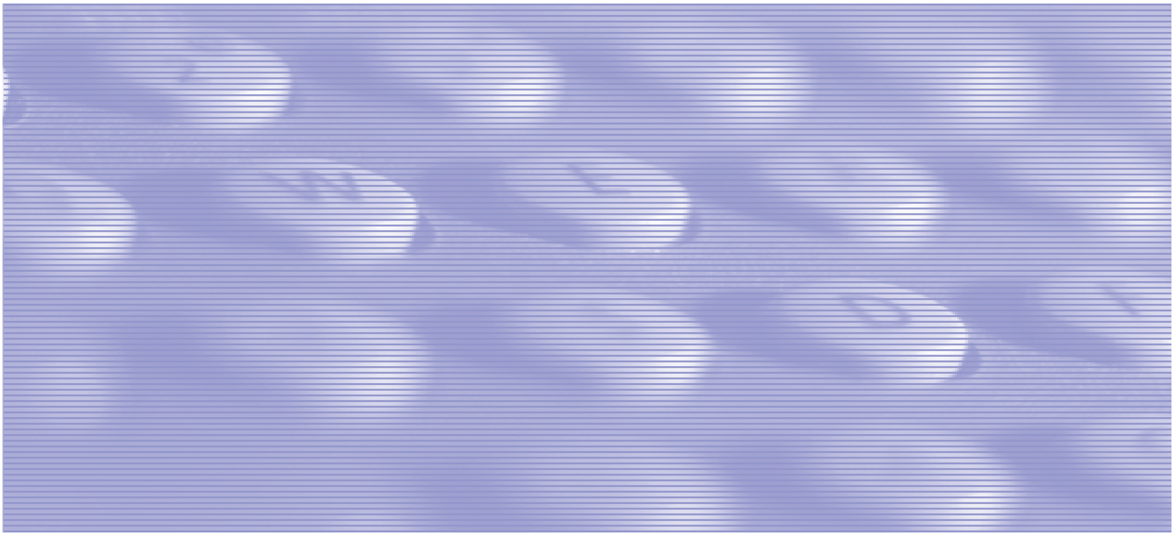
Information and communication

informa



Business Review

First half profit before tax, exceptional items and amortisation of goodwill 28% lower at £16.2m on turnover down 15% to £151m.

Turnover, profit and margin all strongly ahead of second half 2001.

Resilient performance from major events.

Subscription revenue grew by 3% and represents nearly one-third of total revenue.

Profit growth in Finance and Insurance and Life Sciences.

Financial highlights

	Half year 2002	Half year 2001	Change
Turnover (£m)	**151.5**	178.9	**(15%)**
Operating profit before amortisation of goodwill but after interest (£m)	**16.2**	22.6	**(28%)**
Earnings before interest, tax, goodwill and exceptional item (£m)	**20.1**	26.6	**(24%)**
Earnings per share (adjusted) (pence)	**8.70**	12.62	**(31%)**
Dividend per share (pence)	**2.66**	2.66	**–**

Operating review

Results

Turnover at £151million was 15% below the comparable period last year (£179 million) while operating profits before goodwill amortisation were 24% below at £20.1million (2001: £26.6 million). However, vigorous and ongoing management of costs ensured there was only a modest decline in the operating margin from 14.8% to 13.3%.

Profit before tax (excluding goodwill amortisation and exceptional items) was 28% lower at £16.2 million (2001: £22.6m). These figures are considerably ahead of the second half of 2001 which saw turnover of £144 million, and a profit before tax (excluding goodwill amortisation and loss on disposal of a subsidiary) of £7.5 million. The first half 2002 figures do include the results of the important 3GSM event, but even excluding this there is an underlying margin recovery and significant profit growth compared with the second half of 2001.

Adjusted earnings per share were 31% lower at 8.70 pence (2001:12.62 pence) and we will be paying an interim dividend of 2.66 pence per share (2001:2.66 pence) on 11 November 2002 to shareholders on the register on 11 October 2002.

Overview

Against a difficult trading background it has been important to manage our cost base proactively to counter the effects of reductions in some of our revenue streams. This is an ongoing process and since the beginning of 2001 we have reduced our total workforce by 20% on a like for like basis, at a cost of £6.4 million. This measure, along with a number of other cost saving initiatives, is saving us in excess of £20 million a year.

Subscriptions, our most resilient revenue stream accounting for 31% of total group sales, grew by 3%. However, compared with the first half of 2001 advertising, sponsorship, exhibition and delegate revenues are down a combined 24%.

Although advertising income only accounts for 12% of total Group revenue the slowdown in advertising spend has affected our Maritime business in particular, which traditionally derives more than a third of its revenues from advertising. Tight cost control and some product mergers and rationalisations have helped offset, but not fully compensated for, the reduction in advertising income. We continue to address this portfolio actively.

The first half of 2002 has seen a significant recovery in profits since the second half of 2001.

Peter Rigby Chairman

Our Life Sciences and Finance and Insurance areas grew by 29% and 7% respectively compared with the first half last year and we have seen profit growth in most of our business sectors compared with the second half of 2001.

Highlights

The 3GSM Conference held in February, which is the Group's largest event and the rallying point for the mobile phone industry, maintained its profits despite a decline in delegate numbers. This was as a result of continuing growth in sponsorship and exhibition income from the event and effective cost control. Encouragingly, pre-booked exhibition space for the 2003 event has already renewed at above 80% of this year's final level to date.

The Bluetooth Congress in June saw increased profit over 2001 due to higher exhibition revenue and good cost control more than offsetting lower delegate numbers. Pre-bookings of exhibition space at 84% of this year's level promise another successful event next year. In addition the Bluetooth Special Interest Group has awarded us the contract for the Bluetooth Developers Conference in the United States in December.

Our Life Sciences business, buoyed by the acquisition of BioTechniques last year is performing well. BioTechniques magazine itself has exceeded our revenue and profit expectations and is rapidly expanding its European edition. The conference business has also done well with very successful European events in Drug Discovery, Infotech Pharma and Biochips alongside established US based events.

The flagship Drug Discovery Technology conference (which was held in Boston in August) and is the Group's second most profitable event, attracted more than 1,100 delegates and will show profit growth of about 7% over last year. The event has already secured 97% exhibition renewals for 2003.

Geographically our conference businesses in the US, France, Sweden and Brazil have all increased profitability in the first half of 2002 although those in Holland, UK and Germany have slowed somewhat as economic slowdown has hit those countries.

Our Dutch publishing businesses performed extremely well with profit growth of 18%. However our Dutch University training business, O&O, which made £1million in the first half of 2001, was closed as highlighted in our 2001

Operating review continued

final results announcement. The closure costs of £0.5million are shown as an exceptional item in the profit and loss account and the ongoing activities of this business have now been transferred to the University of Amsterdam.

Whilst we have yet to see much benefit from the Asian recovery we have continued to expand into China largely through conferences. We have entered into a joint venture with the Xinhua Financial Network, which is part of the Xinhua News Agency, to develop finance and banking based conferences and courses for China.

The Finance and Insurance division has performed strongly to grow by 7% despite the upheavals in the capital markets. Around 80% of the division's revenues are from subscriptions, the majority of which are electronic. The acquisition of MCM last year is performing in line with expectations, giving us the leading position in fixed income securities commentary and analysis. We have radically improved margins in this business through tight cost control and the overall division's margin has grown from 13.3% to 14.7%.

Subscription renewal rates are, on average, 80% throughout our business. Since subscription income is around one third of our total revenue this provides a very secure platform for Informa to add on other revenue streams which are more highly operationally geared.

The percentage of total revenue the Group derives from electronic publishing is continuing to grow. For this six month period it stands at 19% of total Group turnover compared to 17% for the whole of 2001 and 15% for the equivalent six month period last year. Much of this revenue is subscription based and is renewing at rates even higher than our hard copy subscriptions.

New Products

It is important for a niche information business like Informa to continue its new product development programme. Fortunately development costs are relatively low especially if we are migrating hard copy to electronic media or developing supplements to existing publications.

In Life Sciences, as well as continuing the successful development of the European edition of BioTechniques, we are planning two major new magazine launches in the fields of pre-clinical trial scientific research and biopharmaceutical technology.

In Finance and Insurance, we have also just launched Analyser, which is an electronic

David Gilbertson Chief Executive

version of our US insurance company review product, while in Maritime the second half will see the launch of Vigilance, a maritime security product which provides Governments and defence agencies with up to date information on ship movements and trading patterns, ownership and related data.

The second half of 2002 will also see a number of new newsletters launched in our Commodities & Energy division.

Strategy

Our strategy is to be a major supplier of niche business information and to exploit our strong brands in the various market sectors in which we operate. Accordingly we intend to continue to operate over a diverse number of market sectors, using a variety of media and in a number of geographical regions. Through this we intend to continue to develop a business which is broadly based enough to withstand a downturn, but has enough elements which are highly operationally geared such as advertising and delegate revenues which will rebound strongly and prosper in an upturn. We remain committed to ensuring the business produces high levels of product innovation as this is the main driver of organic growth in better times. In addition we will continue to make suitable acquisitions to help us build brand leading market positions.

Outlook

The last eighteen months have been challenging for media businesses. We have successfully managed our profitability through close cost control alongside which we have done some necessary product rationalisation. Our goal has been to maintain our market leading positions, accepting that this may mean lower margins at this low point in the economic cycle. We are also pleased by the resilience of our subscription publication portfolio and by that of our major events.

Whilst there are as yet no real signs of an upturn in the markets we serve, our business has rebounded well from the repercussions of international terrorism which so affected last year’s second half. Many of our businesses are highly operationally geared and the potential benefits in an upswing are significant.

With this in mind and in a business which has excellent cash generation characteristics we remain confident about Informa's future and accordingly we are retaining this year's interim dividend at the same level as last year.

Consolidated profit and loss account
For the period ended 30 June 2002

	notes	**2002 Half year unaudited £000**	2001 (As restated) Half year unaudited £000	2001 (As restated) Total £000
Turnover – continuing operations	2	**151,464**	178,896	322,853
Operating profit before goodwill amortisation – continuing operations	2	**20,084**	26,558	38,091
Goodwill amortisation		**(5,551)**	(4,602)	(9,959)
Goodwill impairment		–	–	(4,288)
		(5,551)	(4,602)	(14,247)
Operating profit – continuing operations		**14,533**	21,956	23,844
Exceptional item	3	**(525)**	–	(838)
Profit on ordinary activities before interest	2	**14,008**	21,956	23,006
Net interest payable		**(3,884)**	(3,968)	(7,977)
Profit on ordinary activities before tax		**10,124**	17,988	15,029
Tax on profit on ordinary activities	4	**(5,159)**	(7,179)	(9,838)
Profit on ordinary activities after tax		**4,965**	10,809	5,191
Minority interests – equity		**24**	142	(96)
Profit for the financial period attributable to shareholders		**4,989**	10,951	5,095
Equity dividends paid and proposed		**(3,412)**	(3,886)	(10,184)
Profit/(loss) for the financial period		**1,577**	7,065	(5,089)
Dividends per share		**2.66p**	2.66p	7.60p
Earnings per share				
Earnings per share (basic)	5	**3.92p**	8.89p	4.07p
Earnings per share (diluted)	5	**3.92p**	8.64p	4.03p
Adjusted basic earnings per share	5	**8.70p**	12.62p	16.12p

Consolidated statement of total recognised gains and losses
For the period ended 30 June 2002

	2002 Half year unaudited £000	2001 (As restated) Half year unaudited £000	2001 (As restated) Total £000
Profit for the financial period	**4,989**	10,951	5,095
Currency translation differences on foreign currency net investments and borrowings	**(254)**	2,597	17
Total gains and losses recognised relating to the period	**4,735**	13,548	5,112

Consolidated balance sheet
At 30 June 2002

	2002 30 June unaudited £000	2001 (As restated) 31 December £000	2001 (As restated) 30 June unaudited £000
Fixed assets			
Intangible assets	**169,825**	174,396	188,432
Tangible assets	**27,888**	28,292	22,123
Investments	**4,462**	4,109	4,066
	202,175	206,797	214,621
Current assets			
Stocks and work in progress	**9,911**	6,558	7,212
Debtors	**54,168**	61,274	71,037
Cash at bank and in hand	**2,155**	4,102	1,853
	66,234	71,934	80,102
Creditors: amounts falling due within one year	**(109,507)**	(126,309)	(124,802)
Net current liabilities	**(43,273)**	(54,375)	(44,700)
Total assets less current liabilities	**158,902**	152,422	169,921
Creditors: amounts falling due after more than one year	**(120,253)**	(117,192)	(120,261)
Provisions for liabilities and charges	**(2,143)**	(828)	(686)
Minority interests	**(187)**	(206)	(76)
Net assets	**36,319**	34,196	48,898
Capital and reserves			
Called up share capital	**12,818**	12,787	12,785
Share premium account	**123,103**	122,334	122,304
Special reserve	**2**	2	2
Other reserve	**37,398**	37,398	37,398
Profit and loss account	**(137,002)**	(138,325)	(123,591)
Surplus on shareholders' funds – equity	**36,319**	34,196	48,898

Consolidated cash flow statement
For the period ended 30 June 2002

	notes	**2002 30 June unaudited £000**	2001 30 June unaudited £000	2001 31 December £000
Cash inflow from operating activities	6	**19,017**	15,745	41,076
Return on investments and servicing of finance		**(3,813)**	(3,937)	(6,581)
Taxation		**(1,014)**	(3,728)	(11,145)
Capital expenditure		**(2,981)**	(6,218)	(15,489)
Acquisitions and disposals		**(3,746)**	(58,326)	(59,262)
Equity dividends paid		**(6,289)**	(6,438)	(9,825)
Cash inflow/(outflow) before financing		**1,174**	(62,902)	(61,226)
Financing		**(7)**	62,526	61,454
Increase/(decrease) in cash in the period		**1,167**	(376)	228

Reconciliation of net cash flow to movement in net debt
For the period ended 30 June 2002

	notes	**2002 30 June unaudited £000**	2001 30 June unaudited £000	2001 31 December £000
Increase/(decrease) in cash in the period		**1,167**	(376)	228
Cash outflow/(inflow) from decrease/(increase) in debt financing		**764**	(9,774)	(8,393)
Change in net debt resulting from cash flows		**1,931**	(10,150)	(8,165)
Translation differences		**(1,777)**	673	714
Movement in net debt in the period		**154**	(9,477)	(7,451)
Net debt at the start of the period	7	**(118,832)**	(111,381)	(111,381)
Net debt at the end of the period	7	**(118,678)**	(120,858)	(118,832)

Notes

1 Basis of preparation
The financial statements for the six months ended 30 June 2002, which are unaudited, have been prepared on the basis of the accounting policies set out in our 2001 Annual Report, except that FRS 19 'Deferred Tax' has been adopted. The effect of this change in accounting policy is disclosed in note 4.

2 Segmental analysis
Underlying operating profit in the segmental analysis excludes the amortisation of goodwill.

			Turnover	Underlying operating profit/(loss)		
	2002	2001	2001	**2002**	2001	2001
	30 June	30 June		**30 June**	30 June	Total
	unaudited	unaudited	Total	**unaudited**	unaudited	
Analysis by market sector	**£000**	£000	£000	**£000**	£000	£000
Finance and Insurance	**39,717**	41,202	82,621	**5,838**	5,478	10,347
Telecoms and Media	**34,677**	50,882	73,866	**7,879**	10,320	10,910
Law and Tax	**25,148**	29,210	54,328	**2,587**	3,900	5,283
Maritime, Trade and Transport	**22,595**	28,609	52,484	**364**	3,447	4,531
Life Sciences	**13,240**	12,383	26,515	**2,061**	1,595	3,846
Commodities and Energy	**15,550**	15,616	31,880	**1,707**	2,250	3,717
Other	**537**	994	1,159	**(352)**	(432)	(543)
	151,464	178,896	322,853	**20,084**	26,558	38,091

	Profit/(loss) before interest		
	2002	2001	2001
	30 June	30 June	Total
	unaudited	unaudited	
Analysis by market sector	**£000**	£000	£000
Finance and Insurance	**3,661**	3,813	6,487
Telecoms and Media	**7,115**	9,753	7,458
Law and Tax	**1,590**	3,314	2,744
Maritime, Trade and Transport	**(301)**	2,624	2,079
Life Sciences	**1,529**	1,143	2,607
Commodities and Energy	**766**	1,763	2,227
Other	**(352)**	(454)	(596)
	14,008	21,956	23,006

Notes continued

3 Exceptional item

The exceptional item represents the expected net cost arising on the closure of a Dutch subsidiary. The 2001 exceptional items represents the loss on disposal of a subsidiary undertaking for amounts due from the purchaser of a subsidiary sold in 2000 which are unlikely to be received.

4 Taxation

The underlying worldwide operating tax rate for the Group, after removing the effect of goodwill amortisation and exceptional item, is 31% (2001 half year restated: 32%). However, due to goodwill amortisation and the exceptional item, together with the impact of FRS 19, the effective worldwide tax rate is 50% (2001 half year restated: 40%).

	2002 Half year unaudited £000	2001 (As restated) Half year unaudited £000	2001 (As restated) Total £000
United Kingdom corporation tax	**828**	3,805	5,346
Overseas tax	**2,770**	3,198	4,139
Current tax	**3,598**	7,003	9,485
Deferred tax	**1,561**	176	353
	5,159	7,179	9,838

Adoption of FRS 19 has required a change in the method of accounting for deferred tax. As a result the comparative figure for tax on profit on ordinary activities has increased by £176,000 for the six months to 30 June 2001 and £353,000 in the year to 31 December 2001. The impact of adopting FRS 19 on the results for the six months to 30 June 2002 is an increase in the tax charge of £1,561,000.

Notes continued

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.

	2002 **Half year** **unaudited** **£000**	2001 (As restated) Half year unaudited £000	2001 (As restated) Total £000
Profit for the financial period	**4,989**	10,951	5,095
Adjustments:			
Amortisation of goodwill	**5,551**	4,602	14,247
Exceptional item	**525**	–	838
Adjusted earnings	**11,065**	15,553	20,180
Weighted average number of equity shares			
– for basic and adjusted earnings	**127,226,241**	123,212,504	125,174,819
Effect of dilutive share options	**181,772**	3,562,413	1,110,519
Weighted average number of equity shares			
– for diluted earnings	**127,408,013**	126,774,917	126,285,338
Earnings per equity share	**3.92p**	8.89p	4.07p
Diluted earnings per equity share	**3.92p**	8.64p	4.03p
Adjusted earnings per equity share	**8.70p**	12.62p	16.12p

Notes continued

6 Reconciliation of operating profit to net cash inflow from operating profits

	2002 Half year unaudited £000	2001 Half year unaudited £000	2001 Total £000
Operating profit	**14,533**	21,956	23,844
Depreciation charges	**3,651**	2,916	5,798
Amortisation of goodwill	**5,551**	4,602	14,247
(Profit)/loss on sale of tangible fixed assets	**(8)**	10	17
(Increase)/decrease in stocks	**(3,493)**	507	1,197
Decrease/(increase) in debtors	**6,139**	7,079	16,336
(Decrease)/increase in creditors	**(7,630)**	(21,049)	(20,279)
Other operating items	**274**	(276)	(84)
Net cash inflow from operating activities	**19,017**	15,745	41,076

7 Analysis of changes in net debt

	At 1 January £000	Cash flow unaudited £000	Exchange movement unaudited £000	**At 30 June unaudited £000**
Cash at bank and in hand	4,102	(1,768)	(179)	**2,155**
Overdrafts	(3,815)	2,935	–	**(880)**
	287	1,167	(179)	**1,275**
Bank loans due in less than one year	(2,500)	1,750	–	**(750)**
Loan notes due in less than one year	(438)	438	–	**–**
Bank loans due after one year	(116,181)	(1,424)	(1,598)	**(119,203)**
Total	(118,832)	1,931	(1,777)	**(118,678)**

Principal operating businesses

United Kingdom
Agra Group
Informa UK

Europe
The Euroforum Group has companies established in Austria, 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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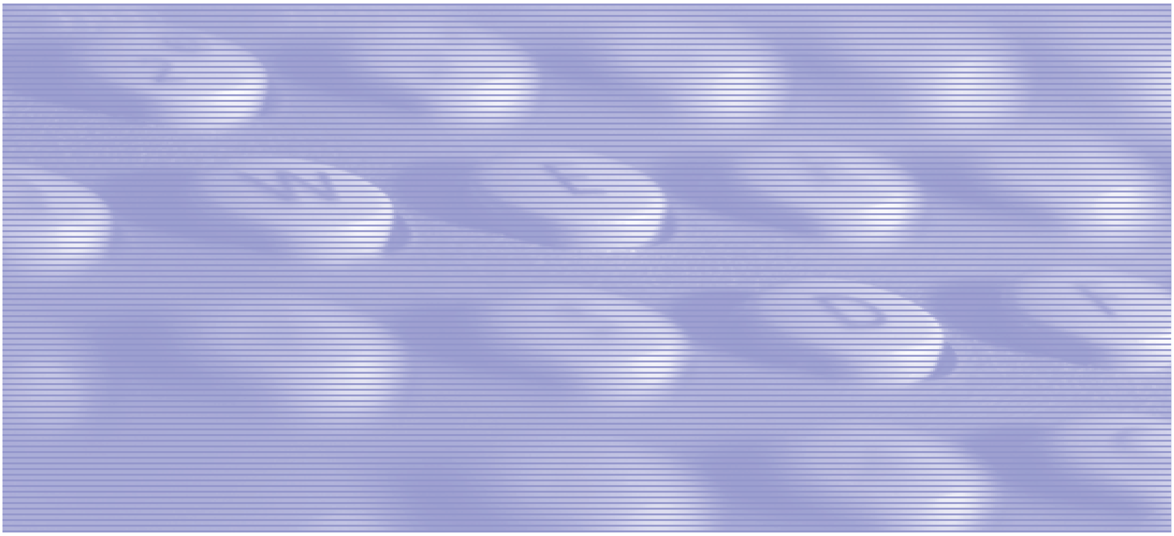
The Shareview Portfolio service from our registrar, Lloyds TSB Registrars, gives you online information about your shares and other investments. To register visit www.shareview.co.uk, or alternatively visit the registrar's website at www.lloydstsb-registrars.co.uk for more information.

The comparative figures for the financial year ended 31 December 2001 are not the Company's statutory accounts for the financial year but have been derived, after restatement for the adoption of FRS 19 'Deferred Tax' from the full financial accounts. 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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