

Euromoney Institutional Investor PLC

Preliminary Announcement

September 30 2004

Euromoney Institutional Investor PLC

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Chairman's statement

Highlights	2004	2003	change
Turnover	£174.7 m	£158.9 m	+10%
Profit before tax, goodwill and exceptional items*	£28.0 m	£21.3 m	+31%
Profit before tax	£20.5 m	£7.4 m	+177%
Adjusted diluted earnings a share*	26.7 p	20.5 p	+30%
Earnings a share	18.2 p	4.6 p	+293%
Dividend	15.00 p	14.75 p	+2%
Net debt	£62.5 m	£67.1 m	-7%

Euromoney Institutional Investor PLC, the international publishing, events and electronic information group, reports a profit before tax and goodwill amortization and exceptional items of £28 million in the year to September 30, against £21.3 million for the previous 12 months. Adjusted diluted earnings a share* were 26.7p against 20.5p in 2003.

The directors recommend a final dividend of 10p, against 9.75p, making a total of 15p, against 14.75p for the previous year.

Profit before tax was £20.5m, against £7.4m, and earnings a share increased from 4.6p to 18.2p.

Second half performance improved on the first, with a better than expected increase in revenues. September in particular was a strong month and accounted for a third of the year's profit*.

The profits of many of the group's publishing businesses fell due to weak advertising revenues and the decline in the US dollar. However, advertising revenues showed signs of recovery in the second half and there was a continued strong performance from the events and training businesses. After a first half improvement in profits* of £1.9m to £11.1m, second half profits rose £4.8m to £16.9m.

Full year revenues were 10% ahead of last year at £174.7m, compared to a 5% increase at the half year. The weak US dollar has had a significant impact on revenues. The average dollar rate for the year was 1.81 against 1.61 in 2003, a 12% depreciation. This reduced revenues by £14.5m.

In general, the group's traditional financial advertisers have been slow to increase their advertising spend in spite of better market conditions. Financial advertising revenues, excluding Hedge Fund Intelligence (HFI), fell 4%. *Institutional Investor* was the only major title to increase advertising revenues over the year although *Euromoney* with its best September issue for five years, saw a marked improvement in the second half. Both titles were helped by strong performances from emerging markets, particularly Eastern Europe and Asia. In contrast, the recovery in advertising from the key London and New York financial centres has been slow.

The weakness in advertising meant that profits* from financial publishing (excluding HFI) fell by £1 million. However HFI, acquired in August 2003, has performed well ahead of expectations since acquisition through a combination of strong organic growth across all its products, and the launch of new events and its US hedge fund magazine, *Absolute Return*. As a result, HFI's profits* have exceeded the level necessary to trigger the maximum deferred consideration under the acquisition agreement and a final payment of £5.5 million will be made in January 2005.

Profits* from business publishing increased £0.9m despite a £2m fall in revenues. Most of the improvement came from the reduction in losses at Business Traveller following its restructuring in 2003. Advertising revenues from business publishing fell over the year, but increased in the second half. Gulf, the Houston-based energy publisher, the legal publishing business, and Engel, the pharmaceutical marketing publisher, all experienced a strong second half advertising recovery.

The conference businesses had an excellent year, helped by a better than expected contribution of £1.8m from Information Management Network (IMN). Excluding IMN, conference revenues increased 25% and profits* rose £3.5m to £10.2m. Euromoney Conferences was the best performer, increasing profits* through a combination of expanding existing events and the launch of new ones, particularly in Asia. Euromoney Seminars and Institutional Investor Memberships also had good years. Adhesion's profits* increased as a result of a good contribution in the first half from the biennial *Vinisud* wine exhibition.

* Before goodwill amortization, goodwill impairment and exceptional items as set out and reconciled in the attached profit and loss account and notes 2 and 6.

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Chairman's statement *continued*

The results of the last three years have demonstrated the value of conference businesses, particularly ones that are predominantly sponsor-driven, as a more robust revenue stream than advertising. This has reinforced the group's strategy of expanding its portfolio of market-leading annual events through a mixture of organic and acquisition growth. The acquisition of IMN in February 2004 was part of that strategy and IMN's performance since acquisition has exceeded expectations. IMN is the world leader in events for the securitization and indexation sectors. It made a profit* of £1.8 million on revenues of £5.9 million in the seven months since acquisition, and traditionally makes more than 60% of its profits during the group's first half. The next deferred consideration payment under the acquisition agreement is due in March 2005 and is expected to exceed \$8 million.

The group's training businesses also had an excellent year, continuing the growth begun in 2003. The businesses benefited from continued investment in new courses and marketing to increase delegate numbers. Revenues increased by 11% to £22.1 million, and profits* improved nearly £1 million to £4.9 million. The financial and legal training businesses depend heavily on the performance of the global and emerging market financial institutions. Both have increased hiring and training budgets during the year which, combined with an improved travel outlook, have helped trading conditions.

Profits* from databases and information services increased by £0.6m to £3.4 million. The group's capital market databases, run as joint ventures with Dealogic, continued to grow despite tough markets. The group's weekly financial newspaper, *Euroweek*, is working closely with Dealogic to launch a new database for the securitization market, as well as other news products.

Stronger emerging markets helped ISI, the electronic information service on emerging markets, to one of its best sales periods for several years. Subscription revenues increased by 14% and in October 2004 annualized ISI subscription revenues passed \$20 million. This revenue growth is gradually translating into profit growth despite the weak US dollar. During the year, ISI expanded its service to cover a further 15 countries, bringing the total to more than 60, with nearly 9,000 information sources now available to subscribers. In October 2004 ISI acquired the Business Intelligence division of Liquid Africa in South Africa to help accelerate the development of its Africa-oriented products. It continues to seek other acquisitions.

Net debt at September 30 was £62.5m against £67.1m a year before, partly due to the fall in the US dollar. The group's strong operating cash flows helped finance a net spend of £16.9m on acquisitions during the year. The group's debt funding is provided through a bilateral facility arranged by its parent company, Daily Mail and General Trust plc. This facility, which was due to expire in 2005, was renewed after the end of the year for a further five-year term.

During 2004 the group has made further progress with its strategy of driving profit improvement through a mix of organic growth, new business investment, and acquisitions, while maintaining tight control of costs and focusing on high margin products. The acquisitions of HFI and IMN made a significant contribution to the group's increase in profits in 2004. At the same time, the more favourable trading conditions enabled the group to step up its investment in new products. Launch costs of more than £1 million were charged against profits. The benefits of this investment, and the contribution from high growth businesses such as ISI, HFI and IMN, will form the base for stronger organic growth in 2005 and beyond.

The group's strategy was developed with the goal of more than doubling profits* to £50m over the five year period to 2008. To support this demanding performance target, the Remuneration Committee has proposed a new equity incentive scheme to replace the Company's existing Executive Share Option Plan. The Committee will consult shareholders and the ABI over this proposed new incentive scheme in December, with a view to seeking approval for its introduction from shareholders at the Company's Annual General Meeting on February 1 2005.

Gerard Strahan, who has been a director for more than 15 years, during which he has made an outstanding contribution to the growth of both Euromoney Seminars and Coaltrans, will retire from the board in December. John Bolsover has previously indicated his intention to retire as a non-executive director and will not seek re-election at the AGM. Jaime Gonzalez was today appointed a non-executive director of the Company. He is Chairman and CEO of American Capital Partners, an investment and financial advisory firm based in Hong Kong covering the Asia Pacific region. He will strengthen the group's growing Asian presence.

The new financial year has begun well. That cannot be relied upon as a guide to the first half, but in spite of the weak dollar the directors are confident about the group's ability to deliver further growth.

Padraic Fallon

Chairman

November 23 2004.

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* Before goodwill amortization, goodwill impairment and exceptional items as set out and reconciled in the attached profit and loss account and notes 2 and 6.

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Group Profit and Loss Account

for the year ended 30 September 2004

	Note	2004 £000's	2003 £000's
Turnover	2		
Acquisition		5,921	-
Closed businesses		-	173
Other continuing operations		168,733	158,769
Total turnover		174,654	158,942
Operating profit before goodwill amortization and impairment	2		
Acquisition		1,769	-
Closed businesses		-	88
Other continuing operations		28,837	23,724
		30,606	23,812
Goodwill amortization		(6,357)	(6,787)
Exceptional goodwill impairment	3	(1,177)	(7,830)
Operating profit/(loss)	2		
Acquisition		763	-
Closed businesses		-	88
Other continuing operations		22,309	9,107
Total operating profit		23,072	9,195
Share of operating profit in associates		373	418
Exceptional profit on disposal/closure of businesses	3	-	701
Profit on ordinary activities before interest and tax		23,445	10,314
Interest receivable and similar income		422	1,600
Interest payable and similar charges		(3,376)	(4,518)
Net interest		(2,954)	(2,918)
Profit on ordinary activities before tax		20,491	7,396
Tax on profit on ordinary activities	4	(3,899)	(3,101)
Profit on ordinary activities after tax		16,592	4,295
Equity minority interests		(578)	(226)
Profit for the financial year		16,014	4,069
Dividends paid and proposed	5	(13,186)	(12,941)
Retained profit/(loss) for the financial year		2,828	(8,872)
Basic earnings per share	6	18.22p	4.64p
Diluted earnings per share	6	18.16p	4.64p
Adjusted diluted earnings per share before goodwill amortization and exceptional items	6	26.71p	20.50p
Dividend per share	5	15.00p	14.75p

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Group Balance Sheet

as at 30 September 2004

	2004 £000's	2003 £000's (restated see note 1)
Fixed assets		
Intangible assets	60,989	33,757
Tangible assets	7,576	8,666
Investments	190	431
	<u>68,755</u>	<u>42,854</u>
Current assets		
Debtors	37,670	47,017
Cash at bank and in hand	23,563	10,772
	<u>61,233</u>	<u>57,789</u>
Creditors: amounts falling due within one year	(127,326)	(59,907)
Net current liabilities	(66,093)	(2,118)
Total assets less current liabilities	2,662	40,736
Creditors: amounts falling due after more than one year	(10,611)	(64,680)
Provisions for liabilities and charges	(575)	-
Accruals	(18,569)	(17,032)
Deferred income	(35,317)	(32,330)
Accruals and deferred income falling due within one year	(53,886)	(49,362)
Net liabilities	(62,410)	(73,306)
Capital and reserves		
Called up share capital	220	219
Share premium account	34,393	33,749
Capital redemption reserve	8	8
Own shares	(74)	(74)
Profit and loss account	(97,697)	(107,391)
Equity shareholders' deficit	(63,150)	(73,489)
Equity minority interests	740	183
	<u>(62,410)</u>	<u>(73,306)</u>

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Group Cash Flow Statement

for the year ended 30 September 2004

	Note	2004 £000's	2003 £000's
Cash inflow from continuing operating activities		30,499	24,435
Inflow from acquisition		3,252	-
Net cash inflow from continuing operating activities	A	33,751	24,435
Dividends received from associate		570	-
Returns on investments and servicing of finance			
Interest received		422	1,600
Interest paid		(3,120)	(3,116)
Dividends paid to minorities		(150)	(192)
		<u>(2,848)</u>	<u>(1,708)</u>
Taxation			
UK tax paid		(3,530)	(4,265)
Overseas tax paid		(955)	(1,484)
UK tax received		319	477
Overseas tax received		308	361
		<u>(3,858)</u>	<u>(4,911)</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,240)	(1,258)
Sale of tangible fixed assets		78	28
		<u>(1,162)</u>	<u>(1,230)</u>
Acquisitions and disposals			
Purchase of subsidiary undertakings		(17,567)	(11,218)
Purchase of additional interests in subsidiary undertakings		(1,810)	(166)
Cash acquired with subsidiary undertakings		2,507	480
Proceeds on sale of businesses		-	701
		<u>(16,870)</u>	<u>(10,203)</u>
Equity dividends paid		(12,949)	(12,941)
Cash outflow before financing		(3,366)	(6,558)
Financing			
Issue of shares for cash			
New ordinary share capital and share premium		645	6
Redemption of secured loan stock		(37)	(16)
Revolving credit facilities:			
Increase in borrowings		2,468	21,303
Repayment of borrowings		(8,411)	(52,138)
Loan repaid to DMGT group company		(26,003)	(4,774)
Loan received from DMGT group company		47,108	17,640
		<u>15,770</u>	<u>(17,979)</u>
Increase/(decrease) in cash during the year	B	12,404	(24,537)

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Notes to the Group Cash Flow Statement

A Reconciliation of operating profit to net cash inflow from operating activities

	2004 £000's	2003 £000's
Group operating profit	23,072	9,195
Amortization of goodwill	6,357	6,787
Exceptional impairment of capitalized goodwill (note 3)	1,177	1,051
Goodwill previously written off to reserves reinstated and written off (note 3)	-	6,779
Depreciation of tangible fixed assets	1,960	2,220
(Profit)/loss on sale of tangible fixed assets	(23)	21
Increase in debtors	(3,095)	(6,386)
Increase in creditors	4,303	4,893
Utilization of property rental provision	-	(125)
Net cash inflow from continuing operating activities	33,751	24,435

The impact of the acquisition of IMN on the cash flow for the period was an operating cash inflow of £3,252,000.

B Reconciliation of net cash flow to movement in net debt

	2004 £000's	2003 £000's
Increase/(decrease) in cash during the year	12,404	(24,537)
Cash (inflow)/outflow from change in debt finance	(285)	13,211
(Decrease)/increase in net amounts due from DMGT group undertakings	(14,840)	4,774
	(2,721)	(6,552)
Other non-cash items:		
Currency translation differences	7,703	3,677
Other non-cash changes	(357)	(1,382)
Movement in net debt in the year	4,625	(4,257)
Net debt at October 1	(67,103)	(62,846)
Net debt at September 30	(62,478)	(67,103)

C Analysis of changes in net debt

	At October 1 2003 £000's	Cash flow £000's	Exchange movements £000's	Other non-cash changes £000's	At September 30 2004 £000's
Cash at bank and in hand	10,772	12,662	129	-	23,563
Bank overdrafts	(292)	(258)	(3)	-	(553)
	<u>10,480</u>	<u>12,404</u>	<u>126</u>	<u>-</u>	<u>23,010</u>
Debt due within one year	(29,161)	(6,228)	3,780	(53,879)	(85,488)
Debt due in more than one year	(64,680)	5,943	5,215	53,522	-
	<u>(93,841)</u>	<u>(285)</u>	<u>8,995</u>	<u>(357)</u>	<u>(85,488)</u>
Amounts owed by DMGT group undertakings	16,258	(14,840)	(1,418)	-	-
Total	(67,103)	(2,721)	7,703	(357)	(62,478)

Other non-cash changes represent capitalised interest charged on debt and a reclassification of the DMGT loan.

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Group Statement of Total Recognized Gains and Losses

for the year ended 30 September 2004

	2004 £000's	2003 £000's
Profit for the financial year	16,014	4,069
Foreign exchange translation differences	6,866	4,477
Total recognized gains and losses for the year	22,880	8,546

Reconciliation of Movements in Equity Shareholders' Funds

for the year ended 30 September 2004

	2004 £000's	2003 £000's (restated see note 1)
Profit for the financial year	16,014	4,069
Dividends paid and proposed	(13,186)	(12,941)
	2,828	(8,872)
Proceeds from issue of shares for cash	645	6
Reinstatement of goodwill	-	6,779
Other recognized gains and losses relating to the year	6,866	4,477
Net decrease in equity shareholders' deficit	10,339	2,390
Opening equity shareholders' deficit	(73,489)	(75,805)
Prior period adjustment in respect of UITF 38 (note 1)	-	(74)
Closing equity shareholders' deficit	(63,150)	(73,489)

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Notes to the Preliminary Announcement

1 Basis of Preparation

The financial information set out in this announcement does not constitute the company's statutory accounts for the year ended September 30 2004 but is derived from those accounts. Statutory accounts for 2003 have been delivered to the Registrar of Companies, and those for 2004 will be delivered following the company's annual general meeting. The auditors have reported on those accounts; their report was unqualified and did not contain statements under section 237 (2) or (3) of the Companies Act 1985.

The financial information for the year ending September 30 2004 has been prepared in accordance with the accounting policies set out in the group's 2003 annual report, except for investments in own shares of £74,000 which has been reclassified from investments to reserves in accordance with UITF 38 'Accounting for ESOP Trusts'. Prior period comparatives have been restated.

2 Segmental analysis

	United Kingdom		North America		Rest of World		Total	
	2004 £000's	2003 £000's	2004 £000's	2003 £000's	2004 £000's	2003 £000's	2004 £000's	2003 £000's
Turnover								
By destination:								
Other continuing businesses	29,518	29,439	71,672	62,970	67,543	66,360	168,733	158,769
Closed businesses	-	-	-	-	-	173	-	173
Acquisition*	81	-	1,900	-	3,940	-	5,921	-
	<u>29,599</u>	<u>29,439</u>	<u>73,572</u>	<u>62,970</u>	<u>71,483</u>	<u>66,533</u>	<u>174,654</u>	<u>158,942</u>

	United Kingdom		North America		Rest of World		Total	
	2004 £000's	2003 £000's	2004 £000's	2003 £000's	2004 £000's	2003 £000's	2004 £000's	2003 £000's
Turnover								
By activity and source:								
Financial publishing	27,979	24,752	30,165	32,390	1,350	1,408	59,494	58,550
Business publishing	17,775	18,644	8,368	9,607	2,739	2,636	28,882	30,887
Training	14,965	13,003	5,215	5,187	1,887	1,661	22,067	19,851
Conferences and seminars	18,793	14,350	15,967	14,539	9,327	6,352	44,087	35,241
Databases and information services	4,396	4,371	3,488	3,052	6,319	6,374	14,203	13,797
Closed businesses	-	199	-	204	-	213	-	616
Acquisition*	-	-	5,921	-	-	-	5,921	-
	<u>83,908</u>	<u>75,319</u>	<u>69,124</u>	<u>64,979</u>	<u>21,622</u>	<u>18,644</u>	<u>174,654</u>	<u>158,942</u>

	United Kingdom		North America		Rest of World		Total	
	2004 £000's	2003 £000's	2004 £000's	2003 £000's	2004 £000's	2003 £000's	2004 £000's	2003 £000's
Operating profit								
By activity and source:								
Financial publishing	7,404	6,789	3,646	3,526	(113)	87	10,937	10,402
Business publishing	3,467	2,810	1,204	1,277	93	(286)	4,764	3,801
Training	3,356	2,849	962	758	588	310	4,906	3,917
Conferences and seminars	4,658	2,402	3,543	3,374	1,983	866	10,184	6,642
Databases and information services	2,531	2,364	871	368	(27)	12	3,375	2,744
Closed businesses	-	17	-	5	-	66	-	88
Acquisition*	-	-	1,769	-	-	-	1,769	-
Unallocated corporate costs	(5,717)	(3,650)	388	(132)	-	-	(5,329)	(3,782)
	<u>15,699</u>	<u>13,581</u>	<u>12,383</u>	<u>9,176</u>	<u>2,524</u>	<u>1,055</u>	<u>30,606</u>	<u>23,812</u>
Goodwill amortization and impairment	(3,358)	(7,053)	(4,107)	(7,543)	(69)	(21)	(7,534)	(14,617)
Operating profit after goodwill amortization and impairment	<u>12,341</u>	<u>6,528</u>	<u>8,276</u>	<u>1,633</u>	<u>2,455</u>	<u>1,034</u>	<u>23,072</u>	<u>9,195</u>

* Acquisition revenue and profit stem entirely from the conferences and seminars sector.

The goodwill amortization and impairment of £7,534,000 (2003: £14,617,000) can be allocated as follows; Financial publishing, £1,665,000 (2003: £265,000); Business publishing, £2,605,000 (2003: £6,889,000); Conferences and seminars, £185,000 (2003: £1,559,000); Databases and information services, £2,072,000 (2003: £5,904,000); and Acquisitions, £1,007,000.

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Notes to the Preliminary Announcement *continued*

3 Exceptional items

Exceptional goodwill impairment

The group regularly performs a review of its portfolio and this year the review has resulted in additional goodwill write offs of £1,177,000 (2003: £1,051,000) in the profit and loss account. In 2003, the group took an additional writedown of £6,779,000 through the profit and loss account for goodwill that was previously written off against reserves under SSAP 22 on several investments either where the goodwill was now no longer separately identifiable as a result of business merger or where the immediate prospects for the business were uncertain.

Prior year exceptional profit on disposal/closure of businesses

In January 2003, the group sold two titles owned by Asia Law and Practice for a profit of £701,000 after related sale costs. There was no goodwill associated with the sale.

4 Tax on profit on ordinary activities

	2004 £000's	2003 £000's
United Kingdom		
Corporation tax at 30% (2003: 30%)	4,514	2,958
Associates	114	108
Under/(over) provision in respect of prior years	<u>165</u>	<u>(523)</u>
	<u>4,793</u>	<u>2,543</u>
Foreign tax		
Overseas taxation	1,063	686
Under provision of overseas taxation in respect of prior years	<u>59</u>	<u>69</u>
Total current tax	<u>5,915</u>	<u>3,298</u>
Deferred tax		
Origination and reversal of asset timing differences	(1,658)	83
Origination and reversal of liability timing differences	2,505	2,773
Increase in discount	(2,529)	(2,694)
Over provision of deferred taxation in respect of prior years	<u>(334)</u>	<u>(359)</u>
Total deferred tax	<u>(2,016)</u>	<u>(197)</u>
Tax on profit on ordinary activities	<u><u>3,899</u></u>	<u><u>3,101</u></u>

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 30% (2003: 30%). The current tax charge for the year is different from 30% of profit before tax for the reasons set out in the following reconciliation:

	2004 £000's	2003 £000's
Profit on ordinary activities before tax	<u>20,491</u>	<u>7,396</u>
Tax at 30%	6,147	2,219
Factors affecting tax charge:		
UK goodwill amortization	2,260	4,385
Non-taxable items and additional deductible UK items	(1,032)	(1,629)
US goodwill amortization and brought forward tax losses	(2,402)	(1,590)
US state taxes	418	219
Disallowable expenditure	-	124
Movement in other timing differences	374	-
Depreciation in excess of capital allowances	45	11
Lower rates of tax on overseas profits	(119)	13
Under/(over) provisions in prior years	<u>224</u>	<u>(454)</u>
Current tax charge for the year	<u><u>5,915</u></u>	<u><u>3,298</u></u>

The exceptional item in 2003 gives rise to a nominal tax charge as the element relating to capital gains is not taxable in Hong Kong.

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Notes to the Preliminary Announcement *continued*

5 Dividends

	2004 £000's	2003 £000's
Interim paid 5p per share (2003: 5p)	4,397	4,390
Final proposed 10.00p per share (2003: 9.75p)	8,798	8,560
	<u>13,195</u>	<u>12,950</u>
Employees' Share Ownership Trust dividend	(9)	(9)
	<u>13,186</u>	<u>12,941</u>

The final dividend of 10.00p (2003: 9.75p) will be paid on February 4 2005 to shareholders on the register on December 3 2004. It is expected that the shares will be marked ex-dividend on December 1 2004. Holders of International Depositary Receipts can receive their dividend on February 4 2005 by presentation of coupon number 35 to Banque Internationale à Luxembourg or to one of their agents.

6 Earnings per share

	2004 £000's	2003 £000's
Basic earnings	16,014	4,069
Goodwill amortization	6,357	6,787
Exceptional goodwill impairment (note 3)	1,177	7,830
Exceptional profit on disposal/closure of businesses (note 3)	-	(701)
Adjusted earnings before goodwill amortization and exceptional items	<u>23,548</u>	<u>17,985</u>

	Number 000's	Number 000's
Weighted average number of shares	87,910	87,796
Shares held by the Employees' Share Ownership Trust	(59)	(59)
	<u>87,851</u>	<u>87,737</u>
Effect of dilutive share options	309	-
Diluted weighted average number of shares	<u>88,160</u>	<u>87,737</u>

	Pence per share	Pence per share
Basic earnings per share	18.22	4.64
Effect of dilutive share options	(0.06)	-
Diluted earnings per share	<u>18.16</u>	<u>4.64</u>
Effect of goodwill amortization	7.21	7.74
Effect of exceptional goodwill impairment	1.34	8.92
Effect of profit on disposal/closure of businesses	-	(0.80)
Adjusted diluted earnings per share before goodwill amortization and exceptional items	<u>26.71</u>	<u>20.50</u>

The adjusted diluted earnings per share figure has been disclosed since the directors consider it to give a meaningful indication of the underlying trading performance.