3 March 2008

# Huveaux PLC

## 2007 PRELIMINARY RESULTS

### Financial Highlights

- Revenue up 2% to £46.1 million (2006: £45.0 million)
- EBITDA down 19% to £5.8 million (2006: £7.2 million)*
- Profit for the year of £0.4 million (2006: £2.3 million)
- Basic EPS of 0.24 pence per share (2006: 1.59 pence)
- Normalised EPS down 38% to 1.82 pence per share (2006: 2.93 pence)**
- Dividend recommended in line with results at 0.75 pence per share (2006: 1.21 pence)

### Operating Highlights

- Results for the year were impacted by a fall in the market for pharmaceutical advertising in France and a reduction in UK public sector learning spend
- We reacted to these changed market conditions by adapting our business models and creating new sources of revenue
- Actions taken as part of a Group wide cost reduction programme will realise £2.5 million of annualised cost savings
- EBITDA in our Education Division increased by 25% on a like for like basis
- Our European political business showed encouraging growth, enhanced by the acquisition of the *European Public Affairs Directory*
- Conferences and exhibitions performed strongly
- Our Learning Division now has new management teams in place

### Summary of Results

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

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

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

These results are the Group's first to be prepared under International Financial Reporting Standards as endorsed by the International Accounting Standards Board and as adopted by the EU ("Adopted IFRS"). The December 2006 comparative figures have been restated accordingly.

**An analyst presentation will be held at 09.30am today at Dresdner Kleinwort, 30 Gresham Street, London EC2P 2XY, with coffee available from 09.00am.**

**John van Kuffeler, Non-Executive Chairman of Huveaux, commented:**

"2007 was a disappointing year for Huveaux with a 19 per cent fall in normalised EBITDA.

We responded to the changing market conditions by adapting parts of our business model. This included a series of successful new business initiatives and the lowering of our cost base.

As a result, we won good levels of new business in December and this has ensured a good start to 2008."

**For further information, please contact:**

**Huveaux**
John van Kuffeler, Non-Executive Chairman 020 7245 0270
Gerry Murray, Chief Executive Officer

**Note to Editors:**
Huveaux PLC is a public limited company listed on the Alternative Investment Market (ticker HVX.L).

The Company was formed in 2001 with the objective of building a substantial, high-quality media group. Huveaux has completed and successfully integrated 13 acquisitions over the past six years and employs 500 staff in London, Paris, Brussels, Edinburgh and four other UK regional offices.

The Group now consists of four Divisions, each of which has strong brands and market leading positions:

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

**Learning Division**
A leading provider of resources to learning communities in the UK, including e-learning solutions for the public and private sector and blended learning solutions, seminars and events for the political, public affairs and training markets. The Division comprises *Epic*, the UK market leader in e-learning;

*The TJ magazine*; and the highly acclaimed *Westminster Explained* conferences and seminars business.

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

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

# CHAIRMAN'S STATEMENT

**2007 Overview**

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

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

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

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

**Strategy**

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

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

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

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

**The Board, Management and People**

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

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

**Outlook**

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

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

# CHIEF EXECUTIVE'S BUSINESS AND FINANCIAL REVIEW

**Introduction**

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

**Business Overview**

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

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

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

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

will continue our portfolio expansion throughout 2008 both in print and online, and are very confident of the future for this business.

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

**2008 Priorities**

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

There is no doubt that the difficult trading conditions we have faced during 2007, particularly in France, have interrupted that progress. However, we enter 2008 a much leaner and fitter organisation. Management overhead and central costs have been substantially reduced in line with more conservative growth ambitions. Divisional management costs have also been reduced and cost control and margin improvement are central to our business improvement strategy for 2008. During the second half of 2007 a cost reduction programme was put in place, as a result of which £2.5 million of costs will be saved on an annualised basis. The full benefit of these will be seen in 2008.

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

**Political Division**

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

*A reconciliation between EBITDA and operating profit is provided in Schedule A on page 25.

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

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

Highlights:

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

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

In 2008 our government business will take a major leap forward through the launch of *Civil Service Live*. This is the first ever exhibition dedicated to the UK civil service. It will bring together more than 5,000 senior civil servants over three days to inspire innovation amongst the people running today's and tomorrow's civil service. It will showcase best practice and innovation in the civil service and will be the must-attend event for senior civil servants.

*Civil Service Live* is a significant brand extension for *Whitehall and Westminster World* and it moves our successful events business into major exhibitions. In 2004 Dods held just one event; in 2008 it will hold over 50.

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

The *Regional Review*, our magazine focussing on the regions of the EU, saw revenue grow by 58 per cent last year. Michel Delaberre, the President of the

Committee of the Regions, gave the closing address at the inaugural Regional Review Awards.

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

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

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

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

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

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

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

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

**Learning Division**

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

*A reconciliation between EBITDA and operating profit is provided in Schedule A on page 25.

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

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

Highlights:

- Fenman increased its profits year on year by 87 per cent and launched two web based interactive training services: *TrainerActive* and *Good Practice*.

- The *Political Knowledge* business won its largest ever contract in December 2007 with the Equality and Human Rights Commission to deliver training to its staff in the first quarter of 2008.

- *Westminster Explained* and *Westminster Briefing* launched new websites in July 2007 enabling clients to book courses on-line. This has proved popular and approximately 25 per cent of places are now reserved through the website. This proportion is expected to grow in 2008.

- *Epic* had its largest ever sales month in December with well over £1 million of orders. This business now has a new management team and has completed an efficiency programme resulting in a 15 per cent headcount reduction.

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

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

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

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

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

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

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

## Education Division

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

*A reconciliation between EBITDA and operating profit is provided in Schedule A on page 25.

**Overall our Education Division had an excellent year in 2007.**

**The UK schools market for educational publishing showed modest growth in 2007, although it was boosted in Scotland by additional money made available from the Scottish Executive. However, school spend on digital product is expected to**

**have declined slightly, as government e-learning credit funds reduced significantly year on year.**

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

Highlights:

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

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

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

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

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

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

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

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

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

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

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

Retail markets may be exposed to a downturn in consumer confidence, but the education book sector has usually been immune to this trend as revision books

and study guides are a relatively small outlay and are viewed as an investment for a child's future, even more so in times of economic uncertainty. The education book sector is therefore expected to continue to show modest growth and we feel well placed to take advantage.

## Healthcare Division

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

*A reconciliation between EBITDA and operating profit is provided in Schedule A on page 25.

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

Highlights:

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

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

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

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

A further new revenue source was developed with the introduction of a monitoring business for the pharmaceutical industry based on the principles of our well established political monitoring business in the UK. It will deliver

customised technical and marketing information on demand and will show a profit in its first year.

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

## Financial Review

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

### Revenue and Operating Results

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

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

### Non-trading Items

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

### Taxation

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

### Earnings per Share (EPS)

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

**Dividends**

The Board is proposing a final dividend for the year of 0.75 pence per share. Subject to shareholders' approval at the forthcoming Annual General Meeting, this dividend will be paid on 29 August 2008 to shareholders registered on 4 June 2008.

**Liquidity and Capital Resources**

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

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

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

**Derivatives and Other Instruments**

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

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

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

*Foreign Currency Risk*
The Group derives a significant proportion of revenue from its operations in France. The investment in these operations is naturally hedged by the €15.0

million seven-year term loan taken out in 2005, of which €12.8 million remained outstanding as at 31 December 2007.

*Interest Rate Risk*

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

## CONSOLIDATED INCOME STATEMENT
**for the year ended 31 December 2007**

| | Note | **Audited 2007 £'000** | Audited 2006 £'000 |
|---|---|---|---|
| **Revenue** | | **46,069** | 45,028 |
| Cost of sales | | **(27,918)** | (26,408) |
| **Gross profit** | | **18,151** | 18,620 |
| **Administrative expenses:** | | | |
| Non-trading items | 2 | **(931)** | (640) |
| Amortisation of intangible assets acquired through business combinations | | 7 | **(3,304)** |
| (2,132) | | | |
| Other administrative expenses | | **(12,945)** | (11,957) |
| | | **(17,180)** | (14,729) |
| **Operating profit** | | **971** | 3,891 |
| Finance income | | **148** | 161 |
| Financing costs | | **(1,689)** | (872) |
| **(Loss)/profit before tax** | | **(570)** | 3,180 |
| Income tax credit/(expense) | | **932** | (892) |
| **Profit for the year attributable to equity holders of parent** | | **362** | 2,288 |
| **Earnings per share** | | | |
| Basic | 5 | **0.24 p** | 1.59 p |
| Diluted | 5 | **0.24 p** | 1.58 p |

## CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
**for the year ended 31 December 2007**

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

## CONSOLIDATED BALANCE SHEET
## at 31 December 2007

| | Note | **Audited 2007 £'000** | Audited 2006 £'000 |
|---|---|---|---|
| Goodwill | 6 | **28,651** | 28,165 |
| Intangible assets | 7 | **42,325** | 44,888 |
| Property, plant and equipment | | **887** | 991 |
| **Non-current assets** | | **71,863** | 74,044 |
| Inventories | | **3,181** | 3,158 |
| Trade and other receivables | | **12,175** | 15,102 |
| Derivative financial instruments | | **117** | 140 |
| Cash and cash equivalents | | **1,994** | 4,307 |
| Income tax receivable | | **163** | – |
| Assets held for sale | | – | 188 |
| **Current assets** | | **17,630** | 22,895 |
| Interest bearing loans and borrowings | 8 | **(3,788)** | (3,140) |
| Income tax payable | | – | (412) |
| Provisions | | **(709)** | (368) |
| Trade and other payables | | **(14,703)** | (16,731) |
| **Current liabilities** | | **(19,200)** | (20,651) |
| **Net current assets** | | **(1,570)** | 2,244 |
| **Total assets less current liabilities** | | **70,293** | 76,288 |
| Interest bearing loans and borrowings | 8 | **(16,877)** | (19,855) |
| Employee benefits | | **(141)** | (156) |
| Deferred tax liability | | **(7,390)** | (8,248) |
| Other non-current liabilities | | – | (96) |
| **Non-current liabilities** | | **(24,408)** | (28,355) |
| **Net assets** | | **45,885** | 47,933 |
| **Equity attributable to equity holders of parent** | | | |
| Issued capital | | **15,200** | 15,200 |
| Share premium | | **30,816** | 30,816 |
| Other reserves | | **409** | 409 |
| Retained earnings | | **25** | 1,350 |
| Translation reserve | | **(565)** | 158 |
| **Total equity** | 9 | **45,885** | 47,933 |

**CONSOLIDATED CASH FLOW STATEMENT**
**for the year ended 31 December 2007**

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

| | | | |
|---|---|---|---|
| **Net (decrease)/increase in cash and cash equivalents** | | | **(2,388)** |
| 1,678 | | | |
| Opening cash and cash equivalents | | **4,307** | 2,678 |
| Effect of exchange rate fluctuations on cash held | | **75** | (49) |
| **Closing cash and cash equivalents** | 10 | **1,994** | 4,307 |

## Notes to the preliminary announcement
## 31 December 2007

### 1 Basis of Preparation

The Group financial statements consolidate those of Huveaux PLC and its subsidiaries (together referred to as the "Group"). The financial statements have been prepared on the basis of the accounting policies set out on pages 8 to 13 of the Huveaux PLC Interim Report for 2007, which have been consistently applied.

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2007 or 2006. Statutory accounts for 2006, which were prepared under UK GAAP, have been delivered to the registrar of companies, and those for 2007, prepared under accounting standards adopted by the EU, will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and (iii) did not contain statements under section 237(2) or (3) of the Companies Act 1985.

As required by EU law (IAS regulation EC 1606/2002) the Group's accounts have been prepared in accordance with International Financial Reporting Standards endorsed by the International accounting Standards Board (IASB) as adopted by the EU ("Adopted IFRS").

### 2 Non-trading items

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

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

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

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

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

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

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

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

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

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

| | | |
|---|---|---|
| **Total income tax (credit)/expense** | **(932)** | 892 |

## 4 Dividends

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

A final dividend of 0.75 pence per 10p Ordinary share has been recommended and, subject to approval by shareholders at the Annual General Meeting on 3 June 2008, will be paid on 29 August 2008 to shareholders on the register at 4 June 2008.

## 5 Earnings per share

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

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

## 6 Goodwill

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

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

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

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

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

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

## 7 Intangible assets

| | Audited<br>Assets acquired through business combinations<br>£'000 | Audited<br>Software<br>£'000 | Audited<br>Plate costs<br>£'000 | Audited<br>Total<br>£'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 January 2006 | 37,843 | 2,413 | – | 40,256 |
| Additions – externally purchased | – | 411 | 175 | 586 |
| Additions through acquisition | 10,084 | – | 591 | 10,675 |
| Disposals | – | (77) | – | (77) |
| Exchange adjustment | – | (44) | – | (44) |
| At 1 January 2007 | 47,927 | 2,703 | 766 | 51,396 |
| Additions – externally purchased | – | 588 | 713 | 1,301 |
| Additions – internally generated | – | 184 | 374 | 558 |
| Additions through acquisition | 183 | – | – | 183 |
| Disposals | (477) | (1,370) | – | (1,847) |
| Reclassifications | – | (312) | – | (312) |
| Exchange adjustment | – | 72 | – | 72 |
| At 31 December 2007 | **47,633** | **1,865** | **1,853** | **51,351** |
| **Amortisation** | | | | |
| At 1 January 2006 | 1,965 | 2,202 | – | 4,167 |
| Charged in year | 2,132 | 211 | 118 | 2,461 |
| Disposals | – | (77) | – | (77) |
| Exchange adjustment | – | (43) | – | (43) |
| At 1 January 2007 | 4,097 | 2,293 | 118 | 6,508 |
| Charged in year | 3,304 | 231 | 650 | 4,185 |
| Disposals | (23) | (1,407) | – | (1,430) |
| Reclassifications | – | (294) | – | (294) |
| Exchange adjustment | – | 57 | – | 57 |
| At 31 December 2007 | **7,378** | **880** | **768** | **9,026** |
| **Net book value** | | | | |
| At 1 January 2006 | 35,878 | 211 | – | 36,089 |
| At 31 December 2006 | 43,830 | 410 | 648 | 44,888 |
| At 31 December 2007 | **40,255** | **985** | **1,085** | **42,325** |

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

Amortisation of plate costs is recognised within cost of sales; all other amortisation is recognised within administrative expenses. No intangibles have an indefinite useful economic life.

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

**8Interest bearing loans and borrowings**

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

| Borrowings are taken out in the following currencies: | | | | **Audited** |
|---|---|---|---|---|
| Audited | | | | |
| | Interest | Principal | **2007** | 2006 |
| | | Thousands | **£'000** | £'000 |
| Sterling | Floating linked to LIBOR | £13,400 | **11,270** | 13,400 |
| Euros | Floating linked to EURIBOR | €15,000 | **9,395** | 9,595 |
| Total | | | **20,665** | 22,995 |

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

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

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

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

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

## 9 Reconciliation of movements in equity

| | **Audited 2007 £'000** | Audited 2006 £'000 |
|---|---|---|
| **Opening shareholders' funds** | **47,933** | 41,647 |
| Profit for the year | **362** | 2,288 |
| Dividends paid | **(1,839)** | (1,542) |
| Actuarial gains and losses | **28** | 25 |
| Currency translation differences | **(723)** | 158 |
| New share capital subscribed (net of issue costs) | | - |
| 5,204 | | |
| Share based payment charges credited to equity | | **124** |
| 153 | | |
| **Closing shareholders' funds** | **45,885** | 47,933 |

## 10 Analysis of net debt

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

## 11 Transition to IFRS

This is the first year that he Group has presented its financial statements under IFRS. A full reconciliation between IFRS and UK GAAP was released on 11 May 2007 and can be found on the Group's website www.huveauxplc.com.

**Cautionary statement**

This press release may contain forward-looking statements based on current expectations or beliefs, as well as assumptions about future events. In that regard, such statements are:

- inherently predictive and speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future; and
- not a guarantee of future performance and are subject to factors that could cause the actual results to differ materially from those expressed or implied.

The name Huveaux is a trademark of Huveaux PLC. All other trademarks mentioned herein are the property of Huveaux's respective subsidiary companies. All rights reserved.

The Huveaux PLC 2007 Annual Report and Financial Statements are being posted to shareholders on 27 March 2008 and will be available to the public upon request at the Company's registered office: 4 Grosvenor Place, London, SW1X 7DL.

Copies of recent announcements, including this Preliminary Results announcement, and additional information on Huveaux, can be found at www.huveauxplc.com.

**Schedule A**

**Reconciliation between operating profit and non-statutory performance measure**

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

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

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

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

*including amortisation of software shown within intangibles.