

## Press Release

29 November 2007

Embargo 07h00, 29th November 2007

### Independent International Investment Research Plc ("the Group")

#### Trading update and change in directorate

The Group currently expects second half results to be broadly in line with results from the first half. However although still profitable before non-cash charges relating to FRS20 stock option accounting, results for the full year ending 28 February 2008 will likely fall below current market expectations.

This full-year outlook is driven by a number of negative factors:

- The Group continues to suffer from the weakening US dollar which impacts directly on sterling-denominated revenues
- Significant merger and acquisition activity, as well as equity de-listings in the US in response to Sarbanes-Oxley, has extinguished research coverage which was previously purchased by Group clients. This phenomenon has now almost disappeared but has had a significant revenue impact over the course of the full year.
- Amongst our new product pipeline, the most significant development is expected to transform the profile of the Group but launch is behind schedule. In the light of this, all associated revenues have (for the purpose of forecasting) been eliminated from current year revenues. The Group has however made substantial investment during the current year and has as a result incurred additional costs in expanding its infrastructure to be prepared for (primarily) this new product line.
- An additional unbudgeted cost impact arises from legal expenses relating to the Group's dispute with Google. Regrettably upon completion of legal drafting of a settlement agreement with Google, the company broke off negotiations without explanation.
- Revenues in relation to one client are lower than expected as a result of lower-than-expected take-up of the Group's research coverage. Whilst this may be resolved in December, the impact of a resolution on current year revenues will not be substantial.

Against these negatives for the current year, the outlook for the Group for the year ending 28 February 2009 reflects the following:

- Whilst Global M&A activity has negatively impacted revenues in the current year, global IPO activity is expected to positively impact revenues through our GEO Monitor™ product during the next financial year
- Investment in our most significant product development this year is expected to positively impact revenues next year
- Continued expansion of our Global Research coverage universe and the addition of short-term actionable trading strategies to this product, to be launched in December/January, are expected to contribute to revenue growth next year
- Two additional product launches, in December or January, are expected to positively impact revenues next year
- Deteriorating operating conditions for global investment banks and brokers are likely to assist the Group, as our prospective client base actively seeks high quality but lower cost solutions to their research needs
- A number of additional sales channels for Group products which are expected to come "on stream" early in the New Year.

Given the range of product opportunities available to the Group in the coming year, the Board has carefully reviewed the entire product line and associated overhead costs and has decided, for the time being, to withdraw from sales of equity investment research into People's Republic of China, until that market has expanded and matured. The Group's new product lines are expected to be reflected in an updated release of our website in December/January.

In an unrelated context, The Board announces that Malcolm Donaldson has stepped down as a non-executive director of the company with effect from 30 November 2007 due to his other business commitments.

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Malcolm has served on the Board since 1999 and made an invaluable contribution to the development of the Group over the years. His relationship with the Group will continue as he works with us to identify international sales channels for Group products.

Commenting on the resignation, Shane Smith CEO stated "The Board would like to express its thanks to Malcolm for his advice and support over a number of years and I am pleased that Malcolm has agreed to maintain his links with the Company, albeit on a more ad-hoc basis, by helping to market our recently launched GEO Monitor service."

-ENDS-

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### Notes to editors:

Independent International Investment Research PLC ("**Independent II Research**")(LSE:IIR) is the UK's leading source for impartial research and strategy for global equities and foreign exchange.

The company was admitted to the Alternative Investment Market (AIM) of the London Stock Exchange in 2000, and operates through two subsidiaries: Pronet Analytics.com Limited (Regulated and Authorised by the Financial Services Authority in the UK, and registered as an Investment Advisor with the Securities Exchange Commission in the USA) which has been ranked consistently in the global top-five independent currency research firms; and Independent Research Pvt Limited, its research centre in Mumbai, India. The Group has become the leading specialist in the United States for the provision of research on non-US companies (primarily those with American Depositary Receipt programs).

The company is headquartered in London, with research and development facilities operating in China and India. Key distribution partners are BNY Jaywalk, Inc., Reuters PLC, Institutional Research Services, Inc., and Bloomberg LP (PRON<go>) as well as a number of specialist distribution partners in China who are focused specifically on introducing FX research services to the rapidly developing currency markets in that country.