

COMPANY NO 1040587

EUROMONITOR INTERNATIONAL PLC
ANNUAL REPORT

Year ended 31 March 2007

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Company Information

| | |
|-------------------|---|
| Directors | R N Senior T J Fenwick S F Hunter D R Gudgin T R E Kitchen A J Carter G Westbrook C Harrington D Cleveland A Irwin |
| Secretary | T J Fenwick |
| Registered office | 60/61 Britton Street London EC1M 5NA |
| Registered number | 1040587 |
| Auditors | Grant Thornton UK LLP Chartered Accountants 30 Finsbury Square London, EC2P 2YU |
| Bankers | Bank of Scotland PLC 14/16 Cockspur Street London SW1Y 5BL |

Report of the Directors

The directors present their report and the audited financial statements for the year ended 31 March 2007

Principal Activity

The principal activity of the group in the period under review was that of the publishing and provision of information services

Review of Business

The results for the period and financial position of the group and company are shown in the annexed financial statements

As shown in the group's profit and loss account on page 7, the group has achieved a 15% increase on turnover and operating profit has decreased by 51%

The Directors welcome the increase in revenues but recognise the impact of the exchange loss reported in Note 3 on Company profitability which was in addition to the anticipated impact of the planned for increase in investment in content, client support and sales infrastructure on current year profitability. The Directors anticipate further increases in revenues in 2007 as a result of the investment made in the year under review

The consolidated balance sheet on page 9 of the financial statements shows that the group's financial position is consistent with the growth experienced in the business over the last 12 months

Key Performance Indicators

| | 2007 | 2006 |
|-----------------------------------|------|------|
| Return on capital employed (ROCE) | 49% | 87% |
| Gross Margin | 58% | 62% |
| Debtor days | 84 | 86 |
| Non annualised sales growth | 19% | 19% |

Returned on Capital Employed = Operating profit as a percentage of shareholders funds plus interest being long-term liabilities

Euromonitor International PLC aims to increase shareholder value and measures performance against this objective by measuring ROCE. Source data is taken from the audited financial statements

Gross Margin = Gross profit as a percentage of turnover

Euromonitor International PLC aims to maximise profit available for distribution to shareholders as measured by gross margin. Source data is taken from audited financial statements

Debtor days = the average number of days it takes a company to receive payment from its debtors

Euromonitor International PLC aims to decrease its debtor days. Source data is taken from the audited financial statements

Non annualised sales growth = the increase in non annualised revenue as a percentage of revenue from the prior year

Euromonitor International PLC aims to increase shareholder value through growth in revenue, linked to profitability (see gross margin above). Source data is taken from the audited financial statements

Report of the Directors (continued)

Principal risks and uncertainties facing the company

Financial Instruments

The group's operations expose it to changes in the rate of exchange, particularly with regards to the US dollar and currencies linked to the dollar. However, the group has material exposures in the above area but does not use derivative instruments to manage these operations.

The group's principal financial instruments comprise sterling cash and bank deposits, US dollar cash and bank deposits, Singapore dollar cash and bank deposits, other loans and obligations under finance leases together with trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the group's financial instruments can be analysed as follows:

- **Price Risk**
The group has no significant exposure to securities price risk, as it holds no listed equity investments.
- **Foreign Currency Risk**
The group is exposed in its trading operations in the USA, Asia and Europe with regards to the risk of foreign exchange rates. However, the group buys and sells services in all these areas and therefore the exchange risk is not significant. The main foreign currencies in which the group operates are US dollar and Euro.
- **Credit Risk**
The group's credit risk is primarily attributable to its trade debtors. Credit risk is managed by ensuring that no one client's credit is disproportionate to the overall size of the trade debtors balance. The amounts present in the balance sheet are net of allowances for doubtful debts, which are estimated by the group based on prior experience.
- **Liquidity Risk**
The group's bank balance is high therefore the group has no significant exposure in this area.

Employees

Employees' performance is aligned to company goals through an annual appraisal process. Employee turnover remains within the expectations of the group and its directors.

Dividends

The directors approved a payment of an ordinary dividend of £1,216,000 (2006: £997,000).

Payment to Creditors

It is the Group's policy to settle agreed outstanding accounts in accordance with the terms and conditions of supply.

The number of days outstanding between receipt of invoices and date of payment, calculated by reference to the amount owed to trade creditors at the year end as a proportion of the amounts invoiced by suppliers during the year, was 24 days (2006: 23) days in aggregate for the group.

Report of the Directors (continued)

Directors

The present directors of the company are set out on page 1

Those directors serving at the end of the year had interests in the share capital of the company at 31 March as follows

| | Ordinary "A" shares of £1 each | |
|-------------|--------------------------------|--------|
| | 2007 | 2006 |
| | No | No |
| R N Senior | 30,005 | 30,005 |
| | Ordinary "B" shares of £1 each | |
| | 2007 | 2006 |
| | No | No |
| T J Fenwick | 20,004 | 20,004 |

Statement of directors' responsibilities for the financial statements

Company law in the United Kingdom requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the 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 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.

Report of the Directors (continued)

Disclosure of information to auditors

At the date of making this report each of the company's directors, as set out on page 1, confirm the following

- so far as each director is aware, there is no relevant information needed by the company's auditors in connection with preparing their report of which the company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

Auditors

RSM Robson Rhodes LLP ("Robson Rhodes") merged its audit practice with that of Grant Thornton UK LLP ("Grant Thornton") with effect from 2 July 2007, with the successor firm being Grant Thornton Robson Rhodes resigned as auditors on 31 July 2007, creating a casual vacancy which the directors have filled by appointing Grant Thornton on 6 September 2007. A resolution to reappoint Grant Thornton as auditors of the group will be proposed at the forthcoming Annual General Meeting.

Approval

The report of the directors was approved by the Board on 29 October 2007 and signed on its behalf by



T J Fenwick
Secretary

Independent Auditors' Report to the Shareholders of Euromonitor International Plc

We have audited the group and parent company financial statements (the "financial statements") of Euromonitor International Plc for the year ended 31 March 2007 which comprise the principal accounting policies, the group profit and loss account, the group and company balance sheets, the group cash flow statement, the group statement of total recognised gains and losses and notes 1 to 28. These financial statements have been prepared under the accounting policies set out therein.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 group's and 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 group's and the parent company's affairs as at 31 March 2007 and of the group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITOR AND CHARTERED ACCOUNTANTS
London
29 October 2007

Consolidated Profit and Loss Account
for the year ended 31 March 2007

| | Note | 2007 £ | 2006 £ |
|--|------|---------------------|--------------------|
| Turnover – continuing operations | 1 | 25,890,330 | 22,517,378 |
| Cost of sales | | <u>(10,800,112)</u> | <u>(8,626,853)</u> |
| Gross profit | | 15,090,218 | 13,890,525 |
| Distribution costs | | <u>(5,143,389)</u> | <u>(3,779,891)</u> |
| Administrative expenses | | <u>(8,376,155)</u> | <u>(6,902,317)</u> |
| Operating profit – continuing operations | 3 | 1,570,674 | 3,208,317 |
| Interest receivable | 4 | 154,559 | 123,704 |
| Interest payable | 5 | <u>(228,245)</u> | <u>(262,731)</u> |
| Profit on ordinary activities before taxation | | 1,496,988 | 3,069,290 |
| Tax on profit on ordinary activities | 9 | <u>(548,372)</u> | <u>(1,033,284)</u> |
| Retained profit for the financial year | 21 | <u>948,616</u> | <u>2,036,006</u> |


Consolidated Statement of Total Recognised Gains and Losses
for the year ended 31 March 2007

| | Note | 2007 | 2006 |
|--|------|----------|-----------|
| | | £ | £ |
| Profit for the financial year | | 948,616 | 2,036,006 |
| Net currency translation (loss)/profit | | (64,330) | 85,789 |
| | | <hr/> | <hr/> |
| Total recognised gains and losses for the year | 23 | 884,286 | 2,121,795 |
| | | <hr/> | <hr/> |

Consolidated Balance Sheet
at 31 March 2007

| | Note | 2007 £ | 2006 £ |
|---|------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible assets | 12 | <u>5,225,187</u> | <u>5,105,508</u> |
| Current assets | | | |
| Stocks | 14 | 488,073 | 399,204 |
| Debtors | 15 | 6,388,978 | 5,726,955 |
| Cash at bank and in hand | | <u>8,066,857</u> | <u>7,050,484</u> |
| | | 14,943,908 | 13,176,643 |
| Creditors Amounts falling due within one year | 16 | (15,248,059) | (12,566,357) |
| Net current (liabilities) / assets | | (304,151) | 610,286 |
| Total assets less current liabilities | | 4,921,036 | 5,715,794 |
| Creditors Amounts falling due after more than one year | 17 | <u>(3,180,938)</u> | <u>(3,660,682)</u> |
| Net assets | | <u>1,740,098</u> | <u>2,055,112</u> |
| Capital and reserves | | | |
| Called up share capital | 20 | 50,009 | 50,009 |
| Capital redemption reserve | 22 | 20,591 | 20,591 |
| Profit and loss account | 21 | <u>1,669,498</u> | <u>1,984,512</u> |
| Equity shareholders' funds | 23 | <u>1,740,098</u> | <u>2,055,112</u> |

The financial statements were approved by the Board on 29 October 2007 and signed on its behalf by



T J Fenwick

Director

Company Balance Sheet
at 31 March 2007

| | Note | 2007 £ | 2006 £ |
|--|------|------------------|------------------|
| Fixed assets | | | |
| Tangible assets | 12 | 4,899,113 | 4,874,758 |
| Investments | 13 | <u>136,563</u> | <u>99,052</u> |
| | | 5,035,676 | 4,973,810 |
| Current assets | | | |
| Stocks | 14 | 488,073 | 399,204 |
| Debtors | 15 | 10,975,836 | 8,216,164 |
| Cash at bank and in hand | | <u>3,330,921</u> | <u>4,182,174</u> |
| | | 14,794,830 | 12,797,542 |
| Creditors: Amounts falling due within one year | 16 | (14,985,480) | (12,685,831) |
| Net current (liabilities)/assets | | (190,650) | 111,711 |
| Total assets less current liabilities | | 4,845,026 | 5,085,521 |
| Creditors: Amounts falling due after more than one year | 17 | (3,180,938) | (3,603,042) |
| Net assets | | <u>1,664,088</u> | <u>1,482,479</u> |
| Capital and reserves | | | |
| Called up share capital | 20 | 50,009 | 50,009 |
| Capital redemption reserve | 22 | 20,591 | 20,591 |
| Profit and loss account | 21 | <u>1,593,488</u> | <u>1,411,879</u> |
| Equity shareholders' funds | 23 | <u>1,664,088</u> | <u>1,482,479</u> |

The financial statements were approved by the Board on 29 October 2007 and signed on its behalf by


T J Fenwick

Director

Consolidated Cash Flow Statement
for the year ended 31 March 2007

| | Note | 2007 £ | 2006 £ |
|--|--------|--------------------|------------------|
| Net cash inflow from operating activities | 24 | <u>4,911,847</u> | <u>4,284,477</u> |
| Returns on investments and servicing of finance | | | |
| Interest received | | 154,559 | 123,704 |
| Interest paid | | (224,074) | (254,200) |
| Interest element of finance lease payments | | <u>(4,171)</u> | <u>(8,531)</u> |
| | | (73,686) | (139,027) |
| Taxation paid | | | |
| UK corporation tax | | <u>(1,174,048)</u> | <u>308,437</u> |
| Capital expenditure and financial investment | | | |
| Payments for tangible fixed assets | | <u>(560,434)</u> | <u>(595,375)</u> |
| Equity dividends paid | | <u>(1,682,667)</u> | <u>(858,667)</u> |
| Cash flow before financing | | <u>1,421,012</u> | <u>2,999,845</u> |
| Financing | | | |
| New bank loans | | - | 93,047 |
| Repayment of loans | | (376,331) | (440,938) |
| Capital element of finance lease payments | 26 | <u>(28,308)</u> | <u>(64,829)</u> |
| | | (404,639) | (412,720) |
| Increase in cash | 25, 26 | <u>1,016,373</u> | <u>2,587,125</u> |

Notes to the Financial Statements

31 March 2007

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention and are in accordance with applicable accounting standards. The financial statements have been prepared on the going concern basis.

Basis of consolidation

The consolidated profit and loss account and balance sheet comprise the financial statements of the holding company and its subsidiaries drawn up to 31 March in each year.

The consolidated financial statements have been prepared under the principles of acquisition accounting.

Research and development

The company maintains a substantial database of marketing and research information. In accordance with SSAP 13, the expenditure on the development and enlargement of this database is written off in the year it is incurred.

Turnover

Turnover consists of the invoiced value (excluding VAT) for goods and services supplied. For sales contracts that are delivered over a period which spans the year end, income is deferred and released in the period in which the service is provided.

Investments

Investments in subsidiaries are stated at cost less provision for impairment.

Tangible fixed assets and depreciation

Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. Freehold land is not depreciated. Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down would be charged to the operating profit.

The principal annual rates used for other assets are:

| | |
|----------------------------------|--|
| Freehold buildings | Straight line over 50 years |
| Leasehold properties | Straight line over the life of the lease |
| Fixtures, fittings and equipment | 15% Reducing balance |
| Computer equipment and software | Straight line over 3 years |
| Motor vehicles | 25% Reducing balance |

Leased assets

Assets held under finance leases are included in the balance sheet and depreciated in accordance with the company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the terms of the leases.

Stocks

Stocks and work in progress are valued at the lower of cost and estimated net realisable value. Cost is determined on a first-in first-out basis. The cost of work in progress and finished goods comprises materials, direct labour and attributable production overheads. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

Provision is made for slow moving or defective items.

Notes to the Financial Statements (Continued)

31 March 2007

1 ACCOUNTING POLICIES (Continued)

Deferred taxation

Deferred tax is provided, except as noted below, on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes.

In accordance with FRS 19 deferred tax is not provided on timing differences arising from extra tax payable on the unremitted earnings of the overseas subsidiaries and associates where there is no commitment to remit these earnings.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Where law or accounting standards require gains and losses to be recognised in the statement of total recognised gains and losses, the related taxation is also taken directly to the statement of total recognised gains and losses.

Pensions

The company operates two defined contribution pension schemes both of which require contributions to be made to separately administered funds. Pension contributions are charged to the profit and loss account in respect of contributions payable by the company in the year. These contributions are invested separately from the company's assets.

Foreign Currencies Group

The financial statements of the overseas subsidiary are translated at the exchange rate ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account.

Company

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling at the balance sheet date. All differences are taken to the profit and loss account.

Share based payments

Employees of the Group receive remuneration in the form of share based payments such as share options. The cost of share based payments made to employees for awards granted after 7 November 2002, is measured by reference to the fair value at the date on which they are granted. The fair value is determined using an appropriate pricing model and is expensed on a straight line basis over the vesting period. Market related performance conditions are reflected in the fair value of the share. Non-market related performance conditions are allowed for using separate assumptions about the number of awards expected to vest.

2 SEGEMENTAL ANALYSIS

In the opinion of the directors the disclosure of segmental information would be seriously prejudicial to the interest of the company. As permitted by Paragraph 55(5) of Schedule 4 this information has not been disclosed.

Notes to the Financial Statements (Continued)

31 March 2007

3 OPERATING PROFIT

Operating profit is arrived at after charging

| | 2007 £ | 2006 £ |
|---|-----------|-----------|
| Operating lease rentals | | |
| - plant and machinery | 112,491 | 98,129 |
| - land and buildings | 326,755 | 197,231 |
| Auditors' remuneration | | |
| - Fees payable to the company's auditor for the audit of the financial statements | 34,000 | 32,500 |
| - Other services relating to taxation | 28,060 | 70,095 |
| Loss/(gain) on foreign exchange transactions | 1,214,449 | (482,487) |
| Depreciation of tangible fixed assets | | |
| - owned by the company | 394,883 | 247,597 |
| - held under finance leases | 29,193 | 48,396 |
| Research and development | 8,314,688 | 7,069,967 |
| Loss on disposal of tangible fixed assets | 1,475 | - |

4 INTEREST RECEIVABLE

| | 2007 £ | 2006 £ |
|---------------|----------------|----------------|
| Bank interest | 154,559 | 123,704 |
| | <u>154,559</u> | <u>123,704</u> |

5 INTEREST PAYABLE

| | 2007 £ | 2006 £ |
|---------------------------------------|----------------|----------------|
| Interest on hire purchase assets | 4,171 | 8,531 |
| Interest on bank loans and overdrafts | 186,445 | 194,916 |
| Interest on other loans | 37,629 | 59,284 |
| | <u>228,245</u> | <u>262,731</u> |

Notes to the Financial Statements (Continued)

31 March 2007

6 EMPLOYEES

Average number of employees, including executive directors

| | 2007 No | 2006 No |
|-------------------------------------|------------|------------|
| Office and administration employees | 368 | 314 |

Staff costs, including directors

| | 2007 £ | 2006 £ |
|-----------------------|------------|------------|
| Wages and salaries | 12,534,821 | 9,810,473 |
| Social security costs | 1,389,113 | 1,081,587 |
| Other pension costs | 319,523 | 1,217,866 |
| | 14,243,457 | 12,109,926 |

7 DIRECTORS' REMUNERATION

| | 2007 £ | 2006 £ |
|---|-----------|-----------|
| Aggregate emoluments of directors were | | |
| Salaries and taxable benefits | 1,405,829 | 1,255,743 |
| Pension scheme contributions | 200,214 | 1,140,236 |
| | 1,606,043 | 2,395,979 |
| Emoluments (excluding pension contributions) of highest paid director | 280,000 | 241,667 |
| Pension scheme contributions of the highest paid director | 74,282 | 555,288 |

| | 2007 No | 2006 No |
|--|------------|------------|
| Number of directors who - were members of a money purchase scheme | 10 | 11 |

8 PENSION COSTS

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. Contributions payable by the company amounted to £319,523 (2006 £1,217,866).

Notes to the Financial Statements (Continued)

31 March 2007

9 TAXATION

The taxation charge for the year is analysed below

| | 2007 £ | 2006 £ |
|--|-----------------|------------------|
| Current tax | | |
| <i>United Kingdom corporation tax</i> | | |
| UK current tax on income for the year | 585,616 | 1,106,780 |
| Adjustments in respect of prior years | (72,513) | (15,215) |
| | <u>513,103</u> | <u>1,091,565</u> |
| <i>Foreign tax</i> | | |
| Current tax on income for the year | 33,580 | (85,455) |
| Adjustments in respect of prior years | 38,519 | - |
| | <u>72,099</u> | <u>(85,455)</u> |
| Total current tax charge | <u>585,202</u> | <u>1,006,110</u> |
| Deferred taxation | | |
| Net origination (reversal) of timing differences | (43,265) | 31,825 |
| Adjustments in respect of previous periods | 6,435 | (4,651) |
| Total deferred taxation | <u>(36,830)</u> | <u>27,174</u> |
| Tax charge on profit on ordinary activities | <u>548,372</u> | <u>1,033,284</u> |

Current tax reconciliation

The current tax charge is lower than the standard rate of corporation tax in the UK. A reconciliation is shown below

| | 2007 £ | 2006 £ |
|---|----------------|------------------|
| Profit on ordinary activities before taxation | 1,496,987 | 3,069,290 |
| Theoretical tax at UK corporation tax rate 30% (2006 30%) | 449,096 | 920,787 |
| Effects of | | |
| - Expenditure that is not tax deductible | 29,087 | 51,628 |
| - Decelerated/(accelerated) capital allowances | 41,803 | (3,690) |
| - Unrelieved tax losses | 131,458 | 70,107 |
| - Higher tax rate on overseas earnings | 8,198 | (15,810) |
| - Exempt income | - | (1,697) |
| - Foreign tax credit | (40,446) | - |
| - Adjustments in respect of previous periods | (33,994) | (15,215) |
| Actual current taxation charge | <u>585,202</u> | <u>1,006,110</u> |

Deferred taxation

The deferred tax asset/(liability) comprises

| | 2007 £ | 2006 £ |
|--|---------------|-----------------|
| Capital allowances in excess of depreciation | 16,591 | (25,188) |
| Other | - | 4,949 |
| | <u>16,591</u> | <u>(20,239)</u> |

Notes to the Financial Statements (Continued)

31 March 2007

10 DIVIDENDS

| | 2007 £ | 2006 £ |
|------------------------------|------------------|----------------|
| Final equity dividend paid | 666,666 | 466,667 |
| Interim equity dividend paid | 549,334 | 530,333 |
| | <u>1,216,000</u> | <u>997,000</u> |

11 PROFIT FOR THE FINANCIAL YEAR

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account had not been included in these financial statements. The profit for the financial year is as follows

| | 2007 £ | 2006 £ |
|---|------------------|------------------|
| Holding company's profit for the financial year | <u>1,380,909</u> | <u>2,406,846</u> |

12 TANGIBLE ASSETS GROUP

| | Freehold property £ | Short leasehold properties £ | Office equipment, fixtures & fittings £ | Motor vehicles £ | Total £ |
|-----------------------|---------------------------|---------------------------------------|---|------------------------|------------------|
| Cost | | | | | |
| At 1 April 2006 | 4,425,000 | 431,600 | 1,500,891 | 64,346 | 6,421,837 |
| Additions | - | 65,397 | 495,037 | - | 560,434 |
| Disposals | - | - | (3,513) | - | (3,513) |
| Currency translation | - | - | (32,449) | - | (32,449) |
| At 31 March 2007 | <u>4,425,000</u> | <u>496,997</u> | <u>1,959,966</u> | <u>64,346</u> | <u>6,946,309</u> |
| Depreciation | | | | | |
| At 1 April 2006 | 150,000 | 302,282 | 833,262 | 30,785 | 1,316,329 |
| Charged in year | 50,000 | 57,104 | 308,582 | 8,390 | 424,076 |
| Disposals | - | - | (2,038) | - | (2,038) |
| Currency translation | - | - | (17,245) | - | (17,245) |
| At 31 March 2007 | <u>200,000</u> | <u>359,386</u> | <u>1,122,561</u> | <u>39,175</u> | <u>1,721,122</u> |
| Net book value | | | | | |
| At 31 March 2007 | <u>4,225,000</u> | <u>137,611</u> | <u>837,405</u> | <u>25,171</u> | <u>5,225,187</u> |
| At 31 March 2006 | <u>4,275,000</u> | <u>129,318</u> | <u>667,629</u> | <u>33,561</u> | <u>5,105,508</u> |

The net book value of tangible fixed assets includes £31,916 (2006 £73,018) in respect of assets held under finance leases. Depreciation charged in the year on those assets amounted to £29,193 (2006 £48,396).

Notes to the Financial Statements (Continued)**31 March 2007****12 TANGIBLE ASSETS (Continued)
COMPANY**

| | Freehold property | Short leasehold properties | Office equipments, fixtures & fittings | Motor vehicles | Total |
|--------------------------|------------------------------|---|---|---------------------------|------------------|
| | £ | £ | £ | £ | £ |
| Cost or valuation | | | | | |
| At 1 April 2006 | 4,425,000 | 431,600 | 1,073,030 | 64,346 | 5,993,976 |
| Additions | - | - | 354,169 | - | 354,169 |
| At 31 March 2007 | <u>4,425,000</u> | <u>431,600</u> | <u>1,427,199</u> | <u>64,346</u> | <u>6,348,145</u> |
| Depreciation | | | | | |
| At 1 April 2006 | 150,000 | 302,282 | 636,151 | 30,785 | 1,119,218 |
| Charged in year | 50,000 | 44,388 | 227,036 | 8,390 | 329,814 |
| At 31 March 2007 | <u>200,000</u> | <u>346,670</u> | <u>863,187</u> | <u>39,175</u> | <u>1,449,032</u> |
| Net book value | | | | | |
| At 31 March 2007 | <u>4,225,000</u> | <u>84,930</u> | <u>564,012</u> | <u>25,171</u> | <u>4,899,113</u> |
| At 31 March 2006 | <u>4,275,000</u> | <u>129,318</u> | <u>436,879</u> | <u>33,561</u> | <u>4,874,758</u> |

The net book value of tangible fixed assets includes £31,916 (2006 £73,018) in respect of assets held under finance leases. Depreciation charged in the year on those assets amounted to £29,193 (2006 £48,396).

Notes to the Financial Statements (Continued)

31 March 2007

13 INVESTMENTS

| | Shares in Group Undertaking £ |
|------------------|--|
| Cost | |
| At 1 April 2006 | 99,052 |
| Acquisitions | 37,511 |
| At 31 March 2007 | <u>136,563</u> |

Investment in group undertakings are stated at cost

Group undertakings

The shares in group undertakings, which are held by the company, comprise investments in the following subsidiary undertakings

| | Overseas country of incorporation | Activity | Group interest in ordinary shares |
|---|---|--------------------------------------|---|
| Euromonitor International Inc | USA | Publishers and market researchers | 100% |
| Euromonitor Publications Limited | England | Dormant | 100% |
| Euromonitor International (Asia) PTE Limited | Singapore | Publishers and market researchers | 100% |
| Euromonitor International China Limited | China | Publishers and market researchers | 100% |
| Euromonitor International Eastern Europe | Lithuania | Publishers and market researchers | 100% |

Euromonitor International China Limited has a 31 December year-end as this is a statutory requirement in China

14 STOCKS

| | Group 2007 £ | Company 2007 £ | Group 2006 £ | Company 2006 £ |
|-------------------------------------|--------------------|----------------------|--------------------|----------------------|
| Work in progress | 341,848 | 341,848 | 162,423 | 162,423 |
| Finished goods and goods for resale | <u>146,225</u> | <u>146,225</u> | <u>236,781</u> | <u>236,781</u> |
| | <u>488,073</u> | <u>488,073</u> | <u>399,204</u> | <u>399,204</u> |

The replacement cost of the above stocks would not be significantly different from the values stated

Notes to the Financial Statements (Continued)

31 March 2007

15 DEBTORS

| | Group 2007 £ | Company 2007 £ | Group 2006 £ | Company 2006 £ |
|---|--------------------|----------------------|--------------------|----------------------|
| Trade debtors | 5,993,042 | 5,993,042 | 5,305,239 | 5,305,239 |
| Amounts owed by subsidiary undertakings | - | 4,714,277 | - | 2,599,572 |
| Other debtors | 43,850 | 25,555 | 39,960 | 22,108 |
| Prepayments and accrued income | 335,495 | 222,489 | 381,756 | 289,245 |
| Deferred tax asset | 16,591 | 20,473 | - | - |
| | <u>6,388,978</u> | <u>10,975,836</u> | <u>5,726,955</u> | <u>8,216,164</u> |

16 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group 2007 £ | Company 2007 £ | Group 2006 £ | Company 2006 £ |
|--|--------------------|----------------------|--------------------|----------------------|
| Bank loan and overdrafts | 227,303 | 227,303 | 173,741 | 173,741 |
| Other loans | 151,364 | 151,364 | 189,684 | 189,684 |
| Trade creditors | 850,921 | 654,343 | 677,731 | 511,016 |
| Amounts owed to subsidiary undertakings | - | - | - | 169,559 |
| Proposed dividends | - | - | 466,667 | 466,667 |
| Corporation tax | 12,091 | 23,879 | 600,937 | 764,523 |
| Other taxes and social security costs | 467,566 | 443,287 | 371,886 | 330,681 |
| Directors current accounts | 283,101 | 283,101 | 134,950 | 134,950 |
| Net obligations under finance leases and hire purchase contracts | 12,632 | 12,632 | 27,669 | 27,669 |
| Accruals and deferred income | 13,088,245 | 13,080,265 | 9,870,282 | 9,864,531 |
| Other creditors | 154,836 | 109,306 | 52,810 | 52,810 |
| | <u>15,248,059</u> | <u>14,985,480</u> | <u>12,566,357</u> | <u>12,685,831</u> |

17 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | Group 2007 £ | Company 2007 £ | Group 2006 £ | Company 2006 £ |
|--|--------------------|----------------------|--------------------|----------------------|
| Bank loans | 2,877,516 | 2,877,516 | 3,041,397 | 3,041,397 |
| Other loans | 286,636 | 286,636 | 514,328 | 514,328 |
| Net obligations under finance leases and hire purchase contracts | 8,737 | 8,737 | 22,008 | 22,008 |
| Accruals and deferred income | 8,049 | 8,049 | 62,710 | - |
| Deferred tax | - | - | 20,239 | 25,309 |
| | <u>3,180,938</u> | <u>3,180,938</u> | <u>3,660,682</u> | <u>3,603,042</u> |

The company has a mortgage on its registered property. The mortgage is repayable in 180 quarterly installments plus interest, which is fixed until at 5.925% until 30 June 2008.

Notes to the Financial Statements (Continued)

31 March 2007

18 DEBT AND FINANCE LEASE OBLIGATIONS

The company's borrowings, including debenture loans, bank loans, overdrafts and obligations under finance leases, are analysed by maturity below

| | Group 2007 £ | Company 2007 £ | Group 2006 £ | Company 2006 £ |
|--|-----------------------------|-------------------------------|-----------------------------|-------------------------------|
| Due within one year or on demand | | | | |
| Bank and other loans | 391,299 | 391,299 | 391,094 | 391,094 |
| Due in more than one year but not more than two years | | | | |
| Bank and other loans | 512,129 | 512,129 | 385,433 | 385,433 |
| Due in more than two years but not more than five years | | | | |
| Bank and other loans | 553,856 | 553,856 | 915,710 | 915,710 |
| Due in more than five years | | | | |
| Bank and other loans | <u>2,106,904</u> | <u>2,106,904</u> | <u>2,276,590</u> | <u>2,276,590</u> |
| | <u>3,564,188</u> | <u>3,564,188</u> | <u>3,968,827</u> | <u>3,968,827</u> |

19 NET OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The company's net obligations under finance leases and hire purchase contracts are repayable as follows

| | Group 2007 £ | Company 2007 £ | Group 2006 £ | Company 2006 £ |
|--|-----------------------------|-------------------------------|-----------------------------|-------------------------------|
| In one year or on demand | 13,205 | 13,205 | 31,068 | 31,068 |
| Between one and five years | 8,804 | 8,804 | 22,647 | 22,647 |
| | <u>22,009</u> | <u>22,009</u> | <u>53,715</u> | <u>53,715</u> |
| Finance charges and interest allocated to future accounting periods | (640) | (640) | (4,038) | (4,038) |
| | <u>21,369</u> | <u>21,369</u> | <u>49,677</u> | <u>49,677</u> |
| Included in current liabilities | (12,632) | (12,632) | (27,669) | (27,669) |
| | <u>8,737</u> | <u>8,737</u> | <u>22,008</u> | <u>22,008</u> |

Notes to the Financial Statements (Continued)

31 March 2007

20 SHARE CAPITAL

| | 2007 £ | 2006 £ |
|---------------------------------------|----------------|----------------|
| Authorised | | |
| 48,551 Ordinary shares of £1 each | 48,551 | 48,551 |
| 30,005 "A" Ordinary shares of £1 each | 30,005 | 30,005 |
| 20,004 "B" Ordinary shares of £1 each | 20,004 | 20,004 |
| 1,440 "C" Ordinary shares of £1 each | 1,440 | 1,440 |
| | <u>100,000</u> | <u>100,000</u> |
| Allotted and fully paid | | |
| 30,005 "A" Ordinary shares of £1 each | 30,005 | 30,005 |
| 20,004 "B" Ordinary shares of £1 each | 20,004 | 20,004 |
| | <u>50,009</u> | <u>50,009</u> |

SHARE-BASED PAYMENTS

As at 31 March 2007 there were outstanding share options granted (but not yet exercised) under the Company's Enterprise Management Incentive plan in respect of ordinary shares of £1 each, as follows

| Exercise Expiry Date | Exercise price (£) | Number of share options outstanding at 1 April 2006 | Options granted/(exercised /lapsed) during the year | Number of options outstanding at 31 March 2007 |
|----------------------|--------------------|---|---|--|
| 1 February 2013 | 312.5 | 1,280 | - | 1,280 |
| 26 April 2016 | 150 | - | 2,000 | 2,000 |

The vesting of these options is subject to an "exit event" and expire after 10 years if no such event occurs. The share options issued during the year are intended to run in parallel with the option granted to on 1 February 2003. Accordingly, for the purposes of FRS 20 "Share based payments" these options are deemed to have zero value.

For the adoption of FRS 20 "Share based payments" the fair value of the options is estimated at the date of grant using the binomial valuation model. The following table gives the assumptions applied to the options granted.

| | |
|--|---------------|
| Grant date | 27 April 2006 |
| Share price at grant date | £132.89 |
| Exercise price | £150.00 |
| Vesting period (years) | 7 |
| Expected volatility | 40% |
| Option life (years) | 10 |
| Expected life (years) | 7 |
| Risk free rate | 4.7% |
| Expected dividends expressed as a dividend yield | - |
| Possibility of ceasing employment before vesting | - |
| Fair value per option | £62.80 |

The expected volatility is based on historical volatility over the last three years. The expected life is the average expected period to exercise. The risk-free rate of return is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life.

The total charge for the period relating to employee share-based payment plans was £16,700 (2006 £0).

Notes to the Financial Statements (Continued)
31 March 2007

21 PROFIT AND LOSS RESERVE

| | Group £ | Company £ |
|------------------------------|------------------|------------------|
| At 1 April 2006 | 1,984,512 | 1,411,879 |
| Retained profit for the year | 948,616 | 1,380,909 |
| Dividends | (1,216,000) | (1,216,000) |
| Share based transactions | 16,700 | 16,700 |
| Currency translation | (64,330) | - |
| At 31 March 2007 | <u>1,669,498</u> | <u>1,593,488</u> |

22 OTHER RESERVES

| | Capital Redemption Reserve £ |
|-----------------------------------|---------------------------------------|
| Group and Company | |
| At 1 April 2006 and 31 March 2007 | <u>20,591</u> |

Notes to the Financial Statements (Continued)

31 March 2007

23 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| GROUP | 2007 £ | 2006 £ |
|-----------------------------------|-------------------|-------------------|
| Total recognised gains and losses | 884,286 | 2,121,795 |
| Share based transactions | 16,700 | - |
| Dividends | (1,216,000) | (997,000) |
| Net change in shareholders' funds | (315,014) | 1,124,795 |
| Opening shareholders' funds | 2,055,112 | 930,317 |
| Closing shareholders' funds | 1,740,098 | 2,055,112 |
| COMPANY | 2007 £ | 2006 £ |
| Total recognised gains and losses | 1,380,909 | 2,406,846 |
| Share based transactions | 16,700 | - |
| Dividends | (1,216,000) | (997,000) |
| Net change in shareholders' funds | 181,609 | 1,409,846 |
| Opening shareholders' funds | 1,482,479 | 72,633 |
| Closing shareholders' funds | 1,664,088 | 1,482,479 |

24 RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

| | 2007 £ | 2006 £ |
|----------------------------------|-----------|-----------|
| Operating profit | 1,570,674 | 3,208,317 |
| Depreciation | 424,076 | 295,993 |
| Loss on disposal of fixed assets | 1,475 | - |
| Share based transactions | 16,700 | - |
| (Increase) in stocks | (88,867) | (170,085) |
| (Increase) in debtors | (645,432) | (792,843) |
| Increase in creditors | 3,682,347 | 1,667,436 |
| Currency translation | (49,126) | 75,659 |
| | 4,911,847 | 4,284,477 |

25 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

| | 2007 £ | 2006 £ |
|---|-----------|-----------|
| Increase in cash | 1,016,373 | 2,587,125 |
| Cash flow from decrease in debt and lease finance | 404,639 | 414,088 |
| Change in net funds resulting from cash flows | 1,421,012 | 3,001,213 |
| New finance leases | - | (18,794) |
| Movement in net funds in the year | 1,421,012 | 2,982,419 |
| Net funds at 1 April 2006 | 3,081,657 | 99,238 |
| Net funds at 31 March 2007 | 4,502,669 | 3,081,657 |

Notes to the Financial Statements (Continued)

31 March 2007

26 ANALYSIS OF NET FUNDS

| | At 1 April 2006 £ | Cash flow £ | Other movements £ | At 31 March 2007 |
|--------------------------|-------------------------|------------------|-------------------------|---------------------|
| Cash at bank and in hand | 7,050,484 | 1,016,373 | - | 8,066,857 |
| Net cash | 7,050,484 | 1,016,373 | - | 8,066,857 |
| Debt due after one year | (3,555,725) | 391,573 | - | (3,164,152) |
| Debt due within one year | (363,425) | (15,242) | - | (378,667) |
| Finance leases | (49,677) | 28,308 | - | (21,369) |
| Borrowings | (3,968,827) | 404,639 | - | (3,564,188) |
| Net funds | 3,081,657 | 1,421,012 | - | 4,502,669 |

27 RELATED PARTY TRANSACTIONS

Transactions and balances with group and related undertakings

The company has taken advantage of the exemption, permitted by Financial Reporting Standard No 8, not to disclose transactions with the Euromonitor International Plc group of companies

Included in books and market research information costs is an amount of £46,530 (2006 £50,408) in respect of services provided on an arms length basis by Information Exchange, a business in which a director G Westbrook has a material interest

Notes to the Financial Statements (Continued)**31 March 2007****28 FINANCIAL COMMITMENTS**
Operating lease commitments

The payments which the company is committed to make in the next year under operating leases are as follows

| GROUP | | 2007 | 2006 |
|----------------|-------------------------------------|----------------|----------------|
| | | £ | £ |
| (i) | Land and buildings, leases expiring | | |
| | within one year | 50,495 | - |
| | one to five years | 244,623 | 71,738 |
| | beyond five years | 103,329 | 129,257 |
| | | <u>398,447</u> | <u>200,995</u> |
| | | | 2006 |
| | | | £ |
| (ii) | Other leases expiring | | |
| | within one year | 33,571 | 23,032 |
| | one to five years | 33,394 | 118,941 |
| | beyond five years | - | - |
| | | <u>66,965</u> | <u>141,973</u> |
| COMPANY | | 2007 | 2006 |
| | | £ | £ |
| (i) | Other leases expiring | | |
| | within one year | 33,571 | 23,032 |
| | one to five years | 21,606 | 109,872 |
| | | <u>55,177</u> | <u>132,904</u> |