

REUTERS GROUP PLC – INTERIM RESULTS
for the six months ended 30 June 2006

26 July 2006

	Six months to 30 June		Full year
	2006	2005*	2005
	£m	£m	£m
STATUTORY RESULTS (UNAUDITED)			
Revenue	1,277	1,139	2,409
Operating profit	122	105	207
Profit before taxation	123	142	238
Profit for the period from continuing operations	96	115	229
Profit for the period from discontinued operations	-	15	253
Profit for the period	96	130	482
Basic earnings per share	7.3p	8.8p	32.6p
Dividend per ordinary share	4.1p	3.85p	10.0p
BUSINESS PERFORMANCE MEASURES** (UNAUDITED)			
Operating profit from continuing operations	122	105	207
<i>Excluding:</i>			
Restructuring charges	11	41	112
Impairments & amortisation of business combination intangibles	11	9	22
Investment income	-	-	(1)
Profit on disposal of subsidiaries	(2)	(4)	(4)
Fair value movements	14	5	(2)
Trading profit ***	156	156	334
Trading margin***	12.2%	13.7%	13.9%
Adjusted EPS****	8.5p	6.4p	13.8p

Financial highlights

- H1 total revenue of £1,277 million, up 12%
- Constant currency revenue growth of 9%, including 4 percentage points from acquisitions
- Underlying***** revenue growth of 5%, including 0.7 of a percentage point from Core Plus
- Trading profit of £156 million at a trading margin of 12.2%, including £35 million of Core Plus investment and £37 million of Fast Forward savings
- Profit for the period of £96 million. £130 million in the equivalent period in 2005 included £36 million profits from disposals.
- Adjusted EPS of 8.5p, up 33%
- Free cash flow of £81 million (H1 2005: £8 million)
- Reuters now expects full year revenue growth of between 5% and 6% on a constant currency basis. This improvement is largely driven by recent acquisitions, such as Application Networks, and an increase in recoveries revenue (arising from increased customer demand for exchange and specialist data). Both of these carry approximately equivalent levels of cost.
- Interim dividend increased by 6.5% to 4.1p

Tom Glocer, Reuters Chief Executive, said: "It has been an encouraging first half. As we transition from recovery to growth, we delivered a 9% increase in revenues (excluding currency), while strong cost discipline has given us room to invest. Our Core Plus investments for growth and business simplification are on track, and I am excited by the innovative projects we have underway in areas like machine-readable news. As a measure of confidence in our future performance, we have begun to raise our dividend for the first time in five years."

* The 30 June 2005 comparatives have been amended, largely to reflect a change from defined contribution to defined benefit accounting for the Reuters Pension Fund (RPF), as set out in the 2005 Annual Report. Details of the impact of the changes are outlined on page 15.

** This release includes certain non-GAAP figures which are business performance measures used to manage the business. See pages 22 to 36 for explanations and reconciliations to the most directly comparable IFRS figures. Business performance measures, which are stated at constant exchange rates and exclude acquisitions and disposals, are reconciled to the statutory results on pages 25 to 36 and at www.about.reuters.com in the Investors section under Financial Data.

*** Reuters trading profit and trading margin are defined as operating profit from continuing operations before restructuring charges associated with Fast Forward and acquisitions, impairments & amortisation of intangibles acquired via business combinations, investment income, profits from disposals of subsidiaries and fair value movements.

**** Reuters basic EPS from continuing operations before impairments & amortisation of business combination intangibles, investment income, profit on disposals, fair value movements and related taxation effects.

***** Underlying percentage movements are stated on a constant currency basis and exclude the impact of acquisitions and disposals.

Business highlights

- Market developments
 - Shift in sources of banking sector profits towards proprietary trading across multiple asset classes plays to Reuters strengths in high-speed datafeeds and innovative trading solutions
 - Changes in regulatory environment (e.g. MiFID) create new demand for data and liquidity aggregation
 - FXMarketSpace joint venture established with the CME to create the world's first centrally cleared FX market
- Core
 - Q2 net sales continue positive trend
 - Core profitability strengthened through delivery of Fast Forward savings and continued cost control
 - Good performances from *Reuters 3000 Xtra*, *Reuters Knowledge*, Trade and Risk Management products, agency and consumer media products
- Core Plus investment for growth
 - Good progress with electronic trading products as volumes build steadily on Reuters next generation trading services
 - Enterprise-wide solutions gather momentum, with strong sales of real time and reference datafeeds and *Reuters Tick History* commercial pilot close to completion
 - Growth from new audiences: strong consumer media performance driven by online syndication and higher advertising revenues
 - Strong performance from new geographic markets: underlying revenue growth of 20% in India, 17% in China
 - High value content additions: exclusive distribution rights for the Reuters/University of Michigan Survey of Consumers, the highly regarded survey of consumer attitudes and expectations about the US economy
- Core Plus transformation on track
 - Restructuring of development organisation on track: three major centres to close as planned and a new centre to open in Beijing
 - New communications infrastructure rolled out in c.40 countries, a first step towards data centre rationalisation

Notes

Reuters is the world's largest international news and financial information source, reaching over 1 billion people a day. Known for its speed, accuracy and independence, Reuters content powers newsrooms and financial markets around the world. Reuters distributes its text, data, pictures and video to professionals and direct to consumers via online and digital services. Founded in 1851, Reuters Group has 15,300 employees in 89 countries and had annual revenues of £2.4 billion/\$4.4 billion in 2005. For more information and the latest news, visit www.reuters.com. Reuters and the sphere logo are the trade-marks of the Reuters group of companies.

Reuters Group interim results presentation for investors and analysts will be webcast live today from 09:30 BST and available for replay from 13:00 BST at <http://about.reuters.com/webcast/resultsq206>

Photographs are available at www.about.reuters.com/pressoffice/library/photos/senior.asp

This announcement includes forward-looking statements. See page 37 for a description of risk factors.

The maintenance and integrity of the Company's website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Documents containing information from this press release formatted in XBRL (eXtensible Business Reporting Language) will be made available at <http://about.reuters.com/investors/results/archive/2006.asp> on 28 July 2006. An Intelligent Financial Statement™, a supplemental PDF that contains information from this press release and embeds XBRL financial data in a viewable and printable document, will also be available.

Reuters Group PLC results – six months ended 30 June 2006 (unaudited)

Revenue

Revenue for the first half of 2006 grew 12% to £1,277 million (H1 2005: £1,139 million). On a constant currency basis, revenue increased by 9%. The three percentage points of currency-related growth in the first half were driven by a stronger US dollar.

Acquisitions added four percentage points of revenue growth in the first half, due to the timing of the acquisition of Telerate in June 2005. Consistent with its acquisition plan, and against a full six month comparative, Reuters expects Telerate revenues to decline in the second half as positions used as a back-up to Reuters services are removed.

On an underlying basis, revenue increased by 5% in the first half. This included 0.7 of a percentage point from Core Plus, driven by new transaction services, enterprise initiatives and consumer media.

The remaining 4.3% of underlying revenue growth was generated by Reuters core business. This consisted of approximately two percentage points each from the annual price increase and from volume growth, with strong performances from transaction products and outright sales, as well as from recoveries revenues. The trend in underlying revenue growth continues to improve, reflecting the positive sales trends of recent quarters.

Underlying revenue increased in all regions during the first half. Asia saw the highest growth, with a 7% rise including a positive performance from Japan, which makes up around a third of Asian revenues. The Americas continued to show steady growth, with revenues up 6%, buoyed by a strong contribution from Reuters largest customers. EMEA rose 3% overall, driven by 7% growth in the UK which saw good sales on the buy-side.

Trading profit

Reuters delivered trading profit of £156 million in the first half of 2006 (H1 2005: £156 million), flat on an actual basis and down 7% on an underlying basis. Trading margin was 12.2% (H1 2005:13.7%).

The drivers of trading profit were

- Strong growth in Core profits driven by revenue growth, the delivery of £37 million of Fast Forward savings and continued tight control of costs; and
 - £3 million net benefit from acquisitions, mainly Telerate;
- offset by
- Core Plus investment of £35 million, net of revenues of £8 million. Key areas of investment for revenue growth included Reuters multi-asset class trading platform, high value content enhancements for *Reuters Knowledge*, and additional development and marketing resources for consumer media. The principal areas of investment for transformation in the first half included projects to upgrade customer administration systems, streamline data centre infrastructure and continue the restructuring of Reuters content organisation.

Before Core Plus investments, trading profit was £191 million, up 22%.

Operating profit

Operating profit rose 16% to £122 million in the first half (H1 2005: £105 million), after £11 million of Telerate restructuring charges. This growth reflected a reduction in restructuring charges when compared to H1 2005.

Profit for the period

Profit for the period was £96 million (H1 2005: £130 million), down 27%. Profit for the period in the first half of 2005 was boosted by profits from the sale of TIBCO and profits from discontinued operations (Instinet and Radianz).

Earnings per share

Adjusted earnings per share increased 33% from 6.4p to 8.5p.

Cash flow

Free cash flow was £81 million in H1 2006 (H1 2005: £8 million). Improvements in working capital and lower cash restructuring charges were partially offset by higher capital expenditure and cash taxes.

Capital expenditure was £99 million in H1 2006 (H1 2005: £79 million from continuing operations). This comprised £29 million capitalisation of product development and £70 million of other capital expenditure, which included investment to improve service resilience in Reuters data centres.

Reuters had net debt of £272 million at the end of June 2006 (31 December 2005: net funds of £253 million), reflecting the ongoing share buyback programme, the dividend payment, the payment of £187 million to fund the deficit in two of Reuters UK defined benefit pension schemes and a net £52 million for acquisitions and from disposals.

Share buyback

Reuters has returned £525 million to shareholders through its on-market share buyback since inception, with £301 million returned in the first half of 2006. The £1 billion buyback is on track to complete by July 2007.

Dividend

The Directors are declaring an interim dividend of 4.1 pence per ordinary share, an increase of 6.5% over the prior year, reflecting Reuters growing confidence in the future performance of its business as it enters the second year of its Core Plus programme.

Reuters is committed to maintaining a progressive dividend policy, which reflects its long-term earnings potential, whilst moving towards a minimum dividend cover of at least two times based on adjusted earnings.

Outlook

Reuters now expects full year revenue growth of between 5% and 6% on a constant currency basis. This improvement is largely driven by recent acquisitions, such as Application Networks, and an increase in recoveries revenue (arising from increased customer demand for exchange and specialist data). Both of these carry approximately equivalent levels of cost.

The company remains on track to achieve its target of £440 million of Fast Forward annualised cost savings by the end of 2006.

As previously stated, Reuters continues to expect its investment in Core Plus revenue growth and transformation initiatives to have a net £120 million impact on profit for the full year.

Reuters continues to expect full year capital expenditure of £220 million, including £60-£70 million of capitalised product development.

SALES & TRADING DIVISION RESULTS – SIX MONTHS ENDED 30 JUNE 2006 (UNAUDITED)

	Six months to 30 June		% Change	
	2006	2005	Actual	Underlying
	£m	£m		
Revenue	851	770	11%	2%
Trading costs	(740)	(653)	13%	5%
Trading profit	111	117	(5%)	(14%)
Trading margin	13%	15%		

Note: Unless otherwise described, all percentage changes shown in the divisional commentaries are calculated on an underlying basis (stated on a constant currency basis and excluding acquisitions and disposals) and reported results on an actual basis. See pages 22-36 for explanations and reconciliations to the most directly comparable IFRS figures.

Sales & Trading revenue grew 2%, with the difference between actual and underlying revenue growth being due mainly to the acquisition of Telerate in June 2005 and to currency effects.

The key drivers of revenue performance were

- Revenue growth of 10% from *Reuters 3000 Xtra* within Sales & Trading to £286 million (H1 2005: £248 million), helped by upward migration from legacy *Reuters Trader* and Telerate products and a 4% price increase. New accesses directly attributable to *Reuters Trading for FX* and *Reuters Trading for Fixed Income* also contributed to growth in the *3000 Xtra* user community, demonstrating the ability of Reuters new electronic trading products to stimulate growth in core subscription revenues. Reuters Trader family revenues of £187 million (H1 2005: £183 million) declined 14% as a result of legacy product migration. New *Reuters Trader* product accesses increased by 4,000 to a total of 16,000 in the first half of the year, reflecting new business, mainly from *Reuters Trader for Commodities*.
- Solid performance from trading products in the first half of the year, endorsing Reuters focus on electronic trading under Core Plus. Usage revenue from trading products grew 19%, driven by *Reuters Dealing Matching* and *Reuters Electronic Trading*. *Reuters Dealing Matching* experienced good growth, both from high levels of interbank FX market activity and from the successful introduction in Q4 2005 of Reuters prime brokerage services, which provide hedge funds with access to the interbank FX market. *Reuters Electronic Trading* (a hosted dealing system used by banks to trade electronically with their branch networks and customers), saw customer numbers treble in the first half of 2006. Conversational Dealing grew 3% to £124 million (H1 2005: £121 million).
- Recoveries revenue growth of 6%, reflecting increased customer demand for exchange and specialist data as well as price increases.

Trading margin for the Sales & Trading division declined from 15% to 13%, driven principally by

- Core Plus investments in new electronic trading products, high value content and new markets initiatives and transformation investments to upgrade customer administration systems, restructure development operations and streamline data centre infrastructure; and
- Investments to improve customer service, including service resilience in data centres.

These investments were partly offset by Fast Forward savings principally from communications infrastructure costs, together with greater operating efficiencies.

Progress on legacy product migrations, together with the return on Core Plus growth and transformation investments, is expected to begin to drive margin improvement.

RESEARCH & ASSET MANAGEMENT DIVISION RESULTS – SIX MONTHS ENDED 30 JUNE 2006 (UNAUDITED)

	Six months to 30 June		% Change	
	2006	2005	Actual	Underlying
	£m	£m		
Revenue	144	122	17%	9%
Trading costs	(145)	(129)	11%	5%
Trading loss	(1)	(7)	-	-
Trading margin	-	(6%)		

Research & Asset Management grew by 9% in the first half of 2006, with the difference between the underlying increase and the 17% actual increase being driven by the acquisitions of Ecowin and Hedgeworld.

The Research & Asset Management division serves two distinct user communities: **Investment Banking & Investment Management (IB & IM)** and **Wealth Management**.

IB & IM revenue totalled £80 million (H1 2005: £60 million), an increase of 20%.

The primary driver of **IB & IM** revenue performance was strong sales of *Reuters Knowledge* desktop products and content feeds, together with sales of *Reuters 3000 Xtra* and products in the Reuters Trader family. The *Reuters Knowledge* installed base now totals 15,000 positions, including 3,000 embedded in *Reuters 3000 Xtra* and *Reuters Trader*. Continuing additions of high value content and regular product enhancements are helping to establish the Reuters Knowledge family as an essential part of the investment process. New market opportunities will open up in the second half of the year as the premium MasterCard Spending Pulse data and Japanese and Chinese versions of *Reuters Knowledge* begin their roll-outs.

Wealth Management family revenue totalled £64 million (H1 2005: £62 million), down 2%. The key factor in **Wealth Management** performance was Reuters ongoing planned withdrawal from unprofitable low tier business, which had a negative effect on revenue but a positive impact on divisional profitability.

Lipper revenue grew by 5% to £22 million (H1 2005: £19 million) as Lipper products benefited from high value content enhancements, including US fixed income, Nordic, Indian and Chinese fund content.

Trading margin for the Research & Asset Management division improved from (6%) to zero. This was driven by reduced losses in **Wealth Management** as Reuters began to exit legacy products and infrastructure. **IB & IM** profitability has remained relatively constant, with Core Plus investment offsetting profits generated by Reuters Knowledge expansion. Investment will increase over the second half, but **IB & IM** is expected to return to profitability as *Reuters Knowledge* continues to build scale.

ENTERPRISE DIVISION RESULTS – SIX MONTHS ENDED 30 JUNE 2006 (UNAUDITED)

	Six months to 30 June		% Change	
	2006 £m	2005 £m	Actual	Underlying
Revenue	195	173	13%	10%
Trading costs	(160)	(137)	17%	12%
Trading profit	35	36	-	1%
Trading margin	18%	21%		

Enterprise revenue grew 10%, as the division continued to align its product lines with market growth areas such as automated trading and mid and back-office operations.

Enterprise revenues were driven by

- A 14% increase in **Enterprise Information**, which includes Reuters real time and reference datafeeds, to £108 million (H1 2005: £93 million). This growth was generated by customer requirements for machine-readable data to supply trading and other applications. *Datascope Pricing and Reference Data* continued to perform strongly, seeing revenue growth of 24% compared to the first half of 2005 with increasing business from buy-side and custodial clients and a steady flow of product enhancements. *Reuters Tick History*, one of the Core Plus initiatives, is currently close to completing a revenue-generating commercial pilot with eight investment banks and hedge funds and a full roll-out of the service to a strong pipeline will start at the end of July.
- Strong growth in **Trade & Risk Management** revenue, up 27% to £41 million in the first half of 2006 (H1 2005: £32 million), with Asia and Europe continuing to perform strongly. Reuters acquired Application Networks in June 2006 to stimulate further growth in its **Trade & Risk Management** business by adding equity and credit derivatives capabilities and other functionality to appeal to US and buy-side institutions. Application Networks' core product, *JRisk*, is a cross-asset platform which is already in use at several major institutions, including JP MorganChase, Societe Generale, UBS and Wachovia.
- A 10% decline in **Information Management** revenue, which includes the *Reuters Market Data System (RMDS)*, to £46 million (H1 2005: £48 million). The decline was driven by a 12% reduction in recurring revenues due to the decision to exit the hardware business, partly offset by a 5% increase in outright revenues. The key drivers of the outright revenue growth were upgrades to RMDS from legacy market data platforms and sales of new RMDS components at existing clients as well as new RMDS sales to hedge funds. New products in the **Information Management** family such as *Reuters Tick Capture Engine (RTCE)* and *Reuters Wireless Delivery Service* are starting to stimulate revenue growth.

The trading margin for the Enterprise division fell from 21% to 18%, driven by a combination of Core Plus investment for growth in *Reuters Datascope* content, the development of *Reuters Tick History* and initiatives to leverage the *RMDS* platform, together with increased sales focus on driving revenue from new Enterprise solutions. Transformation initiatives to upgrade customer administration systems, restructure development operations and streamline data centre infrastructure also drove margin reduction in the first half.

Enterprise margins are expected to improve in the second half, helped by high-margin outright revenues that tend to be weighted towards the fourth quarter. Momentum from new products and returns on transformational initiatives are expected to drive future margin growth.

MEDIA DIVISION RESULTS – SIX MONTHS ENDED 30 JUNE 2006 (UNAUDITED)

	Six months to 30 June		% Change	
	2006	2005	Actual	Underlying
	£m	£m		
Revenue	87	74	18%	14%
Trading costs	(76)	(64)	21%	15%
Trading profit	11	10	2%	5%
Trading margin	12%	14%		

Media division revenue grew 14% in the first half of 2006. The acquisition of the Action Images sports photography database in the second half of 2005, together with currency effects, accounted for the difference between underlying and actual performance. Additional demand for pictures was stimulated by the Winter Olympics and the World Cup.

Agency revenue growth of 9% to £74 million (H1 2005: £65 million) was driven by the success of the Middle East and Central European TV services, launched last year. Revenue from Reuters Pictures also increased, strengthened by the launch of a new version of the *Reuters Pictures Archive*. Reuters pictures have continued to earn accolades, winning forty awards for photography since the start of the year. These included the world's most prestigious photojournalism accolade, the World Press Photo of the Year, which was awarded to Reuters (out of over 80,000 submissions) for the second year running.

Consumer Media revenue increased by 47% to £13 million (H1 2005: £9 million) as a result of strong growth in advertising revenues and online syndication. The Nielsen media ratings now place reuters.com as the 6th most visited financial news and information site in the US. In the UK Reuters is ranked 4th by Nielsen.

The trading margin for the Media division declined from 14% to 12% in the first half, driven by expenditure in the core business on expansion of the Reuters Pictures service, together with the costs incurred in covering the Winter Olympics and the World Cup. The Core Plus investment in **Consumer Media** initiatives also had a dilutive effect on margin but is expected to drive margin growth over time.

Independent review report to Reuters Group PLC

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2006 on pages 11 to 18 which comprises the consolidated balance sheet as at 30 June 2006 and the related consolidated statements of income, cash flows and recognised income and expense for the six months then ended and related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

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

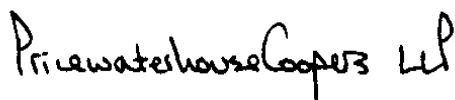
This interim report has been prepared in accordance with the basis set out on page 15.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2006.



PricewaterhouseCoopers LLP
London
26 July 2006

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FORWARD-LOOKING STATEMENTS

FINANCIAL STATEMENTS

1) CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2006 (UNAUDITED)

	Six months to 30 June		Year to 31 December
	2006	2005	2005
	£m	£m	£m
Revenue	1,277	1,139	2,409
Operating costs	(1,174)	(1,062)	(2,251)
Other operating income	19	28	49
Operating profit	122	105	207
Finance costs	(25)	(24)	(53)
Finance income	25	21	41
Profit on disposal of associates and available for sale financial assets	-	38	38
Share of post-taxation profits from associates and joint ventures*	1	2	5
Profit before taxation	123	142	238
Taxation	(27)	(27)	(9)
Profit for the period from continuing operations	96	115	229
DISCONTINUED OPERATIONS			
Profit for the period from discontinued operations	-	15	253
PROFIT FOR THE PERIOD	96	130	482
Attributable to:			
Equity holders of the parent	96	123	456
Minority interest	-	7	26
EARNINGS PER SHARE			
Basic	7.3p	8.8p	32.6p
Diluted	7.1p	8.6p	31.7p
EARNINGS PER SHARE FROM CONTINUING OPERATIONS			
Basic	7.3p	8.2p	16.3p
Diluted	7.1p	8.0p	15.9p

* Share of post-taxation profits from associates and joint ventures includes a taxation charge of £1 million (2005: £2 million).

Dividends paid and proposed during the period were £81 million and £53 million respectively (June 2005: £86 million and £54 million respectively; December 2005: £140 million paid and proposed).

2) CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE SIX MONTHS ENDED 30 JUNE 2006 (UNAUDITED)

	Six months to 30 June		Year to
	2006	2005	31 December
	£m	£m	2005 £m
Profit for the period	96	130	482
Actuarial gains / (losses) on defined benefit plans	96	(41)	(48)
Exchange adjustments offset in reserves	(54)	74	118
Translation differences taken to the income statement on disposal of assets	-	6	(2)
Fair value losses on available-for-sale financial assets	-	(42)	(15)
Fair value gains on available-for-sale financial assets taken to the income statement on disposal of assets	-	(47)	(73)
Fair value profits / (losses) on net investment hedges	17	(36)	(39)
Fair value gains taken to income statement on disposal of net investment hedges	-	-	(14)
Taxation on the items taken directly to or transferred from equity	(22)	9	14
Net income / (expense) not recognised in income statement	37	(77)	(59)
Total recognised income for the period	133	53	423
Attributable to:			
Equity holders of the parent	133	36	374
Minority interest	-	17	49

3) CONSOLIDATED BALANCE SHEET AT 30 JUNE 2006 (UNAUDITED)

	As at 30 June		As at 31 December
	2006	2005	2005
	£m	£m	£m
ASSETS			
Non-current assets	1,184	996	1,179
Current assets	684	789	957
Non-current assets classified as held for sale	1	975	1
Total Assets	1,869	2,760	2,137
LIABILITIES			
Current liabilities	(980)	(906)	(738)
Non-current liabilities	(537)	(781)	(829)
Liabilities directly associated with non-current assets classified as held for sale	-	(376)	-
Total Liabilities	(1,517)	(2,063)	(1,567)
NET ASSETS	352	697	570
SHAREHOLDERS' EQUITY			
Share capital	364	359	360
Share premium	127	102	107
Other reserves	(1,729)	(1,671)	(1,692)
Retained earnings	1,590	1,683	1,795
Total parent shareholders' equity	352	473	570
Minority interest in equity	-	224	-
TOTAL EQUITY	352	697	570

4) CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2006 (UNAUDITED)

	Six months to 30 June		Year to 31 December
	2006	2005	2005
	£m	£m	£m
Cash flows from operating activities			
Cash generated from operations (page 17)	11	59	271
Interest received	18	10	55
Interest paid	(21)	(13)	(49)
Tax (paid) / refunded	(17)	5	(24)
Net cash flow from operating activities	(9)	61	253
Cash flows from investing activities			
Acquisitions (net of cash acquired)	(36)	(86)	(124)
Disposals (net of cash disposed)	(16)	121	246
Purchases of property, plant and equipment	(50)	(80)	(145)
Proceeds from sale of property, plant and equipment	1	2	3
Purchases of intangible assets	(49)	(4)	(40)
Purchases of available-for-sale financial assets	-	(1)	(1)
Proceeds from sale of available-for-sale financial assets	-	67	85
Dividends received	1	2	5
Net cash flow from investing activities	(149)	21	29
Cash flows from financing activities			
Proceeds from issue of shares	17	6	10
Share buyback	(294)	-	(223)
(Increase) / decrease in short-term investments	(1)	5	248
Increase / (decrease) in borrowings	219	23	(144)
Equity dividends paid to shareholders	(81)	(86)	(140)
Equity dividends paid to minority interests	-	-	(23)
Net cash flow from financing activities	(140)	(52)	(272)
Exchange (losses) / gains on cash and cash equivalents	(10)	31	66
Net (decrease) / increase in cash and cash equivalents	(308)	61	76
Cash and cash equivalents at the beginning of the period	637	561	561
Cash and cash equivalents at the end of the period	329	622	637

5) BASIS OF PREPARATION (UNAUDITED)

The financial information for the six months ended 30 June 2006 included in this interim report (hereinafter referred to as the 'interim financial information') comprises the consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of recognised income and expense and the related notes.

This interim financial information has been prepared in accordance with the Listing Rules of the Financial Services Authority and on a basis consistent with the accounting policies set out on pages 52 to 57 of Reuters Group PLC 2005 Annual Report and Form 20F.

The interim financial information is unaudited but has been reviewed by the auditors and their review opinion is included in this interim report. The financial information set out in this report does not constitute statutory accounts as defined by the Companies Act 1985. Financial information for the year ended 31 December 2005 included herein is derived from the statutory accounts for that year, which have been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain a statement under section 237(2) or section 237(3) of the Companies Act 1985.

Change to previously reported 30 June 2005 results

The 30 June 2005 comparatives have been amended, largely to reflect a change to the treatment of one of the Group's employee benefit plans.

Subsequent to the 2005 Interim financial information released on 26 July 2005 and as set out in Reuters Group PLC 2005 Annual Report, the accounting treatment adopted for the Reuters Pension Fund (the RPF), was amended, resulting in a change from a defined contribution plan to a defined benefit plan.

The impact of the restatement due to the RPF is to record a net pension obligation (net of tax) of £166 million as at 30 June 2005, with a corresponding decrease to net equity. Reported Group profit for the six month period to 30 June 2005 is £130 million (previously £133 million).

6) CONSOLIDATED RECONCILIATION OF CHANGES IN EQUITY (UNAUDITED)

	Six months to 30 2006	June 2005	Year to 31 December 2005
	£m	£m	£m
Balance at beginning of the period	570	570	570
Transitional adjustment on first time adoption of IAS 39*	-	129	129
As restated	570	699	699
Actuarial gains / (losses) on defined benefit plans	96	(41)	(48)
Exchange adjustments offset in reserves	(54)	74	118
Translation differences taken to the income statement on disposal of assets	-	6	(2)
Fair value losses on available-for-sale financial assets	-	(42)	(15)
Fair value gains on available-for-sale financial assets taken to the income statement on disposal of assets	-	(47)	(73)
Fair value gains / (losses) on net investment hedges	17	(36)	(39)
Fair value gains taken to income statement on disposal of net investment hedges	-	-	(14)
Taxation on the items taken directly to or transferred from equity	(22)	9	14
Net income / (expense) recognised directly in equity	37	(77)	(59)
Profit for the period	96	130	482
Total recognised income for the period	133	53	423
Employee share scheme credits	10	21	47
Taxation on employee share schemes	(3)	-	11
Purchase of own shares	(301)	-	(224)
Shares issued to ordinary shareholders	24	6	12
Shares issued to minority shareholders of Instinet	-	4	3
Dividends:			
- Prior year final paid	(81)	(86)	(86)
- Current year interim paid	-	-	(54)
- Share of Instinet's dividend paid to minority shareholders	-	-	(23)
Other movements in equity	-	-	(1)
Minority interest in subsidiary disposed in the period	-	-	(237)
Balance at the end of the period	352	697	570
Attributable to:			
Equity holders of the parent	352	473	570
Minority interest	-	224	-

* The transitional adjustment on the balance sheet as at 1 January 2005 primarily comprises recognition of the fair value of Reuters investments in SAVVIS (£45 million gain) and TSI (£86 million gain), offset by initial recognition of embedded derivatives (£14 million loss, plus £3 million tax credit).

7) NET CASH FLOW FROM OPERATING ACTIVITIES FOR THE SIX MONTHS ENDED 30 JUNE 2006 (UNAUDITED)

	Six months to 30 June 2006 £m	2005 £m	Year to 31 December 2005 £m
Net profit from continuing activities	96	115	229
Adjustments for:			
Depreciation	49	49	99
Impairments of associates and joint ventures	-	2	2
Impairment of intangibles	-	-	1
Amortisation of intangibles	21	14	33
Employee share scheme charges	18	16	30
Foreign exchange gains	(9)	(7)	(8)
Fair value movements in derivatives	14	(10)	(18)
Fair value movements in other financial assets	-	15	16
Profits on disposals	(2)	(42)	(42)
Income from investments	-	-	(1)
Share of post-taxation profits of associates and joint ventures	(1)	(2)	(5)
Finance income	(25)	(21)	(41)
Finance expense	25	24	53
Taxation	27	27	9
Movements in working capital:			
Decrease in inventories	-	1	2
(Increase) / decrease in trade and other receivables	(62)	3	3
Increase / (decrease) in trade and other payables	58	(62)	(52)
(Decrease) / increase in pensions deficit	(178)	5	9
Decrease in provisions	(20)	(33)	(27)
Decrease in amounts payable to discontinued operations	-	(25)	(24)
Cash generated from continuing operations	11	69	268
Cash generated from discontinued operations*	-	(10)	3
Cash generated from operations	11	59	271

* Details of cash generated from discontinued operations are disclosed in the 2005 Annual Report and Form 20-F.

8) TAXATION (UNAUDITED)

The tax expense for the period of £27 million (six months to 30 June 2005: £27 million) has been calculated based on our estimate of the expected effective tax rate for the year to 31 December 2006. Tax on items in reserves has been charged to reserves.

The effective tax rate for the period on profit from continuing operations before impairments and amortisation of business combination intangibles, investment income, profit on disposals and fair value movements is 23% (six months to 30 June 2005: 22%).

The tax expense includes a charge of £10 million in respect of UK taxation (six months to 30 June 2005: £9 million).

9) DIVIDENDS AND EARNINGS PER SHARE FOR THE SIX MONTHS ENDED 30 JUNE 2006 (UNAUDITED)

	Six months to 30 June		Year to 31 December
	2006	2005	2005
	pence	pence	pence
Dividend per share			
Prior year final paid	6.15	6.15	6.15
Current year interim paid	-	-	3.85

The weighted average number of ordinary shares used for the calculation of basic earnings per share was 1,321 million for the six months to 30 June 2006 (June 2005: 1,405 million).

The interim dividend of 4.1 pence per share is payable on 30 August 2006 to ordinary shareholders on the register as at 4 August 2006. The interim dividend is payable on 6 September 2006 to American Depositary Shareholders on the register at 4 August 2006. The ex-dividend date for ordinary shareholders and American Depositary Shareholders is 2 August 2006.

REVENUE & ACCESSES

1) REVENUE BY DIVISION BY TYPE – SIX MONTHS ENDED 30 JUNE 2006 (UNAUDITED)

	Six months to 30 June		% Change	
	2006 £m	2005 £m	Actual	Underlying
Recurring	805	733	10%	1%
Usage	44	35	25%	19%
Outright	2	2	(19%)	(19%)
Sales & Trading	851	770	11%	2%
Recurring	142	120	17%	9%
Usage	2	1	36%	31%
Outright	-	1	(43%)	(43%)
Research & Asset Management	144	122	17%	9%
Recurring	172	158	10%	6%
Outright	23	15	49%	48%
Enterprise	195	173	13%	10%
Recurring	68	63	9%	7%
Usage	19	11	67%	48%
Media	87	74	18%	14%
Recurring	1,187	1,074	11%	3%
Usage	65	47	35%	26%
Outright	25	18	40%	38%
Total revenue	1,277	1,139	12%	5%

2) REVENUE BY DIVISION BY PRODUCT FAMILY – SIX MONTHS ENDED 30 JUNE 2006 (UNAUDITED)

	Six months to 30 June		% Change	
	2006 £m	2005 £m	Actual	Underlying
Reuters Xtra	479	426	12%	7%
Reuters Trader	187	183	2%	(14%)
Recoveries	185	161	15%	6%
Sales & Trading	851	770	11%	2%
Reuters Xtra	39	32	19%	18%
Reuters Trader	5	4	9%	9%
Reuters Knowledge	36	24	48%	23%
Reuters Wealth Management	64	62	4%	(2%)
Research & Asset Management	144	122	17%	9%
Enterprise	195	173	13%	10%
Media	87	74	18%	14%
Total revenue	1,277	1,139	12%	5%

Each Division consists of specific products. Each product falls into one Division except for 3000 Xtra and 2000/3000 products. Revenues for these products are attributed to the Research & Asset Management Division by reference to activities at particular sites. All other revenue for these products are Sales & Trading revenues.

Where costs relate to a specific Division, they are mapped directly to that Division. Where costs are shared, Activity-Based Costing (ABC) techniques are used to apportion these costs appropriately between Divisions. These dynamic cost drivers (e.g. number of helpdesk calls, number of accesses, number of installations) are derived from various underlying source systems.

3) REVENUE BY GEOGRAPHY – SIX MONTHS ENDED 30 JUNE 2006 (UNAUDITED)

	Six months to 30 June		% Change	
	2006 £m	2005 £m	Actual	Underlying
UK and Ireland	202	178	14%	7%
EMEA West	189	186	2%	-
EMEA East	300	281	7%	3%
Europe, Middle East, Africa Total	691	645	7%	3%
Americas	356	301	18%	6%
Asia	230	193	19%	7%
Total revenue	1,277	1,139	12%	5%

4) QUARTERLY NON-GAAP PRODUCT FAMILY STATISTICS (UNAUDITED)

	Three months ended			Underlying percentage change	
	June 2006	March 2006	June 2005	Versus March 2006	Versus June 2005
Period end accesses (000s)					
3000 Xtra	105	103	96	2%	9%
Dealing	18	18	18	1%	-
Other Xtra	2	2	2	16%	(13%)
Reuters Xtra	125	123	116	2%	7%
Legacy	68	71	84	(5%)	(17%)
Trader	43	42	41	3%	2%
Reuters Trader	111	113	125	(1%)	(9%)
Knowledge & Wealth Manager	112	111	113	1%	(1%)
Total period end accesses	348	347	354	1%	(1%)
Access driven revenue (£m)					
Reuters Xtra	226	224	202	1%	7%
Reuters Trader	83	89	83	(1%)	(12%)
Knowledge & Wealth Manager	19	18	17	2%	9%
Total access driven revenue	328	331	302	1%	3%
Other recurring revenue	267	261	243	4%	6%
Recurring revenue	595	592	545	2%	4%
Average revenue per access (£)					
Reuters Xtra	609	616	590	(1%)	-
Reuters Trader	247	258	258	-	(2%)
Knowledge & Wealth Manager	57	56	49	2%	12%
Total average revenue per access	315	319	298	-	4%

USE OF NON-GAAP MEASURES

To supplement IFRS measures, Reuters undertakes further analysis to break these measures out into their component parts, which results in the creation of certain measures which differ from the IFRS headline indicators ('non-GAAP measures'). The rationale for this analysis is outlined below, and reconciliations of the non-GAAP measures to IFRS measures are included within the review of results. These measures are used by management to assess the performance of the business and should be seen as complementary to, rather than replacements for, reported statutory results.

1) Underlying results

Period-on-period change in Reuters is measured in overall terms (i.e. actual reported results under IFRS) and sometimes in underlying terms as well. Underlying change is calculated by excluding the impact of currency fluctuations and the results of acquisitions and disposals, as these are factors that are not on a like-for-like basis between periods. This enables comparison of Reuters operating results on a like-for-like basis between periods.

- Variations in currency exchange rates impact the results because Reuters generates revenues and incurs costs in currencies other than its reporting currency. Year-on-year, currency exchange rate movements will influence reported numbers to a greater or lesser extent, and therefore they are discussed separately from underlying results to make clear their impact on the overall growth or decline in operations. Underlying results are calculated by restating the prior periods' results using the current period's exchange rates. This also reflects the variables over which management has control, as business units do not manage currency exposure, and business division operating performance is managed against targets set on a constant currency basis.
- Underlying results are calculated excluding the results of entities acquired or disposed of during the current or prior periods from the results of each period under review. Underlying results reflect the operating results of the ongoing elements of each business division, and measure the performance of management against variables over which they have control, without the year-on-year impact of a step change in revenue and costs that can result from acquisition or disposal activity.

2) Exclusion of restructuring charges

Reuters results are reviewed before and after the costs of Reuters business transformation plan (which includes the Fast Forward programme) and acquisition integration charges.

Under the Fast Forward programme Reuters incurred restructuring charges relating primarily to headcount reduction and rationalisation of the Group's property portfolio. Fast Forward was a three year programme implemented to accelerate and expand on Reuters five year business transformation plan which was launched in 2001; the programme completed in 2005, as originally envisaged.

The Fast Forward programme was centrally managed, and its performance against targets was evaluated separately from the ongoing Reuters business. Fast Forward restructuring charges are therefore excluded from certain profit and margin measures.

Acquisition integration costs are one-off charges associated with transaction activity that do not recur. As described above, the charges in respect of acquisition activity are excluded to enable better like-for-like comparison between periods.

Because of their time-limited and defined nature, Reuters believes that presenting these measures, both including and excluding restructuring charges, gives investors a more detailed insight into the performance of management and the business. In addition, Reuters management uses both measures to assess the performance of management and the business.

3) Exclusion of amortisation and impairment of intangibles acquired in a business combination, investment income, profit / (losses) from disposals, and fair value movements

For certain cost, profit, margin, cash flow and earnings per share measures, Reuters analyses its results both before and after the impact of restructuring charges, amortisation and impairments of intangibles acquired in a business combination, investment income, profits and losses from disposals, and fair value movements. The adjusted measures are referred to as 'Trading Profit', 'Trading Costs', 'Trading Margin' and 'Trading Cash Flow'. The rationale for isolating restructuring charges is explained above.

Amortisation and impairment of intangibles acquired in a business combination, investment income and profit / (losses) from disposals

Reuters isolates the impact of income and charges in respect of its investments. Income and charges from investments relate to impairments of goodwill, subsidiaries, associates and joint ventures; impairments and amortisation of other intangibles acquired in a business combination; income from investments; and pre-taxation profits and losses on disposal of subsidiaries, joint ventures, associates and other investments.

Such charges and income may arise from corporate acquisition and disposal activity, rather than the ongoing operations of the business divisions, with a reasonable allocation being determined for segmental reporting. These are analysed and reviewed separately from ongoing operations, as this is consistent with the manner in which Reuters sets internal targets, evaluates its business units and issues guidance to the investor community.

(Note: Amortisation and impairment charges in respect of software and development intangibles are included within operating costs)

Fair value movements

Reuters also isolates the impact of movements in the fair value of financial assets held at fair value through profit or loss, embedded derivatives, and derivatives used for hedging purposes (where those changes are reflected in the income statement).

Financial assets held at fair value through profit or loss in 2005 included Reuters investment in SAVVIS convertible shares. This investment was sold as part of the acquisition consideration for Telerate. Fair value movements for this investment were analysed separately from the ongoing operations of the business units during 2005.

Embedded derivatives are foreign exchange contracts implicitly contained in some of Reuters revenue and purchase commitments. Changes in the fair value of embedded derivatives arise as a result of movements in foreign currency forward rates. The unpredictable nature of forward rates, the uncertainty over whether the gains or losses they anticipate will actually arise, and the volatility they bring to the income statement lead Reuters to consider that it is appropriate to analyse their effects separately from the ongoing operations of the business. This enables Reuters to undertake more meaningful period-on-period comparisons of its results, as well as to isolate and understand better the effect of future currency movements on revenue and purchase commitments. This separate analysis is also consistent with the manner in which Reuters sets its internal targets, evaluates its business divisions and issues guidance to the investor community.

The impact of fair value movements on derivatives relating to treasury hedging activity is also excluded, unless there is an equivalent offset in operating results. All derivatives undertaken provide effective economic hedges, but some may not qualify for hedge accounting and in these situations the reported impact of the underlying item and the hedge may not offset. The impact of treasury derivatives is mainly due to currency or interest rate movements and, as for the other items noted above, business division operating performance is managed against targets which exclude these factors.

Taxation

To ensure consistency, the non-GAAP EPS measure also eliminates the earnings impact of taxation charges and credits related to excluded items.

Adjusted EPS is defined as basic EPS from continuing operations before impairments and amortisation of intangibles acquired via business combinations, fair value movements, investment income, disposal profits / losses and related tax effects.

Dividend policy

Presenting earnings before the impact of restructuring charges, amortisation and impairment of intangibles acquired in a business combination, investment income, disposals and fair value movements also helps investors to measure performance in relation to Reuters dividend policy. In 2001, Reuters Group defined the long-term goal of its dividend policy to be a dividend cover of at least two times, based on Reuters UK GAAP earnings before amortisation of goodwill and other intangibles, impairments and disposals. Reuters dividend policy remains unaltered. With the adoption of IFRS, the equivalent earnings measure is Reuters earnings (after interest and taxation) before amortisation and impairments of intangibles acquired in a business combination, fair value movements, investment income and profits / (losses) on disposals.

4) Free cash flow

Reuters free cash flow is used as a performance measure to assess Reuters ability to pay its dividend from cash flow. Free cash flow is intended to measure all Reuters cash movements, other than those which are both discretionary in nature and unrelated to ongoing recurring operating activities such as acquisitions and disposals and dividends paid out by Reuters. Whilst Reuters believes that free cash flow is an important performance measure in respect of its cash flows, it is not used in isolation, but rather in conjunction with other cash flow measures as presented in the financial statements.

5) Net funds / debt

Net funds / debt represents cash and cash equivalents and short-term investments, net of bank overdrafts and borrowings. This measure aggregates certain components of financial assets and liabilities and is used in conjunction with total financial assets and liabilities to manage Reuters overall financing position.

RECONCILIATION OF NON-GAAP MEASURES

1) RECONCILIATION OF OPERATING PROFIT TO TRADING PROFIT (UNAUDITED)

	Six months ended 30 June	
	2006	2005
	£m	£m
Operating profit	122	105
Exclude:		
Restructuring charges	11	41
Impairments & amortisation of business combination intangibles	11	9
Profit on disposal of subsidiaries	(2)	(4)
Fair value movements	14	5
Trading profit	156	156

2) RECONCILIATION OF OPERATING MARGIN TO TRADING MARGIN (UNAUDITED)

	Six months ended 30 June	
	2006	2005
	%	%
Operating margin	9.5%	9.2%
Exclude:		
Restructuring charges	0.8%	3.6%
Impairments & amortisation of business combination intangibles	0.9%	0.8%
Profit on disposal of subsidiaries	(0.1%)	(0.4%)
Fair value movements	1.1%	0.5%
Trading margin	12.2%	13.7%

3) RECONCILIATION OF OPERATING COSTS TO TRADING COSTS BY DIVISION (UNAUDITED)

	Six months ended 30 June	
	2006	2005
	£m	£m
Sales & Trading		
Operating costs	779	707
Restructuring charges	(11)	(24)
Impairments & amortisation of business combination intangibles	(7)	(5)
Fair value movements	(10)	(16)
Foreign currency translation	(3)	(1)
Other income	(8)	(8)
Trading costs	740	653
Research & Asset Management		
Operating costs	150	138
Restructuring charges	-	(5)
Impairments & amortisation of business combination intangibles	(2)	(1)
Fair value movements	(1)	-
Foreign currency translation	-	(1)
Other income	(2)	(2)
Trading costs	145	129
Enterprise		
Operating costs	167	147
Restructuring charges	-	(6)
Impairments & amortisation of business combination intangibles	(2)	(2)
Fair value movements	(2)	-
Foreign currency translation	(1)	-
Other income	(2)	(2)
Trading costs	160	137
Media		
Operating costs	78	71
Restructuring charges	-	(6)
Impairments & amortisation of business combination intangibles	-	(1)
Fair value movements	(1)	-
Other income	(1)	-
Trading costs	76	64

4) RECONCILIATION OF OPERATING PROFIT TO TRADING PROFIT BY DIVISION (UNAUDITED)

	Six months ended 30 June	
	2006	2005
	£m	£m
Sales & Trading		
Operating profit	85	82
Exclude:		
Restructuring charges	11	24
Impairments & amortisation of business combination intangibles	7	5
Profit on disposal of subsidiaries	(2)	(3)
Fair value movements	10	9
Trading profit	111	117
Research & Asset Management		
Operating loss	(4)	(12)
Exclude:		
Restructuring charges	-	5
Impairments & amortisation of business combination intangibles	2	1
Fair value movements	1	(1)
Trading loss	(1)	(7)
Enterprise		
Operating profit	31	30
Exclude:		
Restructuring charges	-	6
Impairments & amortisation of business combination intangibles	2	2
Fair value movements	2	(2)
Trading profit	35	36
Media		
Operating profit	10	5
Exclude:		
Restructuring charges	-	6
Impairments & amortisation of business combination intangibles	-	1
Profit on disposal of subsidiaries	-	(1)
Fair value movements	1	(1)
Trading profit	11	10

5) RECONCILIATION OF OPERATING MARGIN TO TRADING MARGIN BY DIVISION (UNAUDITED)

	Six months ended 30 June	
	2006	2005
	%	%
Sales & Trading		
Operating margin	10%	11%
Exclude:		
Restructuring charges	1%	3%
Impairments & amortisation of business combination intangibles	1%	-
Profit on disposal of subsidiaries	-	-
Fair value movements	1%	1%
Trading margin	13%	15%
Research & Asset Management		
Operating margin	(3%)	(10%)
Exclude:		
Restructuring charges	-	4%
Impairments & amortisation of business combination intangibles	2%	1%
Fair value movements	1%	(1%)
Trading margin	-	(6%)
Enterprise		
Operating margin	16%	17%
Exclude:		
Restructuring charges	-	3%
Impairments & amortisation of business combination intangibles	1%	2%
Fair value movements	1%	(1%)
Trading margin	18%	21%
Media		
Operating margin	11%	8%
Exclude:		
Restructuring charges	-	7%
Impairments & amortisation of business combination intangibles	-	1%
Profit on disposal of subsidiaries	-	(1%)
Fair value movements	1%	(1%)
Trading margin	12%	14%

6) RECONCILIATION OF NON-GAAP BASIC EPS FROM CONTINUING OPERATIONS TO BASIC EPS
(UNAUDITED)

	Six months ended 30 June	
	2006	2005
	pence	pence
Basic EPS from continuing operations	7.3	8.2
Exclude:		
Impairments & amortisation of business combination intangibles	0.8	0.7
Profit on disposals of subsidiaries, associates and joint ventures	(0.1)	(3.0)
Fair value movements	1.0	0.4
Adjustment to tax charge for tax effects of excluded items	(0.5)	0.1
Basic EPS from continuing operations before impairments & amortisation of business combination intangibles, investment income, profit on disposals, fair value movements and related taxation effects	8.5	6.4

7) RECONCILIATION OF NON-GAAP PROFIT BEFORE TAXATION TO PROFIT BEFORE TAXATION
(UNAUDITED)

	Six months ended 30 June	
	2006	2005
	£m	£m
Profit before taxation from continuing operations	123	142
Exclude:		
Impairments & amortisation of business combination intangibles	11	9
Profit on disposals of subsidiaries, associates and joint ventures	(2)	(42)
Fair value movements	14	5
Profit before taxation from continuing operations before impairments & amortisation of business combination intangibles, investment income, profit on disposals and fair value movements	146	114

8) RECONCILIATION OF ACTUAL PERCENTAGE CHANGE TO UNDERLYING CHANGE - REVENUE BY DIVISION BY TYPE – SIX MONTHS ENDED 30 JUNE 2006 (UNAUDITED)

	% change versus six months ended 30 June 2005			
	Underlying change	Impact of currency	Impact of acquisitions & disposals	Actual change
Recurring	1%	4%	5%	10%
Usage	19%	6%	-	25%
Outright	(19%)	-	-	(19%)
Sales & Trading	2%	4%	5%	11%
Recurring	9%	4%	4%	17%
Usage	31%	5%	-	36%
Outright	(43%)	-	-	(43%)
Research & Asset Management	9%	4%	4%	17%
Recurring	6%	2%	2%	10%
Outright	48%	1%	-	49%
Enterprise	10%	2%	1%	13%
Recurring	7%	2%	-	9%
Usage	48%	6%	13%	67%
Media	14%	2%	2%	18%
Recurring	3%	4%	4%	11%
Usage	26%	6%	3%	35%
Outright	38%	2%	-	40%
Total revenue	5%	3%	4%	12%

9) RECONCILIATION OF ACTUAL PERCENTAGE CHANGE TO UNDERLYING CHANGE - REVENUE BY DIVISION BY PRODUCT FAMILY – SIX MONTHS ENDED 30 JUNE 2006 (UNAUDITED)

	% change versus six months ended 30 June 2005			
	Underlying change	Impact of currency	Impact of acquisitions & disposals	Actual change
Reuters Xtra	7%	4%	1%	12%
Reuters Trader	(14%)	2%	14%	2%
Recoveries	6%	3%	6%	15%
Sales & Trading	2%	4%	5%	11%
Reuters Xtra	18%	1%	-	19%
Reuters Trader	9%	-	-	9%
Reuters Knowledge	23%	8%	17%	48%
Reuters Wealth Manager	(2%)	4%	2%	4%
Research & Asset Management	9%	4%	4%	17%
Enterprise	10%	2%	1%	13%
Media	14%	2%	2%	18%
Total revenue	5%	3%	4%	12%

10) RECONCILIATION OF ACTUAL PERCENTAGE CHANGE TO UNDERLYING CHANGE - REVENUE BY GEOGRAPHY – SIX MONTHS ENDED 30 JUNE 2006 (UNAUDITED)

	% change versus six months ended 30 June 2005			
	Underlying change	Impact of currency	Impact of acquisitions & disposals	Actual change
UK and Ireland	7%	3%	4%	14%
EMEA West	-	-	2%	2%
EMEA East	3%	1%	3%	7%
Europe, Middle East, Africa Total	3%	1%	3%	7%
Americas	6%	8%	4%	18%
Asia	7%	3%	9%	19%
Total revenue	5%	3%	4%	12%

11) RECONCILIATION OF ACTUAL PERCENTAGE CHANGE TO UNDERLYING CHANGE – TRADING COSTS BY DIVISION – SIX MONTHS ENDED 30 JUNE 2006 (UNAUDITED)

	% change versus six months ended 30 June 2005			
	Underlying change	Impact of currency	Impact of acquisitions & disposals	Actual change
Sales & Trading	5%	3%	5%	13%
Research & Asset Management	5%	3%	3%	11%
Enterprise	12%	4%	1%	17%
Media	15%	4%	2%	21%
Total	7%	3%	4%	14%

12) RECONCILIATION OF ACTUAL PERCENTAGE CHANGE TO UNDERLYING CHANGE – TRADING PROFIT BY DIVISION – SIX MONTHS ENDED 30 JUNE 2006 (UNAUDITED)

	% change versus six months ended 30 June 2005			
	Underlying change	Impact of currency	Impact of acquisitions & disposals	Actual change
Sales & Trading	(14%)	7%	2%	(5%)
Research & Asset Management	-	-	-	-
Enterprise	1%	(5%)	2%	(2%)
Media	5%	(3%)	-	2%
Total	(7%)	5%	2%	-

13) RECONCILIATION OF ACTUAL PERCENTAGE CHANGE TO UNDERLYING CHANGE - QUARTERLY NON-GAAP PRODUCT FAMILY STATISTICS (UNAUDITED)

	% change versus three months ended 31 March 2006			
	Underlying change	Impact of currency	Impact of acquisitions & disposals	Actual change
Period end accesses				
3000 Xtra	2%	-	-	2%
Dealing	1%	-	-	1%
Other Xtra	16%	-	(10%)	6%
Reuters Xtra	2%	-	-	2%
Legacy	(5%)	-	-	(5%)
Trader	3%	-	(1%)	2%
Reuters Trader	(1%)	-	(1%)	(2%)
Knowledge & Wealth Manager	1%	-	-	1%
Total period end accesses	1%	-	(1%)	-
Access driven revenue				
Reuters Xtra	1%	(1%)	1%	1%
Reuters Trader	(1%)	(1%)	(5%)	(7%)
Knowledge & Wealth Manager	2%	(1%)	-	1%
Total access driven revenue	1%	(1%)	(1%)	(1%)
Other recurring revenue	4%	(1%)	(1%)	2%
Recurring revenue	2%	-	(1%)	1%
Average revenue per access				
Reuters Xtra	(1%)	-	-	(1%)
Reuters Trader	-	(1%)	(3%)	(4%)
Knowledge & Wealth Manager	2%	(2%)	-	-
Total average revenue per access	-	(1%)	-	(1%)

14) RECONCILIATION OF ACTUAL PERCENTAGE CHANGE TO UNDERLYING CHANGE - QUARTERLY NON-GAAP PRODUCT FAMILY STATISTICS (UNAUDITED)

	% change versus three months ended 30 June 2005			
	Underlying change	Impact of currency	Impact of acquisitions & disposals	Actual change
Period end accesses				
3000 Xtra	9%	-	1%	10%
Dealing	-	-	-	-
Other Xtra	(13%)	-	-	(13%)
Reuters Xtra	7%	-	1%	8%
Legacy	(17%)	-	(2%)	(19%)
Trader	2%	-	3%	5%
Reuters Trader	(9%)	-	(3%)	(12%)
Knowledge & Wealth Manager	(1%)	-	-	(1%)
Total period end accesses	(1%)	-	(1%)	(2%)
Access driven revenue				
Reuters Xtra	7%	4%	1%	12%
Reuters Trader	(12%)	2%	9%	(1%)
Knowledge & Wealth Manager	9%	4%	1%	14%
Total access driven revenue	3%	3%	3%	9%
Other recurring revenue	6%	2%	2%	10%
Recurring revenue	4%	2%	3%	9%
Average revenue per access				
Reuters Xtra	-	3%	-	3%
Reuters Trader	(2%)	2%	(4%)	(4%)
Knowledge & Wealth Manager	12%	3%	1%	16%
Total average revenue per access	4%	3%	(1%)	6%

15) COMPONENTS OF NET (DEBT) / FUNDS AT 30 JUNE 2006 (UNAUDITED)

	As at 30 June	
	2006	2005
	£m	£m
Cash and cash equivalents (excluding bank overdrafts)	338	635
Bank overdrafts	(9)	(13)
	329	622
Short-term investments	2	260
Borrowings (excluding bank overdrafts)	(603)	(569)
Net (debt) / funds	(272)	313

16) RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET (DEBT) / FUNDS FOR THE SIX MONTHS ENDED 30 JUNE 2006 (UNAUDITED)

	Six months to 30 June	
	2006	2005
	£m	£m
(Decrease) / increase in cash and cash equivalents	(308)	61
Cash inflow / (outflow) from movement in short-term investments	1	(5)
Cash inflow from movement in borrowings	(219)	(23)
Exchange gains on short-term investments and borrowings	(3)	20
	(529)	53
IAS 39 transitional adjustments	-	(69)
Fair value movements	16	(5)
Other non cash movements	(12)	8
Movement in net (debt) / funds	(525)	(13)
Opening net funds	253	326
Closing net (debt) / funds	(272)	313

17) RECONCILIATION OF CASH GENERATED FROM OPERATIONS TO FREE CASH FLOW (UNAUDITED)

	Six months to 30 June 2006		
	Continuing operations	Discontinued operations	Reuters Group
	£m	£m	£m
Cash generated from operations	11	-	11
Interest received	18	-	18
Interest paid	(21)	-	(21)
Tax paid	(17)	-	(17)
Purchases of property, plant and equipment	(50)	-	(50)
Proceeds from sale of property, plant and equipment	1	-	1
Purchases of intangible assets	(49)	-	(49)
Dividends received	1	-	1
UK pension schemes funding	187	-	187
Free cash flow	81	-	81

	Six months to 30 June 2005		
	Continuing operations	Discontinued operations	Reuters Group
	£m	£m	£m
Cash generated from operations	69	(10)	59
Interest received	4	6	10
Interest paid	(13)	-	(13)
Tax refunded / (paid)	15	(10)	5
Purchases of property, plant and equipment	(75)	(5)	(80)
Proceeds from sale of property, plant and equipment	2	-	2
Interim funding repayment from Telerate	(18)	-	(18)
Purchases of intangible assets	(4)	-	(4)
Dividends received	2	-	2
Repayment of funds to Bridge Trading Company	26	(26)	-
Free cash flow	8	(45)	(37)

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 with respect to Reuters Group's financial condition, results of operations and business, and management's strategy, plans and objectives for the Group. In particular, all statements that express forecasts, expectations and projections with respect to certain matters, including trends in results of operations, margins, growth rates, overall financial market trends, anticipated cost savings and synergies and the successful completion of restructuring programmes, strategy plans, acquisitions and disposals, are all forward-looking statements. These statements involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to:

- Reuters ability to realise the anticipated benefits of the transformation initiatives undertaken through its Fast Forward programme and its Core Plus growth strategy;
- unfavourable conditions in financial markets;
- the impact of currency and interest rate fluctuations on Reuters Group's reported revenue and earnings;
- difficulties or delays that Reuters Group may experience in developing or responding to new customer demands or launching new products;
- the dependency of Reuters Group on third parties for the provision of certain network and other services;
- any significant failures or interruptions experienced by the networks or systems of Reuters Group and such networks' ability to accommodate increased traffic;
- the impact of a decline in the valuation of companies in which it has invested;
- the impact of significant competition or structural changes in the financial information and trading communities;
- adverse governmental action in countries where Reuters conducts activities;
- the ability of Reuters to realise the anticipated benefit of existing or future acquisitions or disposals;
- any issues identified with controls over financial reporting, including as a result of the project to achieve compliance with Sarbanes Oxley Act, section 404;
- the increasingly litigious environment in which Reuters Group operates, especially in the area of patent and other intellectual property claims.

For additional information, please see "Risk Factors" in the Reuters Group PLC Annual Report and Form 20-F for the year ended 31 December 2005. Copies of the Annual Report and Form 20-F are available on request from Reuters Group PLC, South Colonnade, Canary Wharf, London E14 5EP. Any forward-looking statements made by or on behalf of Reuters Group speak only as of the date they are made. Reuters Group does not undertake to update any forward-looking statements.

Ends