

The Directors present their Report and Accounts for the year ended 1st October, 2006.

Activities

The principal activities of the Group are set out in the 'Group at a Glance' section at the front of the Annual Report.

The analysis of turnover and operating profit for the years ended 1st October, 2006 and 2nd October, 2005 are included as Notes 1 and 2 to the income statement.

Business Review

The information that fulfils the Companies Act requirements of the business review is included in the Business Review on pages 10 to 31. This includes a review of the development of the business of the Group during the year, of its position at the end of the year and of likely future developments in its business. Details of the principal risks and uncertainties facing the Group are set out on pages 12 to 14.

This Annual Report contains certain forward-looking statements with respect to the principal risks and uncertainties facing the Group. By their nature, these statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. No assurances can be given that the forward-looking statements are reasonable as they can be affected by a wide range of variables. The forward-looking statements reflect the knowledge and information available at the date of preparation of this Annual Report, and will not be updated during the year. Nothing in this Annual Report should be construed as a profit forecast.

Results and dividends

The profit after taxation of the Group amounted to £251.5 million. After charging minority interests of £11.7 million, the Group profit for the year amounted to £239.8 million.

An interim dividend of 4.05 pence per share was paid on the Ordinary and 'A' Ordinary Non-Voting shares and the Directors recommend that a final dividend of 9.00 pence per share be paid on 9th February, 2007 making 13.05 pence per share for the year (2005 12.0 pence).

Directors

Biographical details of the Directors of the Company at 22nd November, 2006 are set out on page 35. The Directors remained unchanged throughout the year.

The number of shares of the Company and of securities of other Group companies, in which the Directors or their families had an interest at the year end, are stated in the Remuneration Report on page 51.

In accordance with the Articles of Association, Messrs Lowy, Dutton, Gillespie and Verey retire by rotation at the Annual General Meeting on 7th February, 2007. Each of Messrs Dutton, Gillespie and Verey, being eligible, offers himself for re-election. Mr Lowy, an independent non-executive Director since 1994, has decided not to stand for re-election. The Directors would like to thank him for his invaluable contribution to the Board's deliberations.

Post balance sheet events

On 19th October, 2006, Euromoney Institutional Investor plc completed its acquisition of Metal Bulletin plc for a consideration of £225 million.

Share capital

Details of allotments in share capital during the year, which arose solely from the exercise of options, are given in Note 34.

At the Annual General Meeting on 8th February, 2006, the Company was granted the authority to purchase up to 10% of its own shares.

During the year, 4,775,736 'A' Ordinary Non-Voting shares were purchased, having a nominal value of £596,967, to match obligations under various incentive plans and as part of a share buy back programme. The consideration paid for these shares was £31.0 million. Shares repurchased during the year represented 1.25% of the called up 'A' Ordinary Non-Voting share capital at 1st October, 2006.

The Company disposed of 1,364,471 of these shares, representing 0.36% of called up 'A' Ordinary Non-Voting share capital for a cash consideration of £8.4 million, in order to satisfy obligations under incentive schemes.

Employees

Under the Group's general policy of decentralised management, it is the responsibility of the management in each subsidiary to encourage the involvement and participation of employees in their company. The methods used vary company by company, but the linking to performance targets of a significant portion of remuneration is one widely used means.

The Group gives full and fair consideration to suitable applications from disabled persons for employment. If existing employees become disabled they will continue to be employed, wherever practicable, in the same job or, if this is not practicable, every effort will be made to find suitable alternative employment and to provide appropriate training.

Policy on payment of suppliers

The Group's policy on supplier payments varies across its subsidiaries. These companies have no formal code or standard which deals specifically with the payment of suppliers. However, their policy is to ensure that the terms of payment, as specified by, and agreed with the supplier at the outset, are not exceeded.

The Company had no trade creditors at the year end date. The Group's average payment period, calculated on the basis of year end trade creditors, is 61 days (2005 56 days), although this is dependent on the year end date and cannot therefore be regarded as meaningful.

Donations

Charitable donations made by the Group in the year amounted to £809,000 (2005 £880,000). This excludes the cost of publicity, often provided free of charge by the Group's titles, and funds raised by them, further details on which are given in the Corporate Responsibility Report on page 33 of this Annual Report. No political donations were made by the Group.

Substantial shareholdings

As set out in Note 34, the Company has two classes of share capital – Ordinary shares and 'A' Ordinary Non-Voting shares. On 22nd November, 2006 the following were interested in more than 3% of the issued Ordinary shares:

Rothermere Continuation Limited (and other parties to an agreement which comes within section 204 of the Companies Act 1985)	62.8%
Codan Trust Company Ltd and Codan Trustees (BVI) Ltd (trustees of the Esmond Harmsworth 1998 Family Settlement)	29.3%

Statement of Directors' responsibility for the preparation of accounts

The Directors are responsible for preparing the Annual Report and the financial statements. The Directors are required to prepare accounts for the Group in accordance with International Financial Reporting Standards (IFRSs) and have elected to continue to prepare those for the Company in accordance with United Kingdom Generally Accepted Accounting Practice.

In the case of UK GAAP accounts, the Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

- select and apply accounting policies properly;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in International Financial Reporting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the accounts on a going concern basis unless, having assessed the ability of the Company to continue as a going concern, management either intends to liquidate the entity or to cease trading, or have no realistic alternative but to do so.

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

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

Auditors

To the best of the Directors' knowledge and belief and having made appropriate enquiries of other officers of the Company, all information relevant to enable the auditors to provide their opinion on the Accounts has been provided. Each of the Directors has taken all reasonable steps in order to ensure their awareness of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Company's auditors, Deloitte & Touche LLP, have indicated their willingness to continue in office and, in accordance with section 385 of the Companies Act 1985, a resolution proposing their reappointment will be put to the Annual General Meeting.

Annual General Meeting

The Annual General Meeting of the Company will be held on 7th February, 2007 at 9.00 am at the Kensington Roof Gardens, 99 Kensington High Street, London W8. Details of all resolutions, including those to be put as special business, are set out in the enclosed circular to shareholders.

By Order of the Board

N D Jennings, FCA

Secretary
22nd November, 2006