

## DMG Information

**DMGI's two divisions produced contrasting trading results. The Business to Business division had an outstanding year, nearly doubling profits over the prior year, whilst the Careers division suffered from a very weak graduate recruitment market and the adverse impact of the events of September, 2001 on its US English language training market.**

**Chairman**  
Charles Sinclair  
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### Business to Business

Risk Management Solutions (RMS) recovered quickly from the hiatus amongst its insurance clients following the events of 11th September, 2001, and achieved a record level of new sales bookings. Particularly noteworthy were sales to the newly created Bermudan based (re)insurance companies, all of which adopted RMS models and information.

RMS had an active year in new product development. A new model was launched in response to insurers' heightened interest in evaluating the risks associated with workers compensation aspects of catastrophes. A consortium of clients was formed to underwrite a significant investment being made by RMS to build a geographic database to measure US urban risk concentration, a project being undertaken jointly with DMGI's Sanborn company. A terrorism model was launched for the US market.

The Catalyst catastrophe modelling unit of the reinsurance broker, Benfield Blanch, was acquired and merged into RMS operations, with the vendor becoming, together with other major brokers, one of RMS's top worldwide clients.

DMGI's real estate information companies also had a good year, albeit in rather different market conditions on either side of the Atlantic. In the USA, Environmental Data Resources saw the US commercial real estate market continue its decline in transaction volumes, but tight cost

controls and investment in product development paid off by enabling the company to increase profits and gain market share. The assets of the environmental property information unit of a competitor were acquired and integrated successfully.

Shortly after the year end, Boston-based Portfolio & Property Research (PPR) was acquired to expand DMGI's investment in commercial real estate information. PPR's market trend information and forecasting models will complement EDR's extensive databases of property specific information.

In the UK, EDR Landmark Information Group grew strongly, as the market for property related environmental due diligence expanded in the home conveyancing market, and as the company introduced new database products, such as on planning.

Dolphin Software had a good year and achieved respectable growth in what was a tight market with US companies constraining capital expenditure. The recently launched subscription business model has been well received and increased outsourcing to India has been a success.

RMSI maintained profits in a market which experienced a downturn in the second half, partly as a result of weaker demand in geographic information markets and partly due to caution on the part of potential new customers in outsourcing to India following the tensions over Kashmir.



### RMS - Addressing New Risks

Based on the application of game theory, RMS has released a new model for managing terrorism risk, following the World Trade Center catastrophe.

RMS

## 5m

Environmental Data Resources have geocoded over 5 million toxic sites from hundreds of individual databases.

## 1.5m

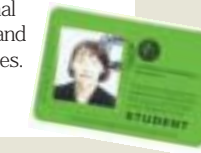
Dolphin Software's database of hazardous chemical information has grown from 15,000 in 1992 to 1,500,000 in 2002 - the world's largest collection. ↑

## 850%

Hobsons unrivaled access to a world-wide student audience. The database has grown by 850% in 2 years to 2.4 million students. ↑

### Study Group

Study Group has become the single largest independent source of international students to both UK and Australian universities.



Rapidly weakening demand was experienced by Sanborn in its geographic information and photogrammetry markets, mainly caused by the tightening of fiscal conditions amongst State and municipal governments in the USA and their changed priorities following the terrorist attacks. This adverse trend was partially offset by increased Federal government agency security related work, although budget appropriations have been slow to materialise.

### Careers

Weak demand for graduate recruitment in the UK and Germany had a significant adverse impact on Hobsons' results. Advertising and other recruitment related revenue fell by approximately 20%, compared to an already depressed prior year.

As a result, a restructuring of UK operations was announced at the end of September with the closure of Hobsons' Cambridge office and a consolidation into the London office. Redundancies equivalent to approximately 35% of the UK workforce are being made. A reduction of the product range has been carried out to enable a concentration on the more profitable titles with good long-term prospects.

The performance of Éditions Go in France, which completed its first full year under Hobsons' management, was pleasing. In Germany and Switzerland, VerlagsGruppe Forum maintained its market leading position, albeit on lower revenues, and a second graduate recruitment exhibition was launched in Germany. Hobsons invested in a German

student market research company, Trendence GmbH. In the US, profits were maintained in a market affected by budget cuts at State funded universities, whilst Australia made satisfactory progress.

At Study Group the events of September, 2001 had a severe and immediately negative impact on student volumes in US language programmes. Costs were cut back rapidly and a recovery in booking trends was experienced in the second half, but not enough to recoup the short falls in the first half.

By contrast, the UK posted record trading profits, benefiting in part from a diversion of business from the US, but also due in part to improvements in operating efficiencies and overseas marketing. In Australia, profits were maintained at the prior year's record level, despite Australian government changes to student visa regulations which negatively affected the vocational training market.

The investment programme in the worldwide sales and marketing operation was maintained and helped the company improve its competitive position.