

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-KSB

X Annual Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the fiscal year ended: December 31, 1997 Transition report under Section 14  
of 15(d) of the Securities Exchange Act of 1934 For the transition period from  
to \_\_\_\_\_

Commission file number: 1-10932  
INDIVIDUAL INVESTOR GROUP, INC.  
(Name of Small Business Issuer in its Charter)  
Delaware 13-3487784  
(State or Other Jurisdiction of (IRS Employer  
Incorporation or Organization) Identification No)  
1633 Broadway, 38th Floor, New York, NY 10019  
(Address of Principal Executive Offices) (Zip Code)  
Issuer's Telephone Number, Including Area Code: (212) 843-2777

Securities registered under Section 12(b) of the Exchange Act: NONE

Securities registered under Section 12(g) of the Exchange Act: COMMON STOCK

Check whether the issuer: (1) filed all reports required to be filed by Section  
13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter  
period that the Registrant was required to file such reports) and (2) has been  
subject to such filing requirements for the past 90 days. Yes x No

Check if there is no disclosure of delinquent filers pursuant to Item 405 of  
Regulation S-B contained in this form, and no disclosure will be contained, to  
the best of the Registrant's knowledge, in definitive proxy or information  
statements incorporated by reference in Part III of this Form 10-KSB or any  
amendment to this Form 10-KSB. [ ]

State issuer's revenues for its most recent fiscal year \$15,450,150

As of March 6, 1998, the aggregate market value of the Registrant's Common Stock  
(based on the average bid and asked quotations of the Common Stock on that date  
on NASDAQ) held by non-affiliates of the Registrant, was approximately  
\$31,233,496.

As of March 6, 1998, 7,211,319 shares of the Common Stock of the Registrant were  
outstanding.

Transitional Small Business Disclosure Format Yes No x

DOCUMENTS INCORPORATED BY REFERENCE The information required in Part III by  
items 9, 10, 11 and 12 is incorporated by reference to the Registrant's proxy  
statement in connection with the Annual Meeting of Stockholders to be held June  
17, 1998, which will be filed by the Registrant within 120 days after the close  
of its fiscal year.

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PART I  
ITEM 1. BUSINESS

FINANCIAL INFORMATION SERVICES

Individual Investor Group, Inc. and its subsidiaries (the "Company") are  
primarily engaged in providing financial information services. The Company's  
information services operating subsidiaries are focused on providing research  
and analysis of investment information to individuals and investment  
professionals through a variety of publications and an online service. The  
Company publishes and markets Individual Investor magazine, Ticker(sm) magazine,  
Individual Investor Online (www.iionline.com), Individual Investor's Special  
Situations Report, and the recently launched INDI 500(sm) index.

Individual Investor Magazine

The Company's flagship publication, Individual Investor, is a consumer-oriented  
monthly investment magazine that offers commentary and opinion on investment  
ideas. Individual Investor seeks differentiation among personal finance  
magazines through its focus on identifying and recommending investment  
opportunities on the basis of in-house research that uses proprietary analysis.  
Individual Investor's editorial focus is based on analysis of investment  
opportunities in public companies and mutual funds believed to have the  
potential to achieve returns higher than those of the general market. In  
addition to investment ideas, the publication seeks to provide the investor with

tools and knowledge to help with investment decisions.

Individual Investor is printed on a glossy, coated paper stock and has a basic annual subscription rate of \$22.95 (\$2.95 newsstand price). Individual Investor had a total paid subscriber and newsstand circulation of approximately 500,000 in March 1998, compared with total circulation of approximately 425,000 in March 1997. Individual Investor's revenue from advertising, circulation, list rental and other sources aggregated \$12,457,928, which is 81% of the Company's total revenues for the year ended December 31, 1997.

#### Ticker Magazine

In October 1996 the Company began publishing Ticker magazine, a monthly trade publication distributed without charge to a controlled circulation of 75,000 brokers, financial advisers and financial industry managers. In February 1998 the Company increased the circulation to 90,000, and concurrently implemented a proportionate increase in advertising rates, which went into effect that month. Ticker focuses on providing investment professionals with information to help increase their business, manage their accounts more effectively, and improve results for their clients. Ticker publishes articles on stocks, bonds, and mutual funds, and it features interviews with selected analysts and research specialists. Focus groups conducted in 1997 by Strategic Focus, Inc., consisting of brokers and financial planners, indicated that, "In its first year of publication, Ticker has established itself at the top end among controlled circulation investment magazines." Ticker, now distributed primarily on a monthly basis, mailed 10 issues in 1997. Ticker's revenue from advertising, list rental and other sources totaled \$1,275,062 for 1997, which is 8% of the Company's total revenues for the year ended December 31, 1997.

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#### Individual Investor Online

The Company's web site for Internet users, [www.iionline.com](http://www.iionline.com), provides investment information and analysis for individual investors. Drawing on the research-driven editorial focus of the Company's publications, [www.iionline.com](http://www.iionline.com) provides users with research, analytical tools, and financial information, which enables interaction between the Company's community of readers and analysts. As of March 6, 1998, [www.iionline.com](http://www.iionline.com) had approximately 74,000 registered users and was generating approximately one million page views per month. The web site generated \$210,020 in revenues, primarily from advertising, during the last four months of the year, which is 1.4% of the Company's total revenues for the year ended December 31, 1997.

The Company's strategy is to increase page views significantly by offering certain of its proprietary content to other heavily trafficked online services including Yahoo!, AOL's Digital City New York, and Quote.Com. Those sites boast traffic that ranges up to 65 million page views per day. These content-sharing arrangements are accomplished at little or no cost by using existing content (e.g., "Stock of the Day," "Industry Analysis," and "Magic 25 Week in Review"). In exchange for providing proprietary content to those heavily trafficked sites, they provide hyperlinks to [www.iionline.com](http://www.iionline.com). If the arrangements are successful in generating traffic to the Company's site, the Company anticipates revenue from banner and sponsorship advertising to increase. The Company believes it may also be able to generate revenue in the future by imposing a subscription charge for online users who are not subscribers to the Company's magazines. The Company also intends to license its content to other parties for a fee.

#### INDI 500

The Company has developed the INDI 500 index of small-cap stocks, which is listed on the American Stock Exchange ("AMEX") under the ticker symbol NDI. The index is comprised of companies selected primarily based upon earnings growth and will be adjusted quarterly. Companies considered for inclusion must have a market capitalization between \$100 million and \$2 billion, show earnings growth in excess of 50% in their most recent quarter, and have at least \$.05 per share in their most recent quarterly earnings and positive revenue comparisons. The Company has retained Lipper Analytical Services to help publicize and disseminate the INDI 500 in order to achieve regular publication of the index value in key financial media.

The Company intends to offer licensed use of the INDI 500 as the basis for trusts and other derivative products which can be offered by one or more independent issuers. The Company will seek to earn revenues from fees based on the dollars invested in any such product. Although the Company has received indications of interest, the Company cannot yet forecast the rate at which such fees will be set or the revenues to be generated from this product line.

#### Individual Investor's Special Situations Report Newsletter

The Company also publishes Individual Investor's Special Situations Report ("SSR"), a monthly 12-page report that is mailed first class to subscribers. Each issue of SSR features one new stock investment recommendation, including a detailed research report that discusses the featured company's operating history, future plans, management, and specific financial projections. In addition, each issue

reports on recent company developments of previously recommended stocks and gives buy, hold, or sell recommendations on those stocks. SSR was developed by the Company and launched in December 1989. The basic annual subscription price is \$165. As of March 1998, SSR had approximately 5,000 paid subscribers, compared with 11,100 in March 1997. SSR's revenue from circulation and list rental aggregated \$919,189, which is 6% of the Company's total revenues for the year ended December 31, 1997. In addition to the Company's distribution of SSR via first class mail, the Company is considering the possibility of distributing SSR through the Internet.

#### Circulation and Marketing

Circulation revenue from subscriptions for all publications accounted for approximately 26% of the revenues of the Company for the year ended December 31, 1997 as compared to 43% for 1996. Circulation revenues for 1997 were \$3,953,285 as compared to \$5,611,099 in 1996. The Company obtains subscriptions for Individual Investor through leading subscription agencies, such as American Family Publishers and CAP Systems (airline frequent-flyer promotions). The Company also solicits subscriptions for Individual Investor through direct-mail marketing promotions, television, radio, and the Internet.

Individual Investor is distributed for sale on newsstands ("single-copy sales") throughout the United States by an independent distributor. Single-copy sales accounted for approximately 5% of the of the Company's revenues for the years ended December 31, 1997 and 1996. Single copy revenues for 1997 were \$750,321 as compared to \$712,105 in 1996. The average monthly paid single-copy sales increased from 38,027 in 1996 to 46,459 in 1997. The Company has and is continuing to expand Individual Investor's newsstand presence and nationwide sales distribution. Effective July 1998 the Company is changing its distributor to International Circulation Distributors, a subsidiary of The Hearst Corporation.

Ticker is a controlled-circulation magazine distributed to brokers, financial advisors and financial- industry professionals, whose names are obtained from lists acquired by the Company, who must respond that they want to continue receiving the publication in order to stay on the circulation list.

SSR is sold by subscription only. The Company uses targeted direct mail solicitation to promote SSR and concentrates on cross-marketing this higher-priced publication to the larger Individual Investor subscriber base.

The Company markets its online service through the content-sharing arrangements described above as well as through print advertisements in its publications.

#### Advertising

Advertising revenues accounted for 62% of the Company's total revenue for the year ended December 31, 1997 as compared to 42% for 1996. Advertising revenues for 1997 were \$9,578,573 as compared to \$5,488,157 in 1996. Advertising revenue is derived primarily from Individual Investor and Ticker magazines. Advertising sales efforts are performed by the Company's employees and by outside sales representatives located throughout the United States. In addition, the Company's web site, [www.iionline.com](http://www.iionline.com), began to generate revenue in the last four months of 1997. The Company uses an independent sales agent, Doubleclick Inc., to sell and deliver banner and sponsorship advertising on [www.iionline.com](http://www.iionline.com).

Advertising is sold primarily to three types of advertisers: (1) financial-services companies, including brokerage firms, mutual funds, and companies that provide investment-oriented products; (2) consumer advertisers, including marketers of automobiles, computer products, clothing, and accessories; and (3) public companies interested in attracting the publications' readers as investors. Increased visibility and circulation of Individual Investor have provided much of the growth in advertising revenue.

On the basis of independent subscriber studies, the Company believes that the subscribers of Individual Investor and Ticker are financially sophisticated individuals with substantial net worth, several years of investing experience, and significant investment portfolios. The Company believes that those demographics are a valuable tool in marketing advertising space in Individual Investor and Ticker and on [www.iionline.com](http://www.iionline.com).

The Company intends to increase advertising revenue by targeting national consumer advertisers in such industries as automobiles, technology products, and insurance. The Company believes that the growing circulation of Individual Investor, the increased circulation base for Ticker, and the development of [www.iionline.com](http://www.iionline.com), as well as increased product awareness, will continue to attract more attention to the magazines as an advertising medium. If the Company can continue to increase the circulation base of Individual Investor, the Company believes that it will be able to continue to increase its advertising rates. In addition, if the number of page views on [www.iionline.com](http://www.iionline.com) increase, the Company expects advertising revenues in this medium to grow.

## List Rental Revenue

The Company earned 7% of its revenue from list rentals for the year ended December 31, 1997, compared with 9% in 1996. List rental revenues for 1997 were \$1,039,833 as compared to \$1,235,980 in 1996. The Company utilizes the services of Rickard List Marketing, an independent list-management agent, to promote the rental of the Company's subscriber lists.

## Competition

The Company competes against other publications for both subscribers and advertisers in the financial and consumer categories. The circulation of the Company's publications and its revenue from circulation are smaller than the circulation and revenue of most of its competitors. Some of the publications that compete in Individual Investor's marketplace, are Money, Smart Money, Kiplingers and Worth. In addition the magazine competes against publications with a broader editorial focus, including The Wall Street Journal, Forbes, Business Week, and Fortune. Ticker competes for advertising and readership with other publications that target brokers, financial advisers and financial industry managers. Those publications include Registered Representative, Institutional Investor, Research and On Wall Street. The Company competes with various online services including The Street.com, Yahoo! Finance, Microsoft Investor, Motley Fool, as well as those sponsored by other publishers including Money and Smart Money. The Company also competes with other online services, research reports, newsletters, and other publications and services offered by financial investment houses and publishers.

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## Production and Operations

All preliminary research and analysis is done by in-house research and editorial staff. After the editorial content of the Company's publications is determined, the articles are assigned to either in-house writers and researchers or freelance writers. The financial tables included in Individual Investor are provided by various vendors. The Company selects independent printers based on their production quality and competitive costs and service. The Company uses in-house software and hardware in the composition and layout of its publications.

The Company uses an outside fulfillment service to manage its subscriber files. The service includes receiving subscription orders and payments, sending renewal and invoice notices to subscribers, and generating the subscribers' labels and circulation information reports each month.

## INVESTMENT MANAGEMENT SERVICES

The Company is also engaged in the investment management services business.

### WisdomTree

A wholly-owned subsidiary of the Company, WisdomTree Capital Management, Inc. ("WTCM"), serves as general partner of (and investor in) a domestic private investment fund known as WisdomTree Associates, L.P. ("WTA"). The Partnership commenced operations on July 19, 1993. During 1996 WTCM, with the consent of a majority of the limited partners, resolved to continue the partnership through December 31, 1998. The Company, through WTCM and its wholly-owned subsidiary, WisdomTree Administration, Inc. ("WTAI"), provides investment management services to this fund, and to an offshore private investment fund, known as WisdomTree Offshore, LTD ("WTOL"), which commenced operations in January 1996. The funds specialize in investing in securities of relatively small, less well-known public companies. The primary strategy in selecting these securities is to focus on rapid growth in revenues and earnings which are expected to result in above average increased share prices.

WTCM is entitled to receive a special allocation equal to 20% of the net income, if any, of the funds (not including income earned on its own investment), subject to certain limitations, calculated at year end, which is December 31st for WTA and June 30th for WTOL. The total special allocations received from WTA and WTOL in 1997 were \$948,086, as compared to \$225,405 in 1996.

WTAI receives a management fee equal to 1/4 of 1% of the net asset value of WTA, calculated as of the last business day of each quarter, and a management fee equal to 1/8 of 1% of the net asset value of WTOL, calculated monthly. Management fees for the year ended December 31, 1997 totaled \$442,320, as compared to \$668,801 in 1996.

Total equity under management by the Company as of December 31, 1997 for both funds totaled approximately \$47 million as of December 31, 1997 as compared to approximately \$66 million in 1996. The Company is currently assessing the suitability of this business within the context of its strategic plans and will consider the desirability of continuing, discontinuing or selling the business during 1998.

I.I. Strategic Consultants, Inc.

Another wholly-owned subsidiary of the Company, I.I. Strategic Consultants, Inc. (IIS), provides portfolio consultant services to Reich & Tang, a sponsor and distributor of unit investment trusts, two of which have been marketed under the Company's proprietary America's Fastest Growing Companies ("AFGC") service mark. This operation is being phased out in connection with the Company's strategic emphasis on information services and will be terminated in July 1998.

#### EMPLOYEES

As of March 6, 1998, the Company employed 78 persons on a full-time basis: 4 executive officers, 14 salespersons and marketers for advertising, 24 researchers, writers and editors, 7 art and production employees, 4 employees who oversee circulation, 4 employees in the investment management fund business, 8 employees in on-line services and 13 administrative, accounting and support personnel. In addition, the Company utilizes varying numbers of freelance writers and interns. The Company also uses the services of outside advertising sales representatives and a newsstand distribution consultant.

#### INTELLECTUAL PROPERTY

The Company believes that trademarks and service marks are important to its business and actively pursues strategies to protect and strengthen its current marks for use in connection with its products and for future products. The Company is somewhat dependent on the use of certain marks in its operations, particularly the names of its two magazines: Individual Investor and Ticker.

The Company has a perpetual license for use of the trademark INDIVIDUAL INVESTOR. To perfect its interests in this mark the Company filed suit during 1997 against The American Association of Individual Investors, which is the licensor, and a third party, which the Company believed infringed the mark. The litigation was resolved favorably with an agreement by the third party not to further infringe the mark. Nonetheless, the Company has begun negotiations with the licensor to secure assignment of the trademark. There is no assurance the Company will be successful in this negotiation. In any event, the Company will continue to monitor and seek enforcement against any perceived infringement of the mark.

An application to register the trademark TICKER was filed in November 1996 in connection with the launch of this publication. Action on this pending trademark application has been deferred by the Patent and Trademark Office pending the issuance of two other pending applications, one for Global Ticker and one for Snapshot Personal Ticker. The Company believes that these marks are not confusingly similar and will pursue registration of this mark.

The Company also has registered the trademarks MAGIC 25 and AMERICA'S FASTEST GROWING COMPANIES. The Company uses these marks regularly in its publications and has licensed the latter in connection with certain other business activities.

During 1997, the Company also undertook the development of intellectual property rights with respect to several new marks which the Company intends to use in connection with planned and/or potential business activities or, alternatively, to sell to third parties.

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In connection with the Company's launch of the INDI 500 index of small cap stocks, the Company has made several applications to register an INDI family of marks. The first, for INDI alone, will be published for opposition in March 1998 and the second, for INDI 500, will be published sometime shortly thereafter. If no one successfully opposes these marks, trademark registrations will be issued.

#### ITEM 2. PROPERTIES

The Company leases 28,000 square feet of office space for its corporate office at 1633 Broadway in New York, New York. The lease runs through March 30, 1999 and provides for an aggregate annual rent of \$544,000 plus escalation costs. The Company anticipates that it will relocate its corporate office at the end of this lease at a significantly higher rental rate. The Company is currently commencing its search for alternative space and believes that it will find suitable space of comparable size but will incur expenses in connection with its move and for capital improvements for its new space.

The Company also leases 10,000 square feet at its previous location, also in New York City, which has been sublet as of February 1996 to a third party. The lease for its former office space expires March 1, 2005, and provides for an aggregate annual rent over the term of the sublease ranging from \$160,000 to \$210,000 plus escalation costs. The sublease also expires on March 1, 2005, and provides for aggregate annual rental receipts ranging from \$160,000 to \$205,000 over the term of the sublease plus escalation costs.

ITEM 3. LEGAL PROCEEDINGS

The Company from time to time is involved in ordinary and routine litigation incidental to its business. In the opinion of management, there is no pending legal proceeding that would have a material adverse effect on the consolidated financial statements of the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

On December 9, 1996 the Company's Common Stock commenced trading on The Nasdaq National Market, which is the principal trading market for the Company's Common Stock, under the symbol INDI. The Company's Common Stock had been quoted on the Nasdaq SmallCap Market and the Boston Stock Exchange since the Company's initial public offering on December 4, 1991, under the symbol INDI.

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The table below sets forth for the periods indicated the high and low bid price quotations on the Nasdaq National Market, and The Nasdaq Small Cap Market for the Company's Common Stock.

1997:	Low (\$)	High (\$)
First Quarter	6	9 1/2
Second Quarter	5 3/8	8 5/8
Third Quarter	6 3/4	8 1/4
Fourth Quarter	5 7/8	7 7/8
1996:	Low (\$)	High (\$)
First Quarter	5 3/8	7
Second Quarter	5 7/8	13 1/2
Third Quarter	6 3/4	10 1/4
Fourth Quarter	6 3/4	8 1/2

These amounts represent quotations between dealers in securities, do not include retail markups, markdowns or commissions and may not necessarily represent actual transactions. On March 6, 1998, the last sale price for the Company's Common Stock, as reported by Nasdaq, was \$ 6.375.

Holders

On March 6, 1998, there were 63 holders of record of the Company's Common Stock. The Company believes that there are in excess of 2,100 beneficial owners of the Company's Common Stock.

Dividends

To date, the Company has not paid any dividends on its Common Stock. The payment of dividends, if any, in the future is within the discretion of the Board of Directors and will depend upon the Company's earnings, its capital requirements and financial condition, and other relevant factors. The Company does not intend to declare any dividends in the foreseeable future, but instead intends to retain any capital for use in the business.

Sales of Unregistered Securities

<TABLE>  
<CAPTION>

<S>	<C>	<C>	<C>	<C>	<C>
Date of sale	Title of security	Number Sold	Consideration received and description of underwriting or other discounts to market price afforded to purchasers	Exemption from registration claimed	If option, warrant convertible security, terms of exercise or conversion
12/31/97	Common Stock	489,795	\$3,000,000	Section 4(2)	-
10/97 -12/97 of	Options to purchase	172,600	options granted - no	Section 4(2)	vesting over a period of

date of	common stock	consideration received by	three years from
certain	granted to	Company until exercise	grant, subject to
continued	employees,		conditions of
exercisable for a	directors and		service;
years	consultants		period lasting ten
at			from date of grant
\$6.125			exercise prices of
			to \$7.875

</TABLE>

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ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL  
CONDITION AND RESULTS OF OPERATIONS

Forward Looking Statements

When used in this Form 10-KSB and in future filings by the Company with the Securities and Exchange Commission, the words or phrases "will likely result," "management expects," or "the Company expects," "will continue," "is anticipated," "estimated" or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Readers are cautioned not to place undue reliance on any such forward-looking statements, each of which speak only as of the date made. Such statements are subject to certain risks and uncertainties, some of which are described below, that could cause actual results to differ materially from historical earnings and those presently anticipated or projected. The Company has no obligation to publicly release the result of any revisions which may be made to any forward-looking statements to reflect anticipated events or circumstances occurring after the date of such statements.

Year Ended December 31, 1997 as Compared to the Year Ended December 31, 1996

Operating Losses

The Company's operating loss increased by \$1,662,941, or 49%, to \$5,029,631 for the year ended December 31, 1997, as compared to \$3,366,690 in 1996. This increase in operating loss relates primarily to additional expenses in excess of revenue gains that have been incurred on Ticker and with respect to the launch and development of the online service www.iionline.com. Ticker incurred a negative contribution (before deducting general and administrative expenses) of approximately \$0.8 million and the online service incurred a negative contribution (also before deducting general and administrative expenses) of approximately \$0.5 million. The Company has made these investments because the Company believes in the potential value of these two products. In addition, during 1997 SSR's profit contribution declined by approximately \$0.5 million, to \$0.4 million, because of reduced subscription revenues while Individual Investor's profit contribution increased by approximately \$0.3 million, to \$0.4 million (each before deducting general and administrative expenses). General and administrative and depreciation expenses increased by \$0.5 million.

Revenues

Total revenues increased 18%, to \$15,450,150 for the year ended December 31, 1997, as compared to \$13,044,111 for the year ended December 31, 1996.

Advertising revenues increased 75%, to \$9,578,573 for the year ended December 31, 1997, as compared to \$5,488,157 in 1996. Individual Investor's advertising revenues increased 58%, to \$8,151,599 in 1997, as compared to \$5,147,785 in 1996. This increase is primarily due to increased advertising rates per page. As a result of the increase in paid circulation of Individual Investor, effective November 1997 and November 1996 the Company increased its advertising rates by approximately 18% and 40%, respectively. Total advertising pages for Individual Investor declined by approximately 2% in 1997. Although financial advertising pages declined 7%, partially as a result of the above rate increase, the category of higher margin consumer advertising pages increased 32% in 1997. Ticker advertising

revenues increased to \$1,221,955 for 1997 primarily due to ten issues published in 1997 compared to two in 1996. Also contributing somewhat to the increase in advertising revenue has been the Company's website, www.iionline.com, which generated \$210,020 during the last four months of the year.

Circulation revenues decreased 30%, to \$3,953,285 for the year ended December 31, 1997, as compared to \$5,611,099 in 1996. Individual Investor had total circulation of approximately 500,000 in March 1998, comprised of paid subscribers and newsstand distribution, as compared to total circulation of approximately 425,000 in March 1997. Nevertheless, subscription revenues for Individual Investor decreased 32%, to 2,406,436, while newsstand revenues for the magazine increased by 5%, to \$750,321. The decrease in subscription revenues is a direct result of the reduction of direct mail and television campaigns in favor of other sources for subscribers (such as the use of subscription agencies and airline frequent flyer promotions) that provide for continuing numbers of new subscribers with lower marketing expenses but little or no subscription revenue. The Company believes that Individual Investor subscription revenues will stabilize at current levels. Subscription revenues for the Company's newsletter, Special Situations Report, decreased 41%, to 796,528, as a result of a decrease in subscribers. As of March 1998, Special Situations Report had approximately 5,000 paid subscribers as compared to 11,100 in March 1997. This decrease is a direct result of the reduction of television campaign promotions. It is anticipated that subscription revenues for Special Situations Report will continue to decline in the near term, although based on current marketing plans the Company believes that subscriber levels have stabilized. The Company does not currently impose a separate charge for use of its online service.

List rental and other revenues decreased 5%, to \$1,367,883 for the year ended December 31, 1997 as compared to \$1,437,786 in 1996. List rental revenue decreased to \$1,039,833 for the year ended December 31, 1997 as compared to \$1,235,980 in 1996. The decrease in list rental revenue is attributable to reduced demand. Other revenues, which primarily include the sale of reprints from Individual Investor and Ticker magazines and revenues from an affinity credit card agreement, increased to \$328,050 in 1997 as compared to \$201,806 in 1996.

Investment management services revenues were \$1,448,644 for the year ended December 31, 1997, as compared to \$937,406 in 1996. Revenues from investment management services are a combination of management fees, being 1 to 1-1/2 percent of assets under management, and a special profit allocation, being 20% of defined performance (with \$58,238 additional revenues being contributed as a result of the Company's portfolio consulting activities). Total equity managed by the Company decreased to approximately \$47 million as of December 31, 1997 as compared to \$66 million as of December 31, 1996. As a direct result management fees earned by the Company decreased to \$442,320 for 1997 as compared to \$668,001 in 1996. This decrease in assets under management in 1997 will mean lower management fees in 1998 as compared to 1997. The performance of the managed funds was negative during the year, as compared to positive performance by the Nasdaq Small Cap market and the Russell 2000. The funds also experienced significant volatility during 1997. The value of the funds decreased dramatically in the first quarter of 1997, recovered that loss during the third quarter and then saw a decline again by year end. The Company received special profit allocations on the funds' performance of \$948,086 for 1997 as compared to \$225,405 in 1996. This was primarily due to the increase in the value of additional investor contributions that were received prior to the positive third quarter performance. As a result of the declining fund performance over the last two years the assets under management continue to decrease. If the negative performance trend continues, the Company's management fees and potential special profit allocation will be adversely affected, and further

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withdrawals of assets from the funds can be anticipated. Net withdrawals in excess of contributions from the funds were approximately \$13 million for 1997. In the first quarter of 1998 investors in the funds made net withdrawals of approximately \$4.4 million. The Company recognizes that volatility in the performance of the Company's investment management services business segment is to be anticipated. There can be no assurance as to the funds' performance in 1998 or that each of the managed fund's asset bases will be maintained at current levels by the investors participating in such funds. The term of the domestic fund expires at the end of 1998 and the continuance thereafter is contingent upon the consent of the limited partners. However, the Company is currently assessing the suitability of this business within the context of its strategic plans and will consider the desirability of continuing, discontinuing or selling the business in 1998.

Net depreciation in fund totaled \$898,235 for the year ended



December 31, 1997 as compared to net depreciation of \$430,337 in 1996. Net depreciation in fund directly relates to the realized and unrealized earnings of the amount invested by the Company in the domestic fund's portfolio which, because of the nature of the investments as described above, will vary significantly from period to period and may result in losses as well as income. No assurance can be given that the Company will record income from its investments in future periods. As discussed below, unless the Company obtains additional financing from external sources, the Company will need to withdraw all or a substantial portion of its investment, which totaled \$4,037,432 at December 31, 1997, in the second or third quarter of 1998.

#### Operating Expenses

Total operating expenses increased 25%, to \$20,479,781 for the year ended December 31, 1997 as compared to \$16,410,801 in 1996.

Editorial, production and distribution expenses increased 45%, to \$9,672,297 for the year ended December 31, 1997 as compared to \$6,683,047 in 1996. Individual Investor production costs increased by \$782,999, primarily due to approximately 1.7 million additional copies printed in 1997, which reflects the increase in its subscription and newsstand sales. Individual Investor distribution costs increased due to approximately 1.4 million more copies mailed and a slight increase in postage costs. Individual Investor editorial costs increased by \$531,158 due to increased personnel costs and other expenses including manuscript preparation, art and design costs. Ticker incurred additional production and distribution costs of \$547,048 because Ticker mailed only two issues in 1996, compared to 10 issues for the year ended December 31, 1997. Ticker editorial costs also increased by \$443,788 due to the full year of staff and related expenses in 1997. The expenses incurred for establishing the Company's website, iionline.com, totaled \$1,030,091 for the year ended December 31, 1997 compared to \$356,839 in 1996. The Company anticipates doubling its direct expenses relating to online services in 1998 as it continues to increase its investment in this business.

Promotion and selling expenses increased 11%, to \$6,241,793 for the year ended December 31, 1997 from \$5,643,447 in 1996. Advertising salaries and commissions have increased 57% as a result of higher advertising revenues and additional sales personnel that have been added. Subscription promotion costs decreased 9% as a result of a decrease in direct mail and television campaigns in 1997.

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General and administrative expenses increased 9%, to \$4,222,386 for the year ended December 31, 1997 as compared to \$3,885,348 in 1996. General and administrative salaries, payroll taxes, employee benefits, and other related staffing costs increased to \$1,900,434 for the year ended December 31, 1997 as compared to \$1,466,474 in 1996, an increase of 30%. These added costs related to increases in compensation and personnel to support the Company's growth, as well as enhanced employee benefits. Also, as result of hiring additional personnel, office postage, supplies and related expenses have increased. Bad debt expense has decreased by 42%, to \$120,606 for the year ended December 31, 1997 as compared to \$208,088 in 1996, relating to improved collection procedures.

Depreciation and amortization expense increased 73%, to \$343,305 in 1997 from \$198,959 in 1996. The increase in 1997 is primarily attributable to depreciation of office furniture and computer equipment purchased to accommodate the increase in personnel during the year.

Interest income decreased to \$69,296 in 1997 from \$177,238 in 1996. This decrease is primarily due to the reduced levels of cash and cash equivalents available for investment by the Company during 1997.

The Company reported a net loss in 1997 and 1996 of \$4,960,335 and \$3,189,452, respectively. No income taxes were provided in 1997 or 1996 due to the net loss. The loss per common and equivalent share for 1997 and 1996 was \$.77 and \$.51, respectively.

#### Liquidity and Capital Resources

As of December 31, 1997, the Company had working capital of \$3,510,983, including cash and cash equivalents totaling \$3,533,622. In addition, the total value of the Company's investment in the domestic private investment fund was \$4,037,432, which is available, subject to market fluctuations and liquidity, to provide working capital to fund the Company's operations. As of March 16, 1998 the value of this investment declined to approximately \$3.5 million. During 1997 the Company received \$6,000,760 in proceeds from issuance of common stock, including \$3,250,000 from an affiliate of the Company's Chairman, \$2,000,000 from unrelated parties and the

remainder from exercises of stock options. During 1997 the Company also withdrew \$900,000 from its investment in the domestic fund. These inflows helped to fund the Company's net cash used in operating activities of \$4,743,284 during 1997.

The Company incurred an operating loss of \$5,029,631 for the year ended December 31, 1997. This loss was attributable to a number of factors, including the development of two new products. Ticker incurred net expenses over revenues of approximately \$0.8 million (before deducting general and administrative expenses) and the Company's investment in its online service incurred net expenses over revenues of approximately \$0.8 million (also before deducting general and administrative expenses). In addition, during 1997 the Company fell short on its goals for advertising pages sold (and the Company, accordingly, did not meet its goals for advertising revenues), largely resulting from the effect of rate increases implemented of approximately 18% and 40% during November 1997 and November 1996, respectively.

The Company's current level of revenues are not sufficient to cover its expenses. Under its current business plan, during 1998 the Company does not intend to significantly reduce its expenses, expects to continue to invest in its existing products and anticipates losses to continue in 1998.

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Therefore, profitability will be achieved in future periods only if the Company can substantially increase its revenues while controlling increases in expenses. Provided the Company has the financial resources, the company intends to increase its investment in its online service since it believes that this line of business offers the greatest opportunity for substantially generating revenues over the longer term.

Management expects advertising revenues to continue to grow based upon a number of factors. First, the Company expects to derive the benefit of a full year of increased advertising rates for Individual Investor. Second, the Company believes that it can attract more advertising pages from higher margin consumer advertisers with the hiring of new key sales personnel. Third, the Company expects to realize the benefits of increased awareness of Ticker in the marketplace and the effect of the new rate increase for Ticker implemented in February 1998. Lastly, the Company expects to realize higher revenues from a full year of operations of [www.iionline.com](http://www.iionline.com), as well as generate additional revenues from this growing medium. The Company also believes that overall circulation revenues have stabilized.

No assurance can be given that advertising revenues for Individual Investor and Ticker will increase because higher advertising rates may not be accepted by advertisers, advertising pages may decline, and the advertising mix may change. Although the Company has recently added key advertising sales personnel and anticipates hiring a new publisher in the near future, no assurance can be given that these changes will result in advertising revenue increases. The Company also believes that a stock market correction or "bear" market would affect its ability to sell advertising to the financial advertiser categories. In addition, although the Company has developed a specific marketing strategy for [www.iionline.com](http://www.iionline.com), as described above, no assurance can be given that this strategy will be successful.

Based on the Company's business plan, the Company believes that its working capital and its investment in the fund will be sufficient to fund its operations and capital requirements through 1998, although there can be no assurance that the assumptions in its business plan will be realized. As of December 31, 1997, the total value of the Company's investment in the domestic private investment fund was \$4,037,432, which has declined to approximately \$3.5 million as of March 16, 1998. This investment is available, subject to market fluctuations and liquidity, to provide working capital to fund the Company's operations. Unless the Company can obtain commitments for additional capital by April 30, 1998, the Company will need to take steps to withdraw all or at least most of its investment by the middle of 1998 for working capital. Thereafter, if revenues have not been significantly increased above current levels, the Company will need to raise additional capital in order to sustain operations or else consider the discontinuance or sale of parts of its current operations. The Company has not yet determined the costs that it will incur in connection with its anticipated relocation to new space in early 1999, although it can be expected to be substantial. No assurance can be given as to the availability of additional financing or, if available, the terms upon which it may be obtained. Any such additional financing may result in dilution of an investor's equity investment in the Company. Failure to obtain additional financing on favorable terms could have a substantial adverse effect on the

Company's future ability to conduct operations. There can be no assurance that additional losses will not be incurred in the future, or that the Company will be able to operate profitably in the future.

In August 1997 the Company retained the investment banking firm of Bear, Stearns & Co. Inc. ("Bear Stearns") to assist the Company in exploring strategic initiatives to enhance shareholder value, the process for which is continuing. With the assistance of Bear Stearns, the Company has focused on various alternatives including identifying, evaluating, and approaching potential strategic partners seeking investment positions in the Company's information services business.

Year 2000

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The Company has evaluated the potential impact of the situation commonly referred to as the "Year 2000 Issue" ("Y2K"). Y2K concerns the inability of information systems, primarily computer software programs, to properly recognize and process date sensitive information relating to the year 2000 and beyond. Many of the world's computer systems currently record years in a two-digit format. Such computer systems will be unable to properly interpret dates beyond the year 1999, which could lead to business disruptions in the U.S and internationally. The potential costs and uncertainties associated with Y2K will depend on a number of factors, including software, hardware and the nature of the industry in which a company operates.

To ensure that the Company's computer systems are Y2K compliant, the Company has been reviewing each of its systems and programs over the past year. The Company is also working with all of its major external vendors and suppliers to assess their compliance efforts and the Company's exposure to them. Any entities which the Company interacts with electronically, such as its outside subscription fulfillment service, customers, creditors and banks, can have an effect on its abilities to address this issue.

As a result of researching the Company's hardware and software, and discussing Y2K with the Company's external vendors and suppliers, it has been determined that, based upon available information, additional costs associated with Y2K should not have a material effect on the Company's operating results or financial condition.

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ITEM 7. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 1997 and 1996 .....	21
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of  
Individual Investor Group, Inc.

We have audited the accompanying consolidated balance sheet of Individual Investor Group, Inc. and subsidiaries (the "Company") as of December 31, 1997, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the two years in the period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of WisdomTree Associates, L.P. (the "Partnership"), the Company's investment in which is accounted for by use of the equity method. The Company's equity of \$4,037,432 in the

Partnership's net assets at December 31, 1997, and its special profit allocation of \$888,168 and \$75,108, and net depreciation in fund of \$898,235 and \$430,337 for the years ended December 31, 1997 and 1996, respectively, are included in the accompanying financial statements. The financial statements of the Partnership were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Partnership, is based solely on the report of such other auditors.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, such consolidated financial statements present fairly, in all material respects, the financial position of Individual Investor Group, Inc. and subsidiaries as of December 31, 1997, and the results of their operations and their cash flows for each of the two years in the period then ended in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP

New York, New York  
March 17, 1998

#### Report of Independent Auditors

The Partners of  
WisdomTree Associates, L.P.

We have audited the statement of financial condition, including the condensed schedule of investments, of WisdomTree Associates, L.P. (a Limited Partnership) (the "Partnership"), as of December 31, 1997 and the related statements of operations, changes in partners' capital and cash flows for each of the two years in the period then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WisdomTree Associates, L.P. at December 31, 1997 and the results of its operations and its cash flows for each of the two years in the period then ended in conformity with generally accepted accounting principles.

New York, N.Y.  
February 27, 1998

INDIVIDUAL INVESTOR GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

December 31, 1997

<TABLE>  
<CAPTION>

<S>	ASSETS	<C>
Current assets:		
Cash and cash equivalents		\$3,533,622
Accounts receivable (net of allowances of \$533,693)		2,993,299
Prepaid expenses and other current assets		224,801
		-----
Total current assets		6,751,722
Investment in fund (Note 2)		4,037,432
Deferred subscription expense		426,826
Property and equipment - net (Note 3)		556,070
Other assets		384,917
		=====
Total assets		\$12,156,967
		=====
	LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:		
Accounts payable		\$2,093,987
Accrued expenses (Note 4)		803,502
Deferred revenue		343,250
		-----
Total current liabilities		3,240,739
Deferred subscription revenue		2,661,129
		-----
Total liabilities		5,901,868
		-----
Commitments and contingencies (Note 5)		
Stockholders' Equity: (Note 8)		
Preferred stock, \$.01 par value, authorized 2,000,000 shares		-
Common stock, \$.01 par value; authorized 18,000,000 shares; issued and outstanding 7,146,071		71,461
Additional paid-in capital		19,514,363
Accumulated deficit		(13,330,725)
		-----
Total stockholders' equity		6,255,099
		-----
		=====
Total liabilities and stockholders' equity		\$12,156,967
		=====

</TABLE>

See Notes to Consolidated Financial Statements

INDIVIDUAL INVESTOR GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>  
<CAPTION>

	Year Ended December 31,	
	1997	1996
<S>	<C>	<C>
Revenues		
Financial Information Services:		
Advertising	\$9,578,573	\$5,488,157
Circulation	3,953,285	5,611,099
List rental and other	1,367,883	1,437,786
Total financial information services revenues	14,899,741	12,537,042
Investment management services (Note 2)	1,448,644	937,406
Net depreciation in fund (Note 2)	(898,235)	(430,337)
Total revenues	15,450,150	13,044,111
Operating expenses:		
Editorial, production and distribution	9,672,297	6,683,047
Promotion and selling	6,241,793	5,643,447
General and administrative	4,222,386	3,885,348
Depreciation and amortization	343,305	198,959
Total operating expenses	20,479,781	16,410,801
Operating loss	(5,029,631)	(3,366,690)
Interest income	69,296	177,238
Net loss	(\$4,960,335)	(\$3,189,452)
Loss per weighted average common share (\$0.51)	(\$0.77)	
Weighted average number of common shares outstanding during the period	6,466,168	6,198,260

</TABLE>

See Notes to Consolidated Financial Statements

<TABLE>  
<CAPTION>

INDIVIDUAL INVESTOR GROUP, INC. AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity  
(Note 8)

Gain	Common Sto Additional					Unrealized / (Realized)	
	Shares Issued	Par Value	Paid-in Capital	Accumulated Deficit	Shares	Treasury Amount	Son Marketable Securities

Total	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, January 1, 1996 \$10,468,730	6,335,181	\$63,353	\$15,586,315	(\$5,180,938)	31,822	-	-
Exercise of options - net 389,061	88,760	887	388,174	-	-	-	-
Repurchase and retirement of common s (2,453,346)	(250,000)	(2,500)	(2,450,846)	-	250,000	-	-
Retirement of treasury stock (319)	(31,822)	(319)	-	-	(281,822)	-	-
Net unrealized gain on marketable sec 22,433	-	-	-	-	-	-	22,433
Net loss (3,189,452)	-	-	-	(3,189,452)	-	-	-
Balance, December 31, 1996 5,237,107	6,142,119	61,421	13,523,643	(8,370,390)	-	-	22,433
Exercise of options - net 750,760	153,983	1,540	749,220	-	-	-	-
Issuance of Common Stock 5,250,000	849,969	8,500	5,241,500	-	-	-	-
Net realized gain on marketable secur (22,433)	-	-	-	-	-	-	(22,433)
Net loss (4,960,335)	-	-	-	(4,960,335)	-	-	-
Balance, December 31, 1997 \$6,255,099	7,146,071	\$71,461	\$19,514,363	(\$13,330,725)	-	-	-

See Notes to Consolidated Financial Statements  
INDIVIDUAL INVESTOR GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>  
<CAPTION>

<S>	Year Ended December 31,	
	1997 <C>	1996 <C>
Cash flows from operating activities:		
Net loss	(\$4,960,335)	(\$3,189,453)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	343,305	198,959
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	(412,027)	(1,091,637)
Prepaid expenses and other assets	(80,055)	(135,840)
Deferred subscription expense	530,588	339,192
Increase (decrease) in:		
Accounts payable and accrued expenses	159,598	214,436
Deferred revenue	343,250	-
Deferred subscription revenue	(667,608)	(45,519)
Net cash used in operating activities	(4,743,284)	(3,709,862)
Cash flows from investing activities:		
Purchase of property and equipment	(178,372)	(513,619)
Net depreciation in fair value of investment in f	10,067	355,229
Withdrawals from fund, net	900,000	1,200,000
Net cash provided by investing activities	731,695	1,041,610
Cash flows from financing activities:		
Proceeds from exercise of stock options	750,760	389,061
Proceeds from issuance of Common Stock (note 8)	5,250,000	-
Common Stock Repurchased (note 9)	-	(2,453,346)

Net cash provided by (used in) financing ac	6,000,760	(2,064,285)
Net increase (decrease) in cash and cash equivale	1,989,171	(4,732,536)
Cash and cash equivalents, beginning of period	1,544,451	6,276,987
Cash and cash equivalents, end of period	\$3,533,622	\$1,544,451

See Notes to Consolidated Financial Statements

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INDIVIDUAL INVESTOR GROUP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

INDIVIDUAL INVESTOR GROUP, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Individual Investor Group, Inc. and subsidiaries (the "Company") is a financial information services company that publishes and markets Individual Investor, a personal finance and investment magazine, Ticker, a magazine for investment professionals, Individual Investor's Special Situations Report, a financial investment newsletter, and Individual Investor Online a website located at www.iionline.com. The Company contracts with unaffiliated suppliers for paper, printing, binding, subscription fulfillment, newsstand distribution and list management. In addition, the Company provides investment management services to two private investment funds and is a portfolio consultant to a sponsor of unit investment trusts.

Principles of Consolidation - The consolidated financial statements include the accounts of Individual Investor Group, Inc. and its subsidiaries: Individual Investor Holdings, Inc., WisdomTree Capital Management, Inc., WisdomTree Administration, Inc., WisdomTree Capital Advisors, LLC, I.I Interactive, Inc. and I.I. Strategic Consultants, Inc. Investment in fund (note 2) is accounted for under the equity method since the Company exercises significant influence over the operating and financial affairs of the fund.

Revenue Recognition - Advertising and circulation revenues are recognized, net of agency commissions and estimated returns and allowances, when publications are issued. Deferred subscription revenue, net of agency commissions, is recorded when subscription orders are received. Investment management services and online income are recognized as earned. List rental income is recognized, net of commission, when a list is provided.

Deferred Subscription Expense - The Company defers direct response advertising costs incurred to elicit subscription sales from customers who could be shown to have responded specifically to the advertising and that resulted in probable future economic benefits. Such deferred costs, which consist primarily of direct mail and television campaign costs, are amortized over the estimated period of future benefit, ranging from 12 to 21 months.

Property and Equipment - Property and equipment are recorded at cost. Depreciation of property and equipment is calculated on the straight-line method over the estimated useful lives of the respective assets, ranging from three to seven years. Leasehold improvements are amortized over the lesser of the useful life of the asset or the term of the lease.

Income Taxes - Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences, and operating loss carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets may not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Financial Instruments - For financial instruments including cash, accounts receivable and payable and accruals, the carrying amount approximated fair value because of their short maturity. As of December 31, 1997 cash equivalents consist of investments



in a government fund that invests in securities issued or guaranteed by the U.S. Government, its agencies or instrumentality's, which have average maturities of 30 days.

Stock-Based Compensation - In accordance with Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation" the Company continues to apply the measurement and recognition provisions of Accounting Principal Board Opinion No. 25 and related interpretations in accounting for issuance of employee stock options.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. Significant accounting estimates used include estimates for sales returns and allowances, segment information and proforma disclosures regarding the fair value of stock options granted in 1997 and 1996. Actual results could differ from those estimates.

Earnings Per Share - The Company adopted SFAS No. 128, "Earnings Per Share" which became effective for the Company's consolidated financial statements beginning in the fourth quarter of 1997. SFAS No. 128 eliminates the disclosure of primary earnings per share which includes the dilutive effect of stock options, warrants, and other convertible securities ("Common Stock Equivalents") and instead requires reporting of "basic" earnings per share, which excludes Common Stock Equivalents. Additionally, SFAS No. 128 changes the methodology and criteria for calculating and reporting fully diluted earnings per share. The loss per common share for both 1997 and 1996 is computed based on the weighted average number of common shares outstanding. The exercise of stock options and warrants were not assumed in the computation of loss per common share, as the effect would have been antidilutive. The adoption of this new accounting standard did not have a material effect on the reported loss per share of the Company.

Disclosure of Information about Capital Structure. In February 1997, the Financial Accounting Standards Board issued SFAS No. 129, "Disclosure of Information about Capital Structure". SFAS No. 129 requires an entity to describe the pertinent rights and privileges of its various securities outstanding. The adoption of SFAS No. 129 did not have a significant impact on the consolidated financial statements of the Company.

Reporting Comprehensive Income. In September 1997, the Financial Accounting Standards Board issued SFAS No. 130, "Reporting Comprehensive Income", which becomes effective for the Company's 1998 consolidated financial statements. SFAS No. 130 requires the disclosure of comprehensive income, defined as the change in equity of a business enterprise from transactions and other events and circumstances from nonowner sources, in the Company's consolidated financial statements. In the opinion of the Company's management, the adoption of this new accounting standard will not have a material effect on the consolidated financial statements of the Company.

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Disclosure about Segments of an Enterprise and Related Information. In September 1997, the Financial Accounting Standards Board issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", which becomes effective for the Company's 1998 consolidated financial statements. SFAS No. 131 requires that a public business enterprise report certain financial and descriptive information about its reportable operating segments. In the opinion of the Company's management, the adoption of this new accounting standard will not have a material effect on the consolidated financial statements of the Company.

## 2. INVESTMENT MANAGEMENT SERVICES

The Company, through a wholly-owned subsidiary, WisdomTree Capital Management, Inc. ("WTCM"), serves as General Partner of (and investor in) a private investment fund, whereby it provides investment management services and makes investment decisions for the fund. The value of the Company's investment in the fund decreased to \$4,037,432 as of December 31, 1997, compared to \$4,947,500 in 1996. This decrease resulted from net losses on the Company's investment in the fund of \$898,235, withdrawals of \$900,000 by the Company, offset by a \$888,168 special profit allocation.

The fund's investments are valued at market at each reporting date, with unrealized gains and losses reported in net

income. Accordingly, the Company's investment in the fund (and equity in net income or loss of fund) is subject to fluctuations in value due to fund performance and prevailing stock market conditions. The Company recorded net depreciation in the fund of \$898,235 and \$430,337 in 1997 and 1996 respectively. Selected financial information for the fund at December 31, 1997 and 1996 and for the years then ended is as follows:

	1997	1996
Assets (at fair value)	\$ 71,245,441	\$ 72,169,447
Liabilities .....	32,104,302	13,131,639
Partners' capital ....	39,141,139	59,037,808
Net loss .....	(\$ 5,941,559)	(\$ 3,562,507)

The Company, through WTCM and another wholly-owned subsidiary, WisdomTree Administration, Inc., provides investment management services to the domestic fund referred to above, and to an offshore private investment fund. The Company has no investment in the offshore fund. The Company is entitled to receive a management fee equal to 1/4 of 1% of the net asset value of the domestic fund, calculated as of the last business day of each quarter, and a management fee equal to 1/8 of 1% of the net asset value of the offshore fund, calculated monthly. Total management fees for the years ended December 31, 1997 and 1996 totaled \$442,320 and \$668,001, respectively.

WTCM is also entitled to receive a special profit allocation equal to 20% of the excess of the net income, if any, allocated to each investor (not including income earned on its own investment) in the funds for the fiscal year, over any loss carryforwards with respect to the investor. The special profit allocations are calculated at year end, which is December 31st for the

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domestic fund and June 30th for the offshore fund. The special profit allocations for 1997 and 1996 were \$948,086 and \$225,405, respectively. Such amounts have been reflected as investment management services revenues and are included in the investment in fund balance at December 31, 1997, in the accompanying balance sheet.

Total equity under management by the Company as of December 31, 1997 and 1996 for both the funds totaled approximately \$47 million and \$66 million, respectively.

#### PROPERTY AND EQUIPMENT

Equipment .....	\$ 821,389
Furniture and fixtures .....	226,169
Leasehold improvements .....	164,119
	-----
	1,211,677
Less: accumulated depreciation and amortization .....	(655,607)
	\$ 556,070
	-----
	-----

#### ACCRUED EXPENSES

Accrued employee compensation .....	\$ 349,251
Deferred rent credits .....	128,269
Accrued distribution expenses .....	113,954
Accrued professional fees .....	106,060
Other .....	105,968
	-----
	\$ 803,502
	-----
	-----

#### 5. COMMITMENTS AND CONTINGENCIES

Litigation - The Company is involved in ordinary and routine litigation incidental to its business. In the opinion of management, there are no legal proceedings that would have a material adverse affect on the consolidated financial statements of the Company.

Employment Agreements - The Company has an employment agreement with an officer, the terms of which expire in July 1999, and an employment agreement with an employee, the terms of which expire in June 1998. These agreements provide for minimum salary levels, adjusted annually as determined by the Board of Directors. These agreements provide for an aggregate commitment

for future salaries of approximately \$401,063.

Profit Sharing Plan - The Company has a profit sharing plan (the "Plan"), subject to Section 401(k) of the Internal Revenue Code. All employees who complete at least two months of service and have attained the age of 21 are eligible to participate. The Company can make discretionary contributions to the Plan but none were made in 1997 and 1996.

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Lease Agreements - The Company leases office space in New York City under an operating lease which expires March 30, 1999. The Company also subleases its former office space in New York City under an operating lease which expires March 1, 2005. Rent expense for the years ended December 31, 1997 and 1996 was \$519,675 and \$544,915, respectively. The leases and sublease provide for escalation of lease payments as well as real estate tax increases.

Future minimum lease payments and related sublease rentals receivable with respect to non-cancelable operating leases are as follows:

Year	Future Minimum Rental Payment	Rents Receivable Under Sublease
1998	738,296	160,000
1999	331,926	165,000
2000	188,050	177,500
2001	192,550	190,000
2002	205,383	195,000
Thereafter	463,733	426,667
Total	\$2,164,529	\$1,314,167

#### 6. INCOME TAXES

The Company has available net operating loss carryforwards ("NOL's") totaling approximately \$11,900,000. Based upon a change of ownership which transpired in December 1991 the utilization of \$2,100,000 of pre-change NOL's are limited in accordance with Section 382 of the Internal Revenue Code, which affects the amount and timing of when the NOL's can be offset against taxable income.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 1997 and 1996 are presented below:

	1997	1996
Deferred tax assets		
Net operating loss carryforwards	\$ 5,354,000	\$ 4,470,000
Other .....	291,000	171,000
Total .....	5,645,000	4,641,000
Deferred tax liabilities:		
Book in excess of tax basis of investment in fun .....	(563,000)	(1,598,000)
	5,082,000	3,043,000
Less: valuation allowance .....	5,082,000	3,043,000
Net deferred tax asset .....	\$ --	\$ --

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The provision for income taxes for the years ended December 31, 1997 and 1996 is different than the amount computed using the applicable statutory Federal income tax rate with the difference summarized below:

	1997	1996
Hypothetical income tax benefit at the US Federal statutory rate ....	(\$1,736,100)	(\$1,116,300)
State and local income tax benefit, less US Federal income tax benefit ..	(514,400)	(382,700)
Net operating loss benefit not recognized	2,250,500	1,499,000
	\$ --	\$ --

7. STOCK OPTIONS

The Company has three Stock Option Plans - 1991, 1993 and 1996. In addition, in November 1996 the Board of Directors adopted the 1996 Management Incentive Plan under which 500,000 stock options are available for future grants. Under these four plans, the Company can issue a maximum of 2,200,000 stock options and other stock-based awards, most of which vest ratably over a three to five-year period, commencing one year from the date of grant. The options are exercisable for a period of up to 10 years from the date of grant at an exercise price which is not less than the fair market value at the date of grant.

<TABLE>  
<CAPTION>

<S>	1997		1996	
	Options <C>	Weighted AVG. Exercise Price <C>	Options <C>	Weighted AVG. Exercise Price <C>
Options Outstanding at January 1	1,134,601	\$6.06	634,700	\$4.36
Granted	530,600	\$6.54	642,100	\$7.49
Exercised	(107,167)	\$4.96	(44,260)	\$4.28
Canceled	(84,983)	\$6.24	(97,939)	\$5.17
Balance, December 31	1,473,051	\$6.29	1,134,601	\$6.06
Range of exercise prices	\$3.00-\$11.88		\$3.00-\$11.88	
Options available for grant	592,406		1,015,839	
Total common shares reserved for future issuance's	2,065,457		2,150,440	
Options exercisable at December 31	391,686	\$4.67	316,808	\$3.87

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In addition, the Company had options outstanding that were granted outside of the aforementioned plans. All options were granted at fair market value at the date of grant and expire at various dates through December 18, 2006.

<TABLE>  
<CAPTION>

<S>	1997		1996	
	Options <C>	Weighted Avg Exercise Price <C>	Options <C>	Weighted Avg Exercise Price <C>
Options Outstanding at January 1	1,776,163	\$5.30	1,730,663	\$5.23
Granted	--	--	130,000	\$5.63
Exercised	(69,000)	\$4.71	(44,500)	\$4.29
Canceled	(146,667)	\$5.90	(40,000)	\$4.44
Balance, December 31	1,560,496	\$5.27	1,776,163	\$5.30
Range of exercise prices at December 31	\$0.24-\$7.50		\$0.24-\$7.50	
Options exercisable at December 31	1,143,414	\$4.84	835,080	\$4.61

<TABLE>  
<CAPTION>

The following table summarizes information about stock options at December 31, 1997

Range of Exercise Average Prices	Number Outstanding at 12/31/97	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at 12/31/97	Weighted-Average Exercise Price
<S> <C>	<C>	<C>	<C>	<C>	<C>
\$ 0.24 - 5.95	1,932,014	7 years	\$ 4.88	1,414,718	\$ 4.59
\$ 6.00 - 7.95	957,533	8.5	\$ 7.08	89,049	\$
6.57					
\$ 8.00 - 11.88	144,000	9.5	\$ 8.89	31,333	\$
9.11					
\$ 0.24 - 11.88	3,033,547		\$ 5.76	1,535,100	\$
4.80					

</TABLE>

Pro forma information regarding net income and earnings per share is required by SFAS No. 123, and has been determined as if the Company had accounted for its employee stock options granted under the fair value method of SFAS No. 123. The fair value for these options was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions for 1997 and 1996, respectively: risk-free interest rates of 6.3%; volatility factors of the expected market price of the Company's Common Stock of 55% and 51%; weighted-average fair value of options granted \$3.56 and \$3.89, and a weighted-average expected life of the options of 5 years.

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For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period. The Company's pro forma information follows:

	1997		1996	
	As Reported	Proforma	As Reported	Proforma
Net loss	\$ (4,960,335)	\$ (6,080,809)	\$ (3,189,452)	\$ (4,053,894)
Loss per weighted average common share	\$ (0.77)	\$ (0.94 )	\$ (0.51)	\$ (0.65)

The effects of applying SFAS No. 123 in this proforma disclosure are not indicative of future amounts. Additional stock option awards in future years are anticipated.

#### 8. STOCKHOLDERS' EQUITY

Issuances of Common Stock - On May 1, 1997 the Company entered into Stock Purchase Agreements with two parties unrelated to the Company providing in the aggregate for the private sale of 328,678 shares of Common Stock for a total purchase price of \$2,000,000. These shares were sold pursuant to an exemption from registration under the Securities Act of 1933. On June 30, 1997 and December 30, 1997 the Company entered into Stock Purchase Agreements with Wise Partners, L.P. ("WP"), providing for the sale of 31,496, and 489,795 shares of Common Stock respectively, for an aggregate purchase price of \$3,250,000. The Company granted registration rights in respect of the shares issued to WP, which is a limited partnership of which the CEO of the Company, Jonathan L. Steinberg, is the General Partner, and Saul Steinberg (father of Jonathan Steinberg), is a limited partner.

Repurchase of Common Stock - The Company repurchased 250,000 shares of Common Stock on the open market, at a total cost of \$2,453,346, in the second quarter of 1996. The Company has retired these shares and 31,822 of Common Stock previously held as treasury shares. The cost of repurchased shares in excess of the par value of the Common Stock (\$.01 per share) has been charged to additional paid-in capital.

#### 9. SEGMENT INFORMATION

The Company operates principally in two areas: financial information services and investment management services. Financial information operations involve the publishing and marketing of Individual Investor magazine, Ticker magazine, Individual Investor Online ([www.iionline.com](http://www.iionline.com)) and Individual Investor's Special Situations Report newsletter. Revenues from publishing are derived from advertising, circulation, list rental and online sponsorship revenues. Investment management services revenues are derived from management of a private domestic investment fund and an offshore investment fund whereby the Company receives a management fee and a special profit allocation (note 2). Net appreciation (depreciation) in fund is recorded in operating revenues to reflect such earnings and losses as part of the Company's core operations and, accordingly, is included in the investment management segment information.

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Operating loss represents the difference between operating revenues less operating expenses, including corporate expenses, which are allocated to operations of the segments. For purposes of this presentation, operating expenses were allocated to segments based on management's estimates of usage determined by personnel costs and activities.

Identifiable assets by segment are those assets used in the Company's operations in each business segment. Corporate assets are considered to be cash and cash equivalents.

	1997	1996
Revenues:		
Financial Information Services	\$14,899,741	\$12,537,042
Investment Management .....	550,409	507,069
	\$15,450,150	\$13,044,111
Operating loss:		
Financial Information Services	(\$4,879,868)	(\$2,865,507)
Investment Management .....	(149,763)	(501,183)
	(\$5,029,631)	\$ (3,366,690)
Identifiable assets:		
Financial Information Services	\$4,412,232	\$4,443,920
Investment Management .....	4,211,113	5,315,364
Corporate .....	3,533,622	1,544,451
	\$12,156,967	\$11,303,735

#### 10. FOURTH QUARTER TRANSACTIONS

In the fourth quarter of 1997 and 1996, the Company recorded investment management service revenues from the domestic fund of \$888,168 and \$75,108, respectively, related to a special profit allocation of the net income from the fund, which is calculated at year end (note 2). On December 30, 1997 the Company sold 489,795 shares of Common Stock for \$3,000,000 to a related party (see note 8).

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#### ITEM 8. DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

#### PART III

#### ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this Item 9 as to directors is incorporated by reference to the information captioned "Election of Directors" included in the Company's definitive proxy statement in connection with the meeting of shareholders to be held on June 17, 1998.

#### ITEM 10. EXECUTIVE COMPENSATION

The information required by this Item 10 is incorporated by reference to the information captioned "Election of Directors - Executive Compensation" included in the Company's definitive proxy statement in connection with the meeting of shareholders to be held on June 17, 1998.

#### ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item 11 is incorporated by reference to the information captioned "Voting Securities" included in the Company's definitive proxy statement in connection with the meeting of shareholders to be held on June 17, 1998.

#### ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item 12 is incorporated by reference to the information captioned "Election of Directors - Related Transactions" included in the Company's definitive proxy statement in connection with the meeting of the shareholders to be held on June 17, 1998.

## ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

## (a) Exhibits

Exhibit No.	Description	Method of Filing
3.1	Amended and Restated Certificate of Incorporation of Registrant	Incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form S-18 (File No. 33-43551-NY) (the "Form S-18")
3.2	Bylaws of Registrant	Incorporated by reference to Exhibit 3.2 to the Form S-18
4.1	Specimen Certificate for Common Stock of Registrant	Incorporated by reference to Exhibit 4.1 to the Form S-18
10.1	Indemnification Agreement, dated August 19, 1991, between Registrant and Scot A. Rosenblum	Incorporated by reference to Exhibit 10.1 to the Form S-18
10.2	Indemnification Agreement, dated August 19, 1991, between Registrant and Bruce L. Sokoloff	Incorporated by reference to Exhibit 10.2 to the Form S-18
10.3	Indemnification Agreement, dated August 19, 1991, between Registrant and Jonathan L. Steinberg	Incorporated by reference to Exhibit 10.3 to the Form S-18
10.4	Indemnification Agreement, dated August 19, 1991, between Registrant and Jonathan M. Tisch	Incorporated by reference to Exhibit 10.4 to the Form S-18
10.5	Form of 1991 Stock Option Plan of Registrant	Incorporated by reference to Exhibit 10.13 to the Form S-18
10.6	Stock Purchase Agreement, dated August 7, 1991, among Registrant, Jonathan M. Tisch, and Jonathan L. Steinberg	Incorporated by reference to Exhibit 10.29 to the Form S-18
10.7	Units Purchase Agreement between Registrant and Reliance Insurance Company	Incorporated by reference to Exhibit 10.32 to the Form S-18
10.8	Trademark License Agreement dated June 19, 1992 between Registrant and the American Association of Individual Investors, Inc.	Incorporated by reference to Exhibit 10.25 to the Form 10-KSB for the year ended December 31, 1992 ("1992 Form 10-KSB")
10.9	Office Lease, Dated January 10, 1994, between 333 7th Ave. Realty Co. and the Registrant	Incorporated by reference to Exhibit 10.22 to the Form 10-KSB for the year ended December 31, 1993 ("1993 Form 10-KSB")
10.10	Stock purchase agreement, dated December 1, 1993, between Bernard Schwartz and the Registrant	Incorporated by reference to Exhibit 10.23 to the 1993 Form 10-KSB
10.11	Consulting agreement, dated September 24, 1993, with form of Stock Option Agreement	Incorporated by reference to Exhibit 10.26 to the 1993 Form 10-KSB
10.12	Stock Option Agreement, dated April 7, 1994, between Registrant and Jonathan L. Steinberg	Incorporated by reference to Exhibit 10.27 to the Form 10-QSB for the quarter ended June 30, 1994 ("1994 Form 10-QSB")
10.13	Employment Agreement, dated July 27, 1994, between Registrant and Robert H. Schmidt	Incorporated by reference to Exhibit 10.28 to the 1994 Form 10-QSB
10.14	Indemnification Agreement, dated July 27, 1994,	Incorporated by reference to Exhibit 10.30 to the

	between Registrant and Robert H. Schmidt	1994 Form 10-QSB
10.15	Consulting Agreement, dated February 3, 1995, with form of stock option agreement	Incorporated by reference to Exhibit 10.32 to the 1994 Form 10-KSB
10.16	Stock Option Agreement, dated June 21, 1995, between Registrant and Bruce Sokoloff	Incorporated by reference to Exhibit 10.33 to the 1994 Form 10-KSB
10.17	Form of Partnership Agreement for WisdomTree Associates, L.P.	Incorporated by reference to Exhibit 10.37 to the 1994 Form 10-KSB
10.18	WisdomTree Capital Advisors, LLC Agreement dated November 1, 1995	Incorporated by reference to Exhibit 10.38 to the 1994 Form 10-KSB
10.19	Agreement between WisdomTree Offshore L.T.D, and WisdomTree Capital Management, Inc. and WisdomTree Capital Advisors, LLC dated December 1, 1995	34 Incorporated by reference to Exhibit 10.39 to the 1994 Form 10-KSB
10.20	Office sublease, dated December 8, 1995, between Porter Novelli, Inc. and the Registrant	Incorporated by reference to Exhibit 10.41 to the 1995 Form 10-KSB
10.21	Office sublease, dated January 1996 between VCH Publishers, Inc. and the Registrant	Incorporated by reference to Exhibit 10.42 to the 1995 Form 10-KSB
10.22	Form of 1996 Performance Equity Plan	Incorporated by reference to Exhibit 10.43 to the 1995 Form 10-KSB
10.23	Form of 1996 Management Incentive Plan	Incorporated by reference to Exhibit 4.10 to the Registrant's Registration Statement on Form S-8 (File No. 333-17697)
10.24	Form of 1993 Stock Option Plan of Registrant	Incorporated by reference to Exhibit 4.2 to the Registrant's Registration Statement on Form S-8 (File No. 33 72266)
10.25	Stock Purchase Agreement, dated May 1, 1997, for 164,339 shares of the Company's Common Stock	Incorporated by reference to Exhibit 10.1 to the Form 10-QSB for the quarter ended June 30, 1997
10.26	Stock Purchase Agreement, dated May 1, 1997, for 164,339 shares of the Company's Common Stock	Incorporated by reference to Exhibit 10.2 to the Form 10-QSB for the quarter ended June 30, 1997
10.27	Stock Purchase Agreement, dated June 30, 1997 between Registrant and Wise Partners L.P	Incorporated by reference to Exhibit 10.3 to the Form 10-QSB for the quarter ended June 30, 1997
10.28	Form of Stock Option agreement, dated May 9, 1997 between Registrant and each of Jonathan Steinberg, Robert Schmidt, Scot Rosenblum, and Michael Kaplan	Incorporated by reference to Exhibit 10.4 to the Form 10-QSB for the quarter ended June 30, 1997
10.29	Stock Purchase Agreement, dated December 31, 1997	35 Incorporated by reference to Exhibit 10.6 of the



between Registrant and Wise Partners L.P. Schedule 13D filed on behalf of Jonathan L. Steinberg on January 13, 1998

11	Computation of Loss Per Share	Filed herewith, sequentially numbered page 38
21.1	Subsidiaries of the Registrant	Filed herewith, sequentially numbered page 39
23.1	Consent of Independent Auditors-Deloitte & Touche LLP	Filed herewith, sequentially numbered page 40
23.2	Consent of Independent Auditors-Ernst & Young LLP	Filed herewith, sequentially numbered page 41
27	Financial Data Schedule	36

In accordance with Section 13 or 15(d) of the Exchange Act of 1934, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INDIVIDUAL INVESTOR GROUP, INC.

Date: March 30, 1998

By: /s/ Jonathan L. Steinberg  
Jonathan L. Steinberg  
Chief Executive Officer

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Jonathan L. Steinberg Jonathan L. Steinberg	Chief Executive Officer and Director	March 30, 1998
/s/ Robert H. Schmidt Robert H. Schmidt	President and Director	March 30, 1998
/s/ Scot A. Rosenblum Scot A. Rosenblum	Chief Financial Officer, Executive Vice President and Director	March 30, 1998
/s/ Henry G. Clark Henry G. Clark	Controller (Principal Accounting Officer)	March 30, 1998
/s/ Bruce L. Sokoloff Bruce L. Sokoloff	Director	March 30, 1998
/s/ Peter M. Ziemba Peter M. Ziemba	Dir	March 30, 1998

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EXHIBIT 11

Computation of Loss Per Share

Year Ended December 31, 1997 .	Basic	Diluted
Net loss .....	\$ (4,960,335)	\$ (5,074, 265)
Weighted average common shares outstanding	6,466,168	6,466,168)
Loss per common share .....	(0.77)	(0.77)

Year Ended December 31, 1996

Net loss .....	\$ (3,189,452)	\$ (3,189,452)
Weighted average common shares outstanding	6,198,260	6,198,260
Loss per common share .....	\$ (0.51)	\$ (0.51)

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EXHIBIT 21.1

SUBSIDIARIES  
OF  
INDIVIDUAL INVESTOR GROUP, INC.

Subsidiary	State of Organization
Individual Investor Holdings, Inc.	Delaware
WisdomTree Capital Management, Inc.	New York
I.I. Strategic Consultants, Inc.	Delaware
WisdomTree Administration, Inc.	Delaware
I.I. Interactive, Inc.	Delaware
Advanced Marketing Ventures, Inc. (inactive)	Delaware
WisdomTree Capital Advisors, LLC	New York

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Exhibit 23.1

INDEPENDENT AUDITORS' CONSENT

To the Board of Directors and Stockholders  
of Individual Investor Group, Inc.

We consent to the incorporation by reference in Registration Statement No. 33-74846 on Form S-3 and Registration Statements Nos. 33-72266, 33-85910 and 333-17697 on Form S-8 of Individual Investor Group, Inc. and subsidiaries of our report dated March 17, 1998, appearing in the Annual Report on Form 10-KSB of Individual Investor Group, Inc. and subsidiaries for the year ended December 31, 1997.

DELOITTE & TOUCHE LLP

New York, New York  
March 27, 1998

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statements (Form S-3 No. 33-74846 and Forms S-8 No. 33-72266, 33-85910 and 333-17697) pertaining to Individual Investor Group, Inc. of our report dated February 27, 1998, with respect to the financial statements of Wisdomtree Associates, L.P. included in the Annual Report (Form 10-KSB) of Individual Investor Group, Inc. for the year ended December 31, 1997.

Ernst & Young LLP

New York, New York  
March 26, 1998