

THE ECONOMIST GROUP LIMITED

ANNUAL REPORT

YEAR ENDED 31 MARCH 2007

Registered Number: 2642807

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THE ECONOMIST GROUP LIMITED

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THE ECONOMIST GROUP LIMITED

Report of the directors for the year ended 31 March 2007

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

Activities and business review

The principal activity of the company is to act as an investment holding company. The directors expect the company to continue acting as an investment holding company for the foreseeable future.

Results and dividends

The profit for the year on ordinary activities after taxation amounted to £8,125 (2006 £35,955), which has been taken to reserves. An interim dividend of £nil (2006 £1,400,000) was paid during the year. The directors do not propose that a final dividend be paid (2006 £nil).

Directors

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

H A Alexander
C J Stibbs

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.

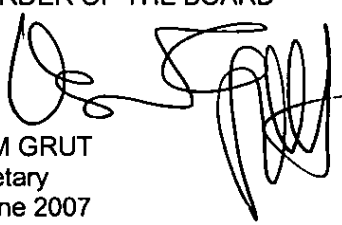
Disclosure of information to auditors

So far as each of the directors is aware, there is no relevant information that has not been disclosed to the company's auditors and each of the directors believes that all steps have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the company's auditors have been made aware of that information.

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
7th June 2007

Registered Office

25 St James's Street
London
SW1A 1HG

THE ECONOMIST GROUP LIMITED

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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.

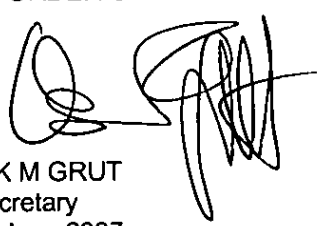
In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK 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 which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

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.

BY ORDER OF THE BOARD


O K M GRUT
Secretary
7th June 2007

THE ECONOMIST GROUP LIMITED

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

We have audited the financial statements of The Economist Group Limited for the year ended 31 March 2007 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 report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also 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 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 March 2007 and of its 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.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

15 June 2007

THE ECONOMIST GROUP LIMITED

Profit and loss account **for the year ended 31 March**

	Notes	2007 £	2006 £
Interest receivable	4	11,606	89,357
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>11,606</u>	<u>89,357</u>
Tax on profit on ordinary activities	5	(3,481)	(53,402)
PROFIT FOR THE FINANCIAL YEAR	12	<u>8,125</u>	<u>35,955</u>

Dividends paid in the year were £nil (2006 £1,400,000)

The results reported above relate solely to continuing operations

There are no recognised gains and losses except for the results reported above and therefore no separate statement of total recognised gains or losses has been presented

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents

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

THE ECONOMIST GROUP LIMITED

Balance sheet as at 31 March

	Notes	2007 £	2006 £
FIXED ASSETS			
Investments	7	67,814,385	67,814,385
CURRENT ASSETS			
DEBTORS amounts falling due within one year			
Amounts due from parent undertaking		201,369	206,008
CREDITORS due within one year	8	(640)	(13,404)
NET CURRENT ASSETS		<u>200,729</u>	<u>192,604</u>
NET ASSETS		<u>68,015,114</u>	<u>68,006,989</u>
CAPITAL AND RESERVES			
Called up share capital	9	67,479	67,479
Share premium account	10	67,746,908	67,746,908
Profit and loss account	11	<u>200,727</u>	<u>192,602</u>
EQUITY SHAREHOLDERS' FUNDS	12	<u>68,015,114</u>	<u>68,006,989</u>

C J Stibbs



Director

The financial statements on pages 5 to 9 were approved by the Board of Directors on 7th June 2007

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

THE ECONOMIST GROUP LIMITED

Notes to the financial statements for the year ended 31 March 2007

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) Taxation

Current 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.

(e) 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.

(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 Auditors' remuneration

The auditors' remuneration for the year was borne by the parent company.

3 Employee information

None of the directors received any emoluments in respect of their services to the company during the year (2006: nil). The company had no employees during the year (2006: nil).

THE ECONOMIST GROUP LIMITED

Notes to the financial statements for the year ended 31 March 2007

4 Interest receivable

	2007 £	2006 £
Interest from amount owed by parent	<u>11,606</u>	<u>89,357</u>

The loan is to The Economist Newspaper Limited. Since 1 April 2004 the loan has borne interest at 1% above the UK base rate. The loan is repayable on demand and unsecured.

5 Taxation

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

	2007 £	2006 £
UK corporation tax at 30% (2006 30%)	(3,481)	(26,807)
Double taxation relief	-	-
UK corporation tax - prior year	-	(26,595)
	<u>(3,481)</u>	<u>(53,402)</u>

Tax rate reconciliation

	2007 %	2006 %
UK tax rate	30.0	30.0
Effect of double taxation relief	-	-
Effect of prior year items	-	29.8
	<u>30.0</u>	<u>59.8</u>

6 Dividends

	2007 £	2006 £
Interim dividend paid £nil (2006 £20.75) per ordinary £1 share	<u>-</u>	<u>1,400,000</u>

7 Fixed assets investments

	£
Investment in Group Company	
At 1 April 2006 and 31 March 2007, 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) Sàrl, 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.

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Notes to the financial statements for the year ended 31 March 2007

8 Creditors amounts falling due within one year

	2007 £	2006 £
UK corporation tax	<u>640</u>	<u>13,404</u>

9 Called up share capital

	2007 £	2006 £
Authorised 75,000 ordinary shares of £1 each	<u>75,000</u>	<u>75,000</u>
Allotted, called up and fully paid 67,479 ordinary shares of £1 each	<u>67,479</u>	<u>67,479</u>

10 Share premium account

	£
At 1 April 2006 and 31 March 2007	<u>67,746,908</u>

11 Reserve profit and loss account

	£
As at 1 April 2006	192,602
Profit for the financial year	<u>8,125</u>
As at 31 March 2007	<u>200,727</u>

12 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Opening shareholders' funds	68,006,989	69,371,034
Profit for the financial year	8,125	35,955
Dividends paid	-	<u>(1,400,000)</u>
Closing shareholders' funds	<u>68,015,114</u>	<u>68,006,989</u>

13 Parent company

The immediate parent company and ultimate controlling party is The Economist Newspaper Limited, which is registered in England and Wales. The Economist Group's 2007 Annual Report can be obtained from 25 St James's Street, London, SW1A 1HG.