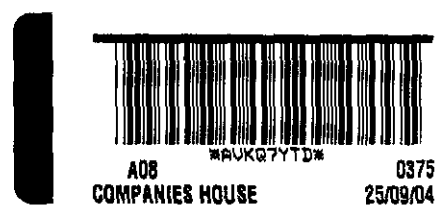


THE ECONOMIST GROUP LIMITED

ANNUAL REPORT

YEAR ENDED 31 MARCH 2004

Registered Number: 2642807



THE ECONOMIST GROUP LIMITED

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THE ECONOMIST GROUP LIMITED

Report of the directors for the year ended 31 March 2004

The directors present their annual report and audited financial statements for the year ended 31 March 2004.

Activities and business review

The principal activity of the company is to act as an investment holding company.

Results and dividends

The profit for the year on ordinary activities after taxation amounted to £907,722 (2003: £nil), which has been taken to reserves. The directors do not propose that a dividend be paid (2003: nil).

Directors

The directors who served during the year are set out below:

H A Alexander
K B S Malik

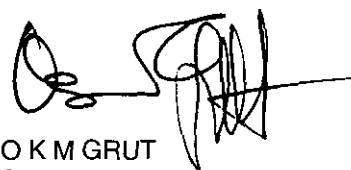
Directors' interests

The directors do not hold any shares in the company. Details of directors' interests in the share capital and share options in the parent company, The Economist Newspaper Limited, are disclosed in that company's accounts.

Auditors

The company has passed an elective resolution to dispense with the requirement to appoint auditors on an annual basis.

BY ORDER OF THE BOARD



O K M GRUT
Secretary
17 September 2004

Registered Office

25 St. James's Street
London
SW1A 1HG

THE ECONOMIST GROUP LIMITED

Directors' statement of responsibilities **for the year ended 31 March 2004**

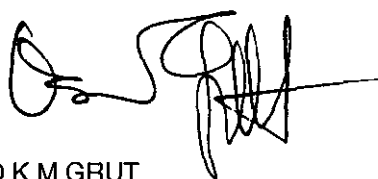
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company, and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements 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.

The directors confirm that the financial statements comply with the above requirements.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company to enable them to ensure the financial statements comply with the Companies Act 1985, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BY ORDER OF THE BOARD



O K M GRUT
Secretary
17 September 2004

THE ECONOMIST GROUP LIMITED

Independent auditors' report to the members of The Economist Group Limited

We have audited the financial statements which comprise profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 in to 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 transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

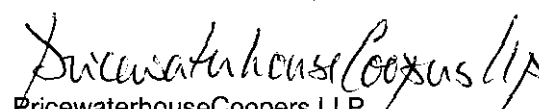
Basis of audit opinion

We conducted our audit in accordance with 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. 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 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 of the state of the company's affairs at 31 March 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place
London, WC2N 6RH
17 September 2004

THE ECONOMIST GROUP LIMITED

Profit and loss account
for the year ended 31 March 2004


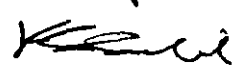
	Notes	2004 £	2003 £
Income from fixed asset investments	3	1,147,457	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>1,147,457</u>	<u>-</u>
Tax on profit on ordinary activities	4	(239,735)	-
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>907,722</u>	<u>-</u>

The notes on pages 7 to 9 form part of these financial statements.

THE ECONOMIST GROUP LIMITED

Balance sheet as at 31 March 2004

	Notes	2004 £	2003 £
FIXED ASSETS			
Investments	5	67,814,385	67,814,385
CURRENT ASSETS			
DEBTORS: amounts falling due within one year			
Amounts due from parent undertaking		1,127,339	99,749
Amounts due from fellow subsidiary undertaking		<u>1,335,337</u>	<u>1,335,337</u>
		2,462,676	1,435,086
CREDITORS: due within one year	6	(119,868)	-
NET CURRENT ASSETS		<u>2,342,808</u>	<u>1,435,086</u>
TOTAL ASSETS LESS CURRENT LIABILITIES, AND NET ASSETS		<u>70,157,193</u>	<u>69,249,471</u>
CAPITAL AND RESERVES			
Called up share capital	7	67,479	67,479
Share premium account	8	67,746,908	67,746,908
Profit and loss account	9	<u>2,342,806</u>	<u>1,435,084</u>
EQUITY SHAREHOLDERS' FUNDS	10	<u>70,157,193</u>	<u>69,249,471</u>

H A Alexander  Directors
K B S Malik 

The financial statements on pages 5 to 9 were approved by the Board of Directors on 17 September 2004.

The notes on pages 7 to 9 form part of these financial statements.

THE ECONOMIST GROUP LIMITED

Notes to the financial statements - 31 March 2004

1. Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. The principal accounting policies, all of which have been applied consistently, are set out below.

(a) Basis of accounting

The financial statements are prepared on a going concern basis, under the historical cost convention in accordance with the Companies' Act 1985.

(b) Consolidation

The company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

(c) Fixed asset investments

Fixed asset investments are stated at cost less provision for any impairment.

(d) Cash flow statement

The company is a wholly owned subsidiary of The Economist Newspaper Limited and the cash flows of the company are included in the consolidated group cash flow statement of The Economist Newspaper Limited. Consequently, the company is exempt under the terms of Financial Reporting Standard No. 1 (revised) from publishing a cash flow statement.

(e) Foreign exchange

Foreign exchange transactions during the year are translated at the prevailing rate on the date of the transaction. Any monetary assets and liabilities denominated in foreign currencies are translated at the rate at the balance sheet date. All exchange differences are dealt with in the profit and loss account.

(f) Related party transactions

As the company is a wholly owned subsidiary of The Economist Newspaper Limited, the company has taken advantage of the exemptions contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group. There were no other related party transactions in the year.

2. Directors' emoluments

None of the directors received any emoluments in respect of their services to the company during the year (2003: nil).

THE ECONOMIST GROUP LIMITED

Notes to the financial statements - 31 March 2004

3. Income from fixed asset investments

	<u>2004</u> £	<u>2003</u> £
Dividend income from shares in group companies	<u>1,147,457</u>	<u>-</u>

4. Taxation

The taxation charge is based on the results for the year and is made up as follows:

	<u>2004</u> £	<u>2003</u> £
UK corporation tax at 30% (2003: 30%)	(389,024)	-
Double taxation relief	<u>149,289</u>	<u>-</u>
	<u>(239,735)</u>	<u>-</u>

Tax rate reconciliation

	<u>2004</u> %	<u>2003</u> %
UK tax rate	30.0	-
Effect of double taxation relief	<u>(9.1)</u>	<u>-</u>
	<u>20.9</u>	<u>-</u>

5. Fixed assets: investments

Investments in Group Company	£
At 1 April 2003 and 31 March 2004, at cost	<u>67,814,385</u>

The above investment comprises 37.54% of the nominal value of the issued ordinary shares of the Economist Group (Luxembourg) S.a.r.l., an investment holding company incorporated in Luxembourg. The directors are of the opinion that the market value of the investment is more than the carrying value.

6. Creditors: amounts falling due within one year

	<u>2004</u> £	<u>2003</u> £
Corporation tax	<u>119,868</u>	<u>-</u>

THE ECONOMIST GROUP LIMITED

Notes to the financial statements - 31 March 2004

7. Called up share capital

	2004 £	2003 £
Authorised: 75,000 ordinary shares of £1 each	75,000	75,000
Allotted, called up and fully paid: 67,479 ordinary shares of £1 each	67,479	67,479

8. Share premium account

	£
At 1 April 2003 and 31 March 2004	67,746,908

9. Profit and loss account

	£
As at 1 April 2003	1,435,084
Retained profit for the year	907,722
As at 31 March 2004	2,342,806

10. Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Opening shareholders' funds	69,249,471	69,249,471
Profit for the financial year	907,722	-
Closing shareholders' funds	70,157,193	69,249,471

11. Parent company

The ultimate parent company and ultimate controlling party is The Economist Newspaper Limited, which is registered in England and Wales.