



News Release

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First IMpressionS: Deloitte reports on UK listed companies' implementation of the Interim Management Statement (IMS)

- *Survey shows that companies could do better –*
- *However, no major signs that the IMS is seen as an excessive & unnecessary burden -*

Deloitte, the business advisory firm, has today launched a report which examines how UK listed companies have implemented the requirements for a twice-yearly Interim Management Statement (IMS) in the Disclosure and Transparency Rules' first year of operation.

Isobel Sharp, audit partner at Deloitte, comments:

"The new requirements came from the EU's Transparency Obligations Directive which was implemented in the UK via the UK Listing Authority's Disclosure and Transparency Rules (DTR) and became effective for periods beginning on or after 20 January 2007. All listed companies are now caught and are, or should be, producing their IMSs. How are they coping with this new statement? This is a question which can be answered at various levels.

"In terms of strict compliance with the rules, first impressions are that companies could do better:

- 4% of the selected companies simply failed to issue an IMS;
- only 9% received a tick in all the compliance boxes;
- 6% of companies were late in producing their IMS. For most, the delay was only up to a week. For one, the delay was a month; and
- the poorest area was, perhaps surprisingly in these economic times, providing a general description of the financial position of the company.

"At another level, it appears that companies, investors and the market have coped well with the new requirements. There have been no major signs that the IMS is seen as an excessive and unnecessary burden. Admittedly this may be because the IMS replaced the threat of UK companies being forced to issue detailed quarterly financial reports. While many companies voluntarily reported more often, the IMS has formalised more frequent communication by all.

"With 38% of listed companies now being investment trusts, this category of listed companies has been considered separately in this report. The results show that these trusts have a better IMS compliance record than other companies. This may be due to the nature of the industry and to the Association of Investment Companies having issued helpful guidance on the IMS to its members."

For those wishing to check out the first impressions of IMSs, this report provides the survey results, an illustrative IMS, a short checklist and three examples of IMSs. Deloitte aims to review progress in future surveys.

About the survey

This survey covers a sample across all fully listed UK companies in the scope of the DTR rules, thereby providing inter alia a base for future comparison.

The main objectives of this survey were to consider:

- how companies met the DTR requirements for IMSs;
- what information companies provided in their IMSs and how it was presented; and
- how the IMSs published in the second half of the year compared to those IMSs published in the first six months.

There were 1,100 fully listed UK companies as at 29 April 2008 which formed the population for this survey. 38% of these companies were classified by the exchange as being in the industries of non-equity or equity investment instruments. Due to the specialised nature of investment trusts, and the particular needs of their investors, they were treated as a separate population. A sample of 30 investment trusts was randomly selected. From the remaining population of 677 companies, a sample of 100 companies was randomly selected.

Consistent with previous surveys, the two samples have been stratified into three categories, based on market capitalisation: companies within the top 350 listed companies by market capitalisation, companies ranked from 351 – 750 and companies within the smallest 350 listed companies by market capitalisation. For the main sample of 100 corporates, the three categories included respectively 34, 33 and 33 companies. The sample of 30 investment trusts contained 10 companies per category.

Ends

Notes for editors

About Deloitte

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