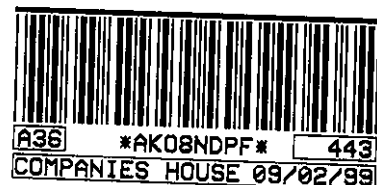


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CHAIRMAN'S STATEMENT

YOUR COMPANY LOST A GREAT MENTOR AND FRIEND ON SEPTEMBER 1. VERE HARMSWORTH, THE THIRD VISCOUNT ROTHERMERE, DIED UNEXPECTEDLY AT 73.



Vere Rothermere: mentor and friend

He was chairman of Daily Mail and General Trust, owner of 71% of Euromoney. He was also joint president and a director of Euromoney. His father Esmond, together with Sir Patrick Sergeant, founded Euromoney in 1969 – reaching agreement for the launch of the eponymous journal on the by-now-famous bench in New York's Central Park.

Obituaries around the world correctly hailed Vere as an inspired and loyal newspaper proprietor. Few of them reported what a wonderful inspiration and supporter of Euromoney he was, including his role at our conferences from Budapest to Beijing; his support for the flotation of Euromoney as a public listed company in 1986; and his backing for the acquisition of Institutional Investor.

The Harmsworth family, of which Vere was the head, continues to control DMGT and, hence, Euromoney. The new viscount is Vere's son, Jonathan Harmsworth, who was Vere's alternate on the Euromoney board. Jonathan, who is every inch a Harmsworth, was appointed to the Euromoney board on September 18, and I ask for your support at the Annual General Meeting to approve his appointment. He knows Euromoney well, and his counsel, particularly in the development of our electronic publishing strategy, will be invaluable.

It was a hard year, with financial markets deteriorating sharply over the summer as the problems of emerging Asian economies spilled over into Russia, Latin America and, finally, into the developed countries. But it was also a year when we smashed all our previous records, as the company increased its profits before tax to £32 million, against £30 million.

Earnings a share rose 15% to 104p, helped by a lower tax charge, and the directors propose an increase in the final dividend of 2p to 35p, making a total of 55p for the year, against 51p. Turnover, boosted by the successful acquisition of Institutional Investor, rose 35% to £177 million. Each of these figures is a record.

Revenues from developed markets rose during the year, while those from emerging markets fell faster as the year went on. The training businesses suffered most, with the exception of MIS in the US, as the number of delegates from the emerging countries dropped, and profits from training fell by a third. Overall group margins fell. Underlying margins held steady, when abnormally bad markets and other factors, including spending on the new marketing database and an increase in the bad debts provision, are excluded.

Institutional Investor contributed £12.4 million of profits before interest charges on the acquisition. Its previous year's contribution to profits, which included only one month under the group's ownership, was £715,000. All four II divisions – *Institutional Investor* magazine, newsletters, conferences, and journals – produced excellent results, with II's conference division generating the strongest growth. Overall margins at II rose to 24%. Many of the group's other publishing businesses grew profits during the year, except for those most affected by the collapse in emerging markets, such as *Euromoney*, *Asiamoney* and *World Link*.

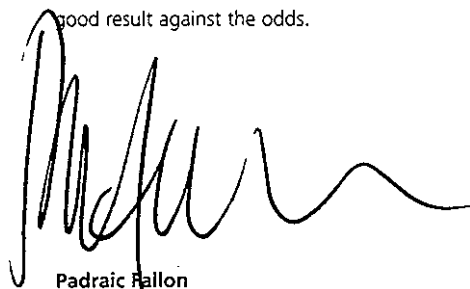
Adhesion, *Latin Finance*, *Engel*, *Corporate Location*, *Euroweek*, *ReActions*, specialist seminars, *Business Traveller*, and legal publishing all had good years, while IMP was affected negatively by timing differences.

Strong cash flows cut net group debt from £63 million to £45 million. The loan to finance the II acquisition was reduced from \$143 million to \$103 million by year end, and the interest margin reduced further because of the excellent repayment performance.

Euromoney continued to invest strongly in new businesses, particularly in electronic publishing. Capital NET, while continuing to develop new capital market databases, made its first profit during the year, and continues to grow. Capital DATA performed strongly. The group's new central marketing database, which cost £1.4 million, was completed at year end and is now being introduced across the company. Internet sites across the group continue to develop, and revenues have begun to follow.

Performance in the shorter term depends on financial markets everywhere. Their continuing problems, coupled with job losses at customers, will probably hit revenues in the first half although there is a much better tone to markets as I write. In the longer term, the group's excellent brand names, quality of products, and strong cash flows, leave it well placed, and we continue to seek the right acquisitions, particularly in electronic publishing.

On your behalf, I thank all our people in *Euromoney* businesses across the world for producing such a good result against the odds.

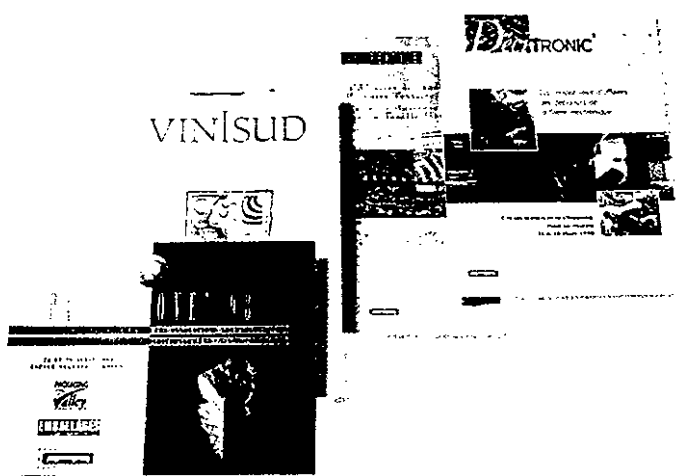


Padraic Fallon
Chairman

November 26 1998

OPERATING & FINANCIAL REVIEW

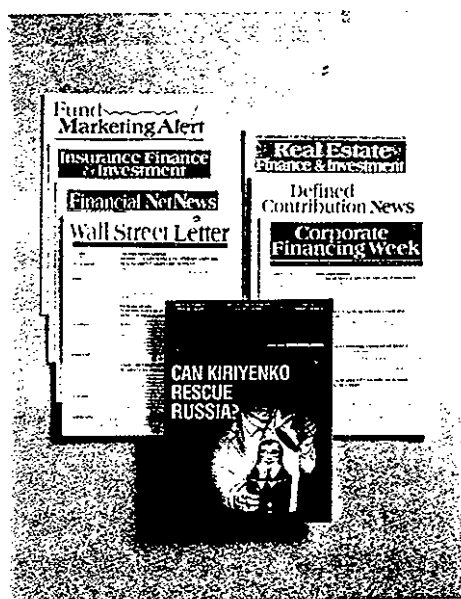
THE GROUP'S RECORD RESULTS LAST YEAR WERE ACHIEVED DESPITE DETERIORATING CONDITIONS, especially towards the end of the year, in the international financial markets and some of the other sectors, such as energy and duty free, that we serve.



Advertising, sponsorship and training revenues in particular became increasingly hard to generate as the second half progressed and as many of the emerging markets in which we operate weakened. Asia has shown only very modest signs of improvement and revenues and profits of the Asian businesses such as Asiamoney and Asia Training were significantly affected throughout the year. We have reduced costs in Asia substantially but its ability to contribute in 1999 will depend on rebuilding revenues. Other businesses that operate in Asian markets from London and New York have also been affected.

The acquisition of Institutional Investor in August 1997 and its record performance during the year more than offset this. Two small businesses – Bankstat and SELLING – were sold; greater buying efficiencies were introduced on the back of II and Euromoney's combined purchasing power; surplus space was released; and new revenues were generated including two new newsletters, a new conference membership group and a variety of web sites, resulting in an encouraging margin improvement to the levels achieved by the rest of the group. Before central costs, Institutional Investor accounted for more than one quarter of group profits.

Capital NET, the database joint venture with Computasoft, and 100% Design, the exhibition business, both moved into profit after start up costs last year. Adhesion, the Paris-based meetings organizer, and MIS, the Boston-based audit and security training business, also performed particularly well. Financial training and World Link, both heavily dependent on emerging markets, performed poorly.





Acquisitions

Our enthusiasm for acquisitions was largely absorbed by the need to merge Institutional Investor into the group. However, we increased our ownership of Latin Finance from 51% to 100% and we bought 95% of Investor Access, a CD ROM and internet publisher which is now working closely on developing new products with the rest of the group. We continue to search for attractive acquisitions, especially suitable vehicles in electronic publishing.

Electronic Publishing

The electronic publishing businesses we have launched continue to expand. We now have 27 internet sites providing information, sales channels or both. The internet site, *iimagazine.com*, which was launched in June, received over one million hits in October and is now profitable. Another of our internet sites, *euromoney.com*, has over 25,000 registered users and completed its second profitable year. Capital DATA, our established electronic database business, increased its market share along with its profits and launched new databases.

Marketing

The customer marketing database (Eden) that we have been developing came into operation towards the year end. We have invested a total of £1.4 million to help improve the efficiency of our marketing activities. The initial evidence of the investment is most encouraging and Eden is now being rolled out throughout the group.

Management

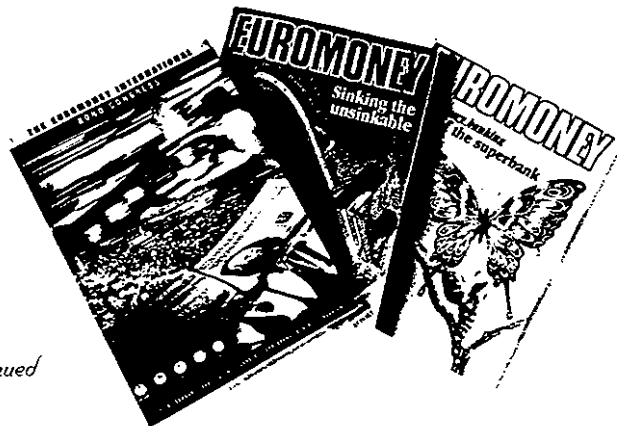
The businesses within the group have been reorganised into seven operating divisions which will allow greater decentralization of many of the central functions and decision making. We try to maintain the entrepreneurial skills and enthusiasm that we believe are necessary in the publishing sector with strong controls at the centre. Christopher Brown has been appointed president of Institutional Investor, Inc. to replace David Levin who has returned to London and who will leave the company next February to become chief executive of a quoted company. In addition, a new chief operating officer, based in New York, has been appointed for our US businesses.

Training

Our internal training programmes were run throughout the year and continue to produce the entrepreneurial managers we need for the future growth of the group. These programmes are now also run in the US.



OPERATING & FINANCIAL REVIEW *continued*



Year 2000

A group wide project to address the Year 2000 problem is in progress. Part of this involves the request of assurances from the group's major suppliers and customers that their systems are Year 2000 compliant to ensure that they will be able to provide services without interruption in the Year 2000. There can be no guarantee that all Year 2000 problems will be pre-empted but the steps taken by the group together with assurances of uninterrupted service received from suppliers and customers should minimize the vulnerability of our software and systems. Contingency plans are being drawn up to cover the group for risks arising from inadequate preparations by third parties. The Year 2000 programme is intended to be completed by June 30 1999.

A total of £2.3 million has been spent on the group's information technology systems this year. Of this, £332,000 was expensed in the profit and loss account. The expenditure on Year 2000 compliance is not the only reason for such improvements and therefore Year 2000 costs cannot be separately itemized. Next year, Year 2000 expenditure is not expected to exceed £150,000 plus related capital expenditure of £300,000.

Economic and Monetary Union

Revenues from Europe are mainly invoiced in US dollars and therefore at the initial stage the impact of EMU is expected to be minimal. The group has facilities in place to accept receipts and make payments in euros from January 1 1999. The group continues to assess the risks and strategic opportunities of EMU in the longer term. It does not expect to report the results of the group in euros until after the entry of the UK into EMU. Actual and forecast expenditure on systems solely to cope with the euro are not expected to be significant.

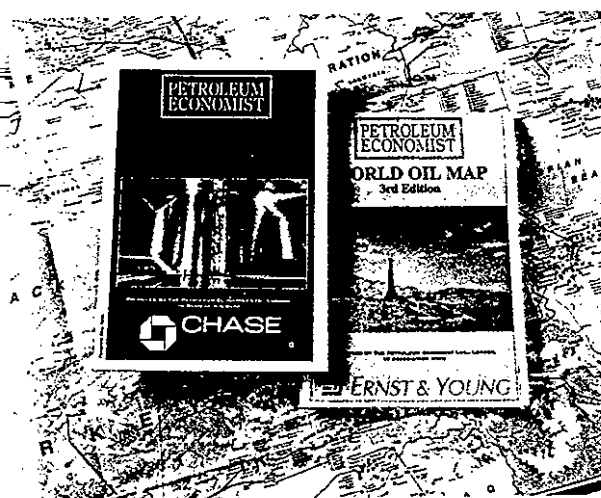
Tax and Treasury

The group's tax and treasury function is overseen by a committee of senior management including the chairman, managing director and finance director, who meet each quarter. The group's treasury policy is to manage risk by fixing material interest rate and currency exposures so that the resulting position gives greater certainty of future costs and revenues.

The treasury department does not act as a profit centre, does not undertake any speculative trading activity and operates within policies and procedures approved by the board.

The majority of group revenues are earned in US dollars. To meet the excess of sterling costs over sterling revenues, a series of forward contracts, stretching 12 months forward, are entered into to sell US dollars for sterling. At September 30 1998 the group had outstanding forward contracts to sell US dollars to the value of US\$24 million.

During the year the group's strong cash flows, particularly from Institutional Investor, enabled it to make repayments of US\$37 million against the revolving credit facility taken on to finance the Institutional





Investor acquisition. As a result, the interest rate charged on the outstanding debt fell from 50 to 35 basis points over US dollar LIBOR. Conversion of operating profits to cash was 98%, 104% if adjustment is made for the utilization of property rental and reorganization provisions made in 1997.

The group uses interest rate swaps and cap and collar derivatives to reduce the interest rate risk on its long-term borrowings. These mature at intervals over the estimated outstanding loan balance.

The group's effective tax rate in 1998 was 26% compared to 30% in 1997. The decrease in the rate was mainly due to the tax benefit in the USA from the amortization of the goodwill arising on the acquisition of Institutional Investor, as well as a reduction in the average UK corporation tax rate from 32% to 31% for the period.

Under UK corporation tax rules all exchange gains and losses are taxable on an accruals basis. To eliminate the cash flow effect this has, the group has entered into a US dollar swap contract for US\$34 million maturing on September 30 1999. The cash flow consequence of a movement on exchange rates, which creates a taxable gain or loss, is eliminated by an equal and opposite gain or loss on the swap contract.



Goodwill and Intangibles

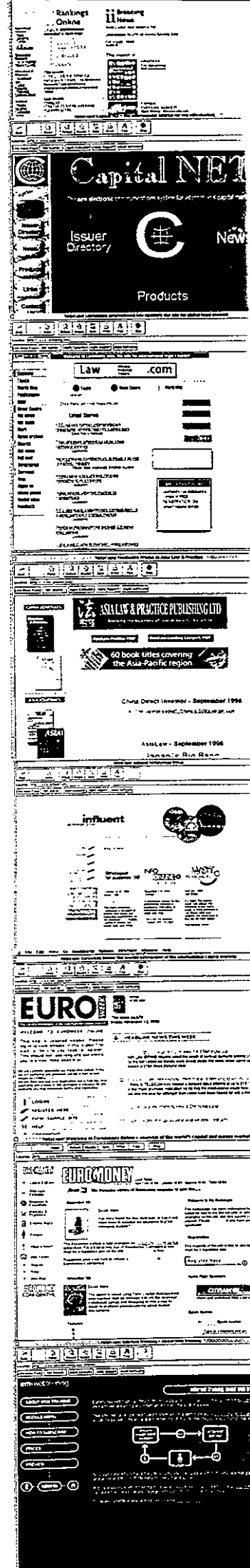
The introduction of Financial Reporting Standard number 10 *Goodwill and Intangible Assets* is only effective for accounting periods ending on or after December 23 1998 and has not been adopted in these accounts.

Richard Ensor

Richard Ensor

Managing Director

November 26 1998



DIRECTORS' REPORT

The directors submit their annual report and group accounts for the year ended September 30 1998.

The company

The company was incorporated in England and Wales as a private company on May 22 1969 and re-registered as a public limited company on May 16 1986. On June 25 1986 the ordinary share capital of the company was admitted to the Luxembourg Stock Exchange and on January 22 1990 the ordinary share capital of the company was admitted to the London Stock Exchange.

Principal activities and business review

Euromoney is a leading international business to business publisher, focused primarily on international finance. It publishes more than 100 magazines, newsletters and journals as well as surveys, directories, books and maps. Euromoney also runs business conferences, seminars, training courses and exhibitions. In addition, Euromoney is a provider of electronic business information through its capital market databases and has recently established a number of successful internet sites. A review of operations and business developments is given in the operating and financial review on pages 4 to 7.

Group results and dividends

The group profit for the year available to shareholders amounted to £22,637,000. The directors recommend a final dividend of 35 pence per ordinary share, payable on January 22 1999 to shareholders on the register on December 11 1998. This, together with the interim dividend of 20 pence per ordinary share which was declared on May 21 1998 and paid on July 1 1998, brings the total dividend payable to 55 pence per ordinary share.

Directors and their interests

The directors who served during the year are listed on page 41. Mr NJ Bance resigned as a director on April 24 1998. Under the articles of association, Sir Patrick Sergeant, Mr JP Williams and Mr T Hosomi will retire at the forthcoming annual general meeting and with the exception of Mr T Hosomi, being eligible, will offer themselves for re-election. On September 1 1998 The Third Viscount Rothermere died and The Fourth Viscount Rothermere was appointed as a director on September 18 1998. He will retire at the forthcoming annual general meeting and, being eligible, 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 report of the remuneration committee on pages 14 to 18.

Significant shareholdings

At November 23 1998, being the latest practical date before approval of the accounts, notification had been received of the following interests of 3% or more in the company's ordinary share capital:

	Number	%
Daily Mail and General Holdings Limited	15,511,906	71.15
Prudential Corporation group of companies	1,385,240	6.35

Banque Internationale à Luxembourg SA has issued international depository receipts in bearer form in respect of a total of 382,500 shares (1.75%) registered in its name.

Authority to purchase own shares

The company's authority to purchase its own shares expires at the conclusion of the next annual general meeting of the company. A resolution to renew this authority for a further period will be put to shareholders at this meeting.

Political and charitable contributions

During the year the group made £40,000 (1997: £11,000) in charitable contributions. There were no political contributions.

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.

DIRECTORS' REPORT *continued*

Employee involvement

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 and profit related pay scheme.

Supplier payment policy

Each Euromoney 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 company had 54 days of purchases in creditors at September 30 1998 (1997: 51 days).

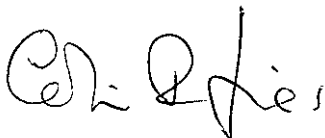
Auditors

Following the resignation of Ernst & Young on April 14 1998, Deloitte & Touche were appointed auditors of the company. A resolution proposing their re-appointment will be submitted at the annual general meeting.

Annual general meeting

The annual general meeting of the company will be held on January 22 1999.

By order of the board



CR Jones

Company Secretary

November 26 1998

CORPORATE GOVERNANCE

Statement by the directors on compliance with the Code of Best Practice

The company is committed to high standards of corporate governance. The directors have initiated a review to investigate the company's compliance with the Combined Code on corporate governance issued on June 25 1998, a report on which will be made in the 1999 Annual Report. With the exception of paragraph 4.12, the company has been fully compliant throughout the financial year with the Code of Best Practice issued by the Committee on the Financial Aspects of Corporate Governance (the Cadbury Committee). The exception refers to the number of non-executive directors who are also board members of Daily Mail and General Trust plc.

The board and its committees

Board

The board comprises the chairman, managing director, eight other executive directors and six non-executive directors. Of the six non-executive directors, two are independent whilst the remaining four are also directors of Daily Mail and General Trust plc. There is an agreed procedure for all directors in the furtherance of their duties to take independent professional advice, if necessary at the company's expense. They also have access to the advice and services of the company secretary. The board meets at least ten times a year and there is frequent contact between meetings. Board meetings are held to set and monitor strategy, to review trading performance, ensure adequate funding, examine major acquisition possibilities and approve reports to shareholders. A number of committees deal with specific aspects of the group's affairs.

Executive committee

The executive committee is chaired by the company chairman and comprises the executive directors and key senior management. It meets each month to discuss and determine key operational issues.

Non-executive directors

The non-executive directors bring both independent views and the views of the company's major shareholders to the board.

The Fourth Viscount Rothermere is an executive director of Daily Mail and General Trust plc, an intermediate parent company, and was appointed chairman of Daily Mail and General Trust plc on September 9 1998.

Sir Patrick Sergeant is a founder of Euromoney Publications PLC and was chairman until September 30 1992. He is a non-executive director of Daily Mail and General Trust plc.

Mr CJF Sinclair and Mr JP Williams are executive directors of Daily Mail and General Trust plc. Mr CJF Sinclair is also a non-executive director of Reuters Holdings PLC and Schroders Public Limited Company.

Mr T Hosomi is chairman of NLI Research Institute, a former special adviser to the Japanese Minister of Finance and a former adviser to the Industrial Bank of Japan.

Mr JC Botts is chairman of Botts & Company Limited and a non-executive director of United News & Media plc. He was formerly head of Citicorp's investment banking business in Europe.

Audit committee

The audit committee comprises three non-executive directors; Mr JC Botts (chairman), Sir Patrick Sergeant and Mr JP Williams, and met three times during the year.

The audit committee is responsible for reviewing the interim report and annual report and accounts before their submission to the board and overseeing the controls necessary to ensure the integrity of the financial information reported to shareholders. The audit committee advises the board on the appointment of external auditors and on their remuneration, both for audit and non-audit work, and discusses the nature, scope and any findings of the audit with the external auditors. The audit committee also considers and determines relevant action in respect of any control issues raised by the external auditors, and reviews the internal auditor's programme of work and receives periodic reports of his findings. During the year Ernst & Young resigned as auditors and Deloitte & Touche were appointed following a formal tender process.

Remuneration committee

The remuneration committee meets at least once a year and is responsible for determining the contract terms, remuneration and other benefits for executive directors, including performance related profit share schemes. The report of the remuneration committee, which includes details of directors' remuneration and interests in share options, together with information on their service contracts, is set out on pages 14 to 18.

Nominations committee

The nominations committee meets as required and comprises the chairman and managing director and three non-executive directors. The committee is responsible for proposing candidates for appointment to the board having regard to the balance and structure of the board.

Internal financial control procedures

The board is responsible for establishing and maintaining the group's system of internal financial control and has reviewed the effectiveness of the

CORPORATE GOVERNANCE *continued*

system of internal financial control during the year. Internal control systems are designed to meet the particular needs of the decentralized operations of the group and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which the directors have established with a view to providing effective internal financial control are as follows:

Management structure

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.

Quality and integrity of personnel

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 seen as an essential part of the control environment and the high ethical standards expected are communicated through the employee handbook provided to all employees.

Annual forecast process

The board as a whole approves the annual forecast after performing a review of key risk factors. Performance is monitored regularly to enable relevant action to be taken. Revised forecasts are also presented to the board in the third quarter. The board considers longer term financial projections as part of its regular discussions on the group's strategy.

Investment appraisal

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

Accounting controls and procedures

Accounting controls and procedures are regularly reviewed and communicated throughout the group. Particular attention is paid to authorization levels and segregation of duties. The group's tax, cash and foreign exchange positions are overseen by the tax and treasury committee, which meets at least four times a year.

Internal audit

The group has an internal audit manager who draws on the services of the central finance team to perform assignments. The responsibilities of internal audit cover four main areas; control of the assets of the business; monitoring of the accuracy of financial reporting to the centre; adherence to group accounting policies; and the accuracy of circulation figures. Businesses are selected for an internal audit visit on a rotational basis and most businesses are subject to at least one internal audit review each year. The internal audit manager reports his findings to management and to the audit committee.

Going concern

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Statement of directors' responsibilities in respect of the accounts

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those accounts, the directors are required to:

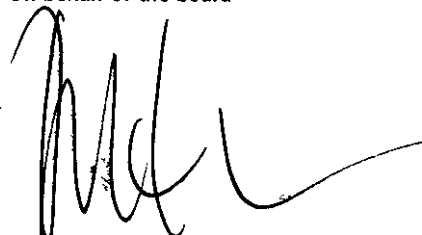
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts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

The directors confirm that these requirements have been satisfied.

CORPORATE GOVERNANCE *continued*

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

On behalf of the board

A handwritten signature in black ink, appearing to read 'Padraic Fallon', with a long, sweeping horizontal stroke extending to the right.

Padraic Fallon

Chairman

November 26 1998

CORPORATE GOVERNANCE *continued***Review report to Euromoney Publications PLC by Deloitte & Touche on Corporate Governance Matters**

In addition to and separate from our audit of the financial statements, we have reviewed the directors' statements on pages 10 to 12 on the company's compliance with the paragraphs of the Code of Best Practice specified for our review by the London Stock Exchange and their adoption of the going concern basis in preparing the financial statements. The objective of our review is to draw attention to non-compliance with Listing Rules 12.43(j) and 12.43(v). We have also reviewed the statement of compliance with Section A of the Best Practice Provisions on remuneration committees and the report of the remuneration committee to the shareholders set out on pages 14 to 18 to the extent that they provide the disclosures specified by the Listing Rules and the Best Practice Provisions annexed to the rules. Our review was not performed for any purpose connected with any specific transaction and should not be relied upon for any such purpose.

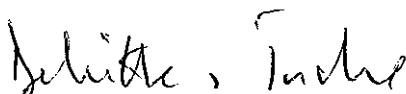
Basis of opinion

We carried out our review in accordance with guidance issued by the Auditing Practices Board. That guidance does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the group's system of internal financial control or the company's corporate governance procedures, or on the appropriateness of the bases used in determining directors' remuneration, or on the ability of the group to continue in operational existence.

Opinion

With respect to the directors' statements on internal financial control on pages 10 and 11, and going concern on page 11, in our opinion the directors have provided the disclosures required by the Listing Rules referred to above and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain directors and officers of the company, and examination of relevant documents, in our opinion the directors' statement on page 10 appropriately reflects the company's compliance with the other paragraphs of the Code specified for our review by the Listing Rule 12.43(j). Also on this basis, in our opinion the directors' statement of compliance with Section A of the Best Practice Provisions on remuneration committees and the report of the remuneration committee appropriately provide the disclosures specified by the Listing Rules and the Best Practice Provisions and are not inconsistent with the information of which we have become aware from our audit work on the financial statements.



Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR
November 26 1998

REPORT OF THE REMUNERATION COMMITTEE

Statement of compliance

The company complied with Section A of the Best Practice Provisions on remuneration committees, as annexed to the Listing Rules of the London Stock Exchange, throughout the year. In framing the company's remuneration policy for executive directors, the remuneration committee has also given full consideration to Section B of the Best Practice Provisions.

Remuneration committee

The Euromoney remuneration committee was established in 1993. The current members are The Fourth Viscount Rothermere, its chairman, Sir Patrick Sergeant and Mr CJF Sinclair. All are non-executive directors of the company and are directors of Daily Mail and General Trust plc but have no personal financial interests in the company (other than as shareholders), and no day-to-day involvement in running the business. The committee consults the chairman and managing director about its proposals and seeks professional advice from outside the company where appropriate.

Policy on directors' remuneration

Euromoney 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 maximization 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 is completely variable with no guaranteed floor and no ceiling.

To support the implementation of the policy of profit sharing, Euromoney 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 before tax or the growth in profits before tax. The profit sharing scheme 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, they earn less and the group's payroll costs fall. The profit shares of executive directors and senior managers make up much of their total pay. For example, of the total remuneration of the executive directors who served in the year, 80% was derived from profit share incentives.

The creation of shareholder value is also encouraged through an executive share option scheme. The group's previous scheme was approved by shareholders in 1985 and expired in 1995, although options granted under this scheme may be exercised before various dates through to 2005. A new executive share option scheme was introduced in 1996 and the performance criteria under which options granted under this scheme may be exercised are set out on page 18.

During the year share options were granted to Mr NF Osborn, Mr DC Cohen, Mr CR Brown, Mr GB Strahan, Mr DS Levin, Mr CR Jones and Mr E Bounous in single blocks, rather than phased as recommended by the Best Practice Provisions. The remuneration committee believes that the granting of share options in single blocks is wholly appropriate where it is necessary to secure the long-term commitment of key executives and to bring their remuneration in line with market rates.

The directors believe that the profit sharing and share option arrangements are responsible for much of the group's success since 1969. These arrangements serve shareholders by aligning the interests of the directors and managers with those of shareholders and will contribute to the performance that we seek in the coming years.

The remuneration of the non-executive directors is determined by the board within the limits set out in the company's articles of association.

Directors' service contracts

With the exception of the chairman and managing director, each of the executive directors has a twelve month rolling service contract. The chairman and managing director have two year rolling service contracts and the remuneration committee believes that the length of these contracts is appropriate given the competitive pressures of the media industry. None of the non-executive directors has a service contract.

REPORT OF THE REMUNERATION COMMITTEE *continued*

Directors' remuneration	1998 Fees as a director £	1998 Salary and benefits £	1998 Profit share £	1998 Pension contributions £	1998 Total £	1997 Total £
Executive directors' remuneration						
PM Fallon	25,126	131,908	1,374,510	628,800	2,160,344	2,002,563
PR Ensor	25,126	97,515	1,268,607	286,220	1,677,468	1,555,604
NJ Bance	—	47,867	—	3,969	51,836	93,253
NF Osborn	—	92,880	246,238	14,179	353,297	378,095
DC Cohen	—	69,308	146,332	49,122	264,762	414,483
CR Brown	—	98,787	385,872	7,218	491,877	388,581
GB Strahan	—	60,271	21,694	34,072	116,037	110,951
DS Levin	—	163,022	284,867	20,993	468,882	246,411
E Bounous	—	58,777	190,629	4,673	254,079	153,278
R Jell	—	52,129	7,339	3,982	63,450	48,265
CR Jones	—	88,526	46,713	6,986	142,225	96,169
Non-executive directors' remuneration						
The Third Viscount Rothermere	25,126	—	—	—	25,126	24,846
The Fourth Viscount Rothermere	—	—	—	—	—	—
Sir Patrick Sergeant	50,252	7,045	—	—	57,297	56,567
CJF Sinclair	25,126	—	—	—	25,126	24,846
T Hosomi	25,126	—	—	—	25,126	24,846
JP Williams	25,126	—	—	—	25,126	24,846
JC Botts	25,126	—	—	—	25,126	24,846
	226,134	968,035	3,972,801	1,060,214	6,227,184	5,668,450

Fees as a director include fees paid as a director of subsidiary companies. Five of the directors have waived profit shares in respect of the current and future years as follows: PM Fallon £628,800; PR Ensor £280,000; NF Osborn £8,674; DC Cohen £44,400; GB Strahan £30,000. The remuneration of NJ Bance is his remuneration until his resignation on April 24 1998.

Directors' pensions

Executive directors can participate in the Harmsworth Pension Scheme (a defined benefit scheme), or elect to have contributions paid to a money purchase scheme. At September 30 1998 there were three directors in the Harmsworth Pension Scheme, seven in money purchase schemes and one director in both.

Under the Harmsworth Pension Scheme, the following pension benefits have been earned by the directors:

Director	Increase in accrued annual pension during the year £	Transfer value of increase £	Accumulated total accrued annual pension at year end £
PR Ensor	5,744	59,670	29,726
CR Brown	3,476	25,637	18,730
R Jell	1,594	17,137	4,578
CR Jones	1,680	6,356	3,316

The pension entitlement shown is that which would be paid annually on retirement based on service to September 30 1998 and ignores any increase for future inflation. The transfer value has been calculated on the basis of actuarial advice in accordance with the Actuarial Note GN11 less directors' contributions. The normal retirement age for the defined benefit scheme is 62 years.

REPORT OF THE REMUNERATION COMMITTEE *continued*

Directors' interests

The beneficial interests of the directors and their families in the ordinary shares of the company as at September 30 1998 and October 1 1997 were as follows:

	Ordinary shares of 1p each	
	September 30 1998	October 1 1997
PM Fallon	174,068	174,068
PR Ensor	30,750	30,750
Sir Patrick Sergeant	92,676	92,676
CJF Sinclair	1,000	1,000
NF Osborn	4,400	4,400
DC Cohen	4,104	4,104
GB Strahan	1,935	2,685
JP Williams	250	250

At September 18 1998 (his date of appointment), and at September 30 1998, The Fourth Viscount Rothermere was beneficially interested in 746,700 ordinary shares and non-beneficially interested in 10,000 preference shares of Rothermere Continuation Limited, the company's ultimate holding company. There have been no changes in directors' interests since October 1 1998.

The interests of the directors as defined under section 198 of the Companies Act 1985 in the shares of Daily Mail and General Trust plc were as follows:

	Ordinary shares of 50p each		'A' ordinary non-voting shares of 50p each	
	September 27 1998	October 1 1997	September 27 1998	October 1 1997
PM Fallon	1,000	1,000	9,000	9,000
Sir Patrick Sergeant	1,000	1,000	20,000	9,000
CJF Sinclair	—	—	33,964	25,466
JP Williams	—	—	11,818	8,597

	September 27 1998	September 18 1998	September 27 1998	September 18 1998
	September 27 1998	September 18 1998	September 27 1998	September 18 1998
The Fourth Viscount Rothermere	2,823,294	45,131	12,447,917	5,280,023

In addition, The Fourth Viscount Rothermere had a non-beneficial interest as a trustee at September 27 1998 in 1,760,000 'A' ordinary non-voting shares (at September 18 1998 1,760,000 'A' ordinary non-voting shares).

Daily Mail and General Trust plc has been notified that, under section 204 of the Companies Act 1985 and including the interests shown in the table above, The Fourth Viscount Rothermere is deemed to have been interested in 3,008,177 ordinary shares.

CJF Sinclair and JP Williams had options over, respectively, 80,600 and 65,500 'A' ordinary non-voting shares in Daily Mail and General Trust plc at September 27 1998 (1997 - 80,600 and 65,500 shares respectively).

REPORT OF THE REMUNERATION COMMITTEE *continued***Directors' share options**

In addition to the beneficial interests noted, the directors hold options to subscribe for new ordinary shares of 1p each in the company, or to acquire existing ordinary shares of 1p each from the Euromoney Employee's Share Ownership Trust (ESOT) as follows:

	Number of options			At end of year	Grant price	Date from which exercisable	Expiry date
	At start of year	Granted during year	Exercised during year				
PM Fallon	88,095	—	—	88,095	£5.98	now	19.01.02
	86,567	—	—	86,567	£14.16	now	19.06.05
	174,662	—	—	174,662			
PR Ensor	44,048	—	—	44,048	£5.98	now	19.01.02
	43,284	—	—	43,284	£14.16	now	19.06.05
	87,332	—	—	87,332			
NF Osborn	2,696	—	—	2,696	£3.51	now	14.06.00
	4,405	—	—	4,405	£5.98	now	19.01.02
	4,329	—	—	4,329	£14.16	now	19.06.05
	—	2,000	—	2,000	£15.82	07.01.01	07.01.05
	11,430	2,000	—	13,430			
DC Cohen	2,907	—	—	2,907	£5.98	now	19.01.02
	1,472	—	—	1,472	£14.16	now	19.06.05
	—	3,000	—	3,000	£15.82	07.01.01	07.01.05
	4,379	3,000	—	7,379			
CR Brown	4,000	—	—	4,000	£14.07	now	29.11.03
	2,761	—	—	2,761	£14.16	now	19.06.05
	25,000	—	—	25,000	£13.30	08.02.99	08.02.03
	—	3,000	—	3,000	£15.82	07.01.01	07.01.05
	31,761	3,000	—	34,761			
GB Strahan	2,696	—	—	2,696	£3.51	now	14.06.00
	4,405	—	—	4,405	£5.98	now	19.01.02
	4,329	—	—	4,329	£14.16	now	19.06.05
	—	2,000	—	2,000	£15.82	07.01.01	07.01.05
	11,430	2,000	—	13,430			
DS Levin	20,000	—	—	20,000	£16.18	now	08.12.04
	20,000	—	—	20,000	£13.30	08.02.99	08.02.03
	—	3,000	—	3,000	£15.82	07.01.01	07.01.05
	40,000	3,000	—	43,000			
CR Jones	2,112	—	—	2,112	£14.20	07.02.00	07.02.07
	7,888	—	—	7,888	£14.30	24.02.00	24.02.04
	—	3,000	—	3,000	£15.82	07.01.01	07.01.05
	10,000	3,000	—	13,000			

REPORT OF THE REMUNERATION COMMITTEE *continued*

Directors' share options *continued*

	At start of year	Number of options		At end of year	Grant price	Date from which exercisable	Expiry date
		Granted during year	Exercised during year				
R Jell	2,500	—	2,500	—	£16.18	now	08.12.04
	5,000	—	—	5,000	£13.30	08.02.99	08.02.03
	2,000	—	—	2,000	£14.30	24.02.00	24.02.04
	9,500	—	2,500	7,000			
E Bounous	1,000	—	—	1,000	£5.13	now	05.12.01
	2,000	—	—	2,000	£8.48	now	08.12.02
	2,000	—	—	2,000	£14.07	now	29.11.03
	2,000	—	—	2,000	£16.18	now	08.12.04
	10,000	—	—	10,000	£13.30	08.02.99	08.02.03
	2,000	—	—	2,000	£14.30	24.02.00	24.02.04
	—	6,000	—	6,000	£15.82	07.01.01	07.01.05
	19,000	6,000	—	25,000			
Total	399,494	22,000	2,500	418,994			

The market price of the company's shares on September 30 1998 was £16.37. The high and low share prices during the year were £24.12 and £14.95 respectively. The options granted in the year were all granted on January 7 1998. The average share price over the three business days before January 7 1998 was £15.82. The aggregate gain made by directors on the exercise of share options in the year was £19,550 (1997: £34,667).

The exercise of options granted under the 1996 executive share option scheme requires satisfaction of certain performance criteria which are set by the remuneration committee. For the grants of options under the 1996 scheme, made on January 7 1998, the performance test set by the remuneration committee requires the growth in the company's earnings a share for the three consecutive financial years commencing with the year ended September 30 1998 to exceed the growth in the retail price index by an average of at least 4% a year.

On behalf of the remuneration committee



The Viscount Rothermere

Chairman

November 26 1998

AUDITOR'S REPORT

To the members of Euromoney Publications PLC

We have audited the financial statements on pages 20 to 39, which have been prepared under the accounting policies set out on pages 26 and 27.

Respective responsibilities of directors and auditors

As described on pages 11 and 12, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

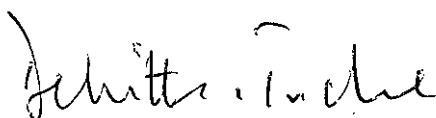
Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at September 30 1998 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche

Chartered Accountants and

Registered Auditors

Hill House

1 Little New Street

London EC4A 3TR

November 26 1998

GROUP PROFIT AND LOSS ACCOUNT

for the year ended September 30

		1998	1997
	Note	£000's	£000's
<i>Turnover</i>	2, 3		
Continuing operations		175,514	129,682
Acquisitions		759	-
		<u>176,273</u>	<u>129,682</u>
Discontinued operations		657	1,368
		<u>176,930</u>	<u>131,050</u>
<i>Operating profit</i>	3		
Continuing operations		35,310	29,149
Acquisitions		(213)	-
		<u>35,097</u>	<u>29,149</u>
Discontinued operations		115	326
		<u>35,212</u>	<u>29,475</u>
Share of operating profit in associates		585	303
Loss on sale of discontinued operations		-	(169)
Interest receivable	5	1,681	1,561
Interest payable	6	(5,305)	(832)
Profit on ordinary activities before tax		<u>32,173</u>	<u>30,338</u>
Tax on profit on ordinary activities	7	(8,342)	(9,185)
Profit on ordinary activities after tax		<u>23,831</u>	<u>21,153</u>
Equity minority interests		(1,194)	(1,857)
Profit for the financial year		<u>22,637</u>	<u>19,296</u>
Dividends paid and proposed	8	(11,987)	(10,905)
Profits retained		<u>10,650</u>	<u>8,391</u>
Earnings per share	9	<u>104.16p</u>	<u>90.25p</u>
Dividends per share		<u>55.00p</u>	<u>51.00p</u>

The statements and notes on pages 25 to 39 form part of these accounts.

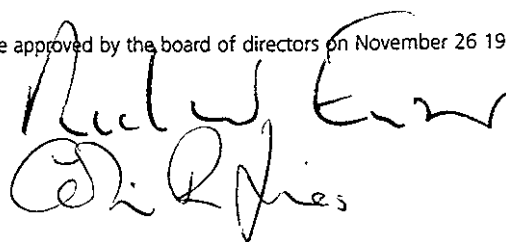
GROUP BALANCE SHEET

at September 30

	Note	1998 £000's	1998 £000's	1997 £000's	1997 £000's
<i>Fixed assets</i>					
Tangible assets	10		8,397		9,092
Investments	11		896		1,050
			9,293		10,142
<i>Current assets</i>					
Debtors	14	41,223		39,294	
Cash at bank and in hand		19,827		26,407	
		61,050		65,701	
Creditors: amounts falling due within one year	15	(89,051)		(88,534)	
Net current liabilities			(28,001)		(22,833)
Total assets less current liabilities			(18,708)		(12,691)
Creditors: amounts falling due after one year	16		(60,609)		(84,963)
Provisions for liabilities and charges	18		(4,539)		(5,806)
			(83,856)		(103,460)
<i>Capital and reserves</i>					
Called up share capital	20		218		214
Share premium account	21		31,797		24,769
Capital redemption reserve	21		8		8
Goodwill write off reserve	21		(158,976)		(156,227)
Profit and loss account	21		43,098		27,587
Total shareholders' deficit			(83,855)		(103,649)
Equity minority interests			(1)		189
			(83,856)		(103,460)

The accounts were approved by the board of directors on November 26 1998.

PR Ensor
CR Jones
Directors



The statements and notes on pages 25 to 39 form part of these accounts.

COMPANY BALANCE SHEET

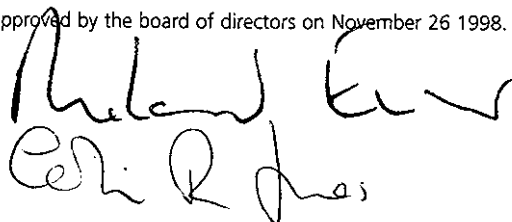
at September 30

	Note	1998 £000's	1998 £000's	1997 £000's	1997 £000's
<i>Fixed assets</i>					
Tangible assets	10		4,646		4,316
Investments	12		57,997		56,016
			62,643		60,332
<i>Current assets</i>					
Debtors	14	45,247		37,985	
Cash at bank and in hand		4,669		3,525	
		49,916		41,510	
Creditors: amounts falling due within one year	15	(66,673)		(52,366)	
Net current liabilities			(16,757)		(10,856)
Total assets less current liabilities			45,886		49,476
Creditors: amounts falling due after more than one year	16		(4,119)		(17,999)
			41,767		31,477
<i>Capital and reserves</i>					
Called up share capital	20		218		214
Share premium account	21		31,797		24,769
Capital redemption reserve	21		8		8
Capital reserve	21		1,842		1,842
Profit and loss account	21		7,902		4,644
Equity shareholders' funds			41,767		31,477

Euromoney Publications 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 Publications PLC included in the group profit for the year of £22,637,000 (1997: £19,296,000) is £15,245,000 (1997: £11,468,000).

The accounts were approved by the board of directors on November 26 1998.

PR Ensor
CR Jones
Directors



The statements and notes on pages 25 to 39 form part of these accounts.

GROUP CASH FLOW STATEMENT

for the year ended September 30

	Note	1998 £000's	1998 £000's	1997 £000's	1997 £000's
<i>Net cash inflow from operating activities</i>	A		34,698		29,095
<i>Dividends received from associated undertakings</i>			417		47
<i>Returns on investments and servicing of finance</i>					
Interest received		1,659		1,533	
Interest paid		(5,410)		(795)	
Dividends paid to minorities		(1,615)		(1,585)	
			(5,366)		(847)
<i>Taxation</i>					
UK tax paid		(6,032)		(6,738)	
Overseas tax paid		(1,455)		(973)	
UK tax received		866		494	
Overseas tax received		669		30	
			(5,952)		(7,187)
<i>Capital expenditure</i>					
Purchase of tangible fixed assets		(2,435)		(3,299)	
Sale of tangible fixed assets		283		197	
			(2,152)		(3,102)
<i>Acquisitions and disposals</i>					
Purchase of subsidiary undertakings		(118)		(95,627)	
Purchase of additional interests in subsidiary undertakings		(722)		-	
Cash acquired with subsidiary undertakings		366		883	
Institutional Investor, Inc. purchase price adjustment		2,296		-	
Sale of subsidiary undertakings		-		2,839	
Sale of business units		2,467		-	
Purchase of associated undertakings		-		(4,221)	
			4,289		(96,126)
<i>Equity dividends paid</i>			(11,413)		(10,688)
<i>Cash inflow/(outflow) before use of liquid resources and financing</i>			14,521		(88,808)
<i>Management of liquid resources</i>					
Cash on short term deposit			-		9,000
<i>Financing</i>					
Issue of new ordinary share capital		427		57	
New unsecured loan stock		-		3,600	
Redemption of unsecured loan stock		(25)		(910)	
Revolving credit facility:					
- Increase in borrowings		-		88,687	
- Repayment of borrowings		(21,037)		(3,724)	
			(20,635)		87,710
<i>(Decrease)/increase in cash during the year</i>	B		(6,114)		7,902

NOTES TO THE CASH FLOW STATEMENT

A. Reconciliation of operating profit to net cash inflow from operating activities

	1998	1997
	£000's	£000's
Group operating profit	35,212	29,475
Depreciation	2,648	1,350
Loss/(profit) on sale of tangible fixed assets	137	(114)
Increase in debtors	(1,828)	(3,854)
Increase in creditors	550	2,238
Utilization of property rental provision	(1,055)	—
Utilization of reorganization provision	(966)	—
Net cash inflow from operating activities	34,698	29,095

B. Reconciliation of net cash flow to movement in net debt

	1998	1997
	£000's	£000's
(Decrease)/increase in cash during the year	(6,114)	7,902
Cash outflow from decrease in liquid resources	—	(9,000)
Cash outflow/(inflow) from (decrease)/increase in debt finance	21,062	(87,653)
	14,948	(88,751)
Currency translation differences	3,056	(110)
Movement in net debt in the year	18,004	(88,861)
Net debt at October 1 1997	(63,474)	25,387
Net debt at September 30 1998	(45,470)	(63,474)

C. Analysis of net debt

	October 1 1997	Cashflow	Exchange movement	September 30 1998
	£000's	£000's	£000's	£000's
Cash at bank and in hand	26,407	(6,318)	(262)	19,827
Bank overdrafts	(205)	204	1	—
	26,202	(6,114)	(261)	19,827
Debt due within one year	(4,713)	25	—	(4,688)
Debt due in more than one year	(84,963)	21,037	3,317	(60,609)
	(89,676)	21,062	3,317	(65,297)
Total net debt	(63,474)	14,948	3,056	(45,470)

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended September 30

		1998	1997
	Note	£000's	£000's
Profit for the financial year		22,637	19,296
Foreign exchange translation differences	21	1,544	(528)
Foreign exchange translation difference on hedging loan	21	3,317	-
Total recognised gains and losses for the year		27,498	18,768

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

for the year ended September 30

		1998	1997
		£000's	£000's
Profit for the financial year		22,637	19,296
Dividends		(11,987)	(10,905)
Goodwill on acquisitions		10,650	8,391
Goodwill reinstated on disposals	21	(8,609)	(120,438)
Institutional Investor, Inc. purchase price adjustment	21	3,564	177
New ordinary shares issued for acquisition	21	2,296	-
Exercise of share options	21	6,605	-
Foreign exchange translation differences	21	427	57
Foreign exchange translation difference on hedging loan	21	1,544	(528)
Net addition/(reduction) in shareholders' funds	21	3,317	-
Opening shareholders' (deficit)/funds		19,794	(112,341)
Closing shareholders' deficit		(103,649)	8,692
		(83,855)	(103,649)

NOTES TO THE ACCOUNTS

1. *Accounting policies*

The accounts have been prepared in accordance with the applicable accounting standards. The following is a summary of the principal accounting policies adopted by the group.

Basis of preparation

The accounts have been prepared under the historical cost convention. The consolidated accounts incorporate the accounts of the company, of its subsidiary undertakings and undertakings where the group exercises dominant influence, after eliminating the effects of intra-group transactions.

Where the group owns a non-controlling interest, held for the long term, in the equity share capital of another company (or the equity of a partnership) and is in a position to exercise significant influence over that company or partnership, the interest is equity accounted and the company or partnership treated as an associated undertaking.

Where the group owns a non-controlling interest in the equity share capital of another company (or the equity of a partnership) that is not equity accounted or consolidated, it is held as an investment and stated in the balance sheet at cost.

The results of subsidiary and associated undertakings acquired during the year are incorporated from the effective date of acquisition. The net assets of subsidiary and associated undertakings acquired are accounted for on a fair value basis and any resulting goodwill is written off against reserves in the year of acquisition in the group accounts. The same accounting policy is applied in the company's accounts to purchased goodwill.

Turnover

Turnover represents income from subscriptions, advertising, sponsorship and delegate fees, net of value added tax and agency commissions. Subscriptions are deferred and recognised over the life of the subscription.

Leased assets

Where the group has entered into finance leases, the obligations to the lessor are shown as part of borrowings and the corresponding assets are treated as fixed assets. Leases are regarded as finance leases where their terms transfer to the lessee substantially all the benefits and burdens of ownership other than the right to legal title. Rentals payable under finance leases are apportioned between capital and interest, the interest portion being charged to the profit and loss account and the capital portion reducing the obligations to the lessor.

Other leases are regarded as operating leases and rentals are charged to the profit and loss account as incurred.

Depreciation

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

Plant and equipment	25% – 33 1/3%
Motor vehicles	20%
Freehold premises	2%
Short-term leasehold premises	over the term of the lease

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. Assets and liabilities in foreign currencies are translated into sterling at the rates ruling at the balance sheet date.

Profit and loss accounts for overseas subsidiary undertakings are converted into sterling at the average daily rate of exchange for the year with year end adjustment to closing rates taken to reserves.

Gains and losses arising on the retranslation of the net assets of overseas subsidiary undertakings at closing rates are shown as a movement on reserves together with exchange differences arising on related foreign currency borrowings used to finance the group investment in such overseas companies. Gains or losses and the related taxation on hedges of foreign currency borrowings are taken to reserves if the foreign exchange movement on the related borrowing is also taken to reserves. All other exchange differences are taken to the profit and loss account.

NOTES TO THE ACCOUNTS *continued*1. *Accounting policies (continued)***Deferred taxation**

Deferred taxation is the taxation attributable to timing differences between profits computed for taxation purposes and profits stated in the accounts. Deferred taxation is accounted for to the extent that it is probable that such taxation will become payable in the foreseeable future. No provision has been made for taxation that would arise if distributions are made out of the retained profits of overseas subsidiary and associated undertakings.

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 actuaries. Contributions are charged to the profit and loss account when amounts become payable on the accruals basis. For the defined benefit scheme there is no material difference at present between this basis and using a basis that spreads the expected cost of providing pensions over the employees' working lives with the group.

Reclassifications

A number of minor reclassifications have been made to the 1997 comparatives to conform to the presentation adopted in these accounts. The profit and loss account format has been restated in note 3. The £5,806,000 1997 provision in respect of the onerous leases acquired with Institutional Investor, Inc. has been reclassified from creditors due within one year £1,025,000 and creditors due after more than one year £4,781,000 to provisions for liabilities and charges. See note 18.

2. *Segmental analysis*

The segmental analyses given below have been restated to reflect discontinued operations. The minor acquisitions made in the year are included in continuing operations.

	UK		North America		Rest of Europe		Rest of World		Total	
	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Turnover by destination:										
Continuing operations	29,423	25,689	68,643	31,198	32,960	27,021	45,247	45,774	176,273	129,682
Discontinued operations	—	—	657	1,368	—	—	—	—	657	1,368
Total	29,423	25,689	69,300	32,566	32,960	27,021	45,247	45,774	176,930	131,050

	UK		North America		Rest of World		Total	
	1998	1997	1998	1997	1998	1997	1998	1997
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Turnover by origin:								
Continuing operations	84,229	80,787	74,729	28,816	17,315	20,079	176,273	129,682
Discontinued operations	—	—	657	1,368	—	—	657	1,368
Total	84,229	80,787	75,386	30,184	17,315	20,079	176,930	131,050

	UK		North America		Rest of World		Total	
	1998	1997	1998	1997	1998	1997	1998	1997
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Turnover by activity:								
International financial publishing	27,100	27,024	46,940	10,854	2,227	4,074	76,267	41,952
International business publishing	28,531	26,443	4,173	3,563	2,914	3,175	35,618	33,181
Training	15,499	15,120	14,650	11,758	3,303	5,568	33,452	32,446
Seminars, conferences and exhibitions	9,546	9,721	8,966	2,641	8,817	7,262	27,329	19,624
Databases and information services	3,553	2,479	—	—	54	—	3,607	2,479
Discontinued operations	—	—	657	1,368	—	—	657	1,368
Total	84,229	80,787	75,386	30,184	17,315	20,079	176,930	131,050

NOTES TO THE ACCOUNTS *continued*

2. *Segmental analysis (continued)*

	UK		North America		Rest of World		Total	
	1998	1997	1998	1997	1998	1997	1998	1997
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Operating profit/(loss) by activity:								
International financial publishing	10,089	10,732	10,861	2,653	(106)	1,087	20,844	14,472
International business publishing	8,605	8,867	1,019	834	177	295	9,801	9,996
Training	3,470	4,755	1,145	1,301	287	1,366	4,902	7,422
Seminars, conferences and exhibitions	3,139	2,869	2,538	249	1,798	1,192	7,475	4,310
Databases and information services	1,600	724	(30)	—	(64)	(131)	1,506	593
Discontinued operations	—	—	115	326	—	—	115	326
	26,903	27,947	15,648	5,363	2,092	3,809	44,643	37,119
Corporate costs unallocated	(9,431)	(7,644)	—	—	—	—	(9,431)	(7,644)
Total operating profit	17,472	20,303	15,648	5,363	2,092	3,809	35,212	29,475

	UK		North America		Rest of World		Total	
	1998	1997	1998	1997	1998	1997	1998	1997
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Net (liabilities)/assets by activity:								
International financial publishing	984	2,272	(13,273)	(11,327)	52	1,903	(12,237)	(7,152)
International business publishing	7,205	7,264	832	562	(454)	(147)	7,583	7,679
Training	(274)	799	1,114	572	(323)	292	517	1,663
Seminars, conferences and exhibitions	536	1,868	(2,573)	(5,773)	715	1,236	(1,322)	(2,669)
Databases and information services	(131)	222	—	—	—	—	(131)	222
Associated undertakings	102	252	—	—	—	—	102	252
Net operating (liabilities)/assets	8,422	12,677	(13,900)	(15,966)	(10)	3,284	(5,488)	(5)
Net non-operating (liabilities)/assets	(29,626)	(39,075)	(56,632)	(68,228)	7,890	3,848	(78,368)	(103,455)
Net (liabilities)/assets	(21,204)	(26,398)	(70,532)	(84,194)	7,880	7,132	(83,856)	(103,460)

Non-operating (liabilities)/assets include principally short-term loans, loan stock, proposed dividends, taxation and revolving credit facility.

NOTES TO THE ACCOUNTS *continued*3. *Operating profit*

	1998 £000's	1998 £000's	1998 £000's	1998 £000's	1997 £000's	1997 £000's	1997 £000's
	Continuing operations	Acquisitions	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Turnover	175,514	759	657	176,930	129,682	1,368	131,050
Cost of sales	54,150	180	76	54,406	42,305	154	42,459
Gross profit	121,364	579	581	122,524	87,377	1,214	88,591
Distribution costs	6,414	49	(9)	6,454	3,288	18	3,306
Administrative expenses	79,640	743	475	80,858	54,940	870	55,810
Operating profit/(loss)	35,310	(213)	115	35,212	29,149	326	29,475

Operating profit is stated after charging/(crediting):

	1998 £000's	1997 £000's
Depreciation	2,648	1,350
Auditors' remuneration	393	253
Operating lease rentals	3,770	1,191
Loss/(profit) on sale of tangible fixed assets	137	(114)
Institutional Investor, Inc. reorganisation costs	—	966

£133,000 (1997: £122,500) was expensed for services provided on an arm's length basis by subsidiaries of the company's ultimate parent undertaking.

1998 auditors' remuneration includes £34,000 for non-audit services to Deloitte & Touche and £144,000 for Ernst & Young (1997: £18,000).

4. *Staff costs*i. *Directors' emoluments*

	1998 £000's	1997 £000's
The emoluments of the directors of Euromoney Publications PLC were as follows:		
Fees	226	224
Management remuneration	4,941	4,534
Pension contributions	1,060	911
	6,227	5,669

Details of directors' remuneration are set out in the Remuneration Committee report on pages 14 to 18.

ii. *Number of staff*

	1998 Average in year	1998 At year end	1997 Average in year	1997 At year end
United Kingdom	713	780	528	582
North America	554	544	207	680
Rest of World	164	145	150	157
	1,431	1,469	885	1,419

NOTES TO THE ACCOUNTS *continued*

4. *Staff costs (continued)*

iii. *Staff costs*

	1998	1997
	£000's	£000's
Wages and salaries	51,373	35,261
Social security costs	3,747	2,602
Pension contributions	1,611	1,281
	56,731	39,144

iv. *Pension contributions*

The company operates two pension schemes and a savings and investment plan under which contributions are paid by the employer and employees.

The Harmsworth Pension Scheme, which is administered by the immediate holding company, Daily Mail General Holdings Limited, is a defined benefit scheme providing service related benefits on final pensionable salary. The assets of this scheme, which are held independently from the finances of both the group and Daily Mail General Holdings Limited, are administered by trustees. Pension costs are assessed on the advice of an independent qualified actuary on the basis of triennial valuations.

The most recent valuation of this scheme was at March 31 1998 although, at the date of preparation of these accounts, the valuation report was only available in draft form pending approval by Daily Mail and General Trust plc and the trustees. The assumptions in the draft report having the most significant effect on the results of the valuations are shown in the following table.

Price inflation	3% pa
Salary increases	4.75% pa
Pension increases	3% pa
Investment return	7.25% pa
Dividend growth	3.5% pa

On the advice of the actuary the 1998 valuation has been carried out using a market related approach. This change is prompted by the Minimum Funding Requirement valuation basis introduced by the Pensions Act 1995 and the change in the pattern of UK shareholder returns. The new method will not, by itself, alter the funding materially. The market value of the Harmsworth Pension Scheme's assets was £197 million as at March 31 1995, sufficient to cover 106% of accrued liabilities. The most recent valuation as at March 1998 puts the market value of this scheme's assets at £287 million, sufficient to cover 110% of accrued liabilities.

The contribution rate paid by employees for the Harmsworth Pension Scheme is 5.5% of pensionable salaries. The company's contribution to this scheme is 11% of pensionable salaries, with a review expected once the March 1998 actuarial valuation has been finalised. Over the estimated average service life of employees the pension cost to the company of its principal scheme is expected to represent 10% of pensionable salaries, before allowing for any benefit improvements which may be granted to members following the valuation.

The Euromoney Pension Plan is a money purchase arrangement administered by an insurance company. The company contribution is 5.95% on earnings up to the State Upper Earnings Limit for National Insurance Contributions and 9.75% on earnings above this limit.

Institutional Investor, Inc. contributes to a 401K savings and investment plan for its employees which is administered by an independent investment provider. The group matches the employee's maximum 15% contribution of salary.

The pension charge for the year comprised:

	1998	1997
	£000's	£000's
Harmsworth Pension Scheme	152	123
Euromoney Pension Plan	172	169
Private schemes	1,287	989
	1,611	1,281

NOTES TO THE ACCOUNTS *continued*5. *Interest receivable*

	1998	1997
	£000's	£000's
Interest receivable from parent undertaking	—	512
Other interest receivable	1,681	1,049
	<u>1,681</u>	<u>1,561</u>

6. *Interest payable*

	1998	1997
	£000's	£000's
Bank overdrafts	(121)	(96)
ESOT loan	(68)	(60)
Unsecured loan stock	(196)	(101)
Revolving credit	(4,729)	(575)
Interest rate hedges net	(191)	—
	<u>(5,305)</u>	<u>(832)</u>

7. *Taxation on profit on ordinary activities*

	1998	1997
	£000's	£000's
The taxation charge is based on the profit for the year and is made up as follows:		
UK corporation tax at 31% (1997: 32%)	7,047	6,265
Overseas tax	1,295	2,920
	<u>8,342</u>	<u>9,185</u>

The overall tax charge is low principally due to the tax amortisation of goodwill arising in the USA. The taxation charge on profits from associated undertakings included above is £210,000 (1997: tax credit £74,000).

8. *Dividends*

	1998	1997
	£000's	£000's
Interim paid 20p per share (1997: 18p)	4,357	3,849
Final proposed 35p per share (1997: 33p)	7,630	7,056
	<u>11,987</u>	<u>10,905</u>

9. *Earnings per share*

The basic earnings per share is calculated on profit for the financial year of £22,637,000 (1997: £19,296,000) and on a weighted average number of ordinary shares in issue during the year of 21,732,746 (1997: 21,380,451). The fully diluted earnings per share have not been shown as the dilution is not material.

NOTES TO THE ACCOUNTS *continued*

10. *Tangible fixed assets*

	Motor vehicles £000's	Plant and equipment £000's	Short-term leasehold premises £000's	Freehold premises £000's	Total £000's
Group					
Cost at October 1 1997	451	10,836	6,727	833	18,847
Exchange adjustment	—	(387)	(183)	—	(570)
Obtained on acquisition	31	152	—	—	183
Additions	241	2,057	163	16	2,477
Disposals	(169)	(1,433)	(154)	—	(1,756)
At September 30 1998	554	11,225	6,553	849	19,181
Depreciation at October 1 1997	200	7,038	2,437	80	9,755
Exchange adjustment	—	(295)	(107)	—	(402)
Obtained on acquisition	19	100	—	—	119
Charge for the year	99	2,044	488	17	2,648
Disposals	(128)	(1,153)	(55)	—	(1,336)
At September 30 1998	190	7,734	2,763	97	10,784
Net book value at September 30 1998	364	3,491	3,790	752	8,397
Net book value at October 1 1997	251	3,798	4,290	753	9,092
Company					
Cost at October 1 1997	416	2,988	2,708	833	6,945
Additions	138	1,160	30	16	1,344
Disposals	(127)	(1,036)	(29)	—	(1,192)
At September 30 1998	427	3,112	2,709	849	7,097
Depreciation at October 1 1997	186	1,856	508	79	2,629
Charge for the year	76	687	138	17	918
Disposals	(111)	(956)	(29)	—	(1,096)
At September 30 1998	151	1,587	617	96	2,451
Net book value at September 30 1998	276	1,525	2,092	753	4,646
Net book value at October 1 1997	230	1,132	2,200	754	4,316

11. *Fixed asset investments — group*

	Cost of shares £000's	Share of post acquisition reserves £000's	Dividends received £000's	Goodwill £000's	Investment in associated undertakings total £000's	Investment in own shares £000's	Total £000's
At October 1 1997	4,756	109	—	(4,613)	252	798	1,050
Additions	—	372	(417)	—	(45)	—	(45)
Transfers	(669)	27	—	537	(105)	(4)	(109)
At September 30 1998	4,087	508	(417)	(4,076)	102	794	896

The investment in own shares is held by the Euromoney Employees' Share Ownership Trust. At September 30 1998 the ESOT held 158,604 shares carried at an historic cost of £5.01 per share with a market value of £16.37 per share. Options have been granted on these shares which may be exercised at any time before January 19 2002. As part of these arrangements a loan facility of up to £803,584 has been granted to the ESOT guaranteed by the company.

The principal associated undertaking at September 30 1998 was Mondiale Corporation Limited, a publishing and conference company, of which the group owns 40% of the ordinary share capital. The company's country of incorporation and operation is England.

NOTES TO THE ACCOUNTS *continued*12. *Fixed assets investments — company*

	Subsidiary undertakings	Associated undertakings	ESOT Investment in own shares	Other investments	Total
	£000's	£000's	£000's	£000's	£000's
At October 1 1997	50,658	4,546	798	14	56,016
Acquisitions at cost	4,881	—	—	—	4,881
Transfers	(1,079)	(403)	—	—	(1,482)
Disposals at cost	(74)	—	(4)	—	(78)
Provisions	(1,270)	(70)	—	—	(1,340)
At September 30 1998	53,116	4,073	794	14	57,997

Details of acquisitions during the year are shown in note 13.

Details of the principal subsidiary undertakings at September 30 1998 are as follows:

Direct	Proportion held	Principal activity	Country of incorporation and operation
Adhesion Limited	100%	Conventions	England
Batteries International Limited	100%	Publishing	England
Business Traveller (Holdings) Limited	74.9%*	Holding company	England
Capital NET Limited	50%	Databases	England
Coaltrans Conferences Limited	100%	Conferences	England
Contract Communications Limited	100%	Publishing	England
Euromoney Corporate Profiles Limited	60%	Publishing	England
Euromoney Expos Limited	100%	Exhibitions	England
Euromoney Exhibitions Limited	100%	Holding company	England
Euromoney Publications (Jersey) Limited	100%	Publishing	Jersey†
Euromoney Publications (Overseas) Limited	100%	Holding company	England
Euromoney US Holdings LP	100%	Holding company	USA
Glenprint Limited	100%	Publishing	England
InvestorAccess Limited	95%	Electronic media	England
Mundy Perry Limited	80%	Publishing	England
Raven Fox Limited	100%	Publishing	England
ReActions Publishing Group Limited	100%*	Publishing	England
Real Time Events Limited	90%	Exhibitions	England
The Petroleum Economist Limited	95%	Publishing	England
Tipall Limited	100%	Property holding	England
World Link Publications Limited	45%#	Publishing	England

* 100% preference shares held, ordinary shares held as noted above.

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

World Link Publications Limited has been treated as a subsidiary undertaking because the group is in a position to exercise dominant influence over its operating and financial policies.

NOTES TO THE ACCOUNTS *continued*

12. *Fixed assets investments — company (continued)*

Indirect	Proportion held	Principal activity	Country of incorporation and operation
100% Design Limited	67.1%	Exhibitions	England
Adhesion et Associes SA	100%	Conventions	France
Asia Law and Practice Publishing Limited	100%	Holding company	Jersey†
Asia Law and Practice Singapore Pte Limited	100%	Publishing	Singapore
Business Conventions Internationale	100%	Conventions	France
Carlcroft Limited	95%	Publishing	England
ELL Holdings, Inc.	100%*	Holding company	USA
Engel Publishing Partners	80%	Publishing	USA
Euromoney Asia Limited	100%	Holding company	Jersey
Euromoney, Inc.	100%	US sales agent	USA
Euromoney Massachusetts, Inc.	100%	Holding company	USA
Euromoney Training, Inc.	100%	Holding company	USA
Euromoney Training (Jersey) Limited	100%	Training	Jersey†
Euromoney Training Singapore Pte	100%	Training	Singapore
Institutional Investor, Inc.	100%	Publishing	USA
Institutional Investor (Europe) Limited	100%	Publishing	England
International Media Partners, Inc.	100%	Publishing	USA
Latin American Financial Publications, Inc.	100%	Publishing	USA
Lingua Franca, Inc.	88.75%	Training	USA
Med Ad, Inc.	100%	Holding company	USA
MIS Partners	50%	Training	USA
MIS Training, Inc.	50%	Training	USA
MIS Training (UK) Limited	50%	Training	England
Perry Publications Limited	74.9%	Publishing	England
Perry Publications, Inc.	74.9%	Publishing	USA
PREP Institute of America, Inc.	100%	Training	USA
Semaphore Europe Limited	88.75%	Training	England
System Security Limited	50%	Training	England
The Euromoney Exhibition Partnership	90%	Exhibitions	England
The Second Euromoney Exhibition Partnership	90%	Exhibitions	England

* 100% preference shares held, ordinary shares held as noted above.

† The principal country of operation for both Euromoney Training (Jersey) Limited and Asia Law and Practice Publishing Limited is Hong Kong.

All holdings are of ordinary shares, except where noted.

13. *Acquisitions and disposals*

A minor acquisition was made during the year for a cash consideration of £20,000. In addition, cash consideration of £1,309,000 and £6,605,000 in ordinary shares was paid to increase the group's interest in a number of subsidiaries resulting in net assets acquired of £284,000 and goodwill of £7,630,000. Details of the transactions are as follows:

- In October 1997 the group acquired the remaining 49% of the issued share capital of Latin American Financial Publications, Inc. for a consideration of £6,605,000 satisfied by the issue of 384,024 new ordinary shares. Goodwill on acquisition amounted to £6,471,000.
- In October 1997 the group purchased a further 35% of the issued share capital of Mundy Perry Limited for a cash consideration of £83,000.
- In October 1997 the group purchased 5.11% of the issued share capital of Contract Communications Limited and the remaining 3.82% of the issued share capital of Raven Fox Limited, for a cash consideration of £230,000 and £200,000 respectively, but subject to finalization of the relevant statutory accounts. The shares were bought from Richard Jell, a director of Euromoney Publications PLC and a related party. The consideration has all been deferred. In April 1998 the group purchased the remaining 5% of the issued share capital of Contract Communications Limited for a cash consideration of £271,000, of which £180,000 is deferred.

NOTES TO THE ACCOUNTS *continued*13. *Acquisitions and disposals (continued)*

- iv In February 1998 the group purchased a 95% interest in the issued share capital of InvestorAccess Limited for a cash consideration of £20,000.
- v In July 1998 the remaining issued share capital of System Security Limited was acquired by MIS Training (UK) Limited, a subsidiary undertaking, taking the group's effective share holding to 50%, for a cash consideration of £351,000.
- vi In November 1997, the group sold the Bankstat and SELLING divisions of Institutional Investor, Inc. for an aggregate cash consideration of £2,707,000, of which £240,000 is deferred. Goodwill reinstated on these disposals was £3,564,000. No profit or loss was recorded on disposal. In addition, £2,296,000 was received in respect of a price adjustment on the Institutional Investor, Inc. acquisition.
- vii During 1997 the group acquired Institutional Investor, Inc. together with several smaller companies for a cash consideration of £95,627,000. Net liabilities acquired amounted to £19,868,000, acquisition costs £1,950,000 and goodwill arising on the acquisition was £117,445,000.

14. *Debtors*

	Group 1998 £000's	Group 1997 £000's	Company 1998 £000's	Company 1997 £000's
<i>Amounts falling due within one year:</i>				
Trade debtors	28,787	32,232	16,808	14,771
Due from group undertakings	—	—	24,540	21,016
Prepayments and accrued income	5,349	2,262	1,367	434
Other debtors	5,179	3,036	624	—
	39,315	37,530	43,339	36,221
<i>Amounts falling due after more than one year:</i>				
Other debtors	1,908	1,764	1,908	1,764
	41,223	39,294	45,247	37,985

15. *Creditors: amounts falling due within one year*

	Group 1998 £000's	Group 1997 £000's	Company 1998 £000's	Company 1997 £000's
Bank overdrafts	—	205	3,621	—
Redeemable unsecured loan stock	3,884	3,909	3,884	3,909
ESOT loan	804	804	804	804
Trade creditors	3,782	7,537	2,765	4,535
Due to immediate parent company	2,076	1,737	1,916	1,576
Due to other group undertakings	—	—	17,933	10,886
Other creditors	8,933	7,300	3,104	3,995
Corporation tax	13,493	10,033	6,903	4,469
Accruals	17,664	20,789	11,621	9,866
Deferred income	30,785	29,164	6,492	5,270
Proposed dividends	7,630	7,056	7,630	7,056
	89,051	88,534	66,673	52,366

The redeemable unsecured loan stock can be redeemed at par at the holder's option at various dates between December 1994 and December 2008. Interest is payable at 0.5% to 1% below LIBOR. The ESOT loan is repayable on April 30 1999, bears interest at 1% above LIBOR and is guaranteed by the company.

NOTES TO THE ACCOUNTS *continued*

16. Creditors: amounts falling due after more than one year

	Group 1998 £000's	Group 1997 £000's	Company 1998 £000's	Company 1997 £000's
Revolving credit	60,609	84,963	4,119	17,999
The maturity of the revolving credit is as follows:				
Between one and two years	—	2,482	—	525
Between two and five years	60,609	40,348	4,119	8,541
Over five years	—	42,133	—	8,933
	60,609	84,963	4,119	17,999

The revolving credit facility is a US\$150 million facility which reduces on the dates set out below. The facility terminates on November 30 2002, carries interest at 0.35% over US dollar LIBOR and is secured on the assets of certain subsidiary undertakings.

	Facility amount US\$ millions
November 30 1998	140
November 30 1999	125
November 30 2000	105
November 30 2001	80
November 30 2002	nil

17. Treasury instruments

The group had the following treasury instruments at the balance sheet date:

	Unrecognised gain/(loss) £000's
Forward exchange contracts	
Sell US\$24 million for sterling	543
Sell US\$2 million for French francs	64
Sell FF12 million for sterling	12
	619
Interest rate instruments on notional principal US\$100 million	(1,048)

The interest rate instruments comprise swaps, a cap and a collar, and have the effect of fixing interest rates on the revolving credit within a range of 5.55% to 8%.

In addition, the company has entered into a tax equalization swap in order to neutralize the tax effect of unrealized currency gains and losses on the revolving credit. This is achieved by an annual sale of US dollars for sterling. The amount at September 30 1998 was US\$34 million.

NOTES TO THE ACCOUNTS *continued**18. Provisions for liabilities and charges*

A provision for onerous lease terms was made in 1997 on the acquisition of Institutional Investor, Inc. and has been reclassified from creditors to provisions. The movement in the year is as follows:

	Group 1998 £000's
At October 1 1997	5,806
Used in period	(1,055)
Exchange differences	(212)
At September 30 1998	4,539

19. Deferred taxation

At the balance sheet date, unrecognised deferred tax assets comprised:

	Group 1998 £000's	Group 1997 £000's	Company 1998 £000's	Company 1997 £000's
Accelerated capital allowances	100	253	112	241
Other timing differences	1,473	389	—	—
	1,573	642	112	241

No deferred tax assets have been recognised during the year, and no amounts have been transferred to or from the profit and loss account. No provision has been made for further taxes which could arise if subsidiary or associated undertakings were disposed of, or if overseas companies were to remit dividends to the UK in excess of those anticipated in these accounts.

20. Called up share capital

	1998 £000's	1997 £000's
Authorised: 28,000,000 ordinary shares of 1p each	280	280
Allotted and fully paid: 21,800,879 (1997: 21,382,605) ordinary shares of 1p each	218	214

During the year, 34,250 ordinary shares of 1p each with an aggregate nominal value of £343 were issued for a cash consideration of £426,923 following the exercise of share options granted under the company's share option scheme.

In addition, the company issued 384,024 ordinary shares of 1p each with an aggregate nominal value of £3,840 for a consideration of £6,605,213 in respect of the acquisition of the remaining 49% interest in Latin American Financial Publications, Inc.

NOTES TO THE ACCOUNTS *continued*

20. *Called up share capital (continued)*

Share options

The following options are outstanding at September 30 1998 and are options to subscribe for new ordinary shares of 1p each in the company, except those indicated (*) which are options to purchase ordinary shares of 1p each under the Euromoney ESOT.

Number of ordinary shares under option		Option price £	Period during which option may be exercised
September 30 1998	October 1 1997		
7,686	7,686	3.51	Before June 14 2000
3,000	6,000	5.13	Before December 5 2001
143,860*	144,535	5.98	Before January 19 2002
4,750	13,750	8.48	Before December 8 2002
16,750	29,000	14.07	Before November 29 2003
46,500	58,000	16.18	Before December 8 2004
142,742	142,742	14.16	Before June 19 2005
148,000	171,500	13.30	Between February 8 1999 and February 8 2006
24,516	29,755	14.20	Between February 7 2000 and February 7 2007
50,234	55,995	14.30	Between February 24 2000 and February 24 2004
46,408	—	15.82	Between January 7 2001 and January 7 2008
86,092	—	15.82	Between January 7 2001 and January 7 2005
720,538	658,963		

21. *Statement of movements on reserves*

Group	Called up share capital £000's	Share premium account £000's	Capital redemption reserve £000's	Goodwill write off reserve £000's	Profit & loss account £000's
At October 1 1997	214	24,769	8	(156,227)	27,587
Retained profit for the year	—	—	—	—	10,650
Foreign exchange translation differences	—	—	—	—	1,544
Foreign exchange translation difference on hedging loan	—	—	—	—	3,317
Goodwill on acquisitions	—	—	—	(8,609)	—
Goodwill reinstated on disposals	—	—	—	3,564	—
Institutional Investor, Inc. purchase price adjustment	—	—	—	2,296	—
New shares issued	4	6,601	—	—	—
Exercise of share options	—	427	—	—	—
At September 30 1998	218	31,797	8	(158,976)	43,098

The cumulative amount of goodwill written off at September 30 1998 is £169,447,000 (1997: £166,745,000).

NOTES TO THE ACCOUNTS *continued*21. *Statement of movements on reserves (continued)*

Company	Called up share capital £000's	Share premium account £000's	Capital redemption reserve £000's	Capital reserve £000's	Profit & loss account £000's
At October 1 1997	214	24,769	8	1,842	4,644
Retained profit for the year	—	—	—	—	3,258
New shares issued	4	6,601	—	—	—
Exercise of share options	—	427	—	—	—
At September 30 1998	218	31,797	8	1,842	7,902

22. *Commitments*

	Group 1998 £000's	Group 1997 £000's	Company 1998 £000's	Company 1997 £000's
Operating leases in respect of land and buildings which expire:				
Within one year	114	418	—	—
Between two and five years	4,110	3,227	127	191
Over five years	605	1,403	317	218
	4,829	5,048	444	409

The group has a number of contingent commitments under put options given to various parties under acquisition agreements estimated at an aggregate £12.5 million at September 30 1998.

23. *Contingent liability*

Writs claiming damages for libel have been 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. The total amount claimed is 280 million Malaysian ringgits (£43 million). The directors do not believe that the company has any material liability in respect of these writs.

24. *Related party transactions*

- Operating lease rentals include property rental payments amounting to £80,000 (1997: £80,000) made to the president of MIS Training, Inc., a subsidiary undertaking.
- Other operating charges include amounts for services provided by subsidiaries of the company's ultimate parent undertaking. See note 3 for further details.
- During the year the group made a number of related party acquisitions. See note 13 for further details.

25. *Ultimate parent undertaking*

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, 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
Kensington
London W8 5TT

FIVE YEAR RECORD

	1994	1995	1996	1997	1998
	£000's	£000's	£000's	£000's	£000's
Turnover	89,851	116,226	104,283	131,050	176,930
Operating profit	21,280	15,276	21,959	29,475	35,212
Share of operating profits in associates	1,396	1,135	349	303	585
(Loss)/profit on sale of discontinued operations	—	—	1,407	(169)	—
Net interest (payable)/receivable	1,367	1,807	1,789	729	(3,624)
Profit on ordinary activities before tax	24,043	18,218	25,504	30,338	32,173
Tax on profit on ordinary activities	8,028	6,806	8,213	9,185	8,342
Profit on ordinary activities after tax	16,015	11,412	17,291	21,153	23,831
Equity minority interests	1,403	415	628	1,857	1,194
Profit for the financial year	14,612	10,997	16,663	19,296	22,637
Dividends paid and proposed	9,275	9,639	9,877	10,905	11,987
Profits retained	5,337	1,358	6,786	8,391	10,650
Earnings per share	69.38p	49.87p	75.93p	90.25p	104.16p
Dividends per share	42.50p	43.50p	46.00p	51.00p	55.00p
Fixed assets	8,136	7,072	5,582	10,142	9,293
Net current (liabilities)/assets	12,186	5,736	3,428	(22,833)	(28,001)
Creditors: amounts falling due after more than one year	(1,280)	(804)	—	(84,963)	(60,609)
Provisions for liabilities and charges	—	—	—	(5,806)	(4,539)
Net (liabilities)/assets	19,042	12,004	9,010	(103,460)	(83,856)
Called up share capital	218	222	214	214	218
Profit and loss account	21,515	23,010	19,724	27,587	31,797
Other reserves	(4,102)	(12,605)	(11,246)	(131,450)	(115,870)
Equity minority interests	17,631	10,627	8,692	(103,649)	(83,855)
	1,411	1,377	318	189	(1)
	19,042	12,004	9,010	(103,460)	(83,856)

Earnings per share have been calculated on the basis of the following weighted average number of ordinary shares for each year:

1994	21,062,824
1995	22,051,058
1996	21,946,452
1997	21,380,451
1998	21,732,746