Annual report and accounts 2006

Company Number· 954730

Euromoney Institutional Investor PLC

Euromoney Institutional Investor PLC

Contents

Euromoney Institutional Investor PLC

Chairman's statement

Highlights	2006	2005	change
Revenue	£220 5 m	£194 8 m	+13%
Operating profit*	£43 8 m	£39 3 m	+11%
Profit before tax	£35 2 m	£34 4 m	+2%
Diluted earnings a share	41 9 p	34 1 p	+23%
Adjusted diluted earnings a share‡	28 6 p	26 3 p	+9%
Dividend (including proposing dividend)	17 00 p	16 20 p	+5%

- Operating profit* exceeds £40m for first time
- Organic revenue growth drives profitability higher
- Record cash generated from operations £60m
- All business units contribute to improved performance
- Capital Appreciation Plan continues to drive growth
- £230m acquisition of Metal Bulletin completed post year-end

On October 5 your company announced that our recommended offer to acquire Metal Bulletin plc had gone unconditional, in a transaction that will transform the group into a much larger publishing company with revenues approaching £300 million and with 2,100 people worldwide - big enough to matter, but small enough to be nimble It was by far our largest acquisition to date

We think the two will be a very good fit The culture of Metal Bulletin is very similar to ours Each has a strong entrepreneurial streak, each demands commitment to quality of product, and each takes great pride in investing for growth

The products across the enlarged group include a range of titles that carry great respect across the globe, excellent branded events businesses, electronic information providers, BCA - an independent research business that is a world leader - and a marketing platform that should drive revenues into every business

The benefits we believe will flow from the merger of the two companies are cross-selling opportunities and revenue synergies, international growth opportunities, particularly in emerging markets, a greater critical mass to promote increased electronic delivery of products, and significant operational cost efficiencies

The integration of Metal Bulletin is well under way and while it is too early to comment in detail, the company is confident that the growth opportunities and cost savings identified at the time of the acquisition are achievable We have reorganised our management structure and inserted key Metal Bulletin people into it to build a robust team to drive future growth and to create new products, opening new career opportunities for all our people in the larger group

The acquisition was completed after a year in which Euromoney Institutional Investor broke all previous records for revenues, profits and dividends On November 16 we reported that, excluding timing differences, underlying operating profits* rose by a fifth in the year to September 30

Reported operating profits* were £43 8 million for the year to September 30, against £39 3 million for the previous year Adjusted diluted earnings a share were 28 6p, against 26 3p in 2005, and the directors recommend a 5% increase in the final dividend to 11 6p, making a total for the year of 17 0p

These record results reflect further progress in the group's strategy to build one of the world's leading international business media groups All divisions achieved strong revenue growth, with group operating profit* exceeding £40 million for the first time The group also benefited from record operating cash flows of £59 6 million in 2006, after an increase of £8 million in deferred subscription revenue

After another year of record performance, driven by strong organic revenue growth across all divisions, our objectives remain the same to deliver continued top-line growth from new and existing products, to diversify our revenues while improving the operating margin, and to invest selectively in acquisitions that strengthen the company's market position

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* Operating profit before acquired intangible amortisation, share option expense, exceptional items and share of results in associates and joint ventures as set out in the income statement

‡ Diluted earnings per share before acquired intangibles amortization, exceptional items, imputed interest on acquisition option commitments and deferred tax assets recognised, as set out in note 10

Euromoney Institutional Investor PLC

Chairman's statement *continued*

TRADING BACKGROUND
Revenue increased by 13% to £220 5million The trading environment has remained good throughout the year, with financial institutions continuing to benefit from a strong performance in almost every asset class Another year of brisk M&A activity has helped increase profitability for many of the group's key customers, while ample liquidity within the secondary and private equity markets has driven capital flows and investment

Consistent with management's strategy, most of the growth in operating profit* has been generated organically The performance of the print subscription titles has been particularly pleasing, with subscriber numbers, subscription rates and renewal rates all ahead of the previous year This growth has been driven by the group's continued investment in direct marketing, with spend increasing by 19% to £10 million in the year

Operating profits* from conferences and seminars were affected by timing differences two of IMN's biggest events were run twice in 2005, but have since returned to their usual timing in the first quarter of 2007, this was partly compensated for by Adhesion's biennial *Vinisud* wine exhibition which was held in 2006 Excluding these timing differences, underlying group operating profits* increased by 20% The training businesses have also been an important contributor to volume and margin improvements, helped by the launch of new courses

MARGIN
The group's operating margin* was slightly lower than last year at 19 9%, compared to 20 2% in 2005, due to timing differences on some of the group's largest events As expected, the positive benefit from operational gearing seen in 2005 moderated this year, as the group continued to invest in the long-term sustainable growth of its businesses The focus remains on building high margin, repeat annual revenues and the elimination of low margin products

BUSINESS REVIEW
Operating profits* from Financial Publishing increased by 17% to £13 1 million, as a result of strong growth in both advertising and subscription revenues Nearly all titles increased profits *Euromoney* had an impressive year, achieving 17% growth in advertising revenues and publishing its biggest IMF issue for ten years, *Institutional Investor - International Edition* improved its performance sharply on 2005, and the specialist titles *Euroweek* and *Project Finance* delivered strong growth from advertising and new products

Business Publishing had a good year with operating profits* increasing by 25% to £6 8 million Encouragingly, this was a broad-based improvement the US energy publications delivered record profits, the legal titles benefited from strong growth in subscription and advertising revenues including a record IFLR 1000 directory, and the transport and telecoms titles sharply increased profits by diversifying away from advertising into new revenue streams

Operating profits* from Conferences and Seminars increased by 5% to £20 3 million and underlying profits, after adjusting for timing differences, increased by 23% continuing the excellent growth record achieved over the past five years The continued interest in alternative assets has supported revenue and profit growth, and most of the businesses achieved an increase in both the number of events held and the average revenue per event, in line with the group's strategy II Memberships had an excellent year, with a record number of members at year-end and subscription revenues increasing by 21% New membership organizations for private wealth managers and legal and compliance officers are being launched in 2007 IMN continued to grow through the launch of successful new events for the securitization and real estate markets

The Training businesses delivered operating profits* of £7 0 million, an increase of 13% and an all-time high The growth mainly came from the volume of courses offered and an increase in the average yield The full year result is particularly pleasing to management when compared to the half year, and reflects the decisive actions taken at that time to improve performance, and an increase in marketing investment

Operating profits* from Databases and Information Services improved by 38% to £5 4 million CEIC, consolidated from April 2006, continues to perform ahead of its forecasts at acquisition, and £0 5 million was invested in accelerating the roll out of CEIC's economic data service to other emerging markets Revenue growth from ISI, the emerging markets information provider, maintained its momentum, with a client retention rate in excess of 90% The number of ISI customers, products and data providers all increased during the year

CASH FLOW AND NET DEBT
Year-end net debt was £73 4 million, down from £75 5 million at the half year While the level of debt is usually higher in the first half following the payment of dividends and profit shares, net debt at year-end increased by only £7 0 million from 2005 This is after investing £3 4 million in the acquisition of Asia Business Forum, £19 7 million on the purchase of a 9% interest in Metal Bulletin, and a further £14 5 million increasing the group's investments in IMN, ISI and CEIC under earn-out agreements The significant gap between what has been paid out and the increase in net debt has largely been met by the very strong cash generated from operations of £59 6 million, demonstrating the robust organic performance of the business and reflecting a key strength of the group's business model In addition deferred revenue at year end was £45 3 million, against £37 5 million at the end of 2005

* Operating profit before acquired intangible amortisation, share option expense, exceptional items and share of results in associates and joint ventures as set out in the income statement

Euromoney Institutional Investor PLC

Chairman's statement *continued*

MANAGEMENT INCENTIVE
Operating profit* exceeded £40 million for the first time, reflecting further evidence of the benefits of the Capital Appreciation Plan This highly-geared equity incentive was introduced to drive profit** to a target of £50 million by 2008 against a base of £21 million in 2003 Approximately 150 managers participate in this incentive which encourages investment in new products and directly rewards each participant for the organic profit growth achieved by their business

The non-cash cost of the CAP is being expensed over the life of the plan For 2006, the first full year of amortizing the CAP cost, an expense of £4 3 million (2005 £1 3 million) has been charged

ACQUISITIONS
In March 2006, the group acquired a 47 5% stake in Asia Business Forum, a leading business conference and training organizer in the Asian region, for £3 4 million A further 42 5% interest will be acquired in 2007 under the earn-out agreement

In October 2006 the group acquired a 67% stake in Total Derivatives, a leading provider of real-time news and analysis about the global fixed income derivatives markets, for £6 7 million This is an exciting acquisition, taking the group further into the provision of electronic information services and providing an excellent platform for the launch of new products The acquisition was funded from the group s existing borrowing facility and is expected to be earnings enhancing in 2007

Euromoney's acquisition of Metal Bulletin plc was declared unconditional on October 5 2006, after the financial year-end The acquisition cost of approximately £230 million was funded by a mix of debt (£163 million) loan notes (£12 million) and up to 14 million new shares (£55 million) The debt was provided by a new £375 million three year multi-currency facility In addition the company assumed £14 million of Metal Bulletin net debt The issue of new shares increased the Company's issued share capital by 16%, and will significantly increase the free float in the company's shares Daily Mail and General Trust plc now owns 61% of the company

The acquisition of Metal Bulletin is consistent with the group's long-term strategy of building subscription and repeat revenues, reducing its dependence on advertising revenue, investing further in growing financial information products, and establishing critical mass in non-financial information products The integration of Metal Bulletin is underway, and while it is too early to comment in detail, the company is confident that the significant growth opportunities and cost savings identified at the time of acquisition are achievable

DIVIDEND
The increase in the final dividend is consistent with the company's strategy of moving gradually to a dividend cover of two times, while still delivering real dividend growth The total payment to shareholders for the 2006 financial year will be £16 7 million, bringing the dividends returned to shareholders over the past five years to over £70 million, all financed from operating cash flows

TAX
The group has traditionally had a low tax rate due to the tax amortization of goodwill available on US acquisitions and the availability of brought-forward tax losses for use against its US profits In 2006, the group recognized a deferred tax credit of £13 6 million in respect of US tax losses and tax deductible US goodwill as the group's US businesses are now expected to generate taxable profits for the foreseeable future After adjusting for this deferred tax credit, the group's underlying tax rate was 27% against 28% in 2005 The majority of the group's tax losses and deferred tax assets have been recognized and the group's underlying tax rate for 2007 and subsequent years is now expected to be at least 30%

OUTLOOK
The company has benefited from a healthy financial environment in 2006, and any marked reversal in the performance of financial markets in 2007 will present challenges However, the company's strategy has been to diversify its revenues while investing in the quality of its products and services to ensure competitive advantage irrespective of the trading environment The opportunities that the Metal Bulletin acquisition presents, along with the group's continued organic growth, leave the company optimistic about its prospects for 2007 For the new financial year, the first quarter is generally the least significant in profit terms, and visibility for the second quarter is always limited at this stage However, current trading is encouraging, with advertising, sponsorship and delegate sales all ahead of the same period in 2005

Our people worked hard and well to produce such a good result I thank them on your behalf and mine I also thank the Board and management of Metal Bulletin for all their kindness and help following the success of the bid, and I welcome our new colleagues and wish them well in handling the challenges and opportunities that I believe lie ahead

Padraic Fallon
Chairman
November 15 2006

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* Operating profit before acquired intangible amortisation, share option expense, exceptional items and share of results in associates and joint ventures as set out in the income statement
** Profit before tax excluding acquired intangibles amortization, share option expense, exceptional items and imputed interest on acquisition option commitments

Euromoney Institutional Investor PLC

Directors' report

The directors submit their annual report and group accounts for the year ended September 30 2006

The directors' report reflects the additional requirements, effective for accounting periods beginning on or after April 1 2005, introduced in sections 234ZZA, 234ZZB and 234ZA to the Companies Act 1985 The directors' report has been prepared for the group as a whole and therefore gives greater emphasis to those matters which are significant to Euromoney Institutional Investor PLC and its subsidiary undertakings when viewed as a whole It has been prepared solely to provide additional information to shareholders as a body to asses the company's strategies and the potential for those strategies to succeed and that the directors' report should not be relied upon by any other party for any other purpose

1 Principal activities

Euromoney Institutional Investor PLC is listed on the London Stock Exchange and a member of the FTSE-250 share index It is a leading international business-to-business media group focused primarily on the international finance sector It publishes more than 100 magazines, newsletters and journals, including the leading financial market titles *Euromoney* and *Institutional Investor* It also runs an extensive portfolio of conferences, seminars and training courses and is a leading provider of electronic information and data covering international finance and emerging markets Its main offices are located in London, New York and Hong Kong and nearly half its revenues and profits are derived from the United States Details of the group's legal entities can be found in note 13

2 Strategy

The group's strategy is

- to grow profits by driving top line growth from both new and existing products,
- to reduce the dependence on advertising by building more robust subscription and repeat revenues,
- to improve operating margins through revenue growth coupled with tight cost control, and
- to make focused acquisitions that supplement the group's existing businesses, that strengthen the company's market position in key areas and that have the capacity for organic growth using the existing knowledge base of the group,

To supplement this strategy the board set the group the objective to drive profit* to a target of £50 million by 2008 against a base of £21 million in 2003

Thumbnails 1

Thumbnails 2

Thumbnails 3

Thumbnails 4

* Profit before tax excluding acquired intangible amortization, share option expense, exceptional items and imputed interest on acquisition option commitments

3 Business review

3 1 Group results and dividends

The group profit for the year attributable to shareholders amounted to £37 4 million (2005 £30 2 million) The directors recommend a final dividend of 11 6 pence per ordinary share (2005 11 0 pence), payable on February 6 2007 to shareholders on the register on November 24 2006 This, together with the interim dividend of 5 4 pence per ordinary share (2005 5 2 pence) which was declared on May 17 2006 and paid on June 23 2006, brings the total dividend for the year to 17 0 pence per ordinary share (2005 16 2 pence)

3 2 Key performance indicators

We implement and monitor our performance against the strategy using the following key performance indicators Performance in 2006 is set out in the table below, together with prior year data

	Revenue 2006 £000's	**Mix 2006 %**	Revenue 2005 £000's	Mix 2005 %	**Revenue growth %**
Revenue growth and mix					
Advertising	**58,589**	**27%**	53,328	27%	+9 9%
Sponsorship	**37,176**	**17%**	32,705	17%	+13 7%
Subscriptions	**56,300**	**25%**	48,017	25%	+17 3%
Delegates	**57,442**	**26%**	46,786	24%	+22 8%
Other	**9,123**	**4%**	8,224	4%	+10 9%
Closed businesses	**1,846**	**1%**	5,772	3%	(68 0%)
	220,476	**100%**	194,832	100%	+13 2%
			2006	2005	**Growth**
Gross margin[1]			**66 0%**	67 4%	**(1 4%)**
Operating margin[2]			**19 9%**	20 2%	**(0 3%)**
Organic growth in profits[3]					**+£9 3m**
Head count[4]			**1,690**	1,543	**147**
Debt capacity[5]			**£200 4m**	£58 6m	

Thumbnails 1

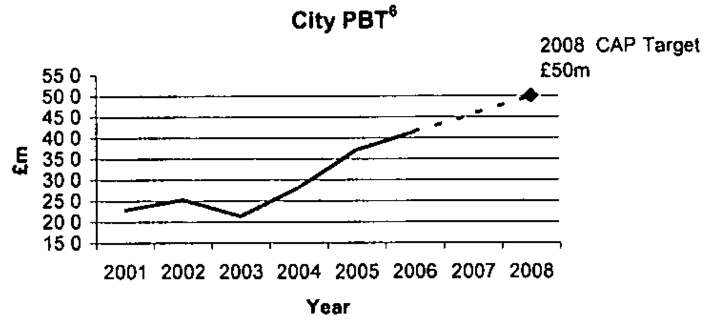
Thumbnails 2

Thumbnails 3

Thumbnails 4

Key performance indicators continued

City PBT[6]



1 Gross margin = gross profit as a percentage of revenue
Gross profit and revenue both as per note 4 in the financial statements

2 Operating margin = operating profit before acquired intangible amortisation, share option expense, exceptional items and associates and joint ventures as a percentage of revenue
Operating profit and revenue both as per the group income statement in the financial statements

3 Organic growth in profits = portion of operating profit growth that relates to organic growth
Operating profit is from continuing operations so excludes closed businesses and is adjusted for significant timing in events and publications

4 Headcount = number of permanent people employed at the end of the period including people employed in associates and joint ventures

5 Additional debt capacity = the maximum amount available for drawdown from the borrowings facility as at September 30 as restricted by the current borrowing covenants less amounts drawn down to date

6 City PBT = Profit before tax excluding acquired intangible amortization, share option expense, exceptional items and imputed interest on acquisition option commitments

3 3 KPI's explained

The key performance indicators show that the group is on track to achieving our strategy These are discussed in detail in the Chairman's statement on pages 2 to 4, and below This should be read in conjunction with the additional information on the development of the business of the group which is set out below

Thumbnails 1

Thumbnails 2

Thumbnails 3

Thumbnails 4

3 4 Development of the business of the group

3 4 1 Financial results

This is the first year the group has reported its results under International Financial Reporting Standards (IFRS) As a result, there are additional narratives and disclosures, changes in format and more technical information given in the report and accounts compared to previous UK GAAP disclosures Comparative information for 2005 was restated as set out in the group's preliminary restatement document in March 2006 which is available on www euromoneyplc com/reports/IFRS_Restatement _ 2005 pdf and is republished in the back of these accounts

A detailed review of the group's results is given in the Chairman's statement on pages 2 to 4

3 4 2 Finance costs

IAS 39 'Financial Instruments Recognition and Measurement' requires an imputed interest charge to be recognised on the group's future acquisition payments under option agreements This additional finance cost increased the group's interest cost by £0 9m Excluding this, the group's net finance cost decreased from £3 8 million to £3 6 million, the group benefiting from its treasury policy of fixing the interest rate on part of its long-term borrowings (see treasury section below)

3 4 3 Headcount

The number of people employed is monitored monthly, on a business-by-business and region-by-region basis to ensure that there are sufficient people employed to meet the forthcoming demands of each business and to make sure that the businesses continue to deliver sufficient results to support the people they employ At the end of September the group employed 1,690 people (2005 1,543 people), an increase of 147, with the reduction of heads from the sale of Mondiale, the restructuring of Adhesion and the closure of Euromoney Business Meetings offset by additional employees across our growing businesses, the more significant increases at Information Management Network, HedgeFund Intelligence, Internet Securities, Inc , Asia conferences, and CEIC as well as acquired heads through the Telcap acquisition

3 4 4 Debt and working capital management

The group's net increase in cash and cash equivalents was £2 3 million (2005 £1 7 million) Net debt at September 30 2006 was £73 4 million (2005 £66 4 million) which includes cash of £27 5 million (2005 £25 1 million) A discussion on debt is contained within the Chairman's statement on page 4 During August 2006 the group signed a new three year £375 million committed credit facility with Daily Mail and General Trust plc to enable the refinancing of the group's existing borrowings and to provide sufficient funds for the purchase of Metal Bulletin plc The new facility replaced the existing Daily Mail and General Trust plc five year committed banking facility At September 2006 there were £200 4 million (2005 £58 6 million) of committed undrawn amounts directly available to the group

3 4 5 Balance sheet

The net liabilities of the group fell £9 2 million to £26 8 million (2005 £36 0 million) The main movements in the balance sheet items were in intangible assets, reflecting the recognition of £5 6 million of goodwill following the acquisition of RussiaDeal, the further 10% instalment of IMN and the increased equity holdings in ISI and CEIC offset by the sale of Mondiale, property plant and equipment, increasing £3 9 million to £14 6 million, a result of the UK property move, investments up £18 7 million to £25 8 million due to the initial 9% tranche of Metal Bulletin plc shares, ABF and CEIC acquisitions, deferred tax assets up £13 1 million to £22 9 million, a result of full recognition of US tax deductible goodwill, and acquisition option commitments of £24 3 million which are required to be recognised on the balance sheet for the first time this year under IAS 39 'Financial Instruments Recognition and Measurement'

3 4 6 Acquisitions

Acquisitions remain a fundamental part of the group's growth strategy and are key to the group reaching its £50 million profit target in 2008 In particular we believe that acquisitions are valuable for taking us into new publishing sectors, for bringing new technologies into the group and for increasing the group's overall growth through identifying rapidly developing niche businesses

In March 2006, the group signed an agreement to acquire 47 5% of Asia Business Forum ("ABF"), a leading conference organiser and training business for the Asian region ABF produces more than 150 events a year from its three offices in Singapore, Kuala Lumpur and Bangkok The events attract more than 1,500 speakers and nearly 5,000 executives across Asia The price for the initial 47 5% tranche is £3 0 million In addition, Euromoney has an option to acquire a further 42 5% in March 2007 and the final 10% after 2009 These further payments are dependent on the audited profits of ABF for the years to December 31 2006, and 2009 or later, respectively The maximum consideration payable for 100% of ABF is capped at £17 6 million The acquisition is earnings-enhancing for Euromoney for its financial year ended September 30 2006

Thumbnails 1

Thumbnails 2

Thumbnails 3

Thumbnails 4

Business review *continued*

3 4 6 Acquisitions *continued*
ABF was launched in Singapore in 1992 by Norman Wright and Linda Yeap, ABF's former shareholders Its events cover a range of subjects including finance, law, energy, pharmaceuticals, telecoms and aviation Norman Wright will stay with ABF until the end of 2006 as a director and consultant Linda Yeap will be managing director of ABF until at least the end of 2009

In July 2006, the group, through Internet Securities, Inc (ISI) purchased substantially all of the assets of RussiaDeal LLC's financial deal information business based in Moscow RussiaDeal has developed and operates an online deal database focusing on the Russian, CIS and Eastern European markets, and publishes a weekly deal newsletter The maximum consideration payable is capped at $500,000

RussiaDeal, which was founded in 2003, compiles details on financial transactions throughout Russia and its neighbouring countries including mergers and acquisitions, equity capital markets, private equity and venture capital activities The company also produces a weekly newsletter reporting on major mergers, acquisitions and other deals in the region The customers include the leading investment banks and private equity fund management companies in Russia and abroad

RussiaDeal is the acknowledged record keeper for transaction and deal data in Russia and the CIS They are especially good at tracking important deals that escape the radar of less focused information companies ISI will leverage and integrate this data within our ISI products making our Emerging Market Information Service the definitive resource for this type of data in Russia and CIS countries

The group continues to increase its holdings in its associates and subsidiaries and this year has paid the following

In February 2006 the group paid the third 10% instalment of $14 2m for Information Management Network, Inc the 80% owned financial conference organiser purchased in February 2004

Also in February 2006, the group purchased a further 1% of the equity share capital of ISI for a cash consideration of $4 2m bringing the group's holding to 92%

In July 2006, the group, through ISI, paid the second instalment of $7 4m for CEIC Holdings Limited, one of the leading providers of time-series macro-economic data covering Asia, increasing our investment in its equity share capital by 25% and bringing our total holding to 74%

Thumbnails 5	Thumbnails 6	Thumbnails 7	Thumbnails 8

Directors' Report *continued*

3 4 7 Marketing and circulation

In 2006 revenues generated from direct marketing campaigns have grown 14% Subscriptions on all of our key titles are up, as are paid delegates across the majority of our events businesses These significant improvements in marketing have been driven by better use of on-line marketing techniques including Search Engines Optimization and paid for Search Marketing Additionally, much work has been done in 2006 on enhancing the marketing database, Eden, with new names and adding more information to customer data Delegate marketing continues to improve through better targeting and combining print and electronic marketing channels In addition, on-line subscriptions, have grown significantly for our traditional print products, primarily by upselling print based renewals to electronic site deals

3 4 8 Systems and information technology

The company continues to invest in its IT infrastructure During the year new desktop computers were rolled out across the organisation and an updated email system was implemented New secure connectivity software was installed to provide staff with remote access to our office-based systems from anywhere in the world

The move into new London office space was completed during the year with wireless networks implemented in all buildings enhancing the existing high-speed network A new external network was also rolled out linking the company's main offices in Europe, North America and Asia The company continued to rationalise telecom services over the year delivering significant cost savings

In 2006 disaster recovery and business continuity plans for all businesses were updated The company has an active programme for testing the disaster recovery plans for all business units

At the beginning of the year the company's websites were transferred to a dedicated, high-availability hosting centre Many sites were re-launched during 2006 with fresh designs and updated technologies New e-commerce infrastructure will be implemented during 2007 to help support our growing online revenues

3 4 9 Tax and treasury

Committee

The group's tax and treasury committee normally meets twice a year and is responsible for recommending policy to the board The committee is attended by the chairman and managing director of the company, and the finance director and the deputy finance director of Daily Mail and General Trust plc The chairman of the audit committee is also invited to attend 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

Treasury

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 80% of its term debt looking forward over five years At September 30 2006, the group had 89% of its net debt fixed by the use of interest rate hedges, management beginning to put in place additional interest rate swaps to cover the debt required for the purchase of Metal Bulletin plc 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 against increases in market rates

9	10	11	12
Thumbnails	Thumbnails	Thumbnails	Thumbnails

Euromoney Institutional Investor PLC

Directors' Report *continued*

3 4 9 Tax and treasury *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 of foreign subsidiaries 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 60% of the group's revenues are in US dollars Subsidiaries normally do not hedge transactions in foreign currencies into the functional currency of their own operations However, at a group level a series of US dollar forward contracts is put in place up to 48 months forward partially to hedge its dollar revenues into sterling

Details of the financial instruments used are set out in note 17 to the accounts

Tax
The group's effective tax rate decreased to a negative (10%) (excluding the effect of goodwill amortisation and exceptional items) compared to 7% in 2005 The tax rate is significantly lower than the expected rate at interim and for 2005 due to, the recognition of a further deferred tax asset of £13 6 million in respect of tax deductible US goodwill and US tax losses as the group's US businesses continue to generate significant taxable profits If the effect of this asset recognition is stripped out, the underlying tax rate is 28% This is higher than the rate forecast at interim due to a change in the mix of profits as between the US and UK groups Now that the majority of profit and loss account affecting deferred tax assets have been fully recognised, the group's underlying tax rate in 2007 and subsequent years is expected to be above 30%

The total deferred tax balance held is an asset of £19 8 million (2005 full year £8 8 million) As noted above this balance relates to tax deductible US goodwill and US federal tax losses as well as UK short term timing differences and the future deductions available for the CAP scheme

There is an unrecognised US deferred tax asset of £6 0 million in total This relates to US state and city tax losses (£0 7 million), and the IAS 39 liability in respect of the group's obligations under the put option held by IMN's minority shareholders (£5 3 million)

4 Risk management
The company has continued to develop its processes for risk management Management of significant risk is regularly on the agenda of the board and other senior management meetings In particular this year, we have refocused our internal audit work to align much more closely with the respective risks within the businesses

Specific risk areas that potentially could have a material impact on the group's long-term performance

London or New York wide disaster
The group has its main offices located in London and New York An area wide disaster is likely to have serious consequences for the group, with office space potentially becoming unusable for several months and lack of suitable alternative accommodation, loss of key clients and staff in affected area and difficult communications with both customers and staff As a consequence of the above, loss of revenue

To mitigate this risk we have detailed disaster recovery (DR) plans for all businesses All employees can work from home or an internet café and are aware of how to do this We periodically test our DR plans We have robust systems in place with key locations (including the UK & US) benefiting from dual locations of back ups, dual loading of live back ups for key systems and third party 24-hour support

Thumbnails 21

Thumbnails 22

Thumbnails 23

Thumbnails 24

4 Risk management *continued*

Libel
The group generates a significant amount of its revenue from publishing and hence has an inherent libel risk A successful libel claim is likely to affect our reputation in the market place where the libel claim arose and/or where the publication was published As a consequence the group could suffer a loss of advertising and other add-on revenue streams

To mitigate this risk we have mandatory annual libel courses for all journalists and editors Key staff are aware of the significant nature of the risks and we have strong internal controls on reporting to senior management if a potential issue arises

Incorrect circulation claims
The group publishes over 100 titles and publications and sells advertising into these partly based on circulation figures An incorrect claim for circulation could adversely affect our reputation in the applicable market place with a potential knock-on effect for other unrelated titles within the group As a consequence this could lead to the permanent loss of advertisers and other revenue streams

To mitigate this risk the group undertakes rolling annual audits and regularly monitors internal controls designed to cover circulation Detailed guidance is provided to all relevant employees and their understanding of the rules is regularly monitored There are a large number of mutually exclusive titles and it is unlikely that an incorrect circulation claim, should it arise, would affect the circulation of other titles within the wider group

Poor choice of acquisition
Part of the group's strategy is to be acquisitive We review a number of potential acquisitions each year with only a small proportion of these going through to due diligence stage and possible subsequent purchase The group could pay too much for a business if, post acquisition, an acquired business does not generate the expected returns or fail to operate or grow in the necessary markets and products areas to support the purchase price The risks of the acquire entity may be misunderstood As a consequence a significant amount of management time could be diverted from other operational matters

To mitigate this risk senior experienced management perform detailed due diligence Acquisition agreements are usually structured so as to retain key employees in the acquired company and there is close monitoring of performance of the entity concerned post acquisition

Downturn in economy or market sector
The group generates significant income from certain key geographical regions and market sectors for both its publishing and events businesses Should there be a downturn or collapse in one of these areas income is likely to be adversely affected and for events businesses some abandonment costs may also be incurred

However, the group has a strong product mix and operates in multiple geographical locations which reduces dependency on any one sector or region Management have, in the past, a proven ability to adapt to new unaffected markets, (e g SARS outbreak in Asia and terrorist attacks in New York)

Thumbnails 13	Thumbnails 14	Thumbnails 15	Thumbnails 16

4 Risk management *continued*

Technological change

The internet is becoming an ever increasing important revenue stream for the group and with this comes risk The internet has the potential to erode hard copy advertising, subscribers could switch to electronic copies of products, and the demand for delivering on-line training could become the norm

The group is already embracing these challenges, and, overall, views the internet as an opportunity rather than a threat Many of our businesses already produce soft copies of issues to supplement the hard copies We have several internet sites that may also benefit from such a change as well as a daily email business that is being developed While the internet is an important tool to our revenue generating ability, our product mix provides protection for any potential unforeseen problems, for example, our share of profit from event businesses is growing, with face-to-face meetings of increasing importance

Liquidity risk

The group has significant bank and intercompany borrowings and is an approved borrower under a Daily Mail and General Trust plc £375 million revolving multi-currency facility This facility requires the group to meet certain covenants based on net debt and profits adjusted for certain non-cash items Failure to do so would result in the group being in breach of the facility potentially resulting in the facility being withdrawn Management regularly monitor the covenants and prepare detailed debt forecasts to ensure that sufficient headroom is available and that the covenants are not close or potentially close to breach The debt capacity available to the group is given in the KPI section of this directors report The group's objective is to use excess operating cash generated to pay down the debt The group has a cash conversion (the percentage by which cash generated by operations covers operating profit) of over 100%, due to much of its subscription, advertising, conference and training revenue being paid in advance, as such the directors have no reason to believe that the debt is not serviceable

Interest rate risk

The group's borrowings are in both pounds sterling and US dollars with the related interest tied to US and UK LIBOR This results in the group's interest charge being at risk to fluctuations in interest rates It is the group's policy to hedge approximately 80% of its interest exposure, swapping its floating rate debt into fixed debt by means of interest rate swaps 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 against increases in market rates Details of the group's interest rate swaps are given in note 17

Foreign currency risk

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 of foreign subsidiaries into sterling for reporting purposes

The group does not hedge the translation of the results of foreign subsidiaries, consequently, fluctuations in the value of pounds sterling versus currencies could materially affect the amount of these items in the consolidated financial statements, even if their values has not changed in their original currency The group 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 60% of the group's revenues are in US dollars At a group level a series of US dollar forward contracts is put in place up to 48 months forward partially to hedge its dollar revenues into sterling The timing and value of these forward contracts is based on managements estimate of its future US dollar revenues over a 48 month period and is regularly reviewed and revised with any changes in estimates resulting in either additional forward contracts being taken out or existing contract's maturity dates being moved forward or back In addition, each subsidiary is encouraged to invoice sales in their local functional currency where possible Details of the group's forward contracts are given in note 17

Thumbnails 17	Thumbnails 18	Thumbnails 19	Thumbnails 20

5 Social Responsibility
The group continues to participate and develop its involvement in the community

The group provides specific paid graduate trainee programmes and internships with the potential for long-term career opportunities within the organization This year we have expanded our graduate trainee program and attended recruitment fairs at University College London, School of Oriental and African Studies and the Guardian Summer Recruitment Fair This has enabled us to increase the number of graduate trainees employed

The group remains a keen supporter of local and international charities and regularly provides sponsorships and funds to support these

Indian eye clinic
The group has set itself a big charity challenge for the coming year in addition to our usual annual giving With the full support of the board it has set out to raise £188,000 to build a paediatric eye clinic in India which will save the sight of 15,000 children a year This will be in partnership with the Kalinga Eye Hospital in central Orissa, one of the poorest regions in India We will work with the charity Orbis, whose role is to restore the sight of people in poor countries

The group will give £50,000 directly to this project, in addition to its usual charity budget, and the rest will be raised through staff fund-raising and from other initiatives Every Euromoney person has been asked to help, and each profit centre has been invited to pledge a certain amount The response has been very enthusiastic, with group employees at every office in the world volunteering to help The group's customers will also be asked to donate to the cause It is expected that the employees who have done the most will be awarded field trips to see the work of the clinic at first hand The project will be the first where all group employees are invited to take part in a single project

6 Future developments in the business
An indication of the trading outlook for the group is given in the Chairman's statement on page 4 In 2007 the directors will begin the integration and restructure of Metal Bulletin (see section 14) releasing the synergies from a more efficient enlarged group The directors are already putting in place certain derivative instruments to protect the group against the additional foreign exchange risk and interest rate risk exposure and to bring the enlarged group in line with the stated tax and treasury committee policies (see section 3 4 9) The directors will continue to review the portfolio of businesses, disposing, closing or restructuring any under-performing businesses allowing the group to have the necessary resources and skills to remain acquisitive for potential future acquisitions The group will continue to invest in technology, particularily web based products and publication delivery systems

7 Directors and their interests
The directors who served during the year are listed on pages 17 to 18 The directors' interests are given on page 39 Following best practice under corporate governance and in accordance with the company's Articles of Association, all executive directors submit themselves for re-election at least every three years Accordingly, PR Ensor, DC Cohen, CR Jones, and RT Lamont, will retire at the forthcoming Annual General Meeting and, being eligible, will offer themselves for re-election Also, as required by best practice under corporate governance, all non-executive directors who have served for more than three three-year terms must submit themselves for re-election on an annual basis Accordingly, JC Botts, CJF Sinclair, and JP Williams will retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election

In addition, 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 27 to 40

Euromoney Institutional Investor PLC

Directors' Report *continued*

8 Significant shareholdings
At November 14 2006, being the latest practical date before approval of the accounts, notification had been received of the following interests of 3% or more in the company's ordinary share capital

	Number	%
Daily Mail General Holdings Limited	62,147,624	60 6
HSBC Global custody nominee UK Limited	3,230,621	3 2

Banque Internationale à Luxembourg SA has issued international depositary receipts in bearer form in respect of a total of 1,362,800 shares (1 5%) registered in its name

9 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

10 Political and charitable contributions
During the year the group raised charitable contributions of £205,000 (2005 £292,000) There were no political contributions in either year

11 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

12 Employee involvement and training
The group 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 We are continually developing and expanding the training programmes provided

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, the Capital Appreciation Plan and in the savings related share option scheme

13 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 group had 62 days of purchases in creditors at September 30 2006 (2005 57 days)

Euromoney Institutional Investor PLC

Directors' Report *continued*

14 Post Balance sheet event
On August 4 2006, Euromoney announced the terms of a recommended cash offer for Euromoney Institutional Investor (Ventures) Limited, a subsidiary of the company, to acquire the entire ordinary share capital of Metal Bulletin Plc The offer document setting out the full terms of the offer was posted to Metal Bulletin Shareholders on August 31 2006

All of the conditions of the offer have been satisfied and the offer was declared unconditional on October 5 2006

Under the terms of the offer, Metal Bulletin shareholders received 400 pence in cash for every Metal Bulletin share held The offer valued the issued ordinary share capital of Metal Bulletin at approximately £225 million

A partial share alternative was made available which allowed Metal Bulletin shareholders to elect to receive any proportion of the consideration in new Euromoney shares subject to not more than 14 million new Euromoney shares being issued For the purposes of the partial share alternative, each consideration share had an assumed value of 394 75 pence which was Euromoney's closing share price on July 25 2006, the last business day before the announcement made by Euromoney of the final proposed recommended offer for Metal Bulletin The partial share alternative was oversubscribed and the maximum number of Euromoney shares were issued on October 6 2006, bringing the total issued share capital to 102 4 million shares

A loan note alternative was also made available Shareholders were entitled to elect to receive, for every £1 of cash consideration, £1 nominal value of loan notes The loan notes will bear interest from the date of issue payable every six months in arrears on June 30 and December 31 in each year, at 0 75 per cent below LIBOR per year The loan notes are redeemable at par on interest payment dates commencing on June 30 2007 Any loan notes outstanding on December 31 2016 will be redeemed at par on that date

At October 24 2006 Euromoney was the beneficial owner of 97 2% of the issued ordinary share capital of Metal Bulletin Metal Bulletin shareholders opting for the loan note alternative represent 5 2% of Metal Bulletin's share capital Accordingly it is estimated that the cash component of the offer will be approximately £157 million

Metal Bulletin's balance sheet at the date of acquisition is set out in note 14

15 Annual General Meeting
The company's Annual General Meeting will be held on February 1 2007

16 Auditors
A resolution to re-appoint Deloitte & Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting

17 Disclosure of information to auditors
In the case of each of the persons who are directors of the company at November 15 2006

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
- each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of the information

By order of the board

Colin Jones
Company Secretary
November 15 2006

Euromoney Institutional Investor PLC

Directors and Advisors

Executive Directors

Chairman

‡ **Mr PM Fallon** (aged 60) is chairman 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** (aged 58) is the managing director 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

Mr NF Osborn (aged 57) joined the company in 1983 and was appointed an executive director in February 1988 He is the publisher of *Euromoney* He is also a director of OAO RBC Information Systems, a Russian public company

Mr DC Cohen (aged 49) 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 (aged 52) joined the company in 1982 and was appointed an executive director in September 1989 He is based in the United States and president of Institutional Investor, Inc

Mr CR Jones (aged 46) is the finance director He joined the company in July 1996 and was appointed finance director in November 1996 He is also the company secretary, a director of Institutional Investor, Inc , Information Management Network, Inc and Internet Securities, Inc

Mr SM Brady (aged 41) joined the company in 1988 and was appointed an executive director in May 1999 He is managing director of *Euromoney*

Mr RT Lamont (aged 59) 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

Ms D Alfano (aged 50) 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 and Information Management Network, Inc

Mr G Mueller (aged 40) is chairman of Internet Securities, Inc (ISI), which he founded in 1994 Euromoney acquired ISI in 1999, at which point Mr Mueller joined the company He was appointed an executive director in July 2000 He is also a director and chairman of Information Management Network, Inc

Mr MJ Carroll (aged 49) 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 (aged 46) joined the company in 2000 and was appointed an executive director in July 2003 He is the director responsible for the company's legal and energy publishing businesses and is a director of HedgeFund Intelligence Limited and TelCap Limited He is also the director responsible for acquisitions

Directors and Advisors *continued*

Non-executive Directors

†‡ **The Viscount Rothermere** (aged 38) was appointed a non-executive director in September 1998 and is a member of the remuneration and nomination committees He is chairman of Daily Mail and General Trust plc and a non-executive director of Fleming Mercantile Investment Trust PLC

‡§ **Sir Patrick Sergeant** (aged 82) is a non-executive director and president 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

†‡ **Mr CJF Sinclair** (aged 58) 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 a non-executive director of SVG Capital plc

§ **Mr JP Williams** (aged 53) 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 GCap Media plc

†‡§ **Mr JC Botts** (aged 65) was appointed a non-executive director in December 1992 and is chairman of the audit and remuneration committees and a member of the nominations committee He is chairman of Botts & Company Limited and LongAcre Partners Ltd , and a non-executive director of United Business Media Plc

Mr JC Gonzalez (aged 61) was appointed a non-executive director in November 2004 He is chairman and chief executive of American Orient Capital Partners Holdings Limited, an investment and financial advisory services firm based in Hong Kong covering the Asia Pacific region He is also a director of a number of publicly listed companies in the Philippines, including IPVG Corporation, Philweb Corporation, ISM Communications Corporation, and Southeast Asia Cement Holdings Inc (a subsidiary of Lafarge SA) Previously he was vice chairman and president of the Philippine International Trading Corporation (the trading arm of the Philippine Government), Special Trade Negotiator of the Ministry of Trade and Industry of the Philippines (with the equivalent rank of Deputy Minister), and managing director of Shearson Lehman Brothers (Asia), Inc

† 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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Registered Number 954730

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Solicitors Nabarro Nathanson, Lacon House, Theobald's Road, London WC1X 8RW

Stockbrokers UBS, 1 Finsbury Avenue, London EC2M 2PP

Depositary Banque Internationale à Luxembourg SA, 69 route d'Esch, 2953 Luxembourg

Agents of the Depositary
Citicorp Investment Bank (Switzerland), Bahnhofstrasse 63, PO Box 224, CH 8021 Zurich
Citibank NA, Citibank House, 336 Strand, London WC2R 1HB

Registrars Capita IRG plc, Northern House, Woodsome Park, Fenay Bridge, West Yorkshire, HD8 OLA

Euromoney Institutional Investor PLC

Corporate Governance

The Financial Reporting Council's 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 27 to 40 set out how the company has applied the principles laid down by the Code The company has substantially complied with the Code, save for the exceptions disclosed in the directors' compliance statement on page 26

Directors

The board and its role

Details of directors who served during the year are set out on pages 17 to 18 The board comprises the chairman (Mr PM Fallon), managing director (Mr PR Ensor), 10 other executive directors and six non-executive directors Two of the six non-executive directors are independent, one is the founder and ex-chairman of the company, and the other three 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 The board although large does not consider itself to be unwieldy and believes it is beneficial to have representatives from all key areas of the business at board meetings 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 board has delegated specific aspects of the group's affairs, each of which operates within defined terms of reference, to standing committees Details of these are set out below However, to ensure its overall control of the group's affairs, the board has reserved certain matters to itself for decision The board meetings are held to set and monitor strategy, identify, evaluate and manage material risks, 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 fulfil its duties

Executive committee

Chaired by the company's chairman, the executive committee also comprises the divisional directors of the group's main businesses, together with the managing director and finance director The committee is responsible for the approval of acquisitions, divestments, capital expenditure and contractual commitments below the level that the board has reserved to itself for decision, and for certain operational, administrative and other routine matters The committee also regularly reviews and reports to the board on the performance of the group's businesses At least 11 meetings are held each year and other senior executives frequently attend by invitation

Nominations committee

The nominations committee is responsible for proposing candidates for appointment to the board having regard to the balance of skills and structure of the board and ensuring the appointees have sufficient time available to devote to the role The committee meets when required and comprises PM Fallon (chairman of the nominations committee), PR Ensor and four non-executive directors, Sir Patrick Sergeant, The Viscount Rothermere, CJF Sinclair, and JC Botts (independent) The committee's terms of reference are available on the company's web site

The nominations committee met formally during the year to discuss the possible appointment of one or more new executive directors, given Mr Bounous resignation during the year, and to consider appointing an additional non-executive director

Corporate Governance *continued*

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 committee also recommends and monitors the level of remuneration for senior management and for the rest of the group 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 27 to 40 The committee's terms of reference are available on the company's web site

Audit committee
Details of the members and role of the audit committee are set out on page 24 The committee's terms of reference are available on the company's web site

Tax and Treasury committee
Details of the members and role of the tax and treasury committee are set out in the directors report on page 10

Non-executive directors
The non-executive directors bring both independent views and the views of the company's major shareholder to the board The non-executive directors, whose biographies can be found on pages 17 and 18 of the accounts, are The Viscount Rothermere, Sir Patrick Sergeant, CJF Sinclair, JP Williams, JC Botts and JC Gonzalez At least once a year the company's chairman meets the non-executive directors without the executive directors being present

The board considers JC Botts and JC Gonzalez to be independent non-executive directors Although JC Botts has been on the board for more than the recommended term of nine years under the Code, the board believes that his length of service enhances his role as an independent director JC Botts also holds options to subscribe for common stock in Internet Securities, Inc a subsidiary of the company However, the number of options held by JC Botts is not material to him or to the company

The Viscount Rothermere has a significant shareholding in the company through his beneficial holding in Daily Mail and General Trust plc and because of this he is not considered independent

Sir Patrick Sergeant also has a significant shareholding in the company and in addition has served on the board in various roles since founding the company in 1969 and has been a non-executive director since 1992 and hence, under the Code, is not considered independent

The Viscount Rothermere, CJF Sinclair, and JP Williams are also executive directors of Daily Mail and General Trust plc, an intermediate parent company However, the company is run as a separate, distinct and decentralised subsidiary of Daily Mail and General Trust plc and these directors have no involvement in the day-to-day management of the company They bring valuable experience and advice to the company but the board does not believe these non-executive directors are able to exert undue influence on decisions taken by the board, nor does it consider their independence to be impaired by their positions with Daily Mail and General Trust plc However, their relationship with Daily Mail and General Trust plc means they do not meet the Code's definition of independence

Euromoney Institutional Investor PLC

Corporate Governance *continued*

Board and committee meetings

Board and committee meetings are arranged well in advance of the meeting date and papers covering the points to be discussed are distributed to its members in advance of the meetings The following table sets out the number of board and committee meetings attended by the directors during 2006

	Board meetings	Executive committee	Remuneration committee	Nominations committee	Audit committee†	Tax & treasury committee
Number of meetings held during year	6	11	3	1	3	2
Executive directors						
PM Fallon - Chairman	6	11	-	1	-	0
PR Ensor - Managing Director	6	10	-	1	-	2
NF Osborn	6	10	-	-	-	-
DC Cohen	6	9	-	-	-	-
CR Brown	6	9	-	-	-	-
E Bounous*	6	5	-	-	-	-
CR Jones - Finance Director	6	11	-	-	-	1
RT Lamont	5	9	-	-	-	-
SM Brady	5	9	-	-	-	-
D Alfano	6	9	-	-	-	-
G Mueller	5	9	-	-	-	-
MJ Carroll	6	10	-	-	-	-
CHC Fordham	6	10	-	-	-	-
Non-executive directors						
The Viscount Rothermere	5	-	3	0	-	-
Sir Patrick Sergeant	5	-	-	-	3	-
CJF Sinclair	6	-	3	1	-	-
JP Williams	6	-	-	-	3	2
JC Botts	5	-	3	1	3	-
JC Gonzalez	6	-	-	-	-	-

* retired as a director on April 13 2006

† In addition to the three audit committee meetings held during the year several informal meetings were also held

Corporate Governance *continued*

Board and committee effectiveness

During the year the board, through its chairman, assessed its performance and that of its committees The chairman distributed a detailed questionnaire to each of the board members and together with personal interviews evaluated the strengths and weaknesses of the board and its members In addition, each of the main committees completed a detailed questionnaire encompassing key areas within their mandates The results of the assessment were presented and discussed at a board meeting and it was concluded that the board and its committees had been effective throughout the year

Communication with shareholders

The company's chairman, together with 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 In line with best practice all shareholders have at least 20 working days notice of the annual general meeting at which the executive directors, non-executive 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 and Wales (the Turnbull Report), the board has implemented an ongoing process for identifying, evaluating and managing the material risks faced by the group

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 2005 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, risk management, 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, integrity of personnel and whistle blowing arrangements
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 The employee handbook also sets out the procedures available to staff to raise, in confidence, possible improprieties in matters of financial reporting or other matters

Social responsibility
The group is keen to maintain a high level of social responsibility and has core procedures embedded in its internal systems and controls to ensure its social standards are monitored regularly and are not breached The group supports and encourages employees who become involved in social projects and examples of these are given in the Director's report

Environmental responsibility
The group does not operate directly in industries where there is the potential for serious industrial pollution It does not print products in-house or have any investments in printing works 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 suppliers of goods and services and these suppliers are regularly reviewed and monitored The group is not a heavy user of energy, however, it does manage its energy requirements sensibly using low energy office equipment where possible and using a common sense approach such as switching off equipment, air-conditioning, heating and lights when not required

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 The UK businesses benefit from a monthly assessment of the working environment by experienced assessors and regular training of all existing and new UK employees in health and safety matters

Investment appraisal
The managing director, finance director and business group managers consider proposals for acquisitions and 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, financing 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 function which is managed by the head of Daily Mail and General Trust Plc's (DMGT) internal audit department, working closely with the company's finance director Internal audit draws on the services of the group's central finance team to assist in completing the audit assignments Internal audit aims to provide an independent assessment as to whether effective systems and controls are in place and being operated to manage significant risks in the businesses visited It also aims to support management by providing cost effective recommendations to mitigate risk and control weaknesses identified during the audit process, as well as provide insight into where efficiencies and monetary gains might be made by improving the operations of the business Businesses and central departments are selected for an internal audit visit on a risk-focused basis, taking account of the risks identified as part of the risk management process, the risk and materiality of each the group's businesses, the scope and findings of external audit work, and the departments and businesses reviewed previously and the findings from these reviews This approach ensures that the internal audit focus is placed on the higher risk areas of the group, while ensuring an appropriate breadth of coverage The head of DMGT's internal audit department 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, the annual report and accounts and other related formal statements before their submission to the board, and reviewing 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 It has set and applied a formal policy, which focuses on the effectiveness, independence and objectivity of the external audit, the type of non-audit work permissible and a diminimus level of fees acceptable Any non-audit work performed outside this remit is assessed and where appropriate approved by the committee The committee discusses the nature, scope and findings of the audit with the external auditors and considers and determines relevant action in respect of any control issues raised by the external auditors The audit committee is also responsible for monitoring and assessing the effectiveness of internal audit, and reviews the internal audit programme and receives periodic reports on its findings It reviews the whistle blowing arrangements available to staff The audit committee's terms of reference are available on the company's website

Corporate Governance *continued*

Statement of directors' responsibilities in respect of the accounts
The directors are responsible for preparing the Annual Report and the financial statements The directors have chosen to prepare accounts for the group in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1985 and Article 4 of the IAS Regulation, and for the company in accordance with United Kingdom Generally Accepted Accounting Practice

In the case of UK GAAP accounts, the directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, 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 financial statements on the going concern basis

In the case of IFRS accounts, International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and Presentation of Financial Statements' In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards Directors are also required to

- properly select and apply accounting policies,

- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,

- provide additional disclosures when compliance with the specific requirements in International Financial Reporting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and

- prepare the accounts on a going concern basis unless, having assessed the ability of the company to continue as a going concern, management either intends to liquidate the entity or to cease trading, or have no realistic alternative but to do so

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report and directors' remuneration report which comply with the requirements of the Companies Act 1985

The directors are responsible for the maintenance and integrity of the company website Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions

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 49 provisions of the July 2003 Financial Reporting Council's Combined Code on Corporate Governance issued by the Financial Services Authority Save for the exceptions outlined below, the group has complied throughout the financial year ended September 30 2006 with the provisions set out in Section 1 of the Combined Code

Provision A 3 2 states that half the board, excluding the chairman, should be comprised of non-executive directors determined by the board to be independent The board currently comprises 18 directors of whom two are considered to be independent non-executive directors

Contrary to provision A 3 3, 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

Provision A 4 1 requires that the majority of the nominations committee should be comprised of independent non-executive directors Although the committee consists of four non-executive and two executive directors, only one of the non-executive directors can be considered independent under the Combined Code

Provision A 4 4 states that the terms and conditions of appointment of non-executive directors should be available for inspection As explained in the Directors' Remuneration Report, the non-executive directors do not have service contracts

Provisions B 2 1 and C 3 1 require the remuneration and audit committees to comprise entirely of independent non-executive directors Both the remuneration and audit committees comprise of three non-executive directors, only one of whom on each committee can be considered independent under the Combined Code

On behalf of the board

Padraic Fallon
Chairman
November 15 2006

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 February 1 2007

The remuneration committee
The remuneration committee is chaired by JC Botts Its other members are The Viscount Rothermere and CJF Sinclair 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 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 2006 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 2006

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 13 executive directors who served in the year, 79% was derived from profit shares

The creation of shareholder value is also encouraged through an executive share option scheme and, from October 2003, the Capital Appreciation Plan (CAP) The company's first share option 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 subsequent executive share option scheme was approved by shareholders in January 1996 The performance criteria under which options granted under this scheme may be exercised are set out on page 28 This scheme expired and closed in 2006, but no share options have been issued under it since February 2004 although options previously granted may be exercised before various dates to February 2014 The CAP was approved by shareholders in February 2005, and is a highly geared performance-based share option scheme which not only directly rewards growth in profits of each executive's businesses but also links more robustly equity reward with the delivery of economic shareholder value A more detailed explanation of the CAP is given on page 29

The directors believe that these 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 a director's overall compensation package Each executive director receives a salary which is reviewed annually by the committee Certain non-cash benefits are also provided including private health care, and life assurance through the membership of one of the pension schemes

Pension schemes
Each UK-based director is entitled to 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 pension scheme Directors based overseas are entitled to participate in the pension scheme arrangements applicable to the country where they work Currently, NF Osborn, CR Brown, RT Lamont, D Alfano, G Mueller and MJ Carroll participate in the group's US 401(k) plan Details of pension scheme contributions can be found on page 35 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 each executive director to the profits and growth in profits of the businesses that the executive director manages

The executive directors who manage business divisions are set profit thresholds for the businesses for which they are responsible The profit thresholds are set at the time the director takes on responsibility for the businesses concerned, usually based on the profits of the previous 12 months, and are adjusted if such responsibilities change The normal profit share arrangement pays 1% of profits 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 post-minority 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 £29,000,000 and an additional 1 44% of pre-tax profits in excess of this threshold

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

CHC Fordham, in addition to his profit share, has a second incentive linked to the performance of acquisitions

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

Euromoney Institutional Investor PLC

Directors' Remuneration Report *continued*

Remuneration structure *continued*

The table below shows the 2006 percentage split of the fixed and variable elements of each director's remuneration package

	Fixed *Salary & benefits*	Variable *Profit share*
Executive directors		
PM Fallon	7%	93%
PR Ensor	7%	93%
NF Osborn	31%	69%
DC Cohen	22%	78%
CR Brown	43%	57%
E Bounous*	21%	79%
CR Jones	52%	48%
RT Lamont	76%	24%
SM Brady	64%	36%
D Alfano	25%	75%
G Mueller	30%	70%
MJ Carroll	81%	19%
CHC Fordham	34%	66%
Total	21%	79%

* E Bounous retired as a director on April 13 2006

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 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, CR Jones, SM Brady and CHC Fordham, details of which can be found on pages 36 and 37 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 and employees with those of shareholders

Capital Appreciation Plan (CAP)

The CAP was approved by shareholders on February 1 2005 Each CAP award comprises an option to subscribe for ordinary shares of 0 25p each in the company for an exercise price of 0 25p per ordinary share In accordance with the terms of CAP, no consideration was paid for the grant of the awards The awards become exercisable on satisfaction of certain performance conditions and lapse to the extent unexercised on September 30 2014 The scheme is potentially available to all employees The performance conditions, broadly, require that the company achieve pre-tax profits (before goodwill amortisation or impairment, exceptional items and before the cost of the CAP) of £50 million by no later than the financial year ending September 30 2008 In the event that this profit target is achieved, the option pool (of a maximum of 7 5 million shares) will be allocated between the holders of outstanding awards by reference to their contribution to the achievement of the performance condition, but no individual may have an option over more than 10% of the option pool One third of the awards will vest immediately, with the other two thirds vesting in equal tranches in the following two years, but only if the specified profit target is maintained Otherwise vesting is deferred until the profits achieved in 2008 are achieved again, but no later than by reference to the year ending September 30 2013 Thus the CAP is designed so that profit growth must be sustained if awards are to vest in full Accordingly, and subject as described above, the award to each director comprises an option to subscribe for up to 750,000 shares The actual value of the CAP award to each director will depend on the relative profit contribution of his/her businesses to the achievement of the performance condition It is expected that (subject to the satisfaction of the performance condition) the directors will receive in aggregate approximately 25% of the option pool, or on average an option to subscribe for approximately 145,000 shares each

The fair value per option granted and the assumptions used to calculate its value are set out in note 22

Euromoney Institutional Investor PLC

Directors' Remuneration Report *continued*

Share option schemes *continued*

1996 scheme
All executive directors have options from a previous executive share option scheme approved by shareholders in 1996 in which potentially all employees could receive options This scheme expired in 2006 and no share options have been issued under this scheme since February 2004 although options granted may be exercised before various dates to February 2014 Options were issued to a selection of individual employees, including directors, on a merit basis These options are exercisable at least three years after their grant and are subject to certain performance conditions For options expiring on 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

The fair value per option granted and the assumptions used to calculate its value are set out in note 22

Internet Securities, Inc option scheme
G Mueller, NF Osborn and JC Botts 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 36 to 38

Euromoney Institutional Investor PLC

Directors' Remuneration Report *continued*

Remuneration structure *continued*

Put options

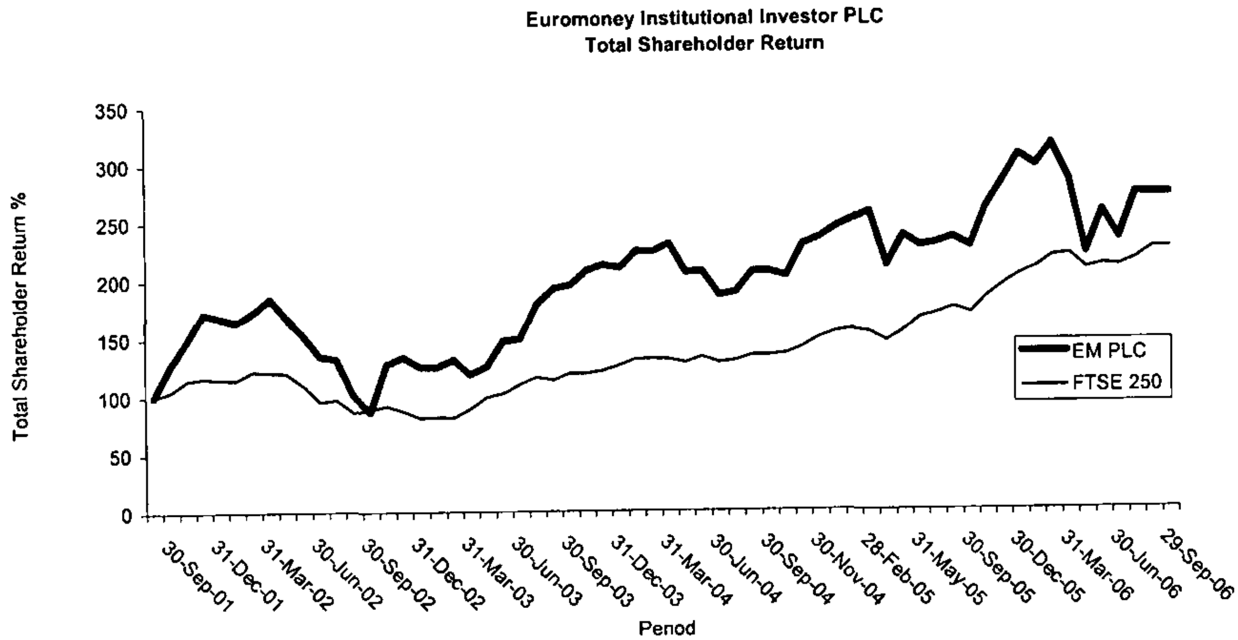
G Mueller has a put option whereby he is able to sell his 5% holding of shares in Internet Securities, Inc (ISI), a subsidiary of the group, to Euromoney Institutional Investor PLC at a price per share based on a multiple of ISI's profit per share up to a ceiling G Mueller retains the rights granted 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 six 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 formula derived 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 JC Botts who is a participant in the Internet Securities, Inc option scheme

Total shareholder return (TSR)

Shown below is the group's TSR for the five years to September 30 2006 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



Directors' Remuneration Report *continued*

Service contracts

The group's policy is normally to employ executive directors on twelve month rolling 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 executive service contracts are reviewed from time to time and updated where necessary A service contract terminates automatically on the director reaching his/her respective retirement age

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	12	63	12 months' salary, profit share, pension and car allowance	9 months' salary, profit share, pension and car allowance	(1), (3)
PR Ensor	Jan 13 1993	12	62	12 months' salary, profit share, pension and car allowance	6 months' salary, profit share, pension and car allowance	(3)
NF Osborn	Jan 4 1991	12	60	12 months' salary, pension and a pro-rated profit share up to the date notice of termination is given	1 month's salary, pension and a pro-rated 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 pro-rated profit share up to the date notice of termination is given	1 month's salary, pension, car allowance and a pro-rated profit share up to the date of termination	(3)
CR Brown	Dec 31 1991	12	60	12 months' salary, pension and a pro-rated profit share up to the date notice of termination is given	1 month's salary, pension and a pro-rated profit share up to the date of termination	(3)
E Bounous (resigned April 13 2006)	Aug 26 1997	12	60	12 months' salary, pension and a pro-rated 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 pro-rated profit share up to the date notice of termination is given	6 months' salary, pension and a pro-rated profit share up to the date of termination	(3)
RT Lamont	Jan 6 2000	6	60	9 months' salary, pension and a pro-rated profit share up to the date notice of termination is given	3 months' salary, pension and profit share if already paid	(3), (4)
SM Brady	Feb 17 2000	12	60	12 months' salary, pension and a pro-rated profit share up to the date notice of termination is given	6 months' salary, pension and pro-rated profit share up to the date of termination	(3)
D Alfano	Jan 10 2001	6	60	6 months' salary, pension and a pro-rated 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)

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
G Mueller	Jan 25 1999	12	60	12 months' salary, pension and a pro-rated 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	Mar 18 1999	6	60	6 months' salary, pension and a pro-rated profit share up to the date notice of termination is given	6 months' salary, pension and pro-rated profit share up to the date of termination	(3), (6)
CHC Fordham	Sep 21 2004	12	60	12 months' salary, pension and a pro-rated profit share up to the date notice of termination is given	6 months' salary, pension and pro-rated 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	The contract is terminated immediately The director is entitled to his expense allowance 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

† E Bounous' service contract terminated on his resignation on April 13 2006

(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 RT Lamont's editorial independence, the company shall pay $87,500 to the United Way of Greater New York

(5) G Mueller's service agreement is with Internet Securities, Inc

(6) MJ Carroll's service agreement is with Institutional Investor Inc If 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

Euromoney Institutional Investor PLC

Directors' Remuneration Report *continued*

Information subject to audit

Directors' remuneration table

	Salary and fees 2006 £	Benefits in kind 2006 £	Profit share 2006 £	Total 2006 £	Total 2005 £
			Year to September 30		
Executive directors					
PM Fallon	202,000	660	2,705,664	2,908,324	2,472,874
PR Ensor	165,500	660	2,062,893	2,229,053	1,848,357
NF Osborn	119,355	660	262,226	382,241	340,405
DC Cohen	110,625	825	391,072	502,522	422,241
CR Brown	136,575	8,200	191,587	336,362	227,591
GB Strahan[1]	-	-	-	-	47,308
E Bounous[2]	50,558	825	189,643	241,026	277,984
CR Jones	252,022	12,016	244,809	508,847	476,242
RT Lamont	114,226	6,648	37,657	158,531	138,654
SM Brady	131,250	830	75,827	207,907	169,700
D Alfano	108,503	7,701	349,875	466,079	391,548
G Mueller	125,364	11,726	321,145	458,235	378,088
MJ Carroll	133,111	8,975	32,327	174,413	132,026
CHC Fordham	134,500	825	263,182	398,507	365,769
Non-executive directors					
The Viscount Rothermere	28,000	-	-	28,000	28,000
Sir Patrick Sergeant	28,000	-	-	28,000	28,000
CJF Sinclair	28,000	-	-	28,000	28,000
JP Williams	28,000	-	-	28,000	28,000
JC Botts	37,750	-	-	37,750	37,750
JD Bolsover[3]	-	-	-	-	9,333
JC Gonzalez[4]	28,000	-	-	28,000	23,947
2006	1,961,339	60,551	7,127,907	9,149,797	7,871,817

1 retired as a director on December 16 2004
2 retired as a director on April 13 2006
3 retired as a director on February 1 2005
4 appointed as a non-executive director on November 23 2004

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

Three of the directors have waived profit shares in respect of the current and future years Profit shares waived this year were as follows PM Fallon £700,000, NF Osborn £8,674, DC Cohen £10,000 Profit shares waived were paid into private pension schemes on the directors' behalf These waivers have not been deducted from the profit shares above

PM Fallon is also a non-executive director of Allied Irish Banks Plc During the year Mr Fallon retained earnings of €53,000 in relation to this role

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 pension scheme

Pension contributions

	Harmsworth Pension Scheme 2006 £	Euromoney Pension Plan 2006 £	Private schemes 2006 £	Total 2006 £	Total 2005 £
Director					
PM Fallon	-	-	-	-	-
PR Ensor	22,712	-	-	22,712	18,634
NF Osborn	-	7,324	776	8,100	8,122
DC Cohen	16,975	-	-	16,975	14,014
CR Brown	-	-	2,992	2,992	3,109
GB Strahan	-	-	-	-	1,258
E Bounous*	-	4,194	-	4,194	7,743
CR Jones	19,581	-	-	19,581	28,767
RT Lamont	-	-	2,856	2,856	2,545
SM Brady	-	11,459	-	11,459	10,570
D Alfano	-	-	2,713	2,713	2,509
G Mueller	-	-	2,360	2,360	2,524
MJ Carroll	-	-	3,018	3,018	3,003
CHC Fordham	11,809	-	-	11,809	11,277
	71,077	22,977	14,715	108,769	114,075

* Retired as a director on April 13 2006

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 34

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

	Increase in accrued annual pension during the year £	Accrued annual pension at September 30 2006 £	Transfer value September 30 2006 £	Transfer value September 30 2005 £	Increase in transfer value (net of director's contributions) £
Director					
PM Fallon*	200	6,800	140,000	120,900	19,100
PR Ensor	2,100	54,800	1,080,000	889,300	185,400
DC Cohen	2,300	14,500	190,000	125,600	60,300
CR Jones	300	8,600	80,000	66,400	13,600

The accrued annual pension entitlement is that which would be paid annually on retirement based on service to September 30 2005 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 each director's 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

* 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 PM Fallon

Euromoney Institutional Investor PLC

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	Granted during year	Exercised/ lapsed during year	At end of year/date of retirement		Exercise price	Date from which exercisable	Expiry date
PM Fallon	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	exercised[1]	Aug 01 06
	-	2,533	-	2,533	***	£3 69	Feb 01 09	Aug 01 12
	344,543	2,533	(4,543)	342,533				
PR Ensor	75,000	-	-	75,000		£3 95	now	Feb 11 09
	225,000	-	-	225,000		£4.31	now	Jun 25 09
	4,543	-	(4,543)	-	*	£2 08	exercised[1]	Aug 01 06
	-	2,533	-	2,533	***	£3 69	Feb 01 09	Aug 01 12
	304,543	2,533	(4,543)	302,533				
NF Osborn	4,543	-	(4,543)	-	*	£2 08	exercised[1]	Aug 01 06
	5,000	-	-	5,000		£4 19	Jan 28 07	Jan 28 14
	-	2,533	-	2,533	***	£3 69	Feb 01 09	Aug 01 12
	9,543	2,533	(4,543)	7,533				
DC Cohen	8,000	-	-	8,000		£5 38	now	Mar 02 11
	6,000	-	-	6,000		£3 35	now	Jan 23 12
	10,000	-	-	10,000		£2 59	TSR criteria not satisfied	Dec 04 12
	5,000	-	-	5,000		£4 19	Jan 28 07	Jan 28 14
	29,000	-	-	29,000				
CR Brown	28,000	-	-	28,000		£4 19	TSR criteria not satisfied	Jan 29 09
	8,000	-	-	8,000		£5 38	now	Mar 02 11
	40,000	-	-	40,000		£2 59	TSR criteria not satisfied	Dec 04 12
	30,000	-	-	30,000		£4 19	Jan 28 07	Jan 28 14
	106,000	-	-	106,000				
CR Jones	8,448	-	-	8,448		£3 55	now	Feb 07 07
	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	now	Mar 02 11
	6,000	-	-	6,000		£3 35	now	Jan 23 12
	4,543	-	(4,543)	-	*	£2 08	exercised[1]	Aug 01 06
	20,000	-	-	20,000		£2 59	TSR criteria not satisfied	Dec 04 12
	15,000	-	-	15,000		£4 19	Jan 28 07	Jan 28 14
	-	2,533	-	2,533	***	£3 69	Feb 01 09	Aug 01 12
	153,991	2,533	(4,543)	151,981				
E Bounous	20,000	-	(20,000)	-		£4.19	exercised[2]	Jan 29 09
(resigned April 13 2006)	8,000	-	-	8,000		£5 38	now	Apr 12 07
	6,000	-	(6,000)	-		£3 35	exercised[2]	Jan 23 12
	20,000	-	-	20,000		£2 59	TSR criteria not satisfied	Apr 12 07
	15,000	-	-	15,000		£4 19	Jan 28 07	Apr 12 07
	69,000	-	(26,000)	43,000				

Directors' Remuneration Report *continued*

Directors' share options *continued*

	At start of year/ appointment	Granted during year	Exercised during year	At end of year		Exercise price	Date from which exercisable	Expiry date
RT Lamont	10,000	-	-	10,000		£4 19	now	Jan 29 09
	5,000	-	-	5,000		£5 38	now	Mar 02 11
	15,000	-	-	15,000				
SM Brady	16,000	-	-	16,000		£4 19	now	Jan 29 09
	8,000	-	-	8,000		£5 38	now	Mar 02 11
	6,000	-	-	6,000		£3 35	now	Jan 23 12
	20,000	-	-	20,000		£2 59	TSR criteria not satisfied	Dec 04 12
	10,000	-	-	10,000		£4 19	Jan 28 07	Jan 28 14
	2,847	-	-	2,847	**	£3 24	Feb 01 07	Aug 01 07
	62,847	-	-	62,847				
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	now	Mar 02 11
	10,000	-	-	10,000		£2 59	TSR criteria not satisfied	Dec 04 12
	10,000	-	-	10,000		£4 19	Jan 28 07	Jan 28 14
	43,000	-	-	43,000				
G Mueller	10,000	-	-	10,000		£5 38	now	Mar 02 11
	6,000	-	-	6,000		£3 35	now	Jan 23 12
	20,000	-		20,000		£2 59	TSR criteria not satisfied	Dec 04 12
	36,000	-	-	36,000				
MJ Carroll	4,000	-	-	4,000		£4 19	now	Jan 29 09
	8,000	-	-	8,000		£5 62	now	Jan 05 10
	4,000	-	-	4,000		£5 38	now	Mar 02 11
	20,000	-	-	20,000		£2 59	TSR criteria not satisfied	Dec 04 12
	10,000	-	-	10,000		£4 19	Jan 28 07	Jan 28 14
	46,000	-	-	46,000				
CHC Fordham	10,000	-	-	10,000		£5 38	now	Mar 02 11
	6,000	-	-	6,000		£3 35	now	Jan 23 12
	20,000	-	-	20,000		£2 59	TSR criteria not satisfied	Dec 04 12
	10,000	-	-	10,000		£4 19	Jan 28 07	Jan 28 14
	-	2,533	-	2,533	***	£3 69	Feb 01 09	Aug 01 12
	46,000	2,533	-	48,533				
Total	1,265,467	12,665	(44,172)	1,233,960				

The company's 1996 option scheme expired in 2006 and no options were granted under the 1996 scheme during the year

Capital Appreciation Plan (CAP) options
In addition to the above, all executive directors are members of the Capital Appreciation Scheme (CAP) As described on page 29, the award to each director comprises an option to subscribe for up to 750,000 shares The actual value of the CAP award to each director will depend on the relative profit contribution of his/her businesses to the achievement of the performance condition It is expected that (subject to the satisfaction of the performance condition) the directors will receive in aggregate approximately 25% of the option pool, or on average an option to subscribe for approximately 145,000 shares each No one director can have an option over more than 10% of the option pool The exercise price of each option is 0 25 pence with the three option tranches, assuming performance conditions being met, expiring on September 30 2012, September 30 2013 and September 30 2014

* issued under the Euromoney Institutional Investor PLC Save As You Earn scheme 2002
** issued under the Euromoney Institutional Investor PLC Save As You Earn scheme 2004
*** issued under the Euromoney Institutional Investor PLC Save As You Earn scheme 2006

1 PM Fallon's, PR Ensor's, NF Osborn's, and CR Jones' options were exercised on February 1 2006 when the market price per share was £5 15 resulting in a gain of £13,947 each The shares were retained by all the directors except for NF Osborn
2 E Bounous's options were both exercised on February 16 2006 at a market price of £5 17 resulting in gains of £19,600 and £10,920 respectively E Bounous's remaining options are exercisable up to 12 months *following the date of his resignation*

Euromoney Institutional Investor PLC

Directors' Remuneration Report *continued*

Directors' share options *continued*
The market price of the company's shares on September 30 2006 was £4 58 The high and low share prices during the year were £5 39 and £3 73 respectively There were no options granted during the year The aggregate gain made by directors on the exercise of share options in the year was £86,308 (2005 £283,879)

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 All of these options are fully vested and exercisable

	At start of year	Granted during year	Exercised/ 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	Exercised Jan 06	May 13 09
	16,653	-	(16,653)	-	US$8 95	Exercised Jan 06	Jan 01 10
	9,000	-	(3,937)	5,063	US$7 07	Part - exercised Jan 06	Feb 02 14
	52,677	-	(47,614)	5,063			
NF Osborn	5,000	-	-	5,000	US$8 95	now	Sept 05 10
Total	63,677	-	(47,614)	16,063			

No options in Internet Securities, Inc were granted during the year In January 2006, Mr Mueller exercised 47,614 options in Internet Securities, Inc at a an independently assessed market price of $13 10 per share Mr Mueller retained these shares Also in January 2006, Mr Mueller sold 67,614 shares in Internet Securities, Inc to Euromoney Institutional Investor PLC for $13 10 per share (2005 69,999 shares valued at $8 72 per share)

Euromoney Institutional Investor PLC

Directors' Remuneration Report *continued*

Information not subject to audit

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	
	2006	2005
Beneficial		
PM Fallon	**966,872**	962,329
PR Ensor	**256,151**	251,608
NF Osborn	**42,590**	42,590
DC Cohen	**36,664**	36,664
CR Brown	**41,111**	-
E Bounous (resigned April 13 2006)	**6,920**	6,920
CR Jones	**17,537**	12,994
RT Lamont	**25,503**	25,503
D Alfano	**1,747**	1,747
G Mueller	**20,503**	20,503
CHC Fordham	**873**	873
The Viscount Rothermere	**20,864**	20,864
Sir Patrick Sergeant	**285,304**	297,804
CJF Sinclair	**7,494**	7,494
JP Williams	**3,075**	3,075
JC Botts	**5,503**	5,503
	1,738,711	1,696,471

At September 30 2006 G Mueller was beneficially interested in 380,000 shares of Internet Securities, Inc a subsidiary of the group (2005 400,000 shares)

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	
	2006	2005	**2006**	2005
The Viscount Rothermere[1&2]	**11,827,632**	11,827,632	**76,853,439**	76,851,613
PM Fallon	-	-	**41,500**	41,500
Sir Patrick Sergeant	-	-	**80,000**	80,000
CJF Sinclair[1&2]	-	-	**426,993**	397,699
JP Williams[1&2]	-	-	**224,871**	213,512

1 The figures in the table above include 'A' shares committed by executives under a long-term incentive plan, details of which are set out in the Daily Mail and General Trust Plc's annual report
2 The figures in the table above include 'A' shares awarded to executives under the DMGT Executive Bonus Scheme For The Viscount Rothermere, CJF Sinclair and JP Williams respectively, 24,235, 22,106 and 12,208 of these shares were subject to restrictions as explained in the Daily Mail and General Trust Plc annual report The comparable figures at October 3 2005 were 22,409, 19,008 and 10,495 respectively

Directors' interests in Daily Mail and General Trust plc *continued*
The Viscount Rothermere had non-beneficial interests as a trustee at September 30 2006 in 5,540,000 'A' ordinary non-voting shares of 12 5p each (2005 5,540,000 shares) plus 669,208 ordinary shares (2005 669,208 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 12,496,840 ordinary shares of 12 5p each (2005 12,496,840 shares)

At September 30 2006 and September 30 2005, The Viscount Rothermere was beneficially interested in 756,700 ordinary shares of Rothermere Continuation Limited, the company's ultimate parent company

The Viscount Rothermere, CJF Sinclair and JP Williams had options over 371,000, 606,000 and 320,000 'A' ordinary non-voting shares in Daily Mail and General Trust plc at September 30 2006 respectively (2005 306,000, 486,000 and 255,000 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 2006

John Botts
Chairman of the Remuneration Committee
November 15 2006

Euromoney Institutional Investor PLC

Independent Auditors' Report

Independent auditors' report to the members of Euromoney Institutional Investor PLC
We have audited the group financial statements of Euromoney Institutional Investor PLC for the year ended September 30 2006 which comprise the group income statement, the group balance sheet, the group cash flow statement, the group statement of changes in equity and the related notes 1 to 29 These group financial statements have been prepared under the accounting policies set out therein We have also audited the information in the directors' remuneration report that is described as having been audited

We have reported separately on the individual company financial statements of Euromoney Institutional Investor PLC for the year ended September 30 2006

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
The directors' responsibilities for preparing the annual report, the directors' remuneration report and the group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union are set out in the statement of directors responsibilities

Our responsibility is to audit the group 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 International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the group financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and whether the group 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 and Article 4 of the IAS Regulation We report to you whether in our opinion the information given in the directors' report is consistent with the group financial statements We also report to you if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors transactions with the company and other members of the group is not disclosed

We also report to you if, in our opinion, the company has not complied with any of the four directors' remuneration disclosure requirements specified for our review by the Listing Rules of the Financial Services Authority These comprise the amount of each element in the remuneration package and information on share options, details of long-term incentive schemes, and money purchase and defined benefit schemes We give a statement, to the extent possible, of details of any non-compliance

We review whether the corporate governance statement reflects the company's compliance with the nine provisions of the 2003 FRC 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 statement on internal control covers 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 we consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the group financial statements

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the group 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 group financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the group 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 group financial statements and the part of the directors' remuneration report described as having been audited

Opinion
In our opinion
- the group financial statements give a true and fair view, in accordance with IFRSs as adopted for use in the European Union, of the state of the group's affairs as at September 30 2006 and of its profit for the year then ended,
- the group 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 and Article 4 of the IAS Regulation, and
- the information given in the directors' report is consistent with the group financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
November 15 2006

Euromoney Institutional Investor PLC

Group Income Statement

for the year ended September 30 2006

	Notes	2006 £000's	2005 £000's
Revenue	2		
Continuing operations	3	222,276	196,266
Less share of revenue of joint ventures		(1,800)	(1,434)
Total revenue		220,476	194,832
Operating profit before acquired intangible amortisation, share option expense and exceptional items	3	43,812	39,348
Acquired intangible amortisation		(144)	-
Share option expense		(4,428)	(1,380)
Exceptional items	5	(716)	(315)
Operating profit before associates and joint ventures	4	38,524	37,653
Share of results in associates and joint ventures		1,208	624
Operating profit		39,732	38,277
Finance income	7	772	340
Imputed interest on acquisition option commitments		(916)	-
Other finance costs		(4,354)	(4,183)
Finance costs		(5,270)	(4,183)
Net finance costs	7	(4,498)	(3,843)
Profit before tax		35,234	34,434
Tax on profit		(10,137)	(9,657)
Deferred tax asset recognition		13,649	7,240
Tax credit/(charge) on profit on ordinary activities	8	3,512	(2,417)
Profit after tax		38,746	32,017
Attributable to			
Equity holders of the parent		37,430	30,181
Equity minority interests		1,316	1,836
		38,746	32,017
Basic earnings per share	10	42.11p	34 19p
Diluted earnings per share	10	41 90p	34 10p
Dividend per share (including proposed dividends)	9	17.00p	16 20p

Euromoney Institutional Investor PLC

Group Balance Sheet

as at September 30 2006

	Notes	2006 £000's	2005 £000's
Non-current assets			
Intangible assets			
Goodwill	11	68,452	66,029
Other intangible assets	11	3,146	479
Property, plant and equipment	12	14,643	10,747
Investments	13	25,846	7,080
Deferred tax asset	20	22,917	9,820
		135,004	94,155
Current assets			
Trade and other receivables	15	73,512	54,927
Cash and cash equivalents		27,503	25,071
Derivative financial instruments	17	3,069	-
		104,084	79,998
Current liabilities			
Trade and other payables	16	(95,515)	(75,935)
Accruals		(29,478)	(23,225)
Deferred income		(45,324)	(37,491)
Bank overdrafts	18	(1,235)	(139)
		(171,552)	(136,790)
Net current liabilities		(67,468)	(56,792)
Total assets less current liabilities		67,536	37,363
Non-current liabilities			
Acquisition option commitments	24	(24,332)	-
Deferred consideration		-	(8,689)
Other non-current liabilities		(597)	-
Committed facility	18	(65,530)	(62,518)
Deferred tax liabilities	20	(3,074)	(981)
Provisions	19	(777)	(1,125)
		(94,310)	(73,313)
Net liabilities		(26,774)	(35,950)
Shareholders' equity			
Called up share capital	21	223	222
Share premium account	23	38,081	37,351
Capital redemption reserve	23	8	8
Own shares	23	(74)	(74)
Liability for share based payments	23	5,907	1,479
Fair value reserve	23	6,618	-
Translation reserve	23	(244)	(1,300)
Retained earnings	23	(78,642)	(75,245)
Equity shareholders' deficit		(28,123)	(37,559)
Equity minority interests		1,349	1,609
Total equity		(26,774)	(35,950)

The accounts were approved by the board of directors on November 15 2006

Richard Ensor
Colin Jones
Directors

Euromoney Institutional Investor PLC

Group Cash Flow Statement

for the year ended September 30 2006

	2006 £000's	2005 £000's
Cash flow from operating activities		
Operating profit	39,732	38,277
Share of operating profit in associates and joint ventures	(1,208)	(624)
Loss on disposal of business	1,483	315
Intangible amortisation	381	150
Goodwill impairment	519	-
Share option expense	4,428	1,380
Depreciation of property, plant and equipment	2,925	1,595
Utilisation of property rental provision	(348)	(148)
(Gain)/loss on disposal of property, plant and equipment	(1,286)	87
Operating cash flows before movements in working capital	46,626	41,032
Increase in receivables	(9,822)	(4,395)
Increase in payables	22,753	6,181
Cash generated by operations	59,557	42,818
Income taxes paid	(6,884)	(6,797)
Net cash from operating activities	52,673	36,021
Investing activities		
Dividends paid to minorities	(1,724)	(943)
Dividends received from associate	756	-
Interest received	662	345
Purchases of property, plant and equipment	(7,694)	(5,387)
Proceeds on disposal of property, plant and equipment	1,975	20
Purchase of available for sale investments	(19,740)	-
Purchase of additional interest in subsidiary undertakings	(14,507)	(12,231)
Acquisition of associate and joint ventures	(3,424)	(6,097)
Disposal of subsidiary	150	500
Net cash used in investing activities	(43,546)	(23,793)
Financing activities		
Dividends paid	(14,563)	(13,376)
Interest paid	(696)	(3,756)
Issue of new share capital	730	2,960
Increase in borrowings	3,336	42,932
Repayment of borrowings	-	(39,540)
Loan repaid to DMGT group company	(71,991)	(15,384)
Loan received from DMGT group company	76,399	15,622
Net cash used in financing activities	(6,785)	(10,542)
Net increase in cash and cash equivalents	2,342	1,686
Cash and cash equivalents at beginning of year	24,932	23,099
Effect of foreign exchange rate movements	(1,006)	147
Cash and cash equivalents at end of year	26,268	24,932

Euromoney Institutional Investor PLC

Note to the Group Cash Flow Statement

A Net Debt

	2006 £000's	2005 £000's
Net debt at beginning of period	**(66,430)**	(62,389)
Increase in cash and cash equivalents	**2,342**	1,686
Decrease in loans	**(15,716)**	(18,907)
Decrease in amounts owed to DMGT group company	**7,972**	15,384
Other non cash changes	**(4,973)**	(106)
Effect of foreign exchange rate movements	**3,367**	(2,098)
Net debt at end of period	**(73,438)**	(66,430)

Net debt comprises cash at bank and in hand, bank overdrafts, bank loans and other borrowings
Cash and cash equivalents in the cash flow statement includes banks overdrafts

Euromoney Institutional Investor PLC

Group Statement of Changes in Equity

for the year ended September 30 2006

	Notes	2006 £000's	2005 £000's
Profit for the year		37,430	30,181
Dividends paid	9	(14,563)	(13,376)
		22,867	16,805
Proceeds from issue of shares for cash		731	2,960
Credit to equity for share based payments		4,428	1,380
Fair value gains on cash flow hedges		3,629	n/a
Fair value gains on available for sale investments		405	n/a
Net exchange difference on foreign currency loans		3,183	-
Changes in acquisition commitments		(4,728)	-
Tax on items going through reserves		(265)	(264)
Exchange differences on translation of foreign operations		1,056	(1,300)
Other movements		(23)	-
Net decrease in equity shareholders' deficit		31,283	19,581
Impact of adoption of IAS 39 on October 1 2005	29	(21,847)	-
Opening equity shareholders' deficit as restated/previously stated		(37,559)	(57,140)
Closing equity shareholders' deficit		(28,123)	(37,559)
Total equity attributable to:			
Equity holders of the parent		(28,123)	(37,559)
Equity minority interests		1,349	1,609
		(26,774)	(35,950)

IAS 39 requires unrealised fair value gains/(losses) on certain financial instruments to be recognised in equity, when realised, these fair value gains/(losses) are recognised in the income statement In accordance with the transition rules for first time adoption of IFRSs, 2005 comparatives have not been restated The impact of the adoption of IAS 39 is shown above and in note 7

Euromoney Institutional Investor PLC

Notes to the Accounts

1 Accounting policies

General information
Euromoney Institutional Investor PLC (the 'Company') is a company incorporated in the UK

The group financial statements consolidate those of the company and its subsidiaries (together referred to as the 'group') and equity-account the group's interest in associates and jointly controlled entities The parent company financial statements present information about the entity and not about its group

The group financial statements have been prepared and approved by the directors in accordance with the International Financial Reporting Standards adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation The company has elected to prepare its parent company financial statements in accordance with UK GAAP

Judgements made by the directors, in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2

Basis of preparation
From October 1 2005 the group is required to prepare its annual consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and implemented in the UK This annual report has been prepared using IFRS accounting policies as set out in the group's "Adoption of International Financial Reporting Standards - Preliminary restatement of 2005 financial information" document which was published on March 22 2006, and is available on the group's website at www euromoneyplc com/reports/IFRS_Restatement_2005 pdf This restatement is also contained within note 29 The reconciliations of profit and shareholders' equity from UK GAAP to IFRS required by IFRS 1 "First time adoption of IFRS" are included within this document

As permitted by IFRS 1 the group elected to defer implementation of IAS 32 "Financial Instruments Presentation and Disclosure" and IAS 39 "Financial Instruments Recognition and Measurement" until the year ending September 30 2006 The adjustments required for the adoption of IAS 32 and IAS 39 as at October 1 2005 are detailed in note 29 of this report

The accounts have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these group financial statements

Basis of consolidation
The consolidated accounts incorporate the accounts of the company and entities controlled by the company (its subsidiaries) Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities

An associate is an entity over which the group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee A joint venture is an entity over which the group is in a position to exercise joint control over the financial and operating policies of the investee The results and assets and liabilities of associates and joint ventures are incorporated in these financial statements using the equity method of accounting

1 Accounting policies *continued*

Basis of consolidation *continue*
Where the group owns a non-controlling interest in the equity share capital of a non-quoted company and does not exercise significant influence, it is held as an investment and stated in the balance sheet at the lower of cost and net realisable value

The results of subsidiary and associated undertakings acquired during the year are incorporated from the effective date of acquisition Acquisitions are accounted for under the acquisition method, with consideration given and the assets and liabilities acquired being recorded at fair value

Minority interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein Minority interests consists of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination Losses applicable to the minority in excess of the minority in excess of the minority interest in the subsidiary's equity are allocated against the interests of the group except to the extent that the minority has a binding obligation and is able to make an additonal investment to cover the losses

Revenue
Turnover represents income from advertising, subscriptions, sponsorship and delegate fees, net of value added tax
- Advertising revenues are recognized in the income statement on the date of publication
- Subscription revenues are recognized in the income statement on a straight-line basis over the period of the subscription
- Sponsorship and delegate revenues are recognized in the income statement over the period the event is run

Revenues invoiced but relating to future periods are deferred and treated as deferred income in the balance sheet

Derivatives and other financial instruments
The group uses various derivative financial instruments to manage its exposure to foreign exchange and interest rate risks, including forward foreign currency contracts and interest rate swaps

For the period to September 30 2005, the group utilised the exemption available under IFRS 1 and continued to apply UK GAAP accounting policy to its derivative and other financial instruments The group adopted IAS 32/39 on October 1 2005, and the impact is shown in note 29

Accounting policy to September 30 2005
Realized exchange gains and losses on currency swaps and forward foreign currency contracts used to convert foreign currency funds into sterling to meet sterling costs are recognized in the income statement on maturity

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, 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

Put and call options are not revalued to fair value and are not included in the balance sheet

Accounting policy from October 1 2005
All derivative instruments are recorded in the balance sheet at fair value Recognition of gains or losses on derivative instruments depends on whether the instrument is designated as a hedge and the type of exposure it is designed to hedge

The effective portion of gains or losses on cash flow hedges are deferred in equity until the impact from the hedged item is recognised in the income statement The ineffective portion of such gains and losses is recognized in the income statement immediately

Gains or losses on the qualifying part of net investment hedges are recognized in equity together with the gains and losses on the underlying net investment The ineffective portion of such gains and losses is recognized in the income statement immediately

Changes in the fair value of the derivative financial instruments that do not qualify for hedge accounting are recognized in the income statement as they arise

1 Accounting policies *continued*

Derivatives and other financial instruments ***continued***
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 are accounted for on an accruals basis

Liabilities for put options over the remaining minority interests in subsidiaries are recorded in the balance sheet at their estimated discounted present value These discounts are unwound and charged to the income statement as notional interest over the period up to the date of the potential future payment In respect of options over further interests in joint ventures and associates, only movements in their fair value are recognised

Foreign currencies
The functional and presentation currency of Euromoney Institutional Investor PLC and its UK subsidiaries is Sterling (£) The functional currency of subsidiaries, associates and joint ventures is the currency of the primary economic environment in which they operate

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling at the balance sheet date

The income statements of overseas operations are translated into sterling at the average exchange rates for the year and their balance sheets are translated into sterling at the exchange rates ruling at the balance sheet date All exchange differences arising on consolidation are taken to equity In the event of the disposal of an operation, the related cumulative translation differences are recognised in the income statement in the period of disposal

Gains and losses arising on foreign currency borrowings and derivative instruments, to the extent that they are used to provide a hedge against the group's equity investments in overseas undertakings, are taken to equity together with the exchange difference arising on the net investment in those undertakings All other exchange differences are taken to the income statement

Leased assets
Operating lease rentals are charged to the income statement on a straight-line or other systematic basis as allowed by IAS 17 'Leases '

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 independent actuaries

Payments to the Euromoney Pension Plan, a defined contribution pension scheme, are charged as an expense as they fall due

The company also participates in the Harmsworth Pension Scheme, a defined benefit pension scheme which is operated by Daily Mail and General Trust plc As there is no contractual agreement or stated policy for charging the net defined benefit cost for the plan as a whole to the individual entities, the company recognises an expense equal to its contributions payable in the period and does not recognise any unfunded liability of this pension scheme on its balance sheet

Earnings per share
The earnings per share and diluted earnings per share calculations follow the provisions of IAS 33 '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, SAYE options and the Capital Appreciation Plan options granted by the company, but 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%
Long-term leasehold premises	over term of lease
Short-term leasehold premises	over term of lease
Office equipment	11% - 33%
Motor vehicles	20%

All tangible assets are reviewed for impairment in accordance with IAS 36 'Impairment of Assets' when there are indications that the carrying value may not be recoverable

1 Accounting policies *continued*

Trade and other receivables
Trade receivables are recognised and carried at original invoice amount, less provision for impairment A provision is made and charged to the income statement when there is objective evidence that the group will not be able to collect all amounts due according to the original terms

Cash and cash equivalents
Cash and cash equivalents includes cash, short-term deposits and other short-term highly liquid investments with an original maturity of three months or less

For the purpose of the group cash flow statement, cash and cash equivalents are as defined above, net of outstanding bank overdrafts

Dividends
Dividends are recognized as an expense in the period in which they are approved by the company's shareholders Interim dividends are recorded in the period in which they are paid

Own shares held by ESOP trust
Transactions of the group-sponsored ESOP trust are included in the Group financial statements In particular, the trusts holdings of shares in the company are debited direct to equity

Provisions
A provision is recognized in the balance sheet when the group has a present legal or constructive obligation as a result of a past event, and it is probable that economic benefits will be required to settle the obligation If it is material, provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability

Intangible assets
Goodwill
Goodwill represents the excess of the fair value of purchase consideration over the net fair value of identifiable assets and liabilities acquired

Goodwill is recognised as an asset at cost and subsequently measured at cost less accumulated impairment For the purposes of impairment testing, goodwill is allocated to those cash generating units that have benefited from the acquisition The carrying value of goodwill is reviewed for impairment at least annually or where there is an indication that goodwill may be impaired If the recoverable amount of the cash generating unit is less than its carrying amount, then the impairment loss is allocated first to reduce the carrying amount of the goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis Any impairment is recognised immediately in the income statement and may not subsequently be reversed On disposal of a subsidiary undertaking, the attributable amount of goodwill is included in the determination of the profit and loss on disposal

Goodwill arising on foreign subsidiary investments held in the consolidated balance sheet are retranslated into sterling at at the applicable period end exchange rates Any exchange differences arising are taken directly to equity as part of the retranslation of the net assets of the subsidiary

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts having been tested for impairment at that date Goodwill written off to reserves under UK GAAP before October 1 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal

1 Accounting policies *continued*

Other intangible assets

The group makes an assessment of the fair value of intangible assets arising on acquisitions An intangible asset will be recognised as long as the asset is separable or arises from contractual or other legal rights, and its fair value can be measured reliably

Amortisation is charged so as to write off the costs of intangible assets over their estimated useful lives, using the straight-line method

All intangible assets are reviewed for impairment in accordance with IAS 36 'Impairment of assets' when there are indications that the carrying value may not be recoverable

The costs of acquiring and developing software that is not integral to the related hardware is capitalised separately as an intangible asset These intangibles are stated at cost less accumulated amortisation and impairment losses

Share-based payments

The group makes share-based payments to certain employees These payments are measured at their estimated fair value at the date of grant, calculated using an appropriate option pricing model The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of the number of shares that will eventually vest At the period end the vesting assumptions are revisited and the charge associated with the fair value of these options updated In accordance with the transitional provisions of IFRS 1, IFRS 2 'Share-based payments' has been applied to all grants of options after November 7 2002, that were unvested at October 1 2004, the date of transition to IFRS

Taxation

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

Deferred taxation is calculated under the provisions of IAS 12 'Income tax' and is recognised on differences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised No provision is made for temporary differences on unremitted earnings of foreign subsidiaries, joint ventures or associates where the group has control and the reversal of the temporary difference is not foreseeable

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current assets and liabilities on a net basis

2 Key judgemental areas adopted in preparing these accounts

The group prepares its Group Financial Statements in accordance with IFRS, the application of which often requires judgements to be made by management when formulating the group's financial position and results Under IFRS, the directors are required to adopt those accounting policies most appropriate to the group's circumstances for the purpose of presenting fairly the group's financial position, financial performance and cash flows

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the group should it later be determined that a different choice would have been more appropriate

Management considers the accounting estimates and assumptions discussed below to be its key judgemental areas and, accordingly, provides an explanation of each below

The discussion below should also be read in conjunction with the group's disclosure of IFRS accounting policies, which is provided in note 1 to the Consolidated Financial Statements

Management has discussed its critical accounting estimates and associated disclosures with the group's Audit Committee

Acquisitions
The group's accounting policy is that on acquisition of a subsidiary or business, the purchase consideration is allocated over the net fair value of identifiable assets, liabilities and contingent liabilities acquired, with any excess purchase consideration representing goodwill

Fair value
Determining the fair value of assets, liabilities and contingent liabilities acquired requires management's judgement and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash flows, recoverability of assets, and unprovided liabilities and commitments particularly in relation to tax and VAT

Intangible assets
The group makes an assessment of the fair value of intangible assets arising on acquisitions An intangible asset will be recognised as long as the asset is separable or arises from contractual or other legal rights, and its fair value can be measured reliably

The measurement of the fair value of intangible assets acquired requires significant management judgement particularly in relation to the expected future cash flows from the acquired marketing databases (which are generally based on managements estimate of marketing response rates), trademarks, brands, repeat and well established events At September 30 2006 the net book value of intangible assets is £2 6 million (2005 £nil)

Goodwill
Goodwill is recognised as an asset at cost and subsequently measured at cost less accumulated impairment For the purposes of impairment testing, goodwill is allocated to those cash generating units that have benefited from the acquisition The carrying value of goodwill is reviewed for impairment at least annually or where there is an indication that goodwill may be impaired

Goodwill is impaired where the carrying value of goodwill is higher than the net present value of future cash flows of those cash generating units to which it relates Key areas of judgement in calculating the net present value are the long term growth rate of the applicable businesses and the discount rate applied to those cash flows Based on the latest valuations, no goodwill was impaired at September 30 2006 Goodwill held on the balance sheet at September 30 2006 was £68 5 million (2005 £66 0 million)

2 Key judgemental areas adopted in preparing these accounts *continued*

Deferred consideration on acquisitions
The group has subsidiaries or businesses that were acquired by the group where payment for part of that entity is made at a later date at a price determined by post acquisition profits Where this is the case, the net present value of the estimated deferred payment is recognised as a liability on the balance sheet with a corresponding increase in goodwill assets These discounts are unwound as an interest charge to the income statement In estimating the deferred payment management make assumptions on the post acquisition future earnings of the acquired entity and on an appropriate discount rate The deferred consideration is re-estimated regularly and, should the actual deferred payment be different to that estimated a correction is required to goodwill, the amount of cash paid/to be paid and the interest charge At September 30 2006 the present value of the deferred consideration on acquisitions was £8 1 million (2005 £16 2 million)

Acquisition option commitments
The group is party to a number of put and call options over the remaining minority interests in some of its subsidiaries IAS 39 requires the discounted present value of these acquisition option commitments to be recognised as a liability on the balance sheet with a corresponding decrease in reserves The discounts are unwound as a notional interest charge to the income statement Key areas of judgement in calculating the discounted present value of the options are the expected future cash flows and earnings of the business, the period remaining until the option is exercised and the discount rate At September 30 2006 the discounted present value of these acquisition option commitments is £24 3 million (October 1 2005 £20 1 million)

Share based payments
The group makes share based payments to certain employees These payments are measured at their estimated fair value at the date of grant, calculated using an appropriate option pricing model The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of the number of shares that will eventually vest The key assumptions used in calculating the fair value of the options are the discount rate, the group's share price volatility, dividend yield, risk free rate of return, and expected option lives, these are set out in note 22 Management regularly perform a true-up of the estimate of the number of shares that are expected to vest, this is dependant on the anticipated number of leavers

The Capital Appreciation Plan is explained in detail in the Remuneration Report The number of shares available for award are dependant on the future profits of the group up to at least 2010 which, in addition to the key assumptions above, management are required to estimate A fall in the estimate of these profits would result in a lower cumulative charge to the income statement

The charge for share options for the year ended September 30 2006 is £4 4 million (2005 £1 4 million)

Taxation
The group's tax charge on ordinary activities is the sum of the total current and deferred tax charges The calculation of the group's total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process The final resolution of some of these items may give rise to material profit and loss and/or cash flow variances

The group is a multinational group with tax affairs in many geographical locations This inherently leads to a higher than usual complexity to the group's tax structure and makes the degree of estimation and judgement more challenging The resolution of issues is not always within the control of the group and it is often dependent on the efficiency of the legal processes in the relevant taxing jurisdictions in which the group operates Issues can, and often do, take many years to resolve Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items As a result, there can be substantial differences between the tax charge in the income statement and tax payments

2 Key judgemental areas adopted in preparing these accounts *continued*

Taxation ***continued***

The group has certain significant open items in several tax jurisdictions and as a result the amounts recognised in the group financial statements in respect of these items are derived from the group's best estimation and judgement, as described above However, the inherent uncertainty regarding the outcome of these items means eventual resolution could differ from the accounting estimates and therefore impact the group's results and cash flows

Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future, against which the reversal of temporary differences can be deducted Recognition, therefore, involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised

Historical differences between forecast and actual taxable profits have not resulted in material adjustments to the recognition of deferred tax assets At September 30 2006, the group had a deferred tax asset of £22 9 million (2005 £9 8 million)

Treasury

Interest rate exposure

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 80% of its term debt looking forward over five years The expected future debt profile of the group is based on estimates of both timings and size of future, as yet unknown, acquisitions offset by an estimate of the cash generated by the group over a five year period If management materially underestimate the group's future debt profile this would lead to too few interest rate instruments being in place and the group more exposed to swings in interest rates An overestimate of the group's future debt profile would lead to associated costs in unwinding the excess interest rate instruments At September 30 2006, the fair value of the group's interest rate swaps was £2 0 million (October 1 2005 £1 3 million)

Forward contracts

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 of foreign subsidiaries into sterling for reporting purposes

The group does not hedge the translation of the results of foreign subsidiaries, consequently, fluctuations in the value of pounds sterling versus currencies could materially affect the amount of these items in the consolidated financial statements, even if their values has not changed in their original currency The group 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 60% of the group's revenues are in US dollars Subsidiaries normally do not hedge transactions in foreign currencies into the functional currency of their own operations However, at a group level a series of US dollar forward contracts is put in place up to 48 months forward partially to hedge its dollar revenues into sterling The timing and value of these forward contracts is based on managements estimate of its future US dollar revenues over a 48 month period If management materially underestimate the group's future US dollar revenues this would lead to too few forward contracts being in place and the group more exposed to swings in US dollar to sterling exchange rates An overestimate of the group's US dollar revenue would lead to associated costs in unwinding the excess forward contracts At September 30 2006, the fair value of the group's forward contracts was asset £1 0 million (October 1 2005 liability of £1 9 million)

Details of the financial instruments used are set out in note 17 to the accounts

3 Segmental analysis

Primary reporting format

Segmental information is presented in respect of the group's business divisions and represent the group's management and internal reporting structure The group is currently organised into five business divisions Financial publishing, Business publishing, Training, Conferences and seminars, and Databases and information services This is considered to be the primary reporting format Financial publishing and Business Publishing consist primarily of advertising and subscription revenue The Training division consists primarily of delegate revenue Conferences and seminars consists of both sponsorship income and delegate revenue Databases and information services consists of subscription revenue A breakdown of the group's revenue by type is set out below

Secondary reporting format

The group divides the operation of its businesses across three main geographical areas United Kingdom, North America, and Rest of World (which primarily includes Asia) These geographical areas are considered as the secondary reporting format

Inter segment sales are charged at prevailing market rates

	United Kingdom		North America		Rest of World		Eliminations		Total	
	2006 £000's	2005 £000's	**2006 £000's**	2005 £000's	**2006 £000's**	2005 £000's	**2006 £000's**	2005 £000's	**2006 £000's**	2005 £000's
Revenue										
By division and source										
Financial publishing	**31,905**	29,425	**31,637**	28,365	**1,605**	1 408	-	-	**65,147**	59,198
Business publishing	**15,829**	14,610	**8,362**	7,039	**1,292**	1,155	-	-	**25,483**	22,804
Training	**19,831**	16,342	**7,143**	6,580	**2,243**	2,140	**(390)**	(358)	**28,827**	24,704
Conferences and seminars	**28,021**	22,101	**41,200**	38,994	**11,959**	7,976	**(4,220)**	(4 313)	**76,960**	64,758
Databases and information services	**5,201**	4,894	**5,349**	4,304	**10,689**	7,344	-	5	**21,239**	16,547
Closed businesses	**1,721**	4,053	-	344	**146**	1,420	**(21)**	(44)	**1,846**	5,773
Unallocated corporate costs	**1,980**	1,718	-	-	-	-	**(1,006)**	(670)	**974**	1,048
Group revenue	**104,488**	93,143	**93,691**	85,626	**27,934**	21,443	**(5,637)**	(5 380)	**220,476**	194,832
Joint ventures (sale of goods)	**915**	1 434		-	**885**	-	-	-	**1,800**	1 434
	105,403	94 577	**93,691**	85,626	**28,819**	21,443	**(5,637)**	(5 380)	**222,276**	196 266

The joint venture revenues of £1,800,000 (2005 £1,434,000) can be allocated as follows, Business publishing £915,000 (2005 £1,434,000), Databases and information services £885,000 (2005 £nil)

	2006 £000's	2005 £000's
Revenue by type		
Advertising	**58,589**	53,328
Sponsorship	**37,176**	32,705
Subscriptions	**56,300**	48,017
Training, delegates and events	**57,442**	46,786
Other	**9,123**	8,224
Closed businesses	**1,846**	5,772
Total revenue	**220,476**	194,832
Investment income	**733**	340
Total revenue and investment income	**221,209**	195 172

	United Kingdom		North America		Rest of World		Eliminations		Total	
	2006 £000's	2005 £000's	**2006 £000's**	2005 £000's	**2006 £000's**	2005 £000's	**2006 £000's**	2005 £000's	**2006 £000's**	2005 £000's
Revenue										
By destination										
Sale of goods	**24,334**	23,212	**59,303**	52,853	**38,606**	32,697	**(4,844)**	(3,414)	**117,399**	105,348
Sale of services	**12,562**	9,736	**42,857**	37,893	**46,585**	38 005	**(773)**	(1 922)	**101,231**	83,712
Closed businesses (sale of goods)	**489**	1,703	**464**	1,126	**914**	2 987	**(21)**	(44)	**1,846**	5,772
Group revenue	**37,385**	34,651	**102,624**	91 872	**86,105**	73,689	**(5,638)**	(5 380)	**220,476**	194,832
Joint ventures (sale of goods)	**60**	57	**152**	270	**1,588**	1,107	-	-	**1,800**	1,434
Total revenue	**37,445**	34,708	**102,776**	92,142	**87,693**	74,796	**(5,638)**	(5 380)	**222,276**	196 266
Investment income	**284**	119	**366**	189	**83**	32	-	-	**733**	340
Total revenue (including share of joint venture revenue) and investment income	**37,729**	34,827	**103,142**	92 331	**87,776**	74 828	**(5,638)**	(5 380)	**223,009**	196 606

3 Segmental analysis *continued*

	United Kingdom 2006 £000's	United Kingdom 2005 £000's	North America 2006 £000's	North America 2005 £000's	Rest of World 2006 £000's	Rest of World 2005 £000's	Total 2006 £000's	Total 2005 £000's
Operating profit[1]								
By division and source								
Financial publishing	8,526	8,413	4,637	2,664	(13)	141	13,150	11,218
Business publishing	5,020	3,861	1,560	1,475	204	89	6,784	5 425
Training	5,069	3,906	1,460	1,619	456	632	6,985	6,157
Conferences and seminars	7,486	5,871	11,091	13,291	1,708	158	20,285	19,320
Databases and information services	3,792	2,768	(121)	1,551	1,721	(427)	5,392	3,892
Closed businesses	(108)	(182)	-	(248)	8	(66)	(100)	(496)
Unallocated corporate costs	(7,548)	(5 652)	(1,097)	(516)	(39)	-	(8,684)	(6 168)
	22,237	18,985	17,530	19,836	4,045	527	43,812	39,348
Acquired intangible amortisation[2]	-	-	-	-	(144)	-	(144)	-
Share option expense	(2,241)	(830)	(1,944)	(508)	(243)	(42)	(4,428)	(1 380)
Exceptional items (note 5)	(716)	(315)	-	-	-	-	(716)	(315)
Operating profit before associates and joint ventures	19,280	17,840	15,586	19,328	3,658	485	38,524	37,653
Share of results in associates and joint ventures							1,208	624
Net finance costs							(4,498)	(3 843)
Profit before tax							35,234	34,434
Tax							3,512	(2 417)
Profit after tax							38,746	32,017

The exceptional items of £716 000 (2005 £315,000) can be allocated as follows, Business publishing £2 002,000 (2005 £315,000), Unallocated corporate costs, profit £1,286,000 (2005 £nil) Share option expense of £4,428,000 (2005 £1,380,000) can be allocated as follows, Financial publishing £1,198,000 (2005 £373,379) Business publishing £464,000 (2005 £144,695) Training £577,000 (2005 £180,000), Conferences and seminars £1,253 000 (2005 390,000), Databases £302,000 (2005 £94,000), Unallocated corporate costs £634,000 (2005 £198,000) Acquired intangible amortisation of £144 000 (2005 £nil) is allocated entirely to Databases and information services

1 Operating profit before acquired intangible amortisation, share option expense and exceptional items
2 Intangibles amortisation represents amortisation on acquisitions related non goodwill assets such as brands, database content and trademarks

	Financial publishing £000's	Business publishing £000's	Training £000's	Conferences and seminars £000's	Databases and information services £000's	Closed businesses £000's	Non-operating assets/(liabilities) £000's	Total £000's
Net assets/(liabilities) by division								
As at September 30 2006								
Assets	52,632	29,972	15,969	64,812	31,982	552	43,168	239,088
Liabilities	(56,472)	(7,581)	(6,021)	(16,906)	(38,456)	106	(140,531)	(265,862)
Net assets/(liabilities)	(3,840)	22,391	9,948	47,906	(6,474)	658	(97,363)	(26,774)
Capital expenditure (including intangibles)	(542)	(125)	(39)	(126)	(175)	-	(6,983)	(7,990)
Depreciation	(524)	(127)	(30)	(78)	(514)	-	(1,653)	(2,925)
Amortisation	(14)	(7)	-	(2)	(321)	-	(37)	(381)
Impairment losses	(291)	(228)	-	-	-	-	-	(519)
Acquisition put option commitments	(491)	-	-	(8,703)	(15,138)	-	-	(24,332)

Euromoney Institutional Investor PLC

Notes to the Accounts *continued*

3 Segmental analysis *continued*

Net assets/(liabilities) by division *continued*

	Financial publishing £000's	Business publishing £000's	Training £000's	Conferences and seminars £000's	Databases and information services £000's	Closed businesses £000's	Non-operating assets/ *(liabilities)* £000's	*Total* £000's
As at September 30 2005								
Assets	45,413	35,626	14,725	55,449	12,468	1,633	8,839	174 153
Liabilities	(55 871)	(4 763)	(2 013)	(7 679)	(24 727)	(950)	(114 100)	(210 103)
Net assets/(liabilities)	(10 458)	30,863	12,712	47,770	(12 259)	683	(105 261)	(35 950)
Capital expenditure (including intangibles)	(253)	(90)	(16)	(60)	(1 330)	-	(3 683)	(5 432)
Depreciation	(517)	(129)	(37)	(124)	(393)	-	(395)	(1 595)
Amortisation	(10)	(2)	(6)	2 00	(103)	-	(27)	(150)

Non-operating assets and liabilities principally include deferred tax, corporation tax, external bank loans, loans to and from DMGT dividend receivable, deferred consideration, acquisition option commitments, and assets held for resale

	United Kingdom		North America		Rest of World		Total	
	2006 £000's	2005 £000's	**2006 £000's**	2005 £000's	**2006 £000's**	2005 £000's	**2006 £000's**	2005 £000's
Net assets/(liabilities)								
By location								
Assets	**94,836**	63,914	**127,416**	86 725	**16,836**	23 514	**239,088**	174,153
Liabilities	**(71,536)**	(51 932)	**(166,235)**	(140 428)	**(28,091)**	(17 743)	**(265,862)**	(210 103)
Net assets/(liabilities)	**23,300**	11,982	**(38,819)**	(53 703)	**(11,255)**	5,771	**(26,774)**	(35 950)
Capital expenditure by location	**6,984**	3 679	**629**	1,263	**81**	74	**7,694**	5,017

The goodwill net book value of £68,452 000 (2005 £66,029,000) can be allocated as follows Financial publishing £14,717 000 (2005 £14,722 000), Business publishing £6,189,000 (2005 £9,670,000), Conferences and seminars £36,470 000 (2005 £33 736,000), Training £2,205,000 (2005 £nil) and Databases and information services £8,871 000 (2005 £7,901,000)

4 Operating profit

	Total 2006 £000's	Total 2005 £000's
Revenue	220,476	194,832
Cost of sales	(74,924)	(63,523)
Gross profit	145,552	131,309
Distribution costs	(4,625)	(4,894)
Administrative expenses	(102,403)	(88,762)
Operating profit before associates and joint ventures	38,524	37,653

Administrative expenses includes goodwill impairment of £519,000 (2005 £nil), loss on disposal of businesses of £1,483,000 (2005 £315,000) and profit on sale of property £1,286,000 (2005 £nil)

Operating profit is stated after charging/(crediting)	2006 £000's	2005 £000's
Staff costs (note 6)	75,567	66,425
Intangibles amortisation		
Acquired intangible amortisation	144	
Licenses and software	237	150
Goodwill impairment	519	-
Depreciation of property plant and equipment	2,925	1,595
Auditors' remuneration		
Group	512	475
Fees for non-audit services	222	141
Property operating lease rentals	4,431	4,491
Profit on sale of property	(1,286)	-
Foreign exchange gains	503	(1,576)

The audit and non-audit services relate to	2006 £000's	2005 £000's
Fees payable for the audit of the company's annual accounts	318	270
Fees payable for other services to the group	194	205
Total audit fees	512	475
Other audit services		
Other services pursuant to legislation	85	47
Tax services	110	56
Other services	27	38
Total non-audit fees	222	141

In addition to the above amounts, non-audit fees of £365,000 (2005 £83,000) arose in respect of acquisitions

5 Exceptional items

Exceptional items are items of income or expense considered by the directors, either individually or if of a similar type in aggregate, as being either material or significant and which require disclosure in order to provide a view of the group's results excluding these items

	2006 £000's	2005 £000's
Profit on sale of property	**1,286**	-
Loss on disposal of business	(1,483)	(315)
Goodwill impairment (note 11)	(519)	-
	(716)	(315)

In September 2006, the group sold the freehold of one of its London properties with a net book value of £629,000 for £1,975,000 resulting in a profit on sale, after related sale costs, of £1,286,000 The group has capital losses brought forward from prior years available to relieve this gain In the absence of these losses a tax charge of approximately £386,000 would have arisen

In August 2006 the group sold Office Products International Limited (previously named Mondiale Limited) ("OPI"), the publisher and events organiser for £150,000 At the date of disposal OPI's net assets were £nil and the group wrote off goodwill held on its balance sheet of £1,651,000 resulting in a loss on disposal, after related transaction costs, of £1,483,000 There is no tax effect

The group regularly performs a review of its portfolio of businesses and in 2006 the review resulted in goodwill impairment of £519,000 In 2005, no such impairment was required There is no tax effect

6 Staff costs

(i) Directors' emoluments

	2006 £000's	2005 £000's
The emoluments of the directors of Euromoney Institutional Investor PLC were as follows		
Directors' salaries and fees, benefits in kind and profit shares	**8,431**	7,314
Pension contributions (including waiver of profit shares)	**828**	672
	9,259	7,986

Details of directors' remuneration are set out in the Directors' Remuneration Report on pages 27 to 40

(ii) Number of staff (including directors)

	2006 Average	2005 Average
By business segment.		
Financial publishing	**416**	469
Business publishing	**207**	223
Training	**142**	127
Conferences and seminars	**321**	223
Databases and information services	**360**	331
Central	**288**	245
	1,734	1,618

By geographical location	2006 Average	2005 Average
United Kingdom	**621**	647
North America	**647**	591
Rest of World	**466**	380
	1,734	1,618

(iii) Staff costs (Including directors)

	2006 £000's	2005 £000's
Salaries, wages and incentives	**63,344**	57,313
Social security costs	**6,525**	6,609
Pension contributions	**1,270**	1,123
Share-based compensation costs	**4,428**	1,380
	75,567	66,425

(iv) Pension contributions

The company operates the Euromoney Pension Plan in the UK and the 401K savings and investment 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	2006 £000's	2005 £000's
Harmsworth Pension Scheme	**243**	213
Euromoney Pension Plan	**532**	392
Private schemes	**495**	518
	1,270	1,123

6 Staff costs *continued*

Harmsworth Pension Scheme

The Harmsworth Pension Scheme is a defined benefit scheme operated by Daily Mail and General Trust plc 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 The contributions payable to the scheme are determined by the trustee company after taking advice from an independent qualified actuary, and following agreement with the company This scheme is no longer offered to new employees of the company The most recent actuarial valuation of the scheme, upon which the current contributions are based, was carried out as at 31 March 2004 and the key financial assumptions adopted were as follows

Long-term assumed rate of	
Investment return	**7 0% p a**
Price inflation	**2 75% p a**
Salary increases	**4 5% p a**
Pension increases	**2 75% p.a**
Discount rate for accrued liabilities	**6 6% p a**

The results of the actuarial valuations of the principal schemes of Daily Mail and General Trust plc as at March 31 2004 indicated an aggregate deficit of £22 1 million (after taking account of certain events that took place shortly after the valuation date) Allowing for this deficit, and the changes to the benefits under the schemes effective from April 1 2005, the trustee companies and the company agreed to increase the employers' contribution rate from 15% to 18% of pensionable salaries with effect from October 1 2004

The company cash contribution rate to the scheme during the current year was therefore 18% of pensionable salaries (2005 18%)

The scheme has a two-tiered benefit structure represented by a "Standard" section and a "Pension +" section In the "Standard" section, employees pay contributions of 5% of pensionable salaries and have benefits based on a normal retirement age of 65 Under the "Pension +" section, employees currently pay contributions of 7%, rising to 7 5% on July 1 2007 and enjoy a higher benefit accrual rate and lower normal retirement age than in the "Standard" section

A prepayment of £209,000 (2005 £204,000) is included under debtors, representing prepaid contributions for the year to September 30 2007 paid in accordance with the schedule of contributions currently in force

The Group is unable to identify its share of the underlying assets and liabilities in the this scheme The scheme is operated on an aggregate basis with no segregation of the assets to individual participating employers and, therefore, the same contribution rate is charged to all participating employers (ie the contribution rate charged to each employer is affected by the experience of the scheme as a whole) The scheme is therefore accounted for as a defined contribution scheme by the company This means that the pension charge included in these financial statements is the same as the cash contributions due in the period

The ultimate parent company, Daily Mail and General Trust plc, is required to account for the defined benefit scheme under International Accounting Standard 19 "Employee Benefits" ("IAS 19") The IAS 19 disclosures in the Annual Report and Accounts of Daily Mail and General Trust plc have been based on the results of the actuarial valuation of the defined benefit scheme as at March 31 2004 adjusted to allow for the assumptions and actuarial methodology required by IAS 19 and updated to October 1 2006 by the scheme's actuary These showed that the market value of the principal scheme's assets was £584 2million (2005 £531 9 million) and that the actuarial value of these assets represented 87 6% (2005 84 9%) of the benefits that had accrued to members (also calculated in accordance with IAS 19)

6 Staff costs *continued*

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 and its assets are invested under trust in funds selected by members and held independently from the company's finances The investment and administration of the plan is undertaken by Fidelity Pension Management

Private schemes
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

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

7 Finance income and expense

	2006 £000's	2005 £000's
Finance income		
Interest receivable from short-term investments	623	340
Dividends receivable from assets held for sale	110	-
Ineffectiveness of interest rate swaps	39	-
	772	340
Finance expense		
Committed facility	(4,020)	(3,711)
Imputed interest on acquisition option commitments	(916)	-
Notional interest on deferred consideration	(334)	(472)
	(5,270)	(4,183)
Net finance expense	(4,498)	(3,843)

8 Tax on profit on ordinary activities

	2006 £000's	2005 £000's
Current tax expense		
UK corporation tax	**6,119**	5,194
Foreign tax	**1,533**	1,531
Adjustments in respect of prior years	**107**	544
	7,759	7,269
Deferred tax (credit)/expense		
Current year	**(11,361)**	(4,701)
Adjustments in respect of prior years	**90**	(151)
	(11,271)	(4,852)
Total tax (credit)/expense in income statement	**(3,512)**	2,417

The effective rate of tax for the year is negative, at (10%) (2005 positive 7%) The actual total tax charge for the year is different from 30% of profit before tax for the reasons set out in the following reconciliation

	2006 £000's	2005 £000's
Profit before tax	**35,234**	34,434
Tax at 30%	**10,570**	10,330
Factors affecting tax charge		
Lower rates of tax on overseas profits	**(338)**	(599)
Joint venture and associate income reported net of tax	**(362)**	(187)
US State taxes	**756**	1,283
US goodwill	**(13,120)**	(1,809)
Disallowable expenditure	**136**	246
UK Goodwill	**161**	-
Recognition of previously unrecognised tax losses	**(1,957)**	(7,240)
Non deductible loss on sale of business	**445**	-
Prior year adjustments	**197**	393
Total tax charge for the year	**(3,512)**	2,417

Of the charge to current tax £nil (2005 £18,000) related to profits arising in Mondiale, which was disposed of during the year No tax charge or credit arose on the disposal of the relevant subsidiary Following a reassessment of the recoverability of the potential US deferred tax asset, an additional asset of £13,649,000 (2005 £7,240,000) was recognised during the year

The actual tax charged directly to equity was £265,000 (2005 £264,000)

9 Dividends

	2006 £000's	2005 £000's
Amounts recognisable as distributable to equity holders in period		
Final dividend for the year ended September 30 2005 of 11 0p (2004 10 0p)	9,767	8,798
Interim dividend for year ended September 30 2006 of 5 4p (2005 5 2p)	4,806	4,587
	14,573	13,385
Employees' Share Ownership Trust dividend	(10)	(9)
	14,563	13,376
Proposed final dividend for the period ended September 30	11,907	9,767
Employees' Share Ownership Trust dividend	(10)	(10)
	11,897	9,757

The final dividend of 11 6p (2005 11 0p) is subject to approval at the Annual General Meeting on February 5 2007 and has not been included as a liability in these financial statements in accordance with IAS 10 "Events after the balance sheet date"

10 Earnings per share

	2006 £000's	2005 £000's
Basic earnings	37,430	30,181
Intangible amortisation	144	-
Exceptional items	716	315
Deferred tax assets recognition	(13,649)	(7,240)
Imputed interest on acquisition option commitments	916	-
Adjusted earnings	25,557	23,256

	Number 000's	Number 000's
Weighted average number of shares	88,943	88,336
Shares held by the Employees' Share Ownership Trust	(59)	(59)
	88,884	88,277
Effect of dilutive share options	456	231
Diluted weighted average number of shares	89,340	88,508

	2006 Pence per share	2005 Pence per share
Basic earnings per share	42 11	34 19
Effect of dilutive share options	(0 21)	(0 09)
Diluted earnings per share	41 90	34 10
Effect of intangible amortisation	0 16	-
Effect of exceptional items	0 80	0 36
Effect of deferred tax assets recognition	(15 28)	(8 18)
Effect of imputed interest on acquisition option commitments	1 03	-
Adjusted diluted earnings per share	28 61	26 28

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

Notes to the Accounts *continued*

11 Goodwill and other intangibles

	Intangibles acquired on acquisition 2006 £000's	Licenses & Software 2006 £000's	Goodwill 2006 £000's	Licenses & Software 2005 £000's	Goodwill 2005 £000's
Cost					
At October 1	-	1,048	101,261	907	95,196
Additions	-	296	1,631	415	7,727
Acquisitions (note 14)	2,770	-	5,609	-	-
Disposals	-	-	(1,651)	(300)	(1,662)
Exchange differences	-	(49)	(2,642)	26	-
At September 30	2,770	1,295	104,208	1,048	101,261
Amortization and impairment					
At October 1	-	569	35,232	544	35,963
Amortisation charge for the year	144	237	-	150	-
Impairment losses	-	-	519	-	-
Disposals	-	-	-	(136)	(731)
Exchange differences	-	(31)	5	11	-
At September 30	144	775	35,756	569	35,232
Net book value at September 30	2,626	520	68,452	479	66,029

The carrying amounts of goodwill by business are as follows

	2006 £000's	2005 £000's
Worldlink	-	136
CEIC	5,609	-
Internet Securities,Inc	3,303	2,205
MIS	2,205	2,328
Mondiale	-	1,651
Engel publishing	1,871	1,977
Petroleum Economist	236	236
Gulf publishing	4,083	4,311
Tempest	-	291
HedgeFund Intelligence	14,718	14,718
Information Management Network	36,419	38,097
Other	8	79
Total	68,452	66,029

During the year the goodwill in respect of each of the above businesses was tested for impairment in accordance with IAS 36 With the exception of Mondiale, which was sold during the year, and Worldlink and Tempest, that ceased operations, and were therefore fully impaired, each of the others were assessed to have a value in excess of their respective carrying values, and hence no other adjustments to goodwill were considered necessary other than exchange rate fluctuations

The key assumptions in the value in use calculations were

- •Forecasts by business based on pre-tax cash flows derived from approved budgets for 2007 Management believe these budgets to be reasonably achievable,
- •Subsequent cash flows were increased in line with growth expectations of the applicable business,
- •The pre-tax discount rate used was 10%, the same as that used in assessing potential acquisitions,
- •Long term growth rate assumed to be 3%

12 Property, plant and equipment

2006	Freehold premises 2006 £000's	Long-term leasehold premises 2006 £000's	Short-term leasehold premises 2006 £000's	Office equipment 2006 £000's	Motor vehicles 2006 £000's	Total 2006 £000's
Cost						
At October 1 2005	862	2,575	6,961	14,678	36	25,112
Additions	-	-	6,101	1,593	-	7,694
Disposals	(862)	-	-	(151)	-	(1,013)
Exchange differences	-	-	(225)	(528)	-	(753)
At September 30 2006	**-**	**2,575**	**12,837**	**15,592**	**36**	**31,040**
Depreciation						
At October 1 2005	217	159	2,804	11,160	25	14,365
Charge for the year	16	-	1,367	1,531	11	2,925
Disposals	(233)	-	-	(149)	-	(382)
Exchange differences	-	-	(84)	(427)	-	(511)
At September 30 2006	**-**	**159**	**4,087**	**12,115**	**36**	**16,397**
Net book value at September 30 2006	**-**	**2,416**	**8,750**	**3,477**	**-**	**14,643**
Net book value at September 30 2005	645	2,416	4,157	3,518	11	10,747

2005	Freehold premises 2005 £000's	Long-term leasehold premises 2005 £000's	Short-term leasehold premises 2005 £000's	Office equipment 2005 £000's	Motor vehicles 2005 £000's	Total 2005 £000's
Cost						
At October 1 2004	862	-	7,264	12,327	123	20,576
Additions	-	2,075	102	2,840	-	5,017
Transfer	-	500	(500)	-	-	-
Disposals	-	-	-	(680)	(87)	(767)
Exchange differences	-	-	95	191	-	286
At September 30 2005	862	2,575	6,961	14,678	36	25,112
Depreciation						
At October 1 2004	200	-	2,503	10,583	77	13,363
Charge for the year	17	18	409	1,136	15	1,595
Transfer	-	141	(141)	-	-	-
Disposals	-	-	-	(757)	(67)	(824)
Exchange differences	-	-	33	198	-	231
At September 30 2005	217	159	2,804	11,160	25	14,365
Net book value at September 30 2005	645	2,416	4,157	3,518	11	10,747
Net book value at September 30 2004	662	-	4,761	1,744	46	7,213

13 Investments

2006	Investments in associated undertakings £000's	Investments in joint ventures £000's	Available for sale investments £000's	Trade investment £000's	Total £000's
At October 1 2005	2,479	4,587	-	14	7,080
Additions	-	3,424	19,740	-	23,164
Share of profits retained	419	788	-	-	1,207
Increase in fair value	-	-	405	-	405
Transfer to subsidiaries		(5 056)			(5,056)
Dividends	(756)	-	-	-	(756)
Provision	(198)		-	-	(198)
At September 30 2006	**1,944**	**3,743**	**20,145**	**14**	**25,846**

2005	Investments in associated undertakings £000's	Investments in joint ventures £000's	Available for sale investments £000's	Trade investment £000's	Total £000's
At October 1 2004	140	186	-	14	340
Additions	2,080	4,017	-	-	6,097
Share of profits retained	259	365	-	-	624
Foreign exchange	-	19	-	-	19
At September 30 2005	2,479	4,587	-	14	7 080

The associated undertakings at September 30 2006 were Capital NET Limited whose principal activity is the provision of electronic database services and TelCap Limited whose principal activity is business publishing The group has a 48 4% interest in Capital NET Limited and a 40% interest in TelCap Limited

The joint venture undertaking at September 30 2006 was Asia Business Forum whose principal activity is conferences and training The group has a 47 5% interest in Asia Business Forum For the six months to March 31 2006 the group had a 49% joint venture interest in CEIC Holdings Limited In April 2006 the group paid the second instalment of $7 4 million (£4 3 million) for CEIC Holdings Limited, increasing the investment in its equity share capital by 25% and bringing our total holding to 74% CEIC, from April 2006, is treated as a subsidiary and no longer classified as a joint venture

The available for sale investments represent the 4,931,595 of Metal Bulletin plc shares acquired by the group in August 2006 This represents 8 9% of the equity share capital of Metal Bulletin plc at the time of acquisition

The group has a 50% interest in Capital DATA Limited The ordinary share capital of Capital DATA is divided into 50 'A' shares and 50 'B' shares with the group owning the 50 A shares Under the terms of the Articles of Association of Capital DATA, the 'A' shares held by the group do not carry entitlement to any share of dividends or other distribution of profits of Capital DATA The group does not have the ability to exercise significant influence nor is it involved in the day to day running of the business As such Capital DATA is accounted for as a trade investment The group is entitled to 28 2% of Capital DATA's revenues being £2,746,000 in the year (2005 £2,676,000) At December 31 2005, Capital DATA Limited had £195 000 of issued share capital and reserves (December 31 2004 £212,000), and its loss for the year then ended was £17,000 (December 31 2004 profit £58,000)

Some of the group's associates and joint ventures do not have coterminous year ends with the group The total assets, liabilities, revenues and profit after tax generated by the group's associates and joint ventures from their respective latest available audited accounts are set out below

	Associates and joint ventures 2006 £000's	Associates and joint ventures 2005 £000's
Total assets	3,624	1,948
Total liabilities	(1,646)	(815)
Total revenues	6,725	3,669
Profit after tax	1,815	1 056

Notes to the Accounts *continued*

13 Investments *continued*

Details of the principal subsidiary undertakings included in these consolidated financial statements at September 30 2006 are as follows

	Proportion held	Principal activity and operation	Country of incorporation
Direct investments			
Adhesion (UK) Limited	100%	Conventions	Great Britain
Coaltrans Conferences Limited	95%	Conferences	Great Britain
Euromoney Institutional Investor (Ventures) Limited	100%	Investment holding company	Great Britain
Euromoney Institutional Investor (Jersey) Limited	100%†	Publishing	Jersey
Euromoney Jersey (Finance) Limited	100%	*Holding company*	Great Britain
Euromoney Publications (Jersey) Limited	100%^	Publishing	Jersey
Euromoney Publications (Overseas) Limited	100%	Holding company	Great Britain
Euromoney US Holdings LP	100%	Holding company	US
Glenprint Limited	100%	Publishing	Great Britain
HedgeFund Intelligence Limited	100%	Publishing	Great Britain
The Petroleum Economist Limited	100%	Publishing	Great Britain
Tipall Limited	100%	Property holding	Great Britain
World Link Publications Limited	100%	Publishing	Great Britain
Indirect investments			
Adhesion et Associes SA	100%	Conventions	France
Business Conventions Internationale	100%	Conventions	France
Carlcroft Limited	100%	Publishing	Great Britain
CEIC Holdings Limited	74%	Publishing	Hong Kong
Ell Holdings, Inc	100%*	Holding company	US
Engel Publishing Partners	100%	Publishing	US
Euromoney (Singapore) Pte Ltd	100%	*Training*	Singapore
Euromoney Training, Inc	100%	Holding company	US
Euromoney, Inc	100%	Holding company	US
Gulf Publishing Company	100%	Publishing	US
Information Management Network, Inc	80%	Conferences	US
Institutional Investor, Inc	100%	Publishing	US
Internet Securities, Inc	92 20%	Information services	US
Latin American Financial Publications, Inc	100%	Publishing	US
Med Ad, Inc	100%	Holding company	US
MIS Training (UK) Limited	100%	Training	Great Britain
MIS Training Institute, LLC	100%	Training	US
Joint ventures and associates			
Capital NET Limited	48%	Databases	Great Britain
Asia Business Forum	48%	Conferences	Hong Kong
TelCap Limited	40%	Publishing	Great Britain

All holdings are of ordinary shares

* 100% preference shares held in addition
† Euromoney Institutional Investor (Jersey) Limited's principal country of operation is Hong Kong
^ Euromoney Publications (Jersey) Limited's principal country of operation is Great Britain

14 Acquisitions and Disposals

Acquisitions
The following interests were acquired in the year

Purchase of new businesses
In March 2006, the group signed an agreement to acquire 47 5% of Asia Business Forum ("ABF"), a leading conference organiser and training business for the Asian region The price, including payments for working capital and fees, for the initial 47 5% tranche is £3 4 million In addition, the group has an option to acquire a further 42 5% in March 2007 and the final 10% after 2009 These further payments are dependent on the audited profits of ABF for the years to December 31 2006, and 2009 or later, respectively The maximum consideration payable for 100% of ABF is capped at £17 6 million

In July 2006, the group, through Internet Securities, Inc (ISI) purchased substantially all of the assets of RussiaDeal LLC's financial deal information business based in Moscow The maximum consideration payable is capped at $500,000 (£268,000)

Payments of deferred consideration
In February 2006, in accordance with the purchase agreement, the group paid the third instalment of $14 2 million (£8 0million) for Information Management Network "IMN", the 80% owned financial conference organiser purchased in February 2004 Further deferred consideration payments under the purchase agreement is payable in February 2006 and 2007 (note 16 and 17) This resulted in the creation of £356,000 additional goodwill

Increase in equity shareholdings
In February 2006, the group purchased a further 1% of the equity share capital of ISI for a cash consideration of $4 2million (£2 3 million) bringing the group's holding to 92% This resulted in additional goodwill of £1 3 million

In July 2006, the group, through ISI, paid the second instalment of $7 4 million (£4 0 million) for CEIC Holdings Limited, one of the leading providers of time-series macro-economic data covering Asia, increasing our investment in its equity share capital by 25% and bringing our total holding to 74% and has since been consolidated as a subsidiary This resulted in additional goodwill of £1 3 million

The amount that CEIC has contributed to revenue and operating profit since becoming a subsidiary is £1,918,000 and £812,000 respectively

	Book value £000's	Fair value adjustments £000's	Provisional fair value £000's	Provisional goodwill £000's	Consideration £000's
ABF	150	905	1,055	2,369	3,424
CEIC	273	2,379	2,652	1,325	3,977

Disposals
In August 2006 the group sold Office Products International Limited (previously named Mondiale Limited) ("OPI"), the publisher and events organiser for £150,000 with a further cash payment due to the group dependant on its future profits At the date of disposal OPI's net assets were £nil and the group wrote off goodwill held on its balance sheet of £1 6 million resulting in a loss on disposal of £1 5 million There is no tax effect The results of disposed businesses are included in the consolidated accounts up to their date of disposal

14 Acquisitions and Disposals

Post-balance sheet date acquisitions

Metal Bulletin Plc
On August 4 2006, the group announced the terms of a recommended cash offer for Euromoney Institutional Investor (Ventures) Limited, a subsidiary of the company, to acquire the entire ordinary share capital of Metal Bulletin Plc The offer document setting out the full terms of the offer was posted to Metal Bulletin Shareholders on August 31 2006

All of the conditions of the offer have been satisfied and the offer was declared unconditional on October 5 2006, representing the date of acquisition

Under the terms of the offer, Metal Bulletin shareholders received 400 pence in cash for every Metal Bulletin share held The offer valued the issued ordinary share capital of Metal Bulletin at approximately £230 million which includes associated fees of £5 million

A partial share alternative was made available which allowed Metal Bulletin shareholders to elect to receive any proportion of the consideration in new Euromoney shares subject to not more than 14 million new Euromoney shares being issued For the purposes of the partial share alternative, each consideration share had an assumed value of 394 75 pence which was Euromoney's closing share price on July 25 2006, the last business day before the announcement made by Euromoney of the final proposed recommended offer for Metal Bulletin The partial share alternative was oversubscribed and the maximum number of Euromoney shares were issued on October 6 2006

A loan note alternative was also made available Shareholders were entitled to elect to receive, for every £1 of cash consideration, £1 nominal value of loan notes The loan notes will bear interest from the date of issue payable every 6 months in arrears on June 30 and December 31 in each year, at 0 75 per cent below LIBOR per year The loan notes are redeemable at par on interest payment dates commencing on June 30 2007 Any loan notes outstanding on 31 December 2016 will be redeemed at par on that date

At October 24 2006 Euromoney was the beneficial owner of 97 2% of the issued ordinary share capital of Metal Bulletin Metal Bulletin shareholders opting for the loan note alternative represent 5 2% of Metal Bulletin's share capital Accordingly it is estimated that the cash component of the offer will be approximately £157 million

Metal Bulletin's balance sheet at the date of acquisition is set out below An exercise is currently under way to establish the fair value of assets, liabilities and contingent liabilities at this date due to the timing of the acquisition, the directors therefore do not consider it practicable to disclose these fair values

Metal Bulletin plc	**£000's**
Goodwill and intangible assets	45,355
Other non-current assets	3,662
Current assets	10,836
Trade creditors and other payables	(10,376)
Other current liabilities	(26,020)
Non-current liabilities	(17,600)
Net assets	5,857

Total Derivatives Limited
In October 2006, the group acquired 67% of Total Derivatives, an online news service covering the derivatives markets, for £6 7m

15 Trade and other receivables

	2006 £000's	2005 £000's
Amounts falling due within one year		
Trade debtors	**35,134**	30,447
Amounts owed by DMGT group undertakings (note 17)	**23,259**	16,449
Other debtors	**6,923**	2,125
Prepayments and accrued income	**8,196**	5,906
	73,512	54,927

The directors consider the carrying amount of trade and other receivables approximates their fair values

The bad debt provision at September 30 2006 is £3 8m (2005 £3 5m)

16 Trade and other payables

	2006 £000's	2005 £000's
Trade creditors	**2,841**	2,198
Amounts owed to DMGT group undertakings (note 17)	**60,451**	47,635
Other creditors	**16,887**	12,204
Corporation tax	**7,246**	6,321
Deferred consideration for acquisitions	**8,090**	7,577
	95,515	75,935

The directors consider the carrying amount of trade and other payables approximates their fair values

17 Financial instruments

Details of the objectives policies and strategies pursued by Euromoney in relation to financial instruments are set out on pages 48 and 49 of the accounting policies The main financial risks faced by Euromoney are market risks including the effect of changes in foreign exchange rates, interest rates and liquidity risks Derivatives are used to hedge or reduce the risks of interest rate and exchange rate movements and are not entered into unless such risks exists Derivatives used for hedging a particular risk are not specialised and are generally available from numerous sources

Liquidity risk

The group's liquidity risk is described in detail in section 4 of the Directors report Fixed and floating rate borrowings analysed by maturity are analysed below Borrowings are shown after taking account of related interest rate derivatives in designated hedging relationships

	2006			2005		
	Variable rate borrowings £000's	**Fixed rate borrowings £000's**	**Total value £000's**	Variable rate borrowings £000's	Fixed rate borrowings £000's	Total value £000's
Within one year	**58,666**	**-**	**58,666**	41,250	4,183	45,433
after 2 years but within 3 years	**2,361**	**63,169**	**65,530**	-	-	-
after 3 years but within 4 years	**-**	**-**	**-**	-	62,518	62,518
	61,027	**63,169**	**124,196**	41,250	66,701	107,951

At September 30 2006, £104 0 million (2005 £107 9 million) of borrowings were designated in US dollars The average rate of interest paid on the debt was 3 2% (2005 3 4%)

17 Financial instruments *continued*

Interest rate risks

The group's interest rate risk is described in detail in section 4 of the Directors report Euromoney's interest rate exposure management policy aimed at optimising net interest cost and reducing volatility This is achieved by modifying the interest rate exposure of debt and cash positions throught the use of interest rate swaps

The group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings

At September 30 2006, interest rates were fixed approximately for 86% of the net cash and borrowing positions compared with 100% at September 30 2005

The following sensitivity analysis of borrowings and derivative financial instruments to interest rate movements assumes an immediate 100 basis point change in interest rate for all currencies and maturities from their levels at September 30 2006 with all the other variables held constant The range of changes represents the directors' view of the changes that are reasonably possible over a one year period based on these assumptions

A 100 basis point reduction of interest rate would result in an estimated decrease in net interest expense of £0 4 million, based on the composition of financial instruments including cash, cash equivalents and bank loans at September 30 2006 A 100 basis point rise in interest rates would result in an estimated increase in net interest expense of £0 4 million The sensitivity of the fair value of financial instruments at September 30 2006 to changes in interest rates is set out in the table below

		Fair value	
	Carrying/ fair value £000's	+100 basis points £000's	-100 basis points £000's
Short term borrowings	58,666	58,666	58,666
Long term borrowings	65,530	65,530	65,530
Interest rate swaps	2,039	3,758	318

Short term borrowings comprise bank loans, net loans from Daily Mail group companies and overdrafts due within one year Long term borrowings comprise of loans A 100 point basis change in interest rate would not result in a material change to the fair value of any other financial instrument

17 Financial instruments *continued*

Foreign exchange rate risk

The group's foreign exchange rate risk is described in detail in section 4 of the Directors report The group operates in many countries and is subject to risks from changes in foreign currency values, most particularly in respect of dollar inflows These exposures are hedged, by the use of forward exchange contracts

At September 30 2006, the fair value of the group's currency derivatives is estimated to be approximately £1 0 million (October 1 2005 liability £1 9 million) These amounts are based on market values of equivalent instruments at the balance sheet date, comprising £1 0 million in current assets included in derivative assets All currency derivatives have been designated as hedges and tested as effective and the movement in fair value has been deferred to equity

The following sensitivity analysis of net borrowings and derivative financial instruments to foreign exchange rate movements assumes an immediate 5% change in all foreign exchange rates against sterling as appropriate from their levels at September 30 2006 with all the other variables held constant A +5% change indicates a strengthening of the currency against sterling and a - 5% change indicates a weakening of the currency against sterling The range of changes represents the directors' view of changes that are reasonably possible over a one year period based on these assumptions

All foreign exchange contracts are designated as hedges of future forecast transactions

		Fair value	
	Carrying/ fair value	5% change	(5%) change
	£000's	£000's	£000's
Forward foreign exchange contracts	1,030	2,933	(1,073)

A 5% change in foreign currency exchange rates would not result in a material change to the fair value of any other financial instrument

18 Bank overdrafts and loans

	2006 £000's	2005 £000's
Bank overdraft	**1,235**	139
Deferred consideration for acquisitions	**-**	8,689
Committed facility	**65,530**	62,518
	66,765	71,346

Committed facility
The group has a funding agreement which was entered into in October 2004 Euromoney is one of a number of approved borrowers under a £300 million five year committed banking facility As at September 30 2006 there were £50 4 million of other *uncommitted un-drawn facilities directly available to the group* Interest is payable on this facility at a variable rate above US dollar LIBOR The variable rate is between 0 4% and 0 7%, dependant on net debt to EBITDA

In August 2006, the group entered into a dedicated £375 million three year multi-currency facility with DMG Radio Holdings Limited, a subsidiary of DMGT Interest is payable on this facility at a variable rate of between 0 4% and 1 6% above LIBOR At September 30 2006, the group had not drawn down on this facility but remained a borrower under the five year committed facility above Committed undrawn borrowings available to the group at September 30 2006 on the new facility were £200 4 million Subsequent to the year end the group, through the new facility, paid off its year end borrowings and purchased all of the equity share capital of Metal Bulletin plc (see note 14)

Amounts owed to DMGT group undertakings
The group borrows funds directly from DMGT under the same terms and conditions as the five year committed facility above All borrowings for both the current and prior year are in US Dollars The directors consider the carrying amount of Group borrowings approximates to *their fair value All these loans mature after more than a year*

Euromoney Institutional Investor PLC

Notes to the Accounts *continued*

19 Provisions

	Onerous lease provision £000's	Group share of net liabilities in joint ventures £000's	Group total £000's
At October 1 2005	1,111	14	1,125
Used in the year	(292)	-	(292)
Exchange differences	(56)	-	(56)
At September 30 2006	**763**	**14**	**777**

Maturity profile of provisions

	2006 £000's	2005 £000's
Within 1 year (included in current liabilities)	329	254
Between 1 and 2 years (included in non current liabilities)	310	332
Between 2 and 5 years (included in non current liabilities)	138	539
	777	1,125

Onerous lease provision
The onerous lease provision relates to certain buildings within the property portfolio which either through acquisition were rented at non-market rates or are no longer occupied by the group

20 Deferred taxation

The net deferred tax asset at September 30 2006 comprised

	2005 £000's	Adoption of *IAS 32/39* £000's	Income *statement* £000's	*Equity* £000's	Acquisitions and *disposals* £000's	2006 £000's
Capitalised goodwill and intangibles	(713)	-	(1,479)	612	(391)	**(1,971)**
Tax deductible goodwill amortisation	-	-	12,078	-	-	**12,078**
US and other overseas tax losses	4,334	-	(612)	-	-	**3,722**
Financial instruments	-	390	(72)	(1,091)	-	**(773)**
Other short term temporary differences	5,218	-	1,356	213	-	**6,787**
Deferred tax	8,839	390	11,271	(266)	(391)	**19,843**

Comprising	
Deferred tax assets	22,917
Deferred tax liabilities	(3 074)
	19,843

A deferred tax asset of £4,877,000 (2005 £3,175,000) has been recognized in respect of depreciation in excess of UK capital allowances, financial instruments and other short-term timing differences The directors are of the opinion that based on recent and forecast trading, it is probable that the level of profits in future years are sufficient to enable the asset to be recovered

At the balance sheet date, the group has unused tax losses available for offset against future profits A deferred tax asset has been recognised in respect of £3,722,000 (2005 £4,334,000) The US losses can be carried forward for a period of 20 years from the date they arose The losses have varying expiry dates from December 2018 to September 2025

A deferred tax asset of £14,317,000 (2005 £2,372,000) has been recognized in respect of tax deductible goodwill amortisation and other overseas short-term timing differences The directors are of the opinion that based on recent and forecast trading, it is probable that the level of profits in future years are sufficient to enable the asset to be recovered

A deferred tax asset of £5,975,000 has not been recognized in respect of overseas tax losses and other short term temporary differences (2005 £16,157,000) as directors do not believe there is currently sufficient evidence that it is probable they will be recovered

At the balance sheet date, the aggregate amount of temporary differences with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was £65 611,000 (2005 £85,785,000) No liability has been recognised in respect of these differences because the group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future

21 Called up share capital

	2006 £000's	2005 £000's
Authorized		
112,000,000 ordinary shares of 0 25p each	280	280
Allotted, called up and fully paid		
89,032,180 ordinary shares of 0 25p each (2005 88,792,364 ordinary shares of 0 25p each)	223	222

During the year, 239,816 ordinary shares of 0 25p each (2005 814,154 ordinary shares) with an aggregate nominal value of £600 (2005 £2,035) were issued for a cash consideration of £730,344 (2005 £2,958,904) following the exercise of share options granted under the company's share option schemes

Between November 15 2006 and the year end the group issued 13,560,040 new shares with a nominal value of 0 25p each, as approved at the EGM on September 20 2006 in relation to the partial share alternative for the acquisition of Metal Bulletin PLC

22 Share-based payments

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

	2005	(Lapsed/ exercised) /issued	2006	Option price £
Period during which option may be exercised				
Before February 7 2006	10,000	(10,000)	-	3 33
Before February 6 2007	28,448	(8,000)	20,448	3 55
Before January 6 2008	35,564	(17,580)	17,984	3 96
Before January 28 2009	244,000	(54,000)	190,000	4 19
Before February 10 2009	160,000	-	160,000	3 96
Before June 24 2009	540,000	-	540,000	4 31
Before January 4 2010	160,000	(4 000)	156,000	5 63
Before March 1 2011	282,000	(25,000)	257,000	5 38
Before January 22 2012	188,000	(50,000)	138,000	3 35
Between December 4 2005 and December 3 2012	448,000	(20,000)	428,000	2 59
Between February 1 2006 and July 31 2006	103,205	(103,205)	-	2 08
Between January 28 2007 and January 27 2014	426,000	(32,000)	394,000	4 19
Between February 1 2007 and July 31 2007	39,047	(9,048)	29,999	3 24
Between January 4 2008 and July 3 2008	42,424	(9,470)	32,954	3 38
Between February 1 2009 and July 31 2009	-	83,580	83,580	3 69
	2,706,688	(258,723)	2,447,965	

Capital Appreciation Plan (CAP)

The CAP executive share option scheme was approved by shareholders on February 1 2005 Each of the CAP awards comprises an option to subscribe for ordinary shares of 0 25p each in the company for an exercise price of 0 25p per ordinary share The awards become exercisable on satisfaction of certain performance conditions and lapse to the extent unexercised on September 30 2014 In the event that the performance conditions are achieved, the option pool (of a maximum of 7 5 million shares) will be allocated between the holders of outstanding awards One third of the awards will vest immediately, with the other two thirds vesting in equal tranches in the following two years, but only if the specified profit target is maintained Otherwise vesting is deferred until the profits achieved in 2008 are achieved again, but no later than by reference to the year ending September 30 2013 The CAP expense recognised in the year was £4,307,000 (2005 £1,289,000)

22 Share based payments *continued*

Share Option Schemes

The company has nine share option schemes *for which an IFRS2 charge has been recognized* Details of these schemes are set out in the Directors Remuneration report on pages 27 to 40 The fair value per option granted and the assumptions used in the calculation are shown below

Options were valued using the Black-Scholes option-pricing model

	Executive Options		SAYE 1	SAYE 2	SAYE 3	SAYE 4
Date of Grant	**December 4 2002**	**January 28 2004**	**February 1 2003**	**February 1 2004**	**January 4 2005**	**January 6 2006**
Market value at date of grant (p)	259	419	260	405	433	458
Option Price (p)	259	419	208	324	338	369
Number of share options outstanding	428,000	394,000	98,917	39,401	42,424	92,393
Term of option (years)	5 5	5 5	3	3	3	3
Period of exercise after vesting (years)	4	4	3	3	3	3
Exercise price (p)	259	419	208	324	338	369
Risk-free rate	4 80%	4 80%	4 80%	4 80%	4 80%	4 80%
Volatility	30%	30%	30%	30%	30%	30%
Fair value per option (£)	0 52	0 72	0 71	1 11	1 22	1 24

	CAP Tranche 1	CAP Tranche 2	CAP Tranche 3
Date of Grant	**June 20 2005**	**June 20 2005**	**June 20 2005**
Market value at date of grant (p)	401	401	401
Option Price (p)	0 25	0 25	0 25
Number of share options outstanding	2,200,000	2,200,000	2,200,000
Term of option (years)	3 28	4 53	5 53
Period of exercise after vesting (years)	3 28	4 53	5 53
Exercise price (p)	0 25	0 25	0 25
Risk-free rate	4 80%	4 80%	4 80%
Volatility	30%	30%	30%
Fair value per option (£)	3 28	3 02	2 82

23 Statement of movement on reserves

	Share premium account £000's	Capital redemption reserve £000's	Own shares £000's	Liability for share based payment £000's	Fair Value reserves £000's	Translation reserves £000's	Retained earnings £000's	Total £000's
At October 1 2004	34,393	8	(74)	99	-	-	(91 786)	(57 360)
Retained profit for the year	-	-	-	-	-	-	30,181	30,181
Exchange differences arising on translation of net investments in overseas subsidiary undertakings	-	-	-	-	-	(1,300)	-	(1 300)
Credit for share-based payments	-	-	-	1,380	-	-	-	1 380
Dividends paid	-	-	-	-	-	-	(13 376)	(13 376)
Exercise of share options	2,958	-	-	-	-	-	-	2,958
Tax on items going through reserves	-	-	-	-	-	-	(264)	(264)
At September 30 2005	**37,351**	**8**	**(74)**	**1,479**	**-**	**(1,300)**	**(75,245)**	**(37,781)**
Impact of adoption of IAS39 on October 1 2005	-	-	-	-	(599)	-	(21 248)	(21 847)
Retained profit for the year	-	-	-	-	-	-	37,430	37,430
Changes in acquisition commitments				-	-	-	(4,728)	(4 728)
Exchange differences arising on translation of net investments in overseas subsidiary undertakings	-	-	-	-	-	1,056	-	1,056
Net exchange difference on foreign currency loans	-	-	-	-	3,183	-	-	3,183
Change in fair value of available for sale investments	-	-	-	-	405	-	-	405
Change in fair value of hedges	-	-	-	-	3,629	-	-	3,629
Credit for share-based payments	-	-	-	4,428	-	-	-	4 428
Dividends paid	-	-	-	-	-	-	(14 563)	(14 563)
Transfer to reserves	-	-	-	-	-	-	-	-
Exercise of share options	730	-	-	-	-	-	-	730
Tax on items going through reserves	-	-	-	-	-	-	(265)	(265)
Other movements	-	-	-	-	-	-	(23)	(23)
At September 30 2006	**38,081**	**8**	**(74)**	**5,907**	**6,618**	**(244)**	**(78,642)**	**(28,346)**

The investment in own shares is held by the Euromoney Employees' Share Ownership Trust (ESOT) At September 30 2006 the ESOT held 58 976 shares carried at a historic cost of £1 25 per share with a market value of £270,000 (2005 58,000 shares with a market value of £242 000), and waived the rights to receive dividends Interest and administrative costs are charged to the profit and loss account of the ESOT as incurred

24 Acquisition option commitments

The group is party to a number of put options over the remaining minority and majority interests in its subsidiaries joint ventures, associates and investments IAS 39 'Financial Instruments' requires the recognition of acquisition liabilities The group has taken advantage of the transitional rules available under IAS 39 and hence the adoption of IAS 39 has no impact on accounting for financial derivatives for 2005 The effective date of adoption of IAS 39 is October 1 2005 As at September 30 2006, the discounted present value of these options is £24,332,000 (October 1 2005 £20,089 000) In the year to September 30 2006 onwards these discounts are unwound as a notional interest charge to the income statement. Full details of the impact of the adoption of International Financial Standards are set out in note 29

25 Commitments

At September 30 2006 the group has committed to make the following payments in respect of operating leases on land and buildings

	2006 £000's	2005 £000's
Within one year	3,721	3,582
Between 2 and five years	12,931	14,297
After 5 years	17,772	21,433
	34,424	39,312

26 Contingent liabilities and assets

Claims in Malaysia

Four writs claiming damages for libel were 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 (£40 2 million) No provision has been made for these claims in these financial statements as the directors do not believe the company has any material liability in respect of these writs

27 Related party transactions

The group has taken advantage of the exemption allowed under IAS 24 'Related party disclosures' not to disclose transactions and balances between group companies that have been eliminated on consolidation Other related party transactions and balances are detailed below

(i) The group has a loan facility from Daily Mail and General Holdings Limited and provides the same loan facility to Associated Newspapers North America, Inc The amount owing and receivable at September 30 2006 was US$43 6 million (£23 3 million) which includes accrued interest Each balance was repayable within one month of demand and bears interest at the US prime rate +1%

(ii) The company has a credit facility with Daily Mail and General Holdings Limited As at September 30 2006 the dollar loan was £14 2 million (US$22 5 million) (2005 £28 8 million (US $51 0 million)), the sterling loan £19 9 million (2005 £nil) A loan arrangement fee of £1 1 million was paid to DMGR Holdings limited in respect of the new banking facility

(iii) The group expensed £390,000 (2005 £233,000) for services provided by Daily Mail and General Trust plc

(iv) At September 30 2006 the group had £63 2 million fixed rate interest rate swaps outstanding with Daily Mail and General Holdings Limited amounting to US$118 0 million at interest rates between 2 7 % and 4 9 % and termination dates between March 30 2007 and March 31 2011 During the year the group received $1 2 million (2005 paid $0 7 million) of interest to Daily Mail and General Holdings Limited in respect of interest rate swaps

(v) In April 2006 (2005 January), CR Brown, a director of the company, was advanced, under the terms of his contract, $100,000 (2005 $117,000) in respect of part of his profit share payment normally paid to him at the end of the year At September 30 2006 the balance by Mr Brown to the group was $nil (2005 $nil)

(vi) There is an annual put option agreement over the sale of Internet Securities, Inc (ISI) shares between the company and G Mueller, a director of the company The annual put option values these shares based on the valuation of ISI as determined by an independent financial adviser Under the terms of the agreement consideration caps have been put in place that require the maximum consideration payable to option holders to be capped at an amount such that the results of any relevant class tests, would at the relevant time, fall below the *requirement for shareholder approval*

In January 2006, under the put option agreement, Mr Mueller sold 67,614 shares valued at $13 10 (2005 69,999 shares valued at $8 72 per share) for a total consideration of $885,743 (2005 $610,391) Also in January 2006, Mr Mueller exercised 27,024 options with an exercise price of $7 40, 16,653 options with an exercise price of $8 95 and 3,937 options with an exercise price of $7 07 realising a gain of $154,036, $69,110 and $23,740 respectively Mr Mueller retained the shares

(vii) The compensation paid or payable for key management personnel is set out below Key management includes the executive and non-executive directors as set out in the remuneration report and other key divisional directors who are not on the board

Key management compensation	**2006 £000's**	2005 £000's
Salaries and short-term employee benefits	**9,701**	8,270
Non-executive director's fees	**178**	183
Post-employment benefits	**883**	725
Other long-term benefits (all share-based)	**1,387**	387
	12,149	9,566
Of which		
Executive directors	**10,030**	8,068
Non-executive directors	**178**	183
Divisional directors	**1,941**	1,314
	12,148	9 566

Details of the remuneration of directors is given in the Remuneration report

Notes to the Accounts *continued*

28 Ultimate parent undertaking and controlling party

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

29 First time adoption of International Financial Reporting Standards

Euromoney has adopted International Financial Standards (IFRS) as adopted by the EU with effect from January 1 2005 with a transition date to IFRS of October 1 2004, with the transitional year being the year ended September 30 2005 IAS 32 and IAS 39 with respect of financial instruments have been applied with effect from October 1 2005

The group has elected to take the following key exemptions on transition to IFRS

IFRS 3 - Business combinations
The group has chosen not to restate historic business combinations distinguishing between goodwill and other intangible assets to comply with IFRS 3 The goodwill carrying value has not therefore been adjusted between the UK GAAP balance sheet as at September 30 2004 and the IFRS opening balance sheet at October 1 2004

IAS 16 - Valuation of fixed assets
The group has elected not to use fair value as deemed cost for any items of property, plant and equipment at the date of transition

IFRS 2 - Share based payments
IFRS 1 provides an exemption which allows companies to only apply IFRS 2 to share based payment awards granted after November 7 2002 and unvested at October 1 2004 The group has taken advantage of this exemption and elected to only apply IFRS 2 to share options granted on December 4 2002, February 1 2003 (SAYE options), January 28 2004, February 1 2004 (SAYE options), January 4 2005 (SAYE options) and June 20 2005 (Capital Appreciation Plan)

IAS 21 - The effects of changes in foreign exchange rates
IAS 21 states that cumulative foreign exchange movements created on the translation of foreign entities should be disclosed in a separate reserve within shareholders' funds On disposal of a foreign entity, the cumulative exchange gains or losses associated with that entity should be recycled through the income statement as part of the gain or loss on disposal The group has taken the exemption under IFRS 1 whereby cumulative exchange differences are deemed to be zero at the date of transition to IFRS The gain or loss on any subsequent disposals will therefore exclude any translation gains or losses prior to the date of transition

IAS 32 - Financial Instruments *Disclosure and Presentation*, IAS 39 - Financial Instruments Recognition and Measurement
Under IFRS 1, the group has taken the option to defer the implementation of IAS 32 and IAS 39 to the year ending September 30 2006 Therefore, financial instruments were accounted for and presented in accordance with UK GAAP for the year ended September 30 2005

IAS 12 - Deferred tax

Under UK GAAP, the group recognised deferred tax on timing differences that arose from the inclusion of gains and losses in tax assessments in periods different from those in which they were recognised in the financial statements (an income statement approach)

Under IAS 12, deferred tax is recognised in respect of temporary differences arising between the tax base and the accounting book value of balance sheet items (a balance sheet approach) This results in deferred tax being recognised on certain items that would not have given rise to deferred tax under UK GAAP

29 First time adoption of International Financial Reporting Standards *continued*

The most significant areas of change for the group on adoption of IFRS are summarised below

a) IFRS 3 - Goodwill and other intangibles

Under IFRS 3 'Business combinations', goodwill is no longer amortised and, instead, is assessed annually for impairment As discussed above, goodwill arising on acquisitions before October 1 2004 will not be restated The group has reviewed the goodwill balances for impairment as at October 1 2004 and September 30 2005 and no impairment was identified at either date

Intangible assets arising from acquisitions after October 1 2004 will be separately identified and amortised over their estimated useful economic lives, potentially over shorter periods than goodwill has previously been amortised

As a result of this change, the group's operating profit for the year ended September 30 2005 has been increased by the amount of goodwill amortisation recorded under UK GAAP (amounting to £5 7million) but reduced by the amortisation of other purchased intangible assets

b) IAS 21 - Retranslation of goodwill

Under UK GAAP, goodwill arising on foreign subsidiary investments held in the consolidated balance sheet is translated into sterling at the rates of exchange prevailing on the date of acquisition Under IAS 21 'The effects of changes in foreign exchange rates' this goodwill is rebased back into the original currency (usually US dollars) and retranslated into sterling at the applicable period end exchange rates Any exchange difference arising is taken to equity as part of the retranslation of the net assets of the subsidiary (see 4j) below) This has resulted in a decrease in goodwill of £1 7 million and £0 4 million, at October 1 2004 and September 30 2005 respectively

c) IFRS 1 - Exceptional loss on sale of business

IFRS 1 no longer requires goodwill previously written off to reserves under UK GAAP to be re-instated in the income statement on disposal As a result, the exceptional loss on sale of business in 2005 of £1 0m is reduced by £0 7m to £0 3m

d) IAS 27 - Joint venture reclassification

The group has a 50% holding in World Link Publications Limited which, under UK GAAP, is treated as a subsidiary undertaking and fully consolidated in the group's results because the group exercises dominant influence over the subsidiary's operating and financial policies IAS 27 'Consolidated and separate financial statements' only recognises the legal form of the 50% holding and therefore the investment must be accounted for as a joint venture

e) IAS 38 - Software costs

Under UK GAAP, capitalised software costs are included within tangible fixed assets on the balance sheet Under IAS 38 'Intangible assets' such items, where they are not an integral part of the related hardware, should be disclosed separately on the face of the balance sheet This has resulted in a reclassification of £0 4m and £0 5m in the balance sheets as at October 1 2004 and September 30 2005 respectively There is no related impact on the income statement or net assets

29 First time adoption of International Financial Reporting Standards *continued*

f) IFRS 2 - Share based payments

The group operates a range of share based incentive schemes

IFRS 2 'Share based payments' requires a charge to be recognised in the income statement for share options, long-term incentive plans and other share based payments (including SAYE options), based on the fair value at grant date, using an appropriate option pricing model The fair value of the these options is charged against profits over the period from grant date to vesting (the vesting period) This differs from UK GAAP UITF 17 'Employee share schemes', which requires that the charge to the profit and loss account should be based on the difference between the market value of shares at the date of grant and the exercise price (i e an intrinsic value basis) and spread over the performance period In addition, as permitted under UK GAAP, UITF 17 has never been applied to SAYE share options The difference between the imputed charge under UITF 17 and IFRS 2 on the group's Capital Appreciation Plan options issued on June 20 2005 is £0 1m at September 30 2005

As stated in note 3, the group has taken advantage of the exemption allowed to it under IFRS 1 and will not recognise a charge on its options granted before November 7 2002 and unvested at October 1 2004 Under IFRS 2, the imputed charge on its options issued on December 4 2002, February 1 2003 (SAYE options), January 28 2004, February 1 2004 (SAYE options), and January 4 2005 (SAYE options) has resulted in a reduction in the group's reported operating profit as, under UK GAAP, no cost is incurred on these options as there was no difference between the grant and exercise price for the issues of shares concerned

The pre-tax impact of IFRS 2 on the results for the periods ended September 30 2005 is a charge of £0 2 million There is no effect on net assets

g) IAS 38 - Deferred marketing costs

Under UK GAAP, the group, to the extent that the costs are expected to be recoverable, defers marketing and promotional expenditure relating to future events and holds these on its balance sheet until those events have taken place

Under IAS 38 'Intangible assets', the deferral of event promotional costs until the running of the event is specifically disallowed, and these costs will therefore be expensed as incurred This has resulted in a reduction in the group's reported pre-tax operating profit of £0 3 million for the year ended September 30 2005 and a reduction in net assets at October 1 2004 of £0 8 million

h) IAS 17 - Leases

The group has a property lease with pre-determined fixed rent increases Under UK GAAP these are treated as inflationary increases, and a steady inflationary increase in the rental charge is recognised each year over the lease term IAS 17 'Leases' requires that the total rental payments specified by the lease are recognised on a straight-line basis over the course of the lease, with a constant rental charge recognised each year

The pre-tax impact of IAS 17 on the results for the period ended September 30 2005 is a £0 1 million charge The cumulative pre-tax reduction in net assets at October 1 2004, September 30 2005 is £0 4 million and £0 5 million respectively

i) IAS 19 - Employee benefits

Under UK GAAP the group does not account for employees' unused accrued holiday Under IAS 19 any accrued holiday entitlement that has not been taken by employees at the period end is recognised as a creditor Any movement in the creditor between periods is charged or credited to the income statement

The pre-tax impact of IAS 19 on the results for the period ended September 30 2005 is a charge of £32,000 The reduction in net assets at October 1 2004 and September 30 2005 is £0 6 million and £0 6 million respectively

29 First time adoption of international financial standards *continued*

j) IAS 32 and IAS 39 - Financial Instruments - adopted from October 1 2005

As permitted by IFRS 1 "First time Adoption of International Financial Reporting Standards", the group has elected to defer the implementation of IAS 39 until the year ending September 30 2006 The effect of the adoption of IAS 39 at October 1 2005 is to reduce net assets by £21 9 million, due to the following adjustments

Forward exchange contracts and interest rate swaps

IAS 39 requires that derivative financial instruments are recognised on the balance sheet at their fair value At October 1 2005 the effect on the group balance sheet was to reduce net assets by £0 6 million

Derecognition of liabilities

IAS 39 sets out specific criteria in relation to when a financial liability should be derecognised Application of this resulted in an increased liability of £1 6 million which was recognised on the balance sheet from October 1 2005

Acquisition option commitments

The group is party to a number of put options over the remaining minority interests in its subsidiaries IAS 39 requires the recognition of a liability in respect of these acquisition option commitments As at October 1 2005, the discounted present value of these options is £20 1 million From October 1 2005 these discounts are unwound as a notional interest charge to the income statement

Net investment hedging

Under UK GAAP, exchange differences arising from long term foreign currency funding can be offset against the net assets of foreign subsidiaries, including goodwill held in reserves IAS 39 limits the extent of the hedging, only allowing exchange differences arising from long term foreign currency funding to be offset against the net assets of foreign subsidiaries, excluding goodwill previously written off to reserves, with any remaining exchange difference being recognised in the profit and loss account There is no effect on the October 1 2005 opening balance sheet but the adoption of IAS 39 may lead to volatility of earnings for the year ended September 30 2006 onwards As explained above in 4b) as part of the conversion to IFRS the group has chosen to rebase its goodwill relating to foreign subsidiary investments held on its consolidated balance sheet from sterling into dollars

Deferred tax

A deferred tax asset of £0 4 million has been recognized on the above adjustments

k) IAS 10 - Events after the balance sheet date

IAS 10 requires that dividends declared after the balance sheet date should not be recognised as a liability at the balance sheet date as the liability does not represent a present obligation as defined by IAS 37 'Provisions, contingent liabilities and contingent assets'

As a result the final dividends for the financial year ended September 30 2004 (£8 8m) and September 30 2005 (£9 8m) have not been recognised in the group's IFRS restated balance sheets at October 1 2004 and September 30 2005 respectively The final dividend for the year ended September 30 2004 has been charged directly to equity in the group's IFRS balance sheet as at September 30 2005, following its approval by shareholders on February 1 2005

l) IAS 12 - Deferred and current taxes

Under UK GAAP, the group recognised deferred tax on items that arose from the inclusion of gains and losses in tax assessments in periods different from those in which they were recognised in the financial statements (an income statement approach)

Under IAS 12 'Deferred tax', deferred tax is recognised in respect of temporary differences on the difference between the tax base and the accounting book value of balance sheet items (a balance sheet approach) This results in a deferred tax liability of £0 1million and £0 8 million as at October 1 2004and September 30 2005 respectively being recognised on certain items that would not have given rise to deferred tax under UK GAAP

Euromoney Institutional Investor PLC

Notes to the Accounts *continued*

29 First time adoption of international financial standards *continued*

l) IAS 12 - Deferred and current taxes ***continue***

Additionally, a deferred tax asset of £1 0m as at October 1 2004 and September 30 2005 has been provided on the adjustments outlined in this announcement

The key differences for the group between UK GAAP and IAS 12 are as follows

(i) Under UK GAAP, recognition of deferred tax in respect of rolled over capital gains is not required, whereas IFRS requires provision for deferred tax on such gains

(ii) Goodwill written off to reserves under UK GAAP, prior to the introduction of FRS 10, gave rise to a potential deferred tax liability under UK GAAP However, the reverse is true under IFRS, where a potential deferred tax asset arises

(iii) Under UK GAAP, the group was permitted to discount deferred tax assets and liabilities, whereas IFRS does not permit discounting

(iv) As amortisation of goodwill is not permitted under IFRS, the potential deferred tax in respect of capitalised tax deductible goodwill will be more significant under IFRS

Notes to the Accounts *continued*

29 First time adoption of international financial standards *continued*

Reconciliation for profit for the year ended September 30 2005

	UK GAAP IFRS format	IFRS 3 Goodwill and other intangibles	IFRS 1 Exceptional loss on sale of business	IAS 27 Joint venture reclassification	IFRS 2 Share based payments	IAS 38 Deferred marketing	IAS 17 Leases	IAS 19 Employee benefits	IAS 12 Deferred and current taxes	IFRS
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Reference		29a	29c	29d	29f	29g	29h	29i	29l	
Total revenue	196,266	-	-	(1,434)	-	-	-	-	-	194,832
Operating profit before goodwill amortization and share option expense	40,311	-	-	(454)	-	(349)	(128)	(32)	-	39,348
Goodwill amortization	(5,747)	5,747	-	-	-	-	-	-	-	-
Share option expense	(1,289)	-	-	-	(91)	-	-	-	-	(1,380)
Operating profit before loss on disposal of business	33,275	5,747	-	(454)	(91)	(349)	(128)	(32)	-	37,968
Loss on disposal of business	(972)		657							(315)
Operating profit before associates and joint ventures	32,303	5,747	657	(454)	(91)	(349)	(128)	(32)	-	37,653
Share of results in associates and joint ventures	585	-	-	227	-	-	-	-	-	812
Operating profit	32,888	5,747	657	(227)	(91)	(349)	(128)	(32)	-	38,465
Finance income	345	-	-	(5)	-	-	-	-	-	340
Finance costs	(4,183)	-	-	-	-	-	-	-	-	(4,183)
Net finance costs	(3,838)	-	-	(5)	-	-	-	-	-	(3,843)
Profit before tax	29,050	5,747	657	(232)	(91)	(349)	(128)	(32)	-	34,622
Tax on profit	(2,258)	-	-	62	-	-	-	-	(409)	(2,605)
Profit after tax	26,792	5,747	657	(170)	(91)	(349)	(128)	(32)	(409)	32,017
Attributable to										
Equity holders of the parent	24,786	5,747	657	-	(91)	(349)	(128)	(32)	(409)	30,181
Equity minority interests	2,006	-	-	(170)	-	-	-	-	-	1,836
	26,792	5,747	657	(170)	(91)	(349)	(128)	(32)	(409)	32,017

29 First time adoption of international financial standards *continued*

Reconciliation of equity at the transition date of October 1 2004

	UK GAAP IFRS format £000's	IAS 21 Retranslation of goodwill £000's	IAS 27 Joint venture reclassification £000's	IAS 38 Software costs £000's	IFRS 2 Share based payments £000's	IAS 38 Deferred marketing £000's	IAS 17 Leases £000's	IAS 19 Employee benefits £000's	IAS 10 Events after the balance sheet date £000's	IAS 12 Deferred and current taxes £000's	IFRS £000's
Reference		29b	29d	29g	29f	29g	29h	29i	29j	29l	
Non-current assets											
Intangible assets											
Goodwill	60,989	(1 738)	-	(18)	-	-	-	-	-	-	59,233
Licenses & software	-	-	-	391	-	-	-	-	-	-	391
Property plant and equipment	7,576	-	-	(344)	-	-	-	-	-	-	7,232
Investments	190	-	150	-	-	-	-	-	-	-	340
	68,755	(1 738)	150	29	-	-	-	-	-	-	67,196
Current assets											
Debtors	37 670	-	(489)	(29)	-	-	-	-	-	1,293	38,445
Cash at bank and in hand	23,563	-	(54)	-	-	-	-	-	-	-	23,509
	61,233	-	(543)	(29)	-	-	-	-	-	1 293	61,954
Current liabilities											
Accruals	(18 569)	-	-	-	-	-	-	-	-	-	(18 569)
Deferred income	(35 317)	-	-	-	-	-	-	-	-	-	(35 317)
Other creditors	(127 326)	-	244	-	-	(882)	(412)	(611)	8 798	-	(120,189)
	(181,212)	-	244	-	-	(882)	(412)	(611)	8,798	-	(174 075)
Net current liabilities	(119 979)	-	(299)	(29)	-	(882)	(412)	(611)	8,798	1,293	(112,121)
Total assets less current liabilities	(51 224)	(1 738)	(149)	-	-	(882)	(412)	(611)	8,798	1,293	(44 925)
Non-current liabilities											
Deferred consideration	(10 611)	-	-	-	-	-	-	-	-	-	(10 611)
Provisions	(575)	-	-	-	-	-	-	-	-	(438)	(1 013)
	(11 186)	-	-	-	-	-	-	-	-	(438)	(11,624)
Net liabilities	(62,410)	(1 738)	(149)	-	-	(882)	(412)	(611)	8,798	855	(56 549)
Shareholders' equity											
Called up share capital	220	-	-	-	-	-	-	-	-	-	220
Share premium account	34,393	-	-	-	-	-	-	-	-	-	34 393
Capital redemption reserve	8	-	-	-	-	-	-	-	-	-	8
Own shares	(74)	-	-	-	-	-	-	-	-	-	(74)
Liability for share based payments	-	-	-	-	99	-	-	-	-	-	99
Retained earnings	(97,697)	(1 738)	-	-	(99)	(882)	(412)	(611)	8 798	855	(91,786)
Equity shareholders deficit	(63,150)	(1,738)	-	-	-	(882)	(412)	(611)	8,798	855	(57,140)
Equity minority interests	740	-	(149)	-	-	-	-	-	-	-	591
Total equity	(62 410)	(1 738)	(149)	-	-	(882)	(412)	(611)	8,798	855	(56 549)

Notes to the Accounts *continued*

29 First time adoption of international financial standards *continued*

Reconciliation of equity at September 30 2005 and October 1 2005

Reference	UK GAAP IFRS format £000 s	IFRS 3 Goodwill and other intangibles £000 s 29a	IAS 21 Retranslation of goodwill £000 s 29b	IAS 27 Joint venture reclassification £000 s 29d	IAS 38 Software costs £000's 29g	IFRS 2 Share based payments £000 s 29f	IAS 38 Deferred marketing £000's 29g	IAS 17 Leases £000's 29h	IAS 19 Employee benefits £000's 29i	IAS 10 Events after the balance sheet date £000's 29j	IAS 12 Deferred and current taxes £000's 29l	IFRS September 30 2005 £000 s	IAS 39/32 Financial instruments £000's 29j	IFRS at October 1 2005 £000 s
Non-current assets														
Intangible assets														
Goodwill	60,678	5,747	(378)	-	(18)	-	-	-	-	-	-	66,029	-	66,029
Licenses & software	-	-	-	-	479	-	-	-	-	-	-	479	-	479
Property plant and equipment	11 179	-	-	-	(432)	-	-	-	-	-	-	10,747	-	10,747
Investments	6,760	-	-	320	-	-	-	-	-	-	-	7,080	-	7,080
	78,617	5,747	(378)	320	29	-	-	-	-	-	-	84 335	-	84 335
Current assets														
Debtors	63,844	-	-	(231)	(29)	-	-	-	-	-	1 164	64 748	1 308	66,056
Cash at bank and in hand	25,680	-	-	(609)	-	-	-	-	-	-	-	25,071	-	25,071
	89 524	-	-	(840)	(29)	-	-	-	-	-	1,164	89 819	1,308	91,127
Current Liabilities														
Accruals	(23,225)	-	-	-	-	-	-	-	-	-	-	(23,225)	-	(23,225)
Deferred income	(37,491)	-	-	-	-	-	-	-	-	-	-	(37,491)	-	(37,491)
Other creditors	(84,915)	-	-	200	-	1 289	(1 231)	(540)	(643)	9 767	-	(76,073)	(3 456)	(79,529)
	(145 631)	-	-	200	-	1,289	(1,231)	(540)	(643)	9,767	-	(136 789)	(3,456)	(140,245)
Net current assets/(liabilities)	(56,107)	-	-	(640)	(29)	1,289	(1,231)	(540)	(643)	9,767	1,164	(46,970)	(2,148)	(49,118)
Total assets less current liabilities	22,510	5,747	(378)	(320)	-	1,289	(1,231)	(540)	(643)	9,767	1,164	37,365	(2 148)	35,217
Non-current liabilities														
Deferred consideration	(8 689)	-	-	-	-	-	-	-	-	-	-	(8 689)	-	(8 689)
Financial liabilities	(62,518)	-	-	-	-	-	-	-	-	-	-	(62,518)	(19 699)	(82,217)
Provisions	(1,125)	-	-	-	-	-	-	-	-	-	(981)	(2 106)	-	(2,106)
	(72,332)	-	-	-	-	-	-	-	-	-	(981)	(73 313)	(19,699)	(93 012)
Net liabilities	(49 822)	5,747	(378)	(320)	-	1,289	(1,231)	(540)	(643)	9,767	183	(35 948)	(21,847)	(57 795)
Shareholders' equity														
Called up share capital	222	-	-	-	-	-	-	-	-	-	-	222	-	222
Share premium account	37,351	-	-	-	-	-	-	-	-	-	-	37,351	-	37,351
Capital redemption reserve	8	-	-	-	-	-	-	-	-	-	-	8	-	8
Own shares	(74)	-	-	-	-	-	-	-	-	-	-	(74)	-	(74)
Liability for share based payments	-	-	-	-	-	1 479	-	-	-	-	-	1,479	-	1 479
Retained earnings	(89,258)	5,747	(378)	-	-	(190)	(1 231)	(540)	(643)	9 767	'183	(76,543)	(21 847)	(98,390)
Equity shareholders deficit	(51 751)	5 747	(378)	-	-	1,289	(1 231)	(540)	(643)	9,767	183	(37,557)	(21,847)	(59,404)
Equity minority interests	1,929	-	-	(320)	-	-	-	-	-	-	-	1,609	-	1 609
Total equity	(49,822)	5,747	(378)	(320)	-	1,289	(1,231)	(540)	(643)	9,767	'183	(35 948)	(21,847)	(57 795)

29 First time adoption of international financial standards *continued*

Reconciliation of cash flow for the year ended September 30 2005

	UK GAAP IFRS format £000's	IFRS 3 Goodwill and other intangibles £000 s	IFRS 1 Exceptional loss on sale of business £000's	IAS 27 Joint venture reclassification £000's	IFRS 2 Share based payments £000's	IAS 38 Deferred marketing £000 s	IAS 17 Leases £000 s	IAS 19 Employee benefits £000 s	IFRS £000 s
Cash flow from operating activities									
Operating profit	32,888	5 747	657	(227)	(91)	(349)	(128)	(32)	38,465
Less share of operating profit in associates and joint ventures	(585)	-	-	227	-	-	-	-	(358)
Less loss on disposal of business	972	-	(657)	-	-	-	-	-	315
Amortisation of goodwill	5,747	(5 747)	-	-	-	-	-	-	-
Share option expense	1,289	-	-	-	-	-	-	-	1,289
Depreciation of property plant and equipment	1,745	-	-	-	-	-	-	-	1,745
Utilisation of property rental provision	(148)	-	-	-	-	-	-	-	(148)
Gain on disposal of property plant and equipment	87	-		-	-	-	-	-	87
Operating cash flows before movements in working capital	41,995	-	-	-	(91)	(349)	(128)	(32)	41,395
Decrease in receivables	(4,151)								(4 151)
Increase in payables	5,681	-	-	-	91	349	128	32	6,281
Cash generated by operations	43,525	-	-	-	-	-	-	-	43,525
Income taxes paid	(6,797)	-	-	-	-	-	-	-	(6,797)
Net cash from operating activities	36,728	-	-	-	-	-	-	-	36,728
Investing activities									
Interest received	345	-	-	-	-	-	-	-	345
Interest paid	(3,756)	-	-	-	-	-	-	-	(3,756)
Dividends paid to minorities	(943)	-	-	-	-	-	-	-	(943)
Purchases of property plant and equipment	(5,387)	-	-	-	-	-	-	-	(5,387)
Proceeds on disposal of property plant and equipment	20	-	-	-	-	-	-	-	20
Acquisition of subsidiary	(12,231)	-	-	-	-	-	-	-	(12 231)
Acquisition of joint venture	(6,097)	-	-	-	-	-	-	-	(6,097)
Disposal of subsidiary	500	-	-	-	-	-	-	-	500
Net cash used in investing activities	(27,549)	-	-	-	-	-	-	-	(27 549)
Financing activities									
Dividends paid	(13,385)	-	-	-	-	-	-	-	(13,385)
Issue of new share capital	2,960	-	-	-	-	-	-	-	2,960
Increase in borrowings	42,932	-	-	-	-	-	-	-	42,932
Repayment of borrowings	(39,540)	-	-	-	-	-	-	-	(39,540)
Loan repaid to DMGT group company	(15,384)	-	-	-	-	-	-	-	(15,384)
Loan received from DMGT group company	15,622	-	-	-	-	-	-	-	15,622
Net cash used in financing activities	(6 795)	-	-	-	-	-	-	-	(6,795)
Net increase in cash and cash equivalents	2,384	-	-	-	-	-	-	-	2,384
Reclassification of joint venture	-	-	-	(555)	-		-	-	(555)
Cash and cash equivalents at beginning of year	23,010	-	-	(54)	-	-	-	-	22,956
Effect of foreign exchange rate movements	147	-	-	-	-	-	-	-	147
Cash and cash equivalents at end of year	25,541	-	-	(609)	-	-	-	-	24,932

Euromoney Institutional Investor PLC

Independent Auditors' Company Report

Independent auditors' report to the members of Euromoney Institutional Investor PLC

We have audited the individual company financial statements of Euromoney Institutional Investor PLC for the year ended September 30 2006 which comprise the parent company balance sheet and the related notes 1 to 17 These individual company financial statements have been prepared under the accounting policies set out therein

The corporate governance statement and the directors' remuneration report are included in the group annual report of Euromoney Institutional Investor PLC for the year ended September 30 2006 We have reported separately on the group financial statements of Euromoney Institutional Investor PLC for the year ended September 30 2006 and on the information in 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

The directors' responsibilities for preparing the annual report and the individual company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities

Our responsibility is to audit the individual company financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

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

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

Basis of audit opinion

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

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

Opinion

In our opinion

- the individual company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at September 30 2006,
- the individual company financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
November 15 2006

Euromoney Institutional Investor PLC

Company Balance Sheet

as at September 30 2006

	Note	2006 £000's	2005 (Restated) £000's
Fixed assets			
Intangible assets	6	8,228	8,228
Tangible assets	7	8,743	3,951
Investments	5	117,641	95,078
		134,612	107,257
Current assets			
Debtors	8	51,402	39,100
Cash at bank and in hand		5,870	4,329
Derivative financial instruments		1,031	0
		58,303	43,429
Creditors amounts falling due within one year	9	(78,719)	(70,856)
Net current liabilities		(20,416)	(27,427)
Total assets less current liabilities		114,196	79,830
Creditors amounts falling due after more than one year			
Provision for liabilities	10	(505)	(674)
Accruals		(18,505)	(13,893)
Deferred income		(10,684)	(8,727)
Accruals and deferred income falling due within one year		(29,189)	(22,620)
Net assets		84,502	56,536
Capital and reserves			
Called up share capital		223	222
Share premium account		38,080	37,351
Capital redemption reserve		8	8
Capital reserve		1,842	1,842
Own shares		(74)	(74)
Liability for share based payments	12	2,893	652
Profit and loss account	11	41,530	16,535
Equity shareholders' funds		84,502	56,536

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 £42,330,000 (restated 2005 profit £20,859,000)

The accounts were approved by the board of directors on November 15 2006

Richard Ensor
Colin Jones
Directors

Notes to the Company Accounts

1 Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention except for derivatives financial instruments which have been measured at fair value and in accordance with applicable United Kingdom accounting standards and the United Kingdom Companies Act 1985 The according policies set out below have, unless otherwise stated, been applied consistently through current and prior year

Accounting policies

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

Leased assets
Operating lease rentals are charged to the profit and loss account on a straight line or other systematic basis as allowed by SSAP 21 'Accounting for Leases and Hire Purchase Contracts'

Pension schemes
Details of the company's pension schemes are set out in note 6 to the group accounts The company participates in this Harmsworth Pension Scheme It is unable to identify its share of the underlying assets and liabilities in the this scheme The scheme is operated on an aggregate basis with no segregation of the assets to individual participating employers and, therefore, the same contribution rate is charged to all participating employers (ie the contribution rate charged to each employer is affected by the experience of the scheme as a whole) The scheme is therefore accounted for as a defined contribution scheme by the company This means that the pension charge included in these financial statements is the same as the cash contributions due in the period

Euromoney Institutional Investor PLC

Notes to the Company Accounts *continued*

1 Accounting policies *continued*

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%
Long-term leasehold premises	over term of lease
Short-term leasehold premises	over term of lease
Office equipment	11% - 33%

Goodwill
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 2006, the total of such goodwill was £8,228,000 (2005 £8,228,000)

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

Deferred taxation 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

Derivatives and other financial instruments (pre October 1 2005)

The group uses various financial instruments to manage financial risk arising from fluctuations in foreign currency movements Forward foreign currency contracts are used to manage this risk

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 on maturity

Financial instruments (after October 1 2005)

Financial reporting standards 25 and 26 (FRS 25 & 26) 'Financial Instruments' have been adopted for the first time in the year ended September 2006 The elements affecting the company are

Forward exchange contracts and interest rate swaps
FRS 26 requires all derivative financial instruments to be recognised in the balance sheet at their fair values At October 1 2005 the effect of FRS 26 on the group balance sheet was to reduce net assets by £1 9 million These hedges on a company basis are considered to not be effective hedges, the fair value adjustments to the derivatives are taken to the income statement

Derecognition of liabilities
FRS 26 sets out specific criteria in relation to when a financial liability should be derecognised Application of this rule resulted in an increased liability of £1 5 million which will be recognised in the October 1 2005 balance sheet This liability will begin to be released in 2006

Euromoney Institutional Investor PLC

Notes to the Company Accounts *continued*

1 Accounting policies *continued*

Financial instruments *continued*

Acquisition option commitments

The company is party to a put and call option over the remaining minority interests in on of its subsidiaries FRS 26 requires the recognition in one of all acquisition liabilities As at October 1 2005, the discounted present value of this option was £0 5 million From 2006 onwards these discounts will be unwound as a notional interest charge to the income statement

Opening Deferred tax has resulted in an opening deferred tax asset of £0 7 million being included in the opening adjustment

Prior year adjustments

Financial reporting standard 21 (FRS 21) ' Events after balance sheet date' has been adopted for the first time in the year ended September 30 2006 Under FRS 21, proposed dividends do not meet the definition of a liability until such time as they have been approved by shareholders at the Annual General meeting Therefore, we no longer recognise a liability in any period for dividends that have been proposed but will note be approved until after the balance sheet date This applies for external dividends as well as intra-group dividends paid to the company

Profit for the year as reported in 2005 was £6 5 million This includes intra-group dividends of £4 4 million which under FRS 21 'Events after balance sheet date' are not recognised until they have been approved by shareholders in the Annual General meeting It also excludes intra group dividends of £3 8 million that would have been recognised in 2004 but under FRS 21 'Events after balance sheet date' are recognised in 2005 following the Annual General meeting approval

Under Financial reporting standard 20 (FRS 20) 'Share based payments', the company makes share-based payments to certain employees These are measured at the fair value at the date of grant, being market value less exercise price The fair value determined at the grant date is expensed in the profit and loss on a straight-line basis over the vesting period, based on the company's estimate of the number of shares that will eventually vest

The impact of FRS 20 on the results for the period ended September 30 2005 is a credit of £0 6 million In in accordance with this standard, a new reserve 'Liabilities for share based payments' has been created

The comparative amounts for the year ended September 30 2005 have been restated accordingly

Financial Reporting Standard 17 (FRS 17) 'Retirement benefits' has been adopted for the first time in the year ended September 30 2006 There was no impact on the Profit and Loss or the Balance Sheet

2 Staff costs

	2006 £000's	2005 £000's
Salaries, wages and incentives	26,670	24 375
Social security costs	2,771	2,938
Pension contributions	621	553
Share based compensation costs	2,468	799
	32,530	28,665

Details of directors' remuneration are set out in the Directors' Remuneration Report on pages 27 to 40 and in note 6 of the group accounts

The ultimate parent company, Daily Mail and General Trust plc, is required to account for the defined benefit scheme under International Accounting Standard 19 "Employee Benefits" ("IAS 19") The IAS 19 disclosures in the Annual Report and Accounts of Daily Mail and General Trust plc have been based on the results of the actuarial valuation of the defined benefit scheme as at March 31 2004 adjusted to allow for the assumptions and actuarial methodology required by IAS 19 and updated to October 1 2006 by the scheme's actuary These showed that the market value of the principal scheme's assets was £602 3 million (2005 £518 4 million) and that the actuarial value of these assets represented 90% (2005 83%) of the benefits that had accrued to members (also calculated in accordance with IAS 19) The valuations and disclosures required under IAS 19 for the financial statements of Daily Mail and General Trust plc are not materially different to the valuations and disclosures required under FRS 17

3 Number of staff

	2006 Average	2005 Average
Financial publishing	163	177
Business publishing	102	121
Training	77	89
Conferences and seminars	83	70
Databases and information services	11	-
Central	185	175
Total	621	632

4 Remuneration of auditors

	2006 £000's	2005 £000's
Parent company statutory audit fee	318	270

5 Investments

	Subsidiaries £000's	Investments in associated undertakings £000's	Available for sale investments £000's	Trade investment £000's	Total £000's
At October 1 2005	95,030	34	-	14	95,078
Disposal	-	-	-	-	-
Acquisition	5 601	-	19,740	-	25,341
Change in fair value	-	-	405	-	405
Exchange differences	(3 183)	-	-	-	(3,183)
At September 30 2006	97,448	34	20,145	14	117,641

Details of the principal subsidiary undertakings of the company at September 30 2006 can be found on page 68

6 Intangible fixed assets

	Goodwill £000's
Cost	
At October 1 2005	11,051
Additions	-
At September 30 2006	11,051
Amortization	
At October 1 2005	2,823
Charge for the year[1]	-
At September 30 2006	2,823
Net book value at September 30 2006	8,228
Net book value at September 30 2005	8 228

[1]The company does not amortize its goodwill (note 1)

7 Tangible Fixed Assets

	Freehold premises £000's	Short-term leasehold premises £000's	Office equipment £000's	Total £000's
Cost				
At October 1 2005	862	2,917	6,922	10,701
Additions	-	6,067	1,007	7,074
Disposals	(862)	-	-	(862)
At September 30 2006	-	8,984	7,929	16,913
Depreciation				
At October 1 2005	217	1,612	4,921	6,750
Charge for the year	16	1,086	551	1,653
Disposals	(233)	-	-	(233)
At September 30 2006	-	2,698	5,472	8,170
Net book value at September 30 2006	-	6,286	2,457	8,743
Net book value at September 30 2005	645	1,305	2,001	3,951

8 Debtors

	2006 £000's	2005 £000's
Due within one year		
Trade debtors	15,494	14,388
Amounts owed by subsidiary undertakings	26,571	18,912
Other debtors	1,168	985
Deferred tax	3,181	2,731
Prepayments and accrued income	4,988	2,084
	51,402	39,100

9 Creditors

	2006 £000's	2005 £000's
Due within one year		
Trade creditors	2,913	3,034
Amounts owed to DMGT group undertakings	63,707	36,482
Amounts owed to subsidiary undertakings	674	23,401
Other creditors	8,284	5,545
Corporation tax	2,651	2,394
Derivative liability	490	-
	78,719	70,856

10 Provisions for liabilities

	2006 £000's	2005 £000's
Onerous lease provision		
At October 1	674	-
Used in the year	(169)	-
Additional provision	-	674
At September 30	505	674

	2006 £000's	2005 £000's
Maturity profile of provisions		
Within 1 year	184	92
Between 1 and 2 years	184	184
Between 2 and 5 years	137	398
	505	674

The onerous lease provision relates to certain buildings within the property portfolio which either through acquisition were rented at non-market rates or are no longer occupied by the group

Euromoney Institutional Investor PLC

Notes to the Company Accounts *continued*

11 Profit and loss account

	2006 £000's	2005 £000's
Balance brought forward	16,535	4,071
Prior year adjustment (see note 1)	-	4,980
Impact of adoption of FRS26 on October 1 2005 (Note 1)	(3,166)	-
At October 1 - restated	13,369	9,051
Profit for the year	42,330	20,859
Final dividend 2004 on ordinary shares of 10 0p	-	(8,798)
Final dividend 2005 on ordinary shares of 11 0p	(9,767)	
Interim dividend 2005 on ordinary shares of 5 2p	-	(4,577)
Interim dividend 2006 on ordinary shares of 5 4 p	(4,807)	-
Change in Fair value of available for sale investments	405	
September 30 2006	41,530	16,535

12 Liability for share based payments

	2006 £000's	2005 £000's
Balance brought forward	652	-
Prior year adjustment (see note 1)	-	99
At October 1 - restated	652	99
Credit to equity for share based payments	2,241	553
September 30 2006	2,893	652

13 Reconciliation of movements in shareholders' funds

	2006 £000's	2005 £000's
Balance brought forward	56,536	40,460
Prior year adjustment (see note 1)	-	5,079
Impact of adoption of FRS26 on October 1 2005 (Note 1)	(3,166)	-
At October 1 - restated	53,370	45,539
Profit for the year*	42,330	20,859
Dividends paid	(14,574)	(13,375)
Change in Fair value of available for sale investments	405	-
Proceeds from issue of shares for cash	730	2,960
Credit to equity for share based payments	2,241	553
September 30 2006	84,502	56,536

14 Commitments

	2006 £000's	2005 £000's
Operating leases which expire		
Within one year	65	48
Between two and five years	253	269
Over five years	892	892
	1,210	1,209

15 Financial Instruments

Under FRS 26 'Financial Instruments' the company has recognized forward exchange contracts with a fair value of £1,031,000 (2005 liability £1,908,000) Full details regarding these can be found in note 17 to the group accounts

Notes to the Company Accounts *continued*

16 Post balance sheet event

The directors propose a final dividend of 11 6p per share (totalling £11,907,000) for the year ended September 30 2006 the dividend will be submitted for formal approval at the Annual General Meeting to be held on February 1 2007 In accordance with FRS 21, these financial statements do not reflect this dividend payable, which will be accounted for in shareholders' equity as an appropiation of retained earnings in the year ending September 30 2007 During 2006, a final dividend of 11 0 p per share (totalling £9,767,000) was paid in respect of the dividend declared for the year ended September 30 2005

17 Ultimate parent undertaking and controlling party

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 income statement extracts

	UK GAAP			IFRS	
	2002	2003	2004	2005	2006
	£000's	£000's	£000's	£000's	£000's
Revenue	179,734	158,942	174,654	196,266	**222,276**
Operating profit before acquired intangible amortisation, share option expense and exceptional items	29,064	23,812	30,606	39,348	**43,812**
Capital appreciation plan expense	-	-	-	-	-
Goodwill amortization	(6,125)	(14,617)	(7,534)	-	-
Intangible amortisation	-	-	-	-	(144)
Share option expense	-	-	-	(1,380)	(4,428)
Exceptional items	-	-	-	(315)	(716)
Operating profit before associates and joint ventures	-	-	-	37,653	**38,524**
Share of results in associates and joint ventures	-	-	-	624	**1,208**
Operating profit	22,939	9,195	23,072	38,277	**39,732**
Share of operating profit in associates	413	418	373		-
Exceptional profit/(loss), on disposal/closure of businesses	1,533	701	-		-
Net finance costs	(4,239)	(2,918)	(2,954)	(3,843)	(4,498)
Profit on ordinary activities before tax	20,646	7,396	20,491	34,434	**35,234**
Tax on profit on ordinary activities	2,793	(3,101)	(3,899)	(2,417)	**3,512**
Profit on ordinary activities after tax	23,439	4,295	16,592	32,017	**38,746**
Equity minority interests	38	(226)	(578)	(1,836)	**(1,316)**
Profit for the financial year	23,477	4,069	16,014	30,181	**37,430**
Dividends paid and proposed	(12,941)	(12,941)	(13,186)		
Retained profit/(loss) for the financial year	10,536	(8,872)	2,828		
Basic earnings per share	26 76p	4 64p	18 22p	34 19p	**42 11p**
Diluted earnings per share	26 76p	4 64p	18 16p	34 10p	**41 90p**
Adjusted diluted earnings per share before goodwill amortization and exceptional items	24 29p	20 50p	26 71p	26 28 p	**28 61 p**
Diluted weighted average number of ordinary shares (number)	87,735,087	87,737,261	88,160,349	88,508,359	**89,340,024**
Dividend per share	14 75p	14 75p	15 00p	16 20p	**17 00p**

Group balance sheet extracts

	2002	2003	2004	2005	2006
Intangible fixed assets	24,611	33,757	60,989	66,508	**71,598**
Tangible fixed assets	10,088	9,097	7,766	27,647	**63,406**
Net current assets/(liabilities)	37,286	(2,118)	(66,093)	3,924	**7,334**
Creditors amounts falling due after more than one year	(98,350)	(64,680)	(10,611)	(72,188)	**(93,533)**
Provisions for liabilities and charges	(127)	-	(575)	(1,125)	**(777)**
Accruals	(17,258)	(17,032)	(18,569)	(23,225)	**(29,478)**
Deferred income	(31,946)	(32,330)	(35,317)	(37,491)	**(45,324)**
Net liabilities	(75,696)	(73,306)	(62,410)	(35,950)	**(26,774)**

The income statements, earnings per share and dividends per share for 2005 and 2006 have been prepared under IFRS 2004 and earlier periods have not been adjusted from UK GAAP as it is not practicable to restate these year's reports in accordance with IFRS Due to differences between IFRS and UK GAAP, these are some comparative inconsistencies in the above tables Refer to note 29 for an indication of the adjustments to comply with IFRS

Euromoney Institutional Investor PLC

Internet Sites

Euromoney Institutional Investor
Internet Sites (all www)

abf-asia com
abf com sg
absolutereturn net
adhes com
airfinancejournal com
airtrafficmanagement net
asialaw com
asiamoney com
ceicdata com
chinalawandpractice com
coaltrans com
dcgtraining com
dealogic com
emergingmarkets org
euromoney com
euromoneybooks com
euromoneyconferences com
euromoneyleasetraining com
euromoneyplc com
euromoneyseminars com
euromoneytraining com
euromoney-yearbooks com
euroweek com
expertguides com
financialdirectories com
globalinvestormagazine com
globaltelecomsbusiness com
gulfpub com
hedgefundintelligence com
hydrocarbonprocessing com
iflr com
iflr1000 com
iiconferences com
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