

# **Euromoney Institutional Investor PLC**

**Preliminary Announcement**

**September 30 2009**

# Euromoney Institutional Investor PLC

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# Euromoney Institutional Investor PLC

## Chairman's statement

Highlights	2009	2008	Change
Revenue	£317.6 m	£332.1 m	-4%
<b>Underlying results</b>			
• Adjusted operating profit	£79.4 m	£81.3 m	-2%
• Adjusted profit before tax	£63.0 m	£67.3 m	-6%
• Adjusted diluted earnings a share	40.4 p	44.4 p	-9%
<b>Statutory results</b>			
• Operating profit	£27.2 m	£61.0 m	-55%
• (Loss)/profit before tax	£(17.4) m	£37.4 m	-
• Diluted (loss)/earnings a share	(6.7) p	40.4 p	-
Dividend	14.00 p	19.25 p	-
Net debt	£165.1 m	£172.0 m	-4%

A detailed reconciliation of the group's underlying results is set out in the appendix to this statement and note 7.

### Highlights

- Revenues down 4% to £317.6m
- Adjusted operating margin up from 24.5% to 25.0%
- Adjusted profit before tax down 6% to £63.0m
- Statutory loss before tax of £17.4m after exceptional items, intangible amortisation and other non-recurring finance charges (most reported in first half)
- Subscription revenues up 24%, now 47% of total
- Focus on cost and margin management – annualised cost savings of £17m
- Net debt reduced by £49.6m since half year peak, driven by strong operating cash flows
- Dividend cover increased to three times as indicated at half year
- Revenue trends unchanged since second quarter
- Trading in line with board's expectations: revenue trends will remain weak for first quarter, but positive market feedback for 2010

Commenting on the results, chairman Padraic Fallon, said:

"We're looking ahead again, beyond a tough start to 2010, to opportunities emerging in a changed landscape. We concentrated on quality, focused on subscriptions, cash flows and costs, and our people responded magnificently. That gives us confidence in our strategy whatever the conditions."

### Highlights

Euromoney Institutional Investor PLC, the international publishing, events and electronic information group, achieved an adjusted profit before tax of £63.0 million for the year to September 30 2009, against £67.3 million in 2008. Adjusted diluted earnings a share were 40.4p (2008: 44.4p). The directors recommend a final dividend of 7.75p giving a total for the year of 14p (2008: 19.25p).

Group revenue fell by 4% to £317.6 million (2008: £332.1 million). After a strong first quarter when revenues increased by 15%, the group experienced a sharp fall in sales from January 2009 as customers imposed tight cost controls from the start of their new budget year in response to the global credit crisis. This immediately translated into falling revenues, although the year-on-year rates of decline in advertising, sponsorship and delegate revenues in the second half were no worse than those experienced in the second quarter. Subscription revenues proved more resilient, increasing by 24%, but the rate of growth has declined in the second half as the lag effect of customer cuts in headcount and information buying gradually work their way through into revenues.

The group acted quickly and early to restructure the business, cut costs and protect margins, and the adjusted operating margin improved from 24.5% to 25% despite the fall in revenues.

The adjusted profit before tax of £63.0 million compares to a loss before tax of £17.4 million in the statutory results. The statutory loss is stated after charging: exceptional restructuring costs of £10.7 million, most of which was charged in the first half, which generated annualised cost savings of approximately £17 million; an exceptional impairment charge of £23.2 million, again most of which arose in the first half; acquired intangible amortisation of £15.9 million; a foreign exchange loss on tax equalisation contracts of £19.9 million which is matched by a tax credit and has no effect on earnings a share; and a foreign exchange loss of £7.9 million on restructured hedging arrangements included in net finance costs.

Foreign currency movements have had a significant impact on both revenues and net debt. The group is exposed to foreign exchange risk on the US dollar revenues in its UK businesses, which are hedged, and on the translation of the revenues and profits of its US dollar-denominated businesses, which are not hedged. The reported 4% decrease in group revenues would have been a 16% decrease at constant exchange rates, while the net benefit to adjusted profit before tax from foreign currency movements, after hedging, was approximately £6 million.

# Euromoney Institutional Investor PLC

## Chairman's statement *continued*

The board announced its decision to increase its dividend cover at the time of its half year results. The proposed reduction in the final dividend reflects this decision, which arose after reviewing possible debt and cash flow outcomes in the light of events in world financial and commodities markets from 2007 onwards. This review suggested that volatility in these markets had increased sharply, particularly in the wake of the Lehman collapse. The board concluded that such volatility may persist for some time, in spite of the recovery in parts of the financial markets, and that the dividend cover should be rebased to a sustainable level for the longer term. In future, the board intends to maintain a policy of distributing one third of its after-tax earnings to shareholders while delivering long-term dividend growth in real terms.

Net debt at September 30 was £165.1 million compared to £214.7 million at March 31 and £172.0 million the previous year end. Approximately 80% of the group's debt is US dollar-denominated and the increase in the sterling-US dollar rate since March 31, combined with the group's traditionally strong operating cash flows in the second half, helped reduce net debt by nearly £50 million. The group's net debt to EBITDA ratio, which is calculated on an average exchange rate basis, was little changed at just under two times.

The group continues to trade in line with the board's expectations. It has a clear, well established strategy which it is executing successfully to build a more robust, high quality earnings flow. This strategy, combined with the strength of its brands and the diversity of its sectors, customers, and geographic markets, means the group is well positioned to return to growth as soon as markets improve.

### Strategy

The company's strategy has been to build a more resilient and better focused global information business. This strategy has been executed through increasing the proportion of revenues derived from subscription products; accelerating the online migration of its print products as well as developing new electronic information services; investing in products of the highest quality that customers will value in tough times as well as good; eliminating products with a low margin or too high a dependence on advertising; maintaining tight cost control at all times; retaining and fostering an entrepreneurial culture; and generating strong cash flows to fund selective acquisitions to accelerate that strategy.

The success of this strategy continues to be highlighted by these results. Subscription revenues increased by 24%, in sharp contrast to the declines in other revenue streams, and now account for 47% of total revenues against 37% in 2008. Similarly, the profits from databases and information services, which include some of the highest margin products in the group and are derived mostly from subscription products, accounted for 36% of the group's adjusted operating profits compared to 21% a year ago.

The tight control of costs and focus on high quality, high margin products was critical to the group's success in 2009. The adjusted operating margin improved to 25% as cost cuts were implemented early in the year, low margin products were eliminated quickly, and continued product investment ensured the growth in higher margin electronic publishing products was maintained.

The group remains keen to acquire small, specialist information businesses that complement its existing activities and provide scope for strong organic growth, although it does not expect to complete any significant transactions in the next six to 12 months and its excess cash flows will be applied to investment in new products and reducing debt.

The group's strategy is robust and suitable for a wide range of trading conditions. While the outlook for economic recovery remains uncertain, the board will continue to focus on managing costs, protecting our margins and reducing debt levels. At the same time, we have stepped up our investment in technology and new subscription-based products and the group is well positioned to take advantage of the recovery when it comes.

### Trading Review

Total revenues fell by 4% to £317.6 million: a 4% increase in the first half was offset by an 11% decrease in the second. The impact of the tough trading conditions on revenues would have been much greater but for the favourable movement in exchange rates. The group generates more than two thirds of its revenues in US dollars and the 20% fall in the average sterling-US dollar rate over the year had a significant effect on reported revenues, which at constant exchange rates fell by 16%.

Revenues	2009 £m	2008 £m	Headline change	Change at constant exchange rates
Subscriptions	152.3	123.1	24%	3%
Advertising	54.8	66.5	(18%)	(29%)
Sponsorship	38.5	45.8	(16%)	(30%)
Delegates	69.6	86.4	(19%)	(29%)
Other/closed	10.5	10.3	2%	(5%)
Foreign exchange losses on forward currency contracts	(8.1)	-	-	-
Total revenue	<u>317.6</u>	<u>332.1</u>	<u>(4%)</u>	<u>(16%)</u>

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## Chairman's statement *continued*

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The performance of the group's various revenue streams reflects the timing of the reaction of its customers to the global credit crisis. In 2008 most customers, particularly the global financial institutions, were focused on financial survival and positioning their businesses for tougher trading conditions. Spend on advertising and conference sponsorship, which tends to be both high value and discretionary, was cut and headcount was reduced. The micro-management of costs, however, particularly training, conference attendance and travel, and information buying did not begin until January 2009. As a result, delegate attendance at events and training courses turned down sharply from the second quarter, while advertising and sponsorship revenues have continued to decline more gradually. Similarly, subscription renewal rates and new sales also started to decline from the second quarter.

For the past three quarters, the year-on-year declines in advertising and sponsorship (-20%) and delegate revenues (-30%) have been running at similar rates. In contrast, subscription revenues grew by a third in the first half, and have continued to grow in the second half, although the rate of growth has slowed rapidly due to the lag effect of lower sales and renewal rates earlier in the year, which will continue to be a drag on subscription revenues in the first half of 2010.

Emerging markets, which account for nearly half of the group's revenues, were less exposed to the excess leverage and complex financial products that have characterised the credit problems in North America and Europe, and have come through the credit crisis well. The recovery of China and the consistent strength of Latin American markets have helped offset weakness in Eastern Europe and the Middle East.

The group acted quickly and early to restructure the business, cut costs and protect margins. As part of this restructuring, the group has reduced its world-wide headcount by 17% since the start of the financial year, reduced the amount of office space in London and New York, and closed or merged a number of small or low margin print titles. These actions generated annualised cost savings of approximately £17 million, more than half of which are still to flow through to profits in 2010. Despite a £15 million fall in revenues, adjusted operating profit fell by just £1.9 million to £79.4 million, and the group adjusted operating margin improved from 24.5% to 25%.

The tight management of margins is an integral part of the group's strategy. The group deliberately keeps as much as possible of its cost base variable with revenues, volumes or profits. This includes the direct costs of producing content and running events or training courses, much of which is provided by freelancers and contractors, and the compensation of its employees, much of which is provided through incentives which vary directly with revenues or profits. Fixed overheads, which relate mostly to offices and technology, account for less than 10% of revenue.

### Business Division Review

**Financial Publishing:** adjusted operating profits fell by 17% to £20.3 million, and the adjusted operating margin decreased from 29% to 27%. Revenues, which comprise a mix of advertising and subscriptions, fell by 10% to £75.4 million. Advertising revenues are heavily dependent on the marketing spend of global financial institutions and fell by 20%. Many US and European institutions stopped advertising altogether, whereas advertising from emerging markets held up well. In contrast, subscription revenues increased by 7% as the group continued to invest in migrating its print products to a higher value web-first publishing model with an emphasis on subscriptions over advertising.

**Business Publishing:** the group's activities outside finance are in sectors traditionally less volatile, and which follow different cycles. Adjusted operating profits increased by 21% to £23.4 million, following a 6% increase in revenues to £56.3 million and an improvement in the adjusted operating margin from 36% to 41%. Among the sectors covered, metals, minerals and mining under the *Metal Bulletin* brand, telecoms under TelCap's *Capacity* brand, and legal publishing all achieved good growth; only the energy sector was weak.

**Training:** revenues are derived largely from paying delegates. Training is a discretionary spend for most customers, at least in the short-term, and revenues fell sharply from the start of the second quarter, with an immediate negative effect on margins. Some of the revenue decline was self-inflicted as course volumes were cut deliberately in the second half which, combined with the impact of early cost cuts, helped the margin recover a little. Training revenues for the year fell by 22% to £31.7 million and, after a decline in the adjusted operating margin from 26% to 20%, adjusted operating profits fell by 40% to £6.2 million.

**Conferences and Seminars:** revenues comprise a roughly equal mix of sponsorship and paying delegates. Like Training, delegate revenues fell sharply from the start of the second quarter as customers cut back on travel and event attendance. Sponsorship revenues tend to follow similar trends to advertising, and have been declining at a more gradual rate but from an earlier starting point. In difficult markets there is inevitably a shift to the bigger, more established events, and the market contracts as many of the smaller events are cut. The group's strategy for its event businesses reflects this experience, and during the year it focused on maintaining the market leading positions of its bigger events, at the same time shrinking volumes by eliminating many of the smaller, low margin events. Revenues fell by 15% to £74.9 million and the adjusted operating margin declined from 26% to 21%, driving a 31% decline in adjusted operating profits to £15.9 million.

**Databases and Information Services:** this was the best performing division by some way, with adjusted operating profits increasing by 72% to £36.2 million, compared to just £3.4 million five years ago. Revenues grew by 32% to £87.5 million and the adjusted operating margin improved to 41%. Revenues and profits from this division are predominantly subscription-based and US dollar-denominated, and the decrease in the sterling-US dollar rate was a significant factor in this year's growth. Revenues at constant exchange rates increased by 9%.

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## Chairman's statement *continued*

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In volatile and challenging markets the demand for high quality information and data tends to hold up well, particularly for products that are an integral part of companies' information flows and work processes, and have built up a strong brand loyalty. The main driver of growth from Databases and Information Services in 2009 was BCA: demand for its high quality, independent macro-economic research has proved robust despite the shrinking of the asset management industry. ISI, the emerging markets information business, has experienced a more difficult time as many financial institutions have cut investment and resources in this area, although CEIC, its emerging market data subsidiary, has continued to grow as it expands its data coverage from Asia to other markets. Revenues from the group's capital market databases, a venture undertaken with Dealogic plc, also increased after significant investment by Dealogic to upgrade its products and delivery platform.

### Impact of Foreign Currency on Results

The group generates approximately two thirds of its revenues in US dollars, including approximately 30% of the revenues in its UK-based businesses, and approximately 60% of its operating profits are US dollar-denominated. The group is therefore exposed to foreign exchange risk on the US dollar revenues in its UK businesses, and on the translation of the results of its US dollar-denominated businesses. The average sterling-US dollar exchange rate applied for the year was \$1.58 against \$1.97 in 2008.

In order to hedge its exposure to US dollar revenues in its UK businesses, forward contracts are put in place to sell forward surplus US dollars, with a view to being 80% hedged for the coming 12 months and partially for the following six months. As a result of this hedging strategy, some of the profit benefit from the movement in the sterling-US dollar rate has been delayed until 2010 and beyond. In 2009, foreign exchange losses on forward currency contracts of £8.1 million, which are reported as a reduction in revenues, were matched by a similar improvement in the sterling value of US dollar revenues in the UK businesses.

At the end of the first half, the group recognised losses of £9.0 million on forward currency contracts rendered ineffective by the sharp downturn in US dollar revenues in the group's UK businesses. The closing of these contracts was completed at more favourable rates early in the second half, and the realised loss was reduced to £7.9 million. This loss is reported as an expense in net finance costs and excluded from the underlying results.

The group does not hedge the foreign exchange risk on the translation of overseas profits, although it does endeavour to match foreign currency borrowings with investments and the related foreign currency finance costs provide a partial hedge against the translation of overseas profits. The significant increase in profits from its US dollar-denominated businesses, particularly BCA and ISI/CEIC, means that the impact of exchange rate movements on the translation of overseas profits has also increased. In 2009, the translation benefit from favourable movements in the sterling-US dollar rate was approximately £6 million.

### Financial Review

The statutory loss before tax of £17.4 million is stated after charging, among other items: exceptional restructuring and impairment costs of £33.9 million (see below); acquired intangible amortisation of £15.9 million; foreign exchange losses on tax equalisation contracts of £19.9 million (see below); and finance costs of £7.9 million on restructured hedging arrangements (see below).

The group's actions to restructure its businesses and cut costs incurred exceptional restructuring and other costs of £10.7 million, most of which were incurred in the first half. The group has also reviewed the carrying value of goodwill and intangible assets, which has given rise to an exceptional impairment charge of £23.2 million, mostly in connection with its US-based activities in the structured finance sector, and again mostly charged in the first half.

Net finance costs of £44.5 million (2008: £23.6 million) shown in the statutory results include a charge of £19.9 million (2008: £12.0 million) relating to tax equalisation contracts under a foreign currency financing derivative which was reported in the half year results. The foreign exchange loss on tax equalisation contracts is matched with a corresponding tax credit, so that there is no financial impact on earnings a share. Net finance costs also include £7.9 million of losses on restructured hedging arrangements (see above). Net interest charged on the group's debt was unchanged at £12.3 million.

The £10.4 million tax credit shown in the statutory results is stated after recognising the tax credit of £19.9 million relating to tax on foreign exchange losses hedged by the tax equalisation contracts referred to above, and tax credits of £10.5 million on the exceptional items. The underlying group tax rate for 2009 was 27% (2008: 27%). The group's underlying tax rate has historically been below 30% because of the tax benefit of overseas tax deductible goodwill.

A detailed reconciliation of the group's underlying and statutory results is set out in the appendix to this statement.

### Net Debt and Cash Flow

Net debt at September 30 was £165.1 million compared to £214.7 million at March 31 and £172.0 million the previous year end. Approximately 80% of the group's debt is US dollar-denominated. The sterling-US dollar rate increased from \$1.43 at March 31 to \$1.60 at year end, which helped reduce net debt by £18.0 million, reversing some of the £31.0m increase generated by currency movements in the first half.

Cash flows in the second half are traditionally stronger than those in the first due to the timing of payments for annual profit shares, dividends and earn-outs. Cash generated from operations in the second half was £48.1 million, against £24.5 million in the first half. The operating cash conversion rate was 91%. The group also invested a further £6.3 million in the second half in increasing its equity interests in a number of its subsidiaries under acquisition earn-out agreements. Commitments remaining under outstanding acquisition option agreements total £11.9 million, most of which is expected to be paid in 2010.

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## Chairman's statement *continued*

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The group's debt is provided through a \$400 million multi-currency committed facility from Daily Mail and General Trust plc. The facility is provided in a mix of sterling and US dollar funds over three and five year terms, and the earliest repayment date is December 31 2011. Interest on the facility is payable at a variable rate between 1.3% and 3% above LIBOR depending on the group's net debt to EBITDA ratio. The average cost of funds in 2009 was 6.0% (2008: 5.9%).

The net debt to EBITDA covenant on the group's committed facility is subject to a limit of four times. However, in light of the global credit crisis, the board decided at the start of the year to apply a more conservative internal covenant of three times EBITDA, and to implement a rigorous debt reduction plan. The net debt to EBITDA ratio at year end was just under two times, a slight reduction on the level at the half year, and has been held at this level for most of the year. The net debt to EBITDA ratio is expected to peak at the end of the second and third quarters of 2010 and the board will continue to manage its net debt to its more conservative internal debt covenant.

### Dividend Strategy

At the time of the half year results, the board announced its intention to increase its dividend cover to three times earnings. The proposed reduction in the final dividend reflects this decision, which arose after reviewing possible debt and cash flow outcomes in the light of events in world financial and commodities markets from 2007 onwards. This review suggested that volatility in these markets had increased sharply, particularly in the wake of the Lehman collapse. The board concluded that such volatility may persist for some time, in spite of the recovery in parts of financial markets, and that the dividend cover should be rebased to a sustainable level for the longer term.

The board has approved a final dividend of 7.75p a share (2008: 13.00p), making a total dividend for the year of 14.00p (2008: 19.25p). The final dividend will be paid on February 4 2010 to shareholders on the register at November 20 2009. A scrip dividend alternative will again be available to shareholders. The group's majority shareholder, Daily Mail and General Trust plc, has indicated its intention to accept the scrip alternative when the final dividend is paid.

In future, the board intends to maintain a policy of distributing one third of its after-tax earnings to shareholders while delivering long-term dividend growth in real terms. From 2010, the interim dividend will be adjusted so that approximately one third of the expected total dividend will be paid as an interim and the balance as a final dividend.

### Management

Under the terms of my service contract, I am due to retire as the company's chairman at the annual general meeting in January 2010. Following an independent recommendation from the nominations committee, the board has resolved to extend my retirement date under my service contract by two years to the date of the annual general meeting in 2012.

The board was strengthened in December 2008 by the appointment of another independent non-executive director, David Pritchard, who has extensive experience of the financial services industry and serves on the company's audit committee. Today the company has separately announced the appointment of a new executive director, Bashar AL-Rehany, who is chief executive officer of BCA Research, the group's single largest business.

It was with great sadness in July 2009 that we reported the death of Christopher Brown, one of our longest serving executive directors. Tom Lamont retired from the board in January 2009 after nine years of valuable service as an executive director and editor of Institutional Investor's newsletter division. Michael Carroll, who has served as an executive director since 2002 in his capacity as editor of *Institutional Investor*, has indicated his intention to step down from the board at the annual general meeting in January 2010.

### Capital Appreciation Plan

The Capital Appreciation Plan (CAP 2004) is a highly geared, performance-based equity incentive designed to reward those who drive profit growth. Since its launch in 2004, it has been instrumental in retaining and motivating key individuals across the group, and adjusted profit before tax has increased threefold during the CAP period. In 2009, the profit performance target required under CAP 2004 was again exceeded, and the third and final tranche of up to 2.5 million options under CAP 2004 will vest in February 2010.

Shareholders approved the introduction of a second Capital Appreciation Plan (CAP 2009) at the annual general meeting in January 2009. CAP 2009 will follow on immediately from CAP 2004, and the profits achieved in 2009 will form the base for the profit growth to be achieved by the end of the CAP 2009 vesting period. Profit for CAP purposes is defined as adjusted profit before tax and before the CAP share option expense.

The remuneration committee has approved a CAP 2009 profit target of £100 million, to be achieved by the end of the four year performance period in 2013, against a profit for CAP purposes of £62.3 million achieved in 2009.

The structure, terms and potential cost of CAP 2009 are broadly similar to those of CAP 2004, with the exception that CAP 2009 rewards will be funded by an equal mix of cash and new shares, whereas CAP 2004 was funded entirely by new shares. The total cost of CAP 2009 will be no more than £30 million and will be amortised over the life of the plan. The maximum number of new shares to be issued under CAP 2009 will depend on the company's share price at the date of grant of CAP 2009 options, which will take place as soon as possible after shareholder approval for the amended rules has been received.

Some minor amendments to the CAP 2009 rules are required. These will be submitted for shareholder approval at the annual general meeting in January 2010 and details of the amended rules will be set out in a circular to shareholders.

# Euromoney Institutional Investor PLC

## Chairman's statement *continued*

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### Outlook

Generally markets seem to have stabilised after an exceptionally volatile and difficult period and the outlook among our customers is more positive than it has been for some time, although this has not yet translated into improved revenues. The broad sentiment is that global markets will continue to recover in 2010, but slowly; the risks of further banking failures and a correction to the recent recovery in financial markets remain; the prospects for economic growth in Europe and the United States are likely to be weak for the foreseeable future; and the threat of increased regulation of financial markets will continue to restrict capital availability.

The return to profitability of most global financial institutions should be a positive factor for trading in 2010. However, the cuts in headcount and the restrictions on discretionary spend on marketing, training and information buying applied throughout 2009 are not expected to be relaxed quickly, and not before the start of our customers' new budget year in 2010. This means that the board expects that the group's revenues will continue to decline in the first quarter, a view which is supported by current levels of sales and forward bookings.

The group continues to trade in line with the board's expectations. The first quarter of the new financial year is expected to be the toughest: the board expects the decline in year-on-year revenues to continue and profits to fall despite the benefit of cost savings implemented in 2009 and favourable exchange rates. October's revenues fell by 18% compared to a year ago. From the second quarter, the year-on-year revenue comparatives should become easier but the point at which revenues start to grow again is dependent entirely on the timing and scale of any recovery. The focus on maintaining margins and reducing net debt will therefore be maintained, although the group has also stepped up its investment in new products and electronic publishing to take advantage of the recovery when it comes.

The group has a clear, well established strategy which it continues to execute successfully to build a more robust, high quality earnings flow. This strategy, combined with the strength of its brands and the diversity of its sectors, customers, and geographic markets, means the group is well positioned to return to growth as soon as markets improve.

Padraic Fallon  
Chairman  
November 11 2009

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### NOTE TO EDITORS

About Euromoney Institutional Investor PLC ([www.euromoneyplc.com](http://www.euromoneyplc.com))

Euromoney Institutional Investor PLC is listed on the London Stock Exchange and a member of the FTSE-250 share index. It is a leading international business-to-business media group focused primarily on the international finance, metals and commodities sectors. It publishes more than 70 magazines, newsletters and journals, including *Euromoney*, *Institutional Investor*, and *Metal Bulletin*. It also runs an extensive portfolio of conferences, seminars and training courses and is a leading provider of electronic information and data covering international finance, metals and emerging markets. Its main offices are in London, New York, Montreal and Hong Kong and more than a third of its revenues are derived from emerging markets.

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# Euromoney Institutional Investor PLC

## Appendix to Chairman's statement

### Reconciliation of Group Income Statement to underlying results for the year ended September 30 2009

The reconciliation below sets out the underlying results of the group and the related adjustments to the statutory income statement that the directors consider necessary in order to provide a more comparable indication of the underlying trading performance.

		Underlying	Adjustments	2009 Total	Underlying	Adjustments	2008 Total
	Note	£000's	£000's	£000's	£000's	£000's	£000's
<b>Total revenue</b>	<b>2</b>	<b>317,594</b>	<b>-</b>	<b>317,594</b>	332,064	-	332,064
<b>Operating profit before acquired intangible amortisation, share option expense and exceptional items</b>	<b>2</b>	<b>79,447</b>	<b>-</b>	<b>79,447</b>	81,308	-	81,308
Acquired intangible amortisation		-	(15,891)	(15,891)	-	(12,749)	(12,749)
Share option expense		(2,697)	-	(2,697)	(5,361)	-	(5,361)
Exceptional items	3	-	(33,901)	(33,901)	-	(2,477)	(2,477)
<b>Operating profit before associates</b>		<b>76,750</b>	<b>(49,792)</b>	<b>26,958</b>	75,947	(15,226)	60,721
Share of results in associates		219	-	219	308	-	308
<b>Operating profit</b>		<b>76,969</b>	<b>(49,792)</b>	<b>27,177</b>	76,255	(15,226)	61,029
Finance income	4	2,281	-	2,281	5,594	-	5,594
Finance expense	4	(16,262)	(30,557)	(46,819)	(14,506)	(14,691)	(29,197)
<b>Net finance costs</b>		<b>(13,981)</b>	<b>(30,557)</b>	<b>(44,538)</b>	(8,912)	(14,691)	(23,603)
<b>Profit/(loss) before tax</b>		<b>62,988</b>	<b>(80,349)</b>	<b>(17,361)</b>	67,343	(29,917)	37,426
Tax (expense)/credit on profit/(loss)	5	(17,060)	27,472	10,412	(18,346)	25,625	7,279
<b>Profit/(loss) after tax from continuing operations</b>		<b>45,928</b>	<b>(52,877)</b>	<b>(6,949)</b>	48,997	(4,292)	44,705
Profit for the year from discontinued operations	9	-	1,207	1,207	-	245	245
<b>Profit/(loss) for the year</b>		<b>45,928</b>	<b>(51,670)</b>	<b>(5,742)</b>	48,997	(4,047)	44,950
<b>Attributable to:</b>							
Equity holders of the parent		45,383	(51,670)	(6,287)	47,766	(4,047)	43,719
Equity minority interests		545	-	545	1,231	-	1,231
		<b>45,928</b>	<b>(51,670)</b>	<b>(5,742)</b>	48,997	(4,047)	44,950
Diluted earnings/(loss) per share - continuing operations	7	40.39p	(47.06)p	(6.67)p	44.36p	(3.99)p	40.37p

Underlying figures are presented before the impact of amortisation of acquired intangible assets and goodwill impairment, restructuring and other exceptional operating costs, exceptional profit on disposal of investments and property, non cash movements on acquisition option commitment values, foreign exchange losses on restructured hedging arrangements and foreign exchange losses on tax equalisation swap contracts and the related tax effect. In respect of earnings, underlying amounts reflect a tax rate that includes the current tax effect of the goodwill and intangible assets.

Further analysis of the adjusting items is presented in notes 3, 4, 5 and 7 to the Preliminary Announcement.

# Euromoney Institutional Investor PLC

## Group Income Statement

for the year ended September 30 2009

	Notes	2009 £000's	2008 £000's
<b>Total revenue</b>	<b>2</b>	<b>317,594</b>	332,064
<b>Operating profit before acquired intangible amortisation, share option expense and exceptional items</b>	<b>2</b>	<b>79,447</b>	81,308
Acquired intangible amortisation		(15,891)	(12,749)
Share option expense		(2,697)	(5,361)
Exceptional items	<b>3</b>	<b>(33,901)</b>	(2,477)
<b>Operating profit before associates</b>	<b>3</b>	<b>26,958</b>	60,721
Share of results in associates		219	308
<b>Operating profit</b>		<b>27,177</b>	61,029
Finance income	<b>4</b>	<b>2,281</b>	5,594
Finance expense	<b>4</b>	<b>(46,819)</b>	(29,197)
<b>Net finance costs</b>	<b>4</b>	<b>(44,538)</b>	(23,603)
<b>(Loss)/profit before tax</b>	<b>2</b>	<b>(17,361)</b>	37,426
Tax credit on (loss)/profit		10,412	1,921
Deferred tax asset recognition		-	5,358
Tax credit on (loss)/profit	<b>5</b>	<b>10,412</b>	7,279
<b>(Loss)/profit after tax from continuing operations</b>	<b>2</b>	<b>(6,949)</b>	44,705
Profit for the year from discontinued operations	<b>9</b>	<b>1,207</b>	245
<b>(Loss)/profit for the year</b>		<b>(5,742)</b>	44,950
<b>Attributable to:</b>			
Equity holders of the parent		(6,287)	43,719
Equity minority interests		545	1,231
		<b>(5,742)</b>	44,950
Basic (loss)/earnings per share - continuing operations	<b>7</b>	<b>(6.83)p</b>	41.69p
Basic (loss)/earnings per share - continuing and discontinued operations	<b>7</b>	<b>(5.73)p</b>	41.92p
Diluted (loss)/earnings per share - continuing operations	<b>7</b>	<b>(6.67)p</b>	40.37p
Diluted (loss)/earnings per share - continuing and discontinued operations	<b>7</b>	<b>(5.59)p</b>	40.60p
Adjusted diluted earnings per share	<b>7</b>	<b>40.39p</b>	44.36p
Dividend per share (including proposed dividends)	<b>6</b>	<b>14.00p</b>	19.25p

A detailed reconciliation of the group's underlying results is set out in the appendix to the chairman's statement on page 7.

# Euromoney Institutional Investor PLC

## Group Balance Sheet

as at September 30 2009

	Notes	2009 £000's	2008 £000's
<b>Non-current assets</b>			
Intangible assets			
Goodwill		291,338	272,096
Other intangible assets		134,310	135,482
Property, plant and equipment		19,750	21,661
Investments		209	303
Deferred tax assets		18,474	16,459
Net pension surplus		-	2,527
Derivative financial instruments		569	368
		<u>464,650</u>	<u>448,896</u>
<b>Current assets</b>			
Trade and other receivables		59,000	69,141
Amounts on loans owed by DMGT group undertakings		-	155,772
Current income tax assets		6,311	1,928
Cash at bank and in hand		12,545	21,211
Derivative financial instruments		569	1,451
		<u>78,425</u>	<u>249,503</u>
<b>Current liabilities</b>			
Acquisition option commitments		(11,237)	(22,276)
Trade and other payables		(59,214)	(30,619)
Amounts on loans owed to DMGT group undertakings		-	(155,772)
Current income tax liabilities		(6,139)	(2,558)
Accruals		(46,972)	(50,016)
Deferred income		(82,599)	(89,488)
Derivative financial instruments		(9,917)	(15,165)
Provisions		(2,359)	(1,198)
Committed loan facility		-	(184,594)
Loan notes		(5,719)	(7,579)
Bank overdrafts		(482)	(1,032)
		<u>(224,638)</u>	<u>(560,297)</u>
<b>Net current liabilities</b>		<u>(146,213)</u>	<u>(310,794)</u>
<b>Total assets less current liabilities</b>		<u>318,437</u>	<u>138,102</u>
<b>Non-current liabilities</b>			
Acquisition option commitments		(706)	(7,572)
Other non-current liabilities		(1,012)	(1,301)
Committed loan facility		(171,404)	-
Deferred tax liabilities		(21,777)	(27,887)
Net pension deficit		(364)	-
Derivative financial instruments		(14,592)	(9,773)
Provisions		(3,591)	(3,505)
		<u>(213,446)</u>	<u>(50,038)</u>
<b>Net assets</b>		<u>104,991</u>	<u>88,064</u>
<b>Shareholders' equity</b>			
Called up share capital	10	284	263
Share premium account	11	52,445	38,575
Other reserve	11	64,981	64,981
Capital redemption reserve	11	8	8
Own shares	11	(74)	(74)
Liability for share based payments	11	23,646	20,676
Fair value reserve	11	(39,508)	(19,579)
Translation reserve	11	44,734	17,113
Retained earnings	11	(42,511)	(36,916)
<b>Equity shareholders' surplus</b>		<u>104,005</u>	<u>85,047</u>
Equity minority interests		986	3,017
<b>Total equity</b>		<u>104,991</u>	<u>88,064</u>

# Euromoney Institutional Investor PLC

## Group Cash Flow Statement

for the year ended September 30 2009

	2009 £000's	2008 £000's
<b>Cash flow from operating activities</b>		
Operating profit	27,177	61,029
Share of results in associates	(219)	(308)
Profit on disposal of long-term investment	-	(1,589)
Acquired intangible amortisation	15,891	12,749
Licences and software amortisation	256	207
Share option expense	2,697	5,361
Goodwill impairment	21,929	2,952
Intangible impairment	1,235	-
Reduction in goodwill arising from a deferred tax adjustment	-	2,784
Depreciation of property, plant and equipment	2,544	2,759
Exceptional depreciation of property, plant and equipment	1,210	-
Increase/(decrease) in provisions	1,476	(1,419)
Loss/(profit) on disposal of property, plant and equipment	125	(1,662)
<b>Operating cash flows before movements in working capital</b>	<b>74,321</b>	<b>82,863</b>
Decrease in receivables	15,983	3,224
(Decrease)/increase in payables	(17,727)	13,697
<b>Cash generated from operations</b>	<b>72,577</b>	<b>99,784</b>
Income taxes received/(paid)	1,263	(12,231)
<b>Net cash from operating activities</b>	<b>73,840</b>	<b>87,553</b>
<b>Investing activities</b>		
Dividends paid to minorities	(1,806)	(2,056)
Dividends received from associate	313	257
Interest received	801	4,212
Purchase of intangible assets	(146)	(156)
Purchase of property, plant and equipment	(1,260)	(4,240)
Proceeds from disposal of property, plant and equipment	21	2,846
Proceeds from disposal of long-term investment	-	1,589
Purchase of additional interest in subsidiary undertakings	(19,890)	(5,997)
Acquisition of subsidiary undertakings	-	(556)
Proceeds from disposal of discontinued operations	1,259	245
<b>Net cash used in investing activities</b>	<b>(20,708)</b>	<b>(3,856)</b>
<b>Financing activities</b>		
Dividends paid	(6,771)	(19,950)
Interest paid	(8,887)	(10,129)
Interest paid on loan notes	(291)	(534)
Issue of new share capital	5	72
Settlement of derivative assets/liabilities	(35,861)	(5,591)
Amounts received on intergroup tax equalisation swaps	23,088	-
Redemption of loan notes	(1,767)	(4,324)
Loan repaid to DMGT group company	(117,239)	(217,236)
Loan received from DMGT group company	83,903	171,218
<b>Net cash used in financing activities</b>	<b>(63,820)</b>	<b>(86,474)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(10,688)</b>	<b>(2,777)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>20,179</b>	<b>20,776</b>
Effect of foreign exchange rate movements	2,572	2,180
<b>Cash and cash equivalents at end of year</b>	<b>12,063</b>	<b>20,179</b>

Cash and cash equivalents include bank overdrafts.

# Euromoney Institutional Investor PLC

## Note to the Group Cash Flow Statement

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<b>Net Debt</b>	<b>2009</b>	<b>2008</b>
	<b>£000's</b>	<b>£000's</b>
Net debt at beginning of year	<b>(171,994)</b>	<b>(204,579)</b>
Decrease in cash and cash equivalents	<b>(10,688)</b>	<b>(2,777)</b>
Decrease in amounts owed to DMGT group company	<b>33,336</b>	46,018
Redemption of loan notes	<b>1,767</b>	4,324
Interest paid on loan notes	<b>291</b>	534
Other non-cash changes	<b>(4,748)</b>	<b>(5,805)</b>
Effect of foreign exchange rate movements	<b>(13,024)</b>	<b>(9,709)</b>
<b>Net debt at end of year</b>	<b><u>(165,060)</u></b>	<b><u>(171,994)</u></b>

Net debt comprises cash at bank and in hand, bank overdrafts, committed borrowings and loan notes.

Non-cash changes represent interest added to the principal amounts owed to DMGT and accrued interest on loan notes.

# Euromoney Institutional Investor PLC

## Group Statement of Recognised Income and Expense

for the year ended September 30 2009

	2009 £000's	2008 £000's
Change in fair value of hedges	(9,285)	(17,455)
Gains on revaluation of intangible assets	2,544	1,692
Net exchange differences on translation of net investments in overseas subsidiary undertakings	27,621	32,448
Net exchange differences on foreign currency loans	(16,690)	(19,115)
Actuarial (losses)/gains on defined benefit pension schemes	(3,382)	1,589
Tax on items taken directly to equity	3,792	1,282
<b>Net income recognised directly in equity</b>	<b>4,600</b>	<b>441</b>
Transfer of loss/(gain) on cash flow hedges from fair value reserves to income statement	3,502	(2,877)
(Loss)/profit for the year	(5,742)	44,950
<b>Total recognised income and expense for the year</b>	<b>2,360</b>	<b>42,514</b>
<b>Attributable to:</b>		
Equity holders of the parent	1,815	41,283
Equity minority interests	545	1,231
	<b>2,360</b>	<b>42,514</b>

# Euromoney Institutional Investor PLC

## 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 2009 or 2008 but is derived from those accounts. Statutory accounts for 2008 have been delivered to the Registrar of Companies, and those for 2009 will be delivered following the company's annual general meeting. The auditors have reported on those accounts; their report was unqualified and did not draw attention to any matters by way of emphasis and did not contain a statement under s498 (2) or (3) Companies Act 2006 and schedule 237 (2) or (3) Companies Act 1985.

#### Going concern, debt covenants and liquidity

The results of the group's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Chairman's statement on pages 1 to 7.

The financial position of the group, its cash flows and liquidity position are set out in detail in this announcement. The group meets its day-to-day working capital requirements through its \$400 million dedicated multi-currency borrowing facility with Daily Mail and General Trust plc group. The facility is divided into four tranches of sterling and US dollar funds with three and five year terms with a total maximum borrowing capacity of \$310 million (£194 million) and £59 million respectively. The facility's covenant requires the group's net debt to be no more than four times adjusted EBITDA on a rolling 12 month basis. At September 30 2009, the group's net debt to adjusted EBITDA was 1.99 times and the uncommitted undrawn facility available to the group was £81.4 million. The three year tranches of the facility are due for renewal in December 2011 and the five year tranches in December 2013.

The current economic conditions create uncertainty, particularly over: a) the level of demand for the group's products; b) the exchange rate between sterling and US dollars and its impact on the translation of US dollar profits and losses from its US-dollar-based businesses and transactions, including the gains or losses from the group's forward contracts used to partially hedge these; and c) the availability of bank finance in the foreseeable future.

The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level and covenants of its current borrowing facility.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing this financial information.

### 2 Segmental analysis

#### Primary reporting format

Segmental information is presented in respect of the group's business divisions and reflects the group's management and internal reporting structure. The group is organised into five business divisions: Financial publishing; Business publishing; Training; Conferences and seminars; and Databases and information services. This is considered to be the primary reporting format. Financial publishing and Business publishing consist primarily of advertising and subscription revenue. The Training division consists primarily of delegate revenue. Conferences and seminars consists of both sponsorship income and delegate revenue. Databases and information services consists of subscription revenue. A breakdown of the group's revenue by type is set out below.

#### Secondary reporting format

The group divides the operation of its businesses across three main geographical areas: United Kingdom; North America; and Rest of World (which primarily includes Asia). These geographical areas are considered as the secondary reporting format.

Inter segment sales are charged at prevailing market rates and shown in the eliminations columns below.

	United Kingdom		North America		Rest of World		Eliminations		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>Revenue</b>										
<b>By division and source:</b>										
Financial publishing	43,330	49,217	34,892	36,401	1,856	1,956	(4,718)	(3,415)	75,360	84,159
Business publishing	42,765	40,361	14,601	12,598	1,760	1,963	(2,798)	(1,834)	56,328	53,088
Training	19,038	27,078	8,838	10,581	4,180	3,553	(374)	(460)	31,682	40,752
Conferences and seminars	28,584	31,511	33,379	38,386	12,918	18,147	(30)	(145)	74,851	87,899
Databases and information services	10,185	7,529	54,707	40,733	22,589	17,867	-	(2)	87,481	66,127
Sold/closed businesses	-	47	-	-	-	-	-	(8)	-	39
Corporate revenue	1,625	1,665	331	299	2	2	(1,958)	(1,966)	-	-
Foreign exchange losses on forward contracts	(8,108)	-	-	-	-	-	-	-	(8,108)	-
<b>Total revenue</b>	<b>137,419</b>	<b>157,408</b>	<b>146,748</b>	<b>138,998</b>	<b>43,305</b>	<b>43,488</b>	<b>(9,878)</b>	<b>(7,830)</b>	<b>317,594</b>	<b>332,064</b>
									2009	2008
									£000's	£000's
<b>Revenue by type:</b>										
Subscriptions									152,305	123,067
Advertising									54,817	66,504
Sponsorship									38,454	45,813
Delegates									69,588	86,350
Other									10,538	10,291
Sold/closed businesses									-	39
Foreign exchange losses on forward contracts									(8,108)	-
<b>Total revenue</b>									<b>317,594</b>	<b>332,064</b>
Investment income (note 4)									246	597
<b>Total revenue and investment income</b>									<b>317,840</b>	<b>332,661</b>

# Euromoney Institutional Investor PLC

## Notes to the Preliminary Announcement *continued*

### 2 Segmental analysis *continued*

	United Kingdom		North America		Rest of World		Eliminations		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>Revenue</b>										
<b>By destination:</b>										
Sale of goods	48,035	52,893	88,568	85,650	91,392	71,308	(8,826)	(6,477)	219,169	203,374
Sale of services	11,216	8,884	42,719	47,942	53,650	73,170	(1,052)	(1,345)	106,533	128,651
Sold/closed businesses	-	47	-	-	-	-	-	(8)	-	39
Foreign exchange losses on forward contracts	(8,108)	-	-	-	-	-	-	-	(8,108)	-
<b>Group revenue</b>	<b>51,143</b>	<b>61,824</b>	<b>131,287</b>	<b>133,592</b>	<b>145,042</b>	<b>144,478</b>	<b>(9,878)</b>	<b>(7,830)</b>	<b>317,594</b>	<b>332,064</b>
Investment income	31	459	2	106	213	32	-	-	246	597
<b>Total revenue and investment income</b>	<b>51,174</b>	<b>62,283</b>	<b>131,289</b>	<b>133,698</b>	<b>145,255</b>	<b>144,510</b>	<b>(9,878)</b>	<b>(7,830)</b>	<b>317,840</b>	<b>332,661</b>

	United Kingdom		North America		Rest of World		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>Operating profit<sup>1</sup></b>								
<b>By division and source:</b>								
Financial publishing	15,436	18,573	4,682	5,644	212	287	20,330	24,504
Business publishing	18,614	15,467	4,351	3,402	412	527	23,377	19,396
Training	3,838	7,720	1,164	1,838	1,229	883	6,231	10,441
Conferences and seminars	7,832	9,067	8,532	10,718	(505)	3,263	15,859	23,048
Databases and information services	6,629	4,595	24,990	14,032	4,602	2,479	36,221	21,106
Sold/closed businesses	(45)	81	-	-	-	-	(45)	81
Unallocated corporate costs	(25,122)	(24,132)	3,391	5,675	(795)	1,189	(22,526)	(17,268)
<b>Operating profit before acquired intangible amortisation, share option expense and exceptional items</b>	<b>27,182</b>	<b>31,371</b>	<b>47,110</b>	<b>41,309</b>	<b>5,155</b>	<b>8,628</b>	<b>79,447</b>	<b>81,308</b>
Acquired intangible amortisation <sup>2</sup>	(5,474)	(4,396)	(8,913)	(7,107)	(1,504)	(1,246)	(15,891)	(12,749)
Share option expense	(2,042)	(3,538)	(504)	(1,555)	(151)	(268)	(2,697)	(5,361)
Exceptional items (note 3)	(595)	2,306	(25,813)	(4,783)	(7,493)	-	(33,901)	(2,477)
<b>Operating profit before associates</b>	<b>19,071</b>	<b>25,743</b>	<b>11,880</b>	<b>27,864</b>	<b>(3,993)</b>	<b>7,114</b>	<b>26,958</b>	<b>60,721</b>
Share of results in associates							219	308
Net finance costs (note 4)							(44,538)	(23,603)
<b>(Loss)/profit before tax</b>							<b>(17,361)</b>	<b>37,426</b>
Tax credit (note 5)							10,412	7,279
<b>(Loss)/profit after tax</b>							<b>(6,949)</b>	<b>44,705</b>

Acquired intangible amortisation of £15,891,000 (2008: £12,749,000) can be allocated as follows: Financial publishing £638,000 (2008: £1,267,000); Business publishing £5,203,000 (2008: £3,395,000); Conferences and seminars £478,000 (2008: £291,000); Databases and information services £9,430,000 (2008: £7,647,000); Unallocated corporate costs £142,000 (2008: £149,000).

Share option expense of £2,697,000 (2008: £5,361,000) can be allocated as follows: Financial publishing £798,000 (2008: £1,320,000); Business publishing £365,000 (2008: £603,000); Training £679,000 (2008: £1,122,000); Conferences and seminars £396,000 (2008: £655,000); Databases and information services gain £41,000 (2008: £805,000); Unallocated corporate costs £500,000 (2008: £856,000).

The exceptional loss of £33,901,000 (2008: £2,477,000) can be allocated as follows: Financial publishing £1,120,000 (2008: £nil); Business publishing £241,000 (2008: gain £475,000); Training £71,000 (2008: £nil); Conferences and seminars £23,697,000 (2008: £2,952,000); Databases and information services £1,181,000 (2008: £nil); Unallocated corporate costs £7,591,000 (2008: £nil).

<sup>1</sup> Operating profit before acquired intangible amortisation, share option expense and exceptional items, (refer to the appendix to the chairman's statement).

<sup>2</sup> Intangible amortisation represents amortisation on acquisition related non-goodwill assets such as brands, databases and trademarks.



# Euromoney Institutional Investor PLC

## Notes to the Preliminary Announcement *continued*

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### 3 Exceptional items

Exceptional items are items of income or expense considered by the directors, either individually or if of a similar type in aggregate, as being either material or significant and which require disclosure in order to provide a view of the group's results excluding these items.

	2009 £000's	2008 £000's
Profit on sale of property	-	1,670
Profit on disposal of long-term investment	-	1,589
Reduction in goodwill arising from a deferred tax adjustment	-	(2,784)
Goodwill and intangible asset impairment	(23,164)	(2,952)
Restructuring and other costs	(10,737)	-
	<u>(33,901)</u>	<u>(2,477)</u>

The group has reviewed the carrying value of goodwill and intangible assets and as a result has impaired capitalised goodwill and intangible assets, mostly in connection with the group's US-based structured finance event businesses and its Asia-based conference organiser and training business, by £23,164,000 (2008: £2,952,000) with a corresponding tax credit of £6,374,000 (2008: £nil).

During the year, in response to tough trading conditions, the directors have restructured the group's operations resulting in the rationalisation of its property portfolio (exceptional cost of £3,715,000), a reduction in group headcount (exceptional cost of £3,371,000), and other exceptional costs (£3,651,000) giving rise to total exceptional restructuring and other costs of £10,737,000 (£2008: £nil) and a related tax credit of £4,138,000 (2008: £nil).

# Euromoney Institutional Investor PLC

## Notes to the Preliminary Announcement *continued*

### 4 Finance income and expense

	2009 £000's	2008 £000's
<b>Finance income</b>		
Interest income:		
Interest receivable from DMGT group undertakings	654	3,825
Interest receivable from short-term investments	246	597
Expected return on pension scheme assets	1,162	1,172
Fair value gains on financial instruments:		
Ineffectiveness of interest rate swaps	219	-
	<u>2,281</u>	<u>5,594</u>
<b>Finance expense</b>		
Interest expense:		
Interest payable on committed borrowings	(12,297)	(12,252)
Interest payable to DMGT group undertakings	(1,294)	(3,825)
Interest payable on loan notes	(197)	(478)
Interest on pension scheme liabilities	(1,189)	(1,150)
Foreign exchange loss on restructured hedging arrangements	(7,863)	-
Net movements in acquisition option commitment values	(2,202)	(1,730)
Imputed interest on acquisition option commitments	(638)	(995)
Interest on tax underpaid	(1,364)	-
Foreign exchange loss on tax equalisation contracts	(19,854)	(11,966)
Other gains on tax equalisation contracts	79	3,426
Net loss on tax equalisation contracts	(19,775)	(8,540)
Fair value losses on financial instruments:		
Ineffectiveness of interest rate swaps	-	(227)
	<u>(46,819)</u>	<u>(29,197)</u>
<b>Net finance costs</b>	<u>(44,538)</u>	<u>(23,603)</u>

The foreign exchange loss on tax equalisation contracts of £19,854,000 (2008: £11,966,000) relates to foreign exchange losses on hedges on intra-group financing. This foreign exchange loss is matched by an equal and opposite tax credit so that there is no financial impact on earnings per share. The foreign exchange loss and the tax credit are excluded from underlying profit and the underlying tax expense (note 5).

The foreign exchange losses on restructured hedging arrangements of £7,863,000 (2008: £nil) arise from forward contracts classified as ineffective under IAS 39 'Financial Instruments' following the directors' review of the group's US dollar revenue capacity in its UK-based businesses.

	2009 £000's	2008 £000's
<b>Reconciliation of net finance costs in income statement to underlying net finance costs</b>		
Total net finance costs in the income statement	(44,538)	(23,603)
Add back:		
Foreign exchange losses on restructured hedging arrangements	7,863	-
Net movements in acquisition option commitment values	2,202	1,730
Imputed interest on acquisition option commitments	638	995
Foreign exchange loss on tax equalisation contracts	19,854	11,966
	<u>30,557</u>	<u>14,691</u>
<b>Underlying net finance costs</b>	<u>(13,981)</u>	<u>(8,912)</u>

# Euromoney Institutional Investor PLC

## Notes to the Preliminary Announcement *continued*

### 5 Tax on (loss)/profit on ordinary activities

	2009 £000's	2008 £000's
<b>Current tax (credit)/expense</b>		
UK corporation tax expense	340	860
Foreign tax (credit)/expense	(3,016)	5,265
Adjustments in respect of prior years	550	(2,234)
	<u>(2,126)</u>	<u>3,891</u>
<b>Deferred tax (credit)/expense</b>		
Current year	(10,446)	(9,858)
Adjustments in respect of prior years	2,160	(1,312)
	<u>(8,286)</u>	<u>(11,170)</u>
<b>Total tax credit in income statement</b>	<u>(10,412)</u>	<u>(7,279)</u>

The effective tax rate for the year is a credit of 60% (2008: credit at 19%). The underlying tax rate for 2009 is 27% (2008: 27%) as set out below:

	2009 £000's	2008 £000's
<b>Reconciliation of tax credit in income statement to underlying tax expense</b>		
Total tax credit in income statement	(10,412)	(7,279)
Add back:		
Tax on intangible amortisation	4,684	6,950
Tax on exceptional items	10,512	1,181
Tax on acquisition option commitments	(2,503)	-
Tax credit on foreign exchange loss on tax equalisation swap	19,854	11,966
Tax on foreign exchange losses on restructured hedging arrangements	2,202	-
Tax on US goodwill amortisation	(4,567)	(3,376)
Tax adjustments in respect of prior years	(2,710)	3,546
Deferred tax asset recognition	-	5,358
	<u>27,472</u>	<u>25,625</u>
<b>Underlying tax expense</b>	<u>17,060</u>	<u>18,346</u>
Underlying profit before tax (refer to the appendix to the chairman's statement)	62,988	67,343
Underlying effective tax rate	27%	27%

Following a reassessment of the recoverability of the potential deferred tax asset on overseas tax losses and other short-term timing differences, an additional asset of £nil (2008: £5,358,000) has been recognised.

A credit of £19,854,000 (2008: £11,966,000) relating to tax on foreign exchange losses has been treated as exceptional as it is hedged by £19,854,000 (2008: £11,966,000) of foreign exchange losses on tax equalisation contracts included within net finance costs (note 4).

The group presents the above underlying effective tax rate to help users of this report better understand its tax charge. In arriving at this rate, the group removes the tax effect of items which are adjusted for in arriving at the underlying profit disclosed in the appendix to the Chairman's statement. However, the current tax effect of goodwill and intangible items is not removed. The group considers that the resulting underlying effective tax rate is more representative of its tax payable position, as the deferred tax effect of the goodwill and intangible items is not expected to crystallise.

The actual tax credit for the year is different from 28% of (loss)/profit before tax for the reasons set out in the following reconciliation:

	2009 £000's	2008 £000's
<b>(Loss)/profit before tax</b>	<u>(17,361)</u>	<u>37,426</u>
Tax at 28% (2008: 29%)	(4,861)	10,854
Factors affecting tax charge:		
Rates of tax on overseas profits	(1,307)	224
Associate income reported net of tax	(61)	(89)
US State taxes	1,281	1,134
Goodwill and intangibles	2,024	(69)
Disallowable expenditure	1,594	2,559
Tax effects of intra-group transactions eliminated on consolidation	(14,295)	(8,567)
Reversal of deferred tax asset on exercise of acquisition put options	2,503	-
Recognition of previously unrecognised tax losses	-	(2,855)
Recognition of previously unrecognised deferred tax	-	(2,503)
Gains on disposal covered by brought forward losses	-	(960)
Deferred tax credit arising from changes in tax laws	-	(3,461)
Prior year adjustments	2,710	(3,546)
<b>Total tax credit for the year</b>	<u>(10,412)</u>	<u>(7,279)</u>

# Euromoney Institutional Investor PLC

## Notes to the Preliminary Announcement *continued*

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### 6 Dividends

	2009 £000's	2008 £000's
<b>Amounts recognisable as distributable to equity holders in period</b>		
Final dividend for the year ended September 30 2008 of 13.0p (2007: 13.0p)	<b>13,697</b>	13,388
Interim dividend for year ended September 30 2009 of 6.25p (2008: 6.25p)	<b>6,971</b>	6,573
	<b>20,668</b>	19,961
Employees' Share Ownership Trust dividend	<b>(11)</b>	<b>(11)</b>
	<b>20,657</b>	19,950
Proposed final dividend for the year ended September 30	<b>8,816</b>	13,689
Employees' Share Ownership Trust dividend	<b>(5)</b>	<b>(8)</b>
	<b>8,811</b>	13,681

A final dividend of 7.75 pence per ordinary share (2008: 13.0 pence) is proposed for the year ended September 30 2009. Subject to shareholder approval at the Annual General Meeting, this would be paid on February 4 2010 to shareholders on the register on November 20 2009. It is expected that the shares will be marked ex-dividend on November 18 2009.

The directors have resolved to offer a scrip dividend alternative, under the scheme approved by shareholders on January 28 2009, to the final dividend. The scrip reference price, by reference to which new ordinary shares will be issued to those shareholders who elect to receive shares instead of cash in respect of the final dividend, will be announced by the company on December 9 2009. The scrip reference price will be equal to the average of the middle market quotations of an ordinary share as derived from the Daily Official List for the fifteen successive dealing days commencing on November 18 2009 and ending on December 8 2009. Mandate forms or revocations of elections must be received by the company's registrars no later than 3.00 pm on January 14 2010 to be effective. Full details of the scrip dividend alternative will be included in the shareholders circular which will be sent to shareholders in December 2009 and for those shareholders who have opted for electronic communication, the information will be available on the company's website ([www.euromoneyplc.com](http://www.euromoneyplc.com)) at the same time.

The proposed final dividend of 7.75 pence (2008: 13.0 pence) is subject to approval at the Annual General Meeting on January 21 2010 and has not been included as a liability in these financial statements in accordance with IAS 10 'Events after the balance sheet date'.

# Euromoney Institutional Investor PLC

## Notes to the Preliminary Announcement *continued*

### 7 (Loss)/earnings per share

	2009 £000's	2008 £000's
(Loss)/earnings attributable to equity holders of the parent	(6,287)	43,719
Less earnings from discontinued operations	(1,207)	(245)
Basic (loss)/earnings - continuing operations	<u>(7,494)</u>	<u>43,474</u>
Acquired intangible amortisation	15,891	12,749
Exceptional items	33,901	2,477
Imputed interest on acquisition option commitments	638	995
Net movements in acquisition option commitment values	2,202	1,730
Foreign exchange loss on restructured hedging arrangements	7,863	-
Tax on above adjustments	(14,895)	(8,131)
Tax deduction on US goodwill	4,567	3,376
Tax adjustment in respect of prior years	2,710	(3,546)
Deferred tax assets recognition	-	(5,358)
<b>Adjusted earnings</b>	<u><u>45,383</u></u>	<u><u>47,766</u></u>
	<b>Number 000's</b>	<b>Number 000's</b>
Weighted average number of shares	109,750	104,348
Shares held by the Employees' Share Ownership Trust	(59)	(59)
	<u>109,691</u>	<u>104,289</u>
Effect of dilutive share options	2,682	3,398
<b>Diluted weighted average number of shares</b>	<u><u>112,373</u></u>	<u><u>107,687</u></u>
	<b>Pence per share</b>	<b>Pence per share</b>
<b>Basic (loss)/earnings per share - continuing operations</b>	<b>(6.83)</b>	41.69
Effect of dilutive share options	0.16	(1.32)
<b>Diluted (loss)/earnings per share - continuing operations</b>	<u><u>(6.67)</u></u>	<u>40.37</u>
Effect of acquired intangible amortisation	14.14	11.84
Effect of exceptional items	30.17	2.30
Effect of imputed interest on acquisition option commitments	0.57	0.92
Effect of net movements in acquisition option commitment values	1.96	1.61
Effect of foreign exchange loss on restructured hedging arrangements	7.00	-
Effect of tax on the above adjustments	(13.25)	(7.55)
Effect of tax deduction on US goodwill	4.06	3.14
Effect of tax adjustment in respect of prior years	2.41	(3.29)
Effect of deferred tax assets recognition	-	(4.98)
<b>Adjusted diluted earnings per share</b>	<u><u>40.39</u></u>	<u><u>44.36</u></u>
<b>Basic (loss)/earnings per share - continuing and discontinued operations</b>	<b>(5.73)</b>	41.92
Effect of dilutive share options	0.14	(1.32)
<b>Diluted (loss)/earnings per share - continuing and discontinued operations</b>	<u><u>(5.59)</u></u>	<u>40.60</u>

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

# Euromoney Institutional Investor PLC

## Notes to the Preliminary Announcement *continued*

### 8 Acquisitions

#### *Increase in equity holdings*

In January 2009, the group purchased the remaining 20% of the equity share capital of Information Management Network LLC (IMN), the structured finance, indexing and real estate events business, for a cash consideration of \$11,107,000 (£7,704,000), resulting in additional provisional goodwill of \$10,016,000 (£6,948,000) and bringing total goodwill to \$47,222,000 (£29,525,000).

In January 2009, the group exercised its option to purchase the third tranche (10.9%) of Total Derivatives Limited increasing its equity holding from 78.3% to 89.2%. The equity was purchased for £2,834,000 resulting in additional provisional goodwill of £2,482,000 and bringing total goodwill to £8,180,000.

In February 2009, the group purchased a further 15% of the equity share capital of TelCap Limited for a cash consideration of £5,952,000 payable in April 2009, resulting in additional provisional goodwill of £5,308,000 and bringing total goodwill to £10,448,000. The group's equity shareholding in TelCap Limited increased to 85%.

In February 2009, the group purchased a further 3.93% of the equity share capital of Internet Securities, Inc. (ISI) for a cash consideration of \$4,344,000 (£3,013,000), resulting in additional provisional goodwill of the same amount and bringing the total goodwill to \$13,575,000 (£9,470,000). The group's equity shareholding in ISI increased to 97.8%.

In May 2009, the group purchased the remaining 10% of the equity share capital of Asia Business Forum (ABF), a leading conference organiser and training business for the Asia region, for a cash consideration of SG\$846,000 (£387,000), resulting in additional provisional goodwill of SG\$675,000 (£309,000) and bringing total goodwill to \$2,528,000 (£1,122,000).

	IMN £'000	Total Derivatives £'000	TelCap £'000	ABF £'000
<b>Book value</b>				
Intangible assets	-	6,701	2,025	1,433
Cash	1,503	3,549	2,458	455
Other assets	5,324	685	2,116	501
Liabilities	(5,981)	(5,643)	(5,127)	(977)
Total	846	5,292	1,472	1,412
<b>Provisional fair value adjustments</b>				
Intangible assets	4,892	(2,846)	3,914	(811)
Deferred tax	(1,957)	797	(1,096)	178
	2,935	(2,049)	2,818	(633)
<b>Provisional fair value of net assets</b>	3,781	3,243	4,290	779
<b>Net assets acquired</b>				
%	20%	10.85%	15%	10%
£'000	756	352	644	78
<b>Provisional goodwill</b>	6,948	2,482	5,308	309
<b>Consideration (satisfied by cash)</b>	7,704	2,834	5,952	387

If the acquisitions in the table above had been completed on the first day of the financial year, group revenues for the period would have remained unchanged and group loss attributable to equity holders of the parent would have been reduced by £271,000.

# Euromoney Institutional Investor PLC

## Notes to the Preliminary Announcement *continued*

### 9 Discontinued operations

In September 2009 the group received a final payment of £1,207,000 after related costs from the sale of the Atalink Limited, following the agreement of their completion accounts. There is no related tax charge. The business and net assets of Atalink Limited were sold in March 2007 and were treated as a discontinued operation up to that date.

The group's income statement does not include any trading results from discontinued operations other than the profit on disposal from the proceeds above.

### 10 Called up share capital

	2009 £000's	2008 £000's
<b>Authorised</b>		
137,365,200 ordinary shares of 0.25p each (2008: 137,365,200 ordinary shares of 0.25p each)	<u>343</u>	<u>343</u>
<b>Allotted, called up and fully paid</b>		
113,757,463 ordinary shares of 0.25p each (2008: 105,300,896 ordinary shares of 0.25p each)	<u>284</u>	<u>263</u>

During the year, 8,456,567 ordinary shares of 0.25p each (2008: 2,328,418 ordinary shares) with an aggregate nominal value of £21,141 (2008: £5,821) were issued as follows: 6,257,957 ordinary shares (2008: nil) under the company's 2008 scrip dividend alternative for a cash consideration of £nil (2008: £nil) and 2,198,610 ordinary shares (2008: 2,328,418 ordinary shares) following the exercise of share options granted under the company's share option schemes for a cash consideration of £5,497 (2008: £71,680).

### 11 Statement of movement on reserves

	Share premium account £000's	Other reserve £000's	Capital redemption reserve £000's	Own shares £000's	Liability for share based payments £000's	Fair value reserve £000's	Translation reserve £000's	Retained earnings £000's	Total £000's
At September 30 2007	38,509	64,981	8	(74)	15,737	18,176	(15,335)	(69,975)	52,027
Retained profit for the year	-	-	-	-	-	-	-	43,719	43,719
Recognition of acquisition option commitments	-	-	-	-	-	-	-	(500)	(500)
Exercise of acquisition option commitments	-	-	-	-	-	-	-	6,919	6,919
Exchange differences arising on translation of net investments in overseas subsidiary undertakings	-	-	-	-	-	-	32,448	-	32,448
Net exchange difference on foreign currency loans	-	-	-	-	-	(19,115)	-	-	(19,115)
Change in fair value of hedges	-	-	-	-	-	(17,455)	-	-	(17,455)
Transfer of gain on cash flow hedges from fair value reserves to income statement	-	-	-	-	-	(2,877)	-	-	(2,877)
Change in fair value of intangible assets	-	-	-	-	-	1,692	-	-	1,692
Credit for share-based payments	-	-	-	-	4,939	-	-	-	4,939
Dividends paid	-	-	-	-	-	-	-	(19,950)	(19,950)
Change in actuarial assumptions in defined benefit scheme	-	-	-	-	-	-	-	1,589	1,589
Exercise of share options	66	-	-	-	-	-	-	-	66
Tax on items going through reserves	-	-	-	-	-	-	-	1,282	1,282
<b>At September 30 2008</b>	<b>38,575</b>	<b>64,981</b>	<b>8</b>	<b>(74)</b>	<b>20,676</b>	<b>(19,579)</b>	<b>17,113</b>	<b>(36,916)</b>	<b>84,784</b>
Retained loss for the year	-	-	-	-	-	-	-	(6,287)	(6,287)
Exercise of acquisition option commitments	-	-	-	-	-	-	-	20,939	20,939
Exchange differences arising on translation of net investments in overseas subsidiary undertakings	-	-	-	-	-	-	27,621	-	27,621
Net exchange difference on foreign currency loans	-	-	-	-	-	(16,690)	-	-	(16,690)
Change in fair value of hedges	-	-	-	-	-	(9,285)	-	-	(9,285)
Transfer of loss on cash flow hedges from fair value reserves to income statement	-	-	-	-	-	3,502	-	-	3,502
Change in fair value of intangible assets	-	-	-	-	-	2,544	-	-	2,544
Credit for share-based payments	-	-	-	-	2,970	-	-	-	2,970
Scrip/cash dividends paid	13,870	-	-	-	-	-	-	(20,657)	(6,787)
Change in actuarial assumptions in defined benefit scheme	-	-	-	-	-	-	-	(3,382)	(3,382)
Tax on items going through reserves	-	-	-	-	-	-	-	3,792	3,792
<b>At September 30 2009</b>	<b>52,445</b>	<b>64,981</b>	<b>8</b>	<b>(74)</b>	<b>23,646</b>	<b>(39,508)</b>	<b>44,734</b>	<b>(42,511)</b>	<b>103,721</b>

The investment in own shares is held by the Euromoney Employees' Share Ownership Trust (ESOT). At September 30 2009 the ESOT held 58,976 shares (2008: 58,976 shares) carried at a historic cost of £1.25 per share with a market value of £220,000 (2008: £192,000). The trust waived the rights to receive dividends. Interest and administrative costs are charged to the profit and loss account of the ESOT as incurred.

The other reserve represents the share premium arising on the shares issued for the purchase of Metal Bulletin plc in October 2006.