

Annual report and accounts 2004

Company Number: 954730

Euromoney Institutional Investor PLC



Euromoney Institutional Investor PLC

Contents

Chairman's Statement	2-3
Operating and Financial Review	4-9
Directors' Report	10-11
Directors and Advisors	12-13
Corporate Governance	14-19
Directors' Remuneration Report	20-32
Independent Auditors' Report	33
Group Profit and Loss Account	34
Group Balance Sheet	35
Company Balance Sheet	36
Group Cash Flow Statement	37
Notes to the Group Cash Flow Statement	38
Group Statement of Total Recognized Gains and Losses	39
Reconciliation of Movements in Equity Shareholders' Funds	39
Notes to the Accounts	40-65
Five Year Record	66
Internet Sites	67

Euromoney Institutional Investor PLC

Chairman's statement

Highlights	2004	2003	change
Turnover	£174.7 m	£158.9 m	+10%
Profit before tax, goodwill and exceptional items	£28.0 m	£21.3 m	+31%
Profit before tax	£20.5 m	£7.4 m	+177%
Adjusted diluted earnings per share*	26.7 p	20.5 p	+30%
Earnings a share	18.2 p	4.6 p	+293%
Dividend	15.00 p	14.75 p	+2%
Net debt	£62.5 m	£67.1 m	-7%

Euromoney Institutional Investor PLC, the international publishing, events and electronic information group, reports a profit before tax and goodwill amortization and exceptional items of £28 million in the year to September 30, against £21.3 million for the previous 12 months. Adjusted diluted earnings a share* were 26.7p against 20.5p in 2003.

The directors recommend a final dividend of 10p, against 9.75p, making a total of 15p, against 14.75p for the previous year.

Profit before tax was £20.5m, against £7.4m, and earnings a share increased from 4.6p to 18.2p.

Second half performance improved on the first, with a better than expected increase in revenues. September in particular was a strong month and accounted for a third of the year's profit*.

The profits of many of the group's publishing businesses fell due to weak advertising revenues and the decline in the US dollar. However, advertising revenues showed signs of recovery in the second half and there was a continued strong performance from the events and training businesses. After a first half improvement in profits* of £1.9m to £11.1m, second half profits rose £4.8m to £16.9m.

Full year revenues were 10% ahead of last year at £174.7m, compared to a 5% increase at the half year. The weak US dollar has had a significant impact on revenues. The average dollar rate for the year was 1.81 against 1.61 in 2003, a 12% depreciation. This reduced revenues by £14.5m.

In general, the group's traditional financial advertisers have been slow to increase their advertising spend in spite of better market conditions. Financial advertising revenues, excluding Hedge Fund Intelligence (HFI), fell 4%. *Institutional Investor* was the only major title to increase advertising revenues over the year although *Euromoney* with its best September issue for five years, saw a marked improvement in the second half. Both titles were helped by strong performances from emerging markets, particularly Eastern Europe and Asia. In contrast, the recovery in advertising from the key London and New York financial centres has been slow.

The weakness in advertising meant that profits* from financial publishing (excluding HFI) fell by £1 million. However HFI, acquired in August 2003, has performed well ahead of expectations since acquisition through a combination of strong organic growth across all its products, and the launch of new events and its US hedge fund magazine, *Absolute Return*. As a result, HFI's profits* have exceeded the level necessary to trigger the maximum deferred consideration under the acquisition agreement and a final payment of £5.5 million will be made in January 2005.

Profits* from business publishing increased £0.9m despite a £2m fall in revenues. Most of the improvement came from the reduction in losses at Business Traveller following its restructuring in 2003. Advertising revenues from business publishing fell over the year, but increased in the second half. Gulf, the Houston-based energy publisher, the legal publishing business, and Engel, the pharmaceutical marketing publisher, all experienced a strong second half advertising recovery.

The conference businesses had an excellent year, helped by a better than expected contribution of £1.8m from Information Management Network (IMN). Excluding IMN, conference revenues increased 25% and profits* rose £3.5m to £10.2m. Euromoney Conferences was the best performer, increasing profits* through a combination of expanding existing events and the launch of new ones, particularly in Asia. Euromoney Seminars and Institutional Investor Memberships also had good years. Adhesion's profits* increased as a result of a good contribution in the first half from the biennial *Vinisud* wine exhibition.

Euromoney Institutional Investor PLC

Chairman's statement *continued*

The results of the last three years have demonstrated the value of conference businesses, particularly ones that are predominantly sponsor-driven, as a more robust revenue stream than advertising. This has reinforced the group's strategy of expanding its portfolio of market-leading annual events through a mixture of organic and acquisition growth. The acquisition of IMN in February 2004 was part of that strategy and IMN's performance since acquisition has exceeded expectations. IMN is the world leader in events for the securitization and indexation sectors. It made a profit* of £1.8 million on revenues of £5.9 million in the seven months since acquisition, and traditionally makes more than 60% of its profits during the group's first half. The next deferred consideration payment under the acquisition agreement is due in March 2005 and is expected to exceed \$8 million.

The group's training businesses also had an excellent year, continuing the growth begun in 2003. The businesses benefited from continued investment in new courses and marketing to increase delegate numbers. Revenues increased by 11% to £22.1 million, and profits* improved nearly £1 million to £4.9 million. The financial and legal training businesses depend heavily on the performance of the global and emerging market financial institutions. Both have increased hiring and training budgets during the year which, combined with an improved travel outlook, have helped trading conditions.

Profits* from databases and information services increased by £0.6m to £3.4 million. The group's capital market databases, run as joint ventures with Dealogic, continued to grow despite tough markets. The group's weekly financial newspaper, *Euroweek*, is working closely with Dealogic to launch a new database for the securitization market, as well as other news products.

Stronger emerging markets helped ISI, the electronic information service on emerging markets, to one of its best sales periods for several years. Subscription revenues increased by 14% and in October 2004 annualized ISI subscription revenues passed \$20 million. This revenue growth is gradually translating into profit growth despite the weak US dollar. During the year, ISI expanded its service to cover a further 15 countries, bringing the total to more than 60, with nearly 9,000 information sources now available to subscribers. In October 2004 ISI acquired the Business Intelligence division of Liquid Africa in South Africa to help accelerate the development of its Africa-oriented products. It continues to seek other acquisitions.

Net debt at September 30 was £62.5m against £67.1m a year before, partly due to the fall in the US dollar. The group's strong operating cash flows helped finance a net spend of £16.9m on acquisitions during the year. The group's debt funding is provided through a bilateral facility arranged by its parent company, Daily Mail and General Trust plc. This facility, which was due to expire in 2005, was renewed after the end of the year for a further five-year term.

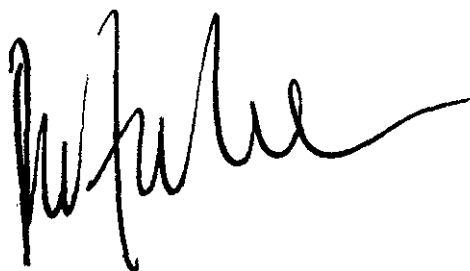
During 2004 the group has made further progress with its strategy of driving profit improvement through a mix of organic growth, new business investment, and acquisitions, while maintaining tight control of costs and focusing on high margin products. The acquisitions of HFI and IMN made a significant contribution to the group's increase in profits in 2004. At the same time, the more favourable trading conditions enabled the group to step up its investment in new products. Launch costs of more than £1 million were charged against profits. The benefits of this investment, and the contribution from high growth businesses such as ISI, HFI and IMN, will form the base for stronger organic growth in 2005 and beyond.

The group's strategy was developed with the goal of more than doubling profits* to £50m over the five year period to 2008. To support this demanding performance target, the Remuneration Committee has proposed a new equity incentive scheme to replace the Company's existing Executive Share Option Plan. The Committee will consult shareholders and the ABI over this proposed new incentive scheme in December, with a view to seeking approval for its introduction from shareholders at the Company's Annual General Meeting on February 1 2005.

Gerard Strahan, who has been a director for more than 15 years, during which he has made an outstanding contribution to the growth of both Euromoney Seminars and Coaltrans, will retire from the board in December. John Bolsover has previously indicated his intention to retire as a non-executive director and will not seek re-election at the AGM. Jaime Gonzalez was today appointed a non-executive director of the Company. He is Chairman and CEO of American Capital Partners, an investment and financial advisory firm based in Hong Kong covering the Asia Pacific region. He will strengthen the group's growing Asian presence.

The new financial year has begun well. That cannot be relied upon as a guide to the first half, but in spite of the weak dollar the directors are confident about the group's ability to deliver further growth.

Padraic Fallon
Chairman
November 23 2004.



Euromoney Institutional Investor PLC

Operating and Financial Review

After more than two years of exceptionally tough markets, there were signs of improved trading conditions particularly in the second half. The event businesses including training, conferences and seminars, the electronic publishing businesses and subscriptions to our print publishing businesses all showed improving trends, some sharply so.

However, the recovery in advertising remains slow and somewhat inconsistent. Among the group's leading titles, Institutional Investor was the best performer with advertising revenues beginning to recover after significant falls in the previous two years. Most of the growth came from new sources rather than its traditional Wall Street financial clients. In general, the group's traditional financial advertisers have been slow to increase their advertising spend. Markets have improved but the global financial institutions have been controlling their costs until there is more evidence that the recovery is sustained.

The other significant factor in the reported results has been the sharp fall in the US dollar. The average dollar rate for the year was \$1.81 against \$1.61 in 2003, a 12% depreciation that reduced revenues by £14.5m

Nevertheless, City PBT at £28m is the highest since 1998 (a record year). Were it not for the weakness in the US dollar over the past two years, 2004 would have been a record year.

Financial Publishing profits increased by £0.5m which includes a contribution of £2.8m from HFI. Business Publishing profits increased £0.9m after a reduction in Business Traveller losses. The profits of many publishing businesses fell due to a combination of disappointing advertising and the decline in the US dollar. One notable exception was *Institutional Investor* which saw a recovery in advertising revenues as well as cost savings implemented at the end of 2003. Both *Institutional Investor Newsletters* and *Institutional Investor Research* saw further falls in profits, partly due in the latter case to the loss of the Reuters/Tempest contract.

The conference businesses increased profits by £5.3m, of which £1.8m came from IMN and £1.2m from *Vinisud*, the biennial wine exhibition run by Adhesion. Euromoney Conferences was the best performer, increasing profits by nearly £1m from a combination of new events and growth of existing events, particularly in Asia. Euromoney Seminars and II Memberships also had good years.

The Training businesses continued the growth seen in 2003 with increases in delegate numbers driving profits. MIS saw a good recovery in its public training business, but this was offset by a weakness in conferences and in-house training.

The database businesses increased profits by £0.6m. The Dealogic products were flat due to tough markets but ISI had one of its best sales periods for several years. This is gradually translating into profit growth despite the weak US dollar.

The gross margin fell from 64% to 63% largely due to the impact of the US\$ on revenues. Employee cost savings (excluding HFI and IMN) were £1.8m following the headcount reductions in 2003. Gains on forward currency contracts were £2.6m compared to £1.7m in 2003.

Euromoney Institutional Investor PLC

Operating and Financial Review*continued*

Strategy

The company continues to invest in the editorial quality of its titles to reinforce the strength of its brands and to continue to increase subscription revenues. The group achieved some notable editorial successes. In particular *Institutional Investor* won the Morton Frank Award for Best Business Reporting from the Overseas Press Club of America for the second year running, and was also a finalist in the US National Magazine Awards in the reporting category.

We also continue focus on organic growth and believe that the timing is suitable for launching new businesses internally. The incentive schemes introduced to encourage start-ups have led to a number of new ventures in different geographic sectors, in different industry sectors and in different types of media.

The quality and skills of our employees are of great importance to the group. Despite the continuing emphasis this year on cost control, we have continued to hire selectively and we have further developed our internal training programmes. We have, in particular, expanded the human relations function by hiring a Director of HR in London.

Acquisitions

We believe that in addition to growing our existing businesses and starting up new businesses acquisitions are a fundamental part of the company's growth strategy. In particular we believe that acquisitions are valuable for taking us into new publishing sectors, for bringing new technologies into the company and for increasing the company's overall growth through identifying rapidly developing niche businesses.

In February 2004 the group purchased 80% of the equity share capital of Information Management Network, Inc. the New York-based financial conference organizer, for an initial cash consideration together with associated costs of \$31,973,000 and estimated deferred consideration of \$28,443,000 payable in three tranches in 2005, 2006 and 2007. A put option is held by the former owners of IMN to sell the remaining 20% of the issued share capital in 2008 or thereafter to Euromoney. IMN was established 10 years ago to offer educational conferences of the highest quality for the global investment community. It now organizes some 70 conferences around the world each year (66 in 2004). IMN was privately owned and its senior management team, Dr Frank Fabozzi, well known author of finance books and a frequent lecturer in the finance sector, and three experienced conference organizers, have all remained executives in the business post acquisition.

IMN's conferences concentrate on the financial sector with an especially strong emphasis on the securitisation and indexation sectors, and many of its events are large, profitable, must-attend annual conferences.

The group continues to increase its holdings in its subsidiaries and this year has purchased the minority interests in the following:

In September 2004 the group purchased the remaining 10% of the equity of Engel Publishing Partners.

In April 2004 the group purchased a further 6% of the equity share capital of Internet Securities, Inc. for a cash consideration of £1,798,000.

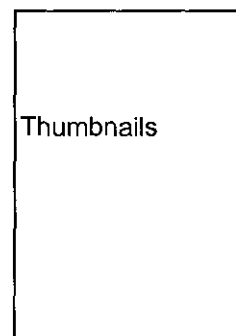
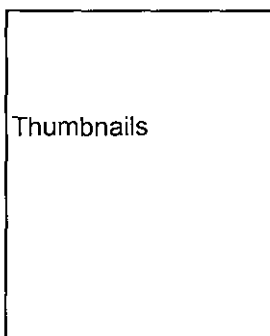
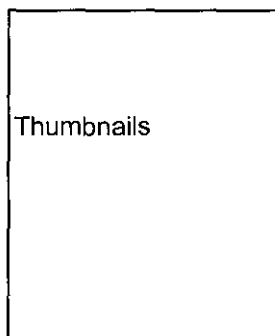
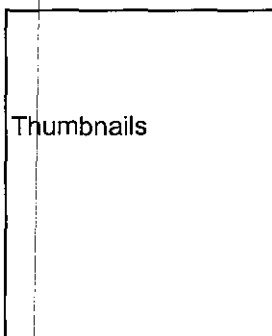
Since year end the company, through ISI, has acquired the assets of the Business Intelligence division of Liquid Africa Ltd which delivers aggregated news and data to subscribers in Africa. The consideration will be up to £1m. This enables ISI to cover the sub-Saharan Africa market in depth for the first time.

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

Marketing and Circulation

In 2004, the company invested further in its marketing infrastructure. Technology developments in Eden, the company's database, have focused on e-mail marketing. A new internal system integrated with Eden has been developed, providing all the functionality available from external market leading suppliers. This has enabled both fast and integrated e-mail campaigns plus reduced costs by taking all e-mail campaigns in-house.

In 2004, all circulation and fulfillment systems have been reviewed. New on-line e-commerce software has been developed to enable all businesses to take on-line orders, whilst integrating with the off-line fulfillment systems. This has resulted in an increase in on-line revenues at a reduced cost per order. Off-line fulfillment systems have been reviewed to facilitate premium customer service for the long-term. As a result the decision to out-source to market leading fulfillment companies has been taken and the process of implementing these changes has started.



Euromoney Institutional Investor PLC

Operating and Financial Review *continued*

Training

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

Risk Management

The company has continued to develop its process for risk management. Management of significant risk is regularly on the agenda of the board and other senior management meetings. In particular last year, we implemented new systems for managing the details of and risks in managing the circulation of our print and electronic titles.

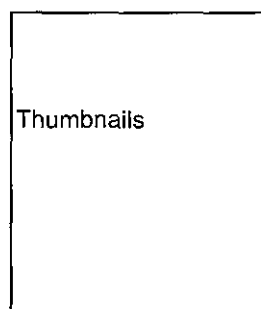
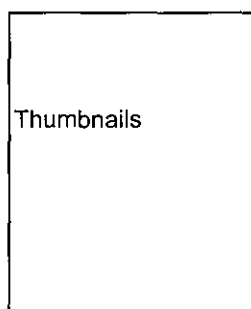
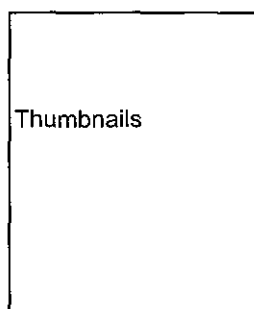
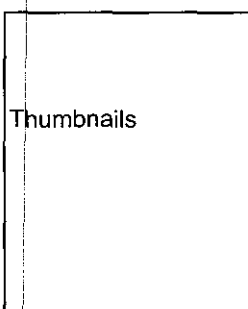
Risk areas addressed during the year have included:

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

Social Responsibility

The group continues to participate and develop its involvement in the community. The group provides specific paid graduate trainee programmes with the potential for long-term career opportunities within the organization. The US businesses offer scholarships and paid internships which often lead to permanent positions with the company. This year we have also provided short-term roles and on the job training for people who have been out of the work place for long periods allowing them to refresh their skills as well as enabling them to learn new ones.

The company is a keen supporter of local and international charities and regularly provides sponsorships and funds to support these. For example, every September the US has an annual charity drive where the company will match dollar for dollar any monies raised by its employees. Other initiatives include annual blood drives, recycling of old computers and peripherals by giving these to developing countries, and hosting charity gala dinners.



Euromoney Institutional Investor PLC

Operating and Financial Review *continued*

Systems and Information Technologies

The company is in the process of developing and updating the business continuity plan for each business unit. A new e-commerce platform is being implemented to handle on-line orders and payments. The finance department has rolled out a new management reporting and consolidation system which should help streamline the company's reporting requirements.

Debt

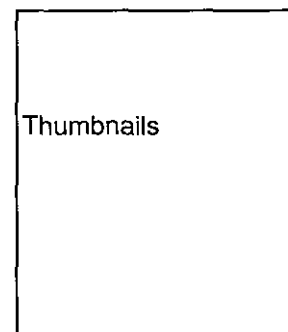
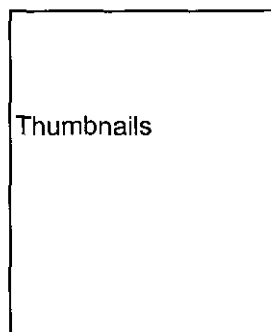
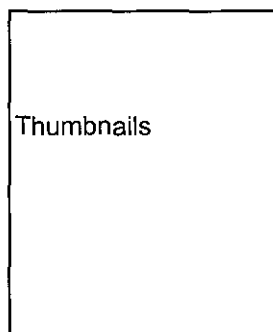
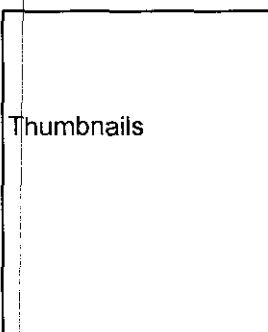
The group has funded its operations using a mixture of its strong operating cash flows, retained earnings and debt. Net debt levels are £4.6 million lower than last year despite the first \$29m tranche for the acquisition of IMN. The reduction is due to both operating cash generated and the lower US\$ rate.

Tax and Treasury

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

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

Interest rate swaps and caps are used to manage the group's exposure to fluctuations in interest rates on its floating rate borrowings. The maturity profile of these derivatives is matched with the expected future debt profile of the group. The group's policy is to fix the interest rates on approximately 80% of its term debt. At September 30 2004, the group had 76% of its net debt fixed by the use of interest rate hedges. As long-term rates are usually higher than short-term rates this hedging strategy has the effect of increasing the interest charge, but it does provide protection against increases in market rates.



Euromoney Institutional Investor PLC

Operating and Financial Review *continued*

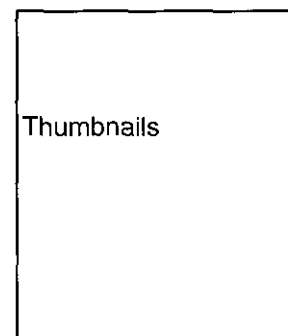
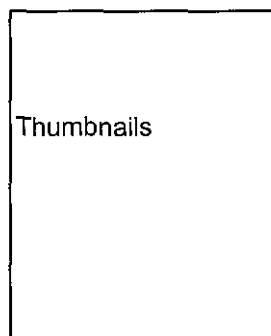
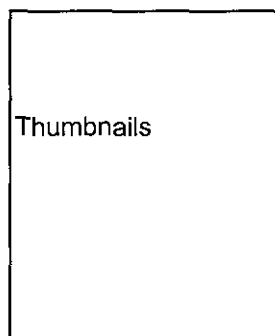
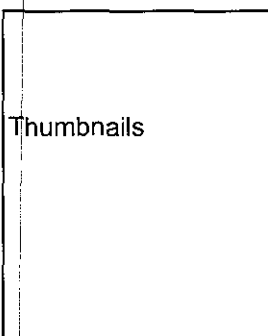
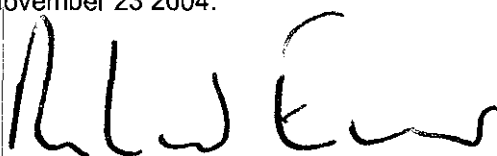
The group is exposed to foreign exchange risk in the form of transactions in foreign currencies entered into by group companies and by the translation of the results in foreign currencies into sterling for reporting purposes. The group does not hedge the translation of the results of foreign subsidiaries,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

Approximately 60% of the group's revenues are in US dollars. Group companies normally do not hedge transactions in foreign currencies into the functional currency of their own operations. However, Euromoney Institutional Investor has a series of forward contracts in place up to 18 months forward partially to hedge its dollar revenues into sterling.

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

The group's effective tax rate decreased to 13.9% (excluding the effect of goodwill amortization and exceptional items) compared to 14.6% in 2003. The overall rate for the year reflects the recognition of a deferred tax asset in respect of brought forward US tax losses as some of our US businesses are now beginning to generate taxable profits. The availability of brought forward losses means that the group still pays very little tax on its US profits.

Richard Ensor
Managing Director
November 23 2004.



Euromoney Institutional Investor PLC

Directors' Report

The directors submit their annual report and group accounts for the year ended September 30 2004.

Principal activities and business review

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

Group results and dividends

The group profit for the year attributable to shareholders amounted to £16.0 million (2003: £4.1 million). The directors recommend a final dividend of 10.00 pence per ordinary share (2003: 9.75 pence), payable on February 4 2005 to shareholders on the register on December 3 2004. This, together with the interim dividend of 5 pence per ordinary share (2003: 5.00 pence) which was declared on May 27 2004 and paid on July 8 2004, brings the total dividend payable to 15.00 pence per ordinary share (2003: 14.75 pence).

Directors and their interests

The directors who served during the year are listed on pages 12 to 13. Following best practice under corporate governance and in accordance with the company's Articles of Association, all directors submit themselves for re-election at least every three years. Accordingly, Sir Patrick Sergeant, Mr PM Fallon, Mr E Bounous, Mr SM Brady, Mr G Mueller, The Viscount Rothermere and Mr JP Williams will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election. Also, as required by the Articles of Association, Sir Patrick Sergeant, being over the age of 70, will retire at the forthcoming annual general meeting and, being eligible, will offer himself for re-election. Details of the interests of the directors in the ordinary shares of the company and of options held by the directors to subscribe for ordinary shares in the company are set out in the Directors' Remuneration Report on pages 20 to 32.

Significant shareholdings

At November 22 2004, being the latest practical date before approval of the accounts, notification had been received of the following interests of 3% or more in the company's ordinary share capital:

	Number	%
DMG Investment Holdings Limited	62,147,624	70.6
Amvescap PLC	3,476,270	4.0

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

Euromoney Institutional Investor PLC

Directors' Report *continued*

Authority to purchase own shares

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

Political and charitable contributions

During the year the group made charitable contributions of £123,000 (2003: £89,000). There were no political contributions in either year.

Disabled employees

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

Employee involvement

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

Supplier payment policy

Each Euromoney Institutional Investor business agrees payment terms with its suppliers on an individual basis and it is group policy to make payments in accordance with these terms. The company had 66 days of purchases in creditors at September 30 2004 (2003: 64 days).

Auditors

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

Annual general meeting

The company's annual general meeting will be held on February 1 2005.

By order of the board



Richard Ensor
Managing Director
November 23 2004.

Euromoney Institutional Investor PLC

Directors and Advisors

Chairman

- # **Mr PM Fallon** is an executive director and chairman, aged 58. He joined the company in 1974 and was appointed an executive director in October 1975. He was appointed managing director in 1985, chief executive in 1989 and chairman in 1992. He is chairman of the nominations committee. He is also an executive director of Daily Mail and General Trust plc, a non-executive director of Allied Irish Banks plc and a member of the board of the Trinity College Dublin Foundation.

Managing Director

- # **Mr PR Ensor** is an executive director and managing director, aged 56. He joined the company in 1976 and was appointed an executive director in 1983. He was appointed managing director in 1992 and is a member of the nominations committee. He is also a director of Internet Securities, Inc.

Directors

- *† **The Viscount Rothermere** is a non-executive director, aged 36. He was appointed a non-executive director in September 1998 and is a member of the remuneration committee. He is chairman of Daily Mail and General Trust plc and a non-executive director of Fleming Mercantile Investment Trust PLC.
- *†\$ **Sir Patrick Sergeant** is a non-executive director and president, aged 80. 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** is a non-executive director, aged 56. He was appointed a non-executive director in November 1985 and is a member of the remuneration and nominations committees. He is chief executive of Daily Mail and General Trust plc and is a non-executive director of Reuters Group PLC.
- Mr NF Osborn** is an executive director, aged 55. He joined the company in 1983 and was appointed an executive director in February 1988. He is the publisher of *Euromoney*.
- Mr DC Cohen** is an executive director, aged 47. He joined the company in 1984 and was appointed an executive director in September 1989. He is managing director of the Training division.
- Mr CR Brown** is an executive director, aged 50. He joined the company in 1982 and was appointed an executive director in September 1989. He is director of the Specialist Publications division and president of Institutional Investor, Inc.
- Mr GB Strahan** is an executive director, aged 59. He joined the company in 1985 and was appointed an executive director in September 1989. He is managing director of Coaltrans Conferences Limited.
- *\$ **Mr JP Williams** is a non-executive director, aged 51. He was appointed a non-executive director in June 1991 and is a member of the audit committee. He is finance director of Daily Mail and General Trust plc and a non-executive director of GWR Group plc.
- *††\$ **Mr JC Botts** is a non-executive director, aged 63. He was appointed a non-executive director in December 1992 and is chairman of the audit committee and a member of the nominations and remuneration committees. He is chairman of Botts & Company Limited and LongAcre Partners Ltd., and a non-executive director of United Business Media plc.
- Mr CR Jones** is an executive director and finance director, aged 44. 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.

Euromoney Institutional Investor PLC

Directors and Advisors *continued*

Mr E Bounous is an executive director, aged 39. He joined the company in 1989 and was appointed an executive director in November 1996. He is director of the Euromoney Institutional Investor conferences group as well as being responsible for Business Traveller, Raven Fox and Adhesion. He is a director of Information Management Network, Inc.

Mr SM Brady is an executive director, aged 39. He joined the company in 1988 and was appointed an executive director in May 1999. He is director of new businesses and organic growth and is managing director of *Euromoney* magazine.

Mr RT Lamont is an executive director, aged 57. He joined Institutional Investor, Inc. in 1976 and was appointed an executive director in May 1999. He is editor of Institutional Investor's newsletter division and a director of Institutional Investor, Inc.

Mr JD Bolsover is a non-executive director, aged 57. He was appointed a non-executive director in May 2000. He was formerly chairman and chief executive of Baring Asset Management Holdings Limited. He is a member of the remuneration committee.

Ms D Alfano is an executive director, aged 48. She joined Institutional Investor, Inc. in 1984 and was appointed an executive director in July 2000. She is managing director of Institutional Investor's conference division and a director of Institutional Investor, Inc. and Information Management Network, Inc.

Mr G Mueller is an executive director, aged 38. He joined the company in 1999 and was appointed an executive director in July 2000. He is chairman of Internet Securities, Inc. which he founded in 1994 and a director and chairman of Information Management Network, Inc.

Mr MJ Carroll is an executive director, aged 47. He joined Institutional Investor, Inc. in 1994 and was appointed an executive director in May 2002. He is the editor of *Institutional Investor* and a director of Institutional Investor, Inc.

Mr CHC Fordham is an executive director, aged 44. He 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. He is also the director responsible for acquisitions.

* non-executive director

† member of the remuneration committee

‡ member of the nominations committee

§ member of the audit committee

President Sir Patrick Sergeant

Company Secretary CR Jones

Registered Office Nestor House, Playhouse Yard, London EC4V 5EX

Registered Number 954730

Auditors Deloitte & Touche LLP, London

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

Stockbrokers UBS, 1 Finsbury Avenue, London EC2M 2PP

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

Agents of the Depository

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Citibank NA, Citibank House, 336 Strand, London WC2R 1HB

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Registrars Capita IRG plc, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU

Euromoney Institutional Investor PLC

Corporate Governance

The Combined Code on corporate governance is part of the Listing Rules of the Financial Services Authority. The paragraphs below and in the Directors' Remuneration Report on pages 20 to 32 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 19.

Following publication of the Higgs and Smith reports in January 2003, the Financial Reporting Council revised the Combined Code in July 2003. Although this revised code is not applicable to the company for the year under review, compliance involves modest changes since we already conform to most of the new Code's provisions. In reflecting our support for the governance reforms, we have included in this report areas implemented under the new Combined Code this year and identified areas of non-compliance. It is the company's intention in so far as possible to comply with all material aspects of the revised Code during the course of 2005.

Directors

The board and its role

Details of directors who served during the year are set out on pages 12 to 13. The board comprises the chairman, managing director, 12 other executive directors and six non-executive directors. Of the six non-executive directors, two are independent whilst 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 meetings are held to set and monitor strategy, to review trading performance, ensure adequate funding, examine major acquisition possibilities and approve reports to shareholders. Procedures are established to ensure that appropriate information is communicated to the board in a timely manner to enable it to fulfill its duties. A number of standing committees deal with specific aspects of the group's affairs, each of which operates within defined terms of reference.

Non-executive directors

The non-executive directors bring both independent views and the views of the company's major shareholders to the board. The non-executive directors, whose biographies can be found on pages 12 and 13 of the accounts, are: The Viscount Rothermere, Sir Patrick Sergeant, CJF Sinclair, JP Williams, JC Botts and JD Bolsover. 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 JD Bolsover 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 revised Code, the board believes that his length of service enhances his role as an independent director. JC Botts also holds a small number of 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 revised Code, is not considered independent.

Euromoney Institutional Investor PLC

Corporate Governance *continued*

Non-executive directors continued

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, this relationship with Daily Mail and General Trust plc means they do not meet the revised code's definition of independence.

Executive committee

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

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 ensuring the appointees have sufficient time available to devote to the role. The committee meets when required and comprises the chairman (who is also chairman of the nominations committee), managing director and three non-executive directors; Sir Patrick Sergeant, CJF Sinclair, and JC Botts (independent). The committee's terms of reference are available on the company's web site.

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 20 to 32. 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 18. 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 on page 8.

Board and committee meetings

The following table sets out the number of board and committee meetings attended by the directors during 2004:

	Board meetings	Executive committee	Remuneration committee	Audit committee	Tax & treasury committee
Number of meetings held during year	6	11	3	2	2
Executive directors					
PM Fallon	6	11	-	-	2
PR Ensor	6	10	-	-	2
NF Osborn	6	11	-	-	-
DC Cohen	6	11	-	-	-
CR Brown	6	8	-	-	-
GB Strahan	5	10	-	-	-
E Bounous	6	10	-	-	-
CR Jones	6	10	-	-	2
RT Lamont	5	9	-	-	-
SM Brady	4	11	-	-	-
D Alfano	6	11	-	-	-
G Mueller	5	9	-	-	-
MJ Carroll	6	9	-	-	-
CHC Fordham	5	10	-	-	-
Non-executive directors					
The Viscount Rothermere	5	-	3	-	-
Sir Patrick Sergeant	4	-	-	2	-
CJF Sinclair	5	-	3	-	-
JP Williams	5	-	-	2	1
JC Botts	6	-	3	2	-
JD Bolsover	5	-	3	-	-

Euromoney Institutional Investor PLC

Corporate Governance *continued*

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. All shareholders have at least 20 working days notice of the annual general meeting at which directors and committee chairs are available for questioning.

Internal control and risk management

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

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

The board has reviewed the effectiveness of the group's system of internal control and has taken account of material developments, which have taken place since September 30 2003. It has considered the major business and financial risks, the control environment and the results of internal audit. Steps have been taken to embed internal control and risk management further into the operations of the group and to deal with areas of improvement which have come to management's and the board's attention.

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

The board of directors

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

Euromoney Institutional Investor PLC

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 Operating and Financial Review.

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 its 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. Following the health and safety audit conducted in the UK during 2003 new procedures have been introduced including the 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 launch of new businesses. Proposals beyond specified limits are put to the board for approval and are subject to due diligence by the group's finance team and, if necessary, independent advisers. Capital expenditure is regulated by strict authorization controls. For capital expenditure above specified levels, detailed written proposals must be submitted to the board and reviews carried out to monitor progress against budget.

Accounting and computer systems controls and procedures

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

Internal audit

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

Euromoney Institutional Investor PLC

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 two or 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, 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, with particular focus on effectiveness, independence and objectivity. It discusses the nature, scope and any findings of the audit with the external auditors. The committee also considers and determines relevant action in respect of any control issues raised by the external auditors, and reviews the internal audit manager's programme and receives periodic reports on his findings. The committee's terms of reference are available on the company's website.

Financial reporting

Going concern

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

Statement of directors' responsibilities in respect of the accounts

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

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

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

The directors confirm that these requirements have been satisfied.

Euromoney Institutional Investor PLC

Corporate Governance *continued*

Statement by the directors on compliance with the Combined Code

The Listing Rules require the board to report on compliance throughout the accounting year with the 45 provisions of the Combined Code on Corporate Governance issued by the Financial Services Authority. Save for the exceptions outlined below, the group has complied throughout the financial year ended September 30 2004 with the provisions set out in Section 1 of the Combined Code.

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

Provision A.3.2 requires that the majority of non-executive directors should be independent. Three of the six non-executive directors are also directors of Daily Mail and General Trust plc, the intermediate parent undertaking of Euromoney Institutional Investor PLC. The board does not consider that the relationship with Daily Mail and General Trust plc has any influence on the independence of the non-executive directors in question. Also, as explained in the report by the board to shareholders on directors' remuneration, JC Botts has options in Internet Securities, Inc. in lieu of fees as a non-executive director of that company, which is common practice for non-executive directors in the US. In addition Mr Botts has served for more than three terms of three years.

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

Provisions B.2.2 and D.3.1 require the remuneration and audit committees to comprise entirely of independent non-executive directors. The remuneration committee comprises four non-executive directors, including JC Botts and two directors of Daily Mail and General Trust plc. The audit committee comprises three non-executive directors, one of whom is also a director of Daily Mail and General Trust plc and JC Botts.

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

As explained on page 14, the revised Combined code is not applicable for the year under review. However, from the board's initial assessment of the company's compliance under the revised Code there are no significant areas other than those already raised in this report where the company does not comply. A full disclosure of the company's non-compliance against the revised Code will be given in the 2005 annual report.

On behalf of the board

Padraic Fallon

Chairman

November 23 2004.



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 2005.

The remuneration committee

The remuneration committee is chaired by JC Botts. Its other members are The Viscount Rothermere, CJF Sinclair, and JD Bolsover. All members of the committee are non-executive directors of the company. The Viscount Rothermere and CJF Sinclair are also directors of Daily Mail and General Trust plc but have no personal financial interests in the company (other than as shareholders), and no day-to-day involvement in running the business. The executive chairman normally attends meetings of the remuneration committee, but is not present at any discussion concerning his own remuneration. For the year under review the committee also sought advice and information from the company's managing director and finance director. The committee's terms of reference permit its members to obtain professional external advice on any matter, at the company's expense, although none did so in 2004. 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 2004.

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 14 executive directors who served in the year, 71% was derived from profit shares.

The creation of shareholder value is also encouraged through an executive share option scheme. The company's previous scheme was approved by shareholders in 1985 and expired in 1995, although options granted under this scheme may be exercised before various dates through to 2005. A new executive share option scheme was approved by shareholders in January 1996 and the performance criteria under which options granted under this scheme may be exercised are set out on page 20.

During the year share options were granted to NF Osborn, DC Cohen, CR Brown, CR Jones, E Bounous, SM Brady, D Alfano, G Mueller, MJ Carroll and CHC Fordham (pages 29 and 30). In addition G Mueller was also granted options in Internet Securities Inc., a subsidiary of the company. Options are granted in phased blocks over a period of several years.

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

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

Euromoney Institutional Investor PLC

Directors' Remuneration Report *continued*

Remuneration structure

Executive directors

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

Basic salary and benefits

The basic salary and benefits are generally not the most significant part of the directors' overall package. Each executive director receives a salary which is reviewed annually by the committee. Certain non-cash benefits are also provided with all executive directors entitled to private health care, and life assurance through the membership of one of the pension schemes. PM Fallon, PR Ensor, DC Cohen and GB Strahan also participated in the company's car scheme, although from October 1 2003 Mr Fallon and Mr Ensor, and from January 1 2004 Mr Strahan, chose to leave this scheme.

Pension schemes

Each UK-based director is entitled to participate in either the Harmsworth Pension Scheme (a defined benefit scheme, closed to new directors), the Euromoney Pension Plan, (a money purchase plan) or their own private scheme. Directors based overseas are entitled to participate in the pension scheme arrangements applicable to the countries where they work. Currently, NF Osborn, CR Brown, RT Lamont, D Alfano, G Mueller and MJ Carroll participate in the group's US's 401(k) plan. Details of pension scheme contributions can be found on page 27 of this report. There are no other post retirement benefits.

Profit share scheme

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

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

The profit shares of the chairman and managing director are based on the pre-tax profits of the group, thereby matching their profit share with the return the group generates for its shareholders. The chairman is entitled to 6.49% of the pre-tax profits. The managing director is entitled to 3.84% of the pre-tax profits up to a threshold of £26,304,000 and an additional 1.44% of pre-tax profits in excess of this threshold.

CHC Fordham, in addition to his profit share, has a second incentive linked to the performance of acquisitions. G Mueller, in addition to his profit share has an incentive based on the performance of Internet Securities, Inc. This incentive is based on the achievement of turnover and costs against pre-agreed targets and is designed to encourage the building of sustainable profit in Internet Securities, Inc.

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

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

Euromoney Institutional Investor PLC

Directors' Remuneration Report *continued*

Remuneration structure continued

The table below shows the 2004 percentage split of the fixed and variable elements of the directors' remuneration packages.

	Fixed Salary & benefits	Variable Profit share
Executive directors		
PM Fallon	9%	91%
PR Ensor	11%	89%
NF Osborn	36%	64%
DC Cohen	31%	69%
CR Brown	61%	39%
GB Strahan	59%	41%
E Bounous	32%	68%
CR Jones	64%	36%
RT Lamont	81%	19%
SM Brady	74%	26%
D Alfano	35%	65%
G Mueller	49%	51%
MJ Carroll	85%	15%
CHC Fordham	45%	55%
Total	29%	71%

SAYE scheme

The group operates an all employee save as you earn scheme in which those directors employed in the UK are eligible to participate. Participants save a fixed monthly amount of up to £250 for three or five years and are then able to buy shares in the company at a price set at a 20% discount to the market value at the start of the savings period. In line with market practice, no performance conditions attach to options granted under this plan. The executive directors who are currently participating in this scheme are PM Fallon, PR Ensor, NF Osborn, GB Strahan, CR Jones and SM Brady details of which can be found on pages 28 and 29 of this report.

Share option schemes

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

1996 scheme

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

1985 scheme

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

Euromoney Institutional Investor PLC

Directors' Remuneration Report *continued*

Remuneration structure *continued*

Internet Securities, Inc. scheme

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

Details of directors' share options can be found on pages 28 to 30.

Put options

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

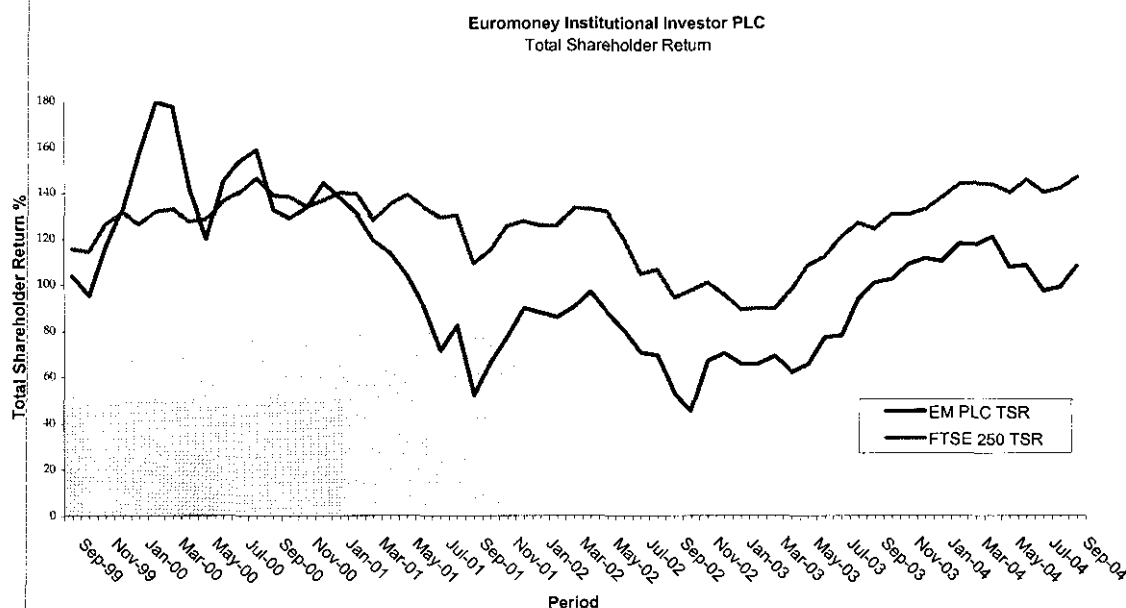
G Mueller has a put option whereby he is able to sell his 7% holding of shares in Internet Securities, Inc. (ISI), a subsidiary of the group, to Euromoney Institutional Investor PLC at a price per share based on a multiple of ISI's profit per share up to a ceiling. G Mueller retains the rights granted 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 and car allowance, and JC Botts who is a participant in the Internet Securities, Inc. option scheme. JC Botts' options are exercisable at the rate of 8.33% quarterly and are fully vested after three years, the price of which is based on the fair market value of the subsidiary and determined by the board. There are no performance conditions attached to these options.

Total shareholder return

Shown below is the group's TSR for the five years to September 30 2004 compared to the TSR achieved by the FTSE 250 index over the same period. This index has been presented as it comprises the comparator group for the performance conditions attached to the share option scheme referred to above. The TSR calculations assume the re-investment of dividends.



Euromoney Institutional Investor PLC

Directors' Remuneration Report *continued*

Service contracts

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

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

Euromoney Institutional Investor PLC

Directors' Remuneration Report *continued*

Service contracts *continued*

Executive directors	Date of service contract	Notice period (months)	Retirement age	Benefits accruing if contract terminated*	Benefits accruing if contract terminated due to incapacity/death **	Note
SM Brady	Feb 17 2000	12	60	12 months' salary, pension and a prorated profit share up to the date notice of termination is given	6 months' salary, pension and prorated profit share up to the date of termination	(3)
D Alfano	Jan 10 2001	6	60	6 months' salary, pension and a prorated profit share up to the date notice of termination is given	The contract is terminated immediately. The director is entitled to her salary, pension and profit share earned up to the date of termination	(3)
G Mueller	Jan 25 1999	12	60	12 months' salary, pension and a prorated bonus up to the date notice of termination is given. In addition, if the company terminates the contract without cause, Mr Mueller is entitled to exercise immediately any outstanding and unvested options due to invest in two years	The contract is terminated immediately. The director is entitled to his salary and pension earned up to the date of termination and any incentive earned provided it has already been paid	(3), (5)
MJ Carroll	Mar 18 1999 (7)	6	60	12 months' salary, pension and a prorated profit share up to the date notice of termination is given	6 months' salary, pension and prorated profit share up to the date of termination	(3), (6)
CHC Fordham	Sep 21 2004	12	60	12 months' salary, pension and a prorated profit share up to the date notice of termination is given	6 months' salary, pension and prorated profit share up to the date of termination	(3)

Non-executive director

Sir Patrick Sergeant	Jan 10 1993	12	n/a	12 months' expense allowance	The contract is terminated immediately. The director is entitled to his expense allowance up to the date of termination	
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* If the director terminated reaches his/her respective retirement age before the expiration of their notice period then benefits will only be paid up to the date of retirement.

** This also applies if the director gives less than their notice period to the company. If the contract is terminated for reasons of bankruptcy or serious misconduct the contract is terminated immediately without any payment in lieu of notice.

(1) PM Fallon has a second service contract with a subsidiary of the group, Euromoney Publications (Jersey) Limited (EPJ) dated May 4 1993. This service contract has the same terms as his contract with Euromoney Institutional Investor PLC. Any termination payment would include profit share based on EPJ's results. In addition, if Mr Fallon be adjudicated bankrupt, he is entitled to 7 days salary and profit share from EPJ.

(2) NF Osborn has a second service contract with a subsidiary of the group, Euromoney Inc, dated January 4 1991 normally terminated by 12 months notice. In the event of termination Mr Osborn is entitled to 12 months base salary and pension, plus a prorated profit share to the date notice of termination is given. The company may also terminate his agreement due to incapacity giving 3 months notice and Mr Osborn would be entitled to 3 months salary, pension and prorated profit share.**

(3) On termination, profit share is calculated as though the director has been employed for the full financial year and then pro-rated accordingly to the date of termination unless otherwise stated.

(4) If employment is terminated due to a breach of contract and the company is judged to have breached Mr Lamont's editorial independence, the company shall pay \$87,500 to the United Way of Greater New York.

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

(6) If Mr Carroll's service agreement is terminated due to just cause he is entitled to his salary and pension up to the date of termination, but no profit share unless already paid.

(7) Mr Carroll's service agreement is with Institutional Investor Inc.

Euromoney Institutional Investor PLC

Directors' Remuneration Report *continued*

Information subject to audit

Directors' remuneration table

	Year to September 30				
	Salary and Fees 2004 £	Benefits in Kind 2004 £	Profit Share 2004 £	Total 2004 £	Total 2003 £
Executive directors					
PM Fallon	172,000	585	1,749,549	1,922,134	1,569,667
PR Ensor	142,500	585	1,214,791	1,357,876	1,071,004
NF Osborn	107,276	3,210	194,609	305,095	300,344
DC Cohen	81,625	16,368	213,958	311,951	255,103
CR Brown	121,091	4,974	80,107	206,172	212,388
GB Strahan	93,375	2,326	65,676	161,377	132,923
E Bounous	86,250	585	182,349	269,184	160,595
CR Jones	226,272	3,138	128,193	357,603	293,644
RT Lamont	105,796	3,887	25,732	135,415	155,755
S M Brady	115,250	792	40,000	156,042	170,495
D Alfano	98,692	3,845	188,516	291,053	293,611
G Mueller	93,831	5,649	103,344	202,824	118,172
MJ Carroll	121,890	4,974	22,178	149,042	151,443
* CHC Fordham	122,500	227	150,208	272,935	30,437
Non-executive directors					
The Viscount Rothermere	28,000	-	-	28,000	28,224
Sir Patrick Sergeant	28,000	11,258	-	39,258	78,186
CJF Sinclair	28,000	-	-	28,000	28,224
JP Williams	28,000	-	-	28,000	28,224
JC Botts	37,750	-	-	37,750	31,349
JD Bolsover	28,000	-	-	28,000	28,224
	<u>1,866,098</u>	<u>62,403</u>	<u>4,359,210</u>	<u>6,287,711</u>	<u>5,138,012</u>

* appointed July 23 2003

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

Five of the directors have waived profit shares in respect of the current and future years. Profit shares waived this year are as follows: PM Fallon £538,800; PR Ensor £400,000; NF Osborn £8,674; DC Cohen £65,000; GB Strahan £30,000. Profit shares waived were paid into private pension schemes on the directors' behalf. These waivers have not been deducted from the profit shares above.

PM Fallon is also a non-executive director of Allied Irish Banks Plc and any earnings in relation to this role continue to be retained by Mr Fallon.

Euromoney Institutional Investor PLC

Directors' Remuneration Report *continued*

Directors' pensions

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

Pension contributions

Director	Harmsworth Pension Scheme 2004 £	Euromoney Pension Plan 2004 £	Private schemes 2004 £	Total 2004 £	Total 2003 £
PM Fallon	-	-	-	-	-
PR Ensor	15,970	-	-	15,970	12,360
NF Osborn	-	6,559	1,198	7,757	8,795
DC Cohen	11,344	-	-	11,344	9,075
CR Brown	-	-	3,027	3,027	3,152
GB Strahan	-	7,095	-	7,095	6,237
E Bounous	-	7,243	-	7,243	7,352
CR Jones	22,314	-	-	22,314	21,938
RT Lamont	-	-	2,645	2,645	2,856
S M Brady	-	9,983	-	9,983	9,126
D Alfano	-	-	2,467	2,467	2,459
G Mueller	-	-	2,359	2,359	2,843
MJ Carroll	-	-	3,174	3,174	2,870
CHC Fordham	-	17,740	-	17,740	-
	<u>49,628</u>	<u>48,620</u>	<u>14,870</u>	<u>113,118</u>	<u>89,063</u>

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 26.

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

Director	Increase in accrued annual pension during the year £	Accrued annual pension at September 30 2004 £	Transfer value September 30 2004 £	Transfer value September 30 2003 £	Increase in transfer value (net of director's contributions) £
PM Fallon*	200	6,600	104,000	93,000	11,000
PR Ensor	5,200	52,700	755,500	630,200	120,300
CR Jones	100	8,300	59,000	54,800	4,200
DC Cohen	1,300	12,200	97,500	81,700	12,000

The accrued annual pension entitlement is that which would be paid annually on retirement based on service to September 30 2004 and ignores any increase for future inflation. All transfer values have been calculated on the basis of actuarial advice in accordance with "Retirement Benefit Schemes – Transfer Values (GN11)" published by the Institute of Actuaries and the Faculty of Actuaries. The transfer values of the accrued entitlement represent the value of assets that the pension scheme would need to transfer to another pension provider on transferring the scheme's liability in respect of the directors' pension benefits. They do not represent a sum paid or payable to individual directors and therefore cannot be added meaningfully to annual remuneration. Members of the scheme have the option of paying Additional Voluntary Contributions. Neither the contributions nor the resulting benefits are included in the above table. The normal retirement age for the Harmsworth Pension Scheme is 62 years.

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

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/ appointment	Granted during year	Exercised /lapsed during year	At end of year	Exercise price	Date from which exercisable	Expiry date
PM Fallon	346,268	-	-	346,268	£3.54	now	Jun 19 05
	85,000	-	-	85,000	£3.95	now	Feb 11 09
	255,000	-	-	255,000	£4.31	now	Jun 25 09
	4,543	-	-	4,543	£2.08	Feb 01 06	Aug 01 06
	690,811	-	-	690,811			
PR Ensor	173,136	-	-	173,136	£3.54	now	Jun 19 05
	75,000	-	-	75,000	£3.95	now	Feb 11 09
	225,000	-	-	225,000	£4.31	now	Jun 25 09
	4,543	-	-	4,543	£2.08	Feb 01 06	Aug 01 06
	477,679	-	-	477,679			
NF Osborn	17,316	-	-	17,316	£3.54	now	Jun 19 05
	8,000	-	-	8,000	£3.95	now	Jan 07 05
	4,543	-	-	4,543	£2.08	Feb 01 06	Aug 01 06
	-	5,000	-	5,000	£4.19	Jan 28 07	Jan 28 14
	29,859	5,000	-	34,859			
DC Cohen	5,888	-	-	5,888	£3.54	now	Jun 19 05
	12,000	-	-	12,000	£3.95	now	Jan 07 05
	8,000	-	-	8,000	£5.38	now	Mar 02 11
	2,052	-	(2,052)	-	£4.72	lapsed	-
	6,000	-	-	6,000	£3.35	Jan 23 05	Jan 23 12
	10,000	-	-	10,000	£2.59	Dec 04 05	Dec 04 12
	-	5,000	-	5,000	£4.19	Jan 28 07	Jan 28 14
	43,940	5,000	(2,052)	46,888			
CR Brown	16,000	-	(16,000)	-	£3.51	exercised Nov 27 03 ¹	Nov 29 03
	11,044	-	-	11,044	£3.54	now	Jun 19 05
	12,000	-	-	12,000	£3.95	now	Jan 07 05
	28,000	-	-	28,000	£4.19	now	Jan 29 09
	8,000	-	-	8,000	£5.38	now	Mar 02 11
	40,000	-	-	40,000	£2.59	Dec 04 05	Dec 04 12
	-	30,000	-	30,000	£4.19	Jan 28 07	Jan 28 14
	115,044	30,000	(16,000)	129,044			
GB Strahan	17,316	-	-	17,316	£3.54	now	Jun 19 05
	8,000	-	-	8,000	£3.95	now	Jan 07 05
	5,000	-	-	5,000	£5.38	now	Mar 02 11
	4,543	-	-	4,543	£2.08	Feb 01 06	Aug 01 06
	34,859	-	-	34,859			
CR Jones	8,448	-	-	8,448	£3.55	now	Feb 07 07
	31,552	-	(31,552)	-	£3.57	exercised Feb 2 04 ²	Feb 24 04
	12,000	-	-	12,000	£3.95	now	Jan 07 05
	32,000	-	-	32,000	£4.19	now	Jan 29 09
	60,000	-	-	60,000	£4.31	now	Jun 25 09
	8,000	-	-	8,000	£5.38	now	Mar 02 11
	6,000	-	-	6,000	£3.35	Jan 23 05	Jan 23 12
	4,543	-	-	4,543	£2.08	Feb 01 06	Aug 01 06
	20,000	-	-	20,000	£2.59	Dec 04 05	Dec 04 12
	-	15,000	-	15,000	£4.19	Jan 28 07	Jan 28 14
	182,543	15,000	(31,552)	165,991			

Euromoney Institutional Investor PLC

Directors' Remuneration Report *continued*

Directors' share options *continued*

	At start of year/ appointment	Granted during year	Exercised /lapsed during year	At end of year	Exercise price	Date from which exercisable	Expiry date
E Bounous	8,000	-	(8,000)	-	£3.51	Exercised 27 Nov 03 ³	Nov 29 03
	8,000	-	-	8,000	£4.04	now	Dec 08 04
	8,000	-	(8,000)	-	£3.57	Exercised 23 Jan 04 ⁴	Feb 24 04
	24,000	-	-	24,000	£3.95	now	Jan 07 05
	20,000	-	-	20,000	£4.19	now	Jan 29 09
	8,000	-	-	8,000	£5.38	now	Mar 02 11
	6,000	-	-	6,000	£3.35	Jan 23 05	Jan 23 12
	20,000	-	-	20,000	£2.59	Dec 04 05	Dec 04 12
	-	15,000	-	15,000	£4.19	Jan 28 07	Jan 28 14
	102,000	15,000	(16,000)	101,000			
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	3,000	-	(3,000)	-	£3.51	Exercised 27 Nov 03 ⁵	Nov 29 03
	10,000	-	-	10,000	£4.03	now	Dec 08 04
	8,000	-	(8,000)	-	£3.57	Exercised 23 Jan 04 ⁶	Feb 24 04
	20,000	-	-	20,000	£3.95	now	Jan 07 05
	16,000	-	-	16,000	£4.19	now	Jan 29 09
	8,000	-	-	8,000	£5.38	now	Mar 02 11
	2,052	-	(2,052)	- *	£4.72	lapsed	-
	6,000	-	-	6,000	£3.35	Jan 23 05	Jan 23 12
	20,000	-	-	20,000	£2.59	Dec 04 05	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
	93,052	12,847	(13,052)	92,847			
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	Dec 04 05	Dec 04 12
	-	10,000	-	10,000	£4.19	Jan 28 07	Jan 28 14
	33,000	10,000	-	43,000			
G Mueller	10,000	-	-	10,000	£5.38	now	Mar 02 11
	6,000	-	-	6,000	£3.35	Jan 23 05	Jan 23 12
	20,000	-	-	20,000	£2.59	Dec 04 05	Dec 04 12
	36,000	-	-	36,000			
MJ Carroll	4,000	-	-	4,000	£4.19	now	Jan 29 09
	8,000	-	-	8,000	£5.63	now	Jan 05 10
	4,000	-	-	4,000	£5.38	now	Mar 02 11
	20,000	-	-	20,000	£2.59	Dec 04 05	Dec 04 12
	-	10,000	-	10,000	£4.19	Jan 28 07	Jan 28 14
	36,000	10,000	-	46,000			
CHC Fordham	10,000	-	-	10,000	£5.38	now	Mar 02 11
	6,000	-	-	6,000	£3.35	Jan 23 05	Jan 23 12
	20,000	-	-	20,000	£2.59	Dec 04 05	Dec 04 12
	-	10,000	-	10,000	£4.19	Jan 28 07	Jan 28 14
	36,000	10,000	-	46,000			
Total	1,925,787	112,847	(78,656)	1,959,978			

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

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

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

1 Mr Brown's options were exercised at a market price of £3.72 resulting in a gain of £3,360.

2 Mr Jones' options were exercised at a market price of £4.10 resulting in a gain of £16,723.

3 Mr Bounous' options were exercised at a market price of £3.72 resulting in a gain of £1,680.

4 Mr Bounous' options were exercised at a market price of £4.30 resulting in a gain of £5,840.

5 Mr Brady's options were exercised at a market price of £3.72 resulting in a gain of £630.

6 Mr Brady's options were exercised at a market price of £4.30 resulting in a gain of £5,840.

Euromoney Institutional Investor PLC

Directors' Remuneration Report *continued*

Directors' share options continued

The market price of the company's shares on September 30 2004 was £3.75. The high and low share prices during the year were £4.56 and £3.25 respectively. The options granted in the year were granted on January 28 2004. The average share price over the three business days before January 28 2004 was £4.19. The aggregate gain made by directors on the exercise of share options in the year was £34,073 (2003: £nil).

The exercise of options granted under the 1996 executive share option scheme requires satisfaction of certain performance criteria which have been set by the remuneration committee. For the grants of options under the 1996 scheme, made on January 28 2004, the performance test set by the remuneration committee requires that the Total Shareholder Return (TSR) of the company exceeds that of the average TSR for the FTSE 250 index for the same period. The TSR test is carried out at the end of each calendar month starting 30 months after the option grant date. For the performance condition to be satisfied, the TSR of the company must exceed that of the FTSE 250 in any four out of six consecutive months from that date.

In addition, the following directors hold options to subscribe for common stock of US\$0.001 each in Internet Securities, Inc. a subsidiary of the company. The options for JC Botts are exercisable at the rate of 8.33% quarterly and are fully vested after three years. 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.

	At start of year	Granted during year	Lapsed during year	At end of year	Exercise price	Date from which exercisable	Expiry date
JC Botts	6,000	-	-	6,000	US\$7.40	now	May 13 09
G Mueller	27,024	-	-	27,024	US\$7.40	now	May 13 09
	16,653	-	-	16,653	US\$8.95	now	Jan 01 10
	-	9,000	-	9,000	US\$7.07	Feb 2 05	Feb 2 14
	43,677	9,000	-	52,677			
NF Osborn	5,000	-	-	5,000	US\$8.95	now	Oct 05 10

The options granted during the year were granted on February 2 2004 when the market value of each share was calculated as US\$7.07. No options in Internet Securities, Inc. were exercised during the year.

Euromoney Institutional Investor PLC

Directors' Remuneration Report *continued*

Directors' interests in the company

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

	Ordinary shares of 0.25p each	
	2004	2003
Beneficial		
PM Fallon	901,061	901,061
PR Ensor	218,472	218,472
Sir Patrick Sergeant	317,804	317,804
CJF Sinclair	7,494	7,494
NF Osborn	42,590	46,040
DC Cohen	30,664	30,664
GB Strahan	32,068	32,068
JP Williams	1,825	1,825
E Bounous	6,920	6,920
RT Lamont	25,503	25,503
CR Jones	12,240	8,280
D Alfano	1,747	1,747
The Viscount Rothermere	20,864	17,470
G Mueller	5,503	5,503
JC Botts	5,503	5,503
CHC Fordham	873	873
	<u>1,631,131</u>	<u>1,627,227</u>

At September 30 2004 GB Strahan was beneficially interested in 500 'A' ordinary shares of Coaltrans Conferences Limited and G Mueller was beneficially interested in 469,999 shares of Internet Securities, Inc. both subsidiaries of the group.

Directors' interests in Daily Mail and General Trust plc

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

	Ordinary shares of 12.5p each		A' ordinary non-voting shares of 12.5p each	
	2004	2003	2004	2003
The Viscount Rothermere	11,827,632	11,827,632	76,821,754	76,821,754
PM Fallon	-	-	41,500	41,500
Sir Patrick Sergeant	-	-	80,000	90,000
CJF Sinclair	-	-	378,691	378,691
JP Williams	-	-	205,517	205,517

Euromoney Institutional Investor PLC

Directors' Remuneration Report *continued*

Directors' interests in Daily Mail and General Trust plc *continued*

The Viscount Rothermere had non-beneficial interests as a trustee at September 30 2004 in 5,540,000 'A' ordinary non-voting shares of 12.5p each (2003: 5,540,000 shares) plus 669,208 ordinary shares (2003: 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 12,551,764 ordinary shares of 12.5p each (2003: 12,551,764 shares).

At September 30 2004 and September 30 2003, The Viscount Rothermere was beneficially interested in 746,700 ordinary shares of Rothermere Continuation Limited, the company's ultimate parent company.

The Viscount Rothermere, CJF Sinclair and JP Williams had options over 246,000, 366,000 and 195,000 'A' ordinary non-voting shares in Daily Mail and General Trust plc at September 30 2004 respectively (2003: 206,000, 286,000 and 145,000 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 2004.

John Botts

Chairman of the Remuneration Committee
November 23 2004.

Euromoney Institutional Investor PLC

Independent Auditors' Report

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

We have audited the financial statements of Euromoney Institutional Investor PLC for the year ended September 30 2004 which comprise the group profit and loss account, the balance sheets, the group cash flow statement, the notes to the group cash flow statement, group statement of total recognised gains and losses, the reconciliation of movements in equity shareholders' funds, and the related notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the part of the directors' remuneration report that is described as having been audited.

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

Respective responsibilities of directors and auditors

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

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

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

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

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the company and the group as at September 30 2004 and of the profit of the group for the year then ended; and
- the financial statements and part of the Directors' Remuneration Report described as having been audited have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

November 23 2004.

Deloitte, Touche LLP

Euromoney Institutional Investor PLC

Group Profit and Loss Account

for the year ended 30 September 2004

	Note	2004 £000's	2003 £000's
Turnover	2		
Acquisition		5,921	-
Closed businesses		-	173
Other continuing operations		168,733	158,769
Total turnover		174,654	158,942
Operating profit before goodwill amortization and impairment	2		
Acquisition		1,769	-
Closed businesses		-	88
Other continuing operations		28,837	23,724
		30,606	23,812
Goodwill amortization		(6,357)	(6,787)
Exceptional goodwill impairment	4	(1,177)	(7,830)
Operating profit/(loss)	2,3		
Acquisition		763	-
Closed businesses		-	88
Other continuing operations		22,309	9,107
Total operating profit		23,072	9,195
Share of operating profit in associates		373	418
Exceptional profit on disposal/closure of businesses	4	-	701
Profit on ordinary activities before interest and tax		23,445	10,314
Interest receivable and similar income	6	422	1,600
Interest payable and similar charges	7	(3,376)	(4,518)
Net interest		(2,954)	(2,918)
Profit on ordinary activities before tax		20,491	7,396
Tax on profit on ordinary activities	8	(3,899)	(3,101)
Profit on ordinary activities after tax		16,592	4,295
Equity minority interests		(578)	(226)
Profit for the financial year		16,014	4,069
Dividends paid and proposed	9	(13,186)	(12,941)
Retained profit/(loss) for the financial year		2,828	(8,872)
Basic earnings per share	10	18.22p	4.64p
Diluted earnings per share	10	18.16p	4.64p
Adjusted diluted earnings per share before goodwill amortization and exceptional items	10	26.71p	20.50p
Dividend per share	9	15.00p	14.75p

Euromoney Institutional Investor PLC

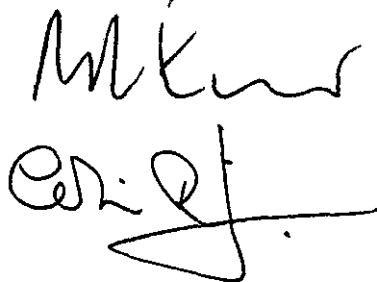
Group Balance Sheet

as at 30 September 2004

	Note	2004 £000's	2003 £000's (restated see note 1)
Fixed assets			
Intangible assets	11	60,989	33,757
Tangible assets	12	7,576	8,666
Investments	13	190	431
		<u>68,755</u>	<u>42,854</u>
Current assets			
Debtors	15	37,670	47,017
Cash at bank and in hand		23,563	10,772
		<u>61,233</u>	<u>57,789</u>
Creditors: amounts falling due within one year	16	(127,326)	(59,907)
Net current liabilities		<u>(66,093)</u>	<u>(2,118)</u>
Total assets less current liabilities		<u>2,662</u>	<u>40,736</u>
Creditors: amounts falling due after more than one year	17	(10,611)	(64,680)
Provisions for liabilities and charges	19	(575)	-
Accruals		(18,569)	(17,032)
Deferred income		(35,317)	(32,330)
Accruals and deferred income falling due within one year		(53,886)	(49,362)
Net liabilities		<u>(62,410)</u>	<u>(73,306)</u>
Capital and reserves			
Called up share capital	21	220	219
Share premium account	22	34,393	33,749
Capital redemption reserve	22	8	8
Own shares	22	(74)	(74)
Profit and loss account	22	(97,697)	(107,391)
Equity shareholders' deficit		<u>(63,150)</u>	<u>(73,489)</u>
Equity minority interests		740	183
		<u>(62,410)</u>	<u>(73,306)</u>

The accounts were approved by the board of directors on November 23 2004.

Richard Ensor
Colin Jones
Directors



Euromoney Institutional Investor PLC

Company Balance Sheet

as at 30 September 2004

	Note	2004 £000's	2003 £000's (restated see note 1)
Fixed assets			
Intangible assets	11	8,228	7,100
Tangible assets	12	2,597	2,930
Investments	13	95,924	96,410
		<u>106,749</u>	<u>106,440</u>
Current assets			
Debtors	15	34,733	36,666
Cash at bank and in hand		3,117	-
		<u>37,850</u>	<u>36,666</u>
Creditors: amounts falling due within one year	16	(84,417)	(80,934)
Net current liabilities		<u>(46,567)</u>	<u>(44,268)</u>
Total assets less current liabilities		<u>60,182</u>	<u>62,172</u>
Creditors: amounts falling due after more than one year	17	-	-
Accruals		(10,909)	(9,319)
Deferred income		(8,813)	(8,878)
Accruals and deferred income falling due within one year		(19,722)	(18,197)
Net assets		<u>40,460</u>	<u>43,975</u>
Capital and reserves			
Called up share capital	21	220	219
Share premium account	22	34,393	33,749
Capital redemption reserve	22	8	8
Capital reserve	22	1,842	1,842
Own shares		(74)	(74)
Profit and loss account	22	4,071	8,231
Equity shareholders' funds		<u>40,460</u>	<u>43,975</u>

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 £9,026,000 (2003: profit £5,827,000).

The accounts were approved by the board of directors on November 23 2004.

Richard Ensor
Colin Jones
Directors



Euromoney Institutional Investor PLC

Group Cash Flow Statement

for the year ended 30 September 2004

	Note	2004 £000's	2003 £000's
Cash inflow from continuing operating activities		30,499	24,435
Inflow from acquisition		3,252	-
Net cash inflow from continuing operating activities	A	33,751	24,435
Dividends received from associate		570	-
Returns on investments and servicing of finance			
Interest received		422	1,600
Interest paid		(3,120)	(3,116)
Dividends paid to minorities		(150)	(192)
		(2,848)	(1,708)
Taxation			
UK tax paid		(3,530)	(4,265)
Overseas tax paid		(955)	(1,484)
UK tax received		319	477
Overseas tax received		308	361
		(3,858)	(4,911)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,240)	(1,258)
Sale of tangible fixed assets		78	28
		(1,162)	(1,230)
Acquisitions and disposals			
Purchase of subsidiary undertakings		(17,567)	(11,218)
Purchase of additional interests in subsidiary undertakings		(1,810)	(166)
Cash acquired with subsidiary undertakings		2,507	480
Proceeds on sale of businesses		-	701
		(16,870)	(10,203)
Equity dividends paid		(12,949)	(12,941)
Cash outflow before financing		(3,366)	(6,558)
Financing			
Issue of shares for cash			
New ordinary share capital and share premium		645	6
Redemption of secured loan stock		(37)	(16)
Revolving credit facilities:			
Increase in borrowings		2,468	21,303
Repayment of borrowings		(8,411)	(52,138)
Loan repaid to DMGT group company		(26,003)	(4,774)
Loan received from DMGT group company		47,108	17,640
		15,770	(17,979)
Increase/(decrease) in cash during the year	B	12,404	(24,537)

Euromoney Institutional Investor PLC

Notes to the Group Cash Flow Statement

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

	2004 £000's	2003 £000's
Group operating profit	23,072	9,195
Amortization of goodwill	6,357	6,787
Exceptional impairment of capitalized goodwill (note 4)	1,177	1,051
Goodwill previously written off to reserves reinstated and written off (note 4)	-	6,779
Depreciation of tangible fixed assets	1,960	2,220
(Profit)/loss on sale of tangible fixed assets	(23)	21
Increase in debtors	(3,095)	(6,386)
Increase in creditors	4,303	4,893
Utilization of property rental provision	-	(125)
Net cash inflow from continuing operating activities	33,751	24,435

The impact of the acquisition of IMN on the cash flow for the period was an operating cash inflow of £3,252,000.

B Reconciliation of net cash flow to movement in net debt

	2004 £000's	2003 £000's
Increase/(decrease) in cash during the year	12,404	(24,537)
Cash (inflow)/outflow from change in debt finance	(285)	13,211
(Decrease)/increase in net amounts due from DMGT group undertakings	(14,840)	4,774
	(2,721)	(6,552)
Other non-cash items:		
Currency translation differences	7,703	3,677
Other non-cash changes	(357)	(1,382)
Movement in net debt in the year	4,625	(4,257)
Net debt at October 1	(67,103)	(62,846)
Net debt at September 30	(62,478)	(67,103)

C Analysis of changes in net debt

	At October 1 2003 £000's	Cash flow £000's	Exchange movements £000's	Other non-cash changes £000's	At September 30 2004 £000's
Cash at bank and in hand	10,772	12,662	129	-	23,563
Bank overdrafts	(292)	(258)	(3)	-	(553)
	10,480	12,404	126	-	23,010
Debt due within one year	(29,161)	(6,228)	3,780	(53,879)	(85,488)
Debt due in more than one year	(64,680)	5,943	5,215	53,522	-
	(93,841)	(285)	8,995	(357)	(85,488)
Amounts owed by DMGT group undertakings	16,258	(14,840)	(1,418)	-	-
Total	(67,103)	(2,721)	7,703	(357)	(62,478)

Other non-cash changes represent capitalised interest charged on debt and a reclassification of the DMGT loan.

Euromoney Institutional Investor PLC

Group Statement of Total Recognized Gains and Losses

for the year ended 30 September 2004

	Note	2004 £000's	2003 £000's
Profit for the financial year		16,014	4,069
Foreign exchange translation differences	22	6,866	4,477
Total recognized gains and losses for the year		22,880	8,546

Reconciliation of Movements in Equity Shareholders' Funds

for the year ended 30 September 2004

	2004 £000's	2003 £000's (restated see note 1)
Profit for the financial year	16,014	4,069
Dividends paid and proposed	(13,186)	(12,941)
	<u>2,828</u>	<u>(8,872)</u>
Proceeds from issue of shares for cash	645	6
Reinstatement of goodwill	-	6,779
Other recognized gains and losses relating to the year	6,866	4,477
Net decrease in equity shareholders' deficit	10,339	2,390
Opening equity shareholders' deficit (as previously stated)	(73,489)	(75,805)
Prior period adjustment in respect of UITF 38 (note 1)	-	(74)
Closing equity shareholders' deficit	(63,150)	(73,489)

Euromoney Institutional Investor PLC

Notes to the Accounts

1 Accounting policies

The accounts have been prepared under the historical cost convention and in accordance with applicable UK law and accounting standards. Set out below is a summary of the principal accounting policies adopted by the group, which have been applied on a consistent basis in the current and prior year, except for the reclassification as referred to below. Comparative figures have been amended, where appropriate, for minor changes in presentation.

Basis of consolidation

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

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

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

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

Turnover

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

Derivatives and other financial instruments

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

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

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

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

Foreign currencies

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

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

Euromoney Institutional Investor PLC

Notes to the Accounts *continued*

1 Accounting policies *continued*

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

Leased assets

Where the group has entered into finance leases, the obligations to the lessor are shown as part of the borrowings and the corresponding assets are treated as fixed assets. Leases are regarded as finance leases where their terms transfer to the lessee substantially all the benefits and burdens of ownership other than the right to legal title.

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

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

Pensions

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

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

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

Earnings per share

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

Depreciation

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

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

Euromoney Institutional Investor PLC

Notes to the Accounts *continued*

1 Accounting policies *continued*

Goodwill

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

Where the company has divisionalized the unincorporated businesses of its subsidiaries, the investment in the subsidiary then has the substance of goodwill and is reclassified accordingly. Goodwill arising in these circumstances is not amortized in the company where the directors are of the view that the goodwill has an indefinite economic life, but is reviewed annually for impairment. The non-amortization of goodwill represents a departure from the Companies Act 1985 but is necessary to give a true and fair view under the provisions of FRS 10 'Goodwill and Intangible Assets'. It is not possible to quantify the impact of this departure, as it would depend on the life adopted. As at September 30 2004, the total of such goodwill was £8,228,000 (2003: £7,100,000).

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.

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

Reclassification

The 2003 group and company balance sheets have been restated to reflect UITF 38 'Accounting for ESOP Trusts'. Accordingly, £74,000 of investments in own shares has been reclassified from investments to reserves.

Euromoney Institutional Investor PLC

Notes to the Accounts *continued*

2 Segmental analysis

	United Kingdom		North America		Rest of World		Total	
	2004	2003	2004	2003	2004	2003	2004	2003
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Turnover								
By destination:								
Other continuing businesses	29,518	29,439	71,672	62,970	67,543	66,360	168,733	158,769
Closed businesses	-	-	-	-	-	173	-	173
Acquisition*	81	-	1,900	-	3,940	-	5,921	-
	<u>29,599</u>	<u>29,439</u>	<u>73,572</u>	<u>62,970</u>	<u>71,483</u>	<u>66,533</u>	<u>174,654</u>	<u>158,942</u>

	United Kingdom		North America		Rest of World		Total	
	2004	2003	2004	2003	2004	2003	2004	2003
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Turnover								
By activity and source:								
Financial publishing	27,979	24,752	30,165	32,390	1,350	1,408	59,494	58,550
Business publishing	17,775	18,644	8,368	9,607	2,739	2,636	28,882	30,887
Training	14,965	13,003	5,215	5,187	1,887	1,661	22,067	19,851
Conferences and seminars	18,793	14,350	15,967	14,539	9,327	6,352	44,087	35,241
Databases and information services	4,396	4,371	3,488	3,052	6,319	6,374	14,203	13,797
Closed businesses	-	199	-	204	-	213	-	616
Acquisition*	-	-	5,921	-	-	-	5,921	-
	<u>83,908</u>	<u>75,319</u>	<u>69,124</u>	<u>64,979</u>	<u>21,622</u>	<u>18,644</u>	<u>174,654</u>	<u>158,942</u>

	United Kingdom		North America		Rest of World		Total	
	2004	2003	2004	2003	2004	2003	2004	2003
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Operating profit								
By activity and source:								
Financial publishing	7,404	6,789	3,646	3,526	(113)	87	10,937	10,402
Business publishing	3,467	2,810	1,204	1,277	93	(286)	4,764	3,801
Training	3,356	2,849	962	758	588	310	4,906	3,917
Conferences and seminars	4,658	2,402	3,543	3,374	1,983	866	10,184	6,642
Databases and information services	2,531	2,364	871	368	(27)	12	3,375	2,744
Closed businesses	-	17	-	5	-	66	-	88
Acquisition*	-	-	1,769	-	-	-	1,769	-
Unallocated corporate costs	(5,717)	(3,650)	388	(132)	-	-	(5,329)	(3,782)
	<u>15,699</u>	<u>13,581</u>	<u>12,383</u>	<u>9,176</u>	<u>2,524</u>	<u>1,055</u>	<u>30,606</u>	<u>23,812</u>
Goodwill amortization and impairment	(3,358)	(7,053)	(4,107)	(7,543)	(69)	(21)	(7,534)	(14,617)
Operating profit after goodwill amortization and impairment	<u>12,341</u>	<u>6,528</u>	<u>8,276</u>	<u>1,633</u>	<u>2,455</u>	<u>1,034</u>	<u>23,072</u>	<u>9,195</u>

* Acquisition revenue and profit stem entirely from the conferences and seminars sector.

The goodwill amortization and impairment of £7,534,000 (2003: £14,617,000) can be allocated as follows; Financial publishing, £1,665,000 (2003: £265,000); Business publishing, £2,605,000 (2003: £6,889,000); Conferences and seminars, £185,000 (2003: £1,559,000); Databases and information services, £2,072,000 (2003: £5,904,000); and Acquisitions, £1,007,000 (2003: nil).

Euromoney Institutional Investor PLC

Notes to the Accounts *continued*

2 Segmental analysis *continued*

	United Kingdom		North America		Rest of World		Total	
	2004 £000's	2003 £000's	2004 £000's	2003 £000's	2004 £000's	2003 £000's	2004 £000's	2003 £000's
Net assets/(liabilities)								
By activity:								
Financial publishing	(9,301)	(5,422)	(10,355)	(12,960)	2,847	2,892	(16,809)	(15,490)
Business publishing	3,068	5,032	(3,262)	(4,831)	3,547	2,996	3,353	3,197
Training	3,531	6,372	(756)	(3,415)	1,386	1,493	4,161	4,450
Conferences and seminars	3,031	5,412	(3,784)	(5,542)	809	1,070	56	940
Databases and information services	(1,248)	(837)	(5,306)	(6,758)	(1,000)	(827)	(7,554)	(8,422)
Net operating assets/(liabilities)	(919)	10,557	(23,463)	(33,506)	7,589	7,624	(16,793)	(15,325)
Net non-operating assets/(liabilities)	(78,039)	(89,870)	(31,539)	(5,141)	3,192	3,273	(106,386)	(91,738)
Goodwill	17,387	20,746	43,216	12,557	386	454	60,989	33,757
	<u>(61,571)</u>	<u>(58,567)</u>	<u>(11,786)</u>	<u>(26,090)</u>	<u>11,167</u>	<u>11,351</u>	<u>(62,190)</u>	<u>(73,306)</u>

Net non-operating assets/(liabilities) include principally loans and deferred consideration.

The goodwill net book value of £60,989,000 (2003: £33,757,000) can be allocated as follows; Business publishing, £10,702,000 (2003: £12,394,000); Conferences and seminars, £33,736,000 (2003: £2,806,000); Databases and information services, £1,829,000 (2003: £2,171,000); Financial publishing, £14,722,000 (2003: £16,386,000).

Euromoney Institutional Investor PLC

Notes to the Accounts *continued*

3 Operating profit

	Acquisition 2004 £000's	Other continuing businesses 2004 £000's	Total 2004 £000's	Closed businesses 2003 £000's	Other continuing businesses 2003 £000's	Total 2003 £000's
Turnover	5,921	168,733	174,654	173	158,769	158,942
Cost of sales	(1,858)	(56,130)	(57,988)	(53)	(50,531)	(50,584)
Gross profit	4,063	112,603	116,666	120	108,238	108,358
Distribution costs	(8)	(5,265)	(5,273)	(1)	(5,144)	(5,145)
Administrative expenses	(3,292)	(85,029)	(88,321)	(31)	(93,987)	(94,018)
Operating profit	763	22,309	23,072	88	9,107	9,195

Administrative expenses includes goodwill amortization for other continuing businesses of £6,357,000 (2003: £6,787,000) and exceptional goodwill impairment of £1,177,000 (2003: £7,830,000) (note 4).

Operating profit is stated after charging/(crediting):

	2004 £000's	2003 £000's
Goodwill amortization and impairment	7,534	14,617
Depreciation	1,960	2,220
Auditors' remuneration;		
Group (company £128,000 (2003: £122,000))	433	391
Fees for non-audit services	138	135
Property operating lease rentals	4,229	3,903
Foreign exchange gains	(2,285)	(1,367)

The audit and non-audit services relate to:

	2004 £000's	2003 £000's
Services as auditors		
Statutory audit	433	391
Tax services		
Tax compliance	13	0
Tax advisory	55	40
Other non-audit services	70	80
Total	571	511

In addition to the above amounts non audit fees of £120,000 in respect of acquisitions were capitalised during the current year.

4 Exceptional items

Exceptional goodwill impairment

The group regularly performs a review of its portfolio and this year the review has resulted in additional goodwill write offs of £1,177,000 (2003: £1,051,000) in the profit and loss account based on the estimated recoverable amount. In 2003, the group took an additional writedown of £6,779,000 through the profit and loss account for goodwill that was previously written off against reserves under SSAP 22 on several investments either where the goodwill was now no longer separately identifiable as a result of business merger or where the immediate prospects for the business were uncertain.

Prior year exceptional profit on disposal/closure of businesses

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

Euromoney Institutional Investor PLC

Notes to the Accounts *continued*

5 Staff costs

(i) Directors' emoluments

	2004 £000's	2003 £000's
The emoluments of the directors of Euromoney Institutional Investor PLC were as follows:		
Directors fees, management remuneration and benefits in kind	5,245	4,795
Pension contributions (including waiver of profit shares)	1,156	432
	<u>6,401</u>	<u>5,227</u>

Details of directors' remuneration are set out in the Directors' Remuneration Report on pages 20 to 32.

(ii) Number of staff

	2004 Average	2003 Average
United Kingdom	639	607
North America	546	505
Rest of World	367	366
	<u>1,552</u>	<u>1,478</u>

(iii) Staff costs

	2004 £000's	2003 £000's
Salaries, wages and incentives	52,054	48,286
Social security costs	5,576	5,262
Pension contributions	1,039	971
	<u>58,669</u>	<u>54,519</u>

(iv) Pension contributions

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

The pension charge for the year ended September 30 comprised:

	2004 £000's	2003 £000's
Harmsworth Pension Scheme	201	194
Euromoney Pension Plan	318	270
Private schemes	520	507
	<u>1,039</u>	<u>971</u>

Euromoney Institutional Investor PLC

Notes to the Accounts *continued*

5 Staff costs *continued*

Harmsworth Pension Scheme

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

A valuation of this scheme was carried out as at March 31 2001. The assumptions having the most significant effect on the pension costs reported under SSAP24 'Accounting for Pension Costs' are shown in the following table:

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

The surpluses or deficits identified from the valuation of the scheme are amortised over a period of 11 years using the straight line method.

The results of the triennial valuation of the scheme as at March 31 2004 have not yet been finalised. However, interim valuations carried out as at March 31 of each year have highlighted the impact on the scheme of changing market conditions and falling investment returns. As a result, the company agreed with the Trustees to increase cash contributions to the Scheme from 12% to 15% of pensionable salaries from October 1 2003.*Additionally, pending completion of the 2004 actuarial valuation, it has been agreed to increase the pension cost charged in these accounts to 15% of pensionable salaries for the scheme, in line with the cash contribution rate.

The contribution rate paid by employees in the scheme is 5% of pensionable salaries.

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

Euromoney Pension Plan

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

The plan is contracted-in to the State Second Pension (S2P) and its assets are invested under trust in funds selected by members and held independently from the company's finances. Following a review by the trustees, the investment and administration of the plan has been transferred from Scottish Widows to Fidelity Pension Management.

Overseas Pension Plans

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

Euromoney Institutional Investor PLC

Notes to the Accounts *continued*

5 Staff costs *continued*

FRS 17 'Retirement Benefits'

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

Stakeholder Pensions

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

6 Interest receivable and similar income

	2004 £000's	2003 £000's
Interest receivable from short-term investments	422	1,079
Investment income from forward exchange contracts	-	521
	<u>422</u>	<u>1,600</u>

7 Interest payable and similar charges

	2004 £000's	2003 £000's
Revolving credit facility	3,150	4,516
Secured loan stock	1	2
Notional interest on deferred consideration	225	-
	<u>3,376</u>	<u>4,518</u>

Euromoney Institutional Investor PLC

Notes to the Accounts *continued*

8 Tax on profit on ordinary activities

	2004 £000's	2003 £000's
United Kingdom		
Corporation tax at 30% (2003: 30%)	4,514	2,958
Associates	114	108
Under/(over) provision in respect of prior years	165	(523)
	<u>4,793</u>	<u>2,543</u>
Foreign tax		
Overseas taxation	1,063	686
Under provision of overseas taxation in respect of prior years	59	69
Total current tax	<u>5,915</u>	<u>3,298</u>
Deferred tax		
Origination and reversal of asset timing differences	(1,658)	83
Origination and reversal of liability timing differences	2,505	2,773
Increase in discount	(2,529)	(2,694)
Over provision of deferred taxation in respect of prior years	(334)	(359)
Total deferred tax (see note 20)	<u>(2,016)</u>	<u>(197)</u>
Tax on profit on ordinary activities	<u><u>3,899</u></u>	<u><u>3,101</u></u>

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 30% (2003: 30%). The current tax charge for the year is different from 30% of profit before tax for the reasons set out in the following reconciliation:

	2004 £000's	2003 £000's
Profit on ordinary activities before tax	<u>20,491</u>	<u>7,396</u>
Tax at 30%	6,147	2,219
Factors affecting tax charge:		
UK goodwill amortization	2,260	4,385
Non-taxable items and additional deductible UK items	(1,032)	(1,629)
US goodwill amortization and brought forward tax losses	(2,402)	(1,590)
US state taxes	418	219
Disallowable expenditure	-	124
Movement in other timing differences	374	-
Depreciation in excess of capital allowances	45	11
Lower rates of tax on overseas profits	(119)	13
Under/(over) provisions in prior years	224	(454)
Current tax charge for the year	<u><u>5,915</u></u>	<u><u>3,298</u></u>

The exceptional item in 2003 gives rise to a nominal tax charge as the element relating to capital gains is not taxable in Hong Kong.

Euromoney Institutional Investor PLC

Notes to the Accounts *continued*

9 Dividends

	2004 £000's	2003 £000's
Interim paid 5p per share (2003: 5p)	4,397	4,390
Final proposed 10.00p per share (2003: 9.75p)	8,798	8,560
	<u>13,195</u>	<u>12,950</u>
Employees' Share Ownership Trust dividend	(9)	(9)
	<u>13,186</u>	<u>12,941</u>

10 Earnings per share

	2004 £000's	2003 £000's
Basic earnings	16,014	4,069
Goodwill amortization	6,357	6,787
Exceptional goodwill impairment (note 4)	1,177	7,830
Exceptional profit on disposal/closure of businesses (note 4)	-	(701)
Adjusted earnings before goodwill amortization and exceptional items	<u>23,548</u>	<u>17,985</u>

	Number 000's	Number 000's
Weighted average number of shares	87,910	87,796
Shares held by the Employees' Share Ownership Trust	(59)	(59)
	<u>87,851</u>	<u>87,737</u>
Effect of dilutive share options	309	-
Diluted weighted average number of shares	<u>88,160</u>	<u>87,737</u>

	Pence per share	Pence per share
Basic earnings per share	18.22	4.64
Effect of dilutive share options	(0.06)	-
Diluted earnings per share	<u>18.16</u>	<u>4.64</u>
Effect of goodwill amortization	7.21	7.74
Effect of exceptional goodwill impairment	1.34	8.92
Effect of profit on disposal/closure of businesses	-	(0.80)
Adjusted diluted earnings per share before goodwill amortization and exceptional items	<u>26.71</u>	<u>20.50</u>

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.

Euromoney Institutional Investor PLC

Notes to the Accounts *continued*

11 Intangible fixed assets

	Group goodwill £000's	Company goodwill £000's
Cost		
At October 1 2003	62,608	7,923
Additions	34,766	-
Disposals	(422)	-
Transfer from investments	-	3,128
At September 30 2004	96,952	11,051
Amortization		
At October 1 2003	28,851	823
Charge for the year	6,357	-
Impairment (note 4)	1,177	2,000
Disposals	(422)	-
At September 30 2004	35,963	2,823
Net book value at September 30 2004	60,989	8,228
Net book value at September 30 2003	33,757	7,100

During the year the company reclassified investments in subsidiaries of £3,128,000 to goodwill after the trade and net assets of these subsidiaries were transferred to the company. These investments now have the substance of goodwill and have been reclassified accordingly.

12 Tangible fixed assets

Group	Freehold premises £000's	Short-term leasehold premises £000's	Office equipment £000's	Motor vehicles £000's	Total £000's
Cost					
At October 1 2003	862	7,563	12,584	302	21,311
Additions	-	8	1,232	-	1,240
Acquisitions	-	31	77	-	108
Disposals	-	-	(58)	(178)	(236)
Exchange differences	-	(338)	(601)	(1)	(940)
At September 30 2004	862	7,264	13,234	123	21,483
Depreciation					
At October 1 2003	182	2,117	10,175	171	12,645
Charge for the year	18	448	1,462	32	1,960
Disposals	-	-	(55)	(126)	(181)
Exchange differences	-	(62)	(455)	-	(517)
At September 30 2004	200	2,503	11,127	77	13,907
Net book value at September 30 2004	662	4,761	2,107	46	7,576
Net book value at September 30 2003	680	5,446	2,409	131	8,666

Euromoney Institutional Investor PLC

Notes to the Accounts *continued*

12 Tangible fixed assets *continued*

Company	Freehold premises £000's	Short-term leasehold premises £000's	Office equipment £000's	Motor vehicles £000's	Total £000's
Cost					
At October 1 2003	862	2,917	4,710	262	8,751
Transfers	-	-	111	-	111
Additions	-	-	379	-	379
Disposals	-	-	(2)	(178)	(180)
At September 30 2004	862	2,917	5,198	84	9,061
Depreciation					
At October 1 2003	182	1,406	4,061	172	5,821
Transfers	-	-	49	-	49
Charge for the year	17	114	574	16	721
Disposals	-	-	(1)	(126)	(127)
At September 30 2004	199	1,520	4,683	62	6,464
Net book value at September 30 2004	663	1,397	515	22	2,597
Net book value at September 30 2003	680	1,511	649	90	2,930

Euromoney Institutional Investor PLC

Notes to the Accounts *continued*

13 Fixed asset investments

Group	Investments in associated undertakings £000's	Trade investment £000's	Total £000's
At October 1 2003	417	14	431
Additions	5	-	5
Disposals	65	-	65
Share of losses retained	(311)	-	(311)
At September 30 2004	176	14	190

Company	Subsidiaries £000's	Investments in associated undertakings £000's	Trade investment £000's	Total £000's
At October 1 2003	96,362	34	14	96,410
Additions	8,292	-	-	8,292
Impairment	(1,739)	-	-	(1,739)
Exchange differences	(3,911)	-	-	(3,911)
Transfer to goodwill (note 11)	(3,128)	-	-	(3,128)
At September 30 2004	95,876	34	14	95,924

The principal associated undertaking at September 30 2004 was Capital NET Limited whose principal activity is the provision of electronic database services. The group has a 48.4% interest in Capital NET Limited.

The group has a 50% interest in Capital DATA Limited which is accounted for as a trade investment, as the group does not exercise significant influence nor is it involved in the day to day running of the business. The group is entitled to 28.2% of Capital DATA's revenues of £2,475,000 in the year (2003: £2,406,000).

Euromoney Institutional Investor PLC

Notes to the Accounts *continued*

13 Fixed asset investments *continued*

Details of the principal subsidiary undertakings included in these consolidated financial statements at September 30 2004 are as follows:

	Proportion held	Principal activity and operation	Country of incorporation
Direct investments			
Adhesion (UK) Limited	100%	Conventions	England
Business Traveller (Holdings) Limited	100%*	Holding company	England
Coaltrans Conferences Limited	95%	Conferences	England
Euromoney Publications (Jersey) Limited	100%†	Publishing	Jersey
Euromoney Publications (Overseas) Limited	100%	Holding company	England
Euromoney US Holdings LP	100%	Holding company	US
Glenprint Limited	100%	Publishing	England
HedgeFund Intelligence Limited	100%	Publishing	England
Mondiale Corporation Limited	100%	Publishing	England
The Petroleum Economist Limited	100%	Publishing	England
Tipall Limited	100%	Property holding	England
World Link Publications Limited	50%#	Publishing	England
Indirect investments			
Adhesion et Associes SA	100%	Conventions	France
Business Conventions Internationale	100%	Conventions	France
Carlcroft Limited	100%	Publishing	England
EII Holdings, Inc.	100%*	Holding company	US
Engel Publishing Partners	100%	Publishing	US
Euromoney, Inc.	100%	Holding company	US
Euromoney Training, Inc.	100%	Holding company	US
Euromoney (Singapore) Pte Ltd.	100%	Training	Singapore
Gulf Publishing Company	100%	Publishing	US
Institutional Investor, Inc.	100%	Publishing	US
Internet Securities, Inc.	90%	Information services	US
Information Management Network, Inc	80%	Conferences	US
Latin American Financial Publications, Inc.	100%	Publishing	US
Med Ad, Inc.	100%	Holding company	US
MIS Training Institute, LLC	100%	Training	US
MIS Training (UK) Limited	100%	Training	England
Perry Publications Limited	100%	Publishing	England
Perry Publications, Inc.	100%	Publishing	US
Perry Publications GmbH	75%	Publishing	Germany

All holdings are of ordinary shares.

* 100% preference shares held in addition.

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

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

Euromoney Institutional Investor PLC

Notes to the Accounts *continued*

14 Acquisitions

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

Increase in equity shareholdings

On September 30 2004 the group purchased the remaining 10% of the equity of Engel Publishing Partners. A balance of £908,000 is in deferred consideration for this.

On April 30 2004 the group purchased a further 6% of the equity share capital of Internet Securities, Inc. for a cash consideration of £1,798,000

Acquisition of new businesses

On February 27 2004 the group purchased 80% of the equity share capital of Information Management Network, Inc for an initial cash consideration together with associated costs of \$31,973,000 (£17,557,000) and estimated deferred consideration of \$26,927,000 (£14,900,000) payable in three tranches in 2005, 2006 and 2007 as follows: \$8,133,000 (£4,500,000), \$9,470,000 (£5,200,000) and \$9,324,000 (£5,200,000) respectively, resulting in provisional goodwill of £32,120,000. A put option is held by Euromoney to purchase the outstanding 20% of share capital in 2008 or thereafter. Payment for this 20% interest will be determined by the average two year profits of IMN for the relevant profit period. The maximum acquisition price payable for 100% of IMN is \$100 million.

	Book value £000's	Provisional fair value adjustments £000's	Provisional fair values £000's
Tangible fixed assets	96	-	96
Net current assets/(liabilities)	3,327	(560)	2,767
Accruals	(466)	-	(466)
Deferred income	(2,060)	-	(2,060)
Net assets	897	(560)	337
Goodwill			32,120
			32,457
Cash consideration			17,557
Deferred consideration			14,900
Total consideration			32,457

The provisional fair value adjustment relates to an onerous lease.

Euromoney Institutional Investor PLC

Notes to the Accounts *continued*

15 Debtors

	Group 2004 £000's	Group 2003 £000's	Company 2004 £000's	Company 2003 £000's
Amounts falling due within one year				
Trade debtors	27,622	24,709	12,074	11,453
Amounts owed by DMGT group undertakings (note 25)	-	16,258	-	-
Amounts owed by subsidiary undertakings	-	-	17,873	21,240
Other debtors	1,590	1,644	844	1,492
Deferred tax (note 20)	3,395	1,379	2,137	1,379
Prepayments and accrued income	5,063	3,027	1,805	1,102
	<u>37,670</u>	<u>47,017</u>	<u>34,733</u>	<u>36,666</u>

16 Creditors: amounts falling due within one year

	Group 2004 £000's	Group 2003 £000's	Company 2004 £000's	Company 2003 £000's
Bank overdrafts	553	292	-	724
Redeemable secured loan stock	-	37	-	37
Trade creditors	3,392	2,099	536	551
Five year committed facility (note 18)	53,879	-	-	-
Amounts owed to DMGT group undertakings (note 25)	33,936	31,231	33,936	31,231
Amounts owed to subsidiary undertakings	-	-	27,570	28,293
Other creditors	10,017	8,264	6,122	5,350
Corporation tax	5,713	3,894	1,964	694
Deferred consideration for acquisitions	10,902	5,500	5,500	5,500
Proposed dividend	8,934	8,590	8,789	8,554
	<u>127,326</u>	<u>59,907</u>	<u>84,417</u>	<u>80,934</u>

17 Creditors - Amounts falling due after more than one year

	Group 2004 £000's	Group 2003 £000's	Company 2004 £000's	Company 2003 £000's
Deferred consideration for acquisitions	10,611	-	-	-
Committed revolving credit facility	-	64,680	-	-
	<u>10,611</u>	<u>64,680</u>	<u>-</u>	<u>-</u>

Euromoney Institutional Investor PLC

Notes to the Accounts *continued*

18 Treasury

Overview

An overview of treasury policies is included within the Operating and Financial Review on pages 4 to 9.

Short-term debtors and creditors and inter-company balances have been excluded from the following disclosures other than the currency profile of monetary assets and liabilities.

Financial liabilities

	2004 £000's	2003 £000's
Bank overdraft	553	292
Amounts owed to DMGT group undertakings	33,936	31,231
Redeemable secured loan stock	-	37
Deferred consideration for acquisitions	21,513	5,500
Revolving credit facility	53,879	64,680
	<u>109,881</u>	<u>101,740</u>

Financial assets

	2004 £000's	2003 £000's
Cash at bank	23,563	10,772
Amounts owed by DMGT group undertakings	-	16,258
	<u>23,563</u>	<u>27,030</u>

The redeemable secured loan stock was redeemed at par in January 2004. Interest was payable at 1% below LIBOR.

Five year committed facility

During 2004 the group was one of a number of approved borrowers under £293.3 million of Daily Mail and General trust plc multi-currency committed revolving credit facilities. Interest on the facility was payable on the facility at a rate of 0.57% above US dollar LIBOR. No commitment or arrangement fees were paid to the banks in respect of the revolving credit facilities, but a fee is included within the 0.57% margin which is paid to the Daily Mail and General Trust plc. This facility was due to expire on September 10 2005.

A new agreement was entered into in October 2004. Euromoney is now one of a number of approved borrowers under a £300 million 5 year committed banking facility. As at September 30 2004 there are £64.5 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 dependant on net debt to EBITDA and is within the range of 0.4% to 0.7%.

Amounts owed to DMGT group undertakings

The group borrows monies directly from DMGT under the same terms and conditions as the five year committed facility above.

Maturity profile of financial liabilities

The maturity profile of the group's financial liabilities as at September 30 2004 was as follows:

	Deferred Consideration £000's	Bank overdraft £000's	Owed to DMGT group undertakings £000's	Revolving credit £000's	Total £000's
Amounts falling due:					
Within 1 year	10,902	553	33,936	53,879	99,270
Between 1 and 2 years	5,234	-	-	-	5,234
Between 2 and 5 years	5,377	-	-	-	5,377
Gross financial liabilities	<u>21,513</u>	<u>553</u>	<u>33,936</u>	<u>53,879</u>	<u>109,881</u>

Euromoney Institutional Investor PLC

Notes to the Accounts *continued*

18 Treasury *continued*

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

	Deferred Consideration £000's	Loan stock £000's	Bank overdraft £000's	Owed to DMGT group undertakings £000's	Revolving credit £000's	Total £000's
Amounts falling due:						
Within 1 year	-	37	292	31,231	-	31,560
Between 1 and 2 years	5,500	-	-	-	64,680	70,180
Gross financial liabilities	<u>5,500</u>	<u>37</u>	<u>292</u>	<u>31,231</u>	<u>64,680</u>	<u>101,740</u>

Currency and interest rate profile of financial liabilities

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

Currency	US dollars 2004 £000's	Sterling 2004 £000's	Total 2004 £000's	US dollars 2003 £000's	Sterling 2003 £000's	Total 2003 £000's
Floating rate	50,502	5,500	56,002	48,868	16,758	65,626
Fixed rate	53,879	-	53,879	36,114	-	36,114
	<u>104,381</u>	<u>5,500</u>	<u>109,881</u>	<u>84,982</u>	<u>16,758</u>	<u>101,740</u>

Of the fixed rate liabilities:

Weighted average interest rate	2004 3.89%	2003 5.03%
Weighted average period for which the rate is fixed	2.42 years	1.63 years

Currency and interest profile of financial assets

The interest rate risk profile of the group's financial assets at September 30 2004 was as follows:

	US dollars £000's	Sterling £000's	Others £000's	Total £000's
Floating rate				
Cash at bank	12,168	6,751	2,646	21,565
Non-interest bearing	1,947	-	51	1,998
	<u>14,115</u>	<u>6,751</u>	<u>2,697</u>	<u>23,563</u>

Euromoney Institutional Investor PLC

Notes to the Accounts *continued*

18 Treasury *continued*

Currency and interest profile of financial assets

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

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

Currency profile of net monetary assets

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

As at September 30 2004 these exposures were as follows:

	Net foreign currency monetary assets/(liabilities)			
	Sterling £000's	US dollars £000's	Other £000's	Total £000's
Functional currency:				
Sterling	-	5,427	3,608	9,035
US dollar	1,132	-	924	2,056
Other	177	(53)	-	124
Total	1,309	5,374	4,532	11,215

As at September 30 2003 these exposures were as follows:

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

Euromoney Institutional Investor PLC

Notes to the Accounts *continued*

18 Treasury *continued*

Fair values of financial assets and liabilities

Set out below is a comparison of book values to fair values of all the group's financial assets and liabilities as at September 30 2004. Market values have been used to determine the fair value of all swaps, caps and foreign currency contracts.

	Book value £000's	Fair value £000's
Primary financial instruments held to finance the group's operations:		
Liabilities:		
Short-term borrowings and current portion of long-term borrowings	(88,368)	(88,368)
Deferred consideration	(21,513)	(22,350)
	<u>(109,881)</u>	<u>(110,718)</u>
Assets		
Cash at bank	23,563	23,563
	<u>23,563</u>	<u>23,563</u>
Derivative financial instruments held to manage the interest rate and currency profile of the group:		
Interest rate swaps	-	(536)
Derivative financial instruments held or issued to hedge the currency exposures on expected future sales:		
Forward foreign currency contracts	-	1,241

The book values and fair values of these financial instruments as at September 30 2003 were as follows:

	Book value £000's	Fair value £000's
Primary financial instruments held to finance the group's operations:		
Liabilities:		
Short-term borrowings and current portion of long-term borrowings	(31,560)	(31,560)
Deferred consideration	(5,500)	(5,500)
Long-term borrowings	(64,680)	(64,680)
	<u>(101,740)</u>	<u>(101,740)</u>
Assets		
Amounts owed by DMGT group undertakings	16,258	16,258
Cash at bank	10,772	10,772
	<u>27,030</u>	<u>27,030</u>
Derivative financial instruments held to manage the interest rate and currency profile of the group:		
Interest rate swaps	-	(2,052)
Derivative financial instruments held or issued to hedge the currency exposures on expected future sales:		
Forward foreign currency contracts	-	1,171

Euromoney Institutional Investor PLC

Notes to the Accounts *continued*

18 Treasury *continued*

Hedges

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

The group also uses interest rate swaps and interest rate cap and collar derivatives to minimize interest rate fluctuations. Four new interest rate swaps have been entered into amounting to US\$10 million, US\$8 million, US\$10million and US\$15 million each with Daily Mail and General Holdings Limited with effective dates October 1 2004, October 1 2004, April 1 2005 and September 30 2005.

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

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

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

	Gains £000's	Losses £000's	Total £000's
Unrecognized gains and losses on hedges as at October 1 2003	1,171	(2,052)	(881)
Gains and losses arising in previous years and recognized in 2004	(1,171)	1,184	13
Gains and losses arising before October 1 2003 and not recognized in 2004	-	(868)	(868)
Gains and losses arising in 2004 that were not recognized in 2004	1,241	332	1,573
Unrecognized gains and losses on hedges as at September 30 2004	1,241	(536)	705
Of which:			
Gains and losses expected to be recognized in the year to September 30 2005	1,167	(554)	613
Gains and losses expected to be recognized in the year to September 30 2006 or later	74	18	92

Euromoney Institutional Investor PLC

Notes to the Accounts *continued*

19 Provisions for liabilities and charges

	Onerous lease provision £000's
At October 1 2003	-
Profit and loss account	-
Fair value adjustment	560
Exchange differences	15
At September 30 2004	<u>575</u>
Maturity profile of provisions	
	2004 £000's
Within 1 year	65
Between 1 and 2 years	117
Between 2 and 5 years	393
	<u>575</u>

20 Deferred taxation

The deferred tax asset as at September 30 comprised:

	Group 2004 £000's	Group 2003 £000's	Company 2004 £000's	Company 2003 £000's
Accelerated capital allowances	383	473	383	473
US tax losses	1,258	-	-	-
Other short-term timing differences	1,754	906	1,754	906
Unamortized US goodwill	(11)	(18)	-	-
Unutilized tax losses from US goodwill	11	18	-	-
US goodwill offset against reserves	(20,332)	(17,803)	-	-
Undiscounted provision for deferred tax	(16,937)	(16,424)	2,137	1,379
Discount	20,332	17,803	-	-
Discounted provision for deferred tax	<u>3,395</u>	<u>1,379</u>	<u>2,137</u>	<u>1,379</u>
Movement in deferred tax:	£000's			
Deferred tax asset at October 1	1,379			
Deferred tax credit in the profit and loss account (note 8)	2,016			
Deferred tax asset at September 30	<u>3,395</u>			

A deferred tax asset of £2,137,000 (2003: £1,379,000) has been recognized in respect of depreciation in excess of UK capital allowances and other short-term timing differences. The directors are of the opinion that based on recent and forecast trading, the level of profits in future years are more likely than not to be sufficient to enable the asset to be recovered.

A deferred tax asset of £1,258,000 has been recognized in respect of overseas tax losses (2003: £nil). The directors are of the opinion that based on recent and forecast trading, the level of profits in future years are more likely than not to be sufficient to enable the asset to be recovered.

A deferred tax asset of £6,600,000 has not been recognized in respect of overseas tax losses (2003: £9,700,000) as there is insufficient certainty in the current global market to be able to say that the group will be more likely than not to generate sufficient suitable overseas taxable profits.

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

Euromoney Institutional Investor PLC

Notes to the Accounts *continued*

21 Called up share capital

	Group and Company	
	2004	2003
	£000's	£000's
Authorized		
112,000,000 ordinary shares of 0.25p each	<u>280</u>	<u>280</u>
Allotted, called up and fully paid:		
87,978,210 ordinary shares of 0.25p each		
(2003: 87,796,812 ordinary shares of 0.25p each)	<u>220</u>	<u>219</u>

During the year, 181,398 ordinary shares of 0.25p each (2003: 3,000 ordinary shares) with an aggregate nominal value of £454 (2003: £7) were issued for a cash consideration of £644,351 (2003: £6,360) following the exercise of share options granted under the company's share option schemes.

Share options

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

Number of ordinary shares under option

	2004	2003	Option price
			£
Period during which option may be exercised:			
Before November 29 2003	-	35,000	3.52
Before December 8 2004	32,000	32,000	4.05
Before June 19 2005	570,968	570,968	3.54
Before February 8 2006	17,744	25,784	3.33
Before February 7 2007	37,448	41,448	3.55
Before February 24 2004	-	99,552	3.58
Before January 7 2008	39,916	63,076	3.96
Before January 7 2005	150,084	160,924	3.96
Before January 29 2009	264,000	268,000	4.19
Before February 11 2009	160,000	160,000	3.96
Before June 25 2009	540,000	540,000	4.31
Before January 5 2010	180,000	180,000	5.63
Between March 2 2004 and March 1 2011	302,000	308,000	5.38
Between January 23 2005 and January 22 2012	238,000	240,000	3.35
Between April 12 2005 and April 11 2012	472,000	476,000	2.59
Between January 28 2007 and January 28 2014	446,000	-	4.19
	<u>3,450,160</u>	<u>3,200,752</u>	

Euromoney Institutional Investor PLC

Notes to the Accounts *continued*

22 Statement of movement on reserves

	Share premium account £000's	Capital redemption reserve £000's	Own shares £000's	Profit and loss account £000's	Total £000's
Group					
At October 1 2003	33,749	8	(74)	(107,391)	(73,708)
Retained profit for the year	-	-	-	2,828	2,828
Exchange differences arising on translation of net investments in overseas subsidiary undertakings	-	-	-	2,955	2,955
Net exchange difference on foreign currency loans	-	-	-	3,911	3,911
Exercise of share options	644	-	-	-	644
At September 30 2004	34,393	8	(74)	(97,697)	(63,370)

As permitted under the provisions of FRS 10 'Goodwill and Intangible Assets', goodwill arising on consolidation previously written off to reserves has been set off against the profit and loss account. The cumulative amount of goodwill written off to reserves at September 30 2004 was £149,683,000 (2003: £149,683,000).

	Share premium account £000's	Capital redemption reserve £000's	Capital reserve £000's	Own shares £000's	Profit and loss account £000's	Total £000's
Company						
At October 1 2003	33,749	8	1,842	(74)	8,231	43,756
Retained loss for the year	-	-	-	-	(4,160)	(4,160)
Exercise of share options	644	-	-	-	0	644
At September 30 2004	34,393	8	1,842	(74)	4,071	40,240

The investment in own shares is held by the Euromoney Employees' Share Ownership Trust (ESOT). At September 30 2004 the ESOT held 58,976 shares carried at a historic cost of £1.25 per share with a market value of £221,160 (2003: 58,976 shares with a market value of £215,000). Interest and administrative costs are charged to the profit and loss account of the ESOT as incurred.

23 Commitments

Acquisitions

The group has a number of contingent commitments under put options given to various parties under acquisition agreements estimated at an aggregate £12,620,000 at September 30 2004 (2003: £1,436,000).

Operating leases

Annual commitments under operating leases for land and buildings at September 30 2004 were as follows:

	Group 2004 £000's	Group 2003 £000's	Company 2004 £000's	Company 2003 £000's
Operating leases which expire:				
Within one year	531	228	78	60
Between two and five years	441	848	115	93
Over five years	2,376	2,476	268	368
	3,348	3,552	461	521

Euromoney Institutional Investor PLC

Notes to the Accounts *continued*

24 Contingent liabilities and assets

Claims in Malaysia

Four writs claiming damages for libel issued in Malaysia against the company and three of its employees in respect of an article published in one of the company's magazines, *International Commercial Litigation*, in November 1995. The writs were served on the company on October 22 1996. The total amount claimed is 280 million Malaysian ringgits (£40.7 million). No provision has been made in these financial statements as the directors do not believe the company has any material liability in respect of these writs.

25 Related party transactions

- (i) The group had a loan facility from Daily Mail and General Holdings Limited and the same loan facility to Associated Newspapers North America, Inc. On February 28 2004 the full loan of US\$27,456,000 million was repaid. The amount owing at September 30 2004 amounts to US\$nil (£nil). Each balance was repayable within one month of demand and bears interest at US prime rate.
- (ii) The company has a credit facility with Daily Mail and General Holdings Limited. As at September 30 2004 this balance amounts to £31,609,000 and US\$57,200,000 (2003: £1,866,000 and US \$3,100,000), (note 18).
- (iii) The group expensed £224,000 (2003: £226,000) for services provided by Daily Mail and General Trust plc.
- (iv) At September 30 2004 the group has eight fixed rate interest rate swaps with Daily Mail and General Holdings Limited amounting to US\$82.5 million. The interest rates are between 2.48% and 5.38%. The termination dates are between March 30 2005 and September 30 2004. During the year the group paid \$1,267,000 (2003: \$694,000) of interest to Daily Mail and General Holdings Limited in respect of these swaps.
- (v) In March 2004, the company amended the terms of an annual put option agreement over the sale of Internet Securities Inc (ISI) shares between itself and Gary Mueller, a director of the company. The new agreement exchanged, for no consideration, his existing right for an annual put based on the S&P500 multiple for an annual put based on the valuation of ISI as determined by an independent financial adviser. Under the terms of the amended 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.

Under the new mechanism Mr Mueller sold 190,000 shares valued at \$7.07 per share for a total consideration of \$1,343,300.

26 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 profit and loss extracts

	2000 £000's	2001 £000's	2002 £000's	2003 £000's	2004 £000's
Turnover	192,122	204,783	179,734	158,942	174,654
Operating profit before goodwill amortization	32,541	28,118	29,064	23,812	30,606
Goodwill amortization	(5,500)	(5,949)	(6,125)	(14,617)	(7,534)
Operating profit	27,041	22,169	22,939	9,195	23,072
Share of operating profit in associates	165	169	413	418	373
Exceptional profit/(loss), on disposal/closure of businesses	179	(3,250)	1,533	701	-
Net interest payable	(4,782)	(5,417)	(4,239)	(2,918)	(2,954)
Profit on ordinary activities before tax	22,603	13,671	20,646	7,396	20,491
Tax on profit on ordinary activities	(7,218)	(5,025)	2,793	(3,101)	(3,899)
Profit on ordinary activities after tax	15,385	8,646	23,439	4,295	16,592
Equity minority interests	(1,100)	(217)	38	(226)	(578)
Profit for the financial year	14,285	8,429	23,477	4,069	16,014
Dividends paid and proposed	(12,930)	(12,939)	(12,941)	(12,941)	(13,186)
Retained profit/(loss) for the financial year	1,355	(4,510)	10,536	(8,872)	2,828
Basic earnings per share	16.35p	9.61p	26.76p	4.64p	18.22p
Diluted earnings per share	16.16p	9.61p	26.76p	4.64p	18.16p
Adjusted diluted earnings per share before goodwill amortization and exceptional items	22.18p	20.10p	24.29p	20.50p	26.71p
Diluted weighted average number of ordinary shares (number)	88,402,637	87,702,074	87,735,087	87,737,261	88,160,349
Dividend per share	14.75p	14.75p	14.75p	14.75p	15.00p

Group balance sheet extracts

Intangible fixed assets	25,799	31,049	24,685	33,757	60,989
Tangible fixed assets	8,129	7,442	10,088	9,097	7,766
Net current assets/(liabilities)	19,526	11,769	37,286	(2,118)	(66,093)
Creditors: amounts falling due after more than one year	(81,781)	(83,920)	(98,350)	(64,680)	(10,611)
Provisions for liabilities and charges	(2,512)	(1,169)	(127)	-	(575)
Accruals	(20,035)	(18,822)	(17,258)	(17,032)	(18,569)
Deferred income	(38,123)	(38,920)	(31,946)	(32,330)	(35,317)
Net liabilities	(88,997)	(92,571)	(75,622)	(73,306)	(62,410)

Euromoney Institutional Investor PLC

Internet Sites

Euromoney Institutional Investor Internet Sites (all www.)

absolutereturn.net
adhes.com
aircrafteconomics.com
airfinancejournal.com
airtrafficmanagement.net
asialaw.com
asiamoney.com
assetfinance.com
batteriesinternational.com
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