

Interim Report 2004

# Euromoney Institutional Investor PLC



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## Chairman's Statement

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Highlights	2004	2003	change
Turnover	<b>£81.8m</b>	£78.1m	+5%
Profit before tax, goodwill amortization and exceptional items	<b>£11.1m</b>	£9.2m	+21%
Profit before tax	<b>£7.6m</b>	£6.8m	+12%
Adjusted diluted earnings a share*	<b>10.15p</b>	8.31p	+22%
Earnings a share	<b>6.19p</b>	5.61p	+10%
Dividend	<b>5p</b>	5p	=

Your company reported an increase in profit before tax, goodwill amortization and exceptional items of £1.9 million to £11.1 million in the six months to March 31 2004.

Adjusted diluted earnings a share increased by 22% to 10.2p. The board has approved an unchanged interim dividend of 5p a share.

After more than two years of exceptionally tough markets, there were signs of improved trading conditions in the first half. Revenues in the period increased by 5% to £81.8 million.

However, the recovery in advertising has so far been slow and inconsistent. After a good first quarter, sales in January and February fell, followed by a weaker March. Since then, sales have improved and the outlook for the third quarter is more positive.

The other significant factor in the reported results has been the sharp fall in the US dollar. If translated at constant exchange rates, first half revenues would have increased by 12%.

Financial advertising revenues (excluding Hedge Fund Intelligence) fell 11%, although at constant exchange rates the drop was 4%. Among the group's leading titles, *Institutional Investor* was the best performer with advertising revenues beginning to recover after significant falls in the previous two years. Most of the growth came from new sources rather than its traditional Wall Street financial clients.

In general, the group's traditional financial advertisers have been slow to increase their advertising spend, despite many announcing record profits. Markets have improved but the global financial institutions have been restraining their costs until there is more evidence that the recovery is sustained. Among the other leading financial titles, advertising revenues in *Euromoney* fell 8% (at constant exchange rates they were unchanged), while *Asiamoney* increased by 12% and *Latin Finance* fell by 16%.

Profits\* from financial publishing decreased £0.8 million to £3.6 million. Profits\* from the II Research business fell after the expiry of the two-year Reuters contract secured at the time of the acquisition of Tempest Consultants in 2001. The revenue from this contract has helped II Research invest in new products to drive future growth. Profits\* from II Newsletters fell due to lower subscription revenues. However, year-on-year cash subscription sales have been increasing since January and will gradually flow through as higher revenues.

Hedge Fund Intelligence (HFI), acquired in August 2003, made a good first time contribution. HFI is a leading provider of information to the hedge fund world through its newsletters, databases and events. Its performance since acquisition has been excellent, with strong organic growth across its products and the launch of new events.

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\* Before goodwill amortization, goodwill impairment and exceptional items as set out and reconciled in the attached profit and loss account and notes 2 and 10.

## Chairman's Statement *continued*

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The results from the business publishing portfolio were mixed. Revenues fell 9% to £13.9 million and profits\* decreased £0.1 million to £1.5 million. The legal, energy and pharmaceutical titles all experienced difficult trading conditions and lower advertising revenues. This was offset by an improvement at Business Traveller following its restructuring at the end of 2003.

Profits\* from conferences and seminars increased from £3.8 million to £4.7 million after a 23% increase in revenues to £22 million. A number of new events were launched including three marketing conferences for the pharmaceutical sector under the Engel Publishing brand, sponsored seminars in conjunction with Institutional Investor's newsletters and journals, and a new sponsored conference business in Asia. The launch costs were expensed, but the events will begin to contribute to growth next year.

The group ran four of its biggest events in the first half. *Vinisud*, the biennial wine exhibition run by the group's French subsidiary, Adhesion, achieved record revenues and profits. MIS's *InfoSec World* information security conference increased revenues by 10% in US dollar terms. Both *Coaltrans*, the annual conference for the coal industry, and Euromoney's annual *Bond Investor Congress* saw revenues fall but only due to adverse currency movements.

The acquisition of Information Management Network (IMN), at the end of February 2004, was consistent with the group's strategy of focusing on market-leading annual events and brings to nine the number of events run by the group each with revenues in excess of US \$1 million. IMN is the world leader in events for the securitization and indexation sectors. IMN made a small profit\* in March, in line with its forecast. Since acquisition IMN has traded ahead of 2003 and in line with expectations. In the year to December 31, 2003, the business made a profit\* of \$7.9 million, including \$2.3 million in the six month period April to September 2003.

The group's training businesses continued the recovery begun in 2003. Revenues increased 5% to £10.4 million and profits\* rose by £0.2 million to £2 million. The recovery has been helped by the improved performance of the global financial institutions, many of which have begun hiring new staff after cuts in 2002 and 2003, and a more robust travel market.

Revenues from databases and information services increased 4% to £7 million and profits\* rose by £0.2 million to £1.6 million. Internet Securities, the group's emerging markets information business, had its best sales period since 2001. Net new sales for the six months were more than double those of 2003, annualized revenues increased by 12% to \$18.1 million, and the retention rate reached 88%, a record. The group's capital market databases, run as joint ventures with Dealogic, continued to grow.

During the first half the group invested more than £0.5 million in new businesses including: *Alpha*, Institutional Investor's new quarterly hedge fund supplement; a private banking supplement, ranking and awards dinner for *Euromoney*; the Engel Publishing conference business; and a number of new databases to complement existing print products.

The group also achieved some notable editorial successes. In particular *Institutional Investor* won the Morton Frank Award for Best Business Reporting from the Overseas Press Club of America for the second year running, and was also a finalist in the US National Magazine Awards in the reporting category.

Net debt at March 31 was £72.9 million, an increase of £5.8 million since year-end. The acquisition of IMN required additional net borrowings of £15 million. This increase in the sterling value of net debt was offset by a reduction of £6.6 million from the decline in the US dollar, and positive operating cash flows. Approximately 80% of group debt is swapped from floating to fixed

\* Before goodwill amortization, goodwill impairment and exceptional items as set out and reconciled in the attached profit and loss account and notes 2 and 10.

## Chairman's Statement *continued*

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rates over periods of up to four years. As a result the group continues to benefit from historic interest rate swaps being replaced at lower rates. This, and the fact that the group's debt is largely US dollar-denominated, meant the net interest charge for the period fell from £1.9 million to £1.3 million.

The group has significant US operations and, in addition, its UK-based businesses generate more than a quarter of their revenues in US dollars. As a result the group produces significant surplus US dollar cash flows. It hedges this currency exposure by selling forward US dollars for up to 18 months to the extent necessary to satisfy its sterling cash liabilities, with any remaining US dollars being applied to reduce its US dollar-denominated debt. Over the past 18 months the US dollar has fallen against sterling by more than a fifth, and this has had a significant impact on the group's results. The average exchange rate for the first half was \$1.78 compared to \$1.58 the year before. As a result, first half revenues fell by £5.8 million. However, the group's currency hedging strategy limited the net effect of exchange rate movements on profit before tax to a loss of £0.6 million.

Last year the group had a difficult second half due to the impact of the Iraq War, SARS, and generally weak financial markets, but a much better than expected September. This year there are signs that advertising and subscription sales are improving. April's results were ahead of 2003 and the outlook for May and June is also good. In addition, both HFI and IMN will make positive second half contributions. However, as usual there is no visibility into the key month of September when the group traditionally makes between 25% and 30% of its full year profit\*.



**Padraic Fallon**  
*Chairman*

May 26 2004



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\* Before goodwill amortization, goodwill impairment and exceptional items as set out and reconciled in the attached profit and loss account and notes 2 and 10.

## Group Profit & Loss Account

for the six months ended March 31 2004

	Note	Unaudited six months ended March 31 2004 £000's	Unaudited six months ended March 31 2003 £000's	Audited year ended September 30 2003 £000's
<b>Turnover</b>	2			
Acquisition		949	–	–
Sold/closed businesses		–	169	173
Other continuing operations		80,870	77,902	158,769
<b>Total turnover</b>		<b>81,819</b>	78,071	158,942
<b>Operating profit before goodwill amortization</b>	2			
Acquisition		252	–	–
Sold/closed businesses		37	47	46
Other continuing operations		11,913	10,744	23,766
		12,202	10,791	23,812
<b>Goodwill amortization</b>		<b>(3,504)</b>	(3,062)	(6,787)
Exceptional goodwill impairment	4	–	–	(7,830)
<b>Operating profit</b>	2			
Acquisition		19	–	–
Sold/closed businesses		37	47	46
Other continuing operations		8,642	7,682	9,149
<b>Total operating profit</b>		<b>8,698</b>	7,729	9,195
Share of operating profit in associates		158	252	418
Exceptional profit on disposal/closure of businesses	4	–	695	701
<b>Profit on ordinary activities before interest and tax</b>		<b>8,856</b>	8,676	10,314
Interest receivable		328	425	1,600
Interest payable and similar charges		(1,630)	(2,296)	(4,518)
Net interest		(1,302)	(1,871)	(2,918)
<b>Profit on ordinary activities before tax</b>		<b>7,554</b>	6,805	7,396
Tax on profit on ordinary activities	5	(1,865)	(1,725)	(3,101)
<b>Profit on ordinary activities after tax</b>		<b>5,689</b>	5,080	4,295
Equity minority interests		(252)	(155)	(226)
<b>Profit for the financial period</b>		<b>5,437</b>	4,925	4,069
Dividends paid and proposed	9	(4,395)	(4,387)	(12,941)
<b>Retained profit/(loss) for the financial period</b>		<b>1,042</b>	538	(8,872)
Basic earnings per share	10	6.19p	5.61p	4.64p
Diluted earnings per share	10	6.17p	5.61p	4.64p
Adjusted diluted earnings per share before goodwill amortization and exceptional items	10	10.15p	8.31p	20.50p
Dividend per share	9	5.00p	5.00p	14.75p

## Group Balance Sheet

as at March 31 2004

	Unaudited as at March 31 2004 £000's	Unaudited as at March 31 2003 (As restated)* £000's	Audited as at September 30 2003 (As restated)* £000's
<b>Fixed assets</b>			
Intangible assets	58,285	21,772	33,757
Tangible assets	8,545	9,678	8,666
Investments	34	314	431
	<b>66,864</b>	31,764	42,854
<b>Current assets</b>			
Debtors	30,916	36,325	47,017
Cash at bank and in hand	16,160	32,093	10,772
	47,076	68,418	57,789
<b>Creditors: amounts falling due within one year</b>	<b>(30,934)</b>	(33,920)	(60,368)
<b>Net current assets/(liabilities)</b>	<b>16,142</b>	34,498	(2,579)
<b>Total assets less current liabilities</b>	<b>83,006</b>	66,262	40,275
<b>Creditors: amounts falling due after more than one year</b>	<b>(97,161)</b>	(97,173)	(64,680)
Accruals	(12,847)	(12,065)	(16,571)
Deferred income	(36,163)	(31,860)	(32,330)
Accruals and deferred income falling due within one year	(49,010)	(43,925)	(48,901)
<b>Net liabilities</b>	<b>(63,165)</b>	(74,836)	(73,306)
<b>Capital and reserves</b>			
Called up share capital	220	219	219
Share premium account	34,318	33,749	33,749
Capital redemption reserve	8	8	8
Own shares	(74)	(74)	(74)
Profit and loss account	(98,027)	(108,881)	(107,391)
<b>Equity shareholders' deficit</b>	<b>(63,555)</b>	(74,979)	(73,489)
Equity minority interests	390	143	183
	<b>(63,165)</b>	(74,836)	(73,306)

\* See note 1.

## Group Cash Flow Statement

for the six months ended March 31 2004

	Note	Unaudited six months ended March 31 2004 £000's	Unaudited six months ended March 31 2003 £000's	Audited year ended September 30 2003 £000's
<b>Cash inflow from continuing operating activities</b>		<b>13,097</b>	<b>11,186</b>	<b>24,435</b>
Inflow from acquisition		469	–	–
<b>Net cash inflow from continuing operating activities</b>	6	<b>13,566</b>	<b>11,186</b>	<b>24,435</b>
<b>Dividends received from associate</b>		<b>570</b>	<b>–</b>	<b>–</b>
<b>Returns on investments and servicing of finance</b>				
Interest received		328	499	1,600
Interest paid		(1,614)	(1,451)	(3,116)
Dividends paid to minorities		(151)	(194)	(192)
		<b>(1,437)</b>	<b>(1,146)</b>	<b>(1,708)</b>
<b>Taxation</b>				
UK tax paid		(1,602)	(2,616)	(4,265)
Overseas tax paid		(633)	(1,103)	(1,484)
UK tax received		318	475	477
Overseas tax received		264	22	361
		<b>(1,653)</b>	<b>(3,222)</b>	<b>(4,911)</b>
<b>Capital expenditure and financial investment</b>				
Purchase of tangible fixed assets		(498)	(984)	(1,258)
Sale of tangible fixed assets		58	13	28
		<b>(440)</b>	<b>(971)</b>	<b>(1,230)</b>
<b>Acquisitions and disposals</b>				
Purchase of subsidiary undertaking	3	(16,517)	–	(11,218)
Purchase of additional interests in subsidiary undertakings		–	(150)	(166)
Cash acquired with subsidiary undertaking		1,486	–	480
Proceeds on sale of businesses		–	695	701
		<b>(15,031)</b>	<b>545</b>	<b>(10,203)</b>
<b>Equity dividends paid</b>		<b>(8,554)</b>	<b>(8,554)</b>	<b>(12,941)</b>
<b>Cash outflow before financing</b>		<b>(12,979)</b>	<b>(2,162)</b>	<b>(6,558)</b>
<b>Financing</b>				
Issue of new ordinary share capital		570	6	6
Issue of share capital by subsidiary to minority interest		20	–	–
Redemption of unsecured loan stock		(37)	–	(16)
Revolving credit facilities:				
Increase in borrowings		42,453	15,248	21,303
Repayment of borrowings		(10,957)	(16,767)	(52,138)
Loan repaid to DMGT group company		(27,998)	–	(4,774)
Loan received from DMGT group company		15,132	–	17,640
		<b>19,183</b>	<b>(1,513)</b>	<b>(17,979)</b>
<b>Increase/(decrease) in cash during the period</b>	7,8	<b>6,204</b>	<b>(3,675)</b>	<b>(24,537)</b>

## Group Statement of Total Recognized Gains & Losses

for the six months ended March 31 2004

	Unaudited six months ended March 31 2004 £000's	Unaudited six months ended March 31 2003 £000's	Audited year ended September 30 2003 £000's
Profit for the period	5,437	4,925	4,069
Foreign exchange translation differences	8,322	549	4,477
Tax on foreign exchange translation differences	–	(193)	–
<b>Total recognized gains and losses for the period</b>	<b>13,759</b>	<b>5,281</b>	<b>8,546</b>

## Reconciliation of Movements in Equity Shareholders' Funds

for the six months ended March 31 2004

	Unaudited six months ended March 31 2004 £000's	Unaudited six months ended March 31 2003 £000's	Audited year ended September 30 2003 £000's
Profit for the period	5,437	4,925	4,069
Dividends paid and proposed	(4,395)	(4,387)	(12,941)
	<b>1,042</b>	538	(8,872)
Proceeds from exercise of share options	570	6	6
Reinstatement of goodwill	–	–	6,779
Other recognized gains and losses relating to the period	8,322	356	4,477
<b>Net decrease in equity shareholders' deficit</b>	<b>9,934</b>	900	2,390
Opening equity shareholders' deficit as restated/previously stated	(73,489)	(75,805)	(75,805)
Prior period adjustment in respect of UITF 38 (note 1)	–	(74)	(74)
<b>Closing equity shareholders' deficit</b>	<b>(63,555)</b>	<b>(74,979)</b>	<b>(73,489)</b>

## Notes to the Unaudited Interim Report

### 1 Basis of preparation

This interim report was approved by the board of directors on May 26 2004 and follows the accounting policies adopted in the 2003 annual report, except for investments in own shares which has been reclassified from investments to reserves in accordance with UITF 38 'Accounting for ESOP Trusts'. Prior period comparatives have been restated. The financial information contained in this interim report does not constitute statutory accounts as defined in section 240 of the Companies Act 1985 and should be read in conjunction with the 2003 annual report. The comparative financial information is based on the interim results for the six months ended March 31 2003.

The figures for the year to September 30 2003 are an abridged statement from the group's accounts at that date which have been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain a statement under section 237(2) or 237(3) of the Companies Act 1985.

### 2 Segmental analysis

	Unaudited six months ended March 31							
	United Kingdom		North America		Rest of World		Total	
	2004	2003	2004	2003	2004	2003	2004	2003
£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
<b>Turnover</b>								
<i>By destination:</i>								
Other continuing businesses	17,554	13,863	28,272	31,336	35,044	32,703	80,870	77,902
Sold/closed businesses	-	-	-	-	-	169	-	169
Acquisition*	-	-	734	-	215	-	949	-
	<b>17,554</b>	<b>13,863</b>	<b>29,006</b>	<b>31,336</b>	<b>35,259</b>	<b>32,872</b>	<b>81,819</b>	<b>78,071</b>

	Unaudited six months ended March 31							
	United Kingdom		North America		Rest of World		Total	
	2004	2003	2004	2003	2004	2003	2004	2003
£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
<i>By activity and source:</i>								
Financial publishing	12,190	10,807	14,743	16,605	659	780	27,592	28,192
Business publishing	9,059	9,281	3,563	4,573	1,233	1,373	13,855	15,227
Training	6,923	6,457	2,425	2,276	1,016	1,106	10,364	9,839
Conferences and seminars	8,707	7,094	7,662	7,367	5,678	3,411	22,047	17,872
Databases and information services	2,213	2,240	1,715	2,179	3,084	2,353	7,012	6,772
Sold/closed businesses	-	-	-	-	-	169	-	169
Acquisition*	-	-	949	-	-	-	949	-
	<b>39,092</b>	<b>35,879</b>	<b>31,057</b>	<b>33,000</b>	<b>11,670</b>	<b>9,192</b>	<b>81,819</b>	<b>78,071</b>

\* Acquisition turnover stems entirely from the conferences and seminars sector.

## Notes to the Unaudited Interim Report *continued*

### 2 Segmental analysis *continued*

	Unaudited six months ended March 31							
	United Kingdom		North America		Rest of World		Total	
	2004	2003	2004	2003	2004	2003	2004	2003
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>Operating profit</b>								
<i>By activity and source:</i>								
Financial publishing	2,457	2,479	1,192	1,753	(61)	118	3,588	4,350
Business publishing	1,476	1,276	39	351	(32)	(45)	1,483	1,582
Training	1,249	1,389	377	198	328	219	1,954	1,806
Conferences and seminars	1,833	1,531	1,462	1,762	1,361	534	4,656	3,827
Databases and information services	1,281	1,259	247	185	70	–	1,598	1,444
Sold/closed businesses	(1)	(8)	(1)	3	39	52	37	47
Acquisition*	–	–	252	–	–	–	252	–
Unallocated corporate costs	(1,288)	(2,213)	(78)	(52)	–	–	(1,366)	(2,265)
	<b>7,007</b>	<b>5,713</b>	<b>3,490</b>	<b>4,200</b>	<b>1,705</b>	<b>878</b>	<b>12,202</b>	<b>10,791</b>
Goodwill amortization	(976)	(162)	(2,515)	(2,890)	(13)	(10)	(3,504)	(3,062)
<b>Operating profit after goodwill amortization</b>	<b>6,031</b>	<b>5,551</b>	<b>975</b>	<b>1,310</b>	<b>1,692</b>	<b>868</b>	<b>8,698</b>	<b>7,729</b>

The goodwill amortization of £3,504,000 (2003: £3,062,000) can be allocated as follows; Financial publishing, £833,000 (2003: £nil); Business publishing, £579,000 (2003: £376,000); Conferences and seminars, £92,000 (2003: £95,000); Databases and information services, £1,767,000 (2003: £2,591,000); and Acquisitions, £233,000 (2003: £nil).

\* Acquisition operating profit stems entirely from the conferences and seminars sector.

### 3 Acquisition

On February 27 2004, the group purchased 80% of the equity share capital of Information Management Network LLC, (IMN), for a cash consideration together with associated costs of £16,517,000 and estimated deferred consideration of £11,708,000, resulting in goodwill of £28,032,000. The group's share of IMN's net book value at this time was £193,000 to which no provisional fair value adjustments have been made. The provisional fair value of the assets acquired will be finalised during the year.

### 4 Exceptional items

#### 2003

##### Exceptional goodwill impairment

The group regularly performs a review of its portfolio and last year the review resulted in additional goodwill write offs in the profit and loss account. The group accelerated the amortization of goodwill on its recent Gulf acquisition from 20 years to 10 years and wrote down other portfolio assets where goodwill was held on the balance sheet by £1,051,000. In addition, the group took a writedown of £6,779,000 through the profit and loss account for goodwill that was previously written off against reserves under SSAP 22 on several investments either where the goodwill was no longer separately identifiable as a result of a business merger or where the immediate prospects for the business were uncertain.

##### Exceptional profit on disposal/closure of businesses

In January 2003, the group sold two titles owned by Asia Law and Practice for a profit of £695,000 after related sale costs. There was no goodwill associated with the sale.

**Notes to the Unaudited Interim Report** *continued***5 Tax on profit on ordinary activities**

	Unaudited six months ended March 31 2004 £000's	Unaudited six months ended March 31 2003 £000's	Audited year ended September 30 2003 £000's
<b>United Kingdom</b>			
Corporation tax at 30% (2003: 30%)	1,637	1,300	2,958
Associates	49	58	108
Over provision in respect of prior periods	(499)	(49)	(523)
	<b>1,187</b>	<b>1,309</b>	<b>2,543</b>
<b>Foreign tax</b>			
Overseas taxation	665	387	686
Under provision in respect of prior periods	13	29	69
<b>Total current tax</b>	<b>1,865</b>	<b>1,725</b>	<b>3,298</b>
<b>Deferred tax</b>			
Origination and reversal of asset timing differences	–	(33)	83
Origination and reversal of liability timing differences	1,347	1,495	2,773
Increase in discount	(1,347)	(1,462)	(2,694)
Over provision in respect of prior periods	–	–	(359)
<b>Total deferred tax</b>	<b>–</b>	<b>–</b>	<b>(197)</b>
<b>Tax charge on profit on ordinary activities</b>	<b>1,865</b>	<b>1,725</b>	<b>3,101</b>

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

	Unaudited six months ended March 31 2004 £000's	Unaudited six months ended March 31 2003 £000's	Audited year ended September 30 2003 £000's
<b>Profit on ordinary activities before tax</b>	<b>7,554</b>	<b>6,805</b>	<b>7,396</b>
<b>Tax at 30%</b>	<b>2,266</b>	<b>2,042</b>	<b>2,219</b>
Factors affecting charge:			
UK goodwill amortization	1,051	919	4,385
Non-taxable items and additional deductible UK items	(472)	(1,024)	(1,629)
US goodwill amortization	(714)	(874)	(1,590)
US state taxes	166	160	219
Disallowable expenditure	127	570	124
Depreciation (less than)/in excess of capital allowances	(14)	8	11
Lower rates of tax on overseas profits	(59)	(56)	13
Over provisions in respect of prior periods	(486)	(20)	(454)
<b>Current tax charge for the period</b>	<b>1,865</b>	<b>1,725</b>	<b>3,298</b>

The exceptional profit on disposal of businesses in 2003 did not give rise to a tax charge as the element relating to capital gains was not taxable in Hong Kong.

The tax charge for the period has been calculated by applying the forecast rate of 21% for the full year to profit before tax, goodwill amortization and exceptional items.

## Notes to the Unaudited Interim Report *continued*

### 6 Reconciliation of operating profit to net cash inflow from operating activities

	Unaudited six months ended March 31 2004 £000's	Unaudited six months ended March 31 2003 £000's	Audited year ended September 30 2003 £000's
Group operating profit	<b>8,698</b>	7,729	9,195
Amortization of goodwill	<b>3,504</b>	3,062	6,787
Impairment of capitalized goodwill	–	–	1,051
Goodwill previously written off to reserves reinstated and written off	–	–	6,779
Depreciation of tangible fixed assets	<b>889</b>	1,161	2,220
(Profit)/loss on sale of tangible fixed assets	<b>(12)</b>	7	21
Decrease/(increase) in debtors	<b>17,643</b>	3,618	(6,386)
(Decrease)/increase in creditors	<b>(17,156)</b>	(4,264)	4,893
Utilization of property rental provision	–	(127)	(125)
<b>Net cash inflow from continuing operating activities</b>	<b>13,566</b>	11,186	24,435

The impact of the acquisition of IMN on the cash flow for the period was an operating cash inflow of £469,000.

### 7 Reconciliation of net cash flow to movement in net debt

	Unaudited six months ended March 31 2004 £000's	Unaudited six months ended March 31 2003 £000's	Audited year ended September 30 2003 £000's
<b>Increase/(decrease) in cash during the period</b>	<b>6,204</b>	(3,675)	(24,537)
Cash (inflow)/outflow from change in debt finance	<b>(3,461)</b>	1,519	13,211
Decrease/(increase) in net amounts due from DMGT group undertaking	<b>(15,132)</b>	–	4,774
	<b>(12,389)</b>	(2,156)	(6,552)
Other non-cash items:			
Currency translation differences	<b>6,562</b>	473	3,677
Other non-cash changes	–	(845)	(1,382)
Movement in net debt in the period	<b>(5,827)</b>	(2,528)	(4,257)
Net debt at October 1	<b>(67,103)</b>	(62,846)	(62,846)
<b>Net debt at end of period</b>	<b>(72,930)</b>	(65,374)	(67,103)

## Notes to the Unaudited Interim Report *continued*

### 8 Analysis of changes in net debt

	At October 1 2003 £000's	Cash flow £000's	Exchange movements £000's	At March 31 2004 £000's
Cash at bank and in hand	10,772	5,944	(556)	16,160
Bank overdrafts	(292)	260	5	(27)
	<b>10,480</b>	<b>6,204</b>	<b>(551)</b>	<b>16,133</b>
Debt due within one year	(29,161)	28,035	1,126	–
Debt due in more than one year	(64,680)	(31,496)	7,113	(89,063)
	<b>(93,841)</b>	<b>(3,461)</b>	<b>8,239</b>	<b>(89,063)</b>
Amounts owed by DMGT group undertakings	16,258	(15,132)	(1,126)	–
<b>Total</b>	<b>(67,103)</b>	<b>(12,389)</b>	<b>6,562</b>	<b>(72,930)</b>

### 9 Dividends

	Unaudited six months ended March 31 2004 £000's	Unaudited six months ended March 31 2003 £000's	Audited year ended September 30 2003 £000's
Interim proposed 5p per share (2003: 5p)	4,398	4,390	4,390
Final paid 9.75p per share	–	–	8,560
	<b>4,398</b>	<b>4,390</b>	<b>12,950</b>
Employees' Share Ownership Trust dividend	(3)	(3)	(9)
	<b>4,395</b>	<b>4,387</b>	<b>12,941</b>

The interim dividend of 5p (2003: 5p) will be paid on July 8 2004 to shareholders on the register on June 11 2004. It is expected that the shares will be marked ex-dividend on June 9 2004. Holders of International Depositary Receipts can receive their dividend on July 8 2004 by presentation of coupon number 34 to Banque Internationale à Luxembourg or to one of their agents.

## Notes to the Unaudited Interim Report *continued*

### 10 Earnings per share

	Unaudited six months ended March 31 2004 £000's	Unaudited six months ended March 31 2003 £000's	Audited year ended September 30 2003 £000's
Basic earnings	5,437	4,925	4,069
Goodwill amortization	3,504	3,062	6,787
Exceptional goodwill impairment (note 4)	–	–	7,830
Exceptional profit on sale/closure of businesses (note 4)	–	(695)	(701)
<b>Adjusted earnings before goodwill amortization and exceptional items</b>	<b>8,941</b>	7,292	17,985
	Number 000's	Number 000's	Number 000's
Weighted average number of shares	87,859	87,796	87,796
Shares held by the Employees' Share Ownership Trust	(59)	(59)	(59)
	87,800	87,737	87,737
Effect of dilutive share options	279	–	–
<b>Diluted weighted average number of shares</b>	<b>88,079</b>	87,737	87,737
	Pence per share	Pence per share	Pence per share
Basic earnings per share	6.19	5.61	4.64
Effect of dilutive share options	(0.02)	–	–
<b>Diluted earnings per share</b>	<b>6.17</b>	5.61	4.64
Effect of goodwill amortization	3.98	3.49	7.74
Effect of exceptional goodwill impairment	–	–	8.92
Effect of exceptional profit on sale/closure of businesses	–	(0.79)	(0.80)
<b>Adjusted diluted earnings per share before goodwill amortization and exceptional items</b>	<b>10.15</b>	8.31	20.50

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.

## Independent Review Report to Euromoney Institutional Investor PLC

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### Introduction

We have been instructed by the company to review the financial information for the six months ended March 31 2004 which comprises the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognized gains and losses, the reconciliation of movements in equity shareholders' funds and related notes 1 to 10. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters that we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

### Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

### Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom auditing standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

### Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended March 31 2004.

Deloitte & Touche LLP  
*Chartered Accountants*  
London

May 26 2004

## Directors & Advisors

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**Chairman** PM Fallon ‡

**Managing Director** PR Ensor ‡

**Finance Director** CR Jones

### Directors

The Viscount Rothermere \*†

Sir Patrick Sergeant \*‡§

CJF Sinclair \*†‡

NF Osborn

DC Cohen

CR Brown

GB Strahan

JP Williams \*§

JC Botts \*†‡§

E Bounous

SM Brady

RT Lamont

JD Bolsover \*†

D Alfano

G Mueller

MJ Carroll

CHC Fordham

\* non-executive director

† member of the remuneration committee

‡ member of the nominations committee

§ member of the audit committee

**President** Sir Patrick Sergeant

**Company Secretary** CR Jones

**Registered Office** Nestor House, Playhouse Yard, London EC4V 5EX

**Registered Number** 954730

**Auditors** Deloitte & Touche LLP, London

**Solicitors** Nabarro Nathanson, Lacon House, Theobald's Road, London WC1X 8RW

**Stockbrokers** UBS, 1 Finsbury Avenue, London EC2M 2PP

**Depositary** Banque Internationale à Luxembourg SA, 69 route d'Esch, 2953 Luxembourg

### Agents of the Depositary

Citicorp Investment Bank (Switzerland), Bahnhofstrasse 63, PO Box 224, CH 8021 Zurich

Citibank NA, Citibank House, 336 Strand, London WC2R 1HB

Citibank NA, Avenue de Tervuren 249, B1150 Brussels

**Registrars** Capita IRG plc, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU

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call the Hotline on:

(UK) +44 (0) 207 779 8999  
(US) +1 800 437 9997 or  
+1 212 224 3570

or e-mail to:  
hotline@euromoneyplc.com

Euromoney Institutional Investor PLC  
Nestor House, Playhouse Yard,  
London EC4V 5EX