

# **Euromoney Institutional Investor PLC**

**Preliminary Announcement**

**September 30 2011**

# Euromoney Institutional Investor PLC

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# Euromoney Institutional Investor PLC

## Chairman's Statement

Highlights	2011	2010	Change
Revenue	£363.1 m	£330.0 m	+10%
<b>Adjusted results</b>			
• Adjusted operating profit	£109.0 m	£100.1 m	+9%
• Adjusted profit before tax	£92.7 m	£86.6 m	+7%
• Adjusted diluted earnings a share	56.1 p	53.5 p	+5%
<b>Statutory results</b>			
• Operating profit	£77.8 m	£82.1 m	-5%
• Profit before tax	£68.2 m	£71.4 m	-5%
• Diluted earnings a share	37.3 p	49.5 p	-25%
Final dividend	12.50 p	11.75 p	+6%

A detailed reconciliation of the group's statutory results to the adjusted results is set out in the appendix to the Chairman's Statement and note 8.

- Revenues increased by 10% to £363.1m, with continued growth across all revenue streams
- Adjusted profit before tax up 7% to £92.7m
- Adjusted operating margin maintained at 30%
- CAP profit target achieved two years earlier than expected triggering £6.6m additional accelerated cost in 2011
- Operating cash flows up 17% to £118.0m
- Final dividend increased by 6% to 12.5p
- Integration of Ned Davis Research proceeding well
- Subscriptions expected to account for more than 50% of revenues for first time in 2012
- First quarter trading in line with board's expectations
- Uncertain trading outlook especially for advertising

Commenting on the results, chairman Padraic Fallon said: "The environment's getting tougher and more volatile revenues like advertising have shown signs of weakness, but cash flows are very strong and the immediate outlook is fairly positive."

### Highlights

Euromoney Institutional Investor PLC, the international publishing, events and electronic information group, achieved an adjusted profit before tax of £92.7m for the year to September 30 2011, against £86.6m in 2010. Adjusted diluted earnings a share were 56.1p (2010: 53.5p). The directors recommend a 6% increase in the final dividend to 12.50p, giving a total for the year of 18.75p (2010: 18.0p), to be paid to shareholders on February 9 2012.

These record results mean the group has achieved the profit target under its Capital Appreciation Plan two years earlier than first expected. Although individual awards under the plan cannot vest more than one year early, the satisfaction of the performance test triggers an additional accelerated long-term incentive expense of £6.6m, with a corresponding reduction in the expense in future years. This additional accelerated expense has been excluded from adjusted profit before tax and the adjusted diluted earnings a share figure used for setting the final dividend.

The group's performance in the second half has broadly matched that of the first, although markets have become more challenging as the year has progressed. Double digit growth in subscription revenues was maintained throughout the year while the quality of the group's event portfolio has been demonstrated by the 20% growth in sponsorship revenues. Total revenues for the year increased by 10% to £363.1m and this revenue growth, combined with tight control of headcount, helped the group maintain its adjusted operating margin at 30% in spite of significant investment in new products and technology.

Net debt at September 30 was £119.2m compared with £102.7m at March 31, following the acquisition of Ned Davis Research in August for a cash consideration of £64.8m. Excluding acquisitions, net debt fell by approximately £50m in the second half, reflecting the group's strong cash flows and an operating cash conversion rate\* in excess of 100%. The group's net debt to EBITDA ratio at year end was 1.0 times, leaving plenty of headroom for the group to pursue its selective acquisition strategy.

# Euromoney Institutional Investor PLC

## Chairman's Statement *continued*

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Despite the continuing volatility and uncertainty in financial markets, the broad outlook for the first quarter of the new financial year is reasonably positive. Subscription revenues, after removing the effect of exchange rates and the acquisition of NDR, increased at an underlying rate of 9% in the fourth quarter, which provides good momentum for further revenue growth in financial year 2012. Delegate bookings for the group's training and event businesses have held up well. However, as highlighted in September's trading update, sales of advertising, and to a lesser degree event sponsorship, have shown signs of weakness since the summer. The board expects the trading environment for the rest of financial year 2012 to be more challenging and, as usual at this time, forward revenue visibility beyond the first quarter is limited other than for subscriptions.

### Strategy

The company's strategy remains the building of a robust and tightly focused global online information business with a strong emphasis on emerging markets. This strategy is being executed through increasing the proportion of revenues derived from subscription products; using technology efficiently to assist the online migration of the group's 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 using a healthy balance sheet and strong cash flows to fund selective acquisitions.

During 2011 the group continued its ambitious programme of investing in new technology and content delivery platforms, particularly for the mobile user, and in new digital information products, as part of its migration to a global online information business. Over the year the group spent more than £9m enhancing its existing products, all of it expensed from profits, and expects a similar level of investment in 2012. In addition, the group has undertaken a substantial investment programme at two of its most important electronic information businesses, BCA Research and CEIC Data, with a view to building rapidly the quality and coverage of their products and expanding their global sales resources.

In August the group completed the acquisition of Ned Davis Research (NDR). NDR produces data, financial models, charts and independent market commentary to help clients execute their asset allocation strategies. All of NDR's content is published online and the acquisition is expected to increase the proportion of the group's revenues derived from subscriptions to more than 50% for the first time. Euromoney intends to apply a similar investment strategy to NDR as it has done so successfully with its other independent research business, BCA Research, and build a range of new international products and drive revenue growth through an expanded global sales team. The early signs of trading at NDR are encouraging.

In 2012, the company intends to continue to pursue its successful strategy of tight cost control while investing in digital publishing and selective acquisitions of specialist online information businesses to drive further long-term revenue growth.

### Capital Appreciation Plan (CAP)

The CAP is the group's long-term incentive scheme designed to retain and reward those who drive profit growth and is an integral part of the group's successful growth and investment strategy.

The terms of CAP 2010 broadly require an adjusted profit before tax (and before CAP expense) of £100m to be achieved, from a base profit of £62.3m in financial year 2009, within the four year performance period ending in September 2013. The better than expected financial performance of the group in the last two years means the CAP profit target has been achieved in financial year 2011, two years earlier than expected.

The total cost of CAP 2010 can be no more than £30m. This cost was being expensed over the expected life of the plan, starting from March 2010, on the assumption that the profit performance test would first be satisfied in the financial year ending in September 2012, one year earlier than originally expected. The profit performance has now been satisfied two years earlier than expected and, under IFRS2, the earlier achievement of the CAP profit target triggers an additional accelerated CAP expense of £6.6m in this financial year, with a corresponding reduction in the expected CAP expense for financial years 2012, 2013 and 2014 of £1.1m, £3.8m and £1.7m respectively. The board believes that this additional accelerated CAP expense distorts the underlying earnings of the group and has excluded this cost from its reported adjusted profit before tax and the adjusted diluted earnings a share figure used for setting the final dividend.

Rewards under CAP 2010 will be satisfied by the issue of approximately 3.5 million new ordinary shares and £15m cash, with 50% of the reward deferred for a further 12 months and subject to additional performance tests. The rules of the CAP were modified this year such that individual awards could not vest more than one year ahead of the original performance period. This means that although the CAP profit target has been reached in financial year 2011, individual CAP awards will be based on profits for financial year 2012 and the first 50% tranche of CAP awards will not vest until February 2013.

The second 50% tranche of CAP awards will only vest if the CAP profit target is again achieved in financial year 2012 or later. Following the acquisition of NDR, the profit target for the second 50% vesting of CAP awards has been increased by £5m to £105m.

# Euromoney Institutional Investor PLC

## Chairman's Statement *continued*

### Trading Review

Total revenue increased by 10% to £363.1m. After a 13% increase in the first half, the headline rate of revenue growth dropped to 7% in the second, largely due to the impact of exchange rates. At constant currency, the underlying rate of revenue growth was 12% in the second half, against 13% in the first, with growth across all revenue streams.

Revenues	2011	2010	Headline change			Change at constant exchange rates		
	£m	£m	H1	H2	Year	H1	H2	Year
Subscriptions	171.0	153.7	13%	10%	11%	12%	16%	14%
Advertising	62.7	57.6	15%	5%	9%	14%	9%	11%
Sponsorship	48.8	40.6	34%	12%	20%	34%	19%	25%
Delegates	75.0	70.8	3%	9%	6%	3%	12%	8%
Other/closed	9.4	11.5	(12%)	(24%)	(18%)	(14%)	(22%)	(18%)
Foreign exchange losses on forward currency contracts	(3.8)	(4.2)	-	-	-	-	-	-
<b>Total revenue</b>	<b>363.1</b>	<b>330.0</b>	<b>13%</b>	<b>7%</b>	<b>10%</b>	<b>13%</b>	<b>12%</b>	<b>12%</b>

Subscriptions account for nearly half the group's revenue and the group has maintained double digit growth throughout financial year 2011, despite comparisons with 2010 becoming tougher as the year progressed. More than 70% of subscription revenues are derived in US dollars and currency movements have had a negative impact on growth rates in the second half. After removing the effect of exchange rates and the acquisition of NDR, underlying subscription revenues increased at a rate of 11%. This subscription growth continues to be generated by the group's premium online research and data services such as BCA Research and CEIC Data, contrasting with the lower growth rates of the traditional print publishing businesses. The acquisition of NDR and the group's investment in online publishing is expected to continue to support subscription revenue growth in the first half of financial year 2012.

As reported in the pre-close trading update in September, the volatility and uncertainty in markets over the summer was followed by a slowing in the rate of growth of advertising and, to a lesser degree, event sponsorship sales. As a result, September's advertising revenues were lower than expected although the impact of this advertising slow-down is more likely to be felt in the first quarter of financial year 2012.

The event businesses have been a key driver of the group's strong recovery over the two years since the global credit crisis. Revenues broadly comprise an equal mix of both sponsorship and paying delegates, and the growth in the second half reflects the success of the group's strategy of building large, must-attend annual events in niche markets, and continually investing to grow these events while adding new, smaller events as markets improve. The recent market uncertainty has had limited impact on the group's event businesses, while delegate bookings for training courses have held up well.

The group derives nearly two thirds of its total revenue in US dollars and movements in the sterling-US dollar rate can have a significant impact on reported revenues. This was not the case in the first half but in the second the average US dollar rate increased to \$1.63 (2010: \$1.51) which means that headline revenue growth rates are lower than underlying growth rates at constant currency by several percentage points (see table above).

The group's adjusted operating margin was 30.0% against 30.3% in 2010. The continued investment in digital publishing and the lag effect of increases in headcount at the end of 2010 was expected to have a negative impact on margins in 2011. This was the case in the first half when the adjusted operating margin fell by one percentage point, but this trend was reversed in the second half as revenue growth was derived from the group's higher margin research and data businesses and headcount was tightly controlled in expectation of a more challenging trading environment. Permanent headcount at September 30 was 2,111 against 2,011 at March 31 and the increase in headcount in the second half was entirely due to the acquisition of NDR. The average permanent headcount for the year increased by 9% to 2,032.

### Business Review

**Financial Publishing:** revenues, approximately 50% of which are advertising-related, increased by 5% to £83.8m and adjusted operating profit by 3% to £28.2m. Advertising revenues came under pressure towards the end of the year but the increased investment in digital publishing has contributed to an increasing proportion of advertising revenues from online rather than print, and a strong performance from products less dependent on advertising such as *EuroWeek* and Institutional Investor Research.

# Euromoney Institutional Investor PLC

## Chairman's Statement *continued*

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**Business Publishing:** the group's activities outside finance cover a number of sectors including metals, commodities, energy, telecoms and law, with only 35% of revenues derived from advertising. Revenues increased by 7% to £59.5m and the adjusted operating margin dropped from 41% to 39% due to the impact of investment in digital publishing, particularly in businesses such as Metal Bulletin and legal publishing.

**Training:** the group's training division predominantly serves the global financial sector with a strong focus on emerging markets. After a slow start to the calendar year, due partly to the political unrest in the Middle East, delegate bookings improved from June and the division finished the year strongly with a 16% increase in Q4 revenues. Training revenues for the year increased by 9% to £32.5m and adjusted operating profits by 10% to £7.9m at a consistent adjusted operating margin of 24%.

**Conferences and Seminars:** revenues comprise both sponsorship and paying delegates and increased by 12% to £86.2m. Adjusted operating profit increased by 13% to £26.6m and the adjusted operating margin was unchanged at 31%. Growth has come across all sectors but in particular from those outside finance such as metals, coal and telecoms which have a higher emerging market exposure.

**Research and Data:** revenues are predominantly derived from subscriptions and increased by 16% to £104.3m. Adjusted operating profit increased by 12% to £42.5m and the adjusted operating margin fell by one percentage point to 41% reflecting the investment programme at BCA research and CEIC Data. NDR contributed subscription revenues of £4.6m and an adjusted operating profit of £1.2m for the two months since acquisition.

### Financial Review

The adjusted profit before tax of £92.7m compares to a statutory profit before tax of £68.2m. A detailed reconciliation of the group's adjusted and statutory results is set out in the appendix to this statement. The statutory profit is generally lower than the adjusted profit before tax because of the impact of acquired intangible amortisation. In addition, the earlier than expected achievement of the CAP profit target (see above) has triggered an additional accelerated CAP expense of £6.6m which has further reduced the group's statutory profit.

Adjusted net finance costs for the group's committed borrowing facility fell by £2.1m to £7.2m, reflecting the rapid reduction in net debt prior to the acquisition of NDR. The average cost of funds for the year increased to 5.7% (2010: 5.2%) as the group's cheaper floating rate debt comprised a smaller portion of the total debt for most of the year. Following the acquisition of NDR, this position is expected to reverse in 2012 when the average cost of debt should be less than 5%. Statutory net finance costs of £9.6m (2011: £10.7m) include a £1.8m charge for the increase in deferred consideration paid on the acquisition of Arete in 2010.

The adjusted effective tax rate for the year was 26% against 27% in 2010. The tax rate depends on the geographic mix of profits and the group has benefited this year from reductions in UK and Canadian corporate tax rates, which are expected to lower the adjusted effective tax rate again in 2012. After utilising tax losses to reduce cash taxes paid in 2010, the group returned to a tax paying position in 2011 and cash taxes paid in the year were £27.0m against an adjusted tax expense of £24.2m.

The group continues to generate nearly two thirds of its revenues in US dollars, including approximately 30% of the revenues in its UK-based businesses, and more than half its operating profits are US dollar-denominated. The group hedges its exposure to the US dollar revenues in its UK businesses by using forward contracts to sell surplus US dollars. This delays the impact of movements in exchange rates for at least a year. As a result of this hedging policy, the group benefited from a £0.4m reduction in currency hedging losses compared to last year.

The group does not hedge the foreign exchange risk, primarily from the US dollar, on the translation of overseas profits. It does, however, 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 translation impact of a one cent movement in the average sterling-US dollar exchange rate on overseas profits is approximately £0.4m on an annualised basis. The average sterling-US dollar rate for the year was \$1.61 (2010: \$1.55) which reduced profits by approximately £2.5m, most of it in the second half when the rate was \$1.63 against \$1.51 for the same period in 2010.

### Net Debt, Cash Flow and Dividend

Net debt at September 30 was £119.2m compared with £102.7m at March 31, following the acquisition of Ned Davis Research in August for a cash consideration of £64.8m. Excluding acquisitions, net debt has fallen by approximately £50m since March 31, reflecting the group's strong cash flows which are traditionally weighted to the second half. Cash generated from operations increased by £17.2m to £118.0m and the operating cash conversion rate\* was 108% (2010: 101%).

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## Chairman's Statement *continued*

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The acquisition of an 85% interest in NDR was funded from the group's existing borrowing facility. The remaining 15% will be acquired under an earn-out agreement, in two equal instalments, based on the profits of NDR for the years to December 31 2012 and 2013. At September 30, the expected discounted consideration payable under the earn-out was £10.1m.

The group's debt is provided through a \$400m (£258m) multi-currency committed facility from its parent company, Daily Mail and General Trust plc (DMGT). The three year facility (£65m) is due to expire in December 2011 and will not be renewed. The five year facility (£193m) expires in December 2013 and will be used to fund the group's borrowing requirements for the next two years. In addition, DMGT has recently renewed its bank facilities for a five year period to April 2016, under which a facility of \$300m (£193m) will be available to the group on expiry of its five year facility should it be required.

The net debt to EBITDA ratio on the group's committed facility was 1.0 times at year end, well within the group's internal covenant of three times. There are no significant capital or acquisition commitments currently expected for financial year 2012, leaving the group with plenty of headroom to pursue its selective acquisition strategy.

The company's policy is to distribute a third of its after-tax earnings by way of dividends each year. Accordingly, the board recommends a final dividend of 12.5p a share (2010: 11.75p) making a total dividend for the year of 18.75p (2010: 18.0p). The adjusted diluted earnings a share figure (56.1p) used to calculate the final dividend excludes the additional accelerated CAP long-term incentive scheme expense of £6.6m because the board believes this gives a better indication of the underlying earnings of the group. The final dividend will be paid on February 9 2012 to shareholders on the register at November 18 2011. A scrip dividend alternative will again be available to shareholders and the group's majority shareholder, DMGT, has indicated its intention to accept the scrip alternative.

### Outlook

Financial markets continue to suffer from concerns over increased fiscal risk, particularly in the Eurozone, and weaker prospects for global economic growth. Nevertheless, the outlook for the first quarter of the new financial year is reasonably positive. Subscriptions, which account for approximately half the group's revenues, increased at an underlying rate (after removing the effect of exchange rates and the acquisition of NDR) of 9% in the fourth quarter which provides good momentum for further revenue growth in 2012. Delegate bookings for the group's training and event businesses have also held up well. In contrast, as announced in September, sales of advertising, and to a lesser degree event sponsorship, have shown signs of weakness since the summer. The board expects the trading environment for the rest of financial year 2012 to be more challenging and, as usual at this time, forward revenue visibility beyond the first quarter is limited other than for subscriptions.

For 2012, the group plans to continue its programme of investing in the digital transformation of its publishing businesses, and in improving the quality of the product and expanding the sales resources of its research and data businesses including the recently acquired Ned Davis Research. Total investment costs are expected to be similar to those expensed in financial year 2011.

The company is well prepared for the challenging markets ahead and in a stronger position than it was at the start of the last financial crisis, and will continue to pursue its successful strategy of investing in new products, digital publishing and selective acquisitions to drive further long-term growth.

Padraic Fallon  
Chairman  
November 9 2011

\*The operating cash conversion rate is the percentage by which cash generated from operations covers adjusted operating profit.

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### NOTE TO EDITORS

Euromoney Institutional Investor PLC ([www.euromoneyplc.com](http://www.euromoneyplc.com)) 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 titles in both print and on-line format including *Euromoney*, *Institutional Investor* and *Metal Bulletin*, and is a leading provider of electronic research and data under the BCA Research, Ned Davis Research and ISI Emerging Markets brands. It also runs an extensive portfolio of conferences, seminars and training courses for financial markets. The group's main offices are in London, New York, Montreal and Hong Kong and more than a third of its revenues are derived from emerging markets.

## Euromoney Institutional Investor PLC

### Appendix to Chairman's statement

#### Reconciliation of Consolidated Income Statement to adjusted results for the year ended September 30 2011

The reconciliation below sets out the adjusted results of the group and the related adjustments to the statutory Consolidated Income Statement that the directors consider necessary in order to provide an indication of the adjusted trading performance.

	Note	Adjusted £000's	Adjustments £000's	2011 Total £000's	Adjusted £000's	Adjustments £000's	2010 Total £000's
<b>Total revenue</b>	<b>2</b>	<b>363,142</b>	<b>-</b>	<b>363,142</b>	330,006	-	330,006
<b>Operating profit before acquired intangible amortisation, long-term incentive expense and exceptional items</b>	<b>2</b>	<b>108,967</b>	<b>-</b>	<b>108,967</b>	100,057	-	100,057
Acquired intangible amortisation		-	(12,221)	(12,221)	-	(13,671)	(13,671)
Long-term incentive expense		(9,491)	-	(9,491)	(4,364)	-	(4,364)
Additional accelerated long-term incentive expense	4	-	(6,603)	(6,603)	-	-	-
Exceptional items	3	-	(3,295)	(3,295)	-	(228)	(228)
<b>Operating profit before associates</b>		<b>99,476</b>	<b>(22,119)</b>	<b>77,357</b>	95,693	(13,899)	81,794
Share of results in associates		408	-	408	281	-	281
<b>Operating profit</b>		<b>99,884</b>	<b>(22,119)</b>	<b>77,765</b>	95,974	(13,899)	82,075
Finance income	5	1,761	-	1,761	1,637	-	1,637
Finance expense	5	(8,961)	(2,368)	(11,329)	(10,968)	(1,320)	(12,288)
<b>Net finance costs</b>		<b>(7,200)</b>	<b>(2,368)</b>	<b>(9,568)</b>	(9,331)	(1,320)	(10,651)
<b>Profit before tax</b>		<b>92,684</b>	<b>(24,487)</b>	<b>68,197</b>	86,643	(15,219)	71,424
Tax expense on profit	6	(24,164)	1,637	(22,527)	(23,325)	10,486	(12,839)
<b>Profit after tax</b>		<b>68,520</b>	<b>(22,850)</b>	<b>45,670</b>	63,318	(4,733)	58,585
<b>Attributable to:</b>							
Equity holders of the parent		68,441	(22,850)	45,591	62,838	(4,733)	58,105
Equity non-controlling interests		79	-	79	480	-	480
		<b>68,520</b>	<b>(22,850)</b>	<b>45,670</b>	63,318	(4,733)	58,585
<b>Diluted earnings per share - continuing operations</b>	<b>8</b>	<b>56.05p</b>	<b>(18.71)p</b>	<b>37.34p</b>	53.50p	(4.03)p	49.47p

Adjusted figures are presented before the impact of amortisation of acquired intangible assets (comprising brands, trademarks, databases and customer relationships) and goodwill impairment, the additional accelerated long-term incentive expense, restructuring and other exceptional operating costs, deferred consideration and non-cash movements on acquisition option commitment values. In respect of earnings, adjusted 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, 6 and 8 to this report.

# Euromoney Institutional Investor PLC

## Consolidated Income Statement

for the year ended September 30 2011

	Notes	2011 £000's	2010 £000's
<b>Total revenue</b>	2	363,142	330,006
<b>Operating profit before acquired intangible amortisation, long-term incentive expense and exceptional items</b>	2	108,967	100,057
Acquired intangible amortisation		(12,221)	(13,671)
Long-term incentive expense		(9,491)	(4,364)
Additional accelerated long-term incentive expense	4	(6,603)	-
Exceptional items	3	(3,295)	(228)
<b>Operating profit before associates</b>	2	77,357	81,794
Share of results in associates		408	281
<b>Operating profit</b>		77,765	82,075
Finance income	5	1,761	1,637
Finance expense	5	(11,329)	(12,288)
<b>Net finance costs</b>	5	(9,568)	(10,651)
<b>Profit before tax</b>	2	68,197	71,424
Tax expense on profit	6	(22,527)	(12,839)
<b>Profit after tax</b>	2	45,670	58,585
<b>Attributable to:</b>			
Equity holders of the parent		45,591	58,105
Equity non-controlling interests		79	480
		45,670	58,585
Basic earnings per share - continuing operations	8	38.02p	50.04p
Diluted earnings per share - continuing operations	8	37.34p	49.47p
Adjusted basic earnings per share	8	57.09p	54.12p
Adjusted diluted earnings per share	8	56.05p	53.50p
Dividend per share (including proposed dividends)	7	18.75p	18.00p

A detailed reconciliation of the group's statutory results to the adjusted results is set out in the appendix to the Chairman's Statement on page 7.

# Euromoney Institutional Investor PLC

## Consolidated Statement of Comprehensive Income

for the year ended September 30 2011

	2011 £000's	2010 £000's
<b>Profit after tax</b>	<b>45,670</b>	58,585
Change in fair value of cash flow hedges	<b>(1,340)</b>	732
Transfer of loss on cash flow hedges from fair value reserves to income statement:		
Foreign exchange losses in total revenue	<b>4,398</b>	3,897
Foreign exchange (gains)/losses in operating profit	<b>(695)</b>	64
Interest payable on committed borrowings	<b>3,985</b>	1,662
Net exchange differences on translation of net investments in overseas subsidiary undertakings	<b>9,330</b>	1,177
Net exchange differences on foreign currency loans	<b>(5,691)</b>	(272)
Actuarial losses on defined benefit pension schemes	<b>(1,032)</b>	(1,748)
Tax on items taken directly to equity	<b>1,395</b>	447
<b>Other comprehensive income for the year</b>	<b>10,350</b>	5,959
<b>Total comprehensive income for the year</b>	<b>56,020</b>	64,544
<b>Attributable to:</b>		
Equity holders of the parent	<b>55,923</b>	64,057
Equity non-controlling interests	<b>97</b>	487
	<b>56,020</b>	64,544

# Euromoney Institutional Investor PLC

## Consolidated Statement of Financial Position

as at September 30 2011

	Note	2011 £000's	2010 £000's
<b>Non-current assets</b>			
Intangible assets			
Goodwill		336,632	297,618
Other intangible assets		153,410	125,089
Property, plant and equipment		20,390	19,485
Investments		-	248
Deferred tax assets		13,216	20,819
Derivative financial instruments		218	369
		<b>523,866</b>	<b>463,628</b>
<b>Current assets</b>			
Trade and other receivables		71,417	62,808
Current income tax assets		9,803	-
Cash at bank and in hand		14,046	12,078
Derivative financial instruments		1,126	2,021
		<b>96,392</b>	<b>76,907</b>
<b>Current liabilities</b>			
Acquisition option commitments		(852)	(1,061)
Trade and other payables		(29,970)	(31,331)
Current income tax liabilities		(8,044)	(10,844)
Group relief payable		(1,063)	-
Accruals		(56,249)	(45,473)
Deferred income		(105,507)	(93,740)
Derivative financial instruments		(6,275)	(7,671)
Provisions		(810)	(1,111)
Committed loan facility		(58,516)	-
Loan notes		(1,617)	(2,039)
Bank overdrafts		(1,549)	(888)
		<b>(270,452)</b>	<b>(194,158)</b>
<b>Net current liabilities</b>		<b>(174,060)</b>	<b>(117,251)</b>
<b>Total assets less current liabilities</b>		<b>349,806</b>	<b>346,377</b>
<b>Non-current liabilities</b>			
Acquisition option commitments		(10,149)	-
Liability for cash-settled options and other non-current liabilities		(11,039)	(936)
Preference shares		(10)	-
Committed loan facility		(71,543)	(137,908)
Deferred tax liabilities		(22,225)	(24,124)
Net pension deficit		(1,899)	(1,537)
Derivative financial instruments		(1,970)	(8,368)
Provisions		(5,396)	(4,021)
		<b>(124,231)</b>	<b>(176,894)</b>
<b>Net assets</b>		<b>225,575</b>	<b>169,483</b>
<b>Shareholders' equity</b>			
Called up share capital	11	303	296
Share premium account		82,124	66,082
Other reserve		64,981	64,981
Capital redemption reserve		8	8
Own shares		(74)	(74)
Reserve for share-based payments		33,725	25,658
Fair value reserve		(32,768)	(33,425)
Translation reserve		55,216	45,904
Retained earnings		16,218	53
<b>Equity shareholders' surplus</b>		<b>219,733</b>	<b>169,483</b>
Equity non-controlling interests		5,842	-
<b>Total equity</b>		<b>225,575</b>	<b>169,483</b>

# Euromoney Institutional Investor PLC

## Consolidated Statement of Changes in Equity

as at September 30 2011

	Share capital £000's	Share premium account £000's	Other reserve £000's	Capital redemption reserve £000's	Own shares £000's	Reserve for share - based payments £000's	Fair value reserve £000's	Translation reserve £000's	Retained earnings £000's	Total £000's	Equity non- controlling interests £000's	Total £000's
At September 30 2009	284	52,445	64,981	8	(74)	23,646	(39,508)	44,734	(42,511)	104,005	986	104,991
Retained profit for the year	-	-	-	-	-	-	-	-	58,105	58,105	480	58,585
Change in fair value of cash flow hedges	-	-	-	-	-	-	732	-	-	732	-	732
Transfer of loss on cash flow hedges from fair value reserves to income statement:												
Foreign exchange losses in total revenue	-	-	-	-	-	-	3,897	-	-	3,897	-	3,897
Foreign exchange losses in operating profit	-	-	-	-	-	-	64	-	-	64	-	64
Interest payable on committed borrowings	-	-	-	-	-	-	1,662	-	-	1,662	-	1,662
Exchange differences arising on translation of net investments in overseas subsidiary undertakings	-	-	-	-	-	-	-	1,170	-	1,170	7	1,177
Net exchange differences on foreign currency loans	-	-	-	-	-	-	(272)	-	-	(272)	-	(272)
Actuarial losses on defined benefit pension schemes	-	-	-	-	-	-	-	-	(1,748)	(1,748)	-	(1,748)
Tax on items taken directly to equity	-	-	-	-	-	-	-	-	447	447	-	447
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	6,083	1,170	56,804	64,057	487	64,544
Exercise of acquisition option commitments	-	-	-	-	-	-	-	-	1,895	1,895	(836)	1,059
Credit for share-based payments	-	-	-	-	-	2,012	-	-	-	2,012	-	2,012
Scrip/cash dividends paid	7	12,319	-	-	-	-	-	-	(16,135)	(3,809)	(723)	(4,532)
Exercise of share options	5	1,318	-	-	-	-	-	-	-	1,323	86	1,409
<b>At September 30 2010</b>	<b>296</b>	<b>66,082</b>	<b>64,981</b>	<b>8</b>	<b>(74)</b>	<b>25,658</b>	<b>(33,425)</b>	<b>45,904</b>	<b>53</b>	<b>169,483</b>	-	<b>169,483</b>
Retained profit for the year	-	-	-	-	-	-	-	-	45,591	45,591	79	45,670
Change in fair value of cash flow hedges	-	-	-	-	-	-	(1,340)	-	-	(1,340)	-	(1,340)
Transfer of loss on cash flow hedges from fair value reserves to income statement:												
Foreign exchange losses in total revenue	-	-	-	-	-	-	4,398	-	-	4,398	-	4,398
Foreign exchange losses in operating profit	-	-	-	-	-	-	(695)	-	-	(695)	-	(695)
Interest payable on committed borrowings	-	-	-	-	-	-	3,985	-	-	3,985	-	3,985
Exchange differences arising on translation of net investments in overseas subsidiary undertakings	-	-	-	-	-	-	-	9,312	-	9,312	18	9,330
Net exchange differences on foreign currency loans	-	-	-	-	-	-	(5,691)	-	-	(5,691)	-	(5,691)
Actuarial losses on defined benefit pension schemes	-	-	-	-	-	-	-	-	(1,032)	(1,032)	-	(1,032)
Tax on items taken directly to equity	-	-	-	-	-	-	-	-	1,395	1,395	-	1,395
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	657	9,312	45,954	55,923	97	56,020
Changes in ownership of subsidiaries	-	-	-	-	-	-	-	-	1,091	1,091	(208)	883
Recognition of acquisition option commitments	-	-	-	-	-	-	-	-	(9,451)	(9,451)	-	(9,451)
Non-controlling interest recognised on acquisition	-	-	-	-	-	-	-	-	-	-	5,981	5,981
Exercise of acquisition option commitments	-	-	-	-	-	-	-	-	19	19	(19)	-
Credit for share-based payments	-	-	-	-	-	8,067	-	-	-	8,067	-	8,067
Scrip/cash dividends paid	6	15,325	-	-	-	-	-	-	(21,448)	(6,117)	(28)	(6,145)
Exercise of share options	1	717	-	-	-	-	-	-	-	718	19	737
<b>At September 30 2011</b>	<b>303</b>	<b>82,124</b>	<b>64,981</b>	<b>8</b>	<b>(74)</b>	<b>33,725</b>	<b>(32,768)</b>	<b>55,216</b>	<b>16,218</b>	<b>219,733</b>	<b>5,842</b>	<b>225,575</b>

The investment in own shares is held by the Euromoney Employees' Share Ownership Trust (ESOT). At September 30 2011 the ESOT held 58,976 shares (2010: 58,976 shares) carried at a historic cost of £1.25 per share with a market value of £363,000 (2010: £361,000). 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.

# Euromoney Institutional Investor PLC

## Consolidated Statement of Cash Flows

for the year ended September 30 2011

	2011 £000's	2010 £000's
<b>Cash flow from operating activities</b>		
Operating profit	77,765	82,075
Share of results in associates	(408)	(281)
Acquired intangible amortisation	12,221	13,671
Licences and software amortisation	302	238
Long-term incentive expense	16,094	4,364
Goodwill impairment	-	1,214
Intangible impairment	120	593
Depreciation of property, plant and equipment	2,651	2,691
Increase/(decrease) in provisions	1,033	(861)
Loss on disposal of property, plant and equipment	11	708
<b>Operating cash flows before movements in working capital</b>	<b>109,789</b>	<b>104,412</b>
Increase in receivables	(7,464)	(3,493)
Increase/(decrease) in payables	15,645	(148)
<b>Cash generated from operations</b>	<b>117,970</b>	<b>100,771</b>
Income taxes paid	(27,022)	(1,912)
<b>Net cash from operating activities</b>	<b>90,948</b>	<b>98,859</b>
<b>Investing activities</b>		
Dividends paid to non-controlling interests	(28)	(723)
Dividends received from associate	656	242
Interest received	293	243
Purchase of intangible assets	(557)	(333)
Purchase of property, plant and equipment	(2,112)	(3,107)
Proceeds from disposal of property, plant and equipment	95	44
Purchase of subsidiary undertaking	(64,773)	(5,165)
<b>Net cash used in investing activities</b>	<b>(66,426)</b>	<b>(8,799)</b>
<b>Financing activities</b>		
Dividends paid	(6,117)	(3,809)
Interest paid	(6,644)	(9,414)
Interest paid on loan notes	(17)	(38)
Issue of new share capital	718	1,323
Payment of acquisition deferred consideration	(2,423)	-
Purchase of additional interest in subsidiary undertakings	(50)	(11,576)
Proceeds from disposal of interest in subsidiary undertakings	891	-
Settlement of derivative assets/liabilities	(746)	(3,295)
Redemption of loan notes	(420)	(3,673)
Amounts paid on intergroup tax equalisation swaps	-	(23,906)
Loan repaid to DMGT group company	(506,567)	(116,569)
Loan received from DMGT group company	498,067	79,590
<b>Net cash used in financing activities</b>	<b>(23,308)</b>	<b>(91,367)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,214</b>	<b>(1,307)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>11,190</b>	<b>12,063</b>
Effect of foreign exchange rate movements	93	434
<b>Cash and cash equivalents at end of year</b>	<b>12,497</b>	<b>11,190</b>

Cash and cash equivalents include bank overdrafts.

# Euromoney Institutional Investor PLC

## Note to the Consolidated Statement of Cash Flows

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### Net Debt

	2011 £000's	2010 £000's
Net debt at beginning of year	(128,757)	(165,060)
Increase/(decrease) in cash and cash equivalents	1,214	(1,307)
Decrease in amounts owed to DMGT group company	8,500	36,979
Redemption of loan notes	420	3,673
Interest paid on loan notes	17	38
Other non-cash changes	(15)	14
Effect of foreign exchange rate movements	(558)	(3,094)
<b>Net debt at end of year</b>	<b>(119,179)</b>	<b>(128,757)</b>
<b>Net debt comprises:</b>		
Cash at bank and in hand	14,046	12,078
Bank overdrafts	(1,549)	(888)
<b>Total cash and cash equivalents</b>	<b>12,497</b>	<b>11,190</b>
Committed loan facility	(130,059)	(137,908)
Loan notes	(1,617)	(2,039)
<b>Net debt</b>	<b>(119,179)</b>	<b>(128,757)</b>

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

# Euromoney Institutional Investor PLC

## Notes to the Preliminary Statement

### 1 Basis of preparation

The financial information is based on the group's financial statements which are prepared in accordance with International Financial Reporting Standards as adopted for use in the EU. The financial information set out in this announcement does not constitute the group's statutory accounts for the year ended September 30 2011 or 2010 but is derived from those accounts. Statutory accounts for 2010 have been delivered to the Registrar of Companies, and those for 2011 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 without qualifying their report and did not contain a statement under s498 (2) or (3) Companies Act 2006.

#### 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 2 to 6.

The financial position of the group, its cash flows and liquidity position are set out in detail in this annual report. The group meets its day-to-day working capital requirements through its \$400 million (£258 million) dedicated multi-currency borrowing facility with Daily Mail and General Trust plc group (DMGT). 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 (£199 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 2011, the group's net debt to adjusted EBITDA was 1.01 times and the committed undrawn facility available to the group was £127.9 million. The three year tranches of the facility are due for renewal in December 2011 and the five year tranches in December 2013.

The group intends to allow its three year facility (£65 million) to expire when it comes up for renewal in December 2011. Any remaining funds drawn under this facility at this date will be rolled into the unused portion of the five year facility (£193 million) and, in the absence of any significant acquisitions, the group has no pressing requirement to arrange new finance before this five year facility expires in December 2013. In addition, the group has agreed terms with DMGT that provide it with access to additional funding should the group require it during December 2013 through April 2016.

The group's forecasts and projections, looking out to September 2014 and 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 the annual report.

### 2 Segmental analysis

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 Research and data (formerly Databases and information services). 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. Research and data consists of subscription revenue. A breakdown of the group's revenue by type is set out below.

The directors have recategorised four of the group's profit centres into different divisions to more accurately reflect their operations following development of their products. In addition, event table revenue has become a larger revenue stream for the group and as such has been reclassified by some businesses from sponsorship revenue to delegate revenue. As a result the comparative split of divisional revenues, revenue by type and operating profits has been restated. The total revenue and operating profits by source remain unchanged.

Analysis of the group's three main geographical areas is also set out to provide additional information on the trading performance of the businesses.

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	
	2011	2010 (restated)	2011	2010 (restated)	2011	2010 (restated)	2011	2010 (restated)	2011	2010 (restated)
	£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	50,235	45,283	35,970	36,305	2,403	2,201	(4,824)	(4,294)	83,784	79,495
Business publishing	43,118	40,617	16,397	15,113	1,702	1,651	(1,725)	(1,661)	59,492	55,720
Training	19,670	17,423	7,854	7,238	5,264	5,522	(250)	(327)	32,538	29,856
Conferences and seminars	37,752	31,389	40,901	35,167	7,680	10,391	(87)	(65)	86,246	76,882
Research and data	15,341	12,792	63,822	54,417	25,203	23,032	(47)	-	104,319	90,241
Sold/closed businesses	-	38	-	68	534	1,912	-	-	534	2,018
Corporate revenue	6	246	-	-	6	-	(12)	(246)	-	-
Foreign exchange losses on forward contracts	(3,771)	(4,206)	-	-	-	-	-	-	(3,771)	(4,206)
<b>Total revenue</b>	<b>162,351</b>	<b>143,582</b>	<b>164,944</b>	<b>148,308</b>	<b>42,792</b>	<b>44,709</b>	<b>(6,945)</b>	<b>(6,593)</b>	<b>363,142</b>	<b>330,006</b>
Investment income (note 5)	12	17	4	26	158	150	-	-	174	193
<b>Total revenue and investment income</b>	<b>162,363</b>	<b>143,599</b>	<b>164,948</b>	<b>148,334</b>	<b>42,950</b>	<b>44,859</b>	<b>(6,945)</b>	<b>(6,593)</b>	<b>363,316</b>	<b>330,199</b>

# Euromoney Institutional Investor PLC

## Notes to the Preliminary Statement *continued*

### 2 Segmental analysis *continued*

	United Kingdom		North America		Rest of World		Total	
	2011	2010 (restated)	2011	2010 (restated)	2011	2010 (restated)	2011	2010 (restated)
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>Revenue</b>								
<b>by type and destination:</b>								
Subscriptions	30,207	27,238	78,870	66,253	61,890	60,182	170,967	153,673
Advertising	9,259	6,656	24,167	23,444	29,228	27,507	62,654	57,607
Sponsorship	8,797	8,112	18,962	17,262	21,055	15,218	48,814	40,592
Delegates	9,254	10,288	20,066	17,337	45,689	43,129	75,009	70,754
Other	1,691	3,915	4,242	3,248	3,002	2,405	8,935	9,568
Sold/closed businesses	-	38	-	68	534	1,912	534	2,018
Foreign exchange losses on forward contracts	(3,771)	(4,206)	-	-	-	-	(3,771)	(4,206)
<b>Total revenue</b>	<b>55,437</b>	<b>52,041</b>	<b>146,307</b>	<b>127,612</b>	<b>161,398</b>	<b>150,353</b>	<b>363,142</b>	<b>330,006</b>

	United Kingdom		North America		Rest of World		Total	
	2011	2010 (restated)	2011	2010 (restated)	2011	2010 (restated)	2011	2010 (restated)
	£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	19,613	18,124	8,073	8,785	508	386	28,194	27,295
Business publishing	17,233	17,499	5,799	5,045	340	303	23,372	22,847
Training	4,887	4,225	1,335	1,046	1,631	1,884	7,853	7,155
Conferences and seminars	12,626	10,662	12,202	9,860	1,733	3,015	26,561	23,537
Research and data	8,915	7,416	28,325	25,958	5,236	4,644	42,476	38,018
Sold/closed businesses	-	37	1	(67)	(162)	(379)	(161)	(409)
Unallocated corporate costs	(17,676)	(15,910)	(1,152)	(1,741)	(500)	(735)	(19,328)	(18,386)
<b>Operating profit before acquired intangible amortisation, long-term incentive expense and exceptional items</b>	<b>45,598</b>	<b>42,053</b>	<b>54,583</b>	<b>48,886</b>	<b>8,786</b>	<b>9,118</b>	<b>108,967</b>	<b>100,057</b>
Acquired intangible amortisation <sup>2</sup>	(3,259)	(4,288)	(8,441)	(8,429)	(521)	(954)	(12,221)	(13,671)
Long-term incentive expense	(5,284)	(2,250)	(3,897)	(1,971)	(310)	(143)	(9,491)	(4,364)
Additional accelerated long-term incentive expense	(3,604)	-	(2,781)	-	(218)	-	(6,603)	-
Exceptional items (note 3)	(120)	-	(2,574)	1,755	(601)	(1,983)	(3,295)	(228)
<b>Operating profit before associates</b>	<b>33,331</b>	<b>35,515</b>	<b>36,890</b>	<b>40,241</b>	<b>7,136</b>	<b>6,038</b>	<b>77,357</b>	<b>81,794</b>
Share of results in associates	-	-	-	-	-	-	408	281
Finance income (note 5)	-	-	-	-	-	-	1,761	1,637
Finance expense (note 5)	-	-	-	-	-	-	(11,329)	(12,288)
<b>Profit before tax</b>	<b>68,197</b>	<b>71,424</b>	<b>68,197</b>	<b>71,424</b>	<b>68,197</b>	<b>71,424</b>	<b>68,197</b>	<b>71,424</b>
Tax expense (note 6)	(22,527)	(22,527)	(22,527)	(22,527)	(22,527)	(22,527)	(22,527)	(22,527)
<b>Profit after tax</b>	<b>45,670</b>	<b>48,897</b>	<b>45,670</b>	<b>48,897</b>	<b>45,670</b>	<b>48,897</b>	<b>45,670</b>	<b>48,897</b>

<sup>1</sup> Operating profit before acquired intangible amortisation, long term incentive expense and exceptional items (refer to the appendix to the Chairman's Statement).

<sup>2</sup> Acquired intangible amortisation represents amortisation of acquisition related non-goodwill assets such as trademarks & brands, customer relationships, and databases.

	Acquired intangible amortisation		Long-term incentive expense		Exceptional items		Depreciation and amortisation	
	2011	2010	2011	2010	2011	2010	2011	2010
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>Other segmental information</b>								
<b>by division:</b>								
Financial publishing	(47)	(605)	(3,291)	(819)	-	(278)	(60)	(86)
Business publishing	(2,817)	(3,982)	(1,758)	(741)	-	(17)	(20)	(25)
Training	-	-	(1,134)	(243)	-	(5)	(19)	(18)
Conferences and seminars	(354)	(423)	(4,202)	(711)	-	(2,012)	(49)	(47)
Research and data	(8,875)	(8,526)	(3,058)	(1,227)	(2,979)	(26)	(854)	(652)
Sold/closed businesses	-	-	-	-	(601)	-	(2)	-
Unallocated corporate costs	(128)	(135)	(2,652)	(623)	285	2,110	(1,948)	(2,101)
	<b>(12,221)</b>	<b>(13,671)</b>	<b>(16,095)</b>	<b>(4,364)</b>	<b>(3,295)</b>	<b>(228)</b>	<b>(2,952)</b>	<b>(2,929)</b>

# Euromoney Institutional Investor PLC

## Notes to the Preliminary Statement *continued*

### 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 additional disclosure in order to provide an indication of the underlying trading performance of the group.

	2011 £000's	2010 £000's
Acquisition costs	(1,012)	-
Goodwill and intangible asset impairment	(120)	(1,807)
Restructuring and other exceptional (costs)/income	(2,163)	1,579
	<u>(3,295)</u>	<u>(228)</u>

In 2011 the group recognised acquisition related costs of £1,012,000 relating to the acquisition of Ned Davis Research (NDR). The group's tax charge includes a related tax credit of £nil.

In July 2011, the group purchased the Coaltrans publishing brand for £120,000 to supplement the existing Coaltrans conference brand. The group does not plan to publish under the brand and as such immediately impaired the related intangible asset with a corresponding tax credit of £nil. At September 30 2010, the group reviewed the carrying value of goodwill and intangible assets and as a result impaired capitalised goodwill and intangible assets, mostly in connection with the group's Asia-based conference and training business, by £1,807,000 with a corresponding tax credit of £130,000.

Also in 2011, the group recognised an exceptional restructuring and other expense of £2,163,000 (2010: exceptional income of £1,579,000). This comprised an exceptional restructuring charge of £2,568,000 (2010: £649,000) following the closure or reorganisation of underperforming businesses and restructuring of NDR. The other costs primarily include an exceptional credit of £405,000 (2010: credit of £2,228,000) following successful resolution of a US legal dispute. The group's tax charge includes a related net tax credit of £312,000 (2010: expense of £640,000).

### 4 Additional accelerated long-term incentive expense

The CAP 2010 adjusted pre-tax profit\* target of £100 million was achieved in financial year 2011, two years earlier than expected. Following modification, the internal rules of the plan prevent the awards vesting to employees more than one year early, so although the primary condition has been achieved the award pool will be allocated to holders of awards based on the profits achieved in financial year 2012. However, despite the awards not vesting in February 2012, IFRS 2 'Share-based payments' requires the group to accelerate recognition of the CAP 2010 accounting charge as if the awards will vest in February 2012. As such the group has recognised an additional accelerated long-term incentive expense of £6,603,000. The total charge over the life of the scheme remains unchanged at £30 million.

\* Profit before tax excluding acquired intangible amortisation, CAP 2010 element of long-term incentive expense, exceptional items, profits from significant acquisitions, net movements in acquisition option commitments values and imputed interest on acquisition option commitments as set out in the Income Statement, note 3 and note 5.

# Euromoney Institutional Investor PLC

## Notes to the Preliminary Statement *continued*

### 5 Finance income and expense

	2011 £000's	2010 £000's
<b>Finance income</b>		
Interest income:		
Interest receivable from DMGT group undertakings	136	26
Interest receivable from short-term investments	174	193
Expected return on pension scheme assets	1,451	1,283
Fair value gains on financial instruments:		
Ineffectiveness of interest rate swaps and forward contracts	-	135
	<u>1,761</u>	<u>1,637</u>
<b>Finance expense</b>		
Interest expense:		
Interest payable on committed borrowings	(7,007)	(9,575)
Interest payable to DMGT group undertakings	(25)	-
Interest payable on loan notes	(15)	(31)
Interest on pension scheme liabilities	(1,290)	(1,225)
Net movements in acquisition option commitment values	(358)	(1,191)
Imputed interest on acquisition option commitments	(181)	(129)
Movement in acquisition deferred consideration	(1,829)	-
Interest on tax underpaid	(317)	(137)
Fair value losses on financial instruments:		
Ineffectiveness of interest rate swaps and forward contracts	(307)	-
	<u>(11,329)</u>	<u>(12,288)</u>
<b>Net finance costs</b>	<u>(9,568)</u>	<u>(10,651)</u>

	2011 £000's	2010 £000's
<b>Reconciliation of net finance costs in Income Statement to adjusted net finance costs</b>		
Total net finance costs in the Income Statement	(9,568)	(10,651)
Add back:		
Net movements in acquisition option commitment values	358	1,191
Imputed interest on acquisition option commitments	181	129
Movement in acquisition deferred consideration	1,829	-
	<u>2,368</u>	<u>1,320</u>
<b>Adjusted net finance costs</b>	<u>(7,200)</u>	<u>(9,331)</u>

The reconciliation of net finance costs in the Income Statement has been provided since the directors consider it necessary in order to provide an indication of the adjusted net finance costs.

# Euromoney Institutional Investor PLC

## Notes to the Preliminary Statement *continued*

### 6 Tax on profit on ordinary activities

	2011 £000's	2010 £000's
<b>Current tax expense/(credit)</b>		
UK corporation tax expense	4,018	6,314
Foreign tax expense	12,359	12,071
Release of prior years' provisions	-	(3,239)
Adjustments in respect of prior years	(709)	(1,292)
	<u>15,668</u>	<u>13,854</u>
<b>Deferred tax expense/(credit)</b>		
Current year	7,605	6,356
Release of prior years' provisions	-	(6,141)
Adjustments in respect of prior years	(746)	(1,230)
	<u>6,859</u>	<u>(1,015)</u>
<b>Total tax expense in Income Statement</b>	<u><u>22,527</u></u>	<u><u>12,839</u></u>

The effective tax rate for the year is an expense of 33% (2010: expense of 18%). The adjusted effective tax rate for the year is 26% (2010: 27%) as set out below:

	2011 £000's	2010 £000's
<b>Reconciliation of tax expense in Income Statement to adjusted tax expense</b>		
Total tax expense in Income Statement	<u>22,527</u>	<u>12,839</u>
Add back:		
Tax on intangible amortisation	4,041	4,395
Tax on exceptional items	312	(1,127)
Tax on accelerated CAP charge	493	-
Tax on US goodwill amortisation	(4,664)	(4,684)
Tax on release of prior years' provisions	-	9,380
Tax adjustments in respect of prior years	1,455	2,522
	<u>1,637</u>	<u>10,486</u>
<b>Adjusted tax expense</b>	<u><u>24,164</u></u>	<u><u>23,325</u></u>
Adjusted profit before tax (refer to the appendix to the Chairman's Statement)	<u>92,684</u>	86,643
Adjusted effective tax rate	<u>26%</u>	27%

In 2010 the release of prior years' provisions of £9,380,000 arose due to the agreement by the tax authorities of open tax matters during the year.

The group presents the above adjusted 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 adjusted effective tax rate is more representative of its tax payable position, as the deferred tax effect on the goodwill and intangible items is not expected to crystallise.

# Euromoney Institutional Investor PLC

## Notes to the Preliminary Statement *continued*

### 6 Tax on profit on ordinary activities *continued*

The actual tax expense for the year is different from 27% of profit before tax for the reasons set out in the following reconciliation:

	2011 £000's	2010 £000's
<b>Profit before tax</b>	<b>68,197</b>	<b>71,424</b>
Tax at 27% (2010: 28%)	18,413	19,999
Factors affecting tax charge:		
Rates of tax on overseas profits	2,021	2,278
Associate income reported net of tax	(110)	(79)
US state taxes	1,116	1,304
Goodwill and intangibles	(48)	341
Disallowable expenditure	1,001	704
Effect of additional accelerated long-term incentive expense	1,717	-
Tax impact of consortium relief	(354)	-
Deferred tax charge arising from changes in tax laws	229	194
Release of prior years' provisions	-	(9,380)
Adjustments in respect of prior years	(1,458)	(2,522)
<b>Total tax expense for the year</b>	<b>22,527</b>	<b>12,839</b>

The rate of corporation tax for large companies was reduced from 28% to 26% from April 1 2011. The UK income tax expense for the group's UK companies is 27% (2010: 28%) as the financial year straddles the two different tax rates.

The UK government also announced that there will be three further annual reductions in the main tax rate of 1% per year down to 23% by April 2014. This change has resulted in a deferred tax charge arising from the reduction in the balance sheet carrying value of deferred tax assets to reflect the anticipated rate of tax at which those assets are expected to reverse. Management estimate that the future tax rate changes would further reduce the UK deferred tax asset recognised but the actual impact will be dependent on the deferred tax position at that time.

In addition to the amount charged to the Income Statement, the following amounts relating to tax have been directly recognised in other comprehensive income:

	2011 £000's	2010 £000's
Current tax	-	(556)
Deferred tax	(1,395)	109
	<b>(1,395)</b>	<b>(447)</b>

### 7 Dividends

	2011 £000's	2010 £000's
<b>Amounts recognisable as distributable to equity holders in period</b>		
Final dividend for the year ended September 30 2010 of 11.75p (2009: 7.75p)	13,928	8,816
Interim dividend for year ended September 30 2011 of 6.25p (2010: 6.25p)	7,531	7,327
	<b>21,459</b>	<b>16,143</b>
Employees' Share Ownership Trust dividend	(11)	(8)
	<b>21,448</b>	<b>16,135</b>
Proposed final dividend for the year ended September 30	15,156	13,927
Employees' Share Ownership Trust dividend	(7)	(7)
	<b>15,149</b>	<b>13,920</b>

A final dividend of 12.5 pence per ordinary share (2010: 11.75 pence) is proposed for the year ended September 30 2011. Subject to shareholder approval at the Annual General Meeting, this would be paid on February 9 2012 to shareholders on the register on November 18 2011. It is expected that the shares will be marked ex-dividend on November 16 2011.

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 7 2011. 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 16 2011 and ending on December 6 2011. Scrip dividend mandate forms or revocations of elections must be received by the company's registrars no later than 3.00 pm on January 19 2012 to be effective. Full details of the scrip dividend alternative will be included in the shareholder's circular which will be sent to shareholders in December 2011 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 12.5 pence (2010: 11.75 pence) is subject to approval at the Annual General Meeting on January 26 2012 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 Statement *continued*

### 8 Earnings per share

	2011 £000's	2010 £000's
<b>Earnings attributable to equity holders of the parent</b>	<b>45,591</b>	58,105
<b>Basic earnings</b>	<b>45,591</b>	58,105
Acquired intangible amortisation	12,221	13,671
Exceptional items	3,295	228
Imputed interest on acquisition option commitments	181	129
Net movements in acquisition option commitment values	358	1,191
Movements on acquisition deferred consideration	1,829	-
Additional accelerated long-term incentive scheme expense	6,603	-
Tax on the above adjustments	(4,846)	(3,268)
Tax deduction on US goodwill	4,664	4,684
Provision released in respect of prior years' tax	-	(9,380)
Tax adjustment in respect of prior years	(1,455)	(2,522)
<b>Adjusted earnings</b>	<b>68,441</b>	62,838

	2011 Adjusted basic earnings per share Number 000's	2011 Adjusted diluted earnings per share Number 000's	2010 Adjusted basic earnings per share Number 000's	2010 Adjusted diluted earnings per share Number 000's
Weighted average number of shares	119,957	119,957	116,166	116,166
Shares held by the Employees' Share Ownership Trust	(59)	(59)	(59)	(59)
<b>Weighted average number of shares</b>	<b>119,898</b>	<b>119,898</b>	<b>116,107</b>	<b>116,107</b>
Effect of dilutive share options		2,214		1,344
<b>Diluted weighted average number of shares</b>		<b>122,112</b>		<b>117,451</b>

	Pence per share	Pence per share	Pence per share	Pence per share
<b>Basic earnings per share</b>	<b>38.02</b>	<b>38.02</b>	50.04	50.04
Effect of dilutive share options		(0.68)		(0.57)
<b>Diluted earnings per share</b>		<b>37.34</b>		49.47
Effect of acquired intangible amortisation	10.19	10.01	11.77	11.64
Effect of exceptional items	2.75	2.70	0.20	0.19
Effect of imputed interest on acquisition option commitments	0.15	0.15	0.11	0.11
Effect of net movements in acquisition option commitment values	0.30	0.29	1.03	1.01
Movements on acquisition deferred consideration	1.53	1.50	-	-
Additional accelerated long-term incentive scheme expense	5.51	5.41	-	-
Effect of tax on the above adjustments	(4.04)	(3.98)	(2.81)	(2.78)
Effect of tax deduction on US goodwill	3.89	3.82	4.03	3.99
Effect of provision release in respect of prior years' tax	-	-	(8.08)	(7.98)
Effect of tax adjustment in respect of prior years	(1.21)	(1.19)	(2.17)	(2.15)
<b>Adjusted basic and diluted earnings per share</b>	<b>57.09</b>	<b>56.05</b>	<b>54.12</b>	<b>53.50</b>

The adjusted diluted earnings per share figure has been disclosed since the directors consider it necessary in order to give an indication of the underlying trading performance.

All of the above earning figures per share relate to continuing operations.

# Euromoney Institutional Investor PLC

## Notes to the Preliminary Statement *continued*

### 9 Acquisitions

#### *Purchase of new business*

On July 29 2011, the group acquired 84.99% of the equity share capital of Ned Davis Research (NDR), the US-based provider of independent financial research to institutional investors, for cash consideration of US\$112.0 million (£68.5 million). The acquisition of NDR is consistent with the group's strategy to build a tightly focussed global online information business with a high proportion of revenues derived from subscription products.

The remaining interest in NDR is subject to a put and call option under an earn-out agreement, in two equal instalments, based on the profits of NDR for the years to December 31 2012 and 2013. The total discounted amount that the group expects to pay under this option agreement is £10.1 million. The maximum amount payable for 100% of NDR is US\$173.0 million (£111.0 million).

The provisional acquisition accounting is outlined below:

	Book value £000's	Accounting policy alignment £000's	Fair value adjustments £000's	Provisional fair value £000's
<b>Net assets:</b>				
Intangible assets	-	-	37,652	37,652
Other non-current assets	2,920	(1,415)	-	1,505
Cash and cash equivalents	3,727	-	-	3,727
Trade and other receivables	562	2,645	-	3,207
Trade creditors and other payables	(2,111)	(4,130)	-	(6,241)
	<u>5,098</u>	<u>(2,900)</u>	<u>37,652</u>	<u>39,850</u>
<b>Net assets acquired (84.99%)</b>				<b>33,869</b>
<b>Goodwill</b>				<b>34,337</b>
<b>Total consideration</b>				<b><u>68,206</u></b>
<b>Consideration satisfied by:</b>				
Cash				68,500
Cash receivable from non-controlling interest				(1,390)
Deferred consideration				1,096
				<b><u>68,206</u></b>
<b>Net cash outflow arising on acquisition:</b>				
Cash consideration				68,500
Less: cash and cash equivalent balances acquired				(3,727)
				<b><u>64,773</u></b>

Intangible assets represent brands US\$11,957,000 (£7,285,000), databases US\$7,195,000 (£4,383,000) and customer relationships US\$42,653,000 (£25,984,000) for which amortisation of £723,000 has been charged in the year. The brands will be amortised over their useful economic life of 20 years.

Goodwill arises from anticipated profitability and future operating synergies from combining the operations with the group. Of the goodwill recognised, £32.5 million is expected to be deductible for income tax purposes.

The fair value of the assets acquired includes trade receivables of US\$553,000 (£337,000). The gross amount due under contracts is equal to this balance, and is all expected to be collectable.

NDR contributed £4,625,000 to the group's revenue, £1,185,000 to the group's operating profit and £488,000 to the group's profit before tax for the period between the date of acquisition and September 30 2011. In addition acquisition related costs (£1,012,000) and restructuring costs (£837,000) were incurred and recognised as an exceptional item in the income statement for the year ended September 30 2011 (note 3).

If the above acquisition had been completed on the first day of the financial year, NDR would have contributed £25,272,000 to the group's revenue for the year and £5,032,000 to the group's profit before tax for the year (excluding the exceptional costs above).

# Euromoney Institutional Investor PLC

## Notes to the Preliminary Statement *continued*

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### 9 Acquisitions *continued*

#### *Structured Retail Products Limited (formerly Arete Consulting Limited)*

In August 2010, the group acquired 100% of the equity share capital of Arete Consulting Limited (Arete), a leading on-line information source for the structured retail products market, for an initial gross cash consideration of £6.1 million with a further net consideration of up to £3.9 million dependent upon the audited profits of Arete for the year to February 28 2011.

The provisional fair value of the net assets acquired measured at September 30 2010 was £2,386,000. Following true-up adjustments during the year the provisional fair value of the net assets acquired as at March 31 2011 was adjusted to £1,943,000. As a result the goodwill on acquisition increased from £4,351,000 at September 30 2010 to £4,794,000 at September 30 2011. During the year the group received a refund of £111,000 following a post-acquisition working capital adjustment.

The deferred consideration arrangement required the group to pay the former owners of Arete an amount of up to £3.9 million calculated using a pre-determined multiple of the February 2011 audited profits of the Arete group. During the period, due to the strong performance of Arete since acquisition, the expected deferred consideration payment under this mechanism increased from £705,000 to £2,534,000 resulting in a charge to the Income Statement of £1,829,000.

In February 2011, the employees of Arete were awarded 2.67% of the existing total equity share capital of Arete from the group for £nil consideration, under an incentive arrangement.

#### *Increase in equity holdings*

IAS 27 (2008 revised) 'Consolidated and Separate Financial Statements' requires that, where there is a change in ownership that does not result in a loss of control of an existing controlled entity, this is accounted for as an equity transaction, with no adjustment to goodwill. The standard also specifies the accounting when control is lost: any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in the Income Statement.

In February 2011, the group purchased a further 0.08% of the equity share capital of Internet Securities, Inc. (ISI) for a cash consideration of \$81,000 (£50,000). The group's equity shareholding in ISI increased to 98.8%.

### 10 Changes in ownership of subsidiaries

On May 31 2011, the group issued 7,258,408 'B' shares in Euromoney Consortium Limited to DMG Charles Limited, a DMGT group company, for £726,000. The 'B' shares issued carry 49.9% of the voting rights in the company but only 0.3% of the economic value. Euromoney Consortium Limited holds the majority of the group's UK trading entities. The sale enables the group to take advantage of HMRC's consortium relief rules and where appropriate claim tax losses from the DMGT group. The subscription price received reflected the open market value of the equity stake of the group of UK trading companies involved.

On August 1 2011, the group sold 49,900 'B' shares in Euromoney Consortium 2 Limited to DMG Charles Limited, a DMGT group company, for £128,000 and 25,000 preference shares to a third party for £10,000. The 'B' shares sold carry 49.925% of the voting rights in the company but only 0.3% of the economic value. The preference shares carry 25.013% of the voting rights in the company and the right to receive a £1,000 preference dividend each year. The preference shares carry no rights to the economic value of Euromoney Consortium 2 Limited. Euromoney Consortium 2 Limited's only significant investment is a 100% equity stake in Euromoney Trading Limited, the group's main UK trading entity. The sale enables the group to take advantage of HMRC's consortium relief rules and where appropriate claim tax losses from the DMGT group. The sale price received reflected the open market value of the equity stake of Euromoney Trading Limited.

On October 19 2010, the group sold 2,000 ordinary shares of the equity share capital of Adhesion Asia Ltd. Links Event China Ltd acquired 750 ordinary shares, for cash consideration of €12,000 (£10,000), and Olivier Darras acquired 1,250 ordinary shares for cash consideration of €20,000 (£17,000). The ordinary shares sold carry 20% of the voting rights and 20% of the economic value.

# Euromoney Institutional Investor PLC

## Notes to the Preliminary Statement *continued*

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### 11 Called up share capital

	2011 £000's	2010 £000's
<b>Allotted, called up and fully paid</b>		
121,247,380 ordinary shares of 0.25p each		
(2010: 118,491,911 ordinary shares of 0.25p each)	<b>303</b>	<b>296</b>

During the year, 2,755,469 ordinary shares of 0.25p each (2010: 4,734,448 ordinary shares) with an aggregate nominal value of £6,889 (2010: £11,836) were issued as follows: 2,226,089 ordinary shares (2010: 2,620,495) under the company's 2010 scrip dividend alternative for a cash consideration of £nil (2010: £nil); and 529,380 ordinary shares (2010: 2,113,953 ordinary shares) following the exercise of share options granted under the company's share option schemes for a cash consideration of £718,392 (2010: £1,322,454).