6 March 2006

Huveaux PLC

2005 PRELIMINARY RESULTS

Highlights

- Group turnover up 92%
- Organic sales from existing operations up 12.5%
- Profit before tax and exceptionals up 74%
- EPS before exceptionals up 24%
- Three strong divisions each with market leadership
- Digital media now 28% of annualised Group turnover
- Successful integration (including significant cost savings) and good performances from recent acquisitions

Summary of Results

£'000	**2005**	2004
Turnover	**27,736**	14,433
Profit before tax and exceptional items*	**4,270**	2,450
Profit before tax	**2,136**	2,128
Earnings per share before exceptional items (basic)*	**2.72p**	2.19p
Earnings per share (basic)	**1.45p**	1.94p
Dividend per share	**1.10p**	1.00p

*Exceptional items amounted to £2,134,000 (2004: £322,000) relating to the cost of planned restructuring following acquisitions made during the year.

Commenting on the results, John van Kuffeler, Executive Chairman, said:

"Huveaux continued to deliver significant increases in both revenues and profits through a combination of strong organic growth and the two strategic acquisitions of Epic and JBB Santé. We now have an excellent platform for the next phase of growth and remain on track to achieve our stated objective of building a substantial, high quality B2B publishing and media group."

A presentation for analysts will be held at 9.30am today at Finsbury, Tenter House, 45 Moorfields, London EC2Y 9AE.

For further information, please contact:

Huveaux PLC

John van Kuffeler, Executive Chairman 0207 245 0270

Finsbury
James Leviton
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About Huveaux

Huveaux was formed in 2001 with the objective of building a substantial, high quality publishing and media group through organic and acquisition-led growth. Huveaux provides essential and intelligent information to both the public and private sectors.

Since being admitted to the Alternative Investment Market in December 2001, the Company has successfully completed the acquisition of nine complementary businesses which have been organized into three Divisions: Political, Learning and Healthcare. It is the market leader in political publishing and e-learning in the UK and the leading Continuing Medical Education magazine publisher in France.

Products comprise magazines, websites, electronic databases, reference books, e-learning content and delivery, revision guides, manuals, videos, conferences, seminars and events. Huveaux has offices in London, Paris and Brussels as well as five regional UK offices.

Further information about Huveaux can be found at www.huveauxplc.com

CHAIRMAN'S STATEMENT

2005 OVERVIEW

The year 2005 saw a further major transformation of Huveaux in line with our stated objective of building a substantial, high quality publishing and media group through organic and acquisition-led growth. For the third consecutive year, we again doubled our size after completing the two major acquisitions of Epic and JBB Santé, thereby creating a more balanced business with a broader spread of revenues and profits.

We are also pleased to announce another set of record results. Sales grew 92% to £ 27.7 million; pre-tax profits (before exceptional items) grew 74% to £ 4.3 million and earnings per share (before exceptional items) grew 24% to 2.71 pence. Excluding acquisitions, organic sales growth was 12.5%. Profit before tax (but after exceptional items) was £2.1 million, the same as in last year.

In line with our progressive dividend policy, the Board is recommending a final dividend of 1.1 pence per share for 2005, an increase of 10 % on the prior year.

Our growth and broader range of operations have been achieved while maintaining a strong balance sheet, including the introduction of a modest level of debt to optimise shareholder returns. At the year-end, we had net debt of £7.6 million and shareholders' funds of £44.0 million.

STRATEGIC PROGRESS

The strength of our performance and achievements in 2005 clearly demonstrate that we are delivering on our stated objective. We now have three business divisions, each of which is a market leader in a growing sector:

Political Division
We are the market leader in the UK and EU political B2B sector and have achieved organic revenue growth in excess of 15% in each of the past two years. We see continued growth opportunities as we further develop our services and offerings in the political sector.

Learning Division
We are the UK market leader in e-learning and there are indications that this market will see good growth reflecting the significant government support for e-learning and the increasing trend for training and learning to include an e-learning element. Overall, our Learning Division achieved like-for-like sales growth of 6 % in 2005 which we intend to build upon in 2006.

Healthcare Division
We are the market leader in magazines for Continuing Medical Education (CME) in France which is becoming mandatory in 2006. In addition, we have a market-leading medical website in France. In 2005, we achieved 23% like-for-like organic sales growth but we expect our much larger business to settle down to more modest growth in 2006.

DIGITAL MEDIA

A very important aspect to our business is the growing demand in all our markets for high quality information and services to be available and delivered through online digital media. Currently, digital media represents some 28% of the Group's annualised revenues. We will continue to invest more resources into this important area in 2006 as well as exploit the necessary skills and experience available to us through the acquisition of Epic. We expect online digital revenues to grow in the future as more and more of our customers recognise its benefits.

PROGRESS ON ACQUISITIONS

Epic Group plc ("Epic")

Our recommended offer for the strategic acquisition of Epic, the UK's market leader in bespoke e-learning solutions, was declared unconditional on 22 August 2005.

The planned integration and restructuring programme, which included a complete change in the Board of Epic, has now been successfully completed, achieving a cost saving of £0.3 million per annum. The new management team has bedded in well, and the year finished with a good performance in the final quarter of 2005, including an outstanding month for orders in November.

The move into e-learning products and the establishment of joint initiatives within the Group is already underway. Most notable are the ventures involving *Lonsdale's* revision guides and JBB Santé's medical publications.

Les Editions Jean-Baptiste Baillière Santé ("JBB Santé")

On 5 October 2005, Huveaux completed the acquisition of JBB Santé, the market-leader in magazine publications for CME in France.

The integration of JBB Santé with our existing French healthcare publishing business, ATP-Egora, has been successfully completed along with the planned cost reduction and restructuring programmes. The result has been a cost saving of €1.0 million (£0.7 million) per annum; the targeted relaunch of certain key titles and a strong performance in the final quarter of 2005.

The outlook in 2006 for the Healthcare Division in France is positive particularly given the more competitive cost base and the more dynamic management team now in place. The anticipated increase in revenues arising from the introduction of compulsory CME, which will require doctors to subscribe to professional magazines such as those published by JBB Santé, will begin once the detailed requirements have been finalised by the French Government. These are expected in the second half of 2006.

BOARD, MANAGEMENT AND PEOPLE

During the course of last year, we continued the strengthening of our Board and senior management to reflect the enlarged and broader operations of the Group.

Gerry Murray, who has made a significant contribution to Huveaux since joining in May 2004, was promoted to the newly-created post of Group Chief Executive in November 2005. This appointment will also enable the Executive Chairman, John van Kuffeler, to dedicate more time to the overall strategy and direction of the Group's future activities.

Dan O'Brien was appointed to the Board as Finance Director and Michael Arnaouti appointed as Company Secretary and Director of Corporate Services on 1 January 2006. Both have a wealth of international experience in acquisitions, large PLC management and good corporate governance practice.

We have also continued to strengthen the operational management of all three of our operating divisions.

David Horne and Jean-Marie Simon stepped down from the Board effective from 31 December 2005 and 6 March 2006 respectively. The Board would like to thank each of them for their hard work and dedication to the business during the past three years. We wish them both well in their future careers.

The Board would also like to thank our management and staff for their hard work and dedication in 2005 and for their achievements in contributing to the continuing success of Huveaux.

2006 OUTLOOK

It is still early in the year, but the results for January and February are encouraging.

We have a sound, well-balanced platform of businesses with market-leading positions. This, together with the planned development and introduction of a number of key products and initiatives in each of our three divisions, gives us confidence that we can continue to build on our strong performance and deliver sound organic growth in 2006 and beyond.

We have a powerful management team and a strong balance sheet and these will assist us in pursuing our strategy of making further targeted acquisitions.

CHIEF EXECUTIVE'S REVIEW

MARKET AND OPERATION OVERVIEW

2005 was a year for delivering on our promises and we have done so. We doubled our overall revenue base and increased like-for-like revenues and profits in each of our three operating divisions. In parallel, we also successfully integrated two major strategic acquisitions and created a strengthened, market-focused management structure designed to facilitate our future expansion.

POLITICAL DIVISION

The Political Division contributed operating profit, before exceptionals, of £1.6 million (2004: £1.3 million) on revenues of £9.7 million (2004: £6.3 million) with organic revenue growth of 18% in 2005.

The political markets were dominated by the UK general election in May 2005, which was a double-edged sword as the political markets are usually soft before and buoyant after an election. With careful attention to the new information needs of our customers following the election, we delivered an overall 19.6% improvement in like-for-like operating profits from our UK political business. This included substantial profit improvement from our Data and Reference business, including *Dod's Parliamentary Companion*, and our executive search business, Electus.

Particularly satisfying were the establishment of the fortnightly publication *Whitehall and Westminster World* as the leading journal for senior civil servants and the continued advance of *ePolitixPlus*, our political monitoring business. Both of these are relatively new areas for us and offer a good opportunity for future growth.

The continued drive to improve and develop our Brussels-based EU political business, resulted in a strong performance in 2005. *Parliament Magazine,* which is dedicated to political affairs in the European Parliament and Commission, has now firmly established itself as essential reading within the Brussels political community. We have recently launched an EU political monitoring service in Brussels, modelled on our successful UK *ePolitixPlus* service. We believe that the increasingly sophisticated Brussels political market offers further significant opportunity for growth in the medium-term.

LEARNING DIVISION

The Learning Division contributed operating profit, before exceptionals, of £2.5 million (2004: £1.8 million) on revenues of £11.2 million (2004: £7.0 million) with organic revenue growth of 6%.

Our Political Knowledge business - providing seminars, conferences and training in the political and government sector - was, as expected, hindered by the UK election but still delivered a 12% improvement in like-for-like operating profits. We also continued to see excellent progress in enrolment for our *Certificate for Public Service Delivery* for which we expect to see record intake numbers in 2006.

In spite of reported static school budgets in 2005, our *Lonsdale* school revision guides business grew substantially, delivering a 23% improvement in operating profit with another year of new title launches and revenue growth. Due to the significant curriculum changes being introduced in 2006 in Sciences at Key Stage 4, there are both challenges and potential increased market share opportunities available to us. Our development programme for the new curricula is well advanced and we are confident in our ability to deliver the new revision guides in line with our high quality market reputation.

As indicated last year, *Training Journal* is now being produced in London alongside our other magazines and was relaunched during the year. The remaining Fenman business has been downsized, with new management adopting a business model aligned to market conditions and e-commerce opportunities. Although it is only a small part of our business, its progress will continue to be carefully monitored.

Epic, which became part of Huveaux in late August 2005, has already become a crucial part of the Learning Division. It had an outstanding month for orders in November and it exceeded our expectations for both revenues and profits in 2005. The business and strategic objectives for Epic are discussed further under 'Acquisitions and Integration Strategy' below.

HEALTHCARE DIVISION

Our newly established Healthcare Division comprises JBB Santé, which became part of Huveaux in early October 2005 (see below), and ATP-Egora, both based in Paris. It also includes, for the time being, our small French-based political business. The combined revenues of these businesses in 2005 (for the periods owned) were £6.8 million (2004: £1.1 million) and operating profits, before exceptionals, were £1.4 million (2004: £0.2 million). Like-for-like revenue growth in 2005 was 37% for the smaller business ATP-Egora.

While the Healthcare advertising market in France remained flat during 2005, more innovative web-based offerings from ATP-Egora together with completion of the planned €1.0 million (£0.7 million) cost saving programme at JBB Santé before the year-end, helped to produce a significant profit contribution. Our strategy in this business is to establish a number of new revenue sources in addition to advertising, particularly in the area of Continuing Medical Education (CME).

Healthcare is the second largest media market in France. The acquisition of JBB Santé has given us a substantial presence in that market and its merger with ATP-Egora gives us the opportunity to modernise, reinvigorate and further enhance the profitability of the Division. That programme is well underway (see below).

ACQUISITIONS AND INTEGRATION STRATEGY

During the year, Huveaux made two strategic acquisitions:

Epic

Epic is the leading e-learning provider in the UK. It has a blue chip client base both in the public and private sectors and is renowned for its innovative learning solutions. However, it has historically restricted itself to sourcing revenue solely from the bespoke market with no recurring revenue stream and very little retained intellectual property value. From the outset, it has been our intention to extend Epic's skill set and experience and expand its revenue base by altering the business model and building a portfolio of owned IP which can deliver an additional and recurring revenue stream over the longer term. Consequently, our strategy for Epic is to:

- Create a Huveaux-owned product portfolio combining Epic's innovative e-learning techniques with our existing learning content. These products will be sold based on an annual user licence model. Our first chosen areas are Leadership, Compliance and Human Resources Legislation;

- Further develop the existing bespoke business model to increase the element of learning consulting and to combine, where opportunities exist, with our other learning offerings to give customers new and improved blended learning solutions;

- Develop further Epic's powerful learning consultancy capability;

- Invest in the high quality web development capability at Epic which has been underexploited to date; and

- Develop, through internal joint ventures, electronic versions of our existing product where they offer customers an extra benefit.

In Epic we have acquired a high quality, highly-skilled business and workforce and we will leverage that strength to add value across a wider range of online services. The skill base there will also be crucial to us beyond e-learning in the development of all our online digital media products in the future. Epic has given us a new digital capability, confidence and ambition which we now intend to exploit across the entire Huveaux Group.

JBB Santé
With the acquisition of JBB Santé, we have established a substantial foothold in the second largest B2B media market in France. It publishes the leading weekly magazine for GPs as well as several other magazines focusing on clinical knowledge and the operation of a medical practice.

Our planned strategy from the outset has been very clear:

- Replace the existing senior management with our own management team;

- Achieve €1.0 million (£0.7 million) annualised cost savings through a targeted restructuring programme;

- Integrate the business with our existing healthcare operation, ATP-Egora;

- Improve and relaunch all the major titles; and

- Develop new sources of revenue, principally through new initiatives in CME and including a joint venture with Epic.

All of these measures have already been completed with the joint venture now underway. We are intent on reducing the proportion of total revenue that comes from advertising. New revenue streams from subscription sales and medical learning initiatives will become more important going forward.

DIGITAL MEDIA

Since the initial acquisition of Vacher Dod in 2002, with its *dodonline* subscription website, Huveaux has continued to identify and grow its digital capacity. The importance of online business offerings and the capability to design, build and supply digital services has been a key driver in Huveaux's historic and future growth plans. Digital revenues already account for 28% of the Group's total annualised turnover.

Our objective is to provide customers in all our markets with the high-quality content and services they require at the time and in the formats they require, whether through print, digital, seminars, classroom activity, events or a combination of any of these delivery formats. We have seen increasing demand for online digital offerings and we expect this to continue.

The acquisition of Parliamentary Communications in mid-2004 brought the prime UK political news and information website *ePolitix* into the Huveaux portfolio. This site is highly regarded for its political news and information and houses almost 400 MPs' websites with the number increasing monthly since the May 2005 election. The political monitoring service *ePolitixPlus* offers online bulletins tailored to specific industries and client needs. *ePolitixPlus* delivered revenue growth in excess of 29% in 2005.

At ATP-Egora, we also have in place a market-leading website for healthcare professionals in France and which provides e-bulletins for customers on profiled topics of interest. This business grew 37% in 2005.

The acquisition of Epic, which has increased Huveaux's digital revenues from £2.2 million to more than £11.0 million on an annualised basis, represents a further important step in cementing our online digital capabilities and ambitions. Within the Huveaux Group, the opportunity now exists to build on this invaluable experience and develop a wider range of digital offerings to the business communities we serve. It also provides the platform to further develop our existing content and knowledge resource through new methods of internet and electronic delivery. From this, we expect to create new profitable and customer-led revenue streams for the Group.

This year will see a further strengthening of Huveaux's digital capability and offerings as the Company grows its capacity and all divisions develop their own market-facing initiatives in this important strategic area. Huveaux will embrace a programme of internal development designed to offer our customers an online digital facility when and where they require it and across all markets and geographies.

MANAGEMENT FOCUS

With the increased size and breadth of the Group's operations, we have established a management structure which supports both current and future growth. Increased responsibility has been passed down the management chain, overseen by the experienced Huveaux Board. We have been enthusiastic to undertake this as we have been fortunate enough to inherit local management talent with the recently acquired businesses who are committed to our growth strategy. We have also successfully attracted additional sector management with relevant expertise to help strengthen our relatively young teams and deepen our resources.

The Executive Management Committee has recently been introduced and is chaired by the CEO. It also comprises the Finance Director, each Divisional Managing Director, the central Heads of Finance, Marketing and Development and the Company Secretary. Its primary objective is to review and monitor the actual operational and financial performance of the Group against Board agreed business plans and budgets.

FINANCIAL REVIEW

The Group's results for the year to 31 December 2005 showed continued substantial growth and improvement from the existing businesses and from each of the two major acquisitions completed during the year, namely, Epic and JBB Santé. Turnover for the year was up 92% to £27.7 million (2004: £14.4 million) and pre-profits before exceptionals were up 79% to £4.3 million (2004: £2.5 million). The Group's balance sheet remains strong with net debt of £7.6 million at the year-end including, for the first time, bank debt of £10.3 million.

TURNOVER AND OPERATING RESULTS

Turnover for the year increased by 92% to £27.7 million of which acquisitions made during the year contributed £7.6 million. The turnover from the ongoing businesses grew by 12.5% in 2005 on a like-for-like basis, with acquisitions in the prior year contributing a further £3.8 million to the overall revenue increase.

Profit before tax was £2.1 million (2004: £2.1 million) and before exceptional items was £4.3 million (2004: £2.5 million).

EXCEPTIONAL ITEMS

The exceptional items totalling £2.1 million relate primarily to the planned restructuring of the operations at both Epic and JBB Santé, which commenced immediately following completion of their respective acquisitions. Costs associated with the restructuring of the Board composition also form part of the exceptional items.

An exceptional interest charge of £0.2 million was incurred during the year. This related to the £8.5 million bridging loan facility with Bank of Scotland which was established to part finance the acquisition consideration for Epic. The loan was repaid, and the facility cancelled, immediately following completion.

TAXATION

The utilisation of tax losses, together with the increase in the proportion of the Group's profits which are generated in France, has led to an increase in the overall rate of effective tax to 20.3% (2004: 16.3%). While the Group continues to seek to optimise its tax position going forward, it is expected that the blended tax rate will increase further.

EARNINGS PER SHARE

The adjusted EPS (pre-exceptional items) was 2.72 pence (2004: 2.19 pence), representing a 24% increase. Basic EPS was 1.62 pence (2004: 1.45 pence).

DIVIDENDS

Based on the Group's continuing strong financial performance and in line with the Company's stated progressive dividend policy, the Board is proposing a final dividend for the year of 1.1 pence per share, up 10% on last year's final dividend. Subject to shareholders approval at the forthcoming Annual General Meeting, this dividend will be paid on 31 May 2006 to shareholders registered on 28 April 2006.

LIQUIDITY AND CAPITAL RESOURCES

During the year, Huveaux entered into a €15.0 million (£10.3 million) seven-year term loan with Bank of Scotland. This loan was used to finance the acquisition consideration of JBB Santé together with the associated integration costs, initial working capital requirements and transaction fees.

Interest payable during the year on the term loan was £0.1 million. Interest receivable was £0.1 million, which is consistent with the prior year.

During the period, the business generated cash equal to 100% of its operating profit. This, less certain acquisition and restructuring costs, resulted in Group cash generated of £1.2 million (2004: £0.7 million). At the year-end, the Group had £2.7 million (2004: £3.1 million) of cash balances and net debt of £7.6 million.

DERIVATIVES AND OTHER INSTRUMENTS

In 2005, Huveaux's financial instruments comprised bank loans, cash deposits and other items such as normal trade debtors and creditors. The main purpose of these financial instruments is to finance the Group's day-to-day operations. The Company held no derivative instruments during the year.

In February 2006, the Company entered into certain derivative transactions in order to manage the financial risk exposures arising from the Group's activities such as interest rate, liquidity and foreign currency risks. The Group's policy is that no speculative trading in derivatives is permitted. The Board regularly reviews and agrees policies for managing these risks and the current situation is as follows:

Liquidity Risk

The Group has in place a £1.0 million working capital facility with Bank of Scotland for the purpose of providing contingency funds in the event of any significant delay in converting working capital into cash.

Foreign Currency Risk

The Group now derives a significant proportion of revenue from its operations in France. The investment in these operations is naturally hedged by the €15.0 million seven-year term loan. In February 2006, the Group entered into a forward exchange contract to partially hedge the exposure on translating the resulting profits and cash flows from its French operations into sterling.

Interest Rate Risk

The outstanding €15.0 million seven-year term loan attracts interest payable in Euros and is calculated with reference to the prevailing Euribor interest rate. In order to limit any forward exposure to changes in the Euribor rate, the Group has entered into an interest rate cap for the term of the loan.

Adoption of International Financial Reporting Standards

Huveaux is required to comply with International Financial Reporting Standards ("IFRS") with effect from 1 January 2007. We are currently undertaking a review programme in relation to the requirement of IFRS and their likely impact on the Group's financial position. It is expected that this review will be completed during the first half of 2006. Consequently, we propose to update shareholders further as part of the Company's 2006 interim results announcement.

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2005

	Note	2005 £ 000s	2004 £ 000s
Turnover			
Continuing operations	2	**20,065**	14,433
Acquisitions	2	**7,671**	-
		27,736	14,433
Cost of sales		**(15,646)**	(6,872)
Gross profit		**12,090**	7,561
Administrative expenses		**(7,826)**	(5,217)
Exceptional items	3	**(1,903)**	(322)
Total administrative expenses		**(9,729)**	**(5,539)**
Continuing operations	2	**1,882**	2,022
Acquisitions	2	**479**	-
Total operating profit		**2,361**	2,022
Other interest receivable and similar income		**111**	116
Interest payable and similar charges		**(105)**	(10)
Exceptional items	3	**(231)**	-
Interest payable and similar charges		**(336)**	(10)
Profit on ordinary activities before taxation		**2,136**	2,128
Tax on profit on ordinary activities	4	**(433)**	(345)
Profit for the financial year		**1,703**	1,783
Earnings per share - basic	6	**1.45 p**	1.94 p
Earnings per share - diluted	6	**1.44 p**	1.92 p
Adjusted basic earnings per share before exceptional items	6	**2.72 p**	2.19 p

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

CONSOLIDATED BALANCE SHEET
at 31 December 2005

	Note	2005	2004 As restated (see note 1)
		£ 000s	£ 000s
Fixed assets			
Intangible assets	8	**51,083**	38,046
Tangible assets		**1,000**	800
		52,083	38,846
Current assets			
Stocks		**2,150**	1,329
Debtors		**12,666**	4,638
Cash at bank and in hand		**2,678**	3,120
		17,494	9,087
Creditors: Amounts falling due within one year		**(13,919)**	(7,671)
Net current assets		**3,575**	1,416
Total assets less current liabilities		**55,658**	40,262
Creditors: Amounts falling due after more than one year		**(10,065)**	(77)
Provision for liabilities and charges		**(1,552)**	-
Net assets		**44,041**	40,185
Capital and reserves			
Called-up equity share capital issued	9	**14,017**	10,646
Called-up equity share capital not issued	9	**-**	400
Share premium account		**26,795**	26,444
Merger reserve		**409**	409
Profit and loss account		**2,820**	2,286
Equity shareholders' funds		**44,041**	40,185

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

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

John P de Blocq van Kuffeler
Executive Chairman

Dan O'Brien
Finance Director

6 March 2006

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2005

	Note	2005	2004
		£ 000s	£ 000s

Reconciliation of operating profit to net cash flow from operating activities

	2005	2004
	£ 000s	£ 000s
Operating profit	**2,361**	2,022
Depreciation charges	**400**	238
Amortisation charges	**56**	-
Cash flow relating to restructuring provisions	**(1,349)**	-
Decrease/(increase) in stocks	**409**	(483)
Increase in debtors	**(2,977)**	(773)
Increase/(decrease) in creditors	**2,273**	(348)
Net cash inflow from operating activities	**1,173**	656

Cash flow statement

	Note	2005	2004
Cash flow from operating activities		**1,173**	656
Returns on investments and servicing of finance	10	**(225)**	106
Taxation		**(385)**	(49)
Capital expenditure and financial investment	10	**(359)**	(309)
Acquisitions and disposals	10	**(9,849)**	(17,122)
Dividends paid on shares classified in shareholders' funds		**(1,076)**	(629)
Cash outflow before management of liquid resources and financing		**(10,721)**	(17,347)
Management of liquid resources		**-**	(47)
Financing	10	**10,389**	16,787
Decrease in cash in the year	11	**(332)**	(607)

Reconciliation of net cash flow to movement in net debt

	2005	2004
Decrease in cash in the year	**(332)**	(607)
Cash (inflow)/outflow from (increase)/decrease in debt	**(10,323)**	240
Change in net funds resulting from cash flows	**(10,655)**	(367)
Translation differences	**(110)**	17
Movement in net debt in the year	**(10,765)**	(350)
Net funds at the start of the year	**3,120**	3,470
Net (debt)/funds at the end of the year	**(7,645)**	3,120

31 December 2005

Note

1 **Accounting policies**

The financial statements have been prepared on the basis of the accounting policies set out on pages 23 and 24 of the Huveaux PLC Annual Report & Accounts for 2004, which have been consistently applied, except that the Group has adopted Financial Reporting Standard 21: "Events after the balance sheet date".

As a result, when the Group declares dividends after the balance sheet date to shareholders, such dividends are not considered to represent a liability of the Group as at the balance sheet date. Previously, under the Statement of Standard Accounting Practice 17: "Post Balance Sheet Events", the final dividend had been declared, authorised and was no longer at the Group's discretion as at the date of approval of the financial statements, the dividends were treated as an adjusting post balance sheet event and accrued in the accounts for the year to which it related.

The final dividend for the year ended 31 December 2004 of £1,065,000 has been included as a deduction from the profit and loss account for the year ended 31 December 2005, in addition to £11,000 dividend paid on shares issued after 31 December 2004, but prior to 15 April 2005. The recommended final dividend for the year ended 31 December 2005, of £1,542,000, has not been accrued as a liability in the accounts for the year ended 31 December 2005, but has been disclosed as a post balance sheet event in the notes to the accounts.

The accounts for the year ended 31 December 2004 have been restated to increase the retained profit for the year and reduce the accrual for dividends by £1,065,000 respectively. The effect on earlier periods was to increase net assets at 1 January 2004 by £629,000.

In addition to the above, the following accounting policies are also applicable as a result of the acquisitions made during the year.

Turnover and revenue recognition
Turnover relating to contracts for e-learning is recognised on the basis of the accounting policies on long term contracts. Turnover in all other respects is recognised when the goods or services are delivered to the customer.

Intangible assets
Purchased goodwill (representing the excess of the fair value of the consideration paid over the fair value of the separable net assets acquired) arising on consolidation in respect of non-publishing acquisitions is capitalised. Positive goodwill is amortised to nil by equal annual installments over its estimated useful life of 20 years.

Stocks, work in progress and long term contracts
The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.
Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.
Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

2. **Segmental information**

The tables below set out information on each of the Group's industry segments and geographic areas of operation.

	Continuing Operations	**Acquisitions**	**Total**	
	2005	**2005**	**2005**	2004
Group turnover	**£ 000s**	**£ 000s**	**£ 000s**	£ 000s
Political				
United Kingdom	**8,214**	**-**	**8,214**	5,447
Continental Europe & rest of the world	**1,507**	**-**	**1,507**	882
	9,721	**-**	**9,721**	6,329
Learning				
United Kingdom	**7,952**	**2,928**	**10,880**	6,778
Continental Europe & rest of the world	**223**	**121**	**344**	199
	8,175	**3,049**	**11,224**	6,977
Healthcare				
United Kingdom	**-**	**-**	**-**	-
Continental Europe & rest of the world	**2,169**	**4,622**	**6,791**	1,127
	2,169	**4,622**	**6,791**	1,127
	20,065	**7,671**	**27,736**	14,433

2. **Segmental information (continued)**

	Continuing Operations	**Acquisitions**	**Total**	
	2005	**2005**	**2005**	2004
Operating profit / (loss)	**£ 000s**	**£ 000s**	**£ 000s**	£ 000s
Political				
United Kingdom	**724**	**-**	**724**	533
Continental Europe & rest of the world	**165**	**-**	**165**	93
	889	**-**	**889**	626
Learning				
United Kingdom	**1,417**	**49**	**1,466**	1,264
Continental Europe & rest of the world	**18**	**2**	**20**	22
	1,435	**51**	**1,486**	1,286
Healthcare				
United Kingdom	**-**	**-**	**-**	-
Continental Europe & rest of the world	**(442)**	**428**	**(14)**	110
	(442)	**428**	**(14)**	110
	1,882	**479**	**2,361**	2,022

	Continuing Operations	**Acquisitions**	**Total**	
	2005	**2005**	**2005**	2004 As restated (see note 1)
	£ 000s	**£ 000s**	**£ 000s**	£ 000s
Net assets/(liabilities)				
Political				
United Kingdom	**23,337**	**-**	**23,337**	23,776
Continental Europe	**-**	**-**	**-**	-
	23,337	**-**	**23,337**	23,776
Learning				
United Kingdom	**13,651**	**4,113**	**17,764**	13,498
Continental Europe	**-**	**-**	**-**	-
	13,651	**4,113**	**17,764**	13,498
Healthcare				
United Kingdom	**-**	**-**	**-**	-
Continental Europe	**(6,822)**	**8,767**	**1,945**	2,609
	(6,822)	**8,767**	**1,945**	2,609
Head Office				
United Kingdom	**995**	**-**	**995**	302
Continental Europe	**-**	**-**	**-**	-
	995	**-**	**995**	302
	31,161	**12,880**	**44,041**	40,185

Head Office operating costs of £1,482,000 (2004: £917,000) have been allocated to segmental operating profit on a pro rata basis. Exceptional items of £1,903,000 (2004: £322,000) were incurred in respect of the United Kingdom (£675,000) and Continental Europe & rest of the world (£1,228,000). The results and net assets of our French political business are shown as part of the Healthcare Division to reflect the local management structure currently in operation. Turnover for this business was £799,000 (2004: £722,000).

3. **Exceptional items**

	2005	2004
	£ 000s	£ 000s
Redundancy and people related costs	**1,653**	287
Relocation provisions	**135**	35
Other exceptional items	**115**	-
	1,903	322
Interest on financing	**231**	-

The exceptional items relate primarily to the restructuring of the operations at Epic and COPEF following the acquisition of those businesses in 2005. The increase in scale and activities across the Group has also led to a review of our existing structures to ensure that they are appropriate to meet the requirements of the Group going forward.

An exceptional interest charge was incurred in relation to the £8.5 million bridge financing facility which was put in place as part of the acquisition of Epic. This facility was repaid once the acquisition of Epic was completed.

4. **Taxation**

	2005	2004
	£ 000s	£ 000s
UK corporation tax		
Current tax on income for the period	**166**	272
Adjustments in respect of prior periods	**15**	(4)
	181	268
Double taxation relief	**(2)**	(5)
Foreign tax		
Current tax on income for the period	**2**	5
Total current tax	**181**	268
Deferred tax - note 18		
Origination and reversal of timing differences	**517**	371
Deferred tax asset on French losses	**(166)**	(278)
Impact of discounting	**(99)**	(16)
Total deferred tax	**252**	77
Tax on profit on ordinary activities	**433**	345

The charge to the profit and loss account in respect of deferred tax of £252,000 (2004: £77,000) is stated after recording a deferred tax asset of £150,000 (before discounting) (2004: £278,000) in respect of tax losses, the recovery of which has been enabled by the merger of our French operations in 2004 and 2005. There are other potential deferred tax assets in respect of tax losses totaling £293,000 (2004: £443,000) that have not been recognised on the basis that their future economic benefit is uncertain.

5. **Dividends**

	2005	2004
		As restated
	£ 000s	£ 000s
The aggregate amount of dividends comprises:		
Final dividends paid in respect of prior year but not recognised as, liabilities in that year	**1,076**	629

Following implementation of Financial Reporting Standard 21: "Events after the balance sheet date", proposed dividends are no longer recognised at the year end balance sheet date.
A final dividend of 1.1 pence per 10p Ordinary share has been recommended and, subject to approval by shareholders at the Annual General Meeting on 27 April, will be paid on 31 May to shareholders on the register at 18 April 2006.

6. **Earnings per share**

	2005	2004
	£ 000s	£ 000s
Profit attributable to shareholders	**1,703**	1,783
Add: exceptional items	**2,134**	322
Less: tax in respect of exceptional items	**(640)**	(97)
Adjusted profit attributable to shareholders	**3,197**	2,008

	2005	2004
	Ordinary shares	Ordinary shares
Weighted average number of shares		
In issue during the year - basic	**117,677,253**	91,737,954
Dilutive potential ordinary shares	**421,610**	1,179,162
Diluted	**118,098,863**	92,917,116
Earnings per share - basic (pence)	**1.45**	1.94
Earnings per share - diluted (pence)	**1.44**	1.92
Adjusted earnings per share before exceptional items (pence)	**2.72**	2.19

7. **Acquisitions**

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

a) Epic Group plc
On 22 August 2005 the Company's recommended cash and share offer for Epic Group plc ("Epic") was declared wholly unconditional and from which date the Company acquired effective control of Epic and its business. The following table sets out the book values of the identifiable assets and liabilities acquired and their provisional fair value to the Huveaux Group:

	Book value	Fair value Adjustments	Fair value
	£ 000s	£ 000s	£ 000s
Tangible fixed assets	159	-	**159**
Fixed asset investments	100	(100)	**-**
Stock	934	-	**934**
Debtors	1,104	-	**1,104**
Cash	9,505	-	**9,505**
Deferred tax	70	-	**70**
Creditors	(2,304)	-	**(2,304)**
Net assets acquired	9,568	(100)	**9,468**
Goodwill			**3,367**
Total consideration			**12,835**
Satisfied by:			
Cash paid			**8,327**
Shares issued			**3,256**
Acquisition costs			**1,252**
			12,835

The adjustment to fixed asset investments was made to write down the carrying value of investments in shares in unlisted companies, the realisation of which is uncertain.

As a result of the compulsory acquisition procedure following the public offering for Epic, share options exercised in Epic after the acquisition date gave rise to the simultaneous creation and repurchase of a minority interest in that subsidiary. Subsequent to 22 August 2005, options over 301,500 Ordinary Shares in Epic were exercised and £242,000 was paid into that company. Huveaux PLC controlled 100% of the share capital throughout the post-acquisition period.

As part funding for the acquisition, a bridge loan of £8,500,000 was taken out with the Bank of Scotland and repaid in October 2005.

7. **Acquisitions (continued)**

The summarised profit and loss account for Epic for the year ended 31 May 2005 and for the period from
1 June 2005 to 25 August 2005 is given below:

	Period ended 25 August 2005	Year ended 31 May 2005
	Unaudited	Audited
	£ 000s	£ 000s
Turnover	1,603	8,104
Operating (loss)/profit	(93)	1,569
Profit before taxation and exceptional items	11	2,085
Exceptional items	(508)	-
Taxation	120	(550)
(Loss)/profit after tax	(377)	1,535

The exceptional items relate to costs incurred or associated with the sale of the company.

b) COPEF SA, trading as Les Editions Jean- Baptiste Baillière Santé ("COPEF" or "JBB Santé")
On 1 October 2005, the Group took effective control of COPEF and certain of its subsidiary undertakings, which businesses collectively trade as JBB Santé. The following table sets out the book values of the identifiable assets and liabilities acquired and their provisional fair value to the Huveaux Group:

	Book value	Fair value Adjustments	Fair value
	£ 000s	£ 000s	£ 000s
Publishing rights	-	9,697	**9,697**
Goodwill	10,618	(10,618)	**-**
Tangible fixed assets	84	-	**84**
Stock	303	-	**303**
Debtors	3,420	-	**3,420**
Cash	441	-	**441**
Deferred tax	-	686	**686**
Creditors due within one year	(4,988)	(998)	**(5,986)**
Net assets acquired	9,878	(1,233)	**8,645**
Goodwill			**-**
Total consideration			**8,645**
Satisfied by:			
Cash paid			**171**
Debt acquired			**7,685**
Acquisition costs			**789**
			8,645

The adjustment to deferred tax was made to ensure consistency of accounting policies. The fair value adjustment to the creditors was made for certain contingent liabilities that crystalised as a result of the acquisition in accordance with Financial Reporting Standard 7: "Fair values and acquisition accounting".

Debt was acquired during acquisition and repaid by way of a loan - see note 21.

Legal completion of the acquisition took place on 5 October 2005.

7. **Acquisitions (continued)**
The summarised consolidated profit and loss account for COPEF for the year ended 31 December 2004 and for the period from 1 January 2005 to 30 September 2005 is given below:

	Period ended 30 September 2005 Unaudited £ 000s	Year ended 31 December 2004 Unaudited £ 000s
Turnover	8,926	12,986
Operating profit before goodwill amortisation	5	1,263
Goodwill amortisation	(764)	(1,012)
Operating (loss)/profit	(759)	251
Loss before taxation	(759)	(468)
Taxation	-	(35)
Loss after taxation	(759)	(503)

8. **Intangible fixed assets**

Group	Goodwill £ 000s	Publishing rights £ 000s	Total £ 000s
Cost			
At 1 January 2005	-	38,046	38,046
Additions	-	29	29
Additions through acquisition	3,367	9,697	13,064
At 31 December 2005	**3,367**	**47,772**	**51,139**
Amortisation			
At 1 January 2005	-	-	-
Charged in year	56	-	**56**
At 31 December 2005	**56**	**-**	**56**
Net book value			
At 1 January 2005	-	38,046	38,046
At 31 December 2005	**3,311**	**47,772**	**51,083**

9. **Called-up share capital in the company**

	2005	2004
	£ 000s	£ 000s
Authorised:		
200,000,000 Ordinary shares of 10p each (2004: 175,000,000)	**20,000**	17,500
Allotted, called-up and fully paid:		
140,170,496 Ordinary shares of 10p each (2004: 106,464,730)	**14,017**	10,646
New Ordinary share value to be issued as deferred acquisition consideration	**-**	400

During the year, the Company issued:
1,142,855 new Ordinary shares, credited as fully paid, in settlement of £397,000 (net of expenses) part deferred consideration arising from the acquisition of Lonsdale SRG in 2003; and
32,562,911 new Ordinary shares, credited as fully paid, in settlement of the non-cash consideration element, totaling £3,256,000, in respect of the acquisition of Epic.

The total nominal value of new shares issued was £3,371,000.

10. **Analysis of cash flows**

	2005	2004
	£ 000s	£ 000s
Returns on investment and servicing of finance		
Interest and similar income received	**111**	116
Interest paid	**(336)**	(10)
	(225)	106
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(358)**	(304)
Purchase of intangible fixed assets	**(1)**	(5)
	(359)	(309)
Acquisitions and disposals		
Purchase of subsidiary undertakings and assets	**(18,224)**	(17,060)
Lonsdale deferred consideration paid	**(1,100)**	(300)
Dods Parliamentary Communications deferred consideration paid	**(471)**	-
Cash acquired on acquisition of subsidiary - see note 7	**9,946**	238
	(9,849)	(17,122)
Financing		
Debt due within one year:		
- Increase in short-term borrowing	**9,016**	-
- Repayment of secured loan	**(8,500)**	-
Debt due after more than one year:	-	-
- New secured loan repayable from 2007 to 2012	**9,807**	-
Issue of ordinary share capital	**-**	17,500
Expenses recouped/(paid) in connection with share issue	**66**	(713)
	10,389	16,787

11. **Analysis of net debt**

	At beginning of year £ 000s	Cash flow £ 000s	Exchange movement £ 000s	At end of year £ 000s
Cash at bank and in hand	3,120	(332)	(110)	2,678
Debt due within one year	-	(516)	-	(516)
Debt due after one year	-	(9,807)	-	(9,807)
	3,120	**(10,655)**	**(110)**	**(7,645)**

12. **Post balance sheet events**

On 9 February, the Company sold the trade of the mailing business of JBB Santé for a cash consideration of £147,000.

13. **Basis of presentation**

The financial information set out above does not constitute the Group and Company's statutory accounts for the years ended 31 December 2005 or 2004 but is derived from those accounts. Statutory accounts for 2004 have been delivered to the Registrar of Companies and those for 2005 will be delivered in due course. The auditors have reported on those accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985.