

## REUTERS INTERIM RESULTS

### Business performance\*

- H1 2007 revenue of £1,268 million, up 6.4% on an underlying basis (excluding acquisitions, disposals and currency) and down 0.7% on an actual basis due to currency effects
- Trading profit\* of £175 million, up 36% underlying, driven by operating leverage and Core Plus benefits
- Operating profit of £134 million, up 10%, after £21 million of costs associated with the Thomson-Reuters transaction
- Adjusted earnings per share\* of 10.6p, up 25%, reflecting profit growth and reduced shares in issue
- Trading cash flow\* of £65 million (H1 2006: £145 million) reflecting phasing of capital expenditure and working capital outflow
- Interim dividend of 5p (H1 2006: 4.10p)

### Operating highlights

- Strong net sales in all regions, particularly Europe, as customers continue to invest
- 2.3 percentage points of underlying revenue growth from Core Plus initiatives in electronic trading, high value content, enterprise solutions and new markets
- FXMarketSpace gaining momentum, fuelled by increased customer uptake

**Tom Glocer, Reuters Chief Executive**, said: “Against the backdrop of the pending Thomson-Reuters transaction, Reuters stayed focused on driving growth in the first half and delivered the strongest six months of sales and installations in more than five years. We are off to a very good start in planning for our integration with Thomson. The more we advance in these activities, the more excited I become about the prospect of creating a truly great information company.”

UNAUDITED	Six months to 30 June		% change
	2007	2006	
BUSINESS PERFORMANCE*	£m	£m	
Revenue	1,268	1,277	(1%)
Trading profit*	175	156	13%
Trading margin*	13.8%	12.2%	
Adjusted EPS*	10.6p	8.5p	25%
<b>STATUTORY RESULTS</b>			
Operating profit	134	122	10%
Profit before tax	136	123	11%
Profit for the period from discontinued operations	9	-	-
Profit for the period	114	96	19%
Basic earnings per share	9.2p	7.3p	26%
Dividend per ordinary share	5.0p	4.1p	22%

\*This release includes certain non-GAAP figures which are business performance measures used to manage the business. See pages 23 to 36 for explanations and reconciliations to the most directly comparable statutory figures. Business performance measures are also reconciled to the statutory results at [www.about.reuters.com](http://www.about.reuters.com) in the Investors section under Financial Data.

For certain profit, cost, margin and cash flow measures, Reuters analyses its results both before and after the impact of acquisition related restructuring charges, Thomson deal-related costs, impairments & amortisation of intangibles acquired via business combinations, investment income, profits from disposals of subsidiaries and fair value movements. The adjusted measures are referred to as Trading Profit, Trading Costs, Trading Margin and Trading Cash Flow.

Adjusted EPS is defined as basic EPS from continuing operations before impairments & amortisation of business combination intangibles, investment income, profit on disposals, fair value movements, Thomson deal-related costs and related taxation effects. The impact of recently announced reductions in the corporation tax rates in various countries has also been excluded.

## GUIDANCE

Since Reuters is in an offer period as defined by the City Code on Takeovers and Mergers, the company is not giving any specific revenue and margin guidance for 2007 in its interim results.

### Capital expenditure

Capital expenditure of £126 million in H1 2007 (H1 2006: £99 million) was driven by significant first half investments in new product development and data centre resilience. Reuters continues to expect full year 2007 capital expenditure at similar levels to 2006 (£228 million).

## CURRENCY

Currency effects reduced first half revenue by £85 million (7.1%) and first half trading profit by £25 million – a one percentage point reduction in trading margin. The main driver was the weakening against Sterling of the US Dollar, with the weakening of the Euro, Yen and other currencies also contributing.

### Average Exchange Rates

	H1 2007	H1 2006	Full year 2006
£/\$US	1.97	1.78	1.83
£/€	1.48	1.46	1.47
£/¥	234.48	206.98	212.92

At current exchange rates and currency mix, a 5 cent weakening in the average annual exchange rate of either the US Dollar or the Euro against Sterling would decrease Reuters annual trading profit by approximately £10 million, and vice versa.

## PROGRESS UPDATE ON THE THOMSON-REUTERS TRANSACTION

Since the announcement of the Thomson–Reuters transaction on 15 May, there has been progress in the following areas:

- Positive feedback from customers
- Integration planning workstreams identified: top team selected
- Pre-filing discussions with and information being provided to the European competition authorities, prior to expected formal filing in September
- No formal US anti-trust filing (Hart-Scott-Rodino: HSR) due to technical aspects of the dual-listed company transaction structure. The Department of Justice (DoJ) has commenced a review that is expected to be similar in scope and timing to that which would have taken place under HSR and the parties are working with the DoJ
- Initial discussions with the Canadian Competition Bureau with filing expected to follow soon
- Commitment to maintain a strong operating presence in both London and New York

*This announcement includes forward-looking statements. See pages 37-38 for a description of risk factors.*

**REUTERS RESULTS – SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)**

	Six months to 30 June		Full year
	2007	2006	2006
<b>STATUTORY RESULTS (UNAUDITED)</b>	£m	£m	£m
<b>Revenue</b>	<b>1,268</b>	<b>1,277</b>	<b>2,566</b>
<b>Operating profit</b>	<b>134</b>	<b>122</b>	<b>256</b>
Net finance costs	(14)	-	(15)
Profit on disposal of associates, joint ventures & available-for-sale financial assets	19	-	76
Share of post-taxation (losses) / profits from associates & joint ventures	(3)	1	(4)
<b>Profit before taxation</b>	<b>136</b>	<b>123</b>	<b>313</b>
<b>Profit for the period from continuing operations</b>	<b>105</b>	<b>96</b>	<b>293</b>
<b>Discontinued operations</b>			
<b>Profit for the period from discontinued operations</b>	<b>9</b>	<b>-</b>	<b>12</b>
<b>Profit for the period</b>	<b>114</b>	<b>96</b>	<b>305</b>
<b>Basic earnings per share</b>	<b>9.2p</b>	<b>7.3p</b>	<b>23.6p</b>
<b>Dividend per ordinary share</b>	<b>5.0p</b>	<b>4.1p</b>	<b>11.0p</b>
<b>Business Performance Measures* (unaudited)</b>			
<b>Operating profit</b>	<b>134</b>	<b>122</b>	<b>256</b>
<i>Excluding:</i>			
Acquisition-related restructuring charges	-	11	13
Thomson deal-related costs	21	-	-
Impairments & amortisation of business combination intangibles	11	11	24
Profit on disposal of subsidiaries	-	(2)	(4)
Fair value movements	9	14	19
<b>Trading profit*</b>	<b>175</b>	<b>156</b>	<b>308</b>
<b>Trading margin*</b>	<b>13.8%</b>	<b>12.2%</b>	<b>12.0%</b>
<b>Adjusted PBT**</b>	<b>158</b>	<b>146</b>	<b>276</b>
<b>Adjusted earnings**</b>	<b>131</b>	<b>113</b>	<b>222</b>
<b>Adjusted EPS*</b>	<b>10.6p</b>	<b>8.5p</b>	<b>17.1p</b>

\* Refer to definitions of Business Performance Measures on page 1.

\*\*Adjusted PBT is trading profit adjusted for restructuring costs, associates and joint ventures and interest. Adjusted earnings is adjusted PBT less the adjusted tax charge. See reconciliation 1 on page 26.

**Revenue**

Revenue in H1 2007 was £1,268 million, up 6.4% on an underlying basis but down 0.7% on an actual basis due to currency effects.

Core Plus initiatives contributed an additional £27 million of revenue in H1 2007, equivalent to 2.3 percentage points of underlying growth. Total Core Plus revenue was £35 million, with the most significant sources being next generation electronic trading initiatives such as *Prime Brokerage*; the addition of high value content to *Reuters Knowledge*; new market initiatives in Consumer Media, China and India; and new enterprise solutions such as *Reuters Datascope Tick History* and *Reuters Datafeed Direct*.

Excluding the effects of Core Plus, the core business saw underlying revenue growth of 4.1%, driven by the 2007 price increase and volume growth. The key drivers of volume growth were migrations to and new sales of *Reuters 3000 Xtra*; *Reuters Knowledge* – principally on the buy side; and Enterprise Information products.

Revenue grew strongly in all geographic regions in the first half. Europe, Middle East & Africa continued to grow steadily at 5% underlying, helped by growing momentum in France and Germany and strong trading in the Gulf, Russia and the Nordic region, partly offset by the continuing impact of consolidation in Italian markets. Asia's growth rate improved to 7% on an underlying basis, benefiting from strong revenue growth in China and India and good sales of *Reuters 3000 Xtra* and Enterprise products to Reuters largest clients in Japan. The Americas saw underlying growth of 8%, driven by demand for enterprise products and *Reuters Knowledge*.

## **Trading Costs**

Trading costs (including Core Plus investments for growth and transformation) totalled £1,093 million in the first half (H1 2006: £1,121 million). The decrease in trading costs, in absolute terms, reflected Core Plus savings and a £60 million reduction due to currency. Careful cost control kept core cost inflation to just 3%, below the rate of core revenue growth.

## **Trading Profit**

Reuters delivered trading profit of £175 million (H1 2006: £156 million). Trading profit was driven by revenue growth, continued tight cost control and £26 million net benefit from Core Plus initiatives. The business delivered trading margins of 13.8% after Core Plus investment.

## **Operating Profit**

Operating profit rose by 10% to £134 million (H1 2006: £122 million). This growth reflects the improvements in trading profit, partly offset by £21 million of costs associated with the Thomson-Reuters transaction.

## **Profit before taxation**

Profit before taxation of £136 million (H1 2006: £123 million) was boosted by £18 million profit on the sale of Reuters stake in Intralinks Inc. a software vendor, partially offset by £3 million share of losses from associates and joint ventures. The majority of these losses stemmed from FXMarketSpace, Reuters joint venture with the CME. Trading on FXMS is gaining momentum, as new customers are added to the platform.

## **Profit for the period**

Statutory profit of £114 million (H1 2006: £96 million) included £9 million from discontinued operations (H1 2006: nil) representing amounts received from Instinet on settlement of historic tax liabilities.

## **Adjusted earnings per share**

Adjusted earnings per share rose by 25% to 10.6p (H1 2006: 8.5p) boosted by growth in trading profit and an effective tax rate of 17% (H1 2006: 23%). The average number of shares in issue fell to 1,239 million as a result of the share buyback (H1 2006: 1,321 million).

## **Basic earnings per share**

Basic EPS increased by 26% to 9.2p (H1 2006: 7.3p), driven by increased profitability, a lower tax rate and helped by the reduced number of shares in issue following the buy-back.

## **Cash Flow**

Reuters had net debt of £499 million at 30 June 2007 (30 June 2006: £272 million), reflecting returns to shareholders of £229 million and a net £20 million inflow from acquisitions and disposals. In H1 2007 Reuters spent £143 million on its share buy-back programme and paid a dividend of £86 million. Since Reuters is in an offer period the buy-back programme has been suspended.

Trading cash flow totalled £65 million in H1 2007 (H1 2006: £145 million) impacted by capital investment and working capital. Working capital outflow was £72 million, affected by timing issues. Cash conversion (i.e. trading cash flow divided by trading profit) was 37%, but 80% on a rolling 12 month basis.

H1 2007 saw £126 million of capital expenditure (H1 2006: £99 million) reflecting investment in resilience, transformation projects and new product development. In 2007 capital expenditure is considerably weighted to the first half of the year, due to a number of one-off investments in service resilience in Reuters data centres.

## **Dividend**

As previously stated at the time the proposed Thomson-Reuters transaction was announced, the Reuters Board has declared a dividend of 12p for 2007, with 5p payable as an interim dividend and 7p payable as a final dividend subject to proportionate adjustment if closing occurs before year end.

**SALES & TRADING DIVISION RESULTS – SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)**

	Six months to 30 June		% Change Actual	% Change Underlying
	2007 £m	2006* £m		
<b>Revenue</b>	<b>802</b>	<b>835</b>	<b>(4%)</b>	<b>3%</b>
<b>Trading costs</b>	<b>(684)</b>	<b>(717)</b>	<b>(5%)</b>	<b>-</b>
<b>Trading profit</b>	<b>118</b>	<b>118</b>	<b>-</b>	<b>22%</b>
<b>Trading margin</b>	<b>14.7%</b>	<b>14.1%</b>		
<b>Operating profit**</b>	<b>104</b>	<b>92</b>		

\*As discussed in note 11 on page 19, 2006 comparatives have been restated to decrease recoveries revenues in Sales & Trading by £42 million, increase other product revenues by £26 million and decrease operating costs by £23 million.

\*\*Sales & Trading operating profit is stated prior to any impact in respect of £21 million of Thomson deal-related costs, which relate to Reuters as a whole and cannot be directly attributed or allocated to divisions on a reasonable basis.

Sales & Trading revenue was £802 million in H1, an underlying increase of 3%. On an actual basis, currency effects resulted in a 4% decrease in revenue. Trading profit increased by an underlying 22% (flat on an actual basis). The division's trading margin was 14.7%, reflecting good cost control.

The Sales & Trading division's strategic focus is to become the leading provider of content and transactions services for traders and salespeople, across the financial markets globally. The key to delivering profitable growth is to focus on scaling the transactions businesses, exploiting opportunities in new and emerging markets and reducing the cost and complexity of technology platforms.

The key drivers of the Sales & Trading division in H1 2007 were:

- Reuters Xtra family revenues which grew an underlying 10% to £511 million. This was driven by customer migration from legacy products, sales of new desktop accesses and the benefit of the price increase applicable to *Reuters 3000 Xtra* which was implemented at the start of the year. In addition, Sales & Trading usage revenue grew 18% underlying as *Reuters Prime Brokerage*, *Reuters Dealing Matching* and *Reuters Electronic Trading* benefited from increased trading volumes, driven by buoyant foreign exchange markets.
- Revenue from Trader family products, which declined 20% on an underlying basis to £144 million. This reflects customer migrations from legacy products, principally Telerate and 2000/3000 series products. Revenue attrition from Telerate has remained at around two percentage points of Sales & Trading revenue (one percentage point of Group revenue) as expected.
- Revenue from recoveries (exchange fees and specialist data) grew by 9% underlying in the first half of the year to £147 million.

The key contributors to Core Plus revenue within Sales & Trading were *Prime Brokerage*, which gives hedge funds electronic access to the interbank foreign exchange market; Reuters suite of electronic trading products, such as *Reuters Trading for FX*; and a strong performance in rapidly developing markets such as China and India.

Major areas of investment in Sales & Trading during H1 2007 include the addition of multi asset class trading capabilities, expansion into new markets and *Reuters Trade Notification Service*.

RESEARCH & ASSET MANAGEMENT DIVISION RESULTS – SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)

	Six months to 30 June		% Change Actual	% Change Underlying
	2007 £m	2006* £m		
Revenue	173	147	18%	25%
Trading costs	(158)	(151)	5%	12%
Trading profit / (loss)	15	(4)	-	-
Trading margin	8.9%	(2.8%)		
Operating profit / (loss)**	13	(7)		

\* As discussed in note 11 on page 19, 2006 comparatives have been restated to increase other product revenues in Research & Asset Management by £3 million and increase operating costs by £6 million.

\*\*Research & Asset Management operating profit / (loss) is stated prior to any impact in respect of £21 million of Thomson deal-related costs, which relate to Reuters as a whole and cannot be directly attributed or allocated to divisions on a reasonable basis.

Research & Asset Management revenue grew 25% on an underlying basis (18% on an actual basis) to £173 million. Growth excluding the impact of migrations from Sales & Trading was 16% (underlying). The division reached profitability in H1 2007, delivering a trading profit of £15 million with a trading margin of 8.9%. This reflected strong revenue growth and operational leverage in the division.

Research & Asset Management aims to provide independent content and insight to two user communities: **Investment Banking, Investment Management & Corporates (IB&IM)** and **Wealth Management**.

**Investment Banking, Investment Management & Corporates** revenues grew 36% on an underlying basis to £107 million. Revenues were driven by feeds of fundamentals and estimates content for integration into customer systems; the addition of new *Reuters Knowledge* positions (now totalling 15,000); and the incremental revenue achieved by upgrading existing users from standalone accesses to *Reuters Knowledge* embedded within *Reuters 3000 Xtra*.

Revenue from the **Wealth Management** customer base grew 11% on an underlying basis to £66 million, driven by strong customer demand in the US and Asia for feed and web based solutions, as well as 8% growth in Lipper funds information revenues.

The key contribution to Core Plus revenue in Research & Asset Management came from high value content and functionality enhancements in the *Reuters Knowledge* product family. New additions in the quarter included additional economic indicator data such as University of Michigan consumer surveys and consensus estimate footnotes.

Reuters primary research service was launched in Q2 to offer expertise and customised analysis to investment managers seeking investment research on topics not typically covered under the traditional research model. The initial areas of focus are healthcare, technology and alternative energy. Primary research accounted for the major area of new investment in Research & Asset Management during the first half.

**ENTERPRISE DIVISION RESULTS – SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)**

	Six months to 30 June		% Change Actual	% Change Underlying
	2007 £m	2006* £m		
<b>Revenue</b>	<b>210</b>	<b>208</b>	<b>1%</b>	<b>8%</b>
<b>Trading costs</b>	<b>(173)</b>	<b>(176)</b>	<b>(1%)</b>	<b>3%</b>
<b>Trading profit</b>	<b>37</b>	<b>32</b>	<b>16%</b>	<b>38%</b>
<b>Trading margin</b>	<b>17.8%</b>	<b>15.5%</b>		
<b>Operating profit**</b>	<b>34</b>	<b>28</b>		

\* As discussed in note 11 on page 19, 2006 comparatives have been restated to increase other product revenues in Enterprise by £13 million and increase operating costs by £16 million.

\*\*Enterprise operating profit is stated prior to any impact in respect of £21 million of Thomson deal-related costs, which relate to Reuters as a whole and cannot be directly attributed or allocated to divisions on a reasonable basis.

Enterprise revenue increased by an underlying 8% in H1 to £210 million. On an actual basis, revenue increased by 1%. Trading profit increased by 38% on an underlying basis (16% on an actual basis) and the division's trading margin was 17.8%, up from 15.5% in the prior year period, reflecting careful cost control and the benefits of operational leverage in the business.

Reuters financial services customers are looking to grow revenues and cut costs through increased levels of business automation. As they prepare to address the requirements of the Markets in Financial Instruments Directive (MiFID), they are consuming greater quantities of data and focusing increasingly on regulatory compliance and risk. The breadth, depth and reliability of Reuters Enterprise Information make it a leader in these fields.

**Enterprise Information** continued to perform strongly. On an underlying basis, revenue grew 17% to £132 million, supported by the rollout of a new commercial model for licensing machine-readable data which links revenue more directly to the volume of data being used by customers.

**Trade and Risk Management** saw revenues grow 9% on an underlying basis to £42 million, mainly driven by growth in Europe, Middle East & Africa.

**Information Management Systems (IMS)** revenue continued to decline, showing a 16% underlying decrease to £36 million, driven by the continuing impact of withdrawal from the hardware business and migration of clients at smaller sites to desktop based products. However, this was partly offset by new revenue from the *Reuters Wireless Delivery System* and *Reuters Tick Capture Engine*.

Core Plus revenues from Enterprise came from *Reuters Datascope Real Time*, *Reuters Datafeed Direct* and *Reuters Datascope Tick History*, driven mainly by demand for automated trading solutions from large sell-side firms and from hedge funds.

During H1 2007, the Enterprise division invested to support growth in Trade and Risk Management and in a range of Core Plus products to broaden its business automation offering.

**MEDIA DIVISION RESULTS – SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)**

	Six months to 30 June		% Change Actual	% Change Underlying
	2007 £m	2006* £m		
<b>Revenue</b>	<b>83</b>	<b>87</b>	<b>(5%)</b>	<b>2%</b>
<b>Trading costs</b>	<b>(78)</b>	<b>(77)</b>	<b>1%</b>	<b>6%</b>
<b>Trading profit</b>	<b>5</b>	<b>10</b>	<b>(50%)</b>	<b>(39%)</b>
<b>Trading margin</b>	<b>5.9%</b>	<b>11.3%</b>		
<b>Operating profit**</b>	<b>4</b>	<b>9</b>		

\* As discussed in note 11 on page 19, 2006 comparatives have been restated to increase operating costs in Media by £1 million.

\*\*Media operating profit is stated prior to any impact in respect of £21 million of Thomson deal-related costs, which relate to Reuters as a whole and cannot be directly attributed or allocated to divisions on a reasonable basis.

Media revenue was £83 million in H1, an increase of 2% on an underlying basis (a decrease of 5% on an actual basis). This reflected a demanding year-on-year comparative period that benefited from exceptionally high levels of TV usage revenue in H1 2006. Trading profit declined by 39% on an underlying basis (50% on an actual basis) and the division's trading margin was 5.9%, down from 11.3% in the prior year period, reflecting uneven revenue phasing and added investment, particularly in Editorial and a new online technology platform.

Revenue from **Agency Services** was £70 million, an increase of 1% on an underlying basis (5% decrease at actual rates). New clients and the recently launched Africa service contributed to steady growth in text and TV subscription revenues. Reuters pictures grew 9% (underlying) following last year's investment in coverage and the new Reuters Pictures Archive. However, this was offset by lower TV usage revenue against a tough year-on-year comparison.

Revenue from **Consumer Services**, which accounted for the Media division's Core Plus revenue, rose by 10% on an underlying basis (1% decline at actual rates) as syndication revenue continued to grow. Direct-to-consumer revenue grew 5% at underlying rates, with good growth in UK and Asian online advertising offset by a weaker performance in the US, where there was significant changeover in sales staff. A new team has been recruited and current momentum is strong.

## Notes

Reuters ([www.reuters.com](http://www.reuters.com)), the global information company, provides indispensable information tailored for professionals in the financial services, media and corporate markets. Through [reuters.com](http://www.reuters.com) and other digital properties, Reuters now also supplies its trusted content direct to individuals. Reuters drives decision making across the globe based on a reputation for speed, accuracy and independence. Reuters has 17,500 staff in 94 countries, including 2,400 editorial staff in 196 bureaux serving 131 countries. In 2006, Reuters revenues were £2.6 billion.

Reuters and the sphere logo are the trade-marks of the Reuters group of companies.

Reuters interim results presentation for investors and analysts will be webcast live today from 11:30 GMT and available for replay from 15:00 GMT at <http://about.reuters.com/webcast/resultsq207>

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/2007.asp> on 30 July 2007. 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.

Photographs are available at [www.about.reuters.com/pressoffice/library/photos/senior.asp](http://www.about.reuters.com/pressoffice/library/photos/senior.asp)

This announcement includes forward-looking statements. See pages 37-38 for a description of risk factors.

## Contacts

### Investors

Miriam McKay                      **Tel: +44 (0) 20 7542 7057**  
[miriam.mckay@reuters.com](mailto:miriam.mckay@reuters.com)

Karen Almeida                      **Tel: +44 (0) 20 7542 8617**  
[karen.almeida@reuters.com](mailto:karen.almeida@reuters.com)

Chris Collett                      **Tel: +44 (0) 20 7542 2867**  
[chris.collett@reuters.com](mailto:chris.collett@reuters.com)

### Press

Ed Williams                      **Tel: +44 (0) 20 7542 6005**  
[ed.williams@reuters.com](mailto:ed.williams@reuters.com)

Steve Clarke                      **Tel: + 44 (0) 20 7542 6865**  
[steve.clarke@reuters.com](mailto:steve.clarke@reuters.com)

Victoria Brough                      **Tel: + 44 (0) 20 7542 8763**  
[victoria.brough@reuters.com](mailto:victoria.brough@reuters.com)

## **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 2007 on pages 12 to 19 which comprises the condensed consolidated balance sheet as at 30 June 2007 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 16.

### **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 2007.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
London  
27 July 2007

## SUMMARISED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)

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#### FORWARD-LOOKING STATEMENTS

## FINANCIAL STATEMENTS

### 1) CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)

	Six months to 30		Year to
	2007	June 2006	31 December 2006
	£m	£m	£m
<b>Revenue</b>	<b>1,268</b>	<b>1,277</b>	<b>2,566</b>
Operating costs	(1,151)	(1,174)	(2,351)
Other operating income	17	19	41
<b>Operating profit</b>	<b>134</b>	<b>122</b>	<b>256</b>
Finance income	42	25	72
Finance costs	(56)	(25)	(87)
Profit on disposal of associates, joint ventures & available-for-sale financial assets	19	-	76
Share of post-taxation (losses) / profits from associates & joint ventures*	(3)	1	(4)
<b>Profit before taxation</b>	<b>136</b>	<b>123</b>	<b>313</b>
Taxation	(31)	(27)	(20)
<b>Profit for the period from continuing operations</b>	<b>105</b>	<b>96</b>	<b>293</b>
<b>DISCONTINUED OPERATIONS</b>			
<b>Profit for the period from discontinued operations</b>	<b>9</b>	<b>-</b>	<b>12</b>
<b>Profit for the period</b>	<b>114</b>	<b>96</b>	<b>305</b>
<b>EARNINGS PER SHARE</b>			
Basic	9.2p	7.3p	23.6p
Diluted	9.1p	7.1p	23.1p
<b>EARNINGS PER SHARE FROM CONTINUING OPERATIONS</b>			
Basic	8.4p	7.3p	22.6p
Diluted	8.3p	7.1p	22.2p

\*Share of post-taxation (losses) / profits from associates and joint ventures includes a taxation charge of £nil million at June 2007 (June 2006: £1 million).

Dividends paid and proposed in the period were £86 million and £62 million respectively (June 2006: £81 million and £53 million respectively; December 2006: £134 million paid and proposed).

**2) CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)**

	Six months to 30 June		Year to
	2007	2006	31 December
	£m	£m	2006 £m
<b>Profit for the period</b>	<b>114</b>	<b>96</b>	<b>305</b>
Actuarial gains on defined benefit plans	108	96	6
Translation differences taken directly to reserves	(19)	(54)	(95)
Fair value gains on available-for-sale financial assets	12	-	6
Fair value gains on available-for-sale financial assets taken to the income statement on disposal of assets	(18)	-	-
Fair value gains on net investment hedges	9	17	34
Taxation on the items taken directly to or transferred from equity	(25)	(22)	(4)
<b>Net gains / (losses) not recognised in income statement</b>	<b>67</b>	<b>37</b>	<b>(53)</b>
<b>Total recognised income for the period</b>	<b>181</b>	<b>133</b>	<b>252</b>

3) CONDENSED CONSOLIDATED BALANCE SHEET AT 30 JUNE 2007 (UNAUDITED)

	As at 30 June		As at 31 December
	2007	2006	2006
	Restated*		
	£m	£m	£m
<b>ASSETS</b>			
Non-current assets	1,376	1,184	1,314
Current assets	668	684	606
Non-current assets classified as held for sale	-	1	-
<b>Total assets</b>	<b>2,044</b>	<b>1,869</b>	<b>1,920</b>
<b>LIABILITIES</b>			
Current liabilities	(1,073)	(999)	(913)
Non-current liabilities	(752)	(537)	(835)
<b>Total liabilities</b>	<b>(1,825)</b>	<b>(1,536)</b>	<b>(1,748)</b>
<b>Net assets</b>	<b>219</b>	<b>333</b>	<b>172</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	349	364	355
Share premium	167	127	141
Other reserves	(1,747)	(1,729)	(1,738)
Retained earnings	1,450	1,571	1,414
<b>Total equity</b>	<b>219</b>	<b>333</b>	<b>172</b>

\*The 30 June 2006 comparatives have been restated for the treatment adopted as at 31 December 2006 to recognise irrevocable commitments put in place prior to a close period. The impact at 30 June 2006 is to increase current liabilities and decrease net assets by £19 million. Refer to note 5 on page 16 for a full explanation.

#### 4) CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)

	Six months to 30 2007	June 2006	Year to 31 December 2006
	£m	£m	£m
<b>Cash flows from operating activities</b>			
Cash generated from operations (page 18)	174	11	311
Interest received	20	18	42
Interest paid	(36)	(21)	(61)
Tax paid	(18)	(17)	(34)
<b>Net cash flow from operating activities</b>	<b>140</b>	<b>(9)</b>	<b>258</b>
<b>Cash flows from investing activities</b>			
Acquisitions, net of cash acquired	(22)	(36)	(67)
Disposals, net of cash disposed	20	(16)	65
Purchases of property, plant and equipment	(76)	(50)	(122)
Proceeds from sale of property, plant and equipment	2	1	5
Purchases of intangible assets	(50)	(49)	(106)
Purchases of available-for-sale financial assets	(1)	-	-
Proceeds from sale of available-for-sale financial assets	23	-	-
Proceeds from closing of derivative contract	2	-	-
Dividends received	1	1	3
<b>Net cash used by investing activities</b>	<b>(101)</b>	<b>(149)</b>	<b>(222)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	24	17	32
Share buyback	(143)	(294)	(527)
Increase in short-term deposits	(2)	(1)	(196)
Increase in borrowings	223	219	270
Equity dividends paid to shareholders	(86)	(81)	(134)
<b>Net cash flow generated from / (used in) financing activities</b>	<b>16</b>	<b>(140)</b>	<b>(555)</b>
Exchange losses on cash and cash equivalents	(2)	(10)	(13)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>53</b>	<b>(308)</b>	<b>(532)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>105</b>	<b>637</b>	<b>637</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>158</b>	<b>329</b>	<b>105</b>

## 5) BASIS OF PREPARATION (UNAUDITED)

The financial information for the six months ended 30 June 2007 included in this interim report (hereinafter referred to as the 'interim financial information') comprises the consolidated income statement, the condensed consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of recognised income and expense and the related notes on pages 16-19.

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 78 to 82 of Reuters Group PLC 2006 Annual Report and Form 20-F.

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 2006 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 2006 results

As outlined in the 2006 Financial Statements, Reuters reviewed its accounting policies in the context of emerging best practice and revised its accounting policy for the share buy-back programme to recognise irrevocable commitments put in place prior to the year end close period and recorded the commitments as a current liability. During the close period following the 2006 year end, Reuters purchased 11.7 million shares under these commitments at a total cost of £53 million. The impact of the change in policy was to increase current liabilities and decrease net assets by £53 million.

The 30 June 2006 comparatives in this interim financial information have now been restated to reflect the change in treatment. During the close period following 30 June 2006, Reuters purchased 5.1 million shares under these commitments at a total cost of £19 million. The impact of the change in policy is to increase current liabilities and decrease net assets by £19 million.

## 6) CONSOLIDATED RECONCILIATION OF CHANGES IN EQUITY (UNAUDITED)

	Six months to 30 June		Year to 31 December
	2007	2006	2006
	Restated*		
	£m	£m	£m
<b>Balance at beginning of the period as previously reported</b>	<b>172</b>	<b>570</b>	<b>570</b>
Prior year adjustment – share buyback programme	-	(59)	(59)
<b>As restated</b>	<b>172</b>	<b>511</b>	<b>511</b>
Actuarial gains on defined benefit plans	108	96	6
Translation differences taken directly to reserves	(19)	(54)	(95)
Fair value gains on available-for-sale financial assets	12	-	6
Fair value gains on available-for-sale financial assets taken to the income statement on disposal of assets	(18)	-	-
Fair value gains on net investment hedges	9	17	34
Taxation on the items taken directly to or transferred from equity	(25)	(22)	(4)
<b>Net income / (expense) recognised directly in equity</b>	<b>67</b>	<b>37</b>	<b>(53)</b>
Profit for the period	114	96	305
<b>Total recognised income for the period</b>	<b>181</b>	<b>133</b>	<b>252</b>
Employee share scheme credits	16	17	30
Taxation on employee share schemes	2	(3)	1
Proceeds from shares issued to ordinary shareholders	24	17	32
Repurchase of own shares	(90)	(242)	(467)
Shares to be repurchased	-	(19)	(53)
Dividends:			
- Prior year final paid to ordinary shareholders	(86)	(81)	(81)
- Current year interim paid to ordinary shareholders	-	-	(53)
<b>Balance at the end of the period</b>	<b>219</b>	<b>333</b>	<b>172</b>

\* The prior year adjustment in respect of the share buy-back programme is described on page 16.

7) NET CASH FLOWS FROM OPERATING ACTIVITIES FOR THE SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)

	Six months to 30 2007 £m	June 2006 £m	Year to 31 December 2006 £m
<b>Net profit from continuing activities</b>	<b>105</b>	<b>96</b>	<b>293</b>
<b>Adjustments for:</b>			
Depreciation	48	49	95
Amortisation of intangibles	29	21	46
Impairment of intangibles	1	-	-
Profit on disposal of property, plant and equipment	(1)	-	(2)
Employee share scheme charges	21	18	30
Foreign exchange gains	(1)	(9)	(14)
Fair value movements in derivatives	8	14	19
Profits on disposals	(19)	(2)	(80)
Share of post-taxation losses / (profits) of associates & joint ventures	3	(1)	4
Finance income	(42)	(25)	(72)
Finance expense	56	25	87
Taxation	31	27	20
<b>Movements in working capital:</b>			
Increase in inventories	(1)	-	-
(Increase) / decrease in trade and other receivables	(29)	(62)	23
(Decrease) / increase in trade and other payables	(2)	58	51
Decrease in pensions deficit	(12)	(178)	(176)
Decrease in provisions	(21)	(20)	(13)
<b>Cash generated from operations</b>	<b>174</b>	<b>11</b>	<b>311</b>

## 8) TAXATION (UNAUDITED)

The tax expense for the period of £31 million (six months to 30 June 2006: £27 million) has been calculated based on our estimate of the expected effective tax rate for the year to 31 December 2007. The effective tax rate is calculated by applying estimated tax rates to the estimated annual taxable results of each entity in the Group. Included in tax expense is a reduction in deferred tax assets reflecting tax rate changes in the UK and other jurisdictions. 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, Thomson deal-related costs and fair value movements is 17% (six months to 30 June 2006: 23%).

The tax expense includes a charge of £11 million in respect of UK taxation (six months to 30 June 2006: £10 million).

## 9) DIVIDENDS PER SHARE FOR THE SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)

	Six months to 30 June		Year to 31 December
	2007	2006	2006
	pence	pence	pence
<b>Dividend per share</b>			
Prior year final paid	6.90	6.15	6.15
Current year interim paid	-	-	4.10

The weighted average number of ordinary shares used for the calculation of earnings per share was 1,239 million for the six months to 30 June 2007 (June 2006: 1,321 million).

The interim dividend of 5.0 pence per share is payable on 5 September 2007 to ordinary shareholders on the register as at 10 August 2007. The interim dividend is payable on 12 September 2007 to American Depository Shareholders on the register at 10 August 2007. The ex-dividend date for ordinary shareholders and American Depository Shareholders is 8 August 2007.

## 10) DISCONTINUED OPERATIONS (UNAUDITED)

The 'Profit for the period from discontinued operations' line within the income statement comprises an additional gain of £9 million recognised on the disposal of Instinet Group in 2005.

	Six months ended 30 June	
	2007	2006
	£m	£m
<b>Discontinued operations</b>		
Profit on disposal of subsidiaries (net of taxation of £nil)	9	-
<b>Profit for the period from discontinued operations</b>	<b>9</b>	<b>-</b>

## 11) CHANGES TO ALLOCATION METHODOLOGY FOR SEGMENTAL REPORTING (UNAUDITED)

From 1 January 2007, Reuters made changes to the allocation of revenue and operating costs among business divisions to reflect changes in the management of Communications revenues and Reuters Messaging products, and to reflect improvements to the allocation methodology.

Communications revenues are no longer allocated as Recoveries to Sales & Trading, but are allocated among business Divisions in line with the products with which they are associated. Reuters Messaging costs are no longer allocated to Sales & Trading, but are allocated to Enterprise to reflect the management of the Messaging product within the Enterprise Division. A proportion of Messaging costs are then charged to the other Divisions based on desktop accesses, to reflect the value of the embedded Messaging capability in desktop products.

2006 comparatives have therefore been restated to decrease recoveries revenues by £42 million, increase other product revenues by £26 million and decrease operating costs by £23 million in Sales & Trading, to increase other product revenue by £3 million and increase operating costs by £6 million in Research & Asset Management, to increase other product revenue by £13 million and increase operating costs by £16 million in Enterprise and to increase operating costs by £1 million in Media.

## REVENUE & ACCESSES

### 1) REVENUE BY DIVISION BY TYPE – SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)

	Six months to 30 June		% Change	
	2007	2006*	Actual	Underlying
	£m	£m		
Recurring	753	789	(5%)	2%
Usage	47	44	7%	18%
Outright	2	2	16%	26%
<b>Sales &amp; Trading</b>	<b>802</b>	<b>835</b>	<b>(4%)</b>	<b>3%</b>
Recurring	172	145	18%	26%
Usage	1	2	(11%)	(3%)
<b>Research &amp; Asset Management</b>	<b>173</b>	<b>147</b>	<b>18%</b>	<b>25%</b>
Recurring	188	185	2%	9%
Outright	22	23	(2%)	(2%)
<b>Enterprise</b>	<b>210</b>	<b>208</b>	<b>1%</b>	<b>8%</b>
Recurring	67	68	(1%)	5%
Usage	16	19	(17%)	(11%)
<b>Media</b>	<b>83</b>	<b>87</b>	<b>(5%)</b>	<b>2%</b>
<b>Recurring</b>	<b>1,180</b>	<b>1,187</b>	<b>(1%)</b>	<b>6%</b>
<b>Usage</b>	<b>64</b>	<b>65</b>	<b>-</b>	<b>9%</b>
<b>Outright</b>	<b>24</b>	<b>25</b>	<b>(3%)</b>	<b>(1%)</b>
<b>Total revenue</b>	<b>1,268</b>	<b>1,277</b>	<b>(1%)</b>	<b>6%</b>

\*As discussed in note 11 on page 19, 2006 comparatives have been restated to decrease recoveries revenues by £42 million and increase other product revenues by £26 million in Sales & Trading, to increase other product revenue by £3 million in Research & Asset Management and to increase other product revenue by £13 million in Enterprise.

## 2) REVENUE BY DIVISION BY PRODUCT FAMILY – SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)

	Six months to 30 June		% Change	
	2007 £m	2006* £m	Actual	Underlying
Reuters Xtra	511	499	2%	10%
Reuters Trader	144	193	(25%)	(20%)
Recoveries	147	143	2%	9%
<b>Sales &amp; Trading</b>	<b>802</b>	<b>835</b>	<b>(4%)</b>	<b>3%</b>
IB & IM	107	82	31%	36%
Reuters Wealth Management	66	65	2%	11%
<b>Research &amp; Asset Management</b>	<b>173</b>	<b>147</b>	<b>18%</b>	<b>25%</b>
Reuters Enterprise Information	132	121	9%	17%
Reuters Information Management	36	46	(22%)	(16%)
Reuters Trade and Risk Management	42	41	4%	9%
<b>Enterprise</b>	<b>210</b>	<b>208</b>	<b>1%</b>	<b>8%</b>
Agency Services	70	74	(5%)	1%
Consumer Media	13	13	(1%)	10%
<b>Media</b>	<b>83</b>	<b>87</b>	<b>(5%)</b>	<b>2%</b>
<b>Total revenue</b>	<b>1,268</b>	<b>1,277</b>	<b>(1%)</b>	<b>6%</b>

\*As discussed in note 11 on page 19, 2006 comparatives have been restated to decrease recoveries revenues by £42 million and increase other product revenues by £26 million in Sales & Trading, to increase other product revenue by £3 million in Research & Asset Management and to increase other product revenue by £13 million in Enterprise.

## 3) REVENUE BY GEOGRAPHY – SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)

	Six months to 30 June		% Change	
	2007 £m	2006* £m	Actual	Underlying
Europe, Middle East & Africa	698	691	1%	5%
Americas	347	356	(2%)	8%
Asia	223	230	(3%)	7%
<b>Total revenue</b>	<b>1,268</b>	<b>1,277</b>	<b>(1%)</b>	<b>6%</b>

\* 2006 comparatives have been restated to combine UK and Ireland, EMEA West and EMEA East as one region to reflect the way Reuters was managed in 2006.

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

	Three months ended			Underlying percentage change	
	June	March	June	Versus	Versus
	2007	2007	2006*	March 2007	June 2006
<b>Period end accesses (000s)</b>					
3000 Xtra	119	117	105	3%	13%
Dealing	18	18	18	-	1%
Other Xtra	3	2	2	24%	53%
<b>Reuters Xtra</b>	<b>140</b>	<b>137</b>	<b>125</b>	<b>3%</b>	<b>12%</b>
<b>Reuters Trader</b>	<b>84</b>	<b>90</b>	<b>109</b>	<b>(7%)</b>	<b>(24%)</b>
<b>Reuters Knowledge</b>	<b>15</b>	<b>14</b>	<b>12</b>	<b>5%</b>	<b>23%</b>
<b>Reuters Wealth Manager</b>	<b>94</b>	<b>94</b>	<b>102</b>	<b>-</b>	<b>(7%)</b>
<b>Total period end accesses</b>	<b>333</b>	<b>335</b>	<b>348</b>	<b>(1%)</b>	<b>(4%)</b>
<b>Access driven revenue (£m)</b>					
Total access driven revenue	321	320	326	-	5%
Other recurring revenue	275	264	269	4%	9%
<b>Recurring revenue</b>	<b>596</b>	<b>584</b>	<b>595</b>	<b>2%</b>	<b>7%</b>
<b>Average revenue per access (£)</b>					
<b>Total average revenue per access</b>	<b>320</b>	<b>315</b>	<b>313</b>	<b>1%</b>	<b>9%</b>

\* A minor reclassification of prior year access numbers between product families has been made to reflect changes in the management of certain products in 2007.

## 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 measures ('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 IFRS results.

### 1) Underlying and constant currency results

Period-on-period change in Reuters is measured in overall terms (i.e. actual reported results) and sometimes in underlying or constant currency terms as well. Constant currency change is calculated by excluding the impact of currency fluctuations. Underlying change is calculated by excluding the impact of currency fluctuations as well as the results of acquisitions and disposals. This enables comparison of Reuters operating results on a like-for-like basis between periods.

- Constant currency results are calculated excluding the impact of currency fluctuations. 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. Constant currency 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 actively manage currency exposure, and business division operating performance is managed against targets set on a constant currency basis.
- Underlying results are calculated excluding the impact of currency fluctuations as well as 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 currency movements and acquisition or disposal activity.

### 2) Exclusion of restructuring charges

Reuters results are reviewed before and after the costs of Reuters business transformation plans (which included the former 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 company'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 impact of Fast Forward restructuring is now only seen in the non-GAAP cash flow measures.

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, cash flow 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 and acquisition integration costs, 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) Thomson deal-related costs

During 2007, Reuters has incurred certain charges in relation to the Thomson deal announced on 15 May. These include third party advisor and legal fees.

As the Thomson-Reuters combination will not be accounted for as an acquisition in Reuters financial statements, deal-related costs incurred by Reuters are required to be expensed. This treatment is dissimilar to transaction-related costs previously incurred by Reuters, which were either capitalised as a cost of acquisition or charged to profits on disposal (which were recognised outside of Reuters trading profit, adjusted earnings and related cash flow and margin measures).

Given their once-off nature and dissimilarity to previous transaction-related costs, Thomson deal-related costs have therefore been excluded from certain profit, cash flow and margin measures to enable better like-for-like comparisons between periods.

### 4) Exclusion of amortisation and impairment of intangibles acquired in a business combination, investment income, profit / (losses) from disposals, fair value movements and Thomson deal-related costs

For certain cost, profit, cash flow, margin 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, fair value movements and Thomson deal-related costs. The

adjusted measures are referred to as 'Trading Profit', 'Trading Costs', 'Trading Margin' and 'Trading Cash Flow'. The rationale for isolating restructuring charges and Thomson deal-related costs 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-tax 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.

Amortisation and impairment charges in respect of software and development intangibles are included within operating and trading 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 these changes are reflected in the income statement).

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 are used to manage the Group's exposure, but some may not qualify for hedge accounting and in these situations the reported impact of the underlying item and the derivative 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.

#### Tax and adjusted EPS

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), Thomson deal-related costs and related tax effects.

The UK Government has recently announced a reduction in the corporation tax rate from 30% to 28%, effective 1 April 2008. This should lead to a slight fall in the overall Reuters effective tax rate in future years. However in 2007 we are required to write down our existing UK deferred tax assets (pension contributions, tax losses etc) from 30% to 28%. The effect of this is a £5 million charge in the Income Statement. This charge, together with the effect of other countries' rate changes, has been excluded from the calculation of Adjusted EPS on the grounds that it is a once-off event, outside the normal course of business.

#### Dividend policy

Presenting earnings before the impact of restructuring charges, Thomson deal-related costs, 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, profits / (losses) on disposals and Thomson deal-related costs.

### **5) 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 either discretionary in nature or unrelated to ongoing recurring operating activities such as special contributions to fund defined benefit pension deficits, 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.

## **6) Net funds / (debt)**

Net funds / (debt) represents cash and cash equivalents and short-term deposits, 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 (UNAUDITED)

### 1) RECONCILIATION OF OPERATING PROFIT TO TRADING PROFIT, ADJUSTED PBT AND ADJUSTED EARNINGS (UNAUDITED)

	Six months ended 30 June	
	2007	2006
	£m	£m
<b>Operating profit from continuing operations</b>	<b>134</b>	<b>122</b>
Excluding:		
Restructuring charges	-	11
Thomson deal-related costs	21	-
Impairments & amortisation of business combination intangibles	11	11
Profit on disposal of subsidiaries	-	(2)
Fair value movements	9	14
<b>Trading profit*</b>	<b>175</b>	<b>156</b>
Restructuring	-	(11)
Associates and joint ventures	(3)	1
Interest	(14)	-
<b>Adjusted PBT</b>	<b>158</b>	<b>146</b>
Adjusted tax charge	(27)	(33)
<b>Adjusted earnings</b>	<b>131</b>	<b>113</b>

\* Trading profit is defined as operating profit from continuing operations before acquisition-related restructuring charges, Thomson deal-related costs, impairments & amortisation of intangibles acquired via business combinations, investment income, profits from disposals of subsidiaries and fair value movements.

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

	Six months ended 30 June	
	2007	2006
	%	%
<b>Operating margin from continuing operations</b>	<b>10.6%</b>	<b>9.5%</b>
Excluding:		
Restructuring charges	-	0.8%
Thomson deal-related costs	1.6%	-
Impairments & amortisation of business combination intangibles	0.9%	0.9%
Profit on disposal of subsidiaries	-	(0.1%)
Fair value movements	0.7%	1.1%
<b>Trading margin*</b>	<b>13.8%</b>	<b>12.2%</b>

\* Trading margin is defined as operating margin from continuing operations before acquisition-related restructuring charges, Thomson deal-related costs, impairments & amortisation of intangibles acquired via business combinations, investment income, profits from disposals of subsidiaries and fair value movements.

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

	Six months ended 30 June	
	2007	2006*
	£m	£m
<b>Sales &amp; Trading</b>		
<b>Operating costs**</b>	<b>708</b>	<b>756</b>
Restructuring charges	-	(11)
Impairments & amortisation of business combination intangibles	(8)	(7)
Fair value movements	(7)	(10)
Other income	(9)	(11)
<b>Trading costs</b>	<b>684</b>	<b>717</b>
<b>Research &amp; Asset Management</b>		
<b>Operating costs**</b>	<b>163</b>	<b>156</b>
Impairments & amortisation of business combination intangibles	(1)	(2)
Fair value movements	(2)	(1)
Other income	(2)	(2)
<b>Trading costs</b>	<b>158</b>	<b>151</b>
<b>Enterprise</b>		
<b>Operating costs**</b>	<b>179</b>	<b>183</b>
Impairments & amortisation of business combination intangibles	(2)	(2)
Fair value movements	(1)	(2)
Other income	(3)	(3)
<b>Trading costs</b>	<b>173</b>	<b>176</b>
<b>Media</b>		
<b>Operating costs**</b>	<b>80</b>	<b>79</b>
Fair value movements	(1)	(1)
Other income	(1)	(1)
<b>Trading costs</b>	<b>78</b>	<b>77</b>

\*As discussed in note 11 on page 19, 2006 comparatives have been restated to decrease operating costs by £23 million in Sales & Trading, to increase operating costs by £6 million in Research & Asset Management, to increase operating costs by £16 million in Enterprise and to increase operating costs by £1 million in Media.

\*\*Operating costs also include £21 million of Thomson deal-related costs, which have not been analysed in the table above as these relate to Reuters as a whole and cannot be directly attributed or allocated to divisions on a reasonable basis. Total operating costs are £1,151 million.

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

	Six months ended 30 June	
	2007	2006*
	£m	£m
<b>Sales &amp; Trading</b>		
<b>Operating profit**</b>	<b>104</b>	<b>92</b>
Exclude:		
Restructuring charges	-	11
Impairments & amortisation of business combination intangibles	8	7
Profit on disposal of subsidiaries	-	(2)
Fair value movements	6	10
<b>Trading profit</b>	<b>118</b>	<b>118</b>
<b>Research &amp; Asset Management</b>		
<b>Operating profit / (loss)**</b>	<b>13</b>	<b>(7)</b>
Exclude:		
Impairments & amortisation of business combination intangibles	1	2
Fair value movements	1	1
<b>Trading profit / (loss)</b>	<b>15</b>	<b>(4)</b>
<b>Enterprise</b>		
<b>Operating profit**</b>	<b>34</b>	<b>28</b>
Exclude:		
Impairments & amortisation of business combination intangibles	2	2
Fair value movements	1	2
<b>Trading profit</b>	<b>37</b>	<b>32</b>
<b>Media</b>		
<b>Operating profit**</b>	<b>4</b>	<b>9</b>
Exclude:		
Fair value movements	1	1
<b>Trading profit</b>	<b>5</b>	<b>10</b>

\*As discussed in note 11 on page 19, 2006 comparatives have been restated to decrease recoveries revenues by £42 million, increase other product revenues by £26 million and decrease operating costs by £23 million in Sales & Trading, to increase other product revenue by £3 million and increase operating costs by £6 million in Research & Asset Management, to increase other product revenue by £13 million and increase operating costs by £16 million in Enterprise and to increase operating costs by £1 million in Media.

\*\*Operating profit also includes £21 million of Thomson deal-related costs, which have not been analysed in the table above as these relate to Reuters as a whole and cannot be directly attributed or allocated to divisions on a reasonable basis. Total operating profit is £134 million.

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

	Six months ended 30 June	
	2007	2006*
	%	%
<b>Sales &amp; Trading</b>		
<b>Operating margin**</b>	<b>13.0%</b>	<b>11.1%</b>
Exclude:		
Restructuring charges	-	1.2%
Impairments & amortisation of business combination intangibles	1.0%	0.9%
Profit on disposal of subsidiaries	-	(0.2%)
Fair value movements	0.7%	1.1%
<b>Trading margin</b>	<b>14.7%</b>	<b>14.1%</b>
<b>Research &amp; Asset Management</b>		
<b>Operating margin**</b>	<b>7.3%</b>	<b>(5.2%)</b>
Exclude:		
Restructuring charges	-	0.1%
Impairments & amortisation of business combination intangibles	0.9%	1.2%
Fair value movements	0.7%	1.1%
<b>Trading margin</b>	<b>8.9%</b>	<b>(2.8%)</b>
<b>Enterprise</b>		
<b>Operating margin**</b>	<b>16.4%</b>	<b>13.4%</b>
Exclude:		
Restructuring charges	-	0.2%
Impairments & amortisation of business combination intangibles	0.7%	0.9%
Profit on disposal of subsidiaries	-	(0.1%)
Fair value movements	0.7%	1.1%
<b>Trading margin</b>	<b>17.8%</b>	<b>15.5%</b>
<b>Media</b>		
<b>Operating margin**</b>	<b>5.1%</b>	<b>10.1%</b>
Exclude:		
Impairments & amortisation of business combination intangibles	0.2%	0.2%
Profit on disposal of subsidiaries	-	(0.1%)
Fair value movements	0.6%	1.1%
<b>Trading margin</b>	<b>5.9%</b>	<b>11.3%</b>

\*As discussed in note 11 on page 19, 2006 comparatives have been restated to decrease recoveries revenues by £42 million, increase other product revenues by £26 million and decrease operating costs by £23 million in Sales & Trading, to increase other product revenue by £3 million and increase operating costs by £6 million in Research & Asset Management, to increase other product revenue by £13 million and increase operating costs by £16 million in Enterprise and to increase operating costs by £1 million in Media.

\*\*Operating margin also includes £21 million of Thomson deal-related costs, which have not been analysed in the table above as these relate to Reuters as a whole and cannot be directly attributed or allocated to divisions on a reasonable basis. Total operating margin is 10.6%.

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

	Six months ended 30 June	
	2007	2006
	pence	pence
<b>Basic EPS from continuing operations</b>	<b>8.4</b>	<b>7.3</b>
Excluding:		
Impairments & amortisation of business combination intangibles	0.9	0.8
Profit on disposals	(1.5)	(0.1)
Fair value movements	0.7	1.0
Thomson deal-related costs	1.7	-
Adjustment to tax charge for tax effects of excluded items and change in corporation tax rate	0.4	(0.5)
<b>Basic EPS from continuing operations before impairments and amortisation of business combination intangibles, investment income, profit on disposals, fair value movements, Thomson deal-related costs, related taxation effects and change in corporation tax rate</b>	<b>10.6</b>	<b>8.5</b>

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

	Six months ended 30 June	
	2007	2006
	£m	£m
<b>Profit before taxation from continuing operations</b>	<b>136</b>	<b>123</b>
Exclude:		
Impairments & amortisation of business combination intangibles	11	11
Profit on disposals	(19)	(2)
Fair value movements	9	14
Thomson deal-related costs	21	-
<b>Profit before taxation from continuing operations before impairments &amp; amortisation of business combination intangibles, investment income, profit on disposals, Thomson deal-related costs and fair value movements</b>	<b>158</b>	<b>146</b>

8) RECONCILIATION OF ACTUAL PERCENTAGE CHANGE TO UNDERLYING CHANGE - REVENUE BY DIVISION  
BY TYPE – SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)

	% change versus six months ended 30 June 2006			
	Underlying change	Impact of currency	Impact of acquisitions & disposals	Actual change
Recurring	2%	(7%)	-	(5%)
Usage	18%	(11%)	-	7%
Outright	26%	(10%)	-	16%
<b>Sales &amp; Trading</b>	<b>3%</b>	<b>(7%)</b>	-	<b>(4%)</b>
Recurring	26%	(8%)	-	18%
Usage	(3%)	(8%)	-	(11%)
<b>Research &amp; Asset Management</b>	<b>25%</b>	<b>(7%)</b>	-	<b>18%</b>
Recurring	9%	(7%)	-	2%
Outright	(2%)	(4%)	4%	(2%)
<b>Enterprise</b>	<b>8%</b>	<b>(7%)</b>	-	<b>1%</b>
Recurring	5%	(6%)	-	(1%)
Usage	(11%)	(6%)	-	(17%)
<b>Media</b>	<b>2%</b>	<b>(7%)</b>	-	<b>(5%)</b>
Recurring	6%	(7%)	-	(1%)
Usage	9%	(9%)	-	-
Outright	(1%)	(5%)	3%	(3%)
<b>Total revenue</b>	<b>6%</b>	<b>(7%)</b>	-	<b>(1%)</b>

9) RECONCILIATION OF ACTUAL PERCENTAGE CHANGE TO UNDERLYING CHANGE - REVENUE BY DIVISION BY PRODUCT FAMILY – SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)

	% change versus six months ended 30 June 2006			
	Underlying change	Impact of currency	Impact of acquisitions & disposals	Actual change
Reuters Xtra	10%	(8%)	-	2%
Reuters Trader	(20%)	(5%)	-	(25%)
Recoveries	9%	(7%)	-	2%
<b>Sales &amp; Trading</b>	<b>3%</b>	<b>(7%)</b>	<b>-</b>	<b>(4%)</b>
IB & IM	36%	(5%)	-	31%
Reuters Wealth Manager	11%	(9%)	-	2%
<b>Research &amp; Asset Management</b>	<b>25%</b>	<b>(7%)</b>	<b>-</b>	<b>18%</b>
Reuters Enterprise Information	17%	(8%)	-	9%
Reuters Information Management	(16%)	(6%)	-	(22%)
Reuters Trade and Risk Management	9%	(7%)	2%	4%
<b>Enterprise</b>	<b>8%</b>	<b>(7%)</b>	<b>-</b>	<b>1%</b>
Agency Services	1%	(6%)	-	(5%)
Consumer Media	10%	(11%)	-	(1%)
<b>Media</b>	<b>2%</b>	<b>(7%)</b>	<b>-</b>	<b>(5%)</b>
<b>Total revenue</b>	<b>6%</b>	<b>(7%)</b>	<b>-</b>	<b>(1%)</b>

10) RECONCILIATION OF ACTUAL PERCENTAGE CHANGE TO UNDERLYING CHANGE - REVENUE BY GEOGRAPHY – SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)

	% change versus six months ended 30 June 2006			
	Underlying change	Impact of currency	Impact of acquisitions & disposals	Actual change
Europe, Middle East & Africa	5%	(4%)	-	1%
Americas	8%	(10%)	-	(2%)
Asia	7%	(10%)	-	(3%)
<b>Total revenue</b>	<b>6%</b>	<b>(7%)</b>	<b>-</b>	<b>(1%)</b>

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

	% change versus three months ended 31 March 2007			
	Underlying change	Impact of currency	Impact of acquisitions & disposals	Actual change
<b>Period end accesses</b>				
3000 Xtra	3%	-	-	3%
Dealing	-	-	-	-
Other Xtra	24%	-	-	24%
<b>Reuters Xtra</b>	<b>3%</b>	-	-	<b>3%</b>
<b>Reuters Trader</b>	<b>(7%)</b>	-	-	<b>(7%)</b>
<b>Reuters Knowledge</b>	<b>5%</b>	-	-	<b>5%</b>
<b>Reuters Wealth Manager</b>	-	-	-	-
<b>Total period end accesses</b>	<b>(1%)</b>	-	-	<b>(1%)</b>
<b>Access driven revenue</b>				
Total access driven revenue	-	1%	-	1%
Other recurring revenue	4%	-	-	4%
<b>Recurring revenue</b>	<b>2%</b>	-	-	<b>2%</b>
<b>Average revenue per access</b>				
<b>Total average revenue per access</b>	<b>1%</b>	<b>1%</b>	-	<b>2%</b>

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

	% change versus three months ended 30 June 2006			
	Underlying change	Impact of currency	Impact of acquisitions & disposals	Actual change
<b>Period end accesses</b>				
3000 Xtra	13%	-	-	13%
Dealing	1%	-	-	1%
Other Xtra	53%	-	-	53%
<b>Reuters Xtra</b>	<b>12%</b>	-	-	<b>12%</b>
<b>Reuters Trader</b>	<b>(24%)</b>	-	-	<b>(24%)</b>
<b>Reuters Knowledge</b>	<b>23%</b>	-	-	<b>23%</b>
<b>Reuters Wealth Manager</b>	<b>(7%)</b>	-	-	<b>(7%)</b>
<b>Total period end accesses</b>	<b>(4%)</b>	-	-	<b>(4%)</b>
<b>Access driven revenue</b>				
Total access driven revenue	5%	(6%)	-	(1%)
Other recurring revenue	9%	(7%)	-	2%
<b>Recurring revenue</b>	<b>7%</b>	<b>(7%)</b>	-	-
<b>Average revenue per access</b>				
<b>Total average revenue per access</b>	<b>9%</b>	<b>(7%)</b>	-	<b>2%</b>

**13) RECONCILIATION OF ACTUAL PERCENTAGE CHANGE TO UNDERLYING CHANGE – TRADING COSTS BY DIVISION – SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)**

	% change versus six months ended 30 June 2006			
	Underlying change	Impact of currency	Impact of Acquisitions & disposals	Actual change
Sales & Trading	-	(5%)	-	(5%)
Research & Asset Management	12%	(7%)	-	5%
Enterprise	3%	(6%)	2%	(1%)
Media	6%	(5%)	-	1%
<b>Total trading costs</b>	<b>3%</b>	<b>(6%)</b>	<b>-</b>	<b>(3%)</b>

**14) RECONCILIATION OF ACTUAL PERCENTAGE CHANGE TO UNDERLYING CHANGE – TRADING PROFIT BY DIVISION – SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)**

	% change versus six months ended 30 June 2006			
	Underlying change	Impact of currency	Impact of Acquisitions & disposals	Actual change
Sales & Trading	22%	(22%)	-	-
Research & Asset Management	-	-	-	-
Enterprise	38%	(17%)	(5%)	16%
Media	(39%)	(11%)	-	(50%)
<b>Total trading profit</b>	<b>36%</b>	<b>(22%)</b>	<b>(1%)</b>	<b>13%</b>

**15) COMPONENTS OF NET DEBT AT 30 JUNE 2007 (UNAUDITED)**

	As at 30 June	
	2007	2006
	£m	£m
Cash and cash equivalents	162	338
Bank overdrafts	(4)	(9)
	<b>158</b>	<b>329</b>
Short-term deposits	205	2
Borrowings (excluding bank overdrafts)	(862)	(603)
<b>Net debt</b>	<b>(499)</b>	<b>(272)</b>

**16) RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT FOR THE SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)**

	Six months to 30 June	
	2007	2006
	£m	£m
Increase / (decrease) in cash and cash equivalents	53	(308)
Cash inflow from movement in short-term deposits	2	1
Cash inflow from movement in borrowings	(223)	(219)
Exchange gains / (losses) on short-term deposits and borrowings	2	(3)
	<b>(166)</b>	<b>(529)</b>
Fair value movements	8	16
Other non cash movements	(8)	(12)
<b>Movement in net debt</b>	<b>(166)</b>	<b>(525)</b>
Opening net (debt) / funds	(333)	253
<b>Closing net debt</b>	<b>(499)</b>	<b>(272)</b>

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

	Six months to 30 June	
	2007	2006
	£m	£m
<b>Cash generated from operations</b>	<b>174</b>	<b>11</b>
Interest received	20	18
Interest paid	(36)	(21)
Tax paid	(18)	(17)
Purchases of property, plant and equipment	(76)	(50)
Proceeds from sale of property, plant and equipment	2	1
Purchases of intangible assets	(50)	(49)
Thomson deal-related costs	3	-
Special pensions funding payment	4	187
Dividends received	1	1
<b>Free cash flow</b>	<b>24</b>	<b>81</b>
Interest received	(20)	(18)
Interest paid	36	21
Tax paid	18	17
Restructuring	7	36
Other	-	8
<b>Trading cash flow</b>	<b>65</b>	<b>145</b>
<b>Cash conversion*</b>	<b>37%</b>	<b>93%</b>

\* Cash conversion = trading cash flow / trading profit

## 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 financial condition, results of operations and business, and management's strategy, plans and objectives for Reuters. 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 transformation programmes, strategy plans, acquisitions and disposals, are all forward-looking statements. These forward-looking statements include forward-looking statements in relation to the proposed combination of Reuters and The Thomson Corporation (the "Transaction") that are based on certain assumptions and reflect Thomson's and Reuters current expectations, including statements about Thomson's and Reuters beliefs and expectations related to the proposed Transaction structure and consideration, benefits that would be afforded to customers, benefits to the combined business of Thomson and Reuters that are expected to be obtained as a result of the Transaction, as well as the parties' ability to enhance shareholder value through, among other things, the delivery of expected synergies.

Forward-looking 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:

- In relation to the proposed Transaction:
  - the ability to achieve the cost savings and synergies contemplated through the proposed Transaction;
  - the approval of the proposed Transaction by Reuters shareholders;
  - the ability to obtain various regulatory approvals and fulfil certain conditions to which the Transaction is subject;
  - the effect of regulatory conditions, if any, imposed by regulatory authorities;
  - the reaction of Thomson's and Reuters customers, employees and suppliers;
  - the ability to promptly and effectively integrate the businesses of Thomson and Reuters;
  - the impact of the diversion of management time on issues related to the proposed transaction;
- Reuters ability to realise the anticipated benefits of its Core Plus growth and transformation strategy;
- conditions in financial markets;
- the impact of currency and interest rate fluctuations on Reuters reported revenue and earnings;
- difficulties or delays that Reuters may experience in developing or responding to new customer demands or launching new products;
- the dependency of Reuters 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 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;
- changes in legislation and regulation;
- adverse governmental action in countries where Reuters conducts reporting activities;
- the ability of Reuters to realise the anticipated benefit of existing or future acquisitions, joint ventures, investments or disposals;
- the litigious environment in which Reuters operates.

For additional information, please see "Risk Factors" in the Reuters Group PLC Annual Report and Form 20-F for the year ended 31 December 2006. 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**