Quality Information
Intelligent Solutions

# Huveaux

Annual Report &
Accounts 2009

# Quality Information | Intelligent Solutions


Huveaux operates in the Political Communications Market. We provide quality information and intelligent solutions to both the public and private sectors. Our purpose is to drive 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

The Group currently employs 200 people and operates at the forefront of its selected markets in the UK, France and Belgium.

Photographs
Left: HRH The Prince of Wales at Civil Service Live 2009
Right: Dods website: www.dodspeople.com

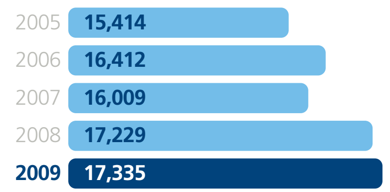
# Financial and Operational Highlights 2009

## Summary Results

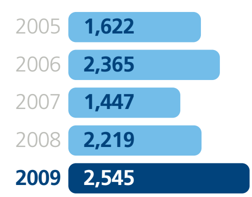
| | 2009 £'000 | 2008 £'000 |
|---|---|---|
| Revenue | **25,286** | 36,323 |
| Revenue from retained business * | **17,335** | 17,229 |
| EBITDA** | **3,768** | 4,845 |
| EBITDA from retained business | **2,545** | 2,219 |
| Loss for the year | **(7,785)** | (3,984) |
| Normalised profit*** | **1,418** | 1,895 |
| Earnings per share on continuing operations (basic) | **0.93p** | 1.25p |

- Revenue at **£25.3 million** (2008: £36.3 million)
- Revenue from retained business at **£17.3 million** (2008: £17.2 million)*
- EBITDA at **£3.8 million** (2008: £4.8 million) **
- EBITDA from retained business at **£2.5 million** (2008: £2.2 million)
- Operating profit at **£0.6 million** (2008: £0.2 million)
- Normalised profit for the year of **£1.4 million** (2008: £1.9 million)***
- Dividend of 1.00p per Ordinary Share will be declared following a Capital Reduction (2008: no dividend)
- **Continued strong organic growth** in the Political Division
- **Successful disposal** of Education Division in March 2010
- **Civil Service Live** portfolio of Events grown to three per annum
- **Growth** in online and events portfolio
- Following sale of Education Division all debt repaid, leaving a **strong balance sheet**

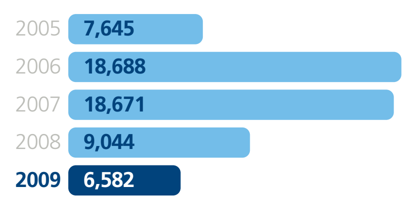
**Retained Revenue** (£'000)




**Retained EBITDA*** (£'000)




**Net Debt** (£'000)




* Retained business is excluding the sold Education, French Healthcare and Epic businesses. The results of Epic are included in continuing business in 2008 for statutory purposes.

** EBITDA is calculated as earnings before interest, tax, depreciation, amortisation of intangible assets acquired through business combinations share based payments charge, 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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### Group Accounts



### Company Accounts

# Chairman's Statement

"The recent disposal of the Education Division completes the strategic transformation of the Group from a disparate media portfolio, to a highly focused political media business. The retained political business has already been developed from a print publishing business to a modern media company with the great majority of its revenue being derived from digital products and events.

In 2009 there was significant growth in a number of key areas, especially the political training business, and this led to a record profit level within the Political Division. Within Dods, the UK and EU Monitoring products continued to grow, winning significant business from their competitors. The 12% growth achieved in the Political Division should be seen in the light of the difficult trading conditions across the whole of the media space, which was exacerbated by the fall out from the "Expenses Scandal" that hit the Westminster community in the summer.

Following the sale of the Education Division for £10 million, the Group has been able to clear down all of its debt, giving Huveaux a very strong balance sheet, and a strongly cash generative business. We are delighted to be able to recommend that the Group returns to its policy of paying a dividend to its shareholders.

Huveaux is now ideally positioned for the Election in 2010, and we believe that 2010 will again show strong growth across the activities of the Political Division."

## 2009 Overview

In my first Chairman's statement last year, I reported that Huveaux had set itself on the course to better align itself with the changing economic conditions. The deep recession in 2009 was exacerbated in our Political Division by the furore surrounding MPs' Expenses in the summer, and the increased vulnerability of the Labour Government.

Despite the obstacles in its way, the Political Division showed strong growth at the EBITDA line, and is now primed for further growth.

At the same time, the Education Division was suffering from the loss of SATs at Key Stage 3 and the general weakness in the Retail Market. This is reflected in the Education Division's results for the year.

Therefore, in the last quarter of 2009, your Board undertook a strategic review, designed to identify how best to maximise shareholder returns from the two Divisions. As announced on 19 March 2010, we sold the Education Division for a total consideration of £10 million, which has allowed the Group to remove all of its debt.

For the whole Group, revenue declined from £36.3m to £25.3m, but this includes both the divested companies in 2008 and Education in 2009. On a retained basis, the Political Division delivered revenues that grew from £17.2m to £17.3m. For the whole Group, earnings before interest, tax, amortisation and non-trading items (EBITDA) was £3.8 million (2008: £4.8 million) which was broadly in line with expectations. The retained Political Division performed strongly, with EBITDA of £3.4m being 12% ahead of 2008.

Non-trading items amounted to a total of £0.2m (2008: £0.2m) which reflects the impact of the Group's continued cost-cutting initiatives.

Following the disposal of the Education Division, and in anticipation of a profitable year in 2010, your Board is recommending a return to its previous policy of paying an annual dividend. Due to the balance sheet position, it is not possible to declare a dividend at this time. The Board is therefore proposing a resolution at the forthcoming AGM to permit a Capital Reduction to be actioned in order to create distributable reserves. Following this Capital Reduction, the Board intends to declare an interim dividend of 1.00 pence per share (2008: no dividend) which will be paid on the 1st December 2010.

12% growth achieved in the Political Division

## Strategy

The Political Division has continued to drive its strategy forward with success. Over the last few years the Dods businesses have developed into a modern media group with increasingly significant digital and events revenue. This has continued well in 2009.

The rapid decline in the display advertising market has been more than offset by revenue growth elsewhere – with our Political Knowledge area showing 24% revenue growth and delivering this growth at a high margin, with EBITDA doubling.

Overall, the proportion of the overall revenue in this Division that is attributable to Digital and Events has increased from 32% in 2004 to 61% in 2009 (2008: 52%).

The Division is now a highly focused and efficient operation, which allows significant campaigns to be run on behalf of its clients, across the complete range of modern media products and is well positioned to benefit from the increased activity generated by the imminent UK General Election.

## The Board, Management and People

Following a year of change in 2008, 2009 has seen a settled year at Board level within the Group.

Within the remainder of the Group, Huveaux, like many other UK media companies, has had to restructure businesses so as to align them better with the new realities in their markets. This has been the case across the Education Division and in Fenman within the Political Division. These restructurings are not easy, and they have been completed successfully thanks to the hard work of the people involved.

I would like to thank all of our management and staff for their continued efforts during another difficult year. This effort has been rewarded in a strong set of results and has been vital in ensuring that Huveaux remains in a strong position to compete well in the year ahead.

## Outlook

The UK General Election will provide the Group with significant opportunities in the next few months, and will drive an increased need for our data and other products. Huveaux does not expect there to be any change to the downward trend in display advertising sales, however the business is now set up to be significantly less dependent on this revenue stream. The digital information and events businesses continue to flourish and 2010 will see an increase in the amount of traditional printed products moving to the online subscription model.

As a result, the Board is confident that the smaller, focused Huveaux will deliver a strong performance in what is sure to be a most interesting year in UK Politics.

**Kevin Hand**
Non-Executive Chairman

22 March 2010

# Chief Executive's Business and Financial Review

Following on from a year of change in 2008, 2009 saw the Group focus on the two Divisions with a view to maximising the shareholder value from each. Our Education Division traded in a very tough market for all education publishers, reflecting the abolition of the Key Stage 3 SATs in October 2008, the general decline in Primary and the effect of the recession in the trade market. The strategic review of the business towards the end of 2009 led to the sale of the Education Division in March 2010 and has led to the Group being focused entirely on Political media.

In 2009 the Political Division again showed growth in revenue and, most encouragingly, showed even stronger growth at the EBITDA level. Despite the tough economic and market-specific conditions that it faced across its markets, the portfolio produced significant areas of growth that more than compensated for the areas of weakness. Increasingly, the Division provides a portfolio of products to its clients, giving it significant advantage over smaller competitors in its markets.

## Business Overview

Although we retained the Education Division for the whole of 2009, the Division is shown as an "asset held for sale" in the balance sheet of the Group as at the 31st December 2009. In the same way, the future business of the Group is only concerned with the Political Division.

The Political Division is in a strong position, showing continued revenue and EBITDA growth and has established a number of newer products across both events and digital which are market-leading in their own right. Our product portfolio is unique and has allowed us to solidify our relationships with our customers and to increase greatly our average transaction value.

The cost-reduction exercise that was actioned over 2007 and 2008 continued into 2009, albeit in the year more focused on a rationalisation of the Fenman operation. The cost base in Head Office continued to fall and is now of a level that cannot be further reduced while remaining an AIM listed company.

The MPs Expenses Scandal and the hiatus before the 2010 General Election in the UK were the major factors within our markets – and the worldwide recession was the major macroeconomic factor. These factors did affect our business – with the Party Conference season being particularly affected by the Expenses Scandal, but even here we showed good growth in terms of the number of events run – making us the biggest supplier of fringe events to the Party Conferences. At the same time, our Civil Service businesses grew well, with the second edition of *Civil Service Live* building on the success of the first edition and leading to the profitable launch of two smaller regional events, in Gateshead and Manchester.

Overall, the star performer was the Political Knowledge area, which won a number of longer term contracts with Government departments and achieved a doubling of EBITDA.

## 2010 Priorities

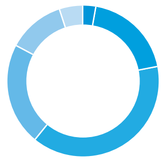
Following the disposal of the Education Division, the focus of the Group is in maximising the potential of the Political Division. 2010 will see a General Election in the UK and the short-term focus of the Division is on maximising the return from this event. The degree of change within the UK Parliament will drive the need for our data and an increase in the amount of lobbying activity around the Westminster village.

The portfolio will continue to focus on the growth areas of events and digital products where opportunities are greater and there is scope for further improvements in margin. This will continue to require further investments in technology in 2010 and beyond. The UK recession will continue to impact on the business and the threat of departmental cost cuttings following the election of a new government will dampen the growth within the products aimed at the Civil Service. Nevertheless, 2010 is expected to show good growth and further consolidation of our unique position in the political market.

Below:
Dods website: www.theparliament.com

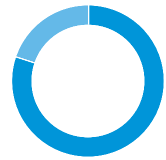
## Revenue by Type

For the year ended 31 December 2009.




## Revenue by Source

For the year ended 31 December 2009.




# Political Division

| £'000 | **2009** | 2008 |
|---|---|---|
| Revenue | **17,335** | 17,229 |
| EBITDA* | **3,445** | 3,063 |

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

The 2009 political landscape in the UK was transformed by the MPs' Expenses revelations which started in the early summer. This had a material affect on the advertising market around the Party Conferences and reduced the desire to lobby current Members of Parliament. In addition, the continued weakness of the Labour Government resulted in the focus of the political markets switching early to 2010 and the General Election.

For Huveaux, this was the challenging background to a very strong year – showing significant EBITDA growth on a smaller increase in revenues. The events businesses, especially Political Knowledge, and the digital information businesses continued to grow strongly, offsetting the dramatic fall in display advertising.

**Highlights:**

- Division grew revenue by 1% and EBITDA by 12%.
- Dods businesses grew revenue by 3% and EBITDA by 28%.
- The Political Knowledge training and events products grew revenue by 24% and EBITDA doubled.
- The UK and EU political monitoring products grew revenue by 24% and captured additional market share.
- We remain the clear leader in EU political monitoring and this area has tripled in size since 2007.
- Dods ran 44 fringe events at Party Conferences (2008: 29) making Dods the largest organiser of fringe events.
- Dods ran the second Civil Service Live, showcasing best practice and innovation in public sector delivery by the Civil Service. Visitors to the exhibition included HRH The Prince of Wales. In addition, Dods ran two Regional Civil Service Live events – in Gateshead and Manchester.



The Parliament unit was the most affected by the MPs' Expenses issues and the run up to the UK Election. Display advertising continued to fall – *The House Magazine* was 18% below 2008, while *Public Affairs News* was further weakened by the quiet market. While the traditional revenue streams fell away, the Division worked hard to develop cross-media campaigns for its clients, which resulted in larger contracts being won. An integral part of these campaigns was the fringe events at the Party Conferences which again grew numerically from 29 to 44 (14 in 2007). 2010 has already seen a further pick up in these campaigns and prospects across this Division remain good around the Election. Electus, our recruitment brand, suffered from the reduced activity in the public affairs market, but is well placed to exploit the return of activity in 2010.

Our Government unit grew revenue by 18% on 2008 despite the weakness of the core *Civil Service World* newspaper. Display advertising on this product fell 18% in the year. This reduction in revenue was more than offset by the growth in the exhibition portfolio under the brand *Civil Service Live*. Following the success of the launch event in April 2008, the exhibition ran in July 2009 at Olympia. The combination of conferences, seminars and workshops with exhibition stands provided the 8,000 visitors with a must-attend event. Speakers included HRH The Prince of Wales, Baron Sugar, Alastair Campbell, Sir Gus O'Donnell and Peter Jones.

Left: Sir Patrick Cormack at 'The Coming Year in Parliament' Conference
Right: Lord Mandelson at the Civil Service Awards 2009

# Chief Executive's Business and Financial Review continued

On the back of this success, we ran two Regional events (in Gateshead and Manchester) also in conjunction with the Cabinet Office. These events were an integral part of the Cabinet Office's aim of spreading best practice and innovation to the regional centres of the Civil Service. 2010 will see further development of the online product which acts as a social and business networking site for the UK civil service.

The Information area showed overall growth, with revenues from the traditional book products falling and being more than offset by the continued development of digital products. UK Monitoring showed a 14% growth in revenue and continues to take market share from its main competitors. The recent launch of the updated directory product (Dods People) has further enhanced the offering in this area. With the UK Election now expected to show a record turnover of MPs, the demand for our information will increase and we are well positioned to leverage this market-leading position.

Within the European portfolio of the business, while *Parliament Magazine* showed a 28% reduction in advertising in the year – partly due to the hiatus in the run up to the June Elections – this fall was offset by strong performances of the *Regional Review* and the *Research Review*. The main driver of the overall revenue increase in Europe was the EU Monitoring service which grew by 52% and has created a unique product in the market.

The Political Knowledge events had an outstanding year. Following revenue growth of 23% in 2008, the Division grew by a further 24% in 2009 and did so at a very high margin which doubled EBITDA.

Growth in this portfolio was across all products, with the *Westminster Explained* open courses growing by 73% and the *Westminster Briefing* conferences increasing by 39%. We continue to win long-term contracts as part of the new OGC framework and in 2009 won training contracts with The Home Office, The Department of Children, Schools & Families, The Health & Safety Executive, the Government Office Network and the Cabinet Office. The deepening position of the products in the operations of the government departments will place the products well in the light of the inevitable reduction in departmental budgets following the General Election.

In addition, we ran further Partnership Conferences with *Civil Service World* and *House Magazine* – increasing revenue by 75%. As well as our annual events such as *The Coming Year in Parliament*, and *Annual Regulators Conference*, we have held a number of very successful events in 2009, including *Unlocking the Civil Service*, *Diversity & Equality in Government*, and *PSI in Action*. Speakers at these events included Rt Hon Harriet Harman QC MP, Rt Hon Michael Howard, QC MP and Simon Hughes MP. In all cases, the close relationship of Dods to both parliament and the civil service ensures that the speakers are of the highest quality.

In France, *Le Trombinoscope* had a quiet year as there were no elections. This resulted in a fall in revenue from 2008, in part due to the weakness of the display advertising market. In addition, the delay in naming the new European Commission resulted in a fall in revenue from the European edition.

In 2009 we restructured the UK Training unit, Fenman. The market for training manuals and products had slowed in 2008 and 2009 continued this trend. The products business was therefore down-sized and now concentrates on the DVD business which is higher margin and requires less warehouse space. *Training Journal* was also hit by the UK economic conditions, but is now the only player in the market and, as such, is well placed to exploit any increased activity from a profitable position.


Left: Civil Service Live 2009
Right: The Parliament Magazine – Spanish Presidency Edition

24% The percentage growth in our Political Knowledge training and events products revenue.

## Education Division

| £'000 | 2009 | 2008 |
|---|---|---|
| Revenue | **7,951** | 10,713 |
| EBITDA* | **1,223** | 2,262 |

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

Following the disposal of the Division in March 2010, the Education Division is shown in discontinued operations in these accounts. Nevertheless, the Division was owned by Huveaux for the whole of the year and, as such, was managed as an ongoing Division of the business.

The results of the Division reflect the very difficult market in which the Division operated, nearly all of which was caused by external factors. Indeed good market share increases have been achieved within the key GCSE market.

The abolition of Key Stage 3 SATs in October 2008 had a material effect on the trading of the Education Division from the fourth quarter of 2008. The full year effect of this abolition was seen in 2009, with the market for Key Stage 3 books within the revision market having fallen by 60% from its 2007 levels.

At the same time, within Primary the move away from SATs continued with the ending of the Science SAT from May 2009 and significant comment from Teachers' Unions recommending the removal of all testing at Primary level. While the trade market for Primary level product was steady, the schools market fell with sales down 37%.

The above market-specific factors were exacerbated by the effect of the retail recession on the High Street. Footfall in bookshops fell, especially in the first half of the year, resulting in lower sales across all of the portfolio. The effect of the recession on bookshops was highlighted in November 2009 with Borders going into administration and then closing all shops immediately prior to Christmas. The latter closure resulted in a £63k cost to Huveaux due to the writing off of its debtor balance.

Overall, revenue was 23% below 2008 and EBITDA fell by 46%. The reduction in revenue was mitigated to some extent by the cost reduction exercise performed in the first half of the year, which saw over 20% of the employees in the Division leave the company. This reflected that while the effect of the recession is expected to be temporary, the move away from SATs is likely to continue into the medium term.

Letts and Lonsdale finished the year with sales of £6.6 million (2008: £8.2 million). Both school sales and trade sales were similarly lower than 2008. As in 2008, the reduced sales levels at some of the traditional retailers was offset by a continued focus on non-traditional outlets. As an example of this, sales to ASDA increased by 123% over 2008, while sales to Costco increased by nearly 90%. Of the traditional sellers, sales to Amazon showed an increase of 20%.

School sales were depressed throughout the year, however the back to school period was the first to involve the sales of the new curriculum GCSE subjects. In the period from September to December 2009, we sold 70% more units relating to these subjects than in the equivalent period in 2008, increasing revenue by 22%.

In addition, there was an increase in the number of establishments that bought these books.

Within Leckie & Leckie, trade sales of own-brand books were 1% higher despite the recession in the High Street. This reflects the very strong relationships which Leckie & Leckie enjoys with the key retailers and its established position as the market leader. School sales fell by 19% compared with 2008 due to the reduction in schools budgets across the market for the second consecutive years. There was no fall in the market share of the books.

With regard to the Practice Papers, our agreement with the SQA ceased in the second quarter of the year and, in response to clear demand from both trade and schools, Leckie & Leckie launched its own range of Practice Papers. These papers contained enhanced functionality to those produced for the SQA and were priced lower than the previous papers. The initial take up of these papers was encouraging across both schools and the trade outlets.

Below: Letts and Lonsdale website

# Chief Executive's Business and Financial Review continued

## Financial Review

### Revenue and Operating Results

Operating performance was mixed across the portfolio. Overall revenue fell from £36.3 million to £25.3 million and EBITDA fell from £4.8 million to £3.8 million. This decline includes the disposed businesses – the Education Division and the French Healthcare business within "discontinued items" and, in 2008, Epic within "continuing business" for statutory purposes.

On a retained basis, revenue was slightly higher at £17.3 million, while EBITDA of £2.55 million was 15% ahead of 2008 (2008: £2.22 million). The loss for the year was £7.8 million (2008: £4.0 million). This includes the effect of the disposals in 2008 and the effect of the write down in the carrying value of the Education Division to the disposal value in 2009.

### Non-trading items

Non-trading items for the year totalled £0.2 million, relating to redundancy and related staff costs within a number of reorganizations and restructurings within the Group.

### Taxation

The utilisation of tax losses in the year has led to a low tax payment in the year and a net tax charge of £0.1 million (2008: credit of £1.0 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)

Basic EPS (before non-trading items, discontinued operations, share based payments credits and amortisation of intangible assets acquired through business combinations) was a loss per share of 5.12 pence (2008: loss per share of 2.62 pence). Normalised EPS on continuing operations was 0.93 pence (2008: 1.25 pence).

### Dividends

The Board is proposing a Capital Reduction to be actioned so that a dividend will be able to be declared of 1.00 pence per share (2008: no dividend). Subject to the approval of shareholders at the forthcoming Annual General Meeting, this Capital Reduction will be actioned such that a dividend can be paid on 1st December 2010 to shareholders.

### Liquidity and Capital Resources

Interest payable during the year amounted to £0.6 million (2008: £1.1 million). This decrease reflects both the reduction of the gross debt and the reduction in interest rates in the latter half of 2008. Interest receivable was £0.0 million (2008: £0.3 million).

During the year, underlying cash conversion was in line with expectations. The Group generated £2.4 million (2008: £0.3 million) of cash from its operating activities. At the year-end, the Group had cash balances of £0.4 million (2008: £0.1 million) resulting in net debt of £6.6 million (2008: £9.0 million).

During the year, Huveaux repaid £2.1 million of its debt and ended the year with gross bank debt of £7.0 million (2008: £9.1 million). Following the disposal of the Education Division in March 2010, the Group has repaid all of its outstanding debt.

### Derivatives and Other Instruments

In 2009, 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 2009, 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.

### 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

| | 2009 | 2008 |
|---|---|---|
| Adjusted EPS (pence) | **0.93** | 1.25 |
| Adjusted profit before tax (£ million) | **1.4** | 1.9 |
| Revenue by source (%)* | | |
| – Events | **39%** | 32% |
| – Digital | **22%** | 20% |
| – Magazine Advertising | **19%** | 24% |
| – Directories | **12%** | 14% |
| – Magazine Subscriptions | **3%** | 3% |
| – Products & Other | **5%** | 7% |
| Revenue per employee (£'000)* | **93** | 87 |
| Operating cash flow (£ million) | **2.4** | 0.3 |
| Gearing ratio (%) | **12%** | 16% |
| Net debt to EBITDA* ratio (times) | **1.8** | 1.9 |

* – for 2009, 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** (56) [N]
### 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. From 1991, Gerry was Chief Executive of DMG Ltd in the UK and DMG PTY in Singapore and Australia. He joined Huveaux in May 2004 and was appointed Group Chief Executive in November 2005. Gerry is a non-executive director of The London Skills and Employment Board, a strategic body overseen by the Mayor of London promoting adult skills and employment opportunities in London.

### **Rupert Levy ACA** (42)
### Group Finance Director

Rupert joined Huveaux PLC as Group Finance Director in April 2008 and was appointed Company Secretary in December 2008. Prior to this, 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) [ANR]

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 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** (54) [ANR]

Richard is currently Chairman of Pageant Media (a B2B publisher) and ADP (the UK' second largest NHS dental chain). He is also a non executive of Chilworth Global (world leaders in process safety). 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 2009.

## 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 8 and should be read in conjunction with this Report. A description of the principal risks and uncertainties facing the Group can be found later in this Report on page 12.

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

## Results and Dividends

The Group's financial results for the year are shown in the Consolidated Income Statement on page 18. The directors are recommending a Capital Reduction in order to create distributable reserves. Once this has been actioned, it is intended to declare a dividend of 1.00 pence per Ordinary share (2008: no dividend) which, if the Capital Reduction is approved by shareholders at the forthcoming Annual General Meeting and the Courts, will be paid to shareholders on 1st December 2010.

## 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 9.

## Retirement and Rotation of Directors.

Pursuant to the Company's Articles of Association, Richard Flaye will retire by rotation at the Company's Annual General Meeting ("AGM") and, being eligible, offers himself for re-election. The Board has considered the requirements of the Combined Code in respect of these matters and believes that this member continues to be effective and to demonstrate his commitment to the role, 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 subsisted at the year-end in which a director had, directly or indirectly, a material interest which was significant in relation to the Group's business.

## Directors' and Officers' Indemnity Insurance

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

## Substantial Shareholdings

As at 17 March 2010, the Company had been notified of the following interests in 3% or more of its issued share capital:

| | |
|---|---|
| Estel Investments Limited | 23.0% |
| Schroder Investment Management | 13.1% |
| Axa Framlington Investment Management | 6.7% |
| ISIS EP LLP | 4.4% |
| Williams de Broë Ltd | 4.0% |
| Rathbone Investment Management | 3.5% |
| Rensburg Sheppards Investment Management | 3.3% |
| Charles Stanley | 3.3% |

| | Interest in Ordinary shares | | Interest in Options over Ordinary Shares | | |
|---|---|---|---|---|---|
| | At 01/01/09 | At 31/12/09 | At 01/01/09 | Granted | At 31/12/09 |
| Kevin Hand | 208,851 | 208,851 | – | – | – |
| Gerry Murray | 1,208,073 | 1,208,073 | 924,075 | 1,400,000 | 2,324,075 |
| Rupert Levy | 60,000 | 60,000 | 300,000 | 700,000 | 1,000,000 |
| Richard Flaye | 405,243 | 405,243 | – | – | – |

**Notes:**

1 There have been no changes in the directors' beneficial or non-beneficial interests between the year-end and 8 March 2010, 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 31 to the accounts.

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

| Price at 1 January 2009 | Highest price | Lowest price | Price at 31 December 2009 |
|---|---|---|---|
| 9.0p | 9.5p | 4.0p | 7.75p |

## Share Capital

At the AGM held on Tuesday 9 June 2009, shareholders granted the Company limited authority to purchase its own shares, subject to certain specified conditions. No such purchase was made during the year and a resolution seeking to renew this authority is proposed at this years' AGM.

## Share Listing

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

## Employee Involvement

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

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

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

## Employee Share Schemes

The Company has established a discretionary share incentive scheme for executive directors, senior management and key employees from those principal countries in which the Group operates. It has also established an All-Employee Savings-Related Share Option Scheme, which operates in both the UK and France, and which encourages share ownership by providing employees with the opportunity to acquire shares in the Company at a discount to the market price at the date of grant through regular savings over a three to five year time-frame. Further details of these two share option schemes are set out in note 28 to the accounts.

## Political and Charitable Donations

No charitable or political donations were made in the year (2008: 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 20 days (2008: 25).

## 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

# Directors' Report continued

operating unit level. This 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 13.

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 8);
- Our increasing dependence on information technology systems and technological change; and
- The fact that all our businesses operate in highly competitive and constantly changing markets.

## Going Concern

On 19 March 2010, the Group disposed of its Education Division to Harper Collins Publishers Ltd for £10 million. The proceeds have been used to repay the outstanding bank loans, leaving the Group in a cash positive position as at 22 March 2010. The overdraft facility is therefore no longer required.

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 cash flow with significant headroom going forward.

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

## 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 s418 of the Companies Act 2006.

## Auditors

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

## Annual General Meeting

The Annual General Meeting of the Company will be held on 16th June 2010 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

22 March 2010

# 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. The roles of the Non-Executive Chairman and the Group 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 9.

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.

Both of the non-executive directors are 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 14 occasions during 2009. The aggregate attendance for all Board and Committee meetings was 98%. 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.

# Corporate Governance Statement continued

## Nomination Committee: Chairman, Kevin Hand

The Nomination Committee comprises both non-executive directors and the Chief Executive Officer 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 2009 Annual Report and Accounts.

### 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 2009, 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).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period.

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 adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. 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 financial statements of Huveaux PLC for the year ended 31 December 2009 set out on pages 18 to 60. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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

As explained more fully in the Directors' Responsibilities Statement set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

## Opinion on Financial Statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2009 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Alex Sanderson (Senior Statutory Auditor)**
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
8 Salisbury Square
London
EC4Y 8BB

22 March 2010

# Consolidated Financial Statements

# Consolidated Income Statement

for the year ended 31 December 2009

| | Note | 2009 £'000 | 2008 Restated* £'000 |
|---|---|---|---|
| **Revenue** | 3 | **17,335** | 20,046 |
| Cost of sales | | **(11,028)** | (12,389) |
| **Gross profit** | | **6,307** | 7,657 |
| **Administrative expenses:** | | | |
| Non-trading items | 4 | **(178)** | (190) |
| Profit on disposal of subsidiary undertaking | 5 | **-** | 300 |
| Amortisation of intangible assets acquired through business combinations | 5, 16 | **(1,349)** | (1,754) |
| Net administrative expenses | | **(4,213)** | (5,863) |
| Total administrative expenses | | **(5,740)** | (7,507) |
| **Operating profit** | | **567** | 150 |
| Finance income | 8 | **14** | 262 |
| Financing costs | 9 | **(569)** | (1,058) |
| **Profit/(loss) before tax** | 5 | **12** | (646) |
| Income tax (charge)/credit | 10 | **(59)** | 975 |
| **(Loss)/profit after tax from continuing operations** | | **(47)** | 329 |
| Results from discontinued operations | 11 | **(7,738)** | (4,313) |
| **Loss for the year attributable to equity holders of parent company** | | **(7,785)** | (3,984) |
| **Loss per share** | | | |
| Basic | 13 | **(5.12) p** | (2.62) p |
| Diluted | 13 | **(5.12) p** | (2.62) p |
| **(Loss)/earnings per share on continuing operations** | | | |
| Basic | 13 | **(0.03) p** | 0.22 p |
| Diluted | 13 | **(0.03) p** | 0.22 p |

* restated to exclude discontinued operations (see note 11).

# Consolidated Statement of Comprehensive Income

for the year ended 31 December 2009

| | **2009 £'000** | 2008 £'000 |
|---|---|---|
| **Loss for the year** | **(7,785)** | (3,984) |
| Exchange differences recognised on disposal of discontinued operations | **-** | 565 |
| Exchange differences on translation of foreign operations | **(3)** | 21 |
| Other comprehensive (loss)/income for the year | **(3)** | 586 |
| **Total comprehensive loss in the year attributable to equity holders of parent company** | **(7,788)** | (3,398) |

# Consolidated Statement of Financial Position

at 31 December 2009

| | Note | 2009 £'000 | 2008 £'000 |
|---|---|---|---|
| Goodwill | 15 | **18,906** | 22,847 |
| Intangible assets | 16 | **15,720** | 31,024 |
| Property, plant and equipment | 17 | **132** | 378 |
| **Non-current assets** | | **34,758** | 54,249 |
| Inventories | 19 | **123** | 2,496 |
| Trade and other receivables | 21 | **2,797** | 4,967 |
| Derivative financial instruments | 20 | **35** | 45 |
| Cash | 21 | **428** | 96 |
| Assets classified as held for sale | 14 | **10,733** | - |
| **Current assets** | | **14,116** | 7,604 |
| Interest bearing loans and borrowings | 23 | **(2,130)** | (2,130) |
| Income tax payable | | **(311)** | (240) |
| Provisions | 22 | **-** | - |
| Trade and other payables | 22 | **(4,077)** | (6,207) |
| Liabilities classified as held for sale | 14 | **(1,359)** | - |
| **Current liabilities** | | **(7,877)** | (8,577) |
| **Net current assets/(liabilities)** | | **6,239** | (973) |
| **Total assets less current liabilities** | | **40,997** | 53,276 |
| Interest bearing loans and borrowings | 23 | **(4,880)** | (7,010) |
| Deferred tax liability | 24 | **(2,601)** | (4,937) |
| **Non-current liabilities** | | **(7,481)** | (11,947) |
| **Net assets** | | **33,516** | 41,329 |
| **Equity attributable to equity holders of parent** | | | |
| Issued capital | 25 | **15,200** | 15,200 |
| Share premium | | **30,816** | 30,816 |
| Other reserves | | **409** | 409 |
| Retained deficit | | **(12,927)** | (5,117) |
| Translation reserve | | **18** | 21 |
| **Total equity** | | **33,516** | 41,329 |

The accompanying notes form an integral part of this consolidated statement of financial position.

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

22 March 2010

# Consolidated Statement of Changes in Equity

for the year ended 31 December 2009

| | Share capital £'000 | Share premium £'000 | Merger reserve £'000 | Retained earnings £'000 | Translation reserve £'000 | **Total shareholders' funds £'000** |
|---|---|---|---|---|---|---|
| At 1 January 2008 | 15,200 | 30,816 | 409 | 25 | (565) | **45,885** |
| Total comprehensive loss | | | | | | |
| Loss for the year | - | - | - | (3,984) | - | **(3,984)** |
| Transactions with shareholders recorded directly in equity | | | | | | |
| Distributions to owners | - | - | - | (1,140) | - | **(1,140)** |
| Other comprehensive income | | | | | | |
| Exchange differences recognised on disposal of discontinued operations | - | - | - | - | 565 | **565** |
| Currency translation differences | - | - | - | - | 21 | **21** |
| Share based payment charge | - | - | - | (18) | - | **(18)** |
| At 1 January 2009 | 15,200 | 30,816 | 409 | (5,117) | 21 | **41,329** |
| Total comprehensive loss | | | | | | |
| Loss for the year | - | - | - | (7,785) | - | **(7,785)** |
| Other comprehensive loss | | | | | | |
| Currency translation differences | - | - | - | - | (3) | **(3)** |
| Share based payment charge | - | - | - | (25) | - | **(25)** |
| **At 31 December 2009** | **15,200** | **30,816** | **409** | **(12,927)** | **18** | **33,516** |

# Consolidated Statement of Cash Flows

for the year ended 31 December 2009

| | Note | 2009 £'000 | 2008 £'00 |
|---|---|---|---|
| **Loss for the year** | | **(7,785)** | (3,984) |
| Depreciation of property, plant and equipment | | **109** | 79 |
| Amortisation of intangible assets acquired through business combinations | | **1,349** | 1,754 |
| Amortisation of other intangible assets | | **355** | 281 |
| Results from discontinued operations | | **7,738** | 4,313 |
| Profit on sale of subsidiary undertaking | | **-** | (300) |
| Share based payments charges | | **(12)** | (24) |
| Net finance costs | | **555** | 796 |
| Income tax charge/(credit) | | **59** | (975) |
| Cash flow relating to restructuring provisions | | **(178)** | (899) |
| Operating cash flows before movements in working capital | | **2,190** | 1,041 |
| Change in inventories | | **100** | 714 |
| Change in receivables | | **730** | 6,612 |
| Change in payables | | **(222)** | (8,059) |
| Cash generated by operations | | **2,798** | 308 |
| Income tax paid | | **(408)** | (22) |
| **Net cash from operating activities** | | **2,390** | 286 |
| **Cash flows from investing activities** | | | |
| Interest and similar income received | | **14** | 262 |
| Proceeds from sale of property, plant and equipment | | **5** | 439 |
| Proceeds from sale of subsidiary undertaking | | **-** | 4,600 |
| Cash divested with sale of subsidiary undertaking | | **-** | (69) |
| Acquisition of property, plant and equipment | | **(70)** | (113) |
| Acquisition of other intangible assets | | **(262)** | (269) |
| **Net cash (used in)/provided by investing activities** | | **(313)** | 4,850 |
| **Cash flows from financing activities** | | | |
| Interest and similar expenses paid | | **(684)** | (958) |
| Repayment of borrowings | | **(2,130)** | (11,525) |
| Dividends paid | | **-** | (1,140) |
| **Net cash used in financing activities** | | **(2,814)** | (13,623) |
| **Cash flows from discontinued operations** | | | |
| Net cash increase from operating activities | | **2,068** | 3,687 |
| Net cash from investing activities | | **(1,006)** | 3,939 |
| Net cash used in financing activities | | **-** | (196) |
| **Net increase in cash** | | **1,062** | 7,430 |
| **Net increase/(decrease) in cash** | | **325** | (1,057) |
| Opening cash | | **96** | 1,994 |
| Effect of exchange rate fluctuations on cash held | | **7** | (841) |
| **Closing cash** | 27 | **428** | 96 |

# Notes to the Consolidated Financial Statements

31 December 2009

## 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.

### Standards adopted

In these financial statements, the Group adopted the following amendments to IFRSs effective 1 January 2009. The amendments did not have a material impact on the Group's financial statements, unless, otherwise indicated below:

- IFRS 8, Operating Segments, adopts a management approach to reporting segment information.
- Amendments to IAS 1 'Presentation of Financial Statements' has a presentational impact and did not effect the recognition or measurement of items in the financial statements.
- Amendments 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.

### 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 assets as at 31 December 2009 of £6,239,000. The Directors have considered the implications for Going Concern below.

The Board remains satisfied with the Group's funding and liquidity position.

As highlighted in note 23 to the financial statements, the main source of debt funding has been the bank loan from Bank of Scotland, which was £7.01 million at 31 December 2009. In addition to this, the group has had access to an overdraft facility throughout 2009. This was renegotiated in February and November 2009 and at 31 December 2009 the full facility remained undrawn.

On 19 March 2010, the Group disposed of its Education Division to Harper Collins Publishers Ltd for £10 million. The proceeds have been used to repay the outstanding bank loans, leaving the Group in a cash positive position as at 22 March 2010. The overdraft facility is therefore no longer required. This is due to expire at the end of March 2010 and is not being renewed.

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 cash flow with significant headroom going forward.

On the basis of these forecasts, both base case and adjusted as described above, and given the level of available cash, 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 8, and in the Directors' Report on page 10. 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 Consolidated Financial Statements continued

31 December 2009

## 1 Statement of Accounting Policies (continued)

### 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.

### Non-current assets held for sale and discontinued operations

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and the sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit and loss. The same applies to gains and losses on subsequent remeasurement although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group first is allocated to goodwill and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies.

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 education division has been treated as a discontinued operation for both the current and comparative periods. The Healthcare business has been treated as a discontinued operation for the comparative period.

### 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 licence. The unrecognised element is carried within creditors as deferred revenue.

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

# Notes to the Consolidated Financial Statements continued

31 December 2009

### 1 Statement of Accounting Policies (continued)

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

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

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

Revenue on all one-off events and conferences is recognised as they occur. 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 5 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.

# Notes to the Consolidated Financial Statements continued

31 December 2009

## 1 Statement of Accounting Policies (continued)

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 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

# Notes to the Consolidated Financial Statements continued

31 December 2009

## 1 Statement of Accounting Policies (continued)

Assets". Assets are not revalued. The amortisation period and method are reviewed at each financial year end and are changed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" if this is considered necessary. The estimated useful lives are as follows:

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

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

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

### 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.

# Notes to the Consolidated Financial Statements continued

31 December 2009

## 1 Statement of Accounting Policies (continued)

### Property, plant and equipment

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

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

| | |
|---|---|
| Leasehold improvements | Over the 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 |

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

### 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.

### Cash

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

### 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.

# Notes to the Consolidated Financial Statements continued

31 December 2009

## 1 Statement of Accounting Policies (continued)

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

### Foreign currencies

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

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

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

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

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

## 2 Accounting estimates, judgements and adopted IFRS not yet effective

The key assumptions concerning the future and other key sources of estimation and judgements 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.

# Notes to the Consolidated Financial Statements continued

31 December 2009

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

### 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. Judgements and estimations are also used by the Directors for the value in use calculation for impairment purposes of goodwill and other intangible assets. Details of goodwill and intangible assets are given in note 15 and 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 from 1 January 2010 and the Directors do not consider that the IFRS will have a material impact on the Group's financial statements.

Endorsed:
Revised IFRS 3 "Business Combinations".
Amendments to IAS 27 "Consolidated and Separate Financial Statements" for the year commencing on or after 1 July 2009.
Amendments to IAS 39 "Financial Instruments: Recognition and Measurement: Eligible Hedged Items" for the year commencing on or after 1 July 2009.
Amendments to IAS 39 "Reclassification of Financial Assets: Effective Date and Transition" for the year commencing on or after 1 July 2009.
Amendments to IAS 32 "Financial Instruments: Presentation - Classification of Rights Issue" for the year commencing on or after 1 February 2010.

## 3 Segmental information

### Business segments

The Group has adopted IFRS 8 Operating segments which has been endorsed by the EU and is effective for the year ending 31 December 2009.

IFRS 8 introduces the 'management approach' to segment reporting and requires presentation and disclosure of segment information to be based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. The group presents segment information in respect of its business segments, which is based on the Group's management and internal reporting structure. The Group's two business segments are Political and Education.

Previously, prior to the disposal of Epic PLC in 2008, the Learning Division was reported as one business segment, but with its disposal, the remainder of the segment was incorporated into the Political division to best reflect, the internal reporting structure.

Prior to its sale in 2008, the Healthcare division was reported separately as a business segment, but with the disposal of the French healthcare business, the remaining business, being the French Political business was included within the Political segment, again mirroring the internal reporting structure.

*Principal activities are as follows:*
Political Division - The market leader in political publishing, information and communciation in the UK and EU, serving both the political and public affairs communities.The Division comprises Dods Parliamentary Companion, The House Magazine,

# Notes to the Consolidated Financial Statements continued

31 December 2009

### 3 Segmental information (continued)

The Parliament Magazine, Epolitix.com, Civil Service 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. The Political Division is disclosed within continuing operations in the income statement.

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 Education Division was disposed on 19 March 2010 and has been disclosed within discontinued operations.

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

Segment results, assets and liabilities and other information include items directly attributable to the segment.

The following segmental information about the business is presented below. The key information reviewed by the Chief Operating Decision Maker are Revenues as shown below and EBITDA which is presented in Schedule A. Schedule A shows a reconciliation of segment result stated in the income statement to EBITDA.

| **Year ended 31 December 2009** | Political £'000 | **Continuing Operations £'000** | Education (Discontinued) £'000 | **Consolidated £'000** |
|---|---|---|---|---|
| **Revenue** | | | | |
| External revenue - sale of goods | 3,220 | **3,220** | 7,941 | **11,161** |
| - rendering of services | 14,115 | **14,115** | 10 | **14,125** |
| **Total revenue** | **17,335** | **17,335** | 7,951 | **25,286** |
| **Segment result** | **1,556** | **1,556** | (9,455) | **(7,899)** |
| Head Office expenses | | **(989)** | - | **(989)** |
| **Operating profit/(loss)** | | **567** | (9,455) | **(8,888)** |
| Finance income | | **14** | 2 | **16** |
| Financing costs | | **(569)** | - | **(569)** |
| **Loss before tax** | | **12** | (9,453) | **(9,441)** |
| Income tax (charge)/credit | | **(59)** | 1,715 | **1,656** |
| **Loss after tax** | | **(47)** | (7,738) | **(7,785)** |

Head Office expenses includes £57,000 in respect of non-trading items (2008: credits of £200,000). For a breakdown of non-trading items by division see Schedule A.

# Notes to the Consolidated Financial Statements continued

31 December 2009

## 3 Segmental information (continued)

| 2009 Other information | Political £'000 | Head Office £'000 | Continuing Operations £'000 | Education (Discontinued) £'000 | Consolidated £'000 |
|---|---|---|---|---|---|
| Capital expenditure - intangible assets - external | 111 | - | 111 | 375 | 486 |
| Capital expenditure - intangible assets - internal | 149 | 3 | 152 | 627 | 779 |
| Capital expenditure - other | 70 | - | 70 | 5 | 75 |
| Depreciation | 106 | 3 | 109 | 101 | 210 |
| Amortisation of intangible assets | 1,690 | 14 | 1,704 | 2,052 | 3,756 |
| Impairment of goodwill and other intangible assets | - | - | - | 9,171 | 9,171 |

| Balance Sheet | Political £'000 | Continuing Operations £'000 | Education (Discontinued) £'000 | Consolidated £'000 |
|---|---|---|---|---|
| **Assets** | | | | |
| Segment assets | 39,049 | 39,049 | 15,640 | 54,689 |
| Head Office assets | | (5,815) | - | (5,815) |
| **Consolidated total assets** | | 33,234 | 15,640 | 48,874 |
| **Liabilities** | | | | |
| Segment liabilities | (10,429) | (10,429) | (1,359) | (11,788) |
| Head Office liabilities | | (3,570) | - | (3,570) |
| **Consolidated total liabilities** | | (13,999) | (1,359) | (15,358) |
| **Consolidated net assets** | | 19,235 | 14,281 | 33,516 |

| Year ended 31 December 2008 | Learning £'000 | Political £'000 | Continuing Operations £'000 | Education and Healthcare (Discontinued) £'000 | Consolidated £'000 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| External revenue - sale of goods | - | 3,803 | 3,803 | 12,214 | 16,017 |
| - rendering of services | 2,817 | 13,426 | 16,243 | 4,063 | 20,306 |
| **Total revenue** | 2,817 | 17,229 | 20,046 | 16,277 | 36,323 |
| **Segment result** | (42) | 1,052 | 1,010 | 1,363 | 2,373 |
| Head Office expenses | | | (860) | - | (860) |
| **Operating profit** | | | 150 | 1,363 | 1,513 |
| Finance income | | | 262 | 22 | 284 |
| Financing costs | | | (1,058) | (210) | (1,268) |
| **(Loss)/profit before tax** | | | (646) | 1,175 | 529 |
| Income tax credit | | | 975 | 1,993 | 2,968 |
| Loss on sale of discontinued operations (net of tax) | | | - | (7,481) | (7,481) |
| **Profit/(loss) after tax** | | | 329 | (4,313) | (3,984) |

# Notes to the Consolidated Financial Statements continued

31 December 2009

## 3 Segmental information (continued)

| 2008 Other information | Learning £'000 | Political £'000 | Head Office £'000 | **Continuing Operations £'000** | Education and Healthcare (Discontinued) £'000 | **Consolidated £'000** |
|---|---|---|---|---|---|---|
| Capital expenditure - intangible assets - external | - | 134 | - | **134** | 580 | **714** |
| Capital expenditure - intangible assets - internal | - | 136 | - | **136** | 618 | **754** |
| Capital expenditure - other | - | 109 | 4 | **113** | 11 | **124** |
| Depreciation | - | 70 | 9 | **79** | 115 | **194** |
| Amortisation of intangible assets | 184 | 1,838 | 13 | **2,035** | 1,929 | **3,964** |

| Balance Sheet | Learning £'000 | Political £'000 | **Continuing Operations £'000** | Education and Healthcare (Discontinued) £'000 | **Consolidated £'000** |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Segment assets | - | 38,159 | **38,159** | 25,842 | **64,001** |
| Head Office assets | | | **(2,148)** | - | **(2,148)** |
| **Consolidated total assets** | | | **36,011** | 25,842 | **61,853** |
| **Liabilities** | | | | | |
| Segment liabilities | - | (10,221) | **(10,221)** | (3,485) | **(13,706)** |
| Head Office liabilities | | | **(6,818)** | - | **(6,818)** |
| **Consolidated total liabilities** | | | **(17,039)** | (3,485) | **(20,524)** |
| **Consolidated net assets** | | | **18,972** | 22,357 | **41,329** |

### Geographical segments

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

| | Revenue by geographical market | | Carrying amount of segment assets | | Additions to property, plant and equipment and intangible assets | |
|---|---|---|---|---|---|---|
| | **2009 £'000** | 2008 £'000 | **2009 £'000** | 2008 £'000 | **2009 £'000** | 2008 £'000 |
| UK | **13,579** | 16,220 | **32,702** | 35,495 | **179** | 175 |
| Continental Europe and rest of world | **3,756** | 3,826 | **532** | 516 | **2** | 72 |
| Continuing operations | **17,335** | 20,046 | **33,234** | 36,011 | **181** | 247 |
| UK (discontinued) | **7,617** | 10,325 | **15,640** | 25,842 | **380** | 591 |
| Continental Europe and rest of world (discontinued) | **334** | 5,952 | **-** | - | **-** | - |
| | **25,286** | 36,323 | **48,874** | 61,853 | **561** | 838 |

# Notes to the Consolidated Financial Statements continued

31 December 2009

## 4 Non-trading items

| | 2009 £'000 | 2008 £'000 |
|---|---|---|
| Redundancy and people related costs | **178** | 151 |
| Abortive deal costs | **-** | 39 |
| | **178** | 190 |

Redundancy and people related costs represent the effect of a Group initiative to reduce costs.

## 5 Profit/(loss) before tax

| **Profit/(loss) before tax has been arrived at after charging/(crediting):** | 2009 £'000 | 2008 £'000 |
|---|---|---|
| Depreciation of property, plant and equipment | **109** | 79 |
| Amortisation of intangible assets acquired through business combinations | **1,349** | 1,754 |
| Amortisation of other intangible assets | **355** | 281 |
| Cost of inventories recognised as an expense | **649** | 706 |
| Writeback of inventories recognised as an expense | **7** | (2) |
| Staff costs (see note 7) | **8,498** | 9,890 |
| Profit on disposal of subsidiary undertaking | **-** | (300) |
| Non-trading items (see note 4) | **178** | 190 |
| Operating lease charge | **383** | 387 |

The profit on disposal of subsidiary undertaking in 2008 relates to the sale of Epic Group PLC. The results of Epic Group PLC are disclosed in continuing business in the comparative figures for statutory purposes.

| **Auditors' remuneration** | 2009 £'000 | 2008 £'000 |
|---|---|---|
| Fees payable to the Company's auditor for the audit of the Company's annual accounts | **57** | 55 |
| Fees payable to the Company's auditor and its associates for other services: | | |
| The audit of the Company's subsidiaries, pursuant to legislation | **42** | 40 |
| Other services | **-** | 4 |
| | **99** | 99 |

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

| | 2009 £'000 | 2008 £'000 |
|---|---|---|
| Directors' emoluments | **446** | 576 |
| Company contributions to money purchase pension schemes | **58** | 54 |
| Compensation for loss of office | **-** | 56 |
| Share based payments charge/(credit) | **16** | (27) |
| | **520** | 659 |

# Notes to the Consolidated Financial Statements continued

31 December 2009

## 6 Directors' remuneration (continued)

The emoluments of the highest paid director were £236,250 (2008: £304,750) and company pension contributions of £35,000 (2008: £32,000) were made to a money purchase scheme on the director's behalf.

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

| | **2009** | 2008 |
|---|---|---|
| Money purchase schemes | 2 | 2 |

## 7 Staff costs

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

| | **2009** | 2008 |
|---|---|---|
| Editorial and production staff | **59** | 62 |
| Sales and marketing staff | **84** | 97 |
| Managerial and administration staff | **44** | 40 |
| | **187** | 199 |

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

| | **2009 £'000** | 2008 £'000 |
|---|---|---|
| Wages and salaries | **7,603** | 8,855 |
| Social security costs | **836** | 969 |
| Pension and other costs | **71** | 91 |
| Share based payment credit | **(12)** | (25) |
| | **8,498** | 9,890 |

## 8 Finance income

| | **2009 £'000** | 2008 £'000 |
|---|---|---|
| Bank interest receivable | **14** | 262 |

## 9 Financing costs

| | **2009 £'000** | 2008 £'000 |
|---|---|---|
| On bank loans and overdrafts | **567** | 1,055 |
| Net exchange losses | **2** | 3 |
| | **569** | 1,058 |

# Notes to the Consolidated Financial Statements continued

31 December 2009

## 10 Taxation

| | 2009 £'000 | 2008 £'000 |
|---|---|---|
| Current tax | | |
| Current tax on income for the year at 28% (2008: 28.5%) | **573** | 363 |
| Adjustments in respect of prior periods | **(11)** | (22) |
| | **562** | 341 |
| Double taxation relief | **(1)** | (2) |
| Overseas tax | | |
| Current tax expense on income for the year at 28% (2008: 28.5%) | **1** | 2 |
| Total current tax expense | **562** | 341 |
| Deferred tax (see note 24) | | |
| Origination and reversal of temporary differences | **(500)** | (1,126) |
| Benefit from previously unrecognised tax losses/losses utilised | **(3)** | (190) |
| Total deferred tax income | **(503)** | (1,316) |
| Total income tax charge/(credit) | **59** | (975) |

The effect of non-trading items charged during the year is to increase the tax charge by £50,000 (2008: increase of £53,000).

The credit to the income statement in respect of deferred tax of £503,000 (2008: £1,316,000) is stated after recording a deferred tax asset of £3,000 (2008: £190,000) in respect of tax losses.

Included within the tax credit to the income statement is £nil of tax-related goodwill written off on the disposal of businesses (2008: £548,000).

Included within the tax credit to the income statement is £1,631,000 of tax-related goodwill written off on the impairment of the education division (2008: £nil), which is included in the results of discontinued operations (see note 11).

The tax charge for the period differs from the standard rate of corporation tax in the UK of 28% (2008: 28.5%).

The differences are explained below:

| | 2009 £'000 | 2008 £'000 |
|---|---|---|
| Income tax reconciliation | | |
| Profit/(loss) before tax | **12** | (646) |
| Notional tax charge at standard rate of 28% (2008: 28.5%) | **3** | (184) |
| Effects of: | | |
| Expenses not deductible for tax purposes | **607** | 402 |
| Accelerated capital allowances and temporary differences | **(527)** | (1,229) |
| Continued operations sold in the year | **-** | 250 |
| Adjustments to tax charge in respect of prior periods | **(11)** | (22) |
| Difference between UK and French tax rates | **(10)** | - |
| Recognition of previously unrecognised tax losses | **(3)** | (190) |
| Other | **-** | (2) |
| Total income tax expense/(credit) | **59** | (975) |

# Notes to the Consolidated Financial Statements continued

31 December 2009

## 11 Discontinued operations

Discontinued operations for the year-ended 31 December 2009 includes the Education Division only. Discontinued operations for the year-ended 31 December 2008 includes both the French Healthcare business, which was sold on 3 June 2008 and the Education Division which has been classified as held for sale as at 31 December 2009. The Education Division comprises Letts Educational Ltd, Leckie & Leckie Ltd and the Lonsdale division held within Huveaux PLC.

Results attributable to these businesses were as follows:

| | **2009 £'000** | 2008 £'000 |
|---|---|---|
| Revenue | **7,951** | 16,277 |
| Cost of sales | **(4,452)** | (9,554) |
| Gross profit | **3,499** | 6,723 |
| Non-trading items | **(398)** | - |
| Amortisation of intangible assets acquired through business combinations | **(1,003)** | (1,141) |
| Impairment of goodwill and intangible assets (see notes 15 and 16) | **(9,171)** | - |
| Other administrative expenses | **(2,382)** | (4,219) |
| Operating (loss)/profit | **(9,455)** | 1,363 |
| Net finance costs | **2** | (188) |
| (Loss)/profit before tax | **(9,453)** | 1,175 |
| Related income tax credit | **84** | (84) |
| Deferred tax credit arising from intangible assets impaired | **1,631** | - |
| Loss on sale of discontinued operations (net of tax) | **-** | (5,404) |
| Loss for the period | **(7,738)** | (4,313) |

The 2008 comparative income statement has been re-analysed to show the discontinued operations for the Education Division separately from the continuing operations. The cash inflow on the disposal of the French Healthcare business in 2008 after deducting expenses and costs relating to the sale was £6.2 million.

In addition, in the 2008 financial statements, £2.1 million was separately disclosed as a 'deferred' tax credit arising from intangible assets disposed. On reflection, the Directors believe it is more appropriate to include this balance as part of the 'loss on sale of discontinued operations (net of tax)' in the comparative balance and have made the appropriate adjustment.

The following table details the assets and liabilities in respect of the French Healthcare business and Epic PLC which were disposed of during 2008, together with the calculation of profit/(loss) on disposal:

| | French Healthcare £'000 | Epic PLC £'000 |
|---|---|---|
| Cash received (less transaction costs) | 6,223 | 4,618 |
| *Less: assets/liabilities disposed of:* | | |
| Property, plant and equipment | 482 | 139 |
| Intangible assets (excluding goodwill) | 7,054 | 1,962 |
| Goodwill | 4,608 | 1,216 |
| Inventories | 153 | 1,033 |
| Cash (and cash equivalents) | 1,067 | 69 |
| Debtors | 4,201 | 1,534 |
| Deferred tax | (1,183) | (452) |
| Creditors | (5,344) | (1,183) |
| Translation reserve recycled | 565 | - |
| Loss/(profit) on disposal | 5,380 | (300) |

# Notes to the Consolidated Financial Statements continued

31 December 2009

## 11 Discontinued operations (continued)

- The total disposal consideration was £4.75 million for Epic (less £0.15 million of transaction costs) and €8.25 million (£6.5 million) for the French Healthcare Business (less £0.3 million of transactions costs);
- All consideration was in cash;
- £0.1 million of cash was disposed of within Epic PLC and €1.4 million (£1.1 million) within the French Healthcare Business.

## 12 Dividends

| | **2009 £'000** | 2008 £'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 |

## 13 (Loss)/earnings per share

| | **2009 £'000** | 2008 £'000 |
|---|---|---|
| Loss attributable to shareholders | **(7,785)** | (3,984) |
| Add: non-trading items net of tax | **128** | 137 |
| Add: amortisation of intangible assets acquired through business combinations | **1,349** | 1,754 |
| Add: results of discontinued operations | **7,738** | 4,313 |
| Less: profit on sale of subsidiary undertaking | **-** | (300) |
| Less: share based payment credit | **(12)** | (25) |
| Normalised profit attributable to shareholders post tax | **1,418** | 1,895 |

| | **2009 Ordinary shares** | 2008 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 |
| In issue during the year - diluted | **151,998,453** | 152,237,341 |
| Loss per share - basic | **(5.12) p** | (2.62) p |
| Loss per share - diluted | **(5.12) p** | (2.62) p |
| Normalised earnings per share (as defined above) - basic | **0.93 p** | 1.25 p |
| Normalised earnings per share (as defined above) - diluted | **0.93 p** | 1.24 p |
| **Earnings per share on continuing operations** | | |
| (Loss)/earnings per share - basic | **(0.03) p** | 0.22 p |
| (Loss)/earnings per share - diluted | **(0.03) p** | 0.22 p |

The comparative figure relating to non-trading items has been adjusted to show the tax effect appropriately.

# Notes to the Consolidated Financial Statements continued

31 December 2009

### 14 Assets and liabilities held for sale

As at 31 December 2009, the Education Division was classified as held for sale and included within discontinued operations (please see note 11). The Education Division comprises of Letts Educational Ltd, Leckie & Leckie Ltd and Lonsdale division held within Huveaux PLC.

The major classes of assets and liabilities comprising the assets and liabilities held for sale were as follows:

| | 2009 £'000 |
|---|---|
| Intangible assets | 7,583 |
| Property, plant and equipment | 106 |
| Inventories | 2,063 |
| Trade and other receivables | 981 |
| **Total assets classified as held for sale** | **10,733** |
| Trade and other payables | 1,158 |
| Deferred tax liabilities | 201 |
| **Total liabilities classified as held for sale** | **1,359** |

The Education Division is classified as held for sale at the balance sheet date as the division was sold on 19 March 2010 for £10 million to Harper Collins Publishers Ltd. The Group incurred costs to sell amounting to £0.6 million.

### 15 Goodwill

| Cost & Net book value | 2009 £'000 | 2008 £'000 |
|---|---|---|
| Opening balance | 22,847 | 28,651 |
| Revisions to fair values of assets and liabilities on acquisitions made in the prior year | - | 7 |
| Disposals | - | (5,811) |
| Impairment | (3,941) | - |
| **Closing balance** | **18,906** | 22,847 |

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:

| | 2009 £'000 | 2008 £'000 |
|---|---|---|
| Political Division | 18,906 | 18,906 |
| Education Division | - | 3,941 |
| | **18,906** | 22,847 |

In the 2008 financial statements goodwill was reduced by £707,000 previously disclosed as "effect of change in tax rate". On reflection, the Directors believed it was more appropriate to include "Disposals" and have made the appropriate adjustment to the comparative balance above.

The Group tests annually for impairment or more frequently if there are indications that goodwilll might be impaired.

# Notes to the Consolidated Financial Statements continued

31 December 2009

## 15 Goodwill (continued)

### Education Division

An impairment charge of £3.9 million in respect of the Education Division has been recorded and is recognised within discontinued operations in the income statement. The impairment arose as a result of the reclassification of the CGU as a disposal group held for sale as at 31 December 2009. This reclassification was undertaken based on the plan to dispose of the CGU and the recoverable amount has been calculated based on the fair value less costs to sell under the terms of the disposal.

### Political Division

The recoverable amount of the CGU is 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 2010 were projected based on the budget for 2010;
- cash flows for 2011 to 2014 were extrapolated using conservative growth rates at an average of 4%, based on management's view on likely trading and likely growth;
- cash flows beyond 2014 are extrapolated using 1.5% growth rate;
- cash flows were discounted using the CGU's pre-tax discount rate of 11.44%.

The Directors recognise that the determination of an appropriate discount rate is judgmental and is the key assumption in the value in use calculation and therefore sensitivities were performed which address how increases in the discount rate might affect the value in use.

The value in use calculation exceeds the carrying value by £3 million. If the discount rate was increased to 12 percent, this would lead to the recoverable amount equalling the carrying amount of the CGU.

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;
- 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 the Political 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 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 1 January 2009 | 37,129 | 1,414 | 3,008 | 41,551 |
| Additions - externally purchased | - | 134 | 352 | 486 |
| Additions - internally generated | - | 152 | 627 | 779 |
| Impairment | (6,732) | - | - | (6,732) |
| Disposals | - | (83) | - | (83) |
| Transferred to held for sale | (7,785) | (182) | (3,987) | (11,954) |
| **At 31 December 2009** | **22,612** | **1,435** | **-** | **24,047** |

# Notes to the Consolidated Financial Statements continued

31 December 2009

## 16 Intangible assets (continued)

| | Assets acquired through business combinations £'000 | Software £'000 | Plate costs £'000 | Total £'000 |
|---|---|---|---|---|
| **Amortisation** | | | | |
| 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 1 January 2009 | 8,293 | 737 | 1,497 | 10,527 |
| Charged in year | 2,352 | 390 | 1,014 | 3,756 |
| Disposals | - | (83) | - | (83) |
| Impairment | (1,502) | - | - | (1,502) |
| Transferred to held for sale | (1,735) | (125) | (2,511) | (4,371) |
| **At 31 December 2009** | **7,408** | **919** | **-** | **8,327** |
| **Net book value** | | | | |
| At 1 January 2008 | 40,255 | 985 | 1,085 | 42,325 |
| At 31 December 2008 | 28,836 | 677 | 1,511 | 31,024 |
| **At 31 December 2009** | **15,204** | **516** | **-** | **15,720** |

| Assets acquired through business combinations comprise: | **Net book value 2009 £'000** | Net book value 2008 £'000 |
|---|---|---|
| Publishing rights | **13,642** | 25,780 |
| Brand names | **877** | 941 |
| Customer relationships | **628** | 2,043 |
| Customer lists | **56** | 38 |
| Other assets | **1** | 34 |
| | **15,204** | 28,836 |

As at 31 December 2009, Publishing Rights principally relate to Dods Parliamentary Communications Ltd and Huveaux Politique (31 December 2008, Dods Parliamentary Communications, Lonsdale, Letts Education Ltd, Leckie & Leckie Ltd and Huveaux Politique). These are being written off in equal instalments 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 £1,162,125 (2008: £915,000).

The impairment of intangibles relates to the Education Division which has been classified as held for sale and discontinued operations (please see notes 11 and 14). The recoverable amount has been calculated based on the fair value less costs to sell under the terms of the disposal.

# Notes to the Consolidated Financial Statements continued

31 December 2009

## 17 Property, plant and equipment

| | Leasehold improvements £'000 | Equipment and motor vehicles £'000 | Total £'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2008 | 462 | 1,757 | 2,219 |
| Additions | 3 | 121 | 124 |
| Disposals | (268) | (910) | (1,178) |
| At 1 January 2009 | 197 | 968 | 1,165 |
| Additions | - | 75 | 75 |
| Disposals | (53) | (206) | (259) |
| Transferred to held for sale | (118) | (283) | (401) |
| **At 31 December 2009** | **26** | **554** | **580** |
| **Depreciation** | | | |
| At 1 January 2008 | 145 | 1,187 | 1,332 |
| Charge for the year | 35 | 159 | 194 |
| Disposals | (57) | (682) | (739) |
| At 1 January 2009 | 123 | 664 | 787 |
| Charge for the year | 66 | 144 | 210 |
| Disposals | (53) | (201) | (254) |
| Transferred to held for sale | (110) | (185) | (295) |
| **At 31 December 2009** | **26** | **422** | **448** |
| **Net book value** | | | |
| At 1 January 2008 | 317 | 570 | 887 |
| At 1 January 2009 | 74 | 304 | 378 |
| **At 31 December 2009** | **-** | **132** | **132** |

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

## 18 Subsidiairies

The results of each of the following principal subsidiary undertakings have been included in the Group accounts as at 31 December 2009 and 31 December 2008:

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

# Notes to the Consolidated Financial Statements continued

31 December 2009

### 18 Subsidiairies (continued)

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) On 19 March 2010, the Education Division which comprises Letts Educational Limited and Leckie & Leckie Limited were sold for £10 million to Harper Collins Publishers Limited.

### 19 Inventories

| | **2009 £'000** | 2008 £'000 |
|---|---|---|
| Work-in-progress | 38 | 49 |
| Finished goods | 85 | 2,447 |
| | 123 | 2,496 |

### 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 2009, £584,000 of the Group's trade receivables were exposed to risk in countries other than the United Kingdom (2008: £536,000).

The ageing of trade receivables at the reporting date was:

| | **Gross 2009 £'000** | **Provided 2009 £'000** | Gross 2008 £'000 | Provided 2008 £'000 |
|---|---|---|---|---|
| Overdue by less than 3 months | **2,092** | **7** | 3,492 | - |
| Overdue by between 3 and 12 months | **98** | **34** | 588 | 225 |
| Overdue by more than 12 months | **45** | **34** | 48 | 24 |
| | **2,235** | **75** | 4,128 | 249 |

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.

# Notes to the Consolidated Financial Statements continued

31 December 2009

## 20 Financial instruments (continued)

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

| | **2009 £'000** | 2008 £'000 |
|---|---|---|
| Balance at 1 January | **249** | 367 |
| Movement | **(174)** | (118) |
| Balance at 31 December | **75** | 249 |

### 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 €1,900,000 into Sterling were taken out and redeemed in 2009. The Sterling : Euro rates on these transactions were 1.0999, 1.1023, 1.1033 and 1.1044. 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 2009 is £35,000 (2008: £45,000). 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.

At 31 December 2009, 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 £6,000 (2008: £16,000). 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 £21,000 (2008: £20,000).

### Fair values

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

### Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

# Notes to the Consolidated Financial Statements continued

31 December 2009

## 21 Other financial assets

| Trade and other receivables | 2009 £'000 | 2008 £'000 |
|---|---|---|
| Trade receivables | **2,160** | 3,879 |
| Other receivables | **143** | 464 |
| Prepayments and accrued income | **494** | 624 |
| | **2,797** | 4,967 |

Trade and other receivables denominated in currencies other than Sterling comprise £584,000 (2008: £536,000) denominated in Euros.

| Cash | 2009 £'000 | 2008 £'000 |
|---|---|---|
| Net cash | **428** | 96 |

Net cash includes £332,000 (2008: an overdraft of £160,000) with Bank of Scotland. Please refer to note 23 for details of the facility available as at 31 December 2009.

Cash includes an overdraft of £594,000 (2008: cash of £195,000) denominated in Euros.

## 22 Current liabilities

| Trade and other payables | 2009 £'000 | 2008 £'000 |
|---|---|---|
| Trade creditors | **605** | 1,202 |
| Other creditors including tax and social security | **856** | 1,869 |
| Accruals and deferred income | **2,616** | 3,136 |
| | **4,077** | 6,207 |

Trade creditors and accruals comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 20 days (2008: 25 days).

Current liabilities denominated in currencies other than Sterling comprise £157,000 (2008: £437,000) denominated in Euros.

| Provisions for liabilities and charges | £'000 |
|---|---|
| At 1 January 2009 | **-** |
| Charge to the profit and loss account (see note 4) | **178** |
| Utilised | **(178)** |
| At 31 December 2009 | - |

# Notes to the Consolidated Financial Statements continued

31 December 2009

## 23 Interest bearing loans and borrowings

Borrowings are repayable as follows:

| | 2009 £'000 | 2008 £'000 |
|---|---|---|
| On demand or within one year | **2,130** | 2,130 |
| Between one and two years | **2,130** | 2,130 |
| Between two and five years | **2,750** | 4,880 |
| | **7,010** | 9,140 |
| Less: Amounts due for settlement within 12 months | **(2,130)** | (2,130) |
| Amount due for settlement after 12 months | **4,880** | 7,010 |

Borrowings are taken out in the following currencies:

| | Interest | Principal Thousands | 2009 £'000 | 2008 £'000 |
|---|---|---|---|---|
| Sterling | Floating linked to LIBOR | £13,400 | **7,010** | 9,140 |
| Total | | | **7,010** | 9,140 |

The weighted average interest rate paid on the bank loans was 5.8% (2008: 6.25%). 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.

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 2009, the Group had available £2,000,000 (2008: £1,840,000) of undrawn facilities under its working capital facility.

Interest on amounts drawn down under this facility is paid at 2% over base rate. This facility expired in March 2010 and was not renegotiated, see note 1 for further details.

On 19 March 2010, subsequent to the sale of the Education Division, the bank loan of £7.01 million was repaid in full.

# Notes to the Consolidated Financial Statements continued

31 December 2009

## 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 | Tax losses £'000 | Employee benefits £'000 | **Total £'000** |
| 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 1 January 2009 | 4,646 | 640 | (349) | - | **4,937** |
| Charge to income | (559) | 59 | (3) | - | **(503)** |
| Impairment | (1,632) | - | - | - | **(1,632)** |
| Transferred to held for sale | - | (236) | 35 | - | **(201)** |
| **At 31 December 2009** | **2,455** | **463** | **(317)** | **-** | **2,601** |

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 £1,256,000 (2008: £1,247,000) available for offset against future profits. A deferred tax asset of £352,000 (2008: £349,000) has been recognised in respect of such losses, including losses in respect of discontinued operations.

## 25 Called-up share capital

| | **2009 £'000** | 2008 £'000 |
|---|---|---|
| Authorised:<br>200,000,000 Ordinary shares of 10p each (2008: 200,000,000) | **20,000** | 20,000 |
| Allotted, called-up and fully paid:<br>151,998,453 Ordinary shares of 10p each (2008: 151,998,453) | **15,200** | 15,200 |

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

## 26 Operating lease arrangements

Total commitments under non-cancellable leases are as follows:

| | **2009 Land and buildings £'000** | **2009 Other £'000** | 2008 Land and buildings £'000 | 2008 Other £'000 |
|---|---|---|---|---|
| Expiry date: | | | | |
| - within one year | **470** | **17** | 589 | 15 |
| - between two and five years | **594** | **23** | 1,208 | 36 |
| - after five years | **153** | **-** | - | - |
| | **1,217** | **40** | 1,797 | 51 |

# Notes to the Consolidated Financial Statements continued

31 December 2009

## 27 Analysis of net debt

| | At 1 January 09 £'000 | Cash flow £'000 | Reclassification £'000 | Exchange movement £'000 | **At 31 December 08 £'000** |
|---|---|---|---|---|---|
| Cash at bank and in hand | 96 | 325 | - | 7 | **428** |
| Debt due within one year | (2,130) | 2,130 | (2,130) | - | **(2,130)** |
| Debt due after one year | (7,010) | - | 2,130 | - | **(4,880)** |
| | (9,044) | 2,455 | - | 7 | **(6,582)** |

## 28 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 |
| 6 May 2009 | 4,250,000 |

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 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 1 January 2009 | 3,364,075 | 23.39 |
| Granted during the year | 4,250,000 | 10.00 |
| Lapsed during the year | (100,000) | 32.00 |
| **At 31 December 2009** | **7,514,075** | **15.70** |

# Notes to the Consolidated Financial Statements continued

31 December 2009

### 28 Share based payment (continued)

The following options were outstanding under the Company's Executive Share Option Scheme as at 31 December 2009:

| | Number of Ordinary shares | Exercise price per share (p) | Exercise Period |
|---|---|---|---|
| **Granted** | | | |
| 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 | 600,000 | 32 | September 2010 - 2017 |
| 8 May 2008 | 2,100,000 | 15 | May 2011 - 2018 |
| 6 May 2009 | 4,250,000 | 10 | May 2012 - 2019 |
| | **7,514,075** | | |

*exercisable as at 31 December 2009

The options outstanding at the year end have an exercise price in the range of 10p to 52p and a weighted average contractual life of 8.7 years.

The income statement credit in respect of the Executive Share Option Scheme for the year was £3,000 (2008: credit of £6,000).

**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 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 1 January 2009 | 1,847,801 | 11.69 |
| Lapsed during the year | (646,758) | 12.44 |
| **At 31 December 2009** | **1,201,043** | **12.48** |

The following options were outstanding under the Company's Savings Related Share Option Scheme as at 31 December 2009:

| Granted | Number of Ordinary shares | Exercise price per share (p) | Exercise Period |
|---|---|---|---|
| 10 May 2005* | 37,314 | 31 | May 2008 - 2010 |
| 9 May 2006 | 32,478 | 38 | May 2009 - 2011 |
| 10 May 2006* | 12,710 | 39 | May 2010 |
| 8 May 2007 | 33,547 | 40 | May 2010 - 2012 |
| 10 September 2007 | 7,384 | 26 | September 2010-2012 |
| 1 July 2008 | 849,760 | 10 | July 2011 |
| 1 July 2008 | 227,850 | 10 | July 2013 |
| | 1,201,043 | | |

*exercisable as at 31 December 2009

# Notes to the Consolidated Financial Statements continued

31 December 2009

## 28 Share based payment (continued)

Options over 82,502 shares were exercisable as at 31 December 2009.

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 1.1 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: | 2009 | 2008 |
|---|---|---|
| Fair value at measurement date | **2.55p** | 3.54p |
| Share price at date of grant | **7.62p** | 13.99p |
| Option exercise price | **10p** | 13.04p |
| Expected volatility | **50.61%** | 39.43% |
| Option life | **4.04 years** | 3.14 years |
| Risk free interest rate | **2.38%** | 4.76% |
| Dividend yield | **0.00%** | 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 £22,000 (2008: credit of £12,000).

## 29 Post balance sheet events (Education Division)

On 19 March 2010, the Education Division was sold to Harper Collins Publishers Ltd for a consideration of £10 million which was used to repay the outstanding bank loans of £7.01 million with Bank of Scotland.

# Company Financial Statements

# Company Balance Sheet Under UK GAAP

31 December 2009

| | Note | 2009 £'000 | 2008 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Intangible assets | 32 | **3,429** | 7,772 |
| Tangible fixed assets | 33 | **91** | 134 |
| Investments | 34 | **33,766** | 40,033 |
| | | **37,286** | 47,939 |
| **Current assets** | | | |
| Stocks | 35 | **1,157** | 1,155 |
| Debtors | 36 | **8,913** | 10,138 |
| | | **10,070** | 11,293 |
| **Creditors:** Amounts falling due within one year | 37 | **(9,737)** | (8,299) |
| **Net current assets** | | **333** | 2,994 |
| **Total assets less current liabilities** | | **37,619** | 50,933 |
| **Creditors:** Amounts falling due after more than one year | 38 | **(2,556)** | (4,686) |
| **Provision for liabilities** | 39 | **-** | - |
| **Net assets** | | **35,063** | 46,247 |
| **Capital and reserves** | | | |
| Called-up share capital | 40 | **15,200** | 15,200 |
| Share premium account | 41 | **30,816** | 30,816 |
| Merger reserve | 41 | **409** | 409 |
| Profit and loss account | 41 | **(11,362)** | (178) |
| **Equity shareholders' funds** | 41 | **35,063** | 46,247 |

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

22 March 2010

# Notes to the Parent Company Financial Statements

31 December 2009

## 30 Accounting Policies

The following amendments to standards have been adopted in these financial statements for the first time and did not have a material impact on the Company financial statements:

- The amendment to FRS 8 Related Parties Disclosures. The amendment has the effect that only wholly-owned subsidiaries are exempt from disclosure of intra-group transactions and there is no longer a disclosure exemption available in the parent company's own financial statements.
- The amendment to FRS 20 (IFRS 2) Vesting Conditions and Cancellations. The amendment clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and amends the accounting for cancellations and settlements by parties other than the entity.

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

### Basis of accounting

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

Under section 408 of the Companies Act 2006, the company is exempt from the requirement to present its own profit and loss account. The loss after taxation attributable to Huveaux PLC for the year and dealt with in the financial statements of the Company was £11,159,000 (2008: £3,106,000). 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 wholly owned subsidiaries. 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 a movement 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 movement 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 payable. Dividends payable to shareholders are recognised when they are approved by the shareholders at the Annual General Meeting. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

# Notes to the Parent Company Financial Statements continued

31 December 2009

## 30 Accounting Policies (continued)

### Tax

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

### Intangible assets

Intangible assets represent publishing rights acquired by the Company.

In 2002, the trade and net assets of a subsidiary undertaking were transferred to the Company at their net book value which was less than their fair value. The cost of the Company's investment in that subsidiary undertaking reflected the underlying fair value of its net assets, including intangible assets, at the time of acquisition. As a result of this transfer, the value of the Company's investment in that subsidiary undertaking fell below the amount at which it was stated in the Company's accounting records. Schedule 4 to the Companies Act 1985 that applied at that time 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 instalments over their estimated useful economic lives as follows:

| | |
|---|---|
| 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 |

### 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.

### 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.

### Impairment of fixed assets and goodwill

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

# Notes to the Parent Company Financial Statements continued

31 December 2009

**30 Accounting Policies (continued)**

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost.

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the unit on a pro rata or more appropriate basis. An income generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

*Calculation of recoverable amount*

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

*Reversals of impairment*

An impairment loss is reversed on intangible assets and goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount. For other fixed assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current period.

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.

### 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 2009 no guarantees were outstanding (2008: none).

# Notes to the Parent Company Financial Statements continued

31 December 2009

## 31 Staff costs

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

| | 2009 | 2008 |
|---|---|---|
| Editorial and production staff | 13 | 16 |
| Sales and marketing staff | 13 | 16 |
| Managerial and administration staff | 10 | 12 |
| | 36 | 44 |

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

| | 2009 £'000 | 2008 £'000 |
|---|---|---|
| Wages and salaries | 490 | 936 |
| Social security costs | 123 | 161 |
| Pension and other costs | 58 | 56 |
| Share based payment charges/(credit) | 16 | (30) |
| | 687 | 1,123 |

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

## 32 Intangible assets

| | Publishing rights £'000 |
|---|---|
| **Cost and Net book value** | |
| At 1 January 2009 | 7,772 |
| Impairment | (4,343) |
| **At 31 December 2009** | **3,429** |

An impairment charge of £4.34 million in respect of the Education Division has been recorded. The impairment arose as a result of the sale of the Education Division on 19 March 2010 to Harper Collins Publishers Ltd for £10 million and is based on fair value less costs of disposal.

# Notes to the Parent Company Financial Statements continued

31 December 2009

## 33 Tangible fixed assets

| | Leasehold improvements £'000 | Equipment and motor vehicles £'000 | **Total £'000** |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2009 | 65 | 279 | **344** |
| Additions | - | 16 | **16** |
| **At 31 December 2009** | **65** | **295** | **360** |
| **Depreciation** | | | |
| At 1 January 2009 | 14 | 196 | **210** |
| Charge for the year | 12 | 47 | **59** |
| **At 31 December 2009** | **26** | **243** | **269** |
| **Net book value** | | | |
| At 1 January 2009 | 51 | 83 | **134** |
| **At 31 December 2009** | **39** | **52** | **91** |

## 34 Fixed asset investments

| | Subsidiary undertakings £'000 | **Total £'000** |
|---|---|---|
| **Cost** | | |
| At 1 January 2009 | 40,033 | **40,033** |
| Reversals in respect of share based payments | (39) | **(39)** |
| Impairment | (6,228) | **(6,228)** |
| **At 31 December 2009** | 33,766 | **33,766** |

Detailed disclosures on subsidiary undertakings are given in note 18. Detailed share based payments disclosures are given in note 28.

An impairment charge of £6.23 million in respect of the Education Division has been recorded. The impairment arose as a result of the sale of the Education Division on 19 March 2010 to Harper Collins Publishers Ltd for £10 million and is based on fair value less costs of disposal.

## 35 Stocks

| | **2009 £'000** | 2008 £'000 |
|---|---|---|
| Finished goods | 1,157 | 1,155 |

# Notes to the Parent Company Financial Statements continued

31 December 2009

## 36 Debtors

| | 2009 £'000 | 2008 £'000 |
|---|---|---|
| Trade debtors | **126** | 117 |
| Amounts owed by group undertakings | **8,437** | 9,698 |
| Other debtors | **22** | 31 |
| Prepayments and accrued income | **328** | 292 |
| | **8,913** | 10,138 |

## 37 Creditors: Amounts falling due within one year

| | 2009 £'000 | 2008 £'000 |
|---|---|---|
| Term loan facility payable (see note 38) | **1,230** | 1,230 |
| Bank overdrafts | **878** | 1,204 |
| Trade creditors | **63** | 204 |
| Amounts owed to group undertakings | **7,091** | 4,955 |
| Other creditors including tax and social security | **91** | 139 |
| Deferred tax liability | **115** | 96 |
| Accruals and deferred income | **269** | 471 |
| | **9,737** | 8,299 |

The elements of deferred tax are as follows:

| | 2009 £'000 | 2008 £'000 |
|---|---|---|
| Accelerated capital allowances | **550** | 476 |
| Tax losses | **(317)** | (317) |
| Undiscounted deferred tax liability | **233** | 159 |
| Effect of discounting | **(118)** | (63) |
| Discounted deferred liability | **115** | 96 |

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

| | £'000 |
|---|---|
| At 1 January 2009 | (96) |
| Charge to the profit and loss account | (19) |
| **At 31 December 2009** | **(115)** |

# Notes to the Parent Company Financial Statements continued

31 December 2009

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

| | 2009 £'000 | 2008 £'000 |
|---|---|---|
| Term loan facility | **2,180** | 4,310 |
| Amounts owed to group undertakings | **376** | 376 |
| | **2,556** | 4,686 |

Borrowings are repayable as follows:

| | 2009 £'000 | 2008 £'000 |
|---|---|---|
| On demand or within one year | **1,230** | 1,230 |
| Between one and two years | **1,230** | 1,230 |
| Between two and five years | **950** | 3,080 |
| | **3,410** | 5,540 |
| Less: Amounts due for settlement within 12 months (shown within creditors falling due within one year - see note 37) | **(1,230)** | (1,230) |
| Amount due for settlement after 12 months | **2,180** | 4,310 |

## 39 Provision for liabilities

| | £'000 |
|---|---|
| At 1 January 2009 | - |
| Charge to the profit and loss account | 137 |
| Utilised | (137) |
| **At 31 December 2009** | **-** |

Provision for liabilities relates to non-trading items as described in note 4. Amounts charged in 2009 represent redundancy and people related costs as part of a Group initiative to reduce costs.

## 40 Share capital

| | 2009 £'000 | 2008 £'000 |
|---|---|---|
| Authorised:<br>200,000,000 Ordinary shares of 10p each (2008: 200,000,000) | **20,000** | 20,000 |
| Allotted, called-up and fully paid:<br>151,998,453 Ordinary shares of 10p each (2008: 151,998,453) | **15,200** | 15,200 |

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

# Notes to the Parent Company Financial Statements continued

31 December 2009

### 41 Reconciliation of movement in shareholders' funds

| Company | Share Capital £'000 | Share premium £'000 | Merger reserve £'000 | Profit and loss account £'000 | **Total £'000** |
|---|---|---|---|---|---|
| At 1 January 2009 | 15,200 | 30,816 | 409 | (178) | **46,247** |
| Loss for the year | - | - | - | (11,159) | **(11,159)** |
| Share based payment charge | - | - | - | (25) | **(25)** |
| **At 31 December 2009** | **15,200** | **30,816** | **409** | **(11,362)** | **35,063** |

### 42 Operating lease arrangements

Total commitments under non-cancellable leases are as follows:

| | **2009 Land and buildings £'000** | **2009 Other £'000** | 2008 Land and buildings £'000 | 2008 Other £'000 |
|---|---|---|---|---|
| Expiry date: | | | | |
| - within one year | **427** | **4** | 371 | 1 |
| - between two and five years | **508** | **1** | 710 | - |
| - after five years | **100** | **-** | - | - |
| | **1,035** | **5** | 1,081 | 1 |

### 43 Post balance sheet events (Education Division)

On 19 March 2010, the Education Division was sold to Harper Collins Publishers Ltd for a consideration of £10 million which was used to repay the outstanding bank loans of £7.01 million with Bank of Scotland.

# 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. Plate cost amortisation is included within cost of sales in the Education Division as management believe this is an appropriate classification.

| Year ended 31 December 2009 | **Operating profit £'000** | Depreciation* £'000 | Amortisation and Impairment of intangible assets £'000 | Non-trading** items £'000 | **EBITDA £'000** |
|---|---|---|---|---|---|
| Political | | | | | |
| Political | **1,663** | 430 | 1,219 | 17 | **3,329** |
| Learning | **(107)** | 17 | 130 | 76 | **116** |
| | **1,556** | 447 | 1,349 | 93 | **3,445** |
| Head Office | **(989)** | 16 | - | 73 | **(900)** |
| **Results from continuing operations** | **567** | **463** | **1,349** | **166** | **2,545** |
| Education (discontinued) | **(9,455)** | 119 | 10,174 | 385 | **1,223** |
| | **(8,888)** | **582** | **11,523** | **551** | **3,768** |

| 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** |
| Head Office | **(860)** | 22 | - | (200) | **(1,038)** |
| **Results from continuing operations** | **150** | **452** | **1,754** | **(137)** | **2,219** |
| Healthcare (discontinued) | **226** | - | 138 | - | **364** |
| Education (discontinued) | **1,137** | 113 | 1,003 | 9 | **2,262** |
| | **1,513** | **565** | **2,895** | **(128)** | **4,845** |

*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 2010, the number of registered shareholders was 1,183 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 | | 362 | 30.60 | 254,434 | 0.17 |
| 1,501 to 5,000 | | 312 | 26.37 | 970,590 | 0.64 |
| 5,001 to 10,000 | | 180 | 15.22 | 1,361,463 | 0.90 |
| 10,001 to 50,000 | | 211 | 17.84 | 4,880,658 | 3.21 |
| 50,001 to 100,000 | | 47 | 3.97 | 3,422,194 | 2.25 |
| 100,001 to 250,000 | | 22 | 1.86 | 3,658,197 | 2.41 |
| 250,001 to 500,000 | | 13 | 1.10 | 4,663,820 | 3.07 |
| 500,001 to 1,000,000 | | 11 | 0.93 | 8,282,597 | 5.45 |
| 1,000,001 to 2,500,000 | | 11 | 0.93 | 19,355,880 | 12.73 |
| 2,500,001 to 5,000,000 | | 8 | 0.68 | 27,584,710 | 18.15 |
| 5,000,001 to highest | | 6 | 0.51 | 77,563,910 | 51.03 |
| Total | | 1,183 | 100.00 | 151,998,453 | 100.00 |
| Held By: | Individuals | 739 | 62.47 | 21,154,060 | 13.92 |
| | Institutions and Companies | 444 | 37.53 | 130,844,393 | 86.08 |
| Total | | 1,183 | 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 minute from a BT landline. Other telephony providers' costs may vary), or by writing to Equiniti, Aspect House, Spencer Road, Lancing ,West Sussex, BN99 6DA.

## Share Dealing Service

An internet and telephone share dealing service is operated by the Company's registrar, Equiniti, enabling shareholders to buy and sell Huveaux PLC Ordinary shares on the London Stock Exchange. Shareholders who are interested in using these services should visit www.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 16 June 2010 at the London offices of Brewin Dolphin at 12.00 noon. A separate circular, comprising a Letter from the Non-Executive Chairman, Notice of Meeting, Explanation of Special Business and a reply-paid Form of Proxy, accompanies this document.

# Corporate Directory

## Political Division

### Dods Parliamentary Communications Limited
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London
SE1 7SP

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www.epolitix.com
www.civilservicenetwork.com

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Fax: +33 1 55 62 69 56
www.trombinoscope.com

### Huveaux Brussels
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Belgium

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Fax: +32 2 285 0823
www.theparliament.com

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Fax: +44 (0) 1353 865351
www.fenman.co.uk
www.trainingjournal.com

# Secretary, Advisors and Financial Calendar 2010

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Rupert Levy

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Fax: +44 (0) 20 7245 0271
Email: info@huveauxplc.com
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**Registered Number**
04267888

**Registrar**
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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**
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EC4Y 8BB

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

## Corporate Financial Advisors

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Edinburgh EH3 7QH

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

**Bankers**
Bank of Scotland

**Legal Advisors**
Reynolds Porter Chamberlain LLP

## Financial Calendar 2010

**22 March**
2009 Preliminary Results announcement

**16 June**
Annual General Meeting

**July (provisional)**
2010 Interim Results announcement

**31 December**
Financial year-end 2010

# 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

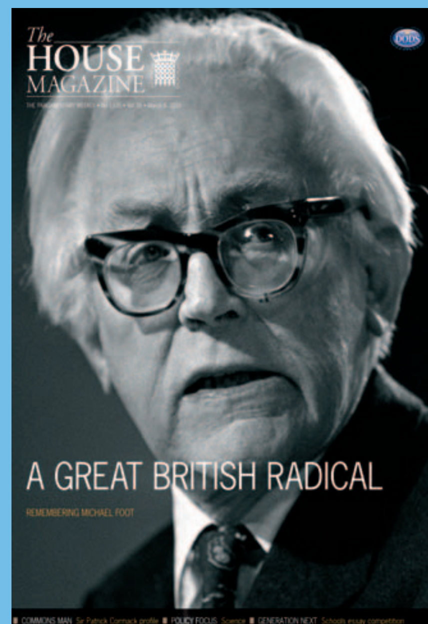
*Recruitment*
Electus Network Search
Electus Advertised Selection
Electus Executive Search
Electus Freelance/Interim Management

*Polling*
Dods Polling
Dods European Polling

*Training Materials*
Training DVDs and Games
Training Manuals
Assessment Tools



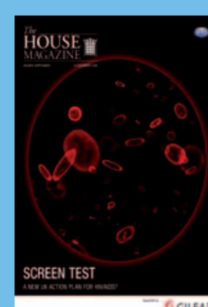







# The Quality and Depth of Our Portfolio






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 2009 and complies with UK legislation and regulations. It is also available on the Company's website: www.huveauxplc.com



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

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