

Euromoney Institutional Investor PLC

Preliminary Announcement

September 30 2010

Euromoney Institutional Investor PLC

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Chairman's Statement

Highlights	2010	2009	Change
Revenue	£330.0 m	£317.6 m	+4%
Underlying results			
• Adjusted operating profit	£100.1 m	£79.4 m	+26%
• Adjusted profit before tax	£86.6 m	£63.0 m	+37%
• Adjusted diluted earnings a share	53.5 p	40.4 p	+32%
Statutory results			
• Operating profit	£82.1 m	£27.2 m	
• Profit/(loss) before tax	£71.4 m	-£17.4 m	
• Diluted earnings/(loss) a share	49.5 p	-6.7 p	
Net debt	£128.8 m	£165.1 m	-22%
Final dividend	11.75 p	7.75 p	+52%

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

- Adjusted profit before tax up 37% to £86.6m, a record
- Adjusted operating margin improved from 25% to 30%
- Second half revenue growth of 16%
- Net debt reduced by nearly £50m since March 31
- Total dividend increased by 28% to 18.0p
- Increased investment in new online information products
- Current trading in line with board's expectations and good start to first quarter

Commenting on the record results, chairman Padraic Fallon said:

"The resilience of subscription income combined with a good recovery in advertising and sponsorship revenues during the second half to produce a record profit, and this revenue growth has continued into the first quarter of the new financial year. Cash flows are strong and debt is falling rapidly to leave headroom for increased investment in new products, most of them with digital platforms, as well as small strategic acquisitions. The external environment, however, continues to be threatened by sovereign debt problems in the eurozone and by the challenges facing financial institutions in developed countries. Those considerations apart, the group is well placed to continue to grow."

Highlights

Euromoney Institutional Investor PLC, the international publishing, events and electronic information group, achieved a record adjusted profit before tax of £86.6m for the year to September 30 2010, against £63.0m in 2009. Adjusted diluted earnings a share were 53.5p (2009: 40.4p). The directors recommend a final dividend of 11.75p, giving a total for the year of 18.0p (2009: 14.0p), to be paid to shareholders on February 4 2011.

These record profits, coming so soon after some of the toughest and most volatile financial markets in many years, underline the success of the group's strategy to build a more robust and higher quality information business. After strong first half results, driven largely by the benefit of cost cuts made the year before, the second half brought a return to revenue growth earlier and faster than expected. Revenues for the year increased by 4% to £330.0m, after a 16% increase in revenues in the second half. This better than expected revenue performance helped to offset the group's significant investment in new products and the online migration of its print businesses. The group's adjusted operating margin improved to 30% against 25% in 2009.

Net debt at September 30 was £128.8m compared to £178.1m at March 31. The sharp reduction in debt levels over the past six months reflects the good second half revenue performance as well as the group's rigorous debt management and strong cash flows. The group's net debt to EBITDA ratio fell to 1.3 times, against 1.9 times at March 31, similar to the level immediately before the acquisition of Metal Bulletin in 2006.

The recent strength of equity and commodity markets, and the positive outlook for emerging markets, all provide momentum for further recovery. However, the broader outlook for global economic growth remains challenging, while many global financial institutions have reported disappointing results for their second and third quarters. This, together with lingering concerns over sovereign debt levels in Europe, and the effectiveness of measures to avoid a repeat of the credit crisis, creates uncertainty over the outlook beyond December.

Nevertheless, the outlook for the start of the new financial year is good and the board expects the recovery in revenues experienced in the second half to continue into the first quarter. As usual at this time, forward revenue visibility beyond the first quarter, traditionally the group's least important three months of trading, is limited other than from subscriptions, and revenue growth will be harder to achieve as the 2010 comparatives become tougher.

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Chairman's Statement *continued*

Strategy

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

While tight cost management was maintained throughout the year, the strategic focus has shifted to driving revenue growth, both from existing products as markets recover, and from investment in technology platforms and new products as part of the migration to an online information business. During the year the group invested more than £6m in online products and new businesses, all of it from profits, and there is a significant programme of new launches planned for 2011.

At the same time, the group started to execute long-term investment programmes for two of the group's most important electronic information businesses: BCA, the independent economic research business, and CEIC, the provider of emerging market databases for economists and analysts around the world, with a view to building rapidly the quality and coverage of their products as well as expanding their global sales resources. This increased level of investment is being undertaken with a view to driving revenue growth for 2012 and beyond.

The strong cash flows of the group have helped it to reduce its net debt by nearly £50m since March 31 and there are no significant capital or acquisition cash commitments for 2011. The group's preference is to acquire small, specialist information businesses that complement its existing activities and provide scope for strong organic growth. Over the past year, the opportunities to acquire such businesses have been limited, although the acquisition of Arete in August was a good example of the small but high quality online publishing businesses the group seeks to acquire. Arete is the definitive global data and news source for structured retail investment products, primarily through its proprietary database containing information on more than 1.3 million structured products around the world. Early signs of trading at Arete are encouraging.

The company will continue to pursue its successful strategy in 2011, with an emphasis on investing in technology and new subscription-based electronic information services, supplemented with small strategic acquisitions, to drive revenue growth.

Trading Review

Total revenue increased by 4% to £330.0m, but with a marked difference between the revenue performance in each half: an 8% fall in the first half was offset by a 16% increase in revenue in the second (see table below). Traditionally the recovery in revenue at the end of a downturn tends to be slower than the fall at the start, but this has not been the case following the credit crisis, when the recovery has happened much earlier and faster than expected.

The faster than expected recovery of subscription revenues was the most encouraging trading sign during the second half. The pick up in subscription renewal rates began in the summer of 2009, and has been followed by a recovery in sales of new subscriptions. This reflects a combination of stronger markets, increased investment in marketing and electronic publishing, as well as many new customers identified in the aftermath of the credit crisis. Subscriptions continue to account for nearly 50% of group revenues.

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Chairman's Statement *continued*

Most of the group's biggest subscription businesses, including BCA Research, II Memberships and CEIC have seen revenues and renewal rates return to pre-credit crisis levels earlier than expected. Subscription revenues increased by 1% over the year, while the quarterly year-on-year growth rate (at constant exchange rates) had improved to 7% by the end of the year.

Revenues	2010 £m	2009 £m	Headline change			Change at constant exchange rates
			H1	H2	Year	Year
Subscriptions	153.7	152.3	(7%)	9%	1%	1%
Advertising	57.6	54.8	(7%)	16%	5%	5%
Sponsorship	41.8	38.5	(18%)	34%	9%	8%
Delegates	71.4	69.6	(11%)	19%	3%	2%
Other/closed	9.7	10.5	(14%)	(3%)	(8%)	(8%)
Foreign exchange losses on forward currency contracts	(4.2)	(8.1)	-	-	-	-
Total revenue	330.0	317.6	(8%)	16%	4%	4%

Advertising revenues were the first to suffer during the credit crisis, and the first to recover. Advertising budgets and campaigns tend to be linked to the calendar year, although the rate of recovery has improved each quarter as global financial institutions became more confident about the outlook for financial markets. In addition, the financial year closed with a particularly strong September, the key month of the year for many of the group's advertising-led businesses.

Revenues from events, which comprise both sponsorship and paying delegates, experienced the most rapid recovery in 2010. Event revenues were hit hard during the credit crisis as customers exercised tight controls over training, event attendance and travel. At the same time the group cut event volumes by eliminating many of its smaller, low margin events, and continued to invest to enhance the market leading positions of its annual conferences and meetings. The majority of the group's largest events are held in the second half of its financial year and as markets have recovered, so attendance at these events has returned rapidly to pre-credit crisis levels or better.

As in the first half, emerging markets, which account for more than a third of the group's revenue, continued to hold up reasonably well, with Asia and Latin America providing the main sources of growth.

The group derives nearly two thirds of its revenue in US dollars and movements in the sterling-US dollar rate have had a significant impact on reported revenues in some years. However, in 2010 the average sterling-US dollar exchange rate was \$1.55, against \$1.58 a year ago, and movements in exchange rates have not had a significant impact on reported revenues or margins.

While the results for the first half reflected the continuing benefit of cost cuts in 2009, the return to revenue growth in the second half has meant the increased investment in technology and new products has been executed with minimal impact on margins. Inevitably headcount has increased – permanent headcount at September 30 was 1,988, an increase of 141 during the second half – but the adjusted operating margin in the second was 30%, very similar to that achieved in the first half.

Business Review

Financial Publishing: revenues, approximately 40% of which are subscription-driven, increased by 3% to £76.6m. However, adjusted operating profit increased by 29% to £26.2m on the back of an improvement in the adjusted operating margin from 27% to 34%. The better margin partly reflects the cost cuts made in 2009 – the Financial Publishing division was one of those most affected by the credit crisis – and partly the strong end to the year as many of the titles publish their biggest issue of the year in September. Among the best performers were *Euromoney*, *EuroWeek* and *Latin Finance*, all of which have a significant emerging market exposure.

Business Publishing: the group's activities outside finance are less volatile, reflecting the spread of sectors covered including metals, commodities, energy, telecoms and law, and the higher proportion of revenues derived from subscriptions. These sectors held up relatively well during the credit crisis and were not subject to significant costs cuts, leaving limited margin upside. Revenues increased by 5% to £59.1m and the adjusted operating margin was unchanged at 42%. Metal Bulletin was again the best performer as subscription revenues continued to grow, driven by a combination of product investment and increased marketing spend.

Training: the group's Training division predominantly serves the global financial sector and was the hardest hit by the credit crisis and cuts in training spend, headcount and travel budgets. Training revenues, which are mostly derived from paying delegates, fell by 6% to £29.9m, largely due to a 26% decline in the first quarter as the impact of the credit crisis continued into the early part of the financial year. From January, as customer training budgets returned, delegate bookings gradually improved, although course volumes have been held back until there is more certainty over the recovery. The resultant increase in average bookings per course helped the margin improve from 20% to 24%, and adjusted operating profit increased by 14% to £7.2m.

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Chairman's Statement *continued*

Conferences and Seminars: revenues comprise both sponsorship and paying delegates and increased by 4% to £78.8m. The recovery in the adjusted operating margin from 21% to 29% helped drive an increase in adjusted operating profit of nearly 50% to £23.2m, and demonstrates the success of the group's strategy to cut low margin events in a downturn, while continuing to focus on building its larger, must-attend annual events in niche markets. As markets have recovered, the group's bigger events have seen a sharp recovery in demand and attendance has improved. Growth has come across all sectors, with some such as structured finance and hedge funds rebounding faster than expected, and others such as metals, coal and telecoms, with their strong emerging markets exposure, achieving record attendance and revenues.

Databases and Information Services: revenues are predominantly derived from subscription contracts of 12 months or longer, and the performance of this division therefore tends to lag the others. Revenues increased by 3% to nearly £90m and, with a steady adjusted operating margin of 41%, adjusted operating profit increased by 2% to £37.0m. Revenue growth in this division slowed from the second half of 2009, a trend which continued into the first half of 2010 before recovering in the second half. This largely reflects the lag effect of cuts in headcount and information-buying by customers in the first half of 2009. BCA returned to growth from the third quarter, earlier than expected, and margins were maintained despite the start of a substantial investment programme to build BCA's editorial resource and to expand its sales teams. CEIC continued to experience strong growth in revenue from its emerging markets data service, which helped offset weaker demand for ISI's emerging markets information service.

Financial Review

The adjusted profit before tax of £86.6m compares to a statutory profit before tax of £71.4m. A detailed reconciliation of the group's underlying 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.

Underlying net finance costs for the group's committed borrowing facility fell by £4.7m to £9.3m, reflecting both lower debt levels and lower interest rates. The average cost of funds for the year was 5.2% (2009: 6.0%). The group's policy of swapping 80% of its debt into fixed rates for at least the next 12 months means that the average cost of funds in 2011 is unlikely to increase significantly.

The underlying effective tax rate for the year was 27%, the same as 2009. The tax rate depends on the geographic mix of profits and is not expected to change significantly in 2011. Net cash taxes paid were only £1.9m, reflecting the benefit of tax losses in 2009. However, the strong profit performance and utilisation of tax losses means the group is now paying taxes in all jurisdictions and cash taxes will match more closely the underlying tax expense in 2011.

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 £3.9m reduction in hedging losses compared to last year.

The group does not hedge the foreign exchange risk on the translation of overseas profits, although it does endeavour to match foreign currency borrowings with investments. The related foreign currency finance costs provide a partial hedge against the translation of overseas profits. In 2010, the impact of foreign exchange rates movements on the translation of profits was not significant.

Net Debt, Cash Flow and Dividend

Net debt at September 30 was £128.8m compared with £178.1m at March 31. The reduction in net debt of nearly £50m since the half year reflects the strong operating cash flows of the group. These are traditionally weighted to the second half due to the timing of payment for annual profit shares, dividends and acquisition earn-outs. Cash generated from operations increased by £28.2m to £100.8m and the operating cash conversion rate was 101% (2009: 91%).

In August, the group completed the acquisition of Arete Consulting Limited, its first material transaction since the acquisition of Metal Bulletin in October 2006. The group acquired a 100% interest in Arete for an expected net consideration of £5.8m, of which £0.6m is deferred until April 2011, with the final price dependent on Arete's profit for its financial year to February 28 2011. Arete's revenue for that year is expected to be in the region of £3m.

The group's debt is provided through a \$400m multi-currency committed facility from Daily Mail and General Trust plc. The facility is provided in a mix of sterling and US dollar funds over three and five year terms expiring in December 2011 and 2013 respectively. The reduction in debt levels in 2010 and expected continued strong cash flows in 2011 means any remaining debt under the three year facility can be rolled into the five year facility at the December 2011 expiry date.

The net debt to EBITDA covenant on the group's committed facility is subject to a limit of four times, although the group manages its gearing to a more conservative internal limit of three times EBITDA. The ratio at the end of September was 1.3 times against just under 2.0 times a year ago. There are no significant capital or acquisition cash commitments currently expected for 2011.

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Chairman's Statement *continued*

In 2009, the board increased the company's target dividend cover to three times after-tax earnings. Pursuant to this policy, the board has recommended a final dividend of 11.75p a share (2009: 7.75p) making a total dividend for the year of 18.0p (2009: 14.0p). The final dividend will be paid on February 4 2011 to shareholders on the register at November 19 2010. A scrip dividend alternative will again be available to shareholders and the group's majority shareholder, Daily Mail and General Trust plc, has indicated its intention to accept the scrip alternative.

Capital Appreciation Plan (CAP)

The CAP is the group's long-term, performance-based incentive designed to retain and reward those who drive profit growth and is an integral part of the group's successful growth strategy. CAP 2010 was approved by shareholders at the annual general meeting in January 2010.

The terms of CAP 2010 broadly require an adjusted profit before tax (and before CAP long-term incentive expense) of £100m to be achieved, from a base profit of £62.3m in 2009, within the four year performance period ending in September 2013. If achieved, 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 total cost of CAP 2010 will be no more than £30m, which is being expensed over the expected life of the plan. The CAP expense for the seven months since it was launched in March 2010 was £3.9m. In the event the CAP profit target was achieved a year before the end of the 2013 performance period, the expected life of the plan would be shortened and the annual CAP expense would increase. For the financial years 2011 and 2012, if the £100m CAP profit target was achieved in 2012, the annual CAP expense would increase from £6.8m to £9.2m.

Outlook

The board expects the good revenue performance achieved in the second half of 2010 to continue into the first quarter of financial year 2011. Further, subscriptions, which account for nearly 50% of the group's revenues, were growing at an annual rate of seven percent at the end of 2010, which provides support for further growth in 2011. However, there is uncertainty over the outlook beyond December, and the recovery of advertising and event revenues in financial year 2010 started from the second quarter and revenue comparisons will therefore become much tougher from the second quarter of financial year 2011.

The level of spending on technology and new product investment will increase further in 2011. In the short-term, this may reduce operating margins as most of the investment is being made in subscription-based electronic information services which have a long lead time to build and sell, whereas the investment largely comprises people and marketing costs and is expensed as incurred. The group will also continue to execute significant long-term investment programmes for BCA and CEIC, two of its most important online information businesses, with a view to building rapidly the quality and coverage of their products as well as expanding their global sales resources.

After a strong recovery and return to revenue growth in 2010, the company will continue to pursue its successful strategy in 2011, with an emphasis on investing in technology and new subscription-based electronic information services, supplemented with small strategic acquisitions.

Padraic Fallon
Chairman
November 10 2010

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For further information, please contact:

Euromoney Institutional Investor PLC
Padraic Fallon, Chairman: +44 20 7779 8556; pfallon@euromoneyplc.com
Colin Jones, Finance Director: +44 20 7779 8845; cjones@euromoneyplc.com
Richard Ensor, Managing Director: +44 20 7779 8845; rensor@euromoneyplc.com

Financial Dynamics
Charles Palmer: +44 20 7269 7180; Charles.Palmer@FD.com

NOTE TO EDITORS

Euromoney Institutional Investor PLC (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 including *Euromoney*, *Institutional Investor* and *Metal Bulletin*. It also runs an extensive portfolio of conferences, seminars and training courses and is a leading provider of electronic information and data services covering international finance, metals and emerging markets. Its main offices are in London, New York, Montreal and Hong Kong and more than a third of its revenues are derived from emerging markets.

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Appendix to Chairman's Statement

Reconciliation of Consolidated Income Statement to underlying results for the year ended September 30 2010

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

		2010			2009		
	Underlying	Adjustments	Total	Underlying	Adjustments	Total	
Notes	£000's	£000's	£000's	£000's	£000's	£000's	
Total revenue	2	330,006	-	330,006	317,594	-	317,594
Operating profit before acquired intangible amortisation, long term incentive expense and exceptional items	2	100,057	-	100,057	79,447	-	79,447
Acquired intangible amortisation		-	(13,671)	(13,671)	-	(15,891)	(15,891)
Long term incentive expense		(4,364)	-	(4,364)	(2,697)	-	(2,697)
Exceptional items	3	-	(228)	(228)	-	(33,901)	(33,901)
Operating profit before associates		95,693	(13,899)	81,794	76,750	(49,792)	26,958
Share of results in associates		281	-	281	219	-	219
Operating profit		95,974	(13,899)	82,075	76,969	(49,792)	27,177
Finance income	4	1,637	-	1,637	2,281	-	2,281
Finance expense	4	(10,968)	(1,320)	(12,288)	(16,262)	(30,557)	(46,819)
Net finance costs		(9,331)	(1,320)	(10,651)	(13,981)	(30,557)	(44,538)
Profit/(loss) before tax		86,643	(15,219)	71,424	62,988	(80,349)	(17,361)
Tax (expense)/credit on profit/(loss)	5	(23,325)	10,486	(12,839)	(17,060)	27,472	10,412
Profit/(loss) after tax from continuing operations	2	63,318	(4,733)	58,585	45,928	(52,877)	(6,949)
Profit for the year from discontinued operations		-	-	-	-	1,207	1,207
Profit/(loss) for the year		63,318	(4,733)	58,585	45,928	(51,670)	(5,742)
Attributable to:							
Equity holders of the parent		62,838	(4,733)	58,105	45,383	(51,670)	(6,287)
Equity non-controlling interests		480	-	480	545	-	545
		63,318	(4,733)	58,585	45,928	(51,670)	(5,742)
Diluted earnings/(loss) per share - continuing operations	7	53.50p	(4.03)p	49.47p	40.39p	(47.06)p	(6.67p)

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

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

Euromoney Institutional Investor PLC

Consolidated Income Statement

for the year ended September 30 2010

	Notes	2010 £000's	2009 £000's
Total revenue	2	330,006	317,594
Operating profit before acquired intangible amortisation, long term incentive expense and exceptional items	2	100,057	79,447
Acquired intangible amortisation		(13,671)	(15,891)
Long term incentive expense		(4,364)	(2,697)
Exceptional items	3	(228)	(33,901)
Operating profit before associates	2	81,794	26,958
Share of results in associates		281	219
Operating profit		82,075	27,177
Finance income	4	1,637	2,281
Finance expense	4	(12,288)	(46,819)
Net finance costs	4	(10,651)	(44,538)
Profit/(loss) before tax	2	71,424	(17,361)
Tax (expense)/credit on profit/(loss)	5	(12,839)	10,412
Profit/(loss) after tax from continuing operations	2	58,585	(6,949)
Profit for the year from discontinued operations		-	1,207
Profit/(loss) for the year		58,585	(5,742)
Attributable to:			
Equity holders of the parent		58,105	(6,287)
Equity non-controlling interests		480	545
		58,585	(5,742)
Basic earnings/(loss) per share - continuing operations	7	50.04p	(6.83)p
Basic earnings/(loss) per share - continuing and discontinued operations	7	50.04p	(5.73)p
Diluted earnings/(loss) per share - continuing operations	7	49.47p	(6.67)p
Diluted earnings/(loss) per share - continuing and discontinued operations	7	49.47p	(5.59)p
Adjusted diluted earnings per share	7	53.50p	40.39p
Dividend per share (including proposed dividends)	6	18.00p	14.00p

A detailed reconciliation of the group's statutory results to the underlying results is set out in the appendix to the Chairman's Statement on page 8.

Euromoney Institutional Investor PLC

Consolidated Statement of Comprehensive Income

for the year ended September 30 2010

	2010 £000's	2009 £000's
Profit/(loss) for the year	58,585	(5,742)
Change in fair value of cash flow hedges	732	(9,285)
Transfer of loss on cash flow hedges from fair value reserves to income statement	5,623	3,502
Change in fair value of intangible assets	-	3,342
Net exchange differences on translation of net investments in overseas subsidiary undertakings	1,177	27,883
Net exchange differences on foreign currency loans	(272)	(16,690)
Actuarial losses on defined benefit pension schemes	(1,748)	(3,382)
Tax on items taken directly to equity	447	3,792
Other comprehensive income for the year	5,959	9,162
Total comprehensive income for the year	64,544	3,420
Attributable to:		
Equity holders of the parent	64,057	1,815
Equity non-controlling interests	487	1,605
	64,544	3,420

Euromoney Institutional Investor PLC

Consolidated Statement of Financial Position

as at September 30 2010

	Notes	2010 £000's	2009 £000's
Non-current assets			
Intangible assets			
Goodwill		297,618	291,338
Other intangible assets		125,089	134,310
Property, plant and equipment		19,485	19,750
Investments		248	209
Deferred tax assets		20,819	18,474
Derivative financial instruments		369	569
		<u>463,628</u>	<u>464,650</u>
Current assets			
Trade and other receivables		62,808	59,000
Current income tax assets		-	6,311
Cash at bank and in hand		12,078	12,545
Derivative financial instruments		2,021	569
		<u>76,907</u>	<u>78,425</u>
Current liabilities			
Acquisition option commitments		(1,061)	(11,237)
Trade and other payables		(31,331)	(59,214)
Current income tax liabilities		(10,844)	(6,139)
Accruals		(45,473)	(46,972)
Deferred income	9	(93,740)	(82,599)
Derivative financial instruments		(7,671)	(9,917)
Provisions		(1,111)	(2,359)
Loan notes		(2,039)	(5,719)
Bank overdrafts		(888)	(482)
		<u>(194,158)</u>	<u>(224,638)</u>
Net current liabilities		<u>(117,251)</u>	<u>(146,213)</u>
Total assets less current liabilities		<u>346,377</u>	<u>318,437</u>
Non-current liabilities			
Acquisition option commitments		-	(706)
Other non-current liabilities		(936)	(1,012)
Committed loan facility		(137,908)	(171,404)
Deferred tax liabilities		(24,124)	(21,777)
Net pension deficit		(1,537)	(364)
Derivative financial instruments		(8,368)	(14,592)
Provisions		(4,021)	(3,591)
		<u>(176,894)</u>	<u>(213,446)</u>
Net assets		<u>169,483</u>	<u>104,991</u>
Shareholders' equity			
Called up share capital	10	296	284
Share premium account		66,082	52,445
Other reserve		64,981	64,981
Capital redemption reserve		8	8
Own shares		(74)	(74)
Liability for share-based payments		25,658	23,646
Fair value reserve		(33,425)	(39,508)
Translation reserve		45,904	44,734
Retained earnings		53	(42,511)
Equity shareholders' surplus		<u>169,483</u>	<u>104,005</u>
Equity non-controlling interests		-	986
Total equity		<u>169,483</u>	<u>104,991</u>

Euromoney Institutional Investor PLC

Consolidated Statement of Changes in Equity

as at September 30 2010

	Share capital £000's	Share premium account £000's	Other reserve £000's	Capital redemption reserve £000's	Own shares £000's	Liability for share - based payments £000's	Fair value reserve £000's	Translation reserve £000's	Retained earnings £000's	Total £000's	Equity non- controlling interests £000's	Total £000's
At September 30 2008	263	38,575	64,981	8	(74)	20,676	(19,579)	17,113	(36,916)	85,047	3,017	88,064
Retained (loss)/profit for the period	-	-	-	-	-	-	-	-	(6,287)	(6,287)	545	(5,742)
Change in fair value of cash flow hedges	-	-	-	-	-	-	(9,285)	-	-	(9,285)	-	(9,285)
Transfer of loss on cash flow hedges from fair value reserves to income statement	-	-	-	-	-	3,502	-	-	-	3,502	-	3,502
Change in fair value of intangible assets	-	-	-	-	-	-	2,544	-	-	2,544	798	3,342
Exchange differences arising on translation of net investments in overseas subsidiary undertakings	-	-	-	-	-	-	-	27,621	-	27,621	262	27,883
Net exchange differences on foreign currency loans	-	-	-	-	-	-	(16,690)	-	-	(16,690)	-	(16,690)
Actuarial losses on defined benefit pension schemes	-	-	-	-	-	-	-	-	(3,382)	(3,382)	-	(3,382)
Tax on items taken directly to equity	-	-	-	-	-	-	-	-	3,792	3,792	-	3,792
Total comprehensive income for the year	-	-	-	-	-	-	(19,929)	27,621	(5,877)	1,815	1,605	3,420
Exercise of acquisition option commitments	-	-	-	-	-	-	-	-	20,939	20,939	(1,830)	19,109
Credit for share-based payments	-	-	-	-	-	2,970	-	-	-	2,970	-	2,970
Scrip/cash dividends paid	16	13,870	-	-	-	-	-	-	(20,657)	(6,771)	(1,806)	(8,577)
Exercise of share options	5	-	-	-	-	-	-	-	-	5	-	5
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	-	-	-	-	-	-	5,623	-	-	5,623	-	5,623
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
Total comprehensive income for the year	-	-	-	-	-	-	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
At September 30 2010	296	66,082	64,981	8	(74)	25,658	(33,425)	45,904	53	169,483	-	169,483

The investment in own shares is held by the Euromoney Employees' Share Ownership Trust (ESOT). At September 30 2010 the ESOT held 58,976 shares (2009: 58,976 shares) carried at a historic cost of £1.25 per share with a market value of £361,000 (2009: £220,000). 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 2010

	2010 £000's	2009 £000's
Cash flow from operating activities		
Operating profit	82,075	27,177
Share of results in associates	(281)	(219)
Acquired intangible amortisation	13,671	15,891
Licences and software amortisation	238	256
Long term incentive expense	4,364	2,697
Goodwill impairment	1,214	21,929
Intangible impairment	593	1,235
Depreciation of property, plant and equipment	2,691	2,544
Exceptional depreciation of property, plant and equipment	-	1,210
(Decrease)/increase in provisions	(861)	1,476
Loss on disposal of property, plant and equipment	708	125
Operating cash flows before movements in working capital	104,412	74,321
(Increase)/decrease in receivables	(3,493)	15,983
Decrease in payables	(148)	(17,727)
Cash generated from operations	100,771	72,577
Income taxes (paid)/received	(1,912)	1,263
Net cash from operating activities	98,859	73,840
Investing activities		
Dividends paid to non-controlling interests	(723)	(1,806)
Dividends received from associate	242	313
Interest received	243	801
Purchase of intangible assets	(333)	(146)
Purchase of property, plant and equipment	(3,107)	(1,260)
Proceeds from disposal of property, plant and equipment	44	21
Purchase of additional interest in subsidiary undertakings	(11,576)	(19,890)
Purchase of subsidiary undertaking	(5,165)	-
Proceeds from disposal of discontinued operations	-	1,259
Net cash used in investing activities	(20,375)	(20,708)
Financing activities		
Dividends paid	(3,809)	(6,771)
Interest paid	(9,414)	(8,887)
Interest paid on loan notes	(38)	(291)
Issue of new share capital	1,323	5
Settlement of derivative assets/liabilities	(3,295)	(35,861)
Redemption of loan notes	(3,673)	(1,767)
Amounts (paid)/received on intergroup tax equalisation swaps	(23,906)	23,088
Loan repaid to DMGT group company	(116,569)	(117,239)
Loan received from DMGT group company	79,590	83,903
Net cash used in financing activities	(79,791)	(63,820)
Net decrease in cash and cash equivalents	(1,307)	(10,688)
Cash and cash equivalents at beginning of year	12,063	20,179
Effect of foreign exchange rate movements	434	2,572
Cash and cash equivalents at end of year	11,190	12,063

Cash and cash equivalents include bank overdrafts.

Euromoney Institutional Investor PLC

Note to the Consolidated Statement of Cash Flows

Net Debt

	2010 £000's	2009 £000's
Net debt at beginning of year	(165,060)	(171,994)
Decrease in cash and cash equivalents	(1,307)	(10,688)
Decrease in amounts owed to DMGT group company	36,979	33,336
Redemption of loan notes	3,673	1,767
Interest paid on loan notes	38	291
Other non-cash changes	14	(4,748)
Effect of foreign exchange rate movements	(3,094)	(13,024)
Net debt at end of year	(128,757)	(165,060)
Net debt comprises:		
Cash at bank and in hand	12,078	12,545
Bank overdrafts	(888)	(482)
Total cash and cash equivalents	11,190	12,063
Committed loan facility	(137,908)	(171,404)
Loan notes	(2,039)	(5,719)
Net debt	(128,757)	(165,060)

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 Consolidated Financial Statements

1 Basis of preparation

The financial information set out in this announcement does not constitute the company's statutory accounts for the year ended September 30 2010 or 2009 but is derived from those accounts. Statutory accounts for 2009 have been delivered to the Registrar of Companies, and those for 2010 will be delivered following the company's annual general meeting. The auditors have reported on those accounts; their report was unqualified and did not draw attention to any matters by way of emphasis and did not contain a statement under s498 (2) or (3) Companies Act 2006.

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 3 to 7.

The financial position of the group, its cash flows and liquidity position are set out in this preliminary announcement. The group meets its day-to-day working capital requirements through its \$400 million dedicated multi-currency borrowing facility with Daily Mail and General Trust plc group. The facility is divided into four tranches of sterling and US dollar funds with three and five year terms with a total maximum borrowing capacity of \$310 million (£197 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 2010, the group's net debt to adjusted EBITDA was 1.28 times and the committed undrawn facility available to the group was £117.8 million. The three year tranches of the facility are due for renewal in December 2011 and the five year tranches in December 2013.

Trading conditions have significantly improved since September 2009, which has reduced the uncertainty over the level of demand for the group's products. Over the last twelve months, the exchange rate between sterling and the US dollar has been more stable than a year ago although the group remains exposed to the impact on the translation of US dollar profits and losses from its US dollar-based businesses and transactions including the gains or losses from the group's forward contracts used to partially hedge these. Bank credit is becoming more readily available and the group has no pressing requirement to arrange new finance. The group continues to operate well within the limits of its dedicated multi-currency borrowing facility and the first tranche (£64.1 million) is not due for renewal until December 2011. Any remaining funds drawn under the three year facility at this renewal date are expected to be rolled into the unused portion of the five year facility.

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

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing this 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 Databases and information services. This is considered to be the primary reporting format. Financial publishing and Business publishing consist primarily of advertising and subscription revenue. The Training division consists primarily of delegate revenue. Conferences and seminars consists of both sponsorship income and delegate revenue. Databases and information services consists of subscription revenue. A breakdown of the group's revenue by type is set out below.

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	
	2010 £000's	2009 £000's	2010 £000's	2009 £000's	2010 £000's	2009 £000's	2010 £000's	2009 £000's	2010 £000's	2009 £000's
Revenue										
by division and source:										
Financial publishing	43,423	43,330	33,933	34,074	2,201	1,856	(2,942)	(4,614)	76,615	74,646
Business publishing	45,325	42,765	15,113	14,601	1,651	1,760	(3,005)	(2,798)	59,084	56,328
Training	17,423	19,025	7,238	8,838	5,522	4,180	(327)	(374)	29,856	31,669
Conferences and seminars	31,389	28,584	35,167	34,084	12,303	12,918	(65)	(131)	78,794	75,455
Databases and information services	9,944	10,185	56,789	54,707	23,032	22,589	(8)	-	89,757	87,481
Sold/closed businesses	38	13	68	113	-	-	-	(3)	106	123
Corporate revenue	246	1,625	-	331	-	2	(246)	(1,958)	-	-
Foreign exchange losses on forward contracts	(4,206)	(8,108)	-	-	-	-	-	-	(4,206)	(8,108)
Total revenue	143,582	137,419	148,308	146,748	44,709	43,305	(6,593)	(9,878)	330,006	317,594
Investment income (note 4)	17	31	26	2	150	213	-	-	193	246
Total revenue and investment income	143,599	137,450	148,334	146,750	44,859	43,518	(6,593)	(9,878)	330,199	317,840

	United Kingdom		North America		Rest of World		Total		
	2010 £000's	2009 £000's	2010 £000's	2009 £000's	2010 £000's	2009 £000's	2010 £000's	2009 £000's	
Revenue									
by type and destination:									
Subscriptions		27,238	26,364	66,253	71,379	60,182	54,562	153,673	152,305
Advertising		6,656	4,977	23,444	21,513	27,507	28,327	57,607	54,817
Sponsorship		9,308	5,534	17,286	18,241	15,248	14,679	41,842	38,454
Delegates		9,092	7,327	17,313	18,842	44,997	43,419	71,402	69,588
Other		3,915	3,190	3,248	4,406	2,419	2,819	9,582	10,415
Sold/closed businesses		38	13	68	110	-	-	106	123
Foreign exchange losses on forward contracts		(4,206)	(8,108)	-	-	-	-	(4,206)	(8,108)
Total revenue		52,041	39,297	127,612	134,491	150,353	143,806	330,006	317,594

Euromoney Institutional Investor PLC

Notes to the Consolidated Financial Statements *continued*

2 Segmental analysis *continued*

	United Kingdom		North America		Rest of World		Total	
	2010 £000's	2009 £000's	2010 £000's	2009 £000's	2010 £000's	2009 £000's	2010 £000's	2009 £000's
Operating profit¹								
by division and source:								
Financial publishing	17,758	15,436	8,062	4,682	386	212	26,206	20,330
Business publishing	19,644	18,614	5,045	4,351	303	412	24,992	23,377
Training	4,225	3,909	1,046	1,164	1,884	1,229	7,155	6,302
Conferences and seminars	10,662	7,832	9,860	8,584	2,636	(505)	23,158	15,911
Databases and information services	5,637	6,629	26,681	24,990	4,644	4,602	36,962	36,221
Sold/closed businesses	37	(116)	(67)	(53)	-	-	(30)	(169)
Unallocated corporate costs	(15,910)	(25,122)	(1,741)	3,391	(735)	(794)	(18,386)	(22,525)
Operating profit before acquired intangible amortisation, share option expense and exceptional items	42,053	27,182	48,886	47,109	9,118	5,156	100,057	79,447
Acquired intangible amortisation ²	(4,288)	(5,474)	(8,429)	(8,913)	(954)	(1,504)	(13,671)	(15,891)
Long term incentive expense	(2,250)	(2,042)	(1,971)	(504)	(143)	(151)	(4,364)	(2,697)
Exceptional items (note 3)	-	(595)	1,755	(25,813)	(1,983)	(7,493)	(228)	(33,901)
Operating profit before associates	35,515	19,071	40,241	11,879	6,038	(3,992)	81,794	26,958
Share of results in associates							281	219
Net finance costs (note 4)							(10,651)	(44,538)
Profit/(loss) before tax							71,424	(17,361)
Tax (expense)/credit (note 5)							(12,839)	10,412
Profit/(loss) after tax							58,585	(6,949)

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

² Acquired intangible amortisation represents amortisation on acquisition related non-goodwill assets such as brands, databases, trademarks and customer relationships.

	Acquired intangible amortisation		Long term incentive expense		Exceptional items		Depreciation and amortisation	
	2010 £000's	2009 £000's	2010 £000's	2009 £000's	2010 £000's	2009 £000's	2010 £000's	2009 £000's
Other segmental information								
by division:								
Financial publishing	(605)	(638)	(819)	(798)	(278)	(1,120)	(86)	(85)
Business publishing	(3,982)	(5,203)	(741)	(365)	(17)	(241)	(25)	(33)
Training	-	-	(243)	(679)	(5)	(71)	(18)	(33)
Conferences and seminars	(423)	(478)	(711)	(396)	(2,012)	(23,697)	(47)	(88)
Databases and information services	(8,526)	(9,430)	(1,227)	41	(26)	(1,181)	(652)	(544)
Unallocated corporate costs	(135)	(142)	(623)	(500)	2,110	(7,591)	(2,101)	(2,017)
	(13,671)	(15,891)	(4,364)	(2,697)	(228)	(33,901)	(2,929)	(2,800)

Euromoney Institutional Investor PLC

Notes to the Consolidated Financial Statements *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.

	2010	2009
	£000's	£000's
Goodwill and intangible asset impairment	(1,807)	(23,164)
Other exceptional income/(costs)	1,579	(10,737)
	<u>(228)</u>	<u>(33,901)</u>

The group has reviewed the carrying value of goodwill and intangible assets and as a result has impaired capitalised goodwill and intangible assets, mostly in connection with the group's Asia-based conference and training business, by £1,807,000 (2009: Asia and US-based conference business: £23,164,000) with a corresponding tax credit of £130,000 (2009: £6,374,000).

During the year, the group recognised exceptional income of £1,579,000. This comprised an exceptional restructuring charge of £649,000 following further reductions in group headcount, and an exceptional credit of £2,228,000 following successful resolution of a US legal dispute. The group's tax charge includes a related tax expense of £640,000 comprising a current year charge of £1,257,000 and a prior year credit of £617,000.

In 2009, in response to tough trading conditions, the directors restructured the group's operations through rationalisation of its property portfolio (exceptional cost of £3,715,000), a reduction in group headcount (exceptional cost of £3,371,000), and other exceptional costs (£3,651,000) giving rise to total exceptional restructuring and other costs of £10,737,000 and a related tax credit of £4,138,000.

Euromoney Institutional Investor PLC

Notes to the Consolidated Financial Statements *continued*

4 Finance income and expense

	2010 £000's	2009 £000's
Finance income		
Interest income:		
Interest receivable from DMGT group undertakings	26	654
Interest receivable from short-term investments	193	246
Expected return on pension scheme assets	1,283	1,162
Fair value gains on financial instruments:		
Ineffectiveness of interest rate swaps and forward contracts	135	219
	<u>1,637</u>	<u>2,281</u>
Finance expense		
Interest expense:		
Interest payable on committed borrowings	(9,575)	(12,297)
Interest payable to DMGT group undertakings	-	(1,294)
Interest payable on loan notes	(31)	(197)
Interest on pension scheme liabilities	(1,225)	(1,189)
Foreign exchange loss on restructured hedging arrangements	-	(7,863)
Net movements in acquisition option commitment values	(1,191)	(2,202)
Imputed interest on acquisition option commitments	(129)	(638)
Interest on tax underpaid	(137)	(1,364)
Foreign exchange loss on tax equalisation contracts	-	(19,854)
Other gains on tax equalisation contracts	-	79
Net loss on tax equalisation contracts	-	(19,775)
	<u>(12,288)</u>	<u>(46,819)</u>
Net finance costs	<u>(10,651)</u>	<u>(44,538)</u>

In 2009 the group recognised £19,854,000 (2010: £nil) in relation to foreign exchange losses on hedges on intra-group financing. This foreign exchange loss was matched by an equal and opposite tax credit so that there was no financial impact on earnings per share. The foreign exchange loss and the tax credit were excluded from underlying profit in 2009 and the underlying tax expense (note 5).

Also in 2009 the group recognised £7,863,000 (2010: £nil) of foreign exchange losses on restructured hedging arrangements which arose from forward contracts classified as ineffective under IAS 39 'Financial Instruments' following the directors' review of the group's US dollar revenue capacity in its UK-based businesses.

	2010 £000's	2009 £000's
Reconciliation of net finance costs in income statement to underlying net finance costs		
Total net finance costs in the income statement	<u>(10,651)</u>	<u>(44,538)</u>
Add back:		
Foreign exchange losses on restructured hedging arrangements	-	7,863
Net movements in acquisition option commitment values	1,191	2,202
Imputed interest on acquisition option commitments	129	638
Foreign exchange loss on tax equalisation contracts	-	19,854
	<u>1,320</u>	<u>30,557</u>
Underlying net finance costs	<u>(9,331)</u>	<u>(13,981)</u>

Euromoney Institutional Investor PLC

Notes to the Consolidated Financial Statements *continued*

5 Tax on profit/(loss) on ordinary activities

	2010 £000's	2009 £000's
Current tax expense/(credit)		
UK corporation tax expense	6,314	340
Foreign tax expense/(credit)	12,071	(3,016)
Release of prior years' provisions	(3,239)	-
Adjustments in respect of prior years	(1,292)	550
	<u>13,854</u>	<u>(2,126)</u>
Deferred tax expense/(credit)		
Current year	6,356	(10,446)
Release of prior years' provisions	(6,141)	-
Adjustments in respect of prior years	(1,230)	2,160
	<u>(1,015)</u>	<u>(8,286)</u>
Total tax expense/(credit) in income statement	<u><u>12,839</u></u>	<u><u>(10,412)</u></u>

The effective tax rate for the year is an expense of 18% (2009: credit of 60%). The underlying tax rate for 2010 is 27% (2009: 27%) as set out below:

	2010 £000's	2009 £000's
Reconciliation of tax expense/(credit) in income statement to underlying tax expense		
Total tax expense/(credit) in income statement	<u>12,839</u>	<u>(10,412)</u>
Add back:		
Tax on intangible amortisation	4,395	4,684
Tax on exceptional items	(1,127)	10,512
Tax on acquisition option commitments	-	(2,503)
Tax credit on foreign exchange loss on tax equalisation swap	-	19,854
Tax on foreign exchange losses on restructured hedging arrangements	-	2,202
Tax on US goodwill amortisation	(4,684)	(4,567)
Tax on release of prior years' provisions	9,380	-
Tax adjustments in respect of prior years	2,522	(2,710)
	<u>10,486</u>	<u>27,472</u>
Underlying tax expense	<u><u>23,325</u></u>	<u><u>17,060</u></u>
Underlying profit before tax (refer to the appendix to the Chairman's Statement)	86,643	62,988
Underlying effective tax rate	27%	27%

In 2010 the release of prior years' provisions of £9,380,000 (2009: £nil) arose due to the agreement by the tax authorities of open tax matters during the year.

In 2009 a credit of £19,854,000 (2010: £nil) relating to tax on foreign exchange losses was treated as exceptional and it was hedged by £19,854,000 (2010: £nil) of foreign exchange losses on tax equalisation contracts included within net finance costs (note 4).

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

Euromoney Institutional Investor PLC

Notes to the Consolidated Financial Statements *continued*

5 Tax on profit/(loss) on ordinary activities *continued*

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

	2010 £000's	2009 £000's
Profit/(loss) before tax	71,424	(17,361)
Tax at 28% (2009: 28%)	19,999	(4,861)
Factors affecting tax charge:		
Rates of tax on overseas profits	2,278	(1,307)
Associate income reported net of tax	(79)	(61)
US state taxes	1,304	1,281
Goodwill and intangibles	341	2,024
Disallowable expenditure	704	1,594
Tax effects of intra-group transactions eliminated on consolidation	-	(14,295)
Reversal of deferred tax asset on exercise of acquisition put options	-	2,503
Deferred tax charge arising from changes in tax laws	194	-
Release of prior years' provisions	(9,380)	-
Prior year adjustments	(2,522)	2,710
Total tax expense/(credit) for the year	12,839	(10,412)

The UK income tax expense for the year is based on the UK statutory rate of corporation tax for the period of 28% (2009: 28%). The impact of changes in statutory tax rates relates principally to the reduction of the UK corporation tax rate from 28% to 27% from April 1 2011 which was enacted on July 27 2010. 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.

The UK government has also indicated that it intends to enact future reductions in the main tax rate of 1% each year down to 24% by April 1 2014. 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:

	2010 £000's	2009 £000's
Current tax	(556)	-
Deferred tax	109	(3,792)
	(447)	(3,792)

6 Dividends

	2010 £000's	2009 £000's
Amounts recognisable as distributable to equity holders in period		
Final dividend for the year ended September 30 2009 of 7.75p (2008: 13.0p)	8,816	13,697
Interim dividend for year ended September 30 2010 of 6.25p (2009: 6.25p)	7,327	6,971
	16,143	20,668
Employees' Share Ownership Trust dividend	(8)	(11)
	16,135	20,657
Proposed final dividend for the year ended September 30	13,927	8,816
Employees' Share Ownership Trust dividend	(7)	(5)
	13,920	8,811

A final dividend of 11.75 pence per ordinary share (2009: 7.75 pence) is proposed for the year ended September 30 2010. Subject to shareholder approval at the Annual General Meeting, this would be paid on February 4 2011 to shareholders on the register on November 19 2010. It is expected that the shares will be marked ex-dividend on November 17 2010.

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 8 2010. 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 17 2010 and ending on December 7 2010. Mandate forms or revocations of elections must be received by the company's registrars no later than 3.00 pm on January 11 2011 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 2010 and for those shareholders who have opted for electronic communication, the information will be available on the company's website (www.euromoneyplc.com) at the same time.

The proposed final dividend of 11.75 pence (2009: 7.75 pence) is subject to approval at the Annual General Meeting on January 20 2011 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 Consolidated Financial Statements *continued*

7 Earnings/(loss) per share

	2010 £000's	2009 £000's
Earnings/(loss) attributable to equity holders of the parent	58,105	(6,287)
Less earnings from discontinued operations	-	(1,207)
Basic earnings/(loss) - continuing operations	58,105	(7,494)
Acquired intangible amortisation	13,671	15,891
Exceptional items	228	33,901
Imputed interest on acquisition option commitments	129	638
Net movements in acquisition option commitment values	1,191	2,202
Foreign exchange loss on restructured hedging arrangements	-	7,863
Tax on the above adjustments	(3,268)	(14,895)
Tax deduction on US goodwill	4,684	4,567
Provision released in respect of prior years' tax	(9,380)	-
Tax adjustment in respect of prior years	(2,522)	2,710
Adjusted earnings	62,838	45,383
	Number 000's	Number 000's
Weighted average number of shares	116,166	109,750
Shares held by the Employees' Share Ownership Trust	(59)	(59)
	116,107	109,691
Effect of dilutive share options	1,344	2,682
Diluted weighted average number of shares	117,451	112,373
	Pence per share	Pence per share
Basic earnings/(loss) per share - continuing operations	50.04	(6.83)
Effect of dilutive share options	(0.57)	0.16
Diluted earnings/(loss) per share - continuing operations	49.47	(6.67)
Effect of acquired intangible amortisation	11.64	14.14
Effect of exceptional items	0.19	30.17
Effect of imputed interest on acquisition option commitments	0.11	0.57
Effect of net movements in acquisition option commitment values	1.01	1.96
Effect of foreign exchange loss on restructured hedging arrangements	-	7.00
Effect of tax on the above adjustments	(2.78)	(13.25)
Effect of tax deduction on US goodwill	3.99	4.06
Effect of provision release in respect of prior years' tax	(7.98)	-
Effect of tax adjustment in respect of prior years	(2.15)	2.41
Adjusted diluted earnings per share	53.50	40.39
Basic earnings/(loss) per share - continuing and discontinued operations	50.04	(5.73)
Effect of dilutive share options	(0.57)	0.14
Diluted earnings/(loss) per share - continuing and discontinued operations	49.47	(5.59)

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

Euromoney Institutional Investor PLC

Notes to the Consolidated Financial Statements *continued*

8 Acquisitions

Purchase of new business

In August 2010, the group acquired 100% of the equity share capital of Arete Consulting Limited for a cash consideration of £6.1 million with a further payment in 2011 of approximately £0.6 million dependent on the audited profits of the business. Arete Consulting Limited is the parent company of a group of companies that owns and runs the website StructuredRetailProducts.com, the leading online information source for the structured retail products market. The website provides access to the largest online database of structured retail investment products covering all the major European, Americas and Asia-Pacific markets.

	Book value £000's	Fair value adjustments £000's	Fair value £000's
Net assets acquired:			
Intangible assets	-	3,320	3,320
Other non-current assets	72	-	72
Cash and cash equivalents	978	-	978
Other current assets	266	-	266
Trade creditors and other payables	(1,354)	-	(1,354)
Other non-current liabilities	-	(896)	(896)
	<u>(38)</u>	<u>2,424</u>	<u>2,386</u>
Goodwill			4,351
Total consideration			<u>6,737</u>
Consideration satisfied by:			
Cash			6,143
Deferred consideration			594
			<u>6,737</u>

Intangible assets represent brands, subscriptions contracts and customer relationships for which amortisation of £49,000 has been charged in the year. Goodwill is attributable to the value of the workforce and anticipated future operating synergies. Other non-current liabilities includes a deferred tax liability arising on the intangible assets.

The Arete group contributed £393,000 to the group's revenue, £66,000 to the group's operating profit and £66,000 to the group's profit before tax for the period between the date of acquisition and September 30 2010.

Increase in equity holdings

IAS 27 'Consolidated and Separate Financial Statements' (effective for annual periods beginning on or after July 1 2009) requires that, where there is no change in ownership of an existing controlled entity, an increase in equity is accounted for as an equity transaction, with no adjustment to goodwill or gains and losses. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in the income statement. This differs from the group's previous approach whereby goodwill was calculated separately for each transaction and the acquiree's assets and liabilities were fair valued at the date of acquisition. The new requirements have been applied to the purchase of additional interests in controlled entities during the year as set out below.

In October 2009, the group purchased the final 5% of the equity share capital of Coaltrans Conferences Limited for a cash consideration of £1,341,000.

In January 2010, the group exercised its option to purchase the final 10.8% of the equity share capital of Total Derivatives Limited for a cash consideration of £1,820,000. The group's equity shareholding in Total Derivatives Limited increased to 100%.

In February 2010, the group purchased the final 15% of the equity share capital of TelCap Limited for a cash consideration of £5,691,000. The group's equity shareholding in TelCap Limited increased to 100%.

Also in February 2010, the group purchased a further 1% of the equity share capital of Internet Securities, Inc. (ISI) for a cash consideration of \$2,654,000 (£1,744,000). The group's equity shareholding in ISI increased to 98.7%.

In March 2010, the group, through ISI, acquired the final 49% interest in Benchmark Financials Limited (BPR) for a cash consideration of \$1,479,000 (£980,000) paid in April 2010. The group's equity shareholding in BPR increased to 100%.

If the above acquisitions had been completed on the first day of the financial year, group revenues for the year would have been increased by £2,347,000 and group profit attributable to equity holders of the parent would have been increased by £898,000.

Euromoney Institutional Investor PLC

Notes to the Consolidated Financial Statements *continued*

9 Deferred income

	2010 £000's	2009 £000's
Deferred subscription income	76,095	66,944
Other deferred income	<u>17,645</u>	<u>15,655</u>
	<u>93,740</u>	<u>82,599</u>

The analysis of deferred income was not included in the audited financial statements for the year ended September 30 2009. The directors, however, believe it provides a useful indication of the financial position of the group.

10 Called up share capital

	2010 £000's	2009 £000's
Allotted, called up and fully paid		
118,491,911 ordinary shares of 0.25p each		
(2009: 113,757,463 ordinary shares of 0.25p each)	<u>296</u>	<u>284</u>

During the year, 4,734,448 ordinary shares of 0.25p each (2009: 8,456,567 ordinary shares) with an aggregate nominal value of £11,836 (2009: £21,141) were issued as follows: 2,620,495 ordinary shares (2009: 6,257,957) under the company's 2009 scrip dividend alternative for a cash consideration of £nil (2009: £nil) and 2,113,953 ordinary shares (2009: 2,198,610 ordinary shares) following the exercise of share options granted under the company's share option schemes for a cash consideration of £1,322,454 (2009: £5,497).