

The Economist Newspaper Limited

Annual Report 2011

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ANNUAL REPORT

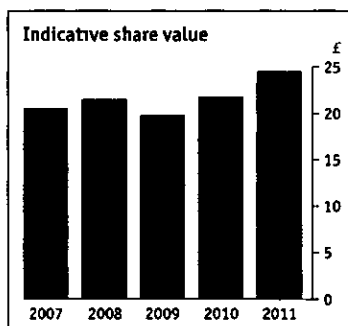
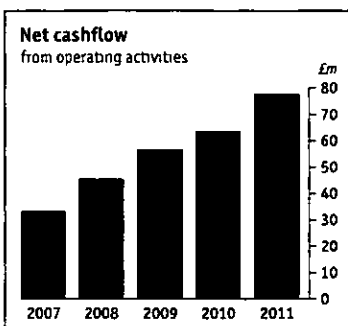
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FIVE-YEAR SUMMARY



	2011	2010	2009	2008	2007
Profit and loss	£m	£m	£m	£m	£m
Turnover	347	320	313	266	248
Operating profit	63	58	56	44	36
Non-operating exceptional items	-	(1)	-	1	11
Profit on ordinary activities before interest	63	57	56	45	47
Net interest	(4)	(7)	-	2	2
Profit before taxation	60	50	56	47	49
Profit after taxation	44	38	38	32	34

Balance sheet

Fixed assets	124	132	69	38	41
Net cash balance	(15)	(38)	13	20	31
Net current liabilities	(56)	(57)	(50)	(48)	(36)
Long-term creditors and provisions	(57)	(77)	(34)	2	(13)
Net assets/(liabilities)	12	(2)	(15)	(8)	(8)
Net cash from operating activities	78	63	57	46	33

Ratios

	2011	2010	2009	2008	2007
Operating profit to turnover	18.2%	18.0%	17.8%	16.6%	14.6%
Basic earnings per share	176.5p	152.5p	151.2p	128.7p	134.9p
Normalised earnings per share	176.5p	164.0p	151.2p	126.7p	105.2p

Dividends and shares

Final and interim dividend per share	104.1p	99.6p	95.3p	79.7p	64.8p
Special dividend per share	39.7p	31.7p	0.0p	91.3p	139.0p
Total dividend per share	143.8p	131.3p	95.3p	171.0p	203.8p
Times covered (excluding non-operating exceptional items)	1.2	1.2	1.6	0.7	0.5
Indicative share value	£24.50	£21.75	£19.75	£21.50	£20.50

GROUP OVERVIEW

£347m

up 9%

REVENUE

£63m

up 10%

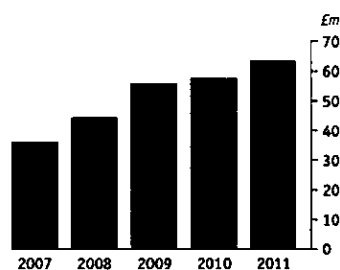
OPERATING PROFIT

18%

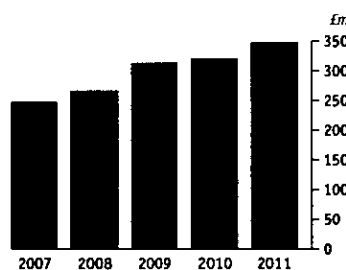
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OPERATING MARGIN

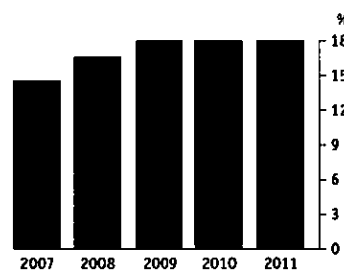
Group operating profit



Group turnover



Operating profit margin

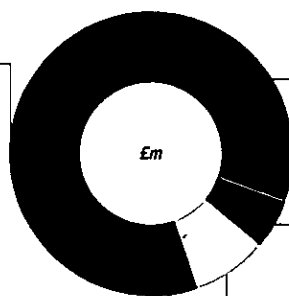


Group revenue breakdown

2011

Subscriptions/
circulation
170

Sponsorship
22



Print advertising
106

Digital
advertising
20

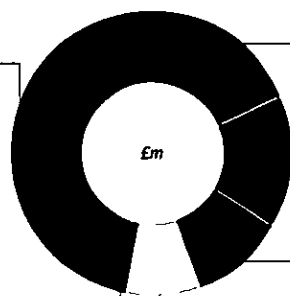
Other
29

Turnover by business

2011

Americas and
CQ Roll Call
160

Other
3



CEMEA
64

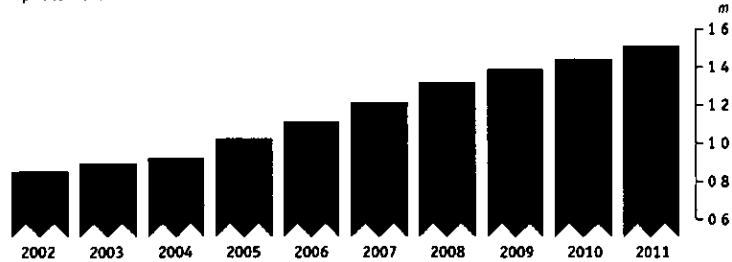
United
Kingdom
53

Economist
Intelligence
Unit
38

Asia
29

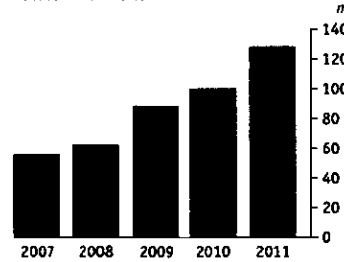
The Economist global circulation, print and digital

April to March



The Economist online

Total annual visits





FROM THE CHAIRMAN

Despite bumpy economic conditions, the Group achieved another year of record profits

In a year when our markets remained difficult, the Group did well. Operating profit rose by 10% to £63.3m compared with the previous year on turnover up 9% at £347m. Profit after tax increased by 16% to £44.2m. Normalised earnings per share were 176.5p, an increase of 8% year on year. The Board is recommending a final dividend of 78.5p, making the full-year dividend 112.6p. This is a 10% increase on the previous year, excluding the special dividend of 39.7p per share paid to shareholders in December.

This good result came mainly from three areas: an advertising recovery at *The Economist*, a full year's ownership of CQ, the business we bought in August 2009, and tight control of overheads.

Despite strong advertising both in print and online at *The Economist* and the continued growth in our print circulation, we are not shielded from the big changes happening in the publishing industry. Advertising is moving from print to the web and, particularly since the introduction of Amazon's Kindle and Apple's iPad, many people are keen to read their magazines in digital form. To take advantage of the opportunities these changes represent, we have been investing in a number of areas that are described in some detail later in this annual report.

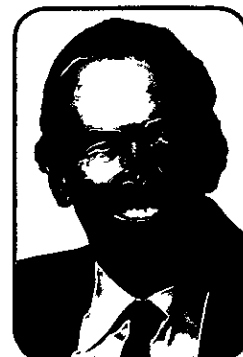
The Economist Intelligence Unit's market is also changing. Much country-related information is now free and can be found easily on the web. Where once we sold to intermediaries—such as libraries and consultancies—which then used the information for their clients, now executives themselves are increasingly getting direct access to the raw material. We have invested during the year to improve the EIU's technology and marketing, and also in creating and selling research tailored to the needs of individual clients.

Turning now to one of our businesses in the Americas, CQ Roll Call, I can report good progress from CQ itself, plus the various services we acquired when we bought Capitol Advantage in 2008. *Roll Call*, which we have owned since 1992, has been affected by tough competition and a weak market for advocacy advertising.

Looking ahead, the economic picture is more than usually blurred. What is clear is that reading habits and advertising needs will carry on shifting, perhaps quite fast. We will therefore be balancing short-term profit with the imperative to invest in our successful business so it can thrive in a changing world.

Dennis Stevenson, the longest-serving of our current directors, steps down from the Board at the AGM after 13 years. My thanks to him for his lively advice. On behalf of the Board, I would also like to thank our staff for their intelligence and drive throughout the year. They have always been the company's greatest strength, and never more so than now.

RUPERT PENNANT-REA



FROM THE CHIEF EXECUTIVE

The Group has achieved a good result in volatile environments all round the world. This has been possible only because of the great people who work here

The Economist continues to thrive. Print circulation grew by 4% (or over 50,000 copies) to 1,473,939 in the July-December 2010 ABC period compared with the previous year. Advertising at *The Economist* overall increased by 15%, with print advertising up 14% and digital advertising up 23%.

We are investing in digital editions of *The Economist*, which are now available on multiple platforms including Amazon's Kindle and Apple's iPhone and iPad, with more device types to come. We are regularly one of the top-selling magazines on the Kindle. *The Economist's* applications for Apple devices have been downloaded from Apple's App Store around 2m times.

These digital editions allow *The Economist* to be read in new ways. *The Economist* online allows that too, but it also encourages readers to debate the issues we write about with each other. With a new website design, more than 600,000 Facebook fans and more than 1m people following *The Economist* on Twitter, the discussion ranges far and wide both in topic and geographically.

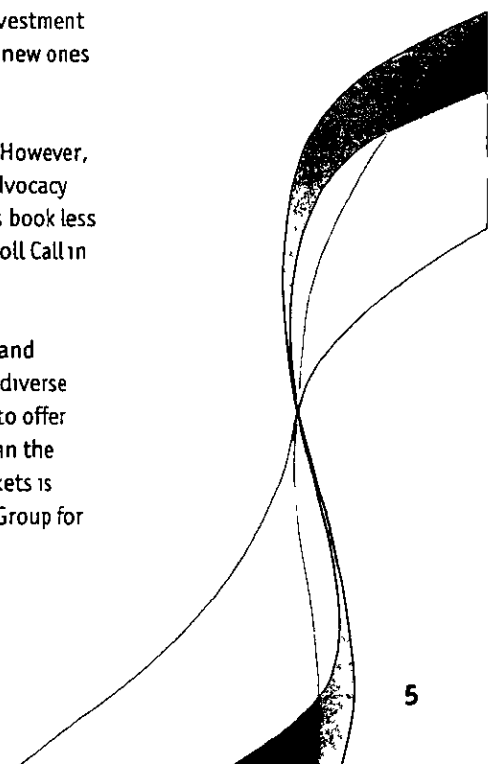
As well as investing in circulation of *The Economist*, in digital editions and in *The Economist* online, we have also launched a number of businesses under the Economist brand. Our online advertising network—the Ideas People Channel—and our online fairs business, which brings buyers and sellers together at virtual events, will help us win a larger proportion of our clients' advertising budgets as they shift them from print to digital. We have also launched a business offering online courses on doing business across borders.

At the Economist Intelligence Unit we have invested during the financial year in marketing, technology, editorial and sales, and will continue to do so. The investment is already improving renewal rates among existing customers and winning us new ones.

The integration of our acquisitions in Washington, DC, has gone well. A large proportion of the Group's operating profit came from CQ Roll Call in the year. However, *Roll Call* is facing tough advertising competition, changes in the market for advocacy advertising and a slow legislative agenda in Washington, which means clients book less advertising. All of these factors led us to restructure the management of CQ Roll Call in January to allow us to address the opportunities better.

Everything we do is made possible by those who work here. We aim to recruit and retain the best people. This means making sure we are an attractive place for diverse and talented individuals who can choose where to build their careers. We try to offer the experience and training they need to do their jobs well and progress within the organisation, if that is what they want to do. The speed of change in our markets is perhaps greater than it has ever been. I should like to thank everyone in the Group for their commitment and skill in contributing to our success in uncertain times.

ANDREW RASHBASS
andrewrashbass@economist.com





EDITORIAL REVIEW

It was an odd year for news. There were some set pieces in 2010, including the British election and the American mid-terms. Meanwhile the euro zone's debt crisis gradually worsened. But the real flurry of news began in early 2011, with the Arab awakening and the Japanese tsunami. One highlight in retrospect was our July 2010 cover on the "shifting sands" around the West's Arab allies, which was backed by a prophetic special report on Egypt.

We relaunched *The Economist* online with a dramatically updated home-page and several new blogs on topics including technology, language, defence and public policy. A persistent favourite has been the chart of the day. We also launched apps for the iPhone and iPad which allow subscribers to read each week's issue and listen to audio versions of each story.

Intelligent Life's fourth year as a quarterly has been the most successful yet. It was launched on the iPad ahead of *The Economist*, online traffic doubled year on year, and we published our biggest issue—130 editorial pages, including a first sponsored supplement, on photography. *Intelligent Life* will appear once every two months from autumn 2011.

The Economist Intelligence Unit had a busy year. We upgraded our core Country Analysis products in a redesigned website, improved our industry services and changed the way we produce our economic forecasts, so that we could start publishing more detailed country assessments. Our Beijing team launched Access China, a service which includes detailed economic and demographic forecasts for 287 Chinese cities. And our global custom research team had a successful year.

CQ and *Roll Call* now share one large newsroom in their new building just north of Capitol Hill. *Roll Call's* print publication and website were both redesigned, and a successful new daily e-newsletter, the *CQ Roll Call Daily Briefing*, was launched. *CQ* and *Roll Call* also published the first guide to the feisty new freshman class in Congress. A new premium blog service for *CQ.com* is in the works, as are mobile applications for *Roll Call* and *CQ Weekly*.

European Voice's year was dominated by the euro zone's sovereign-debt crisis, which ensured that the European Union was never out of the public eye. The EU's difficulties in establishing a diplomatic service were also reported in merciless detail. Gratifyingly, paid circulation continued to rise, helped by strong coverage of environmental issues and the regulation of financial services.

Both *The Economist* and *Intelligent Life* won awards from the British Society of Magazine Editors. David Rennie won the UACES/Thomson Reuters Reporting Europe award and Ludwig Siegle picked up the Olin Corporate Strategy Prize. Joseph Schatz of *CQ* won the National Press Club's Hume Political Journalism Award. Bill Clark and Tom Williams of *Roll Call* won six awards from the White House News Photographers Association. *Roll Call* reporters also took home five awards from the Maryland-Delaware-DC Press Association. Our annual "Kalendar", by our editorial cartoonist, Kevin Kallaugh, won a gold award from the Calendar Marketing Association.

JOHN MICKLETHWAIT EDITOR-IN-CHIEF
johnmicklethwait@economist.com



"Both The Economist and Intelligent Life won awards from the British Society of Magazine Editors"

AMERICAS

Two years ago we reorganised the business to allow us to focus separately on new ways to develop *The Economist*, and on ways to build our other businesses under the brand

This approach has worked. Both print and online advertising revenues grew over the year and our combined advertising revenues for *The Economist* were at an all-time high. Circulation of the magazine in North America reached 833,667 copies according to the ABC audit for July-December 2010, an increase of 2.5% on the previous year. We are now actively selling digital single copies and subscriptions on iPads, iPhones, Kindles and Barnes & Noble's Nook, as well as through Zinio. As distribution on tablets and e-readers has grown we have begun selling advertising to reach these readers. We have built a series of events around finance and the "ideas economy" that have attracted record numbers of paying delegates. Our sponsored research business is back to pre-recession levels and our pipeline is strong.

Importantly, we identified and launched three new businesses which we believe will add significantly to our long-term growth.

The Ideas People Channel is an online advertising network that allows us to compete in the lower-cost, high-volume network advertising market. This market is a significant and growing part of the total advertising spend online, and is not served by *The Economist* online. We have aggregated 45 websites that *Economist* readers use, and can offer advertisers access to an audience of over 25m unique users around the world.

Reflecting *The Economist's* role in bringing buyers and sellers together through classified advertising, we launched a virtual-events business with the aim of connecting advertisers and readers through online events and trade shows. We have successfully run international fairs for business schools to meet potential MBA students, franchise brands to meet potential franchisees, and Brazilian businesses to meet potential investors. In all, 70 clients (half of whom are new to the Group) and over 11,000 people have attended Economist events this year.

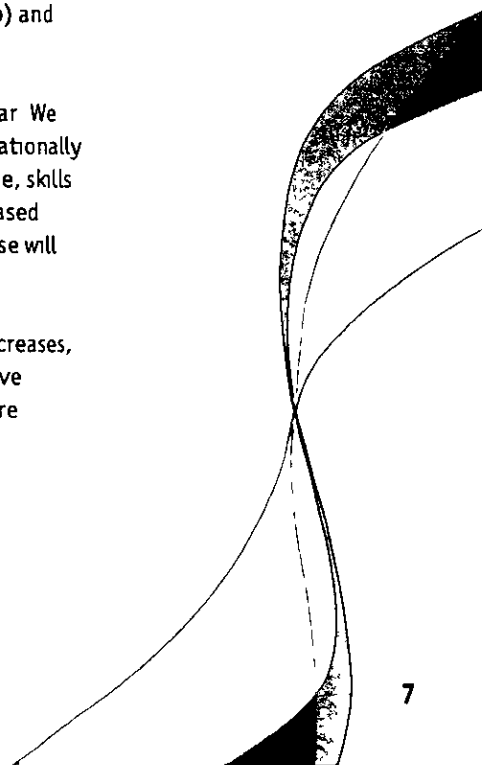
Last, we launched Economist Education in the final quarter of the financial year. We recognised the opportunity to help businesses and individuals operate internationally by providing e-learning courses delivering a comprehensive base of knowledge, skills and tools to thrive in emerging markets. We have begun by selling five web-based training courses targeted at executives at US multinational corporations. These will grow to encompass other topic areas as the business expands.

Looking forward, we see further growth in *The Economist* as digital reading increases, and in our established events and research businesses. Our new businesses give us additional growth opportunities and our structure allows us to develop more prospects in the coming year.

PAUL ROSSI MANAGING DIRECTOR AND EVP, AMERICAS
paulrossi@economist.com



"Importantly, we identified and launched three new businesses which we believe will add significantly to our long-term growth"





ASIA

Although many Asian economies and Asia-based businesses experienced sharp declines during the global financial crisis, they have been among the quickest to recover. Our business followed this pattern. I am delighted to report a year-on-year increase in revenues of 32%.

Along with this strong revenue performance there were other notable achievements, many of which will have a positive effect in the year ahead. Circulation of *The Economist* in Asia Pacific in the July-December 2010 ABC period exceeded 143,000 copies, 6.1% up on the previous year, our investment in India resulted in circulation exceeding 30,000 copies per week, double the number when we embarked on the India growth strategy three years ago. An important part of this strategy is to build revenues from domestic advertising, so I am pleased to report that a record number of advertising pages were sold to companies keen to reach our readership in India. The strong recovery was most notable in the advertising business where our revenues increased 52% year on year, thanks to a combination of attracting new clients and taking a higher share of marketers' budgets. While revenues from sponsored research doubled, a positive future sign was that a number of the reports were used as integral parts of client communications.

Since the launch of our apps on the iPad and iPhone, in the four months to March 2011 we have generated 2,800 subscriptions to *The Economist* in digital format in Asia. We see the availability of digital formats as a great opportunity both to reach new audiences and to provide existing print subscribers with an additional service.

The excellent 2010 performance and robust forecasts for economic growth in the region mean there is an opportunity to increase our revenues significantly. This growth will come initially from existing businesses; however, we will also need to develop new businesses. Our objectives for 2012 include continuing circulation growth in India and establishing an in-house advertising sales team as a step towards securing a larger share of the domestic magazine advertising market, converting into revenue the leads generated from an initiative to build the demand for international advertising and sponsorship in emerging markets, and, in the mature hub markets of Hong Kong and Singapore, where we already have a high client penetration, establishing new revenue streams from products such as digital subscriptions, digital advertising and local advertising editions.

Following the tragic events in Japan in March, we successfully implemented our business continuity plan to ensure the safety of staff and minimise disruption to our operations in the country. Finally, I would like to acknowledge the huge contribution made by all our staff across the region. They are why we continue to outperform our competition, and why I enter the new financial year in a confident mood.

TIM PINNEGAR MANAGING DIRECTOR, ASIA
timpinnegar@economist.com



"I am delighted to report a year-on-year increase in revenues of 32%"

CONTINENTAL EUROPE, MIDDLE EAST AND AFRICA (CEMEA)

We live in interesting times. The CEMEA region began the year with volcanic ash from Iceland and ended it with revolutions across north Africa, passing through economic meltdown in a few European markets along the way.

The complexity of the region helped ensure that our results moved forward strongly despite these unprecedented events. Driven by advertising from luxury goods clients in Europe and a rebound performance by EuroFinance, revenues were up 3% following a decline of 12% last year. Tight control over expenditure, including the full-year benefit of moving to one print site for the region last year, allowed us to reduce costs by 3%. This and the revenue growth improved the bottom line.

Interest in *The Economist* continues to grow among both readers and advertisers. Newspaper circulation sales volumes increased by 1% compared with the previous year. Our new digital editions were launched successfully, attracting sponsorship from key multinational advertisers. We now have thousands of digital subscribers, many of whom had lapsed as print subscribers in previous years. Digital will be an important platform to allow us to expand our reach, especially—but not only—in markets that have challenges with timely distribution of the print edition, and we are investing in it.

We saw growth in paid circulation and advertising in all the smaller titles. *The World In* had another record year, with advertising 11% up on last year's record result. *Intelligent Life* increased its paid circulation by 11% and its advertising by 53% year on year. *European Voice*'s paid circulation rose by 4%. All are positioned well to continue this growth.

Seizing the opportunity in a key future market, Economist Corporate Network launched a new Africa group, which enticed both new clients and members from the existing Eastern Europe and Middle East groups. Corporate Network is renewing its focus on truly emerging markets for growth in the coming years.

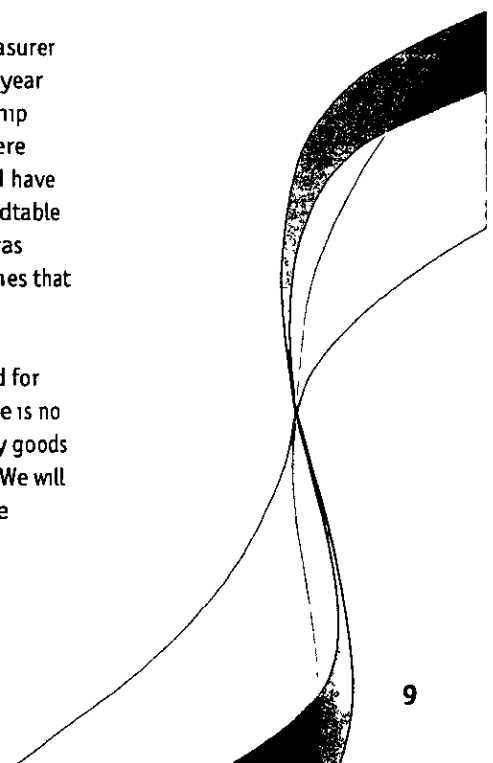
EuroFinance's revenues grew by 22%, as banking sponsors and corporate-treasurer delegates returned to the annual International Cash and Treasury event. This year held in Geneva, the event attracted 2,000 delegates and significant sponsorship. Economist Conferences, however, struggled this year. Although our events were critically acclaimed, the financial performance of most was not what we would have wanted. The Healthcare Summit in Geneva and the Ukraine Government Roundtable were notable exceptions and delivered successful results. Delegate revenue was strong, confirming our decision to move to a model that focuses on programmes that delegates want to participate in.

With all these strong performances in an unusual year, we feel well positioned for growth in the new financial year. But we do live in interesting times, and there is no real way to assess the impact of the Japanese tragedy on our important luxury goods market, or any way to forecast the outcome of the turmoil in the Middle East. We will continue to react quickly and use the diversity of our region to best advantage.

SUSAN CLARK MANAGING DIRECTOR, CEMEA, GROUP MARKETING DIRECTOR
susanclark@economist.com



*"EuroFinance's
revenues grew
by 22%"*





UNITED KINGDOM

Print advertising revenue bounced back in the UK market as economic conditions improved, while circulation of *The Economist* showed vibrant growth in line with our strategy to build readership among the intellectually curious

The July-December 2010 ABC audit showed average UK sales for *The Economist* of 210,204, 11% up on the previous year. This compared with average growth of 4% for the UK magazine sector as a whole. To help generate this increase we invested in a new poster advertising campaign that ran on platforms in London Underground and other railway stations. The campaign asked commuters "Where do you stand?", presenting opposing viewpoints on the same subject on adjacent posters. These subjects included topics from *Economist* articles that might surprise non-readers: the legalisation of drugs or prostitution, for example. The campaign helped address assumptions that *The Economist* focuses solely on business or finance and, during the year, over 14,000 people responded to an invitation on the posters to text us for more information.

Circulation growth came from subscriptions, rather than from sales at the newsstand. This was the result of concerted efforts to extend our promotional activity in subscriber recruitment. This year 82,000 new subscribers signed up, an increase of 84% on the previous year. There was also a leap in the number of customers subscribing to our new digital editions across a number of e-reading devices.

As the UK economy started to recover, so advertising revenue began to return. Print advertising at *The Economist* was 12% up on the previous year, and interest in digital formats was also strong. Advertising revenue from UK clients of *The Economist* online grew by 25% year on year and the UK team was involved in selling the first advertising spots in our editions for the iPad and iPhone.

The surge in advertising revenue was partly driven by interest in thematic programmes of activity across our portfolio. Besides advertising space, these often include sponsorship of research conducted by the Economist Intelligence Unit or of an Economist Conferences event. Contracted revenue from these sorts of programmes increased by 22% on the previous year.

Intelligent Life also launched an iPad edition, which helped drive up advertising revenue for the title in the UK by 40% year on year. *Intelligent Life*'s formula is gaining approval among readers and advertisers alike, and also provides another opportunity for our second rights and syndication team to strike deals with other publishers to carry Economist-branded material. The UK team manages this business globally and has brokered contracts this year in new markets such as Lithuania and Ukraine.

We have demonstrated this year that the UK is not a mature market for us, but one that has headroom for growth. This is especially true in terms of potential readers of *The Economist*. We will continue to invest in promoting our brand to penetrate still further the untapped audience of intellectually curious people. By building readership we will not only increase revenue from circulation but also prepare the ground for further growth in revenue from advertisers who wish to reach our dynamic, engaged audience.



"We have demonstrated this year that the UK is not a mature market for us, but one that has headroom for growth"

THE ECONOMIST ONLINE

The Economist online has continued to go from strength to strength over the past year. Traffic to the site increased markedly while revenue from both advertising and subscriptions grew. A wide range of new content and features was added, resulting in a significantly enhanced experience for users of the site.

Our audience of unique visitors to the site has grown by 30% year on year while total monthly site traffic, in terms of page views, has increased by 17%. Active participation among visitors has also leapt with over 30,000 comments a month now generated on the site. More than 1.6m Twitter followers and Facebook fans engage with our content on a regular basis, ensuring that we remain one of the most popular media brands in the social media arena.

These increases in both reach and engagement have been driven by a series of improvements to the site. We redesigned the home-page and substantially increased the editorial features that only appear in the online version of *The Economist*. We launched over ten new blogs on subjects such as science and technology (Babbage), language (Johnson) and defence, security and diplomacy (Clausewitz). Users have responded enthusiastically to the opportunity to extend their reading beyond what appears in the print edition.

We introduced a number of new features that build community by engaging interactively with our audience. "Ask *The Economist*" invites readers to pose questions to members of the editorial team, while the Conversation Cloud identifies the most popular live discussions on the site so users can join in. The Ideas Arena was also launched, allowing a topic to be explored through a variety of routes. Our first subject was global leadership and the arena hosted a special report, a readers' debate, an Economics-by-invitation panel and a question-and-answer session with *The Economist's* business editor, Robert Guest. Bringing these together in a single place demonstrated the potential of *The Economist* online to engage people deeply in valuable discussion and debate.

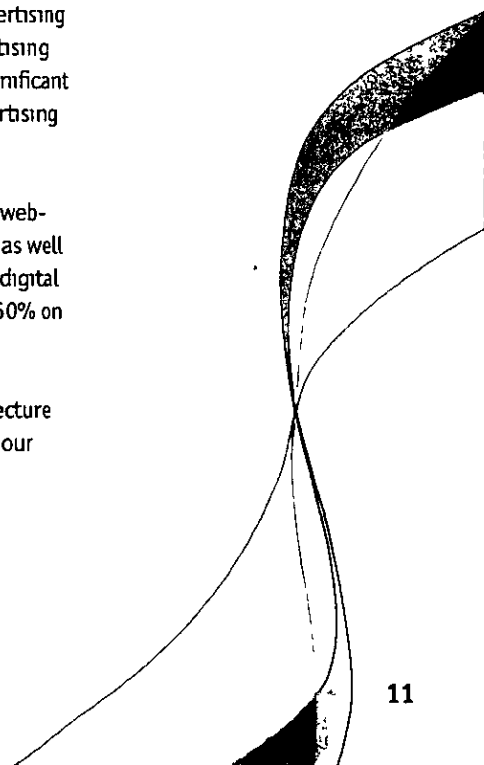
The introduction of these new features has enabled us to increase our overall advertising yield while reducing our reliance on some of the more basic forms of online advertising. Overall advertising revenue increased 16% on the previous year, supported by significant improvements in our operational capabilities, including the management of advertising space.

We strengthened the pay barrier in October and this contributed positively to our web-based subscription revenues. Digital subscribers gain access to our online service as well as the editions we publish for the iPad and iPhone. The average weekly volume of digital customers who took out their subscription through *The Economist* online rose by 50% on the previous year.

With the migration of our technology platform to a more flexible and open architecture almost complete, and a strong team in place, we are well positioned to deliver on our strategy of creating the world's most valuable community for intelligent analysis, discussion and debate online.

NIGEL LUDLOW MANAGING DIRECTOR, UK
nigelludlow@economist.com

"We are well positioned to deliver on our strategy of creating the world's most valuable community for intelligent analysis, discussion and debate online"





DIGITAL EDITIONS

In last year's annual report we remarked on changing reading habits, the rise of smartphones, e-readers and tablet computers, and our readers' growing appetite to enjoy *The Economist's* unique weekly package on these mobile digital devices. Apple's iPad had just been launched in America and smartphones were becoming increasingly popular. Shifting reading habits, we felt, would continue apace and would present an opportunity for *The Economist*. As these trends continue, we see great potential for *The Economist* in this area.

Nearly 300m smartphones were sold in 2010, 72% more than in 2009, and 1.1 billion units are forecast to be sold in 2015. Some 16m tablet computers, mainly the iPad, were sold in 2010, and over 55m are forecast to be sold in 2011. Most commentators agree that the rate of tablet adoption over the next five years will be higher than that of any other mobile device in history.

Last year I explained that our experiment with *The Economist* on Amazon's Kindle device and Zinio's digital news-stand in America had suggested a growing appetite among existing and new readers to enjoy *The Economist* on portable devices. In August 2010 we launched on the Kindle in Britain where, as in America, we immediately became, and remain at the time of writing, one of the bestselling magazines. In November we launched iPhone and iPad apps. Within three months of launch, they had been downloaded over 1m times, twice our forecast. Today, less than seven months after launch, the number of downloads is close to 2m. People can sample the editor's highlights for free but they need to subscribe to read the full content of the newspaper through the apps – either by taking out a print subscription, which includes digital access, or by buying a digital subscription or an individual digital issue. We believe that this has further strengthened the print proposition, besides enabling readers to read and listen to our content in digital-only formats. In March 2011, we launched *The Economist* on Barnes & Noble's colour Nook in America, and then in April we rolled out our Zinio print-replica editions worldwide.

As our digital editions audience grows, so does interest from our advertisers. The launch sponsors of our apps were attracted to the print-like advertising proposition, enhanced by the added functionality that the devices offer and the stunning quality of full-page backlit images. These are early days in a very new advertising market, but we see significant opportunities in it.

The Economist continues to be a success in print. By publishing the newspaper in these new digital formats and delivering an experience that is very similar to print, we hope to strengthen the proposition to our readers and advertisers, and to continue to boost *The Economist's* overall circulation. It is still a new and fast-evolving market, and a highly disruptive one for publishers. But we see it as another means to improve the way we serve content to our readers and to provide new advertising opportunities for our clients. We expect to see many changes over the next year and are positioning ourselves to make the most of the opportunity for *The Economist*.

OSCAR GRUT MANAGING DIRECTOR, DIGITAL EDITIONS,
GROUP GENERAL COUNSEL AND COMPANY SECRETARY
oscargrut@economist.com



"In November we launched iPhone and iPad apps. Within three months of launch, they had been downloaded over 1m times"

ECONOMIST INTELLIGENCE UNIT

The Economist Intelligence Unit performed well over the year, increasing revenue by 6% year on year. The external environment started to improve, as multinational organisations responded to economic recovery by reviewing the opportunities presented by emerging markets. But the EIU underwent considerable change, enabling it to better meet clients' needs: the management team implemented significant investments in marketing, technology, editorial resources and product development and in expanding our sales team. These changes allowed the EIU not only to take advantage of the recovering global economy, but also to put in place the structures necessary for further growth.

One of the biggest developments of the year was the September 2010 relaunch of our website, EIU.com, which now showcases our work in a series of country portals, with improved navigation and an enhanced search function. Further editorial developments included the introduction of quarterly forecasts for major markets and the launch of Access China, an analysis and forecasting service covering 31 provinces and 287 cities. Our custom research team undertook work of increasing complexity, with strong growth in the Americas and Europe resulting in year-on-year growth in custom-research revenue of 23%.

Throughout the year our marketing team raised awareness of the Economist Intelligence Unit by focusing on three areas: public relations, social media and search marketing. To maximise press coverage we began systematically responding to the daily news agenda, pitching our analysis and opinion to newspapers, radio and television around the world. Our analysts are now in demand from the major English-speaking broadcast media and press.

As a result of raising awareness, we grew a sizeable database of prospective customers and invested in an automated online marketing programme which converts prospects into a stream of highly qualified leads for our sales team. Furthermore, in 2011 we will relaunch our e-commerce platform, capitalising on increased site traffic and making it easy for visitors to buy exactly what they need.

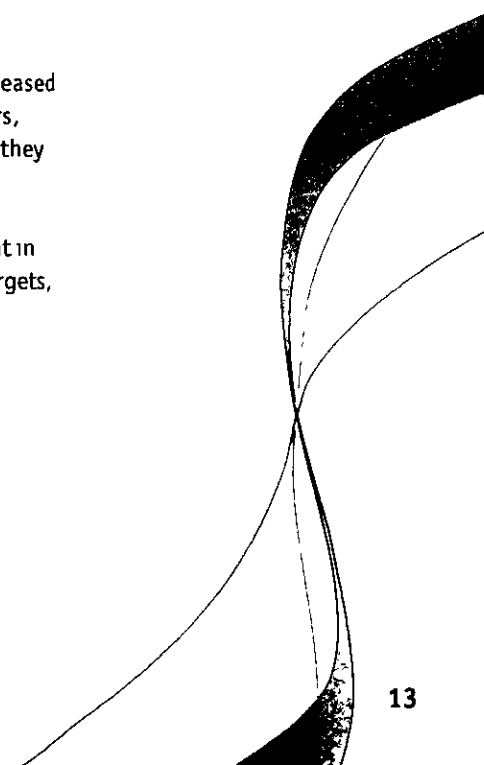
By continuing to focus on developing our existing subscription clients, we increased renewal rates to well over 90%. We are now engaging subscribers with webinars, events, e-newsletters, surveys, on-boarding packs and training to ensure that they get the best value from their relationship with us.

We are confident the rewards we are already reaping from increased investment in the Economist Intelligence Unit will allow us to reach our ambitious growth targets, making this an even more significant business in our Group.

CHRIS STIBBS MANAGING DIRECTOR, ECONOMIST INTELLIGENCE UNIT,
GROUP FINANCE DIRECTOR
chrisstibbs@economist.com



"We are confident the rewards we are already reaping from increased investment in the Economist Intelligence Unit will allow us to reach our ambitious growth targets"





CQ ROLL CALL

CONTENT SALES

Countering the general malaise that hit the paid content market, CQ and Capitol Advantage completed a year of growth as we saw the benefits of product upgrades, a single sales team and a more focused management structure that allowed us to take advantage of our many assets. New sales hit historic highs and renewal rates improved despite increased competition, and we feel confident about our ability to lay the groundwork for accelerated revenue growth as we expand the market through product innovation and smarter selling.

During the past year, our team was tested in covering a groundbreaking election, followed by a historic budget fight that pushed the government's spending power—and our resources—to the brink. In addition, Thomson Reuters, LexisNexis, Dolan Media, Bloomberg and Politico all launched new offerings in governmental information, creating over 100 new journalism jobs in our market, contributing to high turnover among our reporters. Throughout this change, our continued focus on Congress, our commitment to quality, and the strength and dedication of our team allowed us to grow, with more than 25,000 clients paying for our print, online and mobile products. Although we expect pricing pressure and competition for talent to continue, we see significant opportunities for continued growth. Key to that growth will be continued innovations such as our recent Capwiz for Facebook, as well as forthcoming launches on mobile platforms, CQ Executive Briefing and improved Knowlegis workflow tools for lobbyists and government officials.

KEITH WHITE MANAGING DIRECTOR AND EVP, CQ/CAPITOL ADVANTAGE
kwhite@cq.com

ADVERTISING

The market for advocacy advertising is dependent on the legislative agenda which dictates if and when our clients spend money. This year's agenda was slow and erratic, particularly in the second half of the year when the Congressional elections and budget discussions dominated, resulting in fewer issues that our clients wanted to advertise around. This, along with increasing competition for business, affected *CQ Today*, *CQ Weekly* and particularly *Roll Call* where, unlike the CQ titles, the majority of revenue comes from advertising. Across our titles advertising revenues dropped by 27% compared with the previous year. However, our advertising market share held up well overall as we developed new advertising products and sold packages across our titles.

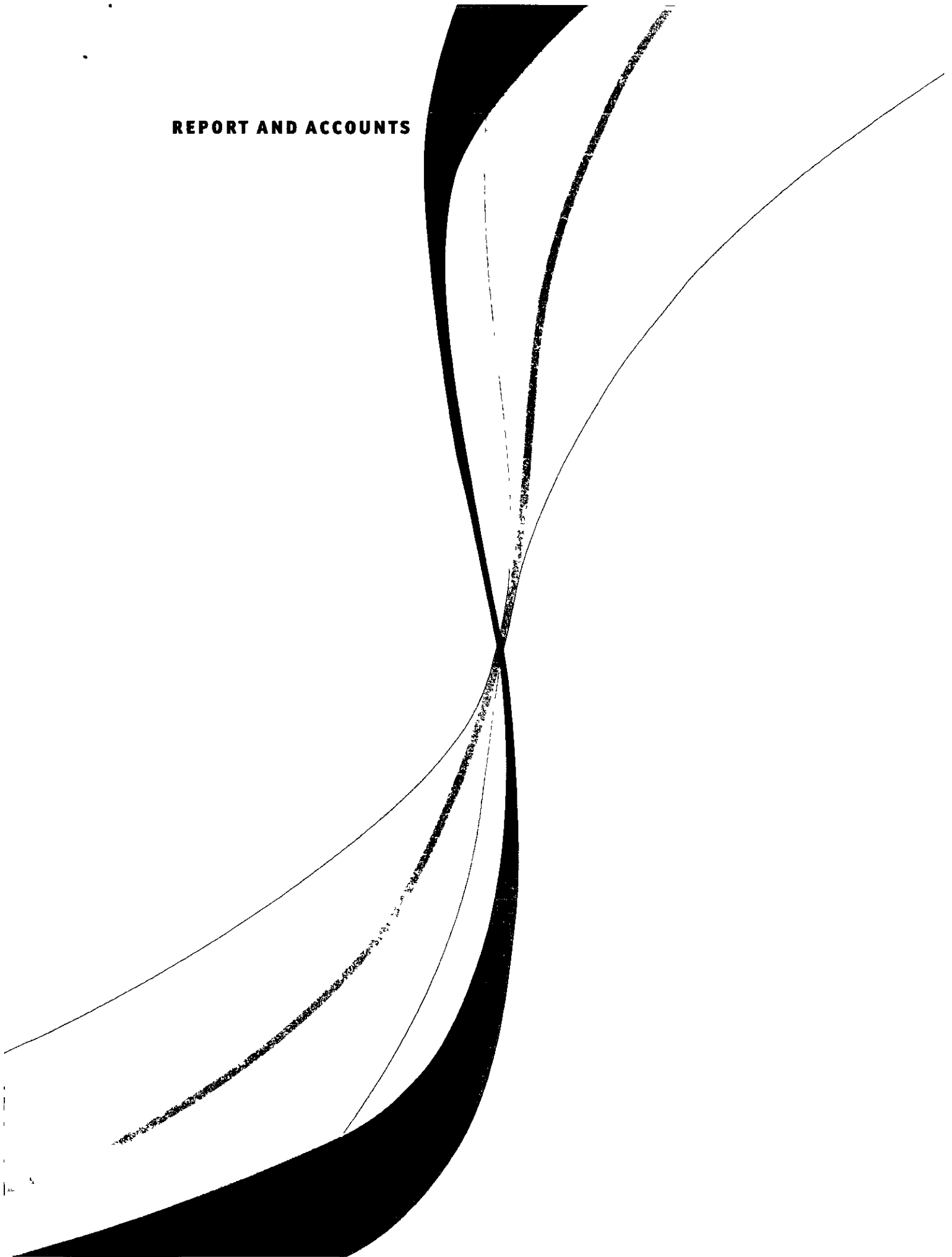
PAUL ROSSI MANAGING DIRECTOR AND EVP, AMERICAS
paulrossi@economist.com

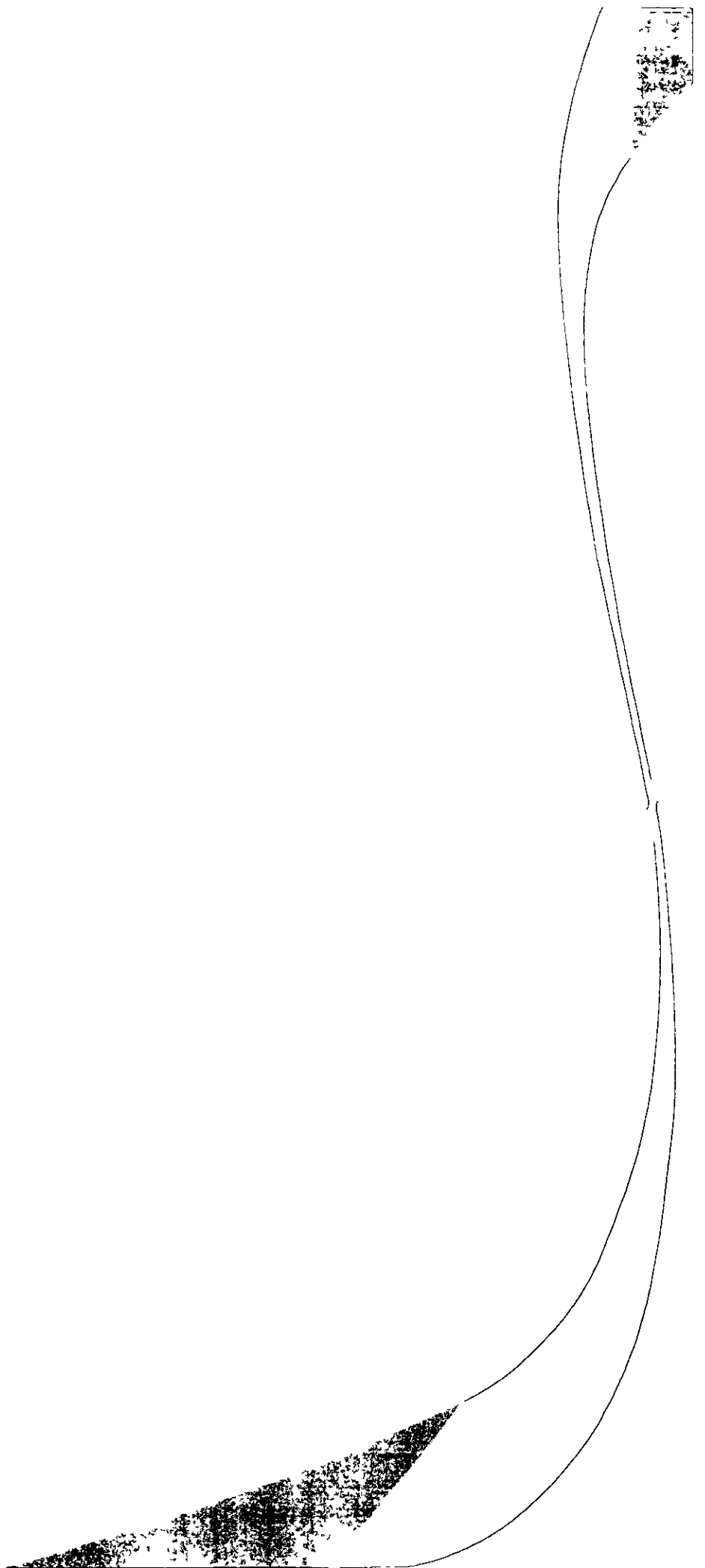


"New sales hit historic highs"

"Our advertising market share held up well overall"

REPORT AND ACCOUNTS





REPORT AND ACCOUNTS

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DIRECTORS



Rupert Pennant-Rea

Appointed as non-executive chairman in July 2009, having served as a non-executive director since August 2006. Chairman of Henderson Group, and a non-executive director of Go-Ahead Group, Gold Fields and Times Newspapers. Editor of *The Economist* from 1986 to 1993 and deputy governor of the Bank of England from 1993 to 1995.



Andrew Rashbass

Appointed Group chief executive in July 2008. Formerly publisher and managing director of *The Economist*.



Sir David Bell

Appointed as a non-executive director in August 2005. He retired as an executive director of Pearson in May 2009 and as chairman of the Financial Times in December 2009. He is also chairman of Sadler's Wells and of Crisis.



John Elkann

Appointed as a non-executive director in July 2009. Chairman of Fiat, Giovanni Agnelli e C, Exor, Editrice La Stampa and Itedi and a director of Fiat Industrial, RCS Media Group, SGS and Gruppo Banca Leonardo. Also vice-chairman of the Italian Aspen Institute and the Giovanni Agnelli Foundation.



Rona Fairhead

Appointed as a non-executive director in July 2005. Chairman and chief executive of the Financial Times Group, an executive director of Pearson and a non-executive director of HSBC Holdings and the Cabinet Office of the UK government.



Philip Mengel

Appointed as a non-executive director in July 1999. Operating partner of Snow Phipps Group and director of Orient Express Hotels. Previously chief executive officer of US Can Corporation, English Welsh & Scottish Railway and Ibstock.



John Micklethwait

Appointed as a director in May 2006, and editor of *The Economist* since April 2006, having joined the editorial staff in July 1987. Previously US editor.



Sir Simon Robertson

Appointed as a non-executive director in July 2005. Non-executive chairman of Rolls-Royce Holdings, non-executive deputy chairman and senior independent director of HSBC Holdings, non-executive director of the Royal Opera House and Berry Bros & Rudd, founder of Simon Robertson Associates and a trustee of the Eden Trust.



Lynn Forester de Rothschild

Appointed as a non-executive director in October 2002. Sole member of EL Rothschild and a non-executive director of the Estée Lauder Companies. A trustee of the Eranda Foundation, the Tate Foundation, the Peterson Institute for International Economics and the American Patrons of Tate.



Lord Stevenson of Coddham

Appointed as a non-executive director in July 1998. Previously chairman of Pearson, Aerfi Group (GPA) and HBOS. He will retire from the Board after the AGM.



Chris Tibbs

Joined the company as Group finance director in July 2005, and also appointed as managing director of the Economist Intelligence Unit in April 2010. A non-executive director of Motivcom. Previously corporate development director of Incisive Media, finance director of the TBP Group and managing director of the FT Law and Tax Division.

John Gardiner

Retired from the Board in July 2010, having served as a non-executive director since April 1998.

Nigel Morris

Retired from the Board in July 2010, having served as a non-executive director since May 2004.

TRUSTEES

Baroness Bottomley of Nettlestone PC, DL Trustee since October 2005 Heads the board practice of Odgers Berndtson Member of the House of Commons (1984-2005) Member of the Cabinet (1992-97), serving as Secretary of State, first for Health and then for National Heritage Chancellor of the University of Hull, pro-chancellor of the University of Surrey and governor of the London School of Economics Member of the UK Advisory Council of the International Chamber of Commerce and the Supervisory Board of Akzo Nobel NV Non-executive director of BUPA

Clayton Brendish CBE Trustee since 1999 Non-executive chairman of Amte, Echo Research and SThree Non-executive director of BT Group and Herald Investment Trust and a director of the Test and Itchen Association

Tim Clark Trustee since December 2009 Deputy chairman of G3 and a non-executive director of Big Yellow Group Board member of the National Theatre, senior adviser to Chatham House, vice-chair of Business for New Europe and a member of the International Chamber of Commerce UK Governing Body, the Development Committee of the National Gallery, the International Advisory Board of Una Menendez and the Advisory Board of the Centre for European Reform Former senior partner of Slaughter and May

Bryan Sanderson Trustee since May 2006 Chairman of the Florence Nightingale Foundation and of Home Renaissance Foundation, a governor of the London School of Economics and a director of Durham CCC

BOARD COMMITTEES

Audit committee

Sir Simon Robertson, chairman (since July 2010)
Philip Mengel (since September 2010)
Rupert Pennant-Rea
Lynn Forester de Rothschild
John Gardiner (retired July 2010)
Nigel Morris (retired July 2010)

Remuneration committee

Rupert Pennant-Rea, chairman
David Bell (since July 2010)
Lord Stevenson of Coddendam
Nigel Morris (retired July 2010)

GROUP MANAGEMENT COMMITTEE (GMC)

Andrew Rashbass
Chris Stibbs
John Micklethwait



Susan Clark
 Managing director, CEMEA, and Group marketing director Joined the Group in July 2005 from Le Méridien Hotels & Resorts as global marketing director of *The Economist*



Oscar Grut
 Group general counsel and company secretary, and managing director, digital editions Joined the company in 1998 from Linklaters



Nigel Ludlow
 Managing director, UK Joined the marketing team of *The Economist* in January 1984 Subsequently became global marketing director and later managing director of the Economist Intelligence Unit



Paul McHale
 Group HR director Joined the company in 1999 from United Biscuits, where he was an HR manager at McVitie's Began his career at J Sainsbury, working chiefly in management development



Tim Pinnegar
 Publisher and managing director, Asia Joined *The Economist* in May 2001 as regional sales manager, having worked for Leo Burnett Asia He subsequently became publisher, Asia Pacific



Paul Rossi
 Managing director and EVP, Americas Since joining the Group in 1987, he has held various roles, including advertising director, commercial director and publisher of *The Economist* in North America

Laurie Battaglia
 Left the Group in March 2011, having served as managing director and EVP, CQ Roll Call

DIRECTORS' REPORT

The directors present their report to shareholders, together with the audited financial statements, for the year ended March 31st 2011

Developments and principal activities

The principal activities of the Group consist of publishing, the supply of business information, conferences and the letting of property. Further information about the activities, developments and likely future developments of the Group are described on pages 4-14

Results and dividends

The profit after tax for the financial year to March 31st 2011 was £44.2m (2010 £38.2m). A final dividend of 78.5p per share (2010 10.0p) is proposed for the year to March 31st 2011. Together with the interim dividend and the special dividend already paid, this makes a total proposed dividend for the year of 152.3p (2010 134.1p). The final dividend will be paid on July 27th 2011 to shareholders on the register at the close of business on June 14th 2011.

Property values

The directors have been advised that the open-market value of the Economist Complex at March 31st 2011 was £67m, the balance-sheet value is £14.1m. Based on this information, the directors consider that the aggregate market value of all the Group's properties exceeds their book value.

Transactions with related parties

Details of transactions with related parties, which are to be reported under FRS 8, are set out in the notes to the financial statements on page 55.

Charitable and political donations

During the financial year, the Group made donations to charities amounting to £170,896 (2010 £163,671), and also provided services in kind (for

advertising, for example) worth £408,053 (2010 £479,215).

Directors

John Gardiner and Nigel Morns retired from the Board on July 19th 2010. Profiles of the directors appear on page 18. All executive directors have contracts of employment.

Corporate information

The share capital of the company is divided into ordinary shares, "A" special shares, "B" special shares and trust shares. The trust shares are held by trustees (who are described on page 19), whose consent is needed for certain corporate activities. The rights attaching to the trust shares provide for the continued independence of the ownership of the company and the editorial independence of *The Economist*. Apart from these rights, they do not include the right to vote, receive dividends or have any other economic interest in the company. The appointments of the editor of *The Economist* and of the chairman of the company are subject to the approval of the trustees, as are transfers of "A" special and "B" special shares.

The general management of the business of the company is under the control of the Board of directors. There are 13 seats allowable on the Board, seven of which may be appointed by holders of the "A" special shares and six by the holders of the "B" special shares. There are over 95 "A" special shareholders. The "B" special shares are all held by The Financial Times Limited. John Elkann, John Micklethwait, Rupert Pennant-Rea, Sir Simon Robertson, Lynn Forester de Rothschild and Chris Stibbs were appointed by the "A" special shareholders. The "B" special shareholders appointed Andrew Rashbass, Sir David Bell, Rona Fairhead, Philip Mengel and Lord Stevenson.

The ordinary shareholders are not entitled to participate in the appointment of directors, but in most other respects rank *pari passu* with the other shareholders. The transfer of ordinary shares must be approved by the Board of directors.

Corporate governance

As a private company, the company is not bound by the Listing Rules of the Financial Services Authority to report on compliance with the Principles of Good Governance and Code of Best Practice (the "Combined Code"), but has always sought to run its corporate affairs in line with best practice. It therefore follows the main principles of the Combined Code as closely as is felt to be reasonably practicable and useful to shareholders. The directors' report, including the directors' report on remuneration, which has been considered and approved by the Board, describes how the company has applied and complied with these principles, with the following main exceptions:

- Given the calibre and experience of the non-executive directors, the Board does not believe it is necessary to identify a senior independent director.
- The directors' contracts of employment do not explicitly provide for compensation commitments in the event of early termination.
- Some shareholder meeting procedures do not comply.
- In view of the company's unique capital structure which gives the "A" special and "B" special shareholders the right to appoint directors, the directors do not stand for re-election under the company's articles of association. However, in June 2007 the Board decided that henceforth "A" special shareholders would be given the

opportunity to vote on the renewal of the appointment of directors elected by them on each three-year anniversary of such appointments. This does not apply to the chairman.

- The Board did not undertake a formal evaluation of its performance or that of its committees and individual directors.

Board

The Board currently comprises eight non-executive directors and three executive directors. The non-executive directors have a breadth of successful commercial and professional experience and they exercise independent judgment. Rona Fairhead is chairman and chief executive of the Financial Times Group and an executive director of Pearson plc. Lynn Forester de Rothschild and her spouse, Sir Evelyn de Rothschild, are each interested in a significant number of shares (see page 24). Details of directors' interests and, in relation to the executive directors only, their interests in the employee share ownership trust, are given in the directors' report on remuneration on pages 24-26.

The Board is chaired by Rupert Pennant-Rea and has met for regular business six times in the 12 months to March 31st 2011. The Board also convenes at other times on an ad hoc basis or in committee when events warrant. It is responsible for the overall direction and strategy of the Group and for securing the optimum performance from the Group's assets. It also exercises control by determining matters specifically reserved for it in a formal schedule which only the Board may change. These matters include significant acquisitions and major capital expenditure. The Board carries out regular reviews of matters undertaken by management under delegated authority. The company's articles of

association require the approval of the trustees for some actions.

Board committees

The audit committee is made up of four non-executive directors. It is chaired by Sir Simon Robertson, who replaced John Gardiner in July 2010. The other members are Philip Mengel, who replaced Nigel Morns, Rupert Pennant-Rea and Lynn Forester de Rothschild. The committee assists the Board to ensure that the published financial statements give a true and fair view of the business and also to ensure reliable internal financial information. The committee is also responsible for reviewing the suitability and effectiveness of the Group's internal financial controls, the work and findings of both internal and external auditors, and key accounting policies and judgments. The remuneration committee is made up of three non-executive directors. It is chaired by Rupert Pennant-Rea, and the other members are Sir David Bell (who replaced Nigel Morns in July 2010) and Lord Stevenson.

Internal control

The Board is responsible for the company's systems of internal control and considers that the company has put in place processes which follow closely the main recommendations of the Turnbull Committee and which focus on managing the Group's key business risks.

Our annual review of risk highlighted the following principal areas: changes to our market (both the secular changes related to the migration of advertising spend to the internet and the continued cyclical nature of the advertising market, as well as competitive activity), failure to attract or retain the best people for the company, volatility of the surplus/deficit on the UK defined-

benefit pension scheme, development of our new businesses such as digital editions, the Ideas People Channel and Economist Education, business continuity (including the breakdown of operational systems from external attack, the failure of key suppliers or a global disaster like a flu pandemic), brand and reputational risk (from libel action or infringement of our intellectual property rights), regulatory risk, such as changes to privacy or employment laws, and the financial operations of the company, specifically foreign exchange, cash management, inaccuracies in financial reporting, and tax. During the year, work has also been done to ensure the Group complies with the UK Bribery Act when it comes into effect on July 1st 2011.

The internal financial control system has been designed and developed over a number of years to provide the Board with reasonable but not absolute assurance that it can rely upon the accuracy and reliability of the financial records, and its effectiveness has been reviewed by the Board. The control system includes the following key features:

- The Board reviews the Group's strategy and long-term plan annually. The strategies of specific businesses are reviewed from time to time. Long-term goals are approved by the Board.
- A budgeting system which includes an annual budget and forward projections is approved by the Board. Monthly actual results are reported against the annual budget and monthly forecasts. The charts on pages 2 and 3 include some of the key performance indicators which are used to measure business performance. The company reports to shareholders at least twice a year.

- Financial policies and procedures exist and senior managers and finance staff are responsible for ensuring that all relevant staff are familiar with their application

- Written treasury procedures cover banking arrangements, hedging instruments, investments of cash balances and borrowing procedures
- These procedures include staff responsibilities, segregation of duties and levels of delegated authority for treasury matters

- The company has an audit and risk management function which has a dual role: it advises on and reviews the regular updating of business risk registers at both Group and business levels, and also carries out an independent risk-based programme of internal audit work in all parts of the Group. The audit manager reports to the Group finance director but also has direct access to the chairman of the audit committee. The manager attends all audit committee meetings and makes formal reports to the committee. The register of key business risks is reviewed by the Board

- The company has clearly defined guidelines for the review and approval of capital and development expenditure projects, which include annual budgets, project appraisals and designated levels of authority

The Economist Group's guiding principles

The Group operates in a clear and ethical context, and the Board has therefore approved the following guiding principles

- We aim to offer insight, analysis and services that are valued by our customers

- Underpinning our ability to fulfil this objective is our commitment to independence, integrity and delivering high quality in everything we do. These values govern our relationships with readers, customers and clients, shareholders, staff, suppliers and the community at large

- We believe in conducting business with common decency. We are opposed to bribery and do not engage in corrupt practices. We abide by strict guidelines governing the acceptance of gifts and the disclosure of potential conflicts of interest

- As an international company, we conduct business in many different markets round the world. In the countries in which we operate, we abide by local laws and regulations. We make an active contribution to local charities by charitable giving. We encourage our people to participate in charitable and community activities and we permit them to take time off for this purpose

- We respect environmental standards and comply with relevant local laws. We take environmental issues seriously. We review the environmental impact of our operations, specifically carbon emissions, annually. Plans to reduce or mitigate those emissions are ongoing. We have purchased carbon offsets from The CarbonNeutral Company for the past three years to offset all emissions resulting from our offices, business travel and commuting. Future offsetting activities will be decided on an annual basis

- *The Economist* and its sister publications, *Intelligent Life* and *The World In* series, account for the majority of our annual spend on paper and printing. All suppliers of paper and print services used in producing these publications adhere to one or

more of the following internationally recognised environmental standards: ISO 14001, FSC and PEFC

- We value our colleagues and treat each other fairly. The Group is committed to equality of opportunity in all employment practices and policies. We do not discriminate against employees or job applicants based on the grounds of age, sex, sexual orientation, marital status, race, colour, religion, national origin or disability. For the past few years, we have had a regular programme of equal opportunities training for staff round the world. We support staff who through disability or illness are unable to perform their duties, by adapting the work environment and hours of work to suit the employee where it is reasonable for the business

The Group is committed to increasing staff diversity. We particularly focus on ensuring that we recruit from the widest possible pool of talent. We are also keen that people feel comfortable and valued at work, regardless of their background. We recognise that it is essential to keep employees informed of the progress of the Group. We regularly provide employees with information on the Group's activities and its financial performance through staff meetings and communication through our intranet. We have a strong consultative culture and we follow legal and regulatory requirements to consult with staff on major issues affecting the company.

Payment of suppliers

The company aims to pay all of its suppliers within a reasonable period of their invoices being received and within any contractually agreed payment period, provided that the supplier also complies with all relevant terms and conditions. Subsidiary companies are

responsible for agreeing the terms on which they trade with their suppliers. Trade creditors as at March 31st 2011 for the company represented on average 29 days of purchases (2010 31 days)

Annual general meeting

The notice convening the annual general meeting, to be held at 12 15pm on Thursday July 21st 2011 at the British Academy of Film and Television Arts, can be found on page 62

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company, and a further resolution to authorise the directors to fix their remuneration, will be proposed at the annual general meeting

Auditor independence

In line with best practice, the audit committee operates a policy that defines those non-audit services that the independent auditors may or may not provide to the Group. The policy requires the provision of these services to be approved in advance by the audit committee. A statement of the fees for audit and non-audit services is provided in note 6 on page 39

Disclosure of information to auditors

As far as each of the directors is aware, there is no relevant information that has not been disclosed to the company's auditors, and each of the directors believes that all steps have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the company's auditors have been made aware of that information

Directors' statement of responsibilities

The directors are responsible for preparing the annual report and the

financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (UK 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 the Group and of the profit or loss of the Group for that period.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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, and that the financial statements have been prepared on a going-concern basis. The directors have considered the banking facilities in place and current trading prospects, in applying the going-concern assumption.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company, and enable them to ensure that the financial statements comply with 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.

By order of the Board

Oscar Grut

Secretary

June 14th 2011



DIRECTORS' REPORT ON REMUNERATION

The committee

The remuneration committee of the Board is made up of three non-executive directors: Rupert Pennant-Rea (chairman), Sir David Bell, who replaced Nigel Morris in July 2010, and Lord Stevenson. The quorum necessary for the transaction of business is two members. The committee is responsible for the remuneration policy for senior executives of the Group and the policy and structure of Group bonus schemes. In determining remuneration, the committee follows a policy designed to attract, retain and motivate high-calibre executives, aligned with the interests of shareholders.

Directors' interests as at March 31st

Table 1 Beneficial holdings	2011		2010	
	"A" Special	Ordinary	"A" Special	Ordinary
Rupert Pennant-Rea	75,000	2,450	75,000	2,450
Andrew Rashbass	400	9,309	400	9,309
Sir David Bell	-	-	-	-
John Elkann ¹	-	1,190,000	-	50,000
Rona Fairhead	-	-	-	-
Philip Mengel	-	4,250	-	1,000
John Micklethwait	300	12,000	300	12,000
Sir Simon Robertson	-	4,800	-	4,800
Lynn Forester de Rothschild ²	240,440	3,841,548	240,440	2,966,000
Lord Stevenson	-	1,000	-	1,000
Chris Stibbs	-	8,889	-	6,539
John Gardiner (retired July 2010)	-	1,000	-	1,000
Nigel Morris (retired July 2010)	-	5,444	-	11,444
Holding as a trustee				
John Micklethwait ³	-	97,500	-	97,500
Rupert Pennant-Rea ³	-	97,500	-	97,500
Lynn Forester de Rothschild ²	-	1,305,002	-	2,012,550

¹ Indirectly held by a company of which he is a director and chief executive officer

² Includes the interests of her spouse, Sir Evelyn de Rothschild

³ Held as a joint trustee of the Marjorie Deane Financial Journalism Foundation

Andrew Rashbass has the right to acquire 25,000 ordinary shares under the restricted share scheme described on the next page. Chris Stibbs and John Micklethwait each have the right to acquire 15,000 ordinary shares under the same scheme.

The executive directors of the company, together with all employees, are beneficiaries of the company's employee share ownership trust. As such, the directors are treated as interested in the 163,467 ordinary shares (2010: 175,028) held by the trustee of the trust.

The Group operated a number of annual bonus and long-term bonus plans during the year, providing performance-based bonuses for executive directors and employees.

(a) Annual bonus plans

Executive directors and employees participated in annual bonus plans in which rewards were linked to Group performance and to improvements in key areas of the business which they could influence

bonus pool is a percentage of Group cumulative operating profit at the end of three years. The amount paid to each participant is determined by the number of units awarded to the participant at the start of the three-year period. Payout is also contingent on the Group achieving an earnings hurdle

(b) Executive long-term plan

Executive directors and some other senior employees were awarded performance units under the executive long-term plan. The units are equivalent in value to the company's ordinary shares. After a three-year performance period, participants may receive payments depending on the Group's performance against EPS hurdles and its total shareholder return compared with a selected group of companies

(e) Restricted share scheme

The Group also has in place a restricted share scheme under which a small number of key employees has been awarded a right to acquire ordinary shares at a nominal price between two and six years after the date of the award. The Group has the discretion to pay out shares or cash on exercise

(c) The Economist editorial long-term plan

Some senior journalists who do not participate in the executive long-term plan participate in this three-year cash bonus scheme designed to help us retain key editorial staff. The size of the bonus pool is a percentage of Group cumulative operating profit at the end of three years. The amount paid to each participant is determined by the number of units awarded to the participant at the start of the three-year period. Payout is also contingent on the Group achieving an earnings hurdle

(d) The Group long-term plan

Some senior staff who do not participate in the executive long-term plan participate in this three-year cash bonus scheme designed to help us retain key staff. The size of the

DIRECTORS' REMUNERATION

Directors' remuneration and benefits are shown in the following table. Non-executive directors do not participate in any bonus scheme, any long-term incentive scheme or any of the company's pension plans. This table shows salaries/fees, annual bonuses and benefits earned in and charged to the profit and loss account in the year unless otherwise noted. Except for the annual bonus, the table does not include any uncashed or future entitlements under any of the bonus or incentive schemes.

Table 2
Remuneration for the years ended March 31st

	Salary/fees	Annual bonus	Long-term plan payments ¹	Benefits	Total	
	2011	2011	2011	2011	2011	2010
	£000	£000	£000	£000	£000	£000
Rupert Pennant-Rea	120	-	-	-	120	96
Sir David Bell	35	-	-	-	35	35
John Elkann	35	-	-	-	35	25
Rona Fairhead ²	35	-	-	-	35	35
Philip Mengel	42	-	-	-	42	41
John Micklethwait	271	159	199	15	644	617
Andrew Rashbass	380	347	226	16	969	872
Sir Simon Robertson	39	-	-	-	39	35
Lynn Forester de Rothschild	35	-	-	-	35	35
Lord Stevenson	35	-	-	-	35	35
Chris Stibbs	285	195	188	13	681	679
John Gardiner (retired July 2010)	12	-	-	-	12	41
Nigel Morris (retired July 2010)	11	-	-	-	11	35
Total	1,335	701	613	44	2,693	2,581

¹ The long-term plan payments, which were made in April and June 2010, relate to awards made in 2007 under an incentive plan which vested over a three-year period ending March 31st 2010, and were paid out following the end of that vesting period.

² Paid to The Financial Times Limited.

Directors' accrued pensions

The pensions which would be paid annually on retirement at age 65 based on service with the company to March 31st 2011 are shown below. The table does not include any additional voluntary contributions or any resulting benefits.

Table 3

	Age at March 31st 2011	Accrued pension at March 31st 2011	Accrued pension at March 31st 2010	Change
John Micklethwait	48	£120,827	£107,720	£13,107
Andrew Rashbass	45	£86,292	£79,958	£6,334
Chris Stibbs	The company contributed £32,755 to the defined contribution scheme (2010 £32,755)			

FINANCIAL REVIEW

Operating result

Operating profit for the Group increased by 10% over last year to £63.3m. Revenue grew by 9% and operating margin improved to 18.2%. The year benefited from an additional four months of the CQ acquisition and was also helped by a stronger dollar. Underlying operating profits grew by 4%. Most notably, there was a strong rebound in advertising at *The Economist*, and also a significant increase in investment behind strategic initiatives.

Costs

Costs increased by 8% overall, but were also affected by acquisitions and disposals and the stronger dollar. Underlying costs increased by 6%, partly driven by growth but mainly because of additional investments including marketing activity for *The Economist*, the development of digital editions and other initiatives referred to in the business reviews on pages 4-14.

Profit before tax

Profit before tax at £59.5m was 19% higher than last year. Interest costs increased by £1.0m, reflecting the full-year impact of borrowings taken out to finance the CQ acquisition, offset by the benefits of repaying other bank debt taken out to refinance earlier acquisitions. Under FRS 17 valuation principles there was a credit of £2.2m relating to the UK defined-benefit scheme (2010: charge of £1.6m) within other finance charges. Last year also included a loss of £1.3m on the CFO disposal.

Taxation

The effective rate of taxation for the year was 25.8%. The rate has, however, been affected by a prior year charge due to an understatement of US taxes last year totalling £2.0m. Adjusting for this item the

underlying rate would have been 23% (2010: 28%). The reduction is driven by efficiencies associated with international operations and US holding structures, including the full-year effect of the acquisition made last year.

Profit after tax and earnings per share

Profit after tax and basic earnings per share increased by 16% to £44.2m and 176.5p respectively. Normalised earnings per share grew by 8%, noting that last year's comparable EPS included the non-operating loss from the disposal of CFO.

Balance sheet

The balance sheet of the Group remains robust. Profits retained in the year and the improvement in the funding position of the defined-benefit pension scheme mean that the Group has moved from a net liability to a net asset position at March 31st 2011. The Group's strong cashflows have led to a reduction in net debt to £17.8m (2010: £40.7m). Income received in advance from customers continued to grow. The Economist Complex is carried at historic cost rather than the current market value of £67.0m, while the carrying value of intangible fixed assets at £98.9m represents unamortised goodwill on past acquisitions that continue to perform well.

Pensions

The Group operates a number of pension schemes, including the UK defined-benefit plan. This is the only defined-benefit scheme in the Group. As at March 31st 2011, under FRS 17 valuation principles, this had a surplus, net of deferred tax, of £10.5m, compared with a surplus of £2.2m at March 31st 2010. The increase relates mainly to higher asset values and returns, but also to some

reduction in liabilities following the implementation of new government guidance to use CPI to revalue certain deferred liabilities. The pension position remains sensitive to equity, bond and property market conditions and changes in inflation and interest rates.

Dividend

The Group has continued its policy of balancing the needs of the business with the objective of ensuring that shareholders realise value for their investment. A special dividend of £10m was therefore paid in December 2010 (previous year £8m). This dividend of 39.7p per share (2010: 31.7p), added to the previous year's second interim of 60.0p, the previous year's final dividend of 10.0p and the current year's interim of 34.1p brings total dividends paid in the year to 143.8p (2010: 131.3p). This is an increase of 10%. Total dividends are covered 1.2 times by basic earnings per share (2010: 1.2 times) and excluding special dividends 1.7 times (2010: 1.5 times).

Treasury and treasury policy

The objective of treasury policy is to identify, monitor and manage financial risks. These risks relate principally to movements in foreign exchange and interest rates and to the management of loans and cash balances, including the risk of insolvency of counterparties. Treasury policies are agreed by the Board and implemented on a day-to-day basis by the central UK treasury department. A treasury committee, which includes two executive directors, provides guidance and acts as a monitor of treasury activities. The treasury department acts as a cost centre and not as a profit centre.

The Group had net debt of £17.8m including finance lease liabilities at

the year end (2010 £40.7m)

Cash and deposits at March 31st 2011 totalled £54.1m (2010 £41.2m)

Risks associated with the Group's cash are mitigated by the placement of cash with high-quality financial institutions in low-risk deposit funds. The policy is to deposit cash not required as working capital, as soon as practicable, in money market funds and deposit accounts with AAA-rated and AA-rated institutions. These funds at March 31st 2011 were yielding 0.65% for sterling deposits in the UK and 0.35% on US-dollar deposits in the United States. Counterparty limits approved by the treasury committee and notified to the Board are used to manage the risk of loss on deposits. The Group has not experienced any losses to date on its deposited cash.

During the year the Group negotiated a new unsecured fixed-term loan with Royal Bank of Scotland (RBS) at a fixed interest rate of 3.15%, and used that loan to pay down part of its existing fixed-term loan with Barclays. An additional revolving credit facility for £7.5m was also established with RBS which, if utilised, will incur interest at a rate of LIBOR plus 2.0%. Details of borrowings are set out in note 19 of the accounts. Including the new RBS revolving facility, the Group has facilities of £57.5m (undrawn at the year end), expiring in July 2012, plus undrawn overdraft facilities

Current facilities are considered to be adequate for the Group at this time. The finance lease relates to the Economist Complex.

The main currency exposure of business transactions relates to US-dollar receipts from sales in the United States. The foreign-exchange risk on this and other smaller currency exposures is managed by the treasury department, mainly through use of forward foreign-exchange contracts and currency options and through funding US acquisitions with US dollar-denominated loans. Foreign-exchange risk is only actively managed on currencies where the net exposure exceeds the equivalent of £3m per year. At present this means only US dollars. The split of net cash balances between dollars and sterling is kept under constant review. The Group does not hedge the translation of overseas profits or assets and liabilities into sterling.

Other financial assets which potentially subject the Group to credit risk consist principally of trade debtors. The concentration of credit risk associated with debtors is minimised due to distribution over many customers in different countries and in different industries.

Cashflow

The Group produced strong operating cashflow during the year of £77.5m, representing 123% of reported operating profit. This compares

with £63.4m (110%) in the previous year, which included £5m of additional pension contributions. There is a net cash inflow before financing of £19.9m, after normal capital expenditure, interest, tax and dividend outflows, compared with an outflow of £45.9m in 2010, which included the same items but also net expenditure of £57.7m on acquisitions and disposals.

Foreign exchange

The translation of the Group's overseas trading results benefited from a stronger average US-dollar exchange rate. The average exchange rate was \$1.56 in 2011, compared with \$1.58 in 2010. This improved operating profits by approximately £0.9m.

International Financial Reporting Standards

As a private company, the Group is currently able to decide whether to adopt International Financial Reporting Standards (IFRS). The Group has considered the potential impact of IFRS adoption. The Board is aware that a date for mandatory adoption is contained in accounting pronouncements currently undergoing consultation, and will ensure plans are developed to adopt IFRS for the company and the Group, if necessary, once requirements are confirmed.

Chris Stibbs

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ECONOMIST NEWSPAPER LIMITED

We have audited the Group and parent company financial statements (the "financial statements") of The Economist Newspaper Limited for the year ended March 31st 2011, which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cashflow statement, the Group and company statement of total recognised gains and losses, the reconciliation of movements in equity shareholders' funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the directors' statement of responsibilities set out on page 23, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion, the financial statements

- give a true and fair view of the state of the Group's and the parent company's affairs as at March 31st 2011 and of the Group's profit and cashflows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and

- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

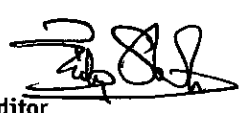
In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company's financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Philip Stokes
Senior Statutory Auditor
For and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London


15th
June 15th 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Years ended March 31st			
NOTE		2011	2010
		£000	£000
1	Turnover		
	Continuing operations	347,159	311,229
	Discontinued operations	-	8,703
		347,159	319,932
	Cost of sales	(97,652)	(93,277)
	Gross profit	249,507	226,655
	Distribution costs	(34,597)	(31,775)
2	Marketing, development and other administrative costs	(145,817)	(132,772)
13	Goodwill amortisation	(5,804)	(4,573)
1	Operating profit		
	Continuing operations	63,289	56,850
	Discontinued operations	-	685
		63,289	57,535
3	Profit on sale of fixed asset investments	-	354
4	Loss on sale and closure of businesses		
	- discontinued operations	-	(1,320)
	Profit on ordinary activities before finance charges	63,289	56,569
5	Net interest payable	(3,777)	(6,556)
1,6	Profit on ordinary activities before taxation	59,512	50,013
9	Taxation on profit on ordinary activities	(15,341)	(11,845)
	Profit for the year	44,171	38,168
22	Retained profit for the financial year	8,181	5,305
Dividends proposed and unpaid at the year end were £19,654,000 (2010 £17,517,000) Dividends paid in the year were £35,990,000 (2010 £32,863,000)			
12	Basic earnings per share (pence)	176.5	152.5
12	Diluted earnings per share (pence)	176.4	152.5
10	Dividends paid per share (pence)	143.8	131.3
	Dividend cover (times) before non-operating exceptional items	1.2	1.2

CONSOLIDATED BALANCE SHEET AT MARCH 31ST

	2011	2010
NOTE	£000	£000
Fixed assets		
13	Intangible assets	98,883
14	Tangible assets	25,468
	124,351	132,329
Current assets		
15	Stocks and work-in-progress	1,830
16	Debtors due within one year	64,763
17	Deferred taxation	5,336
23	Cash and deposits	54,130
	126,059	110,418
18	Creditors amounts falling due within one year	(71,110)
	Unexpired subscriptions and deferred revenue	(110,514)
	Net current liabilities	(55,565)
	Total assets less current liabilities	68,786
19	Creditors amounts falling due after more than one year	(65,158)
20	Provisions for liabilities and charges	-
	Net assets/(liabilities) excluding pension and other post-retirement liabilities	3,628
24	Pension and other post-retirement obligations (net of deferred tax)	7,936
1	Net assets/(liabilities)	11,564
Capital and reserves		
21	Called-up share capital	1,260
22	Profit and loss account	10,304
	Equity shareholders' funds/(deficit)	11,564

The company balance sheet is shown on page 57

The financial statements were approved by the Board of directors and authorised for issue on June 14th 2011. They were signed on its behalf by

Rupert Pennant-Rea
Chris Stibbs
Directors

C / Stibbs *Rupert Pennant-Rea*

The notes on pages 37-61 form an integral part of these financial statements

CONSOLIDATED CASHFLOW STATEMENT

Years ended March 31st			
		2011	2010
NOTE		£000	£000
23	Net cash inflow from operating activities	77,532	63,407
	Returns on investments and servicing of finance		
	Interest received	54	147
	Interest paid	(6,090)	(3,753)
	Debt issue costs	-	(812)
	Finance lease interest paid	(208)	(208)
		(6,244)	(4,626)
	Taxation		
	UK corporation tax paid	(9,353)	(10,457)
	Overseas tax paid	(2,051)	(1,913)
		(11,404)	(12,370)
	Capital expenditure and financial investment		
	Purchase of tangible fixed assets	(4,011)	(1,796)
	Acquisitions and disposals		
28	Purchase of subsidiary undertakings	-	(60,305)
28	Cash acquired with subsidiary undertaking	-	3
	Cash received from sale of business	-	2,250
3	Consideration on sale of fixed asset investment	-	354
		-	(57,698)
	Equity dividends paid to shareholders		
10	Amounts paid	(35,990)	(32,863)
	Net cash inflow/(outflow) before use of liquid resources and financing	19,883	(45,946)
	Management of liquid resources		
23	Cash (placed on)/drawn from short-term deposits	(27,021)	21,668
	Financing		
	Capital element of finance lease payments	(2)	(1)
	Sale/(purchase) of own shares	250	(142)
	Drawdown of unsecured loan facility	17,070	62,705
	Repayment of unsecured loan facility	(22,503)	(14,782)
		(5,185)	47,780
23	(Decrease)/increase in net cash	(12,323)	23,502
	Reconciliation of net cashflow to movement in net debt		
	(Decrease)/increase in cash in the year	(12,323)	23,502
	Cash outflow/(inflow) from increase/(decrease) in liquid resources	27,021	(21,668)
	Cash outflow from decrease in lease financing	2	1
	Cash outflow/(inflow) from debt financing	5,433	(47,923)
	Change in net debt resulting from cashflows	20,133	(46,088)
	Other non-cash changes	(81)	757
	Exchange translation differences	2,861	(5,773)
	Movement in net debt in the year	22,913	(51,104)
	Net (debt)/funds brought forward at April 1st	(40,714)	10,390
23	Net debt carried forward at March 31st	(17,801)	(40,714)
	Cash and deposits at March 31st 2011 amounted to £54,130,000 (2010 £41,153,000)		

OTHER STATEMENTS

Statement of total recognised gains and losses

Years ended March 31st

NOTE		2011	2010
		£000	£000
	Profit for the financial year	44,171	38,168
	Exchange translation differences arising on consolidation	209	1,813
24	Actual return less expected return on pension scheme assets	2,621	34,139
24	Experience gains arising on the pension scheme liabilities	58	7,866
24	Changes in assumptions underlying the present value of pension scheme	3,485	(39,716)
	Actuarial gain/(loss) on other post-retirement benefits	151	(246)
	UK deferred tax attributable to the actuarial gain	(1,602)	(572)
	Total recognised gains for the year	49,093	41,452

Reconciliation of movements in equity shareholders' funds

Years ended March 31st

	2011	2010
	£000	£000
Profit for the year	44,171	38,168
Dividend paid	(35,990)	(32,863)
Retained profit	8,181	5,305
22 Other recognised gains	4,713	1,471
22 Net sale/(purchase) of own shares	250	(142)
22 Exchange translation differences arising on consolidation	209	1,813
22 Goodwill previously written off relating to business now sold	-	4,857
Net addition to shareholders' funds	13,353	13,304
Opening shareholders' deficit	(1,789)	(15,093)
Closing shareholders' funds/(deficit)	11,564	(1,789)

Note of historical cost profits and losses

As the financial statements are based on the historical cost convention, no separate statement of historical cost profits and losses is necessary

PRINCIPAL ACCOUNTING POLICIES

A summary of the more important Group accounting policies is set out below

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards

Basis of consolidation

The consolidated accounts include the accounts of the company (The Economist Newspaper Limited) and its subsidiary undertakings (the Group/The Economist Group) made up to March 31st. The results of subsidiaries acquired are included in the consolidated profit and loss account from the date control passes

The subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values, reflecting their condition at that date. Any changes in fair value to those assets and liabilities, and the resulting gains and losses, that arise after the Group has gained control of the subsidiary are charged to the post-acquisition profit and loss account. Acquisitions are accounted for using the acquisition method

Where the Group or company owns a non-controlling interest, held for the long term, in the equity share capital of another company, and is in a position to exercise significant influence over that company, the interest is equity-accounted and the company treated as an associated undertaking. Otherwise, the interest is accounted for as either a fixed or current asset investment

Turnover

Turnover represents sales to third parties from circulation, subscriptions, advertising, sponsorship, delegate fees and rental income net of advertising

agency commissions and trade discounts, and excluding intra-Group sales, value-added tax and other sales-related taxes

Circulation and advertising revenue relating to a newspaper or other publication is recognised on the date it goes on sale, or is dispatched, in the case of free publications. Subscription revenues, whether from print circulation, digital or online, are recognised in the profit and loss account over the period of the subscription. Sponsorship and delegate revenue arising in the year relating to future events is deferred until those events have taken place

On certain contracts for the sale of digital editions of *The Economist*, where a third-party company acts as a principal, revenue recognised by the Group represents the royalty or commission received from this third-party company. Where the Group acts as principal, subscription or circulation revenue is recognised gross of commission costs. Where a contractual arrangement consists of two or more separate elements that can be provided to customers either on a stand-alone basis or as an optional extra, turnover is recognised for each element as if it were an individual contractual arrangement

Foreign currencies

Balance sheets of subsidiary undertakings have been translated into sterling at the rates of exchange ruling at the balance-sheet date. Exchange differences arising from the retranslation of the opening net investments to closing rates are recorded as movements on reserves. Exchange differences arising on the retranslation of borrowings taken out to finance overseas investments are taken to reserves, together with

any tax-related effects. All other exchange differences are included in the profit and loss account. Profit and loss accounts and cashflows of subsidiary undertakings are translated into sterling at the average rate for the year

The Group enters into forward currency and option contracts to hedge currency exposures. Losses or realised gains arising from the closing of contracts are included within the trading results for the year. Other gains or losses on open contracts are deferred

Share-based payments

The Group awards certain employees entitlements to cash-settled share-based payments in accordance with its long-term incentive scheme arrangements. The fair value of these awards is measured and updated using an appropriate option pricing model. The key assumptions used in calculating the fair value of the awards are the discount rate, the Group's share price volatility, dividend yield, risk-free rate of return and expected option life. These assumptions are set out in note 11. Management regularly performs a true-up of the estimate of the number of awards that are expected to vest. This is dependent on the anticipated number of leavers. In addition to the key assumptions above, the value of the awards is dependent upon the future profits of the Group and the Group's relative market performance, which management is required to estimate. A liability equal to the portion of the services received is recognised at the current fair value determined at each balance-sheet date

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings, representing the excess of the fair value of the consideration given over the fair

value of the identifiable assets and liabilities acquired, is capitalised as an intangible asset and written off over its useful economic life. Goodwill arising on the acquisition of a foreign entity which has been funded by external borrowings is treated as an asset of the foreign entity and translated at the closing rate. Prior to April 1st 1998, purchased goodwill arising on consolidation was written off to reserves in the year in which it arose, in accordance with the accounting standards then in force. From April 1st 1998, the provisions of FRS 10 "Goodwill and intangible assets" have been adopted, and such goodwill for new acquisitions is now required to be shown as an asset on the balance sheet and amortised over its useful economic life. Goodwill arising on acquisitions before April 1st 1998 has been deducted from reserves and is charged to the profit and loss account on disposal or closure of the business to which it relates.

Goodwill is provided to write off cost over the acquisition's useful economic life as follows

Subsidiary acquired	Useful economic life (years)
EuroFinance	20
GalleryWatch	20
Capitol Advantage	20
Congressional Quarterly	20

Where there has been an indication of impairment of goodwill, it is the Group's policy to review its carrying value. In the case of goodwill previously written off directly against reserves, the impaired amounts are written back from reserves and then written off against the profit and loss for the year.

Stocks and work-in-progress

Stocks and work-in-progress are

valued at the lower of cost and net realisable value. Cost includes all direct expenditure. Deferred conference costs represent costs incurred for conferences planned to be held after the balance-sheet date.

Leased assets

Where the Group has entered into finance leases, the obligations to the lessor are shown as part of the 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 retain legal title. Depreciation is calculated in order to write off the amounts capitalised over the estimated useful lives of the assets by equal annual instalments. 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 portions reducing the obligations to the lessor.

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Operating lease incentives received are initially deferred and subsequently recognised over the minimum contract period as a reduction of the rental expense. Rental income is recognised on a straight-line basis over the lease term.

Provision is made for onerous lease rentals payable on empty properties and where letting receipts are anticipated to be less than cost. Provision is made for the period that the directors consider that the property will remain unlet or unutilised, or to the extent that there is a shortfall in net rental income. The time value of money in respect of onerous lease provisions has been

recognised by discounting the future payments to net present values.

Investments

Investments held as fixed assets are included at cost, less provisions for diminution in value.

Share schemes

Shares held by the employee share ownership plan (ESOP) are shown at cost and recorded as a deduction in arriving at shareholders' funds. The fair market value of shares granted to employees is charged to the profit and loss account over the period to which the employee's performance relates.

Trade debtors

Trade debtors are stated at their carrying value less provision for bad and doubtful debts and anticipated future sales returns.

Taxation

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

Deferred taxation

Deferred taxation is provided, using the liability method, at the expected applicable rates, on all timing differences between accounting and taxation treatments which are expected to reverse in the foreseeable future.

No provision is made for any additional taxation which would arise on the remittance of profits retained, where there is no intention to remit such profits. A deferred tax asset is only recognised to the extent that it is more likely than not that there will be taxable profits from which the future reversal of the timing differences can be deducted.

Unexpired subscriptions and deferred revenue

Unexpired subscriptions represent the amount of subscription monies received in advance of supplying the publication or service, and which therefore remain a liability to the subscriber. Deferred revenue represents all other payments received in advance of services being provided, primarily conference fees, custom research and rental income.

Pension and other post-retirement benefits

Contributions to pensions under defined contribution schemes are recognised as an employee benefit expense in the profit and loss as and when they are due.

For the defined benefit and post-retirement medical schemes, pension scheme assets are measured using fair values and the liabilities are measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term to the liability. The pension scheme surplus is recognised in

full, net of deferred tax, and presented on the face of the balance sheet.

The movement in the scheme surplus is split between operating and financial items in the profit and loss account and the statement of total recognised gains and losses. The full service cost of the pension provision is charged to operating profit. The net impact of the unwinding of the discount rate on scheme liabilities and the expected return of the scheme assets is charged to other finance costs. Any difference between the expected return on assets and that actually achieved is charged through the statement of total recognised gains and losses. Similarly, any differences that arise from experience or assumption changes are charged through the statement of total recognised gains and losses.

Finance costs

Finance costs which are directly attributable to the cost of construction of a tangible fixed asset are capitalised as part of the costs of that tangible fixed asset.

Website development costs

Design and content costs are capitalised only to the extent that they lead to the creation of an enduring asset delivering benefits at least as great as the amount capitalised. If there is insufficient evidence on which to base reasonable estimates of the economic benefits that will be generated in the period until the design and content are next updated, the costs of developing the design and content are charged to the profit and loss account as incurred.

Revenue segment

The results of Washington-based CQ Roll Call have been included in the Americas regional business segment as disclosure of the turnover and operating profits of these businesses would, in the directors' view, be seriously prejudicial to the commercial interests of the Group.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. The cost of leasehold assets includes directly attributable finance costs. Depreciation is provided to write off cost over the asset's useful economic life as follows:

Asset type	Depreciation method	Depreciation rate per year
Long and short leasehold property	Straight-line basis	Duration of lease
Fixtures and fittings	Straight-line basis	14%
Plant and machinery	Straight-line basis	10-33%
Equipment	Straight-line basis	14-50%
Motor vehicles	Straight-line basis	25%
Major software systems	Straight-line basis	20-33%
Assets under construction	No depreciation	0%

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 Segment information

Prior to April 1st 2010, the business of the Economist Intelligence Unit ("the EIU") was regionalised and reported within the regional business results. Following a management decision, the EIU has been reorganised as a separate global business unit to give it greater global cohesion. The results by business in the current year reflect the results of the EIU as a separate business. Prior year comparatives have been restated.

	Turnover		Operating profit	
	2011	2010 Restated	2011	2010 Restated
Analysis by business	£000	£000	£000	£000
United Kingdom	52,588	47,568	14,319	14,492
CEMEA	63,791	61,971	10,900	7,341
Americas and CQ Roll Call	159,841	148,487	25,408	22,391
Asia	29,427	22,349	774	(944)
Economist Intelligence Unit	38,144	36,091	9,138	10,635
Other businesses	3,368	3,466	2,750	3,620
	347,159	319,932	63,289	57,535

Revenue reported above represents revenue generated from external customers. Any inter-segment revenue in the year and prior year has been eliminated.

Turnover from discontinued businesses is included in the analysis above and amounted to £8,703,000 in 2010 and comprised £8,249,000 within North America and £454,000 within CEMEA. Operating profit from discontinued businesses amounted to £685,000 in 2010 and comprised £747,000 within North America, £55,000 within Asia, and a loss of £117,000 within CEMEA.

	Turnover		Profit before tax		Net assets/ (liabilities)	
	2011	2010	2011	2010	2011	2010
Analysis by origin of legal entity	£000	£000	£000	£000	£000	£000
United Kingdom	193,150	182,442	40,039	37,151	(36,654)	(78,705)
Europe	6,832	5,194	1,064	1,574	(426)	547
North America	137,195	123,950	19,104	11,926	45,762	73,167
Asia	9,982	8,346	(695)	(638)	2,882	3,202
	347,159	319,932	59,512	50,013	11,564	(1,789)

Turnover by customer location	2011	2010
	£000	£000
United Kingdom	60,103	52,098
North America	174,111	161,270
Europe	59,139	59,321
Asia	37,987	30,456
Other	15,819	16,787
	347,159	319,932

NOTE 2 Reorganisation costs

	2011	2010
	£000	£000
Restructuring costs	(723)	(3,308)

The above restructuring costs are included within marketing, development and other administrative costs

NOTE 3 Profit on sale of fixed asset investments

	2011	2010
	£000	£000
Profit on sale of fixed asset investments	-	354

The profit in 2010 is related to cash released from escrow following the sale in 2008 of the Group's minority interest in Commonwealth Business Media, Inc, a US corporation

NOTE 4 Loss on sale and closure of businesses

	2011	2010
	£000	£000
Gain on disposal of net tangible assets	-	3,861
Goodwill previously eliminated against reserves	-	(4,857)
Business closure costs	-	(324)
Loss on sale and closure of businesses before tax	-	(1,320)
Taxation	-	(1,787)
Loss on sale and closure of businesses after tax	-	(3,107)

The Group sold the trade and assets of CFO Publishing Corporation (USA) in 2010 for \$6,100,000 cash and \$3,900,000 loan notes and a 38% minority shareholding in the incorporated owner of the CFO business, CFO Publishing Holdings, Inc. No value is attributed to the 38% equity interest, this is accounted for as an investment rather than as an associate

NOTE 5 Net interest payable

	2011	2010
	£000	£000
Interest receivable	253	147
Interest payable and similar charges	(6,240)	(5,128)
Other finance income/(charges)	2,210	(1,575)
	(3,777)	(6,556)
Interest payable on bank overdrafts and loans	(1,704)	(1,971)
Amortisation of issue costs of loan notes	(81)	(54)
Interest payable on other loans	(4,247)	(2,895)
Interest payable on finance lease	(208)	(208)
Interest payable and similar charges	(6,240)	(5,128)
Unwinding of discounts on onerous property contract provisions	-	(25)
Net return on pension scheme and other post-retirement liabilities	2,210	(1,550)
Other finance income/(charges)	2,210	(1,575)

NOTE 6 Profit on ordinary activities before taxation

	2011	2010
	£000	£000
Profit on ordinary activities before taxation is stated after charging the following:		
Auditor's remuneration		
Audit of the company's annual accounts	119	116
Fees payable to the company's auditor and its associates for other services		
Audit of the company's subsidiaries	245	223
Further assurance services	27	38
Tax advice and compliance	284	305
Corporate finance services	-	360
Other services	150	155
Operating lease rentals		
Plant and equipment	245	268
Land and buildings	7,458	6,785
Depreciation and amortisation		
On owned assets	2,673	2,793
On assets held by finance lease	55	55
Amortisation of goodwill	5,804	4,573
Costs incurred in reorganising acquired businesses	-	1,138

NOTE 7 Directors' emoluments

The details of directors' emoluments are on table 2, page 26, within the directors' report on remuneration

NOTE 8 Employees

The average and year-end number of employees, including executive directors, was as follows

	2011		2010	
	Average	Year-end	Restated Average	Restated Year-end
United Kingdom	158	162	151	145
CEMEA	218	226	212	206
Amencas and CQ Roll Call	586	586	572	574
Asia	126	129	121	120
Economist Intelligence Unit	245	263	229	236
Other businesses	2	5	-	-
	1,335	1,371	1,285	1,281

	2011	2010
Employment costs including executive directors' emoluments	£000	£000
Wages and salaries	95,712	90,077
Social security costs	8,698	8,420
Defined-benefit pension costs	2,839	2,289
Other pension costs	2,997	2,847
	110,246	103,633

Wages and salaries include £723,000 (2010 £3,239,000) of restructuring-related costs

NOTE 9 Taxation on profit on ordinary activities

	2011	2010
	£000	£000
The taxation charge based on the result for the year is made up as follows:		
UK corporation tax at 28% (2010 28%)	10,356	9,495
Overseas taxation	1,181	4,168
UK deferred taxation	(147)	869
Overseas deferred taxation	2,248	385
	13,638	14,917
Adjustments in respect of previous years		
UK corporation tax	(1,040)	(269)
Overseas taxation	(1,023)	(3,705)
UK deferred taxation	941	372
Overseas deferred taxation	2,825	530
	15,341	11,845

Included within the deferred tax charge for the year is an FRS 17 charge of £1,289,000 (2010 £1,751,000). The tax assessed for the year is lower (2010 lower) than the standard rate of corporation tax in the UK of 28%.

	2011	2010
	%	%
Current tax rate reconciliation		
UK tax rate	28.0	28.0
Expenses not deductible for tax purposes	0.6	0.3
Depreciation in excess of capital allowances	0.2	0.4
Movement in provisions	1.4	4.0
Overseas tax rates	1.5	1.1
Timing of US goodwill amortisation	(0.1)	0.7
Deferred income	(0.9)	(6.8)
Overseas tax losses	0.7	5.0
FRS 17 pension movement	(2.3)	(3.5)
Impact of Group financing	(4.2)	(4.6)
Other	(6.2)	2.8
Adjustments to tax charge in respect of previous periods	(2.8)	(8.0)
Current tax rate reflected in earnings	15.9	19.4

Future tax charges will be affected by tax-rate and other legislative changes in the jurisdictions in which the Group operates. Changes to the geographical distribution of taxable profits and exchange rates will also affect future tax charges due to the differences in tax rates applicable in different countries.

NOTE 10 Dividends

	2011	2010
	£000	£000
Cash dividends paid		
Second interim dividend for previous year of 60 0p per share (2010 nil)	15,015	-
Final dividend for previous year of 10 0p per share (2010 67 2p per share)	2,503	16,822
First interim dividend paid of 34 1p per share (2010 32 4p per share)	8,535	8,108
Special dividend paid of 39 7p per share (2010 31 7p per share)	9,937	7,933
	35,990	32,863

All shareholders other than holders of the trust shares (see note 21) receive the above dividend per share. Dividends amounting to £247,334 (2010 £224,542) in respect of the company's shares held by the ESOP (note 22) have been deducted in arriving at the aggregate of dividends paid.

	2011	2010
	£000	£000
Dividends proposed in respect of the year		
First interim dividend paid of 34 1p per share (2010 32 4p per share)	8,535	8,108
Second interim dividend proposed of nil (2010 60 0p per share)	-	15,015
Special dividend paid 39 7p (2010 31 7p per share)	9,937	7,933
Final dividend proposed of 78 5p (2010 10 0p per share)	19,654	2,502
	38,126	33,558

The directors are proposing a final dividend in respect of the financial year ending March 31st 2011 of 78 5p. Dividends amounting to £128,000 in respect of the company's shares held by the ESOP have been deducted in arriving at the total dividend proposed of £19,654,000. The proposed final dividend is subject to approval by shareholders and has not been recognised as a liability in these financial statements.

NOTE 11 Share-based payments

The Economist Group operates the following share-based incentive schemes:

Executive long-term plan

Units are granted to executive directors and senior employees. These awards are taken in cash form only after three years. The value of the award is based on share price, the earnings per share compound annual growth rate and the Group's total shareholder return (TSR) compared with a group of selected comparator companies over the period of the scheme.

Restricted share scheme

This scheme is for key employees who have been awarded a right to acquire ordinary shares at a nominal price between two and six years after the date of the award. The Group has the discretion to pay out shares or cash on exercise.

The Group has recorded total liabilities from these schemes at March 31st 2011 of £3,899,000 (2010 £4,913,000), of which £1,474,000 (2010 £3,092,000) relates to awards which had vested at the year end. The total expense recognised with respect to cash-settled, share-based payment transactions was £2,014,000 (2010 £2,345,000).

NOTE 11 Share-based payments (continued)

The fair values of the long-term schemes were calculated using a Black Scholes option pricing model, except for the schemes including a TSR ranking performance condition where a Monte Carlo model was used. The inputs to the models were as follows:

	At March 31st 2011	At March 31st 2010
Weighted average share price (£)	24.78	21.91
Weighted average exercise price (£)	20.79	20.54
Expected volatility (%)	36	47
Expected life (months)	18	18
Risk-free rate (%)	1.2	1.0
Expected dividend yield (%)	2.6	2.5
Forfeiture rate (%)	5.0	5.0

The expected volatility is determined by calculating the historical volatility of the Group's share price over the previous ten years and by calculating the historical TSR volatility of the comparator group over the relevant life of the schemes.

During the year, 360,000 long-term plan units (2010: 346,000) were granted with a weighted average fair value at March 31st of £8.56 (2010: £6.51). 290,000 long-term plan units (2010: 273,000) vested at March 31st, with a weighted average fair value at March 31st of £4.53 (2010: £9.69).

Normal and special dividends are included in either the fair value calculation or are reinvested as further units.

Restricted share scheme	At March 31st 2011		At March 31st 2010	
	No. of options	Weighted average share price (£)	No. of options	Weighted average share price (£)
Outstanding at the beginning of the year	5,078	23.84	13,315	20.91
Granted during the year	55,000	25.14	-	-
Exercised during the year	(5,078)	23.84	(8,237)	21.59
Outstanding at the end of the year	55,000	25.14	5,078	23.84
Exercisable at the year end	-	-	5,078	23.84

The weighted average remaining contractual life for outstanding options at March 31st 2011 was 27 months (2010: nil months).

NOTE 12 Earnings per share

Basic earnings per share are calculated on earnings of £44,171,000 (2010 £38,168,000) and the 25,200,000 ordinary and special shares in issue (2010 25,200,000) less those held by the ESOP, being on average 169,000 shares (2010 172,000), resulting in a weighted average number of shares of 25,031,000 (2010 25,028,000). Earnings per share before non-operating exceptional items are based on a profit of £44,171,000 (2010 £41,045,000).

	2011			2010		
	Earnings	Weighted average	Earnings per	Earnings	Weighted average	Earnings per
	£000	number of shares	share	£000	number of shares	share
		000s	pence		000s	pence
Basic earnings per share	44,171	25,031	176.5	38,168	25,028	152.5
Adjustment in respect of non-operating exceptional items						
- loss on sale and closure of discontinued businesses	-	25,031	-	1,320	25,028	5.3
- profit on sale of fixed asset investments	-	25,031	-	(354)	25,028	(1.4)
- attributable taxation	-	25,031	-	1,911	25,028	7.6
Normalised earnings per share	44,171	25,031	176.5	41,045	25,028	164.0

Diluted earnings per share are calculated by adjusting the weighted average number of shares to take account of shares held by the ESOP which are under option to employees.

	2011	2010
Weighted average number of shares (000s)	25,031	25,028
Effect of dilutive share options (000s)	5	7
Weighted average number of shares (000s) for diluted earnings	25,036	25,035

NOTE 13 Intangible fixed assets

	Goodwill
	£000
Cost	
At April 1st 2010	118,606
Exchange translation differences	(6,001)
At March 31st 2011	112,605
Accumulated amortisation	
At April 1st 2010	8,340
Charge for the year	5,804
Exchange translation differences	(422)
At March 31st 2011	13,722
Net book value at March 31st 2011	98,883
Net book value at March 31st 2010	110,266

NOTE 14 Tangible fixed assets

Group	Leasehold buildings		Plant and machinery	Equipment	Assets in construction	Total
	Long	Short				
Cost	£000	£000	£000	£000	£000	£000
At April 1st 2010	32,667	3,766	3,360	25,384	-	65,177
Additions	-	201	-	2,625	4,075	6,901
Disposals	-	-	-	(1,470)	-	(1,470)
Exchange translation differences	(139)	(109)	(406)	(81)	(90)	(825)
At March 31st 2011	32,528	3,858	2,954	26,458	3,985	69,783
Depreciation						
At April 1st 2010	14,783	2,890	3,280	22,161	-	43,114
Provided during year	277	359	9	2,083	-	2,728
Disposals	-	-	-	(950)	-	(950)
Exchange translation differences	(85)	(100)	(384)	(8)	-	(577)
At March 31st 2011	14,975	3,149	2,905	23,286	-	44,315
Net book value at March 31st 2011	17,553	709	49	3,172	3,985	25,468
Net book value at March 31st 2010	17,884	876	80	3,223	-	22,063

The directors have been advised that the market value of the Economist Complex at March 31st 2011 is £67,000,000 (2010: £61,000,000), the book value is £16,590,000 (2010: £16,867,000) and the balance-sheet value is £14,071,000 (2010: £14,347,000) after deducting the finance lease payable. Included within the cost of leasehold buildings is capitalised interest of £2,312,500 (2010: £2,312,500).

Assets held under finance lease and capitalised in long leasehold buildings were

	2011	2010
	£000	£000
Cost or valuation	6,798	6,798
Aggregate depreciation	(1,354)	(1,299)
Net book value	5,444	5,499

NOTE 15 Stocks and work-in-progress

	2011	2010
	£000	£000
Raw materials	1,337	1,210
Work-in-progress	442	387
Finished goods	51	40
	1,830	1,637

NOTE 16 Debtors

	2011	2010
	£000	£000
Due within one year		
Trade debtors	44,415	43,254
Other debtors	7,398	5,065
Prepayments and accrued income	9,772	8,227
Tax recoverable	3,178	952
	64,763	57,498

Other debtors includes loan notes amounting to £2,442,000 (2010 £2,586,000) received in part consideration for the sale of the Group's majority interest in the trade and assets of CFO Publishing Corporation (USA). There are two loan notes for \$1,200,000 and \$2,700,000 bearing interest at 15% and 5% respectively. The loan notes are redeemable on January 11th 2017 and July 11th 2017.

NOTE 17 Deferred taxation

Summary of movements in deferred tax asset	£000
At April 1st 2010	10,130
Charge to the profit and loss account	(4,578)
Exchange difference	(216)
At March 31st 2011	5,336

The effect of the change in tax rates is to reduce the deferred tax asset by £251,000.

The assets recognised for deferred taxation under the liability method are

	2011	2010
	£000	£000
Excess of depreciation over capital allowances	742	740
Loss relief	2,402	3,861
Other timing differences	2,192	5,529
	5,336	10,130

The Group has accumulated trading losses of £5,385,000 (2010 £5,859,000) in Asia. The Group has recognised Hong Kong trading losses to the value of the losses expected to be used in the next three years.

A deferred tax asset of £1,528,000 (2010 £3,334,000) has been recognised for carried-forward losses in the United States, the United Kingdom and Asia on the basis that forecast profits in those regions against which these tax assets can be recovered will arise. A deferred tax asset of £874,000 (2010 £527,000) has been recognised in respect of US state income tax losses carried forward.

NOTE 18 Creditors: amounts falling due within one year

	2011	2010
	£000	£000
Bank loans and overdrafts (note 19)	6,772	5,627
Trade creditors	14,190	9,842
Other creditors including taxation and social security	18,203	14,557
Accruals	31,945	28,477
	<u>71,110</u>	<u>58,503</u>
Other creditors including taxation and social security comprise		
Corporation tax	6,460	6,430
Other tax and social security payable	1,909	1,948
Other creditors	<u>9,834</u>	<u>6,179</u>
	<u>18,203</u>	<u>14,557</u>

NOTE 19 Creditors: amounts falling due after more than one year

	2011	2010
	£000	£000
Finance leases	2,518	2,520
7.93% unsecured loan note 2019-20	15,400	16,329
7.72% unsecured loan note 2019-20	36,960	39,185
Unsecured bank loans	10,280	18,205
	<u>65,158</u>	<u>76,239</u>
Matunty of debt		
In one year or less, or on demand	6,772	5,627
In more than one year, but not more than two years	6,772	7,201
In more than two years, but not more than five years	20,835	19,977
In more than five years	<u>35,033</u>	<u>46,541</u>
	<u>69,412</u>	<u>79,346</u>

The Group has bank and other loans of £69,412,000 as at March 31st 2011 (2010: £79,346,000). The Group has unsecured undrawn committed facilities of £50m and £7.5m expiring in July 2012. The Group has undrawn overdraft facilities which are subject to review by the end of December 2011.

The unsecured bank loans were taken out to finance the acquisition of Capitol Advantage LLC and are denominated in US dollars and bear interest based on US-dollar LIBOR plus 3.0% and a fixed rate of 3.15%. The Group has entered into a swap arrangement to fix LIBOR at 2.19% for 50% of the interest payable on one of its unsecured loans. The US-dollar denominated loans were revalued at the closing exchange rate and resulted in an unrealised gain of £1,267,000 (2010: £1,829,000).

NOTE 19 Creditors: amounts falling due after more than one year(continued)

The company entered into a ten-year committed loan note arrangement in August 2009 to fund the acquisition of Congressional Quarterly. The loan notes are repayable annually in equal instalments from the fifth to the tenth year after inception. The unsecured loan notes were drawn down in two tranches and are stated net of unamortised issue costs of £676,000 (2010: £757,000). These costs, together with the interest expense, are all allocated to the profit and loss account over the ten-year term of the facility at a constant carrying amount. The US-dollar denominated loan notes were valued at the closing exchange rate and resulted in an unrealised gain of £3,315,000 (2010: loss of £4,566,000).

	2011	2010
Maturity of finance leases	£000	£000
Future minimum payments under finance leases were as follows		
Within one year	1	1
In more than one year, but not more than two years	2	1
In more than two years, but not more than five years	3	4
After five years	2,513	2,515
	2,519	2,521

The finance lease on the Economist Complex is repayable in quarterly instalments until 2111, at an interest rate of 4.3%.

NOTE 20 Provisions for liabilities and charges

Onerous property leases	£000
At April 1st 2010	291
Utilised in year	(291)
At March 31st 2011	-

NOTE 21 Equity share capital

	Authorised		Issued and fully paid	
At March 31st 2011 and 2010	Number	£000	Number	£000
"A" special shares of 5p each	1,575,000	79	1,260,000	63
"B" special shares of 5p each	1,575,000	79	1,260,000	63
Ordinary shares of 5p each	36,850,000	1,842	22,680,000	1,134
Trust shares of 5p each	100	-	100	-
		2,000		1,260

FRS 4, "Capital Instruments", requires the Group to provide a summary of the rights of each class of shares. This summary can be found in the directors' report on page 20. The trust shares participate in a distribution of capital only to a limited extent and accordingly are not treated as equity share capital.

NOTE 22 Reserves

	2011	2010
	£000	£000
Consolidated profit and loss account		
At April 1st	(3,049)	(16,353)
Retained profit for the year	8,181	5,305
Other recognised gains relating to the year	4,713	1,471
Goodwill resurrected on sale of business	-	4,857
Net sale/(purchase) of own shares	250	(142)
Exchange translation differences arising on consolidation	209	1,813
At March 31st	10,304	(3,049)

The cumulative goodwill written off to profit and loss reserves by the Group is £17,943,000 (2010 £17,943,000) and arises mainly from the purchase of Business International in 1986, CFO in 1988 and Roll Call, Inc in 1992 and 1993. A portion of the goodwill relating to the acquisition of CFO Publishing Corporation (USA) in 1988, and previously written off to reserves, has been credited and taken against the profit on sale of business in 2010.

At March 31st 2011, there were 163,467 shares (2010 175,028) of 5p each with a nominal value of £8,173 (2010 £8,751) in The Economist Newspaper Limited (own shares) held by the ESOP. The ESOP provides a limited market for ordinary shares of The Economist Newspaper Limited to be bought and sold. Employees of the Group can apply to buy shares from the ESOP twice a year at the latest indicative share valuation, and all other shareholders can offer to sell their shares to the ESOP. A subsidiary company, The Economist Group Trustee Company Limited, acts as trustee of the ESOP and handles all share transactions. The ESOP has not waived its entitlement to dividends on these shares. At March 31st 2011, 55,000 (2010 5,078) of the shares are under option to employees and have been conditionally granted to them. The interest in own shares, included within reserves, is as follows:

	£000
At April 1st 2010	1,783
Net sale of own shares	(250)
At March 31st 2011	1,533

NOTE 23 Notes to the consolidated cashflow statement

	2011	2010
	£000	£000
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	63,289	57,535
Depreciation of tangible fixed assets	2,728	2,848
Goodwill amortisation	5,804	4,573
Loss on sale of tangible fixed assets	520	511
(Increase)/decrease in stocks	(232)	867
(Increase)/decrease in debtors	(7,466)	493
Increase/(decrease) in creditors	9,901	(1,444)
Increase in unexpired subscriptions and deferred revenue	5,854	5,459
Decrease in provisions	(2,866)	(7,435)
Net cash inflow from operating activities	77,532	63,407

Net cash inflow from operating activities did not include special defined-benefit pension contributions in the year (2010 £5,000,000)

	At April 1st			Other	Exchange	At March 31st
	2010	Cashflow	Debt	non-cash	movement	2011
	£000	£000	£000	changes	£000	£000
Analysis of net debt						
Cash in hand	32,627	(12,323)	-	-	(1,181)	19,123
Cash placed on short-term deposits	8,526	27,021	-	-	(540)	35,007
Total cash balances	41,153	14,698	-	-	(1,721)	54,130
Debt due within one year	(5,627)	-	13,420	(15,067)	502	(6,772)
Debt due after one year	(73,719)	-	(7,987)	14,986	4,080	(62,640)
Finance leases due within one year	(1)	2	-	(2)	-	(1)
Finance leases due after one year	(2,520)	-	-	2	-	(2,518)
Net debt	(40,714)	14,700	5,433	(81)	2,861	(17,801)

At March 31st 2011 cash balances included £2,498,000 (2010 £1,929,000) of deposits collected from tenants of the Group's property business. This cash is only accessible in the event of the tenant defaulting.

NOTE 24 Pension and other post-retirement liabilities

	2011	2010
Analysis of pension and other post-retirement liabilities (net of deferred tax)	£000	£000
UK Group scheme	10,462	2,164
Post-retirement benefits	(2,526)	(2,445)
	7,936	(281)

The Group operates pension schemes for most of its employees throughout the world, which are funded by the Group. The main scheme for UK staff who joined before 2003 (the UK Group scheme) provides funded defined benefits. The scheme has a defined-contribution underpin and provides for those employees who joined before 2003, for the better of defined-benefit and defined-contribution benefits. Defined-contribution schemes are operated for UK and non-UK staff. In addition, the Group provides unfunded, unapproved pension arrangements in respect of certain employees. The assets of each scheme are held in separate trustee-administered funds with independent qualified actuaries or other professionals acting as advisers. Actuarial valuations are undertaken at regular intervals.

The UK Group scheme has been closed to new members since January 1st 2003, a defined-contribution scheme is now available to new joiners. As a result, under the projected unit credit method, the current service cost is expected to increase as members approach retirement. The company contributed 21.7% of pensionable salaries to fund ongoing service costs until August 2010. Thereafter following agreement of the actuarial valuation and revised funding schedule, the company's contributions to fund the ongoing service costs reduced to 18.3% of pensionable salaries. The company contributed £350,000 to fund scheme expenses. The company also contributed £2,113,000 (2010: £6,292,000) in the year to repay the actuarial deficit. The best estimate of contributions expected to be paid to the scheme in 2011-12 is £5,144,000.

The most recent full actuarial valuation of the UK defined-benefit scheme was at January 1st 2010. This showed the market value of assets of the main UK scheme to be £172,602,000. The actuarial valuation of pension liabilities was £180,750,000, leaving a deficit of £8,148,000. The actuarial method used for the valuation was the projected unit credit method. The foregoing liabilities represent the Scheme Specific Funding Technical Provisions as agreed by the Group and the trustees. The SSF level of funding was 95%. The January 2010 valuation was used as a basis for determining the ongoing company funding rate, effective September 19th 2010.

The FRS 17 valuation reflects HM Revenue and Customs (HMRC) rules relating to commutation of tax-free cash effective April 6th 2006. Past scheme experience indicates that the majority of retirees take the maximum level of cash available. Cash commutation factors, which are regularly reviewed by the trustees, remained based around a factor of 15:1 at age 60 and 13:1 at age 65.

The main overseas schemes and one UK scheme are based on defined contributions, amounts totalling £387,000 (2010: £473,000) were accrued in respect of these schemes at year end.

NOTE 24 Pension and other post-retirement liabilities (continued)

UK Group scheme

The valuation of the UK Group scheme has been updated by independent actuaries to March 31st 2011. The major assumptions used to determine this valuation are as follows:

	2011	2010	2009
	%	%	%
Inflation	3.5	3.6	2.9
Increase in pensionable salaries	3.5	3.6	4.5
Increase in pensions in payment	3.3	3.3	2.8
Increase in deferred pensions	3.0	3.5	3.0
Discount rate for scheme liabilities	5.9	6.0	7.2

The mortality assumptions used in the valuation of the scheme are summarised in the table below, and have been selected to reflect the characteristics and the experience of the membership of the plan. This has been done by using the PCA00 tables with longevity projection based on medium cohort and the year in which the member was born, with a 1% per-year underpin to future improvements (2010 PCA00 tables, medium cohort, year of birth).

The trustees have considered the change in government legislation to link annual statutory increases in pensions to the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI) in future years. For members who left active service on or after January 1st 2003, deferred revaluation is now calculated with reference to CPI, and the impact of this change is reflected in the updated valuation.

	2011	2010
	years	years
Longevity at age 65 for current retirees		
- Men	87.4	87.3
- Women	89.8	89.7
Longevity at age 65 for future retirees, current age 45		
- Men	89.3	89.2
- Women	91.7	91.6

The assets of the UK Group scheme and the expected rate of return on these assets, shown as a weighted average, are as follows:

	Long-term rate of return expected at March 31st 2011 %	Value at March 31st 2011 £000	Long-term rate of return expected at March 31st 2010 %	Value at March 31st 2010 £000	Long-term rate of return expected at March 31st 2009 %	Value at March 31st 2009 £000
Equities	7.95	123,505	8.15	109,157	7.50	69,209
Government and corporate bonds	4.96	54,490	5.09	52,759	4.94	49,245
Property	7.95	18,682	8.15	18,193	7.50	9,317
Other	3.80	2,166	3.80	1,819	3.60	5,323
Total market value of assets		198,843		181,928		133,094
Present value of scheme liabilities		(184,705)		(178,922)		(138,632)
Surplus/(deficit) in the scheme		14,138		3,006		(5,538)
Related deferred tax (liability)/asset		(3,676)		(842)		1,551
Net pension surplus/(deficit)		10,462		2,164		(3,987)

NOTE 24 Pension and other post-retirement liabilities (continued)

	2011	2010
	£000	£000
Reconciliation of fair value of scheme assets		
April 1st	181,928	133,094
Expected return on scheme assets	13,179	8,655
Actuarial gain	2,621	34,139
Employee contributions	736	794
Benefits paid	(4,945)	(4,594)
Contributions paid by employer	5,324	9,840
March 31st	198,843	181,928

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed-interest investments reflect long-term real rates of return experienced in the respective markets. The actual return on scheme assets in the year was £15,800,000 (2010: £42,794,000).

	2011	2010
	£000	£000
Reconciliation of present value of scheme liabilities		
April 1st	(178,922)	(138,632)
Current service cost	(2,839)	(2,289)
Employee contributions	(736)	(794)
Interest cost	(10,696)	(9,951)
Benefits paid	4,945	4,594
Actuarial gain/(loss)	3,543	(31,850)
March 31st	(184,705)	(178,922)

Sensitivity analysis of scheme liabilities

The sensitivity of the present value of the scheme's liabilities to changes in the principal assumptions used is set out below.

	Change in assumption by	Impact on scheme liabilities
Inflation	0.5%	7.3%
Pensionable salaries	0.5%	2.0%
Pensions in payment	0.5%	5.7%
Revaluation rate of deferred pensions	0.5%	1.8%
Discount rate	0.5%	9.1%

If the average expected age of death of pensioners lengthened by one year, the liabilities of the scheme would increase by 2.2% (2010: 2.2%).

	2011	2010
	£000	£000
Analysis of the amount charged to operating profit		
Current service cost	2,839	2,289

The total amount charged to operating profit is included within administrative expenses.

	2011	2010
	£000	£000
Analysis of the amount credited/(charged) to other finance income/(charges)		
Expected return on pension scheme assets	13,179	8,655
Interest on pension scheme liabilities	(10,696)	(9,951)
Net income/(expense)	2,483	(1,296)

NOTE 24 Pension and other post-retirement liabilities (continued)

History of experience gains and losses

Difference between the actual and expected return on scheme assets

	2011	2010	2009	2008	2007
Amount (£000)	2,621	34,139	(38,867)	(14,389)	446
Percentage of scheme assets	1%	19%	(29%)	(9%)	-
Experience gains/(losses) on scheme liabilities					
Amount (£000)	58	7,866	1,430	(191)	(433)
Percentage of the present value of the scheme liabilities	-	4%	1%	-	-
Total actuarial gain/(loss) recognised in the statement of total recognised gains and losses					
Amount (£000)	6,164	2,289	(20,053)	16,714	5,374
Percentage of the present value of the scheme liabilities	3%	1%	(14%)	11%	3%

Since the adoption of FRS 17 in 2006 a cumulative net gain of £1,203,000 has been credited through the statement of total recognised gains and losses in respect of actuarial revaluations of the pension scheme.

Other post-retirement benefits

The Group provides post-retirement medical benefits to certain former employees. At March 31st 2011, 58 (2010: 60) retired employees were eligible to receive benefits. As at March 31st 2011 the Group estimated the present value of its accumulated post-retirement medical benefits obligation to be £2,526,000 (2010: £2,445,000), net of deferred taxation. These liabilities were confirmed by a qualified independent actuary. The principal assumptions used in estimating this obligation are healthcare premium cost escalation of 9.0% per year and a discount rate to represent the time value of money of 5.90% (2010: 5.95%). Actual premiums paid are being set against this provision, which is periodically assessed for adequacy.

NOTE 25 Financial commitments

Operating leases	2011	2010
Land and buildings, leases expiring	£000	£000
Within one year	421	910
Between two and five years	3,240	3,715
After five years	4,296	2,798
	7,957	7,423
Plant and equipment, leases expiring		
Within one year	54	76
Between two and five years	123	117
	177	193

NOTE 26 Capital commitments and contingent liabilities

At March 31st 2011, there was no capital expenditure contracted for but not provided in the financial statements (2010: £nil). There are contingent Group liabilities in respect of legal claims, indemnities, warranties and guarantees in relation to former businesses. None of these claims is expected to result in a material loss to the Group.

NOTE 27 Related party transactions

The Financial Times Limited holds 50% of the issued share capital in the company and is entitled to appoint six out of a total of 13 places for directors on the company's Board. The Financial Times Limited is a wholly-owned subsidiary of Pearson plc. The Group sold goods and services to Pearson plc and subsidiary companies to a total value of £86,634 (2010: £43,773) in the normal course of trade during the year, and acquired goods and services to a total value of £4,538 (2010: £36,423), excluding directors' fees described on page 26. The aggregate balances outstanding with these companies as at March 31st 2011 were £26,832 (2010: £588) due to the Group and £nil (2010: £nil) due from the Group.

NOTE 28 Acquisitions and disposals

During the year no acquisitions or disposals of businesses were made. In 2010, the Group made the following acquisition and disposal:

(a) Acquisition of Congressional Quarterly

In 2010, the Group acquired the trade and assets of Congressional Quarterly (CQ) for a purchase consideration of \$98,450,000, with no deferred contingent consideration. The following table sets out the book values for the identifiable assets and liabilities acquired and their fair value to the Group.

	2010 £000
Fixed assets	
Tangible assets	1,287
Current assets	
Stock	20
Debtors	4,334
Deferred taxation	4,346
Cash	3
Total assets	9,990
Creditors	
Creditors due within one year	(1,685)
Deferred revenue	(11,384)
Net liabilities acquired	(3,079)
Acquisition fees	(1,274)
Goodwill	62,888
Consideration	58,535
Consideration satisfied by:	
Cash	58,535
Net cash outflow in respect of the acquisition comprised:	
Cash consideration	58,535
Cash at bank and in hand acquired	(3)
	58,532

NOTE 28 Acquisitions and disposals (continued)

Goodwill is reviewed when there is an indication of impairment. Given the performance of CQ since its acquisition, no impairment is required.

(b) Prior year sale and closure of CFO businesses

In 2010, the Group sold the trade and assets of CFO Publishing Corporation in the USA and closed the European operations of CFO. This generated a loss in the prior year.

	2010 £000
Tangible fixed assets	122
Stocks	98
Debtors	2,689
Creditors	(1,427)
Goodwill previously written off to reserves	4,857
Sale and closure costs	1,170
Loss on disposal	(1,320)
Total	6,189
Sale proceeds comprised:	
Cash consideration	3,775
Loan notes	2,414
	6,189

NOTE 29 Derivative financial instruments

The Group enters into forward exchange contracts and foreign currency option contracts to mitigate US-dollar currency exposures. The Group does not recognise the fair value of these derivative instruments on the balance sheet. During the year, the Group entered into 14 (2010: 17) forward exchange contracts and 14 (2010: 13) option contracts. The fair value of forward contracts outstanding at the year end is an asset of £528,000 (2010: £832,000 liability) and of the option contracts an asset of £320,000 (2010: £785,000 liability). The Group has also taken out an interest swap to hedge the LIBOR component of interest payable on the US-dollar loan taken out to finance the acquisition of Capitol Advantage LLC. The fair value of the interest rate swap arrangement at March 31st was a liability of £176,000 (2010: £223,000 liability).

Company balance sheet at March 31st

NOTE		2011 £000	2010 £000
	Fixed assets		
30	Tangible assets	2,206	2,558
30	Investments	172,506	177,966
		174,712	180,524
	Current assets		
30	Stocks and work-in-progress	560	575
30	Debtors due after one year	173,024	183,393
30	Debtors due within one year	38,027	44,417
30	Deferred taxation	2,147	2,352
	Cash and deposits	22,884	739
		236,642	231,476
30	Creditors amounts falling due within one year	(77,930)	(58,567)
	Unexpired subscriptions and deferred revenue	(26,091)	(24,938)
	Net current assets	132,621	147,971
	Total assets less current liabilities	307,333	328,495
30	Provisions for liabilities and charges	(1,797)	(1,736)
30	Creditors amounts falling due after more than one year	(255,770)	(278,939)
	Net assets	49,766	47,820
	Capital and reserves		
21	Called-up share capital	1,260	1,260
30	Profit and loss account	48,506	46,560
	Equity shareholders' funds	49,766	47,820

The financial statements were approved by the Board of directors and authorised for issue on June 14th 2011
They were signed on its behalf by

Rupert Pennant-Rea
Chris Stibbs
Directors

$C/\sqrt{E_{SS}}$ Repetitive Repetitive

Company statement of total recognised gains and losses

Years ended March 31st		
	2011	2010
	£000	£000
Retained profit for the year	269	2,046
Exchange translation differences arising on foreign currency net investment hedge	1,270	1,798
Actuarial gain/(loss) on other post-retirement benefits	156	(221)
UK deferred tax attributable to the actuarial gain/(loss)	1	62
Total recognised gains for the year	1,696	3,685

NOTE 30 Notes to company balance sheet

Tangible fixed assets	Leasehold buildings short	Plant and machinery	Equipment	Total
Cost	£000	£000	£000	£000
At April 1st 2010	2,067	990	18,546	21,603
Additions	2	-	805	807
Disposals	-	-	(8)	(8)
Transfers from other Group companies	-	-	2	2
At March 31st 2011	2,069	990	19,345	22,404
Depreciation				
At April 1st 2010	1,273	990	16,782	19,045
Provided during year	296	-	857	1,153
At March 31st 2011	1,569	990	17,639	20,198
Net book value at March 31st 2011	500	-	1,706	2,206
Net book value at March 31st 2010	794	-	1,764	2,558

Investments (fixed assets)

	Shares in Group companies
Cost and net book value	£000
At April 1st 2010	177,966
Exchange translation differences	(5,460)
At March 31st 2011	172,506

The principal wholly-owned subsidiary undertakings of the company which are consolidated are

The Economist Intelligence Unit, NA, Inc (USA)	TEG Massachusetts Corporation (USA)
The Economist Intelligence Unit Limited*	The Economist Group (Asia/Pacific) Limited (Hong Kong)
The Economist Group (Investments) Limited	The Economist Group (US Holdings) Limited
The Economist Newspaper, NA, Inc (USA)	The Economist Newspaper Group, Inc (USA)
TEG New Jersey LLC (USA)	The Economist Group Singapore Pte Limited (Singapore)*
Ryder Street Properties Limited	The Economist Group France S a r l (France)*
The Economist Group GmbH (Austria)	The Economist Group (Switzerland) SA (Switzerland)*
The Economist Group Trustee Company Limited*	TEG India Private Limited (India)
EuroFinance Conferences Limited*	The Economist (Shanghai) Management Consulting Company Limited (China)
CQ-Roll Call Group, Inc (USA)	The Economist Group (Luxembourg) Limited
Capitol Advantage LLC	

These companies are engaged in publishing and related services and in the provision of business information except for Ryder Street Properties Limited, which rents and lets property. The Economist Group (US Holdings) Limited and The Economist Group (Investments) Limited act as investment companies for the Group. The Economist Group Trustee Company Limited is the trustee of the ESOP. All the companies above are incorporated and registered in England and Wales with the exception of those indicated. The companies marked * are directly owned by The Economist Newspaper Limited; all other companies are owned through wholly-owned subsidiaries. The Economist (Shanghai) Management Consulting Company Limited has a financial year ending December 31st. All other subsidiaries have a financial year ending March 31st.

NOTE 30 Notes to company balance sheet (continued)

	2011	2010
	£000	£000
Stocks and work-in-progress		
Raw materials	523	548
Finished goods	37	27
	560	575

	2011	2010
	£000	£000
Debtors		
Due after one year		
Amounts owed by Group companies	173,024	183,393
Debtors owed by Group companies includes an amount of £154,350,000 which bears interest of 5.9% per year		

	2011	2010
	£000	£000
Due within one year		
Trade debtors	20,766	19,120
Amounts owed by Group companies	12,644	22,277
Other debtors	502	471
Prepayments and accrued income	4,115	2,549
	38,027	44,417

Summary of movements in deferred tax asset	£000
At April 1st 2010	2,352
Adjustments to tax charge in respect of previous period	(932)
Credit to the profit and loss account	635
Effect of changes in tax rates	92
At March 31st 2011	2,147

	2011	2010
	£000	£000
Assets recognised for deferred taxation under the liability method are		
Excess of depreciation over capital allowances	385	310
Post-retirement benefits	342	279
Other timing differences	1,420	1,763
	2,147	2,352

	2011	2010
	£000	£000
Creditors: amounts falling due within one year		
Bank loans and overdraft	6,772	5,627
Trade creditors	5,923	5,359
Amounts owed to Group companies	39,197	22,248
Other creditors including taxation and social security	6,869	7,820
Accruals	19,169	17,513
	77,930	58,567
Other creditors including taxation and social security comprise		
Corporation tax	3,484	4,309
Other tax and social security payable	1,976	1,631
Other creditors	1,409	1,880
	6,869	7,820

NOTE 30 Notes to company balance sheet (continued)

	2011	2010
	£000	£000
Creditors: amounts falling due after one year		
7.93% unsecured loan note 2019-20	15,400	16,329
7.72% unsecured loan note 2019-20	36,960	39,185
Unsecured bank loan	10,280	18,205
Amounts owed to Group companies	193,130	205,220
	255,770	278,939

The amounts owed to Group companies are non-interest bearing

Maturity of unsecured bank loans and overdrafts

In one year or less, or on demand	6,772	5,627
In more than one year, but not more than two years	6,772	7,200
In more than two years, but not more than five years	20,835	19,973
In more than five years	35,033	46,546
	69,412	79,346

The unsecured bank loans were taken out to finance the acquisition of Capitol Advantage LLC and are denominated in US dollars and bear interest based on US-dollar LIBOR plus 3.0% and a fixed rate of 3.15%. The Group has entered into a swap arrangement to fix LIBOR at 2.19% for 50% of the interest payable on one of its unsecured loans. The US dollar-denominated loans were revalued at the closing exchange rate and resulted in an unrealised gain of £1,267,000 (2010: £1,829,000).

The company entered into a ten-year committed loan note arrangement in August 2009 to fund the acquisition of Congressional Quarterly. The loan notes are repayable annually in equal instalments from the fifth to the tenth year after inception. The unsecured loan notes were drawn down in two tranches and are stated net of unamortised issue costs of £676,000 (2010: £757,000). These costs, together with the interest expense, are all allocated to the profit and loss account over the ten-year term of the facility at a constant carrying amount. The US dollar-denominated loan notes were valued at the closing exchange rate and resulted in an unrealised gain of £3,315,000 (2010: loss of £4,566,000).

	Provisions for post-retirement benefits £000
Provisions for liabilities and charges	
At April 1st	1,736
Charge to the profit and loss account	184
Charge to the statement of recognised gains and losses	1
Utilised in year	(124)
At March 31st	1,797

Pensions

The company has adopted FRS 17. Although The Economist Group Pension Plan is a combination of defined-benefit and contribution schemes, the company will account for the Plan as if it were a defined-contribution scheme, as the company is unable to identify its share of the underlying assets and liabilities of the Plan.

NOTE 30 Notes to company balance sheet (continued)

	2011	2010
	£000	£000
Reserves: profit and loss account		
At April 1st	46,560	43,017
Retained profit for the year	269	2,046
Net sale/(purchase) of own shares	250	(142)
Other recognised gains relating to the period	1,427	1,639
At March 31st	48,506	46,560

The directors have taken advantage of the exemption under section 408 of the Companies Act 2006 and have not presented a profit and loss account for the company alone. The company's profit after tax for the financial year amounted to £36,259,000 (2010 £34,909,000)

Share-based payments

The company has recorded total liabilities at March 31st of £2,459,000 (2010 £3,322,000). Refer to note 11 for further details of the share-based incentive schemes.

	2011	2010
	£000	£000
Financial commitments		
Operating leases		
Land and buildings, leases expiring		
Within one year	231	7
Between two and five years	1,956	602
After five years	9	1,203
	2,196	1,812
Plant and equipment, leases expiring		
Within one year	33	46
Between two and five years	29	43
	62	89

At March 31st 2011, there was no capital expenditure contracted for but not provided in the financial statements (2010 £nil)

The company has guaranteed certain bank overdrafts and property leases of its subsidiaries and the bank overdraft of the Group's employee share ownership plan trustee company. The annual cost of property leases guaranteed by the company is currently £55,000 (2010 £55,000) per year.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of The Economist Newspaper Limited will be held at the British Academy of Film and Television Arts, 195 Piccadilly, London W1J 9LN on Thursday July 21st 2011 at 12 15pm, for the purposes set out below


1. To receive the accounts and the reports of the directors and the auditors for the year ended March 31st 2011
2. To declare a final dividend of 78 5 pence per share in respect of the year ended March 31st 2011 to all "A" Special, "B" Special and ordinary shareholders on the company's register of members at the close of business on June 14th 2011
3. To reappoint PricewaterhouseCoopers LLP as the company's auditors to hold office until the conclusion of the next general meeting at which accounts are laid before the company
4. To authorise the directors to fix the remuneration of the auditors

By order of the Board

Oscar Grut

Secretary

Registered Office
25 St James's Street
London SW1A 1HG



June 20th 2011

A member entitled to attend and vote at this meeting may appoint a proxy, who need not be a shareholder, to attend, speak and vote in his place. A member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the member. The appointment of a proxy will not prevent a member from attending and voting at the meeting in person.

A form of proxy is enclosed. To be valid, it must be completed and signed in accordance with the instructions and delivered to the company's registrars, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY at least 48 hours before the meeting.