HUVEAUX PLC

ANNUAL REPORT

2003

Huveaux PLC has the objective of building a substantial publishing and media group over the next 10 to 15 years. After two years in operation, Huveaux comprises:

- **The EU's largest publisher of political biography**
- **Publishing and selling over 1 million school revision guides a year**
- **Three magazines and newsletters**
- **Three subscription websites**
- **Video production and sales comprising 22 titles**
- **Publishing over 100 training manuals**
- **Running seminars and courses**

- Pre-tax profits trebled to £1.2 million
- The acquisition of Lonsdale Revision Guides
- The acquisition of Le Trombinoscope
- The acquisition of Fenman
- Cash of £3.7 million at the year-end
- Dividend up by 17 per cent
- Further acquisitions in the pipeline

CONTENTS

DIRECTORS

John P de Blocq van Kuffeler, MA, FCA

Chairman

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

David B Horne, CA, MCIM

Finance Director and Company Secretary

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

Timothy J Benn, MA, FCIM

Non-executive director

He was formerly Chairman of Benn Brothers PLC and Timothy Benn Publishing Limited. He is co-owner and Chairman of Dalesman Publishing Company Limited. Member of the Audit and Remuneration Committees.

Christina G Benn, MCIPD

Non-executive director

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

John L Clarke, FCA

Non-executive director

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

ADVISERS AND SECRETARY

Nominated Adviser

Brewin Dolphin Securities Ltd
7 Drumsheugh Gardens
Edinburgh EH3 7QH

Broker

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

Auditors

KPMG Audit Plc
8 Salisbury Square
London EC4Y 8BB

Solicitors

Eversheds LLP
Senator House
85 Queen Victoria Street
London EC4V 4JL

Registrars

Lloyds TSB Registrars
The Causeway
Worthing
West Sussex BN99 6DA

Bankers

Bank of Scotland
3 Queen Street
Norwich NR2 4SG

Company Secretary & Registered Office

David B Horne
Huveaux PLC
4 Grosvenor Place
London SW1X 7DL
Company number 04267888

CHAIRMAN'S STATEMENT

The year 2003 was one of major achievement for Huveaux. We made three acquisitions and consequently sales grew from £1.1 million to £4.6 million (£3.1 million from acquisitions), pre-tax profits rose from £0.4 million to £1.2 million (£0.9 million from acquisitions) and earnings per share (EPS) marked time at 2.0 pence. Reflecting such major strides in the Company's development, your directors are recommending a dividend of 0.88 pence (2002 - 0.75 pence), an increase of 17 per cent. At the year end we had a strong balance sheet with no borrowings and £3.7 million in cash.

I am also pleased to announce today the acquisition of the Public Affairs Newsletter for £750,000. This will strengthen further our position in the political publishing market and it is anticipated that this acquisition will enhance Huveaux's EPS in the current year.

Review of Operations

As at 31 December 2003 Huveaux's operations comprised four operating units. The sales and profits of each were as follows for the year 2003:

	Sales £000s	Pre-tax Profits £000s
Lonsdale	1,906	790
Fenman	680	184
Vacher Dod	1,474	228
Le Trombinoscope	515	293
	4,575	1,495
Head office costs, net of interest income	–	(290)
	4,575	1,205

Each of these is now described in turn.

Lonsdale

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

Lonsdale is based in Holmfirth, Yorkshire and Kirby Lonsdale, Lancashire and has 16 employees.

The acquisition of Lonsdale was completed on 31 March 2003 and therefore nine months of Lonsdale's results have been included in Huveaux's 2003 results. The sales for the nine months were £1,906,000 and the pre-tax profits were £790,000 which is a pre-tax profit margin of 41 per cent. The cash flow generated (before tax) was £680,000. In the nine months in our ownership, Lonsdale generated an annualised 20 per cent pre-tax return on the consideration paid to date (15 per cent on the total consideration payable).

During this time we have expanded the editorial staff from 4 to 6 and substantially increased the capacity of the warehouse in Penrith, Cumbria, while succeeding in reducing annual print costs by £100,000. Consequently we have been able to expand the range of titles and grow sales, which augurs well for the future.

Fenman

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

The acquisition of Fenman was completed in October, 2003 and therefore three months of Fenman's results are included in Huveaux's 2003 figures. Fenman's sales during this short period were £680,000 and the pre-tax profits were £184,000, a pre-tax profit margin of 27 per cent. Cash generated amounted to just £15,000 as the company invested £85,000 in the filming of new video titles. In the three months under our ownership, Fenman generated an annualised 12 per cent pre-tax return on the cost of the acquisition.

During this time, we have approved plans to launch 3 new video titles and to expand the programme of courses and seminars. We have also started a programme of key account management. Brand management and pricing are the subject of future plans.

Vacher Dod Publishing
Vacher Dod Publishing is the leading UK provider of political biographical information in both printed and electronic format. The principal publications in book format are: Dod's Parliamentary Companion; Dod's European Companion; Dod's Civil Service Companion; Dod's Constituency Guide and Dod's Scotland, Wales and Northern Ireland Companion. These are supplemented by a quarterly update, Vacher's Parliamentary Companion. In addition, the information is provided on CD, called Dod on Disc and most importantly, by means of an online subscription website, Dod-on-Line, which provides immediate access to a constantly changing database and therefore provides real time information to its subscribers. The company maintains a regular client base of over 8,000 customers many of whom buy from across the product range. The customers comprise large companies, the UK parliament and government, other public institutions, universities and academic institutions, the lobbying industry and the media.

Vacher Dod is based in Westminster and has 23 employees.

Vacher Dod was acquired by Huveaux in 2002 and therefore its results are included for the whole of 2003. Sales for the year were £1,474,000 and pre-tax profits were £228,000. The comparative pre-tax profit figure was £185,000 in 2002 (unaudited and adjusted for changes in accounting policy) and £109,000 in 2001. There have therefore been two successive years of good profit growth. Nevertheless, the cash flow was £67,000 and pre-tax return on investment was 5 per cent in 2003. These are too low and plans are in place to raise the cash flow and return in 2004.

In 2003, we replaced the Managing Director and Head of Sales and invested in new IT systems to support both the publications and the successful subscription website Dod-on-Line. We have substantial plans to expand into other EU countries in 2004.

Le Trombinoscope
Le Trombinoscope is the leading provider of political biographical information in France and publishes three annual political directories; one for central government; one for local government; and one for EU government, plus a monthly newsletter and a subscription website.

Le Trombinoscope is based in Paris and has 10 employees.

The acquisition of Le Trombinoscope was completed in September, 2003 and four months of its sales and profits are therefore included in our 2003 results.

During the period of our ownership, Le Trombinoscope had sales of £515,000 and pre-tax profits of £293,000, a pre-tax profit margin of 57 per cent. This included the highest sales period of the year. Cash flow generated amounted to £241,000. The annualised pre-tax return on our investment during this short period was 56 per cent.

Upon acquisition, we appointed a new Managing Director, and have subsequently appointed a new Head of Sales and a Head for our EU project. This, combined with a re-launch of the newsletter and website give considerable scope for future growth.

Head Office
The business units are supported by a small Head Office whose total costs in 2003 including directors' salaries amounted to just £290,000 net of interest income.

Earnings per Share

Whereas EPS remained at 2.0 pence in 2003, I should point out, that if we had made no acquisitions in 2003 our sole source of profit would have been Vacher Dod Publishing, which in 2002 we only owned in the highly profitable second half of the year, so did not have to account for its losses in the first half. The profits in 2003 from Vacher Dod Publishing would only have produced EPS of 0.8 pence per share. The three acquisitions have therefore more than doubled EPS in 2003 and added significantly to shareholder value.

Acquisition of Public Affairs Newsletter

I am also pleased to announce today that we have completed the acquisition of the Public Affairs Newsletter for a consideration of £750,000 cash on completion.

The Public Affairs Newsletter was founded in 1993 and is the leading international monthly business magazine in the public affairs and lobbying sector. It is a subscription-only publication with additional revenue from advertising. Its customers include public affairs consultancies and public affairs professionals within corporate and public sector organizations in the UK, EU and worldwide.

The Public Affairs Newsletter's turnover and profits for its last two financial years (unaudited) have been as follows:

Year Ended 31 January	Turnover £000s	Pre-tax Profit £000s
2003	182	110
2004	199	119

The net assets of the Public Affairs Newsletter are not material. It is anticipated that the acquisition of the Public Affairs Newsletter will enhance Huveaux's EPS in the current year.

The acquisition of the Public Affairs Newsletter is a further step in Huveaux becoming a leading provider of political data in the UK and the EU. This is particularly important as the demand for our information is anticipated to grow dramatically with the accession of 10 new countries to the EU on 1 May 2004 and the European Parliamentary Elections in June of this year, followed by a General Election in the UK which is currently anticipated to be in 2005.

Board and Management

Having started just over two years ago with myself as the only (unpaid) employee, we have now taken substantial steps to build a credible management team.

At Head Office, I am pleased to welcome David Horne who started work for Huveaux on a contract basis in April, 2003 and was appointed full time Finance Director and Company Secretary on 1 January 2004. He is a Chartered Accountant who moved from Canada after qualifying there with Price Waterhouse, and subsequently worked with AT&T and the BBC before being appointed European Finance Director of BSMG Worldwide.

I would like to thank John Clarke for his important contribution as part time Finance Director and Company Secretary and I am delighted he is able to remain a non-executive director of the company.

I am also pleased to welcome Pam Anson as Corporate Development Manager. Pam started her career at Grindlays Bank and went on to become an assistant director at Hill Samuel, London and division director at Macquarie Bank, Australia. She has also run her own business assisting small and medium sized businesses in Australia with financial management, corporate development and creation and implementation of financial systems and controls.

Maria Farmery joined the Group as the new Managing Director of Vacher Dod in June 2003. Maria is an expert in reference book publishing and database management. Her background includes roles with CMP Business Information Systems, as Managing Director of the directories' division of William Reed Publishing and as Publishing Manager with Incisive Media.

The Managing Director of Lonsdale is Paul Wharton, who is one of the founders of the business. He is a former teacher who has been actively involved in writing, editorial and commissioning areas of the business since inception. Both he and another former partner, Hefin Rees, have been retained on a contract employment basis since our acquisition of Lonsdale and are both actively involved in running the business.

At the time of the acquisition of Le Trombinoscope, we recruited Jean-Marie Simon as its new Managing Director, and he started in October 2003. Jean-Marie has substantial management, publishing and finance experience in France and Europe. He was formerly Deputy General Manager of EMAP France, having been with the EMAP group since 1995 initially as Finance Director, France. Earlier career positions were with The Walt Disney Company, GD Searle & Co, and Arthur Andersen.

Sarah Perito is the Managing Director of Fenman, having joined in April 2002. Previous career positions have included BBC York, Wyvern Publishing and Reed Elsevier, as well as extensive overseas experience. She was recently nominated for the Cambridge area Business Woman of the Year.

Our ability to attract and retain good quality management which can support and enhance our activities and businesses is critical to our continued growth and profitability. These appointments demonstrate substantial progress in developing our management team.

Corporate Philosophy

Huveaux has the objective of building a substantial publishing and media group over the next 10 to 15 years.

After two years of significant achievement, our objective remains unchanged and is being implemented as follows:

- Making acquisitions of businesses which are profitable or will enhance the profits of our existing businesses;
- Growing these businesses organically as well as by acquisition;
- All our businesses must be cash generating and in growing markets;
- Our businesses sell important information primarily direct to end users, thus ensuring we receive the full sales proceeds; and
- During the early years, Huveaux does not intend to take on significant borrowings until it has reached a more mature stage.

Our group provides a wide range of "must have" information which is provided direct, comprising print publishing, electronic publishing, internet subscription, magazines, newsletters, video production, courses and seminars.

Outlook

I am looking forward to a year of further significant growth in 2004 which will see the first full year of contribution for 3 of our 4 businesses, and I am confident that all these are well positioned to achieve their objectives. We have a strong balance sheet with no borrowings and £3.7 million in cash at the year end. Education and training continues to be a high government priority and our businesses are well positioned to take advantage of future growth opportunities. The demand for information in our political businesses is likely to be particularly strong in 2004 with the accession of 10 new countries to the EU on 1 May 2004 followed by the European Parliamentary Elections in June. Furthermore, the next General Election in the UK is drawing closer and is currently anticipated to be in 2005. All these factors are likely to boost significant growth in demand for political information.

We will also continue with our program of acquisitions. Since the year end, we have acquired the Public Affairs Newsletter and are currently actively negotiating a further substantial acquisition.

John P de Blocq van Kuffeler
Chairman

5 March 2004

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

Principal activities

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

Share capital

During the period from 1 January 2003 to 31 December 2003 the Company's ordinary share capital increased from £2,066,190 to £7,146,473 as set out in note 21 to the accounts. In addition, part of the deferred consideration in respect of the acquisition of Lonsdale SRG will be satisfied by way of shares to be issued, with any shares to be issued in the first three months of 2005.

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

Resolutions 7 and 8 provide authority to the directors to allot shares and Resolution 9 provides authority to the directors to make market purchases of shares, which authorities will all expire at the following Annual General Meeting of the Company or, if earlier, 15 months after the relevant resolution is passed (18 months in the case of Resolution 9).

Resolution 7, which is an Ordinary Resolution, continues the authority of the directors to allot Ordinary shares, or rights to subscribe for or convert any securities into Ordinary shares, up to a nominal value of £2,382,200, equal to 33.3% of the existing issued share capital. Resolution 8, a Special Resolution, continues the authority of the directors to allot Ordinary shares up to a nominal value of £357,400, equal to 5% of the existing issued share capital for cash, otherwise than to existing shareholders pro rata to their holdings. Resolution 9, a Special Resolution, continues the directors' authority to make market purchases of shares up to a nominal value of £357,400. Except as stated herein, the directors have no present intention of issuing any shares and will not issue shares which would effectively change the control of the Company without the prior approval of the shareholders in general meeting.

Resolutions 10 and 11 relate to the introduction of employee share and share option schemes.

Resolution 10 which is to be proposed as an Ordinary Resolution, seeks the approval of shareholders for an Inland Revenue-approved savings-related (or Save-As-You-Earn) share option scheme.

Resolution 11 which is to be proposed as an Ordinary Resolution, seeks the approval of shareholders for an executive share option scheme, which is not intended to be approved by the Inland Revenue, but under which tax-advantaged options qualifying as Enterprise Management Incentive options can be granted.

Proposed dividend

The directors propose a final dividend of 0.88 pence per share in respect of the year ended 31 December 2003. The dividend, if approved at the Annual General Meeting, will be paid on 7 April 2004 to shareholders on the register at close of business on 19 March 2004.

Directors and directors' interests

The directors who currently hold office are set out on page 3, and the following changes to directors have taken place.

Edward Peck resigned as a director with effect from 30 June 2003. This followed the successful completion of the changes required at Vacher Dod Publishing, where Mr. Peck was Managing Director in the year the Company acquired the business. Mr. Peck held 1,637,329 shares at the beginning of the year and throughout his time as a director.

David Horne was appointed a director on 1 January 2004 and in accordance with the Company's articles of association, will retire as a director at the Annual General Meeting and, being eligible, offer himself for re-election.

The director retiring by rotation is Christina Benn who, being eligible, offers herself for re-election.

	Class of Share	Interest at end of year	Interest at start of year or date of appointment
John P de Blocq van Kuffeler	Ordinary	2,444,036	2,439,036
David B Horne	Ordinary	80,000	80,000
Timothy J Benn	Ordinary	1,471,861	1,471,861
Christina G Benn	Ordinary	1,471,861	1,471,861
John L Clarke	Ordinary	215,180	215,180

During the year, registration of various non-beneficial interests of Mr van Kuffeler, totalling 25,000 shares, were transferred to the underlying beneficial holders for nil consideration. These shares are excluded above. According to the register of directors' interests, no rights to subscribe for shares in or debentures of the Company were granted to any of the directors or their immediate families, or exercised by them, during the financial period. There have been no changes in the interests of directors in shares since 1 January 2004.

Substantial shareholdings

As of 5 March 2004, the directors were aware of the following interests of 3 per cent or more in the issued ordinary share capital of the Company and had not been notified, pursuant to the provisions of the Companies Act 1985, of any further such interest:

ISIS Asset Management Limited	12.3 %
Jupiter Asset Management Limited	11.7 %
Schroders Investment Management Limited	11.3 %
Singer & Friedlander Investment Management	7.5 %
Rathbone Investment Management Limited	6.7 %
Deutsche Asset Management Limited	6.5 %
Scottish Widows Investment Partnership Limited	5.9 %
Unicorn AIM VCT PLC	5.6 %
Artemis Investment Management Limited	5.2 %
J.P. de Blocq van Kuffeler	3.4 %

Employees

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

Corporate governance

The directors intend, so far as is possible given the Group's size and the numbers on its Board, to comply with the Combined Code. Currently, the Board comprises five members, only one of whom is a full-time executive. The directors have established a remuneration committee comprising John van Kuffeler (Chairman), (except in matters relating to his own remuneration, in which he will take no part), Christina Benn and Timothy Benn, and an audit committee, comprising John Clarke (Chairman), Christina Benn and Timothy Benn.

Political and charitable contributions

The Group made no political or charitable contributions during the year (2002: nil).

Creditor payment policy

The Group agrees the terms and conditions under which business transactions with suppliers are conducted. It complies with these payment terms, provided that it is satisfied that the supplier has provided the goods or services in accordance with agreed terms and conditions. The number of days taken to pay suppliers calculated on the basis of trade creditors as at 31 December 2003 and average daily purchases for the year then ended, is 55 (2002-52).

Auditors

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

Post balance sheet events

The Company has today announced the acquisition of the Public Affairs Newsletter for cash consideration of £750,000. Further details are included in the Chairman's Statement.

By order of the board

David B Horne
Secretary

4 Grosvenor Place
London SW1X 7DL
5 March 2004

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HUVEAUX PLC

KPMG

KPMG Audit Plc
8 Salisbury Square
London EC4Y 8BB
United Kingdom

We have audited the financial statements on pages 14 to 35.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the financial statements. As described on page 12, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Group is not disclosed.

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

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2003 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

5 March 2004

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2003

	Note	2003 £000s	2002 £000s
Turnover			
Continuing operations	*2*	**1,474**	1,055
Acquisitions	*2*	**3,101**	–
		4,575	1,055
Cost of sales	*3*	**(1,497)**	(495)
Gross profit	*3*	**3,078**	560
Administrative expenses	*3*	**(1,969)**	(275)
Operating profit			
Continuing operations	*2*	**167**	285
Acquisitions	*2*	**942**	–
		1,109	285
Other interest receivable	*7*	**99**	83
Other interest payable	*8*	**(3)**	–
Profit on ordinary activities before taxation	*4*	**1,205**	368
Tax on profit on ordinary activities	*9*	**(250)**	(67)
Profit for the financial year		**955**	301
Dividends on equity shares	*10*	**(629)**	(155)
Retained profit for the year transferred to reserves	*22*	**326**	146
Earnings per share – basic and diluted	*11*	**2.01p**	2.05p

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

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

CONSOLIDATED BALANCE SHEET

as at 31 December 2003

	Note	2003 £000s	2002 £000s
Fixed assets			
Intangible assets	*13*	**19,451**	4,950
Tangible assets	*14*	**515**	68
		19,966	5,018
Current assets			
Stocks	*16*	**841**	89
Debtors	*17*	**1,153**	439
Cash at bank and in hand		**3,710**	1,361
		5,704	1,889
Creditors: Amounts falling due within one year	*18*	**(2,901)**	(812)
Net current assets		**2,803**	1,077
Total assets less current liabilities		**22,769**	6,095
Creditors: Amounts falling due after more than one year	*19*	**(1,162)**	–
Provision for liabilities and charges	*20*	**(22)**	–
Net assets		**21,585**	6,095
Capital and reserves			
Called-up equity share capital issued	*21*	**7,146**	2,066
Called-up equity share capital not issued	*21*	**400**	–
Share premium account	*22*	**13,157**	3,883
Merger reserve	*22*	**409**	–
Profit and loss account	*22*	**473**	146
Equity shareholders' funds		**21,585**	6,095

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

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

John P de Blocq van Kuffeler
Chairman

David B Horne
Finance Director

5 March 2004

COMPANY BALANCE SHEET

as at 31 December 2003

	Note	2003 £000s	2002 £000s
Fixed assets			
Intangible assets	*13*	**11,375**	4,950
Tangible assets	*14*	**440**	68
Investments	*15*	**8,126**	376
		19,941	5,394
Current assets			
Stocks	*16*	**381**	89
Debtors	*17*	**755**	439
Cash at bank and in hand		**3,429**	1,361
		4,565	1,889
Creditors: Amounts falling due within one year	*18*	**(1,769)**	(812)
Net current assets		**2,796**	1,077
Total assets less current liabilities		**22,737**	6,471
Creditors: Amounts falling due after more than one year	*19*	**(1,476)**	(376)
Net assets		**21,261**	6,095
Capital and reserves			
Called-up equity share capital issued	*21*	**7,146**	2,066
Called-up equity share capital not issued	*21*	**400**	–
Share premium account	*22*	**13,157**	3,883
Merger reserve	*22*	**409**	–
Profit and loss account		**149**	146
Equity shareholders' funds		**21,261**	6,095

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

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

John P de Blocq van Kuffeler
Chairman

David B Horne
Finance Director

5 March 2004

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2003

	Note	2003 £000s	2002 £000s
Cash inflow/(outflow) from operating activities	*25*	**159**	(180)
Returns on investments and servicing of finance			
Interest received		**99**	83
Interest paid		**(3)**	–
Net cash inflow from returns on investment and servicing of finance		**96**	83
Taxation		**–**	(27)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(231)**	(47)
Purchase of intangible fixed assets		**(9)**	–
Net cash outflow from capital expenditure		**(240)**	(47)
Acquisitions			
Purchase of subsidiary undertakings and assets	*12*	**(12,866)**	(4,021)
Cash acquired on acquisition of subsidiaries	*12*	**352**	95
Net cash outflow from acquisitions		**(12,514)**	(3,926)
Equity dividends paid		**(155)**	–
Cash outflow before financing		**(12,654)**	(4,097)
Financing			
Short-term bank funding received		**1,380**	–
Short-term bank funding paid		**(1,380)**	–
Issue of ordinary share capital		**15,573**	3,000
Expenses paid in connection with share issue		**(810)**	(354)
Cash inflow from financing		**14,763**	2,646
Increase/(decrease) in cash for the year	*26*	**2,109**	(1,451)

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 December 2003

	2003 £000s	2002 £000s
Profit for the financial year	**955**	301
Currency translation differences	**1**	–
Total recognised gains and losses for the year	**956**	301

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

for the year ended 31 December 2003

	2003 £000s	2002 £000s
Profit for the financial year	**955**	301
Dividends	**(629)**	(155)
Retained profit for the financial year	**326**	146
Other recognised gains and losses relating to the year (net)	**1**	–
Shares to be issued	**400**	–
New share capital subscribed (net of issue costs)	**14,763**	3,219
Net addition to equity shareholders' funds	**15,490**	3,365
Opening equity shareholders' funds	**6,095**	2,730
Closing equity shareholders' funds	**21,585**	6,095

NOTES TO THE FINANCIAL STATEMENTS

31 December 2003

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements, except as noted below under Stocks and work in progress, Deferred revenue and deferred marketing expenditure and Taxation.

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

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

As permitted by section 230(4) of the Companies Act 1985, the profit and loss account of the Company is not presented as part of these accounts. The profit after taxation attributable to Huveaux PLC for the year and dealt with in the financial statements of the Company was £632,000 (2002: £146,000).

Turnover
Turnover represents the amounts derived from the provision of goods and services to third party customers, net of trade discounts and VAT. Turnover in respect of subscription-based services, including online services, is recognised on a straight line basis over the period of the subscription.

Intangible assets

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

Where intangible assets are treated as having an indefinite useful economic life, the financial statements depart from the requirement of Schedule 4 of the Companies Act 1985 to amortise intangible assets over a finite period, in order to give a true and fair view for the reasons outlined above. Capitalised intangible assets regarded as having an indefinite useful economic life amounted to £19,451,000 as at 31 December 2003 (2002: £4,950,000). If these intangible assets were to be amortised over a period of 20 years, the maximum period recommended under FRS 10, operating profit for the year ended 31 December 2003 would have decreased by £597,000 (2002: £103,000).

In accordance with FRS 10 and FRS 11: "Impairment of fixed assets and goodwill," the carrying values of intangible assets are reviewed annually for impairment on the basis stipulated in FRS 11 and adjusted to the recoverable amount if required. No such adjustment was considered necessary as at 31 December 2003 or 2002.

Company
In the prior year, 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

1 Accounting policies (continued)

susidiary undertaking fell below the amount at which it was stated in the Company's accounting records. Schedule 4 to the Companies Act 1985 required that the investment be written down accordingly and that the amount be charged as a loss in the Company's profit and loss account. However, the directors considered that, as there had been no overall loss to the Company, it would have failed to give a true and fair view to charge that diminution to the Company's profit and loss account for the year ended 31 December 2002 and it should have been 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 intangible assets.

The effect of this departure was to increase the Company's profit for the financial year ended 31 December 2002 by £4,421,000 and to increase the value of the publishing rights in the Company's balance sheet. The Group accounts were not affected by this transfer.

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

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

Foreign currencies
Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account. The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising from the translation of the opening net assets and the results of overseas operations are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

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

Stocks and work in progress
Finished goods are stated at the lower of cost and net realisable value. Work in progress consists of internal and third party editorial and production costs prior to print, which are capitalised for new publications and substantial updates of continuing publications. Work in progress is valued at the lower of cost and net realisable value being the recoverable amount based on anticipated forward sales from the first print run. Previously, the Group did not capitalise internal editorial and production costs. The impact of the change in this accounting policy on the Group's result for the year ended 31 December 2002 and net assets at that date is not material.

Deferred revenue and deferred marketing expenditure
As explained under Turnover, revenue from subscription-based services is recognised over the period of the subscription. The unrecognised element is carried within creditors as deferred revenue. Where marketing expenditure has been incurred that is directly attributable to that deferred revenue, it is carried within other debtors as deferred marketing and is recognised on the same basis as the deferred revenue. Previously, the Group did not defer marketing costs. The impact of the change in this accounting

1 Accounting policies (continued)

policy on the Group's result for the year ended 31 December 2002 and net assets at that date is not material.

Taxation
The charge for taxation is based on the profit for the year. Deferred tax is recognised with discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, as allowed by FRS 19: "Deferred tax." Previously, the Group did not discount. The impact of the change in this accounting policy on the Group's result for the year ended 31 December 2002 and net assets at that date is not material.

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

2 Segmental information

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

	Continuing Operations 2003 £000s	Acquisitions 2003 £000s	Total 2003 £000s	2002 £000s
Group turnover by geographical area				
United Kingdom	**1,474**	**2,586**	**4,060**	1,055
Continental Europe	**–**	**515**	**515**	–
	1,474	**3,101**	**4,575**	1,055
Operating profit by geographical area				
United Kingdom	**167**	**722**	**889**	285
Continental Europe	**–**	**220**	**220**	–
	167	**942**	**1,109**	285
Net assets by geographical area				
United Kingdom	**20,706**	**753**	**21,459**	6,095
Continental Europe	**–**	**126**	**126**	–
	20,706	**879**	**21,585**	6,095

Turnover by geographic destination is not materially different from turnover by geographic origin.

Head office operating costs of £378,000 have been allocated to operating profits above, pro rata to operating profit before allocation.

3 Cost of sales, gross profit and administrative expenses

	2003 £000s	2002 £000s
Cost of sales		
Continuing operations	**576**	495
Acquisitions	**921**	–
Total cost of sales	**1,497**	495
Gross profit		
Continuing operations	**898**	560
Acquisitions	**2,180**	–
Total gross profit	**3,078**	560
Administrative expenses		
Continuing operations	**731**	275
Acquisitions	**1,238**	–
Total administrative expenses	**1,969**	275

4 Profit on ordinary activities before taxation

	2003 £000s	2002 £000s
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration		
– audit services, Group	**105**	15
– audit services, Company	**77**	15
Depreciation and other amounts written off owned tangible fixed assets	**45**	10
Operating lease rentals	**25**	42

Auditors' remuneration for non-audit services of £163,000 (2002: £140,000) related to share placings and £191,000 (2002: nil) related to acquisitions have been capitalised to the share premium account and intangible assets, respectively.

5 Directors' remuneration

	2003 £000s	2002 £000s
Emoluments	**144**	56

Highest paid director

The amounts for remuneration include £67,000 (2002: £48,000) in respect of the highest paid director.

Three directors waived their emoluments for the first six months of the current year (and all of the prior year).

6 Staff costs

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

	2003 number	2002 number
Editorial and production staff	**21**	11
Sales and marketing staff	**18**	8
Managerial and administration staff	**24**	3
Research and development staff	**1**	1
	64	23

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

	2003 £000s	2002 £000s
Wages and salaries	**1,037**	259
Social security costs	**148**	26
Pension and other costs	**61**	–
	1,246	285

7 Other interest receivable

	2003 £000s	2002 £000s
Bank interest receivable	**99**	83

8 Other interest payable

	2003 £000s	2002 £000s
On bank loans and overdrafts	**3**	–

9 Taxation

	2003 £000s	2002 £000s
UK corporation tax		
Current tax on income for the period	**46**	7
Foreign tax		
Current tax on income for the period	**–**	–
Total current tax	**46**	7
Deferred tax – note 20		
Origination and reversal of timing differences	**275**	60
Impact of discounting	**(71)**	–
Total deferred tax	**204**	60
Tax on profit on ordinary activities	**250**	67

Factors affecting the tax charge

The tax charged for the period differs from the standard rate of corporation tax in the UK of 30% (2002: 19%). The differences are explained below:

	2003 £000s	2002 £000s
Profit on ordinary activities before tax	**1,205**	368
Current tax at 30% (2002: 19%)	**361**	70
Effects of:		
Permanent differences between expenditure charged in arriving at income and expenditure allowed for tax purposes	**(6)**	(2)
Capital allowances in excess of depreciation	**(128)**	(7)
Effect of differing tax rates	**(125)**	(1)
Utilisation of tax losses	**(56)**	(53)
Current tax charge	**46**	7

10 Dividends

	2003 £000s	2002 £000s
Equity shares – final dividend proposed 0.88p (2002: 0.75p)	**629**	155

11 Earnings per Share

	2003 £000s	2002 000s
Profit attributable to shareholders	**955**	301

	2003 Shares	2002 Shares
Weighted average number of shares		
In issue during the year – used in basic and diluted earnings per share	**47,473,307**	14,704,126
Earnings per share – basic and diluted (pence)	**2.01**	2.05

The impact of shares not yet issued in conjunction with the Lonsdale acquisition as explained under note 12 has been excluded because no shares would be issuable if the end of the reporting period was the end of the contingency period.

12 Acquisitions

Each of the following acquisitions has been accounted for by the acquisition method. An analysis of the provisional book value and fair value of the net assets acquired on each is set out below.

Publishing rights have, for each acquisition, been valued to reflect their estimated fair values, and each publication can be separately identified and valued.

a) *Lonsdale SRG*
On 31 March 2003 the Group acquired the assets and trade of Lonsdale SRG, a partnership, excluding the cash, trade debtors and creditors of the business.

The following table sets out the provisional book values of the identifiable assets and liabilities acquired and their provisional fair value to the Group:

	Book value £000s	Fair value adjustment £000s	Fair value £000s
Publishing rights	–	6,415	**6,415**
Tangible fixed assets	**208**	–	**208**
Stock	**293**	–	**293**
Net assets acquired	**501**	6,415	**6,916**
Goodwill			–
Total consideration			**6,916**
Satisfied by:			
Cash paid			**4,896**
Contingent consideration – payable in cash			**1,400**
Contingent consideration – payable in shares			**400**
Acquisition costs			**220**
			6,916

12 Acquisitions (continued)

The Lonsdale SRG acquisition involves an arrangement whereby the consideration payable includes a deferred element that is contingent on the total turnover of, and the number of profitable new titles launched by Lonsdale SRG in the two-year period from 1 January 2003 to 31 December 2004. The provision for contingent consideration for Lonsdale SRG represents the expected future consideration payable. The contingent consideration is payable in cash of £1.4 million and the allotment of shares of £0.4 million, which is included within shares to be issued (note 21). The conditions to be satisfied are:

1. £1 million if the number of profitable future titles launched by 31 December 2004 is 10 or more, reducing by £100,000 per title to the extent the number of profitable future titles is less than 10.
2. £800,000 payable half in cash and half by way of the issue of the deferred consideration shares credited as fully paid up at 35 pence per share, reducing pound for pound to the extent that the aggregate audited turnover for the years ended 31 December 2003 and 2004 is less than £5 million, but so that no such additional amount will be payable if the aggregate audited turnover for the period is less than £4,400,000.

Deferred consideration of £300,000 has been recorded under other creditors and has been paid subsequent to the balance sheet date. The balance of deferred cash consideration is shown under creditors payable after more than one year.

The summarised profit and loss account for Lonsdale SRG for the year ended 31 July 2002 is given below. No results are given for the period from 1 August 2002 to 31 March 2003, as Lonsdale SRG was a partnership and therefore under no obligation to disclose its results publicly. The results for the year ended 31 July 2002 are publicly available, as they were disclosed in the acquisition and listing documents.

	(unaudited) Year ended 31 July 2002 £000s
Turnover	2,223
Operating profit	838
Profit before taxation	839
Taxation	(222)
Profit for the year	617

b) *Publications Professionnelles Parlementaires SAS ("PPP")*
On 15 September 2003 the Group acquired the entire share capital of PPP, publishers of Le Trombinoscope. The transaction was denominated in Euros and has been converted to Sterling as described in Note 1.

12 Acquisitions (continued)

The following table sets out the provisional book values of the identifiable assets and liabilities acquired and their provisional fair value to the Group:

	Book value £000s	Fair value adjustments £000s	Fair value £000s
Publishing rights	**290**	1,507	**1,797**
Tangible fixed assets	**13**	–	**13**
Stock	**11**	–	**11**
Debtors	**271**	–	**271**
Deferred tax	**–**	100	**100**
Cash at bank and in hand	**71**	–	**71**
Creditors	**(688)**	–	**(688)**
Net assets acquired	**(32)**	1,607	**1,575**
Goodwill			–
Total consideration			**1,575**
Satisfied by:			
Cash paid			**1,380**
Acquisition costs			**195**
			1,575

The summarised profit and loss account for PPP for the year ended 31 December 2002 and the period from 1 January to 31 August 2003 is given below:

	(unaudited) Period ended 31 August 2003 £000s	(unaudited) Year ended 31 December 2002 £000s
Turnover	**262**	1,113
Operating (loss)/profit	**(300)**	206
(Loss)/profit before taxation	**(343)**	153
Taxation	**123**	(55)
(Loss)/profit after tax	**(220)**	98

As part of the transaction to acquire PPP, the Company provided an unconditional guarantee amounting to £210,000 to the vendor in respect of amounts payable by PPP to the vendor. The guarantee lapsed on 31 January 2004, without claim.

12 Acquisitions (continued)

c) *Fenman Limited and Covelstone Publishing Limited*
On 1 October 2003 the Group took effective control of Fenman Limited and Covelstone Publishing Limited (since renamed Fenman Holdings Limited).

The following table sets out the provisional book values of the identifiable assets and liabilities acquired and their provisional fair value to the Group:

	Book value £000s	Fair value adjustments £000s	Fair value £000s
Publishing rights	–	6,280	**6,280**
Tangible fixed assets	**69**	(26)	**43**
Stock	**386**	(44)	**342**
Debtors	**311**	(26)	**285**
Deferred tax	–	4	**4**
Cash at bank and in hand	**281**	–	**281**
Creditors	**(1,116)**	56	**(1,060)**
Net assets acquired	**(69)**	6,244	**6,175**
Goodwill			–
Total consideration			**6,175**
Satisfied by			
Cash paid			**6,000**
Acquisition costs			**175**
			6,175

The summarised consolidated profit and loss account for the Fenman group of companies for the year ended 31 July 2003 and the period from 1 August to 30 September 2003 is given below:

	(unaudited) Period ended 30 September 2003 £000s	Year ended 31 July 2003 £000s
Turnover	**342**	3,045
Operating (loss)/profit	**(188)**	820
(Loss)/profit before taxation	**(188)**	857
Taxation	**56**	(258)
(Loss)/profit after tax	**(132)**	599

13 Intangible fixed assets

Group

	Publishing rights £000s
Cost and net book value	
At 1 January 2003	4,950
Additions	9
Additions through acquisition	14,492
At 31 December 2003	**19,451**

Company

	Publishing rights £000s
Cost and net book value	
At 1 January 2003	4,950
Additions	9
Additions through acquisition	6,416
At 31 December 2003	**11,375**

Additions to publishing rights of £9,000 are sundry costs in respect of the 2002 acquisition of Vacher Dod Publishing.

14 Tangible fixed assets

Group

	Freehold land and buildings £000s	Short leasehold buildings £000s	Equipment and motor vehicles £000s	Total £000s
Cost				
At 1 January 2003	–	6	140	146
Additions	–	8	223	231
Additions through acquisition	200	–	246	446
At 31 December 2003	**200**	**14**	**609**	**823**
Depreciation				
At 1 January 2003	–	3	75	78
Charge for the year	3	1	41	45
Additions through acquisition	–	–	185	185
At 31 December 2003	**3**	**4**	**301**	**308**
Net book value				
At 1 January 2003	–	3	65	68
At 31 December 2003	**197**	**10**	**308**	**515**

14 Tangible fixed assets (continued)

Company	Freehold land and buildings £000s	Short leasehold buildings £000s	Equipment and motor vehicles £000s	Total £000s
Cost				
At 1 January 2003	–	6	140	146
Additions	–	8	198	206
Additions through acquisition	200	–	8	208
At 31 December 2003	**200**	**14**	**346**	**560**
Depreciation				
At 1 January 2003	–	3	75	78
Charge for the year	3	1	38	42
Additions through acquisition	–	–	–	–
At 31 December 2003	**3**	**4**	**113**	**120**
Net book value				
At 1 January 2003	–	3	65	68
At 31 December 2003	**197**	**10**	**233**	**440**

15 Fixed asset investments

Company	Subsidiary undertakings £000s
At 1 January 2003	376
Acquisitions - see note 12	7,750
At 31 December 2003	**8,126**

Subsidiary undertakings

The results of these subsidiaries have been included in the Group accounts as at 31 December 2003:

Company	Activity	% Holding	Country of registration
Vacher Dod Publishing Limited (i)	Dormant	100	England and Wales
VDP Limited (ii)	Dormant	100	England and Wales
Fenman Holdings Limited	Holding company	100	England and Wales
Fenman Limited (iii)	Publishing	100	England and Wales
Publications Professionnelles Parlementaires SAS	Publishing	100	France

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

(ii) The Company owns the entire issued share capital of VDP Limited, which is comprised of: 95,950 Ordinary “A” shares of £1 each: 95,950 Ordinary “B” shares of £1 each; and 10,100 Ordinary “C” shares of £1 each.

(iii) The Company directly owns 50% of the issued share capital of Fenman Limited, with the other 50% being owned by Fenman Holdings Limited, which the Company owns 100%. The Company therefore controls the entire issued share capital of Fenman Limited.

16 Stocks

	2003 Group £000s	2003 Company £000s	2002 Group £000s	2002 Company £000s
Work-in-progress	**325**	**31**	50	50
Finished goods	**516**	**350**	39	39
	841	**381**	89	89

17 Debtors

	2003 Group £000s	2003 Company £000s	2002 Group £000s	2002 Company £000s
Trade debtors	**713**	**453**	288	288
Other debtors	**278**	**197**	47	47
Deferred tax asset	**–**	**25**	78	78
Prepayments and accrued income	**162**	**80**	26	26
	1,153	**755**	439	439

18 Creditors: Amounts falling due within one year

	2003 Group £000s	2003 Company £000s	2002 Group £000s	2002 Company £000s
Short term loan	**240**	**–**	–	–
Trade creditors	**530**	**245**	160	160
Other creditors including tax and social security	**997**	**484**	7	7
Accruals and deferred income	**505**	**411**	490	490
Dividend proposed	**629**	**629**	155	155
	2,901	**1,769**	812	812

The short-term loan arose on the acquisition of Fenman Limited and is included in the calculation of net assets acquired as disclosed under note 12. The loan is interest-free and is repayable to one of the vendors before 30 April 2004.

19 Creditors: Amounts falling due after more than one year

	2003 Group £000s	2003 Company £000s	2002 Group £000s	2002 Company £000s
Other creditors	**1,162**	**1,476**	–	376

Amounts shown here include £1,100,000 of deferred consideration payable in relation to the acquisition of Lonsdale SRG, as described under note 12. For the Company, amounts include £376,000 (2002: £376,000) in respect of an intercompany loan.

20 Provisions for liabilities and charges

	2003 Group £000s	2003 Company £000s	2002 Group £000s	2002 Company £000s
Deferred tax assets – see note 17	**–**	**(25)**	(78)	(78)
Deferred tax liability	**22**	**–**	–	–

The elements of deferred tax are as follows:

	2003 Group £000s	2003 Company £000s	2002 Group £000s	2002 Company £000s
Accelerated capital allowances	**136**	**77**	8	8
Change in effective tax rate from 19% to 30%	**44**	**44**	–	–
	180	**121**	8	8
Tax losses carried forward	**(30)**	**(30)**	(86)	(86)
Change in effective tax rate from 19% to 30%	**(50)**	**(50)**	–	–
	(80)	**(80)**	(86)	(86)
Undiscounted net deferred tax liability/(asset)	**100**	**41**	(78)	(78)
Effect of discounting	**(78)**	**(66)**	–	–
Discounted net deferred tax liability/(asset)	**22**	**(25)**	(78)	(78)

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

	Group £000s
Asset at 1 January 2003	(78)
Assets acquired during the year	(104)
Charge to the profit and loss account	204
Discounted net deferred tax liability at 31 December 2003	**22**

21 Called-up share capital

	2003 £000s	2002 £000s
Authorised:		
Equity : 120,000,000 (2002: 30,000,000) ordinary shares of 10p each	**12,000**	3,000
Allotted, called-up and fully paid:		
Equity: 71,464,730 (2002: 20,661,909) ordinary shares of 10p each	**7,146**	2,066
Allotted, called-up, not issued:		
Equity: 1,142,857 (2002: nil) ordinary shares of 10p each, to be issued at 35p	**400**	–

During the year the Company issued 50,802,821 ordinary shares of 10p each for consideration of £5,080,000 and share premium of £9,683,000 net of expenses, as disclosed under note 22.

Shares to be issued of £400,000 relates to the settlement of contingent consideration in relation to the acquisition of Lonsdale SRG as explained under note 12.

22 Share premium and reserves

	Share premium £000s	Merger reserve £000s	Profit and loss account £000s
At 1 January 2003	3,883	–	146
Retained profit for the year	–	–	326
Currency translation differences	–	–	1
Transfer	(409)	409	–
Premium on share issues, less expenses	9,683	–	–
At 31 December 2003	**13,157**	**409**	**473**

A transfer of £409,000 has been made from the share premium to a merger reserve. This has been made in relation to an acquisition in the prior year in accordance with Section 131, Companies Act 1985.

23 Commitments

Annual commitments under non-cancellable leases are as follows:

Group	2003 Land and buildings £000s	2003 Other £000s	2002 Land and buildings £000s	2002 Other £000s
Expiry date:				
– within one year	**148**	**4**	48	–
– between two and five years	**159**	**16**	73	–
– after five years	**–**	**–**	–	–
	307	**20**	121	–
Company				
Expiry date:				
– within one year	**88**	**1**	48	–
– between two and five years	**99**	**5**	73	–
– after five years	**–**	**–**	–	–
	187	**6**	121	–

24 Financial instruments

The Group's financial instruments comprise cash at bank and in hand, consideration for acquisitions and various items such as trade debtors and creditors that arise as a result of normal operations. The Group does not enter into complex derivative transactions and does not trade in financial instruments. As permitted by FRS 13: "Derivatives and other financial instruments: disclosure" short-term debtors and creditors have been excluded from all financial instrument disclosures. The fair value of financial assets and liabilities is the same as the carrying amount as at 31 December 2003.

The Group's financial assets at 31 December 2003 comprise sterling and Euro deposits and current accounts. £175,000 (2002: nil) of the Group's cash was denominated in Euros at 31 December 2003. The balance of cash is held in sterling accounts. Cash at bank and in hand includes a £1,000,000 (2002: nil) term deposit at a weighted average interest of 3.6% and £2,710,000 (2002: £1,361,000) at a weighted average interest of 3.5%.

The financial liabilities on which no interest is paid are a loan of £240,000 (2002: nil) as disclosed under note 18 and deferred consideration of £1,400,000 (2002: nil) as disclosed under notes 18 and 19.

25 Reconciliation of operating profit to cash inflow/(outflow) from operating activities

	2003 £000s	2002 £000s
Operating profit	**1,109**	285
Depreciation and amortisation	**45**	10
Increase in stocks	**(106)**	(75)
Increase in debtors	**(258)**	(132)
Decrease in creditors	**(631)**	(268)
Net cash inflow/(outflow) from operating activities	**159**	(180)

26 Analysis and reconciliation of net funds

	Cash at bank and in hand £000s	Short-term loan £000s	Total net funds £000s
As at 1 January 2003	1,361	–	1,361
Cash flow during the year	2,349	(240)	2,109
As at 31 December 2003	**3,710**	**(240)**	**3,470**

The cash flow and ending balance of cash includes amounts in respect of restricted cash of £1,000,000 which is held to guarantee deferred consideration guarantees in respect of the Lonsdale SRG acquisition.

27 Post balance sheet events

A payment of £300,000 of deferred consideration in respect of the Lonsdale SRG acquisition was paid subsequent to the balance sheet date, as explained under note 12.

On 8 March 2004 the Company announced the acquisition of Public Affairs Newsletter for £750,000 cash, payable upon completion.

28 Related party disclosures

Payments of £10,000 (2002: £7,500) were made by the Company for financial services to Clarke & Co, of which John Clarke is a partner.

Payments of £41,667 (2002: nil) were made by the Company for management services to Dalesman Publishing Company Limited, of which Timothy and Christina Benn are directors.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Huveaux PLC will be held at 4 Grosvenor Place, London, SW1X 7DL, at 11.00a.m. on 6 April 2004, for the following purposes:

Ordinary Business

1 To receive and adopt the Financial Statements for the year ended 31 December 2003, together with the Reports of the Directors and the Auditors thereon.

2 To declare a final dividend for the year ended 31 December 2003 of 0.88 pence per share payable on 7 April 2004 to shareholders on the register of members of the Company on 19 March 2004.

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

4 To re-appoint Ms Christina Benn, who retires by rotation in accordance with the Company's Articles of Association, as a Director of the Company.

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

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

To transact any other ordinary business of the Company.

Special Business

As special business, to consider and if thought fit pass the following resolutions which will be proposed, as to resolutions 7, 10 and 11 as ordinary resolutions and, as to resolutions 8 and 9, as special resolutions:

7 That the Directors be generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 ("the Act") to allot relevant securities (as defined by section 80(2) of the Act) up to a maximum aggregate nominal value of £2,382,200, such authority to be in place of any unutilised existing like authority and to expire at the conclusion of the next Annual General Meeting of the Company or the date falling 15 months from the date on which this Resolution is passed, whichever is the earlier provided always that the Company may prior to such date make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if this authority has not expired.

8 That conditional upon the passing of Resolution 7 above and pursuant to the provisions of section 95 of the Act, the Directors be generally and unconditionally authorised to allot equity securities (as defined in section 94 of the Act) for cash pursuant to the authority conferred in Resolution 7 above and to sell relevant shares (as defined in section 94 of the Act) held by the Company as treasury shares (as defined in section 162A of the Act) for cash as if section 89(1) of the Act did not apply to any such allotment or sale provided that such power is limited to the allotment of equity securities and the sale of treasury shares:

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

(b) otherwise than pursuant to (a) above up to a maximum aggregate nominal value of £357,400.

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

9 That the Company be generally and unconditionally authorised pursuant to section 166 of the Act to make market purchases (within the meaning of section 163 of the Act) of up to 3,574,000 Ordinary Shares of 10p each in the capital of the Company on such terms and in such manner as the Directors of the Company may from time to time determine, provided that:

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

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

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

10 That the Huveaux PLC SAYE Scheme ("the SAYE Scheme"), to be constituted by the rules produced in draft to this meeting and for the purpose of identification initialled by the Chairman thereof, the principal terms of which are summarised in a letter addressed to shareholders of the Company dated 5 March 2004, is hereby approved and adopted and the Directors are hereby authorised to modify the said rules in such manner as shall be necessary to secure or maintain the approval of the Board of Inland Revenue and do all acts and things necessary to carry the SAYE Scheme into effect.

11 That the Huveaux PLC Executive Scheme (the "Executive Scheme"), to be constituted by the rules produced in draft to this meeting and for the purpose of identification initialled by the Chairman thereof, the principal terms of which are summarised in a letter addressed to shareholders of the Company dated 5 March 2004, is hereby approved and adopted and the Directors are hereby authorised to do all acts and things necessary to carry the Executive Scheme into effect.

By Order of the Board.

David B Horne
Secretary

5 March 2004 Registered Office: 4 Grosvenor Place, London SW1X 7DL

Notes:

1. Any member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies (who need not be a member of the Company) to attend and, on a poll, to vote instead of the member. Completion and return of a form of proxy will not preclude a member from attending and voting at the meeting in person, should he subsequently decide to do so.
2. In order to be valid, any form of proxy and power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power or authority, must reach the Company's Registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6ZL not less than 48 hours before the time of the meeting or of any adjournment of the meeting.
3. As permitted by Regulation 41 of the Uncertificated Securities Regulations 2001, shareholders who hold shares in uncertificated form must be entered on the Company's share register at 6:00pm on 4 April 2004 in order to be entitled to attend and vote at the Annual General Meeting. Such shareholders may only cast votes in respect of shares held at such time. Changes to entries on the relevant register after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
4. Copies of the draft rules of the SAYE Scheme and the Executive Scheme will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of despatch of this letter at the offices of Eversheds LLP, Senator House, 85 Queen Victoria Street, London EC4V 4JL until the close of the Annual General Meeting and also at the Company's registered office for at least 15 minutes prior to and during the meeting.

CORPORATE DIRECTORY

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