

Annual Report & Accounts 2008

Euromoney Institutional Investor PLC

Welcome

to Euromoney

Euromoney Institutional Investor PLC is listed on the London Stock Exchange and is a member of the FTSE 250 share index. It is a leading international business-to-business media group focused primarily on the international finance, metals and commodities sectors. It publishes more than 70 magazines, newsletters and journals, including *Euromoney*, *Institutional Investor* and *Metal Bulletin*. It also runs an extensive portfolio of conferences, seminars and training courses and is a leading provider of electronic information and data covering international finance, metals and commodities, and emerging markets. Its main offices are located in London, New York, Montreal and Hong Kong and nearly half of its revenues are derived from emerging markets.

Principal Brands

EUROMONEY

**Institutional
Investor**

MetalBulletin

**American
MetalMarket**

EuroWeek

**asia
money**

LATINFINANCE

 **ISI EMERGING MARKETS**
www.securities.com
A Euromoney Institutional Investor Company

BCA
RESEARCH

INFORMATION
MANAGEMENT
NETWORK **IMN**

Contents

Group		Company	
2	Highlights	92	Independent Auditors' Company Report
2	Chairman's Statement	93	Company Balance Sheet
7	Reconciliation of Group Income Statement to underlying results	94	Notes to the Company Accounts
8	Directors' Report	104	Five Year Record
22	Directors and Advisors	105	Financial Calendar and Shareholder Information
24	Corporate Governance		
30	Directors' Remuneration Report		
42	Independent Auditors' Report		
44	Group Income Statement		
45	Group Balance Sheet		
46	Group Cash Flow Statement		
47	Note to the Group Cash Flow Statement		
48	Group Statement of Recognised Income and Expense		
49	Notes to the Accounts		

Activities

Financial Publishing

Financial publishing includes an extensive portfolio of titles covering the international capital markets as well as a number of specialist financial titles. Products include magazines, newsletters, journals, surveys and research, directories, and books. A selection of the company's leading financial brands includes: *Euromoney*, *Institutional Investor*, *Euroweek*, *Latin Finance*, *Asiamoney*, *Global Investor*, *Project Finance*, *Futures & Options World*, *Total Derivatives* and the hedge fund titles *EuroHedge*, *InvestHedge*, *AsiaHedge*, *Absolute Return* and *Alpha*.

Business Publishing

The business publishing division produces specialist magazines and other publications covering the metals and mining, energy and legal sectors. Its leading brands include: *Metal Bulletin*, *American Metal Market*, *Petroleum Economist*, *World Oil*, *Hydrocarbon Processing*, *International Financial Law Review*, *International Tax Review* and *Managing Intellectual Property*.

Training

The training division runs a comprehensive range of banking, finance and legal courses, both public and in-house, under the *Euromoney* and *DC Gardner* brands. Courses are run all over the world for both financial institutions and corporates. In addition the company's Boston-based subsidiary, *MIS*, runs a wide range of courses for the audit and information security market.

Conferences and Seminars

The company runs a large number of sponsored conferences and seminars for the international financial markets, mostly under the *Euromoney*, *Institutional Investor*, *Metal Bulletin* and *IMN* brands. Many of these conferences are the leading annual events in their sector and provide sponsors with a high quality program and speakers, and outstanding networking opportunities. Such events include: *The Global Borrowers and Investors Forum*; the *Euromoney Saudi Arabia Conference*; the *Annual Global Hedge Fund Summit*; the *European Airfinance Conference*; the *Islamic Finance Summit*; the

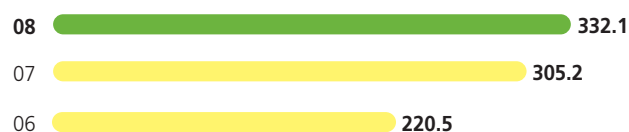
Super Bowl of Indexing; *Global ABS*; and *The Annual ABS East Conference* for the asset-backed securities market. In the energy sector, the group runs the world's leading annual coal conference, *Coaltrans*; *TelCap* runs *International Telecoms Week*, the best meeting place worldwide for telecom carriers and service providers and *MIS* runs the leading event for the information security sector in the US, *InfoSec World*.

Databases and Information Services

The company provides a number of subscription-based database and electronic information services for financial markets. Montreal-based *BCA* is one of the world's leading independent providers of global investment research. The company's US subsidiary, *Internet Securities, Inc.* provides the world's most comprehensive service for news and data on global emerging markets, and includes *CEIC*, one of the leading providers of time-series macro-economic data for emerging markets. The company also offers global capital market databases through a joint venture with its AIM-listed partner, *Dealogic*.

Year in Brief

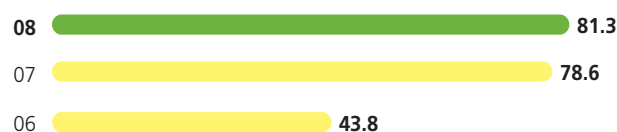
Revenue (£m)



Adjusted diluted earnings a share* (pence)



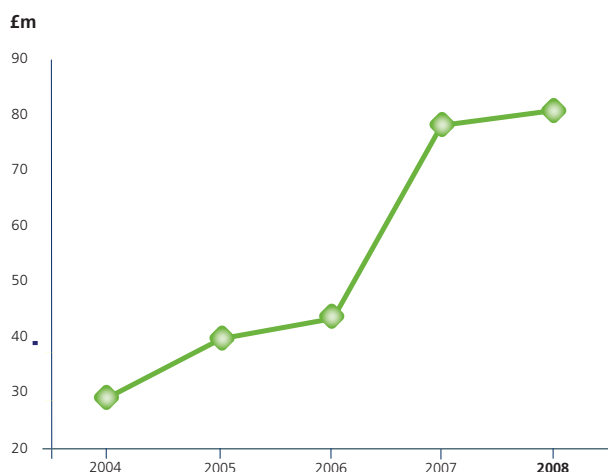
Adjusted operating profit* (£m)



Dividend (pence)



Adjusted Operating Profit*



Revenue up 9%

Adjusted diluted earnings a share up 27%

Profit before tax up 21%

Dividend up 1%

*A detailed reconciliation of the group's underlying results is set out in the appendix to the Chairman's Statement on page 7.

Chairman's Statement

Highlights	2008	2007	change
Revenue	£332.1m	£305.2m	+9%
Underlying results*			
• Adjusted operating profit	£81.3m	£78.6m	+3%
• Adjusted profit before tax	£67.3m	£55.5m	+21%
• Adjusted diluted earnings a share	44.4p	35.0p	+27%
Statutory results			
• Operating profit	£61.0m	£54.1m	+13%
• Profit before tax [^]	£37.4m	£41.1m	-9%
• Diluted earnings a share	40.4p	29.9p	+35%
Dividend	19.25p	19.0p	+1%

* A detailed reconciliation of the group's underlying results is set out in the appendix to the Chairman's statement.
[^] Statutory profit before tax includes a foreign exchange loss on tax equalisation contracts of £12.0 million (2007: £1.8 million). This is matched by an equal and opposite tax credit and therefore has no effect on earnings a share. The foreign exchange losses and the tax credit are excluded from underlying profit and the underlying tax expense (note 7, 8 and appendix to the Chairman's statement).

It was a year when our strategy paid off, in spite of shocks in the financial and commodities markets. The increased reliance on high quality subscription products, a greater push into the emerging economies, continued development of the Metal Bulletin acquisition that we completed more than two years ago, stronger legal and telecoms publishing and events, and a continued grip on costs combined to deliver a record year for revenues and profits. We believe that strategy will serve us well in whatever is to come in world markets.

New debt facilities are in place for the next five years. Cash generation ran at record levels during the year and continue to do so into the first quarter. The proposed final dividend is the same, subject to your approval, and we also propose to offer shareholders a choice to take the final dividend in shares or cash.

The new year has begun relatively well. Some revenue streams such as advertising and sponsorship, as we expected, have begun to turn down, but many of the businesses, including those in financial events and publishing outside the main money centres, as well as those outside finance, continue to

deliver strong revenues and profits. The proportion of subscription revenues as a percentage of the total increased from 34% to 37%, contributing strongly to the robustness of our trading, and we expect the proportion to increase.

Adjusted profit before tax rose by 21% to £67.3 million in the year to September 30. Adjusted diluted earnings a share increased by 27% to 44.4p, and the directors recommend an unchanged final dividend of 13p a share to be paid to shareholders on February 4 2009.

Throughout 2008 the business has demonstrated its resilience in the face of problems in global credit markets, a gloomier economic outlook, and more recently the major impact of the credit crisis on the world's leading financial institutions.

Total revenue increased by 9% to £332.1 million. Subscription revenues increased by 18% to £123.1 million. Growth from emerging markets continued to compensate for weakness in the developed financial markets, and emerging markets now account for nearly 50% of the group's revenues. Our strengths in sectors outside finance, particularly metals, commodities and energy, is demonstrated by the 16% increase in revenues from business publishing activities, which helped offset the weakness in some financial sectors, particularly structured finance and hedge funds.

The increase in adjusted profit before tax was helped by a £4.5 million reduction in underlying net finance costs, reflecting the strong operating cash flows of the group which increased by 11% to £99.8 million. Net debt fell to £172.0 million compared with £201.8 million at March 31 and new five-year debt facilities have been agreed.

Strategy

The company's strategy over the past five years has been to build a more resilient and better focused business. This strategy has been executed through increasing the proportion of revenues derived from subscription products; investing in products of the highest quality that customers will value in tough times as well as good; eliminating products with a low margin or too high a dependence on advertising; maintaining



tight cost control at all times; retaining and fostering an entrepreneurial culture; and making selective acquisitions to accelerate that strategy.

The success of this strategy is highlighted by the 2008 results. Since 2003, revenues have more than doubled. In the same period, subscription revenues have increased threefold and are now nearly double the level of advertising revenues. The group has also made a successful transition from a predominantly publishing-driven business to one with significant activities in events and training, and more recently in the provision of electronic information and database services, which in 2008 accounted for adjusted operating profits of £21.1 million compared to just £2.7 million in 2003.

The company's strategy is equally applicable to tough trading conditions and will continue to drive the group's activities in 2009. Our strong cash generation means we can sustain our investment in high quality subscription products, new events and the quality of editorial. We will continue with this strategy, even if revenues come under pressure in the short-term as customers react to pressure on their own earnings, because we believe it will deliver excellent growth in the medium and longer-term. The focus on costs and maintaining margins will increase and while we are comfortable with our level of debt and associated covenants, we are unlikely to make any significant acquisitions over the coming 12 months.

Trading Background

The impact of the global credit crisis on the group's results was less severe than expected when problems first surfaced in 2007. Growth in advertising and sponsorship revenues slowed but delegate revenues for conferences and training courses remained strong and demand for subscription products, particularly databases and electronic information services, such as BCA's economic research and ISI's emerging market information, proved resilient.

The group's investment in new products has been targeted at the electronic delivery of niche financial information services with real-time news, unique data and sophisticated search engine technology. More than £2.4 million was invested in these new products in the year with a view to driving future revenue growth. In addition, the continued investment in subscription marketing, new events and editorial was a key factor in the growth in subscription and delegate revenues.

The more recent extreme events experienced by financial markets, and in particular the demise of so many leading financial institutions, had no significant effect on the results for the final quarter of 2008, but will obviously have a negative impact on financial activity in 2009. The priorities of many of the leading global financial institutions remain the raising of finance to secure their futures and determining their strategies for growth once markets improve. In the short-term, this is likely to lead to further cuts in headcount and marketing spend, particularly once institutions start to focus on their budgets for 2009. However, the group's dependence on global financial institutions, particularly for advertising

revenues, is less than it was and no customer accounts for more than 1% of group revenues.

Although the group is exposed to the uncertainty of the economic outlook in general, and to the problems in financial markets in particular, the increasing diversity of its revenue streams, product offerings and geographic markets provide better protection against market trends. The demand for quality, hard-to-get information products, particularly those delivered electronically, should remain robust during difficult times. And while all revenue streams are subject to the impact of volatility in financial markets, the increased proportion of revenues now derived from high margin subscription products and the reduced exposure to traditionally more volatile advertising revenues should provide some protection against the widely expected economic downturn in 2009.

Business Review

Financial Publishing: Revenues, which comprise a mix of advertising and subscriptions, were unchanged at £84 million while the adjusted operating margin improved slightly to give adjusted operating profits of £24.5 million. The performance of the second half mirrored that of the first. Revenues fell for those titles more reliant on revenues from global financial institutions, or on sectors particularly exposed to the credit crisis such as structured finance and hedge funds. In contrast, those titles with a strong emerging markets exposure held up well: *Euromoney*, for example, had its best September issue ever and increased its advertising revenues for the year by 7%.

Meanwhile, investment in new electronic products targeted at niche financial sectors continued, and many of the group's financial titles have now moved successfully from a print-first to a web-first publishing model.



Business Publishing: The sectors covered by this division – metals and commodities, energy, legal and telecoms – all continued to perform well, helped by strong commodity markets and high levels of investment in infrastructure, particularly in emerging markets. Revenues increased by 16% to £53.1 million with growth from both advertising and subscription products, and adjusted operating profits improved by 29% to £19.4 million. *Metal Bulletin's* revenues continued to benefit from the increased investment in marketing and technology since its acquisition, while TelCap, which publishes *Capacity* magazine for the wholesale telecoms market, achieved strong growth through the launch of new products.

Conferences and Seminars: Revenues, which are generated from a mix of sponsored and paid delegate events, continued to hold up well in the second half. Total revenues increased by 8% to £87.9 million while adjusted operating profits for the year were unchanged at £23.1 million. The decline in margin largely reflects the impact of the credit crisis on events in the structured finance sector, particularly securitisation, and cuts by global financial institutions in their spend on capital markets conferences. In contrast, events in areas outside finance performed well, particularly those covering the coal and alternative energy markets under the *Coaltrans* brand, and the metals and commodities markets under *Metal Bulletin*.

Training: The revenue growth of the first half continued, while the steps taken earlier in the year to improve the margin were successful. As a result, total training revenues increased by 10% to £40.8 million and adjusted operating profits by 2% to £10.4 million. Training revenues are heavily dependent on the headcount and training and travel budgets of financial institutions, and to date have held up well despite the cost pressures triggered by the problems in the credit markets. This has been achieved through a mix of investment in new course content, effective marketing and an ability to roll out successful courses quickly to emerging markets.



Databases and Information Services: This division largely comprises businesses which deliver high quality data and information services in electronic-only format, and available on a subscription-only basis. Revenues increased by 28% to £66.1 million and adjusted operating profits from £18.7 million to £21.1 million. BCA, the independent research business acquired as part of *Metal Bulletin*, continued to achieve strong revenue growth on the back of its expansion into new geographic markets and increases in sales resource. ISI, the emerging markets information business, maintained its strong sales performance of the first half and its local currency subscription revenues increased by 21%. The decline in adjusted operating margin was the result of ISI's continued investment in new products, most notably the expansion of the CEIC emerging market economic data business into new regions.

Financial Review

Cash generated from operations increased by 11% to £99.8 million, and the strong growth in subscription revenues helped generate an adjusted operating profit to cash conversion rate of 123% (2007: 115%). These strong cash flows helped reduce year end net debt to £172.0 million, compared to £201.8 million at the half year and £204.6 million a year ago. Net debt to EBITDA at September 30 was a comfortable 2.2 times against 2.8 times at March 31.

In May the group spent £0.6 million on the acquisition of a 51% interest in the assets of Benchmark Financials Limited, one of the leading providers of company financial data and analysis for Colombian companies, which is being integrated with ISI's *Emerging Markets Information Service*. Further investments totalling £6.0 million were made in a number of the group's subsidiaries, all in the first half, while in the second half disposals of investments and property assets acquired as part of the *Metal Bulletin* acquisition generated proceeds of £4.7 million.

The group generates more than 60% of its revenues in US dollars. The average US dollar exchange rate for the year was 1.97 against 1.96 in 2007. The group uses forward exchange contracts to hedge its US dollar exposures. As a result, the profit benefit from the recent strengthening of the US dollar against sterling will largely be delayed until 2010 and beyond. In contrast, year end net debt was calculated at a US dollar rate of 1.78, and the recent strengthening of the US dollar to rates below 1.60 will have increased the level of net debt by approximately £15 million.

Net finance costs of £23.6 million shown in the statutory results include a charge of £8.6 million (2007: £0.2 million) relating to tax equalisation contracts under a foreign currency financing derivative. This charge is made up of gains on tax equalisation contracts of £3.4 million (2007: £1.6 million) and a foreign exchange loss of £12.0 million (2007: £1.8 million) which is offset by a matching tax credit. Underlying net finance costs were £8.9 million compared to £13.4 million in 2007, and the average cost of funding the group's net debt was 5.9% compared to 6.1% for 2007.

Statutory profit before tax fell by 9% to £37.4 million as a result of the inclusion of the £12.0 million foreign exchange loss on tax equalisation contracts in net finance costs. This foreign exchange loss is matched with a corresponding tax credit so that there is no financial impact on earnings a share.

The tax credit of £7.3 million shown in the statutory results is stated after recognising the credit of £12.0 million relating to tax on foreign exchange losses hedged by the tax equalisation contracts referred to above. At the half year, the group changed its presentation of the underlying tax rate by removing all deferred tax effects of goodwill and intangibles. This, combined with a reduction in tax rates in the UK and Canada, and a change in the profit mix, means that the underlying rate of tax rate for 2008 has fallen from 31% to 27%.

A detailed reconciliation of the group's underlying and statutory results is set out in the appendix to this statement.

Debt Facilities

The group's debt is provided through a dedicated £300 million three-year multi-currency facility with a subsidiary of its majority shareholder, Daily Mail and General Trust plc (DMGT). This facility is due to expire in August 2009. DMGT refinanced its bank facilities, of which the Euromoney dedicated facility was part, in August 2008.

The board is pleased to announce it has approved a renewal of its facility with DMGT, which is expected to be signed shortly, securing the group's funding until December 2013. The terms of the new facility are broadly similar to those of the existing facility, except that the margin over LIBOR is expected to increase by approximately 120 basis points, reflecting the increased cost of credit in these difficult markets. This will increase the group's net finance costs for 2009 by approximately £2 million. The size of the facility has been reduced to £250 million to reflect the strong cash flows and reduced funding requirements of the group.

Dividend

The board has recommended an unchanged final dividend of 13p, making a total for the year of 19.25p (2007: 19p). The board has also recommended the introduction of a scrip dividend alternative for shareholders. The payment of a scrip dividend will be subject to shareholder approval at the Annual General Meeting on January 28 2009, and the detailed terms of the scrip dividend will be set out in a circular to shareholders to be sent out in December 2008. The group's majority shareholder, Daily Mail and General Trust plc, has indicated its intention to accept the scrip dividend alternative when the final dividend is paid in February 2009. This will help DMGT to maintain its equity interest in Euromoney in the face of a further dilution to come from the issue of new shares under the company's Capital Appreciation Plans.

Capital Appreciation Plan

Following the achievement in 2007 of the profit target under the group's Capital Appreciation Plan (CAP), the first tranche of 2.5 million CAP options vested in February 2008, representing 2.4% of the company's share capital. The 2008 CAP profit target was also achieved, and will give rise to the vesting of up to 2.5 million CAP options in February 2009. The third and final tranche of up to 2.5 million CAP options will vest in February 2010 subject to further performance tests, the most important of which requires the group's adjusted profit before tax before CAP option expense to exceed £57 million in 2009. The share option expense was £5.4 million (2007: £10.2 million), the reduction in expense reflecting the accelerated CAP charge incurred in 2007 as a result of the CAP profit target being achieved a year earlier than expected.

The board, with the support of the Remuneration Committee, has approved the introduction of a second Capital Appreciation Plan (CAP 2). The structure, terms and cost of CAP 2 will be broadly similar to those of the first CAP, except that CAP 2 will comprise an equal mix of cash and new equity, thereby reducing the dilution effect for existing shareholders compared to the first CAP which was funded entirely by new equity. CAP 2 will commence in the year following the satisfaction of the performance tests for the final tranche of the first CAP. The performance tests for CAP 2 will be set once the profits for the final year of the first CAP are known, and will require above average profit growth over the CAP 2 vesting period.

The introduction of CAP 2 will be subject to shareholder approval at the Annual General Meeting on January 28 2009, and the detailed terms and conditions of CAP 2 will be set out in a circular to shareholders to be sent out in December 2008.



Management

Two of the company's non-executive directors, Charles Sinclair and Peter Williams of DMGT, stood down from their roles with effect from September 30 2008. Both have played a considerable part in the growth of the company over the past 20 years. Martin Morgan, who replaced Charles Sinclair as chief executive of DMGT, joined the board with effect from October 1. In future, Peter Williams will serve as an alternate non-executive director to The Viscount Rothermere. This reduces the number of DMGT representatives on the *Euromoney* board from three to two and it is the company's intention to appoint a new independent non-executive director at the Annual General Meeting.

After nine years of valuable service as an executive director, Tom Lamont, editor of Institutional Investor's newsletter division, will step down from the board in January 2009, on reaching the normal retirement age for an executive director. He will continue to serve as a member of the company's Executive Committee.

Outlook

The record results for 2008 highlight the success of the group's strategy for building a high quality portfolio of leading information brands across a broad, global customer base.

The current levels of uncertainty and volatility in global financial markets, and the negative economic outlook, will present greater challenges to this strategy in 2009. However, the strategy is robust and will not change. Our strong cash flows will allow us to continue to invest in new subscription-based information products, in specialist events, and in marketing and editorial. We will place even more emphasis on managing costs tightly and maintaining our margins. We are unlikely to make any significant acquisitions in the next 12 months and our excess cash flows will be applied to reducing debt levels and maximising returns for shareholders.

The trading performance in the second half was similar to that of the first but, unsurprisingly, the outlook is more uncertain than six months ago. Current trading is in line with the board's expectations, but in such volatile markets it is difficult to predict how well sales will hold up beyond the first quarter. Deferred revenues at September 30 were £89.5 million, an increase of 22% since a year ago. October's revenues were ahead of last year and forward revenues for the first quarter are ahead of the same time last year. However, sales for the past six weeks have shown some signs of weakening in the face of the extreme credit market conditions and continued uncertainty over the economic outlook. Visibility beyond the first quarter is very limited, as usual at this time of year, and the recent sales weakness means revenues will come under increasing pressure from the second quarter.

The board of *Euromoney* remains committed to its strategy of investing to deliver long-term revenue growth from high quality products and high margin revenue streams, while using its strong cash flows to further reduce its debt levels. The outlook for trading is inevitably uncertain in these markets, but the group is better positioned than ever to meet the challenges of this difficult environment.

Finally, I thank our colleagues, on your behalf and mine, for all they have done.



Padraic Fallon
Chairman

November 12 2008

Appendix to Chairman's Statement

Reconciliation of Group Income Statement to underlying results for the year ended September 30 2008

The reconciliation below sets out the underlying results of the group and the related adjustments to the statutory income statement that the directors consider necessary in order to provide a more comparable indication of the underlying trading performance.

	Note	Underlying £000's	Adjustments £000's	2008 Total £000's	Underlying £000's	Adjustments £000's	2007 Total £000's
Continuing operations	3	332,064	–	332,064	305,594	–	305,594
Less: share of revenue of joint ventures		–	–	–	(441)	–	(441)
Total revenue		332,064	–	332,064	305,153	–	305,153
Operating profit before acquired intangible amortisation, share option expense and exceptional items	3	81,308	–	81,308	78,606	–	78,606
Acquired intangible amortisation		–	(12,749)	(12,749)	–	(15,716)	(15,716)
Share option expense		(5,361)	–	(5,361)	(6,993)	–	(6,993)
Accelerated share option expense		–	–	–	(3,183)	–	(3,183)
Exceptional items	5	–	(2,477)	(2,477)	–	855	855
Operating profit before associates and joint ventures		75,947	(15,226)	60,721	68,430	(14,861)	53,569
Share of results in associates and joint ventures		308	–	308	490	–	490
Operating profit		76,255	(15,226)	61,029	68,920	(14,861)	54,059
Finance income	7,a	5,594	–	5,594	1,611	3,885	5,496
Finance expense	7,b	(14,506)	(14,691)	(29,197)	(14,998)	(3,429)	(18,427)
Net finance costs		(8,912)	(14,691)	(23,603)	(13,387)	456	(12,931)
Profit before tax		67,343	(29,917)	37,426	55,533	(14,405)	41,128
Tax credit/(expense) on profit on ordinary activities	8	(18,346)	25,625	7,279	(17,190)	8,967	(8,223)
Profit after tax from continuing operations		48,997	(4,292)	44,705	38,343	(5,438)	32,905
Profit for the year from discontinued operations	c	–	245	245	–	500	500
Profit for the year		48,997	(4,047)	44,950	38,343	(4,938)	33,405
Attributable to:							
Equity holders of the parent		47,766	(4,047)	43,719	36,760	(4,938)	31,822
Equity minority interests		1,231	–	1,231	1,583	–	1,583
		48,997	(4,047)	44,950	38,343	(4,938)	33,405
Diluted earnings per share – continuing operations	10	44.36p	(3.99p)	40.37p	35.04p	(5.18p)	29.86p

a) Finance income

The adjustment of £nil (2007: £3,885,000) relates to the non-cash net movements in acquisition option commitment values as set out in note 7.

b) Finance expense

The adjustment of £14,691,000 (2007: £3,429,000) relates to the non-cash net movements in acquisition option commitment values of £1,730,000 (2007: £nil), imputed interest charge on acquisition option commitment values of £995,000 (2007: £1,603,000) and tax equalisation swap expense of £11,966,000 (2007: £1,826,000) as set out in note 7. The tax equalisation swap expense relates to foreign exchange losses on hedges on intra-group financing. These foreign exchange losses are matched by an equal and opposite tax credit.

c) Profit from discontinued operations

In December 2007 following agreement of the Energy Information Centre Limited completion accounts, the group received a final payment of £220,000 from the purchasers. Energy Information Centre Limited was sold in April 2007 and was treated as a discontinued operation up to that date. This results in a tax charge of £nil.

In May 2008 following agreement of the Systematics International Limited completion accounts, the group received a final payment of £25,000 from the purchasers. Systematics International Limited was sold in May 2007 and was treated as a discontinued operation up to that date. This results in a tax charge of £nil.

Directors' Report



The directors submit their annual report and group accounts for the year ended September 30 2008.

Certain statements made in this document are forward-looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results referred to in these forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, the directors do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future development or otherwise. Nothing in this document shall be regarded as a profit forecast.

The directors' report has been prepared for the group as a whole and therefore gives greater emphasis to those matters which are significant to Euromoney Institutional Investor PLC and its subsidiary undertakings when viewed as a whole. It has been prepared solely to provide additional information to shareholders as a body to assess the company's strategy and the potential for that strategy to succeed and the directors' report should not be relied upon by any other party for any other purpose.

1. Principal activities

Euromoney Institutional Investor PLC is listed on the London Stock Exchange and is a member of the FTSE 250 share index. It is a leading international business-to-business media group focused primarily on the international finance, metals and commodities sectors. It publishes more than 70 magazines, newsletters and journals, including *Euromoney*, *Institutional Investor* and *Metal Bulletin*. It also runs an extensive portfolio of conferences, seminars and training courses and is a leading provider of electronic information and data covering international finance, metals and commodities, and emerging markets. Its main offices are located in London, New York, Montreal and Hong Kong and nearly half of its revenues are derived from emerging markets. Details of the group's legal entities can be found in note 13.

2. Strategy

The key elements of the group's strategy are:

- drive top-line revenue growth from both new and existing products;
- building robust subscription and repeat revenues and reduce the dependence on advertising;
- improving operating margins through revenue growth and tight cost control;
- leveraging technology to launch specialised new electronic information services;
- to making focused acquisitions that supplement the group's existing businesses, strengthen the company's market position in key areas and have the capacity for organic growth using the existing knowledge base of the group; and
- keeping its net debt within a debt to EBITDA limit of four times.

In 2004, to supplement this strategy, the board set the group a profit* target of £50 million by 2008 against a base of £21 million in 2003. In March 2007, the target was increased to £57 million to reflect the effect of the *Metal Bulletin* acquisition. The profit* achieved in 2007 was £65.7 million, beating the increased target a year earlier than expected. The board believes this significant achievement reflects the success of the Capital Appreciation Plan (CAP) incentive scheme in driving growth. This was further demonstrated in 2008 when the profit* achieved of £72.9 million exceeded both that of 2007 and the performance target set for the second tranche of the CAP. The third and final tranche of the CAP is subject to a performance test which requires the company's profit* for 2009 to remain above £57 million.

3. Business review

3.1 Group results and dividends

The group profit for the year attributable to shareholders amounted to £43.7 million (2007: £31.8 million). The directors recommend a final dividend of 13.0 pence per ordinary share (2007: 13.0 pence), payable on February 4 2009 to shareholders on the register on November 21 2008. This, together with the interim dividend of 6.25 pence per ordinary share (2007: 6.0 pence) which was declared on May 14 2008 and paid on June 23 2008, brings the total dividend for the year to 19.25 pence per ordinary share (2007: 19.0 pence).

* Profit before tax excluding acquired intangible amortisation, share option expense, exceptional items, net movements in acquisition option commitments values, imputed interest on acquisition option commitments and foreign exchange loss interest charge on tax equalisation contracts as set out in the income statement and note 7.

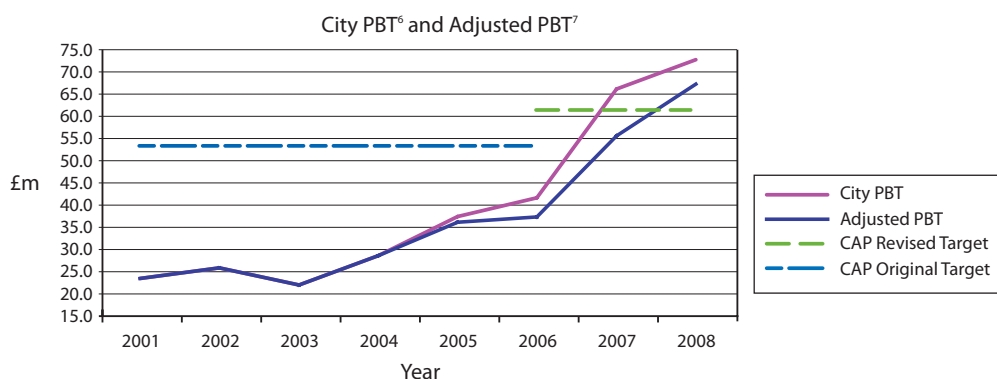


3.2 Key performance indicators

The group monitors its performance against its strategy using the following key performance indicators.

	Revenue 2008 £m	Mix 2008 %	Revenue 2007 £m	Mix 2007 %	Revenue growth %
Revenue growth and mix					
Subscriptions	123.1	37%	104.0	34%	+18%
Advertising	66.5	20%	65.2	21%	+2%
Sponsorship	45.8	14%	46.2	15%	(1%)
Delegates	86.4	26%	74.1	24%	+17%
Other	10.3	3%	10.8	4%	(5%)
Sold/closed businesses	–	–	4.9	2%	(100%)
	332.1	100%	305.2	100%	+9%

	2008	2007	Growth
Gross margin ¹	69.1%	69.8%	(0.7%)
Adjusted operating margin ²	24.5%	25.8%	(1.3%)
Organic growth in profits ³	£3.4m	£13.8m	
Headcount ⁴	2,207	2,160	47
Net debt to EBITDA ⁵	2.17:1	2.85:1	



- Gross margin** = gross profit as a percentage of revenue. Gross profit and revenue are both as per note 4 in the financial statements.
- Adjusted operating margin** = operating profit before acquired intangible amortisation, share option expense, exceptional items and associates and joint ventures as a percentage of revenue. Operating profit and revenue are both as per the group income statement in the financial statements.
- Organic growth in profits** = proportion of operating profit growth that relates to organic growth, rather than acquisitions. Operating profit is from continuing operations and excludes closed businesses and is adjusted for significant timing differences.
- Headcount** = number of permanent people employed at the end of the period including people employed in associates and joint ventures.
- Net debt to EBITDA** = the amount of the group's net debt to earnings before interest, tax (operating profit), depreciation, amortisation and also before exceptional items but after the share option expense.
- City PBT** = Profit before tax excluding acquired intangible amortisation, share option expense, exceptional items, net movements in acquisition option commitments values, imputed interest on acquisition option commitments and foreign exchange loss interest charge on tax equalisation contracts as set out in the group income statement and note 7.
- Adjusted PBT** = City PBT after the deduction of share option expense as set out on page 7.



3.3 KPIs explained

The key performance indicators are all within the board's expectations and support its successful strategy. These indicators are discussed in detail in the Chairman's Statement on pages 2 to 6, and in section 3.4 below.

3.4 Development of the business of the group

3.4.1 Financial results

A detailed review of the group's results is given in the Chairman's statement on pages 2 to 6.

3.4.2 Finance costs

IAS 39 'Financial Instruments: Recognition and Measurement' requires an imputed interest charge to be recognised on the group's future acquisition payments under option agreements. This additional finance charge increased the group's interest cost by £1.0 million (2007: £1.6 million). IAS 39 also requires any movements in the estimated value of acquisition option commitments to be recognised in interest and in 2008 an amount of £1.7 million (2007: income of £3.9 million) was recognised. There is no related cash effect of these amounts.

In addition, the group's interest cost includes £12.0 million (2007: £1.8 million) in relation to foreign exchange losses on hedges on intra-group financing. These are matched by an equal and opposite tax credit in the group's tax line from tax equalisation swaps designed to hedge this transaction.

Excluding these amounts, the group's net finance cost fell from £13.4 million to £8.9 million, reflecting the successful reduction in the group's debt and benefiting from a lower interest margin, a result of the stronger EBITDA to Net Debt ratio. The group continues to follow its treasury policy of fixing the interest rate on a portion of its long-term borrowings (see treasury section below).

3.4.3 Headcount

The number of people employed is monitored monthly, to ensure that there are sufficient people employed to meet the forthcoming demands of each business and to make sure that the businesses continue to deliver sufficient profits to support the people they employ. At the end of September the group employed 2,207 people, an increase of 47 since the start of

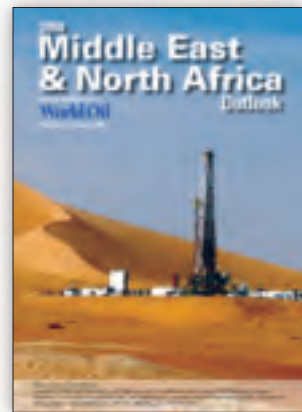
the year, including 12 acquired as part of the acquisition of Benchmark Financials Limited (BPR). The majority of additional heads were recruited at BCA, CEIC and Internet Securities, Inc., reflecting their strong growth.

3.4.4 Debt and working capital management

Net debt at September 30 2008 was £172.0 million (2007: £204.6 million) which included cash of £21.2 million (2007: £26.7 million). At the end of September the group's net debt to EBITDA ratio improved to 2.17 (2007: 2.85), resulting in the group's variable rate interest margin above LIBOR falling by five basis points. The ratio remains within the group's banking covenant arrangements. During the year the group has focused on reducing its cash holdings in order to maximise the amount available to reduce its gross debt. At September 30 2008 cash held has fallen £5.5 million. Cash generated from operations increased by 11% to £99.8 million producing an adjusted operating profit cash conversion of 123% (2007: 115%). A discussion on debt is contained within the Chairman's statement on page 5. The group has a dedicated £300 million three-year multi-currency facility with a subsidiary of Daily Mail and General Trust plc (DMGT). Interest is payable on this facility at a variable rate of between 0.4% and 1.6% above LIBOR. The facility expires in August 2009 and the directors have, subsequent to the year end, agreed to sign a new replacement facility of up to £250 million offered by DMGT. The terms of the new facility are similar to the existing facility with interest payable at a variable rate of between 1.25% and 3.0% above LIBOR dependant on the group's net debt to EBITDA covenant. At September 30 2008 there were £115.4 million (2007: £86.4 million) of committed undrawn amounts directly available to the group.

3.4.5 Balance sheet

The net assets of the group were £88.1 million compared to £55.8 million in 2007. The main movements in the balance sheet items were in: *intangible assets*, reflecting the recognition of £9.2 million of goodwill and other intangible assets following the acquisitions and further equity purchases of ISI, TelCap, Total Derivatives, and BPR, foreign exchange gains of £36.9 million and amortisation and impairment costs of £18.7 million; *property, plant and equipment*, increased by £0.7 million to £21.7 million, as a result of the £2.5 million capitalisation of the refurbishment costs of two of the group's



London premises offset by the freehold sale of a legacy Metal Bulletin building (£1.2 million net book value) plus foreign exchange movements and regular capital expenditure across the group; **post retirement benefits**, increased £2.2 million to £2.5 million reflecting the increased pension surplus on the Metal Bulletin pension scheme; **amounts on loans owed to DMGT**, relates to a £155.7 million intercompany receivable loan with a DMGT company (which is offset by a similar loan payable to a different DMGT company in current liabilities); **derivative financial instruments** (due less than one year and more than one year), fell from an asset of £7.5 million to a liability of £23.1 million reflecting the fall in mark to market value of the group's forward currency contracts and interest rate swaps; **acquisition option commitments** due in less than one year increased £7.4 million to £22.3 million reflecting the transfer of the liability from acquisition option commitments due in more than one year, further tranches of the group's acquisitions due for purchase in 2009; **deferred income** increased £16.1 million to £89.5 million reflecting the underlying growth in the group's subscription revenue; **loan notes** fell £4.2 million to £7.6 million, a result of loan note redemption during the year; **committed loan facility** (due less than one year) fell £29.0 million to £184.6 million, reflecting the net cash generated by the group from operations; **deferred tax**, the net deferred tax liability has fallen from £20.1 million to £11.4 million due to the recognition of additional deferred tax assets on put option commitments and US losses and the unwinding of deferred tax on intangible assets.

3.4.6 Acquisitions and disposals

Acquisitions remain a fundamental part of the group's growth strategy. In particular the board believes that acquisitions are valuable for taking the group into new sectors, for bringing new technologies into the group and for increasing the group's growth by buying into rapidly developing niche businesses. The group continues to look for acquisitions to support its main brands, especially in international finance, energy, commodities, telecoms and law.

Acquisitions

Our emerging market content aggregator and data business, ISI Emerging Markets (Internet Securities, Inc), has made two acquisitions this year. In May 2008, it acquired BPR;

headquartered in Bogota, Colombia, BPR is one of the leading providers of company financial data, analysis and business credit ratings for Colombian companies. The business is a high-quality, international, online business which generates revenues from selling subscriptions to customers, and as such closely fits our acquisition criteria. During the summer, we looked closely at two other significant online subscription businesses but ultimately withdrew given the state of the markets and their high valuations.

Increase in equity holdings

The group continues to increase its holdings in its subsidiaries and this year has paid the following:

In January 2008, the group purchased a further 10.85% of the equity share capital of Total Derivatives Limited, a leading provider of real-time news and analysis about the global fixed income derivatives market, for a cash consideration of £2.6 million increasing its equity holding to 78.3%.

In February 2008, the group purchased a further 15% of the equity share capital of TelCap Limited, the global wholesale telecoms publisher and conference organiser, for a cash consideration of £2.5 million, increasing the group's equity holding to 70%.

In February 2008, the group purchased a further 0.5% of the equity share capital of Internet Securities, Inc. for a cash consideration of \$1.8 million (£0.9 million), bringing the group's equity shareholding to 93.85%.

3.4.7 Marketing and circulation

In 2008 revenues from direct marketing, including Metal Bulletin, increased by 15%. Revenue growth was achieved across all products, in particular paid delegates and electronic subscriptions. Return on marketing spend improved by 4%, including significant increased investment in Metal Bulletin (£1.4 million). Marketing revenues taken on-line grew by 28%, primarily driven by effective use of search and email marketing which is beginning to replace direct mail.

3.4.8 Systems and information technology

The company continues to invest in its IT infrastructure. In 2008 a new state-of-the-art storage system was implemented



in London to give staff high performance access to the company's data and secure, remote connectivity to our office-based systems from anywhere in the world. The office move programme was completed in August this year with all Metal Bulletin staff now benefiting from Euromoney's infrastructure and systems.

Investment in high-speed network and wireless technologies continues across the group; a high performance external network links the company's main offices in Europe, North America and Asia.

In the UK new resilient and high capacity telecom infrastructure was implemented during the year; a VoIP network with increased internet bandwidth provides a scalable and feature-rich telephony network. Unified messaging was implemented recently to enable staff to receive voicemail over the web worldwide. A video conferencing facility has also been added improving communication between our offices in London, New York, Montreal and Hong Kong whilst reducing global travel costs. Total call costs were also reduced following a full review of telecom suppliers and services during the year.

A project is underway to review the company's information security policy and refresh the controls in place for the protection of the company's data. A programme to train all managers in relevant information security practices is planned for 2009 and new procedures will be rolled out to reinforce incident management. In addition all credit card processing systems and procedures are being updated to meet the new standards mandated by the payment card industry. The company deadline for compliance with these new standards is December 31 2008.

In 2008 disaster recovery and business continuity plans for all businesses were updated. The company has an active programme for testing the disaster recovery plans for all business units.

The company's websites are located at a dedicated, high-availability hosting centre. Many sites were re-launched during 2008 with fresh designs and updated technologies. Throughout 2008 the company continued to invest in its e-commerce infrastructure to help support its growing online revenues.

3.4.9 Tax and treasury

Committee

The group's tax and treasury committee normally meets twice a year and is responsible for recommending policy to the board. The committee members are the chairman, managing director and finance director of the company, and the finance director and the deputy finance director of DMGT. The chairman of the audit committee is also invited to attend the tax and treasury meetings. The group's treasury policies are directed to giving greater certainty of future costs and revenues and ensuring that the group has adequate liquidity for working capital and debt capacity for funding acquisitions.

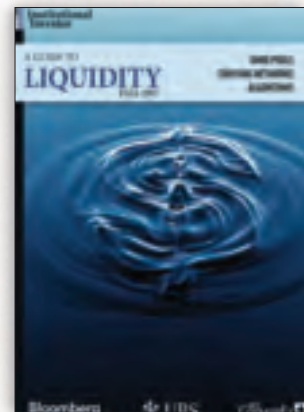
Treasury

The treasury department does not act as a profit centre, nor does it undertake any speculative trading activity and it operates within policies and procedures approved by the board.

Interest rate swaps are used to manage the group's exposure to fluctuations in interest rates on its floating rate borrowings. The maturity profile of these derivatives is matched with the expected future debt profile of the group. The group's policy is to fix the interest rates on approximately 80% of its term debt looking forward over five years. The maturity dates are spread in order to avoid interest rate basis risk and also to negate short-term changes in interest rates.

At September 30 2008, the group had 83% of its net debt fixed by the use of interest rate hedges. The predictability of interest costs is deemed to be more important than the possible opportunity cost foregone of achieving lower interest rates and this hedging strategy has the effect of spreading the group's exposure to fluctuations arising from changes in interest rates and hence protects the group's interest charge against sudden increases in rates but also prevents the group from benefitting immediately from falls in rates.

The group is exposed to foreign exchange risk in the form of transactions in foreign currencies entered into by group companies and by the translation of the results of foreign subsidiaries into sterling for reporting purposes. The group does not hedge the translation of the results of foreign



subsidiaries, but does endeavour to match foreign currency borrowings to investments in order to provide a natural hedge for the translation of the net assets of overseas subsidiaries.

Approximately 60% of the group's revenues are in US dollars. Subsidiaries normally do not hedge transactions in foreign currencies into the functional currency of their own operations. However, at a group level a series of US dollar forward contracts is put in place up to 48 months forward partially to hedge its dollar revenues into sterling.

Details of the financial instruments used are set out in note 18 to the accounts.

Tax

The underlying effective tax rate based on adjusted profit before tax and excluding deferred tax movements on intangible assets, prior year items and exceptionals is 27% (2007: 31%). The decrease in the underlying rate from 2007 is due a reduction in statutory tax rates in Canada and the UK as well as a different mix of regional profits. The group's effective tax rate decreased to a 19% credit compared to 20% expense in 2007. A credit of £12.0 million relating to tax on foreign exchange losses (2007: £1.8 million) has been treated as exceptional as it is hedged by £12.0 million (2007: £1.8 million) of foreign exchange losses on tax equalisation contracts included within net finance costs (note 7). A reconciliation to the underlying effective rate is set out in note 8 in the accounts.

The total net deferred tax balance held is a liability of £11.4 million (2007: £20.1 million) and relates primarily to capitalised intangible assets, tax deductible US goodwill and rolled over capital gains, net of deferred tax assets held in respect of US tax losses and short term timing differences, UK short term timing differences and the future deductions available for the CAP. The decrease in the net liability is due to the recognition of previously unrecognised US deferred tax asset of £5.4 million (2007: £3.2 million) and the unwinding of deferred tax on intangible assets. The deferred tax asset recognised relates to Metal Bulletin group US tax losses and the IAS 39 'Financial Instruments: Recognition and Measurement' liability in respect of the group's obligations under the put option held by IMN's minority shareholders.

There is an unrecognised US deferred tax asset of £1.8 million (2007: £5.4 million) relating to capital losses arising on the sale of the group's 15% interest in LAMP Technologies LLC. The unrecognised deferred tax asset in 2007 has been recognised in full in 2008.

4. Risk management

The company has continued to develop its processes for risk management. Management of significant risk is regularly on the agenda of the board and other senior management meetings.

Specific risk areas that potentially could have a material impact on the group's long-term performance include:

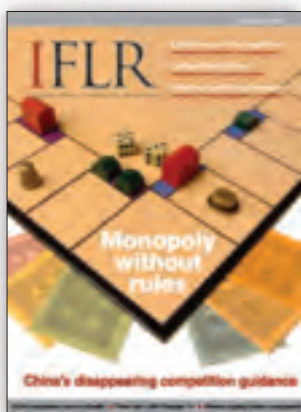
Downturn in economy or market sector

The group generates significant income from certain key geographical regions and market sectors for both its publishing and events businesses. Uncertainty in global financial markets increases the risk of a downturn or potential collapse in one of these areas, should this occur, income is likely to be adversely affected and for events businesses some abandonment costs may also be incurred.

However, the group has a strong product mix and operates in multiple geographical locations which reduces dependency on any one sector or region. Management has shown a proven ability to switch the group's focus to new or unaffected markets (e.g. following the SARS outbreak in Asia and terrorist attacks in New York).

Liquidity risk

The group has significant intercompany borrowings and is an approved borrower under a Daily Mail and General Trust plc (DMGT), £300 million revolving multi-currency facility. This facility requires the group to meet certain covenants based on net debt and profits adjusted for certain non-cash items. Failure to do so would result in the group being in breach of the facility potentially resulting in the facility being withdrawn or impediment of management decision making by the lender. Management regularly monitor the covenants and prepare detailed debt forecasts to ensure that sufficient headroom is available and that the covenants are not close or potentially close to breach. The group's strategy is to use excess operating



cash to pay down its debt. The group has a cash conversion rate (the percentage by which cash generated by operations covers adjusted operating profit) of over 100%, due to much of its subscription, conference and training revenue being paid in advance. This facility is due to expire in August 2009, however the directors have, subsequent to the year end, agreed to sign a new replacement facility of up to £250 million offered by DMGT. The terms of the new facility are similar to the existing facility.

Under the DMGT facility, at September 30 2008, the group has £115.4 million of undrawn but committed facilities available to draw upon if required. This is more than sufficient for the group to meet expected and unexpected short-term working capital requirements. However, given the level of uncertainty in the global economy and financial markets, there is a risk that the undrawn portion of the facility may be unavailable or withdrawn if DMGT experience funding difficulties themselves, for example if one of DMGT's lenders was unable to fulfil its lending commitments. It is, however, unlikely that this would impact the group as DMGT have a wide range of funding sources, other than bank debt, available to them. In addition, if DMGT were unable to fulfil its commitment to Euromoney the directors are confident that the group is in a position that would enable it to secure adequate facilities outside of DMGT, albeit at an increased cost to the business due to high interest charges imposed given the crisis in the credit markets.

Market price risk

Market price risk is the possibility that changes in currency exchange rates, interest rates or commodity prices will adversely affect the value of the group's financial assets, liabilities or expected future cash flows. The group's primary market risks are interest rate fluctuations and exchange rate movements. Derivatives are used to hedge or reduce the risks of interest rate and exchange rate movements and are not entered into unless such risks exist. Derivatives used by the group for hedging a particular risk are not specialised and are generally available from numerous sources. The fair values of interest rate swaps, currency options and forward exchange contracts set out in note 18 represent the replacement costs calculated using the market rates of interest and exchange at September 30 2008. The group has no other material market price risks.

Interest rate risk

The group's borrowings are in both pounds sterling and US dollars with the related interest tied to US and UK LIBOR. This results in the group's interest charge being at risk to fluctuations in interest rates. It is the group's policy to hedge approximately 80% of its interest exposure, converting its floating rate debt into fixed debt by means of interest rate swaps. The maturity dates are spread in order to avoid interest rate basis risk and also to negate short-term changes in interest rates. The predictability of interest costs is deemed to be more important than the possible opportunity cost foregone of achieving lower interest rates and this hedging strategy has the effect of spreading the group's exposure to fluctuations arising from changes in interest rates and hence protects the group's interest charge against sudden increases in rates but also prevents the group from benefiting immediately from falls in rates. Details of the group's interest rate swaps are given in note 18.

Foreign currency risk

The group is exposed to foreign exchange risk in the form of transactions in foreign currencies entered into by group companies and by the translation of the results of foreign subsidiaries into sterling for reporting purposes.

The group does not hedge the translation of the results of foreign subsidiaries. Consequently, fluctuations in the value of sterling versus other currencies could materially affect the translation of these results in the consolidated financial statements. The group endeavours to match foreign currency borrowings to investments in order to provide a natural hedge for the translation of the net assets of overseas subsidiaries with the related foreign currency interest cost arising from these borrowings providing a part natural hedge against the translation of foreign currency profits.

Approximately 60% of the group's revenues are in US dollars. At a group level a series of US dollar forward contracts is put in place up to 48 months forward partially to hedge its dollar revenues into sterling. The timing and value of these forward contracts are based on management's estimate of its future US dollar revenues over a 48-month period and is regularly reviewed and revised with any changes in estimates resulting in either additional forward contracts being taken out or existing contracts' maturity dates being moved forward or



back. The group also has a significant operation in Canada whose revenues are mainly in US dollars. At a group level a series of US dollar forward contracts is put in place up to 48 months forward to hedge the operation's Canadian cost base. In addition, each subsidiary is encouraged to invoice sales in its local functional currency where possible. Details of the group's forward contracts are given in note 18.

Credit risk

The group seeks to limit interest rate and foreign currency risks described above by the use of financial instruments and as a result has a credit risk from the potential non-performance by the counterparties to these financial instruments, which are unsecured. The amount of this credit risk is normally restricted to the amounts of any hedge gain and not the principal amount being hedged. The group also has a credit exposure to counterparties for the full principal amount of cash and cash equivalents. Credit risks are controlled by monitoring the amounts outstanding, with and the credit quality of, these counterparties. For the group's cash and cash equivalents these are principally licensed commercial banks and investment banks with strong long-term credit ratings, and for derivative financial instruments DMGT who have treasury policies in place which do not allow concentrations of risk with individual counterparties and do not allow significant treasury exposures with counterparties which are rated lower than AAA.

The group also has credit risk with respect to trade and other receivables, prepayments and accrued income. The concentration of credit risk from trade receivables is limited due to the large and broad customer base. Trade receivable exposures are managed locally in the business units where they arise. Allowance is made for bad and doubtful debts based on management's assessment of the risk of non-payment taking into account the ageing profile, experience and circumstance.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, recorded in the balance sheet.

All of the above risks have been further heightened by the impact of the credit crunch resulting in increasing uncertainty in global financial markets and economies.

London, New York, Montreal or Hong Kong wide disaster

The group has its main offices located in London, New York, Montreal and Hong Kong. An area wide disaster is likely to have serious consequences with office space potentially becoming unusable for several months and a lack of suitable alternative accommodation; loss of key clients and staff in an affected area and difficult communications with both customers and staff. As a consequence of the above, the group could suffer a loss of revenue.

To mitigate this risk the group has detailed disaster recovery (DR) plans for all businesses. All employees can work remotely. The group regularly tests its DR plans. It has robust systems in place with key locations (including the UK, US, Canada and Asia) benefiting from dual locations of back ups, dual loading of live back ups for key systems and third-party 24-hour support.

Publishing legislation

The group generates a significant amount of its revenue from publishing and hence has an inherent libel risk. A successful libel claim is likely to affect the group's reputation in the market place where the libel claim arose and/or where the publication was published. As a consequence the group could suffer a loss of advertising and other add-on revenue streams.

To mitigate this risk the group runs mandatory annual libel courses for all journalists and editors. Key staff are aware of the significant nature of the risks and strong internal controls are in place for reporting to senior management if a potential issue arises. The group also has libel insurance cover.

Circulation

The group publishes over 70 titles and publications and sells advertising based partly on circulation figures. An incorrect claim for circulation could adversely affect the group's reputation in the applicable market place with a potential knock-on effect for other titles within the group. This could lead to the permanent loss of advertisers and other revenue streams.

To mitigate this risk the group runs rolling annual internal audits and regularly monitors internal controls designed to cover circulation. Detailed guidance is provided to all relevant



employees and their understanding of the rules is regularly monitored. There are a large number of mutually exclusive titles and it is unlikely that an incorrect circulation claim, should it arise, would affect the circulation of other titles within the wider group. Similar controls are applied to claims for electronic publishing activities.

Acquisition and disposal risk

Part of the group's strategy is to be acquisitive. Management review a number of potential acquisitions each year with only a small proportion of these going through to due diligence stage and possible subsequent purchase. The group could suffer an impairment loss if an acquired business does not generate the expected returns or fails to operate or grow in its markets and products areas. The expected risks of a newly acquired entity may be misunderstood. As a consequence a significant amount of management time could be diverted from other operational matters. The group is also subject to disposal risk, possibly failing to achieve optimal value from disposed businesses or underestimating the impact on the remaining group businesses from such a disposal.

To mitigate this risk experienced senior management perform detailed in-house due diligence and call on expert external advisors where deemed necessary. Acquisition agreements are usually structured so as to retain key employees in the acquired company and there is a close monitoring of performance at board level of the entity concerned post acquisition.

Key staff leaving

In order to pursue our strategy, we are reliant on key management and staff across all our businesses. Many of the businesses products are reliant on the technological and specialist expertise provided by a number of talented staff. All key staff are engaged in long term incentive plans to encourage retention. In addition the directors remain committed to recruitment and retention of high quality management and talent, and provide a programme of great opportunity and progression for employees including extensive training and transfer opportunities.

Reliance on key brands

The group has a portfolio of significant brands. Damage to any of these brands, or increasing popularity of a competitor

brand could impact the group's reported profits. The group works hard to manage the quality and reputation of its brands and products and protects these where necessary with trade marks which are monitored by external advisors. In addition the group benefits from a broad range of products and brands which diversifies the brand risk.

Conferences and events

There has been significant growth in the events businesses within the group which now account for over 40% of the group's profits. A number of key events are organised as joint venture partnerships. Failure in these joint venture relationships could result in loss of profit, reputation and damage to the specific event brand. Measures are in place to closely manage these key relationships and the quality of the events to ensure they remain financially successful.

Events are held all over the world and rely on the ability of the delegates to travel globally. Disruptions or reductions to global travel as a result of terrorism, pandemic or climate change issues, could lead to events being cancelled or refunded. Abandonment insurance is in place for targeted key events.

Tax

The group operates within many jurisdictions; earnings are therefore subject to taxation at differing rates across these jurisdictions. The directors endeavour to manage the tax affairs of the group in an efficient manner, however, due to an ever more complex international tax environment there will always be a level of uncertainty when provisioning for tax liabilities. There is also a risk of tax laws being amended by authorities in the different jurisdictions in which the group operates which could have an adverse effect on the financial results. External tax experts and in-house tax specialists, reporting to the tax and treasury committee, work together to review all tax arrangements within the group and keep abreast of changes in global tax legislation.

Technological change and IT infrastructure

All of the group's businesses to some degree are dependent on technology. Information systems are critical for the effective management and provision of services around the group. Disruption to information technology could adversely affect the business and damage the group's reputation. The



internet is becoming an ever increasing important revenue stream for the group and with this comes risk. The internet, through the proliferation of free content and content aggregators, has the potential to erode hard copy advertising and subscription revenues. The group's increasing dependence on information systems has also heightened the information security risk to the group with breaches in our data security systems having a potential impact on our business and reputation.

The group is already embracing these challenges, and overall sees the internet and other technological advances as an opportunity not a threat. Business continuity plans are in place in each business and include comprehensive back up plans for IT infrastructure, with the aim to protect the businesses from unnecessary disruption. The group has comprehensive information security standards and practices in place which are reviewed on a regular basis. Many of the group's businesses already produce soft copies of publications to supplement the hard copies. While the internet is an important tool for generating additional revenue the group's product mix provides protection for any potential unforeseen problems. For example, the group's share of profit from event businesses is growing, with face-to-face meetings of increasing importance.

5. Social responsibility

The company's strategy: Euromoney Institutional Investor PLC encourages its people to be active in charities. Its charity budget deliberately supports the same good causes that its employees support, matching or better the money raised by its people.

In 2007/8 it did the same, but it also set out to do something extra, something much more ambitious, as described in last year's annual report. To remind shareholders, it searched for a special one-off charity project before choosing a single cause that was particularly suitable for a publishing company that earns much of its revenues in emerging markets. The criteria it selected were that the project must make a maximum beneficial change to people's lives, that it would concentrate on children, that it would be permanent or self-sustaining, that it would fire the imagination of the company's employees around the world, and that it would be entirely funded through the company's efforts.

When the search finished, Euromoney Institutional Investor had found its project, to create a children's eye clinic in Orissa, the poorest state in India. It would take three years to come fully on stream.

Avoidable blindness is very common in poor regions of India and Africa. Much of it can be cured by a simple cataract operation that costs around £12. The key is to build the clinic in the grounds of an existing hospital, in this case the Kalinga Eye Hospital, and to share many of the facilities. Surgeons and nurses would be recruited and trained to perform delicate eye surgery on children in the new clinic under the guidance of ORBIS, the international blindness charity, which is Euromoney's partner in the project. The mission of ORBIS is to restore sight to poor people in developing countries. The clinic would sustain itself by charging better off parents, so that no child would be turned away. Hospital teams would tour local villages, testing children's eyesight and encouraging parents to bring them to the clinic for surgery if needed.

The budgeted cost of the project was £188,000. ORBIS suggested the funds be raised over three years. Euromoney Institutional Investor set out to raise the money in a year. At the end of calendar 2006 it asked its people, the company itself, and its customers to combine in one big effort. The Board decided that, in addition to the usual charity budget, the company would donate a further £50,000 to Kalinga. In addition, the directors individually gave more than £50,000. Employees everywhere rose to the challenge, jumping from aeroplanes, raising funds at the company's conferences and awards dinners, organising quiz evenings, running marathons and holding cake sales. They raised a further £77,000. The company then appealed to its customers, who responded with a generosity that took the total raised through £280,000. The additional funds have been channelled into other similar ORBIS projects, saving children's sight in other areas.

Progress has been even better than expected. The new building housing the children's eye clinic is nearing completion and ready for its official opening. The clinic has its own ophthalmologist, Dr Susanta Jagadala, who has completed a one-year fellowship in paediatric ophthalmology, financed by Euromoney Institutional Investor. That means that paediatric



cases can be handled for the first time at Kalinga. Six specialist support staff have also been trained, while 97 teachers and community workers have been trained to identify eye problems in children, all through the company's funding and the planning and supervision of ORBIS.

The latest numbers supplied by Orbis state that in the last year through Euromoney's support of outreach activity, 23,000 people in Orissa, 10,300 more than target, have received medical treatment, including 4,150 children, 62,216 people have been screened in the out-patient department of Kalinga Eye Hospital, at rural outreach mass screening camps in remoter areas and through school screening programmes. Some 22,912 people have been medically treated at the hospital and at outreach camps (the medical treatment at the camps includes the provision of spectacles, antibiotics and patching), while 4,662 people have received sight-saving surgery at Kalinga Eye Hospital. A further 10,014 people have been educated on protecting their sight at the hospital and at outreach camps.

A team from the company led by Jane Wilkinson, group marketing director, visited Kalinga in November 2007. It was given a tour of Kalinga Eye Hospital, and also visited an outreach camp and a school screening event conducted by the Hospital in the rural areas of Orissa. It also visited some of the project beneficiaries and their families in the rural areas, and saw some of the work that has been made possible through the company's support.

Charity dinners

A number of charity dinners were held during the year. For instance, this year £134,000 was raised in support of Hope and Homes for Children. Hope and Homes for Children is a registered charity working in Central and Eastern Europe and Africa. Their Mission is to give hope to the poorest children in the world – those who are orphaned, abandoned or vulnerable – by enabling them to grow up within the love of a family and the security of a home, so that they can fulfil their potential.

Sixty six thousand pounds was raised for War Child UK, a charity that provides help to children affected by war in Iraq, Afghanistan, Democratic Republic of Congo and Uganda.

They work with children who have been hit hardest by the joint forces of poverty, conflict and social exclusion. Their groundbreaking work with former child soldiers, street children and children in prison has supported and helped thousands who would otherwise not have been able to reintegrate with their community, gain access to education or enjoy sustainable livelihood support.

The group raised HK\$121,000 (£7,000) for the Hong Kong Cancer Fund. Hong Kong Cancer Fund was founded in 1987 when limited resources were available to support the needs of cancer patients and their families. Over the past twenty years, they have evolved from a small support group to Hong Kong's leading organisation for cancer care, delivering the philosophy of 'Care in Action'.

Annual charity drive

Each year the US group conducts a charity drive where the business will match up to a total of \$40,000 (£20,000) per year in employee contributions made to various charitable organisations. This is an excellent way to cover a broad range of charities that employees themselves may favour and support.

Christmas charity event

Each year a local charity or community group is selected for employees to donate Christmas gifts. This year the donations were given to a shelter for single mothers that housed 27 mothers and 62 children. They were invited to participate in a party at which they were all given gifts that they had requested in letters to Santa.

Skip lunch and fight hunger

The group's US based company along with other companies throughout New York City participated in a "Feed the kids" campaign conducted by City Harvest. People were asked to skip a fancy coffee or lunch and donate the cost of such to help feed some of the most vulnerable of our population: children.

Blood drive

Each year our US offices conduct an annual blood drive, 2008 was the most successful to date with more than 95 employees donating blood.



6. Future developments in the business

An indication of the trading outlook for the group is given in the Chairman's statement on page 6. In 2009 the directors will work towards maintaining the current success of the group and continue to shape the business to remain lucrative and competitive in the midst of an increasingly difficult economic environment. This will include a full cost base review to ensure the business is operating as effectively as possible and facilitate growth in a challenging global market. As discussed on page 10, the group's financing facility expires in August 2009 and the directors, subsequent to the year end, agreed a new facility. The group is well placed to diversify its product and geographical base and remains committed to its strategy set out on page 8. In addition a new on-line payment processing system will be completed ensuring the UK group's credit card payments remain industry compliant. Further investment will be made in the back-office project, the group's vast back catalogue of articles and information stored electronically in a central location and available for easy interrogation. The group will continue to invest in its systems and people, for instance a new HR system is planned for 2009 and management will continue to roll out the group's upgraded accounting system software to other parts of the group.

The board will continue to review the portfolio of businesses, disposing, closing or restructuring any under-performing businesses to allow the group to have the necessary resources and skills to remain acquisitive. The group will invest in technology and new businesses, particularly electronic information products.

7. Directors and their interests

The company's Articles of Association give power to the board to appoint directors from time to time. In addition to the statutory rights of shareholders to remove a director by ordinary resolution, the board may also remove a director where 75% of the board give written notice to such director. The Articles of Association themselves may be amended by a special resolution of the shareholders.

The directors who served during the year are listed on pages 22 and 23. The directors' interests are given on pages 40 and 41. With effect from September 30 2008 CJF Sinclair and

JP Williams retired as non-executive directors from the board. CJF Sinclair retired to coincide with his retirement from his role as Chief Executive of DMGT. JP Williams will continue to serve as an alternate representative on the company's board in the absence of The Viscount Rothermere. MWH Morgan was appointed a non-executive director on October 1 2008, taking over from CJF Sinclair, and, according to the Articles of Association, a director appointed during the year must retire at the first available AGM and, being eligible, offer themselves for re-election. The effect of these changes is to reduce the number of DMGT representatives on the company's board from three to two.

Following best practice under corporate governance and in accordance with the company's Articles of Association, all directors submit themselves for re-election at least every three years. Accordingly, NF Osborn, CR Brown, D Alfano and MJ Carroll will retire at the forthcoming Annual General Meeting and, being eligible, will offer themselves for re-election. Also, as required by best practice under corporate governance, all non-executive directors who have served for more than three three-year terms must submit themselves for re-election on an annual basis. In addition, in accordance with the Combined Code on Corporate Governance, before the re-election of a non-executive director, the chairman is required to confirm to shareholders that, following formal performance evaluation, the non-executive's performance continues to be effective and demonstrates commitment to the role. Accordingly, The Viscount Rothermere and JC Botts will retire at the forthcoming Annual General Meeting and, being eligible following a formal performance evaluation by the chairman, offer themselves for re-election.

In addition, as required by the Articles of Association, Sir Patrick Sergeant, being over the age of 70, will retire at the forthcoming Annual General Meeting and, being eligible following a formal performance evaluation by the chairman, will offer himself for re-election. Details of the interests of the directors in the ordinary shares of the company and of options held by the directors to subscribe for ordinary shares in the company are set out in the Directors' Remuneration Report on pages 30 to 41.



8. Capital structure and significant shareholdings

Details of the company's share capital are given in note 22. The company's share capital is divided into ordinary shares of 0.25 pence each. Each share entitles its holder to one vote at shareholders' meetings and the right to receive one share of the company's dividends.

At November 12 2008, being the latest practical date before approval of the accounts, notification had been received, in accordance with chapter 5 of the Disclosure and Transparency Rules, of the following voting rights as a shareholder of the company:

Name of holder	Nature of holding	Number of shares	% of voting rights
Daily Mail and General Holdings Limited	Direct	69,851,416	66.3
BlackRock Merrill Lynch Investment Manager	Direct	3,207,414	3.05

Banque Internationale à Luxembourg SA has issued international depository receipts (IDR) in bearer form in respect of a total of 948,800 shares (0.9%) registered in its name. Each IDR issued equates to one underlying ordinary share in the capital of Euromoney Institutional Investor PLC.

Details of the directors' entitlement to compensation for loss of office following a takeover or contract termination are given in the Directors' Remuneration Report.

9. EU Takeovers Directive

Pursuant to s992 of the Companies Act 2006, which implements the EU Takeovers Directive, the company is required to disclose certain additional information. Such disclosures, which are not covered elsewhere in this Annual Report, include the following:

There are a number of agreements that take effect, alter or terminate upon a change of control of the company following

a takeover bid, such as commercial contracts, bank loan agreements, property lease arrangements, directors' service agreements and employees' share plans. None of these are deemed to be significant in terms of their potential impact on the business of the group as a whole.

10. Authority to purchase and allot own shares

The company's authority to purchase up to 10% of its own shares expires at the conclusion of the company's next Annual General Meeting. A resolution to renew this authority for a further period will be put to shareholders at this meeting.

At the Annual General Meeting of the company on January 30 2008, the shareholders authorised the directors to allot shares up to an aggregate nominal amount of £85,810 expiring at the conclusion of the Annual General Meeting to be held in 2009. A resolution to renew this authority for a further period will be put to shareholders at this meeting.

11. Political and charitable contributions

During the year the group raised charitable contributions of £290,000 (2007: £390,000). There were no political contributions in either year.

12. Disabled employees

It is the group's policy to give full and fair consideration to applications for employment from people who are disabled; to continue, wherever possible, the employment of, and to arrange appropriate training for, employees who become disabled; and to provide opportunities for the career development, training and promotion of disabled employees.

13. Employee involvement and training

The group believes it is important to provide skills and management training for its employees around the world. It continues to develop these programmes and tries to ensure that as many employees as possible benefit from internal and external training. The group is continually developing and expanding the training programmes provided.



The group recognises the importance of good communication in relationships with its staff. This is pursued in a number of ways, including training and regular meetings between management and staff, which seek to achieve common awareness on the part of all employees of the financial and economic circumstances affecting the group's performance. Many employees participate directly in the success of the business through involvement in the group's profit sharing schemes, the Capital Appreciation Plan and in the savings related share option scheme.

14. Supplier payment policy

Each Euromoney Institutional Investor business agrees payment terms with its suppliers on an individual basis and it is group policy to make payments in accordance with these terms. The group had 80 days of purchases in creditors at September 30 2008 (2007: 76 days).

15. Directors' indemnities

The company has in place directors and officers liability and corporate reimbursement insurance for the benefit of the company's directors and those of other associated companies. The insurance has been in place throughout the year and remains in force at the date of this report.

16. Annual General Meeting

The company's Annual General Meeting will be held on January 28 2009.

17. Auditors

A resolution to re-appoint Deloitte & Touche LLP as the company's auditor is expected to be proposed at the forthcoming Annual General Meeting.

18. Disclosure of information to auditors

In the case of each of the persons who is a director of the company at November 12 2008:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and
- each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of the information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

By order of the board

A handwritten signature in blue ink, appearing to read 'Colin Jones', written over a horizontal line.

Colin Jones

Company Secretary

November 12 2008

Directors and Advisors

Executive Directors

Chairman

- ‡ **Mr PM Fallon** (aged 62) is chairman. He joined the company in 1974 and was appointed an executive director in October 1975. He was appointed managing director in 1985, chief executive in 1989 and chairman in 1992. He is chairman of the nominations committee. He is also an executive director of Daily Mail and General Trust plc and a member of the board of the Trinity College Dublin Foundation.

Managing Director

- ‡ **Mr PR Ensor** (aged 60) is the managing director. He joined the company in 1976 and was appointed an executive director in 1983. He was appointed managing director in 1992 and is a member of the nominations committee. He is also a director of Internet Securities, Inc and BCA Publications Limited.

Mr NF Osborn (aged 59) joined the company in 1983 and was appointed an executive director in February 1988. He is the publisher of *Euromoney*. He is also a director of Internet Securities, Inc., and of OAO RBC Information Systems, a Russian public company.

Mr DC Cohen (aged 50) joined the company in 1984 and was appointed an executive director in September 1989. He is managing director of the training division.

Mr CR Brown (aged 54) joined the company in 1982 and was appointed an executive director in September 1989. He is based in the United States and is president of Institutional Investor, Inc.

Mr CR Jones (aged 48) is the finance director. He joined the company in July 1996 and was appointed finance director in November 1996. He is also the company secretary and a director of Institutional Investor, Inc., Information Management Network, Inc., Internet Securities, Inc and BCA Publications Limited.

Mr SM Brady (aged 43) joined the company in 1988 and was appointed an executive director in May 1999. He is managing director of *Euromoney*.

Mr RT Lamont (aged 61) joined Institutional Investor, Inc. in 1976 and was appointed an executive director in May 1999. He is editor of Institutional Investor's newsletter division and a director of Institutional Investor, Inc. Mr RT Lamont has indicated his intention to retire as an executive director on January 13 2009 on reaching the age of 62.

Ms D Alfano (aged 52) joined Institutional Investor, Inc. in 1984 and was appointed an executive director in July 2000. She is managing director of Institutional Investor's conference division and a director of Institutional Investor, Inc.

Mr G Mueller (aged 42) is chairman of Internet Securities, Inc. (ISI), which he founded in 1994. Euromoney acquired ISI in 1999, at which point Mr Mueller joined the company. He was appointed an executive director in July 2000. He is also chairman and CEO of Institutional Investor and a director and chairman of Information Management Network, Inc.

Mr MJ Carroll (aged 51) joined Institutional Investor, Inc. in 1994 and was appointed an executive director in May 2002. He is the editor of *Institutional Investor* and a director of Institutional Investor, Inc.

Mr CHC Fordham (aged 48) joined the company in 2000 and was appointed an executive director in July 2003. He is the director responsible for acquisitions and disposals as well as some of the company's publishing businesses, including the Legal Media Group, HedgeFund Intelligence, Total Derivatives and the Metals, Minerals & Mining division of Metal Bulletin.

Ms JL Wilkinson (aged 43) joined the company in 2000 and was appointed an executive director in March 2007. She is director of marketing for the group, and a director of Adhesion SA, the French events business.

Non-executive Directors

†‡ **The Viscount Rothermere** (aged 40) was appointed a non-executive director in September 1998 and is a member of the remuneration and nominations committees. He is chairman of Daily Mail and General Trust plc.

‡ **Sir Patrick Sergeant** (aged 84) is a non-executive director and president. He founded the company in 1969 and was managing director until 1985 when he became chairman. He retired as chairman in September 1992 when he was appointed as president and non-executive director. He retired as a member of the audit committee in July 2008. He is a member of the nominations committee.

Mr CJF Sinclair (aged 60) retired from the board with effect from September 30 2008. He had been appointed a non-executive director in November 1985 and during the year was a member of the remuneration and nominations committees. He was chief executive of Daily Mail and General Trust plc.

§ **Mr JP Williams** (aged 55) retired from the board with effect from September 30 2008. He had been a non-executive director since June 1991. Mr Williams is a member of the audit committee. He is finance director of Daily Mail and General Trust plc.

†‡§ **Mr JC Botts** (aged 67) was appointed a non-executive director in December 1992 and is chairman of the audit and remuneration committees and a member of the nominations committee. He is managing director of Allen & Company in London, non-executive chairman of United Business Media Group Limited, non-executive director of Convera Corporation and a director of several private companies.

§ **Mr JC Gonzalez** (aged 63) was appointed a non-executive director in November 2004 and is a member of the audit committee. He is chairman and chief executive of American Orient Capital Partners Holdings Limited, an investment and financial advisory services firm based in Hong Kong covering the Asia Pacific region. He is also a director of a number of publicly listed companies in the Philippines.

†‡ **Mr MWH Morgan** (aged 58) was appointed a non-executive director on October 1 2008. He was also appointed a member of the remuneration and nomination committees with effect from October 1 2008. He was previously chief executive of DMG Information and became chief executive of Daily Mail and General Trust plc on October 1 2008.

† member of the remuneration committee
‡ member of the nominations committee
§ member of the audit committee

President

Sir Patrick Sergeant

Company Secretary

CR Jones

Registered Office

Nestor House, Playhouse Yard,
London EC4V 5EX

Registered Number

954730

Auditors

Deloitte & Touche LLP, London

Solicitors

Nabarro, Lacon House,
Theobald's Road,
London WC1X 8RW

Joint brokers

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London EC2M 2PP
and
Dresdner Kleinwort, 30 Gresham Street,
London EC2V 7PG

Depositary

Banque Internationale à Luxembourg SA,
69 route d'Esch, 2953 Luxembourg

Agents of the Depositary

Citicorp Investment Bank (Switzerland),
Bahnhofstrasse 63, PO Box 224,
CH 8021 Zurich.

Citibank NA,
Citibank House, 336 Strand,
London WC2R 1HB

Registrars

Capita IRG plc
The Registry, 34 Beckenham Road,
Beckenham, Kent, BR3 4TU

Corporate Governance

The Financial Reporting Council's Combined Code on Corporate Governance is part of the Listing Rules of the Financial Services Authority. The paragraphs below and in the Directors' Remuneration Report on pages 30 to 41 set out how the company has applied the principles laid down by the Code.

With effect from September 30 2008 CJF Sinclair and JP Williams retired as non-executive directors from the board. CJF Sinclair retired to coincide with his retirement from his role as chief executive of Daily Mail and General Trust plc (DMGT). Subsequent to the year end, on October 1 2008, MWH Morgan, chief executive of DMGT, was appointed as a non-executive director of the company.

At a meeting of the board in July 2008, RT Lamont indicated his intention to retire as an executive director on January 13 2009 on reaching the age of 62. At the same meeting, Sir Patrick Sergeant retired as a member of the audit committee with immediate effect.

The effect of these changes reduces the number of DMGT representatives on the board from three to two and reduces the number of executive directors from 13 to 12. JP Williams has agreed to serve as an alternate representative on the board of the company in the absence of The Viscount Rothermere. JP Williams remains a member of the audit committee.

The company continues substantially to comply with the Code, save for the exceptions disclosed in the directors' compliance statement on pages 28 and 29.

Directors

The board and its role

Details of directors who served during the year are set out on pages 22 and 23. During the year the board comprised the chairman (PM Fallon), managing director (PR Ensor), 11 other executive directors and six non-executive directors. Two of the six non-executive directors are independent, one is the founder and ex-chairman of the company, and the other three are also directors of DMGT, an intermediate parent company. On September 30 2008 two of the non-executive directors (CJF Sinclair and JP Williams) retired and with effect from October 1 2008 MWH Morgan was appointed to the board as a non-executive director. In addition RT Lamont has indicated his intention to retire from the board as an executive director on January 13 2009.

There are clear divisions of responsibility within the board such that no one individual has unfettered powers of decision. The board although large does not consider itself to be unwieldy and believes it is beneficial to have representatives from all key areas of the business at board meetings. There is a procedure for all directors in the furtherance of their duties to take independent professional advice, at the company's expense. They also have access to the advice and services of the company secretary. All directors submit themselves for re-election at least once every three years. Newly appointed directors are submitted for election at the first available opportunity after their appointment.

The board meets every two months and there is frequent contact between meetings. Board meetings take place in London, New York, Montreal and Hong Kong, and in other locations where the group has operations. The board has delegated specific aspects of the group's affairs to standing committees, each of which operates within defined terms of reference. Details of these are set out below. However, to ensure its overall control of the group's affairs, the board has reserved certain matters to itself for decision. Board meetings are held to set and monitor strategy, identify, evaluate and manage material risks, to review trading performance, ensure adequate funding, examine major acquisition possibilities and approve reports to shareholders. Procedures are established to ensure that appropriate information is communicated to the board in a timely manner to enable it to fulfil its duties.

Executive committee

Chaired by the company's chairman, the executive committee also comprises the divisional directors of the group's main businesses, together with the managing director and finance director. The committee is responsible for the approval of acquisitions, divestments, capital expenditure and contractual commitments below the level that the board has reserved to itself for decision, and for certain operational, administrative and other routine matters. The committee also regularly reviews and reports to the board on the performance of the group's businesses. At least 10 meetings are held each year and other senior executives frequently attend by invitation.

Nominations committee

The nominations committee is responsible for proposing candidates for appointment to the board having regard to the balance of skills and structure of the board and ensuring the appointees have sufficient time available to devote to the role. The committee meets when required and comprises PM Fallon (chairman of the nominations committee), PR Ensor and four non-executive directors; Sir Patrick Sergeant, The Viscount Rothermere, CJF Sinclair (retired on September 30 2008 and with effect from October 1 2008 replaced by MWH Morgan), and JC Botts. The committee's terms of reference are available on the company's website.

The committee met once during the year to recommend to the board the appointment of MWH Morgan as a non-executive director and the re-election of directors retiring by rotation this year as set out in the Directors' Report.

Remuneration committee

The remuneration committee meets twice a year and additionally as required. It is responsible for determining the contract terms, remuneration and other benefits for executive directors, including performance related profit share schemes. The committee also recommends and monitors the level of remuneration for senior management and for the rest of the group. The composition of the committee, details of directors' remuneration and interests in share options, together with information on directors' service contracts, are set out in the Directors' Remuneration Report on pages 30 to 41. The committee's terms of reference are available on the company's website.

Audit committee

Details of the members and role of the audit committee are set out on page 27. Sir Patrick Sergeant, with effect from July 16 2008, retired as a member of the audit committee. The committee's terms of reference are available on the company's website.

Tax and treasury committee

Details of the members and role of the tax and treasury committee are set out in the directors' report on page 12.

Non-executive directors

The non-executive directors bring both independent views and the views of the company's major shareholder to the board. The non-executive directors during the year, whose biographies can be found on page 23 of the accounts, were: The Viscount Rothermere, Sir Patrick Sergeant, CJF Sinclair, JP Williams, JC Botts and JC Gonzalez. On September 30 2008 CJF Sinclair and JP Williams retired as non-executive directors. With effect from October 1 2008, MWH Morgan was appointed a non-executive director of the company.

At least once a year the company's chairman meets the non-executive directors without the executive directors being present.

The board considers JC Botts and JC Gonzalez to be independent non-executive directors. Although JC Botts has been on the board for more than the recommended term of nine years under the Code, the board believes that his length of service enhances his role as an independent director. However, due to his length of service, JC Botts does

not meet the Code's definition of independence. JC Botts also holds options to subscribe for common stock in Internet Securities, Inc. a subsidiary of the company. However, the number of options held by JC Botts is not material to him or to the company.

The Viscount Rothermere has a significant shareholding in the company through his beneficial holding in DMGT and because of this he is not considered independent.

The Viscount Rothermere, CJF Sinclair, JP Williams, and from October 1 2008, MWH Morgan, are also executive directors of DMGT, an intermediate parent company. However, the company is run as a separate, distinct and decentralised subsidiary of DMGT and these directors have no involvement in the day-to-day management of the company. They bring valuable experience and advice to the company but the board does not believe these non-executive directors are able to exert undue influence on decisions taken by the board, nor does it consider their independence to be impaired by their positions with DMGT. However, their relationship with DMGT means they do not meet the Code's definition of independence.

Board and committee meetings

Board and committee meetings are arranged well in advance of the meeting date and papers covering the points to be discussed are distributed to its members in advance of the meetings. The following table sets out the number of board and committee meetings attended by the directors during the year to September 30 2008:

	Board meetings	Executive committee	Remuneration committee	Nominations committee	Audit committee	Tax & treasury committee
Number of meetings held during year	6	11	2	1	3	2
Executive directors						
PM Fallon – Chairman	6	11	–	1	–	0
PR Ensor – Managing Director	6	10	–	1	–	1
NF Osborn	6	9	–	–	–	–
DC Cohen	6	11	–	–	–	–
CR Brown	6	11	–	–	–	–
CR Jones – Finance Director	6	11	–	–	–	2
RT Lamont	5	9	–	–	–	–
SM Brady	5	6	–	–	–	–
D Alfano	5	9	–	–	–	–
G Mueller	5	10	–	–	–	–
MJ Carroll	6	10	–	–	–	–
CHC Fordham	6	11	–	–	–	–
JL Wilkinson	4	11	–	–	–	–
Non-executive directors						
The Viscount Rothermere	5	–	2	0	–	–
Sir Patrick Sergeant*	4	–	–	0	3	–
CJF Sinclair†	6	–	2	1	–	–
JP Williams†	6	–	–	–	3	2
JC Botts	6	–	2	1	3	–
JC Gonzalez	4	–	–	–	3	–

*Retired as a member of the audit committee on July 16 2008

†Retired as a non-executive director on September 30 2008

Board and committee effectiveness

During the year the board, through its chairman, assessed its performance and that of its committees. The chairman distributed a detailed questionnaire to each of the board members and together with personal interviews evaluated the strengths and weaknesses of the board and its members. In addition, each of the main committees completed a detailed questionnaire encompassing key areas within their mandates. The results of the assessment were presented and discussed at a board meeting and it was concluded that the board and its committees had been effective throughout the year.

Communication with shareholders

The company's chairman, together with the board, encourages regular dialogue with shareholders. Meetings are held, both in the US and UK, to discuss annual and interim results and highlight significant acquisitions or disposals, or at the request of institutional shareholders. Private shareholders are encouraged to participate in the annual general meeting. In line with best practice all shareholders have at least 20 working days notice of the annual general meeting at which the executive directors, non-executive directors and committee chairs are available for questioning.

Internal control and risk management

The board is responsible for the group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

In accordance with principle C.2 and C.2.1 of the Combined Code on corporate governance, the board has implemented a continuing process for identifying, evaluating and managing the material risks faced by the group.

The board has reviewed the effectiveness of the group's system of internal control and has taken account of material developments which have taken place since September 30 2007. It has considered the major business and financial risks, the control environment and the results of internal audit. Steps have been taken to embed internal control and risk management further into the operations of the group and to deal with areas of improvement which have come to management's and the board's attention.

Key procedures which the directors have established with a view to providing effective internal control, and which have been in place throughout the year and up to the date of this report, are as follows:

The board of directors

- the board normally meets six times a year to consider group strategy, risk management, financial performance, acquisitions, business development and management issues;
- the board has overall responsibility for the group and there is a formal schedule of matters specifically reserved for decision by the board;

- each executive director has been given responsibility for specific aspects of the group's affairs;
- the board divides the group's key risks into six broad categories and reviews and assesses each of these at least annually;
- the board seeks assurance that effective control is being maintained through regular reports from business group management, the audit committee and various independent monitoring functions; and
- the board approves the annual forecast after performing a review of key risk factors. Performance is monitored regularly by way of variances and key performance indicators to enable relevant action to be taken and forecasts are updated each quarter. The board considers longer-term financial projections as part of its regular discussions on the group's strategy.

During the year and up to the approval of this annual report and accounts the board has not identified nor been advised of any failings or weaknesses which it has determined to be significant. Therefore a confirmation of necessary actions has not been considered appropriate.

Quality, integrity of personnel and whistle blowing arrangements

The integrity and competence of personnel is ensured through high recruitment standards and a commitment to management and business skills training. High-quality personnel are an essential part of the control environment and the high ethical standards expected are communicated by management and through the employee handbook which is provided to all employees. The employee handbook also sets out the procedures available to staff to raise, in confidence, possible improprieties in matters of financial reporting or other matters.

Social responsibility

The group is keen to maintain a high level of social responsibility and has procedures embedded in its internal systems and controls to ensure its social standards are monitored regularly and are not breached. The group supports and encourages employees who become involved in social projects and examples of these are given in the Directors' Report.

Environmental responsibility

The group does not operate directly in industries where there is the potential for serious industrial pollution. It does not print products in-house or have any investments in printing works. It takes its environmental responsibility seriously and complies with all relevant environmental laws and regulations in each country in which it operates. Wherever economically feasible, account is taken of environmental issues when placing contracts with suppliers of goods and services and these suppliers are regularly reviewed and monitored. For instance, the group's two biggest print contracts are outsourced to companies who have environment management systems compliant to the ISO 14001 standard. The paper used for the group's publications is produced from pulp obtained from

sustainable forests, manufactured under strict, monitored and accountable environmental standards. The group is not a heavy user of energy; however, it does manage its energy requirements sensibly using low-energy office equipment where possible and using a common sense approach such as switching off equipment, air-conditioning, heating and lights when not required.

Health and safety

The group is committed to the health and safety of its employees and communities in which it operates. The group complies with all local health and safety regulations and makes use of external health and safety advisers where appropriate. The UK businesses benefit from a monthly assessment of the working environment by experienced assessors and regular training of all existing and new UK employees in health and safety matters.

Investment appraisal

The managing director, finance director and business group managers consider proposals for acquisitions and new businesses. Proposals beyond specified limits are put to the board for approval and are subject to due diligence by the group's finance team and, if necessary, independent advisers. Capital expenditure is regulated by strict authorisation controls. For capital expenditure above specified levels, detailed written proposals must be submitted to the board and reviews are carried out to monitor progress against budget.

Accounting and computer systems controls and procedures

Accounting controls and procedures are regularly reviewed and communicated throughout the group. Particular attention is paid to authorisation levels and segregation of duties. The group's tax, financing and foreign exchange positions are overseen by the tax and treasury committee, which meets at least twice a year. Controls and procedures over the security of data and disaster recovery are periodically reviewed and are subject to internal audit.

Internal audit

The group has an internal audit function which is managed by DMGT's internal audit department, working closely with the company's finance director. Internal audit draws on the services of the group's central finance team to assist in completing the audit assignments. Internal audit aims to provide an independent assessment as to whether effective systems and controls are in place and being operated to manage significant operating and financial risks. It also aims to support management by providing cost effective recommendations to mitigate risk and control weaknesses identified during the audit process, as well as provide insight into where cost efficiencies and monetary gains might be made by improving the operations of the business. Businesses and central departments are selected for an internal audit visit on a risk-focused basis, taking account of the risks identified as part of the risk management process; the risk and materiality of each the group's businesses; the scope and findings of external audit work; and the departments

and businesses reviewed previously and the findings from these reviews. This approach ensures that the internal audit focus is placed on the higher risk areas of the group, while ensuring an appropriate breadth of coverage. DMGT's internal audit reports its findings to management and to the audit committee.

Accountability and audit

Audit committee

During the year the audit committee comprised four non-executive directors: JC Botts (chairman), Sir Patrick Sergeant, JP Williams and JC Gonzalez (independent). With effect from July 16 2008 Sir Patrick Sergeant retired as a member of the committee. On September 30 2008 JP Williams, the finance director of DMGT, retired as a non-executive director, he, however, remains a member of the audit committee. The committee meets at least three times each financial year. The committee is responsible for reviewing the interim report, the annual report and accounts and other related formal statements before their submission to the board, and reviewing and overseeing controls necessary to ensure the integrity of the financial information reported to the shareholders. The audit committee advises the board on the appointment of external auditors and on their remuneration, both for audit and non-audit work. It has set and applied a formal policy, which focuses on the effectiveness, independence and objectivity of the external audit, the type of non-audit work permissible and a diminimus level of fees acceptable. Any non-audit work performed outside this remit is assessed and where appropriate approved by the committee. The committee discusses the nature, scope and findings of the audit with the external auditors and considers and determines relevant action in respect of any control issues raised by the external auditors. The audit committee is also responsible for monitoring and assessing the effectiveness of internal audit, and reviews the internal audit programme and receives periodic reports on its findings. It reviews the whistle blowing arrangements available to staff. The audit committee's terms of reference are available on the company's website.

Going concern basis

After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group's £300 million three year multi-currency facility was due to expire in August 2009. However, the directors have, subsequent to the year end, approved a new replacement facility of up to £250 million. The terms of the new facility are broadly similar to the existing facility. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report, Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors are required by the IAS Regulation to prepare the group financial statements under International Financial Reporting Standards (IFRSs) as adopted by the European Union. The group financial statements are also required by law to be properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that IFRS financial statements present fairly for each financial year the group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The directors have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The parent company financial statements are required by law to give a true and fair view of the state of affairs of the company. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the parent company financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the management report, which is incorporated into the directors' report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

Statement by the directors on compliance with the Combined Code

The UK Listing Rules require the board to report on compliance throughout the accounting year with the applicable principles and provisions of the 2006 Combined Code on Corporate Governance issued by the Financial Reporting Council. Save for the exceptions outlined below, the group has complied throughout the financial year ended September 30 2008 with the provisions set out in Section 1 of the Combined Code.

Provision A.3.2 states that half the board, excluding the chairman, should be comprised of non-executive directors determined by the board to be independent. During the year the board comprised 19 directors of whom six are non-executive directors, one of whom is considered to be an independent non-executive director under the Combined Code. On September 30 2008, JP Williams retired as a non-executive director, hence, at the year end, the board comprises 18 directors of whom one is considered an independent non-executive director. One executive director, RT Lamont, has indicated his intention to retire from the board as a director on January 13 2009.

Contrary to provision A.3.3, the board has not identified a senior independent non-executive director as the directors are of the opinion that all matters relating to the effective governance of the group must be dealt with by the board as a whole.

Provision A.4.1 requires that the majority of the nominations committee should be comprised of independent non-executive directors. Although the committee consists of four non-executive and two executive directors, none of these non-executive directors can be considered independent under the Combined Code.

Provision A.4.4 states that the terms and conditions of appointment of non-executive directors should be available for inspection. As explained in the Directors' Remuneration Report, the non-executive directors do not have service contracts.

Provisions B.2.1 and C.3.1 require the remuneration and audit committees to comprise entirely of independent non-executive directors. The remuneration committee is comprised of three non-executive directors, none of whom can be considered independent under the Combined Code. During the year, the audit committee comprised of four non-executive directors, one retired in July 2008 and one retired as a non-executive director on September 30 2008 although still remains as a member of the audit committee. Only one of the members of the audit committee can be considered independent under the Combined Code and, with effect from October 1 2008, one member of the committee is no longer a non-executive director of the company.

On behalf of the board



Padraic Fallon

Chairman

November 12 2008

Directors' Remuneration Report

Introduction

This remuneration report sets out the group's policy and structure for the remuneration of executive and non-executive directors together with details of directors' remuneration packages and service contracts. The report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002 and shareholders will be invited to approve this report at the Annual General Meeting on January 28 2009.

The remuneration committee

The remuneration committee is chaired by JC Botts. Its other members during the year were The Viscount Rothermere and CJP Sinclair. With effect from September 30 2008, CJP Sinclair stood down as a committee member and was replaced by MWH Morgan. All members of the committee are non-executive directors of the company. The Viscount Rothermere, CJP Sinclair and, from October 1 2008, MWH Morgan are also directors of Daily Mail and General Trust plc (DMGT) but have no personal financial interests in the company (other than as shareholders), and no day-to-day involvement in running the business. The executive chairman normally attends meetings of the remuneration committee, but is not present at any discussion concerning his own remuneration. For the year under review, the committee also sought advice and information from the company's managing director and finance director. The committee's terms of reference permit its members to obtain professional external advice on any matter, at the company's expense, although none did so in 2008. The group itself can take external advice and information from many sources in preparing proposals for the remuneration committee, but no material assistance from a single source was received in relation to remuneration decisions for 2008.

Remuneration policy

The group believes in aligning the interests of management with those of shareholders. The two consistent objectives in its remuneration policy since the company's inception in 1969 have been the maximisation of earnings per share and the creation of shareholder value.

The first objective is achieved through a comprehensive profit sharing scheme that links the pay of executive directors and key managers to the profits and growth in profits of the group or relevant parts of the group. This scheme is completely variable with no guaranteed floor and no ceiling.

To support the implementation of the policy of profit sharing, the group is divided into a number of profit centres. The manager of each profit centre is paid a profit share related to the profit centre's profits and profit growth. Each profit centre is part of a larger business group. Each business group manager has an incentive based on the business group's profits and profit growth. Profit sharing encourages directors and managers to grow their businesses, to launch new ventures and to search for acquisitions that would fit well with their businesses.

All executives on profit shares are aware that if profits rise, so does their pay. Similarly if profits fall, so do their profit shares. The profit shares of executive directors and senior managers make up much of their total pay. For example, of the total remuneration of the 13 executive directors who served in the year, 86% was derived from profit shares.

The creation of shareholder value is also encouraged through an executive share option scheme and, from October 2003, the Capital Appreciation Plan (CAP). The current executive share option scheme was approved by shareholders in January 1996. The performance criteria under which options granted under this scheme may be exercised are set out on page 32. This scheme expired and closed in 2006, but no share options have been issued under it since February 2004 although options previously granted may be exercised before various dates to February 2014. The CAP was approved by shareholders in February 2005, and is a highly geared performance-based share option scheme which not only directly rewards growth in profits of each executive's businesses but also links more robustly equity reward with the delivery of economic shareholder value. The CAP profit target was achieved in 2007, a year ahead of expectations and exceeded again this year resulting in the second tranche of options vesting. A more detailed explanation of the CAP is given on page 32.

The directors believe that these profit sharing and share option arrangements are responsible for much of the company's success since 1969. These arrangements serve shareholders by aligning the interests of the directors and managers with those of shareholders and are considered an important driver of the company's growth strategy.

The remuneration of the non-executive directors is determined by the board.

Remuneration structure

Executive directors

It is the group's policy to construct executive remuneration packages such that a significant part of a director's compensation is based on the growth in the group's profits contributed by that director. The details of the remuneration packages of individual directors are set out below.

Basic salary and benefits

The basic salary and benefits are generally not the most significant part of a director's overall compensation package. Each executive director receives a salary which is reviewed annually by the committee. Certain non-cash benefits are also provided including private health care, and life assurance through the membership of one of the pension schemes.

Remuneration structure *continued*

Pension schemes

Each UK-based director is entitled to participate in the Harmsworth Pension Scheme (a defined benefit scheme, closed to new directors), the Euromoney Pension Plan (a money purchase plan) or their own private pension scheme. Directors based overseas are entitled to participate in the pension scheme arrangements applicable to the country where they work. During the year, NF Osborn, CR Brown, RT Lamont, D Alfano, G Mueller and MJ Carroll participated in the group's US 401(k) plan. Details of pension scheme contributions can be found on page 36 of this report. There are no other post-retirement benefits.

Profit share scheme

The group believes in aligning the economic interests of management with those of shareholders and achieves this through a comprehensive profit sharing scheme that links the pay of each executive director to the profits and growth in profits of the businesses that the executive director manages.

The executive directors who manage business divisions are set profit thresholds for the businesses for which they are responsible. The profit thresholds are set at the time the director takes on responsibility for the businesses concerned, usually based on the profits of the previous 12 months, and are adjusted if such responsibilities change. The normal profit share arrangement pays 1% of profits from zero up to a threshold and then 5% of profits achieved in excess of this threshold. Some of the directors have schemes which have been in place for a number of years and pay profit shares at slightly higher rates or which are subject to additional thresholds.

The profit shares of the chairman and managing director are based on the adjusted pre-tax post-minority profits of the group, thereby matching their profit share with the pre-tax return the group generates for its shareholders. The chairman is entitled to 5.54% (2007: 5.62%) of adjusted pre-tax profit. The managing director is entitled to 3.28% (2007: 3.32%) of adjusted pre-tax profit up to a threshold of £31,972,645 and an additional 1.23% (2007: 1.25%) of adjusted pre-tax profit in excess of this threshold.

The finance director receives a profit share linked to the pre-tax adjusted earnings per share of the group (EPS). A fixed sum is payable for every percentage point the EPS is above 11.00p and an additional fixed sum is payable for every percentage point that EPS is above 20.00p.

CHC Fordham, in addition to his profit share, has a second incentive linked to the performance of acquisitions.

JL Wilkinson, who is responsible for all the group's marketing activities, receives an incentive based on the growth in the group's subscription and delegate revenues.

All of the profit share schemes are completely variable with no guaranteed floor and no ceiling and are designed to be the most significant part of the executive director's remuneration package. Each director's profit share scheme is subject to remuneration committee approval, and can be revised at any time if the director's responsibilities are changed.

The table below shows the 2008 percentage split of the fixed and variable elements of each director's remuneration package.

	Fixed <i>Salary & benefits</i>	Variable <i>Profit share</i>
Executive directors		
PM Fallon	5%	95%
PR Ensor	6%	94%
NF Osborn	23%	77%
DC Cohen	16%	84%
CR Brown	38%	62%
CR Jones	31%	69%
RT Lamont	73%	27%
SM Brady	44%	56%
D Alfano	19%	81%
G Mueller	20%	80%
MJ Carroll	64%	36%
CHC Fordham	19%	81%
JL Wilkinson	33%	67%
Total	14%	86%

Directors' Remuneration Report *continued*

Remuneration structure *continued*

SAYE scheme

The group operates an all employee save as you earn scheme in which those directors employed in the UK are eligible to participate. Participants save a fixed monthly amount of up to £250 for three years and are then able to buy shares in the company at a price set at a 20% discount to the market value at the start of the savings period. In line with market practice, no performance conditions attach to options granted under this plan. The executive directors who are participating in this scheme are PM Fallon, PR Ensor, NF Osborn, CR Jones, SM Brady and CHC Fordham, details of which can be found on pages 37 and 38 of this report.

Share schemes

The directors consider that share schemes are an important part of overall compensation and align the interests of directors and employees with those of shareholders.

Capital Appreciation Plan (CAP)

The CAP was approved by shareholders on February 1 2005 and replaced the 1996 executive share option scheme. Each CAP award comprises an option to subscribe for ordinary shares of 0.25p each in the company for an exercise price of 0.25p per ordinary share. In accordance with the terms of CAP, no consideration was paid for the grant of the awards. The awards vest in three equal tranches. The first tranche of awards became exercisable on satisfaction of a primary performance condition and lapse to the extent unexercised on September 30 2014. The two future tranches of awards become exercisable one year and two years, respectively, following the financial year in which the primary performance target was achieved. The second and third tranches only vest on satisfaction of the primary and a secondary performance condition. The scheme was potentially available to all employees.

The primary performance condition, broadly, required that the company achieve pre-tax profits (before goodwill amortisation or impairment, exceptional items and before the cost of the CAP) of £57 million by no later than the financial year ending September 30 2008 and remain at least this level for the future vesting periods of the following two tranches. The secondary performance condition requires that the profits of the respective participants' businesses in the subsequent two vesting periods remain at least 75% of that achieved in the year the primary performance condition was met.

The CAP profit target was achieved in 2007 and the option pool (of a maximum of 7.5 million shares) was allocated between the holders of outstanding awards by reference to their contribution to the achievement of the primary performance condition, subject to conditions that no individual had an option over more than 10% of the option pool. One third of the awards vested immediately. The primary performance target was achieved again in 2008 and the second tranche of options will vest in February 2009 subject to the businesses also achieving the secondary performance criteria. The final tranche will vest in 2010, but only if the primary and secondary performance conditions are again met, otherwise vesting is deferred until both the profit target of £57 million achieved in 2007 is achieved again, and the profits of the individual participants businesses are at least 75% of that achieved in 2007 but no later than by reference to the year ending September 30 2012. Thus the CAP is designed so that profit growth must be sustained if awards are to vest in full.

The actual value of the first tranche of the CAP award to each director is set out in the directors share option table on pages 37 and 38. The number of options received by the directors for the second tranche is provisional and will depend on the extent that the secondary performance test has been met for their respective businesses. The Remuneration Committee require the results of the businesses to be reviewed and subsequently modified for true-up adjustments during the period to December 31. The provisional number of options anticipated to be received by the directors for the second tranche is given in the directors share option table on pages 37 and 38.

The fair value per option granted and the assumptions used to calculate its value are set out in note 23.

1996 executive share option scheme

All executive directors have options from a previous executive share option scheme approved by shareholders in 1996 in which potentially all employees could receive options. This scheme expired in 2006 and no share options have been issued under this scheme since February 2004 although options granted may be exercised before various dates to February 2014. Options were issued to a selection of individual employees, including directors, on a merit basis. These options are exercisable at least three years after their grant and are subject to certain performance conditions. For options expiring on January 29 2009, February 11 2009, June 25 2009 and January 5 2010 the performance test set by the remuneration committee requires the growth in the company's earnings per share for the three consecutive financial years commencing from the year of grant to exceed the growth in the retail prices index by an average of 4% a year. For the options expiring on June 25 2009 only, there is an additional performance condition which requires that Internet Securities, Inc. must have achieved an operating profit for three consecutive months and a cumulative operating profit over a period of six months. For all other options expiring after 2005, the performance test set by the remuneration committee requires that the Total Shareholder Return (TSR) of the company exceeds that of the average TSR for the FTSE 250 index for the same period. For the performance condition to be satisfied, the TSR of the company must exceed that of the FTSE 250 on a cumulative basis, measured from the date of grant of the option, in any four out of six consecutive months starting 30 months after the option grant date.

Remuneration structure *continued*

The fair value per option granted and the assumptions used to calculate its value are set out in note 23.

Internet Securities, Inc. option scheme

G Mueller, NF Osborn and JC Botts are also participants in the Internet Securities, Inc. option scheme. There are no performance conditions attached to these options. Their options, all of which are fully vested and exercisable, are set out on page 39. The market price at the date of exercise is determined by an independent financial valuation of Internet Securities, Inc.

Details of directors' share options can be found on pages 37 to 39.

Put options

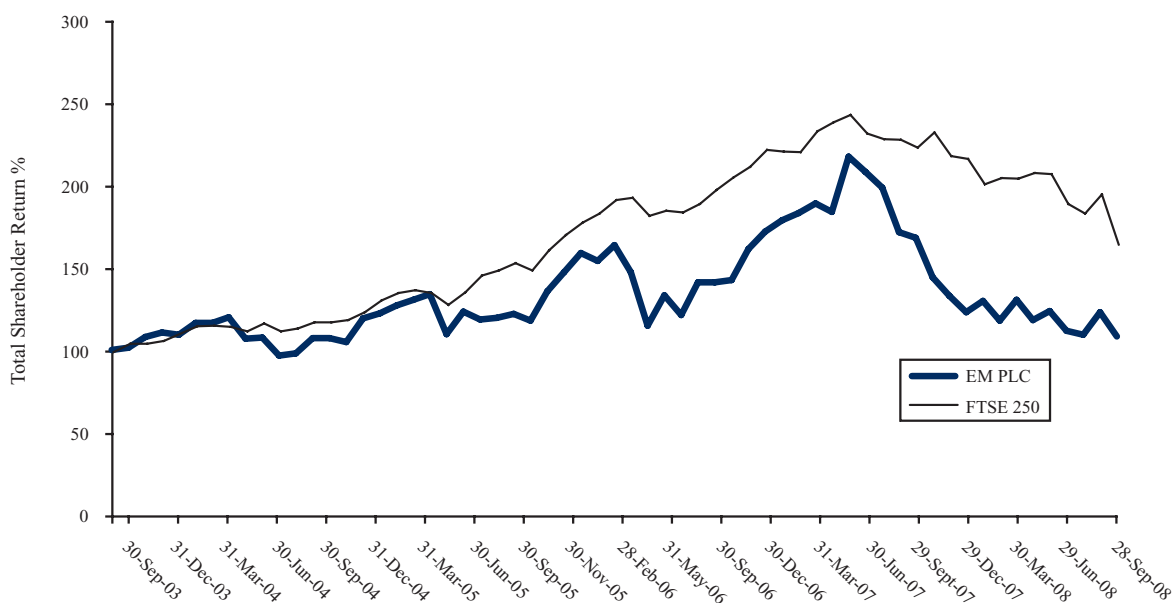
G Mueller has a put option whereby he is able to sell his 5% holding of shares in Internet Securities, Inc. (ISI), a subsidiary of the group, to Euromoney Institutional Investor PLC at a fair market value as determined by an independent external valuation of the company. G Mueller retains the rights granted under this put option should his employment contract terminate. In addition G Mueller has an IPO registration right over ISI that he may exercise every six months subject to the agreement of the other shareholders. If an agreement cannot be reached the company has the right to purchase his shares at a fair market value as determined by the average valuation from three investment banks. If G Mueller has not exercised his option by 2011 the company has the right to purchase his shares at a pre-determined premium to an independent external valuation of the company.

Non-executive directors

The remuneration of the non-executive directors is determined by the chairman and executive board with the aid of external professional advice if necessary. Non-executive directors receive a fee and are re-imbursed for expenses incurred in attending meetings. They do not receive any performance related bonuses, pension provisions, share options or other forms of benefits apart from JC Botts who is a participant in the Internet Securities, Inc. option scheme.

Total shareholder return (TSR)

Shown below is the group's TSR for the five years to September 30 2008 compared to the TSR achieved by the FTSE 250 index over the same period. This index has been presented as it comprises the comparator group for the performance conditions attached to the share option scheme referred to above. The TSR calculations assume the re-investment of dividends.



Service contracts

The group's policy is normally to employ executive directors on twelve month-rolling service contracts. The remuneration committee seeks to minimise termination payments and believes these should be restricted to the value of remuneration for the notice period. With the exception of Sir Patrick Sergeant, none of the non-executive directors has a service contract. All executive service contracts are reviewed from time to time and updated where necessary. A service contract terminates automatically on the director reaching his/her respective retirement age.

Directors' Remuneration Report *continued*

Service contracts *continued*

Executive directors	Date of service contract	Notice period (months)	Retirement age	Benefits accruing if contract terminated*	Benefits accruing if contract terminated due to incapacity/death **	Note
PM Fallon	Jun 2 1986	12	63	12 months' salary, profit share, pension and car allowance.	9 months' salary, profit share, pension and car allowance.	(1), (3)
PR Ensor	Jan 13 1993	12	62	12 months' salary, profit share, pension and car allowance.	6 months' salary, profit share, pension and car allowance.	(3)
NF Osborn	Jan 4 1991	12	62	12 months' salary, pension and a pro-rated profit share up to the date notice of termination is given.	1 month's salary, pension and a pro-rated profit share up to the date of termination.	(2), (3)
DC Cohen	Nov 2 1992	12	62	12 months' salary, pension, car allowance and a pro-rated profit share up to the date notice of termination is given.	1 month's salary, pension, car allowance and a pro-rated profit share up to the date of termination.	(3)
CR Brown	Dec 31 1991	12	62	12 months' salary, pension and a pro-rated profit share up to the date notice of termination is given.	1 month's salary, pension and a pro-rated profit share up to the date of termination.	(3)
CR Jones	Aug 27 1997	12	62	12 months' salary, pension and a pro-rated profit share up to the date notice of termination is given.	6 months' salary, pension and a pro-rated profit share up to the date of termination.	(3)
RT Lamont	Jan 6 2000	6	62	9 months' salary, pension and a pro-rated profit share up to the date notice of termination is given.	3 months' salary, pension and profit share if already paid.	(3), (4), (6)
SM Brady	Feb 17 2000	12	62	12 months' salary, pension and a pro-rated profit share up to the date notice of termination is given.	6 months' salary, pension and pro-rated profit share up to the date of termination.	(3)
D Alfano	Jan 10 2001	6	62	6 months' salary, pension and a pro-rated profit share up to the date notice of termination is given.	The contract is terminated immediately. The director is entitled to her salary, pension and profit share earned up to the date of termination.	(3), (6)
G Mueller	Jan 25 1999	12	62	12 months' salary, pension and a pro-rated bonus up to the date notice of termination is given. In addition, if the company terminates the contract without cause, Mr Mueller is entitled to exercise immediately any outstanding and unvested options due to invest in two years.	The contract is terminated immediately. The director is entitled to his salary and pension earned up to the date of termination and any incentive earned provided it has already been paid.	(3), (5)
MJ Carroll	Mar 18 1999	6	62	6 months' salary, pension and a pro-rated profit share up to the date notice of termination is given.	6 months' salary, pension and pro-rated profit share up to the date of termination.	(3), (6)
CHC Fordham	Sep 21 2004	12	62	12 months' salary, pension and a pro-rated profit share up to the date notice of termination is given.	6 months' salary, pension and pro-rated profit share up to the date of termination.	(3)
JL Wilkinson	July 26 2000	6	62	6 months' salary, pension and a pro-rated profit share up to the date notice of termination is given.	6 months' salary, pension and a pro-rated profit share up to the date notice of termination is given.	(3)
Non-executive director						
Sir Patrick Sergeant	Jan 10 1993	12	n/a	12 months' expense allowance.	The contract is terminated immediately. The director is entitled to his expense allowance up to the date of termination.	

Service contracts *continued*

- (1) PM Fallon has a second service contract with a subsidiary of the group, Euromoney Institutional Investor (Jersey) Limited (EIJ), dated May 4 1993. This service contract has the same terms as his contract with Euromoney Institutional Investor PLC. Any termination payment would include profit share based on EIJ's results. In addition, if Mr Fallon be adjudicated bankrupt, he is entitled to 7 days salary and profit share from EIJ.
- (2) NF Osborn has a second service contract with a subsidiary of the group, Euromoney Inc, dated January 4 1991 normally terminated by 12 months notice. In the event of termination Mr Osborn is entitled to 12 months base salary and pension, plus a prorated profit share to the date notice of termination is given. The company may also terminate his agreement due to incapacity giving 3 months notice and Mr Osborn would be entitled to 3 months salary, pension and prorated profit share.**
- (3) On termination, profit share is calculated as though the director has been employed for the full financial year and then pro-rated accordingly to the date of termination unless otherwise stated.
- (4) If employment is terminated due to a breach of contract and the company is judged to have breached RT Lamont's editorial independence, the company shall pay \$87,500 to the United Way of Greater New York.
- (5) G Mueller's service agreement is with Internet Securities, Inc.
- (6) RT Lamont, D Alfano and MJ Carroll's services agreement are with Institutional Investor, Inc. If MJ Carroll's contract is terminated due to just cause he is entitled to his salary and pension up to the date of termination, but no profit share unless already paid.
- * If the director terminated reaches retirement age before the expiration of their notice period then benefits will only be paid up to the date of retirement.
- ** This also applies if the director gives less than their notice period to the company. If the contract is terminated for reasons of bankruptcy or serious misconduct it is terminated immediately without any payment in lieu of notice.

Information subject to audit Directors' remuneration table

	Year to September 30			Total 2008 £	Total 2007 £
	Salary and fees 2008 £	Benefits in kind 2008 £	Profit share 2008 £		
Executive directors					
PM Fallon	212,000	870	4,040,470	4,253,340	3,963,602
PR Ensor	198,418	870	3,267,792	3,467,080	3,194,645
NF Osborn	120,330	3,213	421,745 ¹	545,288	581,341
DC Cohen	115,700	1,087	608,184	724,971	705,952
CR Brown	128,692	3,247	212,076	344,015	494,908
CR Jones	215,000	1,087	470,916	687,003	635,104
RT Lamont	107,709	5,241	41,369	154,319	186,427
SM Brady	137,800	721	178,430	316,951	304,196
D Alfano	104,305	6,200	482,630	593,135	527,755
G Mueller	118,226	10,408	516,955	645,589	742,101
MJ Carroll	125,491	7,335	75,177	208,003	236,346
CHC Fordham	141,300	1,087	598,598	740,985	694,380
JL Wilkinson	105,000	435	213,259	318,694	136,777 ²
Non-executive directors					
The Viscount Rothermere	28,000	–	–	28,000	28,000
Sir Patrick Sergeant	28,000	–	–	28,000	28,000
CJF Sinclair ³	28,000	–	–	28,000	28,000
JP Williams ³	28,000	–	–	28,000	28,000
JC Botts	37,750	–	–	37,750	37,750
JC Gonzalez	28,000	–	–	28,000	28,000
	2,007,721	41,801	11,127,601	13,177,123	12,581,284

Fees as a director include fees paid as a director of subsidiary companies. Benefits in kind include the payment by the company for health care.

¹ NF Osborn has waived £8,674 of profit share in respect of the current and future years. The profit share waived was paid into a private pension scheme on the director's behalf. This waiver has not been deducted from the profit shares above.

² appointed as a director on April 3 2007.

³ resigned as a non-executive director on September 30 2008.

Directors' Remuneration Report *continued*

Directors' pensions

Executive directors can participate in the Harmsworth Pension Scheme (a defined benefit scheme, closed to new directors), the Euromoney Pension Plan (a money purchase plan) or their own private pension scheme.

Group pension contributions

	Harmsworth Pension Scheme 2008 £	Euromoney Pension Plan 2008 £	Private schemes 2008 £	Total 2008 £	Total 2007 £
PM Fallon	–	–	–	–	–
PR Ensor	–	–	–	–	–
NF Osborn	–	7,424	820	8,244	8,292
DC Cohen	18,004	–	–	18,004	19,954
CR Brown	–	–	2,858	2,858	2,880
CR Jones	35,237	–	–	35,237	32,985
RT Lamont	–	–	2,872	2,872	2,701
SM Brady	–	12,013	–	12,013	12,136
D Alfano	–	–	2,999	2,999	2,622
G Mueller	–	–	2,364	2,364	2,375
MJ Carroll	–	–	3,328	3,328	2,878
CHC Fordham	–	12,354	–	12,354	12,478
JL Wilkinson	–	–	–	–	–
	53,241	31,791	15,241	100,273	99,301

In addition to the company pension contributions, NF Osborn has elected to waive part of his profit share. The profit share waived is paid by the company into a private pension scheme as set out on page 35.

Under the Harmsworth Pension Scheme*, the following pension benefits were earned by the directors:

Director	Increase in accrued annual pension during the year £	Accrued annual pension at September 30 2008 £	Transfer value September 30 2008 £	Transfer value September 30 2007 £	Increase in transfer value (net of directors' contributions) £
PM Fallon*	500	8,000	170,000	140,000	30,000
PR Ensor	2,500	64,200	1,460,000	1,180,000	280,000
DC Cohen	2,500	25,000	380,000	250,000	122,000
CR Jones	5,600	30,700	410,000	240,000	155,000

The accrued annual pension entitlement is that which would be paid annually on retirement based on service to September 30 2008 and ignores any increase for future inflation. All transfer values have been calculated on the basis of actuarial advice in accordance with 'Retirement Benefit – Transfer Values (GN11)' published by the Board for Actuarial Standards. The transfer values of the accrued entitlement represent the value of assets that the pension scheme would need to transfer to another pension provider on transferring the scheme's liability in respect of the directors' pension benefits. They do not represent a sum paid or payable to individual directors and therefore cannot be added meaningfully to annual remuneration. During the year there was a change to the assumptions used to calculate transfer values, which made allowance for the expectation that members will live longer in retirement than had previously been assumed as well as reflecting a fall in long-term interest rates. These changes contributed to the 'Increase in transfer value (net of directors' contributions)'. Members of the scheme have the option of paying Additional Voluntary Contributions. Neither the contributions nor the resulting benefits are included in the above table. The normal retirement age for the Harmsworth Pension Scheme is 62 years.

* PM Fallon's pension benefits relate to a deferred pension in the Mail Newspapers Pension Scheme for pensionable service between April 1 1978 and April 1 1986. No further contributions have been made to this scheme by the group or PM Fallon.

Directors' share options

The directors hold options to subscribe for new ordinary shares of 0.25p each in the company as follows:

	At start of year	Granted/ true up during year	Exercised/ lapsed during year	At end of year/date of retirement	Exercise price	Date from which exercisable	Expiry date
PM Fallon	85,000	–	–	85,000	£3.95	now	Feb 11 09
	255,000	–	–	255,000	£4.31	now	Jun 25 09
	2,533	–	–	2,533*	£3.69	Feb 01 09	Aug 01 09
	43,722	2,404	(46,126)	–†	£0.0025	exercised	Sept 30 14
	–	46,126	–	46,126	£0.0025	Feb 14 09	Sept 30 14
	<u>386,255</u>	<u>48,530</u>	<u>(46,126)</u>	<u>388,659</u>			
PR Ensor	75,000	–	–	75,000	£3.95	now	Feb 11 09
	225,000	–	–	225,000	£4.31	now	Jun 25 09
	2,533	–	–	2,533*	£3.69	Feb 01 09	Aug 01 09
	43,722	2,404	(46,126)	–†	£0.0025	exercised	Sept 30 14
	–	46,126	–	46,126	£0.0025	Feb 14 09	Sept 30 14
	<u>346,255</u>	<u>48,530</u>	<u>(46,126)</u>	<u>348,659</u>			
NF Osborn	5,000	–	–	5,000	£4.19	TSR criteria not satisfied	Jan 28 14
	2,533	–	–	2,533*	£3.69	Feb 01 09	Aug 01 09
	17,803	997	(18,800)	–†	£0.0025	exercised	Sept 30 14
	–	18,800	–	18,800‡	£0.0025	Feb 14 09	Sept 30 14
	<u>25,336</u>	<u>19,797</u>	<u>(18,800)</u>	<u>26,333</u>			
DC Cohen	8,000	–	–	8,000	£5.38	TSR criteria not satisfied	Mar 02 11
	6,000	–	–	6,000	£3.35	now	Jan 23 12
	10,000	–	–	10,000	£2.59	TSR criteria not satisfied	Dec 04 12
	5,000	–	–	5,000	£4.19	TSR criteria not satisfied	Jan 28 14
	60,888	3,497	(64,385)	–†	£0.0025	exercised	Sept 30 14
	–	3,018	–	3,018***	£3.18	Feb 01 08	Aug 01 11
	–	64,385	–	64,385‡	£0.0025	Feb 14 09	Sept 30 14
	<u>89,888</u>	<u>70,900</u>	<u>(64,385)</u>	<u>96,403</u>			
CR Brown	28,000	–	–	28,000	£4.19	now	Jan 29 09
	8,000	–	–	8,000	£5.38	TSR criteria not satisfied	Mar 02 11
	40,000	–	–	40,000	£2.59	TSR criteria not satisfied	Dec 04 12
	30,000	–	–	30,000	£4.19	TSR criteria not satisfied	Jan 28 14
	63,127	(1,780)	(61,347)	–†	£0.0025	exercised	Sept 30 14
	–	61,347	–	61,347‡	£0.0025	Feb 14 09	Sept 30 14
	<u>169,127</u>	<u>59,567</u>	<u>(61,347)</u>	<u>167,347</u>			
CR Jones	32,000	–	–	32,000	£4.19	now	Jan 29 09
	60,000	–	–	60,000	£4.31	now	Jun 25 09
	8,000	–	–	8,000	£5.38	TSR criteria not satisfied	Mar 02 11
	6,000	–	–	6,000	£3.35	now	Jan 23 12
	20,000	–	–	20,000	£2.59	TSR criteria not satisfied	Dec 04 12
	15,000	–	–	15,000	£4.19	TSR criteria not satisfied	Jan 28 14
	2,533	–	–	2,533*	£3.69	Feb 01 09	Aug 01 09
	43,722	2,404	(46,126)	–†	£0.0025	exercised	Sept 30 14
	–	46,126	–	46,126	£0.0025	Feb 14 09	Sept 30 14
		<u>187,255</u>	<u>48,530</u>	<u>(46,126)</u>	<u>189,659</u>		
RT Lamont	10,000	–	–	10,000	£4.19	now	Jan 29 09
	5,000	–	–	5,000	£5.38	TSR criteria not satisfied	Mar 02 11
	17,315	(1,452)	(15,863)	–†	£0.0025	exercised	Sept 30 14
	–	15,863	–	15,863‡	£0.0025	Feb 14 09	Sept 30 14
	<u>32,315</u>	<u>14,411</u>	<u>(15,863)</u>	<u>30,863</u>			

Directors' Remuneration Report *continued*

Directors' share options *continued*

	At start of year	Granted/ true up during year	Exercised/ lapsed during year	At end of year/date of retirement	Exercise price	Date from which exercisable	Expiry date
SM Brady	16,000	–	–	16,000	£4.19	now	Jan 29 09
	8,000	–	–	8,000	£5.38	TSR criteria not satisfied	Mar 02 11
	6,000	–	–	6,000	£3.35	now	Jan 23 12
	20,000	–	–	20,000	£2.59	TSR criteria not satisfied	Dec 04 12
	10,000	–	–	10,000	£4.19	TSR criteria not satisfied	Jan 28 14
	2,255	–	–	2,255**	£4.19	Feb 01 10	Aug 01 10
44,119	2,355	–	46,474†	£0.0025	now	Sept 30 14	
–	46,474	–	46,474‡	£0.0025	Feb 14 09	Sept 30 14	
	106,374	48,829	–	155,203			
D Alfano	10,000	–	–	10,000	£4.19	now	Jan 29 09
	8,000	–	–	8,000	£5.62	now	Jan 05 10
	5,000	–	–	5,000	£5.38	TSR criteria not satisfied	Mar 02 11
	10,000	–	–	10,000	£2.59	TSR criteria not satisfied	Dec 04 12
	10,000	–	–	10,000	£4.19	TSR criteria not satisfied	Jan 28 14
	45,191	691	(45,882)	–†	£0.0025	exercised	Sept 30 14
–	45,882	–	45,882‡	£0.0025	Feb 14 09	Sept 30 14	
	88,191	46,573	(45,882)	88,882			
G Mueller	10,000	–	–	10,000	£5.38	TSR criteria not satisfied	Mar 02 11
	6,000	–	–	6,000	£3.35	now	Jan 23 12
	20,000	–	–	20,000	£2.59	TSR criteria not satisfied	Dec 04 12
	64,072	10,802	(74,874)	–†	£0.0025	exercised	Sept 30 14
–	74,874	–	74,874‡	£0.0025	Feb 14 09	Sept 30 14	
	100,072	85,676	(74,874)	110,874			
MJ Carroll	4,000	–	–	4,000	£4.19	now	Jan 29 09
	8,000	–	–	8,000	£5.62	now	Jan 05 10
	4,000	–	–	4,000	£5.38	TSR criteria not satisfied	Mar 02 11
	20,000	–	–	20,000	£2.59	TSR criteria not satisfied	Dec 04 12
	10,000	–	–	10,000	£4.19	TSR criteria not satisfied	Jan 28 14
	37,105	4,330	(41,435)	–†	£0.0025	exercised	Sept 30 14
–	41,435	–	41,435‡	£0.0025	Feb 14 09	Sept 30 14	
	83,105	45,765	(41,435)	87,435			
CHC Fordham	10,000	–	–	10,000	£5.38	TSR criteria not satisfied	Mar 02 11
	6,000	–	–	6,000	£3.35	now	Jan 23 12
	20,000	–	–	20,000	£2.59	TSR criteria not satisfied	Dec 04 12
	10,000	–	–	10,000	£4.19	TSR criteria not satisfied	Jan 28 14
	2,533	–	–	2,533*	£3.69	Feb 01 06	Aug 01 09
	46,773	2,873	(49,646)	–†	£0.0025	exercised	Sept 30 14
–	49,646	–	49,646‡	£0.0025	Feb 14 09	Sept 30 14	
	95,306	52,519	(49,646)	98,179			
JL Wilkinson	8,000	–	–	8,000	£3.35	now	Jan 23 12
	8,000	–	–	8,000	£2.59	TSR criteria not satisfied	Dec 04 12
	8,000	–	–	8,000	£4.19	TSR criteria not satisfied	Jan 28 14
	36,289	7,499	(43,788)	–†	£0.0025	exercised	Sept 30 14
	–	43,788	–	43,788‡	£0.0025	Feb 14 09	Sept 30 14
	60,289	51,287	(43,788)	67,788			
Total	1,769,768	640,914	(554,398)	1,856,284			

Directors' share options *continued*

Of the options exercised during the year:

	Number of options exercised	Date of exercise	Market price per share on date of exercise (£)	Gain on exercise (£)	Number of shares retained
PM Fallon	46,126	Feb 15 2008	3.95	182,082	46,126
PR Ensor	46,126	March 5 2008	3.26	150,255	46,126
NF Osborn	18,800	Feb 15 2008	3.95	74,213	18,800
DC Cohen	64,385	Feb 15 2008	3.95	254,160	37,883
CR Brown	61,347	Feb 15 2008	3.95	242,167	38,094
CR Jones	20,000	Feb 15 2008	3.95	78,950	20,000
CR Jones	26,126	March 5 2008	3.26	85,105	26,126
RT Lamont	15,863	Feb 15 2008	3.95	62,619	15,863
D Alfano	45,882	Feb 15 2008	3.95	181,119	45,882
G Mueller	74,874	Feb 15 2008	3.95	295,565	74,874
MJ Carroll	41,435	Feb 15 2008	3.95	163,565	10,000
CHC Fordham	49,646	July 25 2008	3.19	158,123	49,646
JL Wilkinson	43,788	Feb 15 2008	3.95	172,853	25,764
	<u>554,398</u>			<u>2,100,777</u>	<u>455,184</u>

* issued under the Euromoney Institutional Investor PLC Save As You Earn scheme 2006.

** issued under the Euromoney Institutional Investor PLC Save As You Earn scheme 2007.

*** issued under the Euromoney Institutional Investor PLC Save As You Earn scheme 2008.

† Options granted relate to those that were issued under the first tranche of the CAP which vested on February 14 2008, three months following the announcement of the company's results. The number of options granted to each director was provisional and was true-up following adjustment for the allocation of options belonging to leavers and adjustments to profits of the respective directors' individual businesses as required by the remuneration committee. As such the actual number of options granted was different from that reported last year.

‡ Options granted relate to those that are likely to be issued under the second tranche of the CAP which vest on February 14 2009, three months following the announcement of the company's results. The number of options granted to each director is provisional and will primarily require a true-up to reflect adjustments of the respective directors' individual businesses profits during the period to December 31 2008 as required by the remuneration committee. As such the actual number of options granted could vary from that disclosed.

The market price of the company's shares on September 30 2008 was £3.25. The high and low share prices during the year were £5.23 and £3.17 respectively. There were 640,914 options granted during the year (2007: 566,103). The aggregate gain made by directors on the exercise of share options in the year was £2,100,777 (2007: £26,287).

In addition, the following directors hold options to subscribe for common stock of US\$0.001 each in Internet Securities, Inc., a subsidiary of the company. All of these options are fully vested and exercisable.

	At start of year	At end of year	Exercise price	Date from which exercisable	Expiry date
JC Botts	6,000	6,000	US\$7.40	now	May 13 09
G Mueller	5,063	5,063	US\$7.07	now	Feb 02 14
NF Osborn	5,000	5,000	US\$8.95	now	Sept 05 10
Total	<u>16,063</u>	<u>16,063</u>			

No options in Internet Securities, Inc. were granted or exercised during the year.

Directors' Remuneration Report *continued*

Information not subject to audit

Directors' interests in the company

The interests of the directors and their families in the ordinary shares of the company and its subsidiaries as at September 30 were as follows:

	Ordinary shares of 0.25p each	
	2008	2007
Beneficial		
PM Fallon	532,998	486,872
PR Ensor	102,277	56,151
NF Osborn	33,875	42,590
DC Cohen	74,547	36,664
CR Brown	79,205	41,111
CR Jones	67,887	21,761
RT Lamont	41,366	25,503
SM Brady	–	–
D Alfano	47,629	1,747
G Mueller	110,377	20,503
MJ Carroll	10,000	–
CHC Fordham	50,519	873
JL Wilkinson	25,764	–
The Viscount Rothermere	20,864	20,864
Sir Patrick Sergeant	265,304	285,304
CJF Sinclair*	7,494	7,494
JP Williams*	3,075	3,075
JC Botts	15,503	5,503
	1,488,684	1,056,015
Non-beneficial		
Sir Patrick Sergeant	20,000	–
	20,000	–

At September 30 2008 G Mueller was beneficially interested in 380,000 shares of Internet Securities, Inc. a subsidiary of the group (2007: 380,000 shares).

Directors' interests in Daily Mail and General Trust plc

The interests of the directors, to be disclosed under chapter 9.8.6 of the UKLA Listing Rules, in the shares of Daily Mail and General Trust plc as at September 30 were as follows:

	Ordinary shares of 12.5p each		'A' ordinary non-voting shares of 12.5p each	
	2008	2007	2008	2007
The Viscount Rothermere ^{1&2}	11,903,132	11,878,132	76,213,053	76,195,913
PM Fallon	–	–	41,500	41,500
Sir Patrick Sergeant	–	–	80,000	80,000
CJF Sinclair ^{1&2}	–	–	477,207	438,150
JP Williams ^{1&2}	–	–	243,072	229,552

* resigned September 30 2008.

1. The figures in the table above include 'A' shares committed by executives under a long-term incentive plan, details of which are set out in the Daily Mail and General Trust plc's annual report.

2. The figures in the table above include 'A' shares awarded to executives under the DMGT Executive Bonus Scheme. For the Viscount Rothermere, CJF Sinclair and JP Williams respectively, 26,839, 43,312 and 21,414 of these shares were subject to restrictions as explained on in the Daily Mail and General Trust plc's annual report. The comparable figures at October 1 2007 were 32,108, 33,263 and 18,389 respectively.

Directors' interests in Daily Mail and General Trust plc continued

The Viscount Rothermere had non-beneficial interests as a trustee at September 30 2008 in 5,540,000 'A' ordinary non-voting shares of 12.5p each (2007: 5,540,000 shares) plus 639,208 ordinary shares (2007: 665,208 shares).

Daily Mail and General Trust plc has been notified that, under section 824 of the Companies Act 2006 and including the interests shown in the table above, The Viscount Rothermere is deemed to have been interested in 12,542,340 ordinary shares of 12.5p each (2007: 12,543,340 shares).

At September 30 2008 and September 30 2007, The Viscount Rothermere was beneficially interested in 756,700 ordinary shares of Rothermere Continuation Limited, the company's ultimate parent company.

The Viscount Rothermere, CJF Sinclair and JP Williams had options over 436,000, 898,000 and 365,000 'A' ordinary non-voting shares in Daily Mail and General Trust plc at September 30 2008 respectively (2007: 436,000, 698,000 and 365,000 respectively). The exercise price of these options range from £5.05 to £10.30. Further details of these options are listed in the Daily Mail and General Trust plc group accounts.

There have been no changes in the director's interests since September 30 2008.



John Botts

Chairman of the Remuneration Committee

November 12 2008

Independent Auditors' Report

Independent auditors' report to the members of Euromoney Institutional Investor PLC

We have audited the group financial statements of Euromoney Institutional Investor PLC for the year ended September 30 2008 which comprise the Group Income Statement, the Group Balance Sheet, the Group Cash Flow Statement, the Group Statement of Recognised Income and Expense and the related notes 1 to 30. These group financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

We have reported separately on the parent company financial statements of Euromoney Institutional Investor PLC for the year ended September 30 2008.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the group financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the group financial statements give a true and fair view, whether the group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation and whether the part of the directors' remuneration report described as having been audited has been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the group financial statements. In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited group financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the group financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at September 30 2008 and of its profit for the year then ended;
- the group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;
- the part of the directors' remuneration report described as having been audited has been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the group financial statements.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

November 12 2008

Group Income Statement

for the year ended September 30 2008

	Notes	2008 £000's	2007 £000's
Revenue			
Continuing operations	3	332,064	305,594
Less: share of revenue of joint ventures		–	(441)
Total revenue	3	332,064	305,153
Operating profit before acquired intangible amortisation, share option expense and exceptional items			
Operating profit before acquired intangible amortisation, share option expense and exceptional items	3	81,308	78,606
Acquired intangible amortisation	11	(12,749)	(15,716)
Share option expense		(5,361)	(6,993)
Accelerated share option expense		–	(3,183)
Exceptional items	5	(2,477)	855
Operating profit before associates and joint ventures	3, 4	60,721	53,569
Share of results in associates and joint ventures		308	490
Operating profit		61,029	54,059
Finance income	7	5,594	5,496
Finance expense	7	(29,197)	(18,427)
Net finance costs	7	(23,603)	(12,931)
Profit before tax	3	37,426	41,128
Tax credit/(expense) on profit		1,921	(11,401)
Deferred tax asset recognition		5,358	3,178
Tax credit/(expense) on profit on ordinary activities	8	7,279	(8,223)
Profit after tax from continuing operations	3	44,705	32,905
Profit for the year from discontinued operations	15	245	500
Profit for the year		44,950	33,405
Attributable to:			
Equity holders of the parent		43,719	31,822
Equity minority interests		1,231	1,583
		44,950	33,405
Basic earnings per share – continuing operations	10	41.69p	30.66p
Basic earnings per share – continuing and discontinued operations	10	41.92p	31.16p
Diluted earnings per share – continuing operations	10	40.37p	29.86p
Diluted earnings per share – continuing and discontinued operations	10	40.60p	30.34p
Adjusted diluted earnings per share	10	44.36p	35.04p
Dividend per share (including proposed dividends)	9	19.25p	19.00p

A detailed reconciliation of the group's underlying results is set out in the appendix to the Chairman's statement on page 7.

Group Balance Sheet

as at September 30 2008

	Notes	2008 £000's	2007 £000's
Non-current assets			
Intangible assets			
Goodwill	11	272,096	248,137
Other intangible assets	11	135,482	131,885
Property, plant and equipment	12	21,661	20,917
Investments	13	303	252
Deferred tax assets	21	16,459	11,508
Net pension surplus	27	2,527	364
Derivative financial instruments	18	368	5,088
		448,896	418,151
Current assets			
Trade and other receivables	16	69,141	67,458
Amounts on loans owed by DMGT group undertakings	29	155,772	–
Current income tax assets		1,928	–
Cash and cash equivalents		21,211	26,711
Derivative financial instruments	18	1,451	4,387
		249,503	98,556
Current liabilities			
Acquisition option commitments	25	(22,276)	(14,899)
Trade and other payables	17	(30,619)	(28,991)
Amounts on loans owed to DMGT group undertakings	29	(155,772)	–
Current income tax liabilities		(2,558)	(9,681)
Accruals		(50,016)	(43,424)
Deferred income		(89,488)	(73,382)
Derivative financial instruments	18	(15,165)	(605)
Provisions	20	(1,198)	(2,684)
Committed loan facility	19	(184,594)	–
Loan notes	19	(7,579)	(11,796)
Bank overdrafts	19	(1,032)	(5,935)
		(560,297)	(191,397)
Net current liabilities		(310,794)	(92,841)
Total assets less current liabilities		138,102	325,310
Non-current liabilities			
Acquisition option commitments	25	(7,572)	(18,436)
Other non-current liabilities		(1,301)	(1,189)
Committed loan facility	19	–	(213,559)
Deferred tax liabilities	21	(27,887)	(31,650)
Derivative financial instruments	18	(9,773)	(1,373)
Provisions	20	(3,505)	(3,323)
		(50,038)	(269,530)
Net assets		88,064	55,780
Shareholders' equity			
Called up share capital	22	263	258
Share premium account	24	38,575	38,509
Other reserve	24	64,981	64,981
Capital redemption reserve	24	8	8
Own shares	24	(74)	(74)
Liability for share based payments	24	20,676	15,737
Fair value reserve	24	(19,579)	18,176
Translation reserve	24	17,113	(15,335)
Retained earnings	24	(36,916)	(69,975)
Equity shareholders' surplus		85,047	52,285
Equity minority interests		3,017	3,495
Total equity		88,064	55,780

The accounts were approved by the board of directors on November 12 2008.

Richard Ensor
Colin Jones
Directors




Group Cash Flow Statement

for the year ended September 30 2008

	2008 £000's	2007 £000's
Cash flow from operating activities		
Operating profit	61,029	54,059
Share of results in associates and joint ventures	(308)	(490)
Profit from discontinued operations	–	885
Profit on disposal of long-term investment	(1,589)	–
Profit on disposal of businesses	–	(6,780)
Acquired intangible amortisation	12,749	15,716
Licences and software amortisation	207	289
Share option expense	5,361	10,176
Goodwill impairment	2,952	–
Reduction in goodwill arising from a deferred tax adjustment	2,784	–
Depreciation of property, plant and equipment	2,759	2,585
Movement in provisions	(1,419)	2,324
(Profit)/loss on disposal of property, plant and equipment	(1,662)	297
Operating cash flows before movements in working capital	82,863	79,061
Decrease/(increase) in receivables	3,224	(11,570)
Increase in payables	13,697	22,559
Cash generated from operations	99,784	90,050
Income taxes paid	(12,231)	(9,773)
Net cash from operating activities	87,553	80,277
Investing activities		
Dividends paid to minorities	(2,056)	(1,511)
Dividends received from associate	257	646
Interest received	4,212	2,162
Purchase of intangible assets	(156)	(112)
Purchase of property, plant and equipment	(4,240)	(7,889)
Proceeds from disposal of property, plant and equipment	2,846	1,106
Proceeds from disposal of long-term investment	1,589	–
Purchase of additional interest in subsidiary undertakings	(5,997)	(18,594)
Acquisition of associates and joint ventures	–	(6)
Acquisition of subsidiary undertakings	(556)	(151,317)
Proceeds from disposal of businesses	–	8,207
Proceeds from disposal of discontinued operations	245	6,571
Net cash used in investing activities	(3,856)	(160,737)
Financing activities		
Dividends paid	(19,950)	(18,110)
Interest paid	(10,129)	(17,277)
Interest paid on loan notes	(534)	(578)
Issue of new share capital	72	428
Repayment of borrowings	–	(78,136)
Settlement of derivative assets/liabilities	(5,591)	131
Redemption of loan notes	(4,324)	(915)
Loan repaid to DMGT group company	(217,236)	(61,350)
Loan received from DMGT group company	171,218	251,297
Net cash (used in)/from financing activities	(86,474)	75,490
Net decrease in cash and cash equivalents	(2,777)	(4,970)
Cash and cash equivalents at beginning of year	20,776	26,268
Effect of foreign exchange rate movements	2,180	(522)
Cash and cash equivalents at end of year	20,179	20,776

Note to the Group Cash Flow Statement

Net Debt

	2008 £000's	2007 £000's
Net debt at beginning of year	(204,579)	(73,438)
Decrease in cash and cash equivalents	(2,777)	(4,970)
Increase in loans	–	78,136
Decrease/(increase) in amounts owed to DMGT group company	46,018	(189,947)
Debt acquired on acquisition of Metal Bulletin	–	(12,606)
Redemption/(issue) of loan notes	4,324	(11,796)
Interest paid on loan notes	534	267
Other non cash changes	(5,805)	(1,422)
Effect of foreign exchange rate movements	(9,709)	11,197
Net debt at end of year	(171,994)	(204,579)

Net debt comprises cash at bank and in hand, bank overdrafts, committed borrowings and loan notes.

Non cash changes represent interest added to the principal amounts owed to DMGT and accrued interest on loan notes.

Group Statement of Recognised Income and Expense

for the year ended September 30 2008

	2008 £000's	2007 £000's
Loss on sale of available-for-sale investments taken to equity	–	(405)
(Losses)/gains on cash flow hedges	(17,455)	6,392
Gains on revaluation of intangible assets	1,692	2,384
Net exchange differences on translation of foreign operations	32,448	(15,001)
Net exchange differences on foreign currency loans	(19,115)	5,886
Actuarial gains on defined benefit pension schemes	1,589	4,158
Tax on items taken directly to equity	1,282	2,082
Net income recognised directly in equity	441	5,496
Translation reserves recycled to the income statement on disposals	–	(90)
Transfer of gain on cash flow hedges from fair value reserves to income statement	(2,877)	(2,699)
Profit for the year	44,950	33,405
Total recognised income and expense for the year	42,514	36,112
Attributable to:		
Equity holders of the parent	41,283	34,529
Equity minority interests	1,231	1,583
	42,514	36,112

Notes to the Accounts

1 Accounting policies

General information

Euromoney Institutional Investor PLC (the 'company') is a company incorporated in the UK.

The group financial statements consolidate those of the company and its subsidiaries (together referred to as the 'group') and equity-account the group's interest in associates and jointly controlled entities. The parent company financial statements present information about the entity and not about its group.

The group financial statements have been prepared and approved by the directors in accordance with the International Financial Reporting Standards adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation. The company has elected to prepare its parent company financial statements in accordance with UK GAAP.

Judgements made by the directors in the application of these accounting policies that have a significant effect on the financial statements, and estimates with a significant risk of material adjustment in the next year, are discussed in note 2.

In the current year, the group has adopted IFRS 7 'Financial Instruments: Disclosures' which is effective for annual reporting periods beginning on or after January 1 2007. The impact of IFRS 7 has been to expand the disclosures provided in these financial statements regarding the group's financial instruments.

At the date of authorisation of these financial statements, the following new accounting standards, or amendments and interpretations to existing standards have not been applied as they are not yet effective: Amendment to IAS 1 'Presentation of Financial Statements: Capital Disclosures' (effective for annual periods beginning on or after January 1 2009); IFRIC 14 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' (effective for annual periods beginning on or after January 1 2008); Amendment to IAS 23 'Borrowing Costs' (effective for annual periods beginning on or after July 1 2009); IFRS 8 'Operating Segments' (effective for annual periods beginning on or after January 1 2009); Amendment to IAS 27 'Consolidated Financial Statements' (effective for annual periods beginning on or after July 1 2009) and amendment to IFRS 3 'Business Combinations' (effective for annual periods beginning on or after July 1 2009). The directors anticipate that the adoption of these standards in future periods will have no material impact on the financial statements of the group except for additional disclosures. In addition, certain other standards and interpretations were issued during the period which either do not apply to the group or are not expected to have any material effect.

Basis of preparation

The accounts have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value.

The accounting policies set out below have been applied consistently to all periods presented in these group financial statements except for the presentation of segmental information. The segmental information has been re-analysed to better reflect the system of internal financial reporting to key management and to more accurately reflect the underlying businesses' results that are used to assess risk and reward decisions. As a result the comparative segmental information has been restated.

Basis of consolidation

The consolidated accounts incorporate the accounts of the company and entities controlled by the company (its 'subsidiaries'). Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

An associate is an entity over which the group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. A joint venture is an entity over which the group is in a position to exercise joint control over the financial and operating policies of the investee. The results and assets and liabilities of associates and joint ventures are incorporated in these financial statements using the equity method of accounting.

Where the group owns a non-controlling interest in the equity share capital of a non-quoted company and does not exercise significant influence, it is held as an investment and stated in the balance sheet at the lower of cost and net realisable value.

The results of subsidiary and associated undertakings acquired during the year are incorporated from the effective date of acquisition. Acquisitions are accounted for under the acquisition method, with consideration given and the assets and liabilities acquired being recorded at fair value.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Minority interests consists of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority interest in the subsidiary's equity are allocated against the interests of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Notes to the Accounts *continued*

1 Accounting policies *continued*

Foreign currencies

The functional and presentation currency of Euromoney Institutional Investor PLC and its UK subsidiaries is sterling (£). The functional currency of subsidiaries, associates and joint ventures is the currency of the primary economic environment in which they operate.

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling at the balance sheet date.

The income statements of overseas operations are translated into sterling at the average exchange rates for the year and their balance sheets are translated into sterling at the exchange rates ruling at the balance sheet date. All exchange differences arising on consolidation are taken to equity. In the event of the disposal of an operation, the related cumulative translation differences are recognised in the income statement in the period of disposal.

Gains and losses arising on foreign currency borrowings and derivative instruments, to the extent that they are used to provide a hedge against the group's equity investments in overseas undertakings, are taken to equity together with the exchange difference arising on the net investment in those undertakings. All other exchange differences are taken to the income statement.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation of property, plant and equipment is provided on the straight-line basis over their expected useful lives at the following rates per year:

Freehold land and buildings	2%
Long-term leasehold premises	over term of lease
Short-term leasehold premises	over term of lease
Office equipment	11% – 33%
Motor vehicles	20%

All property, plant and equipment are reviewed for impairment in accordance with IAS 36 'Impairment of Assets' when there are indications that the carrying value may not be recoverable.

Intangible assets

Goodwill

Goodwill represents the excess of the fair value of purchase consideration over the net fair value of identifiable assets and liabilities acquired.

Goodwill is recognised as an asset at cost and subsequently measured at cost less accumulated impairment. For the purposes of impairment testing, goodwill is allocated to those cash generating units that have benefited from the acquisition. The carrying value of goodwill is reviewed for impairment at least annually or where there is an indication that goodwill may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, then the impairment loss is allocated first to reduce the carrying amount of the goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis. Any impairment is recognised immediately in the income statement and may not subsequently be reversed. On disposal of a subsidiary undertaking, the attributable amount of goodwill is included in the determination of the profit and loss on disposal.

Goodwill arising on foreign subsidiary investments held in the consolidated balance sheet are retranslated into sterling at the applicable period end exchange rates. Any exchange differences arising are taken directly to equity as part of the retranslation of the net assets of the subsidiary.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts having been tested for impairment at that date. Goodwill written off to reserves under UK GAAP before October 1 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

Other intangible assets

The group makes an assessment of the fair value of intangible assets arising on acquisitions. An intangible asset will be recognised as long as the asset is separable or arises from contractual or other legal rights, and its fair value can be measured reliably.

Amortisation is charged so as to write off the costs of intangible assets over their estimated useful lives, using the straight-line or reducing balance method.

1 Accounting policies *continued*

All intangible assets are reviewed for impairment in accordance with IAS 36 'Impairment of assets' when there are indications that the carrying value may not be recoverable.

The costs of acquiring and developing software that is not integral to the related hardware is capitalised separately as an intangible asset. These intangibles are stated at cost less accumulated amortisation and impairment losses.

Amortisation

Amortisation of intangible assets is provided on a reducing balance basis or straight-line basis as appropriate over their expected useful lives at the following rates per year:

Brands	20 – 30 years
Data providers contracts	5 years
Customer relationships	3 – 16 years
Licences and software	3 years
Subscription contracts	1 year

Business combinations achieved in stages

Where a business combination is achieved by more than one exchange transaction, goodwill is calculated separately for each transaction with the appropriate share of the acquiree's net assets based on the net fair values at the time of each exchange transaction. Any adjustment to fair values related to previously held interests is a revaluation which is accounted for as an adjustment to equity.

Purchases and sale of shares in a controlled entity

Where the group's interest in a controlled entity increases, which does not result in a change of control, the group calculates the goodwill arising as the difference between the cost of the additional interest acquired and the fair value of the group's interest in the subsidiary's net assets at the date of the change in interest. All of the assets and liabilities are fair valued at the date of acquisition of the additional controlling stake.

Financial assets

Trade and other receivables

Trade receivables are recognised and carried at original invoice amount, less provision for impairment. A provision is made and charged to the income statement when there is objective evidence that the group will not be able to collect all amounts due according to the original terms.

Cash and cash equivalents

Cash and cash equivalents includes cash, short-term deposits and other short-term highly liquid investments with an original maturity of three months or less.

For the purpose of the group cash flow statement, cash and cash equivalents are as defined above, net of outstanding bank overdrafts.

Financial liabilities and equity

Committed borrowings and bank overdrafts

Interest-bearing loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Direct issue costs are amortised over the period of the loans and overdrafts to which they relate. Finance charges, including premiums payable on settlement or redemption are charged to the income statement as incurred using the effective interest rate method and are added to the carrying value of the borrowings or overdraft to the extent they are not settled in the period which they arise.

Trade payables

Trade payables are not interest-bearing and are stated at their fair value.

Derivatives financial instruments

The group uses various derivative financial instruments to manage its exposure to foreign exchange and interest rate risks, including forward foreign currency contracts and interest rate swaps.

All derivative instruments are recorded in the balance sheet at fair value. The recognition of gains or losses on derivative instruments depends on whether the instrument is designated as a hedge and the type of exposure it is designed to hedge.

The effective portion of gains or losses on cash flow hedges are deferred in equity until the impact from the hedged item is recognised in the income statement. The ineffective portion of such gains and losses is recognised in the income statement immediately.

Notes to the Accounts *continued*

1 Accounting policies *continued*

Gains or losses on the qualifying part of net investment hedges are recognised in equity together with the gains and losses on the underlying net investment. The ineffective portion of such gains and losses is recognised in the income statement immediately.

Changes in the fair value of the derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

The premium or discount on interest rate instruments is recognised as part of net interest payable over the period of the contract. Interest rate swaps are accounted for on an accruals basis.

Liabilities in respect of put option agreements

Liabilities for put options over the remaining minority interests in subsidiaries are recorded in the balance sheet at their estimated discounted present value. These discounts are unwound and charged to the income statement as notional interest over the period up to the date of the potential future payment. In respect of options over further interests in joint ventures and associates, only movements in their fair value are recognised.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is calculated under the provisions of IAS 12 'Income tax' and is recognised on differences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. No provision is made for temporary differences on unremitted earnings of foreign subsidiaries, joint ventures or associates where the group has control and the reversal of the temporary difference is not foreseeable.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current assets and liabilities on a net basis.

Provisions

A provision is recognised in the balance sheet when the group has a present legal or constructive obligation as a result of a past event, and it is probable that economic benefits will be required to settle the obligation. If it is material, provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Pensions

Contributions to pension schemes in respect of current and past service, ex-gratia pensions, and cost of living adjustments to existing pensions are based on the advice of independent actuaries.

Payments to the Euromoney Pension Plan and the Metal Bulletin Group Personal Pension Plan, defined contribution pension schemes, are charged as an expense as they fall due.

The company operates the Metal Bulletin Pension Scheme, a defined benefit scheme. The cost of providing benefits is determined by triennial valuations using the attained age method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets.

1 Accounting policies *continued*

The company also participates in the Harmsworth Pension Scheme, a defined benefit pension scheme which is operated by Daily Mail and General Trust plc. As there is no contractual agreement or stated policy for charging the net defined benefit cost for the plan as a whole to the individual entities, the company recognises an expense equal to its contributions payable in the period and does not recognise any unfunded liability of this pension scheme on its balance sheet.

Share-based payments

The group makes share-based payments to certain employees. These payments are measured at their estimated fair value at the date of grant, calculated using an appropriate option pricing model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of the number of shares that will eventually vest. At the period end the vesting assumptions are revisited and the charge associated with the fair value of these options updated. In accordance with the transitional provisions of IFRS 1, IFRS 2 'Share-based payments' has been applied to all grants of options after November 7 2002, that were unvested at October 1 2004, the date of transition to IFRS.

For cash settled share based payments a liability equal to the portion of the goods and services received is recognised at the current fair value as determined at each balance sheet date.

Revenue

Revenue represents income from advertising, subscriptions, sponsorship and delegate fees, net of value added tax.

- Advertising revenues are recognised in the income statement on the date of publication.
- Subscription revenues are recognised in the income statement on a straight-line basis over the period of the subscription.
- Sponsorship and delegate revenues are recognised in the income statement over the period the event is run.

Revenues invoiced but relating to future periods are deferred and treated as deferred income in the balance sheet.

Leased assets

Operating lease rentals are charged to the income statement on a straight-line or other systematic basis as allowed by IAS 17 'Leases'.

Dividends

Dividends are recognised as an expense in the period in which they are approved by the company's shareholders. Interim dividends are recorded in the period in which they are paid.

Own shares held by Employees' Share Ownership Trust

Transactions of the group-sponsored trust are included in the group financial statements. In particular, the trust's holdings of shares in the company are debited direct to equity.

Earnings per share

The earnings per share and diluted earnings per share calculations follow the provisions of IAS 33 'Earnings per share'. The diluted earnings per share figure is calculated by adjusting for the dilution effect of the exercise of all ordinary share options, SAYE options and the Capital Appreciation Plan options granted by the company, but excluding the ordinary shares held by the Euromoney Employees' Share Ownership Trust.

Exceptional items

Exceptional items are items of income or expense considered by the directors, either individually or if of a similar type in aggregate, as being either material or significant and which require disclosure in order to provide a view of the group's results excluding these items.

2 Key judgemental areas adopted in preparing these accounts

The group prepares its group financial statements in accordance with IFRS, the application of which often requires judgements to be made by management when formulating the group's financial position and results. Under IFRS, the directors are required to adopt those accounting policies most appropriate to the group's circumstances for the purpose of presenting fairly the group's financial position, financial performance and cash flows.

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the group should it later be determined that a different choice would have been more appropriate.

Management considers the accounting estimates and assumptions discussed below to be its key judgemental areas and, accordingly, provides an explanation of each below. Management has discussed its critical accounting estimates and associated disclosures with the group's audit committee.

The discussion below should also be read in conjunction with the group's disclosure of IFRS accounting policies, which is provided in note 1.

Notes to the Accounts *continued*

2 Key judgemental areas adopted in preparing these accounts *continued*

Acquisitions

The group's accounting policy is that on acquisition of a subsidiary or business, the purchase consideration is allocated over the net fair value of identifiable assets, liabilities and contingent liabilities acquired, with any excess purchase consideration representing goodwill.

Fair value

Determining the fair value of assets, liabilities and contingent liabilities acquired requires management's judgement and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash flows, recoverability of assets, and unprovided liabilities and commitments particularly in relation to tax and VAT.

Intangible assets

The group makes an assessment of the fair value of intangible assets arising on acquisitions. An intangible asset will be recognised as long as the asset is separable or arises from contractual or other legal rights, and its fair value can be measured reliably.

The measurement of the fair value of intangible assets acquired requires significant management judgement particularly in relation to the expected future cash flows from the acquired marketing databases (which are generally based on management's estimate of marketing response rates), trademarks, brands, repeat and well established events. At September 30 2008 the net book value of intangible assets was £135.1 million (2007: £131.5 million).

Goodwill

Goodwill is recognised as an asset at cost and subsequently measured at cost less accumulated impairment. For the purposes of impairment testing, goodwill is allocated to those cash generating units that have benefited from the acquisition. The carrying value of goodwill is reviewed for impairment at least annually or where there is an indication that goodwill may be impaired.

Goodwill is impaired where the carrying value of goodwill is higher than the net present value of future cash flows of those cash generating units to which it relates. Key areas of judgement in calculating the net present value are the forecast cashflows, the long term growth rate of the applicable businesses and the discount rate applied to those cash flows. During the year the group recognised a goodwill impairment of £3.0 million (note 5) and a reduction in goodwill arising from a deferred tax adjustment of £2.8 million (note 5). Goodwill held on the balance sheet at September 30 2008 was £272.1 million (2007: £248.1 million).

Acquisition option commitments

The group is party to a number of put and call options over the remaining minority interests in some of its subsidiaries. IAS 39 requires the discounted present value of these acquisition option commitments to be recognised as a liability on the balance sheet with a corresponding decrease in reserves. The discounts are unwound as a notional interest charge to the income statement. Key areas of judgement in calculating the discounted present value of the options are the expected future cash flows and earnings of the business, the period remaining until the option is exercised and the discount rate. At September 30 2008 the discounted present value of these acquisition option commitments was £29.8 million (2007: £33.3 million).

Share-based payments

The group makes share-based payments to certain employees. These payments are measured at their estimated fair value at the date of grant, calculated using an appropriate option pricing model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of the number of shares that will eventually vest. The key assumptions used in calculating the fair value of the options are the discount rate, the group's share price volatility, dividend yield, risk free rate of return, and expected option lives. These assumptions are set out in note 23. Management regularly perform a true-up of the estimate of the number of shares that are expected to vest, which is dependent on the anticipated number of leavers.

The Capital Appreciation Plan is explained in detail in the Directors' Remuneration Report. The number of shares available for award is dependent on the future profits of the group up to at least 2009 which, in addition to the key assumptions above, management are required to estimate. A fall in the estimate of these profits would result in a lower cumulative charge to the income statement.

The charge for share-based payments for the year ended September 30 2008 is £5.4 million (2007: £10.2 million).

Defined benefit pension scheme

The surplus or deficit in the defined benefit pension scheme that is recognised through the statement of recognised income and expense is subject to a number of assumptions and uncertainties. The calculated liabilities of the scheme are based on assumptions regarding salary increases, inflation rates, discount rates, the long term expected return on the scheme's assets and member longevity. Details of the assumptions used are shown in note 27. Such assumptions are based on actuarial advice and are benchmarked against similar pension schemes.

2 Key judgemental areas adopted in preparing these accounts *continued*

Taxation

The group's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the group's total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profit and loss and/or cash flow variances.

The group is a multi-national group with tax affairs in many geographical locations. This inherently leads to a higher than usual complexity to the group's tax structure and makes the degree of estimation and judgement more challenging. The resolution of issues is not always within the control of the group and it is often dependent on the efficiency of the legislative processes in the relevant taxing jurisdictions in which the group operates. Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result, there can be substantial differences between the tax charge in the income statement and tax payments.

The group has certain significant open items in several tax jurisdictions and as a result the amounts recognised in the group financial statements in respect of these items are derived from the group's best estimation and judgement, as described above. However, the inherent uncertainty regarding the outcome of these items means eventual resolution could differ from the accounting estimates and therefore affect the group's results and cash flows.

Recognition of deferred tax assets

The recognition of net deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future, against which the reversal of temporary differences can be deducted. Recognition, therefore, involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised.

Historical differences between forecast and actual taxable profits have not resulted in material adjustments to the recognition of deferred tax assets. At September 30 2008, the group had a deferred tax asset of £16.5 million (2007: £11.5 million).

Treasury

Interest rate exposure

Interest rate swaps and caps are used to manage the group's exposure to fluctuations in interest rates on its floating rate borrowings. The maturity profile of these derivatives is matched with the expected future debt profile of the group. The group's policy is to fix the interest rates on approximately 80% of its term debt looking forward over five years. The expected future debt profile of the group is based on estimates of both timings and size of future, as yet unknown, acquisitions offset by an estimate of the cash generated by the group over a five year period. If management materially underestimate the group's future debt profile this would lead to too few interest rate instruments being in place and the group more exposed to swings in interest rates. An overestimate of the group's future debt profile would lead to associated costs in unwinding the excess interest rate instruments. At September 30 2008, the fair value of the group's interest rate swaps was a liability £2.9 million (2007: £0.6 million).

Forward contracts

The group is exposed to foreign exchange risk in the form of transactions in foreign currencies entered into by group companies and by the translation of the results of foreign subsidiaries into sterling for reporting purposes.

The group does not hedge the translation of the results of foreign subsidiaries, consequently, fluctuations in the value of pounds sterling versus currencies could materially affect the amount of these items in the consolidated financial statements, even if their values have not changed in their original currency. The group does endeavour to match foreign currency borrowings to investments in order to provide a natural hedge for the translation of the net assets of overseas subsidiaries.

Approximately 60% of the group's revenues are in US dollars. Subsidiaries normally do not hedge transactions in foreign currencies into the functional currency of their own operations. However, at a group level a series of US dollar forward contracts is put in place up to 48 months forward partially to hedge its dollar revenues into sterling. The timing and value of these forward contracts is based on management's estimate of its future US dollar revenues over a 48 month period. If management materially underestimated the group's future US dollar revenues this would lead to too few forward contracts being in place and the group being more exposed to swings in US dollar to sterling exchange rates. An overestimate of the group's US dollar revenue would lead to associated costs in unwinding the excess forward contracts. At September 30 2008, the fair value of the group's forward contracts was a liability of £10.9 million (2007: asset of £7.3 million).

Details of the financial instruments used are set out in note 18 to the accounts.

Notes to the Accounts *continued*

3 Segmental analysis

Primary reporting format

Segmental information is presented in respect of the group's business divisions and represent the group's management and internal reporting structure. The group is organised into five business divisions: Financial publishing; Business publishing; Training; Conferences and seminars; and Databases and information services. This is considered to be the primary reporting format. Financial publishing and Business publishing consist primarily of advertising and subscription revenue. The Training division consists primarily of delegate revenue. Conferences and seminars consists of both sponsorship income and delegate revenue. Databases and information services consists of subscription revenue. A breakdown of the group's revenue by type is set out below.

The presentation of the group's primary reporting format has been re-analysed to better reflect the system of internal financial reporting to key management and to more accurately reflect the underlying businesses' results that are used to assess risk and reward decisions. As a result the comparative split of divisional revenues and operating profits has been restated. The total revenue and operating profit remains unchanged. The total revenue and operating profit by geographic source remains unchanged.

Secondary reporting format

The group divides the operation of its businesses across three main geographical areas: United Kingdom; North America; and Rest of World (which primarily includes Asia). These geographical areas are considered as the secondary reporting format.

Inter segment sales are charged at prevailing market rates and shown in the eliminations columns below.

	United Kingdom		North America		Rest of World		Eliminations		Total	
	2008	2007 (Restated)	2008	2007 (Restated)	2008	2007 (Restated)	2008	2007 (Restated)	2008	2007 (Restated)
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Revenue										
By division and source:										
Financial publishing	49,225	47,854	36,401	38,365	1,956	1,803	(3,423)	(3,542)	84,159	84,480
Business publishing	40,361	33,742	12,598	11,270	1,963	1,637	(1,834)	(1,040)	53,088	45,609
Training	27,078	24,206	10,581	10,521	3,553	2,662	(460)	(334)	40,752	37,055
Conferences and seminars	31,511	29,036	38,386	38,708	18,147	13,714	(145)	(159)	87,899	81,299
Databases and information services	7,529	7,568	40,733	30,415	17,867	13,794	(2)	(2)	66,127	51,775
Sold/closed businesses	39	1,306	–	3,635	–	–	–	(6)	39	4,935
Corporate revenue	1,665	1,583	299	236	2	4	(1,966)	(1,823)	–	–
Group revenue	157,408	145,295	138,998	133,150	43,488	33,614	(7,830)	(6,906)	332,064	305,153
Joint ventures	–	–	–	–	–	441	–	–	–	441
	157,408	145,295	138,998	133,150	43,488	34,055	(7,830)	(6,906)	332,064	305,594

The joint venture revenues of £nil (2007: £441,000) can be allocated as follows: Conferences and seminars £nil (2007: £353,000) and Training £nil (2007: £88,000).

	2008 £000's	2007 £000's
Revenue by type:		
Subscriptions	123,067	103,949
Advertising	66,504	65,227
Sponsorship	45,813	46,203
Delegates	86,350	74,046
Other	10,291	10,793
Sold/closed businesses	39	4,935
Total revenue	332,064	305,153
Investment income (note 7)	597	653
Total revenue and investment income	332,661	305,806

3 Segmental analysis *continued*

	United Kingdom		North America		Rest of World		Eliminations		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Revenue										
By destination:										
Sale of goods	52,901	34,808	85,650	96,156	71,308	56,616	(6,485)	(5,716)	203,374	181,864
Sale of services	8,884	14,244	47,942	47,218	73,170	58,059	(1,345)	(1,167)	128,651	118,354
Sold/closed businesses	39	500	–	3,765	–	693	–	(23)	39	4,935
Group revenue	61,824	49,552	133,592	147,139	144,478	115,368	(7,830)	(6,906)	332,064	305,153
Joint ventures	–	–	–	–	–	441	–	–	–	441
Total revenue	61,824	49,552	133,592	147,139	144,478	115,809	(7,830)	(6,906)	332,064	305,594
Investment income	459	267	106	386	32	–	–	–	597	653
Total revenue (including share of joint venture revenue) and investment income	62,283	49,819	133,698	147,525	144,510	115,809	(7,830)	(6,906)	332,661	306,247

	United Kingdom		North America		Rest of World		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Operating profit¹								
By division and source:								
Financial publishing	18,583	16,701	5,644	7,092	287	172	24,514	23,965
Business publishing	15,467	11,684	3,402	3,022	527	322	19,396	15,028
Training	7,720	7,240	1,838	2,323	883	639	10,441	10,202
Conferences and seminars	9,067	9,190	10,718	12,048	3,263	1,878	23,048	23,116
Databases and information services	4,595	5,238	14,032	11,488	2,479	1,948	21,106	18,674
Sold/closed businesses	71	543	–	711	–	(3)	71	1,251
Unallocated corporate costs	(24,132)	(11,843)	5,675	(1,435)	1,189	(352)	(17,268)	(13,630)
Operating profit before acquired intangible amortisation, share option expense and exceptional items	31,371	38,753	41,309	35,249	8,628	4,604	81,308	78,606
Acquired intangible amortisation ²	(4,396)	(5,703)	(7,107)	(9,216)	(1,246)	(797)	(12,749)	(15,716)
Share option expense	(3,538)	(6,503)	(1,555)	(3,317)	(268)	(356)	(5,361)	(10,176)
Exceptional items (note 5)	2,306	(727)	(4,783)	1,582	–	–	(2,477)	855
Operating profit before associates and joint ventures	25,743	25,820	27,864	24,298	7,114	3,451	60,721	53,569
Share of results in associates and joint ventures							308	490
Net finance costs (note 7)							(23,603)	(12,931)
Profit before tax							37,426	41,128
Tax credit/(expense) (note 8)							7,279	(8,223)
Profit after tax							44,705	32,905

The exceptional loss of £2,477,000 (2007: gain £855,000) can be allocated as follows: Business publishing gain £475,000 (2007: £3,628,000); Conferences and seminars loss £2,952,000 (2007: £nil); Databases and information services £nil (2007: loss £303,000); Unallocated corporate costs £nil (2007: loss £2,470,000).

Share option expense of £5,361,000 (2007: £10,176,000) can be allocated as follows: Financial publishing £1,320,000 (2007: £2,543,000); Business publishing £603,000 (2007: £1,337,000); Training £1,122,000 (2007: £2,160,000); Conferences and seminars £655,000 (2007: £1,333,000); Databases and information services £805,000 (2007: £1,147,000); Unallocated corporate costs £856,000 (2007: £1,656,000).

Acquired intangible amortisation of £12,749,000 (2007: £15,716,000) can be allocated as follows: Financial publishing £1,267,000 (2007: £1,760,000); Business publishing £3,395,000 (2007: £4,418,000); Conferences and seminars £291,000 (2007: £248,000); Databases and information services £7,647,000 (2007: £9,133,000); Unallocated corporate costs £149,000 (2007: £157,000).

¹ Operating profit before acquired intangible amortisation, share option expense and exceptional items.

² Intangible amortisation represents amortisation on acquisition related non-goodwill assets such as brands, database content and trademarks.

Notes to the Accounts *continued*

3 Segmental analysis *continued*

	Financial publishing £000's	Business publishing £000's	Training £000's	Conferences and seminars £000's	Databases and information services £000's	Closed businesses £000's	Non-operating assets/(liabilities) £000's	Total £000's
Net assets/(liabilities) by division:								
As at September 30 2008								
Assets	111,251	85,587	54,400	79,688	307,000	5,057	55,416	698,399
Liabilities	(139,510)	(108,996)	(60,080)	(101,687)	(111,786)	(3,801)	(84,475)	(610,335)
Net assets/(liabilities)	(28,259)	(23,409)	(5,680)	(21,999)	195,214	1,256	(29,059)	88,064

Capital expenditure (excluding intangibles)	(4)	(24)	(5)	(53)	(496)	–	(3,658)	(4,240)
Depreciation (excluding intangibles)	(28)	(34)	(22)	(77)	(696)	–	(1,902)	(2,759)
Amortisation	(1,270)	(3,548)	–	(291)	(7,726)	–	(121)	(12,956)
Impairment losses	–	(2,784)	–	(2,952)	–	–	–	(5,736)
Acquisition put option commitments	(3,628)	(9,535)	–	(7,952)	(8,733)	–	–	(29,848)

	Financial publishing £000's	Business publishing £000's	Training £000's	Conferences and seminars £000's	Databases and information services £000's	Closed businesses £000's	Non-operating assets/(liabilities) £000's	Total £000's
Net assets/(liabilities) by division:								
As at September 30 2007								
Assets	71,247	47,074	29,848	64,393	246,982	6,813	50,350	576,707
Liabilities	(94,696)	(73,632)	(35,930)	(77,283)	(80,292)	(3,897)	(95,197)	(460,927)
Net assets/(liabilities)	(23,449)	(26,558)	(6,082)	(12,890)	166,690	2,916	(44,847)	55,780

Capital expenditure (excluding intangibles)	(1,549)	(132)	(33)	(84)	(469)	(11)	(5,611)	(7,889)
Depreciation (excluding intangibles)	(500)	(141)	(12)	(97)	(464)	(32)	(1,339)	(2,585)
Amortisation	(1,780)	(4,577)	(15)	(249)	(9,297)	–	(87)	(16,005)
Impairment losses	–	–	–	–	–	–	–	–
Acquisition put option commitments	(8,578)	(6,003)	–	(9,532)	(9,222)	–	–	(33,335)

Non-operating assets and liabilities principally include deferred tax, corporation tax, external bank loans, loans to and from DMGT, dividend receivable, deferred consideration, and acquisition option commitments.

	United Kingdom		North America		Rest of World		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Net assets/(liabilities)								
By location:								
Assets	306,649	191,336	356,495	297,505	35,255	27,866	698,399	516,707
Liabilities	(332,795)	(165,134)	(223,882)	(266,314)	(53,658)	(29,479)	(610,335)	(460,927)
Net assets/(liabilities)	(26,146)	26,202	132,613	31,191	(18,403)	(1,613)	88,064	55,780
Capital expenditure by location	3,111	5,627	637	1,752	492	510	4,240	7,889

4 Operating profit

	Total 2008 £000's	Total 2007 £000's
Revenue	332,064	305,153
Cost of sales	(102,648)	(92,169)
Gross profit	229,416	212,984
Distribution costs	(5,938)	(6,005)
Administrative expenses	(162,757)	(153,410)
Operating profit before associates and joint ventures	60,721	53,569

Administrative expenses include a profit on sale of property of £1,670,000 (2007: £nil), profit on disposal of long-term investment of £1,589,000 (2007: £nil), profit on disposal of businesses of £nil (2007: £6,780,000), reduction in goodwill arising from a deferred tax adjustment of £2,784,000 (2007: £nil), goodwill impairment of £2,952,000 (2007: £nil) and reorganisation and restructuring costs of £nil (2007: £5,925,000) (note 5).

Operating profit is stated after charging/(crediting):	2008 £000's	2007 £000's
Staff costs (note 6)	115,326	110,981
Intangible amortisation		
Acquired intangible amortisation	12,749	15,716
Licenses and software	207	289
Goodwill impairment	2,952	–
Reduction in goodwill arising from a deferred tax adjustment	2,784	–
Depreciation of property plant and equipment	2,759	2,585
Auditors' remuneration:		
Group audit	830	737
Non-audit	215	302
Property operating lease rentals	6,035	5,214
Loss on sale of property, plant and equipment	8	297
Exceptional profit on sale of property (note 5)	(1,670)	–
Reorganisation and restructuring costs	–	5,925
Foreign exchange gain	(979)	(1,686)
Impairment loss recognised on trade receivables	3,662	2,525
Reversal of impairment loss recognised on trade receivables	(758)	(1,493)

Audit and non-audit services relate to:	2008 £000's	2007 £000's
Fees payable for the audit of the company's annual accounts	593	491
Fees payable for other services to the group		
The audit of subsidiaries pursuant to local legislation	237	246
Total audit fees	830	737
Other audit services		
Tax services	186	175
Other services	29	127
Total non-audit fees	215	302

In addition to the above amounts, non-audit fees of £76,000 (2007: £99,000) was capitalised in respect of acquisitions.

Notes to the Accounts *continued*

5 Exceptional items

Exceptional items are items of income or expense considered by the directors, either individually or if of a similar type in aggregate, as being either material or significant and which require disclosure in order to provide a view of the group's results excluding these items.

	2008 £000's	2007 £000's
Profit on sale of property	1,670	–
Profit on disposal of long-term investment	1,589	–
Profit on disposal of businesses	–	6,780
Reduction in goodwill arising from a deferred tax adjustment (note 11)	(2,784)	–
Goodwill impairment (note 11)	(2,952)	–
Reorganisation and restructuring costs	–	(5,925)
	(2,477)	855

In August 2008 the group sold a freehold property with a net book value of £1,172,000 for £2,842,000 resulting in a profit on sale, after related sale costs, of £1,670,000 and no corresponding tax charge.

In May 2008 the group sold its 15% interest in LAMP Technologies LLC, a provider of back office services to the hedge fund industry, resulting in a profit of £1,589,000 and no corresponding tax charge (note 15).

At September 30 2008, the group re-assessed the recoverability of tax losses acquired with Metal Bulletin and as a result recognised a deferred tax asset of £2,784,000. In accordance with IAS 12 'Income taxes' the group is required to reduce its previously capitalised goodwill to offset the recognition of this deferred tax asset.

The group is required to review the carrying value of goodwill at least annually, and as a result of the review, the group impaired capitalised goodwill by £2,952,000 with a corresponding deferred tax credit of £1,181,000.

6 Staff costs

(i) Directors' emoluments

	2008 £000's	2007 £000's
The emoluments of the directors of Euromoney Institutional Investor PLC were as follows:		
Directors' salaries and fees, benefits in kind and profit shares	13,168	12,573
Pension contributions (including waiver of profit shares)	109	108
	13,277	12,681

Details of directors' remuneration are set out in the Directors' Remuneration Report on pages 30 to 41.

(ii) Number of staff (including directors)

	2008 Average	2007 Average
By business segment:		
Financial publishing	485	461
Business publishing	267	336
Training	161	157
Conferences and seminars	433	403
Databases and information services	669	579
Central	347	396
	2,362	2,332

6 Staff costs *continued*

	2008 Average	2007 Average
By geographical location:		
United Kingdom	839	884
North America	774	777
Rest of World	749	671
	<u>2,362</u>	<u>2,332</u>

(iii) Staff costs (including directors)

	2008 £000's	2007 £000's
Salaries, wages and incentives	99,221	89,240
Social security costs	9,041	9,939
Pension contributions	1,703	1,626
Share-based compensation costs	5,361	10,176
	<u>115,326</u>	<u>110,981</u>

7 Finance income and expense

	2008 £000's	2007 £000's
Finance income		
Interest receivable from DMGT group undertakings	3,825	–
Interest receivable from short-term investments	597	653
Expected return on pension scheme assets	1,172	958
Net movements in acquisition option commitment values	–	3,885
	<u>5,594</u>	<u>5,496</u>
Finance expense		
Committed borrowings	(12,252)	(14,915)
Interest payable to DMGT group undertakings	(3,825)	–
Ineffectiveness of interest rate swaps	(227)	(27)
Interest payable on loan notes	(478)	(578)
Interest on pension scheme liabilities	(1,150)	(1,114)
Net movements in acquisition option commitment values	(1,730)	–
Imputed interest on acquisition option commitments	(995)	(1,603)
Foreign exchange loss on tax equalisation contracts	(11,966)	(1,826)
Other gains on tax equalisation contracts	3,426	1,636
Net loss on tax equalisation contracts	<u>(8,540)</u>	<u>(190)</u>
	<u>(29,197)</u>	<u>(18,427)</u>
Net finance costs	<u>(23,603)</u>	<u>(12,931)</u>

The foreign exchange loss on tax equalisation contracts of £11,966,000 relates to foreign exchange losses on hedges on intra-group financing (2007: £1,826,000). This foreign exchange loss is matched by an equal and opposite tax credit. The foreign exchange loss and the tax credit are excluded from underlying profit and the underlying tax expense (note 8).

Notes to the Accounts *continued*

8 Tax on profit on ordinary activities

	2008 £000's	2007 £000's
Current tax expense		
UK corporation tax	860	4,946
Foreign tax	5,265	6,343
Adjustments in respect of prior years	(2,234)	494
	<u>3,891</u>	<u>11,783</u>
Deferred tax (credit)/expense		
Current year	(9,858)	(4,031)
Adjustments in respect of prior years	(1,312)	471
	<u>(11,170)</u>	<u>(3,560)</u>
Total tax (credit)/expense in income statement	<u>(7,279)</u>	<u>8,223</u>

The effective rate of tax for the year is a credit of 19% (2007: expense at 20%). The underlying tax rate for 2008 is 27% as set out below:

	2008 £000's	2007 £000's
Reconciliation of tax (credit)/expense in income statement to underlying tax expense		
Total tax (credit)/expense in income statement	(7,279)	8,223
Add back:		
Tax on intangible amortisation	6,950	4,926
Tax on exceptional items	1,181	(1,095)
Tax credit on foreign exchange loss on tax equalisation swap	11,966	1,826
Tax deduction on US goodwill	(3,376)	(1,491)
Tax adjustments in respect of prior years	3,546	(965)
Tax credit on non-recurring intergroup transactions	–	2,588
Deferred tax asset recognition	5,358	3,178
	<u>25,625</u>	<u>8,967</u>
Underlying tax expense	<u>18,346</u>	<u>17,190</u>
Underlying profit before tax (refer to the appendix to the Chairman's statement)	67,343	55,533
Underlying effective tax rate	27%	31%

Following a reassessment of the recoverability of the potential deferred tax asset on overseas tax losses and other short-term timing differences, an additional asset of £5,358,000 (2007: £3,178,000) has been recognised.

A credit of £11,966,000 relating to tax on foreign exchange losses (2007: £1,826,000) has been treated as exceptional as it is hedged by £11,966,000 (2007: £1,826,000) of foreign exchange losses on tax equalisation contracts included within net finance costs (note 7).

The group presents the above underlying effective tax rate to help users of this report better understand its tax charge. In this year the group has removed all deferred tax effects of its goodwill and intangibles from the calculation of its underlying effective tax rate. This is because in the directors' opinion the resulting underlying effective tax rate is more representative of the group's long-term tax position.

8 Tax on profit on ordinary activities *continued*

The actual tax credit/(expense) for the year is different from 29% of profit before tax for the reasons set out in the following reconciliation:

	2008 £000's	2007 £000's
Profit before tax	37,426	41,128
Tax at 29%	10,854	12,338
Factors affecting tax charge:		
Rates of tax on overseas profits	224	463
Joint venture and associate income reported net of tax	(89)	(147)
US State taxes	1,134	615
Goodwill and intangibles	(69)	(1,201)
Disallowable expenditure	2,559	689
Tax effects of intra-group transactions eliminated on consolidation	(8,567)	(3,901)
Recognition of previously unrecognised tax losses	(2,855)	(1,890)
Recognition of previously unrecognised deferred tax	(2,503)	–
Gains on disposal covered by brought forward losses	(960)	–
Deferred tax (credit)/charge arising from changes in tax laws	(3,461)	292
Prior year adjustments	(3,546)	965
Total tax (credit)/expense for the year	(7,279)	8,223

9 Dividends

	2008 £000's	2007 £000's
Amounts recognisable as distributable to equity holders in period		
Final dividend for the year ended September 30 2007 of 13.0p (2006: 11.6p)	13,388	11,943
Interim dividend for year ended September 30 2008 of 6.25p (2007: 6.0p)	6,573	6,177
	19,961	18,120
Employees' Share Ownership Trust dividend	(11)	(10)
	19,950	18,110
Proposed final dividend for the period ended September 30	13,689	13,386
Employees' Share Ownership Trust dividend	(8)	(8)
	13,681	13,378

The proposed final dividend of 13.0p (2007: 13.0p) is subject to approval at the Annual General Meeting on January 28 2009 and has not been included as a liability in these financial statements in accordance with IAS 10 'Events after the balance sheet date'.

Notes to the Accounts *continued*

10 Earnings per share

	2008 £000's	2007 £000's
Earnings attributable to equity holders of the parent	43,719	31,822
Less earnings from discontinued operations	(245)	(500)
Basic earnings – continuing operations	43,474	31,322
Intangible amortisation	12,749	15,716
Exceptional items	2,477	(855)
Imputed interest on acquisition option commitments	995	1,603
Net movements in acquisition option commitment values	1,730	(3,885)
Tax on above adjustments	(8,131)	(3,831)
Tax deduction on US goodwill	3,376	1,491
Tax adjustment in respect of prior years	(3,546)	965
Tax credit on non-recurring intergroup transactions	–	(2,588)
Deferred tax assets recognition	(5,358)	(3,178)
Adjusted earnings	47,766	36,760
Basic earnings – continuing and discontinued operations	43,719	31,822
	Number 000's	Number 000's
Weighted average number of shares	104,348	102,196
Shares held by the Employees' Share Ownership Trust	(59)	(59)
	104,289	102,137
Effect of dilutive share options	3,398	2,752
Diluted weighted average number of shares	107,687	104,889
	Pence per share	Pence per share
Basic earnings per share – continuing operations	41.69	30.66
Effect of dilutive share options	(1.32)	(0.80)
Diluted earnings per share – continuing operations	40.37	29.86
Effect of intangible amortisation	11.84	14.98
Effect of exceptional items	2.30	(0.82)
Effect of imputed interest on acquisition option commitments	0.92	1.53
Effect of net movements in acquisition option commitment values	1.61	(3.70)
Effect of tax on the above adjustments	(7.55)	(3.65)
Effect of tax deduction on US goodwill	3.14	1.42
Effect of tax adjustment in respect of prior years	(3.29)	0.92
Effect of tax credit on non-recurring intergroup transactions	–	(2.47)
Effect of deferred tax assets recognition	(4.98)	(3.03)
Adjusted diluted earnings per share	44.36	35.04
Basic earnings per share – continuing and discontinued operations	41.92	31.16
Effect of dilutive share options	(1.32)	(0.82)
Diluted earnings per share – continuing and discontinued operations	40.60	30.34

The adjusted diluted earnings per share figure has been disclosed since the directors consider it to give a more meaningful indication of the underlying trading performance. The September 2007 adjustments to earnings have been aligned with those made at September 2008 for comparability purposes.

11 Goodwill and other intangibles

	Intangibles acquired on acquisition 2008 £000's	Licenses & software 2008 £000's	Goodwill 2008 £000's	Intangibles acquired on acquisition 2007 £000's	Licenses & software 2007 £000's	Goodwill 2007 £000's
Cost/carrying amount						
At October 1	146,958	1,414	248,656	2,770	1,295	68,971
Additions	–	156	–	–	112	–
Acquisitions (note 14)	4,125	–	5,037	152,661	71	196,006
Disposals	–	–	–	–	(7)	(1,871)
Exchange differences	14,594	168	24,658	(8,473)	(57)	(14,450)
At September 30	165,677	1,738	278,351	146,958	1,414	248,656
Amortisation and impairment						
At October 1	15,473	1,014	519	144	775	519
Amortisation charge for the year	12,749	207	–	15,716	289	–
Impairment losses	–	–	5,736	–	–	–
Disposals	–	–	–	–	(7)	–
Exchange differences	2,362	128	–	(387)	(43)	–
At September 30	30,584	1,349	6,255	15,473	1,014	519
Net book value/carrying amount at September 30	135,093	389	272,096	131,485	400	248,137

The carrying amounts of goodwill by business are as follows:

	2008 £000's	2007 £000's
CEIC	11,799	10,385
Internet Securities	5,180	4,037
MIS	2,310	2,022
Petroleum Economist	236	236
Gulf Publishing	4,279	3,744
HedgeFund Intelligence	14,718	14,718
Information Management Network	33,615	31,992
MAR	168	160
BCA	129,715	113,487
Metal Bulletin publishing businesses	52,710	55,494
FOW	196	196
Total Derivatives	5,698	3,761
TelCap	5,140	2,917
Asia Business Forum	5,911	4,980
Benchmark Financials	413	–
Other	8	8
Total	272,096	248,137

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (businesses) that are expected to benefit from that business combination.

During the year the goodwill in respect of each of the above businesses was tested for impairment in accordance with IAS 36 'Impairment of assets'. As a result of the review this year, the group impaired capitalised goodwill by £2,952,000.

The key assumptions reflecting past experience and external sources of information in the value in use calculations were:

- Forecasts by business based on pre-tax cash flows derived from approved budgets for 2009. Management believe these budgets to be reasonably achievable;
- Subsequent cash flows for between one and three additional years were increased in line with growth expectations of the applicable business;
- The pre-tax discount rate used was 9.1%, reflecting the companies weighted average cost of capital; and
- Long term growth rate assumed to be 3%.

At September 30 2008, the group re-assessed the recoverability of tax losses acquired with Metal Bulletin and as a result recognised a deferred tax asset of £2,784,000. In accordance with IAS 12 'Income taxes' the group is required to reduce its previously capitalised goodwill to offset the recognition of this deferred tax asset.

Notes to the Accounts *continued*

12 Property, plant and equipment

	Freehold land and buildings 2008 £000's	Long-term leasehold premises 2008 £000's	Short-term leasehold premises 2008 £000's	Office equipment 2008 £000's	Motor vehicles 2008 £000's	Total 2008 £000's
2008						
Cost						
At October 1 2007	5,045	2,685	14,088	15,505	7	37,330
Additions	2,457	–	390	1,393	–	4,240
Acquisitions (note 14)	–	–	–	3	–	3
Disposals	(1,145)	–	–	(802)	–	(1,947)
Exchange differences	–	16	648	1,241	1	1,906
At September 30 2008	6,357	2,701	15,126	17,340	8	41,532
Depreciation						
At October 1 2007	19	214	4,270	11,903	7	16,413
Charge for the year	58	38	979	1,684	–	2,759
Disposals	(40)	–	(8)	(715)	–	(763)
Exchange differences	–	6	263	1,192	1	1,462
At September 30 2008	37	258	5,504	14,064	8	19,871
Net book value at September 30 2008	6,320	2,443	9,622	3,276	–	21,661
Net book value at September 30 2007	5,026	2,471	9,818	3,602	–	20,917
	Freehold land and buildings 2007 £000's	Long-term leasehold premises 2007 £000's	Short-term leasehold premises 2007 £000's	Office equipment 2007 £000's	Motor vehicles 2007 £000's	Total 2007 £000's
2007						
Cost						
At October 1 2006	–	2,575	12,837	15,592	36	31,040
Additions	3,899	–	2,373	1,617	–	7,889
Acquisitions	1,543	114	206	874	–	2,737
Disposals	(397)	–	(981)	(1,902)	(29)	(3,309)
Exchange differences	–	(4)	(347)	(676)	–	(1,027)
At September 30 2007	5,045	2,685	14,088	15,505	7	37,330
Depreciation						
At October 1 2006	–	159	4,087	12,115	36	16,397
Charge for the year	19	55	873	1,638	–	2,585
Disposals	–	–	(564)	(1,274)	(29)	(1,867)
Exchange differences	–	–	(126)	(576)	–	(702)
At September 30 2007	19	214	4,270	11,903	7	16,413
Net book value at September 30 2007	5,026	2,471	9,818	3,602	–	20,917
Net book value at September 30 2006	–	2,416	8,750	3,477	–	14,643

The directors do not consider the market value of freehold land and buildings to be significantly different from its book value.

13 Investments

	Investments in associated undertakings £000's	Investments in joint ventures £000's	Available for sale investments £000's	Trade investment £000's	Total £000's
2008					
At October 1 2007	252	–	–	–	252
Share of profits retained	308	–	–	–	308
Dividends	(257)	–	–	–	(257)
At September 30 2008	303	–	–	–	303

	Investments in associated undertakings £000's	Investments in joint ventures £000's	Available for sale investments £000's	Trade investment £000's	Total £000's
2007					
At October 1 2006	1,944	3,743	20,145	14	25,846
Additions	6	–	–	–	6
Share of profits retained	425	65	–	–	490
Increase in fair value	–	–	(405)	–	(405)
Transfer to subsidiaries	(1,775)	(3,510)	(19,740)	–	(25,025)
Dividends	(348)	(298)	–	–	(646)
Provision	–	–	–	(14)	(14)
At September 30 2007	252	–	–	–	252

Associated undertakings

The associated undertaking at September 30 2008 was Capital NET Limited whose principal activity is the provision of electronic database services. The group has a 48.4% (2007: 48.4%) interest in Capital NET Limited.

Capital NET Limited does not have a coterminous year end with the group. The total assets, liabilities, revenues and profit after tax generated by Capital NET Limited from its latest available audited accounts at December 31 are set out below.

	Associates 2008 £000's	Associates 2007 £000's
Total assets	645	639
Total liabilities	(222)	(273)
Total revenues	2,202	2,265
Profit after tax	587	682

Trade investments

The group has a 50% interest in Capital DATA Limited. The ordinary share capital of Capital DATA is divided into 50 'A' shares and 50 'B' shares with the group owning the 50 'A' shares. Under the terms of the Articles of Association of Capital DATA, the 'A' shares held by the group do not carry entitlement to any share of dividends or other distribution of profits of Capital DATA. The group does not have the ability to exercise significant influence nor is it involved in the day to day running of Capital DATA. As such the investment of £14,000 in Capital DATA is accounted for as a trade investment. As at September 30 2008 this balance has been fully provided for. The group is entitled to 28.2% of Capital DATA's revenues being £3,440,000 in the year (2007: £3,141,000). At December 31 2007, based on its latest available audited accounts, Capital DATA Limited had £1,103,000 of issued share capital and reserves (December 31 2006: £787,000), and its profit for the year then ended was £1,808,000. (December 31 2006: £581,000).

Notes to the Accounts *continued*

13 Investments *continued*

Details of the company and its principal subsidiary undertakings included in these consolidated financial statements at September 30 2008 are as follows:

Company	Proportion held	Principal activity and operation	Country of incorporation
Euromoney Institutional Investor PLC	n/a	Publishing, training and events	Great Britain
Direct investments			
Adhesion (UK) Limited	100%	Conventions	Great Britain
Coaltrans Conferences Limited	95%	Conferences	Great Britain
EII US, Inc	100%	Investment holding company	US
Euromoney Funding US Limited	100%	Investment holding company	Great Britain
Euromoney Hedging Limited	100%	Investment company	Great Britain
Euromoney Institutional Investor (Jersey) Limited	100% †	Publishing	Jersey
Euromoney Lending (UK) Limited	100%	Investment holding company	Great Britain
Euromoney Publications (Jersey) Limited	100% ^	Non-trading	Jersey
Glenprint Limited	100%	Publishing	Great Britain
HedgeFund Intelligence Limited	100%	Publishing	Great Britain
The Petroleum Economist Limited	100%	Publishing	Great Britain
Tipall Limited	100%	Property holding	Great Britain
World Link Publications Limited	100%	Non-trading	Great Britain
Indirect investments			
Adhesion et Associes SA	100%	Conventions	France
American Metal Market, LLC	100%	Publishing	US
AMM Marketwatch, LLC	100%	Information Services	US
Asia Business Forum (Singapore) Pte Limited	90%	Conferences	Singapore
BCA Research, Inc	100%	Information Services	Canada
Benchmark Financials Limited	51%	Information Services	Columbia
Business Conventions Internationale	100%	Conventions	France
Carlcroft Limited	100%	Publishing	Great Britain
CEIC Holdings Limited	100%	Information Services	Hong Kong
EII Holdings, Inc.	100% *	Holding company	US
Euromoney Buffalo 1 Limited	100% *	Investment holding company	Great Britain
Euromoney Buffalo 2 Limited	100% *	Investment holding company	Great Britain
Euromoney (Singapore) Pte Limited	100%	Training	Singapore
Euromoney Funding (UK) Limited	100%	Investment holding company	Great Britain
Euromoney Institutional Investor (Ventures) Limited	100%	Investment holding company	Great Britain
Euromoney Jersey (Finance) Limited	100%	Non-trading	Jersey
Euromoney Publications (Overseas) Limited	100%	Dormant	Great Britain
Euromoney Training, Inc.	100%	Training	US
Euromoney US Holdings LP	100%	Dormant	US
Euromoney Yen Finance Limited	100%	Investment company	Great Britain
Euromoney, Inc.	100%	Training	US
GSCS Benchmarks Limited	100%	Publishing	Great Britain
Gulf Publishing Company	100%	Publishing	US
Information Management Network, Inc.	80%	Conferences	US
Institutional Investor, Inc.	100%	Publishing	US
Internet Securities, Inc.	94%	Information Services	US
Latin American Financial Publications, Inc.	100%	Publishing	US
Managed Account Reports, LLC	100%	Non-trading	US
MB Marketwatch Limited	100%	Information Services	Great Britain
Metal Bulletin Billericay Limited	100%	Dormant	Great Britain
Metal Bulletin Canada, Inc.	100%	Investment holding company	Canada
Metal Bulletin Holdings Corporation	100%	Investment holding company	US
Metal Bulletin Investments Limited	100%	Investment holding company	Great Britain
Metal Bulletin Limited	100%	Publishing	Great Britain
MIS Training (UK) Limited	100%	Training	Great Britain
Sea.Net Limited	100%	Non-trading	Great Britain
Storas Holdings Pte Limited	90%	Investment holding company	Singapore
TelCap Limited	70%	Publishing	Great Britain
Total Derivatives Limited	78%	Publishing	Great Britain
Associates			
Capital NET Limited	48%	Databases	Great Britain

All holdings are of ordinary shares.

In addition to the above, the group has a small number of branches outside the United Kingdom.

* 100% preference shares held in addition.

† Euromoney Institutional Investor (Jersey) Limited's principal country of operation is Hong Kong.

^ Euromoney Publications (Jersey) Limited's principal country of operation is Great Britain.

14 Acquisitions

Purchase of new businesses

In May 2008, the group, through Internet Securities, Inc. (ISI), acquired a 51% interest in Benchmark Financials Limited (BPR) for an initial consideration of \$1,116,000 (£563,000). BPR is one of the leading providers of company financial data, analysis and business credit ratings for Colombian companies, through its BPR Benchmark product, and will be integrated with ISI's Emerging Markets Information Service. ISI expects to acquire the remaining 49% stake in the business by December 2012. The total cost of the transaction is subject to a maximum consideration of \$8,000,000 (£4,000,000).

BPR contributed £185,000 to the group's revenue, £56,000 to the group's operating profit and £57,000 to the group's profit before tax for the period between the date of acquisition and September 30 2008.

Increase in equity holdings

In January 2008, the group exercised its option to purchase the second tranche (10.85%) of Total Derivatives Limited increasing its equity holding from 67.45% to 78.3%. The equity was purchased for £2,611,000 resulting in additional provisional goodwill of £1,937,000 and bringing total goodwill to £5,698,000.

In February 2008, the group purchased a further 15% of the equity share capital of TelCap Limited for a cash consideration of £2,492,000 paid in March 2008 and resulting in additional provisional goodwill of £2,223,000 bringing total goodwill to £5,140,000. The group's equity shareholding in TelCap Limited increased to 70%.

Also in February 2008, the group purchased a further 0.5% of the equity share capital of ISI for a cash consideration of \$1,779,000 (£894,000) resulting in additional provisional goodwill of £505,000 bringing the total goodwill to \$9,233,000 (£5,180,000). The group's equity shareholding in ISI increased to 93.85%.

	BPR £000's	Total Derivatives £000's	TelCap £000's
Book value			
Intangible assets	–	5,256	1,530
Cash	7	2,823	337
Other assets	79	511	910
Liabilities	(24)	(4,339)	(1,661)
Total	62	4,251	1,116
Provisional fair value adjustments			
Intangible assets	468	2,718	939
Deferred tax	(155)	(761)	(263)
	313	1,957	676
Provisional fair value of net assets	375	6,208	1,792
Net assets acquired			
%	51%	10.85%	15%
£'000	191	674	269
Provisional goodwill	372	1,937	2,223
Consideration (satisfied by cash)	563	2,611	2,492

If the acquisitions in the table above had been completed on the first day of the financial year, group revenues for the period would have been £191,000 higher and group profit attributable to equity holders of the parent would have been £87,000 higher.

Notes to the Accounts *continued*

15 Disposals and discontinued operations

Disposals

In May 2008, the group sold its 15% interest in LAMP Technologies LLC, a provider of back office services to the hedge fund industry, for £1,589,000 resulting in a profit on sale of £1,589,000. The sale does not result in a tax charge.

Discontinued operations

In December 2007 the group received a final payment of £220,000 from the sale of Energy Information Centre Limited, following agreement of their completion accounts. There is no related tax charge. Energy Information Centre Limited was sold in April 2007 and was treated as a discontinued operation up to that date.

In May 2008 the group received a final payment of £25,000 from the sale of the business and assets of Systematics International Limited, following agreement of their completion accounts. There is no related tax charge. The business and net assets of Systematics International Limited was sold in May 2007 and was treated as a discontinued operation up to that date.

The group's income statement includes the following results from discontinued operations:

	2008 £000's	2007 £000's
Revenue	–	5,000
Expenses	–	(4,115)
Profit before tax	–	885
Tax	–	(385)
Profit after tax	–	500
Profit on disposal of discontinued operations	245	–

16 Trade and other receivables

	2008 £000's	2007 £000's
Amounts falling due within one year		
Trade receivables	56,286	55,152
Less: provision for impairment of trade receivables	(6,593)	(4,287)
Trade receivables – net of provision	49,693	50,865
Other debtors	11,689	8,406
Prepayments and accrued income	7,759	8,187
	69,141	67,458

The average credit period on sales of goods and services is 30 days.

Trade receivables beyond 60 days over due are provided for based on estimated irrecoverable amounts from the sale of goods and services, determined by reference to past default experience.

Credit terms for customers are determined in individual territories. Concentration of credit risk with respect to trade receivables is limited due to the group's customer base being large and diverse. Due to this, management believe there is no further credit risk provision required in excess of the normal provision for doubtful receivables. There are no customers who represent more than 5% of the total balance of trade receivables.

As at September 30 2008, trade receivables of £29,487,000 (2007: £27,992,000) were not yet due.

16 Trade and other receivables *continued*

As of September 30 2008, trade receivables of £17,625,000 (2007: £22,846,000) were past due for which the group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. These relate to a number of independent customers for whom there is no recent history of default. The average age of these receivables is 71 days (2007: 85 days). The group does not hold any collateral over these balances. The ageing of these trade receivables is as follows:

	2008 £000's	2007 £000's
Past due less than a month	9,276	8,932
Past due more than a month but less than two months	3,487	4,116
Past due more than two months but less than three months	2,780	3,128
Past due more than three months	2,082	6,670
	<hr/>	<hr/>
	17,625	22,846

As at September 30 2008, trade receivables of £9,174,000 (2007: £4,314,000) were impaired and provided for. The amount of the provision was £6,593,000 (2007: £4,287,000). It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	2008 £000's	2007 £000's
Past due less than a month	346	229
Past due more than a month but less than two months	541	45
Past due more than two months but less than three months	663	89
Past due more than three months	7,624	3,951
	<hr/>	<hr/>
	9,174	4,314

Movements on the group provision for impairment of trade receivables are as follows:

	2008 £000's	2007 £000's
At October 1	(4,287)	(3,849)
Impairment losses recognised	(3,662)	(2,525)
Impairment losses reversed	758	1,493
Amounts written off as uncollectible	783	741
Fair values at acquisition	–	(315)
Balance at disposal of business	–	22
Exchange differences	(185)	146
	<hr/>	<hr/>
At September 30	(6,593)	(4,287)

In determining the recoverability of a trade receivable, the group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

The allowance for doubtful debts does not include individually impaired trade receivables which have been placed under liquidation as these trade receivables are written off directly to the income statement.

Notes to the Accounts *continued*

17 Trade and other payables

	2008 £000's	2007 £000's
Trade creditors	5,489	3,999
Amounts owed to DMGT group undertakings	3,271	4,142
Other creditors	21,859	20,850
	30,619	28,991

The directors consider the carrying amount of trade and other payables approximates their fair values. Management have reclassified certain provisions previously included within trade and other payables to provisions (note 20) to better reflect the classification of the creditor. The provision consists of social security arising on share option liabilities and dilapidations on leasehold properties.

18 Financial instruments

Derivative financial instruments

The derivative financial assets/(liabilities) at September 30 comprised:

	2008		2007	
	Assets £000's	Liabilities £000's	Assets £000's	Liabilities £000's
Current				
Interest rate swaps	108	(189)	135	(56)
Forward foreign exchange contracts – fair value through profit and loss	138	(9,410)	762	–
Forward foreign exchange contracts – cash flow hedge	1,205	(4,707)	3,490	(549)
Forward foreign exchange contracts – net investment hedge	–	(859)	–	–
	1,451	(15,165)	4,387	(605)
Non-current				
Interest rate swaps	189	(3,018)	459	(1,134)
Forward foreign exchange contracts – cash flow hedge	179	(6,755)	4,629	(239)
	368	(9,773)	5,088	(1,373)
	1,819	(24,938)	9,475	(1,978)

The presentation of the group's derivative financial instruments have been reclassified to better reflect the contractual maturity of its derivative assets and liabilities. As a result the comparative split of derivative assets and liabilities have been restated.

Financial risk management objectives

Full details of the objectives, policies and strategies pursued by the group in relation to financial instruments are set out on pages 51 and 52 of the accounting policies and page 55 of the key judgemental areas. In summary, the group's tax and treasury committee normally meets twice a year and is responsible for recommending policy to the board. The group's treasury policies are directed to giving greater certainty of future costs and revenues and ensuring that the group has adequate liquidity for working capital and debt capacity for funding acquisitions.

The treasury department does not act as a profit centre, nor does it undertake any speculative trading activity and it operates within policies and procedures approved by the board.

Interest rate swaps are used to manage the group's exposure to fluctuations in interest rates on its floating rate borrowings. Further details are set out in the interest rate risk section on pages 75 and 76.

Forward contracts are used to manage the group's exposure to fluctuations in exchange rate movements. Further details are set out in the foreign exchange rate risk section on page 74.

18 Financial instruments *continued*

Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The group's overall strategy remains unchanged from 2007.

The capital structure of the group consists of debt, which includes the borrowings disclosed in note 19, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 22 and 24 respectively.

Net debt to EBITDA* ratio

The group's tax and treasury committee reviews the capital structure at least twice a year. As part of the debt commitments under the loan facility provided by Daily Mail and General Trust plc (DMGT), the board has to ensure that net debt to EBITDA does not exceed 5 times in 2008 and 4 times thereafter. The group expects to remain within these limits.

The net debt to EBITDA* ratio at September 30 is as follows:

	2008 £000's	2007 £000's
Committed loan facility	(184,594)	(213,559)
Loan notes	(7,579)	(11,796)
Total debt	(192,173)	(225,355)
Cash and cash equivalents	20,179	20,776
Net debt	(171,994)	(204,579)
EBITDA*	79,221	71,794
Net debt to EBITDA* ratio	2.17	2.85

* EBITDA = earnings before interest, tax, depreciation, amortisation and also before exceptional items but after the share option expense.

Categories of financial instruments

The group's financial assets and liabilities at September 30 are as follows:

	2008 £000's	2007 £000's
Financial assets		
Derivative instruments – fair value through profit and loss	138	762
Derivative instruments in designated hedge accounting relationships	1,681	8,713
Loans and receivables (including cash and cash equivalents)	239,743	88,446
	241,562	97,921
Financial liabilities		
Derivative instruments – fair value through profit and loss	(9,410)	–
Derivative instruments in designated hedge accounting relationships	(15,528)	(1,978)
Acquisition option commitments	(29,848)	(33,335)
Loans and payables (including overdrafts)	(429,612)	(303,705)
	(484,398)	(339,018)

Market price risk

Market price risk is the possibility that changes in currency exchange rates, interest rates or commodity prices will adversely affect the value of the group's financial assets, liabilities or expected future cash flows. The group's primary market risks are interest rate fluctuations and exchange rate movements. Derivatives are used to hedge or reduce the risks of interest rate and exchange rate movements and are not entered into unless such risks exist. Derivatives used by the group for hedging a particular risk are not specialised and are generally available from numerous sources. The fair values of interest rate swaps, currency options and forward exchange contracts are set out in this note and represent the replacement costs calculated using the market rates of interest and exchange at September 30 2008. The group has no other material market price risks.

Market risk exposures are measured using sensitivity analysis.

There has been no change to the group's exposure to market risks or the manner in which it manages and measures the risks during the year.

Notes to the Accounts *continued*

18 Financial instruments *continued*

Foreign exchange rate risk

The group is exposed to foreign exchange risk in the form of transactions in foreign currencies entered into by group companies and by the translation of the results of foreign subsidiaries into sterling for reporting purposes.

The group does not hedge the translation of the results of foreign subsidiaries. Consequently, fluctuations in the value of sterling versus other currencies could materially affect the translation of these results in the consolidated financial statements. The group endeavours to match foreign currency borrowings to investments in order to provide a natural hedge for the translation of the net assets of overseas subsidiaries with the related foreign currency interest cost arising from these borrowings providing a partial hedge against the translation of foreign currency profits.

The group's principal foreign exchange exposure is to US Dollar. The carrying amounts of the group's US Dollar denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2008 £000's	2007 £000's	2008 £000's	2007 £000's
US Dollar	(319,647)	(251,450)	412,386	325,632

Approximately 60% of the group's revenues are in US dollars. At a group level a series of US dollar forward contracts are put in place up to 48 months forward partially to hedge its dollar revenues into sterling. The timing and value of these forward contracts are based on management's estimate of its future US dollar revenues over a 48-month period and is regularly reviewed and revised with any changes in estimates resulting in either additional forward contracts being taken out or existing contracts' maturity dates being moved forward or back. The group also has a significant operation in Canada whose revenues are mainly in US dollars. At a group level a series of US dollar forward contracts is put in place up to 48 months forward to hedge the operation's Canadian cost base. In addition, each subsidiary is encouraged to invoice sales in its local functional currency where possible.

Forward exchange contracts are gross settled at maturity.

The following table details the group's sensitivity to a 10% increase and decrease in sterling against US Dollar. A 10% sensitivity has been determined by the board as the sensitivity rate appropriate when reporting an estimated foreign currency risk internally and represents management's assessment of a reasonably possible change in foreign exchange rates at the reporting date.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. Where sterling strengthens 10% against the relevant currency a positive number below indicates an increase in profit and equity. For a 10% weakening of sterling against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

Impact of 10% strengthening of sterling against US Dollar

	2008 £000's	2007 £000's
Change in profit for the year in income statement	(1,652)	(1,217)
Change in equity	606	(15)

The increase in the change in the loss from the sensitivity analysis is due to the increase of US Dollar working capital. The reduction in the loss in equity from the sensitivity analysis is due to the increase of net investment value in US Dollar companies and derivatives.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year-end exposure does not reflect the exposure during the year. US Dollar denominated sales are seasonal with higher volumes in September than the average for the financial year resulting in increased receivables at year-end.

Forward foreign exchange contracts

It is the policy of the group to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts. These are entered into up to 48 months forward.

The group has designated certain forward contracts as a hedge of its net investment in US subsidiaries which have US Dollar as their functional currency.

18 Financial instruments *continued*

	Average exchange rate		Foreign currency		Contract value		Fair value	
	2008	2007	2008	2007	2008	2007	2008	2007
			USD 000's	USD 000's	£000's	£000's	£000's	£000's
Cash Flow Hedges								
Sell USD buy GBP								
Less than a year	1.894	1.967	88,225	101,050	46,587	51,362	(2,961)	1,764
More than a year but less than two years	1.895	1.866	61,150	49,225	32,267	26,375	(2,559)	2,215
More than two year but less than three years	1.922	1.934	46,500	32,150	24,195	16,625	(2,365)	845
More than three years but less than four years	1.847	1.961	34,000	26,500	18,408	13,513	(1,183)	506
Sell USD buy CAD[†]								
Less than a year	1.032	1.093	36,500	24,900	19,872	13,439	(541)	1,217
More than a year but less than two years	1.035	1.072	24,500	9,000	13,381	4,767	(268)	350
More than two year but less than three years	1.036	1.087	10,500	6,500	5,739	3,489	(88)	299
More than three years but less than four years	1.030	1.036	13,500	6,500	7,337	3,325	(113)	135
Net Investment hedge								
Sell USD buy GBP								
Less than a year	1.899	–	25,000	–	13,163	–	(859)	–
Fair value through profit and loss								
			JPY 000's	JPY 000's	£000's	£000's	£000's	£000's
Buy JPY								
Less than a year	188.301*	110.750 [‡]	11,847,350	12,683,869	53,507	56,212	(9,272)	95

[†] Rate used for conversion from CAD to GBP is 1.8951 (2007: 2.0246)

* In 2008 this represents outstanding foreign currency contracts to buy JPY and GBP

[‡] In 2007 this represents outstanding foreign currency contracts to buy JPY and sell USD. Rate used for conversion from USD to GBP is 1.7825 (2007: 2.0374)

As at September 30 2008, the aggregate amount of unrealised losses under forward foreign exchange contracts deferred in the fair value reserve relating to future revenue transactions is £10,078,000 (2007: unrealised gains of £7,331,000). It is anticipated that the transactions will take place over the next 48 months at which stage the amount deferred in equity will be released in the income statement.

As at September 30 2008 there were no ineffective cashflow or net investment hedges recognised in the income statement.

Interest rate risks

The group's borrowings are in both sterling and US dollars with the related interest tied to US and UK LIBOR. This results in the group's interest charge being at risk to fluctuations in interest rates. It is the group's policy to hedge approximately 80% of its interest exposure, converting its floating rate debt into fixed debt by means of interest rate swaps. The maturity dates are spread in order to avoid interest rate basis risk and also to negate short-term changes in interest rates. The predictability of interest costs is deemed to be more important than the possible opportunity cost foregone of achieving lower interest rates and this hedging strategy has the effect of spreading the group's exposure to fluctuations arising from changes in interest rates and hence protects the group's interest charge against sudden increases in rates but also prevents the group from benefitting immediately from falls in rates.

The group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk section on page 77.

Notes to the Accounts *continued*

18 Financial instruments *continued*

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of a reasonably possible change in interest rates at the reporting date.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the group's:

- Profit for the year ended September 30 2008 would decrease or increase by £420,000 (2007: £365,000). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings; and
- Other equity reserves would decrease or increase by £3,617,000 (2007: £3,736,000) mainly as a result of the changes in the fair value of interest rate swaps.

The group's sensitivity to interest rates has not materially changed during the period mainly due to similar levels of fixed rates.

Interest rate swap contracts

Under interest rate swap contracts, the group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the discount curves at reporting date and the credit risk inherent in the contract, and is disclosed below.

The average interest rate is based on the outstanding balances at the end of the financial year.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date:

Cash flow hedges

US Dollar: Receive floating pay fixed

	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2008	2007	2008	2007	2008	2007
	%	%	£000's	£000's	£000's	£000's
Less than 1 year	4.08	4.33	30,856	24,541	(182)	72
1 to 2 years	4.81	4.08	30,856	26,995	(866)	196
2 to 5 years	4.77	4.88	47,686	41,719	(1,745)	(405)
over 5 years	–	5.42	–	9,816	–	(312)

GBP: Receive floating pay fixed

	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2008	2007	2008	2007	2008	2007
	%	%	£000's	£000's	£000's	£000's
Less than 1 year	5.61	5.94	14,000	14,000	100	6
1 to 2 years	5.73	5.61	15,000	14,000	23	34
2 to 5 years	5.61	5.65	22,000	32,000	(240)	(41)
over 5 years	–	6.20	–	5,000	–	(146)

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is LIBOR. The group will settle the difference between the fixed and floating interest rate on a net basis. All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount deferred in equity is recognised in the income statement over the period that the floating rate interest payments on debt impact the income statement.

18 Financial instruments *continued*

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group seeks to limit interest rate and foreign currency risks described above by the use of financial instruments and as a result has a credit risk from the potential non-performance by the counterparties to these financial instruments, which are unsecured. The amount of this credit risk is normally restricted to the amounts of any hedge gain and not the principal amount being hedged. The group also has a credit exposure to counterparties for the full principal amount of cash and cash equivalents. Credit risks are controlled by monitoring the amounts outstanding, with and the credit quality of, these counterparties. For the group's cash and cash equivalents these are principally licensed commercial banks and investment banks with strong long-term credit ratings, and for derivative financial instruments DMGT who have treasury policies in place which do not allow concentrations of risk with individual counterparties and do not allow significant treasury exposures with counterparties which are rated lower than AAA.

The group also has credit risk with respect to trade and other receivables, prepayments and accrued income. The concentration of credit risk from trade receivables is limited due to the group's large and broad customer base. Trade receivable exposures are managed locally in the business units where they arise. Allowance is made for bad and doubtful debts based on management's assessment of the risk of non-payment taking into account the ageing profile, experience and circumstance.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, recorded in the balance sheet. The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 5% of gross monetary assets at any time during the year.

Liquidity risk

The group has significant intercompany borrowings and is an approved borrower under a DMGT, £300 million revolving multi-currency facility. This facility requires the group to meet certain covenants based on net debt and profits adjusted for certain non-cash items. Failure to do so would result in the group being in breach of the facility potentially resulting in the facility being withdrawn or impediment of management decision making by the lender. Management regularly monitor the covenants and prepare detailed debt forecasts to ensure that sufficient headroom is available and that the covenants are not close or potentially close to breach. The group's strategy is to use excess operating cash to pay down its debt. The group has a cash conversion rate (the percentage by which cash generated by operations covers operating profit) of over 100%, due to much of its subscription, conference and training revenue being paid in advance. This facility is due to expire in August 2009, however the directors have, subsequent to the year end, agreed to sign a new replacement facility of up to £250 million offered by DMGT. The terms of the new facility are similar to the existing facility.

Under the DMGT facility, at September 30 2008, the group has £115.4 million of undrawn but committed facilities available to draw upon if required. This is more than sufficient for the group to meet expected and unexpected short-term working capital requirements. However, given the level of uncertainty in the global economy and financial markets, there is a risk that the undrawn portion of the facility may be unavailable or withdrawn if DMGT experience funding difficulties themselves, for example if one of DMGT's lenders was to be unable to fulfil its lending commitments. It is, however, unlikely that this would impact the group as DMGT have a wide range of funding sources, other than bank debt, available to them. In addition, if DMGT were unable to fulfil its commitment to the group the directors are confident that the group is in a position that would enable it to secure adequate facilities outside of DMGT, albeit at an increased cost to the business due to high interest charges imposed given the crisis in the credit markets. The following table details the group's remaining contractual maturity for its non-derivative financial liabilities, mainly variable borrowings.

This table has been drawn up based on the undiscounted contractual cash flows of the financial liabilities including both interest and principal cash flows. To the extent that the interest rates are floating, the undiscounted amount is derived from interest rate curves at September 30 2008. The contractual maturity is based on the earliest date on which the group may be required to settle.

	Weighted average effective interest rate %	Less than one year £000's	1 - 3 years £000's	Total £000's
2008				
Variable rate borrowings	5.79	348,977	–	348,977
Acquisition option commitments	–	22,499	8,128	30,627
Non interest bearing liabilities (Trade creditors and accruals)	–	80,635	–	80,635
2007				
Variable rate borrowings	6.57	17,731	213,559	231,290
Acquisition option commitments	–	14,969	19,960	34,929
Non interest bearing liabilities (Trade creditors and accruals)	–	72,415	–	72,415

At September 30 2008, £159,029,000 (2007: £130,559,000) of borrowings were designated in US dollars with the remainder in sterling. The average rate of interest paid on the debt was 5.90% (2007: 6.09%).

Notes to the Accounts *continued*

18 Financial instruments *continued*

The following tables detail the group's remaining contractual maturity for its non-derivative financial assets, mainly medium term deposit for amounts on loans owed by DMGT group undertakings and minority interest. This table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the group anticipate that the cash flow will occur in a different period.

	Weighted average effective interest rate %	Less than one year £000's	1 - 3 years £000's	Total £000's
2008				
Variable interest rate instruments	1.60	175,936	–	175,936
Fixed interest rate instruments	1.87	1,047	–	1,047
Non interest bearing assets	–	62,760	–	62,760
		239,743	–	239,743
2007				
Variable interest rate instruments	2.48	25,266	–	25,266
Fixed interest rate instruments	4.22	1,445	–	1,445
Non interest bearing assets	–	61,735	–	61,735
		88,446	–	88,446

The following table details the group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

	Less than 1 month £000's	1-3 months £000's	3 months to 1 year £000's	1-5 years £000's	5+ years £000's	Total £000's
2008						
Net settled						
Interest rate swaps	–	(62)	(279)	(843)	–	(1,184)
Foreign exchange forward contracts	(9,272)	–	–	–	–	(9,272)
Gross settled						
Foreign exchange forward contracts inflows	8,272	20,154	76,112	104,150	–	208,688
Foreign exchange forward contracts outflows	(8,583)	(21,067)	(79,264)	(109,498)	–	(218,412)
	(9,583)	(975)	(3,431)	(6,191)	–	(20,180)
2007						
Net settled						
Interest rate swaps	–	255	208	(308)	(21)	134
Foreign exchange forward contracts	–	–	–	2,083	–	2,083
Foreign currency options	(667)	–	–	–	–	(667)
Gross settled						
Foreign exchange forward contracts inflows	4,784	10,862	59,233	75,639	–	150,518
Foreign exchange forward contracts outflows	(4,564)	(10,197)	(57,177)	(71,249)	–	(143,187)
	(447)	920	2,264	6,165	(21)	8,881

18 Financial instruments *continued*

Fair value of financial instruments

The fair values of non-derivative financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;
- The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and
- The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

The fair values of derivative financial assets and financial liabilities are determined as follows:

- Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.
- Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

19 Bank overdrafts and loans

	2008 £000's	2007 £000's
Bank overdrafts	1,032	5,935
Committed loan facility – current liability	184,594	–
Committed loan facility – non-current liability	–	213,559
Loan notes	7,579	11,796

Committed loan facility

The group has a dedicated £300 million three-year multi-currency facility with a subsidiary of DMGT. Interest is payable on this facility at a variable rate of between 0.4% and 1.6% above LIBOR dependant on the ratio of net debt to EBITDA. The facility expires in August 2009 and the directors have, subsequent to the year end, agreed to sign a new replacement facility of up to £250 million offered by DMGT. The terms of the new facility are similar to the existing facility with interest payable at a variable rate of between 1.25% and 3.0% above LIBOR dependant on the group's net debt to EBITDA covenant. As at September 30 2008 there were £115,406,000 (2007: £86,441,000) of other uncommitted undrawn facilities directly available to the group.

Loan notes

Loan notes for £12,711,000 were issued in October and November 2006 to fund the purchase of Metal Bulletin plc. Interest is payable on these loan notes at a variable rate of 0.75% below LIBOR payable in June and December. Loan notes can be redeemed at the option of the loan note holder twice a year on the interest payment dates above. At least 20 business days' written notice prior to the redemption date is required. During the year ended September 30 2008 £4,324,000 (2007: £915,000) of these loan notes were redeemed reducing the debt to £7,579,000 (2007: £11,796,000).

Notes to the Accounts *continued*

20 Provisions

	Onerous lease provision £000's	Other provisions £000's	Group total £000's
At October 1 2007	1,852	4,155	6,007
Provision	–	583	583
Used in the year	(811)	(668)	(1,479)
Released during the year	(523)	–	(523)
Exchange differences	115	–	115
At September 30 2008	633	4,070	4,703

Maturity profile of provisions

	2008 £000's	2007 £000's
Within 1 year (included in current liabilities)	1,198	2,684
Between 1 and 2 years (included in non-current liabilities)	1,198	854
Between 2 and 5 years (included in non-current liabilities)	2,307	2,469
	4,703	6,007

Onerous lease provision

The onerous lease provision relates to certain buildings within the property portfolio which either at acquisition were rented at non-market rates, or are no longer occupied by the group.

Other provisions

Management have reclassified certain provisions previously included within trade and other payables to provisions to better reflect the classification of the creditor. The provision consists of social security arising on share option liabilities and dilapidations on leasehold properties.

21 Deferred taxation

The net deferred tax liability at September 30 2008 comprised:

	2007 £000's	Income statement £000's	Equity £000's	Acquisitions and disposals £000's	Exchange differences £000's	2008 £000's
Capitalised goodwill and intangibles	(42,313)	9,601	–	(1,179)	(3,337)	(37,228)
Tax deductible goodwill amortisation	10,317	(2,158)	–	–	1,246	9,405
US and overseas tax losses	1,317	2,223	–	–	188	3,728
Financial instruments	(1,778)	188	4,546	–	–	2,956
Other short-term temporary differences	12,315	1,316	(4,280)	–	360	9,711
Deferred tax	(20,142)	11,170	266	(1,179)	(1,543)	(11,428)
Comprising:						
Deferred tax assets	11,508					16,459
Deferred tax liabilities	(31,650)					(27,887)
	(20,142)					(11,428)

At the balance sheet date, the group has unused tax losses available for offset against future profits. At September 30 2008 a deferred tax asset of £3,728,000 (2007: £1,317,000) has been recognised. The US losses can be carried forward for a period of 20 years from the date they arose. The losses have expiry dates up to January 2026.

At the balance sheet date, a net deferred tax asset of £12,731,000 (2007: £10,190,000) has been recognised in respect of US tax deductible goodwill amortisation and other overseas short-term timing differences. The directors are of the opinion that based on recent and forecast trading, it is probable that the level of profits in the future years are sufficient to enable the asset to be recovered.

A deferred tax asset of £1,842,000 has not been recognised in respect of overseas capital losses arising on the sale of the group's 15% interest in LAMP Technologies LLC. (2007: £5,404,000) as the directors do not believe there is sufficient evidence that it is probable they will be recovered. The unrecognised deferred tax asset in 2007 has been recognised in full in 2008.

At the balance sheet date, the aggregate amount of temporary differences with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was £121,912,000 (2007: £86,062,000). No liability has been recognised in respect of these differences because the group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

22 Called up share capital

	2008 £000's	2007 £000's
Authorised		
137,365,200 ordinary shares of 0.25p each (2007: 137,365,200 ordinary shares of 0.25p each)	343	343
Allotted, called up and fully paid		
105,300,896 ordinary shares of 0.25p each (2007: 102,972,478 ordinary shares of 0.25p each)	263	258

During the year, 2,328,418 ordinary shares of 0.25p each (2007: 107,049 ordinary shares) with an aggregate nominal value of £5,821 (2007: £268) were issued for a cash consideration of £71,680 (2007: £428,076) following the exercise of share options granted under the company's share option schemes.

23 Share-based payments

Equity settled options

The following options are outstanding at September 30 and are options to subscribe for new ordinary shares of 0.25p each in the company:

Number of ordinary shares under option: 2008

	2007	Granted during year	Exercised during year	Lapsed during year	2008	Option price (£)	Weighted average market price at date of exercise (£)
Period during which option may be exercised:							
Before January 6 2008	17,984	–	–	(17,984)	–	3.96	–
Before January 28 2009	150,000	–	–	(10,000)	140,000	4.19	–
Before February 10 2009	160,000	–	–	–	160,000	3.96	–
Before June 24 2009	540,000	–	–	–	540,000	4.31	–
Before January 4 2010	119,648	–	–	(8,000)	111,648	5.63	–
Before March 1 2011	209,000	–	–	(5,000)	204,000	5.38	–
Before January 22 2012	116,000	–	–	(6,000)	110,000	3.35	–
Before December 3 2012	376,000	–	–	(20,000)	356,000	2.59	–
Before January 27 2014	335,000	–	–	(16,000)	319,000	4.19	–
Before July 31 2007	1,138	–	(1,138)	–	–	3.24	5.10
Between February 1 2008 and July 31 2008	26,143	–	(16,607)	(8,415)	1,121	3.38	3.98
Between February 1 2009 and July 31 2009	77,250	–	–	(6,381)	70,869	3.69	–
Between January 5 2010 and July 4 2010	125,563	–	(1,453)	(53,972)	70,138	4.19	5.10
Between December 17 2010 and June 16 2011	–	119,410	–	(27,098)	92,312	3.18	–
Before September 30 2014	2,500,000	–	(2,309,220)	–	190,780	0.0025	3.85
Before September 30 2014	–	2,500,000*	–	–	2,500,000	0.0025	–
	4,753,726	2,619,410	(2,328,418)	(178,850)	4,865,868		

The options outstanding at September 30 2008 had a weighted average exercise price of £1.80 and a weighted average remaining contractual life of 4.37 years.

* Options granted relate to those that are likely to be issued under the second tranche of the CAP which vest on February 14 2009, three months following the announcement of the company's results. The number of options granted is provisional and will primarily require a true-up to reflect adjustments of the individual businesses profits during the period to December 31 2008 as required by the remuneration committee. As such the actual number of options granted could vary from that disclosed.

Notes to the Accounts *continued*

23 Share-based payments *continued*

Number of ordinary shares under option: 2007

	2006	Granted during year	Exercised during year	Lapsed during year	2007	Option price (£)	Weighted average market price at date of exercise (£)
Period during which option may be exercised:							
Before February 6 2007	20,448	–	(20,448)	–	–	3.55	5.82
Before January 6 2008	17,984	–	–	–	17,984	3.96	–
Before January 28 2009	190,000	–	(32,000)	(8,000)	150,000	4.19	5.66
Before February 10 2009	160,000	–	–	–	160,000	3.96	–
Before June 24 2009	540,000	–	–	–	540,000	4.31	–
Before January 4 2010	156,000	–	(18,352)	(18,000)	119,648	5.63	6.45
Before March 1 2011	257,000	–	–	(48,000)	209,000	5.38	–
Before January 22 2012	138,000	–	(8,000)	(14,000)	116,000	3.35	6.04
Before December 4 2005 and December 3 2012	428,000	–	–	(52,000)	376,000	2.59	–
Before January 28 2007 and January 27 2014	394,000	–	–	(59,000)	335,000	4.19	–
Before February 1 2007 and July 31 2007	29,999	–	(26,469)	(2,392)	1,138	3.24	5.90
Between February 1 2008 and July 31 2008	32,954	–	–	(6,811)	26,143	3.38	–
Between February 1 2009 and July 31 2009	83,580	–	(1,685)	(4,645)	77,250	3.69	5.42
Between January 5 2010 and July 4 2010	–	140,578	(95)	(14,920)	125,563	4.19	5.20
Before September 30 2014	–	2,500,000	–	–	2,500,000	0.0025	–
	2,447,965	2,640,578	(107,049)	(227,768)	4,753,726		

The options outstanding at September 30 2007 had a weighted average exercise price of £1.92 and a weighted average remaining contractual life of 5.25 years.

Capital Appreciation Plan (CAP)

The CAP executive share option scheme was approved by shareholders on February 1 2005. Each of the CAP awards comprises an option to subscribe for ordinary shares of 0.25p each in the company for an exercise price of 0.25p per ordinary share. The awards become exercisable on satisfaction of certain performance conditions and lapse to the extent unexercised on September 30 2014. The initial performance condition (increased during 2007 to reflect the acquisition of Metal Bulletin) was achieved in the financial year 2007 and the option pool (a maximum of 7.5 million shares) was allocated between the holders of outstanding awards. One third of the awards vested on February 14 2008. The primary performance target was achieved again in 2008 and the second tranche of options will vest in February 2009 subject to the businesses also achieving the secondary performance criteria (page 32). The final tranche will vest in 2010, but only if the primary and secondary performance conditions are again met, otherwise vesting is deferred until both the profit target of £57 million achieved in 2007 is achieved again, and the profits of the individual participants businesses are at least 75% of that achieved in 2007 but no later than by reference to the year ending September 30 2012.

Share Option Schemes

The company has 12 share option schemes for which an IFRS2 'Share based payments' charge has been recognised. Details of these schemes are set out in the Directors Remuneration report on pages 32 to 33. The fair value per option granted and the assumptions used in the calculation are shown below:

The executive and Save as You Earn Options were valued using the Black-Scholes option-pricing model. Expected volatility was determined by calculating the historical volatility of the group's share price over a period of 13 years. The executive options' fair values have been discounted at a rate of 10% to reflect their performance conditions. The expected term of the option used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The expense recognised in the year in respect of these options was £281,000 (2007: £202,000).

23 Share-based payments *continued*

	Executive Options		SAYE			
	December 4 2002	January 28 2004	6 January 4 2005	7 February 1 2006	8 January 5 2007	9 December 17 2007
Date of grant						
Market value at date of grant (p)	259	419	423	461	524	397
Option price (p)	259	419	338	369	419	318
Number of share options						
outstanding	356,000	319,000	1,121	70,869	70,138	92,312
Option life (years)	10	10	3.5	3.5	3.5	3.5
Expected term of option						
(grant to exercise (years))	5.5	5.5	3	3	3	3
Exercise price (p)	259	419	338	369	419	318
Risk-free rate	4.10%	4.10%	4.80%	4.80%	4.75%	4.25%
Dividend yield	3.93%	3.93%	3.35%	3.35%	3.35%	3.35%
Volatility	30%	30%	30%	30%	30%	30%
Fair value per option (£)	0.52	0.72	1.22	1.24	1.51	1.13

The CAP options were valued using a fair value model that adjusted the share price at the date of grant for the net present value of expected future dividend streams up to the date of expected exercise. Under IFRS 2, Internet Securities, Inc. options are classified as cash settled options. As such their related fair value equates to the fair value at the balance sheet date. For both these option schemes, the expected term of the option used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The share based expense recognised in the year for the CAP options was £4,658,000 (2007: £9,629,000), and for Internet Securities, Inc. options was £422,000 (2007: £345,000).

	CAP			Internet Securities, Inc. Cash Settled Options		
	Tranche 1 June 20 2005	Tranche 2 June 20 2005	Tranche 3 June 20 2005	February 2 2004	May 11 2005	February 28 2006
Date of grant						
Market value at date of grant (p)	401	401	401	n/a	n/a	n/a
Option price (p)	0.25	0.25	0.25	n/a	n/a	n/a
Number of share options						
outstanding	190,780	2,500,000	2,500,000	47,539	1,845	38,501
Option life (years)	10	10	10	10	10	10
Expected term of option						
(grant to exercise (years))	3.28	4.53	5.53	6.5	5.5	4.5
Exercise price (p)	0.25	0.25	0.25	n/a	n/a	n/a
Risk-free rate	5.0%	5.0%	5.0%	n/a	n/a	n/a
Dividend growth	8.44%	8.44%	8.44%	n/a	n/a	n/a
Fair value per option (£)	3.28	3.02	2.82	US\$18.57	US\$18.57	US\$18.57

Notes to the Accounts *continued*

24 Statement of movement on reserves

	Share premium account £000's	Other reserve £000's	Capital redemption reserve £000's	Own shares £000's	Liability for share based payments £000's	Fair value reserve £000's	Translation reserve £000's	Retained earnings £000's	Total £000's
At September 30 2006	38,081	–	8	(74)	5,907	6,618	(244)	(78,642)	(28,346)
Retained profit for the year	–	–	–	–	–	–	–	31,822	31,822
Premium on shares issued for acquisition of Metal Bulletin plc	–	64,981	–	–	–	–	–	–	64,981
Recognition of acquisition option commitments	–	–	–	–	–	–	–	(18,533)	(18,533)
Exercise of acquisition option commitments	–	–	–	–	–	–	–	7,248	7,248
Exchange differences arising on translation of net investments in overseas subsidiary undertakings	–	–	–	–	–	–	(15,001)	–	(15,001)
Translation reserves recycled to the income statement on disposals	–	–	–	–	–	–	(90)	–	(90)
Net exchange difference on foreign currency loans	–	–	–	–	–	5,886	–	–	5,886
Change in fair value of available for sale investments	–	–	–	–	–	(405)	–	–	(405)
Change in fair value of hedges	–	–	–	–	–	6,392	–	–	6,392
Transfer of gain on cash flow hedges from fair value reserves to income statement	–	–	–	–	–	(2,699)	–	–	(2,699)
Change in fair value of intangibles	–	–	–	–	–	2,384	–	–	2,384
Credit for share-based payments	–	–	–	–	9,830	–	–	–	9,830
Dividends paid	–	–	–	–	–	–	–	(18,110)	(18,110)
Change in actuarial assumptions in defined benefit scheme	–	–	–	–	–	–	–	4,158	4,158
Exercise of share options	428	–	–	–	–	–	–	–	428
Tax on items going through reserves	–	–	–	–	–	–	–	2,082	2,082
At September 30 2007	38,509	64,981	8	(74)	15,737	18,176	(15,335)	(69,975)	52,027
Retained profit for the year	–	–	–	–	–	–	–	43,719	43,719
Recognition of acquisition option commitments	–	–	–	–	–	–	–	(500)	(500)
Exercise of acquisition option commitments	–	–	–	–	–	–	–	6,919	6,919
Exchange differences arising on translation of net investments in overseas subsidiary undertakings	–	–	–	–	–	–	32,448	–	32,448
Net exchange difference on foreign currency loans	–	–	–	–	–	(19,115)	–	–	(19,115)
Change in fair value of hedges	–	–	–	–	–	(17,455)	–	–	(17,455)
Transfer of gain on cash flow hedges from fair value reserves to income statement	–	–	–	–	–	(2,877)	–	–	(2,877)
Change in fair value of intangibles	–	–	–	–	–	1,692	–	–	1,692
Credit for share-based payments	–	–	–	–	4,939	–	–	–	4,939
Dividends paid	–	–	–	–	–	–	–	(19,950)	(19,950)
Change in actuarial assumptions in defined benefit scheme	–	–	–	–	–	–	–	1,589	1,589
Exercise of share options	66	–	–	–	–	–	–	–	66
Tax on items going through reserves	–	–	–	–	–	–	–	1,282	1,282
At September 30 2008	38,575	64,981	8	(74)	20,676	(19,579)	17,113	(36,916)	84,784

The investment in own shares is held by the Euromoney Employees' Share Ownership Trust (ESOT). At September 30 2008 the ESOT held 58,976 shares (2007: 58,976 shares) carried at a historic cost of £1.25 per share with a market value of £192,000 (2007: £312,000). The trust waived the rights to receive dividends. Interest and administrative costs are charged to the profit and loss account of the ESOT as incurred.

25 Acquisition option commitments

The group is party to a number of put options over the remaining minority interests in some of its subsidiaries. IAS 39 'Financial Instruments' requires the recognition of acquisition liabilities. The group regularly performs a review of the underlying businesses with option commitments and in 2008 the review resulted in a net increase in the fair value of the group's option commitments of £1,730,000 (2007: decrease of £3,885,000). This increase is reported as finance expense in the income statement. New option commitments of £500,000 have been recognised relating to subsidiaries acquired in the year and existing options have been exercised totalling £6,919,000. As at September 30 2008, the discounted present value of the remaining put option commitments is £29,848,000 (2007: £33,335,000). These discounts are unwound as a notional interest charge to the income statement.

26 Commitments

At September 30 the group has committed to make the following payments in respect of operating leases on land and buildings:

	2008 £000's	2007 £000's
Within 1 year	5,623	4,764
Between 2 and 5 years	18,519	16,213
After 5 years	15,619	19,385
	39,761	40,362

The group's operating leases do not include any significant leasing terms or conditions.

At September 30 the group had contracted with tenants to receive the following payments in respect of operating leases on land and buildings:

	2008 £000's	2007 £000's
Within 1 year	364	–
Between 2 and 5 years	1,480	–
After 5 years	1,937	–
	3,781	–

27 Retirement benefit schemes

Defined contribution schemes

The group operates the following defined contribution schemes: Euromoney PensionSaver, Euromoney Pension Plan, the Metal Bulletin Group Personal Pension Plan in the UK and the 401(k) savings and investment plan in the US. It also participates in the Harmsworth Pension Scheme, a defined benefit scheme which is operated by Daily Mail and General Trust plc (DMGT) but is accounted for in Euromoney Institutional Investor PLC as a defined contribution scheme.

The pension charge in respect of defined contribution schemes for the year ended September 30 comprised:

	2008 £000's	2007 £000's
Euromoney Pension Plan	575	460
Metal Bulletin Group Personal Pension Plan	39	63
Private schemes	801	596
Harmsworth Pension Scheme	203	184
	1,618	1,303

Euromoney PensionSaver and Euromoney Pension Plan

Euromoney PensionSaver was launched on October 1 2008 to replace the Euromoney Pension Plan as the principal pension arrangement offered to employees of the group. Under both plans, contributions are paid by the employer and employees. However, Euromoney PensionSaver is a group personal pension arrangement rather than the trust-based arrangement used by the Euromoney Pension Plan. The Euromoney Pension Plan is a part of the DMGT Pension Trust, an umbrella trust under which DMGT UK trust-based defined contribution plans are held. Insured death benefits previously held under this trust have been transferred to a new trust-based arrangement specifically for life assurance purposes.

Notes to the Accounts *continued*

27 Retirement benefit schemes *continued*

Active members of the Euromoney Pension Plan have been given the opportunity to join and transfer their assets to Euromoney PensionSaver. Following these transfers, all assets remaining in the Euromoney Pension Plan will be transferred out before the Plan is wound up.

Assets of both plans are invested in funds selected by members and held independently from the company's finances. The investment and administration of both plans is undertaken by Fidelity Pension Management.

Metal Bulletin Group Personal Pension Plan

The Metal Bulletin Group Personal Pension Plan is a defined contribution arrangement under which contributions are paid by the employer and employees. The scheme is closed to new members.

The plan is contracted-in to the State Second Pension and its assets are invested under trust in funds selected by members and held independently from the company's finances. The investment and administration of the plan is undertaken by Skandia Life Group.

Private schemes

Institutional Investor, Inc. contributes to a 401(k) savings and investment plan for its employees which is administered by an independent investment provider. Employees are able to contribute up to 15% of salary with the company matching up to 50% of the employee contributions, up to 5% of salary.

Stakeholder pensions

The company provides access to a stakeholder pension plan for relevant employees who are not eligible for other pension schemes operated by the group.

Harmsworth Pension Scheme

The Harmsworth Pension Scheme is a defined benefit scheme operated by DMGT providing service-related benefits based on final pensionable salary. The assets of the scheme are held independently from the company's finances and are administered by a trustee company. The scheme is no longer offered to new employees of the company.

The contributions payable to the scheme are determined by the trustee company after taking advice from an independent qualified actuary, and following agreement with the company. The most recent actuarial valuation of the scheme, upon which the current contributions are based, was carried out as at March 31 2007 using the projected unit credit method.

On November 30 2007 the members, assets and liabilities of the Mail Newspapers Pension Scheme (MNPS) were merged into the Harmsworth Pension Scheme. As a condition of the merger, DMGT, as the principal employer, has provided letters of credit for £40 million to cover the period to December 1 2011. The trustee would have a call on this contingent asset in the event that the newly combined scheme begins to be wound up before December 1 2011 and the assets of the scheme are insufficient to provide benefits in full for all members.

The funding strategy agreed with the trustee made allowance for assumed future investment returns on the scheme's assets of 3.3% p.a. above price inflation, compared with the real return of some 2.6% p.a. implicit within the calculation of the Technical Provisions (i.e. the value of the scheme's benefit liabilities). DMGT agreed with the trustee that this margin would be covered by a contingent asset and DMGT has put in place a letter of credit (to be updated annually) of an amount sufficient to cover any potential shortfall in this additional investment return arising prior to the next triennial valuation. As at September 28 2008 the letter of credit had a value of £21.8 million (2007: £nil). In addition the company is paying annual cash contributions of 18% of members' scheme salaries (2007: 18%).

Other key financial assumptions adopted were as follows:

Long-term assumed rate of:	2008	2007
Price inflation	3.0% p.a.	2.75% p.a.
Salary increases	4.3% p.a.	4.5% p.a.
Pension increases (on excess over guaranteed minimum pension)	3.0% p.a.	2.75% p.a.
Discount rate for accrued liabilities		
- Pre-retirement	6.4% p.a.	6.6% p.a.
- Post-retirement	4.8% p.a.	5.0% p.a.

The financial assumptions shown above used in the most recent actuarial valuation were selected to provide a basis for funding the schemes and are not intended to reflect the company's experience or policy regarding pay in any one financial year.

The valuation of the scheme showed that the combined accumulated assets of the scheme as at March 31 2007 represented 99% of the scheme's Technical Provisions in respect of past service benefits.

27 Retirement benefit schemes *continued*

Members are able to make additional voluntary contributions (AVCs) into unit-linked funds held within each scheme. No benefit obligation arises to the DMGT, or the company, from these AVCs and the related unit-linked AVC assets have been excluded from the valuation of assets and liabilities reported below.

The group's pension charge for the Harmsworth Pension Scheme for the year ended September 30 2008 was £203,000 (2007: £184,000).

Included in debtors in 2007 is an advance payment into the pension schemes amounting to £143,000. In accordance with the provisions of the contribution schedules for the schemes, the company has not made an advance payment in 2008 but will be making regular monthly contribution payments from October 2008.

The group is unable to identify its share of the underlying assets and liabilities in the Harmsworth Pension Scheme. The scheme is operated on an aggregate basis with no segregation of the assets to individual participating employers and, therefore, the same contribution rate is charged to all participating employers (i.e. the contribution rate charged to each employer is affected by the experience of the schemes as a whole). The scheme is therefore accounted for as a defined contribution scheme by the company. This means that the pension charge reported in these financial statements is the same as the cash contributions due in the period.

The ultimate parent company, DMGT, is required to account for the Harmsworth Pension Scheme under IAS 19 'Employee Benefits'. The IAS 19 disclosures in the Annual Report and Accounts of DMGT have been based on calculations performed as part of the work being carried out for the formal valuation of the scheme as at March 31 2007, and adjusted to September 30 2008 by the actuary. The calculations are adjusted to allow for the assumptions and actuarial methodology required by IAS 19. These showed that the market value of the scheme's assets was £1,322.5 million (2007: £650.0 million) and that the actuarial value of these assets represented 99% (2007: 106%) of the benefits that had accrued to members (also calculated in accordance with IAS 19).

Defined benefit scheme

The company operates the Metal Bulletin plc Pension Scheme (closed to new members), a defined benefit scheme.

Metal Bulletin Pension Scheme

The acquisition by the group of Metal Bulletin plc on October 6 2006 included a defined benefit obligation in respect of the Metal Bulletin plc Pension Scheme (MBPS). As a result, at that date the company acquired a defined benefit obligation of £21.7 million along with a fair value of pension scheme assets of £17.7 million resulting in a net pension liability of £4.0 million. The impact of the acquisition of MBPS on the balance sheet disclosures, and the subsequent pension costs arising, are included in the figures reported below.

The MBPS is a defined benefit scheme providing service-related benefits based on final pensionable salary. The assets of the scheme are held independently from the company's finances, being invested with the Norwich Union Life Insurance Society, Schroder Investment Management Ltd, and certain other specific investments managed directly by the Trustees. Contributions to the scheme are charged to the income statement so as to spread the cost of pensions over employees' working lives with the group. The contributions are determined by an independent qualified actuary on the basis of triennial valuations using the attained age method. The most recent actuarial valuation of the scheme, upon which the current contributions are based, was carried out as at June 1 2007.

The company cash contribution rate to the scheme during the year was 22.8% (2007: 22.8%) of pensionable salaries.

This MBPS is closed to new members. The figures in this note are based on calculations carried out in connection with the actuarial valuation of the scheme as at June 1 2007 and adjusted to September 30 2008 by the actuary. The key financial assumptions adopted were as follows:

Long-term assumed rate of:	2008	2007
Pensionable salary growth	5.0% p.a.	4.6% p.a.
Pension escalation in payment (pre January 1997 members)	5.0% p.a.	5.0% p.a.
Pension escalation in payment (pensions earned from May 30 2002 to June 30 2006) (post January 1997 members)	3.7% p.a.	3.3% p.a.
Pension escalation in payment (pensions earned from June 30 2006) (post January 1997 members)	2.5% p.a.	2.5% p.a.
Discount rate for accrued liabilities	7.0% p.a.	5.9% p.a.
Inflation	3.7% p.a.	3.3% p.a.
Pension increase in deferment	3.7% p.a.	3.3% p.a.

The discount rate for scheme liabilities reflects yields at the balance sheet date on high quality corporate bonds. All assumptions were selected after taking actuarial advice.

Notes to the Accounts *continued*

27 Retirement benefit schemes *continued*

The fair value of the assets held by the MBPS and the long-term expected rate of return on each class of assets are shown in the following table:

	Equities	Bonds	Property	With profits policy	Cash	Total
2008						
Value at September 30 2008 (£000's)	4,449	7,512	–	2,400	5,151	19,512
% of assets held	22.8%	38.5%	0.0%	12.3%	26.4%	100.0%
Long-term rate of return expected at September 30 2008	8.70%	5.00%	7.00%	5.75%	5.00%	
	Equities	Bonds	Property	With profits policy	Cash	Total
2007						
Value at September 30 2007 (£000's)	3,440	3,240	–	6,120	7,065	19,865
% of assets held	17.3%	16.3%	0.0%	30.8%	35.6%	100.0%
Long-term rate of return expected at September 30 2007	7.75%	5.00%	4.50%	5.50%	4.50%	

A reconciliation of the net pension surplus reported in the balance sheet is shown in the following table:

	2008 £000's	2007 £000's
Present value of defined benefit obligation	(16,985)	(19,501)
Assets at fair value	19,512	19,865
Surplus reported in the balance sheet	2,527	364

The International Financial Reporting Interpretations Committee, in its document IFRIC 14, has interpreted the extent to which a company can recognise a pension surplus on its balance sheet. Having taken account of the rules of the scheme, the fact that the scheme remains open to new accrual, and the current levels of service cost and cash contributions, the company considers that recognition of the scheme's surplus on its balance sheet is in accordance with the interpretations of IFRIC 14. The surplus for the year excludes a related deferred tax liability of £708,000 (2007: £109,000).

Changes in the present value of the defined benefit obligation are as follows:

	2008 £000's	2007 £000's
Present value of obligation at September 30	(19,501)	(21,708)
Service cost	(85)	(323)
Interest cost	(1,150)	(1,114)
Benefits paid	463	315
Members contributions	(19)	(37)
Actuarial movement	3,307	3,366
Present value of obligation at September 30	(16,985)	(19,501)

Changes in the fair value of plan assets are as follows:

	2008 £000's	2007 £000's
Fair value of plan assets at September 30	19,865	17,680
Expected return on plan assets	1,172	958
Contributions:		
Employer	637	713
Members	19	37
Actual return less expected return on pension scheme assets	(1,718)	792
Benefits paid	(463)	(315)
Fair value of plan assets at September 30	19,512	19,865

The actual return on plan assets was a loss of £546,000 (2007: gain of £1,750,000) representing the expected return plus the associated actuarial gain or loss during the year.

27 Retirement benefit schemes *continued*

The amounts charged to the income statement based on the above assumptions are as follows:

	2008 £000's	2007 £000's
Current service costs (charged to administrative costs)	85	323
Interest cost (note 7)	1,150	1,114
Expected return on plan assets (note 7)	(1,172)	(958)
Total charge recognised in income statement	63	479

Pension costs and the size of any pension surplus or deficit are sensitive to the assumptions adopted. The table below indicates the effect of changes in the principle assumptions used above.

		2008 £000's	2007 £000's
Mortality			
Change in pension obligation at September 30 from a 1 year change in life expectancy	+/-	346	583
Change in pension cost from a 1 year change	+/-	25	79
Salary Increases			
Change in pension obligation at September 30 from a 0.25% change	+/-	26	70
Change in pension cost from a 1 year change		4	7
Discount Rate			
Change in pension obligation at September 30 from a 0.1% change	+/-	290	429
Change in pension cost from a 1 year change		5	9

Amounts recognised in the statement of recognised income and expense (SORIE) are shown in the following table:

	2008 £000's	2007 £000's
Actual return less expected return on pension scheme assets	(1,717)	792
Experience adjustments on liabilities	(36)	498
Gains arising from changes in assumptions	3,342	2,868
Total gains recognised in SORIE	1,589	4,158
Cumulative actuarial gain recognised in SORIE at beginning of year	4,158	-
Cumulative actuarial gain recognised in SORIE at end of year	5,747	4,158

History of experience gains and losses:

	2008 £000's	2007 £000's
Present value of defined benefit obligation	(16,985)	(19,501)
Fair value of scheme assets	19,512	19,865
Surplus in scheme	2,527	364
Experience adjustments on defined benefit obligation	(36)	498
Percentage of present value of defined benefit obligation	0.2%	2.6%
Experience adjustments on fair value of scheme assets	(1,717)	792
Percentage of the fair value of the scheme assets	8.8%	4.0%

The group expects to contribute approximately £614,000 (2007: £630,000) to the MBPS during the 2009 financial year.

Notes to the Accounts *continued*

28 Contingent liabilities and assets

Claims in Malaysia

Four writs claiming damages for libel were issued in Malaysia against the company and three of its employees in respect of an article published in one of the company's magazines, *International Commercial Litigation*, in November 1995. The writs were served on the company on October 22 1996. Two of these writs have been discontinued. The total outstanding amount claimed on the two remaining writs is Malaysian ringgits 82.0 million (£13,506,000). No provision has been made for these claims in these financial statements as the directors do not believe the company has any material liability in respect of these writs.

29 Related party transactions

The group has taken advantage of the exemption allowed under IAS 24 'Related party disclosures' not to disclose transactions and balances between group companies that have been eliminated on consolidation. Other related party transactions and balances are detailed below:

- (i) The company has a £300 million multi-currency credit facility with DMG Jersey Finance Limited. As at September 30 2008 the amount owing under the facility was: \$243,155,000 (£136,413,000) (2007: \$266,000,000 (£130,559,000)), and £48,181,000 (2007: £83,000,000). A commitment fee of £191,000 (2007: £830,000) was paid on the unused portion of the available facility.
- (ii) The group expensed £237,400 (2007: £132,000) for services provided by Daily Mail and General Trust plc.
- (iii) In September 2008, the group agreed a new loan facility from Daily Mail & General Investment Limited and provides the same loan facility to Bouverie Holdings Inc. The amount owing and receivable at September 30 2008 was US\$40,315,000 (£22,617,000) which includes accrued interest. Each balance is repayable within one month of demand and bears interest at the US prime rate.
- (iv) In April 2008, the group agreed a new loan facility from Daily Mail and General Holdings Limited. The amount owing at September 30 2008 was £133,155,000 which includes accrued interest. The balance is repayable in October 2008 and bears interest 0.34% above LIBOR. At the same time, the group granted a new loan facility to Harmsworth Quays Printing Ltd. The amount receivable at September 30 2008 was Yen 25,159,696,000 (£133,155,000) which includes accrued interest. The balance is repayable in October 2008 and bears interest at 0.5% above Yen LIBOR.

At the same time the group entered into a swap agreement with Harmsworth Quays Printing Ltd to buy Yen 24,053,698,000 and sell £124,097,000 on October 2 2008. The swap was settled in advance on September 30 2008 for £3,205,000.

- (v) At September 30 2008 the group had £154,788,000 (2007: £163,163,000) fixed rate interest rate swaps outstanding with Daily Mail and General Holdings Limited amounting to \$185,000,000 (2007: \$200,000,000) at interest rates between 3.3% and 5.4% and termination dates between March 30 2009 and March 28 2013 and £51,000,000 (2007: £65,000,000) at interest rates between 4.9% and 6.3% and termination dates between March 30 2009 and September 28 2012. During the year the group paid \$1,263,000 (2007: received \$2,346,000) and received £124,000 (2007: £51,000) of interest from Daily Mail and General Holdings Limited in respect of interest rate swaps.
- (vi) There is an annual put option agreement over the sale of Internet Securities, Inc (ISI) shares between the company and G Mueller, a director of the company. The annual put option value is based on the valuation of ISI as determined by an independent financial adviser. Under the terms of the agreement consideration caps have been put in place that require the maximum consideration payable to option holders to be capped at an amount such that the results of any relevant class tests would, at the relevant time, fall below the requirement for shareholder approval.

No such shares or options were sold or exercised in 2008 or 2007.

29 Related party transactions *continued*

(vii) The compensation paid or payable for key management is set out below. Key management includes the executive and non-executive directors as set out in the remuneration report and other key divisional directors who are not on the board.

Key management compensation	2008 £000's	2007 £000's
Salaries and short-term employee benefits	15,451	14,973
Non-executive director's fees	178	178
Post-employment benefits	170	156
Other long-term benefits (all share-based)	1,956	3,894
	<hr/>	<hr/>
	17,755	19,201
Of which:		
Executive directors	14,385	13,947
Non-executive directors	178	178
Divisional directors	3,192	5,076
	<hr/>	<hr/>
	17,755	19,201

Details of the remuneration of directors is given in the Directors' Remuneration Report.

30 Ultimate parent undertaking and controlling party

The directors regard the ultimate parent undertaking as Rothermere Continuation Limited, which is incorporated in Bermuda. The ultimate controlling party is The Viscount Rothermere. The largest and smallest group of which the company is a member and for which group accounts are drawn up is that of Daily Mail and General Trust plc, incorporated in Great Britain and registered in England and Wales. Copies of the report and accounts are available from:

The Company Secretary
Daily Mail and General Trust plc
Northcliffe House, 2 Derry Street
London W8 5TT

Independent Auditors' Company Report

Independent auditors' report to the members of Euromoney Institutional Investor PLC

We have audited the parent company financial statements of Euromoney Institutional Investor PLC for the year ended September 30 2008 which comprise the Company Balance Sheet and the related notes 1 to 20. These parent company financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the group financial statements of Euromoney Institutional Investor PLC for the year ended September 30 2008 and on the information in the directors' remuneration report that is described as having been audited.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the parent company financial statements and the part of the Directors' Remuneration Report in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the parent company financial statements give a true and fair view and whether the parent company financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the Directors' Report is consistent with the parent company financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited parent company financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent company financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at September 30 2008;
- the parent company financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the parent company financial statements.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

November 12 2008

Company Balance Sheet

as at September 30 2008

	Notes	2008 £000's	2007 £000's
Fixed assets			
Intangible assets	5	2,765	2,765
Tangible assets	6	14,463	13,745
Investments	7	658,498	456,121
Derivative financial instruments	16	189	5,088
		<u>675,915</u>	<u>477,719</u>
Current assets			
Debtors	8	128,251	114,352
Derivative financial instruments	16	12,918	3,625
		<u>141,169</u>	<u>117,977</u>
Creditors: amounts falling due within one year	9	<u>(493,058)</u>	<u>(96,023)</u>
Net current (liabilities)/assets		<u>(351,889)</u>	<u>21,954</u>
Total assets less current liabilities		<u>324,026</u>	<u>499,673</u>
Creditors: amounts falling due after more than one year	9	<u>(59,777)</u>	<u>(250,654)</u>
Net assets		<u>264,249</u>	<u>249,019</u>
Capital and reserves			
Called up share capital	12	263	258
Share premium account	14	38,575	38,509
Other reserve	14	64,981	64,981
Capital redemption reserve	14	8	8
Capital reserve	14	1,842	1,842
Own shares	14	(74)	(74)
Liability for share based payments	14	12,251	9,174
Fair value reserve	14	(6,286)	(1,051)
Profit and loss account	14	152,689	135,372
Equity shareholders' funds	17	<u>264,249</u>	<u>249,019</u>

Euromoney Institutional Investor PLC has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these accounts. The profit after taxation of Euromoney Institutional Investor PLC included in the group profit for the year is £37,201,000 (2007: £112,357,000).

The accounts were approved by the board of directors on November 12 2008.

Richard Ensor
Colin Jones
Directors




Notes to the Company Accounts

1 Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention except for derivatives financial instruments which have been measured at fair value and in accordance with applicable United Kingdom accounting standards and the United Kingdom Companies Act 1985. The accounting policies set out below have, unless otherwise stated, been applied consistently through current and prior year.

The company has taken advantage of the exemption from presenting a cash flow statement under the terms of FRS 1 (Revised) 'Cash Flow Statements'.

The company is also exempt under the terms of FRS 8 'Related Party Disclosures' from disclosing related party transactions with entities that are part of the group.

Further, the company, as a parent company of a group drawing up consolidated financial statements that meet the requirements of IFRS 7, is exempt from disclosures that comply with its UK GAAP equivalent, FRS 29 'Financial Statements: Disclosures'.

Accounting policies

Turnover

Turnover represents income from advertising, subscriptions, sponsorship and delegate fees, net of value added tax.

- Advertising revenues are recognised in the income statement on the date of publication.
- Subscription revenues are recognised in the income statement on a straight-line basis over the period of the subscription.
- Sponsorship and delegate revenues are recognised in the income statement over the period the event is run.

Turnover invoiced but relating to future periods are deferred and treated as deferred income in the balance sheet.

Leased assets

Operating lease rentals are charged to the profit and loss account on a straight line or other systematic basis as allowed by SSAP 21 'Accounting for Leases and Hire Purchase Contracts'.

Pension schemes

Details of the company's pension schemes are set out in note 27 to the group accounts. The company participates in the Harmsworth Pension Scheme. It is unable to identify its share of the underlying assets and liabilities in this scheme. The defined benefit scheme is operated on an aggregate basis with no segregation of the assets to individual participating employers and, therefore, the same contribution rate is charged to all participating employers (i.e. the contribution rate charged to each employer is affected by the experience of the scheme as a whole). The scheme is therefore accounted for as a defined contribution scheme by the company. This means that the pension charge included in these financial statements is the same as the cash contributions due in the period.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation of tangible fixed assets is provided on the straight-line basis over their expected useful lives at the following rates per year:

Freehold land and buildings	2%
Short-term leasehold premises	over term of lease
Office equipment	11% - 33%

Goodwill

Where the company has divisionalised the unincorporated businesses of its subsidiaries, the investment in the subsidiary then has the substance of goodwill and is reclassified accordingly. Goodwill arising in these circumstances is not amortised in the company where the directors are of the view that the goodwill has an indefinite economic life, but is reviewed annually for impairment. The non-amortisation of goodwill represents a departure from the Companies Act 1985 but is necessary to give a true and fair view under the provisions of FRS 10 'Goodwill and Intangible Assets'. It is not possible to quantify the impact of this departure, as it would depend on the life adopted. As at September 30 2008, the total of such goodwill was £2,765,000 (2007: £2,765,000).

1 Accounting policies *continued*

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is calculated under the provisions of FRS 19 'Deferred Taxation', and is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when the timing differences crystallise based on current tax rates and law. Deferred tax is not provided on timing differences on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are only recognised to the extent that it is regarded as more likely than not that they will be recovered.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange of the related foreign exchange contract. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling at the balance sheet date.

Derivatives and other financial instruments

The company uses various derivative financial instruments to manage its exposure to foreign exchange and interest rate risks, including forward foreign currency contracts and interest rate swaps.

All derivative instruments are recorded in the balance sheet at fair value. Recognition of gains or losses on derivative instruments depends on whether the instrument is designated as a hedge and the type of exposure it is designed to hedge.

The effective portion of gains or losses on cash flow hedges are deferred in equity until the impact from the hedged item is recognised in the profit and loss account. The ineffective portion of such gains and losses is recognised in the profit and loss account immediately.

Gains or losses on the qualifying part of net investment hedges are recognised in equity together with the gains and losses on the underlying net investment. The ineffective portion of such gains and losses is recognised in the profit and loss account immediately.

Changes in the fair value of the derivative financial instruments that do not qualify for hedge accounting are recognised in the profit and loss account as they arise.

The premium or discount on interest rate instruments is recognised as part of net interest payable over the period of the contract. Interest rate swaps are accounted for on an accruals basis.

Liabilities for put options over the remaining minority interests in subsidiaries are recorded in the balance sheet at their estimated discounted present value. These discounts are unwound and charged to the income statement as notional interest over the period up to the date of the potential future payment. In respect of options over further interests in joint ventures and associates, only movements in their fair value are recognised.

Trade and other receivables

Trade receivables are recognised and carried at original invoice amount, less provision for impairment. A provision is made and charged to the profit and loss account when there is objective evidence that the company will not be able to collect all amounts due according to the original terms.

Cash at bank and in hand

Cash at bank and in hand includes cash, short-term deposits and other short-term highly liquid investments with an original maturity of three months or less.

Dividends

Dividends are recognised as an expense in the period in which they are approved by the company's shareholders. Interim dividends are recorded in the period in which they are paid.

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, and it is probable that economic benefits will be required to settle the obligation. If it is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Notes to the Company Accounts *continued*

1 Accounting policies *continued*

Share-based payments

The company makes share-based payments to certain employees. These payments are measured at their estimated fair value at the date of grant, calculated using an appropriate option pricing model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of the number of shares that will eventually vest. At the period end the vesting assumptions are revisited and the charge associated with the fair value of these options updated. In accordance with the transitional provisions of FRS 20 'Share-based payments' has been applied to all grants of options after November 7 2002, that were unvested at October 1 2004, the date of application of FRS 20.

2 Staff costs

	2008 £000's	2007 £000's
Salaries, wages and incentives	33,561	31,421
Social security costs	3,994	4,356
Pension contributions	638	492
Share based compensation costs (note 13)	3,077	6,281
	41,270	42,550

Details of directors' remuneration are set out in the Directors' Remuneration Report on pages 30 to 41 and in note 6 of the group accounts.

The ultimate parent company, Daily Mail and General Trust plc, is required to account for the Harmsworth Pension Scheme under IAS 19 'Employee Benefits'. The IAS 19 disclosures in the Annual Report and Accounts of Daily Mail and General Trust plc have been based on calculations performed as part of the work being carried out for the formal valuation of the scheme as at March 31 2007, and adjusted to September 30 2008 by the actuary. The calculations are adjusted to allow for the assumptions and actuarial methodology required by IAS 19. These showed that the market value of the scheme's assets was £1,322.5 million (2007: £650.0 million) and that the actuarial value of these assets represented 99% (2007: 106%) of the benefits that had accrued to members (also calculated in accordance with IAS 19). The valuations and disclosures required under IAS 19 for the financial statements of Daily Mail and General Trust plc are not materially different to the valuations and disclosures required under FRS 17.

The group is unable to identify its share of the underlying assets and liabilities in the Harmsworth Pension Scheme. The scheme is operated on an aggregate basis with no segregation of the assets to individual participating employers and, therefore, the same contribution rate is charged to all participating employers (i.e. the contribution rate charged to each employer is affected by the experience of the schemes as a whole). The scheme is therefore accounted for as a defined contribution scheme by the company. This means that the pension charge reported in these financial statements is the same as the cash contributions due in the period.

3 Number of staff

	2008 Average	2007 Average
Financial publishing	202	174
Business publishing	148	85
Training	96	89
Conferences and seminars	113	90
Databases and information services	38	16
Central	213	208
	810	662

4 Remuneration of auditors

	2008 £000's	2007 £000's
Parent company audit fee	593	491

5 Intangible assets

	Goodwill £000's
Cost at October 1 2007 and September 30 2008	5,050
Amortisation at October 1 2007 and September 30 2008	2,285
Net book value at September 30 2007 and September 30 2008	2,765

The company does not amortise its goodwill (note 1).

6 Tangible assets

	Freehold land and buildings £000's	Short-term leasehold premises £000's	Office equipment £000's	Total £000's
Cost				
At September 30 2007	5,045	8,751	8,510	22,306
Additions	2,457	163	489	3,109
Disposals	(1,145)	(2)	(688)	(1,835)
At September 30 2008	6,357	8,912	8,311	23,580
Depreciation				
At September 30 2007	19	2,618	5,924	8,561
Charge for the year	58	605	565	1,228
Disposals	(40)	(12)	(620)	(672)
At September 30 2008	37	3,211	5,869	9,117
Net book value at September 30 2008	6,320	5,701	2,442	14,463
Net book value at September 30 2007	5,026	6,133	2,586	13,745

7 Investments

	Subsidiaries £000's	Investments in associated undertakings £000's	Total £000's
At October 1 2007	456,092	29	456,121
Addition	202,377	-	202,377
At September 30 2008	658,469	29	658,498

Details of the principal subsidiary and associated undertakings of the company at September 30 2008 can be found in note 13 to the group accounts.

8 Debtors

	2008 £000's	2007 £000's
Due within one year:		
Trade debtors	11,584	14,309
Amounts owed by subsidiary undertakings	107,455	92,315
Other debtors	343	108
Deferred tax (note 11)	6,296	3,826
Prepayments and accrued income	2,573	3,794
	128,251	114,352

Notes to the Company Accounts *continued*

9 Creditors

	2008 £000's	2007 £000's
Due within one year:		
Committed facility	184,594	–
Bank overdraft	5,880	3,483
Trade creditors	1,582	1,048
Amounts owed to DMGT group undertakings	158,947	4,142
Amounts owed to subsidiary undertakings	120,817	61,166
Other creditors	3,484	5,460
Corporation tax	1,892	4,288
Other taxation and social security	1,101	1,820
Derivative financial instruments (note 16)	5,006	605
Acquisition option commitments	978	978
Loan notes	7,579	11,796
Provisions (note 10)	1,198	1,237
	493,058	96,023

	2008 £000's	2007 £000's
Due after more than one year:		
Committed facility	–	213,559
Provisions (note 10)	2,872	2,940
Accruals	24,997	22,165
Deferred income	22,784	10,617
Derivative financial instruments (note 16)	9,124	1,373
	59,777	250,654

10 Provisions

	Onerous lease provision £000's	Other provisions £000's	Total £000's
At October 1 2007	22	4,155	4,177
Provision	–	583	583
Used in the year	(22)	(668)	(690)
At September 30 2008	–	4,070	4,070

	2008 £000's	2007 £000's
Maturity profile of provisions:		
Within 1 year	1,198	1,237
Between 1 and 2 years	1,198	714
Between 2 and 5 years	1,674	2,226
	4,070	4,177

Onerous lease provision

The onerous lease provision relates to certain buildings within the property portfolio which either through acquisition were rented at non-market rates or are no longer occupied by the group.

Other provisions

Management have reclassified certain provisions previously included within trade and other payables to provisions to better reflect the classification of the creditor. The provision consists of social security arising on share option liabilities and dilapidations on leasehold properties.

11 Deferred tax

The deferred tax asset at September 30 2008 comprised:

	2008 £000's	2007 £000's
Accelerated capital allowances	(723)	(224)
Other short-term timing differences	7,019	4,050
Provision for deferred tax	6,296	3,826
Movement in deferred tax:	£000's	£000's
Deferred tax asset at October 1	3,826	3,181
Deferred tax charge in the profit and loss account	1,707	645
Deferred tax charge to equity	763	–
Deferred tax asset at September 30	6,296	3,826

A deferred tax asset of £6,296,000 (2007: £3,826,000) has been recognised in respect of depreciation in excess of UK capital allowances and other short-term timing differences. The directors are of the opinion that based on recent and forecast trading, the level of profits in future years are more likely than not to be sufficient to enable the asset to be recovered.

12 Share capital

	2008 £000's	2007 £000's
Authorised		
137,365,200 ordinary shares of 0.25p each (2007: 137,365,200 ordinary shares of 0.25p each)	343	343
Allotted, called up and fully paid		
105,300,896 ordinary shares of 0.25p each (2007: 102,972,478 ordinary shares of 0.25p each)	263	258

During the year, 2,328,418 ordinary shares of 0.25p each (2007: 107,049 ordinary shares) with an aggregate nominal value of £5,821 (2007: £268) were issued for a cash consideration of £71,680 (2007: £428,076) following the exercise of share options granted under the company's share option schemes.

13 Share based payments

An explanation of the company's share based payment arrangements are set out in the Directors' Remuneration Report on page 32. The number of shares under option, the fair value per option granted and the assumptions used to determine their values is given in note 23 to the group accounts. Their dilutive effect on the number of weighted average shares of the company is given in note 10 to the group accounts.

Equity settled options

The executive and Save as You Earn Options were valued using the Black-Scholes option-pricing model. Expected volatility was determined by calculating the historical volatility of the group's share price over a 13 year period. The executive options' fair values have been discounted at a rate of 10% to reflect their performance conditions. The expected term of the option used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The expense recognised in the year in respect of these options was £281,000 (2007: £202,000).

Notes to the Company Accounts *continued*

13 Share based payments *continued*

Date of grant	Executive Options		SAYE			
	December 4	January 28	6	7	8	9
	2002	2004	January 4 2005	February 1 2006	January 5 2007	December 17 2007
Market value at date of grant (p)	259	419	423	461	524	397
Option price (p)	259	419	338	369	419	318
Number of share options outstanding	174,000	157,000	1,121	70,869	70,138	92,312
Option life (years)	10	10	3.5	3.5	3.5	3.5
Expected term of option (grant to exercise (years))	5.5	5.5	3	3	3	3
Exercise price (p)	259	419	338	369	419	318
Risk-free rate	4.10%	4.10%	4.80%	4.80%	4.75%	4.25%
Dividend yield	3.93%	3.93%	3.35%	3.35%	3.35%	3.35%
Volatility	30%	30%	30%	30%	30%	30%
Fair value per option (£)	0.52	0.72	1.22	1.24	1.51	1.13

Capital Appreciation Plan (CAP)

The Capital Appreciation Plan (CAP) options were valued using a fair value model that adjusted the share price at the date of grant for the net present value of expected future dividend streams up to the date of expected exercise. The expected term of the option used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The share based expense in the year for the CAP options was £2,796,000 (2007: £6,079,000).

Date of grant	CAP		
	Tranche 1	Tranche 2	Tranche 3
	June 20 2005	June 20 2005	June 20 2005
Market value at date of grant (p)	401	401	401
Option price (p)	0.25	0.25	0.25
Number of share options outstanding	166,013	1,501,029	1,501,029
Option life (years)	10	10	10
Expected term of option (grant to exercise (years))	3.28	4.53	5.53
Exercise price (p)	0.25	0.25	0.25
Risk-free rate	5.0%	5.0%	5.0%
Dividend growth	8.44%	8.44%	8.44%
Fair value per option (£)	3.28	3.02	2.82

The following options are outstanding at September 30 and are options to subscribe for new ordinary shares of 0.25p each:

	2008 Number of share options	2007 Number of share options
Outstanding at October 1	2,086,123	592,533
Granted during the year	1,620,439	1,641,607
Exercised during the year	(1,354,214)	(28,249)
Expired during the year	(119,866)	(119,768)
Outstanding at September 30	2,232,482	2,086,123

The weighted average share price at the date of exercise for share options exercised during the year was £3.80 (2007: £5.88). The options outstanding at September 30 2008 had a weighted average exercise price of £1.95 (2007: £2.12), and a weighted average remaining contractual life of 4.0 years (2007: 4.8 years).

14 Statement of movement on reserves

	Share premium account £000's	Other reserve £000's	Capital redemption reserve £000's	Capital reserve £000's	Own shares £000's	Liability for share based payment £000's	Fair value reserves £000's	Profit and loss account £000's	Total £000's
At September 30 2006	38,081	–	8	1,842	(74)	2,893	405	41,125	84,280
Retained profit for the year	–	–	–	–	–	–	–	112,357	112,357
Premium on shares issued for acquisition of Metal Bulletin plc	–	64,981	–	–	–	–	–	–	64,981
Change in fair value of available for sale investments	–	–	–	–	–	–	(405)	–	(405)
Gain on cash flow hedges	–	–	–	–	–	–	(552)	–	(552)
Credit for share-based payments	–	–	–	–	–	6,281	–	–	6,281
Dividends paid	–	–	–	–	–	–	–	(18,110)	(18,110)
Exercise of share options	428	–	–	–	–	–	–	–	428
Tax on items going through reserves	–	–	–	–	–	–	(499)	–	(499)
At September 30 2007	38,509	64,981	8	1,842	(74)	9,174	(1,051)	135,372	248,761
Retained profit for the year	–	–	–	–	–	–	–	37,201	37,201
Gain on cash flow hedges	–	–	–	–	–	–	(6,537)	–	(6,537)
Credit for share-based payments	–	–	–	–	–	3,077	–	–	3,077
Dividends paid	–	–	–	–	–	–	–	(19,950)	(19,950)
Exercise of share options	66	–	–	–	–	–	–	–	66
Tax on items going through reserves	–	–	–	–	–	–	1,302	66	1,368
At September 30 2008	38,575	64,981	8	1,842	(74)	12,251	(6,286)	152,689	263,986

The investment in own shares is held by the Euromoney Employees' Share Ownership Trust (ESOT). At September 30 2008 the ESOT held 58,976 shares (2007: 58,976 shares) carried at a historic cost of £1.25 per share with a market value of £192,000 (2007: £312,000), and waived the rights to receive dividends. Interest and administrative costs are charged to the profit and loss account of the ESOT as incurred.

Of the reserves above £12,251,000 of the liability for share based payments and £51,126,000 of the profit and loss account is distributable to equity shareholders of the company. The remaining balance of £101,563,000 is not distributable.

15 Commitments

At September 30 the company has committed to make the following payments in respect of operating leases on land and buildings:

	2008 £000's	2007 £000's
Operating leases which expire:		
Within one year	148	65
Between two and five years	17	100
Over five years	892	892
	1,057	1,057

Notes to the Company Accounts *continued*

16 Financial instruments

Derivative financial instruments

The derivative financial assets/(liabilities) at September 30 2008 comprised:

	2008		2007	
	Assets £000's	Liabilities £000's	Assets £000's	Liabilities £000's
Interest rate swaps	296	(3,207)	594	(1,190)
Forward foreign exchange contracts - cash flow hedge	996	(10,064)	8,119	(788)
Forward foreign exchange contracts - net investment	–	(859)	–	–
Currency swap with subsidiary undertakings	11,815	–	–	–
	13,107	(14,130)	8,713	(1,978)
Current portion	12,918	(5,006)	3,625	(605)
Non-current portion	189	(9,124)	5,088	(1,373)

As at September 30 2008, the aggregate amount of unrealised losses under forward foreign exchange contracts deferred in the fair value reserve relating to future revenue transactions is £4,438,000 (2007: £nil). It is anticipated that the revenue transactions will take place during the next 48 months at which stage the amount deferred in equity will be released in the income statement. The ineffective portion recognised directly in the company's profit or loss that arose from cash flow hedges in the year was a loss of £11,961,000 (2007: gain £7,331,000).

As at September 30 2008 all net investment hedges were classified as effective.

The company holds all the interest rate swaps for the group and full details regarding these can be found in note 18 to the group accounts.

There were no derivatives outstanding at the balance sheet date that were designated as fair value hedges.

Hedge of net investment in foreign entity

The company has US dollar denominated borrowings which it has designated as a hedge of the net investment of its subsidiaries which have US Dollars as their functional currency. The change in fair value of these hedges resulted in an increased liability of £12,936,000 (2007: £nil). The ineffective portion of these hedges was £2,563,000 (2007: £nil) and has been charged to profit and loss account, the remaining portion has been deferred in reserves and will only be recognised in the company's profit and loss account if the related investment is sold.

Fair values of non-derivative financial assets and financial liabilities

Where market values are not available, fair values of financial assets and financial liabilities have been calculated by discounting expected future cash flows at prevailing interest rates and by applying year end exchange rates. The carrying amounts of short-term borrowings approximate the book value.

17 Reconciliation of movements in equity shareholders' funds

	2008 £000's	2007 £000's
Profit for the financial year	37,201	112,357
Dividends paid	(19,950)	(18,110)
	17,251	94,247
Issue of shares	71	65,445
Gains on cash flow hedges	(6,537)	(552)
Tax on items taken directly to equity	1,368	(499)
Change in fair value of available for sale investments	–	(405)
Credit to equity for share based payments	3,077	6,281
Net increase in equity shareholders' funds	15,230	164,517
Opening equity shareholders' funds	249,019	84,502
Closing equity shareholders' funds	264,249	249,019

18 Related party transactions

Related party transactions and balances are detailed below:

- (i) The company has a £300 million multi-currency credit facility with DMG Jersey Finance Limited. As at September 30 2008 the amount owing under the facility was: \$243,155,000 (£136,413,000) ((2007: \$266,000,000 (£130,559,000)), and £48,181,000 (2007: £83,000,000). A commitment fee of £191,000 (2007: £830,000) was paid on the unused portion of the available facility.
- (ii) The group expensed £237,400 (2007: £132,000) for services provided by Daily Mail and General Trust plc.
- (iii) In September 2008, the group agreed a new loan facility from Daily Mail & General Investment Limited. The amount owing at September 30 2008 was US\$40,315,000 (£22,617,000) which includes accrued interest. The balance is repayable within one month of demand and bears interest at the US prime rate.
- (iv) In April 2008, the group agreed a new loan facility from Daily Mail and General Holdings Limited. The amount owing at September 30 2008 was £133,155,000 which includes accrued interest. The balance is repayable in October 2008 and bears interest 0.34% above LIBOR.
- (v) At September 30 2008 the company had £154,788,000 (2007: £163,163,000) fixed rate interest rate swaps outstanding with Daily Mail and General Holdings Limited amounting to \$185,000,000 (2007: \$200,000,000) at interest rates between 3.3% and 5.4% and termination dates between March 30 2009 and March 28 2013 and £51,000,000 (2007: £65,000,000) at interest rates between 4.9% and 6.3% and termination dates between March 30 2009 and September 28 2012. During the year the company paid \$1,263,000 (2007: received \$2,346,000) and received £124,000 (2007: £51,000) of interest from Daily Mail and General Holdings Limited in respect of interest rate swaps.

19 Post balance sheet event

The directors propose a final dividend of 13.0p per share (2007: 13.0p) totalling £13,689,000 (2007: £13,386,000) for the year ended September 30 2008. The dividend will be submitted for formal approval at the Annual General Meeting to be held on January 28 2009. In accordance with FRS 21 'Post balance sheet events', these financial statements do not reflect this dividend payable but will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending September 30 2009. During 2008, a final dividend of 13.0p (2007: 11.6p) per share totalling £13,388,000 (2007: £11,943,000) was paid in respect of the dividend declared for the year ended September 30 2007.

20 Ultimate parent undertaking and controlling party

The directors regard the ultimate parent undertaking as Rothermere Continuation Limited, which is incorporated in Bermuda. The ultimate controlling party is The Viscount Rothermere. The largest and smallest group of which the company is a member and for which group accounts are drawn up is that of Daily Mail and General Trust plc, incorporated in Great Britain and registered in England and Wales. Copies of the report and accounts are available from:

The Company Secretary
Daily Mail and General Trust plc
Northcliffe House, 2 Derry Street
London W8 5TT

www.dmgmt.co.uk

Five Year Record

Group income statement extracts

	UK GAAP	IFRS			
	2004 £000's	2005 £000's	2006 £000's	2007 £000's	2008 £000's
Revenue	174,654	196,266	222,276	305,594	332,064
Operating profit before acquired intangible amortisation, share option expense and exceptional items	30,606	39,348	43,812	78,606	81,308
Goodwill amortisation	(7,534)	n/a	n/a	n/a	n/a
Acquired intangible amortisation	–	–	(144)	(15,716)	(12,749)
Share option expense	–	(1,380)	(4,428)	(10,176)	(5,361)
Exceptional items	–	(315)	(716)	855	(2,477)
Operating profit before associates and joint ventures	23,072	37,653	38,524	53,569	60,721
Share of results in associates and joint ventures	373	624	1,208	490	308
Operating profit	23,445	38,277	39,732	54,059	61,029
Net finance costs	(2,954)	(3,843)	(4,498)	(12,931)	(23,603)
Profit before tax	20,491	34,434	35,234	41,128	37,426
Tax credit/(expense) on profit on ordinary activities	(3,899)	(2,417)	3,512	(8,223)	7,279
Profit after tax from continuing operations	16,592	32,017	38,746	32,905	44,705
Profit from discontinued operations	–	–	–	500	245
Profit for the year	16,592	32,017	38,746	33,405	44,950
Attributable to:					
Equity holders of the parent	16,014	30,181	37,430	31,822	43,719
Equity minority interests	578	1,836	1,316	1,583	1,231
Profit for the financial year	16,592	32,017	38,746	33,405	44,950
Basic earnings per share	18.22p	34.19p	42.11p	30.66p	41.69p
Diluted earnings per share	18.16p	34.10p	41.90p	29.86p	40.37p
Adjusted diluted earnings per share	26.71p	26.28	28.61p	35.04p	44.36p
Diluted weighted average number of ordinary shares	88,160,349	88,508,359	89,340,024	104,888,887	107,687,024
Dividend per share	15.00p	16.20p	17.00p	19.00p	19.25p
Group balance sheet extracts					
Intangible assets	60,989	66,508	71,598	380,022	407,578
Non-current assets	7,766	27,647	63,406	38,129	41,318
Accruals	(18,569)	(23,225)	(29,478)	(43,424)	(50,016)
Deferred income liability	(35,317)	(37,491)	(45,324)	(73,382)	(89,488)
Other net current assets/(liabilities)	(66,093)	3,924	7,334	23,965	(171,290)
Non-current liabilities	(11,186)	(73,313)	(94,310)	(269,530)	(50,038)
Net assets/(liabilities)	(62,410)	(35,950)	(26,774)	55,780	88,064

The income statements, earnings per share and dividends per share for 2005, 2006, 2007, and 2008 have been prepared under IFRS. 2004 and earlier periods have not been adjusted from UK GAAP as it is not practicable to restate these years reports in accordance with IFRS. Due to differences between IFRS and UK GAAP, there are some comparative inconsistencies in the above tables. Refer to the group's September 30 2006 annual report, note 29 for an indication of the adjustments to comply with IFRS.

Financial Calendar and Shareholder Information

2008 final results announcement	Thursday November 13 2008
Final dividend ex-dividend date	Wednesday November 19 2008
Final dividend record date	Friday November 21 2008
2009 AGM (approval of final dividend)	Wednesday January 28 2009
Payment of final dividend	Wednesday February 4 2009
2009 interim results announcement	Thursday May 14 2009
Interim dividend ex-dividend date	Wednesday May 20 2009
Interim dividend record date	Friday May 22 2009
Payment of 2009 interim dividend	Monday June 22 2009*
2009 final results announcement	Thursday November 12 2009

Holders of International Depositary Receipts can receive their:

Final 2008 year end dividend from	Wednesday February 4 2009
Interim 2009 dividend from	Monday June 22 2009*

Loan note interest paid to holders of loan notes on:	Wednesday December 31 2008
	Tuesday June 30 2009

* Provisional dates and are subject to change.

Shareholder queries

Administrative enquiries about the holding of Euromoney Institutional Investor PLC shares should be directed in the first instance to the company's Registrar whose address is:

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Telephone: 0870 162 3100 (Calls cost 10p per minute plus network extras)
(from outside the UK: +44 (0) 20 8639 3399)

E-mail: ssd@capitaregistrars.com
www.capitaregistrars.com

Loan note redemption information

Loan notes can be redeemed twice a year on the interest payment dates above by depositing the Notice of Repayment printed on the Loan Note Certificate at the company's registered office. At least 20 business days' written notice prior to the redemption date is required.

Registered office

Nestor House
Playhouse Yard
London
EC4V 5EX

Shareholder's Notes

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