

informa



**Information and communication**

# Operating highlights

**Turnover of £135.6m (2002: £151.5m)**

**Profit before tax\* at £15.2m from £16.2m**

**Operating margin\* maintained**

**Subscriptions remain strong and account for 33% of total Group revenue**

\*Before goodwill amortisation and prior year exceptional items

## Report

- 1 Financial highlights
- 2 Operating review

## Accounts

- 6 Consolidated profit and loss account
- 6 Consolidated statement of total recognised gains and losses
- 7 Consolidated balance sheet
- 8 Consolidated cash flow statement
- 8 Reconciliation of net cash flow to movement in net debt
- 9 Notes
- lbc Principal operating businesses

## Financial highlights

	Half year 2003	Half year 2002	Change
<b>Turnover (£m)</b>	<b>135.6</b>	151.5	(10%)
<b>Operating profit before amortisation of goodwill (£m)</b>	<b>18.2</b>	20.1	(9%)
<b>Profit before tax, amortisation of goodwill and exceptional items (£m)</b>	<b>15.2</b>	16.2	(6%)
<b>Earnings per share (adjusted) (pence)</b>	<b>8.29</b>	8.70	(5%)
<b>Earnings per share (basic) (pence)</b>	<b>3.92</b>	3.92	–

## Operating review

### Results

Revenue at £135.6m was 10% below last year (£151.5m). Operating profits before goodwill amortisation and exceptional items at £18.2m were 9% below last year (£20.1m). With lower debt levels and interest rates, the interest charge of £3.0m is 23% lower than last year. As a result, profit before tax (before goodwill amortisation and exceptional items) was just 6% lower at £15.2m (£16.2m).

Adjusted earnings per share were 5% lower at 8.29 pence (2002: 8.70 pence) and we will be paying an unchanged interim dividend of 2.66 pence per share (2002: 2.66 pence) on 10 November 2003 to shareholders on the register on 10 October 2003.

### Overview

Trading conditions in the first half of 2003 were made more challenging by the war with Iraq and the SARS epidemic in Asia. We adjusted our forward programme to move a number of events originally scheduled for the first half of the year into the second half. These deferrals accounted

for around a quarter of the year-on-year revenue reduction seen in the first six months. Of the remaining reduction in revenue, about two thirds was due to product closures made in prior periods. Underlying revenue declined by only 2% on a like for like basis. Continuing attention to cost control enabled us to protect profitability in the period despite the lower revenues and our operating margin at 13% is slightly ahead of the first half of last year and 2002 as a whole.

Our subscription businesses, which now account for 33% of revenues and around 43% of operating profit, continue to perform strongly. We see considerable growth opportunities, both organically and through acquisition, in this area and expect subscription revenues to become the dominant revenue stream for the business as we go forward.

The Group remained highly cash generative with an operating profit into cash conversion rate of 100% (excluding exceptional cash flows). Group debt at the half year was £22m lower at £97m than at the same stage last year (£119m).

**We have maintained our operating margins during a period of difficult trading conditions.**



**Peter Rigby** Chairman

## Highlights

The annual 3GSM conference held in Cannes in February was again very successful. Although delegate numbers fell some 20% compared with the 2002 event, overall attendance including exhibition visitors rose and with higher sponsorship and exhibition sales and strict cost control the event was as profitable as last year. The other major telecommunications event in the first half of the year, Bluetooth, was held in Amsterdam in June. We again achieved good sponsorship revenues and a similar overall attendance figure to last year.

The Life Sciences results were affected by the start up costs of our two major new publication launches Bioprocess International and Preclinica. These two new magazines appear successfully to have filled gaps in the market and have been well received both in terms of readership and advertising support. Both are in line with launch expectations.

Our Finance division continues to be underpinned by strong performances from our

U.S. electronic data and information subscription businesses. However appetite for conferences has declined with the increased pressure on the financial service sector. We have radically reduced the number of financial events we offer especially in the United States and the UK and reduced costs accordingly. The net effect is to leave us with smaller, profitable teams running niche financial events linked to our publishing brands.

Our Maritime, Trade and Transport division showed 198% profit growth in the period. This was partly due to the presence this year of the biennial Cruise+Ferry show that was held in London in May. Although again successful, this show which relies on exhibition and sponsorship revenues did less well than in 2001 reflecting current lower levels of new vessel building activity in the luxury passengership sector. Over 42% of the Group's advertising revenue resides in the Maritime area and it is this revenue stream which has been under most pressure.

## Operating review continued

Our Legal publishing business continued to trade strongly. This largely subscription based business, which is aimed at professionals in legal and tax disciplines, enjoys high renewal rates (typically in excess of the overall group average of 80%) and runs alongside a smaller legal events business which focuses on continuing professional education requirements.

The commodities sector also proved resilient reflecting a solid performance on the commodities information side led by Agra Europe. Results here include the success of the Russian Coal event and the annual Glasgow Fishing Exhibition which performed well despite the difficulties experienced by the UK Fishing Industry. Agra Europe publishes 98 titles that address the requirements of the international commodities market. Most of these publications are subscription based and are delivered either in hard copy or electronically. They have very high renewal rates and good margins because of their niche characteristics.

The energy business was hit in the first half by the instability caused by the Iraq war which resulted in the cancellation of a number of our planned Middle-Eastern events. However, a strong second half programme, which has a major focus on Russia, should result in a much improved performance. More positively, our annual German Energy event run in association with Handelsblatt newspaper was our most successful yet with higher sponsorship and delegate numbers than in prior years. This event, held in Berlin each January, has good repeat bookings for 2004.

Our businesses in Australia and Brazil traded very well in the first half of 2003, and are producing results above the levels seen in 2002.

### Strategy

Informa is a business information group delivering high value content to clients worldwide using a broad range of media formats. Increasingly, the trend of our business is to provide information through subscription

**Our major events performed well and our subscription publications and services remain strong.**



**David Gilbertson** Chief Executive

products both in electronic and hard copy format. We continue to look for growth opportunities within our major market sectors both organically (by the launch of new products) but also through relevant acquisitions, particularly of subscription-based products.

With delegate and advertising revenues under pressure, we have needed to control and reduce costs to maintain our margins. This is an ongoing process and we continue to review products and processes critically.

In line with our strategy in September 2003 we acquired MMS for \$37m. This electronic subscriptions business which provides information to the international capital markets will be combined with MCM – a similar business which we acquired in 2001.

### **Outlook**

July and August are quiet trading months except for our flagship Annual Drug Discovery

technology event held in Boston. Reflecting the tighter market conditions in the pharmaceutical research and development arena, delegate numbers fell below last year though overall visitor numbers were in line and sponsorship and exhibition income also met last years levels. Exhibition re-bookings for 2004 were in line with this time last year.

The period from the beginning of September to mid-December is an extremely busy one for the Group. While our subscription revenues are predictable we still have to book delegate and advertising revenues though we remain confident of this given a strong programme of publications and events. While we believe that a cautious economic improvement maybe underway there is no consistent upturn in our markets. Accordingly, our near-term goal continues to be to manage our profitability and cash generation carefully, so that the business is in the best possible shape to take advantage of a recovery when it eventually takes hold.

## Consolidated profit and loss account

For the period ended 30 June 2003

		2003	2002	2002	2002	2002
	Note	Half year unaudited £000	Half year unaudited £000	31 December Before exceptional items £000	31 December Exceptional items (note 3) £000	31 December Total £000
<b>Turnover</b>	2	<b>135,599</b>	151,464	283,442	–	283,442
<b>Operating profit before goodwill amortisation</b>	2	<b>18,213</b>	20,084	37,255	(6,454)	30,801
Goodwill amortisation		<b>(5,558)</b>	(5,551)	(10,992)	–	(10,992)
<b>Operating profit</b>		<b>12,655</b>	14,533	26,263	(6,454)	19,809
Loss on disposal of subsidiary undertaking	3	–	(525)	–	(525)	(525)
<b>Profit on ordinary activities before interest</b>	2	<b>12,655</b>	14,008	26,263	(6,979)	19,284
Net interest payable		<b>(2,984)</b>	(3,884)	(7,200)	–	(7,200)
<b>Profit on ordinary activities before tax</b>		<b>9,671</b>	10,124	19,063	(6,979)	12,084
Tax on profit on ordinary activities	4	<b>(4,645)</b>	(5,159)	(9,167)	1,909	(7,258)
<b>Profit on ordinary activities after tax</b>		<b>5,026</b>	4,965	9,896	(5,070)	4,826
Minority interests – equity		<b>(28)</b>	24			(59)
<b>Profit for the financial period attributable to shareholders</b>		<b>4,998</b>	4,989			4,767
Equity dividends paid and proposed		<b>(3,349)</b>	(3,412)			(9,692)
<b>Profit/(loss) for the financial period</b>		<b>1,649</b>	1,577			(4,925)
<b>Dividends per share</b>		<b>2.66p</b>	2.66p			7.60p
<b>Earnings per share</b>						
Earnings per share (basic)	5	<b>3.92p</b>	3.92p			3.74p
Earnings per share (diluted)	5	<b>3.92p</b>	3.92p			3.74p
Adjusted basic earnings per share	5	<b>8.29p</b>	8.70p			16.36p

All results derive from continuing operations.

## Consolidated statement of total recognised gains and losses

For the period ended 30 June 2003

	2003	2002	2002
	Half year unaudited £000	Half year unaudited £000	Total £000
Profit for the financial period	<b>4,998</b>	4,989	4,767
Currency translation differences on foreign currency net investments and borrowings	<b>117</b>	(254)	(3,809)
<b>Total gains and losses recognised relating to the period</b>	<b>5,115</b>	4,735	958



# Consolidated balance sheet

At 30 June 2003

	2003 30 June Unaudited £000	2002 30 June Unaudited £000	2002 31 December £000
	Note		
<b>Fixed assets</b>			
Intangible assets	156,449	169,825	159,639
Tangible assets	21,243	27,888	23,080
Investments	6,894	4,462	4,788
	<b>184,586</b>	202,175	187,507
<b>Current assets</b>			
Stocks and work in progress	5,899	9,911	6,212
Debtors	53,523	54,168	51,734
Cash at bank and in hand	1,383	2,155	5,195
	<b>60,805</b>	66,234	63,141
<b>Creditors: amounts falling due within one year</b>	<b>(112,700)</b>	(109,507)	(117,876)
<b>Net current liabilities</b>	<b>(51,895)</b>	(43,273)	(54,735)
<b>Total assets less current liabilities</b>	<b>132,691</b>	158,902	132,772
<b>Creditors: amounts falling due after more than one year</b>	<b>(97,327)</b>	(120,253)	(99,143)
<b>Provisions for liabilities and charges</b>	<b>(6,903)</b>	(2,143)	(7,028)
<b>Minority interests</b>	<b>(331)</b>	(187)	(334)
<b>Net assets</b>	<b>28,130</b>	36,319	26,267
<b>Capital and reserves</b>			
Called up share capital	12,829	12,818	12,824
Share premium account	123,195	123,103	123,103
Special reserve	1	2	1
Other reserve	37,398	37,398	37,398
Profit and loss account	(145,293)	(137,002)	(147,059)
<b>Surplus on shareholders' funds – equity</b>	8 <b>28,130</b>	36,319	26,267

## Consolidated cash flow statement

For the period ended 30 June 2003

	Note	2003 30 June Unaudited £000	2002 30 June Unaudited £000	2002 31 December £000
<b>Cash inflow from operating activities</b>	6	<b>15,706</b>	19,017	46,510
Return on investments and servicing of finance		<b>(3,533)</b>	(3,813)	(6,492)
Taxation		<b>(1,499)</b>	(1,014)	(1,667)
Capital expenditure		<b>(1,260)</b>	(2,981)	(2,123)
Acquisitions and disposals		<b>(2,202)</b>	(3,746)	(4,576)
Equity dividends paid		<b>(6,294)</b>	(6,289)	(9,674)
<b>Cash inflow before financing</b>		<b>918</b>	1,174	21,978
Financing		<b>(3,217)</b>	(7)	(19,027)
<b>(Decrease) / increase in cash in the period</b>		<b>(2,299)</b>	1,167	2,951

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

For the period ended 30 June 2003

	Note	2003 30 June Unaudited £000	2002 30 June Unaudited £000	2002 31 December £000
<b>(Decrease) / increase in cash in the period</b>		<b>(2,299)</b>	1,167	2,951
Cash outflow from decrease in debt financing		<b>3,315</b>	764	19,798
<b>Change in net debt resulting from cash flows</b>		<b>1,016</b>	1,931	22,749
Reclassification of debt		<b>(114)</b>	–	–
Translation differences		<b>(1,980)</b>	(1,777)	554
<b>Movement in net debt in the period</b>		<b>(1,078)</b>	154	23,303
Net debt at the start of the period	7	<b>(95,529)</b>	(118,832)	(118,832)
<b>Net debt at the end of the period</b>	7	<b>(96,607)</b>	(118,678)	(95,529)

# Notes

## 1. Basis of preparation

The financial statements for the six months ended 30 June 2003, which are unaudited, have been prepared on the basis of the accounting policies set out in our 2002 Annual Report.

## 2. Segmental analysis

Underlying operating profit in the segmental analysis excludes the amortisation of goodwill and exceptional items.

Analysis by market sector	2003	Turnover	2002	Underlying operating profit / (loss)		
	30 June	2002		2003	2002	2002
	Unaudited	30 June	Total	30 June	30 June	Total
	£000	Unaudited	£000	Unaudited	Unaudited	£000
<b>Finance and Insurance</b>	<b>35,052</b>	39,717	79,442	<b>5,224</b>	5,838	12,135
<b>Telecoms and Media</b>	<b>29,513</b>	34,677	52,575	<b>7,187</b>	7,879	9,301
<b>Law and Tax</b>	<b>19,608</b>	25,148	45,097	<b>2,171</b>	2,587	4,737
<b>Maritime, Trade and Transport</b>	<b>22,535</b>	22,595	46,705	<b>1,084</b>	364	2,379
<b>Life Sciences</b>	<b>13,118</b>	13,240	27,492	<b>1,119</b>	2,061	5,308
<b>Commodities and Energy</b>	<b>14,957</b>	15,550	31,226	<b>1,742</b>	1,707	3,615
<b>Other</b>	<b>816</b>	537	905	<b>(314)</b>	(352)	(220)
	<b>135,599</b>	151,464	283,442	<b>18,213</b>	20,084	37,255

Analysis by market sector	Profit / (loss) before interest		
	2003	2002	2002
	30 June	30 June	Total
	Unaudited	Unaudited	£000
	£000	£000	£000
<b>Finance and Insurance</b>	<b>3,422</b>	3,661	7,098
<b>Telecoms and Media</b>	<b>6,324</b>	7,115	5,968
<b>Law and Tax</b>	<b>1,301</b>	1,590	1,877
<b>Maritime, Trade and Transport</b>	<b>413</b>	(301)	(582)
<b>Life Sciences</b>	<b>632</b>	1,529	3,565
<b>Commodities and Energy</b>	<b>877</b>	766	1,636
<b>Other</b>	<b>(314)</b>	(352)	(278)
	<b>12,655</b>	14,008	19,284

## Notes continued

### 3. Exceptional items

The 2002 exceptional items relate to:

(1) *Operating costs*

The £6,454,000 shown within operating costs is in respect of the following:

- (a) an estimate for future costs on properties not used by the group from 1 January 2003 onwards (£4,173,000);
- (b) redundancy costs relating to restructuring of the senior operating board (£2,281,000).

(2) *Loss on disposal of subsidiary undertaking*

This represents the expected net cost arising on the closure of a Dutch subsidiary.

### 4. Taxation

The underlying worldwide operating tax rate for the Group, after removing the effect of goodwill amortisation and exceptional items, is 31% (2002 half year: 31%). However, due to goodwill amortisation and the exceptional items, the effective worldwide tax rate is 48% (2002 half year: 50%). The effective tax rate has been calculated by reference to the projected charge for the full year.

	<b>2003 Half year unaudited £000</b>	2002 Half year unaudited £000	2002 Total £000
United Kingdom corporation tax	<b>915</b>	828	1,514
Overseas tax	<b>2,565</b>	2,770	5,046
Current tax	<b>3,480</b>	3,598	6,560
Deferred tax	<b>1,165</b>	1,561	698
	<b>4,645</b>	5,159	7,258

## 5. Earnings and adjusted earnings per share

In order to show results from operating activities on a comparable basis, an adjusted earnings per share has been calculated which excludes amortisation of goodwill and exceptional items.

	<b>2003 Half year unaudited £000</b>	2002 Half year unaudited £000	2002 Total £000
Profit for the financial period	<b>4,998</b>	4,989	4,767
Adjustments:			
Amortisation of goodwill	<b>5,558</b>	5,551	10,992
Exceptional item	–	525	5,070
<b>Adjusted earnings</b>	<b>10,556</b>	11,065	20,829
Weighted average number of equity shares – for basic and adjusted earnings	<b>127,404,421</b>	127,226,241	127,294,855
Effect of dilutive share options	<b>54,347</b>	181,772	4,888
Weighted average number of equity shares – for diluted earnings	<b>127,458,768</b>	127,408,013	127,299,743
Earnings per equity share	<b>3.92p</b>	3.92p	3.74p
Diluted earnings per equity share	<b>3.92p</b>	3.92p	3.74p
<b>Adjusted earnings per equity share</b>	<b>8.29p</b>	8.70p	16.36p

## 6. Reconciliation of operating profit to net cash inflow from operating activities

	<b>2003 Half year unaudited £000</b>	2002 Half year unaudited £000	2002 Total £000
Operating profit	<b>12,655</b>	14,533	19,809
Depreciation charges	<b>3,287</b>	3,651	7,357
Amortisation of goodwill	<b>5,558</b>	5,551	10,992
Profit on sale of tangible fixed assets	<b>(10)</b>	(8)	(23)
Decrease / (increase) in stocks	<b>612</b>	(3,493)	219
(Increase) / decrease in debtors	<b>(1,880)</b>	6,139	10,393
Decrease in creditors	<b>(4,494)</b>	(7,630)	(2,457)
Other operating items	<b>(22)</b>	274	220
<b>Net cash inflow from operating activities</b>	<b>15,706</b>	19,017	46,510

Included in net cash inflow from operating activities are payments of £2,549,000 (2002 half year: £nil) relating to prior period exceptional costs. Excluding these costs the operating cash inflow is £18,255,000.

## Notes continued

### 7. Analysis of changes in net debt

	2003 At 1 January £000	Reclassification unaudited £000	Cash flow unaudited £000	Non cash movements unaudited £000	Exchange movement unaudited £000	2003 At 30 June unaudited £000
Cash at bank and in hand	5,195	–	(3,946)	–	134	<b>1,383</b>
Overdrafts	(2,062)	–	1,647	–	(26)	<b>(441)</b>
	3,133	–	(2,299)	–	108	<b>942</b>
Bank loans due in less than one year	(374)	–	(626)	–	–	<b>(1,000)</b>
Finance leases due in less than one year	–	(55)	39	(24)	–	<b>(40)</b>
Bank loans due after one year	(98,288)	–	3,902	–	(2,088)	<b>(96,474)</b>
Finance leases due after one year	–	(59)	–	24	–	<b>(35)</b>
Total	(95,529)	(114)	1,016	–	(1,980)	<b>(96,607)</b>

### 8. Reconciliation of movements in shareholders' funds

	2003 Half year unaudited £000	2002 Half year unaudited £000	2002 Total £000
Profit for the period	<b>4,998</b>	4,989	4,767
Dividends	<b>(3,349)</b>	(3,412)	(9,692)
Other recognised gains / (losses) relating to the period	<b>117</b>	(254)	(3,809)
New capital subscribed in Informa	<b>97</b>	800	805
Net additions to shareholders' funds	<b>1,863</b>	2,123	(7,929)
Opening shareholders' funds	<b>26,267</b>	34,196	34,196
<b>Closing shareholders' funds</b>	<b>28,130</b>	36,319	26,267

# Principal operating businesses

## United Kingdom

Agra Group  
Informa UK

## Europe

The Euroforum Group has companies established in Denmark, France, Germany, The Netherlands, Sweden and Switzerland

## USA

IBC USA Conferences

Informa Financial Inc.

MCM Group Inc.

Washington Policy and Analysis

## Worldwide

IBC Asia (in Singapore)

IBC do Brasil

IBC Gulf Conferences

Informa Asia Publishing  
(in Hong Kong)

Informa Australia

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The Shareview Portfolio service from our registrar, Lloyds TSB Registrars, gives you online information about your shares and other investments. To register visit [www.shareview.co.uk](http://www.shareview.co.uk), or alternatively visit the registrar's website at [www.lloydstsb-registrars.co.uk](http://www.lloydstsb-registrars.co.uk) for more information.

The comparative figures for the financial year ended 31 December 2002 are not the Company's statutory accounts for the financial year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985. The interim results will be mailed to shareholders. Additional copies will be available from the registered office at: Mortimer House, 37/41 Mortimer Street, London W1T 3JH



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