PRESS RELEASE

25 August 2005

Independent International Investment Research Plc

Final Results

YEAR ENDED 28 FEBRUARY 2005

Chairman and chief executive's review

Highlights

- Equity Research business (IFMR) wins seven out of a possible ten significant supply arrangements – possibly the highest number achieved by any of the participating independent research firms within the Global Research Analyst Settlement
- Group turnover up 59% year on year - most of new business impact will be seen in the current financial year
- Despite loss of a major Pronet FX client in March 2005, we expect to return to EBITDA breakeven on a monthly basis during the current financial year

I am pleased to report on a year in which the Company's progress in the independent equity research space has met the board's expectations and has laid the foundations for further growth in this rapidly developing sector.

Financial results

Turnover for the year to February 28, 2005 increased by £253,000 (59%) to £683,000. Of this increase, £130,000 arose from the independent equity research business, for which income was received for the first time, and £123,000 arose from an increase in the revenues from the currency research business, primarily a full year's contribution from the Pronet Premium contract. Regrettably this annual contract has not been renewed since the end of the financial year and this revenue will not recur. The loss of revenue as a result will, however, be more than offset by increased revenue from the equity research business.

As a result of the increased turnover and despite the need to invest in the development of the equity research business, the operating loss for the year to February 28, 2005 was reduced by £103,000 to £283,000 (of which £160,000 was depreciation of tangible fixed assets).

The net cash outflow before financing in the year to February 28, 2005 was to £70,000 (2004: £21,000), which was financed by loans of £75,000 from Shane Smith and his family trust. As a result, group net debt increased by £70,000 during the year to £174,000.

Operations

The focus of the Group's resources during the year has been development of IFMR, its equities research business. As a result the Group has been able to devote less resource to the expansion of its Pronet Premium service than we would have wished. In addition, the first annual contract with the original client for this service expired in December 2004 and in March 2005 this client decided, as a result of deep cost cutting, not to enter into a new annual contract. This created some cash flow difficulties for the Group, exacerbated by the problem that the Group has needed to take recourse to legal proceedings to recover fees due from this former client for service provision for the final two months of the financial year.

I reported last time on 15 June 2004 that indications of our prospects for securing new contracts for provision of independent equity research were positive but that the success of this activity depended on final selection of the Group as a supplier. The Group began in June 2004 to win supply arrangements with major US broker-dealers (Investment Banks) under the settlement reached between those broker-dealers and the SEC and other regulators (the Global Research Analyst Settlement, or "GRAS", which includes Citigroup, JP Morgan Chase, Goldman Sachs, Morgan Stanley, Merrill Lynch, Lehman, CSFB, UBS, Deutsche Bank & Bear Stearns).

27 July 2005 marked the first anniversary of the GRAS and over this period the Group has steadily added new business. The aggregate number of clients now stands at seven out of the possible ten large broker-dealers involved. Despite substantial new costs incurred in the last year in establishing the Group as a leading supplier of independent equity research, I expect to be able to report before the end of this calender year that the Group has returned to a sustainable positive earnings position at the earnings before interest, depreciation and amortisation level. This can be achieved by winning a single additional client of moderate size, or alternatively by winning a small amount of incremental business from existing customers.

The operational focus of IFMR has been the development of particular expertise in research coverage of companies which are "foreign" from the perspective of the target readership, who therefore also need to be provided with an insight to the likely impact of currency movements, as a factor influencing total investment return. Currency forecasting is a core competence of the Group and as a result, in this focus area the group has been very successful.

The board is not aware of any other independent research firm that has been adopted by more than the Group's achievement of seven of the GRAS broker-dealers. The proportion of the available business, by value, that has been awarded to the Group varies widely between our clients: certain broker-dealers have given the Group responsibility for the majority of their research requirement for non-US stocks (which is the Group's specialist area), and this serves as a powerful endorsement of the value and quality of our service. Meanwhile others have assigned only a small proportion, so far, to the Group. This leaves a very rich seam of business to mine within the supply arrangements that are already in place.

Moreover, during the course of the year, the first signs emerged of significant independent research demand from US sell-side institutions not involved in, and therefore not obligated by, the GRAS. The board takes the view that such demand will increase during the coming year and that non-US institutions, too, will emerge as prospective clients as the notion of providing independent research to clients as "best industry practice", takes hold throughout the global securities industry. Your Board first anticipated this development a year ago, and the first signs of this trend are now emerging. For example, the Group has been approached by the non-US operations of one major US firm, to explore the provision of independent research to its pan-Asian client base.

Collectively our seven current clients make our product available to more than ten million high net worth and individual private investors in the United States of America. Additional services from the Group will be made available in due course to this audience, either directly or via our existing channels, including more advanced equity research components as well as Pronet FX and G-Mail™ web-based email. Additionally, Pronet Premium (our flagship currencies research service) will be offered as an add-on service directly to the broker-dealer clients of the Group's independent equity research services. As a result your board believes that there may be opportunities available to enhance Group revenues through product cross-selling. For the time being, the Group will continue to focus on broadening and deepening its equity research business with the US broker-dealer audience; the only geographic exception to this is China, where your board believes that, whilst direct sales progress has been slow, the opportunity is sufficiently compelling so as to justify continued moderate investment in winning currencies research business directly and through the sales channels that the Group has established there. Recent key events, in particular the liberalisation of Chinese domestic trading in eight new currency pairs, the establishment of a forwards market to assist companies in currency hedging, and the July 2005 revaluation and shift towards a managed float of the RMB against a basket of currencies, confirm that the timing appears to be right.

Finally I am pleased to report that there are early signs that our equity research product, in addition to its current institutional sell-side (broker-dealer) client base, is being well received by the institutional buy-side community (mutual funds, hedge funds, pension funds etc) and your board is pleased to be able to report the first sale to a firm in this segment. Further business from this segment, which is comprised of many thousand potential clients around the world, would accelerate the Group's progress towards profitable operations.

Google – protection of intellectual property
A statement will be made in due course to update shareholders on the progress of our discussions with Google, Inc. regarding Google's use of the Gmail™ trade mark, for which several pending trademark applications have been filed

Shane Smith
Chairman

25 August 2005

INDEPENDENT INTERNATIONAL INVESTMENT RESEARCH PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 28 FEBRUARY 2005

	Notes	2005 £ 000's	2004 £ 000's
Turnover		683	430
Cost of sales		(183)	(115)
Gross profit		500	315
Administrative expenses		(783)	(701)
Operating loss	**1**	(283)	(386)
Interest receivable and similar income	**2**	1	18
Exceptional item: including gain on reduction in value of loan notes.		-	663
Interest payable and similar charges		(11)	(5)
(Loss)/Profit on ordinary activities before taxation		(293)	290
Tax on (loss)/profit on ordinary activities		(10)	0
(Loss)/Profit on ordinary activities after taxation		(303)	290
Minority interests		-	1
(Loss)/Profit for the financial year		(303)	291
Earnings/(loss) per share – basic and diluted	**3**		
Before exceptional item		(1.9)p	(2.4)p
After exceptional item		(1.9)p	1.8p

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognized gains and losses other than those passing through the profit and loss account.

BALANCE SHEETS
AS AT 28 FEBRUARY 2005

	Group 2005	Group 2004
Fixed assets		
Tangible assets	99	248
Investments	-	-
	99	248
Current assets		
Debtors	99	111
Cash at bank and in hand	5	19
	104	130
Creditors: amounts falling due within one year	(441)	(294)
Net current (liabilities)	(337)	(164)
Total assets less current liabilities	(238)	84
Creditors: amounts falling due after more than one year	(84)	(103)
	(322)	(19)
Capital and reserves		
Called up share capital	175	175
Share premium account	4,262	4,262
Other reserves	1,085	1,085
Profit and loss account	(5,844)	(5,541)
Shareholders' funds – equity interests	(322)	(19)
Minority interests	-	
	(322)	(19)

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2005

	2004 £000's	£000's	2003 £000's	£000's
Net cash inflow/(outflow) from operating activities		(75)		(43)
Returns on investments and servicing of finance				
Interest received	1		18	
Interest paid	(11)		(5)	
Net cash inflow (outflow) from returns on investments and servicing of finance		(10)		13
Taxation				
Tax refund received		26		-
Capital expenditure and financial investment				
Payments to acquire tangible assets	(11)		(4)	
Receipts from sales of tangible assets	-		13	
Net cash inflow from capital expenditure		(11)		9
Net cash outflow before management of liquid resources and financing		(70)		(21)
Financing				
Issue of shares	-		1	
New long term bank loan	-		25	
Other loans	75		-	
Repayment of long term bank loan	(19)		(19)	
Capital element of hire purchase contracts	-		(11)	
Net cash inflow (outflow) from financing		56		(4)
(Decrease)/increase in cash in the year		(14)		(25)

1. **Reconciliation of operating loss to net cash outflow from operating activities.**

	2005 £000's	2004 £000's
Operating loss	(283)	(386)
Depreciation of tangible assets	160	188
Loss (profit) on disposal of tangible assets	-	66
Decrease (increase) in operating debtors	12	(15)
Increase (decrease) in operating creditors	36	104
Net cash outflow from operating activities	(75)	(43)

2. **Analysis of net debt**

	1 March 2004	Cash flow	Other non-cash changes	28 February 2005
Net cash				
Cash at bank and in hand	19	(14)	-	5
	19	(14)	-	5
Debts falling due within one year	(20)	(75)	-	(95)
Debts falling due after one year	(103)	19	-	(84)
	(123)	(56)	-	(179)
Net debt	(104)	(70)	-	(174)

3. **Reconciliation of net cash flow to movement in net debt**

	2005	2004
Decrease in cash in the year	(14)	(25)
Cash inflow (outflow) from increase (decrease) in debt	(56)	5
Non cash item - loan note reduction	-	634
Movement in net debt in the year	(70)	614
Opening net (debt)/funds	(104)	(718)
Closing net debt	(174)	(104)

NOTES TO THE PRELIMINARY ANNOUNCEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2005

1. Operating loss

	2005	2004
	£000's	**£000's**
Operating loss is stated after charging:		
Depreciation of tangible assets	160	188
Loss on disposal of tangible fixed assets	0	66
Operating lease rentals	35	35
Auditors' remuneration (company £5k; 2004 : £5k)	9	9

2. Exceptional item

Following a resolution passed at a meeting of the Loan Note Holders on 2 December 2003, the terms of the loan notes were varied with the effect of reducing the face value of the loan notes from £703,890 to £70,389, with interest deferred for three years. In consideration of this 90% reduction in loan note value the Loan Note Holders agreed to accept one Ordinary Share in the Company for every £4 of loan notes held. It was not necessary for the Company to issue any new shares to satisfy this obligation as the necessary shares were transferred from another investor. This restructuring, together with certain other creditors waiving their debts in consideration of shares being transferred to them, resulted in an exceptional credit to the profit and loss account of £663k

3. Earnings/(loss) per share

The earnings/(loss) per share is based on the loss before exceptional item of £303k (2004 - £373k) and on 15,734,377 Ordinary Shares (2004 – 15,743,377), being the average number of shares in issue during the year, excluding those owned by Roy Nominees Limited. The earnings/(loss) per share after exceptional items is based on the profit after exceptional item of £290k (2004 - profit of £290k). The basic earnings/(loss) per share and the fully diluted earnings/(loss) per share are identical because the exercise of the share options would reduce the earnings/(loss) per share and is therefore anti-dilutive.

4. Basis of Preparation

The financial information set out in this announcement does not constitute the Company's statutory financial statements within the meaning of section 240 of the Companies Act 1985, for the years ended 28 February 2004 or 2005. The statutory financial statements for the year ended 28 February 2005 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The results for the year ended 28 February 2004 have been extracted from the full accounts for that year which have been delivered to the Registrar of Companies on which the auditors have given an unqualified report and which do not contain a statement under sections 237(2) or (3) of the Companies Act 1985.

This announcement is prepared on the basis of the accounting policies as stated in the previous year's financial statements.

5. Availability of accounts

Copies of this announcement and the annual report are being posted to shareholders on 31 August 2005. They are also available to members of the general public from the Company's Registered Office at 30 City Business Centre, St Olav's Court, London, SE16 2XB.