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Annual report and accounts 2003

Euromoney Institutional Investor PLC

Euromoney Institutional Investor PLC

Contents

Queen's Award for Export Achievement
1999 to Euromoney Publications PLC

Euromoney Institutional Investor PLC

Chairman's statement

Highlights	2003	2002	change
Turnover	£158.9 m	£179.7 m	-12%
Operating profit*	£23.8 m	£29.1 m	-18%
Profit before tax, goodwill and exceptional items	*£21.3 m*	*£25.2 m*	-15%
Profit before tax	£7.4 m	£20.6 m	-64%
Adjusted diluted earnings per share*	20.5 p	24.3 p	-16%
Dividend	14.75 p	14.75 p	=
Net debt	£67.1 m	£62.8 m	+7%

* (Before goodwill amortization, goodwill impairment and exceptional items as set out in the attached profit and loss account)
References to profits in the narrative below are to operating profit before goodwill amortization and impairment.

Your company reported a profit before tax, goodwill amortization and exceptional items of £21.3 million in the year to September 30, against £25.2 million for the previous 12 months. The directors recommend a final dividend of 9.75p, making a total of 14.75p, the same as the previous year.

Adjusted diluted earnings a share were 20.5p, against 24.3p in 2002.

The company operated in a most difficult business environment during 2003. The war in Iraq, a significant fall in the numbers of people travelling on business, a declining US dollar, and the scare over SARS contributed to an already unfavourable business climate as financial institutions cut advertising, subscriptions, sponsorship and training. Throughout, the group maintained its commitment to position itself for growth, to remain as profitable as possible, and to continue to seek acquisitions. In August, the group completed its first significant acquisition for two years, paying up to £16.5 million for HedgeFund Intelligence Limited.

Turnover fell from £180 million to £159 million, largely as a result of the fall in financial advertising, particularly in the US. The weakness of the US dollar accounted for nearly half the decline, but the group's currency hedging policy minimised the effect on profits. The results demonstrate the group's continued resilience in tough markets.

The fall in turnover was the same in the second half as the first. However, turnover in the month of September was marginally higher than in September 2002, and profits in the month were the highest since September 2000, thanks to an excellent performance from *Euromoney* in particular, while advertising revenues at *Institutional Investor* improved for the first time in many months. In total, September accounted for 16% of the group's turnover, and 40% of profits.

The results of the financial publishing businesses depend heavily on the advertising of global financial institutions, and Wall Street investment banks in particular. Both have suffered significant cuts over the past couple of years. As a result, financial advertising revenues fell £4.1 million to £32.8 million and profits fell £3.4 million to £10.4 million. The *Institutional Investor* titles, with their focus on the pensions and asset management world, suffered most, with advertising revenues down 24%. *Asiamoney* and *Latin Finance* also suffered falls in advertising revenues but were able to compensate for this through the launch of new products.

In contrast, *Euromoney*, with its debt and emerging markets focus, proved more robust. The September issue of *Euromoney, published to coincide with the annual IMF/World Bank meeting, achieved revenues close to their* highest for five years. This excellent performance helped the magazine achieve advertising revenues for the year close to 2002's level.

Business publishing experienced contrasting performances across its different sectors. Profits fell £2.5 million to £3.8 million after a 12% fall in advertising revenues. The travel titles, which cover the aviation, shipping, business travel and duty-free sectors, accounted for most of this fall and there is little sign of any recovery in this sector. In pharmaceuticals, advertising revenues weakened after a strong first half although the profit impact was mitigated by continued growth in subscription revenues. Both the energy and legal publishing businesses had excellent years, increasing profits and continuing to grow through the launch of new products. Gulf Publishing, acquired in August 2001 when it was loss-making, made a good contribution. The strategy of growing the business through the roll-out of new products such as events and handbooks under the *World Oil* and *Hydrocarbon Processing* brands is proving very successful.

Chairman's statement *continued*

In contrast to publishing, both the events and training sides of the business have held up well. Sponsored conferences and the Institutional Investor memberships were the best performers, emphasizing the value of the group's high quality face-to-face meeting businesses. Events profits fell £1.7 million to £6.7 million in 2003, although half of this was due to the absence of *Vinisud*, the biennial wine exhibition run by our French business meeting subsidiary. Of the other four key annual conferences run by the group, three managed to increase revenues despite the difficult markets.

The training businesses performed well after a difficult 2002. Profits fell 10% to £4 million despite suffering from the continued constraints of cuts in company training budgets, and travel fears following the unrest in the Middle East and the SARS outbreak in Asia. Business in Asia has picked up post-SARS and there are also signs of a recovery at MIS, our Boston-based audit and information security subsidiary.

Profits from the database and information services businesses increased 55% to £2.7 million. After heavy investment in building Internet Securities, Inc.'s emerging market database in 2000 and 2001, the business reached breakeven in September 2002. It has remained profitable and continued to grow throughout 2003, adding new revenues of $1.2 million - nearly twice the pace it achieved in 2002 - improving its retention rate and significantly reducing its dependence on the financial sector. ISI revenues have more than doubled to $16.2 million since its acquisition in 1999. The Dealogic capital markets database joint ventures experienced a slight fall in subscription revenues, but continue to make a significant contribution despite the cuts in customer headcount.

Net debt at September 30 was £67.1 million against £62.8 million 12 months earlier. The group continues to generate strong cash flows with nearly half its revenues generated from subscriptions and training. The acquisition in August of HedgeFund Intelligence, a leading hedge fund publisher and event organizer, was financed from the group's existing multi-currency revolving credit facility. The initial consideration was £11 million in cash, with a further payment of up to £5.5 million payable in February 2005 depending on HFI's profits for the year to November 30 2004. HFI is performing well and the group has accrued for the full deferred payment at year end.

In the first half, two small businesses were sold for a cash consideration of £701,000 generating an exceptional gain of the same amount. In the second half, the group completed a review of its past acquisitions with a view to better positioning the business for growth. As a result, certain businesses have been merged and others restructured, and the associated goodwill is no longer separately identifiable. This has led to an exceptional non-cash goodwill impairment charge of £7.8 million. The charge relates to acquisitions made before 1997, since acquisitions after this date are being amortized through the profit and loss account in accordance with FRS 10.

In spite of the strong September performance, first quarter advertising revenues may be flat or slightly lower, although there are more cheerful signs in the company's training and event businesses. Two thirds of the group's revenues are in dollars, and continued weakness of the US currency would affect first half revenues. In general, the financial atmosphere has improved and the directors believe that the strength of the group's titles, its operational gearing and strong cash flows, and its investment in new products will drive profits as the business climate improves.

We were delighted to welcome Christopher Fordham, who manages our acquisition program as well as our legal and energy publishing businesses, to the board of the company in July.

Our people had to cope with a great deal of adversity in 2003. I thank them on your behalf as well as mine, and wish them a safe and successful year.

Padraic Fallon
Chairman
November 19 2003.

Euromoney Institutional Investor PLC

Operating and Financial Review

Operating & financial review
Below levels of activity in world financial markets continued to give rise to difficult trading conditions during the year. Revenues excluding the biennial Vinisud wine exhibition fell by £18.9 million or 11%. This was considerably offset by direct and employee cost savings. Advertising revenues declined 12% after a 10% decrease in 2002 with the decrease mainly due to financial and business publishing. Sponsorship revenue increased due largely to the launching and development of events. Subscription revenue continued to decline albeit more slowly than advertising revenues. Training was also negatively affected, with SARS especially affecting the Asia Training business.

The cost cutting programme put in place last year has continued to produce direct cost savings in print and paper and distribution. On the other hand there has been a determined effort to increase our marketing spend and this is the only direct cost to have increased during the course of the year.

The database and information services divison continues to be an encouraging part of the business and to make an increasingly significant contribution to profit, mainly due to the fact that ISI, the internet aggregator, has now been profitable since September 2002. ISI increased its revenues encouragingly during the year, improved its retention rate and reduced its dependence on the financial sector. The other database businesses also continued to make good contributions.

The adjusted permenant headcount at the end of the year excluding the 22 employees who joined the group at HedgeFund Intelligence was 1,329 compared to 1,358 at the end of September 2002.

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Euromoney Institutional Investor PLC

Operating and Financial Review *continued*

Strategy

The company continues to invest in the editorial quality of its titles to reinforce the strength of its brands and to continue to increase subscription revenues. We also continue to encourage internal start-ups and seek acquisitions.

A significant number and range of start-ups have taken place and some are prospering. In addition one of the executive directors is focusing full time on developing new businesses.

The quality and skills of our employees are of great importance to the group. Despite the emphasis this year on cost control, we have taken the opportunity provided by difficult conditions in the publishing sector to hire selectively and to extend our internal training.

New business

The group has increased its focus on organic growth and believes that the timing is suitable for launching new businesses internally. The incentive schemes introduced to encourage start-ups have led to a number of new ventures in different geographic sectors, in different industrial sectors and in different types of media.

Thus, for example, Institutional Investor magazine has launched a special section for hedge fund managers called *Alpha*, Engel Publishing has launched a new conference business in the pharmaceutical industry, there has been a flurry of new products aimed at the burgeoning Islamic Finance community and, for example; Raven Fox has developed a market research business, OPI has entered the market place in China and Asiamoney has researched and published a China rich list.

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Acquisitions

In August 2003, the group purchased 100% of the equity share capital of HedgeFund Intelligence Limited. The initial consideration was £11m, with a further £5.5m of deferred consideration. HedgeFund Intelligence publishes the influential monthly hedge fund newsletters *EuroHedge AsiaHedge* and *InvestHedge* and, in April this year, launched *Absolute Return*, a monthly newsletter for the US hedge fund market. Future growth is expected to come from increasing newsletter subscriptions, the continuing development of *Absolute Return*, expanding the company's hedge fund databases and launching new events.

In January 2003, the group disposed of some smaller legal products, the magazine *China Staff* and the *China Law Reference Service* database. Both were products launched some years ago but did not fit with the growth plans for the legal publishing businesses. These sales resulted in an exceptional gain of £701,000.

The company continues to pursue acquisition opportunities consistent with the strategy of expanding into new cross-border sectors, extending our existing involvement in vertical sectors worldwide that we have found attractive and expanding into new product types of technologies.

Marketing and Circulation

In 2003, the company has invested further in its marketing infrastructure. Technological developments in Eden, the company's database, have focused on e-mail marketing. A new internal system integrated with Eden has been developed, providing all of the functionality available from external market leading suppliers. This has enabled both fast and integrated e-mail campaigns plus reduced costs by taking all e-mail campaigns in-house.

In 2003, all circulation and fulfillment systems have been reviewed. New on-line e-commerce software has been developed to enable all businesses to take on-line orders, whilst integrating with the off-line fulfillment systems. This has resulted in an increase in on-line revenues at a reduced cost per order. Off-line fulfillment systems have been reviewed in order to facilitate premium customer service for the long-term. As a result the decision to out source to market leading fulfillment companies has been taken and the process of implementing these changes has started.

Thumbnails	Thumbnails	Thumbnails	Thumbnails

Operating and Financial Review *continued*

Training

The company believes it is important to provide skills and management training of its employees around the world. We continue to develop these programmes and try to ensure that as many of our employees as possible benefit from internal and external training.

Risk Management

The company has continued to develop its process for risk management. Management of significant risk is regularly on the agenda of the board and other senior management meetings. Significant progress continues to be made on updating systems and implementing best practice procedures to reduce risk.

Risk areas addressed during the year have included:

- Health and safety.
- Brand and reputational risk.
- IT security including our website.
- Financial risks, particularly foreign exchange, interest and tax exposures.
- Libel.
- Data protection.
- People risk and employment disputes.

Social Responsibility

The group continues to participate and develop its involvement in the community. The group is a keen supporter of local charities in the UK and the US. For example, this year, Latin Finance celebrated its 15th Anniversary with a Charity Gala Dinner where the proceeds of an auction that took place during the dinner donating $14,000 to Habitat for Humanity. In addition, Steve Hilleard, Managing Director of Mondiale, sits on the Executive Committee of the National Office Products Council in the US. The NOPC is the team which coordinates fundraising efforts in support of the City of Hope, a world-renowned biomedical research, treatment and educational institution which is dedicated to the prevention and cure of cancer, HIV/AIDS, diabetes, and other life-threatening diseases. Last year the organization raised nearly $7 million. As well as the organization benefitting from our employees time and experience, Office Products International also supports the City of Hope with free advertising and publicity in its magazines, events and on opi.net.

Thumbnails	Thumbnails	Thumbnails	Thumbnails

Euromoney Institutional Investor PLC

Operating and Financial Review *continued*

Systems and information technologies

The move of premises in New York for Institutional Investor, Internet Securities, Inc. (ISI) and Euromoney Training has resulted in a significant improvement in the IT environment and physical security. An ongoing challenge will be to ensure that other parts of the business achieve the same standard. The company is in the process of developing and updating the business continuity plan for each business unit. A new e-commerce platform is being implemented to handle on-line orders and payments.

Debt

The group has funded its operations using a mixture of its strong operating cash flows, retained earnings and debt. Net debt levels are £4.3 million higher than last year, mainly due to the acquisition of HedgeFund Intelligence in the later part of the year.

Tax and Treasury

The group's tax and treasury committee meets twice a year and is responsible for recommending policy to the board. The committee comprises the chairman, managing director, finance director and the deputy finance director of Daily Mail and General Trust plc. The chairman of the audit committee also attends the tax and treasury meetings. The group's treasury policies are directed to giving greater certainty of future costs and revenues and ensuring that the group has adequate liquidity for working capital and debt capacity for funding acquisitions.

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

Interest rate swaps and caps are used to manage the group's exposure to fluctuations in interest rates on its floating rate borrowings. The maturity profile of these derivatives is matched with the expected future debt profile of the group. The group's policy is to fix the interest rates on approximately 50-80% of its term debt. At September 30 2003, the group had 77% of its net debt fixed by the use of interest rate hedges. As long-term rates are usually higher than short-term rates this hedging strategy has the effect of increasing the interest charge, but it does provide protection

Thumbnails

Thumbnails

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Euromoney Institutional Investor PLC

Operating & Financial review *continued*

The group is exposed to foreign exchange risk in the form of transactions in foreign currencies entered into by group companies and by the translation of the results in foreign currencies into sterling for reporting purposes. The group does not hedge the translation of the results of foreign subsidiaries, but does endeavour to match foreign currency borrowings to investments in order to provide a natural hedge for the translation of the net assets of overseas subsidiaries.

Approximately 65% of the group's revenues are in US dollars. Group companies normally do not hedge transactions in foreign currencies into the functional currency of their own operations. However, Euromoney Institutional Investor has a series of forward contracts in place up to 12 months forward partially to hedge its dollar revenues into sterling.

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

The group's effective tax rate decreased to 14.6% (excluding the effect of goodwill amortization and exceptional items) compared to 15.7% in 2002 due to a change in the mix of taxable profits. The overall rate for the year reflects the benefit of the tax amortization of goodwill arising in the US which means that the group pays very little tax on its US profits.

Richard Ensor
Managing Director
November 19 2003.

Thumbnails	Thumbnails	Thumbnails	Thumbnails

Euromoney Institutional Investor PLC

Directors' Report

The directors submit their annual report and group accounts for the year ended September 30 2003.

Principal activities and business review

Euromoney Institutional Investor is a leading international business to business publisher, focused primarily on international finance. It publishes more than 100 magazines, newsletters and journals as well as surveys, directories, books and maps. Euromoney Institutional Investor also runs conferences, seminars and training courses and is a provider of electronic business information through its capital market databases and emerging markets information service. A review of operations and business developments is given in the operating and financial review on pages 4 to 9.

Group results and dividends

The group profit for the year attributable to shareholders amounted to £4.1 million (2002: £23.5 million). The directors recommend a final dividend of 9.75 pence per ordinary share (2002: 9.75 pence), payable on January 28 2004 to shareholders on the register on November 28 2003. This, together with the interim dividend of 5 pence per ordinary share (2002: 5.00 pence) which was declared on May 22 2003 and paid on July 3 2003, brings the total dividend payable to 14.75 pence per ordinary share (2002: 14.75 pence).

Directors and their interests

The directors who served during the year are listed on pages 12 to 13. Mr CHC Fordham was appointed as a director on July 23 2003 and according to the Articles of Association, a director appointed during the year must retire at the first available AGM and, being eligible, offer himself for re-election. In addition, following best practice under corporate governance and in accordance with the company's Articles of Association, all directors submit themselves for re-election at least every three years. Accordingly, Mr PR Ensor, Mr DC Cohen, Mr CR Jones, Mr RT Lamont, Mr JC Botts and Mr JD Bolsover will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election. Also, as required by the Articles of Association, Sir Patrick Sergeant, being over the age of 70, will retire at the forthcoming annual general meeting and, being eligible, will offer himself for re-election. Details of the interests of the directors in the ordinary shares of the company and of options held by the directors to subscribe for ordinary shares in the company are set out in the Directors' Remuneration Report on pages 19 to 31.

Significant shareholdings

At November 19 2003, being the latest practical date before approval of the accounts, notification had been received of the following interests of 3% or more in the company's ordinary share capital:

	Number	%
DMG Investment Holdings Limited	62,147,624	70.8
Amvescap PLC	3,122,735	3.6
UBS Global Asset Management	2,790,384	3.2

Banque Internationale à Luxembourg SA has issued international depositary receipts in bearer form in respect of a total of 1,370,800 shares (1.6%) registered in its name.

Directors' Report *continued*

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

Political and charitable contributions
During the year the group made charitable contributions of £89,000 (2002: £99,000). There were no political contributions.

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

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

Supplier payment policy
Each Euromoney Institutional Investor business agrees payment terms with its suppliers on an individual basis and it is group policy to make payments in accordance with these terms. The company had 64 days of purchases in creditors at September 30 2003 (2002: 67 days).

Auditors
On August 1 2003, Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from August 1 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Annual general meeting
The company's annual general meeting will be held on January 27 2004.

By order of the board

Colin Jones
Company Secretary
November 19 2003.

Euromoney Institutional Investor PLC

Directors and Advisors

Chairman

‡ **Mr PM Fallon** is an executive director and chairman, aged 57. He joined the company in 1974 and was appointed an executive director in October 1975. He was appointed managing director in 1985, chief executive in 1989 and chairman in 1992. He is chairman of the nominations committee. He is also an executive director of Daily Mail and General Trust plc, a non-executive director of Allied Irish Banks plc and a member of the board of the Trinity College Dublin Foundation.

Managing Director

‡ **Mr PR Ensor** is an executive director and managing director, aged 55. He joined the company in 1976 and was appointed an executive director in 1983. He was appointed managing director in 1992 and is a member of the nominations committee. He is also a director of Internet Securities, Inc.

Directors

*† **The Viscount Rothermere** is a non-executive director, aged 35. He was appointed a non-executive director in September 1998 and is chairman of the remuneration committee. He is chairman of Daily Mail and General Trust plc and a non-executive director of Fleming Mercantile Investment Trust PLC.

*‡§ **Sir Patrick Sergeant** is a non-executive director and president, aged 79. He founded the company in 1969 and was managing director until 1985 when he became chairman. He retired as chairman in September 1992 when he was appointed president and non-executive director. He is a member of the audit and nominations committees and is also a non-executive director of Daily Mail and General Trust plc.

*†‡ **Mr CJF Sinclair** is a non-executive director, aged 55. He was appointed a non-executive director in November 1985 and is a member of the remuneration and nominations committees. He is chief executive of Daily Mail and General Trust plc and is a non-executive director of Reuters Group PLC and of Schroders plc.

Mr NF Osborn is an executive director, aged 54. He joined the company in 1983 and was appointed an executive director in February 1988. He is the publisher of *Euromoney*.

Mr DC Cohen is an executive director, aged 46. He joined the company in 1984 and was appointed an executive director in September 1989. He is managing director of the Training division.

Mr CR Brown is an executive director, aged 49. He joined the company in 1982 and was appointed an executive director in September 1989. He is director of the Specialist Publications division and president of *Institutional Investor, Inc.*

Mr GB Strahan is an executive director, aged 58. He joined the company in 1985 and was appointed an executive director in September 1989. He is managing director of Coaltrans Conferences Limited.

*§ **Mr JP Williams** is a non-executive director, aged 50. He was appointed a non-executive director in June 1991 and is a member of the audit committee. He is finance director of Daily Mail and General Trust plc and a non-executive director of GWR Group plc.

*†‡§ **Mr JC Botts** is a non-executive director, aged 62. He was appointed a non-executive director in December 1992 and is chairman of the audit committee and a member of the nominations and remuneration committees. He is chairman of Botts & Company Limited, a private equity investment firm. Previously he had a long career with Citicorp in Europe, Africa and the Middle East. He is a non-executive director of United Business Media plc and Amerindo Internet Fund PLC.

Mr CR Jones is an executive director and finance director, aged 43. He joined the company in July 1996 and was appointed finance director in November 1996. He is also the company secretary and a director of Institutional Investor, Inc. and of Internet Securities, Inc.

Euromoney Institutional Investor PLC

Directors and Advisors *continued*

Mr E Bounous is an executive director, aged 38. He joined the company in 1989 and was appointed an executive director in November 1996. He is director of the Euromoney Conferences group and chief executive officer of Institutional Investor's conference division. He is also responsible for a number of specialist magazines in the group and for Adhesion.

Mr SM Brady is an executive director, aged 38. He joined the company in 1988 and was appointed an executive director in May 1999. He is director of new businesses and organic growth.

Mr RT Lamont is an executive director, aged 56. He joined Institutional Investor, Inc. in 1976 and was appointed an executive director in May 1999. He is editor of Institutional Investor's newsletter division and a director of Institutional Investor, Inc.

*† **Mr JD Bolsover** is a non-executive director, aged 56. He was appointed a non-executive director in May 2000. He was formerly chairman and chief executive of Baring Asset Management Holdings Limited. He is a member of the remuneration committee.

Ms D Alfano is an executive director, aged 47. She joined Institutional Investor, Inc. in 1984 and was appointed an executive director in July 2000. She is managing director of Institutional Investor's conference division and a director of Institutional Investor, Inc.

Mr G Mueller is an executive director, aged 37. He joined the company in 1999 and was appointed an executive director in July 2000. He is chairman of Internet Securities, Inc. which he founded in 1994.

Mr MJ Carroll is an executive director, aged 46. He joined Institutional Investor, Inc. in 1994 and was appointed an executive director in May 2002. He is the editor of *Institutional Investor* and a director of Institutional Investor, Inc.

Mr CHC Fordham is an executive director, aged 43. He joined the company in 2000 and was appointed an executive director in July 2003. He is the director resposnible for the company's legal and energy publishing business and is a director of HedgeFund Intelligence Limited. He is also the director responsible for acquisitions.

* non-executive director
† member of the remuneration committee
‡ member of the nominations committee
§ member of the audit committee

President Sir Patrick Sergeant

Company Secretary CR Jones

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Euromoney Institutional Investor PLC

Corporate Governance

The Combined Code on corporate governance is part of the Listing Rules of the Financial Services Authority.

The paragraphs below and in the Directors' Remuneration Report on pages 19 to 31 set out how the company has applied the principles laid down by the Code. The company has substantially complied with the Code, save for a few exceptions disclosed in the directors' compliance statement on page 18.

Directors

Board

Details of directors who served during the year are set out on pages 12 to 13. The board comprises the chairman, managing director, 12 other executive directors and six non-executive directors. Of the six non-executive directors, two are independent whilst the remaining four are also directors of Daily Mail and General Trust plc, an intermediate parent company. There are clear divisions of responsibility within the board such that no one individual has unfettered powers of decision. There is a procedure for all directors in the furtherance of their duties to take independent professional advice, at the company's expense. They also have access to the advice and services of the company secretary. All directors submit themselves for re-election at least once every three years. Newly appointed directors are submitted for election at the first available opportunity after their appointment. The board meets every two months and there is frequent contact between meetings. Board meetings take place in London and New York, and occasionally in other locations where the group has operations. The meetings are held to set and monitor strategy, to review trading performance, ensure adequate funding, examine major acquisition possibilities and approve reports to shareholders. Procedures are established to ensure that appropriate information is communicated to the board in a timely manner to enable it to fulfill its duties. A number of standing committees deal with specific aspects of the group's affairs, each of which operates within defined terms of reference.

Non-executive directors

The non-executive directors bring both independent views and the views of the company's major shareholders to the board. The non-executive directors, whose biographies can be found on pages 12 and 13 of the accounts, are: The Viscount Rothermere, Sir Patrick Sergeant, CJF Sinclair, JP Williams, JC Botts and JD Bolsover.

Executive committee

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

Nominations committee

The nominations committee is responsible for proposing candidates for appointment to the board having regard to the balance and structure of the board. It meets when required and comprises the chairman (who is also chairman of the nominations committee), managing director and three non-executive directors; Sir Patrick Sergeant, CJF Sinclair, and JC Botts.

Remuneration committee

The remuneration committee meets twice a year and additionally as required. It is responsible for determining the contract terms, remuneration and other benefits for executive directors, including performance related profit share schemes. The composition of the committee, details of directors' remuneration and interests in share options, together with information on directors' service contracts, are set out in the Directors' Remuneration Report on pages 19 to 31.

Corporate Governance *continued*

Communication with shareholders

The board encourages regular dialogue with shareholders. Meetings are held, both in the US and UK, to discuss annual and interim results and highlight significant acquisitions or disposals, or at the request of institutional shareholders. Private shareholders are encouraged to participate in the annual general meeting. All shareholders have at least twenty working days notice of the annual general meeting at which directors and committee chairs are available for questioning.

Internal control and risk management

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

In accordance with the guidance published by the Internal Control Working Party of the Institute of Chartered Accountants in England & Wales (the Turnbull Report), the board has implemented an ongoing process for identifying, evaluating and managing the material risks faced by the business.

The board has reviewed the effectiveness of the group's system of internal control and has taken account of material developments, which have taken place since September 30 2002. It has considered the major business and financial risks, the control environment and the results of internal audit. Steps have been taken to embed internal control and risk management further into the operations of the group and to deal with areas of improvement which have come to management's and the board's attention.

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

The board of directors

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

Corporate Governance *continued*

Quality and integrity of personnel
The integrity and competence of personnel is ensured through high recruitment standards and a commitment to management and business skills training. High quality personnel are seen as an essential part of the control environment and the high ethical standards expected are communicated by management leadership and through the employee handbook which is provided to all employees.

Social responsibility
The group is aware of its social responsibility and has core procedures embedded in its internal systems and controls to ensure that the group's set social standards are not breached. Details of some of the group's social projects this year are given in the Operating and Financial Review.

Environmental responsibility
Euromoney Institutional Investor does not directly operate in industries where there is the potential for serious industrial pollution. However, it does take its environmental responsibility seriously and complies with all relevant environmental laws and regulations in each country in which it operates. Wherever economically feasible, account is taken of environmental issues when placing contracts with its suppliers of goods and services. The group manages its energy requirements sensibly.

Health and safety
The group is committed to the health and safety of its employees and communities in which it operates. The group complies with all local health and safety regulations and makes use of external health and safety advisors where appropriate. A health and safety audit was conducted during the year in the UK and the recommendations arising from this audit are being addressed.

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

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

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

Corporate Governance *continued*

Accountability and audit

Audit committee

The audit committee comprises three non-executive directors; JC Botts (chairman), Sir Patrick Sergeant and JP Williams, and meets three times each financial year. The committee is responsible for reviewing the interim report and the annual report and accounts before their submission to the board and overseeing controls necessary to ensure the integrity of the financial information reported to the shareholders. The audit committee advises the board on the appointment of external auditors and on their remuneration, both for audit and non-audit work, with particular focus on effectiveness, independence and objectivity. It discusses the nature, scope and any findings of the audit with the external auditors. The committee also considers and determines relevant action in respect of any control issues raised by the external auditors, and reviews the internal audit manager's programme and receives periodic reports on his findings.

Financial reporting

Going concern

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

Statement of directors' responsibilities in respect of the accounts

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

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

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

The directors confirm that these requirements have been satisfied.

Corporate Governance *continued*

Statement by the directors on compliance with the Combined Code
The Listing Rules require the board to report on compliance throughout the accounting year with the 45 provisions of the Combined Code on Corporate Governance isued by the Financial Service Authority. Save for the limited exceptions outlined below, the group has complied throughout the financial year ended September 30 2003 with the provisions set out in Section 1 of the Combined Code.

Provision A.3.1 requires that non-executive directors should comprise not less than one third of the board. The board currently comprises 20 directors of whom six are non-executive.

Provision A.3.2 requires that the majority of non-executive directors should be independent. Four of the six non-executive directors are also directors of Daily Mail and General Trust plc, the intermediate parent undertaking of Euromoney Institutional Investor PLC. The board does not consider that the relationship with Daily Mail and General Trust plc has any influence on the independence of the non-executive directors in question.

Contrary to provision A.2.1, the board has not identified a senior non-executive director as the directors are of the opinion that all matters relating to the effective governance of the group must be dealt with by the board as a whole.

Provisions B.2.2 and D.3.1 require the remuneration and audit committees to comprise entirely of independent non-executive directors. The remuneration committee comprises four non-executive directors, two of whom are also directors of Daily Mail and General Trust plc. The audit committee comprises three non-executive directors, two of whom are also directors of Daily Mail and General Trust plc. Also, as explained in the report by the board to shareholders on directors' remuneration, JC Botts has options in Internet Securities, Inc. in lieu of fees as a non-executive director of that company, which is common practice for non-executive directors in the US.

Provision B.1.7 indicates a preference for the length of a director's service to be not greater than one year. The chairman and managing director have two year rolling service contracts that were put in place well before the current guidance on length of directors' service contracts was issued. The board, however, would not expect to appoint a new executive director with a service contract of more than one year.

On behalf of the board

Padraic Fallon
Chairman
November 19 2003.

Euromoney Institutional Investor PLC

Directors' Remuneration Report

Introduction
This remuneration report sets out the group's policy and structure for the remuneration of executive and non-executive directors together with details of directors' remuneration packages and service contracts. The report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002 and shareholders will be invited to approve this report at the Annual General Meeting on January 27 2004.

The remuneration committee
The remuneration committee is chaired by The Viscount Rothermere. Its other members are CJF Sinclair, JC Botts and JD Bolsover. All members of the committee are non-executive directors of the company. The Viscount Rothermere and CJF Sinclair are also directors of Daily Mail and General Trust plc but have no personal financial interests in the company (other than as shareholders), and no day-to-day involvement in running the business. The executive chairman normally attends meetings of the remuneration committee, but is not present at any discussion concerning his own remuneration. For the year under review the committee also sought advice and information from the company's managing director and finance director. The committee's terms of reference permit its members to obtain professional external advice on any matter, at the company's expense, although none did so in 2003. The group itself can take external advice and information from many sources in preparing proposals for the remuneration committee, but no material assistance from a single source was received in relation to remuneration decisions for 2003.

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

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

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

All executives on profit shares are aware that if profits rise, so does their pay. Similarly if profits fall, so do their profit shares. The profit shares of executive directors and senior managers make up much of their total pay. For example, of the total remuneration of the fourteen executive directors who served in the year, 67% was derived from profit shares.

The creation of shareholder value is also encouraged through an executive share option scheme. The company's previous scheme was approved by shareholders in 1985 and expired in 1995, although options granted under this scheme may be exercised before various dates through to 2005. A new executive share option scheme was approved by shareholders in January 1996 and the performance criteria under which options granted under this scheme may be exercised are set out on page 29.

During the year share options were granted to DC Cohen, CR Brown, CR Jones, E Bounous, SM Brady, D Alfano, G Mueller and MJ Carroll (pages 27 & 28). Options are granted in phased blocks over a period of several years.

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

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

Directors' Remuneration Report *continued*

Remuneration structure

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

Basic salary and benefits
The basic salary and benefits are generally not the most significant part of the directors' overall package. Each executive director receives a salary which is reviewed annually by the committee. Certain non-cash benefits are also provided with all executive directors entitled to private health care, and life assurance through the membership of one of the pension schemes. PM Fallon, PR Ensor, DC Cohen and GB Strahan also participate in the company's car scheme.

Pension schemes
Each UK-based director is entitled to participate in either the Harmsworth Pension Scheme (a defined benefit scheme, closed to new directors), the Euromoney Pension Plan, (a money purchase plan) or their own private scheme. Directors based overseas are entitled to participate in the pension scheme arrangements applicable to the countries where they work. Currently, NF Osborn, CR Brown, RT Lamont, D Alfano, G Mueller and MJ Carroll participate in the group's US's 401(k) plan. Details of pension scheme contributions can be found on page 26 of this report. There are no other post retirement benefits.

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

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

The profit shares of the chairman and managing director are based on the pre-tax profits of the group, thereby matching their profit share with the return the group generates for its shareholders. The chairman is entitled to 6.49% of the pre-tax profits. The managing director is entitled to 3.84% of the pre-tax profits up to a threshold of £25,051,000 and an additional 1.44% of pre-tax profits in excess of this threshold.

CHC Fordham, in addition to his profit share, has a second incentive linked to the performance of acquisitions. G Mueller does not have a profit share but has an incentive based on the performance of Internet Securities, Inc. This incentive is based on the achievement of turnover and costs against pre-agreed targets and is designed to encourage the building of sustainable profit in Internet Securities, Inc.

The finance director receives a profit share linked to the adjusted earnings per share of the group (EPS). A fixed sum is payable for every percentage point the EPS is above 10p. A further sum is payable for every percentage point that EPS is above 17.25p.

All of the schemes are completely variable with no guaranteed floor and no ceiling and designed to be the most significant part of the executive director's remuneration package.

Directors' Remuneration Report *continued*

Remuneration structure *continued*

The table below shows the 2003 percentage split of the fixed and variable elements of the directors' remuneration packages.

	Fixed	Variable
Executive directors	***Salary & benefits***	***Profit share***
PM Fallon	**12%**	**88%**
PR Ensor	**14%**	**86%**
NF Osborn	**35%**	**65%**
DC Cohen	**38%**	**62%**
CR Brown	**61%**	**39%**
GB Strahan	**63%**	**37%**
E Bounous	**54%**	**46%**
CR Jones	**74%**	**26%**
RT Lamont	**79%**	**21%**
SM Brady	**62%**	**38%**
D Alfano	**36%**	**64%**
G Mueller	**84%**	**16%**
MJ Carroll	**87%**	**13%**
CHC Fordham	**71%**	**29%**
Total	**33%**	**67%**

SAYE scheme
The group operates an all employee save as you earn scheme in which those directors employed in the UK are eligible to participate. Participants save a fixed monthly amount of up to £250 for three or five years and are then able to buy shares in the company at a price set at a 20% discount to the market value at the start of the savings period. In line with market practice, no performance conditions attach to options granted under this plan. The executive directors who are currently participating in this scheme are PM Fallon, PR Ensor, NF Osborn, DC Cohen, GB Strahan, CR Jones and SM Brady details of which can be found on pages 27 and 28 of this report.

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

1996 scheme
The group operates an executive share option scheme approved by shareholders in 1996 in which potentially all employees can receive options. Each year options are issued to a selection of individual employees on a merit basis. *These options are exercisable at least three years after their grant and are subject to certain performance conditions.* All executive directors have options under the 1996 scheme. For options expiring on February 24 2004, January 7 2005, February 7 2007, January 29 2009, February 11 2009, June 25 2009 and January 5 2010 the performance test set by the remuneration committee requires the growth in the company's earnings per share for the three consecutive financial years commencing from the year of grant to exceed the growth in the retail prices index by an average of 4% a year. For the options expiring on June 25, 2009 only, there is an additional performance condition which requires that Internet Securities, Inc. must have achieved an operating profit for three consecutive months and a cumulative operating profit over a period of six months. For all other options expiring after 2005, the performance test set by the remuneration committee requires that the Total Shareholder Return (TSR) of the company exceeds that of the average TSR for the FTSE 250 index for the same period. The TSR test is carried out at the end of each calendar month starting 30 months after the option grant date. For the performance condition to be satisfied, the TSR of the company must exceed that of the FTSE 250 in any four out of six consecutive months from that date.

1985 scheme
In addition, PM Fallon, PR Ensor, NF Osborn, DC Cohen, CR Brown, GB Strahan, E Bounous and SM Brady have options issued to them under a previous executive share option scheme which expired in 1995 although options granted under this scheme may be exercised at various dates through to 2005. There are no performance criteria attached to these options.

Directors' Remuneration Report *continued*

Remuneration structure *continued*

Internet Securities, Inc. scheme

G Mueller and NF Osborn are also participants in the Internet Securities, Inc. option scheme. G Mueller's options are exercisable at the rate of 6.25% quarterly and are fully vested after four years, NF Osborn's options are exercisable at the rate of 25% after one year and at a rate of 6.25% quarterly thereafter until fully vested after four years. The price is based on the fair market value of the subsidiary and determined by the board. There are no performance conditions attached to these options.

Details of directors' share options can be found on pages 27 to 29.

Put options

GB Strahan has a put option whereby he is able to sell his 5% holding of shares in Coaltrans Limited, a subsidiary of the group, to Euromoney Institutional Investor PLC at a price per share based on a multiplier of Coaltrans Limited profits per share. The multiplier varies if GB Strahan's contract is terminated or he is incapacitated.

G Mueller has a put option whereby he is able to sell his 9% holding of shares in Internet Securities, Inc. (ISI), a subsidiary of the group, to Euromoney Institutional Investor PLC at a price per share based on a multiple of ISI's profit per share up to a ceiling. G Mueller retains the rights granted under this put option should his employment contract terminate. In addition G Mueller has an IPO registration right over ISI that he may exercise every 6 months subject to the agreement of the other shareholders. If an agreement cannot be reached the company has the right to purchase his shares at a set price.

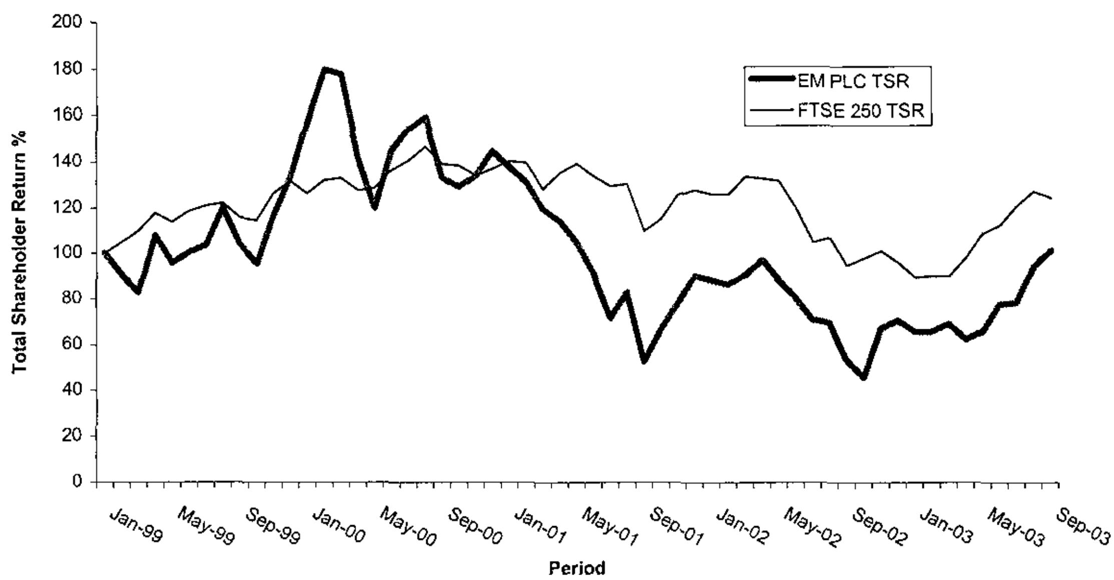
Non-executive directors

The remuneration of the non-executive directors is determined by the chairman and executive board with the aid of external professional advice if necessary. Non-executive directors receive a fee and are re-imbursed expenses incurred in attending meetings. They do not receive any performance related bonuses, pension provisions, share options or other forms of benefits apart from Sir Patrick Sergeant, who receives an expense allowance and a car, and JC Botts who is a participant in the Internet Securities, Inc. option scheme. JC Botts' options are exercisable at the rate of 8.33% quarterly and are fully vested after three years, the price of which is based on the fair market value of the subsidiary and determined by the board. There are no performance conditions attached to these options.

Total shareholder return

Shown below is the group's TSR for the five years to September 30 2003 compared to the TSR achieved by the FTSE 250 index over the same period. This index has been presented as it comprises the comparator group for the performance conditions attached to the share option scheme referred to above. The TSR calculations assume the re-investment of dividends.

Euromoney Institutional Investor PLC
Total Shareholder Return



Euromoney Institutional Investor PLC

Directors' Remuneration Report *continued*

Service contracts
The group's policy is to employ executive directors normally on twelve month rolling service contracts. With the exception of the chairman and managing director, each of the executive directors has a twelve month rolling service contract. The chairman and managing director have two year rolling service contracts which were put in place well before the latest guidance on the preferred limit on the duration of directors' service contracts. The Remuneration Committee seeks to minimise termination payments and believes these should be restricted to the value of remuneration for the notice period. With the exception of Sir Patrick Sergeant, none of the non-executive directors has a service contract. All service contracts are reviewed from time to time and updated where necessary. Service contracts terminate automatically on the director reaching their respective retirement ages.

Executive directors	Date of service contract	Notice period (months)	Retire -ment age	Benefits accruing if contract terminated*	Benefits accruing if contract terminated due to incapacity/death **	Note
PM Fallon	Jun 2 1986	24	60	24 months' salary, profit share, pension and car allowance	9 months' salary, profit share, pension and car allowance	(1), (3)
PR Ensor	Jan 13 1993	24	65	24 months' salary, profit share, pension and car allowance	3 months' salary, profit share, pension and car allowance	-3
NF Osborn	Jan 4 1991	12	60	12 months' salary, pension and a prorated profit share up to the date notice of termination is given	1 month's salary, pension and a prorated profit share up to the date of termination	(2), (3)
DC Cohen	Nov 2, 1992	12	60	12 months' salary, pension, car allowance and a prorated profit share up to the date notice of termination is given	1 month's salary, pension, car allowance and a prorated profit share up to the date of termination	-3
CR Brown	Dec 31 1991	12	60	12 months' salary, pension and a prorated profit share up to the date notice of termination is given	1 month's salary, pension and a prorated profit share up to the date of termination	-3
GB Strahan	Dec 31 1991	12	60	12 months' salary, pension, car allowance and a prorated profit share up to the date notice of termination is given	1 month's salary, pension, car allowance and a prorated profit share up to the date of termination	-3
E Bounous	Aug 26 1997	12	60	12 months' salary, pension and a prorated profit share up to the date notice of termination is given	6 months' salary and pension and profit share if already paid	-3
CR Jones	Aug 27 1997	12	60	12 months' salary, pension and a prorated profit share up to the date notice of termination is given	6 months' salary, pension and a prorated profit share up to the date of termination	-3
RT Lamont	Jan 6 2000	6	60	6 months' salary, pension and a prorated profit share up to the date notice of termination is given	3 months' salary, pension and profit share if already paid	(3), (4)

Directors' Remuneration Report *continued*

Service contracts ***continued***

Executive directors	**Date of service contract**	**Notice period (months)**	**Retire -ment age**	**Benefits accruing if contract terminated***	**Benefits accruing if contract terminated due to incapacity/death ****	**Note**
SM Brady	*Feb 17 2000*	*12*	*60*	*12 months' salary, pension* and a prorated profit share up to the date notice of termination is given	*6 months' salary, pension and* prorated profit share up to the date of termination	*(3)*
D Alfano	Jan 10 2001	6	60	6 months' salary, pension and a prorated profit share up to the date notice of termination is given	The contract is terminated immediately. The director is entitled to her salary, pension and profit share earned up to the date of termination.	(3)
G Mueller	*Jan 25* 1999	*12*	*60*	*12 months' salary, pension* and a prorated bonus up to the date notice of termination is given. In addition, if the company terminates the contract without cause, Mr Mueller is entitled to exercise immediately any outstanding and unvested options due to invest in two years	*The contract is terminated* immediately. The director is entitled to his salary and pension earned up to the date of termination and any incentive earned provided it has already been paid.	*(3),* (5)
MJ Carroll	(7)	6	60	12 months' salary, pension and a prorated profit share up to the date notice of termination is given	6 months' salary, pension and prorated profit share up to the date of termination	(3), (6)
CHC Fordham	(7)	12	60	12 months' salary, pension and a prorated profit share up to the date notice of termination is given	6 months' salary, pension and prorated profit share up to the date of termination	(3)
Non-executive director						
Sir Patrick Sergeant	Jan 10 1993	12	n/a	12 months' expense allowance, car	The contract is terminated immediately. The director is entitled to his expense allowance and car up to the date of termination	

* If the director terminated reaches his/her respective retirement age before the expiration of their notice period then benefits will only be paid up to the date of retirement.
** This also applies if the director gives less than their notice period to the company. If the contract is terminated for reasons of bankruptcy or serious misconduct the contract is terminated immediately without any payment in lieu of notice.

(1) PM Fallon has a second service contract with a subsidiary of the group, Euromoney Publications (Jersey) Limited (EPJ) dated May 4 1993. This service contract has the same terms as his contract with Euromoney Institutional Investor PLC. *Any termination payment would include profit share based on* EPJ's results. *In addition, if Mr Fallon be* adjudicated bankrupt, he is entitled to 7 days salary and profit share from EPJ.
(2) NF Osborn has a second service contract with a subsidiary of the group, Euromoney Inc, dated January 4 1991 normally terminated by 12 months notice. In the event of termination Mr Osborn is entitled to 12 months base salary and pension, plus a prorated profit share to the date notice of termination is given. The company may also terminate his agreement due to incapacity giving 3 months notice and Mr Osborn would be entitled to 3 months salary, pension and prorated profit share.**
(3) On termination, profit share is calculated as though the director has been employed for the full financial year and then pro-rated accordingly to the date of termination unless otherwise stated.
(4) If employment is terminated due to a breach of contract and the company is judged to have breached Mr Lamont's *editorial independence, the company shall pay $87,500 to the United Way of Greater* New York.
(5) Mr Mueller's service agreement is with Internet Securities, Inc.
(6) If Mr Carroll's service agreement is terminated due to just cause he is entitled to his salary and pension up to the date of termination, but no profit share unless already paid.
(7) Contracts are in draft form and pending final agreement following appointment as a director.

Euromoney Institutional Investor PLC

Directors' Remuneration Report *continued*

Information subject to audit

Directors' remuneration table

	Salary and Fees 2003 £	Benefits in Kind 2003 £	Year to September 30 Profit Share 2003 £	Total 2003 £	Total 2002 £
Executive directors					
PM Fallon	161,624	22,443	1,385,600	1,569,667	1,953,042
PR Ensor	132,224	20,322	918,458	1,071,004	1,436,608
NF Osborn	105,584	947	193,813	300,344	309,277
DC Cohen	81,625	15,055	158,423	255,103	267,111
CR Brown	126,074	3,588	82,726	212,388	142,955
GB Strahan	76,625	7,249	49,049	132,923	153,768
E Bounous	86,250	614	73,731	160,595	368,267
CR Jones	216,272	2,282	75,090	293,644	361,931
RT Lamont	118,857	4,124	32,774	155,755	209,391
S M Brady	105,250	389	64,856	170,495	109,501
D Alfano	100,868	4,124	188,619	293,611	340,471
G Mueller	98,382	881	18,909	118,172	171,514
* MJ Carroll	126,971	5,426	19,046	151,443	58,563
** CHC Fordham	21,575	-	8,862	30,437	-
Non-executive directors					
The Viscount Rothermere	28,224	-	-	28,224	29,730
Sir Patrick Sergeant	56,448	21,738	-	78,186	81,095
CJF Sinclair	28,224	-	-	28,224	29,730
JP Williams	28,224	-	-	28,224	29,730
JC Botts	31,349	-	-	31,349	33,108
JD Bolsover	28,224	-	-	28,224	29,730
	1,758,874	109,182	3,269,956	5,138,012	6,115,522

* appointed May 23 2002
** appointed July 23 2003

Fees as a director include fees paid as a director of subsidiary companies.

Five of the directors have waived profit shares in respect of the current and future years. Profit shares waived this year are as follows: PM Fallon £138,800; PR Ensor £100,000; NF Osborn £8,674; DC Cohen £65,000; GB Strahan £30,000. Profit shares waived were paid into private pension schemes on the directors' behalf. These waivers have not been deducted from the profit shares above.

Euromoney Institutional Investor PLC

Directors' Remuneration Report *continued*

Directors' pensions

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

Pension contributions

Director	Harmsworth Pension Scheme 2003 £	Euromoney Pension Plan 2003 £	Private schemes 2003 £	Total 2003 £	Total 2002 £
PM Fallon	-	-	-	-	-
PR Ensor	12,360	-	-	12,360	10,300
NF Osborn	-	6,470	2,325	8,795	7,980
DC Cohen	9,075	-	-	9,075	7,019
CR Brown	-	-	3,152	3,152	3,276
GB Strahan	-	6,237	-	6,237	6,183
E Bounous	-	7,352	-	7,352	7,352
CR Jones	21,938	-	-	21,938	21,090
RT Lamont	-	-	2,856	2,856	2,956
S M Brady	-	9,126	-	9,126	9,071
D Alfano	-	-	2,459	2,459	2,052
G Mueller	-	-	2,843	2,843	2,111
MJ Carroll	-	-	2,870	2,870	1,291
CHC Fordham	-	-	-	-	-
	43,373	29,185	16,505	89,063	80,681

In addition to the company pension contributions above certain directors have elected to waive part of their profit shares. Profit shares waived are paid by the company into private pension schemes as set out on page 25.

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

Director	Transfer into scheme £	Increase in accrued annual pension during the year £	Accrued annual pension at September 30 2003 £	Transfer value September 30 2003 £	Transfer value September 30 2002 £	Increase in transfer value (net of director's contributions) £
PM Fallon*	-	200	6,400	93,000	81,800	11,200
PR Ensor	-	1,800	47,500	630,200	555,200	70,000
CR Jones	-	100	8,200	54,800	51,700	3,100
DC Cohen	9,500	1,400	10,900	81,700	69,400	8,500

The accrued annual pension entitlement is that which would be paid annually on retirement based on service to September 30 2003 and ignores any increase for future inflation. All transfer values have been calculated on the basis of actuarial advice in accordance with "Retirement Benefit Schemes – Transfer Values (GN11)" published by the Institute of Actuaries and the Faculty of Actuaries. The transfer values of the accrued entitlement represent the value of assets that the pension scheme would need to transfer to another pension provider on transferring the scheme's liability in respect of the directors' pension benefits. They do not represent a sum paid or payable to individual directors and therefore cannot be added meaningfully to annual remuneration. Members of the scheme have the option of paying Additional Voluntary Contributions. Neither the contributions nor the resulting benefits are included in the above table. The normal retirement age for the Harmsworth Pension Scheme is 62 years.

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

Directors' Remuneration Report *continued*

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

	At start of year/ appointment	Granted during year	Lapsed during year	At end of year		Exercise price	Date from which exercisable	Expiry date
PM Fallon	346,268	-	-	346,268		£3.54	now	Jun 19 05
	85,000	-	-	85,000		£3.95	now	Feb 11 09
	255,000	-	-	255,000		£4.31	now	Jun 25 09
	-	4,543	-	4,543	***	£2.08	Feb 01 06	Aug 01 06
	686,268	4,543	-	690,811				
PR Ensor	173,136	-	-	173,136		£3.54	now	Jun 19 05
	75,000	-	-	75,000		£3.95	now	Feb 11 09
	225,000	-	-	225,000		£4.31	now	Jun 25 09
	2,690	-	(2,690)	-	*	£3.60	lapsed	-
	-	4,543	-	4,543	***	£2.08	Feb 01 06	Aug 01 06
	475,826	4,543	(2,690)	477,679				
NF Osborn	17,316	-	-	17,316		£3.54	now	Jun 19 05
	8,000	-	-	8,000		£3.95	now	Jan 07 05
	2,690	-	(2,690)	-	*	£3.60	lapsed	-
	-	4,543	-	4,543	***	£2.08	Feb 01 06	Aug 01 06
	28,006	4,543	(2,690)	29,859				
DC Cohen	5,888	-	-	5,888		£3.54	now	Jun 19 05
	12,000	-	-	12,000		£3.95	now	Jan 07 05
	8,000	-	-	8,000		£5.38	Mar 02 04	Mar 02 11
	2,052	-	-	2,052	**	£4.72	now	Feb 01 04
	6,000	-	-	6,000		£3.35	Jan 23 05	Jan 23 12
	-	10,000	-	10,000		£2.59	Dec 04 05	Dec 04 12
	33,940	10,000	-	43,940				
CR Brown	16,000	-	-	16,000		£3.51	now	Nov 29 03
	11,044	-	-	11,044		£3.54	now	Jun 19 05
	100,000	-	(100,000)	-		£3.32	lapsed	-
	12,000	-	-	12,000		£3.95	now	Jan 07 05
	28,000	-	-	28,000		£4.19	now	Jan 29 09
	8,000	-	-	8,000		£5.38	Mar 02 04	Mar 02 11
	-	40,000	-	40,000		£2.59	Dec 04 05	Dec 04 12
	175,044	40,000	(100,000)	115,044				
GB Strahan	17,316	-	-	17,316		£3.54	now	Jun 19 05
	8,000	-	-	8,000		£3.95	now	Jan 07 05
	5,000	-	-	5,000		£5.38	Mar 02 04	Mar 02 11
	2,690	-	(2,690)	-	*	£3.60	lapsed	-
	-	4,543	-	4,543	***	£2.08	Feb 01 06	Aug 01 06
	33,006	4,543	(2,690)	34,859				
CR Jones	8,448	-	-	8,448		£3.55	now	Feb 07 07
	31,552	-	-	31,552		£3.57	now	Feb 24 04
	12,000	-	-	12,000		£3.95	now	Jan 07 05
	32,000	-	-	32,000		£4.19	now	Jan 29 09
	60,000	-	-	60,000		£4.31	now	Jun 25 09
	8,000	-	-	8,000		£5.38	Mar 02 04	Mar 02 11
	2,690	-	(2,690)	-	*	£3.60	lapsed	-
	6,000	-	-	6,000		£3.35	Jan 23 05	Jan 23 12
	-	4,543	-	4,543	***	£2.08	Feb 01 06	Aug 01 06
	-	20,000	-	20,000		£2.59	Dec 04 05	Dec 04 12
	160,690	24,543	(2,690)	182,543				

Directors' Remuneration Report *continued*

Directors' share options ***continued***

	At start of year/ appointment	Granted during year	Lapsed during year	At end of year		Exercise price	Date from which exercisable	Expiry date
E Bounous	8,000	-	-	8,000		£3.51	now	Nov 29 03
	8,000	-	-	8,000		£4.04	now	Dec 08 04
	40,000	-	(40,000)	-		£3.32	lapsed	-
	8,000	-	-	8,000		£3.57	now	Feb 24 04
	24,000	-	-	24,000		£3.95	now	Jan 07 05
	20,000	-	-	20,000		£4.19	now	Jan 29 09
	8,000	-	-	8,000		£5.38	Mar 02 04	Mar 02 11
	6,000	-	-	6,000		£3.35	Jan 23 05	Jan 23 12
	-	20,000	-	20,000		£2.59	Dec 4 05	Dec 04 12
	122,000	20,000	(40,000)	102,000				
RT Lamont	10,000	-	-	10,000		£4.19	now	Jan 29 09
	5,000	-	-	5,000		£5.38	Mar 02 04	Mar 02 11
	15,000	-	-	15,000				
SM Brady	3,000	-	-	3,000		£3.51	now	Nov 29 03
	10,000	-	-	10,000		£4.03	now	Dec 08 04
	8,000	-	-	8,000		£3.57	now	Feb 24 04
	20,000	-	-	20,000		£3.95	now	Jan 07 05
	16,000	-	-	16,000		£4.19	now	Jan 29 09
	8,000	-	-	8,000		£5.38	Mar 02 04	Mar 02 11
	2,052	-	-	2,052	**	£4.72	now	Feb 01 04
	6,000	-	-	6,000		£3.35	Jan 23 05	Jan 23 12
	-	20,000	-	20,000		£2.59	Dec 04 05	Dec 04 12
	73,052	20,000	-	93,052				
D Alfano	10,000	-	-	10,000		£4.19	now	Jan 29 09
	8,000	-	-	8,000		£5.62	now	Jan 05 10
	5,000	-	-	5,000		£5.38	Mar 02 04	Mar 02 11
	-	10,000	-	10,000		£2.59	Dec 04 05	Dec 04 12
	23,000	10,000	-	33,000				
G Mueller	10,000	-	-	10,000		£5.38	Mar 02 04	Mar 02 11
	6,000	-	-	6,000		£3.35	Jan 23 05	Jan 23 12
	-	20,000		20,000		£2.59	Dec 04 05	Dec 04 12
	16,000	20,000	-	36,000				
MJ Carroll	4,000	-	-	4,000		£4.19	now	Jan 29 09
	8,000	-	-	8,000		£5.63	now	Jan 05 10
	4,000	-	-	4,000		£5.38	Mar 02 04	Mar 02 11
	-	20,000	-	20,000		£2.59	Dec 04 05	Dec 04 12
	16,000	20,000	-	36,000				
CHC Fordham	10,000	-	-	10,000		£5.38	Mar 02 04	Mar 02 11
	6,000	-	-	6,000		£3.35	Jan 23 05	Jan 23 12
	20,000	-	-	20,000		£2.59	Dec 04 05	Dec 04 12
	36,000	-	-	36,000				
Total	1,893,832	182,715	(150,760)	1,925,787				

* issued under the Euromoney Institutional Investor PLC Save As You Earn scheme 1999
** issued under the Euromoney Institutional Investor PLC Save As You Earn scheme 2000
*** issued under the Euromoney Institutional Investor PLC Save As You Earn scheme 2002

No options were exercised during the year.

Euromoney Institutional Investor PLC

Directors' Remuneration Report *continued*

Directors' share options continued
The market price of the company's shares on September 30 2003 was £3.65. The high and low share prices during the year were £3.85 and £1.75 respectively. The options granted in the year were granted on December 4 2002. The average share price over the three business days before December 4 2002 was £2.59. The aggregate gain made by directors on the exercise of share options in the year was £nil (2002: £nil).

The exercise of options granted under the 1996 executive share option scheme requires satisfaction of certain performance criteria which have been set by the remuneration committee. For the grants of options under the 1996 scheme, made on December 4 2002, the performance test set by the remuneration committee requires that the Total Shareholder Return (TSR) of the company exceeds that of the average TSR for the FTSE 250 index for the same period. The TSR test is carried out at the end of each calendar month starting 30 months after the option grant date. For the performance condition to be satisfied, the TSR of the company must exceed that of the FTSE 250 in any four out of six consecutive months from that date.

In addition, the following directors hold options to subscribe for common stock of US$0.001 each in Internet Securities, Inc. a subsidiary of the company. The options for JC Botts are exercisable at the rate of 8.33% quarterly and are fully vested after three years. The options of G Mueller are exercisable at the rate of 6.25% quarterly and are fully vested after four years. The options for NF Osborn are exercisable at the rate of 25% after one year and at a rate of 6.25% quarterly thereafter until fully vested after four years.

	At start of year	Granted during year	Lapsed during year	At end of year	Exercise price	Date from which exercisable	Expiry date
JC Botts	6,000	-	-	6,000	US$7.40	now	May 13 09
G Mueller	27,024	-	-	27,024	US$7.40	now	May 13 09
	16,653	-	-	16,653	US$8.95	now	Jan 01 10
	43,677	-	-	43,677			
NF Osborn	5,000	-	-	5,000	US$8.95	now	Oct 05 10

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

Euromoney Institutional Investor PLC

Directors' Remuneration Report *continued*

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

	Ordinary shares of 0.25p each	
	2003	2002
Beneficial		
PM Fallon	**901,061**	901,061
PR Ensor	**218,472**	218,472
Sir Patrick Sergeant	**317,804**	317,804
CJF Sinclair	**7,494**	7,494
NF Osborn	**46,040**	46,040
DC Cohen	**30,664**	30,664
GB Strahan	**32,068**	32,068
JP Williams	**1,825**	1,825
E Bounous	**6,920**	6,920
RT Lamont	**25,503**	20,503
CR Jones	**8,280**	8,280
D Alfano	**1,747**	1,747
The Viscount Rothermere	**17,470**	17,470
G Mueller	**5,503**	5,503
JC Botts	**5,503**	5,503
CHC Fordham	**873**	-
	1,627,227	1,621,354

At September 30 2003 GB Strahan was beneficially interested in 500 'A' ordinary shares of Coaltrans Conferences Limited and G Mueller was beneficially interested in 659,999 shares of Internet Securities, Inc. both subsidiaries of the group.

Directors' interests in Daily Mail and General Trust plc
The interests of the directors as defined under section 198 of the Companies Act 1985 in the shares of Daily Mail and General Trust plc as at September 30 were as follows:

	Ordinary shares of 12.5p each		A' ordinary non-voting shares of 12.5p each	
	2003	2002	**2003**	2002
The Viscount Rothermere	**11,827,632**	11,827,632	**76,821,754**	76,821,754
PM Fallon	-	4,000	**41,500**	36,000
Sir Patrick Sergeant	-	4,000	**90,000**	90,000
CJF Sinclair	-	-	**378,691**	264,691
JP Williams	-	-	**205,517**	79,517

Directors' Remuneration Report *continued*

Directors' interests in Daily Mail and General Trust plc *continued*
The Viscount Rothermere had non-beneficial interests as a trustee at September 30 2003 in 5,540,000 'A' ordinary non-voting shares of 12.5p each (2002: 5,540,000 shares) plus 669,208 ordinary shares (2002: 674,208 shares).

Daily Mail and General Trust plc has been notified that, under section 204 of the Companies Act 1985 and including the interests shown in the table above, The Viscount Rothermere is deemed to have been interested in 12,551,764 ordinary shares of 12.5p each (2002: 12,556,764 shares).

At September 30 2003 and September 30 2002, The Viscount Rothermere was beneficially interested in 746,700 ordinary shares of Rothermere Continuation Limited, the company's ultimate parent company.

The Viscount Rothermere, CJF Sinclair and JP Williams had options over 206,000, 286,000 and 145,000 'A' ordinary non-voting shares in Daily Mail and General Trust plc at September 30 2003 respectively (2002: 156,000, 325,000 and 237,000 respectively). The exercise price of these options range from £4.07 to £10.30. Further details of these options are listed in the Daily Mail and General Trust plc group accounts.

There have been no changes in directors' interests since September 30 2003.

The Viscount Rothermere
Chairman of the Remuneration Committee
November 19 2003.

Euromoney Institutional Investor PLC

Auditors' Report

Independent auditors' report to the members of Euromoney Institutional Investor PLC
We have audited the financial statements of Euromoney Institutional Investor PLC for the year ended 30 September 2003 which comprise the profit and loss account, the balance sheets, the cash flow statement, the statement of total recognised gains and losses, the reconciliation of movements in shareholders' funds, and the related notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the part of the directors' remuneration report that is described as having been audited.

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

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. They are also responsible for the preparation of the other information contained in the annual report including the directors' remuneration report. Our responsibility is to audit the financial statements and the part of the directors' remuneration report described as having been audited in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

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

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section including the unaudited part of the directors' remuneration report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the directors' remuneration report described as having been audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company and the group, consistently applied and adequately disclosed.

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

Opinion

In our opinion:
- the financial statements give a true and fair view of the state of affairs of the company and the group as at 30 September 2003 and of the profit of the group for the year then ended; and
- the financial statements and part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
November 19 2003.

Euromoney Institutional Investor PLC

Group Profit and Loss Account
for the year ended 30 September 2003

	Note	2003 £000's	2002 £000's
Turnover	2		
Acquisition		**293**	-
Closed businesses		**173**	862
Other continuing operations		**158,476**	178,872
Total turnover		**158,942**	179,734
Operating profit before goodwill amortization and impairment	2		
Acquisition		(49)	-
Closed businesses		**46**	428
Other continuing operations		**23,815**	28,636
		23,812	29,064
Goodwill amortization		(6,787)	(6,125)
Exceptional goodwill impairment	4	(7,830)	-
Operating profit/(loss)	2,3		
Acquisition		(314)	-
Closed businesses		**46**	428
Other continuing operations		**9,463**	22,511
Total operating profit		**9,195**	22,939
Share of operating profit in associates		**418**	413
Exceptional profit on disposal/closure of businesses	4	**701**	1,533
Profit on ordinary activities before interest and tax		**10,314**	24,885
Interest receivable and similar income	6	**1,600**	589
Interest payable and similar charges	7	(4,518)	(4,828)
Net interest		(2,918)	(4,239)
Profit on ordinary activities before tax		**7,396**	20,646
Tax on profit on ordinary activities		(3,101)	(3,961)
Release of prior years' tax provisions		-	6,754
Total tax (charge)/credit on profit on ordinary activities	8	(3,101)	2,793
Profit on ordinary activities after tax		**4,295**	23,439
Equity minority interests		(226)	38
Profit for the financial year		**4,069**	23,477
Dividends paid and proposed	9	(12,941)	(12,941)
Retained (loss)/profit for the financial year		(8,872)	10,536
Basic earnings per share	10	**4.64p**	26.76p
Diluted earnings per share	10	**4.64p**	26.76p
Adjusted diluted earnings per share before goodwill amortization and exceptional items	10	**20.50p**	24.29p
Dividend per share	9	**14.75p**	14.75p

Euromoney Institutional Investor PLC

Group Balance Sheet

as at 30 September 2003

	Notes	2003 £000's	2002 £000's
Fixed assets			
Intangible assets	11	33,757	24,685
Tangible assets	12	8,666	9,893
Investments	13	505	195
		42,928	34,773
Current assets			
Debtors	15	47,017	40,007
Cash at bank and in hand		10,772	35,633
		57,789	75,640
Creditors: amounts falling due within one year	16	(59,907)	(38,354)
Net current (liabilities)/assets		(2,118)	37,286
Total assets less current liabilities		40,810	72,059
Creditors: amounts falling due after more than one year	17	(64,680)	(98,350)
Provisions for liabilities and charges	19	-	(127)
Accruals		(17,032)	(17,258)
Deferred income		(32,330)	(31,946)
Accruals and deferred income falling due within one year		(49,362)	(49,204)
Net liabilities		(73,232)	(75,622)
Capital and reserves			
Called up share capital	21	219	219
Share premium account	22	33,749	33,743
Capital redemption reserve	22	8	8
Profit and loss account	22	(107,391)	(109,775)
Equity shareholders' deficit		(73,415)	(75,805)
Equity minority interests		183	183
		(73,232)	(75,622)

The accounts were approved by the board of directors on November 19 2003.

Richard Ensor
Colin Jones
Directors

Euromoney Institutional Investor PLC

Company Balance Sheet

as at 30 September 2003

	Notes	2003 £000's	2002 £000's
Fixed assets			
Intangible assets	11	7,100	7,882
Tangible assets	12	2,930	3,116
Investments	13	96,484	79,287
		106,514	90,285
Current assets			
Debtors	15	36,666	27,568
Cash at bank and in hand		-	3,894
		36,666	31,462
Creditors: amounts falling due within one year	16	(80,934)	(36,139)
Net current liabilities		(44,268)	(4,677)
Total assets less current liabilities		62,246	85,608
Creditors: amounts falling due after more than one year	17	-	(16,215)
Accruals		(9,318)	(9,938)
Deferred income		(8,878)	(8,298)
Accruals and deferred income falling due within one year		(18,196)	(18,236)
Net assets		44,050	51,157
Capital and reserves			
Called up share capital	21	219	219
Share premium account	22	33,750	33,743
Capital redemption reserve	22	8	8
Capital reserve	22	1,842	1,842
Profit and loss account	22	8,231	15,345
Equity shareholders' funds		44,050	51,157

Euromoney Institutional Investor PLC has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these accounts. The profit after taxation of Euromoney Institutional Investor PLC included in the group profit for the year is £5,827,000 (2002: profit £21,995,000).

The accounts were approved by the board of directors on November 19 2003.

Richard Ensor
Colin Jones
Directors

Euromoney Institutional Investor PLC

Group Cash Flow Statement
for the year ended 30 September 2003

	Note	2003 £000's	2002 £000's
Net cash inflow from continuing operating activities	A	**24,435**	30,033
Returns on investments and servicing of finance			
Interest received		**1,600**	589
Interest paid		**(3,116)**	(4,769)
Dividends paid to minorities		**(192)**	(126)
		(1,708)	(4,306)
Taxation			
UK tax paid		**(4,265)**	(3,288)
Overseas tax paid		**(1,484)**	(1,090)
UK tax received		**477**	57
Overseas tax received		**361**	647
		(4,911)	(3,674)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(1,258)**	(6,251)
Sale of tangible fixed assets		**28**	162
		(1,230)	(6,089)
Acquisitions and disposals			
Purchase of unincorporated businesses		**-**	(379)
Purchase of subsidiary undertakings		**(11,218)**	-
Purchase of additional interests in subsidiary undertakings		**(166)**	(43)
Cash acquired with subsidiary undertakings		***480***	-
Proceeds on sale of businesses		**701**	1,772
		(10,203)	1,350
Equity dividends paid		**(12,941)**	(12,941)
Cash (outflow)/inflow before financing		**(6,558)**	4,373
Financing			
Issue of new ordinary share capital		**6**	4
Redemption of secured loan stock		**(16)**	(35)
Repayment of loan by associate		**-**	398
Revolving credit facilities:			
Increase in borrowings		**21,303**	34,236
Repayment of borrowings		**(52,138)**	(31,759)
Loan repaid to DMGT group company		**(4,774)**	(12,163)
Loan received from DMGT group company		**17,640**	12,163
Receipts on forward hedges		**-**	533
		(17,979)	3,377
(Decrease)/increase in cash during the year	B	**(24,537)**	7,750

Euromoney Institutional Investor PLC

Notes to the Group Cash Flow Statement

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

	2003 £000's	2002 £000's
Group operating profit	**9,195**	22,939
Amortization of goodwill	**6,787**	6,125
Impairment of capitalized goodwill (note 4)	**1,051**	-
Goodwill previously written off to reserves reinstated and written off (note 4)	**6,779**	512
Depreciation of tangible fixed assets	**2,220**	2,827
Loss on sale of tangible fixed assets	**21**	32
(Increase)/decrease in debtors	**(6,386)**	9,091
Increase/(decrease) in creditors	**4,893**	(10,646)
Utilization of property rental provision	**(125)**	(847)
Net cash inflow from continuing operating activities before exceptional items	**24,435**	30,033

B Reconciliation of net cash flow to movement in net debt

	2003 £000's	2002 £000's
(Decrease)/increase in cash during the year	(24,537)	7,750
Cash outflow/(inflow) from change in debt finance	**13,211**	(2,442)
Decrease in net amounts due from DMGT group undertakings	**4,774**	-
	(6,552)	5,308
Other non-cash items:		
Currency translation differences	**3,677**	5,075
Other non-cash changes	**(1,382)**	-
Movement in net debt in the year	(4,257)	10,383
Net debt at October 1	(62,846)	(73,229)
Net debt at September 30	(67,103)	(62,846)

C Analysis of changes in net debt

	At October 1 2002 £000's	Cash flow £000's	Exchange movements £000's	Other non-cash changes £000's	At September 30 2003 £000's
Cash at bank and in hand	**35,633**	(24,318)	(543)	-	**10,772**
Bank overdrafts	(76)	(219)	3	-	(292)
	35,557	(24,537)	(540)	-	**10,480**
Debt due within one year	(11,499)	(17,624)	**801**	(839)	(29,161)
Debt due in more than one year	(98,350)	**30,835**	**4,217**	(1,382)	(64,680)
	(109,849)	**13,211**	**5,018**	(2,221)	(93,841)
Amounts owed by DMGT group undertakings	**11,446**	**4,774**	(801)	**839**	**16,258**
Total	(62,846)	(6,552)	**3,677**	(1,382)	(67,103)

Euromoney Institutional Investor PLC

Group Statement of Total Recognized Gains and Losses

for the year ended 30 September 2003

	Note	2003 £000's	2002 £000's
Profit for the financial year		**4,069**	23,477
Foreign exchange translation differences	**22**	**4,477**	6,801
Tax on foreign exchange translation differences	**22**	**-**	(740)
Total recognized gains and losses for the year		**8,546**	29,538

Reconciliation of Movements in Shareholders' Funds

for the year ended 30 September 2003

	2003 £000's	2002 £000's
Profit for the financial year	**4,069**	23,477
Dividends paid and proposed	**(12,941)**	(12,941)
	(8,872)	10,536
Proceeds from exercise of share options	**6**	4
Reinstatement of goodwill	**6,779**	512
Other recognized gains and losses relating to the year	**4,477**	6,061
Net decrease in shareholders' deficit	**2,390**	17,113
Opening shareholders' deficit	**(75,805)**	(92,918)
Closing shareholders' deficit	**(73,415)**	(75,805)

Notes to the Accounts

1 Accounting policies

The accounts have been prepared under the historical cost convention and in accordance with applicable UK accounting standards. Set out below is a summary of the principal accounting policies adopted by the group.

Basis of consolidation
The consolidated accounts incorporate the accounts of the company, its subsidiary undertakings and undertakings where the group exercises dominant influence, after eliminating the effects of intra-group transactions.

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

Where the group or the company owns a non-controlling interest in the equity share capital of another company and is not in a position to exercise significant influence, it is held as an investment and stated in the balance sheet at cost.

The results of subsidiary and associated undertakings acquired during the year are incorporated from the effective date of acquisition.

Turnover
Turnover represents income from subscriptions, advertising, sponsorship and delegate fees, net of value added tax. Subscription revenues are recognized in the profit and loss account over the period of the subscription. Revenue invoiced but relating to future periods is deferred and treated as deferred income in the balance sheet.

Derivatives and other financial instruments
The group uses various financial instruments to manage financial risk arising from fluctuations in interest rates and foreign currency movements. These include currency swaps, forward foreign currency contracts, interest rate swaps, caps and collars.

Currency swaps and forward foreign currency contracts are used to convert foreign currency funds into sterling to meet sterling costs. Realized exchange gains and losses are recognized in the profit and loss account.

The premium or discount on interest rate instruments is recognized as part of net interest payable over the period of the contract.

Interest rate swaps, caps and collars, currency swaps and forward foreign currency contracts are not revalued to fair value or shown in the group balance sheet at the year end as all transactions derive from hedging activities. Interest rate swaps are accounted for on an accruals basis.

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

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

1 Accounting policies *continued*

Gains and losses arising on the retranslation of the net assets of overseas subsidiary undertakings at closing rates are shown as a movement on reserves and in the Statement of Total Recognized Gains and Losses together with exchange differences arising on related foreign currency borrowings used to finance the group investment in such overseas companies. Changes in the sterling value of outstanding foreign currency loans which finance certain fixed assets are taken to reserves and the Statement of Total Recognized Gains and Losses together with the differences arising on the translation of the related foreign currency denominated assets. All other exchange differences are taken to the profit and loss account.

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 legal title.

Depreciation is calculated in order to write-off the amounts capitalized over the estimated useful lives of the assets by equal annual installments. Rentals payable under finance leases are apportioned between capital and interest, the interest portion being charged to the profit and loss account and the capital portion reducing the obligations to the lessor.

Other leases are regarded as operating leases whose rentals are charged to the profit and loss account on a straight line or other systematic rational basis as allowed by SSAP 21, 'Accounting for Leases and Hire Purchase Contracts'.

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

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

The group currently accounts for pensions under SSAP 24 'Accounting for Pension Costs'. Under FRS17 'Retirement Benefits', the group is required to provide additional disclosures relating to its pension schemes as set out in note 5.

Earnings per share
The earnings per share and diluted earnings per share calculations in note 10 follow the provisions of FRS 14 'Earnings per Share'. The diluted earnings per share figure is calculated by adjusting for the dilution effect of the exercise of all ordinary share options granted by the company and excluding the ordinary shares held by the Euromoney Employees' Share Ownership Trust.

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

Freehold premises	2%
Short-term leasehold premises	over term of lease
Office equipment	25% - 33%
Motor vehicles	20%

Notes to the Accounts *continued*

1 Accounting policies *continued*

Goodwill

The group capitalizes all goodwill arising on consolidation for those acquisitions made after October 1 1998. Such goodwill is amortized to the profit and loss account over its estimated useful economic life on a straight line basis of normally 10 years, but up to a maximum of 20 years. Goodwill arising on consolidation in respect of acquisitions made prior to that date remains eliminated against the profit and loss reserve, but is reinstated and charged to the profit and loss account on subsequent disposal of the business to which the goodwill relates or when goodwill is no longer separately identifiable.

Where the company has divisionalized the unincorporated businesses of its subsidiaries, the investment in the subsidiary then has the substance of goodwill and is reclassified accordingly. Goodwill arising in these circumstances is not amortized in the company where the directors are of the view that the goodwill has an indefinite economic life, but is reviewed annually for impairment. The non-amortization of goodwill represents a departure from the Companies Act 1985 but is necessary to give a true and fair view under the provisions of FRS 10 'Goodwill and Intangible Assets'. It is not possible to quantify the impact of this departure, as it would depend on the life adopted. As at September 30 2003 and 2002, the total of such goodwill was £7,100,000.

Deferred taxation

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

Following an updated review of FRS 19 timing differences arising on tax deductible goodwill written off to reserves is recognized. The company believes it appropriate to discount the resultant deferred tax liabilities over an indefinite period because the businesses are expected to be held for the long term. The discounting effect on short-term timing differences is not significant.

Reclassification

The 2002 Group balance sheet has been restated to reflect a reclassification of accruals. In the Group balance sheet, accruals of £17,258,000 which were included in creditors due within one year at September 30 2002 are now included in accruals and deferred income on the face of the balance sheet. The relevant adjustment in the Company balance sheet is £9,938,000.

Euromoney Institutional Investor PLC

Notes to the Accounts *continued*

2 Segmental analysis

	United Kingdom		North America		Rest of World		Total	
	2003	2002	**2003**	2002	**2003**	2002	**2003**	2002
	£000's	£000's	**£000's**	£000's	**£000's**	£000's	**£000's**	£000's
Turnover								
By destination:								
Other continuing businesses	**29,283**	32,406	**62,877**	71,558	**66,316**	74,908	**158,476**	178,872
Closed businesses	**-**	59	**-**	272	**173**	531	**173**	862
Acquisition	**156**	-	**93**	-	**44**	-	**293**	-
	29,439	32,465	**62,970**	71,830	**66,533**	75,439	**158,942**	179,734

	United Kingdom		North America		Rest of World		Total	
	2003	2002	**2003**	2002	**2003**	2002	**2003**	2002
	£000's	£000's	**£000's**	£000's	**£000's**	£000's	**£000's**	£000's
Turnover								
By activity and source:								
Financial publishing	**24,456**	26,118	**32,412**	40,492	**1,408**	1,502	**58,276**	68,112
Business publishing	**18,828**	22,606	**9,607**	11,193	**2,636**	2,935	**31,071**	36,734
Training	**13,207**	13,982	**5,187**	6,236	**1,702**	2,194	**20,096**	22,412
Conferences and seminars	**14,162**	14,786	**14,722**	15,199	**6,352**	7,793	**35,236**	37,778
Databases and information services	**4,371**	4,312	**3,052**	3,156	**6,374**	6,368	**13,797**	13,836
Closed businesses	**-**	105	**-**	267	**173**	490	**173**	862
Acquisiton*	**293**	-	**-**	-	**-**	-	**293**	-
	75,317	81,909	**64,980**	76,543	**18,645**	21,282	**158,942**	179,734

	United Kingdom		North America		Rest of World		Total	
	2003	2002	**2003**	2002	**2003**	2002	**2003**	2002
	£000's	£000's	**£000's**	£000's	**£000's**	£000's	**£000's**	£000's
Operating profit								
By activity and source:								
Financial publishing	**6,839**	7,866	**3,521**	5,831	**87**	173	**10,447**	13,870
Business publishing	**2,761**	4,650	**1,277**	1,379	**(286)**	250	**3,752**	6,279
Training	**2,900**	2,923	**758**	1,137	**325**	389	**3,983**	4,449
Conferences and seminars	**2,424**	3,584	**3,388**	3,087	**866**	1,712	**6,678**	8,383
Databases and information services	**2,364**	3,347	**361**	(983)	**12**	(606)	**2,737**	1,758
Closed businesses	**(8)**	(11)	**3**	384	**51**	55	**46**	428
Acquisiton*	**(49)**	-	**-**	-	**-**	-	**(49)**	-
Unallocated corporate costs	**(3,650)**	(6,026)	**(132)**	(77)	**-**	-	**(3,782)**	(6,103)
	13,581	16,333	**9,176**	10,758	**1,055**	1,973	**23,812**	29,064
Goodwill amortization	**(7,053)**	(328)	**(7,543)**	(5,776)	**(21)**	(21)	**(14,617)**	(6,125)
Operating profit after goodwill amortization	**6,528**	16,005	**1,633**	4,982	**1,034**	1,952	**9,195**	22,939

* Acquisition revenue and profit stem entirely from the financial publishing sector.

The goodwill amortization of £14,617,000 (2002: £6,125,000) can be allocated as follows; Business publishing, £6,889,000 (2002: £754,000); Conferences and seminars, £1,559,000 (2002: £190,000); Databases and information services, £5,904,000 (2002: £5,181,000); and Acquisitions, £265,000 (2002: £nil).

Euromoney Institutional Investor PLC

Notes to the Accounts *continued*

2 Segmental analysis *continued*

	United Kingdom		North America		Rest of World		Total	
	2003 £000's	2002 £000's	**2003 £000's**	2002 £000's	**2003 £000's**	2002 £000's	**2003 £000's**	2002 £000's
Net assets/(liabilities)								
By activity:								
Financial publishing	**313**	1,277	**(5,071)**	(6,481)	**(46)**	(214)	**(4,804)**	(5,418)
Business publishing	**2,917**	4,093	**1,776**	1,214	**65**	(30)	**4,758**	5,277
Training	**54**	481	**(1,467)**	(1,936)	**(66)**	(308)	**(1,479)**	(1,763)
Conferences and seminars	**885**	1,464	**(1,543)**	(2,039)	**892**	1,414	**234**	839
Databases and information services	**12**	-	**(460)**	(514)	**-**	-	**(448)**	(514)
Net operating assets/(liabilities)	**4,181**	7,315	**(6,765)**	(9,756)	**845**	862	**(1,739)**	(1,579)
Net non-operating assets/(liabilities)	**(39,479)**	(48,728)	**(65,344)**	(70,867)	**(427)**	20,867	**(105,250)**	(98,728)
Goodwill	**20,746**	5,575	**12,557**	18,728	**454**	382	**33,757**	24,685
	(14,552)	(35,838)	**(59,552)**	(61,895)	**872**	22,111	**(73,232)**	(75,622)

Net non-operating assets/(liabilities) include principally long-term loans and loan notes.

The goodwill net book value of £33,757,000 (2002: £24,685,000) can be allocated as follows; Business publishing, £12,394,000 (2002: £13,615,000); Conferences and seminars, £2,806,000 (2002: £2,996,000); Databases and information services, £2,171,000 (2002: £8,074,000): Financial publishing, £16,386,000 (2002: £nil).

3 Operating profit

	Acquisition 2003 £000's	Closed businesses 2003 £000's	Other continuing businesses 2003 £000's	Total 2003 £000's	Closed businesses 2002 £000's	Other continuing businesses 2002 £000's	Total 2002 £000's
Turnover	293	173	158,476	158,942	862	178,872	179,734
Cost of sales	(37)	(53)	(50,494)	(50,584)	(333)	(59,882)	(60,215)
Gross profit	256	120	107,982	108,358	529	118,990	119,519
Distribution costs	(8)	(1)	(5,136)	(5,145)	(17)	(6,488)	(6,505)
Administrative expenses	(562)	(73)	(93,383)	(94,018)	(84)	(89,991)	(90,075)
Operating profit/(loss)	(314)	46	9,463	9,195	428	22,511	22,939

Administrative expenses includes goodwill amortization for other continuing businesses of £6,787,000 (2002: £6,125,000) and exceptional goodwill amortization of £7,830,000 (2002: £nil) (note 4).

Operating profit is stated after charging/(crediting):	**2003 £000's**	2002 £000's
Goodwill amortization	14,617	6,125
Depreciation	2,220	2,827
Auditors' remuneration;		
Group (company £122,000 (2002: £122,000))	391	387
Fees for non-audit services	135	125
Property operating lease rentals	3,903	5,238
Foreign exchange gains	(1,367)	(215)

The non-audit services principally relate to taxation services.

4 Exceptional items

Exceptional goodwill impairment

The group regularly performs a review of its portfolio and this year the review has resulted in additional goodwill write offs in the profit and loss account. The group has accelerated the amortization of goodwill on its recent Gulf acquisition from 20 years to 10 years and has written down other portfolio assets where goodwill was held on the balance sheet by £1,051,000. In addition, the group has taken a writedown of £6,779,000 through the profit and loss account for goodwill that was previously written off against reserves under SSAP 22 on several investments either where the goodwill is now no longer separately identifiable as a result of business merger or where the immediate prospects for the business are uncertain.

Exceptional profit on disposal/closure of businesses

2003

In January 2003, the group sold two titles owned by Asia Law and Practice for a profit of £701,000 after related sale costs. There was no goodwill associated with the sale.

2002

In March 1999, the group sold its investment in 100% Design Limited for a cash consideration of £743,000 and a performance based deferred consideration. During 2002, the group received the final element of the deferred consideration amounting to £1,772,000.

In the first half of 2002, the group closed its Technology + Media Limited business, which resulted in a goodwill write off of £239,000.

Notes to the Accounts *continued*

5 Staff costs

(i) Directors' emoluments

	2003 £000's	2002 £000's
The emoluments of the directors of Euromoney Institutional Investor PLC were as follows:		
Directors fees, management remuneration and benefits in kind	**5,138**	5,773
Pension contributions	**89**	423
	5,227	6,196

Details of directors' remuneration are set out in the Directors' Remuneration Report on pages 19 to 31.

(ii) Number of staff

	2003 Average	2002 Average
United Kingdom	**607**	656
North America	**505**	531
Rest of World	**366**	398
	1,478	1,585

(iii) Staff costs

	2003 £000's	2002 £000's
Salaries, wages and incentives	**48,286**	56,331
Social security costs	**5,262**	4,856
Pension contributions	**971**	1,029
	54,519	62,216

(iv) Pension contributions

The company operates the Euromoney Pension Plan in the UK and the Euromoney Institutional Investor Inc. Retirement Savings Plan in the US. It also participates in the Harmsworth Pension Scheme, which is operated by Daily Mail and General Trust plc.

The pension charge for the year ended September 30 comprised:

	2003 £000's	2002 £000's
Harmsworth Pension Scheme	**194**	224
Euromoney Pension Plan	**270**	251
Private schemes	**507**	554
	971	1,029

5 Staff costs *continued*

Harmsworth Pension Scheme
The Harmsworth Pension Scheme is a defined benefit scheme providing service-related benefits based on final pensionable salary. The assets of the scheme are held independently from the company's finances and are administered by a Trustee company. Pension costs are assessed on the advice of an independent qualified actuary following triennial valuations using the projected unit method. This scheme is no longer offered to new employees of the company.

A valuation of this scheme was carried out as at March 31 2001. The assumptions having the most significant effect on the results of the valuations are shown in the following table:

Price inflation	**2.5% p.a.**
Salary increases	**4.3% p.a.**
Pension increases	**2.5% p.a.**
Investment return	**6.8% p.a.**
Dividend growth	**3.5% p.a.**

The contribution rate paid by employees is 5% of pensionable salaries and the company's cash contribution is 12% of pensionable salaries.

The surplus identified from the last valuation of the scheme will be amortized over a period of 11 years using the straight line method.

An interim valuation of the scheme at March 31 2003, determined that the market value of the assets of the scheme was £287.8 million and the actuarial value of the assets was sufficient to cover 102% of the benefits that had accrued to members after allowing for expected future increases in earnings.

Although the scheme was in surplus on the normal funding basis, in anticipation of the results of the next full valuation in 2004, the company has agreed with the Trustees that its cash contribution rate should be increased from 12% to 15% of pensionable salaries from October 1 2003.

The effect of UITF 6 'Accounting for Post-Retirement Benefits other than Pensions', is not material.

Euromoney Pension Plan
The Euromoney Pension Plan is a defined contribution arrangement under which contributions are paid by the employer and employees. From February 1 2003 this plan was merged with the DMGT Pension Trust, an umbrella trust under which DMGT UK defined contribution plans are held. Insured death benefits are also held under this trust.

The plan is contracted-in to the State Second Pension (S2P) and its assets are invested under trust with Scottish Widows in funds selected by members and held independently from the company's finances.

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

5 Staff costs *continued*

FRS 17 'Retirement Benefits'
As permitted by the transitional arrangements of FRS 17, the costs, accruals and prepayments recorded in the financial statements continue to be reported in accordance with the requirements of SSAP 24 "Accounting for Pension Costs". The Company is unable to identify its share of the underlying assets and liabilities in the defined benefit scheme since the scheme includes members from other companies within the Daily Mail and General Trust group. Under FRS 17 the scheme will therefore be accounted for as a defined contribution scheme by the company. Full disclosures in relation to the scheme are given in the accounts of the DMGT group.

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

6 Interest receivable and similar income

	2003 £000's	2002 £000's
Interest receivable from short-term investments	**1,079**	589
Investment income from forward exchange contracts	**521**	-
	1,600	589

7 Interest payable and similar charges

	2003 £000's	2002 £000's
Revolving credit facility	**4,516**	4,824
Secured loan stock	**2**	4
	4,518	4,828

8 Tax on profit on ordinary activities

	2003 £000's	2002 £000's
United Kingdom		
Corporation tax at 30% (2002: 30%)	**2,958**	4,320
Associates	**108**	125
Release of prior years' provisions	**-**	(6,754)
Over provision in respect of prior years	**(523)**	(403)
	2,543	(2,712)
Foreign tax		
Overseas taxation	**686**	766
Under provision of overseas taxation in respect of prior years	**69**	335
Total current tax	**3,298**	(1,611)
Deferred tax		
Origination and reversal of asset timing differences	**83**	(720)
Origination and reversal of liability timing differences	**2,773**	2,989
Increase in discount	**(2,694)**	(2,923)
Over provision of deferred taxation in respect of prior years	**(359)**	(528)
Total deferred tax (see note 20)	**(197)**	(1,182)
Tax on profit on ordinary activities	**3,101**	(2,793)

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 30% (2002: 30%). The current tax charge for the year is different from 30% of profit before tax for the reasons set out in the following reconciliation:

	2003 £000's	2002 £000's
Profit on ordinary activities before tax	**7,396**	20,646
Tax at 30%	**2,219**	6,194
Factors affecting tax charge/(credit):		
UK goodwill amortization	**4,385**	1,838
Non-taxable items and additional deductible UK items	**(1,629)**	(1,836)
US goodwill amortization	**(1,590)**	(3,184)
US state taxes	**219**	270
Disallowable expenditure	**124**	2,590
Depreciation in excess of capital allowances	**11**	20
Lower rates of tax on overseas profits	**13**	(149)
Utilization of losses brought forward	**-**	(532)
Release of prior years' tax provisions	**-**	(6,754)
Over provisions in prior years	**(454)**	(68)
Current tax charge/(credit) for the year	**3,298**	(1,611)

The exceptional item in 2003 gives rise to a nominal tax charge as the element relating to capital gains is not taxable in Hong Kong. The exceptional items in 2002 did not give rise to any tax charge or credit due to the availability of brought forward capital losses and the non-deductible nature of UK goodwill amortization on share acquisitions.

The release in 2002 of prior years' tax provisions of £6,754,000 relates to tax provisions no longer required following agreement of certain open issues with the UK Inland Revenue in relation to the group's US acquisition structure.

Notes to the Accounts *continued*

9 Dividends

	2003 £000's	2002 £000's
Interim paid 5p per share (2002: 5p)	**4,390**	4,390
Final proposed 9.75p per share (2002: 9.75p)	**8,560**	8,560
	12,950	12,950
Employees' Share Ownership Trust dividend	**(9)**	(9)
	12,941	12,941

10 Earnings per share

	2003 £000's	2002 £000's
Basic earnings	**4,069**	23,477
Goodwill amortization	**6,787**	6,125
Exceptional goodwill impairment (note 4)	**7,830**	-
Exceptional profit on disposal/closure of businesses (note 4)	**(701)**	(1,533)
Provision release in respect of prior year tax (note 8)	**-**	(6,754)
Adjusted earnings before goodwill amortization and exceptional items	**17,985**	21,315

	Number 000's	Number 000's
Weighted average number of shares	**87,796**	87,793
Shares held by the Employees' Share Ownership Trust	**(59)**	(59)
	87,737	87,734
Effect of dilutive share options	**-**	1
Diluted weighted average number of shares	**87,737**	87,735

	Pence per share	Pence per share
Basic earnings per share	**4.64**	26.76
Effect of dilutive share options	**-**	-
Diluted earnings per share	**4.64**	26.76
Effect of goodwill amortization	**7.74**	6.98
Effect of exceptional goodwill impairment	**8.92**	-
Effect of profit on disposal/closure of businesses	**(0.80)**	(1.75)
Effect of prior years' provision release	**-**	(7.70)
Adjusted diluted earnings per share before goodwill amortization and exceptional items	**20.50**	24.29

The adjusted diluted earnings per share figure has been disclosed since the directors consider it to give a more meaningful indication of the underlying trading performance.

Notes to the Accounts *continued*

11 Intangible fixed assets

	Group goodwill £000's	Company goodwill £000's
Cost		
At October 1 2002	45,698	7,923
Additions	16,910	-
At September 30 2003	**62,608**	**7,923**
Amortization		
At October 1 2002	21,013	41
Charge for the year	6,787	41
Impairment (note 4)	1,051	741
At September 30 2003	**28,851**	**823**
Net book value at September 30 2003	**33,757**	**7,100**
Net book value at September 30 2002	24,685	7,882

Included in the goodwill amortization charge for the year is: £5,140,000 (2002: £5,140,000) in respect of Internet Securities, Inc. whose goodwill is amortized over five years; HedgeFund Intelligence Ltd £185,000 (2002: nil), whose goodwill is amortized over 10 years; and Gulf Publishing Company £747,000 (2002: £352,000), whose useful economic life has been reduced from 20 to 10 years to bring the business into line with the group's normal acquisition write off period. All other goodwill is amortized over 20 years.

12 Tangible fixed assets

Group	Freehold premises £000's	Short-term leasehold premises £000's	Office equipment £000's	Motor vehicles £000's	Total £000's
Cost					
At October 1 2002	862	7,860	12,587	377	21,686
Additions	-	73	1,147	38	1,258
Acquisitions	-	-	147	-	147
Disposals	-	(138)	(916)	(120)	(1,174)
Exchange differences	-	(232)	(381)	7	(606)
At September 30 2003	**862**	**7,563**	**12,584**	**302**	**21,311**
Depreciation					
At October 1 2002	165	1,821	9,623	184	11,793
Charge for the year	17	444	1,685	74	2,220
Acquisitions	-	-	75	-	75
Disposals	-	(121)	(915)	(89)	(1,125)
Exchange differences	-	(27)	(293)	2	(318)
At September 30 2003	**182**	**2,117**	**10,175**	**171**	**12,645**
Net book value at September 30 2003	**680**	**5,446**	**2,409**	**131**	**8,666**
Net book value at September 30 2002	697	6,039	2,964	193	9,893

12 Tangible fixed assets *continued*

Company	Freehold premises £000's	*Short-term* leasehold premises £000's	Office equipment £000's	Motor vehicles £000's	Total £000's
Cost					
At October 1 2002	862	2,997	4,336	310	8,505
Additions	-	-	472	38	510
Disposals	-	(80)	(98)	(86)	(264)
At September 30 2003	***862***	***2,917***	***4,710***	***262***	***8,751***
Depreciation					
At October 1 2002	165	1,367	3,681	176	5,389
Charge for the year	17	101	495	57	670
Disposals	-	(62)	(115)	(61)	(238)
At September 30 2003	**182**	**1,406**	**4,061**	**172**	**5,821**
Net book value at September 30 2003	**680**	**1,511**	**649**	**90**	**2,930**
Net book value at September 30 2002	697	1,630	655	134	3,116

13 Fixed asset investments

Group	Investments in associated undertakings £000's	ESOT investment in own shares £000's	Trade investment £000's	Total £000's
At October 1 2002	107	74	14	195
Share of profits retained	310	-	-	310
At September 30 2003	417	74	14	505

Company	Subsidiaries £000's	Investments in associated undertakings £000's	ESOT investment in own shares £000's	Trade investment £000's	Total £000's
At October 1 2002	79,165	34	74	14	79,287
Additions	28,608	-	-	-	28,608
Impairment (note 4)	(9,016)	-	-	-	(9,016)
Exchange differences	(2,395)	-	-	-	(2,395)
At September 30 2003	96,362	34	74	14	96,484

The principal associated undertaking at September 30 2003 was Capital NET Limited whose principal activity is the provision of electronic database services. The group has a 48.4% interest in Capital NET Limited.

The group has a 50% interest in Capital DATA Limited which is accounted for as a trade investment, as the group does not exercise significant influence nor is it involved in the day to day running of the business. The group is entitled to 28.2% of Capital Data's revenues which amounted to £2,406,000 in the year (2002: £2,437,000).

The investment in own shares is held by the Euromoney Employees' Share Ownership Trust (ESOT). At September 30 2003 the ESOT held 58,976 shares carried at a historic cost of £1.25 per share with a market value of £215,000 (2002: 58,976 shares with a market value of £120,000). Interest and administrative costs are charged to the profit and loss account of the ESOT as incurred.

13 Fixed asset investments *continued*

Details of the principal subsidiary undertakings included in these consolidated financial statements at September 30 2003 are as follows:

	Proportion held	Principal activity and operation	Country of incorporation
Direct investments			
Adhesion (UK) Limited	100%	Conventions	England
Business Traveller (Holdings) Limited	100%*	Holding company	England
Coaltrans Conferences Limited	95%	Conferences	England
Euromoney Publications (Jersey) Limited	100%†	Publishing	Jersey
Euromoney Publications (Overseas) Limited	100%	Holding company	England
Euromoney US Holdings LP	100%	Holding company	US
Glenprint Limited	100%	Publishing	England
HedgeFund Intelligence Limited	100%	Publishing	England
Mondiale Corporation Limited	100%	Publishing	England
The Petroleum Economist Limited	100%	Publishing	England
Tipall Limited	100%	Property holding	England
World Link Publications Limited	50%#	Publishing	England
Indirect investments			
Adhesion et Associes SA	100%	Conventions	France
Business Conventions Internationale	100%	Conventions	France
Carlcroft Limited	100%	Publishing	England
EII Holdings, Inc.	100%*	Holding company	US
Engel Publishing Partners	90%	Publishing	US
Euromoney, Inc.	100%	Holding company	US
Euromoney Training, Inc.	100%	Holding company	US
Euromoney (Singapore) Pte Ltd.	100%	Training	Singapore
Gulf Publishing Company	100%	Publishing	US
Institutional Investor, Inc.	100%	Publishing	US
Internet Securities, Inc.	84%	Information services	US
Latin American Financial Publications, Inc.	100%	Publishing	US
Med Ad, Inc.	100%	Holding company	US
MIS Training Institute, LLC	100%	Training	US
MIS Training (UK) Limited	100%	Training	England
Perry Publications Limited	100%	Publishing	England
Perry Publications, Inc.	100%	Publishing	US
Perry Publications GmbH	75%	Publishing	Germany

All holdings are of ordinary shares.

* 100% preference shares held in addition.

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

World Link Publications Limited is treated as a subsidiary undertaking and fully consolidated in the group's results because the group is in a position to exercise dominant influence over its operating and financial policies.

14 Acquisitions

The following interests in subsidiaries were acquired in the year, all of which were accounted for using the acquisition method.

Increase in equity shareholdings
On November 8 2003 the group purchased the remaining 5% of the equity share capital of Business Traveller (Holdings) Limited for a cash consideration of £150,000.

On May 21 2003 the group purchased the remaining 1.5% of the equity share capital of Mondiale Limited for a cash consideration of £16,000.

Acquisition of new businesses
On August 12 2003, the group purchased 100% of the equity share capital of HedgeFund Intelligence Limited for a cash consideration together with associated costs of £11,218,000 and estimated deferred consideration of £5,500,000, resulting in provisional goodwill of £16,652,000. Its book value at this time was £84,000 to which provisional fair value adjustments of £18,000 were made resulting in a provisional fair value of £66,000. The provisional fair value of the assets acquired will be finalised during the year.

Notes to the Accounts *continued*

15 Debtors

	Group 2003 £000's	Group 2002 £000's	Company 2003 £000's	Company 2002 £000's
Amounts falling due within one year				
Trade debtors	**24,709**	23,117	**11,453**	10,867
Amounts owed by DMGT group undertakings (note 25)	**16,258**	11,852	**-**	-
Amounts owed by subsidiary undertakings	**-**	-	**21,240**	12,326
Other debtors	**1,644**	1,118	**1,492**	2,245
Deferred tax (note 20)	**1,379**	1,182	**1,379**	1,182
Prepayments and accrued income	**3,027**	2,738	**1,102**	948
	47,017	40,007	**36,666**	27,568

16 Creditors: amounts falling due within one year

	Group 2003 £000's	Group 2002 £000's (as restated)*	Company 2003 £000's	Company 2002 £000's (as restated)*
Bank overdrafts	**292**	76	**724**	-
Redeemable secured loan stock	**37**	53	**37**	53
Trade creditors	**2,099**	2,695	**551**	1,132
Amounts owed to DMGT group undertakings (note 25)	**31,231**	14,130	**31,231**	14,102
Amounts owed to subsidiary undertakings	**-**	-	**28,293**	6,506
Other creditors	**8,264**	7,091	**5,350**	4,539
Corporation tax	**3,894**	5,755	**694**	1,253
Deferred consideration for acquisitions	**5,500**	-	**5,500**	-
Proposed dividend	**8,590**	8,554	**8,554**	8,554
	59,907	38,354	**80,934**	36,139

* The group restated creditors due within one year to reflect a reclassification of accruals. Accruals of £17,258,000 which were included in creditors due within one year at September 30 2002 are now included in accruals and deferred income on the face of the balance sheet. The relevant adjustment in the company balance sheet is £9,938,000.

17 Creditors - Amounts falling due after more than one year

	Group 2003 £000's	Group 2002 £000's	Company 2003 £000's	Company 2002 £000's
Revolving credit facilities (note 18)	**64,680**	98,350	**-**	16,215

18 Treasury

Overview

An overview of treasury policies is included within the Operating and Financial Review on pages 4 to 9. Short-term debtors and creditors and inter-company balances have been excluded from the following disclosures other than the currency profile of monetary assets and liabilities.

Financial liabilities

	2003 £000's	2002 £000's
Bank overdraft	**292**	76
Amounts owed to DMGT group undertakings	**31,231**	11,852
Redeemable secured loan stock	**37**	53
Revolving credit facility	**64,680**	98,350
	96,240	110,331

Financial assets

	2003 £000's	2002 £000's
Cash at bank	**10,772**	35,633
Amounts owed by DMGT group undertakings	**16,258**	11,852
	27,030	47,485

The redeemable secured loan stock can be redeemed at par at the holder's option at 6 months notice. Interest is payable at 1% below LIBOR. The loan stock expires on December 31 2003.

Revolving credit facility

The group is one of a number of approved borrowers under £293.3 million of Daily Mail and General Trust plc multi-currency committed revolving credit facilities. Interest is payable on the facility at a rate of 0.57% above US dollar LIBOR. As at September 30 2003 there are £36.7 million other uncommitted un-drawn facilities directly available to the group. No commitment or arrangement fees are paid to the banks in respect of the revolving credit facilities, but a fee is included within the 0.57% margin which is paid by the group to the Daily Mail and General Trust plc. The facility expires on September 10 2005.

Maturity profile of financial liabilities

The maturity profile of the group's financial liabilities as at September 30 2003 was as follows:

	Loan stock £000's	Bank overdraft £000's	Owed to DMGT group undertakings £000's	Revolving credit £000's	Total £000's
Amounts falling due:					
Within 1 year	37	292	31,231	-	31,560
Between 1 and 2 years	-	-	-	64,680	64,680
Gross financial liabilities	37	292	31,231	64,680	96,240

Euromoney Institutional Investor PLC

Notes to the Accounts *continued*

18 Treasury *continued*

The maturity profile of the company's financial liabilities as at September 30 2002 was as follows:

	Loan stock £000's	Bank overdraft £000's	Owed to DMGT group undertakings £000's	Revolving credit £000's	Total £000's
Amounts falling due:					
Within 1 year	53	76	11,852	-	11,981
Between 1 and 2 years	-	-	-	-	-
Between 2 and 5 years	-	-	-	98,350	98,350
Gross financial liabilities	53	76	11,852	98,350	110,331

Currency and interest rate profile of financial liabilities

The profile of financial liabilities stated after taking account of various interest rate swaps as at September 30 was as follows:

Currency	**US dollars 2003 £000's**	**Sterling 2003 £000's**	**Total 2003 £000's**	US dollars 2002 £000's	Sterling 2002 £000's	Total 2002 £000's
Floating rate	**48,868**	**11,258**	**60,126**	59,364	96	59,460
Fixed rate	**36,114**	**-**	**36,114**	50,871	-	50,871
	84,982	**11,258**	**96,240**	110,235	96	110,331

Of the fixed rate liabilities:	**2003**	2002
Weighted average interest rate	**5.03%**	6.23%
Weighted average period for which the rate is fixed	**1.63 years**	1.94 years

Currency and interest profile of financial assets

The interest rate risk profile of the group's financial assets at September 30 2003 was as follows:

	US dollars £000's	**Sterling £000's**	**Others £000's**	**Total £000's**
Floating rate				
Cash at bank	**3,939**	**2,226**	**2,002**	**8,167**
Amounts owed by DMGT group undertakings	**16,258**	**-**	**-**	**16,258**
	20,197	**2,226**	**2,002**	**24,425**
Non-interest bearing	**1,434**	**195**	**976**	**2,605**
	21,631	**2,421**	**2,978**	**27,030**

Notes to the Accounts *continued*

18 Treasury *continued*

Currency and interest profile of financial assets

The interest rate risk profile of the group's financial assets at September 30 2002 was as follows:

	US dollars £000's	Sterling £000's	Others £000's	Total £000's
Floating rate				
Cash at bank	24,455	6,457	2,565	33,477
Amounts owed by DMGT group undertakings	11,852	-	-	11,852
	36,307	6,457	2,565	45,329
Non-interest bearing	1,733	152	271	2,156
	38,040	6,609	2,836	47,485

Currency profile of net monetary assets

The table below shows the group's currency profile which gives rise to net currency gains and losses recognized in the profit and loss account. These comprise the monetary assets and liabilities of the group which are not denominated in the operating currency of the operating unit involved, but exclude certain non-sterling borrowings which are matched by equivalent group assets or are treated as hedges of net investments in overseas operations. The amounts shown take into account the effect of currency swaps, forward contracts and other derivatives entered into to manage these exposures.

As at September 30 2003 these exposures were as follows:

	Net foreign currency monetary assets/(liabilities)			
	Sterling £000's	**US dollars £000's**	**Other £000's**	**Total £000's**
Functional currency:				
Sterling	-	**6,392**	**1,005**	**7,397**
US dollar	**680**	-	**481**	**1,161**
Other	(70)	**392**	**12**	**334**
Total	**610**	**6,784**	**1,498**	**8,892**

As at September 30 2002 these exposures were as follows:

	Net foreign currency monetary assets/(liabilities)			
	Sterling £000's	US dollars £000's	Other £000's	Total £000's
Functional currency:				
Sterling	-	6,165	1,070	7,235
US dollar	167	-	-	167
Other	(70)	836	7	773
Total	97	7,001	1,077	8,175

18 Treasury *continued*

Fair values of financial assets and liabilities

Set out below is a comparison of book values to fair values of all the group's financial assets and liabilities as at September 30 2003. Market values have been used to determine the fair value of all swaps, caps and foreign currency contracts.

	Book value £000's	Fair value £000's
Primary financial instruments held to finance the group's operations:		
Liabilities:		
Short-term borrowings and current portion of long-term borrowings	(31,560)	(31,560)
Long-term borrowings	(64,680)	(64,680)
	(96,240)	(96,240)
Assets		
Amounts owed by DMGT group undertakings	16,258	16,258
Cash at bank	10,772	10,772
	27,030	27,030
Derivative financial instruments held to manage the interest rate and currency profile of the group:		
Interest rate swaps	-	*(2,052)*
Derivative financial instruments held or issued to hedge the currency exposures on expected future sales:		
Forward foreign currency contracts	-	1,171

The book values and fair values of these financial instruments as at September 30 2002 were as follows:

	Book value £000's	Fair value £000's
Primary financial instruments held to finance the group's operations:		
Liabilities:		
Short-term borrowings and current portion of long-term borrowings	(11,981)	(11,981)
Long-term borrowings	(98,350)	(98,350)
	(110,331)	(110,331)
Assets		
Amounts owed by DMGT group undertakings	11,852	11,852
Cash at bank	35,633	35,633
	47,485	47,485
Derivative financial instruments held to manage the interest rate and currency profile of the group:		
Interest rate swaps	-	(3,051)
Derivative financial instruments held or issued to hedge the currency exposures on expected future sales:		
Forward foreign currency contracts	-	1,830

18 Treasury *continued*

Hedges

As explained in the operating and financial review on pages 4 to 9 the group uses derivative financial instruments to reduce exposure to foreign currency exchange risks. These instruments take the form of forward exchange rate contracts to sell US dollars in exchange for sterling to meet the excess of sterling costs over sterling revenues as well as dividends in the parent company.

The group also uses interest rate swaps and interest rate cap and collar derivatives to minimize interest rate fluctuations. On October 24 2003 two new interest rate swaps have been entered into amounting to US$10 million each with Daily Mail and General Holdings Limited with effective date January 15 2004.

On September 24 2003 the group entered into a tax equalization swap to hedge the cash effect of tax on unrealized foreign currency gains and losses on the company's net dollar liabilities. This was achieved by a sale of US$22 million in exchange for sterling maturing on March 24 2004. Due to a change in tax legislation on foreign currency gains and losses the tax equalisation swap is no longer required for hedging the effect. During October 2003 an equal and opposite swap was taken out to neutralise the original swap.

In the previous year the group hedged this same risk by entering into a tax equalization swap to hedge the cash effect of tax on unrealized foreign currency gains and losses on the company's net dollar liabilities. This was achieved by a sale of US$14 million in exchange for sterling maturing on March 27 2003. On this date it was rolled over until September 24 2003. As a result of a change in UK taxation rules this forward contract became redundant during the year and on maturity a profit of £521,000 was recognised in the profit and loss account.

Unrecognized gains and losses on hedging instruments and the movements therein, are as follows:

	Gains £000's	Losses £000's	Total £000's
Unrecognized gains and losses on hedges as at October 1 2002	1,830	(3,051)	(1,221)
Gains and losses arising in previous years and recognized in 2003	(1,790)	1,685	(105)
Gains and losses arising before October 1 2002 and not recognized in 2003	40	(1,366)	(1,326)
Gains and losses arising in 2003 that were not recognized in 2003	1,131	(686)	445
Unrecognized gains and losses on hedges as at September 30 2003	**1,171**	**(2,052)**	**(881)**
Of which:			
Gains and losses expected to be recognized in the year to September 30 2004	**1,171**	(1,184)	(13)
Gains and losses expected to be recognized in the year to September 30 2005 or later	-	(868)	(868)

19 Provisions for liabilities and charges

	Onerous lease provision £000's
At October 1 2002	127
Profit and loss account	(125)
Exchange differences	(2)
At September 30 2003	-

Maturity profile of provisions

	2003 £000's	2002 £000's
Within one year	-	127

20 Deferred taxation

The deferred tax asset as at September 30 comprised:

	Group 2003 £000's	Group 2002 £000's	Company 2003 £000's	Company 2002 £000's
Accelerated capital allowances	473	448	473	448
Other short-term timing differences	906	734	906	734
Unamortized US goodwill	(18)	(88)	-	-
Unutilized tax losses from US goodwill	18	88	-	-
US goodwill offset against reserves	(17,803)	(15,040)	-	-
Undiscounted provision for deferred tax	(16,424)	(13,858)	1,379	1,182
Discount	17,803	15,040	-	-
Discounted provision for deferred tax	1,379	1,182	1,379	1,182

Movement in deferred tax:	£000's
Deferred tax asset at October 1	1,182
Deferred tax credit in the profit and loss account (note 8)	197
Deferred tax asset at September 30	1,379

A deferred tax asset of £1,379,000 (2002: £1,182,000) has been recognized in respect of depreciation in excess of UK capital allowances and other short-term timing differences. The directors are of the opinion that based on recent and forecast trading, the level of profits in future years are more likely than not to be sufficient to enable the asset to be recovered.

A deferred tax asset of £9,700,000 has not been recognized in respect of overseas tax losses (2002: £7,800,000) as there is insufficient certainty in the current global market to be able to say that the group will be more likely than not to generate sufficient suitable overseas taxable profits.

The group is able to obtain tax relief in the US for the cost of goodwill arising on its acquisitions of some businesses. In certain cases the goodwill was written off to reserves under the transitional rules set out in FRS 10 'Goodwill and Intangible Assets'. Utilization of the available tax relief in the US gives rise to a timing difference as set out above. The potential timing difference will only reverse on a sale of the relevant businesses. As the relevant businesses are considered core to the group there is currently no intention to sell them. The potential reversal is so far into the future that after discounting, the potential liability becomes insignificant. The effect of discounting the group's other deferred tax assets and liabilities is not material.

21 Called up share capital

	Group and Company	
	2003	2002
	£000's	£000's
Authorized		
112,000,000 ordinary shares of 0.25p each	**280**	280
Allotted and fully paid:		
87,796,812 ordinary shares of 0.25p each (2002: 87,793,812 ordinary shares of 0.25p each)	**219**	219

During the year, 3,000 ordinary shares of 0.25p each (2002: 2,000 ordinary shares) with an aggregate nominal value of £7 (2002: £5) were issued for a cash consideration of £6,360 (2002: £4,240) following the exercise of share options granted under the company's share option schemes.

Share options

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

Number of ordinary shares under option

	2003	2002	**Option price** £
Period during which option may be exercised:			
Before December 8 2002	-	3,000	2.12
Before November 29 2003	**35,000**	35,000	3.52
Before December 8 2004	**32,000**	32,000	4.05
Before June 19 2005	**570,968**	570,968	3.54
Before February 8 2006	**25,784**	29,784	3.33
Before February 8 2003	-	154,216	3.33
Before February 7 2007	**41,448**	46,404	3.55
Before February 24 2004	**99,552**	102,596	3.58
Before January 7 2008	**63,076**	86,228	3.96
Before January 7 2005	**160,924**	197,772	3.96
Before January 29 2009	**268,000**	300,000	4.19
Before February 11 2009	**160,000**	160,000	3.96
Before June 25 2009	**540,000**	540,000	4.31
Before January 4 2010	**180,000**	226,000	5.63
Between March 2 2004 and March 1 2011	**308,000**	349,000	5.38
Between January 23 2005 and January 22 2012	**240,000**	238,000	3.35
Between April 12 2005 and April 11 2012	**476,000**	-	2.59
	3,200,752	3,070,968	

22 Statement of movement on reserves

	Share premium account £000's	Capital redemption reserve £000's	Profit and loss account £000's	Total £000's
Group				
At October 1 2002	33,743	8	(109,775)	(76,024)
Retained loss for the year	-	-	(8,872)	(8,872)
Reinstatement of goodwill	-	-	6,779	6,779
Exchange differences arising on translation of net investments in overseas subsidiary undertakings	-	-	2,083	2,083
Net exchange difference on foreign currency loans	-	-	2,394	2,394
Exercise of share options	6	-	-	6
At September 30 2003	33,749	8	(107,391)	(73,634)

As permitted under the provisions of FRS 10 'Goodwill and Intangible Assets', goodwill arising on consolidation previously written off to reserves has been set off against the profit and loss account. The cumulative amount of goodwill written off to reserves at September 30 2003 was £149,683,000 (2002: £156,462,000).

	Share premium account £000's	Capital redemption reserve £000's	Capital reserve £000's	Profit and loss account £000's	Total £000's
Company					
At October 1 2002	33,743	8	1,842	15,345	50,938
Retained loss for the year	-	-	-	(7,114)	(7,114)
Exercise of share options	6	-	-	-	6
At September 30 2003	33,749	8	1,842	8,231	43,830

23 Commitments

Acquisitions

The group has a number of contingent commitments under put options given to various parties under acquisition agreements estimated at an aggregate £1,436,000 at September 30 2003 (2002: £1,401,000).

Operating leases

Annual commitments under operating leases for land and buildings at September 30 2003 were as follows:

	Group 2003 £000's	Group 2002 £000's	**Company 2003 £000's**	Company 2002 £000's
Operating leases which expire:				
Within one year	228	619	60	-
Between two and five years	848	873	93	100
Other five years	2,476	2,463	368	283
	3,552	3,955	521	383

24 Contingent liabilities and assets

Claims in Malaysia

Four writs claiming damages for libel issued in Malaysia against the company and three of its employees in respect of an article published in one of the company's magazines, *International Commercial Litigation*, in November 1995. The writs were served on the company on October 22 1996. The total amount claimed is 280 million Malaysian ringgits (£50 million). No provision has been made in these financial statements as the directors do not believe the company has any material liability in respect of these writs.

25 Related party transactions

(i) The operating lease charge includes property rental payments amounting to £97,000 (2002: £107,000) made to the president of MIS Training, Inc. a subsidiary undertaking.

(ii) The group has a loan facility from Daily Mail and General Holdings Limited and the same loan facility to Associated Newspapers North America, Inc. On September 26 2003 US$9.0 million was drawn down. The amount owing at September 30 2003 amounts to US$27.0 million (£18.6 million) which includes interest payable. Each balance is repayable within one month of demand and bears interest at US prime rate.

(iii) On June 26 2003 the company repaid its revolving credit facility and entered into a new facility with Daily Mail and General Holdings Limited. As at September 30 2003 this balance amounts to £11.0 million and US$3.1 million (Total £12.9 million).

(iv) The group expensed £226,000 (2002: £272,000) for services provided by Daily Mail and General Trust plc including costs associated with the bi-lateral facility and arrangement fee (note 18).

(v) At September 30 2003 the group has 3 fixed rate interest rate swaps with Daily Mail and General Holdings Limited amounting to US$30 million. The interest rates are between 1.89% and 5.38%. The termination dates are between March 30 2004 and March 29 2006. During the year the group paid US$694,000 (£432,000) of interest to Daily Mail and General Holdings Limited in respect of these swaps. On October 24 2003 two new interest rate swaps have been entered into amounting to US$10 million each with Daily Mail and General Holding Limited, effective date January 15 2004.

(vi) The group agreed on September 24 2003 to sell US$22 million for sterling to the Daily Mail and General Trust plc on March 24 2004 at an exchange rate of 1.6364.

26 Ultimate parent undertaking

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

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

Euromoney Institutional Investor PLC

Five Year Record

Group profit and loss extracts

	1999 £000's	2000 £000's	2001 £000's	2002 £000's	**2003 £000's**
Turnover	168,423	192,122	204,783	179,734	**158,942**
Operating profit before goodwill amortization	28,433	32,541	28,118	29,064	**23,812**
Goodwill amortization	(3,446)	(5,500)	(5,949)	(6,125)	**(14,617)**
Operating profit	24,987	27,041	22,169	22,939	**9,195**
Share of operating profit in associates	416	165	169	413	**418**
Exceptional profit/(loss), on disposal/closure of businesses	893	179	(3,250)	1,533	**701**
Net interest payable	(3,727)	(4,782)	(5,417)	(4,239)	**(2,918)**
Profit on ordinary activities before tax	22,569	22,603	13,671	20,646	**7,396**
Tax on profit on ordinary activities	(7,184)	(7,218)	(5,025)	2,793	**(3,101)**
Profit on ordinary activities after tax	15,385	15,385	8,646	23,439	**4,295**
Equity minority interests	(322)	(1,100)	(217)	38	**(226)**
Profit for the financial year	15,063	14,285	8,429	23,477	**4,069**
Dividends paid and proposed	(11,934)	(12,930)	(12,939)	(12,941)	**(12,941)**
Retained profit/(loss) for the financial year	3,129	1,355	(4,510)	10,536	**(8,872)**
Basic earnings per share	17.37p	16.35p	9.61p	26.76p	**4.64p**
Diluted earnings per share	17.32p	16.16p	9.61p	26.76p	**4.64p**
Adjusted diluted earnings per share before goodwill amortization and exceptional items	20.25p	22.18p	20.10p	24.29p	**20.50p**
Diluted weighted average number of ordinary shares (number)	86,978,068	88,402,637	87,702,074	87,735,087	**87,737,261**
Dividend per share	13.75p	14.75p	14.75p	14.75p	**14.75p**

Group balance sheet extracts

	1999	2000	2001	2002	**2003**
Intangible fixed assets	21,958	25,799	31,049	24,685	**33,757**
Tangible fixed assets	9,656	8,129	7,442	10,088	**9,171**
Net current assets/(liabilities)	(3,890)	19,526	11,769	37,286	**(2,118)**
Creditors: amounts falling due after more than one year	(56,220)	(81,781)	(83,920)	(98,350)	**(64,680)**
Provisions for liabilities and charges	(3,628)	(2,512)	(1,169)	(127)	**-**
Accruals	(17,596)	(20,035)	(18,822)	(17,258)	**(17,032)**
Deferred income	(32,760)	(38,123)	(38,920)	(31,946)	**(32,330)**
Net liabilities	(82,480)	(88,997)	(92,571)	(75,622)	**(73,232)**

Euromoney Institutional Investor PLC

Internet Sites

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aircrafteconomics.com
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