account £'000
At 1 January 2007	30,816	409	6,266
Profit for the year	–	–	(412)
Dividends paid	–	–	(1,839)
Share based payment charge	–	–	124
At 31 December 2007	**30,816**	**409**	**4,139**

Schedule A

Reconciliation between operating profit and non-statutory performance measure

The following tables reconcile operating profit as stated above to EBITDA, a non-statutory measure which the Directors believe is the most appropriate measure in assessing the performance of the Group.

EBITDA is defined by the Directors as being earnings before interest, tax, depreciation, amortisation of assets acquired through business combinations, and non-trading items.

Year ended 31 December 2007	**Operating profit £'000**	Depreciation* £'000	Amortisation of intangible assets £'000	Non-trading items £'000	**EBITDA £'000**
Political	**264**	235	1,213	79	**1,791**
Learning	**(251)**	137	708	204	**798**
Education	**1,910**	84	1,003	(64)	**2,933**
Healthcare	**1,354**	119	380	(101)	**1,752**
Head Office	**(2,306)**	20	–	813	**(1,473)**
	971	**595**	**3,304**	**931**	**5,801**

Year ended 31 December 2006	**Operating profit £'000**	Depreciation* £'000	Amortisation of intangible assets £'000	Non-trading items £'000	**EBITDA £'000**
Political	**1,187**	224	915	102	**2,428**
Learning	**984**	152	646	106	**1,888**
Education	**1,711**	30	227	191	**2,159**
Healthcare	**1,704**	77	344	241	**2,366**
Head Office	**(1,695)**	28	–	–	**(1,667)**
	3,891	**511**	**2,132**	**640**	**7,174**

*including amortisation of software shown within intangibles.

Shareholder Information

Shareholder Analysis

As at 3 March 2008, the number of registered shareholders was 1,368 and the number of Ordinary shares in issue was 151,998,453.

Holding Range	Number of Holders	Percentage of Total Holders	Number of Shares	Percentage of Total Shares
1 to 1,500	389	28.44	275,692	0.18
1,501 to 5,000	396	28.95	1,212,377	0.80
5,001 to 10,000	214	15.64	1,636,818	1.08
10,001 to 50,000	244	17.84	5,184,800	3.41
50,001 to 100,000	30	2.19	2,250,344	1.48
100,001 to 250,000	34	2.49	5,786,659	3.81
250,001 to 500,000	17	1.24	6,200,427	4.08
500,001 to 1,000,000	11	0.80	7,709,888	5.07
1,000,001 to 2,500,000	16	1.17	29,174,511	19.19
2,500,001 to 5,000,000	10	0.73	35,527,100	23.37
5,000,001 and over	7	0.51	57,039,837	37.53
Total	1,368	100.00	151,998,453	100.00
Held By:				
Individuals	780	57.02	13,511,090	8.89
Institutions and Companies	588	42.98	138,487,363	91.11
Total	1,368	100.00	151,998,453	100.00

Company Registrar

Equiniti (previously named Lloyds TSB Registrars) provide a range of shareholder information on-line. You can check your holding and find practical help on transferring shares and updating your personal details at www.shareview.co.uk. Equiniti may also be contacted on 0871 384 2639 (calls to this number are charged at 8p per minute from a BT landline. Other telephony providers' costs may vary), or by writing to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

Share Dealing Service

An internet and telephone share dealing service is operated by the Company's registrar, Equiniti, enabling shareholders to buy and sell Huveaux PLC Ordinary shares on the London Stock Exchange. Shareholders who are interested in using these services should visit www.shareview.co.uk or telephone +44 (0) 870 850 0852.

Unsolicited Mail

The Company is required by law to make its share register available upon request to the public and organisations which may use it as a mailing list resulting in shareholders receiving unsolicited mail. Shareholders wishing to limit the receipt of such mail should write to the Mailing Preference Service, DMA House, 70 Margaret Street, London W1W 8SS.

ShareGift

Shareholders, who hold only a small number of shares, where dealing costs make it uneconomic to sell them, may wish to consider donating them to charity though ShareGift, a registered charity administered by The Orr Mackintosh Foundation. The relevant share transfer form can be obtained from their website www.sharegift.org or by writing to ShareGift, 5 Lower Grosvenor Place, London SW1W 0EJ, or by telephoning +44 (0) 20 7828 1151.

Dividend Payments to Mandated Accounts

Where shareholders have given instruction for future dividends to be paid directly to a bank or building society account, this is done via the Bankers Automated Clearing System (BACS). This facility provides an immediate access to funds, without the inconvenience of waiting for postal delivery or having personally to visit a bank.

You can arrange this facility by visiting www.shareview.co.uk, or by using the form that will be sent to you with your dividend cheque on 29 August 2008. Alternatively, you can contact the Company's registrar, Equiniti by telephone + 44 (0) 870 600 3970, or by writing to them at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. Please quote your Shareholder Reference Number as detailed on your dividend tax voucher or share certificate.

Annual General Meeting

The Annual General Meeting of the Company will be held at 11.00 am on Tuesday, 3 June 2008 at the offices of Brewin Dolphin, 12 Smithfield Street, London EC2A 9BD. A separate circular, comprising a Letter from the Non-Executive Chairman, Notice of Meeting, Explanation of Special Business and a reply-paid Form of Proxy, accompanies this document.

Corporate Directory

Political Division

Dods Parliamentary Communications Limited
Westminster Tower
3 Albert Embankment
London SE1 7SP

Tel: +44 (0) 20 7091 7500
Fax: +44 (0) 20 7091 7505
www.dodonline.co.uk
www.epolitix.co.uk
www.epolitixlocal.co.uk
www.dodsmonitoring.co.uk

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Fax: +33 1 55 62 69 56
www.eurosource.eu.com
www.huveaux.fr
www.trombinoscope.com

Huveaux Brussels
The International Press Centre
1 Boulevard Charlemagne
1041 Bruxelles
Belgium

Tel: +32 2 285 0891
Fax: +32 2 285 0823
www.eupolitix.com
www.theparliament.com

Learning Division

Fenman Limited
St. Thomas Place
Cambridge Business Park
Ely, Cambridgeshire CB7 4EX

Tel: +44 (0) 1355 665533
Fax: +44 (0) 1355 663644
www.fenman.co.uk
www.edentree.co.uk

Epic Performance Improvement Limited
52 Old Steine
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East Sussex BN1 1NH

Tel: +44 (0) 1273 728686
Fax: +44 (0) 1273 821567
www.epic.co.uk

Healthcare Division

Huveaux France
114 Charles de Gaulle
92200 Neuilly sur Seine
France

Tel: +33 1 55 62 68 00
Fax: +33 1 55 62 69 56
www.egora.fr
www.huveaux.fr

Education Division

Lonsdale
Westmorland House
Elmsfield Park
Holme, Carnworth
Lancs LA6 1RJ

Tel: 01539 565928
Fax: 01539 564167
www.lonsdale-educational.co.uk

Letts Educational Limited
4 Grosvenor Place
London SW1X 7DL

Tel: +44 (0) 20 7096 2900
Fax: +44 (0) 20 7096 2945
www.lettsed.co.uk

Leckie & Leckie Limited
Third Floor
4 Queen Street
Edinburgh EH2 1JE

Tel: +44 (0) 131 220 6831
Fax: +44 (0) 131 225 9987
www.leckieandleckie.co.uk

Secretary, Advisors and Financial Calendar 2008

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Sue De Cesare

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Tel: +44 (0) 871 384 2639

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www.equiniti.co.uk

Auditors
KPMG Audit Plc
8 Salisbury Square
London
EC4Y 8BB

Tel: +44 (0) 20 7311 1000
www.kpmg.co.uk

Corporate Financial Advisors

NOMAD and Broker
Brewin Dolphin Securities Limited
7 Drumsheugh Gardens
Edinburgh EH3 7QH

Tel: +44 (0) 131 225 2566
www.blw.co.uk

Bankers
Bank of Scotland

Legal Advisors
Eversheds LLP

Financial Calendar 2008

3 March
2007 Preliminary Results announcement

3 June
Annual General Meeting

4 June
Ex-dividend date for final dividend 2007

6 June
Record date for final dividend 2007

July (provisional)
2008 Interim Results announcement

29 August
Final dividend payment date 2007

31 December
Financial year-end 2008

Huveaux's Key Products and Services

We have built and acquired a quality portfolio of market-leading brands, products and services across each of our selected growth markets. We serve the private and public sectors through a combination of delivery media, including print (magazines, directories, newsletters and books), digital (websites, monitoring, e-learning and databases), seminars, conferences, events and awards.

Political Division

Magazines, directories, newsletters and books

Dod's Constituency Guide
Dod's Civil Service Companion
Dod's Eurosource

Dod's Handbook of House of Commons Procedure

Dod's Handbook of House of Lords Procedure

Dod's National Assembly for Wales Companion

Dod's Parliamentary Companion
Dod's Scottish Parliament Companion
Parliamentary Monitor Blue Skies
Public Affairs News
The Parliamentary Monitor
The Parliament Magazine
The House Magazine
Select Committees Guide
The Regional Monitor
The Regional Review
The Research Review
Vacher's Parliamentary Profiles
Vacher's Quarterly
Westminster Briefing
Westminster Explained
Whitehall & Westminster World
Who's Who in Public Affairs

Digital

www.civilservicenetwork.com
www.dodonline.com
www.electus-start.com
www.epolitix.com
www.selectcommittees.co.uk
www.theparliament.com
ePolitix Bulletin Sponsorship
EU Premier Monitoring
European Project Forum
MP Alerts
Political Wizard
theParliament.com bulletins sponsorship
The Bullet
UK Premier Monitoring
UK Wizard
Westminster Explained
Westminster Briefing

Seminars, conferences and events

Dods Summer of Thought
ePolitix Symposia
Events consultancy
Training Journal – Westminster Briefing
Westminster Briefing

Westminster Explained Certificated Programmes (including – Professional Certificate in Public Sector Delivery, Certificate in Core Skills for Eos, Certificate in Managerial Skills, Certificate in Campaigning)

Whitehall & Westminster World Conference Series

Whitehall & Westminster World round-table discussion forums

Awards

Dods & Scottish Widows Woman of the Year Awards

ePolitix Charity Champion Awards
European Regional Champions Awards
House Magazine Parliamentary Awards

House Magazine Parliamentary Research of the Year Awards

MEP Awards
Public Affairs News Awards
Regional Monitor Excellence Awards

Whitehall & Westminster World Civil Service Awards

Other

Recruitment:
Electus Advertised Selection
Electus Company Mapping
Electus Executive Search & Selection
Electus Interim
Electus Network Search

Polling:
Dod's Polling

Learning Division

Magazines, directories, newsletters and books

Epic Thinking e-newsletter
Training Activity Packs, Toolkits and Manuals
TJ: Training Journal

Digital

http://blog.epic.co.uk
www.traineractive.com
TJ Online (www.trainingjournal.com)
TJ's Daily Discussion Digest

e-Learning Services:
Blended learning consultancy
Capability building workshops
Content authoring and development tools
Management system development
Service desk and hosting services
Testing
Website development

Other

Training Films and Games
Rapid Create
Age Awareness
Absence Management
You Lead
Arena

Seminars, conferences and events

Training Journal seminars
Training Journal Annual Conference
Think Tank discussion forums

Awards

TJ's Annual Industry Best Practice Awards

Healthcare Division

Magazines, directories, newsletters and books

Panorama du Médecin
La Revue du Praticien Monographie
La Revue du Praticien Médecine Générale
La Revue du Praticien Gynécologie-Obstétrique
Le Concours Médical
La Revue Française du Dommage Corporel
Réseaux Cancer
Réseaux Diabète
Réseaux Hépatites
Réseaux Respiratoires
Trombinoscope
Trombinoscope de la Santé
Trombinoscope Union Européenne
Lettre du Trombinoscope

Digital

www.egora.fr
www.trombinoscope.com

Events

Journées Nationales de Médecine Générale
Gynécologia

Awards

Prix de Recherche en Médecine Générale
Prix Trombinoscope de l'homme politique de l'année

Education Division

Magazines, directories, newsletters and books

Primary Schools
Letts and Lonsdale Complete Study and Revision Guides
Letts and Lonsdale Magical Maths and English
Letts and Lonsdale Premier Maths and English
Letts and Lonsdale Alien Club
Letts and Lonsdale Make It Easy
Letts and Lonsdale National Tests Practice Papers
Letts and Lonsdale Success Guides
Letts and Lonsdale Revision Guides and Workbooks
11+ Practice Papers
The World of… Series

Secondary Schools
Leckie & Leckie Course Notes
Leckie & Leckie PC Passport
Leckie & Leckie Revision Notes
Leckie & Leckie Success Guides
Scottish Qualification Authority Past Papers
Letts and Lonsdale Complete Study and Revision Guides
Letts and Lonsdale National Tests Practice Papers
Letts and Lonsdale Success Guides
Letts and Lonsdale GCSE Practice Papers
Letts and Lonsdale Revise on the Move Podcasts
Letts and Lonsdale Revision Plus Revision Guides and Workbooks
Letts and Lonsdale Essentials Revision Guides and Workbooks
Letts and Lonsdale Essentials Online
The World of… Series

The Quality and Depth of Our Portfolio

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Huveaux is a public limited company registered in England No. 04267888. Its Ordinary shares are listed on the Alternative Investment Market (AIM) (ticker HVX.L).

Huveaux PLC is the parent company of the Huveaux Group of companies. Unless otherwise stated, the text in this Annual Report does not distinguish between the activities and operations of the parent company and those of its subsidiary undertakings.

This is the Annual Report of Huveaux PLC for the 12 month period ended 31 December 2007 and complies with UK legislation and regulations. It is also available on the Company's website: www.huveauxplc.com

Cautionary Statement
The purpose of this Annual Report is to provide information to the members of the Company. The Annual Report contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve risk and uncertainty, since future events and circumstances can cause results and developments to differ from those anticipated. Nothing in this Annual Report should be construed as a profit forecast.

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protecting our climate

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