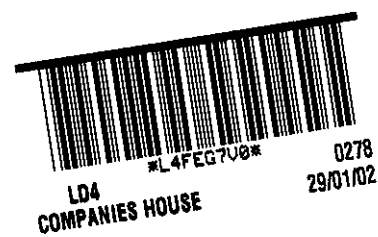


THE ECONOMIST OVERSEAS (HOLDINGS) LIMITED

ANNUAL REPORT

YEAR ENDED 31 MARCH 2001

Registered Number: 2147173



THE ECONOMIST OVERSEAS (HOLDINGS) LIMITED

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THE ECONOMIST OVERSEAS (HOLDINGS) LIMITED

Report of the directors for the year ended 31 March 2001

The directors present their annual report and audited financial statements for the year ended 31 March 2001.

Activities and business review

The principal activity of the company is to act as an investment holding company.

Dividends

A dividend of £8,766,128 was paid during the year (2000: nil).

Directors

The directors who served during the year are set out below:

H A Alexander
D J Hanger
K B S Malik
A E Wales (resigned 4 July 2000)
S J Abesser (appointed 4 July 2000)


THE ECONOMIST OVERSEAS (HOLDINGS) LIMITED

**Report of the directors
for the year ended 31 March 2001**

Directors' interests

The directors do not hold any shares in the company. Except for S J Abesser, details of the directors' interests in the share capital of the parent company, The Economist Newspaper Limited, are disclosed in that company's accounts. S J Abesser held no shares at 31 March 2001 (2000: nil) in The Economist Newspaper Limited.

BY ORDER OF THE BOARD



S J ABESSER
Secretary
15 January 2002

Registered Office

25 St. James's Street
London
SW1A 1HG

THE ECONOMIST OVERSEAS (HOLDINGS) LIMITED

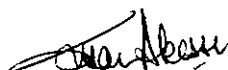
Directors' statement of responsibilities **for the year ended 31 March 2001**

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

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

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

BY ORDER OF THE BOARD



S J ABESSER
Secretary
15 January 2002

**Report of the auditors to the members of
THE ECONOMIST OVERSEAS (HOLDINGS) LIMITED**

We have audited the financial statements on pages 6 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 4, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the 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 the company's affairs at 31 March 2001 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
1 Embankment Place
LONDON WC2N 6RH

25 January 2002

THE ECONOMIST OVERSEAS (HOLDINGS) LIMITED

**Profit and loss account
for the year ended 31 March 2001**

	Notes	2001 £	2000 £
Income from shares in group undertakings		<u>8,766,128</u>	<u>-</u>
OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION		8,766,128	-
Dividend paid	4	<u>(8,766,128)</u>	<u>-</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		-	-
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD		<u>2,346,217</u>	<u>2,346,217</u>
PROFIT AND LOSS ACCOUNT CARRIED FORWARD		<u>2,346,217</u>	<u>2,346,217</u>

The results reported above relate solely to continuing activities.



There are no recognised gains and losses except for the results reported above, and therefore no separate statement of total recognised gains or losses has been presented.

The notes on pages 8 to 10 form part of these financial statements.

THE ECONOMIST OVERSEAS (HOLDINGS) LIMITED

Balance sheet as at 31 March 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Investments	5	11,311,728	11,311,728
CURRENT ASSETS			
Debtors: amounts due from parent company		2,345,399	2,345,399
Cash at bank and in hand		918	918
NET CURRENT ASSETS		2,346,317	2,346,317
TOTAL ASSETS LESS CURRENT LIABILITIES, AND NET ASSETS		13,658,045	13,658,045
CAPITAL AND RESERVES			
Called up share capital	6	400	400
Share premium account	7	11,311,428	11,311,428
Profit and loss account		2,346,217	2,346,217
EQUITY SHAREHOLDERS' FUNDS		13,658,045	13,658,045

H A Alexander )
K B S Malik ) Directors

The financial statements on pages 6 to 10 were approved by the Board of Directors on 15 January 2002.

The notes on pages 8 to 10 form part of these financial statements.

The auditors' report is on page 5.

THE ECONOMIST OVERSEAS (HOLDINGS) LIMITED

Notes to the financial statements - 31 March 2001

1. Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom, which have been applied consistently.

(a) Accounting convention

These financial statements are prepared under the historical cost convention.

(b) Consolidation

The company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

(c) Fixed asset investments

Fixed asset investments are stated at cost less provision for any impairment.

(d) Cash flow statement

The company is a wholly owned subsidiary of The Economist Newspaper Limited and the cash flows of the company are included in the consolidated group cash flow statement of The Economist Newspaper Limited. Consequently, the company is exempt under the terms of Financial Reporting Standard No. 1 (revised) from publishing a cash flow statement.

(e) Foreign exchange

Foreign exchange differences arising on transactions during the year are translated at the prevailing rate on the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rate prevailing at the balance sheet date. All exchange differences are dealt with in the profit and loss account.

(f) Related party transactions

As the company is a wholly owned subsidiary of The Economist Newspaper Limited, the company has taken advantage of the exemptions contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

2. Directors' emoluments

None of the directors received any emoluments in respect of their services to the company during the year (2000: nil).

THE ECONOMIST OVERSEAS (HOLDINGS) LIMITED

Notes to the financial statements - 31 March 2001

3. Employees

The company had no employees during the year (2000: nil).

4. Dividends

	2001 £	2000 £
Final dividend paid	<u>8,766,128</u>	<u>-</u>

5. Investments

	£
Cost at 1 April 2000 and 31 March 2001	<u>11,311,728</u>

The investment at 31 March 2001 and 2000 comprised a 100% holding in The Economist Group (Holdings) BV, incorporated in The Netherlands, which acts as an investment holding company for The Economist Group. The directors are of the opinion that the market value of the investment is more than the carrying value.

6. Called up share capital

	2001 £	2000 £
Authorised: 1000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called-up and fully paid: 400 ordinary shares of £1 each	<u>400</u>	<u>400</u>

7. Share premium account

	£
At 1 April 2000 and 31 March 2001	<u>11,311,428</u>

THE ECONOMIST OVERSEAS (HOLDINGS) LIMITED

Notes to the financial statements - 31 March 2001

8. Parent company

The company's ultimate parent company and ultimate controlling party is The Economist Newspaper Limited, registered in England and Wales. The consolidated financial statements of The Economist Newspaper Limited can be obtained from the Registered Office at 25 St. James's Street, London, SW1A 1HG.

9. Contingent liabilities

The company, together with certain fellow group undertakings, has granted a guarantee to the providers of the parent company's borrowings. The amount outstanding at 31 March 2001 was £6,000,000 (2000: £12,048,000).