

The Financial Times International Publishing Limited

(Registered Number: 3710297)

Annual Report And Financial Statements For The Year Ended 31 December 2008

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The Financial Times International Publishing Limited

Annual Report And Financial Statements For The Year Ended 31 December 2008

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The Financial Times International Publishing Limited

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2008.

Principal Activities And Business Review

On 30 January 2008, the Company agreed to sell its 50% stake in Financial Times Deutschland GmbH & Co. KG (FTD) to Gruner and Jahr Aktiengesellschaft & Co. The transaction was effective from 1 January 2008 and accordingly the Company's financial statements for the year ending 31 December 2008 will not include the Company's share of profits/(losses) in FTD.

Results And Dividends

The loss for the year after taxation was €2,240,000 (profit in 2007: €5,858,000). The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2008 (2007: €nil).

Directors

The Directors who held office during the year were as follows:

| | |
|------------|--------------------------|
| K Koch | (Resigned 20 June 2008) |
| R Fairhead | |
| L Burdett | (Appointed 20 June 2008) |

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company to enable them to ensure that the financial statements comply with the Companies Act 1985 and as far as applicable the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Directors' Report (continued)

Auditors

The auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed in accordance with an elective resolution made under Scheme 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

Statement of Disclosure of Information to Auditors

In the case of each of the persons who are Directors at the time of approval of this report:

- a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- b) he/she has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' Insurance

During the year to 31 December 2008 the Company maintained insurance covering officers of the Company against liabilities arising in relation to the Company.

By Order of the Board



A Fortescue
Company Secretary

30th April 2009

Independent Auditors' Report
To the Members of Financial Times International Publishing Limited

We have audited the financial statements of Financial Times International Publishing Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

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

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
30th April 2009

The Financial Times International Publishing Limited

Profit And Loss Account For The Year Ended 31 December 2008

| | Notes | 2008 € '000 | 2007 € '000 |
|--|-------|----------------|----------------|
| Administrative expenses | | | |
| - Operating expenses | 4 | (10) | - |
| - Reversal of impairment | | - | 6,025 |
| - Exchange loss | | (24) | (10) |
| Loss on disposal of investment | 5 | (2,553) | - |
| Operating (Loss)/ Profit Before Interest and Taxation | | (2,587) | 6,015 |
| Interest receivable | 3 | 288 | 54 |
| (Loss)/Profit On Ordinary Activities Before Taxation | 4 | (2,299) | 6,069 |
| Taxation on (loss)/profit on ordinary activities | 6 | 59 | (211) |
| (Loss)/Profit For The Financial Year | | (2,240) | 5,858 |

The results relate solely to continuing activities.

The Company has no recognised gains and losses other than those included above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 6 to 10 form part of these financial statements.

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Balance Sheet As At 31 December 2008

| | Notes | 2008 € '000 | 2007 € '000 |
|-----------------------------------|-------|----------------|----------------|
| Fixed Assets | | | |
| Investments | 7 | - | 9,310 |
| Current Assets | | | |
| Debtors | 8 | 2,023 | 1,974 |
| Cash at bank and in hand | | 8,986 | 1,965 |
| Net Current Assets | | 11,009 | 3,909 |
| Net Assets | | 11,009 | 13,249 |
| Capital And Reserves | | | |
| Called up share capital | 9 | 100,000 | 100,000 |
| Profit and loss account | 10 | (88,991) | (86,751) |
| Equity Shareholders' Funds | 11 | 11,009 | 13,249 |

The notes on pages 6 to 10 form part of these financial statements.

The financial statements on pages 4 to 10 were approved by the Board of Directors on 30th April 2009 and were signed on its behalf by:



L Burdett
Director

The Financial Times International Publishing Limited

Notes To The Financial Statements For The Year Ended 31 December 2008

1 Accounting Policies

Basis of Accounting

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 as far as applicable the Companies Act 2006 and with applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently, are set out below.

Fixed Asset Investment

The Company's fixed asset investment in the partnership, FTD, is stated at cost less any provisions for impairment. A review for the potential impairment of an investment is carried out if events or changes in circumstances indicate that the carrying value of the investment may not be recoverable. The recoverable amount is assessed as the net present value of expected future cash flows. Impairments thus arising are recorded in the profit and loss account. Impairment losses recognised in previous years are reversed through the profit and loss account where the recoverable amount of the assets concerned subsequently increases.

Overseas Currencies

Transactions, including purchases of fixed assets, are translated at the exchange rate ruling at the date of the transaction or at an appropriate average rate. Monetary assets and liabilities are re-translated at the rate of exchange ruling at the balance sheet date. Resultant exchange differences are taken to the profit and loss account. The following Euro exchange rates have been used in the preparation of these financial statements:

| Pounds sterling | 2008 | 2007 |
|-----------------------|------|------|
| Average exchange rate | 1.25 | 1.46 |
| Closing exchange rate | 1.03 | 1.36 |

2 Directors And Employees

The Company had no employees during the year (2007: nil). None of the Directors received any emoluments from the Company during the year in respect of qualifying services (2007: nil).

3 Interest Receivable

| | 2008 € '000 | 2007 € '000 |
|--------------------------|----------------|----------------|
| Bank interest receivable | 288 | 54 |

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Notes To The Financial Statements For The Year Ended 31 December 2008 (Continued)

4 (Loss)/Profit On Ordinary Activities Before Taxation

| | 2008 €'000 | 2007 €'000 |
|--|---------------|---------------|
| Auditors' remuneration: for audit services | 10 | - |

In 2007, the Company's audit fee was borne by a fellow group undertaking, The Financial Times Limited.

5 Loss on disposal

| | 2008 €'000 | 2007 €'000 |
|------------------------------------|----------------|---------------|
| Proceeds on disposal of investment | 9,310 | - |
| Value of investment | (10,887) | - |
| Costs incurred on disposal | (976) | - |
| Loss on disposal | (2,553) | - |

The loss on disposal refers to the sale of the Company's 50% stake in FTD. The loss has arisen due to the carrying value of the investment plus the costs incurred on the disposal being greater than the sales proceeds.

6 Taxation On (Loss)/Profit On Ordinary Activities

| | 2008 € '000 | 2007 € '000 |
|--|----------------|----------------|
| Current Taxation: | | |
| <i>UK Corporation Tax</i> | | |
| UK Corporation tax credit for the year | (362) | (972) |
| Adjustment in respect of prior years | 155 | 1,183 |
| | (207) | 211 |
| Foreign tax | 148 | - |
| | (59) | 211 |

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Notes To The Financial Statements For The Year Ended 31 December 2008 (Continued)

6 Taxation On (Loss)/Profit On Ordinary Activities (continued)

The total tax charge/(credit) for the year is higher than (2007: lower) than the tax charge/(credit) at the standard rate of corporation tax in the UK (28.5%). The differences are explained below:

| | 2008 € '000 | 2007 € '000 |
|--|----------------|----------------|
| (Loss)/profit on ordinary activities before tax | (2,299) | 6,069 |
| (Loss)/profit on ordinary activities multiplied by standard rate in the UK (28.5%) | (655) | 1,821 |
| Effects of: | | |
| Reversal of impairment / Impairment on investment not deductible for tax purposes | - | (1,808) |
| Share of German partnership loss | - | (985) |
| Capital allowances in excess of depreciation | (434) | - |
| Expenses not deductible for tax purposes | 728 | - |
| Adjustment in respect of previous years | 155 | 1,183 |
| Foreign tax | 148 | - |
| Current Tax (Credit)/Charge | (59) | 211 |

No deferred tax asset has been recognised in respect of capital allowances previously disclaimed, carried forward trading losses and other timing differences due to uncertainty over the timing of future profits.

7 Fixed Asset Investment

| | € '000 |
|----------------------------|-----------|
| Cost | |
| At 1 January 2008 | 132,235 |
| Additional Funding | 1,577 |
| Disposal of investment | (133,812) |
| At 31 December 2008 | - |
| Provision | |
| At 1 January 2008 | (122,925) |
| Disposal of investment | 122,925 |
| At 31 December 2008 | - |
| Net book value | |
| At 31 December 2008 | - |
| At 1 January 2008 | 9,310 |

The above investment represents the Company's 50 percent share in the German registered limited partnership, Financial Times Deutschland GmbH & Co. KG ("FTD").

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Notes To The Financial Statements For The Year Ended 31 December 2008 (Continued)

8 Debtors

| | 2008 € '000 | 2007 € '000 |
|--------------------------------------|----------------|----------------|
| Amounts falling due within one year: | | |
| Intercompany corporation tax debtor | 214 | 1,974 |
| Amounts owed by group undertakings | 1,809 | - |
| | <u>2,023</u> | <u>1,974</u> |

Amounts due from group undertakings are unsecured, attract interest at the base rate plus 45 basis points (2007: 12 month LIBOR plus 45 basis points) and are repayable on demand.

9 Called Up Share Capital

| | 2008 €'000 | 2007 €'000 |
|--|----------------|----------------|
| Authorised: | | |
| 27,000,000 £1 Ordinary shares (2007: 27,000,000) | 38,961 | 38,961 |
| 100,000,000 €1 Ordinary shares (2007: 100,000,000) | <u>100,000</u> | <u>100,000</u> |
| Issued and Fully Paid: | | |
| 2 £1 Ordinary shares (2007: 2) | - | - |
| 100,000,000 €1 Ordinary shares (2007: 100,000,000) | <u>100,000</u> | <u>100,000</u> |

10 Profit And Loss Account

| | €'000 |
|-----------------------------|-----------------|
| At 1 January 2008 | (86,751) |
| Loss for the financial year | <u>(2,240)</u> |
| At 31 December 2008 | <u>(88,991)</u> |

11 Reconciliation Of Movements In Equity Shareholders' Funds

| | € '000 |
|------------------------------------|----------------|
| Opening equity shareholders' funds | 13,249 |
| Loss for the financial year | <u>(2,240)</u> |
| Closing equity shareholders' funds | <u>11,009</u> |

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Notes To The Financial Statements For The Year Ended 31 December 2008 (Continued)

12 Capital Commitments

| | 2008 € '000 | 2007 € '000 |
|--|----------------|----------------|
| Capital investment in FTD that has been contracted for but has not been provided for in the financial statements | | |
| - within one year | - | 1,557 |

13 Cash Flow Statement

The cash flows of the Company are included in the consolidated cash flow statement of Pearson plc, the ultimate parent company. Consequently, the Company is exempt under the terms of FRS 1 "Cash Flow Statements" from publishing a cash flow statement.

14 Related Party Transactions

The Company is a wholly owned subsidiary of Pearson plc and utilises the exemption contained in FRS 8 "Related Party Disclosures" not to disclose any transactions with entities that are part of the Pearson plc group. The address at which the Pearson plc consolidated financial statements are publicly available is shown in note 15.

15 Ultimate Parent Company

The Company's immediate parent company is Financial Times Group Limited.

The ultimate parent company is Pearson plc, a company incorporated in Great Britain and registered in England and Wales. Pearson plc is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements of Pearson plc are available to the public from: The Company Secretary, Pearson plc, 80 Strand, London WC2R ORL.