Quality Information | Intelligent Solutions

Huveaux

Annual Report & Accounts 2008

Quality Information | Intelligent Solutions

Huveaux operates in two markets, Political Intelligence and Schools Education. We provide quality information and intelligent solutions to both the public and private sectors. Our purpose is to drive personal and professional improvement through all media, enabling our customers to know more and perform better.

In the eight years since our formation we have established ourselves as the leading provider of:

> Political information, and public affairs communications in the UK and European Union
> Learning and training to the UK public sector
> Study aids and revision guides for schools in the UK;

The Group currently employs 250 people and operates at the forefront of its selected markets in the UK, France and Belgium.

Photographs

Left: Sir Gus O'Donnell and Peter Jones at Civil Service Live 2008.

Right: Revision guides.

Financial and Operational Highlights 2008

Summary Results

	2008 £'000	2007 £'000
Revenue	**36,323**	46,069
Revenue from retained business *	**27,942**	28,069
EBITDA**	**4,845**	5,925
EBITDA from retained business	**4,288**	4,381
(Loss)/Profit for the year	**(3,984)**	362
Normalised profit before tax***	**3,134**	3,066
Earnings per share on continuing operations (basic)	**0.92p**	0.06p
Dividend per share	**–**	0.75p

- Revenue at **£36.3 million** (2007: £46.1 million)
- Revenue from retained business at **£27.9 million** (2007: £28.1 million)*
- EBITDA at **£4.8 million** (2007: £5.9 million) **
- EBITDA from retained business at **£4.3 million** (2007: £4.4 million)
- Operating profit at **£1.3 million** (2007: £0.03 million)
- Normalised profit before tax for the year of **£3.1 million** (2007: £3.1 million)***
- No dividend recommended (2007: 0.75 pence)
- **Strong organic growth** in the Political Division
- **Successful disposal** of non-core operations in first half of year
- **Successful launch** of *Civil Service Live* and other significant Events
- **Exciting growth** in Political Knowledge and EU Political businesses
- Results depressed by **abolition of Key Stage 3 SAT's** in Education
- **Improved balance sheet,** robust ahead of difficult economic conditions

Retained Revenue (£,000)

Year	Value
2004	14,013
2005	18,695
2006	23,210
2007	28,069
2008	**27,942**

Retained EBITDA* (£,000)

Year	Value
2004	2,524
2005	3,097
2006	4,524
2007	4,381
2008	**4,288**

Net Debt (£,000)

Year	Value
2004	(3,120)
2005	7,645
2006	18,688
2007	18,671
2008	**9,044**

* Retained business is excluding the sold French Healthcare and Epic businesses. The results of Epic are included in continuing business for statutory purposes.

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

*** Normalised profit is stated before amortisation of intangible assets acquired through business combinations, share based payment charge, discontinued operations and non-trading items and related tax. The Group believes that these measures provide additional guidance to the statutory measures of performance of the business. These measures are not defined under adopted IFRS and therefore may not be directly comparable with other companies' adjusted profit measures.

Non-trading items are items which, in management's judgement, need to be disclosed by virtue of 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.

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Chairman's Statement

"We took hard decisions in 2008. We disposed of two non-performing divisions, cut our debt in half, reduced costs throughout the business and focused our efforts on Politics and Education. This has significantly reduced the operational and financial risk profile of the Group, produced a good result in 2008 and put the group in a much better position to face the difficult economic climate of 2009.

In the past year, our Political division has shown substantial organic growth, driven by Events and Digital. Sales in our Education division suffered from the abolition of Key Stage 3 SATs and the recession's effect on High Street footfall and this will continue into 2009. We have cut costs across the division to mitigate against the projected shortfall in sales.

Our Political division is now well established as the leading information provider in its market and we believe it will continue to show good organic growth as we move towards an election year in 2010."

2008 Overview

Our first priority in 2008 was to ensure that the Group structure was best aligned to the changing economic conditions. Following a detailed strategic review, the Board decided to divest of two major business units. Both the French Healthcare business and Epic were sold in June 2008 to their respective management teams for a combined consideration of £11.3m. While these sales gave rise to a book loss on disposal, the cash generated allowed us to repay our € loan in full and helped to provide financial stability to the Group.

Following these disposals, the Group now is concentrated on its two core Divisions – Politics and Education.

For the whole Group, revenue declined from £46.1 million to £36.3 million, but this includes the divested companies. On a retained basis, the Group delivered a performance broadly in line with 2007. Group revenue was £27.9 million (2007: £28.1 million), while earnings before interest, tax, amortization and non-trading items (EBITDA) was flat at £4.3 million, and in line with expectations.

One-off items amounted to a total of £5.3 million, including the net loss on the disposal of the two businesses (£5.1 million) and the impact of the Group's continued initiatives to reduce costs (£0.2 million).

The Board is not recommending a dividend at this time. In the current climate, the Board believes that prudent management of the Group's cash resources is of paramount importance.

Strategy

In last year's Chairman's statement my predecessor set out the strategic priorities as being the migration of 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.

Within the Politics Division, 2008 has seen this strategy working well. The successful launch of *Civil Service Live* in April, and the expanding number of significant events organised across the portfolio, has been a significant driver of profit in 2008 and is set to increase further in 2009. In our European business we have seen a large increase in the use of our digital monitoring products and our Political Knowledge business has increased the number of larger conferences and long-term contracts.

After showing significant growth in 2007, the Education Division was hit hard by two factors in 2008. The large-scale curriculum change created the expected hiatus in sales as schools absorbed the effects of these changes, while the sudden announcement of the abolition of SATs at Key Stage 3 in October substantially affected the trading across this year-group. Despite these factors, the strategic goal remains to provide schools and students with market leading products across the curriculum.

The Board, Management and People

Another significant change in 2008 was the resignation from the Board of the Group's Non-Executive Chairman, John de Blocq van Kuffeler. As the Group's founder, John was instrumental in creating the Group and in all of the subsequent acquisitions and developments. I would like to thank John on behalf of the Board for his hard work and commitment to the Group and to wish him well in his future career. I am honoured to be succeeding him as your Chairman.

There have been two other changes at Board level in the year. As announced in the Chairman's statement last year, Rupert Levy duly joined as our Finance Director in April and he has also taken over as our Company Secretary. John Clarke, who had been a Director of the Group since 2001, also resigned as a Non-Executive Director in November. I would like to thank him on behalf of the Board for his service to the Group.

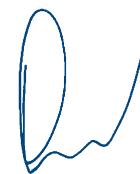
The changes at Board level have helped to reduce significantly the cost base of the Group.

Huveaux, like all UK companies, has had to work in increasingly difficult external markets. I would like to thank our management and staff for their considerable efforts during this difficult year. The strength of the products and the dedication of our staff leave Huveaux in a strong position to compete well in the year ahead.

Outlook

The Board is mindful that the external economic environment in 2009 remains uncertain and is likely to be difficult. The media industry has been particularly badly hit by the downturn in marketing budgets and no sector is totally immune from these factors. The Education Division will continue to show the effects of the abolition of SATs at the Key Stage 3 level, while the growth within the Politics Division will continue, but may be dampened by the overall market environment. Nevertheless, Huveaux benefits from being focused on two divisions, which each enjoy the benefits of market-leading products and a degree of insulation against the recession.

As a result, your Board is confident that the Group can deliver a satisfactory performance in 2009 given the global economic downturn.



Kevin Hand
Non-Executive Chairman

2 March 2009

Chief Executive's Business and Financial Review

Introduction

Throughout the Group this was a year of significant developments. In the first half of the year we disposed of the non-core and lower margin businesses of Epic and the French Healthcare business. These transactions were successfully completed in June and greatly reduced the debt of the Group resulting in a smaller but more focused business, better set to face the difficult economic circumstances of our time. Our Politics Division coped well with these tough conditions and has shown excellent growth in both revenue and profit.

In addition 2008 was a time of great change in the secondary school curriculum and our Education business had much to cope with. We were not helped when the government, in a policy u-turn and without consultation, ended KS3 SATs overnight. This had been a material part of our portfolio and all our KS3 sales were immediately and adversely affected.

As we enter 2009, the economic climate remains difficult and we are cautious about immediate prospects. However, we have a portfolio of market leading products in both Politics and Education and are well placed to drive organic growth and improve our long term market position.

Business Overview

Following our disposals, the retained businesses of Politics and Education have shown positive signs, especially Politics which has shown significant growth in the year. Education has suffered from external factors, more to do with government policy than the economy, but our brands are strong and we are well set to exploit future opportunities as they arise.

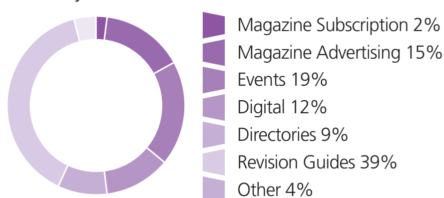
The Group started a cost-reduction exercise in 2007 and this has been continued throughout 2008. At the same time, targeted investment has continued in new products which have met the demands of our customers. Our cost base is now significantly lower, especially within Head Office, and this matches the commercial necessities of our time.

Following the disposals, the Group is now reported in its two core divisions – Education and Politics. The businesses of Westminster Explained, Westminster Briefings and Fenman which were included in Learning in prior years are now within Political, as is Trombinoscope, previously shown within Healthcare.

While there were no major elections in our political markets in the year, the continued rise of the Conservative Party in the UK has increased the need for political lobbying activity and has resulted in a significant increase in revenues around the Party Conference season. We have developed an increasing portfolio of face-to-face events which have provided real returns on our customers' marketing budgets. This culminated in the launch of the highly successful *Civil Service Live* in April. These events, together with the development of our awards events, provide the engine for the growth of this Division.

Revenue by Type

For the year 31 December 2008.



Revenue by Source

For the year ended 31 December 2008.

6,000

The number of top Civil Servants who attended the *Civil Service Live* exhibition in 2008.

We have also made significant investment in technology and, in particular, technology to improve our political monitoring. As a result, 2008 has seen strong growth from our digital monitoring business especially in the EU which has seen a doubling of users in the year.

After strong growth in 2007, Education saw reduced sales in the year. The curriculum change across the secondary sector in KS3 and A-level was significant. As predicted, we saw a reduction in the sales of revision guides as schools assessed their needs for text books for both the old and the new curricula – mirroring the effects which were seen in 2006 following curriculum changes in GCSE Science. While this was predicted, the abolition of the SATs for Key Stage 3 was a shock to the whole industry and had a significant adverse effect on trading. These two events have, for the moment, overshadowed the ongoing development of the Letts & Lonsdale and Leckie & Leckie brands across the UK's schools market.

2009 Priorities

Huveaux is now a fundamentally different company than it was going in to 2008. While it was established with a "buy and build" strategy, its development is now focused on growing its two core divisions through organic growth. 2009 will be a year for media companies to protect their assets and to ensure that their existing strengths are maintained. We will continue to focus on new events and products which can exploit opportunities – and, in due course, can use our strong brands to drive further additions to the portfolio. 2009 will not be a year where Huveaux (nor many media companies) shows significant overall growth, but we are confident that the continued focus on margin management will provide a solid result for the year.

Political Division

£'000	2008	2007
Revenue	**17,229**	16,009
EBITDA*	**3,064**	2,823

*A reconciliation between EBITDA and operating profit is provided in Schedule A on page 22.

2008 was notable for the increased importance of the Conservative Party. This peaked in the summer, before the impending recession brought a bounce to the Prime Minister's popularity. This uncertainty provided some increased activity within the public affairs market.

For Huveaux it was a year of significant growth in our Political Division. While some of the magazine titles were adversely hit by the downturn in advertising, our portfolio of events, exhibitions and digital products grew strongly and this was also reflected in our European operations.

Highlights

- The Division grew revenue by 8% and EBITDA by 9%.
- Revenues in our European political publishing business increased by 17% (following growth of 18 per cent in 2007) despite a reduction in "Project" spending.
- We remain the clear leader in EU political monitoring and this business more than doubled in size for the second year in succession.
- We now run over 200 political events across the Group.
- We ran the first *Civil Service Live*, showcasing best practice and innovation in public sector delivery by the Civil Service. The exhibition attracted an audience of 6,000 top civil servants and speakers including the Prime Minister, Gordon Brown.
- The Political Knowledge training and events business grew revenue by 23% and contribution by 50%.

Below:
ePolitix.com was relaunched in 2008;
Gordon Brown at the Whitehall & Westminster World Civil Service Awards;
The House Magazine is read by 68% of MP's regularly.

Chief Executive's Business and Financial Review continued

Within the Parliament Division, serving the Houses of Parliament, there was continued weakness in traditional display advertising. While *The House Magazine* did show a small drop in revenue in 2008, the fall in display advertising was mostly offset by increases in events revenue. Most positively, we have now established ourselves as a leading provider of Fringe Events at the Party Conference season with 29 events held in 2008 (14 in 2007). In addition, we worked with the House of Commons to provide the *Your Parliament* exhibition which was held in Westminster Hall in the Palace of Westminster over the summer. This exhibition celebrated the 175th year of Parliament and was open to all visitors to the Palace of Westminster, and had a significant schools attendance.

Our Government business, which operates under the brand of *Whitehall and Westminster World,* has gone from strength to strength. Revenue grew by 11% (29% in 2007) and contribution more than doubled. All of its products grew well – and it has established itself as being an integral part of the media and communications plans of government departments and their stakeholders.

As announced in 2007, we launched *Civil Service Live* in April 2008. This event attracted 6,000 senior civil servants over three days at the Queen Elizabeth II Conference Centre in Westminster and delivered a large number of seminars and conferences aimed at promoting innovation and best practice within the Civil Service. This event was a great success with all of its stakeholders and is now an annual event. The second edition will be held at Olympia (to allow for growth) in July 2009 and a smaller regional event will be held in Gateshead in March 2009.

The successful launch of this exhibition will be followed by other digital and face-to-face innovations which will leverage our growing brand within this market. Across the UK political portfolio, we held more than 90 events in 2008, nearly twice as many as in 2007.

In the UK our information business showed a steady year, with margin improvements arising from a focus on costs within this area without threatening our need to invest in better technology to drive long term growth.

In our European business, there were modest increases in revenue within the magazines, with the small increase in revenue from the *Regional Review* coming at a time when the core regional Project income had dried up following the cyclical downturn in these projects. The alternative regional income that the magazine generated will continue and should be supplemented by the return of the Project income in 2009.

In European information, we continued to show strong growth with a doubling of revenue from our EU Monitoring services.

We have mirrored the development of face-to-face events in Brussels, and these, together with the digital information products, should deliver further growth to the business.

Our Political Knowledge business finished 2007 on a high and this continued strongly throughout 2008. With revenues up by 23% and contribution up by 50%, the business is now firmly established as the market leader in this field.

In our classroom training business, *Westminster Explained,* the move towards a more customized model and the winning of longer term contracts continued to pay dividends, with such business more than doubling in 2008. We have succeeded in being appointed to the new OGC framework contract for government training in specialist areas.

Our *Westminster Briefing* business continued to prosper throughout the year again putting on a record number of briefings and conferences – conference revenue increased by 37% and delegate numbers were 9% higher.

29 The number of Fringe Events held at the three Party Conferences in 2008 (2007: 14)

The strength of this business allowed us to put on new, larger conference events. Our established conferences including *The Coming Year in Parliament* at which numerous MP's spoke, and *The Transformation, Innovation & Delivery Conference* were augmented by launches such as *The New Regulatory & Reform Agenda* at which the keynote speech was delivered by the Rt Hon John Hutton MP. The latter is now scheduled as an annual event for the Government regulator.

In France, we retained *Le Trombinoscope* following the disposal of the remainder of the French portfolio. Despite 2008 being a "non-election year" following on from the elections in 2007, revenue increased by 4%, in part due to the strength of the Euro.

Our UK Training Business, *Fenman,* was hit by the onset of the recession in the latter half of the year which saw the market for training DVD's and manuals slow. *Training Journal* was also hit by these factors – but remains the market leader in its field and has successfully developed face-to-face events to offset the fall in advertising revenues.

Education Division

£'000	2008	2007
Revenue	**10,713**	12,060
EBITDA*	**2,262**	2,934

*A reconciliation between EBITDA and operating profit is provided in Schedule A on page 22.

Following an excellent year in 2007, our Education Division endured a much tougher period in 2008. The wide scale curriculum change across the UK Secondary System had the expected effect of creating a hiatus in spending on revision guides , while the announcement from the Secretary of State for Children, Schools and Families on the 14th October 2008 that SATs for 14 year olds (Key Stage 3) were to be abolished with immediate effect was both without any forewarning and represented a complete u-turn from all previous announcements.

Along with all other education publishers, this announcement had a material effect on our business as it fundamentally affected one of our major year groups and thus published material.

The above factors led to the fall in revenue of 11% from 2007. This reduction correlates to the reduction in the revision guide market across the UK and does not represent a reduction in market share. The curriculum change provided opportunities for additional publishing and the Division enters 2009 in a strong position to maximise its opportunities.

Left:
Dodonline.co.uk will be relaunched in 2009;
Nick Robinson at The House Magazine Parliamentary Awards 2008;
Dods Parliamentary Companion;
Letts & Lonsdale GCSE Essentials range;
Leckie & Leckie Higher Biology.

Highlights

- Trade sales showed strong resilience to a falling market. Year on year showed flat sales – against a market showing decline in the latter half of the year as the recession started.
- *Leckie & Leckie* saw 5% growth in trade sales in the year, further strengthening *Leckie & Leckie* as the leading Scottish educational publisher.
- *Letts & Lonsdale* showed significant growth in the key GCSE English and Maths subjects.
- Overall sales of GCSE materials direct to Schools, although down year on year, were significantly ahead of the overall decline in the market. This decline was as expected following the curriculum change and the performance of *Letts & Lonsdale* is an indication of strength going into 2009.
- The development of our online sales capability continues. The average online order value in the last quarter of 2008 was 60% higher than the equivalent in the last quarter of 2007.
- Launch of *Revise on the Move* and *iRevise* in collaboration with RM.

Our Education Division revenue for the full year was in line with the overall decline in the market, while EBITDA was managed by close attention to the cost of sales – and continued work on the margin.

The Scottish market was not affected either by the curriculum change or the Key Stage 3 SATs decision. The Schools market was lower than in 2007 due to the effects of the extra funding given to schools by the Scottish Executive in 2007 and by a slowing down in the economy in the latter half of the year. Nevertheless, *Leckie & Leckie,* while showing a 12% reduction in revenue against 2007 purely reflected the market fall.

Chief Executive's Business and Financial Review continued

Some of the fall in schools funding was offset by an increase in trade revenue as parents compensated for a reduction in school purchases by purchasing books in the high street. This resulted in a 5% increase in trade sales in the year.

In 2008 we have combined our two UK brands *Lonsdale* and *Letts* into the *"Letts & Lonsdale"* brand. This consolidated branding ensures that there is commonality between the books being used in schools and the books seen on the shelves in the high street.

Letts & Lonsdale finished the year with sales of £8.2 million, 13% lower than 2007. Trade sales had performed strongly throughout the first three quarters of the year – up 7% on 2007. This increase over 2007 was reversed in the last quarter as the twin effects of the recession and the abolition of Key Stage 3 SATs hit sales. At the same time, School sales were hit further, with A level textbook spend being prioritised over revision spend, ending the year 17% lower than 2007.

The Key Stage 3 announcement resulted in an immediate hiatus in spending in this area – and a ripple effect that knocked on to general school spending as a whole. Schools were faced with uncertainty and have taken a significant amount of time to assess how they should spend budget across the curriculum. At a time of curriculum change, this has exacerbated the situation.

In order to offset some of the decline in sales, additional areas were targeted, with sales to non-traditional trade accounts (including supermarkets and other high street outlets) increasing by 9%. We were delighted to open new channels to market in the year, including Argos (where *Letts & Lonsdale* became the first educational publisher listed in their catalogue) and the Netto chain of supermarkets. In addition, our export sales increased 9% over 2007.

The Education Division continues to drive sales online. Our sales through third parties grew in the year (Amazon sales being 5% higher), while sales through our own website (www.letts-educational.com) increased by 11%. 2008 also saw the launch of *iRevise,* a digital revision product for GCSE Science, produced in collaboration with RM, the leading provider of ICT software, infrastructure and services to UK education. We also launched our first podcast product, *Revise on the Move.*

The Education Division has looked to address the issues that have arisen in 2008. GCSE spending will be enhanced by the effect of "The National Challenge", which gives additional funding for GCSE English and Maths provision and this should be added to by some schools moving to teaching Key Stage 3 in two years and thus giving an extra year for GCSE. Plans for the development of our digital offering within our collaboration with RM are well advanced and will grow significantly during 2009 and beyond.

Financial Review

Revenue and Operating Results

Operating performance was mixed across the portfolio. Overall revenue fell from £46.1 million to £36.3 million and EBITDA fell from £5.9 million to £4.8 million. This decline includes the disposed businesses – Epic within "continuing business" for statutory purposes and the French Healthcare business within "discontinued items".

On a retained basis, revenue was flat at £27.9 million, while EBITDA of £4.29 million was slightly behind 2007 (2007: £4.38 million).

Loss for the year was £4.0 million (2007 profit: £0.4 million). This includes the effect of the disposals. The sale of the French Healthcare business was for a cash consideration of €8.25 million, and gave rise to a loss on disposal of £7.5 million, while Epic was sold for a cash consideration of £4.75 million and gave rise to a profit on disposal of £0.3 million.

Non-trading Items

Non-trading items for the year totalled £0.2 million, relating to redundancy and related staff costs within a number of reorganisations and restructurings within the Group. These gave rise to significant cost savings, which will only be fully realised in 2009.

Taxation

The utilisation of tax losses in the year has led to a low tax payment in the year and a net tax credit of £0.9 million (2007: £1.1 million) in the year. Whilst the Group continues to seek to optimise its tax position going forward, it is expected that the effective tax rate will increase.

Earnings per Share (EPS)

Normalised EPS (before non-trading items, discontinued operations, share based payment credits and amortisation

2.1x Net debt to EBITDA at 31 December 2008 (2007: 3.2x)

of intangible assets acquired through business combinations) was 2.65 pence (2007: 2.77 pence). Basic EPS on continuing operations was 0.92 pence (2007: 0.06 pence).

Dividends

The Board is not proposing a final dividend for the year (2007: 0.75 pence per share).

Liquidity and Capital Resources

During the year, Huveaux repaid a significant part of its outstanding loans. Following the disposals in June, Huveaux repaid the outstanding €12.75 million loan in full. In addition, Huveaux repaid £2.1 million of its sterling debt and ended the year with gross bank debt of £9.1 million (2007: £20.7 million).

We have recently renegotiated our banking facilities with Bank of Scotland, increasing the working capital facility from £2.0 million to £2.5 million and rephasing the repayments of the outstanding loans so as to better reflect the seasonality of the Group's operating cashflows following the disposals. In addition, the covenants attached to the outstanding loans have been relaxed accordingly for 2009.

Interest payable during the year amounted to £1.1 million (2007: £1.7 million). This decrease reflects both the reduction of the gross debt and the reduction in the interest rate later in the year. The interest rate has been capped and therefore the Group did not suffer from the top end of the rise in interest rates, but will benefit further in 2009 from the reduction in rates. Interest receivable was £0.1 million (2007: £0.1 million).

During the year, underlying cash conversion was in line with expectations; however this was reduced by the dividend payment and the capital repayments. The Group generated £3.3 million (2007: £6.5 million) of cash from its operating activities. At the year-end, the Group had cash balances of £0.1 million (2007: £2.0 million) resulting in net debt of £9.0 million (2007: £18.7 million), representing a Net Debt to Retained EBITDA ratio of 2.1 times (2007: 3.2 times).

Derivatives and Other Instruments

In 2008, 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 2008, 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:

Interest Rate Risk

The £9.1 million term loans attract interest payable in sterling, calculated with reference to prevailing LIBOR. In order to limit our forward exposure to changes in LIBOR, the Group has entered into interest rate caps for the term of the loan.

Gerry Murray
Chief Executive Officer

2 March 2009

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

	2008	2007
Adjusted EPS (pence)	**2.65**	2.77
Adjusted profit before tax (£ million)	**3.1**	3.1
Revenue by source (%)*		
– Revision Guides	**38%**	26%
– Events	**19%**	9%
– Magazine Advertising	**15%**	28%
– Digital	**12%**	22%
– Directories	**9%**	5%
– Magazine Subscriptions	**2%**	7%
– Products & Other	**4%**	3%
Revenue per employee (£'000)*	**109**	89
Operating cash flow (£ million)	**3.3**	6.5
Gearing ratio (%)	**16%**	29%
Net debt to EBITDA* ratio (times)	**2.1**	3.2

* – for 2008, Revenue by source, revenue by employee and EBITDA relate to retained businesses only

Board of Directors

The Board comprises a carefully selected blend of individuals with experience from relevant sectors and businesses.

Executive Directors

Gerry Murray (55)
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.

Rupert Levy ACA (41)
Group Finance Director
Rupert joined Huveaux PLC as Group Finance Director in April 2008 and was appointed Company Secretary in December 2008. Prior to Huveaux, Rupert had been Finance Director of Haymarket Media Group's Exhibitions division since August 2004. His previous roles include Finance Director of Sport Entertainment & Media Group plc, Finance Director of WMRC plc, and Finance Director of Miller Freeman UK (now part of UBM). Rupert qualified with KPMG.

Non-Executive Directors

Kevin L Hand (57) 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 is also on the board of governors for De Montfort University. He was appointed to the Huveaux Board in 2004, Deputy Chairman in April 2006 and Chairman in November 2008.

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.

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 2008.

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, Belgium and France and has market-leading positions in its Political and Education 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 4 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 13.

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 do not recommend a final dividend for the year (2007: 0.75 pence per Ordinary Share).

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. Mr John P de Blocq van Kuffeler and Mr John L Clarke resigned as directors of the Company on the 5th November 2008.

Retirement and Rotation of Directors

Pursuant to the Company's Articles of Association, Kevin Hand will retire by rotation at the Company's Annual General Meeting ("AGM") and, being eligible, offer himself for re-election. The Board has considered the requirements of the Combined Code in respect of these matters and believes that these members continue to be effective and to demonstrate their commitment to their roles, the Board and the Group. The Board therefore has no hesitation in recommending the above director for re-election at the forthcoming AGM.

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 existed 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.

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 existed throughout the year and remains in place at the date of this report.

Substantial Shareholdings

As at 2 March 2009, the Company had been notified of the following interests in 3% or more of its issued share capital:

Estel Investments Limited	23.0%
Axa Framlington Investment Management	7.2%
Schroder Investment Management	7.2%
ISIS EP LLP	4.4%
Williams de Broë	3.9%
Rathbone Investment Management	3.7%
Rensburg Sheppards Investment Management	3.6%

Share Capital

At the AGM held on Thursday 3 June 2008, 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 year's AGM.

Directors' Report
continued

	Interest in Ordinary shares		Interest in Options over Ordinary Shares			
	At 01/01/08	At 31/12/08	At 01/01/08	Waived	Granted	At 31/12/08
Kevin Hand	208,851	208,851	–	–	–	
Gerry Murray	484,189	1,208,073	1,662,500	1,488,425	750,000	924,075
Rupert Levy	–	60,000	–	–	300,000	300,000
Richard Flaye	305,243	405,243	–	–	–	–

Notes:

1 There have been no changes in the directors' beneficial or non-beneficial interests between the year-end and 2 March 2009, 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. 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 29 to the accounts.

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

Price at 1 January 2008	Highest price	Lowest price	Price at 31 December 2008
19.5p	19.5p	6.5p	9.0p

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 29 to the accounts.

Political and Charitable Donations

No charitable or political donations were made in the year (2007: 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 25 days (2007: 38).

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 and subscriptions within our Political Division;
- The strength or weakness of the UK and European 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;
- The fact that all our businesses operate in highly competitive and constantly changing markets; and
- The effect that legislative changes, such as the abolition of Key Stage 3 SATs in 2008, have on our business.

Going Concern

The directors believe, having reviewed the Group's budget for the year to 31 December 2009 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 2008. For further details, refer to Note 1 in the Accounts.

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 at 11.00am on 9th June 2009 at the offices of Brewin Dolphin. 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

Rupert Levy
Company Secretary

2 March 2009

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 through to shareholders is assured.

The Board: Non-Executive Chairman, Kevin Hand

The Board presently comprises two executive directors and two non-executive directors. (During most of 2008, there were four non-executive directors). 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 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 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. The non-executive directors 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 2008. The aggregate attendance for all Board and Committee meetings was 95%. 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.

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

Audit Committee: Chairman, Richard Flaye

The Audit Committee comprises both of the non-executive directors and meets no less than twice 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 an adhoc 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, Richard Flaye

The Remuneration Committee comprises both non-executive directors 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, Kevin Hand

The Nomination Committee comprises both 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 Chief Executive and the Finance Director 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.

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 2008 Annual Report and Accounts.

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 2008, 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 law 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 2008 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 2008 and of its loss 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 2008;
- 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

2 March 2009

Consolidated Income Statement

for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Revenue	3	**30,759**	34,197
Cost of sales		**(17,866)**	(19,512)
Gross profit		**12,893**	14,685
Administrative expenses:			
Non-trading items	4	**(190)**	(1,032)
Profit on disposal of subsidiary undertaking	5,11	**300**	-
Amortisation of intangible assets acquired through business combinations	5, 16	**(2,757)**	(2,969)
Net administrative expenses		**(8,959)**	(10,659)
Total administrative expenses		**(11,606)**	(14,660)
Operating profit		**1,287**	25
Finance income	8	**276**	129
Financing costs	9	**(1,058)**	(1,213)
Profit/(loss) before tax	5	**505**	(1,059)
Income tax credit	10	**891**	1,146
Profit after tax from continuing operations		**1,396**	87
Results from discontinued operations	11	**(5,380)**	275
(Loss)/profit for the year attributable to equity holders of parent company		**(3,984)**	362
(Loss)/Earnings per share			
Basic	13	**(2.62) p**	0.24 p
Diluted	13	**(2.62) p**	0.24 p
Earnings per share on continuing operations			
Basic	13	**0.92 p**	0.06 p
Diluted	13	**0.92 p**	0.06 p

Consolidated Statement of Recognised Income and Expense

for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Actuarial gains on defined benefit scheme	1	**-**	28
Exchange differences recognised on disposal of discontinued operations	26	**565**	-
Exchange differences on translation of foreign operations	26	**21**	(723)
Net income/(expense) recognised directly in equity		**586**	(695)
(Loss)/profit for the year		**(3,984)**	362
Total recognised income and expense for the year attributable to equity holders of parent company		**(3,398)**	(333)

Consolidated Balance Sheet

at 31 December 2008

	Note	2008 £'000	2007 £'000
Goodwill	15	**22,847**	28,651
Intangible assets	16	**31,024**	42,325
Property, plant and equipment	17	**378**	887
Non-current assets		**54,249**	71,863
Inventories	19	**2,496**	3,181
Trade and other receivables	21	**4,967**	12,175
Derivative financial instruments	20	**45**	117
Cash	21	**96**	1,994
Income tax receivable		**-**	163
Current assets		**7,604**	17,630
Interest bearing loans and borrowings	23	**(2,130)**	(3,788)
Income tax payable		**(240)**	-
Provisions	22	**-**	(709)
Trade and other payables	22	**(6,207)**	(14,703)
Current liabilities		**(8,577)**	(19,200)
Net current liabilities		**(973)**	(1,570)
Total assets less current liabilities		**53,276**	70,293
Interest bearing loans and borrowings	23	**(7,010)**	(16,877)
Employee benefits	1	**-**	(141)
Deferred tax liability	24	**(4,937)**	(7,390)
Non-current liabilities		**(11,947)**	(24,408)
Net assets		**41,329**	45,885
Equity attributable to equity holders of parent			
Issued capital	25	**15,200**	15,200
Share premium	26	**30,816**	30,816
Other reserves	26	**409**	409
(Deficit) / retained earnings	26	**(5,117)**	25
Translation reserve	26	**21**	(565)
Total equity		**41,329**	45,885

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:

Gerry Murray
Chief Executive Officer

Rupert Levy
Finance Director

2 March 2009

Consolidated Cash Flow Statement

for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
(Loss)/Profit for the year		**(3,984)**	362
Depreciation of property, plant and equipment		**153**	300
Amortisation of intangible assets acquired through business combinations		**2,757**	2,969
Amortisation of other intangible assets		**1,069**	828
Results from discontinued operations		**5,380**	(275)
Profit on sale of subsidiary undertaking		**(300)**	-
Profit on disposal of assets held for sale		**-**	(64)
Share based payments charges		**(18)**	105
Net finance costs		**782**	1,083
Income tax credit		**(891)**	(1,146)
Cash flow relating to restructuring provisions		**(899)**	(719)
Operating cash flows before movements in working capital		**4,049**	3,443
Change in inventories		**714**	(76)
Change in receivables		**6,612**	1,363
Change in payables		**(8,059)**	1,819
Cash generated by operations		**3,316**	6,549
Income tax paid		**(22)**	(417)
Net cash from operating activities		**3,294**	6,132
Cash flows from investing activities			
Interest and similar income received		**276**	129
Proceeds from sale of property, plant and equipment		**439**	19
Proceeds from sale of assets held for sale		**-**	252
Net deferred consideration paid		**-**	(140)
Proceeds from sale of subsidiary undertaking		**4,600**	-
Cash divested with sale of subsidiary undertaking		**(69)**	-
Acquisition of property, plant and equipment		**(124)**	(256)
Acquisition of publishing rights	14	**-**	(183)
Acquisition of other intangible assets	16	**(1,468)**	(1,697)
Net cash provided by/(used in) investing activities		**3,654**	(1,876)
Cash flows from financing activities			
Interest and similar expenses paid		**(958)**	(1,460)
Repayment of borrowings		**(11,525)**	(3,186)
Dividends paid		**(1,140)**	(1,839)
Net cash used in financing activities		**(13,623)**	(6,485)
Net decrease in cash		**(6,675)**	(2,229)
Opening cash		**1,477**	3,685
Effect of exchange rate fluctuations on cash held		**(913)**	21
Closing cash from continuing operations		**(6,111)**	1,477

Consolidated Cash Flow Statement continued

for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Cash flows from discontinued operations			
Net cash increase/(decrease) from operating activities		**679**	(558)
Net cash from investing activities		**5,149**	417
Net cash used in financing activities		**(210)**	(18)
Net increase/(decrease) in cash		**5,618**	(159)
Opening cash		**517**	622
Effect of exchange rate fluctuations on cash held		**72**	54
Closing cash from discontinued operations		**6,207**	517
Closing cash	28	**96**	1,994

Notes to the Financial Statements

31 December 2008

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 as 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.

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.

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.

Going Concern

The Group had net current liabilities as at 31 December 2008 of £973,000. The Directors have considered the implications for Going Concern below.

The Board remains satisfied with the Group's funding and liquidity position. The main source of debt funding is the bank loan from Bank of Scotland, which is £9.1 million, together with a £2.5 million overdraft facility.

As highlighted in note 23 to the financial statements, the group meets its day to day working capital requirements through this overdraft facility. Management have recently renegotiated these facilities increasing the working capital overdraft facility from £2 million to £2.5 million, available from July 2009, and rephasing the repayments of the outstanding loans so as to better reflect the seasonality of the business following the disposals. In addition, covenants attached to the outstanding loans have been relaxed accordingly for 2009. Further details of available overdraft facilities are given in note 23.

The overdraft facility is due for renewal in October 2009. The group has held discussions with its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms. At 2 March 2009, the full overdraft facility remains undrawn.

The Board remains mindful regarding the uncertainties inherent in the current economic conditions. The Group's forecasts and projections, taking account of reasonable changes in trading performance given these uncertainties, show the Group operating within its current facility.

The Board has reviewed the new arrangements in the light of current trading expectations and believes that they provide significant headroom going forward. Forecasts reviewed by the Board, including forecasts adjusted for significantly worse economic conditions together with appropriate cost reduction measures already in place show continued compliance with these covenants, and sufficient available working capital facilities. The ratios of EBITDA to net debt, cash flow, and interest, as well as a net worth calculation are currently well within the covenant limits set by the bank.

On the basis of these forecasts, both base case and adjusted as described above, and given the level of available facilities, the Board has concluded that the going concern basis of preparation continues to be appropriate.

Further information on the Group's business activities, together with factors likely to affect its future development, performance and position are set out in Business and Financial review on page 4 to 9, and in the Directors' Report on page 11. In addition, note 20 sets out the Group's objectives, policies and processes for managing its capital, financial risks, financial instruments and hedging activities, and its exposures to credit and liquidity risk.

Notes to the Financial Statements continued

31 December 2008

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.

Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or that meets the criteria to be classified as held for sale. Discontinued operations are presented in the income statement (including the comparative period) analysing the post-tax profit or loss of the discontinued operation. The Healthcare business has been treated as a discontinued operation for both the current and comparative periods.

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.

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 license. 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.

Notes to the Financial Statements continued

31 December 2008

1 Statement of Accounting Policies (continued)

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. Cash received in advance and directly attributable costs relating to future events are deferred. Losses anticipated at the balance sheet date are provided in full.

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's French subsidiary operated a defined benefit pension scheme which was open to all employees, who were entitled to a lump sum on retirement. 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.

Following the disposal of the major part of the French business in June 2008, the scheme remains available to the five remaining French employees of the Group. At the time of the transfer of the business the liability was calculated by a qualified independent actuary to determine the net defined obligations. The liability was less than €500. The Directors consider this to be an immaterial amount and therefore have not given the disclosures required by IAS 19, "Employee Benefits".

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 tax 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.

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

Notes to the Financial Statements continued

31 December 2008

1 Statement of Accounting Policies (continued)

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 (substantively 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

Notes to the Financial Statements continued

31 December 2008

1 Statement of Accounting Policies (continued)
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.

Impairment
The carrying amounts of the Group's intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill the recoverable amount is estimated each year at each balance sheet date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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 installments over their estimated useful economic lives as follows:

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

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
Cash includes cash on hand and in banks. Cash in banks earn interest at the respective bank deposit rates.

Notes to the Financial Statements continued

31 December 2008

1 Statement of Accounting Policies (continued)

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.

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

Notes to the Financial Statements continued

31 December 2008

1 Statement of Accounting Policies (continued)

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 effective

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.

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. Details of trade receivables are given in note 20.

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. Details of deferred tax are given in note 24.

Details of judgements and estimates in relation to the impairment of goodwill are given in note 15.

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 2009 and the Directors do not consider that the IFRS will have a material impact on the Group's financial statements.

Notes to the Financial Statements continued

31 December 2008

2 Accounting estimates, judgements and adopted IFRS not yet effective (continued)
Endorsed:
IFRS 8 "Operating Segments"
Amendments to IAS 1, "Presentation of Financial Statements: A Revised Presentation".
Amendment to IFRS 2, "Share Based Payments - Vesting Conditions and Cancellations".
Amendments to IFRS 1 and IAS 27 "Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate".
Improvements to IFRSs (2007).

3 Segmental information
Business segments
Segmental information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. The secondary segment represents geographical destination of turnover.

Subsequent to the disposals in the year, the Group is now organised into two operating divisions: Political and Education. Previously, the Learning Division was reported as one business segment, but with the disposal of Epic Group PLC, the remainder of the segment has been incorporated into the Political division to best reflect the internal reporting structure.

Previously the Healthcare division was reported separately as one business segment, but with the disposal of the French healthcare business, the remaining business, being the French Political business, has now been included within the Political segment, again mirroring the internal reporting structure.

The 2007 comparatives have been adjusted accordingly. 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, Whitehall & Westminster World, Civil Service Live* and numerous other political magazines, reference books, monitoring products and revenue-generating websites as well as events, awards and recruitment services.

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.*

The Learning division consists of Epic Group PLC which was disposed of in June 2008.

The following segmental information about the business is presented below:

Year ended 31 December 2008	Political £'000	Education £'000	Learning £'000	**Continuing Operations £'000**	Healthcare (Discontinued) £'000	**Consolidated £'000**
Revenue						
External revenue - sale of goods	3,803	10,642	-	**14,445**	1,572	**16,017**
- rendering of services	13,426	71	2,817	**16,314**	3,992	**20,306**
Total revenue	**17,229**	**10,713**	**2,817**	**30,759**	5,564	**36,323**
Segment result	**1,052**	**1,137**	**(42)**	**2,147**	226	**2,373**
Unallocated Head Office expenses				**(860)**	-	**(860)**
Operating profit				**1,287**	226	**1,513**
Finance income				**276**	8	**284**
Financing costs				**(1,058)**	(210)	**(1,268)**

Notes to the Financial Statements continued

31 December 2008

3 Segmental information (continued)

Year ended 31 December 2008	Political £'000	Education £'000	Learning £'000	Continuing Operations £'000	Healthcare (Discontinued) £'000	Consolidated £'000
Profit before tax				**505**	24	**529**
Income tax credit				**891**	2,077	**2,968**
Loss on sale of discontinued operations (net of tax)				**-**	7,481	**7,481**
Profit/(loss) after tax				**1,396**	(5,380)	**(3,984)**

Head Office expenses includes credits of £200,000 in respect of non-trading items (2007: expenses of £910,000). For a breakdown of non-trading items by division see Schedule A.

2008 - Other information	Political £'000	Education £'000	Learning £'000	Head Office £'000	Continuing Operations £'000	Healthcare (Discontinued) £'000	Consolidated £'000
Capital expenditure - intangible assets	134	580	-	-	**714**	-	**714**
Capital expenditure - other	109	11	-	4	**124**	-	**124**
Depreciation	70	74	-	9	**153**	41	**194**
Amortisation of intangible assets	1,838	1,791	184	13	**3,826**	138	**3,964**

Balance Sheet	Political £'000	Education £'000	Learning £'000	Continuing Operations £'000	Healthcare (Discontinued) £'000	Consolidated £'000
Assets						
Segment assets	**38,159**	**25,842**	**-**	**64,001**	**-**	**64,001**
Unallocated Head Office assets				**(2,148)**	-	**(2,148)**
Consolidated total assets				**61,853**	-	**61,853**
Liabilities						
Segment liabilities	**(10,221)**	**(3,485)**	**-**	**(13,706)**	**-**	**(13,706)**
Unallocated Head Office liabilities				**(6,818)**	-	**(6,818)**
Consolidated total liabilities				**(20,524)**	**-**	**(20,524)**
Consolidated net assets				**41,329**	**-**	**41,329**

Year ended 31 December 2007	Political £'000	Education £'000	Learning £'000	Eliminations £'000	Continuing Operations £'000	Healthcare (Discontinued) £'000	Consolidated £'000
Revenue							
External revenue - sale of goods	3,604	12,060	-	-	**15,664**	2,764	**18,428**
- rendering of services	12,405	-	6,128	-	**18,533**	9,108	**27,641**
Inter-segment revenue	-	-	160	(160)	**-**	-	**-**
Total revenue	**16,009**	**12,060**	**6,288**	**(160)**	**34,197**	11,872	**46,069**

Notes to the Financial Statements continued

31 December 2008

3 Segmental information (continued)

Year ended 31 December 2007	Political £'000	Education £'000	Learning £'000	Eliminations £'000	Continuing Operations £'000	Healthcare (Discontinued) £'000	Consolidated £'000
Segment result	**921**	**1,910**	**(500)**		**2,331**	946	**3,277**
Unallocated Head Office expenses					**(2,306)**	-	**(2,306)**
Operating profit					**25**	946	**971**
Finance income					**129**	19	**148**
Financing costs					**(1,213)**	(476)	**(1,689)**
(Loss)/profit before tax					**(1,059)**	489	**(570)**
Income tax credit/(expense)					**1,146**	(214)	**932**
Profit after tax					**87**	275	**362**

2007 - Other information	Political £'000	Education £'000	Learning £'000	Head Office £'000	Continuing Operations £'000	Healthcare (Discontinued) £'000	Consolidated £'000
Capital expenditure - intangible assets	485	799	25	13	**1,322**	162	**1,484**
Capital expenditure - other	67	110	78	1	**256**	15	**271**
Depreciation	130	63	91	16	**300**	66	**366**
Amortisation of intangible assets	1,697	1,674	422	4	**3,797**	388	**4,185**

Balance Sheet	Political £'000	Education £'000	Learning £'000	Eliminations £'000	Continuing Operations £'000	Healthcare (Discontinued) £'000	Consolidated £'000
Assets							
Segment assets	**43,529**	**29,610**	**5,731**	**(8,747)**	**70,123**	18,847	**88,970**
Unallocated Head Office assets					**523**	-	**523**
Consolidated total assets					**70,646**	18,847	**89,493**
Liabilities							
Segment liabilities	**(7,161)**	**(4,834)**	**(1,760)**	**8,747**	**(5,008)**	(14,538)	**(19,546)**
Unallocated Head Office liabilities					**(24,062)**	-	**(24,062)**
Consolidated total liabilities					**(29,070)**	(14,538)	**(43,608)**
Consolidated net assets					**41,576**	4,309	**45,885**

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.

Notes to the Financial Statements continued

31 December 2008

3 Segmental information (continued)

	Revenue by geographical market		Carrying amount of segment assets		Additions to property, plant and equipment and intangible assets	
	2008 £'000	2007 £'000	**2008 £'000**	2007 £'000	**2008 £'000**	2007 £'000
UK	**26,545**	30,164	**61,337**	70,646	**766**	1,578
Continental Europe and Rest of World	**4,214**	4,033	**516**	-	**72**	-
Continuing operations	**30,759**	34,197	**61,853**	70,646	**838**	1,578
Continental Europe and Rest of World (discontinued)	**5,564**	11,872	**-**	18,847	**-**	177
	36,323	46,069	**61,853**	89,493	**838**	1,755

4 Non-trading items

	2008 £'000	2007 £'000
Redundancy and people related costs	**151**	648
Abortive deal costs	**39**	448
Profit on sale of assets held for sale	**-**	(64)
	190	1,032

Non-trading redundancy and people related costs represent the effect of a Group initiative to reduce costs.

Abortive deal costs represent advisory fees relating to the aborted deal process with private equity firms.

Assets held for sale comprises a warehouse sold in 2007. The sale was completed on 16 March 2007. The asset formed part of the Education Division.

5 Profit/(loss) before tax

Profit/(loss) before tax has been arrived at after charging/(crediting):	**2008 £'000**	2007 £'000
Depreciation of property, plant and equipment	**153**	300
Amortisation of intangible assets acquired through business combinations	**2,757**	2,969
Amortisation of other intangible assets	**1,069**	828
Cost of inventories recognised as an expense	**3,595**	4,154
Writeback of inventories recognised as an expense	**(25)**	(111)
Staff costs (see note 7)	**13,783**	16,041
Profit on disposal of subsidiary undertaking	**(300)**	-
Non-trading items (see note 4)	**190**	1,032

The profit on disposal of subsidiary undertaking arises on the sale of Epic Group PLC during the year. The results of Epic Group PLC are disclosed in continuing business for statutory purposes.

Notes to the Financial Statements continued

31 December 2008

5 Profit/(loss) before tax (continued)

Auditors' remuneration	2008 £'000	2007 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	55	75
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries, pursuant to legislation	40	125
Services relating to corporate finance transactions entered into by the Group	-	102
Other services relating to accounting advice in respect of the transition to Adopted IFRS	-	43
Other services	4	-
	99	345

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

	2008 £'000	2007 £'000
Directors' emoluments	576	690
Company contributions to money purchase pension schemes	54	91
Compensation for loss of office	56	-
Share based payments (credit)/charge	(27)	97
	659	878

The emoluments of the highest paid director were £304,750 (2007: £236,000) and company pension contributions of £32,000 (2007: £35,000) were made to a money purchase scheme on the director's behalf.

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

	2008	2007
Money purchase schemes	2	3

7 Staff costs

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

	2008	2007
Editorial and production staff	150	218
Sales and marketing staff	147	137
Managerial and administration staff	69	57
	366	412

Notes to the Financial Statements continued

31 December 2008

7 Staff costs (continued)

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

	2008 £'000	2007 £'000
Wages and salaries	**11,652**	13,931
Social security costs	**1,816**	1,495
Pension and other costs	**333**	491
Share based payment (credit)/charges	**(18)**	124
	13,783	16,041

8 Finance income

	2008 £'000	2007 £'000
Bank interest receivable	**276**	129

9 Financing costs

	2008 £'000	2007 £'000
On bank loans and overdrafts	**1,055**	1,067
Net exchange losses	**3**	146
	1,058	1,213

10 Taxation

	2008 £'000	2007 £'000
Current tax		
Current tax on income for the year at 28.5% (2007: 30%)	**447**	3
Adjustments in respect of prior periods	**(22)**	(247)
	425	(244)
Double taxation relief	**(2)**	(1)
Overseas tax		
Current tax expense on income for the year at 28.5% (2007: 30%)	**2**	1
Total current tax expense	**425**	(244)
Deferred tax (see note 24)		
Origination and reversal of temporary differences	**(1,126)**	54
Effect of change in tax rate	**-**	(592)
Benefit from previously unrecognised tax losses/losses utilised	**(190)**	(364)
Total deferred tax income	**(1,316)**	(902)
Total income tax credit	**(891)**	(1,146)

The effect of non-trading items charged during the year is to increase the tax charge by £53,000 (2007: reduction of £279,000).

Notes to the Financial Statements continued

31 December 2008

10 Taxation (continued)

The credit to the income statement in respect of deferred tax of £1,316,000 (2007: £902,000) is stated after recording a deferred tax asset of £190,000 (2007: £364,000) in respect of tax losses.

Included within the tax credit to the income statement is £548,000 of tax-related goodwill written off on the disposal of businesses (2007: £133,000).

The tax charge for the period differs from the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are explained below:

	2008 £'000	2007 £'000
Income tax reconciliation		
Profit/(Loss) before tax	**505**	(1,059)
Notional tax charge at standard rate of 28.5% (2007: 30%)	**144**	(318)
Effects of:		
Expenses not deductible for tax purposes	**422**	1,184
Accelerated capital allowances and temporary differences	**(144)**	(110)
Continued operations sold in the year	**250**	146
Adjustments to tax charge in respect of prior periods	**(22)**	(247)
Utilisation of tax losses	**(225)**	(899)
Total income tax expense/(credit)	**425**	(244)

11 Discontinued operations

Discontinued operations comprise the results for the French Healthcare business, which was sold on 3 June 2008.

Results attributable to this business were as follows:	**2008 £'000**	2007 £'000
Revenue	**5,564**	11,872
Cost of sales	**(4,077)**	(8,406)
Gross profit	**1,487**	3,466
Non-trading items	**-**	101
Amortisation of intangible assets acquired through business combinations	**(138)**	(335)
Other administrative expenses	**(1,123)**	(2,286)
Operating profit	**226**	946
Net finance costs	**(202)**	(457)
Profit before tax	**24**	489
Related income tax	**-**	(214)
Deferred tax credit arising from intangible assets disposed	**2,077**	-
Loss on sale of discontinued operations (net of tax)	**(7,481)**	-
(Loss)/profit for the period	**(5,380)**	275

The segment was not classified as held for sale as at 31 December 2007 and the comparative income statement has been re-analysed to show the discontinued operations separately from the continuing operations. The cash inflow on the disposal after deducting expenses and costs relating to the sale was £6.2 million.

During the period the Group also sold its investment in Epic Group PLC for a profit of £300,000. This is included within continuing operations as it did not constitute a material business segment.

Notes to the Financial Statements continued

31 December 2008

12 Dividends

	2008 £'000	2007 £'000
The aggregate amount of dividends comprises:		
Final dividends paid in respect of the previous year but not recognised as liabilities in that year	**1,140**	1,839

13 (Loss)/earnings per share

	2008 £'000	2007 £'000
(Loss)/profit attributable to shareholders	**(3,984)**	362
Add: non-trading items (see note 4)	**190**	1,032
Add: amortisation of intangible assets acquired through business combinations	**2,757**	2,969
Add: results of discontinued operations	**5,380**	(275)
Less: profit on sale of subsidiary undertaking	**(300)**	-
Less: share based payment (credit)/charge	**(18)**	124
Normalised profit attributable to shareholders	**4,025**	4,212

	2008 Ordinary shares	2007 Ordinary shares
Weighted average number of shares		
In issue during the year - basic	**151,998,453**	151,998,453
Dilutive potential ordinary shares	**238,888**	634,341
In issue during the year - diluted	**152,237,341**	152,632,794
(Loss)/earnings per share - basic	**(2.62) p**	0.24 p
(Loss)/earnings per share - diluted	**(2.62) p**	0.24 p
Normalised earnings per share (as above)	**2.65 p**	2.77 p
Earnings per share on continuing operations		
Earnings per share - basic	**0.92 p**	0.06 p
Earnings per share - diluted	**0.92 p**	0.06 p

14 Acquisitions

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. Publishing rights acquired had a fair value of £183,000 as at 31 December 2007.

Notes to the Financial Statements continued

31 December 2008

15 Goodwill

Cost & Net book value	2008 £'000	2007 £'000
Opening balance	**28,651**	28,165
Revisions to fair values of assets and liabilities on acquisitions made in the prior year	**7**	584
Effect of change in tax rate	**(707)**	-
Disposals	**(5,104)**	(98)
Closing balance	**22,847**	28,651

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:

	2008 £'000	2007 £'000
Political Division	**18,591**	18,906
Education Division	**4,256**	4,411
Learning Division	**-**	1,277
Healthcare Division	**-**	4,057
	22,847	28,651

The Learning Division in 2007 has been restated to comprise only goodwill from Epic Group PLC which was sold in June 2008. The retained Learning business is shown within the Political division for both 2007 and 2008 (see note 3).

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 for 2009 were projected based on the budget for 2009;
- cash flows for 2010 to 2013 were extrapolated using conservative growth rates at an average of 4% for the Political division and 2.5% for the Education division, based on management's view on likely trading and likely growth;
- cash flows beyond 2013 are extrapolated using 0% growth rate;
- cash flows were discounted using the Company's pre-tax rates of 7.7% for the Political business and 7.7% for the Education business derived from the Company's weighted average cost of capital.
- central group overheads are borne by the CGUs, where deemed appropriate by management, allocated based on management's best estimates.

The Directors recognise that the determination of an appropriate Group weighted average cost of capital is judgmental, and therefore sensitivities were performed which address how increases in the Group discount rate might effect the value in use. A change of 1 percentage point would not change the conclusion that the carrying value of goodwill is supported by its recoverable amount.

The calculations also remain sensitive to a downturn in trading, and sensitivities in this area demonstrated that a 10% decrease in future planned earnings would still result in significant headroom positions for both CGUs.

Notes to the Financial Statements continued

31 December 2008

15 Goodwill (continued)

The Directors have considered the current market capitalisation of the Group compared with their value in use calculations, and believe that current market capitalisation is below their view of the value of the Group for the following reasons:
- General advice from external financial advisors;
- The free float percentage of the Group, leading to illiquidity of shares due to Group shareholder profiles;
- Depressed AIM market prices due to the current negative sentiment in respect to small cap shares, and shares in respect to media sector particularly;
- Specialist / niche focus of their media assets, when compared to the general media assets; and
- The restructuring of the business undertaken during the last 6 months.

Based on the result of the value in use calculations undertaken, supported also by the other factors explained, the Directors conclude that the recoverable amount of goodwill in each CGU exceeds its carrying value.

16 Intangible assets

	Assets acquired through business combinations £'000	Software £'000	Plate costs £'000	Total £'000
Cost				
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 1 January 2008	47,633	1,865	1,853	51,351
Additions - externally purchased	-	177	537	714
Additions - internally generated	-	136	618	754
Transfers	-	69	-	69
Disposals	(10,504)	(833)	-	(11,337)
At 31 December 2008	**37,129**	**1,414**	**3,008**	**41,551**
Amortisation				
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 1 January 2008	7,378	880	768	9,026
Charged in year	2,895	340	729	3,964
Disposals	(1,980)	(483)	-	(2,463)
At 31 December 2008	**8,293**	**737**	**1,497**	**10,527**
Net book value				
At 1 January 2007	43,830	410	648	44,888
At 31 December 2007	40,255	985	1,085	42,325
At 31 December 2008	**28,836**	**677**	**1,511**	**31,024**

Notes to the Financial Statements continued

31 December 2008

16 Intangible assets (continued)

Assets acquired through business combinations comprise:	**Net book value 2008 £'000**	Net book value 2007 £'000
Publishing rights	**25,780**	33,679
Brand names	**941**	2,610
Customer relationships	**2,043**	3,701
Customer lists	**38**	198
Other assets	**34**	67
	28,836	40,255

Publishing Rights principally relate to Dods Parliamentary Communications Ltd, Lonsdale, Letts Education, Leckie & Leckie and Huveaux Politique. These are being written off in equal installments over the remaining amortisation periods of between 10 and 75 years. Amortisation of plate costs is recognised within cost of sales; all other amortisation is recognised within administrative expenses.

No intangible assets have an indefinite useful economic life.

Included within intangible assets are internally generated assets with a net book value of £214,000 (2007: £182,000).

17 Property, plant and equipment

	Freehold land and buildings £'000	Leasehold improvements £'000	Equipment and motor vehicles £'000	Total £'000
Cost				
At 1 January 2007	-	447	1,829	2,276
Additions	15	66	190	271
Disposals	(19)	(14)	(657)	(690)
Reclassification (see note 16)	4	(56)	364	312
Exchange adjustment	-	19	31	50
At 1 January 2008	-	462	1,757	2,219
Additions	-	3	121	124
Disposals	-	(268)	(910)	(1,178)
At 31 December 2008	**-**	**197**	**968**	**1,165**
Depreciation				
At 1 January 2007	-	137	1,148	1,285
Charge for the year	-	69	297	366
Disposals	-	(14)	(620)	(634)
Reclassifications (see note 16)	-	(51)	345	294
Exchange adjustment	-	4	17	21
At 1 January 2008	-	145	1,187	1,332
Charge for the year	-	35	159	194
Disposals	-	(57)	(682)	(739)
At 31 December 2008	**-**	**123**	**664**	**787**
Net book value				
At 1 January 2007	-	310	681	991
At 1 January 2008	-	317	570	887
At 31 December 2008	**-**	**74**	**304**	**378**

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

Notes to the Financial Statements continued

31 December 2008

18 Subsidiaries

The results of each of the following principal subsidiary undertakings have been included in the Group accounts as at 31 December 2008 and 31 December 2007:

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 (iii)	Publishing	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
Huveaux Politique SAS (iv)	Publishing	100	France

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.

(iv) Huveaux Politique SAS was incorporated on 6 May 2008 as a separate company in relation to the sale of the French Healthcare business (Huveaux France SAS) in June 2008. The results of Huveaux France SAS are included within discontinued operations (see note 11).

19 Inventories

	2008 £'000	2007 £'000
Work-in-progress	**49**	887
Finished goods	**2,447**	2,294
	2,496	3,181

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

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's principal financial assets are trade and other receivables, and cash.

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 Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

At 31 December 2008, £536,000 of the Group's trade receivables were exposed to risk in countries other than the United Kingdom (2007: £3,962,000).

Notes to the Financial Statements continued

31 December 2008

20 Financial instruments (continued)

The ageing of trade receivables at the reporting date was:

	Gross 2008 £'000	Provided 2008 £'000	Gross 2007 £'000	Provided 2007 £'000
Overdue by less than 3 months	3,492	-	8,978	-
Overdue by between 3 and 12 months	588	225	777	275
Overdue by more than 12 months	48	24	184	92
	4,128	249	9,939	367

Provisions against trade receivables are based on an ageing analysis of overdue receivables and any other indications which suggest an impairment as estimated by management.

The movement in allowance for doubtful accounts in respect of trade receivables during the year was as follows:

	2008 £'000	2007 £'000
Balance at 1 January	367	635
Movement	(118)	(268)
Balance at 31 December	249	367

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 working capital facility with Bank of Scotland for the purpose of providing funds in the event of any significant delay in converting working capital into cash. For further details on this facility see note 23.

The contractual cash flows of each financial liability is materially the same as their carrying amount.

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. Four separate forward contracts to sell a total of €1,000,000 into Sterling were taken out and redeemed in 2008. The Sterling : Euro rates on these transactions were 1.3346, 1.3297, 1.3286 and 1.3283. A maximum of 75% of the Group's profits or cash flows can be hedged under the Group's treasury policy.

Interest rate risk

The Group uses an interest rate cap which caps 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 2008 is £45,000 (2007: £117,000). 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 Sterling interest rate cap expires 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 25.

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.

Notes to the Financial Statements continued

31 December 2008

20 Financial instruments (continued)

At 31 December 2008, it is estimated that a general increase of one percentage point in interest rates would have decreased the Group's profit/(loss) before tax by approximately £16,000 (2007: £53,000). 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/(loss) before tax by approximately £20,000 (2007: £30,000).

Fair values

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

21 Other financial assets

Trade and other receivables	2008 £'000	2007 £'000
Trade receivables	**3,879**	9,572
Other receivables	**464**	1,005
Prepayments and accrued income	**624**	1,598
	4,967	12,175

Trade and other receivables denominated in currencies other than Sterling comprise £536,000 (2007: £4,470,000) denominated in Euros.

Cash	2008 £'000	2007 £'000
Net cash	**96**	1,994

Net cash includes an overdraft of £160,000 with Bank of Scotland. Please refer to note 23 for details of the facility available as at 31 December 2008.

Cash includes £195,000 (2007: £721,000) denominated in Euros.

22 Current liabilities

Trade and other payables	2008 £'000	2007 £'000
Trade creditors	**1,202**	3,028
Other creditors including tax and social security	**1,869**	6,168
Accruals and deferred income	**3,136**	5,507
	6,207	14,703

Trade creditors and accruals comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 25 days (2007: 38 days).

Other creditors for the Group include £nil (2007: £40,000) in respect of deferred consideration relating to the acquisition of Political Wizard Limited and Parliamentary Monitoring Services Limited in 2006.

Current liabilities denominated in currencies other than Sterling comprise £437,000 (2007: £7,777,000) denominated in Euros.

Notes to the Financial Statements continued

31 December 2008

22 Current liabilities (continued)

Provisions for liabilities and charges	£'000
At 1 January 2008	**709**
Charge to the profit and loss account	**190**
Utilised	**(899)**
At 31 December 2008	**-**

The provision for liabilities and charges at 1 January 2008 related to the aborted deal costs and redundancy and people related costs, as described in note 4.

23 Interest bearing loans and borrowings

Borrowings are repayable as follows:

	2008 £'000	2007 £'000
On demand or within one year	**2,130**	3,788
Between one and two years	**2,130**	3,788
Between two and five years	**4,880**	12,469
After five years	**-**	620
	9,140	20,665
Less: Amounts due for settlement within 12 months	**(2,130)**	(3,788)
Amount due for settlement after 12 months	**7,010**	16,877

Borrowings are taken out in the following currencies:

	Interest	Principal Thousands	**2008 £'000**	2007 £'000
Sterling	Floating linked to LIBOR	£13,400	**9,140**	11,270
Euros	Floating linked to EURIBOR	€15,000	**-**	9,395
Total			**9,140**	20,665

The weighted average interest rate paid on the bank loans was 6.25% (2007: 6.8%). 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 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.

The outstanding amount of the €15,000,000 loan was repaid out of the proceeds from the disposals of the two businesses in June 2008.

Notes to the Financial Statements continued

31 December 2008

23 Interest bearing loans and borrowings (continued)

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 the carrying amount.

At 31 December 2008, the Group had available £1,840,000 (2007: £2,000,000) of undrawn facilities under its working capital facility. In order to ensure that the Group had sufficient facilities to manage the cyclical nature of the business, the working capital facility was extended as follows:

February 2009	£2,000,000
1 March 2009 to 30 June 2009	£2,250,000
1 July 2009 to 31 October 2009	£2,500,000

Interest on amounts drawn down under this facility is paid at 2% over base rate. This facility is due to expire in October 2009, subject to review by the bank, see note 1 for further details.

24 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 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 1 January 2008	7,936	507	-	(1,011)	(42)	**7,390**
Charge to income	(665)	87		(190)	-	**(768)**
Disposals	(2,625)	46	-	852	42	**(1,685)**
At 31 December 2008	**4,646**	**640**	**-**	**(349)**	**-**	**4,937**

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 £1,247,000 (2007: £3,774,000) available for offset against future profits. A deferred tax asset of £349,000 (2007: £1,011,000) has been recognised in respect of such losses.

Notes to the Financial Statements continued

31 December 2008

25 Called-up share capital

	2008 £'000	2007 £'000
Authorised: 200,000,000 Ordinary shares of 10p each (2007: 200,000,000)	**20,000**	20,000
Allotted, called-up and fully paid: 151,998,453 Ordinary shares of 10p each (2007: 151,998,453)	**15,200**	15,200

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

26 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 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 1 January 2008	15,200	30,816	409	25	(565)	**45,885**
Loss for the year	-	-	-	(3,984)	-	**(3,984)**
Dividends paid	-	-	-	(1,140)	-	**(1,140)**
Exchange differences recognised on disposal of discounted operations	-	-	-		565	**565**
Currency translation differences	-	-	-	-	21	**21**
Share based payment charge	-	-	-	(18)	-	**(18)**
At 31 December 2008	**15,200**	**30,816**	**409**	**(5,117)**	**21**	**41,329**

27 Operating lease arrangements

Total commitments under non-cancellable leases are as follows:

	2008 Land and buildings £'000	2008 Other £'000	2007 Land and buildings £'000	2007 Other £'000
- within one year	**589**	**15**	1,198	147
- between two and five years	**1,208**	**36**	3,184	291
- after five years	**-**	**-**	739	-
	1,797	**51**	5,121	438

Notes to the Financial Statements continued

31 December 2008

28 Analysis of net debt

	At 1 January 08 £'000	Cash flow £'000	Reclassification £'000	Exchange movement £'000	**At 31 December 08 £'000**
Cash at bank and in hand	1,994	(1,057)	-	(841)	**96**
Debt due within one year	(3,788)	3,788	(2,130)	-	**(2,130)**
Debt due after one year	(16,877)	7,362	2,130	375	**(7,010)**
	(18,671)	**10,093**	**-**	**(466)**	**(9,044)**

29 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
8 May 2008	2,350,000

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.

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

	Number of Ordinary shares	Weighted average exercise price (pence)
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 1 January 2008	6,879,500	47.17
Granted during the year	2,350,000	15.00
Lapsed during the year	(5,865,425)	47.92
At 31 December 2008	**3,364,075**	**23.39**

Notes to the Financial Statements continued

31 December 2008

29 Share based payment (continued)

The following options were outstanding under the Company's Executive Share Option Scheme as at 31 December 2008:

Granted	Number of Ordinary shares	Exercise price per share (p)	Exercise Period
17 November 2005*	294,075	41	November 2008 - 2015
13 October 2006	150,000	52	October 2009 - 2016
2 July 2007	120,000	41	July 2010 - 2017
3 September 2007	700,000	32	September 2010 - 2017
8 May 2008	2,100,000	15	May 2008 - 2018
	3,364,075		

*exercisable as at 31 December 2008

The options outstanding at the year end have an exercise price in the range of 15p to 52p and a weighted average contractual life of 7.1 years.

The income statement credit in respect of the Executive Share Option Scheme for the year was £6,000 (2007: charge of £134,000).

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 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 1 January 2008	1,710,265	32.03
Granted during the year	1,703,595	10.00
Lapsed during the year	(1,566,059)	19.27
At 31 December 2008	**1,847,801**	**11.69**

Notes to the Financial Statements continued

31 December 2008

29 Share based payment (continued)

The following options were outstanding under the Company's Savings Related Share Option Scheme as at 31 December 2008:

Granted	Number of Ordinary shares	Exercise price per share (p)	Exercise Period
10 May 2005*	40,370	31	May 2008 - 2010
9 May 2006	47,241	38	May 2009 - 2011
10 May 2006	12,710	39	May 2010
8 May 2007	40,634	40	May 2010 - 2012
10 September 2007	62,766	26	September 2010 - 2012
1 July 2008	1,383,680	10	July 2011
1 July 2008	260,400	10	July 2013
	1,847,801		

*exercisable as at 31 December 2008

Options over 40,370 shares were exercisable as at 31 December 2008.

The options outstanding at the year end have an exercise price in the range of 10p to 40p and a weighted average contractual life of 2 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	2008	2007
Fair value at measurement date	**3.54p**	7.4p
Share price at date of grant	**13.99p**	32.49p
Option exercise price	**13.04p**	31.78p
Expected volatility	**39.43%**	32.23%
Option life	**3.14 years**	3.48 years
Risk free interest rate	**4.76%**	5.3%
Dividend yield	**4.36%**	4.36%

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

The income statement credit in respect of the Share Related Share Option Scheme for the year was £12,000 (2007: credit of £10,000).

30 Related party transactions

During the year the group received £nil (2007: £36,000) for office services from Provident Financial Plc, a group of which John P de Blocq van Kuffeler is Chairman.

Company Financial Statements

Company Balance Sheet Under UK GAAP

31 December 2008

	Note	**2008 £'000**	2007 £'000
Fixed assets			
Intangible assets	33	**7,772**	7,772
Tangible fixed assets	34	**134**	190
Investments	35	**40,033**	55,299
		47,939	63,261
Current assets			
Stocks	36	**1,155**	938
Debtors (including £nil (2007: £7,737,000) due after more than one year)	37	**10,138**	15,404
		11,293	16,342
Creditors: Amounts falling due within one year	38	**(8,299)**	(14,842)
Net current assets		**2,994**	1,500
Total assets less current liabilities		**50,933**	64,761
Creditors: Amounts falling due after more than one year	39	**(4,686)**	(13,653)
Provision for liabilities	40	**-**	(544)
Net assets		**46,247**	50,564
Capital and reserves			
Called-up share capital	41	**15,200**	15,200
Share premium account	42	**30,816**	30,816
Merger reserve	42	**409**	409
Profit and loss account	42	**(178)**	4,139
Equity shareholders' funds		**46,247**	50,564

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:

Gerry Murray
Chief Executive Officer

Rupert Levy
Finance Director

2 March 2009

Notes to the Parent Company Financial Statements

31 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 £3,106,000 (2007: £412,000). 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 tax 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.

Notes to the Parent Company Financial Statements continued

31 Accounting Policies (continued)

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.

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 installments 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.

The Company's policy is to provide financial guarantees only to wholly-owned subsidiaries. At 31 December 2008 no guarantees were outstanding (2007: none).

Notes to the Parent Company Financial Statements continued

32 Staff costs

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

	2008	2007
Editorial and production staff	**16**	13
Sales and marketing staff	**16**	17
Managerial and administration staff	**12**	16
	44	46

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

	2008 £'000	2007 £'000
Wages and salaries	**936**	1,819
Social security costs	**161**	191
Pension and other costs	**56**	160
Share based payment charges	**(30)**	-
	1,123	2,170

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

33 Intangible assets

	Publishing rights £'000
Cost and Net book value	
At 1 January 2008 and 31 December 2008	7,772

Publishing rights acquired represent amounts paid to acquire EPAD (see note 14 to the consolidated financial statements).

34 Tangible fixed assets

	Leasehold improvements £'000	Equipment and motor vehicles £'000	Total £'000
Cost			
At 1 January 2008	62	275	**337**
Additions	3	18	**21**
Disposals	-	(14)	**(14)**
At 31 December 2008	**65**	**279**	**344**
Depreciation			
At 1 January 2008	8	139	**147**
Charge for the year	6	66	**72**
Disposals	-	(9)	**(9)**
At 31 December 2008	**14**	**196**	**210**
Net book value			
At 1 January 2008	54	136	**190**
At 31 December 2008	**51**	**83**	**134**

Notes to the Parent Company Financial Statements continued

35 Fixed asset investments

	Subsidiary undertakings £'000	Loan to subsidiary undertaking £'000	**Total £'000**
Cost			
At 1 January 2008	53,683	1,616	**55,299**
Additions during the year	23	-	**23**
Disposals in the year	(13,631)	-	**(13,631)**
Reclassification	-	(1,616)	**(1,616)**
Disposal in respect of share based payments	(53)	-	**(53)**
Additions in respect of share based payments	11	-	**11**
At 31 December 2008	**40,033**	**-**	**40,033**

Detailed disclosures on subsidiary undertakings are given in note 18. Detailed share based payments disclosures are given in note 29.

The loan to a subsidiary undertaking was reclassified to amounts owed by group undertakings in note 37.

36 Stocks

	2008 £'000	2007 £'000
Finished goods	**1,155**	938

37 Debtors

	2008 £'000	2007 £'000
Trade debtors	**117**	209
Amounts owed by group undertakings	**9,698**	14,732
Other debtors	**31**	15
Prepayments and accrued income	**292**	448
	10,138	15,404

Total debtors include an amount owed by a group undertaking of £nil (2007: £7,737,000) due after more than one year.

38 Creditors: Amounts falling due within one year

	2008 £'000	2007 £'000
Term loan facility payable in 2009 (see note 39)	**1,230**	2,888
Bank overdrafts	**1,204**	507
Trade creditors	**204**	506
Amounts owed to group undertakings	**4,955**	9,839
Other creditors including tax and social security	**139**	479
Deferred tax liability	**96**	77
Accruals and deferred income	**471**	546
	8,299	14,842

Notes to the Parent Company Financial Statements continued

38 Creditors: Amounts falling due within one year (continued)

The elements of deferred tax are as follows:

	2008 £'000	2007 £'000
Accelerated capital allowances	**476**	403
Undiscounted deferred tax asset	**476**	403
Effect of discounting	**(380)**	(326)
Discounted deferred tax asset	**96**	77

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

	£'000
At 1 January 2008	(77)
Charge to the profit and loss account	(19)
At 31 December 2008	**(96)**

39 Creditors: Amounts falling due after more than one year

	2008 £'000	2007 £'000
Term loan facility	**4,310**	13,277
Amounts owed to group undertakings	**376**	376
	4,686	13,653

Borrowings are repayable as follows:

	2008 £'000	2007 £'000
On demand or within one year	**1,230**	2,888
Between one and two years	**1,230**	2,888
Between two and five years	**3,080**	9,769
After five years	**-**	620
	5,540	16,165
Less: Amounts due for settlement within 12 months (shown within creditors falling due within one year - see note 38)	**(1,230)**	(2,888)
Amount due for settlement after 12 months	**4,310**	13,277

Notes to the Parent Company Financial Statements continued

40 Provision for liabilities

	£'000
At 1 January 2008	544
Charge to the profit and loss account	130
Utilised	(674)
At 31 December 2008	**-**

Provision for liabilities relates to non-trading items as described in note 4. Amounts charged in 2008 represent aborted deal costs, redundancy and people related costs as part of a Group initiative to reduce costs.

41 Share capital

	2008 £'000	2007 £'000
Authorised: 200,000,000 Ordinary shares of 10p each (2007: 200,000,000)	**20,000**	20,000
Allotted, called-up and fully paid: 151,998,453 Ordinary shares of 10p each (2007: 151,998,453)	**15,200**	15,200

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

42 Share premium and reserves

Company	Share premium £'000	Merger reserve £'000	Profit and loss account £'000
At 1 January 2008	30,816	409	4,139
Reversal of FRS 20 reserve on disposals	-	-	(53)
Loss for the year	-	-	(3,106)
Dividends paid	-	-	(1,140)
Share based payment charge	-	-	(18)
At 31 December 2008	**30,816**	**409**	**(178)**

Schedule A

Reconciliation between operating profit and non-statutory performance measure

The following tables reconcile operating profit as stated in the income statement 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 2008	**Operating profit £'000**	Depreciation* £'000	Amortisation of intangible assets £'000	Non-trading** items £'000	**EBITDA £'000**
Political					
Political	**1,155**	354	1,262	53	**2,824**
Learning	**(103)**	24	308	10	**239**
	1,052	378	1,570	63	**3,063**
Learning	**(42)**	52	184	-	**194**
Education	**1,137**	113	1,003	9	**2,262**
Head Office	**(860)**	22	-	(200)	**(1,038)**
Results from continuing operations	**1,287**	**565**	**2,757**	**(128)**	**4,481**
Healthcare (discontinued)	**226**	-	138	-	**364**
	1,513	565	2,895	(128)	**4,845**

Year ended 31 December 2007	**Operating profit £'000**	Depreciation* £'000	Amortisation of intangible assets £'000	Non-trading** items £'000	**EBITDA £'000**
Political					
Political	**672**	235	1,258	78	**2,243**
Learning	**249**	23	308	-	**580**
	921	258	1,566	78	**2,823**
Learning	**(500)**	114	400	212	**226**
Education	**1,910**	84	1,003	(63)	**2,934**
Head Office	**(2,306)**	20	-	910	**(1,376)**
Results from continuing operations	**25**	**476**	**2,969**	**1,137**	**4,607**
Healthcare (discontinued)	**946**	119	335	(82)	**1,318**
	971	595	3,304	1,055	**5,925**

*including amortisation of software shown within intangibles.
** including share based payments charges/(credits) and profit on disposal of subsidiary undertaking.

Shareholder Information

Shareholder Analysis

As at 2 March 2009, the number of registered shareholders was 1,260 and the number of Ordinary shares in issue was 151,998,453.

Range of Holdings		Number of Shareholders	Percentage of Shareholders	Number of Shares (million)	Percentage of Total Shares
1 to 1,500		381	30.24	270,110	0.18
1,501 to 5,000		332	26.35	1,037,234	0.68
5,001 to 10,000		202	16.03	1,533,407	1.01
10,001 to 50,000		224	17.78	4,962,164	3.26
50,001 to 100,000		43	3.41	3,178,080	2.09
100,001 to 250,000		31	2.46	5,309,984	3.49
250,001 to 500,000		11	0.87	3,914,131	2.58
500,001 to 1,000,000		8	0.63	5,925,544	3.90
1,000,001 to 2,500,000		13	1.03	19,910,402	13.10
2,500,001 to 5,000,000		9	0.71	31,325,587	20.61
5,000,001 to highest		6	0.48	74,631,810	49.10
Total		1,260	100.00	151,998,453	100.00
Held By:	Individuals	768	60.95	21,647,192	14.24
	Institutions and Companies	492	39.05	130,351,261	85.76
Total		1,260	100.00	151,998,453	100.00

Company Registrar

Equiniti 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.sharereview.co.uk. Equiniti may also be contacted on 0871 384 2639 (calls to this number are charged at 8p per vminute 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.sharereview.co.uk or telephone +44 (0) 845 603 737.

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.

Annual General Meeting

The Annual General Meeting of the Company will be held on 9 June 2009 at the London offices of Brewin Dolphin at 11.00 am. 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.

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www.huveauxplc.com

Registered Number
04267888

Registrar
Equiniti
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Tel: +44 0871 384 2639
(calls to this number are charged at 8p per minute from a BT landline. Other telephony providers' costs may vary)
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 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 2009

2 March
2008 Preliminary Results announcement

9 June
Annual General Meeting

July (provisional)
2009 Interim Results announcement

31 December
Financial year-end 2009

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 and databases), seminars, conferences, events and awards.

Political Division

Magazines, directories, newsletters and books

Dods Parliamentary Companion
Dods Civil Service Companion
Dods European Companion
Who's Who in Public Affairs
European Public Affairs Directory
Vacher's Parliamentary Profiles
Vacher's Quarterly

Dods Constituency Guide
Dods Handbook of House of Commons Procedure
Dods Handbook of House of Lords Procedure
Dods National Assembly for Wales Companion
Select Committees Guide

The House Magazine
Whitehall & Westminster World
Public Affairs News
The Parliament Magazine
The Regional Review
The Research Review

Trombinoscope Parlement, Gouvernement & Institutions
Trombinoscope Régions, Départements & Communes
Trombinoscope de la Santé
Trombinoscope Union européenne
Le Trombinoscope de poche « Cabinets Ministériels »
La Lettre du Trombinoscope

TJ: Training Journal
Training Activity Packs, Toolkits and Manuals

Digital

www.dodonline.co.uk
www.epolitix.com
www.civilservicenetwork.com
www.electus-start.com
www.theparliament.com
www.trombinoscope.com
www.eurosource.eu.com

Dods Premier Monitoring
Dods Political Wizard
Dods EU Monitoring
Dods MP Alerts

www.traineractive.com
www.trainingjournal.com
TJ's Daily Discussion Digest

Seminars, conferences and events

Dods Party Conference Fringe Events
Dods Round Tables
Dods Blue Skies Events

Whitehall & Westminster World Civil Service Conference Series (including – The Coming Year in Parliament)
Whitehall & Westminster World Civil Service Roundtables

Civil Service Live
Civil Service Live – Regional Event

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)
Training Journal – Westminster Briefing
Training Journal Learning & Development 20:20
Master Workshops for Trainers

Training Journal Seminars
Training Journal Annual Conference

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
European Public Affairs Awards
Public Affairs News Awards
Whitehall & Westminster World Civil Service Awards
Diversity & Equality Awards
Prix Trombinoscope de l'Homme Politique de l'année
TJ'S Annual Industry Best Practice Awards

Other

Recruitment
Electus Network Search
Electus Advertised Selection
Electus Executive Search
Electus Freelance/Interim Management

Polling
Dods Polling
Dods European Polling

Training materials
Training DVDs and Games
Training Manuals
Assessment Tools

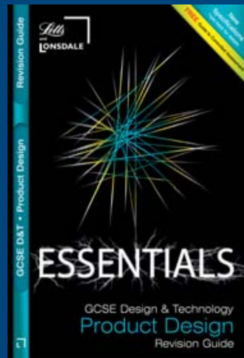
Education Division

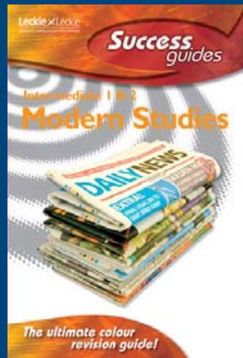
Magazines, directories, newsletters and books

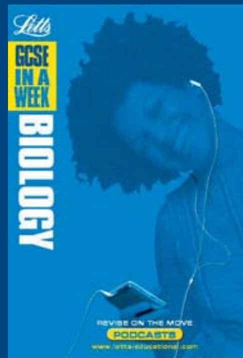
Primary Schools
Letts and Lonsdale Complete Study and Revision Guides
Letts and Lonsdale Magical Maths and English
Letts and Lonsdale Premier Maths and English
Letts and Lonsdale Alien Club
Letts and Lonsdale Make It Easy
Letts and Lonsdale National Tests Practice Papers
Letts and Lonsdale Success Guides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

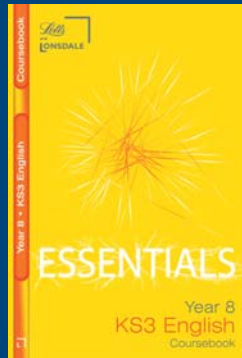
Secondary Schools
Leckie & Leckie Course Notes
Leckie & Leckie PC Passport
Leckie & Leckie Revision Notes
Leckie & Leckie Success Guides
Leckie & Leckie Grade Boosters
Scottish Qualification Authority Past Papers
Letts and Lonsdale Complete Study and Revision Guides
Letts and Lonsdale National Tests Practice Papers
Letts and Lonsdale Assessment 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
Letts and Lonsdale iRevise
The World of… Series

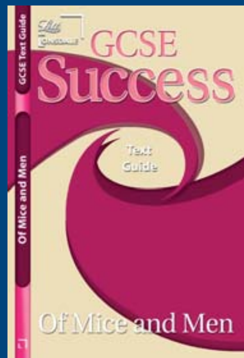
The Quality and Depth of Our Portfolio

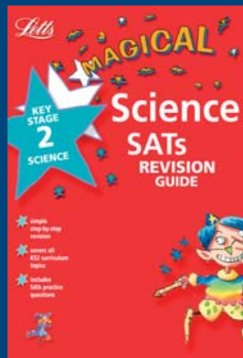


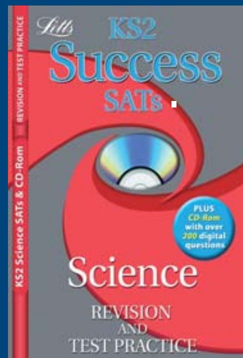


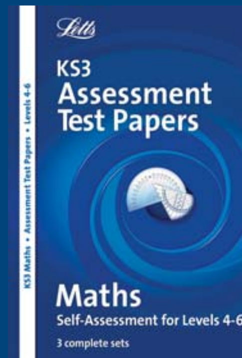


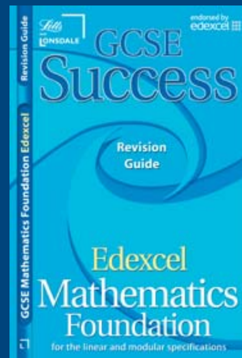












Huveaux is a public limited company registered in England No. 04267888. Its Ordinary shares are listed on the Alternative Investment Market (AIM) (ticker HVX.L).

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 2008 and complies with UK legislation and regulations. It is also available on the Company's website: www.huveauxplc.com

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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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