

The Financial Times International Publishing Limited

(Registered Number: 3710297)

Directors' Report And Financial Statements For The Year Ended 31 December 2005



The Financial Times International Publishing Limited

Directors' Report And Financial Statements For The Year Ended 31 December 2005

	Pages
Directors' Report	2-3
Report of the Auditors	4
Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7-11

The Financial Times International Publishing Limited

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2005.

Principal Activities And Business Review

The Company is a limited partner in Financial Times Deutschland GmbH & Co. KG ("FTD") registered in Germany. FTD's business during the year was the publication of a German language newspaper, 'Financial Times Deutschland'. The Directors do not anticipate any significant change in the Company's activities in the foreseeable future.

Results And Dividends

The loss for the period after taxation was € 7,645,000 (Loss in 2004: € 8,210,000). The Directors are unable to recommend the payment of a final dividend in respect of the period ended 31 December 2005 (2004 : Nil) leaving accumulated losses carried forward of € 89,297,000 (2004: € 81,652,000).

Directors

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

NC Crawshaw	(Left office 13 April 2005)
OH Fleurot	(Resigned 12 June 2006)
K Koch	(Appointed 1 July 2005)
R Fairhead	(Appointed 12 June 2006)

Directors' Interests

OH Fleurot, K Koch and R Fairhead being Directors of the immediate parent company, Financial Times Group Limited, of which this company is a wholly owned subsidiary, are not required to notify their interests to this Company.

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. The Directors are required to prepare financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 December 2005 and that applicable Accounting Standards have been followed.

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

The Financial Times International Publishing Limited

Directors' Report (Continued)

Directors' Insurance

During the year to 31 December 2005 the Company maintained insurance covering officers of the Company against liabilities arising in relation to the Company in accordance with section 310(3)(a) of the Companies Act 1985.

Elective Resolutions

The Company has passed an elective resolution whereby it has dispensed with the holding of an Annual General Meeting until such time as the election is revoked. Further elective resolutions passed at the same time were that the Company dispensed with:

- a) the laying of the annual report and financial statements before the Company in General Meeting; and
- b) the requirement to re-appoint annually the registered auditors of the Company in General Meeting.

By Order of the Board



A Fortescue
Secretary

16th November 2006

Independent auditors' report to the members of The Financial Times International Publishing Limited

We have audited the financial statements of The Financial Times International Publishing Limited for the year ended 31 December 2005, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and auditors

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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you 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 other transactions is not disclosed.

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

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

*PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
16 November 2006*

The Financial Times International Publishing Limited

Profit And Loss Account For The Year Ended 31 December 2005

	Notes	Year ended 31 December 2005 € '000	Year ended 31 December 2004 € '000
Gross Profit		-	-
Administrative expenses			
- Impairment of investment	6	(10,746)	(12,931)
- Other	4	423	(38)
Net interest receivable	3	283	467
Loss On Ordinary Activities Before Taxation	4	(10,040)	(12,502)
Taxation credit on loss on ordinary activities	5	2,395	4,292
Loss For The Financial Year		(7,645)	(8,210)

The results relate solely to continuing activities.

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

There is no difference between the loss on ordinary activities before taxation or the retained loss for the period stated above and their historical equivalents.

The notes on pages 7 to 11 form part of these financial statements.

The Financial Times International Publishing Limited

Balance Sheet As At 31 December 2005

	Notes	31 December 2005 € '000	31 December 2004 € '000
Fixed Assets			
Investments	6	-	1,183
		-	1,183
Current Assets			
Debtors	7	6,110	3,630
Cash at bank and in hand		7,213	13,535
		13,323	17,165
Creditors : amounts falling due within one year	8	(2,620)	-
Net Current Assets		10,703	17,165
Net Assets		10,703	18,348
Capital And Reserves			
Called up share capital	9	100,000	100,000
Profit and loss account	10	(89,297)	(81,652)
Equity Shareholders' Funds	11	10,703	18,348

The financial statements on pages 5 to 11 were approved by the Board of Directors on 16th November 2006 and were signed on its behalf by:



K Koch
Director

The Financial Times International Publishing Limited

Notes To The Financial Statements

For The Year Ended 31 December 2005

1 Accounting Policies

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

The sole activity of the Company is as that of a limited partner in Financial Times Deutschland GmbH & Co. KG ("FTD"). The Directors therefore consider that the functional currency of the Company is Euros and accordingly these financial statements have been prepared on that basis.

The financial statements have been prepared on a going concern basis as the Company has received confirmation from a fellow subsidiary undertaking that it will continue to provide the requisite level of financial support to enable it to continue to meet its liabilities as they fall due, as long as the Company remains a subsidiary undertaking of Pearson plc. This commitment is effective for one year from the date of approval of these financial statements.

Changes In Accounting Policy

The Company has adopted FRS 21 "Events after the balance sheet date". The adoption of this standard represents a change in accounting policy. A restatement of comparative figures was not necessary as a result of this change of policy given that the Company has neither declared nor paid dividends in 2005 or 2004.

Fixed Asset Investment

The Company's investment in the partnership, FTD, is stated at cost less any provision required to reflect a permanent diminution in value, if appropriate.

Deferred Taxation

Provision is made in full for deferred tax that arises from timing differences that have originated but not reversed by the balance sheet date on transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that there will be taxable profits from which the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted. No deferred tax is provided in respect of any future remittance of earnings of foreign subsidiaries or associates where no commitment has been made to remit such earnings.

Basis of Consolidation

Consolidated financial statements have not been prepared as the Company is itself a wholly-owned subsidiary undertaking of Pearson plc, a company incorporated in Great Britain and registered in England and Wales which prepares consolidated financial statements.

The Financial Times International Publishing Limited
Notes To The Financial Statements
For The Year Ended 31 December 2005 (Continued)

1 Accounting Policies (Continued)

Overseas Currencies

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

Pounds sterling	2005	2004
Average exchange rate (for the period ended 31 December 2005)	1.46	1.47
Closing exchange rate	1.46	1.41

2 Directors And Employees

The Company had no employees during the year. None of the Directors received any emoluments from the Company during the year in respect of qualifying services (2004: nil).

3 Net Interest Receivable

	Year ended 31 December 2005 € '000	Year ended 31 December 2004 € '000
Interest receivable on bank balances	283	467
	283	467

4 Loss On Ordinary Activities Before Taxation

The auditors' remuneration has been borne by a fellow group undertaking.

The loss on ordinary activities before taxation includes amounts of € 423,000 relating to foreign exchange gain (2004: loss of €36,000).

5 Taxation On Loss On Ordinary Activities

	Year ended 31 December 2005 € '000	Year ended 31 December 2004 € '000
Current Tax:		
UK Corporation tax credit for the year at 30% (2004: 30%)	2,712	3,751
Adjustments in respect of prior years	(317)	541
	2,395	4,292

The Financial Times International Publishing Limited

Notes To The Financial Statements

For The Year Ended 31 December 2005 (Continued)

5 Taxation On Loss On Ordinary Activities (continued)

The total tax credit for the year is lower (2004: higher) than the tax credit at the standard rate of corporation tax in the UK (30%). The differences are explained below:

	Year ended 31 December 2005 € '000	Year ended 31 December 2004 € '000
Loss on ordinary activities before tax	10,040	12,502
Loss on ordinary activities multiplied by standard rate in the UK 30%	3,012	3,751
Effects of:		
Accelerated capital allowances and other timing differences	147	-
Non tax deductible impairment provision	(447)	-
Adjustment in respect of previous periods	(317)	541
Current tax credit	2,395	4,292

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

6 Fixed Asset Investment

	€ '000
Cost	
At 31 December 2004	113,725
Cash funding	9,563
At 31 December 2005	123,288
Provision	
At 31 December 2004	(112,542)
Impairment of investment	(10,746)
At 31 December 2005	(123,288)
Net book value	
At 31 December 2005	-
At 31 December 2004	1,183

In the opinion of the Directors, the value of the investment in the undertaking is not less than the amount at which it is stated in the balance sheet.

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

The Financial Times International Publishing Limited

Notes To The Financial Statements

For The Year Ended 31 December 2005 (Continued)

7 Debtors

	31 December 2005 € '000	31 December 2004 € '000
Amounts falling due within one year:		
Intercompany corporation tax debtor	6,110	3,604
Bank interest receivable	-	26
	6,110	3,630

8 Creditors

	31 December 2005 € '000	31 December 2004 € '000
Amounts falling due within one year:		
Amounts owed to immediate parent company	2,620	-
	2,620	-

Amounts due to group undertakings are interest free, unsecured and repayable on demand.

9 Called Up Share Capital

	31 December 2005 €'000	31 December 2004 €'000
Authorised:		
27,000,000 £1 Ordinary shares (2004: 27,000,000)	38,961	38,961
100,000,000 €1 Ordinary shares (2004: 100,000,000)	100,000	100,000
Issued and Fully Paid:		
2 £1 Ordinary shares (2004: 2)	-	-
100,000,000 €1 Ordinary shares (2004: 100,000,000)	100,000	100,000

10 Profit And Loss Account

	€'000
At 1 January 2005	(81,652)
Retained loss for the financial year	(7,645)
At 31 December 2005	(89,297)

The Financial Times International Publishing Limited

Notes To The Financial Statements

For The Year Ended 31 December 2005 (Continued)

11 Reconciliation Of Movements In Equity Shareholders' Funds

	€ '000
Retained (loss) for the financial year	(7,645)
Net (reduction) in equity shareholders' funds	(7,645)
Opening equity shareholders' funds	18,348
Closing equity shareholders' funds	10,703

12 Capital Commitments

	31 December 2005 € '000	31 December 2004 € '000
Capital investment in FTD that has been contracted for but has not been provided for in the financial statements		
- within one year	5,662	8,582

13 Cash Flow Statement

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

14 Related Party Transactions

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

15 Ultimate Parent Company

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

16 Post Balance Sheet Event

Since 31 December 2005, the Company has provided additional capital funding to Financial Times Deutschland GmbH & Co. KG of € 5,662,000.