

**informa**

**Global Information Specialist**

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Annual Report and Financial Statements 2007



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Informa provides specialist, high value information to the global Academic & Scientific, Professional, and Commercial markets via Publishing, Events and Performance Improvement.

At the heart of every Informa product and service is research-based, proprietary information for a highly targeted expert audience. Informa publishes approximately 2,500 subscription based products and services delivered both electronically and in hardcopy, and 45,000 books. Each year Informa produces over 12,000 events around the world powered by a marketing database of over 20 million contacts. We have an extensive portfolio of prominent brands including Lloyd's List, Routledge, Taylor & Francis, IIR, IBC, AchieveGlobal, ESI, Euroforum and Datamonitor. Informa operates in over 80 countries, employing more than 10,000 people.



**Publishing**  
Revenue £495.0m  
Pages 12 - 15.



**Performance Improvement**  
Revenue £225.3m  
Pages 16 - 19.



**Events**  
Revenue £408.8m  
Pages 20 - 23.



**Academic & Scientific**  
Revenue £339.5m  
Pages 24 - 27.



**Professional**  
Revenue £393.3m  
Pages 28 - 31.



**Commercial**  
Revenue £396.3m  
Pages 32 - 35.

**IMPORTANT:** Please note the notices concerning limitations on the liability of Directors under English law and forward-looking statements set out on page 143 of this document.

# Chairman's and Chief Executive's Statement

## Your Dividend

**16.9p**

**Total dividend**

**5.6p**

**Interim dividend**

**11.3p**

**Final dividend**

## Informa had another year of significant achievement in 2007.

We achieved 9% pro forma revenue growth, 19% pro forma adjusted operating profit growth and a 23% adjusted operating profit margin.

All three of our business streams, publishing, events and performance improvement, traded strongly. All geographies and market sectors performed well. As we connect more of our brands, to more of our media formats to more of our geographies, we are growing a dynamic network of business units that enables us to benefit from our size, while keeping the passion and speed of our entrepreneurial roots.

We have transformed Informa in recent years. We have built a business based on recurring revenue streams which provides strong defensive qualities, but not at the expense of continuing good growth.

We are of course aware of the current uncertainty in the financial markets, but at this point the board sees no signs in our trading to alter its expectations that Informa will deliver another strong performance in 2008. Our confidence in the future of the business is reflected by a 39% increase in the dividend over 2006.



**Peter Rigby and David Gilbertson**

## Business Highlights

- ✓ Academic & Scientific division grows adjusted operating profit by 25% to achieve a 29% margin  
Strong yield increases and drop through from electronic delivery
- ✓ Professional division benefits from Performance Improvement extending global reach  
Non-US revenues increase by 29%
- ✓ Commercial division growth fuelled by extension of Large Scale Events portfolio and 38% increase in Dubai revenues

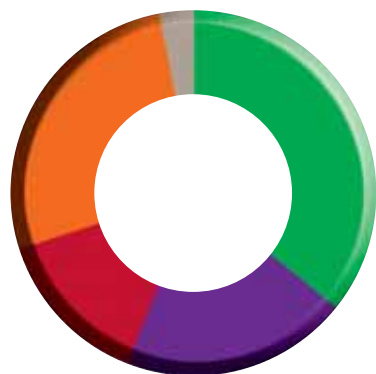




Peter Rigby – Chairman

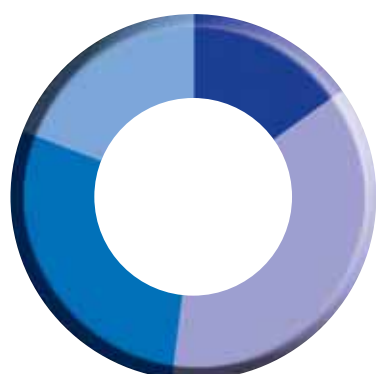
*The business is now*  
**four times the size**  
*it was in 2001.*  
**37%** of our profits come from  
the **Academic &  
Scientific markets.**

### Revenue by Type



|                         |     |
|-------------------------|-----|
| Events                  | 36% |
| Performance Improvement | 20% |
| Copy sales              | 14% |
| Subscriptions           | 27% |
| Advertising             | 3%  |

### Revenue by Geography



|                    |     |
|--------------------|-----|
| United Kingdom     | 15% |
| North America      | 37% |
| Continental Europe | 29% |
| Rest of the World  | 19% |

## Financial Highlights

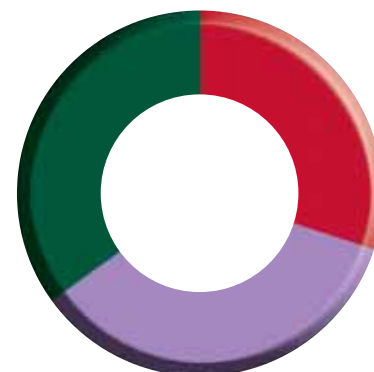
- ✓ Revenue £1.13 billion – 9% pro forma growth
- ✓ Adjusted operating profit £261.0m – 19% pro forma growth
- ✓ Adjusted operating margin rises above 23%
- ✓ Strong trading across all three divisions (Academic & Scientific, Professional and Commercial) and all three business streams (Publishing, Performance Improvement and Events)
- ✓ Datamonitor delivers 22% pro forma revenue growth for the full year
- ✓ Adjusted cash conversion 110% of adjusted operating profit
- ✓ Total dividend increases 39%
- ✓ Confident of 2008 outlook

## Financial Highlights

|  | 2007<br>£m     | 2006<br>£m | Increase<br>% | Pro forma <sup>1</sup><br>% |
|--|----------------|------------|---------------|-----------------------------|
| Revenue  | <b>1,129.1</b> | 1,039.1    | 9             | 9                           |
| Operating profit                                     | <b>154.0</b>   | 128.3      | 20            |                             |
| Adjusted <sup>2</sup> operating profit               | <b>261.0</b>   | 219.1      | 19            | 19                          |
| Profit before tax                                    | <b>124.4</b>   | 86.5       |               |                             |
| Adjusted <sup>3</sup> profit before tax              | <b>202.6</b>   | 178.1      |               |                             |
| Profit for period                                    | <b>100.1</b>   | 67.8       |               |                             |
| Adjusted <sup>4</sup> profit for period              | <b>151.9</b>   | 132.2      |               |                             |
| Basic earnings per share (p)                         | <b>23.4</b>    | 16.0       |               |                             |
| Diluted earnings per share (p)                       | <b>23.3</b>    | 15.9       |               |                             |
| Adjusted <sup>4</sup> diluted earnings per share (p) | <b>35.5</b>    | 31.1       |               |                             |
| Dividend per share (p)                               | <b>16.9</b>    | 12.2       |               |                             |
| Adjusted cash conversion <sup>5</sup>                | <b>110%</b>    | 103%       |               |                             |

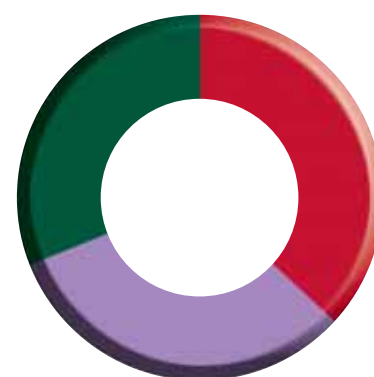
- Adjusted for material acquisitions and effects of changes in foreign currency exchange rates. This also adjusts for the reduction in revenue of £18m in 2007 from the new 3GSM contract and the impact of the quadrennial IPEX exhibition which contributed £21m to 2006 revenues. The related adjusted operating profit impact for 3GSM was £nil and for IPEX was £7.7m.
- Excludes restructuring and reorganisation costs of £7.7m (2006:£7.2m), and intangible asset amortisation of £99.3m (2006: £83.1m).
- Excludes restructuring and reorganisation costs of £7.7m (2006:£7.2m), non recurring finance costs of £4.6m (2006:£nil), intangible asset amortisation of £99.3m (2006: £83.1m) and profit on disposal of available for sale investments of £33.4m (2006: loss £0.8m).
- Excludes restructuring and reorganisation costs of £7.7m (2006:£7.2m), non recurring finance costs of £4.6m (2006:£nil), intangible asset amortisation of £99.3m (2006: £83.1m), profit on disposal of available for sale investments of £33.4m (2006: loss £0.8m) and related tax of £26.4m (2006:£27.3m).
- Adjusted cash generated by operations (note 36) divided by adjusted operating profit.

## Revenue by Division



|                       |     |
|-----------------------|-----|
| Academic & Scientific | 30% |
| Professional          | 35% |
| Commercial            | 35% |

## Adjusted Operating Profit by Division



|                       |     |
|-----------------------|-----|
| Academic & Scientific | 37% |
| Professional          | 32% |
| Commercial            | 31% |







David Gilbertson – Chief Executive

By **connecting more of our brands** to more of our media formats to more of our geographies, we **delivered 19% growth** and cemented our **market leadership** positions.

# Chairman's and Chief Executive's Report

## Our 2007 performance successfully builds upon the excellent results achieved in 2006.

We have built a pool of information assets in Informa which cover many different vertical markets as well as geographic territories, and which deliver content in a broad range of media formats. This is designed to enable us to capture the different requirements of individual users within industries and meet global and local needs with equal proficiency. We believe that our business now has the characteristics not only to demonstrate superior growth in expanding economies but also to protect profitability.

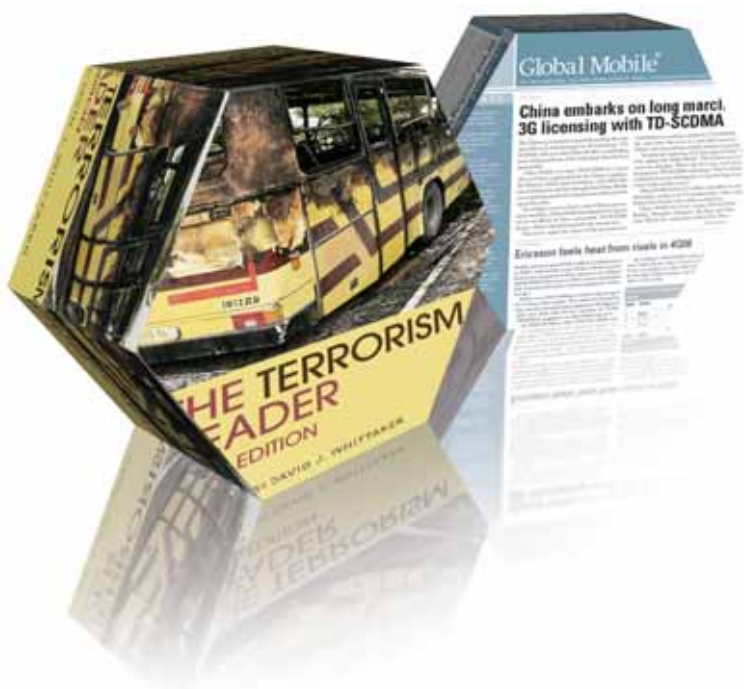
Our major acquisition of 2007 contributes significantly to both these capabilities. Datamonitor, for which we paid £510m in July, is an electronic information business serving six global sectors predominantly through

subscription. Its subscriptions renew annually at 90%, constituting a powerful recurring revenue stream. But Datamonitor has high growth too. It achieved a 22% pro forma revenue increase and a pro forma adjusted operating profit rise of 59% for the full year on the same period a year earlier. Datamonitor's internet-delivered knowledge centres of international data in the healthcare, telecoms, finance, automotive, energy and retail sectors are all now fully XML coded, enabling users to interrogate its information intuitively to obtain their own uniquely customised solutions.

As we enter 2008 Datamonitor's products will be increasingly co-marketed to our conference, publishing and performance improvement customers and audiences. The inter-relationship between the different parts of Informa is one of the key contributors to the superior growth we have seen over the last few years. Many large media businesses structure themselves in silos and find it difficult to sell different product types to the same customer bases. At Informa we work hard at making sure we offer as much relevant content as we can, whatever the mode of delivery, to customers likely to find value in it. In so doing we grow and develop brands which our customers trust and return to.

The marketing requirements of our conference business, with more than 12,500 events produced in 2007, are such that we have many opportunities to put relevant related products in front of potential customers. Informa benefits here from a unique advantage: our database of 20m names of individual customers, clients and prospects in more than 150 countries across the world.

It enables us to market our products quickly and cost effectively. It means we can cross market and cross sell seamlessly. And it ensures that we can respond appropriately to the dynamics of individual markets: some may be experiencing strong growth with fast rising information demand; others may be seeing a slowdown in the pace of development. The strength of the Informa database allows us to direct our output appropriately to changing levels of customer need.



## Chairman's and Chief Executive's Report



Our international conference business grew pro forma adjusted operating profit by 27% in 2007 with our burgeoning Dubai business again leading the way with 38% year on year revenue growth. As Middle East event market leaders we produced 20 leading exhibitions including the developing world's largest property investment show, *Cityscape*, which attracted more than 50,000 visitors to the Dubai show. Similar numbers attended *Arab Health*, the region's premier healthcare event whose 2,000 stands attracted visitors from over 65 countries. Our Dubai operation also produced over 500 conferences and training courses reflecting the fast expanding diversity of the local economy.

The Dubai business also rolled out several of its winning events within the Middle East region and beyond. *Cityscape* ran satellite shows in Abu Dhabi, Brazil, Singapore, Shanghai and Mumbai in 2007 and further international roll-outs are planned. This geo-cloning of successful event formulas also saw us extending our major European based finance events under the market-leading ICBI brand into Asia and the Americas. The world's largest private equity event *Super Return* was staged in Asia and our leading hedge fund event *GAIM* ran in the Cayman Islands and Dubai as well as in Europe. Extending leading brands across geographies is providing a further strong engine for growth.

Informa's top 200 event brands contributed some 40% of event revenue and approximately 70% of adjusted operating profit but the smaller events too play their important part. While less spectacular in size, the workshop or seminar or small conference makes a financial contribution and also keeps us at the forefront of new developments. A new early stage piece of scientific or technological research, a legislative change or a commercial development may be of relatively narrow interest today but could become tomorrow's blockbuster. In 2007 we ran the *10th World Ethanol Forum* in Amsterdam with more than 700 attendees. The first event in 1997 attracted just 40. Researching topics before they

become headline news, as biofuels has now become, enables Informa to build future growth as well as deliver current contribution. In biofuels, as in other fields, we surround leading branded events with news, information products and databases.

Informa's publishing businesses continued to benefit from the shift to electronic distribution in the year. Most of our customers whether academic, professional or commercial, now want to receive their information from us in electronic forms. This has enabled us increasingly to sell enterprise-wide information packages, moving away from more traditional personal subscription based models. The higher prices this wider dissemination carries, coupled with growing income from electronic archive sales helped our Academic & Scientific business to grow its revenues by 15% and its adjusted operating profit by 25% in the year.

*Trialrove*, the world's largest database of clinical trials data, which is fast becoming an essential resource for the world's pharmaceutical industry grew its sales by over 40% in the year to contribute to that result. In the legal market our law portal i-law.com saw a 200+% increase in revenue. The migration of our telecoms information from newsletters to on-line Intelligence Centres, similar in construct to Datamonitor's Knowledge Centres further fuelled our growth.

The Performance Improvement (PI) group of companies also achieved double digit pro forma adjusted operating profit growth in the year. Some 40% of these companies' revenues now come from over 16 different US federal government departments. This highly resilient government revenue stream, led by our programme management company Robbins-Gioia, enjoyed good growth in the year while overseas revenues for the PI businesses climbed to almost 20% of their total sales, up from 15% in 2006.

# Publishing

The *successful*  
**migration** *from print*  
to **technology**  
based publishing has  
**driven sales.**





Fotini Lontou

**Left:**  
Fotini Lontou, CEO, Informa Professional

# Publishing

**Publishing contributed 44% of revenue, £495.0m, in 2007. This 21% increase reflects the growing importance of this resilient revenue stream. The proportion of total Informa revenues that publishing constitutes, has increased from 39% in 2006 and is expected to increase still further in 2008 to approximately 50% of total revenues and 60% of total adjusted operating profit when a full year of Datamonitor is delivered.**

Subscription sales, which now represent over 60% of publishing revenues, grew by 8% on a pro forma basis and 26% on a reported basis. Subscriptions will increase to approximately 65% of publishing revenue and 80% of publishing adjusted operating profit with a full year of Datamonitor. Books, largely in the academic sector, will account for another approximately 30% of publishing revenue.

Advertising revenues, historically minimal in Informa, remain so at just 3% of total Informa revenue.



Publishing margins continue to improve through a good combination of the yield improvements from electronic revenues and cost reductions from print on demand in our book production.

Technological advances in printing mean that Informa is able to print high quality books on demand at comparable costs to bulk printing. This print on demand capability continued to reduce cost, increase revenue and help the environment in 2007. The number of books being printed on demand increased in 2007 by over 50%. The average print run is being economically reduced by a similar percentage.

In addition, some third of our total books catalogue is now available electronically as e-books. Holding 'virtual stock' rejuvenated back lists by keeping out of print books on sale and also reduced Informa's carbon footprint.

In each of Informa's divisions, the successful migration from print to technology based publishing has driven sales growth. Revenue growth in pure digitally designed products is outstripping all other delivery media.

In Informa's Academic and Scientific markets, on-line book sales, with their ability to drive back lists, now represent 30% of total sales. Informa's own purely electronic reference and e-books produced turnover well in excess of £5m and growth in 2007 of 48%.

The successful launch in 2006 of four electronic subject based archives, based on authoritative journals content, has continued well through 2007. Informa now has rich archives in:

- Education
- Business, Management and Economics
- Chemistry
- Physics
- Mathematics & Statistics
- Geography, Planning, Urban and Environment
- Behavioural Science
- Engineering, Computing & Technology
- Health Sciences
- Politics, International Relations and Area Studies
- Strategic, Defence and Security Studies.

With still more in production, journal archive sales have more than tripled in 2007 and now include nationwide agreements in Germany and Greece.

Sales to the commercial, professional and pharmaceutical markets produced over 60% of subscription revenues in 2007.

In the Professional division, growth in subscription revenues for Informa Professional was largely driven by the take-up of on-line products. Expanding from a small base of early adopters, *i-law*, which brings together the core law report archives and in-depth analysis for the niche markets of shipping, insurance, arbitration, construction and intellectual property law, has grown significantly in 2007. Sales to existing clients migrating to the on-line repository are typically 57% higher. Market feedback has been excellent confirming that *i-law's* content depth and functionality is turning it from a research tool into a daily work aid.

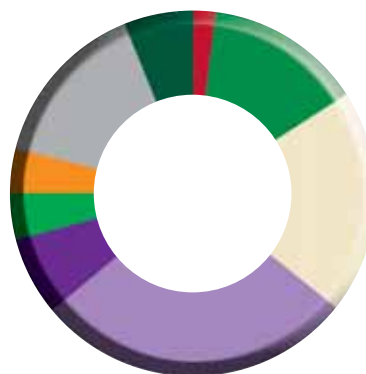
Datamonitor also delivers its business intelligence via electronic subscriptions. It was fully integrated into Informa in 2007, contributing £51.1m revenue and £17.6m to adjusted operating profit from the date of acquisition of 13 July 2007. For the year ended 31 December 2007 it achieved a 22% pro forma revenue increase and a pro forma adjusted operating profit rise of 59% on the same period a year earlier.

For the second half of 2007 Datamonitor achieved a strong adjusted operating profit margin of 33% compared to 22% in the first half of the year. The strong second half is the result of a combination of impressive drop through and cost savings from the Informa integration.

Datamonitor continues to execute on its strategy to achieve the dual objective of increasing the total number of subscribers whilst at the same time driving up the number of subscribers spending in the top quadrant of customer yields.

At the end of 2007, Datamonitor had 3,458 subscribers compared with 2,861 at the date of its purchase. In addition Datamonitor had another 3,000+ report buyers. Datamonitor's sales model is to move these single buyers up the value chain to become subscribers. Subscribers spending over £20,000 grew by 20% in 2007 on a full year pro forma basis. Overall renewals were 90%, while clients spending over £20,000 had a 100% retention rate.

## Revenue by sector



| Sector                       | % of total revenue |
|------------------------------|--------------------|
| Energy & Utilities           | 2%                 |
| Finance                      | 14%                |
| Health and Pharmaceutical    | 20%                |
| Humanities & Social Sciences | 28%                |
| Industrial                   | 7%                 |
| Leisure and Food             | 4%                 |
| Tax, Law and Accounting      | 4%                 |
| Science & Technology         | 15%                |
| Telecoms                     | 6%                 |

Products in all Informa publishing and market facing units are now designed to be media neutral. The flag ship maritime title *Lloyd's List* is a prime example of this. In June this year, to wide spread acclaim, it unveiled a new design as a full-colour compact broadsheet format with increased content. Maintaining the quality ethic underpinning it since 1734, the redesign was merely the front end of a significant investment in a world-leading media neutral publishing system. All transport magazines and newspapers are now migrating into the system, creating a large database of highly structured XML content to combine with Maritime's data driven products and enabling the business to re-purpose content across all titles spurring on-line revenue growth and producing significant cost efficiencies.

# Performance Improvement

Multi-national clients rely on us to *close the gap between strategy and execution*. We do it through transforming the **knowledge, skills** and **attitude** of their people.





Sharon Daniels

**Left:**  
Sharon Daniels, President, AchieveGlobal

## Performance Improvement



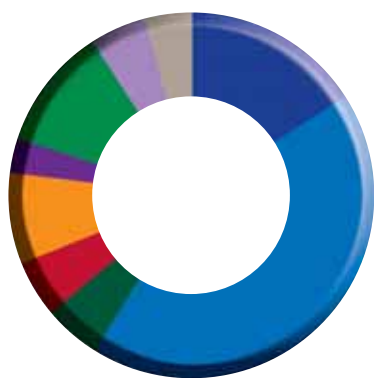
**Performance Improvement (PI) at £225.3m accounted for 20% of Informa's revenue in 2007. Revenues grew on a pro forma basis by 8% reflecting good demand by multi-nationals looking to achieve efficiencies and consistency of best practice performance globally.**

The PI businesses experienced strong demand across all industry sectors as well as from the US Federal Government which constitutes approximately 40% of total PI revenues and 85% of Robbins-Gioia's, the Program Management specialists, revenues who represent almost 30% of total PI revenues.

The other two of the three largest PI businesses, AchieveGlobal and ESI, experienced good growth not just in the Government sector but among Fortune 1000 companies with particular increases in financial services, retail, manufacturing and healthcare where organisations looked to them to help drive better results, particularly in these more turbulent times. By using the PI businesses' tailored intellectual property and learning based programmes to change the way employees behave, clients were able to execute strategy and drive measurable results consistently and confidently through their organisations.

A good example of this comes from Forum, the mid size PI company specialising in Leadership and transformational growth, which has been working with American Express to improve the effectiveness of senior leaders moving into new roles. Using Forum's First 90 Days programme as part of their leadership development approach, time to effectiveness in the new role has reduced by 25%. Consequently, Amex is expanding the programme to more leaders and more levels in its organisation.

## Revenue by sector



| Sector                             | % of total revenue |
|------------------------------------|--------------------|
| Finance                            | 16%                |
| Government                         | 43%                |
| Professional Services              | 5%                 |
| Pharmaceutical & Healthcare        | 5%                 |
| Manufacturing & Industrial         | 8%                 |
| Hospitality, Leisure, Retail       | 3%                 |
| IT & Telecoms                      | 11%                |
| Energy, Utilities & Transportation | 5%                 |
| Other                              | 4%                 |

Informa's decision to buy back some of the small PI Asian franchises delivered good growth in 2007. ESI's 2006 acquisition and subsequent integration of its Asian distributor and successful launch in India in 2007 has produced good top line growth in Asia significantly ahead of last year.

Similarly Forum and Omega both saw double digit revenue growth in Asia and AsiaPac regions in 2007, significantly ahead of 2006.

AchieveGlobal's purchase of its Taiwan and Greater Chinese franchise operation also produced good results both ahead of budget and 2006. AchieveGlobal is now co-located with ESI and the IIR events business in new offices in Beijing, enabling strong cross promotion and savings in general office and infrastructure costs.

Street sales<sup>6</sup> of AchieveGlobal solutions in 2007 moved to 40% non-US originated and are tracking towards 50% by the end of 2008. Some of AchieveGlobal's largest wins in 2007 such as that of a large multinational confectionery producer, started overseas and then expanded back into the US. From a client perspective 44% of all Achieve engagements are now global, creating a significant competitive advantage as there is no other PI company with Informa's global reach.

ESI is also benefiting from this global footprint. This in conjunction with investment in the EMEA sales force and closer partnering with events sister companies in Dubai, South Africa and Spain, contributed to excellent full year top line growth in EMEA. Total ESI non US revenues now make up almost 30% of the brand's revenues.

In 2007 non-US PI revenues accounted for almost 20% of total PI revenues compared to 10% of revenues produced under the ownership of IIR prior to its acquisition in July 2005.

<sup>6</sup> Street sales equal sale of wholly owned operations and all sales of franchise businesses.

# Events

Geo-cloning of events  
*succeeds* by **connecting**  
our **global brands**  
to our *local*  
**market strength.**



A portrait of Tariq Zaidi, a man with dark, slightly messy hair, wearing a dark blue suit jacket over a light blue button-down shirt and a dark tie. He is looking towards the camera with a serious expression. His right hand is raised, with fingers spread, and he is wearing a silver watch and a ring. The background is a blurred, warm-toned interior. A large green diagonal shape is overlaid on the right side of the image.

Tariq Zaidi

**Left:**  
Tariq Zaidi, Regional Director, Informa



## Events

**Events at £408.8m contributed 36% of Informa's revenue in 2007, a 13% pro forma revenue increase. This is the largest growth of any of the Informa revenue streams. It is driven by a continuing focus on "must attend" Large Scale Events (LSE); geo-cloning of these established brands and the ability to seize market opportunities quickly in new geographies, sectors and topic areas.**

LSEs create high barriers to entry, good pricing power, substantial levels of repeat business and the opportunity for replications elsewhere in the world, known as 'geo-cloning'. All of these factors have contributed to strong trading in 2007 and position the business well for 2008. The top event brands represent 40% of event revenue and approximately 70% of adjusted operating profit.

In 2007 Informa grew its LSE portfolio by over 20%. Informa continues to benefit from the increased requirement of corporate marketing departments to measure Return-On-Investment in their marketing spend. Sponsorship and Exhibition (SpEx) revenues now represent 28% of total Informa event revenues and over 50% of revenue in the top 200 event brands.

Much of this growth was driven by geo-cloning, taking flagship events with their leading multi-national sponsors and exhibitors, and rolling them out to new territories. Of the top 200 events in 2006, twelve of them were geo-cloned in 2007. Average revenue for each of the cloned events was over £650,000.

The Dubai events business was particularly successful in its geo-cloning, helping to deliver another excellent set of results. It cloned both its *Cityscape* and *Arab Health* brands. In October *Cityscape* Dubai, the world's largest

## Event Topic Sector Distribution by Number of Events



| Sector                            | % of events |
|-----------------------------------|-------------|
| Energy & Utilities                | 7%          |
| Finance                           | 14%         |
| Health                            | 12%         |
| Human Resources                   | 9%          |
| Industrial                        | 9%          |
| Leisure                           | 2%          |
| Management                        | 10%         |
| Marketing                         | 5%          |
| Other                             | 3%          |
| Public Sector                     | 2%          |
| Real Estate/Property/Construction | 4%          |
| Tax Law/Accounting                | 11%         |
| Technology & Telecoms             | 12%         |

property event, attracted more than 50,000 participants from 120 countries. Over 1,000 exhibitors showcased their projects and services on 75,000 square metres of exhibition space. Record show revenues were 35% ahead of 2006. In November the first *Cityscape* India was held, beating expectations on both exhibitor and delegate figures and providing a strong platform for further

growth in India. The event was also successfully held in Singapore, China, Brazil and Abu Dhabi. In 2008 it will also take place in Russia. The *Arab Health* Abu Dhabi clone was also similarly successful, beating budgeted expectations and delivering significant operating profit in its launch year.

In the Professional division, the geo-cloning strategy is also producing good results. ICBI, the market leading international financial events specialists, has continued to perform strongly all year. In December the business held its largest ever inaugural geo-cloned event with the extension of its LSE, *SuperReturn*, the world's largest private equity conference, to the Middle East. This followed the earlier success of *Funds Asia* in the first half of the year, when ICBI took its flagship mutual funds events, in its 17th year, and attracting over 1,400 participants, to Hong Kong.

Seizing opportunities in emerging markets, in 2007 Informa increased the number of conferences held in China, Czech Republic, Dubai, Singapore, South Africa, Russia and the Ukraine with considerable success.







## Academic & Scientific

The **subscription**  
*mainstay* of the business is  
getting *even stronger* as  
**digital delivery**  
*drives up usage.*

Lindsey Roberts

**Left:**  
Lindsey Roberts, CEO, Informa Healthcare

## Academic & Scientific

**Revenue increased by 15% to £339.5m in 2007, driven by a strong pro forma growth rate of 9% and contributions from acquisitions, of which Datamonitor contributed £13.9m.**

Adjusted operating profit increased by 25% to £96.9m in 2007. The adjusted operating profit margin improved by more than two percentage points from 26.3% to 28.5%, demonstrating good drop through in all of our A&S revenue streams.

Almost 3,000 new books and a continuing e-led invigoration of the back list led to copy sales for the division increasing on a reported basis by 7% and by 5% on a pro forma basis. Taylor & Francis, the academic publisher which merged with Informa in 2004 and constitutes the largest business within this division, continues to gain library market book share.

Subscription revenue from journals and electronic archives in Academic & Scientific grew 24% on a reported basis. We achieved pro forma revenue increases of 11% reflecting content growth and frequency increases in a number of journals, particularly in the Humanities and Social Sciences (HSS) area; as well as growth in the total number of subscribers year on year.

Over 90% of subscriptions to our 1,500+ academic journals are now digitally delivered. Informa added over 300 new journals in 2007, a more than four fold increase in new titles, positioning the business well for further growth in 2008.

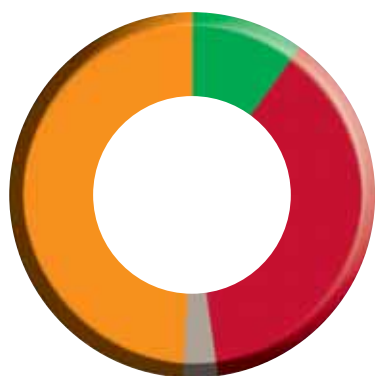
The Scientific, Technical & Medical (STM) business grew reported revenues by 12% and pro forma revenue by 6%, a two percentage point increase on 2006. Within it, Informa Healthcare, which targets the medical, bioscience and pharmaceutical sectors with a full mix of delivery formats including books, journals, magazines and awards had another strong year achieving for the second year running revenue growth of 12% and adjusted operating profit growth of 16%.

The Informa Healthcare (IHC) team's ability to leverage brands and provide high quality content across multiple delivery formats was proven again as it rolled out both its *Agrow* (the flagship information source providing opinions and analysis for the plant services industry) and *GCPj* (Good Clinical Practice Journal, the market leader in clinical trial news, regulatory updates and peer-reviewed features) brands with two new awards ceremonies.

IHC customers' demand for more market intelligence on key medical technology sectors led to the highly successful launch of two niche information services, *Clinica Diagnostics* and *Clinica Cardiology*, as brand extensions of the market leading *Clinica Medical Technology News* product. Building on the strong news content of *Clinica*, these new services also feature detailed market sector analysis and data as well as in-depth company profiles to provide a comprehensive source of news and intelligence on the medical diagnostics and cardio-vascular equipment markets.



### Academic & Scientific



| Revenue by Type | % of total revenue |
|-----------------|--------------------|
| ● Events        | <b>10%</b>         |
| ● Copy Sales    | <b>38%</b>         |
| ● Advertising   | <b>3%</b>          |
| ● Subscriptions | <b>49%</b>         |

In HSS, the purchase of Lawrence Erlbaum towards the end of 2006, with an impressive portfolio of 100 titles particularly in behavioural sciences and education, helped drive strong top line growth of 19% to £138.5m. Pro forma revenue growth for the year was 13% reflecting continuing strong growth in both copy and journal sales.

Pro forma adjusted operating profit grew by a strong 28% to £34.0m to produce an adjusted operating profit margin of 25%, compared to 23% in 2006.

The 2007 reorganisation of the HSS books business to a global structure has reduced costs, increased efficiency and improved margins. Informa's market leadership in newer areas of academia, such as media studies, built environments and gender studies, as well as deep relationships with the newer universities, has ensured that we are first to market with newer delivery formats

so that, for example, we now have over 100 companion websites to our text books, giving professors extended teaching materials and students more learning tools. This in turn drives higher adoptions of new books and increases revenue.

The events businesses, which represent 10% of the division's revenue, saw good pro forma adjusted operating profit growth of 12% driven primarily by strong performances of their LSEs such as *Clinical Trials Congress*, *Partnering with Central Labs*, *Medicaid Drug Rebate Program* and *BioProcess International* which is now widely recognised as the meeting place for the Bioprocess manufacturing industry.

Annual and LSEs now represent almost 45% of the number of conferences held in this division, reflecting a successful migration from more niche, opportunistic events to the more resilient and higher yielding conferences with dual revenue streams (both delegate and SpEx revenue). This duality combined with higher delegate yield, means that almost 70% of event revenue in this division now derives from these larger events.

| Academic & Scientific            | 2007<br>£'m  | 2006<br>£'m | Increase<br>% | Pro forma<br>% |
|----------------------------------|--------------|-------------|---------------|----------------|
| <b>Revenue</b>                   |              |             |               |                |
| STM                              | <b>201.0</b> | 178.7       | 12            | 6              |
| HSS                              | <b>138.5</b> | 116.5       | 19            | 13             |
|                                  | <b>339.5</b> | 295.2       | 15            | 9              |
| <b>Adjusted Operating Profit</b> |              |             |               |                |
| STM                              | <b>62.9</b>  | 50.6        | 24            | 19             |
| HSS                              | <b>34.0</b>  | 27.0        | 26            | 28             |
|                                  | <b>96.9</b>  | 77.6        | 25            | 22             |
| <b>Adjusted Operating Margin</b> |              |             |               |                |
|                                  | <b>28.5</b>  | 26.3        |               |                |



# Professional

*Original data, expert analysis and market insight that keeps Financial Institutions competitive,*  
is **more important today than it has ever been.**

Rosalind Oxley

Left:

Rosalind Oxley, CEO, ICBI, UK Finance & Adam Smith

# Professional



**Revenue increased by 7% on a pro forma basis to £393.3m representing 35% of Informa's total revenue. Reported revenue growth at a slightly lower 6% was primarily due to the impact of the weaker US dollar. The strong reported revenue increase in Financial Data Analysis (FDA) is due to the Datamonitor and Investment Scorecard acquisitions which have contributed £14.2m.**

Adjusted operating profit grew on a reported basis by 11% to £83.9m and on a pro forma basis by 9%.

Performance Improvement (PI), which represented 57% of the division's revenue in 2007 and 20% of Informa's as a whole, was flat on reported revenues due to the impact of the dollar, but increased revenues on a pro forma basis by 8%. Second half trading was slightly ahead of the first half with 52% of full year pro forma revenue coming from the second half and 56% of pro forma adjusted operating profit.

Client revenue renewal rates of over 90% combined with over 100% retained value for another consecutive year contributed to good trading in 2007 and stands the business in good stead for 2008.

Robbins-Gioia (R-G), the programme management specialists who contribute circa 30% of PI revenue, had a strong year. The 2006 \$4m investment programme, reported in last year's Annual Report, produced a good return. On a pro forma basis R-G revenue increased by 9% with double digit adjusted operating profit growth.

Omega, the retail financial services specialists and market leaders in credit and commercial lending, who as the second smallest PI business contribute just 4.5% to total PI revenues, experienced a weaker second half year after a strong start to the year, 16% up on 2006, reported in the interim results. As we enter 2008, the credit slow down primarily in the US, as clients took stock of current market conditions, appears to be being replaced by significant new activity as their clients look for proven solutions to their current difficulties.

Financial Data Analysis (FDA) which represented 18% of the division's revenue in 2007 and 6% of the Group's revenue grew revenues and adjusted operating profit by 14% and 15% respectively benefiting from the Datamonitor financial and professional services client base.

On a pro forma basis FDA experienced a slight decline in revenue, partly off-set by cost savings.

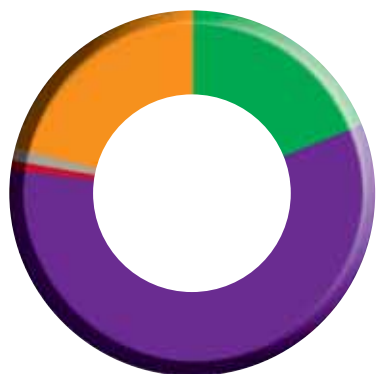
Informa Global Markets (IGM), the bond and foreign exchange information provider, which in 2006 experienced a slight decline in pro forma revenue due primarily to consolidation in the banking community, continued to see some attrition in the first half of 2007 which was off-set by growth in the second half, particularly in the EMEA markets, to finish the year slightly ahead of 2006. Despite the challenging markets, IGM achieved year on year margin growth. Given current equity market turmoil, attention to information and analysis of safe harbour alternatives is likely to increase.

International Insider, our Eurobond analysis business, experienced both revenue and profit growth for the year. Informa Global Markets and International Insider combined resources in 2007 and launched a consolidated product suite of capital markets analytical tools, which will continue to be rolled out in 2008.

Informa Research Services (IRS), providing competitive intelligence, market research and mystery shopping services to the financial industry, had a disappointing start to the year. While the core bank rate and fee information business performed well, the market research business experienced sufficient weakness that in the second half of the year we completely restructured it, leaving IRS in a much healthier position for 2008.

Informa Investment Solutions (IIS) with its strong wealth management solution set, finished the year strongly. Having successfully integrated Investment Scorecard, acquired in the first half of the year, IIS drove cross-selling synergies between

### Professional



| Revenue by Type         | % of total revenue |
|-------------------------|--------------------|
| Events                  | 19%                |
| Performance Improvement | 58%                |
| Copy Sales              | 1%                 |
| Advertising             | 1%                 |
| Subscriptions           | 21%                |

the legacy clients and those acquired with Investment Scorecard to increase revenues substantially. Post acquisition adjusted operating profit growth for Investment Scorecard compared to the same period in the prior year was over 50%.

iMoneyNet, the publishers of the subscription driven Money Fund Report *R*, also saw year on year revenue and adjusted operating profit growth primarily driven by the conversion of traditional data delivery to on-line browser based workflow analysis tools which provide greater yield and extend client engagements.

The strongest growth within the division came from the Finance, Insurance, Law and Tax (FILT) unit which includes Informa Professional, a market facing unit, and legacy IIR specialist finance events businesses in both the UK and the US. With revenues at £95.6m and adjusted operating profit at £26.7m representing 32% of the division's adjusted operating profit, FILT had pro forma revenue and adjusted operating profit growth of 13% and 17% respectively.

The stronger UK Professional performance was led by its move to on-line data services in both the legal and insurance markets. Here, the increased utility and timeliness of web based solutions continues to drive higher client yield, robust revenue renewal and new business acquisition.

Financial events, which includes the market leader in Large Scale Financial Events, ICBI, traded strongly. Revenue increased by double digits year on year whilst still delivering a 30%+ margin. As well as contribution from a small acquisition, growth came from the execution of a number of recurring Informa strategies.

Average delegates and yield increased in our LSEs. In turn, this expansion increased the high margin SpEx revenues as suppliers were eager to have access to senior audiences, with proven, considerable purchasing power.

The Adam Smith brand, specialising in Russia and other emerging central and eastern European markets, saw good productivity and delegate growth as it expanded into other countries such as the Ukraine, taking advantage of the scale and reach of Informa to ensure first mover advantage.

Both ICBI and US Finance successfully geo-cloned a number of their leading events including *SuperReturn* (private equity), *GAIM* (hedge funds) and *Funds* in Asia and the Middle East, taking sponsors and exhibitors to new markets and attracting new local delegates while reducing the reliance on more developed markets.

The weakest part of the division was the small Dutch publishing unit which had flat year on year growth after it reduced its product portfolio, divesting less profitable products following a poor 2006. This unit accounts for 7% of the division's revenue.

| Professional                     | 2007<br>£'m  | 2006<br>£'m | Increase<br>% | Pro forma<br>% |
|----------------------------------|--------------|-------------|---------------|----------------|
| <b>Revenue</b>                   |              |             |               |                |
| Performance Improvement          | 225.3        | 225.8       | -             | 8              |
| Financial Data Analysis          | 72.4         | 63.6        | 14            | -3             |
| Finance Insurance Law and Tax    | 95.6         | 83.3        | 15            | 13             |
|                                  | <b>393.3</b> | 372.7       | 6             | 7              |
| <b>Adjusted Operating Profit</b> |              |             |               |                |
| Performance Improvement          | 35.3         | 34.7        | 2             | 10             |
| Financial Data Analysis          | 21.9         | 19.1        | 15            | -2             |
| Finance Insurance Law and Tax    | 26.7         | 22.0        | 21            | 17             |
|                                  | <b>83.9</b>  | 75.8        | 11            | 9              |
| <b>Adjusted Operating Margin</b> | <b>21.3</b>  | 20.3        |               |                |





# Commercial

In fast moving markets experiencing considerable change, clients look to us to **highlight opportunity, articulate challenge** and **provide in-depth** and **reliable market information.**

Ian Hemming

Left:

Ian Hemming, CEO, Informa Telecoms & Media

# Commercial

**The Commercial division, which represents 35% of Informa's revenue, increased revenue by 7% on a reported basis to £396.3m and by 12% on a pro forma basis. Growth on reported numbers was lower than pro forma due to the £39m aggregate impact from the absence of the quadrennial IPEX print show exhibition which was held in 2006 and the changed relationship for the 3GSM World Congress under which profits rather than revenues are now shared with the trade association. This arrangement lasts until end of 2009. The impact of this change is to reduce turnover by £18m and has a small impact on adjusted operating profit. The IPEX event in 2006 contributed £21m of turnover and £7.7m of operating profit. The 3GSM and IPEX reductions are offset by £30.3m of Datamonitor revenue and £9.1m of adjusted operating profit.**

Adjusted operating profit for the division rose by 22% on a reported basis and by 28%+ on a pro forma basis to £80.1m. A pleasingly 2.5 percentage point margin increase to 20% reflects the good gearing of this division.

With the acquisition of Datamonitor, the successful launch of the Informa Telecoms and Media Intelligence Centre and the growth of Maritime & Commodities highly successful Maritime Intelligence Unit, the mix of revenues in this division has shifted. In 2007 the very resilient subscription revenues grew by 78% to £53.6m.

Regional Events which represented 63% of the division's revenue in 2007 achieved 12% pro forma revenue growth and 27% pro forma adjusted operating profit growth. Reported revenue growth of 4% was lower due to the impact of the weaker US dollar. Adjusted operating profit growth at 10% despite this dollar weakness again demonstrates the ability of Informa's events business to scale the costs within the business and increase margin. The adjusted operating profit margin in 2007 increased to 18.5%.

The powerhouse within the Regional Events unit in 2007 was again the Dubai events business, contributing 21% of revenues and over 35% of adjusted operating profits and growing revenues by 38% year on year.

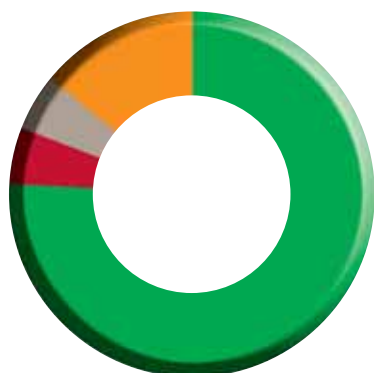
This growth was primarily driven by successfully leveraging brand strength. Existing shows increased square metres with a 60% profit drop through. This enabled equally profitable growth in sponsorship revenue and yields.

Geo-cloning event brands created a safe new launch vehicle, taking sponsors and exhibitors to new markets. Dubai's most successful 2007 launch was the geo-cloned *Cityscape Abu Dhabi* which contributed a multi-million dollar gross profit at an above average margin.

The German and Dutch conference businesses which between them represent around a third of both revenue and adjusted operating profit of the Regional Event's portfolio built on their strong start to the year to finish well with double digit pro forma adjusted operating profit growth.



### Commercial



| Revenue by Type | % of total revenue |
|-----------------|--------------------|
| ● Events        | <b>76%</b>         |
| ● Copy Sales    | <b>5%</b>          |
| ● Advertising   | <b>5%</b>          |
| ● Subscriptions | <b>14%</b>         |

The remaining smaller regional events businesses which include for example Australia, Brazil, Czech Republic, Denmark, Hungary, India, Italy, Mexico, Poland, Portugal, Singapore, Spain and Sweden, saw a focus on best practice programme development, marketing KPIs, cost control and productivity pay off. The developing markets of South Africa and Singapore had particularly strong year on year conference growth. Denmark, which had a weak start to the year, executed an exceptional turnaround programme and finished the year substantially ahead of 2006. Launch investments in 2007 in Mexico and India are expected to contribute to further good growth in 2008.

Informa Telecoms & Media (ITM) as a market facing unit combines publishing and events revenues. Following the Datamonitor acquisition it now includes the Datamonitor Ovum branded Knowledge Centre. In 2007 ITM contributed 19% of revenue and 29% of adjusted operating profit of the division, and 6.6% and 8.9% respectively of Informa's total revenue and adjusted operating profit. In 2007 ITM grew reported revenue by 14% and adjusted operating profit by 44% with the loss of revenue from the change in the relationship with the telecoms trade association over the *3GSM World Congress* offset by both a rigorous focus on cost control and the benefit of the Datamonitor acquisition.

ITM grew pro forma revenue by 17% and pro forma adjusted operating profit by 23% increasing an already strong adjusted operating margin by over six percentage points to a subscription quality of earnings level of 31%.

ITM's wholly owned GSM world series, branded as the *Com* series of events is growing strongly and the training business continues to roll out its successful MiniMBA series as well as to make strong inroads into the corporate training market. In Asia, ITM's focus on growing its largest events, has also produced good adjusted operating profit growth.

Maritime and Commodities which contributes 18% of the Commercial division's and 6.3% of Informa's revenue, saw 9% reported and 8% pro forma revenue increases translate well into 42% and 38% respectively adjusted operating profit increases. A strong focus on driving subscription revenues in this market facing unit which includes events, advertising, copy sales and subscriptions, has increased the latter to 42% of the unit's revenue. Adjusted operating profit margins have consequently risen by 3 percentage points.

Within Maritime, *Lloyd's Maritime Intelligence Unit* which created a dedicated portal in mid 2006 bringing together various data streams and websites relating to vessel and ownership information, continues to capture strong market appetite for this workflow tool. Reporting on over 28 million vessel positions on a daily basis as well as providing detailed characteristics of over 120,000 vessels and comprehensive information on 163,000 shipping companies, site traffic and client yields continues to grow monthly.

Commodities also finished the year well as, a market facing unit, it continued to repurpose its content and leverage its brands across multiple media. In a perfect example of marrying market expertise with Informa's best practice business stream methodology, it applied Informa's Large Scale Event blueprint to the 10th Anniversary of its *World Ethanol* event in 2007 to increase operating profit by 35%.

| Commercial                       | 2007<br>£'m  | 2006<br>£'m | Increase<br>% | Pro forma<br>% |
|----------------------------------|--------------|-------------|---------------|----------------|
| <b>Revenue</b>                   |              |             |               |                |
| Regional Events                  | <b>250.7</b> | 241.1       | 4             | 12             |
| Telecoms & Media                 | <b>74.0</b>  | 64.7        | 14            | 17             |
| Maritime & Commodities           | <b>71.6</b>  | 65.4        | 9             | 8              |
|                                  | <b>396.3</b> | 371.2       | 7             | 12             |
| <b>Adjusted Operating Profit</b> |              |             |               |                |
| Regional Events                  | <b>46.5</b>  | 42.3        | 10            | 27             |
| Telecoms & Media                 | <b>23.2</b>  | 16.1        | 44            | 23             |
| Maritime & Commodities           | <b>10.4</b>  | 7.3         | 42            | 38             |
|                                  | <b>80.1</b>  | 65.7        | 22            | 28             |
| <b>Adjusted Operating Margin</b> |              |             |               |                |
|                                  | <b>20.2</b>  | 17.7        |               |                |

## Trading Outlook

We're enjoying a great start to the year. **Combining the speed of a small company, with the resources of a large one,** we're able to capture opportunity where we find it.





Debra Chipman

**Left:**  
Debra Chipman, CEO, IIRUSA, IBCUSA,  
and Global Life Sciences

# Trading Outlook



**All three of Informa's divisions and revenue streams have started the year well and are trading in line with our expectations.**

Publishing is positioned well for 2008. Renewal rates of over 95% and the addition of 300 new academic journals in the current year combined with content driven price increases underpins both revenue and profit growth in the Academic & Scientific division. In addition, an already robust pipeline of books is further bolstered by the publication of the 5th edition of *Molecular Biology of the Cell*, our leading book title.

Electronic workflow solutions in the Academic & Scientific, Professional and Commercial divisions are all seeing strong client retention and new business wins. Datamonitor in particular has begun the year well; new sales recorded in January were 24% ahead of the same month last year.

As a result of the Datamonitor acquisition, we expect almost 60% of Informa's 2008 profits to come from publishing. 80% of these profits are derived from our subscription products. Almost half of these revenues are already banked. Publishing revenue overall (recognised and deferred) at the end of January accounted for almost a third of expected full year revenue.

The Performance Improvement (PI) businesses have had a solid start to the year, underpinned by 2007 revenue retention of over 90% and good international sales growth. Non US revenue in January is over 20% higher than a year ago.

In December Omega, the financial service specialists who had a weaker second half of 2007, signed two large contracts with US banks both of whom had been significantly impacted by the sub prime turmoil, looking to rebound quickly with reinvigorated market presence. Omega's pipeline is currently over 20% ahead of the same point last year. Total value of opportunities across all PI pipelines supports our growth expectations for this year.

The events businesses have also started the year well. Three of our largest and most established events were held in the first weeks of the year each in a different sector and each achieving the most successful results in their history. *SuperReturn*, the world's largest Private Equity event now in its 11th year, has had record delegate attendance and sponsorship and exhibition (SpEx) revenues. *Arab Health*, the premier Middle East healthcare show, occupied the entire Dubai International Convention & Exhibition Centre, covering more than 60,000sqm of gross space. *Energie*, the German national energy event, attracted more delegates than ever before and increased SpEx revenue by 11%. Newer events, such as *Ukraine Investment*, were also highly successful.

Event revenues (recognised and deferred) are currently significantly ahead of this same point last year. Over 20% of 2008 expected delegate revenues are already booked. At our 2007 events we secured on-site renewals of some 75% of our SpEx clients for this year's events. This strong revenue renewal, coupled with good early new sales with deferred revenues running at double digit growth on prior year, means that we now have firm bookings on a substantial portion of our budgeted 2008 SpEx revenues.

We are of course aware of the current uncertainty in the financial markets, but at this point the board sees no reason to alter its expectations that Informa will deliver another strong performance in 2008.







# Financial Review

Building high quality finance teams and delivering financial transparency and discipline across all of our business units **ensures we maximise opportunities** to drive improvements in margin and cash flow.

Mark Kerswell

**Left:**  
Mark Kerswell, Acting Finance Director

# Financial Review

**Informa reported 2007 revenues of £1,129.1m, 9% higher than in 2006 and adjusted operating profit increased by 19% to £261.0m. Adjusted operating profit margins increased from 21% to 23%.**

These results reflect the increased scale of the Group and the growth rates and opportunities that have arisen from the combination of the Informa, T&F and IIR businesses and most recently the Datamonitor acquisition. The increase in margin reflects the benefit of operational gearing and a continued focus on cost efficiency across the Group.

Recent acquisitions have traded strongly. In particular, Datamonitor has performed ahead of our acquisition model, reporting post-acquisition revenues of £51.1m and adjusted operating profit of £17.6m.

## Revenue

In the year to 31 December 2007, we reported revenues of £1,129.1m, up 9% from the £1,039.1m reported in the same period last year. Datamonitor which was acquired on 13 July 2007 contributed £51.1m to revenue and a further £23m was contributed by other acquisitions.

The weakness in the US dollar throughout 2007 reduced reported pounds sterling revenues by £41m relative to 2006. Also affecting reported 2007 revenues were the change to the relationship with the trade association for the 3GSM World Congress which reduced our revenue from this event by £18m compared to 2006, and the quadrennial IPEX exhibition which contributed £21m to 2006 reported revenues.

## Operating Profit

Operating profit increased by 20% to £154.0m from £128.3m in 2006. While operating costs benefited from the impact of a weaker US dollar, the absolute increase in operating costs of 7% includes increases in intangible asset amortisation of 21% and staff costs of 7%.

Included in other expenses and employee benefit expenses are in aggregate £7.7m of restructuring costs which include the costs of integrating acquisitions and restructuring costs associated with a Group wide initiative to rationalise our back office teams within Europe and the UK.

## Finance Costs

Net finance costs, which consist principally of interest costs net of interest receivable increased by £22.0m from £41.0m to £63.0m, principally as result of the increase in debt in July 2007 to finance the acquisition of Datamonitor.

## Acquisitions and Disposals

The Group has spent £599.0m during 2007 on acquisitions with further detail given in note 35. As well as matching the Group's business criteria and strategy,



the Group continues to apply its rigorous financial investment criteria which are that acquisitions should pay back their initial investment within seven years, be earnings enhancing in their first full year of ownership and associated cash flows must produce a positive net present value within 10 years when discounted at the Group's weighted average cost of capital plus a suitable premium for risk.

The integration of Datamonitor is progressing to plan and the Group expects to realise annualised cost savings of £3m in line with the acquisition model and expects that the post-tax return on invested capital will exceed Informa's cost of capital in the second full year of ownership.

In February 2007 the Group disposed of its interest in Blackwell Publishing Limited. The proceeds on this disposal were £38.9m and the gain on disposal is included within the £33.4m profit on disposal of available for sale investment which is shown on the face of the consolidated income statement.

## Taxation

Across the Group tax has been provided at an adjusted tax rate of 25.05% (2006: 26%). This adjusted tax rate benefits from profit generated in low tax jurisdictions including Dubai and Monaco. The effective Group tax charge was 19.5% (2006: 21.6%).

## EPS

Basic and diluted EPS are both 46% ahead of 2006.

## Adjusted Results

Adjusted operating profit, which is shown in note 8 to these results, is calculated after removing certain items not related to the underlying trading operations of the Group. Adjusted operating profit increased by 19% from £219.1m to £261.0m.

Adjusted operating profit before tax increased 14% to £202.6m from £178.1m and adjusted profit for the period increased by 15% from £132.1m to £151.9m.

Adjusted diluted EPS of 35.5 pence is 14% ahead of 2006.

The Board believes these adjusted operational figures provide additional information to explain the underlying performance and trends across the Group and further details are provided in note 8.

## Dividend

As was reported in the interim report for the six months ended 30 June 2007, the Board has reviewed the Group's dividend policy and given the excellent cash flow characteristics of the business and the resilience of its revenue and profit streams decided to set dividend payouts at a range of 2.0 to 2.5 times adjusted earnings per share.

In line with this policy and in recognition of the continued good trading prospects, the Board has recommended a final dividend of 11.3 pence (2006: 8.9 pence) which together with the interim dividend of 5.6 pence represents a total dividend of 16.9 pence (2006: 12.2 pence). This represents an increase of 39% on the 2006 equivalent. The final dividend which is subject to shareholder approval will be payable on 21 May 2008 to ordinary shareholders registered at the close of business on 18 April 2008.

## Balance Sheet

Goodwill increased from £1,124.5m to £1,554.3m, including additions from acquisitions of £415.2m and favourable currency movements.

Other intangible assets increased from £921.2m to £1,154.5m, with £317.3m of the increase being attributable to acquisitions, offset by amortisation and currency movements. Also included within this category is £28m in respect of the investment in a series of developments in our group wide operating systems including finance, sales order processing, contact management and marketing.

Property and fixed assets increased to £24.6m from £23.1m, reflecting additions of £8.3m (2006: £9.7m) and additions from acquisitions of £2.3m offset by depreciation.

The reduction in available for sale investments previously shown under current and non current assets includes a reduction of £38.9m following the sale of the shares held in Blackwell Publishing Limited.

Trade and other receivables rose by £54.7m principally due to acquisitions and growth in trade receivables in line with increased trading.

Share capital has been substantially restructured on 19 December 2007. The authorised share capital was reduced by cancelling 9.90 pence of each 10.00 pence share in issue resulting in a reduction of share capital (£42.0m), a reduction in share premium (£505.1m) and the creation of a distributable capital reserve of £547.1m.

The increase in the hedging and translation reserve of £23.6m relates to the net currency impact from retranslating assets and goodwill offset by the conversion of liabilities (principally loans) also held in those same currencies. Additionally there was a net decrease in the fair value of derivatives held of £11.9m.

The decrease in the revaluation reserve of £26.2m reflects the disposal of the Group's investment in Blackwell Publishing Limited.

Net debt increased by £506.5m from £738.4m to £1,244.9m reflecting inter alia an increase in operating cash flows of £59.8m to £279.2m and disposal of available for sale investments of £38.9m offset by investment in acquisitions of £598.9m (of which £497.1m was in respect of Datamonitor), and higher cash out-flows in respect of net interest, capital expenditure and dividend payments. The level of net debt at 31 December 2007 is also impacted by currency movements of £12.9m and by interest being paid as incurred in the second half of the year rather than being accrued as had been the case in the prior year.

The Group continues to generate excellent cash flows and this is reflected in a cash conversion rate (expressed as adjusted cash generated by operations as a percentage of adjusted operating profit, note 36 of the results) of 110% (2006:103%). In 2007, before taking into account spend on acquisitions or proceeds from the sale of assets, the Group generated free cash flow of £77m.

As was outlined in the interim 2007 financial statements, in support of the Datamonitor acquisition, the Group has put in place a new £1.45bn multicurrency 5 year unsecured credit facility. The syndication of the facility

was successfully completed in the second half of the year. The facility is structured as a £500m revolving credit facility and a £950m term loan (including foreign currency sub-tranches). The £500m revolving credit facility is repayable at the end of 5 years and the £950m term loan amortises over 5 years, with 5% payable at the end of 2008, 10% at the end of each of 2009 and 2010, 15% at the end of 2011 and the balance on the final May 2012 maturity date. The principal financial covenant ratios under the facility are maximum net debt to EBITDA and minimum EBITDA interest cover, tested semi-annually. At 31 December 2007 both financial covenants were comfortably achieved. The ratio of net debt to EBITDA at 31 December 2007 was 4.3 times and given the strong cash flow of the Group this is expected to drop below 3.75 times by the end of December 2008.

The Group has also entered into interest rate hedging agreements to the extent that approximately 70% of the projected interest cost is effectively covered at fixed rates through 2009, with the percentage hedged gradually decreasing thereafter in line with expected decreases in gearing levels. Based on current market interest rates the Group is currently paying a blended interest rate on its debt of approximately 6.25%.

Provisions shown under current and non current liabilities have increased from £13.3m to £36.6m. The increase is in relation to the Datamonitor acquisition and is split between £22.0m of contingent consideration and £3.0m of property related provisions. This has been partly offset by utilisation of the opening provisions during the year.

Trade and other payables shown under current and non current liabilities of £195.2m have increased by £25.8m from £169.4m. Acquisitions account for the majority of the increase (£21.5m).

The Group's defined pension liabilities disclosed under "retirement benefit obligations" have reduced by £2.8m compared with 31 December 2006 principally due to additional contributions by the Group of £1.2m and actuarial gains of £1.4m.

Deferred revenue which represents income received in advance was up £56.0m (31%) on the same period in 2006 to £237.4m. Adjusted for the impact of acquisitions, deferred income at 31 December 2007 was 9% ahead of the same date last year.

# Officers and Advisers

## Directors

### Peter Rigby

Chairman (52)

After qualifying as an accountant, Peter Rigby joined Metal Box. In 1981 he moved into the media industry joining Book Club Associates, a joint venture between WH Smith and Doubleday. In 1983 he joined Stonehart Publications which was acquired by International Business Communications (later renamed IBC) in 1986. After two years as Finance Director of IBC, Mr Rigby was appointed Deputy Chief Executive and later its Chief Executive, leading IBC's expansion into North America, Asia and Australia. He became Chairman of Informa Group plc at the Company's inception upon the merger of IBC and LLP in 1998. Mr Rigby was appointed Chief Executive upon the merger of Informa and Taylor & Francis in May 2004. Mr Rigby was reappointed as Chairman of the Company at the 2007 AGM. He is also Non-Executive Chairman of Electric Word plc.

### David Gilbertson - Resigned 17 March 2008

Chief Executive (51)

David Gilbertson has some 28 years' experience in the information industry having held editorial and management positions with Metal Bulletin, Reuters and Reed Elsevier. He joined LLP in 1987 as Editor of *Lloyd's List*, joining the LLP board in 1992. Mr Gilbertson was a member of the management buy-out team which bought LLP from Lloyd's of London in 1995, becoming its Chief Executive in 1997. He took LLP to flotation on the London Stock Exchange in early 1998 and became Chief Executive of Informa Group plc upon its formation from the merger of LLP and IBC in December 1998. Mr Gilbertson was appointed Managing Director upon the merger of Informa and Taylor & Francis in May 2004 and was reappointed as Chief Executive of the Company at the 2007 AGM. He is also Non-Executive Chairman of John Brown Holdings Limited.

### Anthony Foye - Resigned 31 December 2007

Finance Director (45)

Anthony Foye joined the Taylor & Francis Group in 1987 as Group Chief Accountant and Company Secretary after qualifying as a Chartered Accountant. In 1994 he was appointed Finance Director of Taylor & Francis Group plc and was instrumental in the company's flotation on the London Stock Exchange in May 1998. Mr Foye was appointed Finance Director upon the merger of Informa and Taylor & Francis in May 2004. He is also a Non-Executive Director of YouGov plc.



#### Key:

I. Peter Rigby

II. David Gilbertson

III. Derek Mapp

### Adam Walker - Joined 28 March 2008

Finance Director (40)

Adam Walker joined Touche Ross in 1989. Following his qualification as a Chartered Accountant he specialised in corporate finance work. In 1994 he joined Natwest Markets as an Associate Director. In 1998 his team joined Arthur Andersen where he became a Director of Corporate Finance. In 2001 he joined National Express Group plc as Head of Corporate Development, and was appointed to the board as Finance Director in 2003. He took up his appointment as Finance Director of the Company on 28 March 2008.

### Derek Mapp

Senior Non-Executive Director<sup>1 2 3</sup>(57)

Derek Mapp joined the board of Taylor & Francis Group plc as a Non-Executive Director in 1998. He is currently Non-Executive Chairman of Staffline Recruitment Group plc and Salmon Developments plc and Executive Chairman of Imagesound plc. He also has a number of other private business interests. Mr Mapp was appointed as a Non-Executive Director upon the merger of Informa and Taylor & Francis in May 2004 and was designated the Senior Independent Director on 10 March 2005. He is also Chairman of the Nominations Committee, Audit Committee and Risk Committee.

### Sean Watson

Non-Executive Director<sup>1 2 3</sup> (59)

A solicitor and Senior Corporate Finance Partner at CMS Cameron McKenna, Sean Watson has extensive experience in all areas of corporate law. In 2000 he was appointed as a Non-Executive Director. He is also a Non-Executive Director of TT Electronics plc.

### Dr Pamela Kirby

Non-Executive Director<sup>2 3</sup> (54)

Pamela Kirby is currently Chairman of Scynexis Inc., a privately held chemistry-focused drug discovery and development company based in the US. She is also a Non-Executive Director of Smith & Nephew plc, Curalogic A/S and Novo Nordisk A/S. She was previously the Non-Executive Chairman of Oxford Immunotec Limited and was the CEO of US-based Quintiles Transnational Corporation. Prior to joining Quintiles, Dr Kirby held various senior positions in the pharmaceutical industry at Astra AB (now AstraZeneca plc), British Biotech plc (now Vernalis plc) and F. Hoffman-La Roche Limited. She has a PhD in Clinical Pharmacology from the University of London. Dr Kirby was appointed as a Non-Executive Director in September 2004 and chairs the Remuneration Committee.

### John Davis

Non-Executive Director<sup>1 3</sup> (45)

John Davis has been Chief Financial Officer of Yell Group plc since 2000. He previously held senior positions within Pearson Plc, where he was latterly Group Finance Director of the FT Group, and Emap plc, which he joined in 1989, where he was Director of Corporate Finance and Treasury between 1995 and 1997. Mr Davis is a Chartered Accountant, having qualified at Price Waterhouse and has a Masters in Management from the Stanford Graduate School of Business. He was appointed as a Non-Executive Director with effect from 1 October 2005.

### Dr Brendan O'Neill - Joined 1 January 2008

Non-Executive Director<sup>1 2 3</sup> (59)

Brendan O'Neill is a Non-Executive Director of Aegis Group plc, Tyco International Inc, Watson Wyatt Worldwide Inc and of Endurance Speciality Holdings Limited. From 1999 to 2003 he was Chief Executive of ICI plc. Prior to joining ICI in 1998 he was an Executive Director of Guinness plc with responsibility for the Guinness Group's worldwide business brewing interests. He was also Non-Executive Director of Emap plc from 1995 to 2002. He was appointed as a Non-Executive Director with effect from 1 January 2008.

## Company Secretary

### John Burton

Company Secretary (43)

John Burton is a solicitor and was formerly a partner at CMS Cameron McKenna. In that role, he advised the Group in relation to the LLP and IBC merger in 1998, the acquisition of PJB Publications in 2003, the Taylor & Francis merger in 2004 and the IIR acquisition and rights issue in 2005. He was appointed as Group General Counsel and Company Secretary in June 2006. He is a Non-Executive Director of Greenbottle Limited.

<sup>1</sup> Member of Audit Committee

<sup>2</sup> Member of Remuneration Committee

<sup>3</sup> Member of Nomination Committee

## Changes to the Board since 31 December 2007

The following changes to the Board took place on 17 March 2008:

- David Gilbertson stepped down as Chief Executive;
- Peter Rigby ceased to be Chairman and assumed the role of Chief Executive;
- Derek Mapp ceased to be Senior Non-Executive Director and became Non-Executive Chairman; and
- Dr Pamela Kirby was appointed as Senior Non-Executive Director.

In addition, on 1 January and 28 March respectively, Brendan O'Neill and Adam Walker joined the Board. Accordingly neither Brendan O'Neill nor Adam Walker served as a Director during the year ended 31 December 2007.



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## Officers and Advisers

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### Auditors

Deloitte & Touche LLP  
Abbots House  
Abbey Street  
Reading  
Berkshire RG1 3BD

### Registrars

Equiniti  
Aspect House  
Spencer Road  
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West Sussex  
BN99 3QQ

### Financial Advisers

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### Stockbrokers

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London EC2M 4AA

Merrill Lynch International  
Merrill Lynch Financial Centre  
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### Public Relations

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### Principal Solicitors

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160 Aldersgate Street  
London EC1A 4DD

Ashurst  
Broadwalk House  
5 Appold Street  
London EC2A 2HA

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## Corporate and Risk Information

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The Directors present their annual report on the affairs of the Group, together with the financial statements and auditors' report, for the year ended 31 December 2007. This report includes the information set out from pages 10 to page 68 of this document. Notices concerning the limitations on the liability of the Directors and concerning forward looking statements are set out on page 143.

### Principal Activities

Informa plc and its subsidiary undertakings provide specialist information to the academic & scientific, professional and commercial communities globally through publishing, events and performance improvement (PI). The subsidiary and associated undertakings principally affecting the profits or net assets of the Group in the year are listed in notes 19 and 20 to the consolidated financial statements.

Information about the development and performance of the business of the Company during the financial year that fulfils the requirements of Section 234ZZB of the Companies Act 1985 is included in the Chairman's and Chief Executive's Review and the Financial Review both of which form part of this report for the purposes of the Companies Act 1985.

As a whole this report provides information about the Group's businesses, its financial performance during the year and likely future developments. Other than as described in this report, there have not been any significant changes to the Group's principal activities during the year under review and the Directors are not aware, at the date of this report, of any likely major changes in the Group's activities in the new financial year. There have been no significant events since the balance sheet date.

### Business Review

The results for the year are summarised in the Consolidated Income Statement on page 71 and the related Notes. A review of the Group's business and future prospects is set out in the Chairman's and Chief Executive's Review on pages 10 to 39. In relation to the use of financial instruments by the Group a review is included within note 27 to the consolidated financial statements. There are no significant differences between the market value of any interests in land of the Group and the amount at which those interests are included in the balance sheet.

### Dividends

The Directors recommend that a final dividend of 11.3p per ordinary share be paid on 21 May 2008 to ordinary shareholders registered as at the close of business on 18 April 2008 which, together with the interim dividend of 5.6p per ordinary share paid on 5 October 2007, makes a total for the year of 16.9p per ordinary share (2006: 12.2p).

### Directors

The names of Directors, are set out on pages 45 and 46, which includes brief biographical details. The following changes to the Board have taken place since 1 January 2007:

- On 15 May 2007, Mr Hooper ceased to be Non-Executive Chairman and retired from the Board.
- On that date Mr Rigby ceased to be Chief Executive and was appointed as Chairman.
- On that date Mr Gilbertson ceased to be Managing Director and was appointed as Chief Executive.
- On 31 December 2007 Mr Foye ceased to be Finance Director and retired from the Board on that date.
- On 23 November 2007 it was announced that Adam Walker was appointed as Finance Director with effect from a date to be fixed in March 2008.
- On 27 November 2007 it was announced that Dr Brendan O'Neill would join the board as Non-Executive Director with effect from 1 January 2008.

The remuneration and interests in the share capital of the Company of the Directors who held office as at 31 December 2007 are set out in the Directors' Remuneration Report on pages 60 to 68.

All the Directors offer themselves for re-election by the shareholders at the next AGM.

Details of the contracts of the Executive and Non-Executive directors with the Company can be found on page 64. No Director was materially interested in any contract of significance.



## Corporate and Risk Information continued

### Directors' Indemnities

As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the directors, to the extent permitted by law and the Company's Articles of Association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as directors of the Company or any of its subsidiaries.

The Company has purchased and maintains Directors' and Officers' insurance cover against certain legal liabilities and costs for claims in connection with any act or omission by its directors and officers in the execution of their duties.

### Registration

The Company's registered office is at Mortimer House, 37-41 Mortimer Street, London, W1T 3JH. The Company is registered in England and Wales under number 3099067.

### Annual General Meeting

The Annual General Meeting will be held on 15 May 2008. The notice is being despatched as a separate document.

### Charitable and Political Contributions

The Group made charitable donations during the year of £208,464, principally to local charities serving some of the communities in which the Group operates. No political donations were made.

### Supplier Payment Policy

The Company's policy, which is also applied by the Group, is to settle terms of payment with suppliers when agreeing the terms of each transaction, to ensure that suppliers are aware of the terms of payment and to abide by the agreed terms, provided that the supplier has provided the goods or services in accordance with the relevant terms and conditions. Trade payables of the Group at 31 December 2007 were equivalent to 50 days' (2006: 47 days) purchases, based on the average daily amount invoiced by suppliers during the year.

### Substantial Shareholdings and Companies Act 1985 Schedule 7 Disclosures

As at 25 February 2008, the Company had been notified in accordance with the Disclosure and Transparency Rules of the UKLA of the following substantial interests in the issued ordinary share capital of the Company:

|                                       | Number of shares | % held |
|---------------------------------------|------------------|--------|
| Legal & General Investment Management | 34,008,569       | 8.01   |
| Fidelity FMR Corp (US)                | 21,602,906       | 5.09   |
| Standard Life Investments             | 17,519,176       | 4.13   |
| Marathon Asset Management             | 16,032,753       | 3.78   |
| Henderson Global Investors            | 14,598,489       | 3.44   |

As at 25 February 2008, the Company's issued share capital comprised 424,897,800 ordinary shares with a nominal value of 0.1p each. Details of the authorised and issued share capital, together with movements in the issued share capital during the year, are shown in note 28 of the consolidated financial statements.

The rights attaching to the Company's ordinary shares, being the only share class of the Company, are set out in the Company's Articles of Association, which can be found at [www.informa.com](http://www.informa.com). Subject to the applicable statutes, any share may be issued with or have attached to it such rights and restrictions as the Company may by ordinary resolution decide or, if no such resolution is in effect or so far as the resolution does not make specific provision, as the Board may decide. No such resolution is currently in effect. Subject to the recommendation of the Board, holders of ordinary shares may receive a dividend. On liquidation, holders of ordinary shares may share in the assets of the Company. Holders of ordinary shares are also entitled to receive the Company's annual report and accounts and, subject to certain thresholds being met, may requisition the Board to convene a general meeting or the proposal of resolutions at annual general meetings. None of the ordinary shares carry any special rights with regard to control of the Company.

## Corporate and Risk Information continued

Holders of ordinary shares are entitled to attend and speak at general meetings of the Company and to appoint one or more proxies or, if the holder of shares is a corporation, a corporate representative. On a show of hands, each holder of ordinary shares who (being an individual) is present in person or (being a corporation) is present by a duly appointed corporate representative, not being himself a member, shall have one vote and on a poll, every holder of ordinary shares present in person or by proxy shall have one vote for every share of which he is the holder. Electronic and paper proxy appointments and voting instructions must be received not later than 48 hours before a general meeting. A holder of ordinary shares can lose his entitlement to vote at general meetings where that holder has been served with a disclosure notice and has failed to provide the Company with information concerning interest in those shares. Save as set out above, and except as permitted under applicable statutes, there are no limitations on voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights or arrangements by which, with the Company's cooperation, financial rights are carried by the ordinary shares in the Company are held by a person other than the holder of those shares.

The Directors may refuse to register a transfer of a certificated share which is not fully paid, provided that the refusal does not prevent dealings in shares in the Company from taking place on an open and proper basis or where the Company has a lien over that share. The Directors may also refuse to register a transfer of a certificated share unless the instrument of transfer: (i) is lodged, duly stamped (if necessary), at the registered office of the Company or any other place as the Board may decide accompanied by the certificate for the share(s) to be transferred and/or such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer; (ii) in respect of only one class of shares; (iii) is in favour of a person who is not a minor, bankrupt or a person in respect of whom an order has been made on the ground that such person is suffering from a mental disorder or is otherwise incapable of managing their affairs; or (iv) is in favour of not more than four transferees.

Transfers of uncertificated shares must be carried out using CREST and the Directors can refuse to register a transfer of an uncertificated share in accordance with the regulations governing the operation of CREST.

The Directors may decide to suspend the registration of transfers, for up to 30 days a year, by closing the register of shareholders. The Directors cannot suspend the registration of transfers of any uncertificated shares without obtaining consent from CREST.

There are no other restrictions on the transfer of ordinary shares in the Company except: (1) certain restrictions may from time to time be imposed by laws and regulations (for example insider trading laws); (2) pursuant to the Company's share dealing code whereby the Directors and certain employees of the Company require approval to deal in the Company's shares; and (3) where a shareholder with at least a 0.25% interest in the Company's certificated shares has been served with a disclosure notice and has failed to provide the Company with information concerning interests in those shares. There are no agreements between holders of ordinary shares that are known to the Company which may result in restrictions on the transfer of securities or on voting rights.

Shares are from time to time held by a trustee in order to satisfy entitlements of employees to shares under the Group's share schemes. Usually the shares held on trust are no more than sufficient to satisfy the requirements of the Group's share schemes for one year. The shares held by these trusts do not have any special rights with regard to control of the Company. While these shares are held on trust their rights are not exercisable directly by the relevant employees. The current arrangements concerning these trusts and their shareholdings are set out on page 65.

There are no significant agreements to which the Company is a party that take effect, alter or terminate upon a change of control following a takeover bid (nor any agreements between the Company and its directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid) except for the Group's banking facilities described in note 27.

The rules for appointment and replacement of the directors are set out in the Company's articles of association. Directors can be appointed by the Company by ordinary resolution at a general meeting or by the Board upon the recommendation of the Nomination Committee. The Company can remove a director from office, including by passing an extraordinary resolution or an ordinary resolution of which special notice has been given or by notice being given by not less than three quarters of the other Directors being not less than three in number.

The powers of the directors are set out in the Company's Articles of Association and provide that the Board may exercise all the powers of the Company including to borrow money up to an aggregate of three times a formula based on adjusted capital and reserves and unamortised goodwill. The Company may by ordinary resolution authorise the Board to issue shares, and increase, consolidate, sub-divide and cancel shares in accordance with its Articles of Association and applicable statutes.

The Company may amend its Articles of Association by special resolution approved at a general meeting. The Company proposes to adopt new Articles of Association at its Annual General Meeting to be held on 15 May 2008 to update the Company's current Articles of Association primarily to take account of changes brought about by the Companies Act 2006.

### Purchase of Own Shares

At the end of the year, the Directors had authority, under a shareholders' resolution passed on 15 May 2007, to purchase through the market up to 42,406,766 of the Company's ordinary shares. The minimum price which may be paid for each ordinary share is 10p; the maximum which may be paid for each share is not more than (excluding expenses) per ordinary share than the higher of (i) 5% above the average of the middle market quotations for an ordinary share of the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately before the day on which it purchases that share and (ii) the price stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation. This authority expires on 14 August 2008, or if earlier, at the conclusion of the AGM of the Company to be held in 2008.

### Going Concern Basis

After making enquiries, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

### Employee Consultation

The Group places considerable value on the involvement of its employees and continues to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved principally through formal and informal meetings, email updates and via the Company's global intranet site, which is regularly updated and includes a facility enabling employees anonymously to ask questions of executive management to which answers are also published. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Mr Rigby (Chairman) and Mr Gilbertson (Chief Executive) have recently launched their own blogs which encourage dialogue from employees on key themes. All employees world-wide are also invited periodically to attend webinars, take part in live on-line polls, and ask Mr Rigby and Mr Gilbertson questions about the business and its future. The webinars, including the results of the polls, are then posted on the Informa intranet so that those employees who are unable to attend can view it.

All UK employees are eligible to participate in the Company's Share Incentive Plan (SIP), an Inland Revenue Approved All Employee Share Incentive Plan offering UK employees the opportunity to purchase annually up to £1,500 of shares in the Company out of pre-tax salary. In addition, from 2008, all US employees are eligible to participate in the Company's US Employee Stock Purchase Plan which offers US employees the opportunity to purchase annually up to \$2,940 of shares in the Company at a 15% discount to the prevailing market price.

### Disabled Employees

Full consideration is given to applications for employment from, and the continuing employment, training, promotion, career development and promotion of, disabled persons.

### Risks and Uncertainties

A number of factors (risk factors) affect the Group's operating results and financial condition. In common with other information providers, the Group's profitability depends in part on the prevailing economic environment and the strength of the academic, professional and business communities to which it sells. In addition, the Group's profitability is dependent on maintaining a strong and highly motivated management team, maintaining brand reputation, quality of information and its ability to use and protect the security of its marketing databases. Risk factors include economic conditions, appetite for the Group's products, government policy and the need to have effective operational systems and processes as follows:

*The Group's publishing business could be adversely affected by general economic downturns or declines or disruptions in industries to which it provides information*

The publishing industry is sensitive to both general economic and business conditions and can be affected by the condition of specific industries and interest groups such as the professional, financial services, life sciences, technology, pharmaceuticals, telecommunications and maritime industries. Some of these industries have in the past been sensitive to various potential disruptions such as government regulation, war, terrorism, disease, natural disasters and other significant adverse events. A general decline in economic conditions or disruptions in specific industries characterised by falls in spending on published materials could cause a material decline in revenue.

*The Group's events business could be adversely affected by general economic downturns, catastrophic events or declines or disruptions in industries that heavily utilized events*

The events' market is sensitive to both general economic and business conditions and to specific adverse circumstances, such as acts of terrorism or other catastrophic events. In addition, the events' market can be affected by the condition of industries such as professional, financial services, life sciences, technology, pharmaceuticals, telecommunications and maritime industries. Some of these industries tend to be sensitive to various potential disruptions such as government regulation, war, terrorism, disease, natural disasters and other significant adverse circumstances. A general decline in economic conditions or disruptions in specific industries characterised by falls in spending on events (as spending on events is considered discretionary by some customers) could cause a material decline in revenues, particularly those derived from stage 1 (smaller) events and training courses.

## Corporate and Risk Information continued

### *The PI industry could be adversely affected by general economic downturns or declines or disruptions in industries*

The PI market is sensitive to both general economic and business conditions. In addition, PI spending can be affected by the condition of industries such as travel, financial services, education, telecommunications, retail and entertainment industries. Some of these industries tend to be sensitive to various potential disruptions such as government regulation, war, terrorism, disease, natural disasters and other significant adverse events. A general decline in economic conditions or disruptions in specific industries characterised by falls in spending on PI expenditure (as this spending may be considered discretionary by customers) could cause a decline in the Group's revenue.

### *The Group could be impacted if changes in the business model were widely adopted in the academic publishing market*

An alternative business model called 'open access' has been put forward that would allow libraries to access all publications freely rather than the current system of acquiring journals from publishers. If this model were to be widely adopted, there could be a material impact on this part of the Group's business. The Group continues to monitor the situation and position itself to respond to changes in the academic market's information requirements.

### *Low barriers to entry in the events' market*

The stage one events and training course markets have relatively low barriers to entry that can lead to rival operators establishing competing events in the Group's core markets. There are several competitors who can establish rival events at relatively low-cost.

### *The Group is subject to high sensitivity in relation to average delegate attendance*

Average delegate numbers at events could fall as a reaction to the economic or political environment. In addition to the general economic, social and political environment, the Group could also see reduced delegate numbers due to changes in the quality of events, a failure to market events successfully, reductions in the appeal of certain events and a decline in the general appetite amongst corporate clients to pay for and send delegates to events. If there is a material decline in average attendance then profitability would be materially reduced due to the operationally geared nature of this business.

### *Competitive pressures may adversely affect the financial performance of the Group's PI businesses*

The Group's PI businesses are subject to significant competitive pressures from large consulting firms on the one hand and small competitors on the other in relation to certain parts of these businesses where the barriers to entry may be low. These businesses also place substantial reliance upon high quality sales people that can be difficult to attract and retain.

### *Robbins-Gioia Proxy Board Arrangements may limit the control exercisable over the business*

The Robbins-Gioia business operates under a Proxy Board Arrangement under the US Exxon-Florio Act which limits the amount of control that the Group can exert over this business. In addition, the ability of the Group to grow the Robbins-Gioia business outside of the United States could be restricted.

### *PI market is partially reliant on evolving workplace practices and good economic conditions*

A significant number of the PI division's products could become out-dated or be overtaken by a competitor's products. The PI business model includes a training component. These businesses also may experience impaired financial performance during tougher economic conditions where businesses may decide not to invest in their people.

### *The Group's results may be impacted by exchange rate fluctuations*

The Group operates in over 70 countries and is therefore exposed to foreign currency rate fluctuations. The Group receives approximately 50% of its revenues in US Dollars and incurs approximately 40% of its costs in US Dollars. A strong Sterling against the US Dollar will reduce the Sterling reported results of the US Dollar businesses. Conversely, a weaker Pound Sterling against the US Dollar will increase the reported results of the US Dollar business. The Group receives approximately 15% of its revenues in Euros and incurs approximately 15% of its costs in Euros. A strong Pound Sterling against the Euro will reduce Sterling reported results of the Euro businesses. Conversely, a weaker Pound Sterling against the Euro will increase the reported results of the Euro businesses. Comparability of the Group's business between financial targets can be significantly affected by fluctuations in the Pound Sterling against other currencies, particularly against the US Dollar and the Euro.

### *The Group operates in a competitive environment*

The markets for the Group's products and services are competitive and this may have adverse consequences. In its academic, specialist and professional publications business, this could lead to pricing pressure and, in turn, reduced profit margins. In its events' business, this may lead to a reduction in the number of delegates and/or the volume of events and the availability of sponsorship.

### *The Group could fail to attract or retain senior management or other key employees*

The failure to attract or retain key employees could seriously impede the financial plans, growth and other objectives of the Group. The success of the Group depends to a substantial extent not only on the ability and experience of its senior management but also on the individuals and teams that service its customers and maintain its client relationships. The Directors believe that the Group's future success will depend, to a large degree, on its ability to attract and retain additional highly skilled and qualified personnel and to expand, train, manage and motivate its employees.

### *Damage to reputation and or brand could lead to an adverse impact on the Group*

The Group's businesses are in part dependent on the success of their branded publications and events. These brands are important in attracting high quality contributors, advertising revenues, speakers, delegates and sponsorship. If the reputation, customer experience or quality of any of the Group's major publications, PI businesses or larger events was to be damaged then there could be an adverse impact on the Group.

### *The Group's intellectual property rights could be challenged and enforcement of those rights could be costly*

A substantial element of the Group's products and services comprise intellectual property content delivered through a variety of media, including journals, books, printed training materials and the internet. Whilst the Group relies on trademark, copyright, patent and other intellectual property laws to establish and protect its proprietary rights in these products and services, it cannot be certain that its proprietary rights will not be challenged, limited, invalidated or circumvented. Despite trademark and copyright protection and similar intellectual property protection laws, third parties may be able to copy, infringe or otherwise profit from its proprietary rights without the Company's authorisation. As regards online content, whilst there is certain internet-specific copyright legislation in the United States and in the European Union, there remains significant uncertainty as to its scope and enforceability. In the United States, copyright laws are increasingly coming under legal challenge.

### *Data protection and security of databases could be compromised*

The Group has valuable databases. If these were damaged or accessed by a competitor then the ability of the Group to operate and access these databases could be adversely impacted. This could have a material adverse impact on the Group's revenue and profits. In addition, access to these databases could enable one of the Company's competitors to compete more effectively.

### *Internet and electronic delivery platforms, networks or distribution systems*

The Group's businesses are increasingly dependent on electronic platforms and distribution systems, primarily the internet, for delivery of their products and services. The Group's ability to use the internet may be impaired due to infrastructure failures, service outages at third party internet providers or increased government regulation. If disruptions, failures, or slowdowns of the Group's electronic delivery systems or the internet occur, its ability to distribute its products and services effectively and to serve its customers may be adversely affected.

## Auditors

Each of the persons who is a Director at the date of the approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of the information.

This confirmation is given and should be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985.

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board

**John Burton**

Company Secretary

27 February 2008

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## Senior Independent Director's Report

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### *Report on the Corporate Governance of the Company by the Senior Independent Non-Executive Director*

On 15 May 2007, Mr Rigby, who had until that time been the Company's Chief Executive for three years, was appointed as Chairman. When this appointment was announced on 14 March 2007, it was also announced that the Board had resolved to make certain governance and reporting changes, including the provision as part of the Annual Report of this report from me as the Senior Independent Non-Executive Director.

The Company is committed to the principles of corporate governance contained in the Combined Code on Corporate Governance that was issued in 2006 by the Financial Reporting Council (the Code) for which the Board is accountable to shareholders. Throughout the year ended 31 December 2007 the Company was in compliance with all the Code provisions set out in Section 1 of the Code except for Code Provision A.2.2. This is because on appointment the Chairman did not meet the independence criteria prescribed by the Code since immediately prior to his appointment, he had been Chief Executive.

In accordance with the Code, the Company's six largest shareholders were consulted as to the proposal that Peter Rigby be made Chairman prior to the appointment being made. In reaching its decision as to the appointment of Mr Rigby as Chairman, the Board considered in particular the complexity of the Group's global operations, the need for management stability at the top of the Group following three years of fundamental changes, and the long-term partnership and proven complementary leadership provided by Peter Rigby and David Gilbertson since 1998.

Together this report and the Directors' Remuneration Report, explain how the Company has applied the principles and supporting principles of Good Governance set out in Section 1 of the Code.

### **The Board**

The Group is controlled through its Board of Directors. The Board's main roles are to create value for shareholders, to provide leadership of the Group, to approve the Group's strategic objectives and to ensure that the necessary financial and other resources are made available to enable those objectives to be met.

A schedule which sets out the matters reserved for the Board's approval is reviewed and updated annually. The specific responsibilities reserved for the Board include: approving the Group's long-term objectives and commercial strategy; approving the Group's annual operating and capital expenditure budgets; reviewing operational and financial performance; approving major acquisitions, disposals and capital projects; reviewing the Group's systems of internal controls and risk management; reviewing the environmental, health and safety policies of the Group; approving appointments to and removals from the Board and of the Company Secretary; and approving policies relating to Directors' remuneration.

The Board has delegated the following activities to the Executive Directors: the development and recommendation of strategic plans for consideration by the Board that reflect the longer-term objectives and priorities established by the Board; implementation of the strategies and policies of the Group as determined by the Board; monitoring of the operating and financial results against plans and budgets; monitoring the performance of acquisitions and investments against plans and objectives; prioritising the allocation of capital, technical and human resources and developing and implementing risk management systems.

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## Senior Independent Director's Report continued

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### The Roles of the Chairman, Chief Executive and Senior Independent Director

The division of responsibilities between the Chairman of the Board, the Chief Executive and the Senior Independent Director is clearly defined.

The Chairman leads the Board and is responsible for organising the business of the Board, setting its agenda and ensuring its effectiveness. The Chairman is also responsible for ensuring that Directors receive accurate, timely and clear information and for effective communication with shareholders. The Chairman facilitates the effective contribution of Non-Executive Directors and constructive relations between the Executive and Non-Executive Directors.

The Chairman also has executive responsibilities, particularly with regard to non-UK operations. Certain functions such as the provision of internal leadership, formulation of strategy, major corporate investment matters and the overall leadership of the Group are divided between the Chairman and the Chief Executive.

The Chief Executive has direct charge of the Group on a day-to-day basis and is accountable to the Board for its operational and financial performance. The Chief Executive is also primarily responsible for implementation of the Company's strategy including ensuring the achievement of the Group's budgets and optimising the Group's resources. He also has primary responsibility for managing the Group's risk profile, identifying and executing new business opportunities and for management development and remuneration.

I have been the Senior Independent Director since 10 March 2005. On 15 May 2007, as a result of the appointment of Peter Rigby as Chairman, the status and scope of this role has been considerably expanded.

I hold separate review meetings with each of the Chairman and the Chief Executive at least quarterly. I am also consulted by the Chairman on a number of major strategic and governance matters including:

- significant issues raised by major shareholders;
- setting the board agenda;
- ensuring constructive relations between the executive and non-executive directors;
- board evaluation; and
- promotion of high standards of corporate governance.

I also chair each of the Audit Committee, the Risk Committee and the Nominations Committee, as well as being a member of the Remuneration Committee. I am also available to meet shareholders on request and to ensure that the Board is aware of any shareholder concerns not resolved through existing mechanisms for investor communication.

### Directors and Directors' Independence

As of 31 December 2007 the Board comprised four independent Non-Executive Directors and three Executive Directors, one of whom is the Chairman. In addition, in November 2007, Brendan O'Neill was appointed as a fifth independent Non-Executive Director; his term of office commenced on 1 January 2008. The names of the Directors, together with their brief biographical details, are given on pages 45 and 46. The periods served by each Director during 2007 are set out on page 48.

The Board includes independent Non-Executive Directors who constructively challenge and help develop proposals on strategy and bring strong, independent judgement, knowledge and experience to the Board's deliberations. The independent Directors are of sufficient calibre and number that their views carry significant weight in the Board's decision-making process.

The Board considers all of its Non-Executive Directors to be independent in character and judgement. The Board has considered the independence of Mr S Watson with particular care in view of his position as a partner at the law firm of CMS Cameron McKenna, one of several legal advisers used by the Company. The Board does not consider the relationship between the Group and the law firm to be of a material nature given that the transaction values between the two entities have not exceeded 1% of their respective total revenues during each of the three years ended 31 December 2007. In addition, Mr Watson does not lead any transaction or have any active role in any work undertaken by the law firm on behalf of the Company.

There is an agreed procedure in place for the Directors to obtain independent professional advice, at the Group's expense, should they consider it necessary to do so in order to carry out their responsibilities.

The only significant other professional commitment of the Chairman, Mr P Rigby is his position as Non-Executive Chairman of Electric Word plc.

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## Senior Independent Director's Report continued

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### Professional Development

On appointment the Directors receive relevant information about the Group, the role of the Board and the matters reserved for its decision, the terms of reference and membership of the principal Board committees and the powers delegated to those committees, the Group's corporate governance policies and procedures and the latest financial information about the Group. This is supplemented by visits to key locations and meetings with key senior executives. On appointment Directors are also advised of their legal and other duties and obligations as a Director of a listed company.

Throughout their period in office, the Directors are continually updated on the Group's business and the environment in which it operates, by written briefings and by meetings with senior executives, who are invited to attend and present at Board meetings from time to time. They are also updated on any changes to the legal and governance requirements of the Group and which affect themselves as Directors and are able to obtain training, at the Group's expense, to ensure they are kept up to date on relevant new legislation and changing commercial risks.

### Performance Evaluation

The Board utilises a formal and rigorous process, led by the Chairman, for the annual evaluation of the performance of the Board, its principal committees and individual Directors, with particular attention to those who are due for re-appointment. On appointment the Directors are made aware that their performance will be subject to evaluation.

For 2007 the evaluation was performed by the Chairman who conducted a series of focused interviews with each member of the Board in his or her capacity as a Director and, where applicable, as a member or Chairman of a principal committee. The findings and recommendations of the review were presented to the Board as a whole, with a view to implementing any recommendations made to improve the overall effectiveness of the Board during 2008. The Non-Executive Directors, led by me as the Senior Independent Director, also met without the Chairman present to conduct an evaluation of the Chairman's performance.

At the end of 2008 the Board proposes to commission an outside consultancy to carry out the Board evaluation working with the Chairman and Senior Independent Director. This will specifically include consulting some major shareholders about any concerns they may have with the structure of the Board that has been in place since 15 May 2007 and its composition.

### Re-election

All of the Company's Directors are subject to annual re-election at the AGM.

### The Company Secretary

The Company Secretary is responsible for advising the Board through the Chairman on all governance matters and all Directors have access to the advice and services of the Company Secretary.

### Information

Regular reports and papers are circulated to the Directors in a timely manner in preparation for Board and Committee meetings. These papers are supplemented by any information specifically requested by the Directors from time to time.

The Non-Executive Directors receive monthly management reports from the Chief Executive and the Finance Director which enable them to scrutinise the Group's and management's performance against agreed objectives.

### Relations with Shareholders

Each of Peter Rigby as Chairman and myself as Senior Independent Director provides the Board with feedback on any issues raised with us by shareholders.

The Executive Directors have frequent discussions with institutional shareholders on a range of issues affecting the Group's performance. These include meetings with the Group's largest institutional shareholders on an individual basis following the announcement of the Group's interim and annual results. In addition, the Group responds to individual ad hoc requests for discussions from institutional shareholders. Following meetings held with shareholders after the interim and annual results announcements, the Board is provided with feedback from each of the Chief Executive, the Group's brokers and its public relations advisers on investor perceptions. External analysts' reports on the Group are also circulated to all Directors, as are monthly reports of significant changes in the holdings of larger investors.

The Annual General Meeting (AGM), for which at least 20 working days' notice is given and where shareholders are invited to ask questions during the meeting and are able to meet with the Directors after the meeting, is normally attended by all the Directors. The number of proxy votes for, against or withheld in respect of each resolution is disclosed at the AGM and a separate resolution is proposed for each item.

The Group's corporate website at [www.informa.com](http://www.informa.com) contains a wide range of information of interest to both institutional and private investors, including any announcements made by the Company to the Financial Services Authority as well as video recordings of the interim and annual presentations made to analysts.



## Senior Independent Director's Report continued

### Internal Control and Risk Management

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Board has an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. In accordance with the Code, the Board regularly reviews this process, which has been in place from 1 January 2007 to the date of approval of this Annual Report.

The Board regularly reviews the effectiveness of the Group's system of financial and non-financial internal controls, including operational and compliance controls, risk management and the Group's high-level internal control arrangements.

The Board's monitoring is based principally on reviewing reports from management to consider whether significant risks have been identified, evaluated, managed and controlled and whether any significant weaknesses are promptly remedied and indicate a need for more extensive monitoring.

In addition, the Board performs a formal risk assessment, which is embedded through the annual planning cycle into the operations of the Group. Each operating unit prepares a business plan, which sets out detailed objectives, which are submitted to Executive management and the Board for approval. As an integral part of the plan, each operating unit considers the significant risks to its business and to the achievement of the proposed plan.

Risk is measured in terms of impact, inherent risk and residual risk, and takes account of management's control actions in mitigating against both external and internal risk events.

The risk model consolidates unique risk events and aggregated risk categories at both a business unit level and group-wide, and the results are presented to the Risk Committee (a sub-committee of the Audit Committee) which I also chair, and the Audit Committee for discussion and review, and assists in the allocation of Internal Audit (previously known as Group Internal Control) resource to provide assurance on significant risks in its annual plan.

The Audit Committee assists the Board in discharging its review responsibilities. Internal Audit prepares a report for each committee meeting held, providing an update on current projects being undertaken, the results of reviews completed since the prior meeting and the status of all recommendations arising from prior reviews.

### Board Meetings and Committees

The number of scheduled Board meetings and committee meetings attended as a member by each Director during the year was as follows:

|              | Scheduled Board meetings (of 8) | Nomination Committee meetings (of 3) | Remuneration Committee meetings (of 3) | Audit Committee meetings (of 3) |
|--------------|---------------------------------|--------------------------------------|--|---------------------------------|
| R Hooper*    | 1                               | 1                                    | 1                                      | –                               |
| P Rigby      | 8                               | 3                                    | –                                      | –                               |
| D Gilbertson | 8                               | –                                    | –                                      | –                               |
| A Foye       | 8                               | –                                    | –                                      | –                               |
| D Mapp       | 8                               | 3                                    | 3                                      | 3                               |
| S Watson     | 7                               | 3                                    | 3                                      | 3                               |
| P Kirby      | 8                               | 3                                    | 3                                      | –                               |
| J Davis      | 6                               | 3                                    | –                                      | 2                               |

\* Mr Hooper ceased to be Director on 15 May 2007.

### Nomination Committee

The Company has established a Nomination Committee whose terms of reference, which were updated by the Board in October 2005, are available on the Company's website.

The membership of the Nomination Committee throughout 2007 comprised the Chairman and the Non-Executive Directors.

The Nomination Committee considers the mix of skills and experience that the Board requires and seeks the appointment of Directors who meet those requirements to ensure that the Board is effective in discharging its responsibilities.

The Nomination Committee met three times during 2007, for the purposes of: (1) following the outcome of the consultation process with the six largest shareholders in relation to the proposal to appoint Mr Rigby as Chairman and Mr Gilbertson as Chief Executive, to make final decisions concerning those two appointments; (2) in relation to the decision to appoint Adam Walker as Finance Director; and (3) as to the appointment of Brendan O'Neill as Non-Executive Director.

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## Senior Independent Director's Report continued

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### Remuneration Committee

The membership of the Remuneration Committee is set out on page 60 in the Directors' Remuneration Report. The Committee's terms of reference, which were updated by the Board in October 2005, are available on the Group website. The Committee's principal responsibilities are to:

- set, review and recommend to the Board for approval the remuneration policy and strategy with respect to the Executive Directors;
- set, review and approve the individual remuneration packages of the Executive Directors including terms and conditions of employment and any changes to the packages; and
- approve the introduction and rules of any Group share-based incentive schemes.

### Audit Committee

The membership of the Audit Committee throughout 2007 comprised me, Derek Mapp, as Chairman of the Committee, Mr Watson and Mr Davis. It met three times during 2007.

The Audit Committee has at least one member possessing recent and relevant experience, as described in the Smith Report appended to the Code. I have extensive experience of audit committee procedures, and Mr Davis is a qualified chartered accountant and the Chief Financial Officer of Yell Group plc, a FTSE 100 company.

The Audit Committee monitors the integrity of the Group's financial statements and any formal announcements relating to the Group's performance. The Committee is responsible for monitoring the effectiveness of the external audit process and making recommendations to the Board in relation to the appointment, re-appointment and remuneration of the external auditors. It is responsible for ensuring that an appropriate relationship between the Group and the external auditors is maintained, including reviewing non-audit services and fees. The Committee also reviews annually the Group's system of internal controls and the process for monitoring and evaluating the risks faced by the Group. It reviews the effectiveness of the Group Internal Audit function (which includes business risk management) and is responsible for approving, upon the recommendation of the Chief Executive, the appointment and termination of the head of that function. These responsibilities are principally carried out through the Risk Committee, which is a sub-committee of the Audit Committee.

The Committee meets as appropriate with the Executive Directors and management, as well as privately with both the external and internal auditors.

In 2007 the Committee discharged its responsibilities primarily by:

- reviewing the Group's draft preliminary and interim results statements prior to Board approval and reviewing the external auditors' detailed reports thereon;
- reviewing the Group's pre-close period updates prior to their release;
- reviewing the appropriateness of the Group's accounting policies;
- reviewing regularly the impact on the Group's financial statements of matters such as the adoption of International Financial Reporting Standards;
- recommending to the full Board, which adopted the recommendation, the reappointment of Deloitte & Touche LLP as the Group's external auditors;
- reviewing and approving the audit fee and reviewing non-audit fees payable to the Group's external auditors;
- reviewing the external auditors' plan for the audit of the Group's accounts, which included key areas of scope of work; key risks on the accounts; confirmations of auditor independence and the proposed audit fee and approving the terms of engagement for the audit;
- reviewing the Group's system of controls and its effectiveness;
- reviewing the Group's systems to identify and manage risks (including regular consultation with the Head of Internal Audit);
- reviewing the ongoing reports from Business Risk Management; and
- reviewing post-acquisition reports on integration and performance of significant recent acquisitions compared to plans.

The Audit Committee also monitors the Group's whistleblowing procedures to ensure that appropriate arrangements are in place for employees to be able to raise matters of possible impropriety in confidence, with suitable subsequent follow-up action.

The Committee also undertakes a thorough performance evaluation which is led by me as Chairman of the Committee.

The Audit Committee's terms of reference, which were updated by the Board in October 2005, are available on the Company's website.

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## Senior Independent Director's Report continued

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### Auditor Independence and Objectivity

The Audit Committee regularly monitors the scope of the services and the non-audit services being provided to the Group by its external auditors to review the independence and objectivity of the external auditors, taking into consideration the relevant professional and regulatory requirements, so that these are not impaired by the provision of permissible non-audit services. Any activities that may be perceived to be in conflict with the role of the external auditors must be submitted to the Committee for approval prior to engagement.

### Corporate Responsibility (CR)

Mr Keith Brownlie is the senior executive with day to day responsibility for Corporate Responsibility. He served in this capacity throughout 2007. Management of the Group's CR priorities is led by a CR committee which is chaired by the Informa Chairman, Peter Rigby. Meetings are minuted and information fed through to other senior level committees when appropriate. In 2007, initiatives considered include Informa's environmental performance, community activities, best practice for suppliers and ethical guidance for journalists.

The Group also receives input from a number of external parties. During 2007 it received presentations from Cranfield Business School, Plan UK, GcapMedia and the Carbon Neutral Company.

CR priorities have been decided upon using a diverse range of stakeholder insights including:

- In-house expertise from colleagues who provide products and services in the social, environmental or business ethics fields;
- Institutional Investor feedback and insights;
- Our annual staff survey and perennial staff communications;
- Feedback and questions from our institutional customers;
- Dialogue with Trade Unions and NGOs;
- Our Membership of Corporate Responsibility networks such as the MediaCSRForum ([www.mediacsforum.org](http://www.mediacsforum.org)); and
- Advice from our retained CR advisers.

We can therefore summarise the areas we consider most important to be as follows:

#### **Maintaining trust and integrity in our product range**

Many of our customers demonstrate unrivalled loyalty and depend on the information we provide to them. It is our responsibility not to break this trust at any cost, for example by the provision of inappropriate, misleading or sub-standard products and services or the misuse of their information.

#### **Providing a rewarding, fair and inspiring workplace for our staff**

The quality of our people is the single greatest advantage we have. We are rich in intellectual capital - our responsibility is to provide a transparent and unbiased meritocracy and invest in human resource tools and techniques to support this.

#### **Maintaining and improving customer service levels**

It is our responsibility to anticipate, meet and exceed our institutional and individual customer expectations, whatever they may be. Without them, their support and their referrals we would not be where we are today.

#### **Fostering and encouraging innovation throughout the business**

Innovative is a core Informa value. We often hire people because they are innovative and continually innovate and improve the products and services we offer. It is therefore our responsibility to ensure that both internal and external innovation at Informa is allowed to flourish and appropriately rewarded.

#### **Monitoring and managing our operational and product related environmental and climate change impacts**

We impact the environment via our day to day business operations and through our product and service footprint. It is our responsibility to monitor, and reduce these impacts where practicable and keep up to date with stakeholder expectations.

#### **Giving back to the communities where we operate**

Business and society need to progress hand in hand and Informa has a responsibility to support employees who wish to give back to the communities within which they operate. We believe that this directly improves their working value too.

For more information on specific activities in each of these areas, including performance data and our plans for 2008 please refer to the separate 2007 Corporate Responsibility Report at [www.informa.com](http://www.informa.com).

#### **Mr Derek Mapp**

Senior Independent Director

27 February 2008

# Directors' Remuneration Report

## Introduction

This report has been prepared in accordance with Schedule 7A to the Companies Act 1985. The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority. As required by the Act, a resolution to approve the Report will be proposed at the Annual General Meeting.

The Act requires the auditors to report to the Company's members on certain parts of this report and to state whether in their opinion those parts of the report have been properly prepared in accordance with the Companies Act 1985. This report has therefore been divided into separate sections for audited and unaudited information.

## Unaudited Information

### Remuneration Committee

The membership of the Remuneration Committee during 2007 was as follows:

|                                 | Period of membership 2007 |
|---------------------------------|---------------------------|
| P Kirby (Chairman of Committee) | 1 Jan – 31 Dec            |
| S Watson                        | 1 Jan – 31 Dec            |
| D Mapp                          | 1 Jan – 31 Dec            |
| R Hooper                        | 1 Jan – 15 May            |

None of the members who served on the Committee during the year had any personal financial interest (other than as a shareholder of the Company), conflicts of interests arising from cross-directorships or day-to-day involvement in running the business. The Committee makes recommendations to the Board.

In determining the Directors' remuneration the Committee consulted the Chairman, about its proposals although no Director played a part in any discussion about his or her own remuneration. The Committee also engaged independent advisers New Bridge Street Consultants LLP (NBS) to provide advice on the structure and operation of Directors' remuneration packages and the Company's share incentive arrangements. NBS do not provide any other services to the Group.

### Remuneration Policy

The remuneration of the Executive Directors is prudently designed to provide for a competitive compensation package which reflects the Group's performance against financial objectives and personal performance criteria. It rewards above-average performance and is designed to attract, motivate and retain high-calibre executives. The performance measurement of the Executive Directors and the determination of their annual remuneration packages are undertaken by the Committee.

There are five elements of the remuneration package for Executive Directors as follows:

- basic annual salary;
- benefits;
- annual bonus;
- share incentives; and
- retirement and life assurance benefits.

The Company's policy is that a substantial proportion of the remuneration of the Executive Directors should be performance-related. As described further below, Executive Directors may earn annual bonus payments of up to 100% of their basic salaries, together with the benefits of participation in performance-based share incentive schemes.

The Remuneration Committee is able to consider corporate performance on environmental, social and governance issues when setting the remuneration of the Executive Directors. In its judgment its remuneration policies do not raise environmental, social or governance risks by inadvertently motivating irresponsible behaviour.

Executive Directors are entitled to accept appointments outside of the Company provided that the Chairman determines that it is appropriate. During 2006 Mr Rigby served as Non-Executive Chairman of Electric Word plc, for which he received and retained fees of £12,000. Mr Gilbertson served as Non-Executive Chairman of John Brown Holdings Limited, for which he received and retained fees of £30,000. Mr Foye served as a Non-Executive Director of YouGov plc, for which he received and retained fees of £16,500.

## Directors' Remuneration Report continued

### Basic Salary

The basic salaries of the Executive Directors are reviewed by the Remuneration Committee prior to the beginning of each year and upon a change of position or responsibility. In deciding appropriate levels, the Committee considers pay practices in the Group as a whole and makes reference to objective research which gives current information on appropriate comparator groups of companies.

A review at the end of 2007 was undertaken with the assistance of independent remuneration consultants NBS. It included a comparison of benchmark data from three comparator groups of companies - one drawn from the FTSE All Share Media Index, of which the Company is a constituent member, a second drawn from the FTSE All Share Index which comprised companies of a broadly similar size to Informa in terms of market capitalisation, turnover and overseas operations and a third comprising the members of the "old" FTSE 350 Media & Entertainment Sector (this group no longer exists following a reclassification by FTSE but is retained as a helpful third category for competitor purposes).

Following its review, the Committee concluded that it was appropriate to increase the annual basic salaries of the Chairman and Chief Executive with effect from 1 January 2008 to the following levels, which reflect the scale of the Group's business, their attendant responsibilities and their continued outstanding performance:

|                               | £'000 |
|-------------------------------|-------|
| P Rigby, Chairman             | 630   |
| D Gilbertson, Chief Executive | 620   |

In addition, the salary of Mr Walker, the new Finance Director, was fixed at £425,000 p.a. for 2008.

### Benefits

Each of the Executive Directors receives a benefit allowance of £25,000 per annum together with private medical insurance cover and permanent health insurance cover.

### Annual Bonus

Each of the Executive Directors has the opportunity to earn a bonus of up to 100% of basic salary, subject to the achievement of challenging performance criteria set by the Committee.

In respect of the year ended 31 December 2007, as in the previous year, a bonus of up to 80% of basic salary could be earned based on achievement of a sliding scale of challenging diluted adjusted earnings per share (EPS) targets and up to 20% based on achievement of personal objectives, covering strategic, financial and operational areas. The Remuneration Committee determined that the EPS-related targets had been achieved in full and accordingly a bonus of 80% of basic salary was awarded to each of the Executive Directors. In relation to the achievement of personal objectives, awards of 20% were made to Messrs Rigby and Foye and an award of 10% was paid to Mr Gilbertson (in each case of their respective basic salaries).

The Remuneration Committee continues to consider adjusted diluted EPS to be the most suitable financial measurement to determine performance and align the interests of the Executive Directors with those of the Company's shareholders as this measurement of performance can be directly influenced by the performance of the Executive Directors. The Committee has determined for 2008 not to base any element of bonus on the achievement of personal objectives and instead has resolved that a bonus of up to 100% of basic salary be awarded. The amount of the bonus will be dependent upon achievement of a sliding scale of diluted adjusted EPS for the year ending 31 December 2008 the targets of which are set at levels to encourage and reward the delivery of exceptional levels of performance.

### Share Matching Plan

In 2004 and 2005 the Company operated a Share Matching Plan in which the Executive Directors could participate. Following approval at the 2004 Annual General Meeting, the Share Matching Plan was amended to introduce a requirement for the Executive Directors to invest at least 50% of their annual bonuses (net of tax and any other deductions), where such bonus exceeded half of annual basic salary, in the Company's shares. Corresponding awards of free matching shares were then made under the Share Matching Plan. In addition, the requirement was introduced for performance criteria to be achieved in order for the free matching shares to vest. Awards under the amended Share Matching Plan were made in April 2005, as set out on page 66. No further grants will be made under this Plan.

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## Directors' Remuneration Report continued

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### Long Term Incentive Plan

As reported last year, following a review by the Remuneration Committee and after consultation with the Company's principal institutional shareholders undertaken at the beginning of 2006, the Committee concluded that the awards made to the Executive Directors in April 2005 should be the last made under the Share Matching Plan. From 2006 the Executive Directors were invited to participate in the Company's Long Term Incentive Plan (LTIP), which had been introduced and approved by shareholders in 2005.

The first grant of awards to Executive Directors under the LTIP was made in March 2006 and they were given the alternative of:

- a maximum award of 100% of basic salary in the Company's shares, provided they are prepared to sacrifice 5% of that year's basic salary; or
- a maximum award of 50% of basic salary in the Company's shares, with no salary sacrifice required.

The purpose of the higher award for a basic salary sacrifice is to encourage participants to share some of the risk for a greater level of potential benefit and also to help mitigate the cost to the Company of the LTIP. All Executive Directors opted for the maximum award with a 5% sacrifice in basic salary. A further grant of awards was made in April 2007 on the same basis and the Executive Directors again opted for the maximum award with a 5% sacrifice in basic salary.

The awards made to the Executive Directors under the LTIP vest subject to continued employment over a three-year performance period, including the year of award, and the satisfaction of performance conditions which require both that:

- the Company's Total Shareholder Return is at least at the median compared to the companies constituting, at grant, the FTSE All Share Media Index; and
- the Company's average adjusted diluted EPS grows by at least RPI plus 5% per annum (for 20% of the award to vest) increasing to RPI plus 12% per annum (for 100% of the award to vest).

The Committee reviewed these performance conditions at the end of 2007, having taken advice from NBS. As a result, it concluded that the structure and levels of these performance conditions continue to be appropriate, given (i) the Company's current circumstances, (ii) comparative market practice and (iii) as they encourage both the generation of above market returns to shareholders and the delivery of substantial EPS growth.

### Share Incentive Plan

From January 2006 the Executive Directors, along with all other UK employees, were eligible to participate in the Company's Share Incentive Plan (SIP), introduced and approved by shareholders in 2005. The SIP is an Inland Revenue Approved All Employee Share Incentive Plan which offers UK employees the opportunity to purchase up to £1,500 of shares in the Company per annum out of pre-tax salary.

### Share Options

Prior to their merger in May 2004, both Informa and Taylor & Francis operated discretionary share option schemes for the benefit of the Executive Directors. In the light of changes to the accounting treatment for share options and changing market practice, the Remuneration Committee decided not to grant options to Executive Directors during 2005 and 2006 and does not intend to do so in the foreseeable future. Details of subsisting options granted to the Executive Directors in 2004 and earlier are shown on page 66.

### Share Ownership Guidelines

During early 2006 the Remuneration Committee introduced formal share ownership guidelines requiring the Executive Directors to build up, over a three-year period and with pre-existing shareholdings taken into account, a holding in the Company's shares equal to at least one and a half times annual basic salary.

## Directors' Remuneration Report continued

### Retirement and Life Assurance Benefits

The Executive Directors are entitled to receive a contribution of 25% of basic salary toward their retirement arrangements. The Company also provides life assurance cover providing for the payment of a lump sum in the event of the insured's death in service.

Mr Gilbertson is a deferred member of the Informa Final Salary Scheme, a defined benefit scheme which provides for a pension on retirement of up to two thirds of final basic salary at the age of 60. Dependants are eligible for dependants' pension and the payment of a lump sum in the event of the member's death in service. Further details of the benefits accrued under the scheme are shown on page 67.

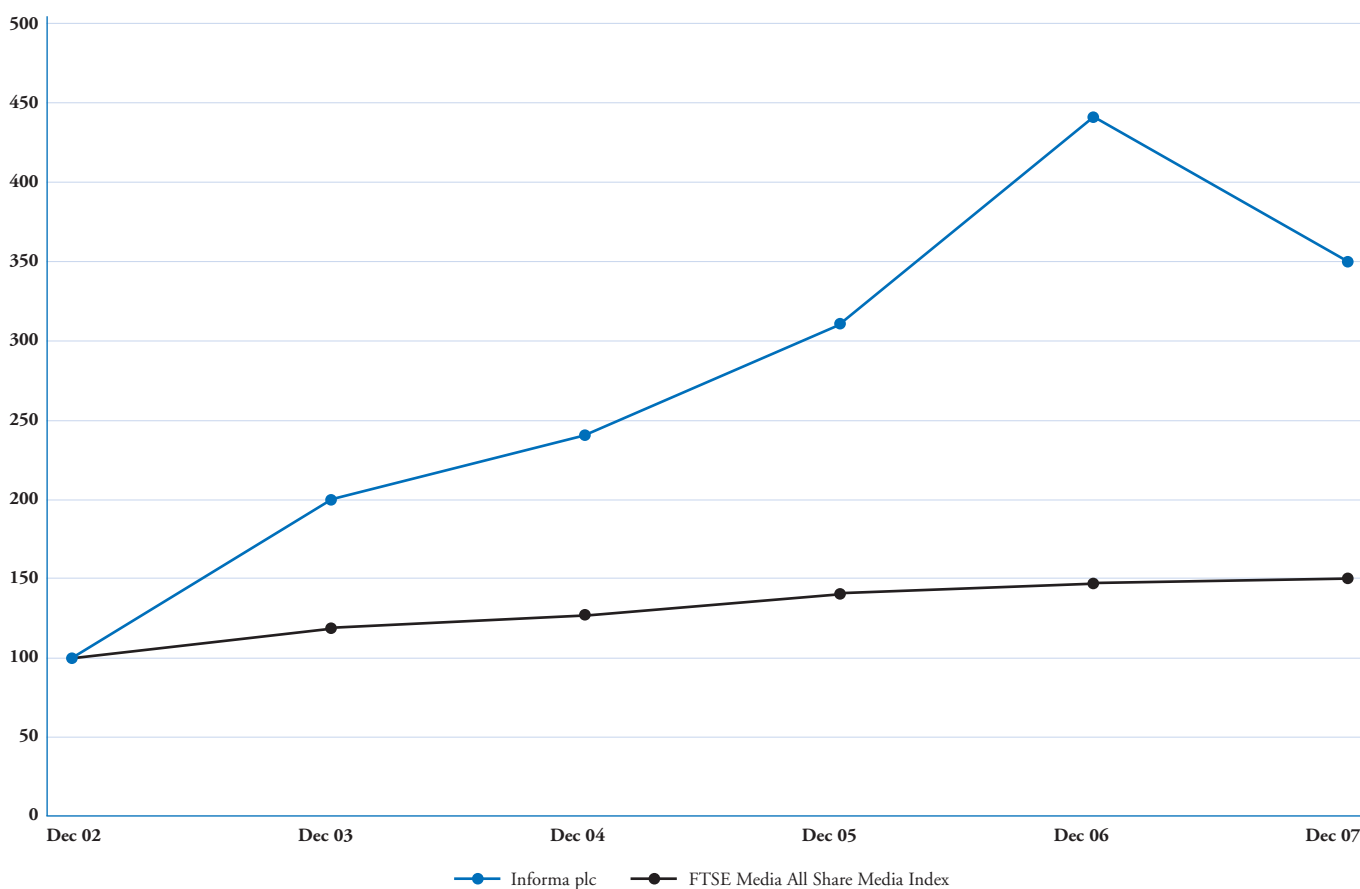
Mr Foye ceased to be an active member of the Taylor & Francis Group Pension and Life Assurance Scheme in April 2006. This is a defined benefit scheme which provides for a pension on retirement of up to two thirds of final basic salary at the age of 63. Dependants are eligible for dependants' pension and the payment of a lump sum in the event of the member's death in service. Further details of the benefits accrued under the scheme are shown on page 67.

Since (1) none of the Executive Directors is an active member of any Group pension scheme and (2) none is eligible to make further tax efficient pension contributions, instead the Company now pays each of them a monthly payment in lieu of pension contributions equal to 25% of basic salary (after deducting any incremental National Insurance costs to the Company).

### Performance Graph

The graph below shows the Company's performance, measured by total shareholder return, compared with the performance of the FTSE All Share Media Index, also measured by total shareholder return, in the five-year period ended 31 December 2007. The FTSE All Share Media Index has been selected for this comparison because the Company is a constituent company of that index.

Informa plc Total Shareholder Return vs FTSE All Share Media Index 2003-2007



## Directors' Remuneration Report continued

### Directors' Contracts

At 31 December 2007 and in accordance with the Company's policy, each of the Executive Directors had service contracts with an indefinite term under which 12 months' notice must be given by the Company or by the Director. In the event of early termination, the contracts for Mr Rigby and Mr Gilbertson provide for compensation equal to basic salary, bonus, benefits allowance and retirement benefit for the notice period.

Each of the Non-Executive Directors has specific terms of appointment, terminable by three months' notice.

The dates of the Directors' original contracts are shown in the table below, although the contracts have been amended from time to time by letter agreement as required to reflect changes to, for example, salary or fee levels. The contracts, which include details of remuneration, will be available for inspection at the Annual General Meeting.

|                                | Date of original contract |
|--------------------------------|---------------------------|
| <b>Executive Directors</b>     |                           |
| P Rigby                        | 25 September 1996         |
| D Gilbertson                   | 27 February 1996          |
| <b>Non-Executive Directors</b> |                           |
| D Mapp                         | 10 May 2004               |
| S Watson                       | 10 May 2004               |
| P Kirby                        | 3 August 2004             |
| J Davis                        | 19 September 2005         |
| Brendan O'Neill                | 26 November 2007          |

### Non-Executive Directors

The remuneration of the Non-Executive Directors is determined by the Board within the limits set by the Articles of Association. As stated above, no Director plays a part in any discussion about his or her remuneration. Fees are reviewed annually, taking account of the responsibility and time commitment of the Non-Executive Directors and including a comparison with the level of fees paid by other companies of similar size and complexity.

The basic annual fee payable to Non-Executive Directors in 2007 was £38,300. As Chairman, the total annual fee payable to Mr Hooper was £127,300.

During 2007 the Non-Executive Directors were also paid £2,000 per annum per committee for the additional work performed by them as members of the Nomination, Remuneration and Audit Committees or £3,000 and £10,000 per annum, respectively, as chair of the Remuneration and Audit Committees. With effect from 15 May 2007, Mr Mapp was paid an annual inclusive fee of £100,000 for his enhanced role as Senior Independent Non-Executive Director, together with his position as Chairman of the Audit, Risk and Nomination committees and for his membership of the Remuneration Committee.

Non-Executive Directors are not eligible to participate in any of the Company's share incentive schemes or join any Company pension scheme.

### Audited Information

#### Aggregate Directors' Remuneration

The total amounts for Directors' remuneration were as follows:

|   | 2007<br>£'000 | 2006<br>£'000 |
|---|---------------|---------------|
| Emoluments  | 3,238         | 3,080         |
| Compensation for loss of office                     | 511           | -             |
| Gains on exercise of share options                  | 2,314         | -             |
| Retirement contributions (or cash payments in lieu) | 336           | 321           |
|   | 6,399         | 3,401         |



## Directors' Remuneration Report continued

### Directors' Emoluments

|                                | Basic salary/<br>fees<br>£'000 | Bonus<br>accrued<br>£'000 | Benefits in<br>kind/allowance<br>£'000 | Total 2007<br>£'000 | Total 2006<br>£'000 | Compensation<br>for loss of office<br>£'000 |
|--------------------------------|--------------------------------|---------------------------|--|---------------------|---------------------|---|
| <b>Executive Directors</b>     |                                |                           |  |                     |                     |   |
| P Rigby                        | 570 <sup>1</sup>               | 600                       | 28                                     | 1,198               | 1,103               | -   |
| D Gilbertson                   | 539 <sup>1</sup>               | 510                       | 28                                     | 1,077               | 1,045               | -   |
| A Foye                         | 330                            | 347                       | 27                                     | 704                 | 631                 | 480 <sup>2</sup>                            |
|                                | 1,439                          | 1,457                     | 83                                     | 2,979               | 2,779               | 480   |
| <b>Non-Executive Directors</b> |                                |                           |  |                     |                     |   |
| R Hooper <sup>3</sup>          | 47                             | -                         | -                                      | 47                  | 124                 | 31  |
| D Mapp                         | 83                             | -                         | -                                      | 83                  | 51                  | -   |
| S Watson                       | 44                             | -                         | -                                      | 44                  | 43                  | -   |
| P Kirby                        | 43                             | -                         | -                                      | 43                  | 42                  | -   |
| J Davis                        | 42                             | -                         | -                                      | 42                  | 41                  | -   |
| Aggregate emoluments           | 1,698                          | 1,457                     | 83                                     | 3,238               | 3,080               | 511   |

<sup>1</sup> These salaries reflect the 5% voluntary salary sacrifice made by each of the Executive Directors in order to maximise their LTIP awards as described on page 62. Bonus payments are payable on the basis of the gross salary.

<sup>2</sup> Mr A Foye was paid £480,016 as compensation for loss of office pursuant to the terms of his service contract, comprising basic salary, benefits allowance, pension entitlement and bonus that would have been earned for the period 1 January - 15 July 2008.

<sup>3</sup> Mr Hooper ceased to be non-executive chairman on 15 May 2007. He was paid compensation for loss of office of £31,000.

The fees shown above for the services of Mr Watson were paid to CMS Cameron McKenna.

Aggregate emoluments disclosed above do not include any amounts in respect of the value of share options granted to or held by Directors, of matching awards made under the Company's Share Matching Plan or of awards under the Company's Long Term Incentive Scheme. Details of these share-based incentives are given below.

### Directors' Share Interests

The Directors who held office at 31 December 2007 had the following beneficial interests in the issued share capital of the Company:

|              | At 31 December 2007<br>ordinary shares | At 31 December 2006<br>ordinary shares |
|--------------|--|--|
| P Rigby      | 636,149                                | 575,857                                |
| D Gilbertson | 718,038                                | 599,159                                |
| A Foye       | 393,866                                | 355,574                                |
| D Mapp       | 40,496                                 | 40,496                                 |
| S Watson     | 17,650                                 | 17,650                                 |
| J Davis      | 10,000                                 | 10,000                                 |

None of the Directors had any beneficial interests in the shares of other Group companies.

In addition to the beneficial interests in the shares of the Company shown above, during 2007 Messrs Rigby, Gilbertson and Foye were, for the purposes of the Companies Act 1985, regarded as interested in the 2,775 ordinary shares held by Informa Limited, as trustee of the Informa Group Qualifying Employee Share Ownership Trust and in the 297,616 ordinary shares held by Nautilus Trustees Limited, as trustee of the Informa Group Employee Share Trust. Employees of the Group (including Messrs Rigby and Gilbertson) are potential beneficiaries under these trusts.

Other than the purchase of 609 Share Incentive Plan shares each by Messrs Rigby and Gilbertson, there have been no changes in Directors' share interests from 31 December 2007 to the date of this Report.

The above interests exclude any shares awarded under the Share Matching Plan, shown below.

## Directors' Remuneration Report continued

### Share Matching Plan

Set out below are the details of matching awards granted under the Company's Share Matching Plan:

|              | At<br>31 December<br>2006 | Granted<br>during<br>year | Vested<br>during<br>year | At<br>31 December<br>2007 | Award<br>date | Vesting<br>date | Expiry<br>date |
|--------------|---------------------------|---------------------------|--------------------------|---------------------------|---------------|-----------------|----------------|
| P Rigby      | 17,808 <sup>1</sup>       | -                         | -                        | 17,808 <sup>1</sup>       | 13.04.04      | 13.04.07        | 13.04.14       |
|              | 105,958 <sup>2</sup>      | -                         | -                        | 105,958 <sup>2</sup>      | 19.04.05      | 19.04.08        | 19.04.15       |
| D Gilbertson | 15,792 <sup>1</sup>       | -                         | -                        | 15,792 <sup>1</sup>       | 13.04.04      | 13.04.07        | 13.04.14       |
|              | 101,510 <sup>2</sup>      | -                         | -                        | 101,510 <sup>2</sup>      | 19.04.05      | 19.04.08        | 19.04.15       |
| A Foye       | 62,144 <sup>2</sup>       | -                         | -                        | 62,144 <sup>2</sup>       | 19.04.05      | 19.04.08        | 30.06.08       |

1 Matching award available for vesting on the third anniversary of the date of grant, but not taken up in 2007.

2 Matching award granted on 19 April 2005 when the market value of the Company's shares was 405.75p (as adjusted for the July 2005 rights issue). The award vests on the third anniversary of the date of grant, subject to continued employment on the anniversary date and on a sliding scale, subject to the achievement of performance targets over the three-year performance period, including the year of grant, as follows:

- one-half share where compound annual adjusted earnings per share growth exceeds the growth in RPI plus 5%;
- two shares where compound annual adjusted earnings per share growth exceeds the growth in RPI plus 12% or more; and
- pro rata on a straight line basis between these two points.

### Directors' Share Options

Set out below are the details of options to acquire shares in Informa plc held by the Directors who served during the year. All of the conditions to exercise these options have been satisfied. No share options were granted during 2006 or 2007.

|              | At 31<br>December 2006 | Lapsed | Exercised | Exercise price (p) | Market price at<br>date of exercise (p) | At 31 December<br>2007 | Exercise period      |
|--------------|------------------------|--------|-----------|--------------------|---|------------------------|----------------------|
| P Rigby      | 4,394                  | -      | 4,394     | 179.91             | 574.00                                  | -                      | -                    |
|              | 104,737                | -      | 104,737   | 358.04             | 574.00                                  | -                      | -                    |
|              | 58,544                 | -      | -         | 736.61             | -                                       | 58,544                 | 20.03.03 to 19.03.10 |
|              | 91,445                 | -      | -         | 518.75             | -                                       | 91,445                 | 07.03.04 to 06.03.11 |
|              | 125,304                | -      | 125,304   | 252.38             | 574.00                                  | -                      | -                    |
|              | 152,582                | -      | 152,582   | 333.04             | 574.00                                  | -                      | -                    |
|              | 537,006                | -      | 387,017   |                    |   | 149,989                |                      |
| D Gilbertson | 111,999                | -      | 111,999   | 195.54             | 574.00                                  | -                      | -                    |
|              | 92,169                 | -      | 92,169    | 358.04             | 574.00                                  | -                      | -                    |
|              | 51,520                 | -      | -         | 736.61             | -                                       | 51,520                 | 20.03.03 to 19.03.10 |
|              | 80,384                 | -      | -         | 518.75             | -                                       | 80,384                 | 07.03.04 to 06.03.11 |
|              | 110,148                | -      | 110,148   | 252.38             | 574.00                                  | -                      | -                    |
|              | 134,271                | -      | 134,271   | 333.04             | 574.00                                  | -                      | -                    |
|              | 580,491                | -      | 448,587   |                    |   | 131,904                |                      |
| A Foye       | 84,620                 | -      | -         | 307.24             | -                                       | 84,620                 | 26.04.04 to 30.06.08 |
|              | 43,305                 | -      | -         | 334.82             | -                                       | 43,305                 | 27.05.05 to 30.06.08 |
|              | 37,969                 | -      | -         | 227.15             | -                                       | 37,969                 | 30.04.06 to 30.06.08 |
|              | 37,969                 | -      | -         | 227.15             | -                                       | 37,969                 | 30.04.06 to 30.06.08 |
|              | 62,372                 | -      | -         | 304.16             | -                                       | 62,372                 | 22.03.07 to 30.06.08 |
|              | 266,235                | -      | -         |                    |   | 266,235                |                      |

The market price of the Company's ordinary shares at 31 December 2007 was 461.75p and the range during the year was between 412.25p to 623.50p. The daily average market price during the year was 548.66p.

## Directors' Remuneration Report continued

### Directors' Long Term Incentive Schemes

During 2006 and 2007 the Executive Directors were granted conditional awards over shares in the Company under the Long Term Incentive Plan as follows:

|              | No. of shares | Award date | Vesting date |
|--------------|---------------|------------|--------------|
| P Rigby      | 117,082       | 29.03.06   | 31.12.08     |
| D Gilbertson | 110,696       | 29.03.06   | 31.12.08     |
| A Foye       | 65,992        | 29.03.06   | 15.07.08     |
|              | 293,770       |            |              |

|              | No. of shares | Award date | Vesting date |
|--------------|---------------|------------|--------------|
| P Rigby      | 102,301       | 25.04.07   | 31.12.09     |
| D Gilbertson | 96,675        | 25.04.07   | 31.12.09     |
| A Foye       | 59,165        | 25.04.07   | 15.07.08     |
|              | 258,141       |            |              |

These awards will vest proportionately from the beginning of the relevant performance period to this date. The grants were made on the terms described on page 62.

### Directors' Pension Entitlements

Two Directors are members of defined benefit pension schemes provided by the Company or its subsidiaries and have accrued entitlements under the schemes as follows:

|              | Accrued pension<br>31 December 2006<br>£'000 | Increase in accrued<br>pension in the year<br>£'000 | Accrued pension<br>31 December 2007<br>£'000 |
|--------------|--|---|--|
| D Gilbertson | 34   | 1   | 35   |
| A Foye       | 90   | 3   | 93   |

The following table sets out the transfer values of the Directors' accrued benefits under the schemes calculated in a manner consistent with 'Retirement Benefit Schemes – Transfer Values (GN11)' published by the Institute of Actuaries and the Faculty of Actuaries:

|              | Transfer value<br>31 December 2006<br>£'000 | Contributions made<br>by the Director<br>£'000 | Increase in transfer value in the<br>year net of contributions<br>£'000 | Transfer value<br>31 December 2007<br>£'000 |
|--------------|---|--|---|---|
| D Gilbertson | 459   | -  | 19  | 478   |
| A Foye       | 739   | -  | 50  | 789   |

The following additional information is given to comply with the requirements of the Listing Rules of the Financial Services Authority, which differ in some respects from the equivalent statutory requirements:

|              | Increase in accrued pension in<br>the year (excluding inflation)<br>£'000 | Transfer value of increase in year of accrued pension<br>(excluding inflation and net of Directors' contributions)<br>£'000 |
|--------------|---|---|
| D Gilbertson | -   | 14  |
| A Foye       | -   | -   |

The transfer values disclosed above do not represent a sum paid or payable to the individual Director; instead they represent a potential liability of the pension scheme.

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## Directors' Remuneration Report continued

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Contributions paid by the Company directly to Directors or their nominated retirement investment vehicles in respect of their retirement benefit entitlements were as follows:

|              | 2007<br>£'000 | 2006<br>£'000 |
|--------------|---------------|---------------|
| P Rigby      | 133           | 137           |
| D Gilbertson | 126           | 115           |
| A Foye       | 77            | 69            |
|              | 336           | 321           |

Mr Rigby waived all of his entitlement to a bonus for 2006 (£550,000) and an equivalent sum was paid as an employer pension contribution.

### Approval

This Report was approved by the Board of Directors and signed on its behalf by:

**Dr Pamela Kirby**

Chairman of the Remuneration Committee

27 February 2008

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## Statement of Directors' Responsibilities

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The directors are responsible for preparing the Annual Report, Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors are required by the IAS Regulation to prepare the group financial statements under International Financial Reporting Standards (IFRSs) as adopted by the European Union. The group financial statements are also required by law to be properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that IFRS financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The directors have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The parent company financial statements are required by law to give a true and fair view of the state of affairs of the company. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the parent company financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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# Independent Auditors' Report to the Members of Informa plc

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We have audited the Group financial statements (the 'financial statements') of Informa plc for the year ended 31 December 2007, which comprise the Consolidated Income Statement, the Consolidated Statement of Recognised Income and Expense, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and the related notes 1 to 41. These Group financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

We have reported separately on the parent company financial statements of Informa plc for the year ended 31 December 2007.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Group financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Group financial statements give a true and fair view, whether the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation and whether the part of the Directors' Remuneration Report described as having been audited has been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the Group financial statements. The information given in the Directors' Report includes that specific information presented in the other sections of the Annual Report that is cross referred from the Financial Review section of the Directors' Report.

In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited Group financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Group financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

## Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Group financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Group financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Group financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Group financial statements and the part of the Directors' Remuneration Report to be audited.

## Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 December 2007 and of its profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;
- the part of the Directors' Remuneration Report described as having been audited has been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the Group financial statements.

## *Deloitte & Touche LLP*

Chartered Accountants and Registered Auditors  
Reading

27 February 2008

## Consolidated Income Statement

For the Year Ended 31 December 2007

|  | Notes | Year ended<br>2007<br>£'000 | Year ended<br>2006<br>£'000 |
|--|-------|-----------------------------|-----------------------------|
| <b>Continuing operations</b>                                 |       |                             |                             |
| <b>Revenue</b>   | 5     | <b>1,129,098</b>            | 1,039,142                   |
| Change in inventories of finished goods and work in progress |       | <b>2,009</b>                | 2,513                       |
| Raw materials and consumables used                           |       | <b>(378,880)</b>            | (349,930)                   |
| Employee benefit expense                                     | 9     | <b>(318,586)</b>            | (297,248)                   |
| Depreciation expense   | 18    | <b>(9,066)</b>              | (9,113)                     |
| Amortisation of intangible fixed assets                      | 17    | <b>(104,957)</b>            | (86,656)                    |
| Impairment of goodwill                                       | 16    | <b>-</b>                    | (515)                       |
| Impairment of available for sale investments                 | 21    | <b>(755)</b>                | -                           |
| Other expenses   |       | <b>(164,893)</b>            | (169,897)                   |
| <b>Operating profit</b>                                      |       | <b>153,970</b>              | 128,296                     |
| Profit/(loss) on disposal of available for sale investment   | 21    | <b>33,365</b>               | (812)                       |
| Finance costs  | 10    | <b>(67,763)</b>             | (45,654)                    |
| Investment income  | 11    | <b>4,793</b>                | 4,670                       |
| <b>Profit before tax</b>                                     |       | <b>124,365</b>              | 86,500                      |
| Tax charge   | 12    | <b>(24,279)</b>             | (18,653)                    |
| <b>Profit for the year</b>                                   |       | <b>100,086</b>              | 67,847                      |
| Attributable to:   |       |                             |                             |
| - Equity holders of the parent                               | 29    | <b>99,192</b>               | 67,368                      |
| - Minority interests   | 30    | <b>894</b>                  | 479                         |
| <b>Earnings per share</b>                                    | 15    |                             |                             |
| - Basic (p)  |       | <b>23.40</b>                | 15.98                       |
| - Diluted (p)  |       | <b>23.32</b>                | 15.91                       |

## Consolidated Statement of Recognised Income and Expense

For the Year Ended 31 December 2007

|  | Notes | Year ended<br>2007<br>£'000 | Year ended<br>2006<br>£'000 |
|--|-------|-----------------------------|-----------------------------|
| (Loss)/gain on cash flow hedges                    | 29    | <b>(16,577)</b>             | 4,800                       |
| Loss on translation of foreign operations          | 29    | <b>(9,781)</b>              | (62,590)                    |
| Actuarial gains on defined benefit pension schemes | 39    | <b>1,375</b>                | 6,817                       |
| Tax on items taken directly to equity              | 24    | <b>11,457</b>               | (8,871)                     |
| Revaluation of available for sale investment       | 21    | <b>-</b>                    | 33,390                      |
| Net loss recognised directly in equity             |       | <b>(13,526)</b>             | (26,454)                    |
| Transferred to profit or loss on cash flow hedges  | 29    | <b>(1,904)</b>              | (2,572)                     |
| Profit for the year                                |       | <b>100,086</b>              | 67,847                      |
| Total recognised income and expense for the year   |       | <b>84,656</b>               | 38,821                      |
| Attributable to:                                   |       |                             |                             |
| - Equity holders of the parent                     |       | <b>83,762</b>               | 38,342                      |
| - Minority interests                               | 30    | <b>894</b>                  | 479                         |

# Consolidated Balance Sheet

At 31 December 2007

|   | Notes          | 2007<br>£'000    | 2006<br>£'000    |
|---|----------------|------------------|------------------|
| <b>ASSETS</b>                                   |                |                  |                  |
| <b>Non-current assets</b>                       |                |                  |                  |
| Goodwill  | 16             | 1,554,351        | 1,124,529        |
| Other intangible assets                         | 17             | 1,154,534        | 921,229          |
| Property and equipment                          | 18             | 24,603           | 23,143           |
| Available for sale investments                  | 21             | 257              | 1,012            |
| Deferred tax assets                             | 24             | 31,835           | 19,900           |
| Derivative financial instruments                | 27 (b), 27 (d) | 1,990            | 6,339            |
|   |                | <b>2,767,570</b> | <b>2,096,152</b> |
| <b>Current assets</b>                           |                |                  |                  |
| Inventory                                       | 25             | 31,523           | 33,601           |
| Available for sale investments                  | 21             | -                | 38,943           |
| Trade and other receivables                     | 22             | 247,647          | 192,987          |
| Cash and cash equivalents                       | 23             | 23,973           | 19,478           |
| Derivative financial instruments                | 27 (b), 27 (d) | 790              | 1,357            |
|   |                | <b>303,933</b>   | <b>286,366</b>   |
| Non-current assets classified as held for sale  |                | 2,247            | 2,247            |
| Total assets                                    |                | <b>3,073,750</b> | <b>2,384,765</b> |
| <b>EQUITY AND LIABILITIES</b>                   |                |                  |                  |
| <b>Capital and reserves</b>                     |                |                  |                  |
| Called up share capital                         | 28             | 425              | 42,327           |
| Share premium account                           | 29             | -                | 501,310          |
| Reserve for shares to be issued                 | 29             | 5,394            | 2,803            |
| Merger reserve                                  | 29             | 496,400          | 496,400          |
| Other reserve                                   | 29             | 37,398           | 37,398           |
| ESOP trust shares                               | 29             | (1,955)          | (3,332)          |
| Revaluation reserve                             | 29             | -                | 26,190           |
| Hedging and translation reserve                 | 29             | (83,574)         | (59,954)         |
| Capital reserve                                 | 29             | 547,075          | -                |
| Retained losses                                 | 29             | (73,312)         | (111,742)        |
| Equity attributable to equity holders of parent |                | 927,851          | 931,400          |
| Minority interests                              | 30             | 612              | 589              |
| Total equity                                    |                | <b>928,463</b>   | <b>931,989</b>   |
| <b>Non-current liabilities</b>                  |                |                  |                  |
| Long-term borrowings                            | 26             | 1,205,427        | 654,847          |
| Deferred tax liabilities                        | 24             | 293,151          | 244,320          |
| Retirement benefit obligation                   | 39             | 8,437            | 11,219           |
| Provisions                                      | 31             | 28,027           | 11,769           |
| Trade and other payables                        | 32             | 5,725            | 3,287            |
| Derivative financial instruments                | 27 (b), 27 (d) | 13,142           | -                |
|   |                | <b>1,553,909</b> | <b>925,442</b>   |
| <b>Current liabilities</b>                      |                |                  |                  |
| Short-term borrowings                           | 26             | 63,396           | 103,041          |
| Current tax liabilities                         |                | 92,483           | 75,227           |
| Provisions                                      | 31             | 8,616            | 1,558            |
| Trade and other payables                        | 32             | 189,523          | 166,136          |
| Deferred income                                 | 33             | 237,360          | 181,372          |
|   |                | <b>591,378</b>   | <b>527,334</b>   |
| Total liabilities                               |                | <b>2,145,287</b> | <b>1,452,776</b> |
| Total equity and liabilities                    |                | <b>3,073,750</b> | <b>2,384,765</b> |

These financial statements were approved by the Board of Directors on 27 February 2008 and were signed on its behalf by:

**Peter Rigby**  
Director

**David Gilbertson**  
Director



# Consolidated Cash Flow Statement

For the Year Ended 31 December 2007

|  | Notes | Year ended<br>2007<br>£'000 | Year ended<br>2006<br>£'000 |
|--|-------|-----------------------------|-----------------------------|
| <b>Operating activities</b>  |       |                             |                             |
| Cash generated by operations   | 36    | 279,160                     | 219,358                     |
| Income taxes paid  |       | (30,970)                    | (32,466)                    |
| Interest paid  |       | (84,340)                    | (42,845)                    |
| <b>Net cash from operating activities</b>  |       | <b>163,850</b>              | 144,047                     |
| <b>Investing activities</b>  |       |                             |                             |
| Investment income  |       | 4,459                       | 4,670                       |
| Proceeds on disposal of property, equipment and non-current assets classified as held for sale |       | 105                         | 2,996                       |
| Purchases of intangible software assets  | 17    | (25,666)                    | (13,936)                    |
| Purchases of property and equipment  | 18    | (8,332)                     | (9,705)                     |
| Disposal of available for sale investments   | 21    | 38,893                      | -                           |
| Acquisition of subsidiaries and businesses   | 35    | (598,984)                   | (136,207)                   |
| <b>Net cash used in investing activities</b>   |       | <b>(589,525)</b>            | (152,182)                   |
| <b>Financing activities</b>  |       |                             |                             |
| Dividends paid   | 14    | (61,520)                    | (39,160)                    |
| Repayments of borrowings   | 36    | (1,073,971)                 | (352,185)                   |
| New bank loans raised  | 36    | 1,555,467                   | 397,514                     |
| Repayments of obligations under finance leases   | 36    | (8)                         | (28)                        |
| Proceeds from the issue of share capital   | 28    | 3,863                       | 4,659                       |
| <b>Net cash from financing activities</b>  |       | <b>423,831</b>              | 10,800                      |
| <b>Net (decrease)/increase in cash and cash equivalents</b>                                    |       | <b>(1,844)</b>              | 2,665                       |
| <b>Cash and cash equivalents at beginning of year net of overdrafts</b>                        |       | <b>18,750</b>               | 16,085                      |
| <b>Cash and cash equivalents at end of year net of overdrafts</b>                              | 23    | <b>16,906</b>               | 18,750                      |

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2007

## 1 General Information

Informa plc is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is given on page 49. The nature of the Group's operations and its principal activities are set out in Note 6 and in the Corporate and Risk Information section of the Directors' Report on page 48.

These financial statements are presented in pounds sterling (GBP) because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in Note 3.

### Adoption of new and revised Standards

In the current year, the Group has adopted IFRS 7 *Financial Instruments: Disclosures* which is effective for annual reporting periods beginning on or after 1 January 2007, and the related amendments to IAS 1 *Presentation of Financial Statements*.

The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the Group's financial instruments and management of capital (see Note 27).

Four Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period:

IFRIC 7 *Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies*

IFRIC 8 *Scope of IFRS 2*

IFRIC 9 *Reassessment of Embedded Derivatives*

IFRIC 10 *Interim Financial Reporting and Impairment*

The adoption of these Interpretations has not led to any changes in the Group's accounting policies.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but have not yet come into effect:

IFRS 8 *Operating Segments*

IAS 23 *Borrowing Costs - Revised*

IFRIC 11 *IFRS 2 - Group and Treasury Share Transactions*

IFRIC 12 *Service Concession Arrangements*

IFRIC 13 *Customer Loyalty Programmes*

IFRIC 14 *IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group except for additional segment disclosures when IFRS 8 comes into effect for periods commencing on or after 1 January 2009.

## 2 Basis of Preparation

The financial statements have been prepared in accordance with IFRS adopted by the European Union and therefore comply with Article 4 of the EU IAS Regulations.

Management believe that adjusted operating profit (Note 8) and adjusted earnings per share (Note 15) provide additional useful information on underlying trends to shareholders. These measures are used for internal performance analysis and incentive compensation arrangements for employees. The term adjusted is not a defined term under IFRS and may not therefore be comparable with similarly titled profit measurements reported by other companies. It is not intended to be a substitute for, or superior to IFRS measurements of profit. The principal adjustments made are in respect of:

- Restructuring costs – the costs incurred by the Group in reorganising and integrating acquired businesses, non-recurring business restructuring, closure or disposal of businesses and costs associated with Board level changes;
- Amortisation and impairment of acquired intangible fixed assets – the Group continues to amortise these intangible fixed assets and test for impairment of these assets but does not see these charges as integral to underlying trading;
- Finance income and costs – gains/losses made on exchange contracts for hedging capital transactions which do not qualify for hedge accounting in accordance with IAS 39 "Financial Instruments: Recognition and Measurement";
- Bank facility fees written off – capitalised facility fees are amortised over the loan periods but where syndicated loan facilities have been terminated early and new facilities undertaken on funding major acquisitions, the unamortised fees are immediately expensed. This accelerated expense is not viewed as being part of operating activities and is thus excluded from the adjusted results; and
- Discontinuing activities – where the Group is in the process of exiting a major geographical location or line of business, having announced the decision but still being in the process of winding down trade.

The Group's operations are split into three broad market sectors of Academic & Scientific, Professional, and Commercial. These divisions are further analysed into more specific segments which bring together products in comparable market areas under common business heads. This is how the Group's operational management is structured and its results are reviewed and thus form the primary reporting segments (Note 6).

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# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

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## 3 Accounting policies

### Basis of accounting

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain assets and financial instruments. The principal accounting policies adopted, all of which have been consistently applied, are set out below.

### Basis of consolidation

The consolidated financial statements incorporate the accounts of the Company and all of its subsidiaries and joint ventures. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The results of subsidiaries acquired or sold are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the results of acquired subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expense are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity and consist of the amount of those interests at the date of the original business combination plus their share of changes in equity since that date.

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, which is when the strategic and operating policy decisions require the unanimous consent of the parties sharing control. The arrangements the Group has entered into involve the establishment of a separate entity in which each venturer has an interest. The Group reports its interests using proportionate consolidation and combines its share of the assets, liabilities, income and expense with the equivalent items in the consolidated financial statements on a line by line basis.

### Revenue

Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes, and provisions for returns and cancellations.

Subscription income is deferred and recognised over the term of the subscription. Conference income is deferred and recognised when the conference is held. Income from managed events represents fees earned and is recognised when the event is held. Consulting and training revenues are recognised as services are delivered. Where consultancy services are provided over a period of time, revenue is recognised using the stage of completion method when the outcome of the contract can be measured reliably. The stage to completion is determined with regard to key milestones in the contract being attained and the percentage of services performed under the contract as a percentage of the total services to be performed. Royalty revenue is recognised as the franchisee recognises their revenue.

### Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

### Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

### Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of an acquisition is measured at the aggregate of fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for resale in accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", which are recognised and measured at fair value less costs to sell.

# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

## 3 Accounting policies continued

### Goodwill

Goodwill arising on the acquisition of subsidiary companies and businesses is calculated as the excess of purchase consideration over the fair value of net identifiable assets and liabilities at the date of acquisition. It is recognised as an asset at cost, assessed for impairment at least annually and subsequently measured at cost less accumulated impairment losses. Any impairment is recognised immediately in the Income Statement and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units, as defined by the Board for internal management purposes, expected to benefit from the combination. Goodwill is tested for impairment annually or more frequently when there is an indication that it may be impaired. Where an impairment test is performed a discounted cash flow analysis is carried out based on the cash flows of the cash generating unit compared with the carrying value of that goodwill. Management estimate the discount rates as the risk affected cost of capital for the particular cash generating units. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Upon disposal the attributable carrying value of goodwill is included in the calculation of the profit or loss on disposal.

### Intangible assets

Intangible assets are initially measured at cost. For business combinations, cost is calculated based on the Group's valuation methodologies (Note 4). These assets are amortised over their estimated useful lives on a straight line basis, which are as follows:

|  |               |
|--|---------------|
| Book lists                                 | 20 years      |
| Journal titles                             | 20 - 40 years |
| Database content and intellectual property | 4 - 10 years  |
| Large scale events and exhibitions         | 8 - 10 years  |

Software, which is not integral to a related item of hardware, is included in intangible assets. Capitalised internal-use software costs include external direct costs of materials and services consumed in developing or obtaining the software, and payroll and payroll related costs for employees who are directly associated with, and who devote substantial time to, the project. Capitalisation of these costs ceases no later than the point at which the project is substantially complete and ready for its internal purpose. These costs are amortised over their expected useful lives which are deemed to be 3-10 years.

The expected useful lives of intangible assets are reviewed annually.

### Property and equipment

Property and equipment is recorded at cost less accumulated depreciation and provision for impairment. Depreciation is provided to write off the cost less the estimated residual value of property and equipment on a straight line basis over the estimated useful lives of the assets. The rates of depreciation are as follows:

|                                  |                        |
|----------------------------------|------------------------|
| Freehold buildings               | 50 years               |
| Leasehold land and buildings     | Over life of the lease |
| Equipment, fixtures and fittings | 3 - 15 years           |
| Freehold land is not depreciated |                        |

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net sale proceeds and the carrying amount of the asset and is recognised in the Income Statement.

# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

## 3 Accounting policies continued

### Impairment of tangible and intangible assets excluding goodwill

At each Balance Sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

### Non-current assets classified as held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying value and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

### Inventory

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and expenses incurred in bringing the inventory to its present location and condition. Net realisable value represents the estimated selling price less marketing and distribution costs expected to be incurred.

### Foreign currencies

Transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are retranslated at the rates ruling at that date. These translation differences are disclosed in the Income Statement.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the Income Statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

The balance sheets of foreign subsidiaries are translated into pounds sterling at the closing rates of exchange. The results are translated at an average rate, recalculated for each month between that month's closing rate and the equivalent for the preceding month.

Foreign exchange differences arising from the translation of opening net investments in foreign subsidiaries at the closing rate are taken directly to the hedging and translation reserve. In addition, foreign exchange differences arising from retranslation of the foreign subsidiaries' results from monthly average rate to closing rate are also taken directly to the Group's hedging and translation reserve. Such translation differences are recognised in the Income Statement in the financial year in which the operations are disposed of. The translation movement on matched long-term foreign currency borrowings, qualifying as hedging instruments under IAS 39, are also taken directly to the hedging and translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

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# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

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## 3 Accounting policies continued

### Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the lease and depreciated over the shorter of the period of the lease and the estimated useful economic lives of the assets. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Finance charges are allocated over the period of the lease in proportion to the capital amount outstanding and are charged to the Income Statement.

Operating lease rentals are charged to the Income Statement in equal annual amounts over the lease term.

Rental income from sub leasing property space is recognised on a straight line basis over the term of the relevant lease and is matched with the corresponding payments made under the head lease.

### Taxation

The tax expense represents the sum of the current tax payable and deferred tax.

Current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax nor accounting profit.

Deferred tax is calculated for all business combinations in respect of intangible assets and properties. A deferred tax liability is recognised to the extent that the fair value of the assets for accounting purposes exceeds the value of those assets for tax purposes and will form part of the associated goodwill on acquisition.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, including interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

## 3 Accounting policies continued

### Pension costs

Certain Group companies operate defined contribution pension schemes for employees. The assets of the schemes are held separately from the individual companies. The pension cost charge associated with these schemes represents contributions payable and is charged as an expense when they fall due.

The Group also operates funded defined benefit schemes for employees. The cost of providing these benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each Balance Sheet date. Past service cost is recognised immediately to the extent the benefits are vested, and otherwise are amortised on a straight line basis over the average period until the benefits become vested. The current service cost and the recognised element of any past service cost are presented within Operating Profit. The interest cost arising on the pension liability less the interest return on the scheme assets is presented within Finance Costs. Actuarial gains and losses are recognised in full in the period in which they occur, outside of the Income Statement and in the Statement of Recognised Income and Expense. The expected return on scheme assets reflects the estimate made by management of the long-term yields that will arise from the specific assets held within the pension scheme.

The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost and the fair value of any relevant scheme assets.

### Share-based payments

The Group issues equity settled share-based payments to certain employees. A fair value for the equity settled share awards is measured at the date of grant. The fair value of the Share Options and Long Term Incentive Plan is measured using the Binomial or Monte Carlo model of valuation, which are considered to be the most appropriate valuation techniques. The valuation takes into account factors such as non-transferability, exercise restrictions and behavioural considerations. To assign a fair value to share awards granted under the Share Matching Plan where the proportion of the award released is dependent on the level of total shareholder return, the Monte Carlo Simulation methodology is considered the most appropriate.

An expense is recognised to spread the fair value of each award over the vesting period on a straight line basis, after allowing for an estimate of the share awards that will actually vest. The estimate of vesting is reviewed annually, with any impact on the cumulative charge being recognised immediately.

### Financial Assets

Financial assets are recognised on the Group's Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are classified into the following categories: loans and receivables, cash and cash equivalents, and available for sale investments. The classification is determined by Management upon initial recognition, and it is based on the purpose for which the financial assets were acquired.

### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for all debt instruments within the Group.

### *Loans and receivables*

Trade receivables, loans and other receivables are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method, less any impairment.

### *Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand and demand deposits, and other short-term highly liquid investments that are readily convertible (with a maturity of three months or less) to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Cash Flow Statement.

# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

## 3 Accounting policies continued

### *Available for sale investments*

Listed and unlisted shares held by the Group that are traded in an active market are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in Note 21. Gains or losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the Income Statement for the period. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

### *Impairment of financial assets*

Financial assets are assessed for indicators of impairment at each Balance Sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For unlisted shares classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 37 days (2006: 32 days), as well as observable changes in national or local economic conditions that correlate with default on receivables. A specific provision will also be raised for trade receivables when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of a provision account. When a trade receivable is considered uncollectible, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against the provision account. Changes in the carrying amount of the provision account are recognised in the Income Statement.

### *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.



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# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

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## 3 Accounting policies continued

### **Financial liabilities and equity instruments issued by the Group**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

#### *Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

#### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

#### *Financial guarantee contract liabilities*

Financial guarantee contract liabilities are measured at the amount of the obligation under the contract, as determined in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

#### *Bank borrowings*

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the Income Statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

#### *Finance costs*

Finance costs of debts are capitalised against the debt value on first drawdown of the debt and are recognised in the Income Statement using the effective interest rate method.

#### *Trade payables*

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### *Other financial liabilities*

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

#### *Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

## 3 Accounting policies continued

### *Derivative financial instruments and hedge accounting*

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The derivative instruments utilised by the Group to hedge these exposures are primarily interest rate swaps. The Group does not use derivative contracts for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- hedges of a net investment in a foreign operation (net investment hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the Income Statement. If the cash flow hedge of a firm commitment or forecast transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the Income Statement in the same period in which the hedged item affects net profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Income Statement as they arise.

Amounts payable or receivable in respect of interest rate swaps are recognised as adjustments to interest expense over the period of the contracts.

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the Income Statement for the period.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Further details of derivative financial instruments are disclosed in Note 27.

### **ESOP trust shares**

Own shares deducted in arriving at shareholders' funds represent the cost of the Company's ordinary shares acquired by the Employee Share Option Plan (ESOP) trusts in connection with certain of the Group's employee share schemes.

### **Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the Balance Sheet date, and are discounted to present value where the effect is material.

Restructuring provisions are recognised when the Group has a detailed formal plan for the restructuring that has been communicated to the affected parties.

# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

## 4 Critical accounting judgments and key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the Balance Sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

### Valuation and asset lives of separately identifiable intangible assets

In order to determine the value of the separately identifiable intangible assets on the acquisition of a business combination, management are required to make estimates when utilising the Group's valuation methodologies. These methodologies include the use of discounted cash flows, revenue and gross profit multiples. Asset lives are estimated based on the nature of the intangible asset acquired and range between 3 and 40 years.

### Valuation of share-based payments

In order to determine the value of share-based payments, management are required to make an estimation of the effects of non-transferability, exercise restrictions, and behavioural considerations. The expected volatility is determined by calculating the historical volatility of the Company's share price calculated over one, two and three years back from the date of grant. The list of inputs used in the Binomial and Monte Carlo Simulation models to calculate the fair values are provided in Note 40.

### Valuation of financial instruments at fair value

Management have made a number of assumptions with regards to the models used to value financial instruments at their fair value at year end. Valuation techniques commonly used by market practitioners are applied. Note 27 details the methods used to value the primary financial instruments held or issued to finance the Group's borrowing requirements and the derivative financial instruments held to manage the interest rate profile.

For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates.

### Impairment of goodwill and other intangible assets

There are a number of assumptions management have considered in performing impairment reviews of goodwill and intangible assets, as determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Note 16 details the assumptions that have been applied.

### Pension assumptions

There are a number of assumptions management have considered on the advice of actuaries which have an impact on the results of the valuation of the pension scheme liabilities at year end. The most significant assumptions are those relating to the rate of return on investments and the rates of increase in salaries and pensions. Note 39 details the assumptions which have been adopted.

### Contingent consideration

Contingent consideration relating to acquisitions has been included based on management estimates of the most likely outcome (Note 31).

## 5 Revenue

An analysis of the Group's income is as follows:

|                       | Note | 2007<br>£'000    | 2006<br>£'000 |
|-----------------------|------|------------------|---------------|
| Sale of goods         |      | 393,686          | 368,734       |
| Rendering of services |      | 730,711          | 665,567       |
| Royalties             |      | 4,701            | 4,841         |
|                       |      | <b>1,129,098</b> | 1,039,142     |
| Investment income     | 11   | 4,793            | 4,670         |
|                       |      | <b>1,133,891</b> | 1,043,812     |

# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

## 6 Business and Geographical Segments

### Business segments

For management purposes, the Group is currently organised into three operating divisions, Academic & Scientific, Professional and Commercial. These divisions are the basis on which the Group reports its primary segment information. The principal activities are as follows:

Academic & Scientific – this division provides a portfolio of publications, events and data services for academic and commercial users in the Scientific, Technical & Medical areas and Humanities & Social Sciences areas.

Professional – this division comprises Financial Data Analysis, which focuses on the electronic delivery of news, data and information solutions to the global financial services industry; Performance Improvement, which provides performance analysis, diagnostics and customised training for corporate and government organisations; and Finance, Insurance, Law & Tax based in the UK and Holland, which contains the finance, legal, media, insurance and banking publications and their related conference and course activity.

Commercial – this division consists of two market-facing units, which provide print, electronic, and consultancy services and events to the Telecoms & Media markets and the Maritime & Commodities industries. The division also contains the Group's regional events businesses (those outside the UK and US).

### Analysis by market sector

|   | Revenue          |                  | Operating profit |                |
|---|------------------|------------------|------------------|----------------|
|   | 2007             | 2006             | 2007             | 2006           |
|   | £'000            | £'000            | £'000            | £'000          |
| <b>Academic &amp; Scientific Division</b> |                  |                  |                  |                |
| Scientific, Technical & Medical           | 200,948          | 178,738          | 36,293           | 31,922         |
| Humanities & Social Sciences              | 138,513          | 116,511          | 23,161           | 15,906         |
|   | 339,461          | 295,249          | 59,454           | 47,828         |
| <b>Professional Division</b>              |                  |                  |                  |                |
| Performance Improvement                   | 225,260          | 225,794          | 17,899           | 17,709         |
| Financial Data Analysis                   | 72,422           | 63,641           | 16,893           | 15,823         |
| Finance, Insurance, Law & Tax             | 95,648           | 83,287           | 17,155           | 12,615         |
|   | 393,330          | 372,722          | 51,947           | 46,147         |
| <b>Commercial Division</b>                |                  |                  |                  |                |
| Regional Events                           | 250,701          | 241,045          | 14,860           | 12,525         |
| Telecoms & Media                          | 73,990           | 64,736           | 17,744           | 14,542         |
| Maritime & Commodities                    | 71,616           | 65,390           | 9,965            | 7,254          |
|   | 396,307          | 371,171          | 42,569           | 34,321         |
| <b>Total from continuing operations</b>   | <b>1,129,098</b> | <b>1,039,142</b> | <b>153,970</b>   | <b>128,296</b> |

|   | Note | Adjusted operating profit |                |
|---|------|---------------------------|----------------|
|   |      | 2007                      | 2006           |
|   |      | £'000                     | £'000          |
| <b>Academic &amp; Scientific Division</b> |      |                           |                |
| Scientific, Technical & Medical           |      | 62,896                    | 50,618         |
| Humanities & Social Sciences              |      | 34,034                    | 26,936         |
|   |      | 96,930                    | 77,554         |
| <b>Professional Division</b>              |      |                           |                |
| Performance Improvement                   |      | 35,292                    | 34,726         |
| Financial Data Analysis                   |      | 21,964                    | 19,064         |
| Finance, Insurance, Law & Tax             |      | 26,667                    | 22,012         |
|   |      | 83,923                    | 75,802         |
| <b>Commercial Division</b>                |      |                           |                |
| Regional Events                           |      | 46,519                    | 42,280         |
| Telecoms & Media                          |      | 23,225                    | 16,151         |
| Maritime & Commodities                    |      | 10,396                    | 7,304          |
|   |      | 80,140                    | 65,735         |
| <b>Adjusted operating profit</b>          | 8    | <b>260,993</b>            | <b>219,091</b> |

# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

## 6 Business and Geographical Segments continued

### Other Information

|   | Capital additions<br>(Notes 16, 17 & 18) |                | Depreciation<br>and amortisation<br>(Notes 17 & 18) |               | Impairment losses<br>recognised in income<br>(Note 16) |            |
|---|--|----------------|---|---------------|--|------------|
|   | 2007                                     | 2006           | 2007  | 2006          | 2007   | 2006       |
|   | £'000                                    | £'000          | £'000   | £'000         | £'000  | £'000      |
| <b>Academic &amp; Scientific Division</b> |  |                |   |               |  |            |
| Scientific, Technical & Medical           | 193,324                                  | 70,012         | 25,038  | 19,497        | -  | -          |
| Humanities & Social Sciences              | 40,457                                   | 50,408         | 9,983   | 7,543         | -  | 515        |
|   | 233,781                                  | 120,420        | 35,021  | 27,040        | -  | 515        |
| <b>Professional Division</b>              |  |                |   |               |  |            |
| Performance Improvement                   | 7,552                                    | 13,651         | 18,146  | 17,983        | -  | -          |
| Financial Data Analysis                   | 137,386                                  | 13,418         | 6,258   | 1,937         | -  | -          |
| Finance, Insurance, Law & Tax             | 12,017                                   | 3,709          | 9,500   | 10,358        | -  | -          |
|   | 156,955                                  | 30,778         | 33,904  | 30,278        | -  | -          |
| <b>Commercial Division</b>                |  |                |   |               |  |            |
| Regional Events                           | 176,978                                  | 23,059         | 30,521  | 29,085        | -  | -          |
| Telecoms & Media                          | 160,551                                  | -              | 5,172   | 1,502         | -  | -          |
| Maritime & Commodities                    | 12,765                                   | 205            | 687   | 179           | -  | -          |
|   | 350,294                                  | 23,264         | 36,380  | 30,766        | -  | -          |
| Unallocated corporate amounts*            | 37,869                                   | 19,053         | 8,718   | 7,685         | -  | -          |
| <b>Consolidated total</b>                 | <b>778,899</b>                           | <b>193,515</b> | <b>114,023</b>                                      | <b>95,769</b> | <b>-</b>   | <b>515</b> |

\*Unallocated includes shared service centres and corporate balances.

### Balance Sheet

|   | Assets           |                  | Liabilities      |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2007             | 2006             | 2007             | 2006             |
|   | £'000            | £'000            | £'000            | £'000            |
| <b>Academic &amp; Scientific Division</b> |                  |                  |                  |                  |
| Scientific, Technical & Medical           | 964,725          | 803,626          | 111,810          | 31,206           |
| Humanities & Social Sciences              | 373,930          | 354,141          | 40,579           | 14,665           |
|   | 1,338,655        | 1,157,767        | 152,389          | 45,871           |
| <b>Professional Division</b>              |                  |                  |                  |                  |
| Performance Improvement                   | 327,335          | 336,683          | 59,553           | 61,326           |
| Financial Data Analysis                   | 228,010          | 97,957           | 16,916           | 21,296           |
| Finance, Insurance, Law & Tax             | 164,606          | 136,941          | 29,064           | 2,340            |
|   | 719,951          | 571,581          | 105,533          | 84,962           |
| <b>Commercial Division</b>                |                  |                  |                  |                  |
| Regional Events                           | 587,973          | 412,592          | 103,904          | 95,405           |
| Telecoms & Media                          | 213,954          | 42,217           | 19,533           | -                |
| Maritime & Commodities                    | 51,005           | 36,530           | 8,964            | 8,057            |
|   | 852,932          | 491,339          | 132,401          | 103,462          |
| Unallocated corporate amounts*            | 162,212          | 164,078          | 1,754,964        | 1,218,481        |
| <b>Consolidated total</b>                 | <b>3,073,750</b> | <b>2,384,765</b> | <b>2,145,287</b> | <b>1,452,776</b> |

\*Unallocated includes shared service centres and corporate balances, including the Group's net debt and taxation (current and deferred) positions.

# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

## 6 Business and Geographical Segments continued

### Geographical segments

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods/services:

|                    | Revenue by geographical market |           |
|--------------------|--------------------------------|-----------|
|                    | 2007                           | 2006      |
|                    | £'000                          | £'000     |
| United Kingdom     | 166,443                        | 161,837   |
| North America      | 426,028                        | 409,780   |
| Continental Europe | 322,756                        | 293,385   |
| Rest of World      | 213,871                        | 174,140   |
|                    | <b>1,129,098</b>               | 1,039,142 |

The following is an analysis of the carrying amount of segment assets, and additions to property and equipment and intangible assets, analysed by the geographical area in which the assets are located:

|                    | Carrying amount of segment assets |           | Capital additions (Notes 16, 17 & 18) |         |
|--------------------|-----------------------------------|-----------|---------------------------------------|---------|
|                    | 2007                              | 2006      | 2007                                  | 2006    |
|                    | £'000                             | £'000     | £'000                                 | £'000   |
| United Kingdom     | 1,499,456                         | 1,053,592 | 486,980                               | 82,770  |
| North America      | 1,123,068                         | 1,003,742 | 208,846                               | 108,166 |
| Continental Europe | 255,421                           | 201,551   | 13,820                                | 782     |
| Rest of World      | 195,805                           | 125,880   | 69,253                                | 1,797   |
|                    | <b>3,073,750</b>                  | 2,384,765 | <b>778,899</b>                        | 193,515 |

## 7 Restructuring Costs

|                               | 2007         | 2006  |
|-------------------------------|--------------|-------|
|                               | £'000        | £'000 |
| Board level changes           | 472          | -     |
| Acquisition integration costs | 1,774        | 3,643 |
| Business restructuring        | 5,426        | 3,560 |
|                               | <b>7,672</b> | 7,203 |

In the year ended 31 December 2007, acquisition integration and business restructuring costs comprise reorganisation costs of £2,354,000 (2006: £3,672,000), redundancy costs of £4,846,000 (2006: £2,467,000) and vacant property provisions of £nil (2006: £1,064,000). These items are included in the other expenses line on the Income Statement except for redundancies which are included in employee benefit expense.

# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

## 8 Adjusted Figures – Continuing Operations

|  | Notes | 2007<br>£'000  | 2006<br>£'000  |
|--|-------|----------------|----------------|
| Reconciliation of operating profit to adjusted operating profit:             |       |                |                |
| Operating profit   |       | 153,970        | 128,296        |
| <b>Adjusting operating profit items</b>                                      |       |                |                |
| Restructuring and reorganisation costs                                       | 7     | 7,672          | 7,203          |
| Intangible asset amortisation <sup>1</sup>                                   | 17    | 99,351         | 83,077         |
| Impairment of goodwill   | 16    | -              | 515            |
| Adjusting operating profit items   |       | 107,023        | 90,795         |
| <b>Adjusted operating profit</b>   |       | <b>260,993</b> | <b>219,091</b> |
| Reconciliation of statutory profit before tax to adjusted profit before tax: |       |                |                |
| Profit before tax  |       | 124,365        | 86,500         |
| <b>Adjusting operating profit items</b>                                      |       |                |                |
| (Profit)/loss on disposal of available for sale investment                   |       | (33,365)       | 812            |
| <b>Finance costs</b>   |       |                |                |
| Excess interest on early repayment of private placement loan notes           |       | 915            | -              |
| Bank loan facility fees written off on refinancing                           |       | 3,666          | -              |
|  |       | 4,581          | -              |
| Adjusting profit before tax items  |       | 78,239         | 91,607         |
| <b>Adjusted profit before tax</b>  |       | <b>202,604</b> | <b>178,107</b> |
| Reconciliation of profit for the year to adjusted profit for the year:       |       |                |                |
| Profit for the year  |       | 100,086        | 67,847         |
| <b>Adjusted profit before tax items</b>                                      |       |                |                |
| Attributable tax expense on adjusting items                                  |       | (26,465)       | (27,301)       |
| Adjusting profit for the year items  |       | 51,774         | 64,306         |
| <b>Adjusted profit for the year</b>  |       | <b>151,860</b> | <b>132,153</b> |

<sup>1</sup> Excludes software amortisation

# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

## 9 Staff Numbers and Costs

The monthly average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

|                                | Number of employees |              |
|--------------------------------|---------------------|--------------|
|                                | 2007                | 2006         |
| Academic & Scientific Division | 2,119               | 1,779        |
| Professional Division          | 3,536               | 2,893        |
| Commercial Division            | 3,085               | 2,921        |
|                                | <b>8,740</b>        | <b>7,593</b> |

Their aggregate remuneration comprised:

|   | Note | 2007<br>£'000  | 2006<br>£'000  |
|---|------|----------------|----------------|
| Wages and salaries                        |      | 278,773        | 258,348        |
| Social security costs                     |      | 25,809         | 27,806         |
| Pension costs charged to operating profit | 39   | 8,078          | 7,744          |
| Redundancy costs                          |      | 5,926          | 3,350          |
|   |      | <b>318,586</b> | <b>297,248</b> |

The remuneration of Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 "Related Party Disclosures". Further information about the remuneration of individual Directors is provided in the audited part of the Directors' Remuneration Report on pages 60 to 68.

|                              | 2007<br>£'000 | 2006<br>£'000 |
|------------------------------|---------------|---------------|
| Short-term employee benefits | 3,238         | 3,080         |
| Post-employment benefits     | 336           | 321           |
| Long-term employee benefits  | 58            | 69            |
| Termination payments         | 511           | -             |
|                              | <b>4,143</b>  | <b>3,470</b>  |

## 10 Finance Costs

|  | Note | 2007<br>£'000 | 2006<br>£'000 |
|--|------|---------------|---------------|
| Interest expense on financial liabilities measured at amortised cost   |      | 60,114        | 43,118        |
| Excess interest on early repayment of private placement loan notes   |      | 915           | -             |
| Bank loan facility fees written off on refinancing   |      | 3,666         | -             |
| Fair value gain on interest rate swap previously recognised in equity  |      | -             | (842)         |
| Interest on pension scheme liabilities   | 39   | 3,403         | 3,185         |
| Total Interest Expense   |      | <b>68,098</b> | <b>45,461</b> |
| Hedge ineffectiveness on cash flow hedges  |      | (616)         | 224           |
| Fair value gains transferred from equity on interest rate swaps designated as cash flow hedges of floating rate debt |      | 281           | (31)          |
|  |      | <b>67,763</b> | <b>45,654</b> |

## 11 Investment Income

|  | Note | 2007<br>£'000 | 2006<br>£'000 |
|--|------|---------------|---------------|
| Loans and receivables:   |      |               |               |
| Interest Income  |      |               |               |
| Bank deposits  |      | 958           | 348           |
| Interest on unwinding of discounted loan                             |      | 80            | 58            |
| Translation gain on foreign currency loan <sup>1</sup>               |      | -             | 1,284         |
| Profit on disposal of non-current assets classified as held for sale |      | -             | 160           |
| Expected return on pension scheme assets                             | 39   | 3,755         | 2,820         |
|  |      | <b>4,793</b>  | <b>4,670</b>  |

<sup>1</sup> The Group no longer has borrowings in Japanese Yen.



## Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

### 12 Tax

The tax charge comprises:

|   | Note | 2007<br>£'000 | 2006<br>£'000 |
|---|------|---------------|---------------|
| Current tax:                                      |      |               |               |
| UK corporation tax                                |      | 20,617        | 20,555        |
| Foreign tax                                       |      | 24,107        | 22,925        |
|   |      | 44,724        | 43,480        |
| Deferred tax:                                     |      |               |               |
| Current year                                      | 24   | (20,445)      | (24,827)      |
| Total tax charge on profit on ordinary activities |      | 24,279        | 18,653        |

UK corporation tax is calculated at 30% (2006: 30%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

A reduction in the UK tax rate from 30% to 28% will apply from 1 April 2008. This will impact the current tax charge for the year to 31 December 2008 and has been applied to the deferred tax attributable to the UK in these accounts.

The total charge for the year can be reconciled to the accounting profit as follows:

|  | 2007     |      | 2006     |      |
|--|----------|------|----------|------|
|  | £'000    | %    | £'000    | %    |
| Profit before taxation   | 124,365  |      | 86,500   |      |
| Tax at the UK corporation tax rate of 30% (2006: 30%)                          | 37,309   | 30   | 25,950   | 30   |
| Tax effect of expenses that are not deductible in determining taxable profit   | 2,434    | 2    | 18,589   | 21   |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | (15,283) | (12) | (10,747) | (12) |
| Deferred tax not previously recognised   | (181)    | -    | (15,139) | (17) |
| Tax expense and effective rate for the year                                    | 24,279   | 20   | 18,653   | 22   |

In addition to the income tax expense charged to the Income Statement, a tax debit of £11,457,000 (2006: tax credit of £8,871,000) all of which relates to deferred tax (Note 24) has been recognised in equity during the year.

No tax charge or credit arose on the disposal of the relevant subsidiary (Note 16).

# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

## 13 Operating Profit

Operating profit has been arrived at after charging/(crediting):

|   | 2007  | 2006  |
|---|-------|-------|
|   | £'000 | £'000 |
| Net foreign exchange gains                            | (641) | (829) |
| Auditors' remuneration for audit services (see below) | 1,386 | 1,113 |

Amounts payable to Deloitte & Touche LLP and their associates by the Company and its subsidiary undertakings is provided below:

|  | 2007  | 2006  |
|--|-------|-------|
|  | £'000 | £'000 |
| Fee payable to the Company's auditors for the audit of the Company's annual accounts   | 1,018 | 887   |
| Fee payable to the Company's auditors and their associates for other services to the Group:<br>Audit of the Company's subsidiaries pursuant to legislation | 368   | 226   |
| Total audit fees   | 1,386 | 1,113 |
| Fee payable to the Company's auditors for non-audit services comprises:  |       |       |
| Corporate finance services   | 63    | -     |
| Other services pursuant to legislation   | 111   | 98    |
| Other services   | 65    | 23    |
| Total non-audit fees   | 239   | 121   |
| Fee payable to the Company's auditors and their associates in respect<br>of associated pension schemes:<br>Audit   | -     | 32    |
|  | -     | 32    |

A description of the work of the Audit Committee is set out in the Senior Independent Director's Report on page 58 and includes an explanation of how auditor objectivity and independence is safeguarded when non-audit services are provided by the auditors.

## 14 Dividends

|   | 2007   | 2006   |
|---|--------|--------|
|   | £'000  | £'000  |
| Amounts recognised as distributions to equity holders in the year:                                      |        |        |
| Final dividend for the year ended 31 December 2005 of 6.00p per share                                   | -      | 25,275 |
| Interim dividend for the year ended 31 December 2006 of 3.30p per share                                 | -      | 13,885 |
| Final dividend for the year ended 31 December 2006 of 8.90p per share                                   | 37,759 | -      |
| Interim dividend for the year ended 31 December 2007 of 5.60p per share                                 | 23,761 | -      |
|   | 61,520 | 39,160 |
| Proposed final dividend for the year ended 31 December 2007 of 11.30p per share (2006: 8.90p per share) | 48,013 | 37,612 |

Holders of 300,391 ordinary shares of 0.10p (2006: 725,213 ordinary shares of 10.00p) each have waived their rights to receive dividends.

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

## 15 Earnings per Share

### Basic

The basic earnings per share calculation is based on a profit attributable to equity shareholders of the parent of £99,192,000 (2006: £67,368,000). This profit on ordinary activities after taxation is divided by the weighted average number of shares in issue (less those non-vested shares held by employee share ownership trusts) which is 423,972,990 (2006: 421,619,174).

### 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 425,437,510 (2006: 423,346,817).

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

|  | 2007        | 2006        |
|--|-------------|-------------|
| Weighted average number of shares used in basic earnings per share calculation   | 423,972,990 | 421,619,174 |
| Effect of dilutive share options   | 1,464,520   | 1,727,643   |
| Weighted average number of shares used in diluted earnings per share calculation | 425,437,510 | 423,346,817 |

### Adjusted earnings per share

The basic and diluted adjusted earnings per share calculations have been made to allow shareholders to gain a further understanding of the trading performance of the Group. They are based on the basic and diluted earnings per share calculations above except that profits are based on continuing operations attributable to equity shareholders and are adjusted for items that are not perceived by management to be part of the underlying trends in the business and the tax effect of those adjusting items as follows:

|  | Note | 2007<br>£'000 | 2006<br>£'000 |
|--|------|---------------|---------------|
| Profit for the financial year                                    |      | 100,086       | 67,847        |
| Minority interests   |      | (894)         | (479)         |
| Adjusting items net of attributable taxation                     | 8    | 51,774        | 64,306        |
| Adjusted profit for the year attributable to equity shareholders |      | 150,966       | 131,674       |
| Earnings per share:  |      |               |               |
| - Adjusted basic (p)   |      | 35.61         | 31.23         |
| - Adjusted diluted (p)   |      | 35.48         | 31.10         |

# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

## 16 Goodwill

|  | Note | £'000            |
|--|------|------------------|
| <b>Cost</b>  |      |                  |
| At 1 January 2006  |      | 1,138,418        |
| Recognised on acquisition of subsidiaries                    |      | 59,254           |
| Changes in consideration relating to prior year acquisitions |      | 636              |
| Reclassification   |      | 1,698            |
| Exchange differences   |      | (60,148)         |
| At 1 January 2007  |      | <b>1,139,858</b> |
| Recognised on acquisition of subsidiaries                    | 35   | <b>415,154</b>   |
| Changes in consideration relating to prior year acquisitions |      | (432)            |
| Arising on disposal of subsidiaries <sup>2</sup>             |      | <b>(1,118)</b>   |
| Exchange differences   |      | <b>16,380</b>    |
| At 31 December 2007  |      | <b>1,569,842</b> |
| <b>Accumulated impairment losses</b>                         |      |                  |
| At 1 January 2006  |      | (15,000)         |
| Impairment losses for the year <sup>1</sup>                  |      | (515)            |
| Exchange differences   |      | 186              |
| At 1 January 2007  |      | <b>(15,329)</b>  |
| Arising on disposal of subsidiaries <sup>2</sup>             |      | <b>1,015</b>     |
| Exchange differences   |      | <b>(1,177)</b>   |
| At 31 December 2007  |      | <b>(15,491)</b>  |
| <b>Carrying amount</b>                                       |      |                  |
| At 31 December 2007  |      | <b>1,554,351</b> |
| At 31 December 2006  |      | 1,124,529        |

<sup>1</sup> The impairment loss recognised in 2006 relates to the sale on 1 February 2007 of the shares held in Falconbury Limited.

<sup>2</sup> On 12 December 2007, the Group sold the assets of Heighway publications business.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The CGUs are in line with the segments as identified in Note 6. The carrying amount of goodwill has been allocated as follows:

|   | 2007<br>£'000    | 2006<br>£'000 |
|---|------------------|---------------|
| <b>Academic &amp; Scientific Division</b> |                  |               |
| Scientific, Technical & Medical           | 536,828          | 428,769       |
| Humanities & Social Sciences              | 147,903          | 146,076       |
|   | <b>684,731</b>   | 574,845       |
| <b>Professional Division</b>              |                  |               |
| Performance Improvement                   | 129,968          | 130,100       |
| Financial Data Analysis                   | 142,761          | 68,758        |
| Finance, Insurance, Law & Tax             | 111,212          | 92,291        |
|   | <b>383,941</b>   | 291,149       |
| <b>Commercial Division</b>                |                  |               |
| Regional Events                           | 304,925          | 189,914       |
| Telecoms & Media                          | 139,435          | 36,049        |
| Maritime & Commodities                    | 41,319           | 32,572        |
|   | <b>485,679</b>   | 258,535       |
|   | <b>1,554,351</b> | 1,124,529     |

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates and growth rates for the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts and long-term growth in gross domestic product.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next year and extrapolates cash flows for the following 5 years based on estimated growth rates of between 3 per cent and 6 per cent and a further 15 years based on estimated long-term growth in gross domestic product of 2.5 per cent. The rates do not exceed the average long-term growth rate for the relevant markets. The rates used to discount the cash flows in both 2007 and 2006 for all CGUs are between 7 per cent and 10 per cent.

# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

## 16 Goodwill continued

At 31 December 2007 and 31 December 2006, the carrying amounts of goodwill for CGUs were tested for impairment and deemed not to be impaired, other than as noted above. These were calculated based on future projected cash flows discounted at rates as disclosed above, which represented the Group's weighted average cost of capital plus a premium for risk. The weighted average cost of capital for the Group at 31 December 2007 was estimated as 8.20% (2006: 8.20%).

## 17 Other Intangible Assets

|                         | Book lists<br>and journal<br>titles<br>£'000 | Database<br>content and<br>intellectual<br>property<br>£'000 | Large scale<br>events and<br>exhibitions<br>£'000 | Sub Total<br>£'000 | Intangible<br>software<br>assets<br>£'000 | Total<br>£'000   |
|-------------------------|--|--|---|--------------------|---|------------------|
| <b>Cost</b>             |  |  |   |                    |   |                  |
| At 1 January 2006       | 494,325                                      | 369,300  | 115,515   | 979,140            | 17,562                                    | 996,702          |
| Additions <sup>1</sup>  | 48,244                                       | 42,788   | 18,899  | 109,931            | 13,936                                    | 123,867          |
| Prior year acquisitions | -  | 3,555  | (3,555)   | -                  | 1,046                                     | 1,046            |
| Disposals               | (2,671)                                      | -  | -   | (2,671)            | -   | (2,671)          |
| Exchange differences    | (706)  | (45,560)   | (11,565)  | (57,831)           | (150)                                     | (57,981)         |
| At 1 January 2007       | <b>539,192</b>                               | <b>370,083</b>   | <b>119,294</b>                                    | <b>1,028,569</b>   | <b>32,394</b>                             | <b>1,060,963</b> |
| Additions <sup>1</sup>  | <b>36,089</b>                                | <b>260,638</b>   | <b>20,549</b>                                     | <b>317,276</b>     | <b>35,831</b>                             | <b>353,107</b>   |
| Prior year acquisitions | -  | (79)   | -   | (79)               | -   | (79)             |
| Disposals               | (4,421)                                      | -  | -   | (4,421)            | -   | (4,421)          |
| Exchange differences    | (20,620)                                     | 897  | 4,393   | (15,330)           | (20)                                      | (15,350)         |
| At 31 December 2007     | <b>550,240</b>                               | <b>631,539</b>   | <b>144,236</b>                                    | <b>1,326,015</b>   | <b>68,205</b>                             | <b>1,394,220</b> |
| <b>Amortisation</b>     |  |  |   |                    |   |                  |
| At 1 January 2006       | (27,205)                                     | (23,008)   | (6,202)   | (56,415)           | (4,600)                                   | (61,015)         |
| Charge for the year     | (21,666)                                     | (45,333)   | (16,078)  | (83,077)           | (3,579)                                   | (86,656)         |
| Prior year acquisitions | -  | -  | -   | -                  | (1,046)                                   | (1,046)          |
| Disposals               | 2,671  | -  | -   | 2,671              | -   | 2,671            |
| Exchange differences    | -  | 4,911  | 1,325   | 6,236              | 76  | 6,312            |
| At 1 January 2007       | <b>(46,200)</b>                              | <b>(63,430)</b>  | <b>(20,955)</b>                                   | <b>(130,585)</b>   | <b>(9,149)</b>                            | <b>(139,734)</b> |
| Charge for the year     | <b>(23,568)</b>                              | <b>(60,825)</b>  | <b>(14,958)</b>                                   | <b>(99,351)</b>    | <b>(5,606)</b>                            | <b>(104,957)</b> |
| Disposals               | 4,421  | -  | -   | 4,421              | -   | 4,421            |
| Exchange differences    | 2,084  | (1,007)  | (509)   | 568                | 16  | 584              |
| At 31 December 2007     | <b>(63,263)</b>                              | <b>(125,262)</b>   | <b>(36,422)</b>                                   | <b>(224,947)</b>   | <b>(14,739)</b>                           | <b>(239,686)</b> |
| <b>Carrying amount</b>  |  |  |   |                    |   |                  |
| At 31 December 2007     | <b>486,977</b>                               | <b>506,277</b>   | <b>107,814</b>                                    | <b>1,101,068</b>   | <b>53,466</b>                             | <b>1,154,534</b> |
| At 31 December 2006     | 492,992                                      | 306,653  | 98,339  | 897,984            | 23,245                                    | 921,229          |

<sup>1</sup> Of the £35,831,000 (2006: £13,936,000) additions to intangible software, £25,666,000 (2006: £13,936,000) is represented by cash paid.

# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

## 18 Property and Equipment

|                             | Freehold land<br>and buildings<br>£'000 | Leasehold land<br>and buildings<br>£'000 | Equipment,<br>fixtures and<br>fittings<br>£'000 | Total<br>£'000 |
|-----------------------------|---|--|---|----------------|
| <b>Cost</b>                 |   |  |   |                |
| At 1 January 2006           | 1,343                                   | 7,317                                    | 71,577  | 80,237         |
| Additions <sup>2</sup>      | -                                       | 508                                      | 9,197   | 9,705          |
| Acquisition of subsidiaries | -                                       | 179                                      | 2,433   | 2,612          |
| Disposals                   | (767)                                   | (180)                                    | (1,749)   | (2,696)        |
| Disposals of subsidiaries   | -                                       | -  | (139)   | (139)          |
| Reclassified <sup>1</sup>   | -                                       | -  | (1,046)   | (1,046)        |
| Exchange differences        | -                                       | (6)                                      | (465)   | (471)          |
| At 1 January 2007           | 576                                     | 7,818                                    | 79,808  | 88,202         |
| Additions <sup>2</sup>      | -                                       | 648                                      | 7,684   | 8,332          |
| Acquisition of subsidiaries | -                                       | 569                                      | 7,277   | 7,846          |
| Disposals                   | -                                       | (156)                                    | (3,960)   | (4,116)        |
| Exchange differences        | -                                       | 107                                      | 1,321   | 1,428          |
| At 31 December 2007         | 576                                     | 8,986                                    | 92,130  | 101,692        |
| <b>Depreciation</b>         |   |  |   |                |
| At 1 January 2006           | (154)                                   | (4,126)                                  | (53,089)  | (57,369)       |
| Eliminated on disposal      | -                                       | 132                                      | 2,047   | 2,179          |
| Charge for the year         | (38)                                    | (696)                                    | (8,379)   | (9,113)        |
| Arising from acquisitions   | -                                       | (98)                                     | (1,825)   | (1,923)        |
| Disposal of subsidiaries    | -                                       | -  | 91  | 91             |
| Reclassified <sup>1</sup>   | -                                       | -  | 1,046   | 1,046          |
| Exchange differences        | -                                       | 4  | 26  | 30             |
| At 1 January 2007           | (192)                                   | (4,784)                                  | (60,083)  | (65,059)       |
| Eliminated on disposal      | -                                       | 129                                      | 3,654   | 3,783          |
| Charge for the year         | (29)                                    | (771)                                    | (8,266)   | (9,066)        |
| Arising from acquisitions   | -                                       | (362)                                    | (5,178)   | (5,540)        |
| Exchange differences        | -                                       | (69)                                     | (1,138)   | (1,207)        |
| At 31 December 2007         | (221)                                   | (5,857)                                  | (71,011)  | (77,089)       |
| <b>Net book value</b>       |   |  |   |                |
| At 31 December 2007         | 355                                     | 3,129                                    | 21,119  | 24,603         |
| At 31 December 2006         | 384                                     | 3,034                                    | 19,725  | 23,143         |

<sup>1</sup> During 2006 a reclassification of £1,046,000 was made between the cost and depreciation of equipment, fixtures and fittings relating to a prior year acquisition.

<sup>2</sup> Of the £8,332,000 (2006: £9,705,000) additions to tangible fixed assets, the whole amount for both years is represented by cash paid.

Note 38 discloses the contractual commitments for the acquisition of property and equipment the Group had entered into as at 31 December 2007.

The net book value of assets held under finance leases and hire purchase contracts included in property and equipment in the Group was £13,000 (2006: £19,000). The depreciation charge on these assets in the year was £6,000 (2006: £7,000).

The Group does not have any of its property and equipment pledged as security over bank loans.

## Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

### 19 Subsidiaries

The listing below shows the principal subsidiary undertakings as at 31 December 2007 which principally affected the profits or net assets of the Group. To avoid a statement of excessive length, details of investments which are not significant have been omitted. A full list of the subsidiaries will be included in the Company's annual return.

| Company                                  | Country of registration and incorporation | Principal activity                     | Ordinary shares held |
|--|---|--|----------------------|
| Taylor & Francis Group LLC               | USA                                       | Publishing                             | 100%                 |
| Taylor and Francis Group Limited         | England and Wales                         | Holding company                        | 100%                 |
| Taylor & Francis AS                      | Norway                                    | Publishing                             | 100%                 |
| Taylor & Francis AB                      | Sweden                                    | Publishing                             | 100%                 |
| Agra Informa Limited                     | England and Wales                         | Conference organisation and publishing | 100%                 |
| Euroforum BV                             | Netherlands                               | Conference organisation and publishing | 100%                 |
| Euroforum Deutschland GmbH               | Germany                                   | Conference organisation and publishing | 100%                 |
| IBC Asia (S) Pte Limited                 | Singapore                                 | Conference organisation and publishing | 100%                 |
| Informa USA Inc                          | USA                                       | Conference organisation and publishing | 100%                 |
| Informa UK Limited                       | England and Wales                         | Conference organisation and publishing | 100%                 |
| Informa Quest Limited                    | England and Wales                         | Qualifying employee share trust        | 100%                 |
| Informa Limited                          | England and Wales                         | Holding company                        | 100%                 |
| MMS Group Holdings Limited               | England and Wales                         | Holding company                        | 100%                 |
| PJB Publications Limited                 | England and Wales                         | Holding company                        | 100%                 |
| IIR Holdings Limited                     | Bermuda                                   | Holding company                        | 100%                 |
| Robbins-Gioia LLC <sup>1</sup>           | USA                                       | Performance improvement                | 100%                 |
| AchieveGlobal Inc                        | USA                                       | Performance improvement                | 100%                 |
| ESI Inc                                  | USA                                       | Performance improvement                | 100%                 |
| IIR Limited                              | England and Wales                         | Conference organisation                | 100%                 |
| Institute for International Research Inc | USA                                       | Conference organisation                | 100%                 |
| The Forum Corporation of North America   | USA                                       | Performance improvement                | 100%                 |
| Huthwaite Inc                            | USA                                       | Performance improvement                | 100%                 |
| IIR Deutschland GmbH                     | Germany                                   | Conference organisation                | 100%                 |
| IIR BV                                   | Netherlands                               | Conference organisation                | 100%                 |
| Datamonitor Limited                      | England and Wales                         | Business information                   | 100%                 |

<sup>1</sup> The holding in Robbins-Gioia is structured by proxy agreement with certain powers retained by the proxy holders to among others, protect the national security interests of the government of the United States of America.

Of the above only Informa Limited, MMS Group Holdings Limited, PJB Publications Limited, Informa Quest Limited, Taylor & Francis Group Limited and IIR Holdings Limited are directly owned by Informa plc. The proportion of voting power held is the same as the proportion of ownership interest. The consolidated financial statements incorporate the financial statements of all entities controlled by the Company as at 31 December each year. Refer to Note 3 for further description of the method used to account for investments in subsidiaries.

# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

## 20 Joint Ventures

### Informanews Iberia SA

On 23 October 2007 the Group acquired the remaining 50 per cent interest in Informanews Iberia SA to bring the holding to 100 per cent of the issued share capital. Included as equity accounted in the consolidated financial statements are the operating profits up to 23 October 2007 of £138,000 and then fully consolidated from that date (year ended 31 December 2006: £107,000).

### Falconbury Limited

On 1 February 2007 the joint venture with Falconbury Limited was terminated. There were no operating profits included in the consolidated financial statements for the year ended 31 December 2007 (year ended 31 December 2006: £124,000).

## 21 Available for Sale Investments

|                                | 2007     | 2006    |
|--------------------------------|----------|---------|
|                                | £'000    | £'000   |
| At 1 January                   | 39,955   | 10,279  |
| Exchange differences           | -        | 24      |
| Disposals <sup>1</sup>         | (38,943) | (2,040) |
| Impairment loss <sup>2</sup>   | (755)    | -       |
| Revaluation <sup>3</sup>       | -        | 33,390  |
| Reclassification               | -        | (1,698) |
| At 31 December                 | 257      | 39,955  |
| Included in current assets     | -        | 38,943  |
| Included in non-current assets | 257      | 1,012   |

<sup>1</sup> On 2 February 2007, the Group disposed of its interest in Blackwell Publishing (Holdings) Limited for cash consideration of £38,893,000 (after costs of disposal) realising a profit, after recycling the revaluation reserve, of £33,365,000.

<sup>2</sup> The impairment loss relates to the full write down of the investment in Millhouse IAG Ltd for £269,000 and the recognition of an impairment loss on Xinhua Financial Network Ltd of £486,000 due to the drop in Share price on the Tokyo Stock Exchange.

<sup>3</sup> The revaluation during 2006 represents the increase in fair value of the investment held in Blackwell Publishing (Holdings) Limited which was sold on 2 February 2007.

The available for sale investments comprise holdings in both listed equity securities and non-listed equity securities that present the Group with the opportunity for return through dividend and trading gains. These investments have no fixed maturity or coupon rate.

The fair values of listed securities are based on quoted market prices and the unlisted securities are based on cost.



## Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

### 22 Trade and Other Receivables

|                                | 2007     | 2006     |
|--------------------------------|----------|----------|
|                                | £'000    | £'000    |
| Trade receivables              | 205,480  | 166,289  |
| Less: provision for impairment | (13,844) | (13,194) |
| Trade receivables net          | 191,636  | 153,095  |
| Other receivables              | 27,500   | 19,594   |
| Prepayments and accrued income | 14,121   | 9,531    |
| Conference costs in advance    | 14,390   | 10,767   |
|                                | 247,647  | 192,987  |

The average credit period taken on sales of goods is 37 days (2006: 32 days). The Group has different provision policies for its various divisions which has been determined by references to past default experience.

The Group's exposure to credit risk and impairment losses related to trade and other receivables are disclosed in Note 27(f).

Under the normal course of the business, the Group does not charge interest on its overdue receivables.

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

### 23 Cash and cash equivalents

|  | Note | 2007    | 2006   |
|--|------|---------|--------|
|  |      | £'000   | £'000  |
| Cash and cash equivalents                                |      | 23,973  | 19,478 |
| Bank overdrafts  | 26   | (7,067) | (728)  |
| Cash and cash equivalents in the statement of cash flows |      | 16,906  | 18,750 |

The Group maintains the following lines of credit:

- £1,475 million overdraft facility that is unsecured (2006: £860 million). Interest is payable at the rate of LIBOR plus 1.25% (2006: LIBOR + 0.85%);
- £59 million that can be drawn down to meet short-term financing needs (2006: £39 million). Interest is payable at the local base rate plus a margin.

The Group's exposure to interest rate risks and a sensitivity analysis for financial assets and liabilities is disclosed in Note 27(d).

## Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

### 24 Deferred Tax

|   | Accelerated<br>tax<br>depreciation | Intangibles     | Goodwill | Pensions       | Other           | Losses         | Revaluation    | Cash flow<br>hedges | Total           |
|---|------------------------------------|-----------------|----------|----------------|-----------------|----------------|----------------|---------------------|-----------------|
|   | £'000                              | £'000           | £'000    | £'000          | £'000           | £'000          | £'000          | £'000               | £'000           |
| At 1 January 2006                                 | 1,594                              | 236,951         | 1,885    | (5,319)        | (4,066)         | (3,720)        | -              | -                   | 227,325         |
| Credit to equity for the year                     | -                                  | -               | -        | 2,047          | (376)           | -              | 7,200          | -                   | 8,871           |
| Acquisition of subsidiaries                       | -                                  | 19,837          | -        | -              | -               | -              | -              | -                   | 19,837          |
| Charge/(credit) to profit or<br>loss for the year | (1,051)                            | (15,310)        | -        | (94)           | (12,092)        | 3,720          | -              | -                   | (24,827)        |
| Foreign exchange movements                        | -                                  | (6,786)         | -        | -              | -               | -              | -              | -                   | (6,786)         |
| Reallocation                                      | -                                  | 1,885           | (1,885)  | -              | -               | -              | -              | -                   | -               |
| At 1 January 2007                                 | <b>543</b>                         | <b>236,577</b>  | -        | <b>(3,366)</b> | <b>(16,534)</b> | -              | <b>7,200</b>   | -                   | <b>224,420</b>  |
| (Debit)/credit to equity for the year             | -                                  | -               | -        | <b>385</b>     | -               | -              | <b>(7,200)</b> | <b>(4,642)</b>      | <b>(11,457)</b> |
| Acquisition of subsidiaries                       | <b>(384)</b>                       | <b>79,887</b>   | -        | -              | <b>(2,778)</b>  | <b>(7,927)</b> | -              | -                   | <b>68,798</b>   |
| Rate change                                       | <b>(14)</b>                        | <b>(1,325)</b>  | -        | <b>225</b>     | <b>309</b>      | <b>159</b>     | -              | -                   | <b>(646)</b>    |
| Charge/(credit) to profit or<br>loss for the year | <b>1,841</b>                       | <b>(22,483)</b> | -        | <b>394</b>     | <b>(2,612)</b>  | <b>4,552</b>   | -              | -                   | <b>(18,308)</b> |
| Foreign exchange movements                        | -                                  | <b>(1,014)</b>  | -        | -              | -               | -              | -              | -                   | <b>(1,014)</b>  |
| Other adjustments                                 | <b>56</b>                          | <b>(533)</b>    | -        | -              | -               | -              | -              | -                   | <b>(477)</b>    |
| At 31 December 2007                               | <b>2,042</b>                       | <b>291,109</b>  | -        | <b>(2,362)</b> | <b>(21,615)</b> | <b>(3,216)</b> | -              | <b>(4,642)</b>      | <b>261,316</b>  |

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of deferred tax balances (after offset) for Balance Sheet purposes:

|                        | 2007<br>£'000   | 2006<br>£'000 |
|------------------------|-----------------|---------------|
| Deferred tax liability | <b>293,151</b>  | 244,320       |
| Deferred tax asset     | <b>(31,835)</b> | (19,900)      |
|                        | <b>261,316</b>  | 224,420       |

At 31 December 2007, the Group has unused tax losses of £11,486,000 (2006: £nil) available for offset against future profits. A deferred tax asset of £3,216,000 (2006: £nil), has been recognised in respect of these losses.

At the Balance Sheet date, the aggregate amount of post acquisition undistributed earnings for which deferred tax liabilities have not been recognised was £394,211,000 (2006: £226,500,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

Temporary differences arising in connection with interests in associates and joint ventures are insignificant.

### 25 Inventories

|                                     | 2007<br>£'000 | 2006<br>£'000 |
|-------------------------------------|---------------|---------------|
| Raw materials                       | <b>1,658</b>  | 1,728         |
| Work in progress                    | <b>6,141</b>  | 6,868         |
| Finished goods and goods for resale | <b>23,724</b> | 25,005        |
|                                     | <b>31,523</b> | 33,601        |

## Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

### 26 Borrowings

|   | 2007               | 2006             |
|---|--------------------|------------------|
|   | £'000              | £'000            |
| <b>Non-Current</b>                                |                    |                  |
| Bank borrowings <sup>1</sup>                      | (1,200,861)        | (654,841)        |
| Finance lease liabilities <sup>2</sup>            | (3)                | (6)              |
| Loan notes due in more than one year <sup>3</sup> | (4,563)            | -                |
| <b>Total non-current borrowings</b>               | <b>(1,205,427)</b> | <b>(654,847)</b> |
| <b>Current</b>                                    |                    |                  |
| Bank overdraft                                    | (7,067)            | (728)            |
| Bank borrowings <sup>1</sup>                      | (55,775)           | (102,055)        |
| Finance lease liabilities <sup>2</sup>            | (3)                | (8)              |
| Loan notes due in less than one year <sup>4</sup> | (551)              | (250)            |
| <b>Total current borrowings</b>                   | <b>(63,396)</b>    | <b>(103,041)</b> |
| <b>Total borrowings</b>                           | <b>(1,268,823)</b> | <b>(757,888)</b> |

<sup>1</sup> The current weighted average effective interest rate (taking into account all syndicated and private placement loans and all interest derivatives) is 5.8% (2006: 5.6%).

<sup>2</sup> Finance lease liabilities are secured by the assets leased. The borrowings are a mix of variable and fixed interest rate debt with repayment periods not exceeding 5 years.

<sup>3</sup> Loan notes are payable to the vendors of Datamonitor Limited (acquired 2007) and may be redeemed semi-annually at the holders' option, up to 31 December 2009 when the remaining balance is payable. Interest is payable semi-annually at 1% below LIBOR.

<sup>4</sup> £223,000 of these loan notes are payable to the vendors of Routledge Publishing Holdings Limited (acquired 1998) and may be redeemed semi-annually at the holders' option, up to 1 January 2009 when the remaining balance is payable. Interest is payable semi-annually at 0.5% below LIBOR. £328,000 of the loan notes relates to a previous acquisition of Datamonitor (Verdict Research Limited acquired 2005) which are to be redeemed on the 16 March 2008. Interest is payable semi-annually at 1% below LIBOR.

There have been no breaches of bank covenants during the year. The bank loans are guaranteed by material subsidiaries of the Group. The Group does not have any of its property and equipment pledged as security over bank loans.

The Group had the following committed undrawn borrowing facilities at 31 December:

|   | 2007           | 2006           |
|---|----------------|----------------|
|   | £'000          | £'000          |
| <b>Expiry date</b>                                |                |                |
| In one year or less                               | -              | -              |
| In more than one year but not more than two years | -              | -              |
| In more than two years                            | 217,179        | 129,053        |
|   | <b>217,179</b> | <b>129,053</b> |

# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

## 27 Financial Instruments

### (a) Financial Risk Management

The Group has exposure to the following risks from its use of financial instruments:

- Capital risk management
- Market risk
- Credit risk
- Liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's management of capital, and the Group's objectives, policies and procedures for measuring and managing risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established a Treasury Committee which is responsible for developing and monitoring the Group's risk management policies. The Committee meets every quarter and reports regularly to the Board of Directors and the Risk Committee (a sub-Committee of the Audit Committee) on its activities.

The Group Treasury function provides services to the business, co-ordinates access to domestic and international financial markets and monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Treasury Committee has put in place policies that have been established to identify and analyse risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. These policies provide written principles on funding and investment policies, credit risk, foreign exchange risk and interest rate risk. Compliance with policies and exposure limits is reviewed by the Treasury Committee on a quarterly basis. This committee is assisted in its oversight role by Internal Audit, who undertake both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

### Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders as well as sustaining the future development of the business. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's overall strategy remains unchanged from 2006.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 26, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Notes 23, 28 and 29 respectively.

### *Gearing ratio*

The Group's Treasury Committee reviews the capital structure on a quarterly basis and as part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

Consistent with others in the industry, the Group monitors capital on the bases of the gearing ratio. This ratio is calculated as the net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings) less cash and cash equivalents. Total capital is calculated as equity (including capital, reserves and retained earnings).

# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

## 27 Financial Instruments continued

### (b) Categories of financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

|   | Notes | 2007<br>£'000    | 2006<br>£'000  |
|---|-------|------------------|----------------|
| <b>Financial assets</b>   |       |                  |                |
| Loans and receivables   |       |                  |                |
| Trade receivables   | 22    | 191,636          | 153,095        |
| Other receivables   | 22    | 27,500           | 19,594         |
| Cash and cash equivalents   | 23    | 23,973           | 19,478         |
| Available for sale investments  | 21    | 257              | 39,955         |
| Derivative financial instruments in designated hedge accounting relationships |       | 2,780            | 7,696          |
| <b>Total financial assets</b>   |       | <b>246,146</b>   | <b>239,818</b> |
| <b>Financial liabilities</b>  |       |                  |                |
| Amortised cost  |       |                  |                |
| Bank loans  | 26    | 1,256,636        | 756,896        |
| Bank overdraft  | 26    | 7,067            | 728            |
| Loan notes  | 26    | 5,114            | 250            |
| Finance leases  | 34    | 6                | 14             |
| Trade creditors   | 32    | 22,853           | 25,861         |
| Accruals  | 32    | 136,775          | 110,677        |
| Other creditors   | 32    | 33,219           | 27,854         |
| Deferred consideration  | 32    | 2,401            | 5,031          |
| Derivative financial instruments in designated hedge accounting relationships |       | 13,142           | -              |
| <b>Total financial liabilities</b>  |       | <b>1,477,213</b> | <b>927,311</b> |

### (c) Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group's activities expose it mainly to the financial risks of changes in foreign currency exchange rates and changes in interest rates. The Group enters into interest rate swaps to mitigate the risk of rising interest rates and by managing the risk of currencies of its borrowings the Group is able to achieve a level of natural hedge of both the balance sheet net currency assets and also the currency earnings due to the currency interest payable. Refer to both interest rate risk and foreign currency risk in Note 27 (d) and (e) respectively.

The Group does not use derivative contracts for speculative purposes.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. The Board sets the Group's treasury policy to ensure that it has adequate financial resources to develop the Group's businesses and to manage the currency and interest risks to which the Group is exposed. Group Treasury monitors the distribution of its cash assets, borrowings and facilities so as to control exposure to the relative performance of any particular territory, currency or institution.

The Board and the Treasury Committee provides written principles for overall risk management, as well as policies covering specific areas, such as funding, foreign exchange risk, interest rate risk, credit risk and investments of excess liquidity.

Risk is measured in terms of impact, inherent risk and residual risk, and takes account of management's control actions in mitigating against both external and internal risk events.

The risk model consolidates unique risk events and aggregated risk categories at both a business unit level and Group-wide, and the results are presented to the Risk Committee and the Audit Committee for discussion and review, and may drive the allocation of Internal Audit (previously known as Group Internal Control) resources to provide assurance on significant risks in its annual plan.

# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

## 27 Financial Instruments continued

### (d) Interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

The Group policy is to minimise its exposure to fluctuations in interest rates by using interest rate swaps as cash flow hedges to hedge up to 90% of forecast interest payments over a period of up to five years, based on forecast net debt levels by currency during that period. This policy provides a level of certainty of future interest costs by swapping floating to fixed interest payments which in turn assists the predictability of achieving interest-based loan covenants.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk section of this note.

#### *Interest rate swap contracts*

The Group draws down on its borrowing facilities at floating rates of interest. A portion of those are then swapped to fixed rates in line with the Group Treasury policy in order to manage its cash flow interest rate risk. Such contracts enable the Group to convert borrowings from floating rates and swap them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (primarily quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balance at the end of the financial year.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

### Cash flow hedges

| Outstanding receive floating,<br>pay fixed contracts | Average contracted<br>fixed interest rate |      | Notional principal<br>amount |         | Fair Value |       |
|--|---|------|------------------------------|---------|------------|-------|
|  | 2007                                      | 2006 | 2007                         | 2006    | 2007       | 2006  |
|  | %   | %    | £'000                        | £'000   | £'000      | £'000 |
| Within one year                                      | 4.29                                      | 4.09 | 99,703                       | 130,108 | 790        | 1,357 |
| Within one to two years                              | 4.93                                      | 4.29 | 321,776                      | 100,451 | (4,598)    | 1,488 |
| Within two to five years                             | 4.76                                      | 4.62 | 513,729                      | 228,984 | (6,554)    | 4,851 |
| After five years                                     | -   | -    | -                            | -       | -          | -     |
|  |   |      | 935,208                      | 459,543 | (10,362)   | 7,696 |

At 31 December 2007, the fixed interest rates vary from 3.50% to 6.23% (2006: 3.03% to 5.54%), and the main floating rates are EURIBOR and LIBOR. Gains and losses recognised in the hedging and translation reserve in equity (Note 29) on interest rate swap contracts as of 31 December 2007 will be released to the Income Statement when the related bank borrowings are repaid (Note 26).

#### *Interest rate sensitivity analysis*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Due to the high percentage of loans that are designated in hedging relationships, the Group's interest rate sensitivity would only be over the exposure to variable rate debt.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's profit for the year would increase or decrease by £3,336,000 (2006: £2,916,000).

# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

## 27 Financial Instruments continued

### (e) Foreign currency risk

The Group is a business with significant net US Dollar (USD) and net Euro (EUR) transactions, hence exposures to exchange rate fluctuations arise. Without action in conversion of USD and other trading currencies, such as the EUR, cash positions in these currencies would develop imbalances by growing GBP debt.

Allied to the Group's policy on the hedging of surplus foreign currency cash inflows, the Group will usually seek to finance its net investment in its principal overseas subsidiaries by borrowing in those subsidiaries' functional currencies, primarily EUR and USD. This policy has the effect of protecting the Group's Consolidated Balance Sheet from movements in those currencies to the extent that the associated net assets exceed the net foreign currency borrowings.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

|       | Liabilities   |        | Assets        |        |
|-------|---------------|--------|---------------|--------|
|       | 2007          | 2006   | 2007          | 2006   |
|       | £'000         | £'000  | £'000         | £'000  |
| GBP   | 123           | 97     | 1,227         | 4      |
| USD   | 4,425         | 12,242 | 13,164        | 8,197  |
| EUR   | 759           | 139    | 7,766         | 4,118  |
| Other | 5,781         | 92     | 9,497         | 34     |
|       | <b>11,088</b> | 12,570 | <b>31,654</b> | 12,353 |

The carrying amounts of the Group's foreign currency denominated financial liabilities at the reporting date are as follows:

|                            | Fixed rate     | Floating rate  | Non-interest bearing | 2007 Total       | Fixed rate | Floating rate | Non-interest bearing | 2006 Total |
|----------------------------|----------------|----------------|----------------------|------------------|------------|---------------|----------------------|------------|
|                            | £'000          | £'000          | £'000                | £'000            | £'000      | £'000         | £'000                | £'000      |
| GBP                        | 362,637        | 167,303        | 110,835              | 640,775          | 187,014    | 154,478       | 83,170               | 424,662    |
| USD                        | 431,433        | 109,524        | 45,001               | 585,958          | 252,409    | 80,610        | 51,058               | 384,077    |
| EUR                        | 154,285        | 56,173         | 19,696               | 230,154          | 26,844     | 47,955        | 18,511               | 93,310     |
| Other European currencies  | -              | -              | 3,336                | 3,336            | -          | 1             | 3,762                | 3,763      |
| Other worldwide currencies | -              | 609            | 16,381               | 16,990           | -          | 8,577         | 12,922               | 21,499     |
|                            | <b>948,355</b> | <b>333,609</b> | <b>195,249</b>       | <b>1,477,213</b> | 466,267    | 291,621       | 169,423              | 927,311    |

After taking into account foreign currency borrowings of £730,311,000 (2006: £416,396,000) used to hedge against net investments in foreign subsidiaries, the remaining monetary assets and liabilities are in the same currency as the functional currency of the operations involved.

The following significant exchange rates versus GBP applied during the year:

|     | Average rate |        | Reporting date mid-spot rate |        |
|-----|--------------|--------|------------------------------|--------|
|     | 2007         | 2006   | 2007                         | 2006   |
|     | %            | %      | %                            | %      |
| USD | 2.0039       | 1.8376 | 2.0044                       | 1.9611 |
| EUR | 1.4616       | 1.4671 | 1.3624                       | 1.4901 |

# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

## 27 Financial Instruments continued

### *Foreign currency sensitivity analysis*

The Group receives approximately 50% of its revenues and incurs approximately 40% of its costs in USD. The Group is therefore sensitive to movements in the USD against the GBP. Each 1 cent movement in the USD to GBP exchange rate has a circa £2.5 million impact on revenue and a circa £1 million impact on operating profits. Offsetting this will be reductions to USD interest and US tax liabilities. This analysis assumes all other variables, including interest rates, remain constant.

The Group receives approximately 15% of its revenues and incurs approximately 15% of its costs in Euros. The Group is therefore sensitive to movements in the Euro against the GBP. Each 1 cent movement in the Euro to GBP exchange rate has a circa £1 million impact on revenue and a circa £0.2 million impact on operating profits. Offsetting this will be reductions to Euro interest and Euro tax liabilities. This analysis assumes all other variables, including interest rates, remain constant.

### **(f) Credit risk**

The Group's principal financial assets are cash and cash equivalents, trade and other receivables, prepayments and accrued income, derivative financial instruments and available for sale investments, which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the Balance Sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies such as Standard and Poor's, Moody's and Fitch. No credit exposure is permitted to a financial institution with a rating lower than A+ or equivalent. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved financial institutions. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Treasury Committee at least annually.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

### *Trade receivables*

Trade receivables consist of a large number of customers spread across diverse industries and geographical areas and the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including default risk of the industry and country in which the customers operate, has less of an influence on credit risk.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 5% of gross monetary assets at any time during the year.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows where material discounted at the effective interest rate computed at initial recognition. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined by references to past default experience and historical data of payment statistics for similar financial assets.

Before accepting any new customer, the Group uses an external credit rating system to assess the potential customer's credit quality.

All customers have credit limits set by credit managers and are subject to standard terms of payment for each division. As the events division works on a prepaid basis they are not subject to the same credit controls and they have a very low bad debt history.



## Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

### 27 Financial Instruments continued

The Directors consider that the carrying amount of trade and other receivables, which are non-interest bearing, approximates their fair value.

Ageing of trade receivables:

|                                | Gross<br>2007<br>£'000 | Impairment<br>2007<br>£'000 | Gross<br>2006<br>£'000 | Impairment<br>2006<br>£'000 |
|--------------------------------|------------------------|-----------------------------|------------------------|-----------------------------|
| Not past due                   | 84,050                 | (9)                         | 65,505                 | (51)                        |
| Past due 0 - 30 days           | 59,761                 | (88)                        | 59,359                 | (77)                        |
| Past due 30 - 60 days          | 23,706                 | (150)                       | 18,368                 | (167)                       |
| Past due 60 - 90 days          | 11,065                 | (236)                       | 6,830                  | (70)                        |
| Past due 90 - 120 days         | 12,951                 | (589)                       | 7,008                  | (3,610)                     |
| Past due greater than 120 days | 13,947                 | (12,772)                    | 9,219                  | (9,219)                     |
| <b>Total</b>                   | <b>205,480</b>         | <b>(13,844)</b>             | 166,289                | (13,194)                    |

Trade receivables that are less than three months past due for payment are generally not considered impaired. Included in the Group's trade receivables are debtors with a carrying amount of £13,537,000 (2006: £3,398,000) which are past due at the reporting date for which the Group has not provided, as there has not been a significant change in the credit quality and the amounts are considered recoverable. The Group does not hold any collateral over these balances.

Movement in the provision for impairment:

|  | 2007<br>£'000 | 2006<br>£'000 |
|--|---------------|---------------|
| Balance at beginning of the year         | 13,194        | 13,563        |
| Impairment provision recognised          | 3,770         | 4,017         |
| Receivables written off as uncollectible | (1,501)       | (1,925)       |
| Amounts recovered during the year        | (1,619)       | (2,461)       |
| <b>Total</b>                             | <b>13,844</b> | 13,194        |

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the above amount.

There are no customers who represent more than 10% of the total balance of trade receivables in both 2007 or 2006.

# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

## 27 Financial Instruments continued

### (g) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the Board of Directors, though operationally it is managed by Group Treasury. They have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 23 is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Historically and for the foreseeable future the Group has been and is expected to continue to be in a net borrowing position. The Group's policy is to fulfil its borrowing requirements by borrowing in the currencies in which it operates, principally GBP, USD and EUR; thereby providing a natural hedge against projected future surplus USD and EUR cash inflows as well as spreading the Group's interest rate profile across a number of currencies.

### Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its financial assets and liabilities.

The table below has been drawn up based on the contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period.

|  | Carrying<br>amount<br>£'000 | Contractual<br>cash flows <sup>1</sup><br>£'000 | Less than<br>1 year<br>£'000 | 1-2<br>years<br>£'000 | 2-5<br>years<br>£'000 | More than<br>5 years<br>£'000 |
|--|-----------------------------|---|------------------------------|-----------------------|-----------------------|-------------------------------|
| <b>31 December 2007</b>                |                             |   |                              |                       |                       |                               |
| <b>Non-derivative financial assets</b> |                             |   |                              |                       |                       |                               |
| Non-interest bearing                   | 243,366                     | 243,366   | 243,109                      | -                     | 257                   | -                             |
|  | 243,366                     | 243,366   | 243,109                      | -                     | 257                   | -                             |
| <b>Derivative financial assets</b>     |                             |   |                              |                       |                       |                               |
| Interest rate swaps used for hedging   | 2,780                       | 2,759   | 1,382                        | 790                   | 587                   | -                             |
|  | 246,146                     | 246,125   | 244,491                      | 790                   | 844                   | -                             |
| <b>31 December 2006</b>                |                             |   |                              |                       |                       |                               |
| <b>Non-derivative financial assets</b> |                             |   |                              |                       |                       |                               |
| Non-interest bearing                   | 232,122                     | 232,122   | 231,110                      | -                     | 1,012                 | -                             |
|  | 232,122                     | 232,122   | 231,110                      | -                     | 1,012                 | -                             |
| <b>Derivative financial assets</b>     |                             |   |                              |                       |                       |                               |
| Interest rate swaps used for hedging   | 7,696                       | 8,804   | 4,000                        | 2,425                 | 2,379                 | -                             |
|  | 239,818                     | 240,926   | 235,110                      | 2,425                 | 3,391                 | -                             |

<sup>1</sup> Under IFRS 7 contractual cash flows are undiscounted and therefore may not agree with the carrying amounts in the Balance Sheet.

## Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

### 27 Financial Instruments continued

The below tables have been drawn up based on the earliest date on which the Group can settle the debt. The table includes both interest and principal cash flows.

| 31 December 2007                            | Carrying amount<br>£'000 | Contractual cash flows <sup>1</sup><br>£'000 | Less than 1 year<br>£'000 | 1-2 years<br>£'000 | 2-5 years<br>£'000 | More than 5 years<br>£'000 |
|---|--------------------------|--|---------------------------|--------------------|--------------------|----------------------------|
| <b>Non-derivative financial liabilities</b> |                          |  |                           |                    |                    |                            |
| Variable interest rate instruments          | 1,256,636                | 1,265,471                                    | 56,117                    | 97,530             | 1,111,824          | -                          |
| Loan notes                                  | 5,114                    | 5,617  | 567                       | 5,050              | -                  | -                          |
| Finance leases                              | 6                        | 6  | 3                         | 2                  | 1                  | -                          |
| Trade and other payables                    | 192,847                  | 192,847                                      | 187,202                   | 3,657              | 1,988              | -                          |
| Bank overdraft                              | 7,067                    | 7,067  | 7,067                     | -                  | -                  | -                          |
| Deferred consideration                      | 2,401                    | 2,401  | 2,266                     | 135                | -                  | -                          |
|   | 1,464,071                | 1,473,409                                    | 253,222                   | 106,374            | 1,113,813          | -                          |
| <b>Derivative financial liabilities</b>     |                          |  |                           |                    |                    |                            |
| Interest rate swaps used for hedging        | 13,142                   | 14,719                                       | 4,082                     | 4,071              | 6,566              | -                          |
|   | 1,477,213                | 1,488,128                                    | 257,304                   | 110,445            | 1,120,379          | -                          |

<sup>1</sup> Under IFRS 7 contractual cash flows are undiscounted and therefore may not agree with the carrying amounts in the balance sheet.

| 31 December 2006                            | Carrying amount<br>£'000 | Contractual cash flows <sup>1</sup><br>£'000 | Less than 1 year<br>£'000 | 1-2 years<br>£'000 | 2-5 years<br>£'000 | More than 5 years<br>£'000 |
|---|--------------------------|--|---------------------------|--------------------|--------------------|----------------------------|
| <b>Non-derivative financial liabilities</b> |                          |  |                           |                    |                    |                            |
| Variable interest rate instruments          | 756,896                  | 761,011                                      | 102,574                   | 96,860             | 561,577            | -                          |
| Loan notes                                  | 250                      | 256  | 256                       | -                  | -                  | -                          |
| Finance leases                              | 14                       | 14   | 8                         | 3                  | 3                  | -                          |
| Trade and other payables                    | 164,392                  | 164,392                                      | 161,596                   | 1,094              | 1,702              | -                          |
| Bank overdraft                              | 728                      | 728  | 728                       | -                  | -                  | -                          |
| Deferred consideration                      | 5,031                    | 5,031  | -                         | 5,031              | -                  | -                          |
|   | 927,311                  | 931,432                                      | 265,162                   | 102,988            | 563,282            | -                          |

<sup>1</sup> Under IFRS 7 contractual cash flows are undiscounted and therefore may not agree with the carrying amounts in the balance sheet.

The Group draws down on its borrowing facilities at floating rates of interest. A portion of those are then swapped to fixed rates in line with the Group Treasury policy. The first portion of these swaps that matures within twelve months is £99,703,000 (2006: £130,108,000), the second portion that matures in a period greater than one year but less than two years is £321,776,000 (2006: £100,451,000) and the final portion that matures between two and five years is £513,729,000 (2006: £228,984,000).

# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

## 27 Financial Instruments continued

### (h) Fair value of financial instruments

The fair value is defined as the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties and is calculated by reference to market rates discounted to current value.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments;
- the fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives; and
- the fair value of financial guarantee contracts is determined using option pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default.

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values due to the short maturity of the instruments or because they bear interest at rates approximate to the market.

|                                |       | Carrying<br>amount<br>2007<br>£'000 | Estimated<br>fair value<br>2007<br>£'000 | Carrying<br>amount<br>2006<br>£'000 | Estimated<br>fair value<br>2006<br>£'000 |
|--------------------------------|-------|-------------------------------------|--|-------------------------------------|--|
|                                | Notes |                                     |  |                                     |  |
| <b>Financial assets</b>        |       |                                     |  |                                     |  |
| Loans and receivables:         |       |                                     |  |                                     |  |
| Trade receivables              | 22    | 191,636                             | 191,636                                  | 153,095                             | 153,095                                  |
| Other receivables              | 22    | 27,500                              | 27,500                                   | 19,595                              | 19,594                                   |
| Cash and cash equivalents      | 23    | 23,973                              | 23,973                                   | 19,478                              | 19,478                                   |
| Available for sale investments | 21    | 257                                 | 257                                      | 39,955                              | 39,955                                   |
| <b>Financial liabilities</b>   |       |                                     |  |                                     |  |
| Amortised Cost:                |       |                                     |  |                                     |  |
| Bank loans                     | 26    | 1,256,636                           | 1,256,636                                | 756,896                             | 757,549                                  |
| Bank overdraft                 | 26    | 7,067                               | 7,067                                    | 728                                 | 728                                      |
| Loan notes                     | 26    | 5,114                               | 5,114                                    | 250                                 | 250                                      |
| Finance leases                 | 34    | 6                                   | 6  | 14                                  | 14                                       |
| Trade creditors                | 32    | 22,853                              | 22,853                                   | 25,861                              | 25,861                                   |
| Accruals                       | 32    | 136,775                             | 136,775                                  | 110,677                             | 110,677                                  |
| Other creditors                | 32    | 33,219                              | 33,219                                   | 27,854                              | 27,854                                   |
| Deferred consideration         | 32    | 2,401                               | 2,401                                    | 5,031                               | 5,031                                    |

## Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

### 28 Share Capital

|  | 2007<br>£'000 | 2006<br>£'000 |
|--|---------------|---------------|
| <b>Authorised</b>  |               |               |
| 600,000,000 ordinary shares of 0.10p each (2006: 600,000,000 of 10.00p each) | 600           | 60,000        |

On 19 December 2007 the authorised share capital was reduced by cancelling and extinguishing 9.90 pence of each 10.00 pence share.

|  |     |        |
|--|-----|--------|
| <b>Issued and fully paid</b>   |     |        |
| 424,624,095 ordinary shares of 0.10p each (2006: 423,265,712 of 10.00p each) | 425 | 42,327 |

|                   | 2007<br>£'000 | 2006<br>£'000 |
|-------------------|---------------|---------------|
| At 1 January      | 42,327        | 42,152        |
| Options exercised | 136           | 175           |
| Capital reduction | (42,038)      | -             |
| At 31 December    | 425           | 42,327        |

#### Movements in called up share capital

On 19 December 2007, the Company: (i) reduced its issued share capital by cancelling and extinguishing 9.90 pence of the amount paid up or credited as paid up on each issued ordinary share of 10.00 pence and reduced the nominal value of each authorised but unissued ordinary share to 0.10 pence; and (ii) cancelled the entire sum credited to the Company's share premium account. Together these changes have resulted in the recognition of a capital reserve.

During the year the Group issued 1,358,383 (2006: 1,744,602) ordinary shares of 10.00 pence for a consideration of £3,863,000 (2006: £4,659,000) with a nominal value of £136,000 (2006: £175,000) as a result of the exercise of share options.

## Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

### 28 Share Capital continued

#### Share options

As at 31 December 2007, outstanding options to subscribe for ordinary shares of 0.10p were as follows:

| Number    | Exercise price per share (pence) | Exercise period      |
|-----------|----------------------------------|----------------------|
| 58,754    | 195.54                           | 21.08.01 to 20.08.08 |
| 38,444    | 195.54                           | 21.08.01 to 20.08.08 |
| 37,406    | 243.79                           | 21.04.01 to 20.04.08 |
| 66,770    | 215.20                           | 01.10.01 to 30.09.08 |
| 2,072     | 277.23                           | 23.04.02 to 22.04.09 |
| 585       | 358.03                           | 01.10.02 to 30.09.09 |
| 110,064   | 736.61                           | 20.03.03 to 19.03.10 |
| 1,203,135 | 564.73                           | 25.04.03 to 24.04.10 |
| 103,598   | 672.59                           | 02.11.03 to 01.11.10 |
| 171,829   | 518.75                           | 07.03.04 to 06.03.11 |
| 13,439    | 518.75                           | 07.03.04 to 06.03.11 |
| 339,419   | 252.36                           | 15.03.05 to 14.03.12 |
| 29,963    | 277.23                           | 23.04.02 to 22.04.09 |
| 33,600    | -                                | 13.04.07 to 13.04.14 |
| 4,623     | 214.55                           | 01.07.07 to 31.12.07 |
| 269,612   | -                                | 19.04.08 to 19.04.15 |
| 116,071   | 307.24                           | 26.04.04 to 25.04.08 |
| 50,423    | 325.10                           | 26.04.05 to 25.04.09 |
| 43,307    | 334.82                           | 27.05.05 to 26.05.09 |
| 13,363    | 224.53                           | 03.10.05 to 02.10.09 |
| 249,331   | 227.15                           | 30.04.06 to 29.04.10 |
| 422,003   | 304.62                           | 22.03.07 to 21.03.11 |
| 3,377,811 |                                  |                      |

It is intended that the above options will be satisfied by the issue of new shares in the Company except for the 300,391 shares already in issue (Note 29). Share options held by Directors as at 31 December 2007 are disclosed in the Director's Remuneration Report on page 66.

# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

## 29 Capital and Reserves

|  | Share<br>Capital<br>(Note 28)<br>£'000 | Share<br>Premium<br>Account<br>£'000 | Reserve for<br>Shares to<br>be Issued<br>£'000 | Merger<br>Reserve<br>£'000 | Other<br>Reserve<br>£'000 | ESOP<br>Trust<br>Shares<br>£'000 | Revaluation<br>Reserve<br>£'000 | Hedging and<br>Translation<br>Reserve<br>£'000 | Capital<br>Reserve<br>£'000 | Retained<br>Losses<br>£'000 |
|--|--|--------------------------------------|--|----------------------------|---------------------------|----------------------------------|---------------------------------|--|-----------------------------|-----------------------------|
| At 1 January 2006  | 42,152                                 | 496,826                              | 1,124  | 496,400                    | 37,398                    | (3,334)                          | -                               | 408  | -                           | (145,096)                   |
| Profit for the period attributable to equity holders of the parent | -                                      | -                                    | -  | -                          | -                         | -                                | -                               | -  | -                           | 67,368                      |
| Actuarial gain on defined benefit pension scheme                   | -                                      | -                                    | -  | -                          | -                         | -                                | -                               | -  | -                           | 6,817                       |
| Tax on items taken directly to equity                              | -                                      | -                                    | -  | -                          | -                         | -                                | (7,200)                         | -  | -                           | (1,671)                     |
| Exchange differences on translation of foreign operations          | -                                      | -                                    | -  | -                          | -                         | -                                | -                               | (62,590)                                       | -                           | -                           |
| Increase in fair value of derivatives                              | -                                      | -                                    | -  | -                          | -                         | -                                | -                               | 4,800  | -                           | -                           |
| Transfer to income   | -                                      | -                                    | -  | -                          | -                         | -                                | -                               | (2,572)  | -                           | -                           |
| Dividends to shareholders  | -                                      | -                                    | -  | -                          | -                         | -                                | -                               | -  | -                           | (39,160)                    |
| Share award expense  | -                                      | -                                    | 1,681  | -                          | -                         | -                                | -                               | -  | -                           | -                           |
| Options exercised  | 175                                    | -                                    | (2)  | -                          | -                         | 2                                | -                               | -  | -                           | -                           |
| Premium arising on options exercised during year                   | -                                      | 4,484                                | -  | -                          | -                         | -                                | -                               | -  | -                           | -                           |
| Revaluation of available for sale investment                       | -                                      | -                                    | -  | -                          | -                         | -                                | 33,390                          | -  | -                           | -                           |
| <b>At 1 January 2007</b>   | <b>42,327</b>                          | <b>501,310</b>                       | <b>2,803</b>                                   | <b>496,400</b>             | <b>37,398</b>             | <b>(3,332)</b>                   | <b>26,190</b>                   | <b>(59,954)</b>                                | <b>-</b>                    | <b>(111,742)</b>            |
| Profit for the period attributable to equity holders of the parent | -                                      | -                                    | -  | -                          | -                         | -                                | -                               | -  | -                           | 99,192                      |
| Actuarial gain on defined benefit pension scheme                   | -                                      | -                                    | -  | -                          | -                         | -                                | -                               | -  | -                           | 1,375                       |
| Tax on items taken directly to equity                              | -                                      | -                                    | -  | -                          | -                         | -                                | 7,200                           | 4,642  | -                           | (385)                       |
| Exchange differences on translation of foreign operations          | -                                      | -                                    | -  | -                          | -                         | -                                | -                               | (9,781)  | -                           | -                           |
| Decrease in fair value of derivatives                              | -                                      | -                                    | -  | -                          | -                         | -                                | -                               | (16,577)                                       | -                           | -                           |
| Transfer to income   | -                                      | -                                    | -  | -                          | -                         | -                                | -                               | (1,904)  | -                           | -                           |
| Dividends to shareholders  | -                                      | -                                    | -  | -                          | -                         | -                                | -                               | -  | -                           | (61,520)                    |
| Share award expense  | -                                      | -                                    | 2,591  | -                          | -                         | -                                | -                               | -  | -                           | -                           |
| Options exercised  | 136                                    | -                                    | -  | -                          | -                         | 1,377                            | -                               | -  | -                           | (232)                       |
| Premium arising on options exercised during year                   | -                                      | 3,727                                | -  | -                          | -                         | -                                | -                               | -  | -                           | -                           |
| Capital reduction  | (42,038)                               | (505,037)                            | -  | -                          | -                         | -                                | -                               | -  | 547,075                     | -                           |
| Sale of available for sale investment                              | -                                      | -                                    | -  | -                          | -                         | -                                | (33,390)                        | -  | -                           | -                           |
| <b>At 31 December 2007</b>   | <b>425</b>                             | <b>-</b>                             | <b>5,394</b>                                   | <b>496,400</b>             | <b>37,398</b>             | <b>(1,955)</b>                   | <b>-</b>                        | <b>(83,574)</b>                                | <b>547,075</b>              | <b>(73,312)</b>             |

As at 31 December 2007 the Informa Employee Share Trust held 297,616 (2006: 618,718) ordinary shares in the Company at a cost of £1,955,000 (2006: £3,332,000) and a market value of £1,374,000 (2006: £3,694,000). Informa Quest Ltd held 2,775 (2006: 106,495) ordinary shares at a book cost of £15,000 (2006: £106,000) and a market value of £13,000 (2006: £636,000). These shares have not yet been allocated to individuals and accordingly, dividends on these shares have been waived.

At 31 December 2007 the Group held 0.1% (2006: 0.2%) of its own called up share capital.

## Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

### 30 Minority Interests

The Group's minority interest in 2007 was composed entirely of equity interests and represents the minority shares of Nicholas Publishing International, S.C.S. Laidlaw et Cie (trading as IIR Monaco), Euroforum Handelszeitung Konferenz AG and Agra CEAS (in 2006: S.C.S. Laidlaw et Cie (trading as IIR Monaco), Euroforum Handelszeitung Konferenz AG and Agra CEAS).

### 31 Provisions

|                                     | Contingent<br>Consideration | Property<br>Leases | 2007<br>Total | Contingent<br>Consideration | Property<br>Leases | 2006<br>Total |
|-------------------------------------|-----------------------------|--------------------|---------------|-----------------------------|--------------------|---------------|
|                                     | £'000                       | £'000              | £'000         | £'000                       | £'000              | £'000         |
| 1 January                           | 10,745                      | 2,582              | 13,327        | -                           | 3,861              | 3,861         |
| Increase in year                    | -                           | 616                | 616           | 10,745                      | 653                | 11,398        |
| Acquired on acquisition             | 22,012                      | 2,946              | 24,958        | -                           | -                  | -             |
| Utilisation                         | (768)                       | (1,490)            | (2,258)       | -                           | (1,932)            | (1,932)       |
| At 31 December                      | 31,989                      | 4,654              | 36,643        | 10,745                      | 2,582              | 13,327        |
| Included in current liabilities     | 7,337                       | 1,279              | 8,616         | 547                         | 1,011              | 1,558         |
| Included in non-current liabilities | 24,652                      | 3,375              | 28,027        | 10,198                      | 1,571              | 11,769        |

The contingent consideration relates primarily to the Citeline, Inc. and Datamonitor Limited acquisitions and is expected to be paid by 31 December 2009.

The property lease provision represents the estimated excess of rent payable on surplus property leases, plus dilapidation provisions where they exist, less rent receivable via sub leases.

### 32 Trade and Other Payables

|                          | 2007           | 2006           |
|--------------------------|----------------|----------------|
|                          | £'000          | £'000          |
| <b>Current</b>           |                |                |
| Deferred consideration   | 2,266          | 4,540          |
| Trade creditors          | 22,853         | 25,861         |
| Accruals                 | 136,775        | 110,677        |
| Other creditors          | 27,629         | 25,058         |
| <b>Total current</b>     | <b>189,523</b> | <b>166,136</b> |
| <b>Non-current</b>       |                |                |
| Deferred consideration   | 135            | 491            |
| Other creditors          | 5,590          | 2,796          |
| <b>Total non-current</b> | <b>5,725</b>   | <b>3,287</b>   |
| <b>Total</b>             | <b>195,248</b> | <b>169,423</b> |

An analysis of the maturity of debt is given in Note 27(g).

The Directors consider that the carrying amount of trade payables approximates to their fair value.

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 50 days (2006: 47 days).

There are no customers who represent more than 10% of the total balance of trade creditors in either 2007 or 2006.

The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. Therefore, under the normal course of business, the Group is not charged interest on its overdue payables.



# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

## 33 Deferred Income

|  | 2007           | 2006    |
|--|----------------|---------|
|  | £'000          | £'000   |
| Subscriptions and event fees received in advance | <b>237,360</b> | 181,372 |

## 34 Obligations under Finance Leases

|  | Minimum lease payments |       | Present value of minimum lease payments |       |
|--|------------------------|-------|---|-------|
|  | 2007                   | 2006  | 2007                                    | 2006  |
|  | £'000                  | £'000 | £'000                                   | £'000 |
| Amounts payable under finance leases:  |                        |       |   |       |
| - Within one year  | <b>3</b>               | 8     | <b>2</b>                                | 8     |
| - In the second to fifth years inclusive   | <b>3</b>               | 6     | <b>4</b>                                | 6     |
| Less: future finance charges   | <b>6</b>               | 14    | <b>6</b>                                | 14    |
|  | -                      | -     | <b>n/a</b>                              | n/a   |
| Present value of lease obligations   | <b>6</b>               | 14    | <b>6</b>                                | 14    |
| Less: amount due for settlement within 12 months (shown under current liabilities) |                        |       | <b>(2)</b>                              | (8)   |
| Amount due for settlement after 12 months  |                        |       | <b>4</b>                                | 6     |

It is the Group's policy to lease certain of its fixtures and equipment under finance leases. The average lease term is 3 – 4 years. For the year ended 31 December 2007, the average effective borrowing rate was 1 per cent (2006: 1 per cent). Interest rates are fixed at the contract date. All leases are on a fixed prepayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' rights over the leased assets. There is an overall Group policy to avoid entering into finance lease obligations, however if they are undertaken then the lease commitment cannot exceed 5 years or be for over £1 million without previous Board approval.

All lease obligations are denominated in GBP.

The fair value of the Group's lease obligations approximates to their carrying amount.

## 35 Business Combinations

### 2007 acquisitions:

|                                   | Date acquired     |
|-----------------------------------|-------------------|
| Prepaid Card Expo                 | 19 January 2007   |
| By Legal for Legal Limited        | 31 January 2007   |
| MECOM & MEMEX                     | 22 February 2007  |
| Nicholas Publishing International | 25 February 2007  |
| Infoline Conferences Limited      | 23 March 2007     |
| Investment Scorecard, Inc.        | 4 April 2007      |
| Forum Pacific Rim Franchises      | 11 May 2007       |
| TMTG Asia Pte Limited             | 14 June 2007      |
| HQ Link Pte Limited               | 3 July 2007       |
| Shared Insights US, LLC           | 9 July 2007       |
| Datamonitor plc                   | 13 July 2007      |
| Productivity Press                | 31 July 2007      |
| The Superyacht Cup SA             | 3 August 2007     |
| The Haworth Press, Inc.           | 14 September 2007 |
| Online-Congress AG                | 28 September 2007 |
| Informanews Iberia, SA            | 23 October 2007   |
| Selper Limited                    | 31 December 2007  |

# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

## 35 Business Combinations continued

### Cash paid on acquisition net of cash acquired

|  | 2007           | 2006           |
|--|----------------|----------------|
|  | £'000          | £'000          |
| <b>Current year acquisitions</b>               |                |                |
| Prepaid Card Expo <sup>1</sup>                 | 1,531          | -              |
| By Legal for Legal Limited <sup>1</sup>        | 228            | -              |
| MECOM & MEMEX <sup>1</sup>                     | 889            | -              |
| Nicholas Publishing International <sup>1</sup> | 870            | -              |
| Infoline Conferences Limited <sup>1</sup>      | 4,428          | -              |
| Investment Scorecard, Inc.                     | 24,532         | -              |
| Forum Pacific Rim Franchises <sup>1</sup>      | 4,133          | -              |
| TMTG Asia Pte Limited <sup>1</sup>             | 841            | -              |
| HQ Link Pte Limited <sup>1</sup>               | 2,857          | -              |
| Shared Insights US, LLC <sup>1</sup>           | 2,806          | -              |
| Datamonitor plc                                | 497,082        | -              |
| Productivity Press                             | 5,238          | -              |
| The Superyacht Cup SA <sup>1</sup>             | 1,041          | -              |
| The Haworth Press, Inc.                        | 34,184         | -              |
| Online-Congress AG                             | 9,642          | -              |
| Informanews Iberia, SA <sup>1</sup>            | 303            | -              |
| Selper Limited <sup>1</sup>                    | 621            | -              |
| Other <sup>1</sup>                             | 3,242          | -              |
| <b>Prior year acquisitions</b>                 |                |                |
| 2006 acquisitions:                             |                |                |
| Cavendish Publishing Limited                   | -              | 6,055          |
| M-Solutions                                    | -              | 10,143         |
| Cordial Events Limited                         | -              | 1,491          |
| IPEX   | -              | 7,343          |
| Parks & Company                                | -              | 2,522          |
| Librapharm Limited                             | -              | 22,213         |
| Integrated Cultures Inc.                       | -              | 1,304          |
| IPSA, Inc.                                     | -              | 3,710          |
| David Fulton Publishers Limited                | (53)           | 4,684          |
| FAB4   | -              | 288            |
| Abu Dhabi Wedding Show                         | -              | 536            |
| Lawrence Erlbaum Associates, Inc.              | (99)           | 34,806         |
| Citeline, Inc.                                 | -              | 24,768         |
| Junction Limited                               | 45             | 6,382          |
| Other  | -              | 3,860          |
| 2005 acquisitions:                             |                |                |
| Mark Two Communications BV                     | 88             | -              |
| Medic-to-Medic <sup>2</sup>                    | 4,087          | 113            |
| IIR Holdings Limited                           | -              | 2,417          |
| Other  | -              | 84             |
| 2004 acquisitions:                             |                |                |
| Cass <sup>3</sup>                              | -              | 3,328          |
| Dekker   | -              | 160            |
| Other  | 448            | -              |
|  | <b>598,984</b> | <b>136,207</b> |

<sup>1</sup> These acquisitions are covered by the 'Other business combinations' table on page 120. All other current year acquisitions are detailed on pages 115 to 119. Where goodwill is provisional, a best estimate of fair value has been made but these will be reviewed and adjusted in the next year should it be necessary.

<sup>2</sup> In respect of the Medic-to-Medic acquisition, the deferred consideration was paid in 2007.

<sup>3</sup> In respect of the Cass acquisition, an earn out payment was made during 2006.

The combined impact on the Group's profit after tax from the newly acquired businesses amounted to £13,722,000 on revenues of £74,072,000 (2006: £5,602,000 on revenues of £30,647,000). The total net assets of newly acquired businesses amounted to £199,290,000 as at 31 December 2007 (2006: £92,319,000).

All acquisitions were paid for in cash and in all acquisitions full control over the business has been acquired, either by acquiring 100% of the ordinary issued share capital or by means of an asset purchase transaction. All transactions have been accounted for by the purchase method of accounting.

## Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

### 35 Business Combinations continued

#### Investment Scorecard, Inc.

On 4 April 2007, the Group acquired the trade and assets of Investment Scorecard, Inc., a service provider of fully outsourced, integrated client reporting and wealth analytics solutions for the wealth management industry, for a cash consideration of £25,150,000.

| Net assets acquired                      | Book value<br>£'000 | Fair value<br>adjustments<br>£'000 | Fair value<br>£'000 |
|--|---------------------|------------------------------------|---------------------|
| Intangible assets                        | -                   | 19,014                             | 19,014              |
| Property and equipment                   | 426                 | (5)                                | 421                 |
| Trade and other receivables              | 1,268               | (264)                              | 1,004               |
| Cash and cash equivalents                | 618                 | -                                  | 618                 |
| Trade and other payables                 | (1,090)             | (85)                               | (1,175)             |
| Deferred tax liabilities                 | -                   | (5,798)                            | (5,798)             |
| <b>Net assets</b>                        | <b>1,222</b>        | <b>12,862</b>                      | <b>14,084</b>       |
| Goodwill                                 |                     |                                    | 11,066              |
| Total consideration                      |                     |                                    | 25,150              |
| Satisfied by:                            |                     |                                    |                     |
| Cash                                     |                     |                                    | 25,109              |
| Directly attributable costs              |                     |                                    | 41                  |
|  |                     |                                    | 25,150              |
| Net cash outflow arising on acquisition: |                     |                                    |                     |
| Cash consideration                       |                     |                                    | 25,150              |
| Cash and cash equivalents acquired       |                     |                                    | (618)               |
|  |                     |                                    | 24,532              |

Goodwill of £11,066,000 represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired, and is deductible for tax purposes. The goodwill arising on the acquisition is largely attributable to the anticipated incremental sales and cost synergies associated with being part of the Informa Group.

Investment Scorecard, Inc. generated revenues of £7,121,000 and net income (based on assumed tax rate of 40%) of £707,000 in the post acquisition period from 4 April 2007 to 31 December 2007. The results of Investment Scorecard, Inc. are included in the Financial Data Analysis market sector.

If the acquisition of Investment Scorecard, Inc. had taken place on the first day of the financial year, Group revenues would have been £2,276,000 higher and the Group profit after tax attributable to equity shareholders would have been £148,000 higher.

## Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

### 35 Business Combinations continued

#### Datamonitor plc

On 13 July 2007, the Group acquired 76.05% of the issued share capital of Datamonitor plc, a leading global provider of market intelligence through on-line data, analysis and forecasting platforms. At this date, the Group had control over the operations and activities of Datamonitor plc. The remaining 23.95% was acquired in full by 31 December 2007. The total cash consideration was £483,342,000.

| Net assets acquired                        | Book value<br>£'000 | Fair value<br>adjustments<br>£'000 | Fair value<br>£'000 |
|--|---------------------|------------------------------------|---------------------|
| Intangible assets:                         |                     |                                    |                     |
| Database content and intellectual property | 79,543              | 150,457                            | 230,000             |
| Software                                   | -                   | 2,000                              | 2,000               |
| Property and equipment                     | 1,804               | -                                  | 1,804               |
| Deferred tax assets                        | 7,714               | 624                                | 8,338               |
| Trade and other receivables                | 29,286              | -                                  | 29,286              |
| Cash and cash equivalents                  | 5,834               | -                                  | 5,834               |
| Trade and other payables                   | (34,426)            | (795)                              | (35,221)            |
| Provisions                                 | -                   | (2,927)                            | (2,927)             |
| Short term bank loan                       | (19,574)            | -                                  | (19,574)            |
| Deferred income                            | (30,203)            | -                                  | (30,203)            |
| Deferred tax liabilities                   | (4,768)             | (59,591)                           | (64,359)            |
| <b>Net assets</b>                          | <b>35,210</b>       | <b>89,768</b>                      | <b>124,978</b>      |
| Goodwill                                   |                     |                                    | 384,939             |
| <b>Total consideration</b>                 |                     |                                    | <b>509,917</b>      |
| Satisfied by:                              |                     |                                    |                     |
| Cash                                       |                     |                                    | 479,421             |
| Loan notes                                 |                     |                                    | 4,563               |
| Contingent consideration                   |                     |                                    | 22,012              |
| Directly attributable costs                |                     |                                    | 3,921               |
|  |                     |                                    | <b>509,917</b>      |
| Net cash outflow arising on acquisition:   |                     |                                    |                     |
| Cash consideration                         |                     |                                    | 483,342             |
| Cash and cash equivalents acquired (debt)  |                     |                                    | 13,740              |
|  |                     |                                    | <b>497,082</b>      |

Goodwill of £384,939,000 represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired, and is not deductible for tax purposes. The goodwill arising on the acquisition is largely attributable to the anticipated incremental sales and cost synergies associated with being part of the Informa Group.

Datamonitor plc generated revenues of £51,137,000 and net income (based on assumed tax rate of 30%) of £11,129,000 (after deducting £411,000 adjusting items) in the post acquisition period from 13 July 2007 to 31 December 2007. The results of Datamonitor plc form part of the Scientific, Technical & Medical, Financial Data Analysis, Regional Events, Telecoms & Media, and Maritime & Commodities market sectors.

If the acquisition of Datamonitor plc had taken place on the first day of the financial year, Group revenues would have been £57,067,000 higher and the Group profit after tax attributable to equity shareholders would have been £3,295,000 higher (after deducting £6,810,000 adjusting items).

## Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

### 35 Business Combinations continued

#### Productivity Press

On 31 July 2007, the Group acquired the trade and assets of Productivity Press, a publishing business devoted to the field of business process improvement, for cash consideration of £5,238,000.

| Net assets acquired                      | Book value | Fair value adjustments | Fair value   |
|--|------------|------------------------|--------------|
|  | £'000      | £'000                  | £'000        |
| Intangible assets                        | -          | 3,604                  | 3,604        |
| Property and equipment                   | 12         | (12)                   | -            |
| Inventory                                | 249        | (54)                   | 195          |
| Trade and other receivables              | 480        | (189)                  | 291          |
| Trade and other payables                 | (242)      | -                      | (242)        |
| <b>Net assets</b>                        | <b>499</b> | <b>3,349</b>           | <b>3,848</b> |
| Goodwill                                 |            |                        | 1,390        |
| Total consideration                      |            |                        | 5,238        |
| Satisfied by:                            |            |                        |              |
| Cash                                     |            |                        | 5,238        |
|  |            |                        | 5,238        |
| Net cash outflow arising on acquisition: |            |                        |              |
| Cash consideration                       |            |                        | 5,238        |
|  |            |                        | 5,238        |

Goodwill of £1,390,000 represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired, and is deductible for tax purposes. The goodwill arising on the acquisition is largely attributable to the anticipated incremental sales and cost synergies associated with being part of the Informa Group.

Productivity Press generated revenues of £982,000 and net income (based on assumed tax rate of 40%) of £147,000 in the post acquisition period from 31 July 2007 to 31 December 2007. The results of Productivity Press are included in the Scientific, Technical and Medical market sector.

If the acquisition of Productivity Press had taken place on the first day of the financial year, Group revenues would have been £1,375,000 higher and the Group profit after tax attributable to equity shareholders would have been £206,000 higher.

## Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

### 35 Business Combinations continued

#### The Haworth Press, Inc.

On 13 September 2007, the Group acquired the trade and assets of The Haworth Press, Inc., a publisher of academic and professional books, journals and software, for a cash consideration of £37,078,000.

| Net assets acquired                      | Book value   | Fair value adjustments | Fair value    |
|--|--------------|------------------------|---------------|
|  | £'000        | £'000                  | £'000         |
| Intangible assets                        | -            | 30,241                 | 30,241        |
| Inventory                                | 359          | -                      | 359           |
| Trade and other receivables              | 1,346        | (403)                  | 943           |
| Cash and cash equivalents                | 2,894        | -                      | 2,894         |
| Trade and other payables                 | (733)        | (752)                  | (1,485)       |
| Deferred income                          | (4,530)      | 126                    | (4,404)       |
| Deferred tax assets                      | -            | 755                    | 755           |
| <b>Net (liabilities) / assets</b>        | <b>(664)</b> | <b>29,967</b>          | <b>29,303</b> |
| Goodwill                                 |              |                        | 7,775         |
| <b>Total consideration</b>               |              |                        | <b>37,078</b> |
| Satisfied by:                            |              |                        |               |
| Cash                                     |              |                        | 37,054        |
| Directly attributable costs              |              |                        | 24            |
|  |              |                        | <b>37,078</b> |
| Net cash outflow arising on acquisition: |              |                        |               |
| Cash consideration                       |              |                        | 37,078        |
| Cash and cash equivalents acquired       |              |                        | (2,894)       |
|  |              |                        | <b>34,184</b> |

Goodwill of £7,775,000 represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired, and is deductible for tax purposes. The goodwill arising on the acquisition is largely attributable to the anticipated incremental sales synergies associated with being part of the Informa Group.

The Haworth Press, Inc. generated revenues of £2,554,000 and net income (based on assumed tax rate of 40%) of £354,000 in the post acquisition period from 13 September 2007 to 31 December 2007. The results of The Haworth Press, Inc. are included in the Humanities and Social Sciences market sector.

If the acquisition of The Haworth Press, Inc. had taken place on the first day of the financial year, Group revenues for the period would have been £8,375,000 higher and the Group profit after tax attributable to equity shareholders would have been £1,407,000 higher.

## Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

### 35 Business Combinations continued

#### Online-Congress AG

On 28 September 2007, the Group acquired 100% of the issued share capital of Online-Congress AG, a business engaged in providing online and internet related services in connection with the organisation of events, seminars, congresses and vocational training, for a cash consideration of £9,863,000.

| Net assets acquired                      | Book value<br>£'000 | Fair value<br>adjustments<br>£'000 | Fair value<br>£'000 |
|--|---------------------|------------------------------------|---------------------|
| Intangible assets                        | -                   | 5,254                              | 5,254               |
| Property and equipment                   | 81                  | -                                  | 81                  |
| Trade and other receivables              | 697                 | 48                                 | 745                 |
| Cash and cash equivalents                | 221                 | -                                  | 221                 |
| Trade and other payables                 | (158)               | -                                  | (158)               |
| Provisions                               | -                   | (19)                               | (19)                |
| Deferred tax liabilities                 | -                   | (1,471)                            | (1,471)             |
| <b>Net assets</b>                        | <b>841</b>          | <b>3,812</b>                       | <b>4,653</b>        |
| Goodwill                                 |                     |                                    | 5,210               |
| Total consideration                      |                     |                                    | 9,863               |
| Satisfied by:                            |                     |                                    |                     |
| Cash                                     |                     |                                    | 9,832               |
| Directly attributable costs              |                     |                                    | 31                  |
|  |                     |                                    | 9,863               |
| Net cash outflow arising on acquisition: |                     |                                    |                     |
| Cash consideration                       |                     |                                    | 9,863               |
| Cash and cash equivalents acquired       |                     |                                    | (221)               |
|  |                     |                                    | 9,642               |

Goodwill of £5,210,000 represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired, and is not deductible for tax purposes. The goodwill arising on the acquisition is largely attributable to the anticipated incremental sales and cost synergies associated with being part of the Informa Group.

Online-Congress AG generated revenues of £412,000 and net income (based on assumed tax rate of 30%) of £10,000 in the post acquisition period from 28 September 2007 to 31 December 2007. The results of Online-Congress AG are included in the Regional Events market sector.

If the acquisition of Online-Congress AG had taken place on the first day of the financial year, Group revenues for the period would have been £1,438,000 higher and the Group profit after tax attributable to equity shareholders would have been £48,000 higher.

## Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

### 35 Business Combinations continued

#### Other business combinations

The Group acquired the trading assets or 100% of the issued share capital of Prepaid Card Expo, By Legal for Legal Limited, MECOM & MEMEX, Nicholas Publishing International, Infoline Conferences Limited, Forum Pacific Rim Franchises, TMTG Asia Pte Ltd, HQ Link Pte Limited, Shared Insights US, LLC, The Superyacht Cup SA, Selper Limited and various other publishing titles. The Group also acquired the remaining 50% of Informanews Iberia, SA. Total cash consideration of £25,561,000 was paid in 2007. Including deferred consideration, total consideration will not exceed £27,198,000.

| Net assets acquired                      | Book value | Fair value adjustments | Fair value    |
|--|------------|------------------------|---------------|
|  | £'000      | £'000                  | £'000         |
| Intangible assets                        | -          | 29,163                 | 29,163        |
| Inventory                                | 61         | -                      | 61            |
| Trade and other receivables              | 1,632      | (185)                  | 1,447         |
| Cash and cash equivalents                | 1,771      | -                      | 1,771         |
| Trade and other payables                 | (2,518)    | -                      | (2,518)       |
| Deferred income                          | (800)      | -                      | (800)         |
| Deferred tax liabilities                 | -          | (6,700)                | (6,700)       |
| <b>Net assets</b>                        | <b>146</b> | <b>22,278</b>          | <b>22,424</b> |
| Goodwill                                 |            |                        | 4,774         |
| Total consideration                      |            |                        | 27,198        |
| Satisfied by:                            |            |                        |               |
| Cash                                     |            |                        | 25,385        |
| Deferred consideration                   |            |                        | 1,637         |
| Directly attributable costs              |            |                        | 176           |
|  |            |                        | 27,198        |
| Net cash outflow arising on acquisition: |            |                        |               |
| Cash consideration                       |            |                        | 25,561        |
| Cash and cash equivalents acquired       |            |                        | (1,771)       |
|  |            |                        | 23,790        |

Other acquisitions generated revenues of £11,866,000 and net income (based on an assumed tax rate of 30%) of £1,375,000.



# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

## 36 Notes to the Cash Flow Statement

|  | Notes | 2007<br>£'000 | 2006<br>£'000 |
|--|-------|---------------|---------------|
| Operating profit   |       | 153,970       | 128,296       |
| Adjustments for:   |       |               |               |
| Depreciation of property and equipment                   | 18    | 9,066         | 9,113         |
| Amortisation of intangible assets                        | 17    | 104,957       | 86,656        |
| Impairment of goodwill                                   |       | -             | 515           |
| Impairment of available for sale investments             | 21    | 755           | -             |
| Loss on disposal of property and equipment               |       | 228           | 23            |
| Operating cash flows before movements in working capital |       | 268,976       | 224,603       |
| Decrease in inventories                                  |       | 2,694         | 211           |
| (Increase)/decrease in receivables                       |       | (11,985)      | 9,866         |
| Increase/(decrease) in payables                          |       | 17,449        | (15,185)      |
| Movement in other operating items                        |       | 2,026         | (137)         |
| Cash generated by operations                             |       | 279,160       | 219,358       |

Cash and cash equivalents (which are presented as a single class of assets on the face of the Balance Sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

### Adjusted cash generated by operations

|                                       | Notes | 2007<br>£'000 | 2006<br>£'000 |
|---------------------------------------|-------|---------------|---------------|
| Cash generated by operations          |       | 279,160       | 219,358       |
| Restructuring costs                   | 7     | 7,672         | 7,203         |
| Adjusting items on a cash flow basis  |       | 286,832       | 226,561       |
| Accrued in prior year                 |       | 5,725         | 4,426         |
| Accrued at year end                   |       | (5,450)       | (5,725)       |
| Adjusted cash generated by operations |       | 287,107       | 225,262       |
| Adjusted operating profit             | 8     | 260,993       | 219,091       |

|  | 2007<br>% | 2006<br>% |
|--|-----------|-----------|
| Percentage of adjusted operating profit converted to adjusted cash generated by operations | 110       | 103       |

### Analysis of Net Debt

|  | At 1 January 2007<br>£'000 | Non-cash items<br>£'000 | Cash flow<br>£'000 | Exchange<br>movement<br>£'000 | At 31 December<br>2007<br>£'000 |
|--|----------------------------|-------------------------|--------------------|-------------------------------|---------------------------------|
| Cash at bank and in hand                 | 19,478                     | -                       | 4,495              | -                             | 23,973                          |
| Overdrafts                               | (728)                      | -                       | (6,339)            | -                             | (7,067)                         |
| Net cash                                 | 18,750                     | -                       | (1,844)            | -                             | 16,906                          |
| Bank loans due in less than one year     | (102,055)                  | -                       | 46,303             | (23)                          | (55,775)                        |
| Loan notes due in less than one year     | (250)                      | (551)                   | 250                | -                             | (551)                           |
| Bank loans due in more than one year     | (654,841)                  | (5,097)                 | (528,049)          | (12,874)                      | (1,200,861)                     |
| Loan notes due in more than one year     | -                          | (4,563)                 | -                  | -                             | (4,563)                         |
| Finance leases due in less than one year | (8)                        | -                       | 5                  | -                             | (3)                             |
| Finance leases due in more than one year | (6)                        | -                       | 3                  | -                             | (3)                             |
|  | (738,410)                  | (10,211)                | (483,332)          | (12,897)                      | (1,244,850)                     |

## Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

### 37 Operating Lease Arrangements

|   | 2007          | 2006   |
|---|---------------|--------|
|   | £'000         | £'000  |
| Minimum lease payments under operating leases recognised in income for the year | <b>21,009</b> | 17,691 |

At the Balance Sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

|                                | 2007             |              | 2006             |       |
|--------------------------------|------------------|--------------|------------------|-------|
|                                | Land & buildings | Other        | Land & buildings | Other |
|                                | £'000            | £'000        | £'000            | £'000 |
| Operating leases which expire: |                  |              |                  |       |
| – Within one year              | <b>20,435</b>    | <b>658</b>   | 17,594           | 593   |
| – Within two to five years     | <b>59,513</b>    | <b>918</b>   | 50,622           | 512   |
| – After five years             | <b>34,376</b>    | -            | 28,568           | -     |
|                                | <b>114,324</b>   | <b>1,576</b> | 96,784           | 1,105 |

Operating lease payments on land & buildings represent rentals payable by the Group for certain of its properties. Leases are negotiated for an average term of 4 years and rentals are fixed for an average of 3 years. In accordance with Group policy the lease commitment cannot exceed 5 years.

### 38 Commitments

|   | 2007         | 2006  |
|---|--------------|-------|
|   | £'000        | £'000 |
| Commitments for the acquisition of intangible and tangible fixed assets | <b>2,054</b> | 543   |

# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

## 39 Retirement Benefit Schemes

The Group operates three defined benefit pension schemes, the Informa Final Salary Scheme, the Taylor & Francis Group Pension and Life Assurance Scheme and the Achieve Learning (UK) Pension and Benefits Scheme (the Scheme) for all qualifying UK employees providing benefits based on final pensionable pay. The assets of the Scheme are held in separate trustee administered funds. Contributions to the Scheme are charged to the Income Statement so as to spread the cost of contributions over employees' working lives with the Group. Contributions are determined by a qualified actuary on the basis of triennial valuations using the attained age method to reflect the fact that the Scheme is closed to new entrants.

The latest full actuarial valuation of the Informa Final Salary Scheme was carried out at 31 March 2005 and was updated for IAS 19 purposes to 31 December 2007 by a qualified independent actuary. Employees who are members contribute 10% of pensionable pay; the Group's contribution over the year was 16.5% of pensionable pay plus an additional annual contribution of £588,000. The market value of the Scheme's assets as at 31 December 2007 was £40,350,000 which represented 88% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. The assumptions adopted are:

|   | 2007             | 2006      |
|---|------------------|-----------|
| Discount rate                           | <b>5.8% p.a.</b> | 5.1% p.a. |
| Rate of return on investments           | <b>5.8% p.a.</b> | 5.1% p.a. |
| Rate of increase in pensions in payment | <b>3.4% p.a.</b> | 3.1% p.a. |
| Rate of increase in salaries            | <b>4.9% p.a.</b> | 4.6% p.a. |

The latest full actuarial valuation of the Taylor & Francis Group Pension and Life Assurance Scheme was carried out at 30 September 2005 and was updated for IAS 19 purposes to 31 December 2007 by a qualified independent actuary. Employees who are members contribute 3% of pensionable pay; the Group's contribution over the year was 21.3% of pensionable pay plus an additional annual contribution of £585,000. The market value of the Scheme's assets as at 31 December 2007 was £12,247,000 which represented 82% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. The assumptions adopted are:

|   | 2007             | 2006      |
|---|------------------|-----------|
| Discount rate                           | <b>5.8% p.a.</b> | 5.1% p.a. |
| Rate of return on investments           | <b>5.8% p.a.</b> | 5.1% p.a. |
| Rate of increase in pensions in payment | <b>3.4% p.a.</b> | 3.1% p.a. |
| Rate of increase in salaries            | <b>4.9% p.a.</b> | 4.6% p.a. |

The latest full actuarial valuation of the Achieve Learning (UK) Pension & Benefits Scheme was carried out at 31 December 2003 and was updated for IAS 19 purposes to 31 December 2007 by a qualified independent actuary. The Scheme was closed to future accrual of pensions at the time of the acquisition of IIR Holdings limited in 2005. The market value of the Scheme's assets as at 31 December 2007 was £5,114,000 which represented 102% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. The assumptions adopted are:

|   | 2007             | 2006      |
|---|------------------|-----------|
| Discount rate                           | <b>5.8% p.a.</b> | 5.1% p.a. |
| Rate of return on investments           | <b>5.8% p.a.</b> | 5.1% p.a. |
| Rate of increase in pensions in payment | <b>3.4% p.a.</b> | 3.1% p.a. |
| Rate of increase in salaries            | <b>n/a</b>       | n/a       |

The pension charge for the Scheme in the Income Statement for the year was £894,000 (2006: £2,001,000), of which £1,246,000 (2006: £1,636,000) was charged to operating profit.

The Group also operates defined contribution schemes. Contributions charged to the Income Statement during the year were £6,832,000 (2006: £6,108,000), all of which (2006: all) was charged to operating profit.

## Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

### 39 Retirement Benefit Schemes continued

A full valuation of the Group's Scheme was undertaken by qualified independent actuaries at 31 December 2007. The major assumptions used by the actuaries were as follows:

|   | At 31<br>December 2007 | At 31<br>December 2006 |
|---|------------------------|------------------------|
| <b>Rate of increase in salaries</b>               |                        |                        |
| IIR   | n/a                    | n/a                    |
| Taylor & Francis                                  | 4.9% p.a.              | 4.6% p.a.              |
| Informa   | 4.9% p.a.              | 4.6% p.a.              |
| <b>Limited price indexation pension increases</b> |                        |                        |
| IIR   | 3.4% p.a.              | 3.1% p.a.              |
| Taylor & Francis                                  | 3.4% p.a.              | 3.1% p.a.              |
| Informa   | 3.4% p.a.              | 3.1% p.a.              |
| <b>Discount rate</b>                              |                        |                        |
| IIR   | 5.8% p.a.              | 5.1% p.a.              |
| Taylor & Francis                                  | 5.8% p.a.              | 5.1% p.a.              |
| Informa   | 5.8% p.a.              | 5.1% p.a.              |
| <b>Inflation assumption</b>                       |                        |                        |
| IIR   | 3.4% p.a.              | 3.1% p.a.              |
| Taylor & Francis                                  | 3.4% p.a.              | 3.1% p.a.              |
| Informa   | 3.4% p.a.              | 3.1% p.a.              |

Amounts recognised in respect of these defined benefit schemes are as follows:

|   | Notes | Year ended<br>31 December 2007<br>£'000 | Year ended<br>31 December 2006<br>£'000 |
|---|-------|---|---|
| <b>Analysis of the amount charged to operating profit</b>   |       |   |   |
| Current service cost  |       | (1,246)                                 | (1,636)                                 |
| Total operating charge  |       | (1,246)                                 | (1,636)                                 |
| <b>Analysis of finance income/(expense)</b>   |       |   |   |
| Expected return on pension scheme assets  | 11    | 3,755                                   | 2,820                                   |
| Interest cost on pension scheme liabilities   | 10    | (3,403)                                 | (3,185)                                 |
| Net finance income/(expense)  |       | 352                                     | (365)                                   |
| <b>Analysis of amount recognised in the Consolidated Statement of Recognised Income and Expense</b> |       |   |   |
| Actual return less expected return on scheme assets   |       | (1,939)                                 | 1,685                                   |
| Experience gain   |       | 459                                     | 634                                     |
| Change in actuarial assumptions   |       | 2,940                                   | 4,498                                   |
| Limit on recognition of assets in accordance with IAS 19  |       | (85)                                    | -                                       |
| Actuarial gain  |       | 1,375                                   | 6,817                                   |
| <b>Movement in deficit during the year</b>  |       |   |   |
| Deficit in Scheme at beginning of year  |       | (11,219)                                | (17,729)                                |
| Current service cost  |       | (1,246)                                 | (1,636)                                 |
| Contributions   |       | 2,301                                   | 1,694                                   |
| Other finance income/(expense)  |       | 352                                     | (365)                                   |
| Actuarial gains   |       | 1,375                                   | 6,817                                   |
| Deficit in Scheme at end of year  |       | (8,437)                                 | (11,219)                                |

## Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

### 39 Retirement Benefit Schemes continued

The amount recognised in the Balance Sheet in respect of the Group's Schemes are as follows:

|   | 2007     | 2006     | 2005     |
|---|----------|----------|----------|
|   | £'000    | £'000    | £'000    |
| Present value of defined benefit obligations                    | (66,063) | (65,589) | (66,716) |
| Fair value of Scheme assets                                     | 57,711   | 54,370   | 48,987   |
| Limit on recognition of assets in accordance with IAS 19        | (85)     | -        | -        |
| Deficit in Scheme and liability recognised in the Balance Sheet | (8,437)  | (11,219) | (17,729) |

Changes in the present value of defined benefit obligations are as follows:

|  | 2007     | 2006     | 2005     |
|--|----------|----------|----------|
|  | £'000    | £'000    | £'000    |
| Opening defined benefit obligation                     | (65,589) | (66,716) | (48,130) |
| Service cost   | (1,246)  | (1,636)  | (1,360)  |
| Interest cost  | (3,403)  | (3,185)  | (2,691)  |
| Contributions from Scheme members net of benefits paid | 776      | 816      | 557      |
| Actuarial gains and losses                             | 3,399    | 5,132    | (10,281) |
| Additions on acquisition of IIR Holdings Limited       | -        | -        | (4,811)  |
| Closing defined benefit obligation                     | (66,063) | (65,589) | (66,716) |

Changes in the fair value of Scheme assets are as follows:

|  | 2007    | 2006   | 2005   |
|--|---------|--------|--------|
|  | £'000   | £'000  | £'000  |
| Opening fair value of Scheme assets                    | 54,370  | 48,987 | 25,595 |
| Expected return on Scheme assets                       | 3,755   | 2,820  | 1,999  |
| Actuarial gains and losses                             | (1,939) | 1,685  | 6,515  |
| Contributions from the sponsoring companies            | 2,301   | 1,694  | 11,602 |
| Contributions from Scheme members net of benefits paid | (776)   | (816)  | (557)  |
| Additions on acquisition of IIR Holdings Limited       | -       | -      | 3,833  |
| Closing fair value of Scheme assets                    | 57,711  | 54,370 | 48,987 |

## Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

### 39 Retirement Benefit Schemes continued

The assets of the Taylor & Francis Group Pension and Life Assurance Scheme are held in managed funds and cash funds operated by Zurich Assurance Ltd and Legal & General. The assets of the Informa Final Salary Scheme are held in managed funds and cash funds operated by Skandia Investment Management. The assets of the Achieve Learning (UK) Pension and Benefits Plan are managed by Schroder Investment Management Ltd. The fair value of the assets held and the expected rates of return assumed are as follows:

|                              | Expected rate<br>of return year<br>commencing 31<br>December 2007 | Fair value at 31<br>December 2007 | Expected rate<br>of return year<br>commencing 31<br>December 2006 | Fair value at 31<br>December 2006 |
|------------------------------|---|-----------------------------------|---|-----------------------------------|
|                              | %   | £'000                             | %   | £'000                             |
| <b>Equities and property</b> |   |                                   |   |                                   |
| IIR                          | 7.8%  | 4,306                             | 7.9%  | 4,130                             |
| Taylor & Francis             | 7.8%  | 8,248                             | 7.9%  | 7,336                             |
| Informa                      | 7.8%  | 32,145                            | 7.9%  | 32,480                            |
| <b>Bonds</b>                 |   |                                   |   |                                   |
| IIR                          | 5.1%  | 496                               | 4.8%  | 486                               |
| Taylor & Francis             | 5.4%  | 3,415                             | 4.9%  | 2,961                             |
| Informa                      | 5.1%  | 8,036                             | 4.7%  | 4,147                             |
| <b>Cash</b>                  |   |                                   |   |                                   |
| IIR                          | 4.4%  | 312                               | 4.1%  | 57                                |
| Taylor & Francis             | 4.4%  | 584                               | 4.1%  | 580                               |
| Informa                      | 4.4%  | 169                               | 4.1%  | 2,193                             |
|                              |   | 57,711                            |   | 54,370                            |

The Schemes' assets do not include any of the Group's own financial instruments, nor any property occupied by, or other assets used by, the Group.

The history of the Scheme for the current and prior year is as follows:

|  | 2007<br>£'000 | 2006<br>£'000 |
|--|---------------|---------------|
| Present value of defined benefit obligations             | (66,063)      | (65,589)      |
| Fair value of Scheme assets                              | 57,711        | 54,370        |
| Limit on recognition of assets in accordance with IAS 19 | (85)          | -             |
| Deficit in the Scheme                                    | (8,437)       | (11,219)      |
| Related deferred tax assets                              | 2,362         | 3,366         |
| Deficit net of deferred tax assets                       | (6,075)       | (7,853)       |
| <b>Experience adjustments on Scheme liabilities:</b>     |               |               |
| Amount (£'000)   | 459           | 634           |
| Percentage of Scheme liabilities (%)                     | 0.69%         | 0.97%         |
| <b>Experience adjustments on Scheme assets:</b>          |               |               |
| Amount (£'000)   | (1,939)       | 1,685         |
| Percentage of Scheme assets (%)                          | (3.00%)       | 3.00%         |

The estimated amount of contributions expected to be paid to the Schemes during the current financial year are £2,690,000 (2007: £2,380,000).

# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

## 40 Share-based Payments

The Group Share Options, Share Matching and Long Term Incentive Plans provide for a grant price equal to the average quoted market price of the Group shares on the date of grant. The vesting period is generally 3 years. The options expire if they remain unexercised after the exercise period has lapsed. Furthermore, options are forfeited if the employee leaves the Group before the options vest. The options are equity settled.

### Share Options

|                                    | 2007        |                                     | 2006        |                                     |
|------------------------------------|-------------|-------------------------------------|-------------|-------------------------------------|
|                                    | Options     | Weighted average exercise price (p) | Options     | Weighted average exercise price (p) |
| Outstanding at beginning of year   | 5,188,779   | 360.16                              | 7,161,292   | 346.85                              |
| Forfeited/lapsed during the year   | (42,544)    | 530.65                              | (221,638)   | 526.14                              |
| Exercised during the year          | (1,768,424) | 297.92                              | (1,750,875) | 268.40                              |
| Outstanding at the end of the year | 3,377,811   | 390.61                              | 5,188,779   | 360.16                              |
| Exercisable at the end of the year | 1,775,071   |                                     | 4,963,211   |                                     |

The weighted average share price at the date of exercise for share options exercised during the year was 297.92p. The options outstanding at 31 December 2007 had a weighted average remaining contractual life of 2.88 years (2006: 3.97 years) and exercise prices ranging from 195.54p to 736.61p (Note 28).

Inputs used to calculate those fair values and the method of calculation are set out in the following tables:

| Date of grant                                      | Estimated fair value | Share price | Exercise price    | Expected volatility | Expected Life (years) | Risk free rate | Expected dividends |
|--|----------------------|-------------|-------------------|---------------------|-----------------------|----------------|--------------------|
| 4 March 2004 <sup>1</sup>                          | £1.18                | £3.76       | £3.73             | 32.33%              | 5.00                  | 4.76%          | 2.00%              |
| 22 March 2004/10 May 2004 (Executive) <sup>1</sup> | £1.08                | £3.49       | £3.41 (adjusted)* | 32.77%              | 4.87                  | 4.62%          | 2.00%              |
| 22 March 2004/10 May 2004 (Employee) <sup>1</sup>  | £0.93                | £3.49       | £3.41 (adjusted)* | 32.77%              | 3.50                  | 4.21%          | 2.00%              |
| 15 September 2004 <sup>1</sup>                     | £1.16                | £3.71       | £3.70             | 30.59%              | 5.00                  | 4.95%          | 2.00%              |

<sup>1</sup> Valued using the Binomial model of valuation.

\* Adjusted for the business combination in 2004 of Taylor & Francis Group plc and Informa Group plc, and in 2005 for a rights issue.

### Share Matching

| Date of grant              | Estimated fair value | Share price | Exercise price | Expected volatility | Expected Life (years) | Risk free rate | Expected dividends |
|----------------------------|----------------------|-------------|----------------|---------------------|-----------------------|----------------|--------------------|
| 13 April 2004 <sup>1</sup> | £3.32                | £3.53       | n/a            | n/a                 | n/a                   | n/a            | 2.00%              |
| 19 April 2005 <sup>1</sup> | £3.44                | £3.80       | n/a            | n/a                 | n/a                   | n/a            | 1.66%              |

<sup>1</sup> Valued using the Monte Carlo Simulation method of valuation.

# Notes to the Consolidated Financial Statements continued

For the Year Ended 31 December 2007

## 40 Share-based Payments continued

### Long Term Incentive Plan

| Date of grant                | Estimated fair value | Share price | Exercise price | Expected volatility | Expected life (years) | Risk free rate | Expected dividends |
|------------------------------|----------------------|-------------|----------------|---------------------|-----------------------|----------------|--------------------|
| 3 November 2005 <sup>1</sup> | £2.55                | £4.20       | n/a            | 28.91%              | 3.00                  | 4.49%          | 1.66%              |
| 29 March 2006 <sup>1</sup>   | £3.32                | £4.70       | n/a            | 25.00%              | 3.00                  | n/a            | 1.85%              |
| 25 April 2007 <sup>1</sup>   | £3.41                | £5.85       | n/a            | 21.20%              | 3.00                  | n/a            | 2.09%              |
| 25 April 2007 <sup>1</sup>   | £3.37                | £5.85       | £0.10          | 21.20%              | 3.00                  | 5.47%          | 2.09%              |

<sup>1</sup> Valued using the Monte Carlo Simulation method of valuation.

In order to satisfy the share awards granted under Long Term Incentive Plans, the share capital would be increased by up to 1,780,000 shares. The company is planning to buy the shares as needed to satisfy the awards on the open market rather than issuing additional share capital.

Expected volatility was determined by calculating the historical volatility of the Group's share price over one, two and three years back from the date of grant. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

On 25 April 2007 the number of shares granted for the Long Term Incentive Plan scheme was 917,819 with no exercise cost and 6,051 with a 10.00 pence exercise cost.

The Group recognised total expenses of £2,591,000 (2006: £1,681,000) related to equity settled share-based payment transactions in the year ended 31 December 2007.

A complete listing of all options outstanding as at 31 December 2007 is included in Note 28.

## 41 Events after the Balance Sheet Date

There have been no significant events since the Balance Sheet date.



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# UK GAAP Parent Company Financial Statements

For the Year Ended 31 December 2007

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## Independent Auditors' Report to the Members of Informa plc

We have audited the parent company financial statements of Informa plc for the year ended 31 December 2007 which comprise the Company Balance Sheet and the related notes 1 to 16. These parent company financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the Group financial statements of Informa plc for the year ended 31 December 2007 and on the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the parent company financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the parent company financial statements give a true and fair view and whether the parent company financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the Directors' Report is consistent with the parent company financial statements. The information given in the Directors' Report includes that specific information presented in the other sections of the Annual Report that is cross referred from the Financial Review section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited parent company financial statements.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent company financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

## Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the parent company financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the parent company financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the parent company financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the parent company financial statements.

## Opinion

In our opinion:

- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007;
- the parent company financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the parent company financial statements.

## *Deloitte & Touche LLP*

Chartered Accountants and Registered Auditors  
Reading

27 February 2008

# UK GAAP Parent Company Financial Statements continued

At 31 December 2007

## Company Balance Sheet

|  | Notes  | 2007<br>£'000      | 2006<br>£'000    |
|--|--------|--------------------|------------------|
| <b>Fixed assets</b>  |        |                    |                  |
| Intangible assets  | 2      | 34,797             | 5,784            |
| Tangible fixed assets  | 3      | 671                | 1,127            |
| Investments  | 4      | 1,666,816          | 1,351,768        |
| Derivative financial instruments                               | 16 (a) | 1,990              | 6,339            |
|  |        | <b>1,704,274</b>   | <b>1,365,018</b> |
| <b>Current assets</b>  |        |                    |                  |
| Debtors due within one year                                    | 5      | 1,643,376          | 616,020          |
| Cash at bank and in hand                                       |        | 1,266              | 2                |
| Derivative financial instruments                               | 16 (a) | 790                | 1,357            |
|  |        | <b>1,645,432</b>   | <b>617,379</b>   |
| <b>Creditors: amounts falling due within one year</b>          | 6      | <b>(1,360,018)</b> | <b>(506,199)</b> |
| Accruals and deferred income                                   | 7      | (12,555)           | (18,833)         |
| <b>Net current assets</b>                                      |        | <b>272,859</b>     | <b>92,347</b>    |
| <b>Total assets less current liabilities</b>                   |        | <b>1,977,133</b>   | <b>1,457,365</b> |
| <b>Creditors: amounts falling due after more than one year</b> | 8      | <b>(1,204,361)</b> | <b>(654,841)</b> |
| Provisions for liabilities                                     | 9      | (450)              | (40)             |
| Derivative financial instruments                               | 16 (a) | (13,142)           | -                |
| <b>Net assets</b>  |        | <b>759,180</b>     | <b>802,484</b>   |
| <b>Capital and reserves</b>                                    |        |                    |                  |
| Called up share capital  | 10     | 425                | 42,327           |
| Share premium account  | 11     | -                  | 496,968          |
| ESOP trust shares  | 11     | (1,955)            | (3,332)          |
| Hedging and translation reserve                                | 11     | (986)              | 15,411           |
| Reserve for own shares   | 11     | 5,394              | 2,803            |
| Capital reserve  | 11     | 542,728            | -                |
| Profit and loss account  | 12     | 213,574            | 248,307          |
| Equity shareholders' funds                                     |        | <b>759,180</b>     | <b>802,484</b>   |

These financial statements were approved by the Board of Directors on 27 February 2008 and were signed on its behalf by:

**Peter Rigby**  
Director

**David Gilbertson**  
Director

# UK GAAP Parent Company Financial Statements continued

For the Year Ended 31 December 2007

## 1 Accounting Policies

### Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 1985. They have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and law.

The Directors' Report, Corporate Governance and Directors' Remuneration Report disclosures have been made in the Group Annual Report of Informa plc.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

### Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

### Intangible assets

Intangible assets are initially measured at cost. Software which is not integral to a related item of hardware is included in intangible assets. Capitalised internal-use software costs include external direct costs of materials and services consumed in developing or obtaining the software, payroll and payroll-related costs for employees who are directly associated with and who devote substantial time to the project. Capitalisation of these costs ceases no later than the point at which the project is substantially complete and ready for its internal purpose. When the assets come into use, these costs are amortised over their expected useful lives which are deemed to be 3-10 years.

The expected useful lives of intangible assets are reviewed annually.

### Tangible fixed assets

Tangible fixed assets are recorded at cost less accumulated depreciation and provision for impairment. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets in equal instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

|                                  |                        |
|----------------------------------|------------------------|
| Leasehold land and buildings     | Over life of the lease |
| Equipment, fixtures and fittings | 3 - 15 years           |

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in income.

### Share-based payments

The Company issues equity settled share-based payments to certain employees. A fair value for the equity settled share awards is measured at the date of grant. The fair value is measured using the Binomial or Monte Carlo model of valuation, which are considered to be the most appropriate valuation techniques. The valuation takes into account factors such as non-transferability, exercise restrictions and behavioural considerations. To assign a fair value to share awards granted under the Share Matching Plan, where the proportion of the award released is dependent on the level of total shareholder return, the Monte Carlo Simulation methodology is considered the most appropriate.

An expense is recognised to spread the fair value of each award over the vesting period on a straight line basis, after allowing for an estimate of the share awards that will actually vest. The estimate of vesting is reviewed annually, with any impact on the cumulative charge being recognised immediately.

### Investments in subsidiaries

Investments held as fixed assets are stated at cost less provision for any impairment in value. Investments held by the Company in subsidiaries and joint ventures denominated in foreign currencies are translated at rates of exchange ruling at the Balance Sheet date.

# UK GAAP Parent Company Financial Statements continued

For the Year Ended 31 December 2007

## 1 Accounting Policies continued

### **Financial instruments**

Financial assets and financial liabilities are recognised on the Company's Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

#### *Investments*

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

At subsequent reporting dates, debt securities that the Company has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in the Profit and Loss Account when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

All other investments are classified as available for sale, and are measured at subsequent reporting dates at fair value. Gains or losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the Profit and Loss Account for the period. Impairment losses recognised in the Profit and Loss Account for equity investments classified as available for sale are not subsequently reversed through the Profit and Loss Account. Impairment losses recognised in the Profit and Loss Account for debt instruments classified as available for sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible (with a maturity of three months or less) to a known amount of cash and are subject to an insignificant risk of changes in value.

#### *Financial liabilities and equity*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

#### *Bank borrowings*

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the Profit and Loss Account using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

#### *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

# UK GAAP Parent Company Financial Statements continued

For the Year Ended 31 December 2007

## 1 Accounting Policies continued

### Financial instruments continued

#### *Derivative financial instruments and hedge accounting*

The Company's holding activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The derivative instruments utilised by the Company to hedge these exposures are primarily interest rate swaps. The Company does not use derivative contracts for speculative purposes.

The Board set the Company's treasury policy to ensure that it has adequate financial resources to develop the Company's businesses and to manage the currency and interest risks to which the Group is exposed. All external hedging is performed by the Company Treasury function. Company Treasury acts as a service centre operating under the clearly defined regulation of the Board. The Company monitors the distribution of its cash assets, borrowings and facilities so as to control exposure to the relative performance of any particular territory, currency or institution.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the Profit and Loss Account. If the cash flow hedge of a firm commitment or forecast transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the Profit and Loss Account in the same period in which the hedged item affects net profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Profit and Loss Account as they arise.

Amounts payable or receivable in respect of interest rate swaps are recognised as adjustments to interest expense over the period of the contracts.

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the Profit and Loss Account for the year.

#### *Finance costs*

Finance costs of debts are capitalised against the debt value on first drawdown of the debt and are recognised in the Profit and Loss Account at a constant rate over the life of the debt.

#### *ESOP trust shares*

Own shares deducted in arriving at shareholders' funds represent the cost of the Company's ordinary shares acquired by the Employee Share Option Plan (ESOP) trusts in connection within certain of the Company's employee share schemes.

#### *Provisions*

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the Balance Sheet date, and are discounted to present value where the effect is material.

# UK GAAP Parent Company Financial Statements continued

For the Year Ended 31 December 2007

## 2 Intangible Assets

Intangible software assets

£'000

|                       |        |
|-----------------------|--------|
| <b>Cost</b>           |        |
| At 1 January 2007     | 5,784  |
| Additions             | 29,151 |
| Reclassification      | 648    |
| At 31 December 2007   | 35,583 |
| <b>Amortisation</b>   |        |
| At 1 January 2007     | -      |
| Charge for year       | (659)  |
| Reclassification      | (127)  |
| At 31 December 2007   | (786)  |
| <b>Net book value</b> |        |
| At 31 December 2007   | 34,797 |
| At 31 December 2006   | 5,784  |

## 3 Tangible Fixed Assets

Leasehold land  
and buildings

£'000

Equipment,  
fixtures and  
fittings

£'000

Total

£'000

|                       |       |         |         |
|-----------------------|-------|---------|---------|
| <b>Cost</b>           |       |         |         |
| At 1 January 2007     | 548   | 3,873   | 4,421   |
| Additions             | 107   | 318     | 425     |
| Reclassification      | -     | (648)   | (648)   |
| At 31 December 2007   | 655   | 3,543   | 4,198   |
| <b>Depreciation</b>   |       |         |         |
| At 1 January 2007     | (213) | (3,081) | (3,294) |
| Charge for year       | (84)  | (276)   | (360)   |
| Reclassification      | -     | 127     | 127     |
| At 31 December 2007   | (297) | (3,230) | (3,527) |
| <b>Net book value</b> |       |         |         |
| At 31 December 2007   | 358   | 313     | 671     |
| At 31 December 2006   | 335   | 792     | 1,127   |

# UK GAAP Parent Company Financial Statements continued

For the Year Ended 31 December 2007

## 4 Investments Held as Fixed Assets

|                         | Shares in<br>subsidiary<br>undertakings<br>£'000 | Available<br>for sale<br>investments<br>£'000 | Total<br>£'000 |
|-------------------------|--|---|----------------|
| At 1 January 2007       | 1,350,637  | 1,131   | 1,351,768      |
| Additions               | 311,913  | -   | 311,913        |
| Reclassification        | 388  | (388)   | -              |
| Exchange differences    | 3,621  | -   | 3,621          |
| Impairment <sup>1</sup> | -  | (486)   | (486)          |
| At 31 December 2007     | 1,666,559  | 257   | 1,666,816      |

<sup>1</sup> The impairment loss recognised in 2007 relates to the investment in Xinhua Financial Network Limited, which is listed in Japan.

The listing below shows the subsidiary undertakings as at 31 December 2007 which affected the profits or net assets of the Company:

| Company                               | Country of registration | Principal activity              | Ordinary<br>shares held |
|---------------------------------------|-------------------------|---------------------------------|-------------------------|
| Taylor & Francis Group Limited        | England and Wales       | Holding company                 | 100%                    |
| Informa Quest Limited                 | England and Wales       | Qualifying employee share trust | 100%                    |
| MMS Group Holdings Limited            | England and Wales       | Holding company                 | 100%                    |
| PJB Publications Limited              | England and Wales       | Holding company                 | 100%                    |
| Taylor & Francis Informa One Limited  | England and Wales       | Holding company                 | 100%                    |
| Taylor & Francis Informa Two Limited  | England and Wales       | Holding company                 | 100%                    |
| Informa Acquisitions Holdings Limited | England and Wales       | Holding company                 | 100%                    |
| IIR Holdings Limited                  | Bermuda                 | Holding company                 | 100%                    |
| IIR Hungary Limited                   | Hungary                 | Conference organisation         | 100%                    |

The proportion of voting power held is the same as the proportion of ownership interest.

## 5 Debtors Due Within One Year

|   | 2007<br>£'000 | 2006<br>£'000 |
|---|---------------|---------------|
| Amounts owed by subsidiary undertakings | 1,611,539     | 592,639       |
| Other debtors                           | 31,420        | 23,148        |
| Prepayments and accrued income          | 417           | 233           |
|   | 1,643,376     | 616,020       |

## 6 Creditors: Amounts Falling Due Within One Year

|   | 2007<br>£'000 | 2006<br>£'000 |
|---|---------------|---------------|
| Bank loans                              | 48,423        | 96,790        |
| Bank overdraft                          | -             | 34            |
| Amounts owed to subsidiary undertakings | 1,311,475     | 409,015       |
| Other creditors                         | 120           | 360           |
|   | 1,360,018     | 506,199       |

## 7 Accruals and Deferred Income

|          | 2007<br>£'000 | 2006<br>£'000 |
|----------|---------------|---------------|
| Accruals | 12,555        | 18,833        |

## 8 Creditors: Amounts Falling Due After More Than One Year

|                 | 2007<br>£'000 | 2006<br>£'000 |
|-----------------|---------------|---------------|
| Bank loans      | 1,200,861     | 654,841       |
| Other creditors | 3,500         | -             |
|                 | 1,204,361     | 654,841       |

The bank loans are guaranteed by material subsidiaries of the Company. An analysis of the maturity of debt is given in Note 16(a).

# UK GAAP Parent Company Financial Statements continued

For the Year Ended 31 December 2007

## 9 Provisions for Liabilities

|                  | Property Lease<br>2007<br>£'000 | Property Lease<br>2006<br>£'000 |
|------------------|---------------------------------|---------------------------------|
| At 1 January     | 40                              | 998                             |
| Provided in year | 450                             | -                               |
| Utilised in year | (40)                            | (958)                           |
| At 31 December   | 450                             | 40                              |

The property lease provision represents the estimated excess of rent payable on surplus property leases, dilapidation provisions where they exist, less rent received via sub leases. £307,000 of these liabilities are due within one year.

## 10 Share Capital

|   | 2007<br>£'000 | 2006<br>£'000 |
|---|---------------|---------------|
| <b>Authorised</b>   |               |               |
| 600,000,000 (2006: 600,000,000) ordinary shares of 0.10p each (2006: 10.00p each) | 600           | 60,000        |

On 19 December 2007 the authorised share capital was reduced by cancelling and extinguishing 9.90 pence of each 10.00 pence share.

|  |     |        |
|--|-----|--------|
| <b>Issued and fully paid</b>   |     |        |
| 424,624,095 ordinary shares of 0.10p each (2006: 423,265,712 of 10.00p each) | 425 | 42,327 |

|                   | 2007<br>£'000 | 2006<br>£'000 |
|-------------------|---------------|---------------|
| At 1 January      | 42,327        | 42,152        |
| Options exercised | 136           | 175           |
| Capital reduction | (42,038)      | -             |
| At 31 December    | 425           | 42,327        |

### Movements in called up share capital

On 19 December 2007, the Company: (i) reduced its issued share capital by cancelling and extinguishing 9.90 pence of the amount paid up or credited as paid up on each issued ordinary share of 10.00 pence and reduced the nominal value of each authorised but unissued ordinary share to 0.10 pence; and (ii) cancelled the entire sum credited to the Company's share premium account. Together these changes have resulted in the recognition of a capital reserve of £542,728,000.

During the year the Company issued 1,358,383 (2006: 1,744,602) ordinary shares of 10.00 pence for a consideration of £3,864,000 (2006: £4,659,000) with a nominal value of £136,000 (2006: £175,000) as a result of the exercise of share options.

## 11 Reserves

|  | Share<br>Premium<br>Account<br>£'000 | ESOP Trust<br>Shares<br>£'000 | Hedging and<br>Translation<br>Reserve<br>£'000 | Reserve for<br>Own Shares<br>£'000 | Capital<br>Reserve<br>£'000 |
|--|--------------------------------------|-------------------------------|--|------------------------------------|-----------------------------|
| At 1 January 2007                                    | 496,968                              | (3,332)                       | 15,411   | 2,803                              | -                           |
| Recognised in income and expense in the year         | -                                    | -                             | (16,397)                                       | -                                  | -                           |
| Options exercised                                    | -                                    | 1,377                         | -  | -                                  | -                           |
| Share award expense                                  | -                                    | -                             | -  | 2,591                              | -                           |
| Premium arising on options exercised during the year | 3,722                                | -                             | -  | -                                  | -                           |
| Capital reduction                                    | (500,690)                            | -                             | -  | -                                  | 542,728                     |
| At 31 December 2007                                  | -                                    | (1,955)                       | (986)  | 5,394                              | 542,728                     |

As at 31 December 2007 the Informa Employee Share Trust held 297,616 (2006: 618,718) ordinary shares in the Company at a cost of £1,955,000 (2006: £3,332,000) and a market value of £1,374,000 (2006: £3,694,000). Informa Quest Ltd held 2,775 (2006: 106,495) ordinary shares at a book cost of £15,000 (2006: £106,000) and a market value of £13,000 (2006: £636,000). These shares have not yet been allocated to individuals and accordingly, dividends on these shares have been waived.

As at 31 December 2007 the Company held 0.1% (2006: 0.2%) of its own called up share capital.



# UK GAAP Parent Company Financial Statements continued

For the Year Ended 31 December 2007

## 12 Profit and Loss Account

|                              | 2007<br>£'000 | 2006<br>£'000 |
|------------------------------|---------------|---------------|
| At 1 January                 | 248,307       | 315,247       |
| Profit/(loss) after taxation | 26,787        | (27,780)      |
| Dividends to shareholders    | (61,520)      | (39,160)      |
| At 31 December               | 213,574       | 248,307       |

Included in the Profit and Loss Account of the Company at 31 December 2007 are non-distributable reserves of £203,344,000 (2006: £203,344,000).

As permitted by Section 230 of the Companies Act 1985, the Profit and Loss Account of the parent company is not presented as part of these accounts. The parent company's profit, before the payment of dividends for the financial year, amounted to £26,787,000 (2006: loss £27,780,000).

For the year ended 31 December 2007, dividends paid to shareholders comprise the final 2006 dividend of £37,759,000 (8.90p per share) and the interim 2007 dividend of £23,761,000 (5.60 per share). For the year ended 31 December 2006, dividends paid to shareholders comprise the final 2005 dividend of £25,275,000 (6.00p per share) and the interim 2006 dividend of £13,885,000 (3.30p per share). The proposed final dividend for the year ended 31 December 2007 is £48,013,000 (11.30p per share).

The Capital reserve of £542,728,000 will become distributable upon satisfaction of certain legal requirements for the protection of creditors of the Company, which will be completed prior to the declaration of the final dividend at the Annual General Meeting.

Amounts payable to Deloitte & Touche LLP by the Company in 2007 in relation to audit services amounted to £28,000 (2006: £27,000).

Amounts payable to Deloitte & Touche LLP by the Company in 2007 in relation to non-audit services amounted to £nil (2006: £nil).

## 13 Share-based Payments

Details of the share-based payments are disclosed in the Group financial statements (Note 40).

## 14 Operating Lease Arrangements

|   | 2007<br>£'000 | 2006<br>£'000 |
|---|---------------|---------------|
| Minimum lease payments under operating leases recognised in income for the year | 730           | 445           |

At the Balance Sheet date, the Company had annual commitments under non-cancellable operating leases, for land and buildings, as follows:

|  | 2007<br>£'000 | 2006<br>£'000 |
|--|---------------|---------------|
| Operating leases which expire within one year            | 510           | -             |
| Operating leases which expire between two and five years | 220           | 445           |
|  | 730           | 445           |

Operating lease payments represent rentals payable by the Company for certain of its properties. Leases are negotiated for an average term of four years.

## 15 Staff Costs

The average monthly number of persons employed by the Company (including Directors) during the year was 82 (2006: 75).

Their aggregate remuneration comprised:

|                       | 2007<br>£'000 | 2006<br>£'000 |
|-----------------------|---------------|---------------|
| Wages and salaries    | 15,653        | 11,560        |
| Social security costs | 1,198         | 1,108         |
| Pension costs         | 448           | 645           |
| Redundancy costs      | 395           | 825           |
|                       | 17,694        | 14,138        |

The remuneration of Directors is set out below. Further information about the remuneration of individual Directors is provided in the audited part of the Directors' Remuneration Report on pages 60 to 68 of the Group financial statements.

|                              | 2007<br>£'000 | 2006<br>£'000 |
|------------------------------|---------------|---------------|
| Short-term employee benefits | 3,238         | 3,080         |
| Post-employment benefits     | 336           | 321           |
| Long-term employee benefits  | 58            | 69            |
| Termination benefits         | 511           | -             |
|                              | 4,143         | 3,470         |

# UK GAAP Parent Company Financial Statements continued

For the Year Ended 31 December 2007

## 16 Financial Instruments

The Company's activities expose it mainly to the financial risks of changes in foreign currency exchange rates and changes in interest rates. The Company's policy is to hedge these exposures as explained further below using primarily interest rate swaps.

### Treasury policy

The Board sets the Company's treasury policy to ensure that it has adequate financial resources to develop the Company's businesses and to manage the currency and interest risks to which the Company is exposed. The Company mainly uses interest rate swap contracts to hedge these exposures. All external hedging is performed by the Treasury function. The Company does not use derivative financial instruments for speculative purposes. Where a derivative (in whole or in part) cannot be designated in an effective hedge relationship any gain or loss arising on the undesignated portion of the derivative is immediately recognised in the Profit and Loss Account. Those derivative financial instruments (or portions thereof) that are not designated in a hedge relationship are classified as held for trading. The Treasury function acts as a service centre operating under the clearly defined regulation of the Board. The Company monitors the distribution of its cash assets, borrowings and facilities so as to control exposure to the relative performance of any particular territory, currency or institution.

### Funding and cash management

The Company primarily borrows at short-term variable rates under its multi-currency loan facilities. These borrowings are guaranteed by material subsidiary companies. In connection with the acquisition of Datamonitor plc, in July 2007 the Company arranged for a new five year loan agreement, becoming effective upon the acquisition of Datamonitor plc in July 2007 and comprised of two facilities:

- A - Term loans of GBP 394.74m, USD 840m and EUR 220m;
- B - Multi-currency revolving facilities of GBP 500m.

The previously existing loan facility was cancelled at the same time. In 2001, the Company raised USD 50m on the US private placement market. This facility was cancelled in August 2007.

Operationally, cash pooling arrangements have been organised in primarily GBP, EUR and USD to minimise interest payable on net overdrafts and/or maximise interest receivable on net surplus balances.

### Cash flows

Historically and for the foreseeable future the Company has been and is expected to continue to be in a net borrowing position. The Company's policy is to fulfil its borrowing requirements by borrowing in the currencies in which it operates, principally GBP, USD and EUR; thereby providing a natural hedge against projected future surplus USD and EUR cash inflows as well as spreading the Company's interest rate profile across a number of currencies. In addition, GBP denominated borrowings serve to reduce the exposure of the debt to EBITDA banking covenant to movements in exchange rates in respect of currency denominated debt. Therefore the Company seeks to maintain GBP denominated borrowings in the range of 25% - 50% of total borrowings, including where necessary, the selling of USD and EUR for GBP on a regular basis.

In addition, if a significant foreign currency denominated future transaction or cash flow is projected, then the Company may utilise forward foreign exchange contracts to help hedge the associated risk.

### Foreign currency risk

Allied to the Company's above policy on the hedging of surplus foreign currency cash inflows, the Company will usually seek to finance its cost of investment in its principal overseas subsidiaries by borrowing in those subsidiaries' functional currencies, primarily EUR and USD. This policy has the effect of protecting the Company's Consolidated Balance Sheet from movements in those currencies to the extent that the associated net assets exceed the net foreign currency borrowings.

### Interest rate risk

The Company seeks to minimise its exposure to fluctuations in interest rates by using interest rate swaps as cash flow hedges to hedge up to 90% of forecast interest payments over a period of up to five years, based on forecast net debt levels by currency during that period. This policy provides a level of certainty of future interest costs by swapping floating costs to fixed interest payments which in turn assists the predictability of achieving interest-based loan covenants.

Contracts with nominal value of £935,207,000 (2006: £466,253,000) have fixed interest payments at an average rate of 4.98% (2006: 4.33%) for periods up until 30 April 2010 and have floating interest receipts at LIBOR plus 0%.

# UK GAAP Parent Company Financial Statements continued

For the Year Ended 31 December 2007

## 16 Financial Instruments continued

### 16 (a) Maturity Profile of Company Financial Assets and Liabilities

#### Financial liabilities

|                                  | Less than<br>1 year<br>£'000 | 1-2 years<br>£'000 | 2-5 years<br>£'000 | More than<br>5 years<br>£'000 | 2007 Total<br>£'000 | Less than<br>1 year<br>£'000 | 1-2 years<br>£'000 | 2-5 years<br>£'000 | More than<br>5 years<br>£'000 | 2006 Total<br>£'000 |
|----------------------------------|------------------------------|--------------------|--------------------|-------------------------------|---------------------|------------------------------|--------------------|--------------------|-------------------------------|---------------------|
| <b>Current</b>                   |                              |                    |                    |                               |                     |                              |                    |                    |                               |                     |
| Overdraft                        | -                            | -                  | -                  | -                             | -                   | 34                           | -                  | -                  | -                             | 34                  |
| Bank loans                       | 48,423                       | -                  | -                  | -                             | 48,423              | 96,790                       | -                  | -                  | -                             | 96,790              |
| <b>Total current</b>             | <b>48,423</b>                | <b>-</b>           | <b>-</b>           | <b>-</b>                      | <b>48,423</b>       | <b>96,824</b>                | <b>-</b>           | <b>-</b>           | <b>-</b>                      | <b>96,824</b>       |
| <b>Non-current</b>               |                              |                    |                    |                               |                     |                              |                    |                    |                               |                     |
| Bank loans                       | -                            | 96,845             | 1,104,016          | -                             | 1,200,861           | -                            | 96,343             | 558,498            | -                             | 654,841             |
| Derivative financial liabilities | -                            | 2,472              | 10,670             | -                             | 13,142              | -                            | -                  | -                  | -                             | -                   |
| <b>Total non-current</b>         | <b>-</b>                     | <b>99,317</b>      | <b>1,114,686</b>   | <b>-</b>                      | <b>1,214,003</b>    | <b>-</b>                     | <b>96,343</b>      | <b>558,498</b>     | <b>-</b>                      | <b>654,841</b>      |
| <b>Total</b>                     | <b>48,423</b>                | <b>99,317</b>      | <b>1,114,686</b>   | <b>-</b>                      | <b>1,262,426</b>    | <b>96,824</b>                | <b>96,343</b>      | <b>558,498</b>     | <b>-</b>                      | <b>751,665</b>      |

The Company had the following committed undrawn borrowing facilities at 31 December:

| Expiry date                                       | 2007<br>£'000  | 2006<br>£'000  |
|---|----------------|----------------|
| In one year or less                               | -              | -              |
| In more than one year but not more than two years | -              | -              |
| In more than two years                            | 217,179        | 129,053        |
|   | <b>217,179</b> | <b>129,053</b> |

#### Financial assets

|                                      | Less than<br>1 year<br>£'000 | 1-2 years<br>£'000 | 2-5 years<br>£'000 | More than<br>5 years<br>£'000 | 2007 Total<br>£'000 | Less than<br>1 year<br>£'000 | 1-2 years<br>£'000 | 2-5 years<br>£'000 | More than<br>5 years<br>£'000 | 2006 Total<br>£'000 |
|--------------------------------------|------------------------------|--------------------|--------------------|-------------------------------|---------------------|------------------------------|--------------------|--------------------|-------------------------------|---------------------|
| <b>Current</b>                       |                              |                    |                    |                               |                     |                              |                    |                    |                               |                     |
| Cash and cash equivalents            | 1,266                        | -                  | -                  | -                             | 1,266               | 2                            | -                  | -                  | -                             | 2                   |
| Derivative financial instruments     | 790                          | -                  | -                  | -                             | 790                 | 1,357                        | -                  | -                  | -                             | 1,357               |
| <b>Total current</b>                 | <b>2,056</b>                 | <b>-</b>           | <b>-</b>           | <b>-</b>                      | <b>2,056</b>        | <b>1,359</b>                 | <b>-</b>           | <b>-</b>           | <b>-</b>                      | <b>1,359</b>        |
| <b>Non-current</b>                   |                              |                    |                    |                               |                     |                              |                    |                    |                               |                     |
| Other financial investments (Note 4) | -                            | -                  | -                  | 257                           | 257                 | -                            | -                  | -                  | 1,131                         | 1,131               |
| Derivative financial instruments     | -                            | 423                | 1,567              | -                             | 1,990               | -                            | 1,488              | 4,851              | -                             | 6,339               |
| <b>Total non-current</b>             | <b>-</b>                     | <b>423</b>         | <b>1,567</b>       | <b>257</b>                    | <b>2,247</b>        | <b>-</b>                     | <b>1,488</b>       | <b>4,851</b>       | <b>1,131</b>                  | <b>7,470</b>        |
| <b>Total</b>                         | <b>2,056</b>                 | <b>423</b>         | <b>1,567</b>       | <b>257</b>                    | <b>4,303</b>        | <b>1,359</b>                 | <b>1,488</b>       | <b>4,851</b>       | <b>1,131</b>                  | <b>8,829</b>        |

# UK GAAP Parent Company Financial Statements continued

For the Year Ended 31 December 2007

## 16 Financial Instruments continued

### 16 (b) Interest Rate Profile

The following interest rate and currency profile of the Company's financial liabilities and assets is after taking into account any interest rate and cross currency swaps entered into by the Company.

| Financial liabilities            | Fixed rate | Floating rate | Non-interest bearing | 2007 Total | Fixed rate | Floating rate | Non-interest bearing | 2006 Total |
|----------------------------------|------------|---------------|----------------------|------------|------------|---------------|----------------------|------------|
|                                  | £'000      | £'000         | £'000                | £'000      | £'000      | £'000         | £'000                | £'000      |
| Gross Borrowings                 |            |               |                      |            |            |               |                      |            |
| GBP                              | 357,000    | 154,905       | -                    | 511,905    | 187,000    | 154,228       | -                    | 341,228    |
| USD                              | 424,067    | 109,260       | -                    | 533,327    | 252,409    | 76,331        | -                    | 328,740    |
| EUR                              | 154,140    | 49,912        | -                    | 204,052    | 26,844     | 46,277        | -                    | 73,121     |
| Other worldwide currencies       | -          | -             | -                    | -          | -          | 8,576         | -                    | 8,576      |
|                                  | 935,207    | 314,077       | -                    | 1,249,284  | 466,253    | 285,412       | -                    | 751,665    |
| Derivative financial liabilities |            |               |                      |            |            |               |                      |            |
| GBP                              | 5,630      | -             | -                    | 5,630      | -          | -             | -                    | -          |
| USD                              | 7,367      | -             | -                    | 7,367      | -          | -             | -                    | -          |
| EUR                              | 145        | -             | -                    | 145        | -          | -             | -                    | -          |
| Other worldwide currencies       | -          | -             | -                    | -          | -          | -             | -                    | -          |
|                                  | 13,142     | -             | -                    | 13,142     | -          | -             | -                    | -          |

The Company draws down on its borrowing facilities at floating rates of interest. A portion of those are then swapped to fixed rates in line with the treasury policy. The first portion of these swaps end within twelve months £99,703,000 (2006: £130,108,000), the second portion ends in a period greater than one year but less than two years £321,776,000 (2006: £100,451,000) and the final portion ends between two and five years £513,729,000 (2006: £228,984,000).

Interest on floating rate liabilities is based on the relevant national inter-bank rates.

| Financial assets                      | Fixed rate | Floating rate | Non-interest bearing | 2007 Total | Fixed rate | Floating rate | Non-interest bearing | 2006 Total |
|---------------------------------------|------------|---------------|----------------------|------------|------------|---------------|----------------------|------------|
|                                       | £'000      | £'000         | £'000                | £'000      | £'000      | £'000         | £'000                | £'000      |
| Gross non-derivative financial assets |            |               |                      |            |            |               |                      |            |
| GBP                                   | -          | 1,266         | 257                  | 1,523      | -          | 2             | 1,131                | 1,133      |
| USD                                   | -          | -             | -                    | -          | -          | -             | -                    | -          |
| EUR                                   | -          | -             | -                    | -          | -          | -             | -                    | -          |
| Other worldwide currencies            | -          | -             | -                    | -          | -          | -             | -                    | -          |
|                                       | -          | 1,266         | 257                  | 1,523      | -          | 2             | 1,131                | 1,133      |
| Derivative financial assets           |            |               |                      |            |            |               |                      |            |
| GBP                                   | 1,886      | -             | -                    | 1,886      | 2,600      | -             | -                    | 2,600      |
| USD                                   | 394        | -             | -                    | 394        | 5,043      | -             | -                    | 5,043      |
| EUR                                   | 500        | -             | -                    | 500        | 53         | -             | -                    | 53         |
| Other worldwide currencies            | -          | -             | -                    | -          | -          | -             | -                    | -          |
|                                       | 2,780      | -             | -                    | 2,780      | 7,696      | -             | -                    | 7,696      |

Interest on floating rate bank deposits is based on the relevant national inter-bank rate and may be fixed in advance for up to one month. There were no fixed rate deposits as at 31 December 2007 or 2006.

# UK GAAP Parent Company Financial Statements continued

For the Year Ended 31 December 2007

## 16 Financial Instruments continued

### 16 (b) Interest Rate Profile continued

The interest rate profile of fixed rate financial liabilities and the weighted average maturity period (in years) of interest-free financial liabilities are analysed below:

|     | 2007  |   | 2006  |   |
|-----|---|---|---|---|
|     | Weighted average effective interest rate<br>% | Weighted average for period for which the rate is fixed | Weighted average effective interest rate<br>% | Weighted average for period for which the rate is fixed |
| GBP | 5.8   | 2.5   | 4.8   | 2.5   |
| USD | 4.8   | 2.4   | 4.2   | 1.8   |
| EUR | 4.4   | 2.6   | 3.6   | 0.8   |

### 16 (c) Fair Values of Financial Assets and Liabilities

The fair value is defined as the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties and is calculated by reference to market rates discounted to current value. The fair value of these financial instruments was:

#### Primary financial instruments held or issued to finance the Company's operations

|   | 2007                |                               | 2006                |                               |
|---|---------------------|-------------------------------|---------------------|-------------------------------|
|   | Book value<br>£'000 | Estimated fair value<br>£'000 | Book value<br>£'000 | Estimated fair value<br>£'000 |
| Bank loans and overdrafts (including current portion of long-term borrowings) | (48,423)            | (48,423)                      | (96,824)            | (96,824)                      |
| Long-term borrowings  | (1,200,861)         | (1,200,861)                   | (654,841)           | (655,494)                     |
| Cash deposits   | 1,266               | 1,266                         | 2                   | 2                             |
| Other financial assets  | 257                 | 257                           | 1,131               | 1,131                         |
| Net derivative financial instruments  | (10,362)            | (10,362)                      | 7,696               | 7,696                         |

The carrying value of primary financial instruments approximates to fair value due to the short maturity of the instruments or because they bear interest at rates approximate to the market. The fair value of the other financial assets is calculated based on the quoted market price, excluding any transaction costs.

#### Derivative financial instruments held to manage the interest rate profile

|                                      | 2007                     |                               | 2006                     |                               |
|--------------------------------------|--------------------------|-------------------------------|--------------------------|-------------------------------|
|                                      | Carrying amount<br>£'000 | Estimated fair value<br>£'000 | Carrying amount<br>£'000 | Estimated fair value<br>£'000 |
| Net interest rate swaps (Note 16(b)) | (10,362)                 | (10,362)                      | 7,696                    | 7,696                         |

Fair values are determined by calculating the expected cash flows under the terms of each specific contract, discounted back to their present value. The expected cash flows are determined by modelling cash flows using appropriate financial market pricing models. Discounting is achieved through constructing discount curves derived from the market price of the most appropriate observable interest rate products such as deposits and interest rate futures and swaps. The carrying amount of the interest rate swaps comprise £(3,745,000) (2006: £2,600,000) in GBP, £(6,972,000) (2006: £5,043,000) in USD, £355,000 (2006: £53,000) in EUR and £nil (2006: £nil) in other worldwide currencies.

## Five Year Summary

|  | IFRS               |           |           |           | Pre-IFRS* |
|--|--------------------|-----------|-----------|-----------|-----------|
|  | 2007               | 2006      | 2005      | 2004      | 2003      |
|  | £'000              | £'000     | £'000     | £'000     | £'000     |
| <b>Results</b>                                       |                    |           |           |           |           |
| Revenue  | <b>1,129,098</b>   | 1,039,142 | 729,280   | 449,845   | 267,997   |
| Profit from operations                               | <b>153,970</b>     | 128,296   | 91,418    | 62,339    | 17,405    |
| Profit before tax                                    | <b>124,365</b>     | 86,500    | 61,045    | 42,995    | 7,763     |
| Profit attributable to equity holders of Informa plc | <b>99,192</b>      | 67,368    | 8,825     | 69,836    | 859       |
| <b>Assets employed</b>                               |                    |           |           |           |           |
| Non-current assets                                   | <b>2,767,570</b>   | 2,096,152 | 2,105,358 | 1,156,229 | 340,286   |
| Current assets                                       | <b>303,933</b>     | 286,366   | 239,491   | 144,874   | 74,037    |
| Non-current assets classified as held for resale     | <b>2,247</b>       | 2,247     | 4,574     | 5,924     | -         |
| Current liabilities                                  | <b>(591,378)</b>   | (527,334) | (466,076) | (244,474) | (142,732) |
| Non-current liabilities                              | <b>(1,553,909)</b> | (925,442) | (957,359) | (430,675) | (194,071) |
| Net assets   | <b>928,463</b>     | 931,989   | 925,988   | 631,878   | 77,520    |
| <b>Financed by</b>                                   |                    |           |           |           |           |
| Equity   | <b>927,851</b>     | 931,400   | 925,878   | 631,825   | 77,441    |
| Minority interests                                   | <b>612</b>         | 589       | 110       | 53        | 79        |
|  | <b>928,463</b>     | 931,989   | 925,988   | 631,878   | 77,520    |
| <b>Key statistics</b>                                |                    |           |           |           |           |
| Earnings per share                                   | <b>23.40</b>       | 15.98     | 2.27      | 25.47     | 0.65      |
| Diluted earnings per share                           | <b>23.32</b>       | 15.91     | 2.26      | 25.30     | 0.65      |

\* The amounts disclosed for 2003 are stated on the basis of UK GAAP because it is not practicable to restate amounts for periods prior to the date of transition to IFRSs.

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## Legal Notices

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### **Notice regarding limitations on the liability of Directors under English Law**

Under the UK Companies Act 2006, the liability of the Directors of Informa plc is limited in respect of statements in and omissions from the Directors' Report contained on pages 10 to 68. Under English law the Directors can be liable to the Company (but not to any third party) if the Directors' Report contains errors as a result of recklessness or knowing misstatement or dishonest concealment of a material fact, but can not otherwise be liable.

Pages 10 to 68 inclusive comprise the Directors' Report which has been drawn up and presented in accordance with and in reliance upon English law and the potential liability of the Directors in connection with that report shall be subject to the limitations and restrictions provided by English law.

### **Notice concerning forward-looking statements**

This Annual Report and written information released, or oral statements made, in the future by or on behalf of the Group, may contain forward-looking statements. Forward-looking statements give the Group's current expectations or forecasts of future events. An investor can identify these statements by the fact that they do not relate strictly to historical or current facts. They use words such as 'anticipate', 'estimate', 'expect', 'intend', 'will', 'project', 'plan', 'believe' and other words and terms of similar meaning in connection with any discussion of future operating or financial performance. In particular, these include statements relating to future actions, prospective products or product approvals, future performance or results of current and anticipated products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, and financial results. The Group undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Forward-looking statements involve inherent risks and uncertainties. The Group warns investors that a number of important factors, including those in this document, could cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to, those discussed under 'Risk and Uncertainties' on pages 51 to 53 of this Annual Report.

### **Website**

Informa's website [www.informa.com](http://www.informa.com) gives additional information on the Group. Information made available on the website does not constitute part of this Annual Report.



## Group Offices

### Africa

South Africa

### Asia

China  
Hong Kong  
India  
Indonesia  
Korea  
Malaysia  
Philippines  
Singapore  
Thailand

### Australasia

Australia  
New Zealand

### Europe

Austria  
Belgium  
Czech Republic  
Denmark  
Finland  
France

Germany

Greece  
Hungary  
Ireland  
Italy  
Monaco  
The Netherlands  
Norway  
Poland  
Portugal  
Romania  
Spain  
Sweden  
Switzerland  
USSR

### Middle East

Bahrain  
United Arab Emirates

### North America

**Canada**  
Ottawa  
Toronto  
Winnipeg

### USA

Alexandria VA  
Alpharetta GE  
Arlington VA  
Beavercreek OH  
Boca Raton FL  
Boston MA  
Calabasas CA  
Charlotte NC  
Draper UT  
Florence KY  
Grand Rapids MI  
McLean VA  
Memphis TN  
Montgomery AL  
New Brighton MI  
New York NY  
Philadelphia PA  
Sarasota FL  
Seal Beach CA  
Seattle WA  
Southfield MI  
Sterling VA  
Tampa FL  
Warner Robins GA  
Washington DC  
Westborough MA  
White Plains NY

### South America

Argentina  
Brazil  
Chile  
Mexico

### United Kingdom

Ashford  
Basingstoke  
Colchester  
Glasgow  
Hove  
Lancaster  
London  
Manchester  
Oxford  
Tunbridge Wells  
West Byfleet  
Weybridge



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