

8 September 2004

T&F Informa plc

ACQUISITIONS AND ORGANIC GROWTH DRIVE TURNOVER AND PROFITS  
MERGER INTEGRATION WELL ADVANCED

	6 months to 30 June 2004	6 months to 30 June 2003	Reported Growth	Growth at Constant Currency
Turnover	£246.3m	£209.5m	+18%	+21%
Normalised Operating Profit <sup>1</sup>	£46.6m	£36.0m	+29%	+38%
Operating Profit	£27.0m	£24.1m	+12%	
Normalised Pre-tax Profit <sup>2</sup>	£38.0m	£31.7m	+20%	
Profit Before Tax	£0.2m	£19.8m	-	
Normalised Diluted Earnings Per Share <sup>2</sup>	9.2	8.2	+12%	
Diluted (Loss)/Earnings Per Share	(2.4)	3.9	-	

1 Excludes goodwill amortisation of £17.6m (2003: £9.8m) and exceptional items of £2.0m (2003: £2.1m)

2 Excludes goodwill amortisation of £17.6m (2003: £9.8m), exceptional items of £2.0m (2003: £2.1m), merger costs of £15.7m and bank facility fees expensed on merger of £2.4m

- Businesses acquired in 2003 and 2004 performing ahead of expectations

- Merger integration well advanced

Revenue synergies quantified - £9m in 2005  
Greater cost savings identified - 2005 expectations nearly doubled to £9m

- Enlarged Group provides platform to drive further profitable growth

- Balanced product portfolio ideally positioned for recovery in key markets

- Good momentum into second half of 2004

Commenting on the Group's performance and prospects, David Smith, Chairman of T& F Informa said:

"This was a strong performance during what was a busy period of integrating acquisitions and the merger. It confirms both the strength of the Group's portfolio of businesses and its staff as well as the rationale for the creation of T&F Informa. We are also well placed for the rest of the year and into 2005.

"Although the merger is just four months old, we have already established new revenue streams of £9 million for next year and

nearly doubled our expectations for cost savings. Central to this is the excellent cultural fit of the integration teams as they seek to exploit new opportunities within the enlarged Group. There is good momentum in the business and we look forward to 2005."

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Chairman's Statement

Introduction

T&F Informa has had a good first six months of 2004 with turnover up 18% to £246.3m from £209.5m and Normalised Operating Profit (operating profit before goodwill amortisation and exceptional items) up 29% to £46.6m from £36.0m. Normalised Pre-tax Profit (profit before tax, goodwill amortisation, exceptional items, merger costs and bank loan facility fees expensed on merger) rose 20% to £38.0m (2003: £31.7m). Normalised Diluted Earnings Per Share rose 12% to 9.2p (2003: 8.2p) per ordinary share.

These results were achieved despite the adverse effects of exchange rate movements, which reduced sales by approximately £7.3m and operating profits by approximately £3.1m compared with the first half of 2003. The adverse currency impact is predominantly due to the weakness in the US Dollar as around half of the Group's turnover is US Dollar denominated.

All three divisions, Academic & Scientific, Professional, and Commercial, have performed strongly during the period, combining solid organic growth with good contributions from the acquisitions made during the previous 18 months. The Group has seen an improvement in trading conditions in a number of its market sectors with particularly pleasing results from the Scientific, Technical and Medical (STM), Maritime and Finance information businesses.

STM has seen the successful integration of the CRC Press, PJB and Marcel Dekker acquisitions; the Maritime business has done well in a period of higher freight rates and oil prices while the Finance information business has performed strongly as markets recover and the benefits of the MMS acquisition have come through.

The merger of Taylor & Francis Group plc and Informa Group plc was completed on 10 May 2004. This is therefore the first set of results for T&F Informa as a combined group. The integration of the two businesses is progressing well and in the period since the completion of the merger we have brought the central management of the two businesses together and have confirmed and begun to take advantage of the significant revenue and cost benefits which the merger brings. Our detailed analysis has revealed more opportunities and potential synergies than we had originally anticipated. These include among

others a strengthened publishing programme and 80 new events planned for 2005.

#### Financial results

The results covered by this review were produced under merger accounting principles which combine the results of the Taylor & Francis and Informa groups as if both groups had always been merged. On 1 January 2005 the combined Group will be required to adopt International Accounting Standards which will necessitate further material changes to both the bases and format of reports to shareholders. More information will be provided with the Group's full year 2004 results early in 2005.

Turnover grew by 18% to £246.3m (2003: £209.5m) despite adverse exchange rate movements which had the effect of reducing turnover by 3% (£7.3m) compared to 2003. The Marcel Dekker acquisition was completed on 2 January 2004 and contributed £11.6m to first half turnover.

Normalised Operating Profit was £46.6m in the first six months, up 29% over 2003 (£36.0m). Excluding the adverse effect of exchange rate movements of £3.1m, operating profit growth was 38%. Underlying profit growth, excluding the effect of acquisitions and exchange rate movements, was approximately 8%.

The Normalised Operating Margin was 18.9%, compared to 17.2% in the first half 2003, reflecting continuing cost control, improving attendances at conferences and the successful integration of acquisitions.

Operating profit after exceptional items and goodwill amortisation increased by 12% to £27.0m (2003: £24.1m).

#### Exceptional items

Exceptional costs of £2.0m (2003: £2.1m) were incurred in the period, primarily in relation to the integration of recent acquisitions as well as initial costs incurred in respect of the planned relocation, in September, of the Academic & Scientific division's UK book publishing operations from London to Oxford. We anticipate spending a further £6m in exceptional costs during the second half of 2004 on completing the UK book publishing relocation, integrating the remaining acquisitions and establishing a new centralised Academic & Scientific division warehousing and distribution facility in the US. We also expect to spend a further £2m in generating the merger synergies discussed below.

#### Merger related costs

Merger costs of £15.7m represent professional and other fees incurred to effect the merger between Taylor & Francis Group plc and Informa Group plc which became effective on 10 May 2004.

#### Interest

Net interest expense for the first six months of 2004 was £8.6m, an increase of £4.3m compared to 2003 (£4.3m), as a result of increased debt used to fund recent acquisitions.

In connection with the merger both groups' existing loan facilities were terminated and replaced by a new five-year, £440m syndicated bank loan facility, necessitating the expensing to interest payable of £2.4m in bank loan facility fees associated with the terminated facilities.

#### Profit before taxation

Normalised Pre-tax Profit increased by 20%, to £38.0m (2003: £31.7m). Profit before tax (but after goodwill amortisation, exceptional items, merger costs and bank loan facility fees expensed on merger) was £0.2m (2003: £19.8m).

#### Taxation

Across the Group tax has been provided at an underlying rate of 27% (2003: 29%), which is the rate expected for the whole of 2004. The effective tax rate is influenced by goodwill amortisation, which in the main does not attract tax relief, and the partial non-deductibility of certain exceptional items and merger costs.

#### EPS

Normalised Diluted Earnings Per Share for the first half increased 12% to 9.18p per ordinary share compared to 8.19p in the first half of 2003. There was a basic loss per share of 2.4p for the first half of 2004 (2003: basic earnings per share of 3.9p).

#### Dividend

The directors have declared an interim dividend of 2.80p (2003: 2.66p) per ordinary share, representing an increase of 5% per share. The interim dividend is payable on 8 November 2004 to ordinary shareholders registered as of the close of business on 8 October 2004.

#### Balance sheet

Intangible assets increased by £56.3m, to £539.5m, compared to 31 December 2003. Of this increase, £81.2m was in respect of the provisional goodwill arising on the acquisition of the publishing business and assets of Marcel Dekker in January 2004, offset by ongoing amortisation and exchange rate movements.

Net debt rose £95.0m to £356.2m compared to 31 December 2003 (£261.2m), primarily reflecting the acquisition in January of Marcel Dekker.

Accruals and deferred income were up £30.1m (25%) compared to June 2003. Within this increase deferred income relating to the journal publishing business of the Academic & Scientific division was up 30%, with an organic increase at constant exchange rates of 11%.

#### Divisional performance

The following commentary is based on the segmental analysis by class of business shown in Note 2 to the Interim Statement.

## Academic & Scientific

	6 months 2004 £'m	6 months 2003 £'m
Turnover	111.7	84.6
Normalised Operating Profit	23.8	18.9
Normalised Operating Margin (%)	21.3	22.3

The Academic and Scientific division comprises the Taylor & Francis books and journals businesses together with the Informa life sciences business, including PJB Publications. On an ongoing basis this division will be analysed by the key market segments of STM and Humanities & Social Sciences.

The division's turnover grew by 32% (£27.1m) and Normalised Operating Profit by 26% (£4.9m), largely driven by the acquisitions of PJB, CRC Press and Marcel Dekker. Underlying sales growth, excluding acquisitions and the effect of exchange rate movements, was 4%, with the underlying profit growth from subscriptions and copy sales largely offset by weaknesses in US life sciences advertising and events.

The STM segment had a good first half overall but was affected by the slowness in the drug discovery market which particularly affected the advertising revenue of the Biotechniques publication. Despite this market slowdown, the annual Drug Discovery Technology event held in Boston during August attracted encouraging delegate numbers and the event will be replicated for the first time in India during the second half of 2004. The publication Bio Process International has also benefited from the large number of biotechnologically derived drugs approved or in clinical development. PJB is in the process of relocating into one office from the five in which it currently operates and in the first half of 2004, excluding the effect of adverse exchange rate movements, traded ahead of the same 2003 period in terms of both revenue and operating profit.

The journals business within STM benefited from the acquisition and integration of the Dekker journal portfolio, which is performing above expectations. The STM books publishing business performed well and prospects for the important second half of the year are good.

The Academic & Scientific division saw good revenue growth from the Humanities & Social Sciences lists, particularly from the US books division. Journals benefited from the addition of the Cass list, acquired in July 2003, which has further growth potential as issues and content build.

Across both the STM and Social Sciences & Humanities sectors renewal rates held steady, although at the half year there was a slight delay in the publication of some journal issues compared to the previous first half year.

The book publishing business will in the next six months rationalise its US books distribution into one warehouse facility, saving costs and increasing productivity.

There has been much discussion around Open Access publishing which we have been monitoring carefully. The Group has a number of

experimental products of this type and whilst we are alert to changes in the market model, we have not as yet seen any significant impact.

#### Professional

	6 months 2004 £'m	6 months 2003 £'m
Turnover	44.9	39.0
Normalised Operating Profit	9.8	5.2
Normalised Operating Margin (%)	21.8	13.3

The Professional division comprises the Finance information, Insurance and Law & Tax business segments. Overall the division's turnover was up 15% (£5.9m) and Normalised Operating Profit was up 88% (£4.6m). Underlying sales, excluding acquisitions and the effect of exchange rate movements, fell by 11% reflecting the elimination of unprofitable products. As a result underlying operating profits increased by 51%.

Normalised Operating Profit in the Finance information segment, which reflects the acquisitions in 2003 of MMS and two smaller businesses, Barry Leeds and NetDecide, was 75% ahead of last year at £8.0m. Almost all this growth was related to the three acquisitions and masks the adverse effect of exchange rate movements on this largely US Dollar denominated business. Organic operating profit was marginally ahead of 2003 in sterling terms despite a 12% decline in the US Dollar exchange rate.

The MMS acquisition and its subsequent merger with MCM to create the new bond and foreign exchange information brand Informa Global Markets (IGM) has exceeded our expectations. The revenue retention of former MMS customers is in excess of 65% which has allowed us also to retain more developmental cost within the business to ensure we build a strong growth platform for the future, including the launch of a powerful internet-based suite of new products. The IGM unified publishing system, which has enabled a significant rationalisation of the cost base of the combined business, launches later this month. Prospects for the remainder of the year are positive with demand for our subscription services in fixed income, bank rates and money management data continuing to be strong.

Other Professional information services profits were well up on last year with underlying subscription revenue growth in both Insurance and Law & Tax being led by strong demand for electronically delivered products, masked by the revenue effect of the elimination of unprofitable products. The key driver of the segmental improvement, however, was the financial services area with financial conferences showing 40% higher delegate numbers and a 30% improvement in sponsorship sales on 2003, reflecting the return to positive trading conditions in the underlying markets after two years of cutbacks and consolidation. That recovery has also fed through into improved advertising revenues with advertising in our Insurance publications some 8% ahead overall, led by a 10% improvement in the flagship title Insurance Day.

## Commercial

	6 months 2004 £'m	6 months 2003 £'m
Turnover	89.7	85.9
Normalised Operating Profit	13.0	11.9
Normalised Operating Margin (%)	14.5	13.9

The Commercial Division comprises Maritime, Trade & Transport, Telecoms & Media, Commodities and International Conferences. Turnover was up 4% (£3.8m) and Normalised Operating Profit up 9% (£1.1m) with acquisitions and exchange rate movements having a minimal impact on the reported results. Underlying sales, excluding acquisitions and the effect of exchange rate movements, were flat with underlying operating profit up by 3%.

The Maritime segment performed strongly in the period, already exceeding the 2003 full year profits. Economic conditions in the maritime trades have picked up with higher freight rates benefiting the shipping industry at large. This has been reflected in strong profit rebounds with the leading titles in the business; Lloyd's List and Lloyd's Loading List, performing particularly well. Conference and distance learning results were also well ahead in the period with energy-related themes in particular proving successful against a backdrop of markedly higher oil prices. In this generally strengthening environment the division is also benefiting from a programme of close cost control and the elimination of unprofitable product lines undertaken over the last eighteen months.

The Telecoms division is also experiencing improving underlying trends with confidence returning to the mobile sector with the onset of 3G services and applications. The 3GSM conference in Cannes in February produced profit ahead of last year though increased royalty payments under a revised agreement with our event partners exceeded that underlying gain. Under a new agreement with the telecoms trade association GSMA we are organising an annual Asian version of the 3GSM conference and will hold the first event in Singapore in October. Average paid attendances at telecoms conferences in the period were significantly higher than in the prior year period (on a smaller number of events organised) and event volume is being stepped up in the second half to take advantage of the firming market conditions. Total delegate registrations at telecoms conferences to the end of August are some 19% ahead of last year.

International Conferences comprise domestic and regional events held outside the UK and US and are run from our offices throughout the world benefiting from group conference themes and formats. The business, which is second half weighted, saw strong performances in Germany and the Asia Pacific Rim which were offset by start up losses in Russia, Poland and Hungary and fewer events in France, Sweden and Brazil.

### Merger integration update

Even though the merger was only completed on 10 May, considerable progress has already been made in securing integration benefits from the combination of Taylor & Francis and Informa. Initial revenue enhancement expectations have been reinforced by the work of cross disciplinary integration teams that have focused on the creation of

new publishing and conference product as well as cross-marketing the existing combined product portfolio. In addition, ongoing annual cost savings identified to date are expected to be almost twice the £4.6m indicated at the time of the merger - the full benefits of which will be substantially realised in 2005.

#### Revenue synergies

Recurring annual direct merger related revenue synergies of approximately £9m are expected in 2005, with an average anticipated profit margin of around 20%. Of this total, half will come from cross marketing of existing products to our combined customer base. This increased cross marketing will be fully funded by identified cost savings in the marketing area deriving from improved buying power and greater capacity utilization of in-house mailing facilities.

We plan to add around 80 new events and distance learning courses in 2005, with expected first year incremental revenue of some £2.5m. Through our research with the academic boards of the Group's STM journals and detailed work with the editors of our major academic publications we have identified a range of priority areas for new events. These areas include nanotechnology, systems biology, IT security and forensic science.

In addition, we have opened dialogue with around 30 leading academic societies to provide event management and marketing services on a fee basis.

New publishing initiatives are expected to contribute revenue of some £2m in 2005. We have identified significant new revenue opportunities in areas such as bioinformatics, mobile telecoms technology, maritime security and post graduate education studies and we expect to build these programmes progressively over the next three to five years.

We are also beginning to identify new advertising revenue opportunities in the academic and scientific areas.

#### Cost synergies

Since the completion of the merger we have been able to confirm in detail operational savings that were not fully transparent at the time of the merger. As a result, we now expect annual cost savings of some £9m from 2005. In particular, IT systems and infrastructure have provided significant manpower and service efficiencies and are expected to deliver £2.6m of savings in 2005. Office premises rationalisation has been possible in London, Oxford, New York and Washington resulting in annual savings of some £2.1m in occupancy costs. Head office savings, margin reductions on bank facilities, staff efficiencies, lower professional costs and negotiated reductions on print and distribution costs have also been obtained and are expected to contribute a further £4.5m.

As noted previously, these cost savings will be achieved at an expected one-off exceptional cost of £2m in 2004.

From a corporate tax perspective we are implementing post-merger tax strategies which are expected to bring the Group's underlying corporate tax rate down progressively to below 25% over the next several years. The combined Group's sustainable underlying tax rate has already been reduced from 28% in 2003 to 27% in 2004.

## Board appointment

We recently announced the appointment of Dr Pamela Kirby, who joined the Board as a non-executive director with effect from 1 September 2004. Pam brings a great deal of international business and corporate experience to the Board and will be a valued addition to the team.

## Outlook

T&F Informa has a broad portfolio of high quality information products that it provides to a number of specialist global markets. The recent merger combines two different, but complementary, skills sets which will allow the enlarged Group to grow faster than the component parts and as a result provide real value for shareholders.

We are already discovering more revenue opportunities than we had originally anticipated and these will contribute progressively to growth over the next few years. The opportunity to provide specialist information through a variety of media formats to a larger customer base offers considerable potential. Allied to this, the recent acquisitions of CRC Press, Marcel Dekker, MMS and PJB continue to provide additional revenue enhancement and cost saving opportunities.

T&F Informa is well placed to grow organically and through selective earnings enhancing acquisitions at a time where there is evidence that many of the Group's markets are recovering. As a result, the Board remains confident of a satisfactory outcome for 2004 and of the Group's prospects for the future, with the benefits of the merger becoming more apparent in 2005.

These results have been achieved during a period of significant change, including the ongoing integration of major acquisitions, the rationalisation of operations and the management of a transforming merger between two major groups. I would like to take this opportunity to thank the employees of T&F Informa for their professionalism and enthusiasm in embracing the considerable new opportunities that the Group now enjoys.

David J Smith

Chairman

7 September 2004

Consolidated Profit & Loss Account

For the six months ended 30 June 2004 - unaudited

		2004 6 months		2004	2003	2003
		Before goodwill amortisation	Goodwill amortisation	2004 6 months Total	2003 12 months Total	2003 12 months Total
	Note	£'000	£'000	£'000	£'000	£'000
Turnover						
Continuing operations		234,675	-	234,675	209,521	441,676
Acquisitions		11,598	-	11,598	-	-
	2	246,273	-	246,273	209,521	441,676
Operating costs before goodwill amortisation	3	(199,653)	(2,026)	(201,679)	(175,599)	(373,468)
Goodwill amortisation		-	(17,624)	(17,624)	(9,814)	(21,310)
Total operating costs		(199,653)	(19,650)	(219,303)	(185,413)	(394,778)
Operating profit						
Continuing operations		44,750	(16,875)	27,875	24,108	46,898
Acquisitions		1,870	(2,775)	(905)	-	-
Total operating profit (a)	2	46,620	(19,650)	26,970	24,108	46,898
Merger costs	3	(15,703)	-	-	-	-
Loss on sale or termination of a business		(50)	-	-	(3,822)	(3,822)
		(15,753)	-	-	(3,822)	(3,822)
Net interest payable						
Net interest payable		(8,591)	(4,315)	(4,315)	(9,372)	(9,372)
Bank loan facility fees						
Expensed on merger	3	(2,415)	-	-	-	-
		(11,006)	(4,315)	(4,315)	(9,372)	(9,372)
Profit on ordinary activities before tax		211	19,793	19,793	33,704	33,704
Tax on profit on ordinary activities	4	(7,235)	(9,149)	(9,149)	(16,543)	(16,543)
(Loss)/profit on ordinary activities after tax		(7,024)	10,644	10,644	17,161	17,161
Minority interests - equity	6	6	(28)	(28)	(84)	(84)
(Loss)/profit for the financial period attributable to shareholders		(7,018)	10,616	10,616	17,077	17,077
Dividends	5	(8,369)	(4,708)	(4,708)	(15,203)	(15,203)
(Loss)/profit for the financial period		(15,387)	5,908	5,908	1,874	1,874
Earnings/(loss) per ordinary share	6					

Diluted (normalised) (p)	9.18	8.19	18.54
Diluted (p)	(2.36)	3.89	6.15
Basic (p)	(2.36)	3.90	6.18

(a) Operating profit for the 6 months ended 30 June 2003 and year ended 31 December 2003 includes charges for exceptional items of £2,083,000 and £11,829,000 respectively as detailed in note 3.

#### Consolidated statement of total recognised gains and losses

	6 months 2004 £'000	6 months 2003 £'000	12 months 2003 £'000
(Loss)/profit attributable to shareholders	(7,018)	10,616	17,077
Currency translation difference on foreign currency net investments	(4,423)	(653)	(3,802)
Total recognised (losses) and gains in the period	(11,441)	9,963	13,275

The Board of Directors has approved this interim report.

#### Consolidated Balance Sheet

As at 30 June 2004 - unaudited

Note	30 June 2004 £'000	30 June 2003 £'000	31 December 2003 £'000
Fixed assets			
Intangible assets	539,517	317,167	483,185
Tangible assets	34,575	27,346	33,456
Investments	8,817	3,253	9,957
	582,909	347,766	526,598
Current assets			
Stocks	42,298	41,007	42,414
Debtors	94,317	91,850	93,792
Cash at bank and in hand	11,124	3,908	23,586
	147,739	136,765	159,792
Creditors: amounts falling due within one year			
Loans and overdrafts	(7,764)	(3,645)	(6,046)
Creditors	(34,181)	(27,539)	(30,438)
Proposed dividend	(8,369)	(4,749)	(10,233)
Corporation tax	(20,268)	(25,206)	(23,595)
	(70,582)	(61,139)	(70,312)
Net current assets	77,157	75,626	89,480
Total assets less current liabilities	660,066	423,392	616,078
Creditors: amounts falling due after more than one year			
Bank loans	(353,164)	(188,445)	(272,344)
Other creditors	(461)	-	(5,923)
	(353,625)	(188,445)	(278,267)

Provisions for liabilities and charges	(9,686)	(6,903)	(10,903)
Accruals and deferred income	(152,252)	(122,195)	(164,428)
Minority interests	(73)	(331)	(79)
Net assets	144,430	105,518	162,401
Capital and reserves			
Called up share capital	29,845	27,408	29,790
Share premium account	184,875	123,195	184,494
Reserve for own shares	1,267	1,267	1,267
Other reserve	37,398	37,399	37,399
Merger reserve	35,944	34,155	34,540
Profit and loss account	(144,899)	(117,906)	(125,089)
Equity shareholders' funds	7 144,430	105,518	162,401

#### Consolidated Cash Flow Statement

For the six months ended 30 June 2004 - unaudited

	Note	6 months 2004 £'000	6 months 2003 £'000	12 months 2003 £'000
Net cash inflow from operating activities	8	15,623	18,238	79,065
Returns on investments and servicing of finance				
Interest received		1,347	519	1,490
Interest paid		(10,417)	(5,541)	(10,773)
Net cash outflow from returns on investments and servicing of finance		(9,070)	(5,022)	(9,283)
Taxation				
Corporation tax paid		(4,694)	(2,544)	(6,965)
Overseas taxes paid		(3,458)	(2,857)	(6,220)
Tax paid		(8,152)	(5,401)	(13,185)
Capital expenditure and financial investment				
Purchase of publishing goodwill		(1,159)	(841)	(3,469)
Tangible fixed assets acquired		(3,585)	(2,484)	(5,689)
Tangible fixed assets sold		229	122	267
Disposal/(purchase) of investments		1,141	-	(8,810)
Net cash outflow from investing activities		(3,374)	(3,203)	(17,701)
Acquisitions and disposals				
Purchase of business/subsidiary undertakings (net of cash and overdrafts acquired)		(88,138)	(64,396)	(225,854)
Disposal of business/subsidiary undertakings		-	-	1,045
Net cash outflow from acquisitions and disposals		(88,138)	(64,396)	(224,809)
Equity dividends paid		(10,207)	(8,813)	(13,787)
Net cash outflow before use of liquid resources and financing		(103,318)	(68,597)	(199,700)
Management of liquid resources		-	11,988	11,988

Financing			
Net loans advanced	85,306	49,667	148,482
Proceeds (net) from share issues	1,839	264	52,580
Net cash inflow from financing	87,145	49,931	201,062
(Decrease)/increase in cash	9 (16,173)	(6,678)	13,350

Notes to the Unaudited Interim Statements  
For the six months ended 30 June 2004

1 Basis of preparation

The interim accounts for the six month period to 30 June 2004 have been prepared under the basis of merger accounting following the combination of Informa Group plc and Taylor & Francis Group plc.

The figures for the six months to 30 June 2004 and 30 June 2003 are unaudited. The comparative figures for the financial year ended 31 December 2003, except for the adjustments discussed below, have been abridged from the statutory accounts of Taylor & Francis Group plc which have been reported on by Deloitte and Touche LLP and Informa Group plc which has been reported on by KPMG Audit Plc, both of which have been filed with the registrar of companies. The respective auditors' opinions on those accounts were unqualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985. The interim statements do not comprise statutory accounts within the meaning of section 240 of the Companies Act 1985.

The interim accounts have been prepared using the accounting policies set out and applied in the 2003 annual report and accounts of Taylor & Francis Group plc and Informa Group plc, except that the Group has adopted UITF abstract 38 'Accounting for ESOP Trusts' and has made certain adjustments to achieve uniformity of accounting policies.

UITF Abstract 38

Shares purchased through Employee Share Option Plan (ESOP) trusts are taken as a deduction in arriving at shareholders' funds. Previously these were held within investments. The balance sheets as at 30 June 2003 and 31 December 2003 have been restated to reflect this change in accounting policy, resulting in a reduction in shareholders' funds of £3,641,000 as at 30 June 2003 and 31 December 2003. There is no impact on the profit and loss account in the current or prior period.

Accounting policy alignment

Certain adjustments have been made, and reflected in the results of the Group, to align the accounting policies previously adopted by Informa Group plc and Taylor & Francis Group plc. The principal adjustment is to write off previously deferred costs resulting in a reduction in other debtors of £511,000 and £1,066,000 at 30 June 2003 and 31 December 2003 respectively, and an increase in other operating costs before goodwill amortisation of £555,000 for the year ended 31 December 2003.

2 Segmental analysis

	6 months 2004 £'000	6 months 2003 £'000	12 months 2003 £'000
Geographical analysis of turnover by destination			
United Kingdom	53,561	45,530	91,135
North America	74,094	66,281	143,030
Western Europe	76,494	67,008	140,955
Rest of the World	42,124	30,702	66,556
	246,273	209,521	441,676
Geographical analysis of turnover by origin			
United Kingdom	138,681	121,434	240,704
North America	60,349	46,451	114,505
Western Europe	36,797	36,191	71,147
Rest of World	10,446	5,445	15,320
	246,273	209,521	441,676
Analysis of turnover by class of business			
Academic & Scientific Division			
STM	67,500	45,011	106,145
Humanities & Social Sciences	44,177	39,604	91,122
	111,677	84,615	197,267
Professional Division			
Finance	30,235	20,686	49,130
Insurance, Law & Tax	14,702	18,358	39,570
	44,937	39,044	88,700
Commercial Division			
Telecoms & Media	25,902	25,911	34,982
Maritime, Trade & Transport	19,272	18,852	37,737
Commodities	9,434	6,288	13,020
International Conferences	35,051	34,811	69,970
	89,659	85,862	155,709
	246,273	209,521	441,676
Operating profit before goodwill amortisation and exceptional			
items by class of business			
Academic & Scientific Division			
STM	17,217	11,670	27,745
Humanities & Social Sciences	6,556	7,214	18,754
	23,773	18,884	46,499
Professional Division			
Finance	8,045	4,815	10,251
Insurance, Law & Tax	1,792	424	4,555
	9,837	5,239	14,806
Commercial Division			
Telecoms & Media	6,953	7,315	7,943
Maritime, Trade & Transport	2,467	660	1,558
Commodities	1,039	737	1,437

International Conferences	2,551	3,170	7,794
	13,010	11,882	18,732
	46,620	36,005	80,037

### 3 Exceptional items

	6 months 2004 £'000	6 months 2003 £'000	12 months 2003 £'000
Exceptional operating costs	2,026	2,083	11,829
Merger costs	15,703	-	-
Loss on sale or termination Of a business	50	-	3,822
Bank loan facility fees Expensed on merger	2,415	-	-
	20,194	2,083	15,651
Taxation on exceptional items	(2,884)	(138)	(2,576)
	17,310	1,945	13,075

Exceptional operating costs of £2,026,000 in the 6 months ended 30 June 2004 represent the costs of integrating the acquired businesses of Marcel Dekker, Cass and Swets.

Of the £15,703,000 of merger costs in 2004, £15,443,000 relate to transactional professional fees and £260,000 to other costs.

There are also £2,415,000 of exceptional interest costs which relate to expensing prepaid bank loan facility fees on the termination of existing bank loan facilities in connection with the merger.

Operating costs before goodwill amortisation for the 6 months ended 30 June 2003 and the year ended 31 December 2003 are stated after charging exceptional items of £2,083,000 and £11,829,000 respectively. In the 6 months ended 30 June 2003 these consist of costs associated with the attempted acquisition of BertelsmannSpringer and costs of re-organising book publishing operations in the US. For the year ended 31 December 2003 they also include further costs of re-organising book publishing operations in the US (£1,705,000 in total), the write off of bank facility loan fees (£874,000) and business restructuring costs (£7,669,000). Further details can be found in the relevant statutory accounts.

### 4 Tax on profit on ordinary activities

	6 months 2004 £'000	6 months 2003 £'000	12 months 2003 £'000
United Kingdom corporation tax	1,204	4,226	9,695
Overseas tax	3,906	3,387	4,661
Current tax	5,110	7,613	14,356
Deferred tax	2,125	1,536	2,187
	7,235	9,149	16,543

### 5 Dividends

An interim dividend of 2.8p per share will be paid on 8 November 2004 to ordinary shareholders registered at the close of business on 8 October 2004.

## 6 Earnings/(loss) per share

### Basic

The basic (loss)/earnings per share calculation is based on a loss on ordinary activities after taxation of £7,018,000 (2003 profit: £10,616,000 six months and £17,077,000 twelve months). This loss (2003:profit) on ordinary activities after taxation is divided by the weighted average number of shares in issue (less those non-vested shares held by an employee share ownership trust) which is 297,349,000 (2003: 272,101,000 six months and 276,493,000 twelve months).

### Diluted

The diluted earnings per share calculation is based on the basic earnings per share calculation above except that the weighted average number of shares includes all potentially dilutive options granted by the balance sheet date as if those options had been exercised on the first day of the accounting period or the date of the grant, if later, giving a weighted average of 304,084,000 (2003: 273,048,000 six months and 277,604,000 twelve months). In accordance with FRS14 the weighted average number of shares includes the estimated maximum number of shares payable to the vendors of Routledge Publishing Holdings Limited assuming that there are no claims for compensation by the Group that will reduce this deferred consideration and assuming that the Company does not exercise its option to pay the balance of deferred consideration in cash. The deferred consideration shares are also assumed for the purposes of this calculation to have been issued on 1 January 2004 at the closing mid-market share price on 30 June 2004 of £4.04, making 533,000 (2003: 454,000 six months and 423,000 twelve months) ordinary shares potentially issued.

The table below sets out the adjustment in respect of diluted potential ordinary shares:

	6 months 2004 £'000	6 months 2003 £'000	12 months 2003 £'000
Weighted average number of shares used in basic earnings per share calculation	297,349,000	272,101,000	276,493,000
Effect of dilutive share options	6,202,000	493,000	688,000
Shares potentially to be issued or allotted	533,000	454,000	423,000
Weighted average number of shares used in diluted earnings per share calculation	304,084,000	273,048,000	277,604,000

### Diluted normalised

The diluted earnings per share (normalised) calculation has been made to allow shareholders to gain a better understanding of the trading performance of the Group. It is based on the diluted earnings per share calculation above except profits are adjusted for goodwill

amortisation and the after tax effect of exceptional items as follows:

	6 months 2004 £'000	6 months 2003 £'000	12 months 2003 £'000
(Loss)/profit for the financial period attributable to shareholders	(7,018)	10,616	17,077
Goodwill amortisation	17,624	9,814	21,310
Exceptional items after tax (Note 3)	17,310	1,945	13,075
Normalised profit on ordinary activities after taxation	27,916	22,375	51,462

7 Reconciliation of movement in consolidated shareholders' funds

	6 months 2004 £'000	6 months 2003 £'000	12 months 2003 £'000
(Loss)/profit for the period attributable to shareholders	(7,018)	10,616	17,077
Dividends	(8,369)	(4,708)	(15,203)
Retained (loss)/profit for the period	(15,387)	5,908	1,874
Currency translation difference on foreign currency net investments	(4,423)	(653)	(3,802)
Proceeds of new share issues	1,839	264	64,330
Net addition to shareholders' funds	(17,971)	5,519	62,402
Opening shareholders' funds	162,401	99,999	99,999
Closing shareholders' funds	144,430	105,518	162,401

Shareholders' funds at 1 January 2003 were £103,640,000 before the prior year adjustment for the adoption of UITF abstract 38 'Accounting for ESOP trusts' of £3,641,000 (See note 1).

8 Reconciliation of operating profit to net cash inflow from operating activities

	6 months 2004 £'000	6 months 2003 £'000	12 months 2003 £'000
Operating profit	26,970	24,108	46,898
Merger costs	(15,703)	-	-
Loss on sale or termination of a business	(50)	-	(3,822)
Bank loan facility fees expensed on merger	(2,415)	-	-
Operating profit after			

exceptional costs	8,802	24,108	43,076
Depreciation and amortisation	22,146	14,059	29,996
Profit on sale of tangible fixed assets	(15)	(10)	(25)
Decrease/(increase) in stocks	2,512	861	(670)
Decrease in debtors (Decrease)/increase	1,777	2,165	4,641
in creditors	(19,702)	(22,923)	2,073
Other operating items	103	(22)	(26)
Net cash inflow from operating activities	15,623	18,238	79,065

Included in net cash inflows from operating activities are payments of £15,789,000 (June 2003: £4,632,000; December 2003: £9,170,000) relating to exceptional costs. Excluding these costs the operating cash inflow is £31,412,000 (June 2003: £22,870,000; December 2003: £88,235,000).

#### 9 Reconciliation of net cash flow to movement in net debt

	6 months 2004 £'000	6 months 2003 £'000	12 months 2003 £'000
(Decrease)/increase in cash	(16,173)	(6,678)	13,350
Increase in bank loans and loan notes	(85,306)	(49,667)	(148,482)
Cash flow from decrease in liquid resources	-	(11,988)	(11,988)
Change in net debt resulting from cash flows	(101,479)	(68,333)	(147,120)
Foreign exchange translation difference	6,495	1,519	6,515
Non-cash movements	-	(114)	(114)
Movement in net debt during the period	(94,984)	(66,928)	(140,719)
Opening net debt	(261,195)	(120,476)	(120,476)
Closing net debt	(356,179)	(187,404)	(261,195)

The decrease in liquid resources represents funds withdrawn from deposit accounts.

#### 10 Analysis of changes in net debt

	At 1 Jan 2004 £'000	Non-cash movements £'000	Cash flow £'000	Exchange movements £'000	At 30 June 2004 £'000
Cash at bank and in hand	23,586	-	(12,345)	(117)	11,124
Overdrafts	(1,845)	-	(3,828)	34	(5,639)
	21,741	-	(16,173)	(83)	5,485

Bank loans due in less than one year	(4,201)	-	2,076	-	(2,125)
Loan notes due in less than one year	(455)	(5,876)	17	-	(6,314)
Bank loans due after one year	(272,344)	-	(87,398)	6,578	(353,164)
Loan notes due after more than one year	(5,876)	5,876	-	-	-
Other	(60)	-	(1)	-	(61)
Total	(261,195)	-	(101,479)	6,495	(356,179)

Independent Review Report by KPMG Audit Plc to T&F Informa plc

#### Introduction

We have been engaged by the company to review the financial information set out on pages 11 to 18 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Listing Rules of the Financial Services Authority. Our review has been undertaken so that we might state to the company those matters we are required to state in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

#### Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where they are to be changed in the next annual accounts in which case any changes, and the reasons for them, are to be disclosed.

#### Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4: Review of interim financial information issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review is substantially less in scope than an audit performed in accordance with Auditing Standards and

therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

As this is the first independent review report issued on the group's interim results, the comparative figures for the period ended 30 June 2003 have not been subject to the review procedures set out above.

#### Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2004.

KPMG Audit Plc  
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United Kingdom

7 September 2004