

# Interim results – financial highlights

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REUTERS 

## Definitions

"Reuters Group" refers to Reuters Group PLC and its subsidiary undertakings including Instinet Group Incorporated ("Instinet"). "Reuters" refers to Reuters Group excluding Instinet Group. Instinet Group now includes Bridge Trading Company. "Radianz" refers to Radianz Limited.

## Use of non-GAAP measures

To supplement IFRS measures, the Group undertakes further analysis to break out IFRS measures into their component parts, which result in the creation of certain measures which differ from the IFRS equivalents ('non-GAAP measures'). The rationale for this analysis, and reconciliations to IFRS measures are set out below. These measures are used by management to measure the performance of the business and should be seen as complementary to, rather than replacements for, reported statutory results.

A more detailed explanation of certain of the use key performance measures is set out on page 11 of Reuters Group PLC 2004 Annual Report and Form 20-F.

## Underlying results

Period-on-period change in Reuters is measured in overall terms (i.e. actual reported results under IFRS) and in underlying terms. 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.

Underlying results reflect the operating results of the ongoing elements of each business unit, and measure the performance of management against variables over which they have control, without the impact of changes in rates of foreign exchange, and without the year-on-year impact of a step change in revenue and costs that can result from acquisition or disposal activity.

Underlying figures also allow investors to compare the reported Reuters results with the forward-looking guidance issued by Reuters to the investor community. Because it is not able to forecast currency movements or the exact timing and impact of acquisition and disposal activity, Reuters communicates its revenue guidance to investors on an underlying basis. Therefore, providing the underlying results in addition to the actual reported results assists investors in making their own assessments of company performance against the guidance given by management.

Reconciliation between actual % changes and underlying % changes can be found at [www.about.reuters.com](http://www.about.reuters.com) in the Investors section under Financial Data.

## Exclusion of restructuring charges

Reuters results are viewed 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 is incurring restructuring costs, relating primarily to headcount reduction and rationalisation of the company's property portfolio. Fast Forward is a three year programme implemented to accelerate and expand on Reuters five year business transformation plan which was launched in 2001; the programme is scheduled to complete in 2005 as originally envisaged.

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

Acquisition integration costs are once-off charges associated with transaction activity which 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.

## Exclusion of amortisation and impairment of intangibles acquired in a business combination, investment income, profit/loss from disposals, and fair value movements

For certain cost, profit, margin and earnings per share measures, Reuters analyses its results both before and after the impact of restructuring, amortisation of intangibles acquired in a business combination, impairments of goodwill and other 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' and 'Trading Margin'. 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 also 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 arise from corporate acquisition and disposal activity, rather than the ongoing operations of the business units. 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 research and development intangibles are included within operating costs.

## Fair value movements

Reuters also isolates the impact of movements in the fair value of available-for-sale financial assets, embedded derivatives, and derivatives used for hedging purposes (where those changes are reflected in the income statement).

Available-for-sale financial assets in the first half of 2005 comprised Reuters investments in Savvis convertible shares and Quick Corp. shares. These investments were sold as part of the acquisition consideration for Moneyline Telerate and QMT, respectively. Fair value movements of these investments during 2005 are analysed separately from the ongoing operations of the business units.

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 more 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 units 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 unit operating performance is managed against targets which exclude these factors.

## Tax

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

## 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 the Group's 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. The Group's 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 and profits/(losses) on disposals.

## **Free cash flow**

Reuters free cash flow is used as a performance measure and to assess the extent of the Group's dividend cover from a cash perspective. Free cash flow is intended to measure all Reuters cash movements other than those which are both discretionary in nature and unrelated to ongoing operating activities such as purchase of shares by the ESOTs, loans with associates and joint ventures and dividends paid out by the Group. 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.

# Reuters Group results



## Reuters headlines

- Q2 underlying recurring revenue up 0.4%
- Positive net sales every month in H1
- Further Fast Forward savings of £53m
- Reuters EPS\* up 10% to 6.7p



\*Basic EPS from continuing operations before impairments & amortisation of business combination intangibles, fair value movements and profits/(losses) from disposals.

## Reuters Group – financial performance

£m	H1 2005	H1 2004	Actual Change
<b>CONTINUING OPERATIONS</b>			
Revenue	1,139	1,166	(2%)
IFRS operating costs	(1,057)	(1,092)	(3%)
IFRS operating income	28	21	41%
<b>IFRS operating profit</b>	<b>110</b>	<b>95</b>	<b>16%</b>
Net finance costs	(3)	(4)	
Profit on disposal of associates and fixed asset investments	38	201	
Associates and joint ventures	2	8	
<b>Profit before tax</b>	<b>147</b>	<b>300</b>	<b>(51%)</b>
Taxation	(28)	(20)	
<b>Profit for the period from continuing operations</b>	<b>119</b>	<b>280</b>	<b>(57%)</b>
<b>DISCONTINUED OPERATIONS</b>			
Profit for the period from discontinued operations	14	23	
<b>PROFIT FOR THE PERIOD</b>	<b>133</b>	<b>303</b>	<b>(56%)</b>
Basic EPS	9.0p	21.3p	
<b>Basic EPS from continuing operations</b>	<b>8.5p</b>	<b>20.0p</b>	

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- **Profit from discontinued operations**

£m	H1 2005	H1 2004
Subsidiaries acquired with a view to resale (Radianz)	-	5
Non-current assets held for sale (Instinet incl. BTC)	19	18
Loss on disposal of subsidiaries (Radianz and BTC)	(5)	-
<b>Profit for the period from discontinued operations</b>	<b>14</b>	<b>23</b>

## Continuing operations – movement in cash flow

<b>£m</b>	<b>H1 2005</b>	<b>H1 2004</b>	<b>Movement</b>
<b>Trading profit</b>	<b>161</b>	<b>171</b>	<b>(10)</b>
Non cash items*	72	72	-
Capex	(75)	(44)	(31)
Restructuring	(71)	(49)	(22)
Property and other fixed asset disposals	2	49	(47)
Working capital	(74)	(47)	(27)
Taxation, Interest, Other	(7)	(15)	8
<b>Free cash flow</b>	<b>8</b>	<b>137</b>	<b>(129)</b>
Reuters dividend	(86)	(86)	-
Net disposals / (acquisitions)	79	423	(344)
IAS39 transitional adjustment	(69)	-	(69)
Other	54	2	52
<b>Movements</b>	<b>(14)</b>	<b>476</b>	<b>(490)</b>

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\*Non cash items include depreciation, amortisation of software and R&D, and share scheme charges.

# Reuters performance



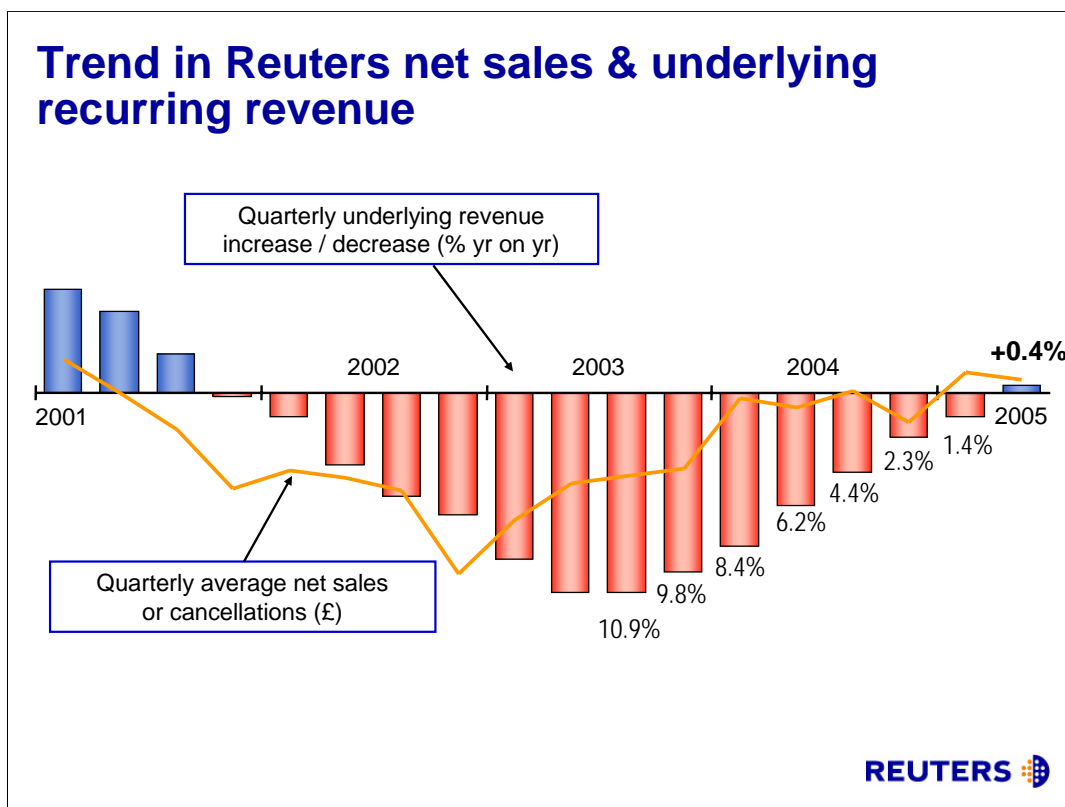
## Reuters – trading performance

£m	H1 2005	H1 2004	Underlying Change
Recurring	1,077	1,093	0%
Usage	44	42	9%
Outright	18	31	(44%)
<b>Total revenue</b>	<b>1,139</b>	<b>1,166</b>	<b>(1%)</b>
<b>Trading costs</b>	<b>(978)</b>	<b>(995)</b>	<b>0%</b>
<b>Trading profit</b>	<b>161</b>	<b>171</b>	<b>(7%)</b>
<b>Trading margin</b>	<b>14%</b>	<b>15%</b>	

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- Reconciliation of Reuters IFRS operating profit to trading profit

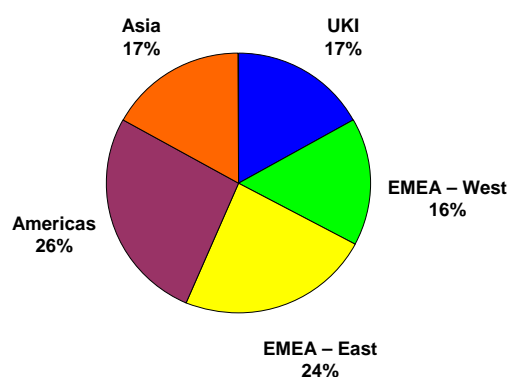
£m	H1 2005	H1 2004
<b>IFRS operating profit</b>	<b>110</b>	<b>95</b>
<b>IFRS operating margin</b>	<b>10%</b>	<b>8%</b>
Restructuring	41	70
Impairments & amortisation of business combination intangibles	9	7
(Profit) on disposal of subsidiaries	(4)	(1)
Fair value movements	5	-
<b>Reuters trading profit</b>	<b>161</b>	<b>171</b>
<b>Trading margin</b>	<b>14%</b>	<b>15%</b>

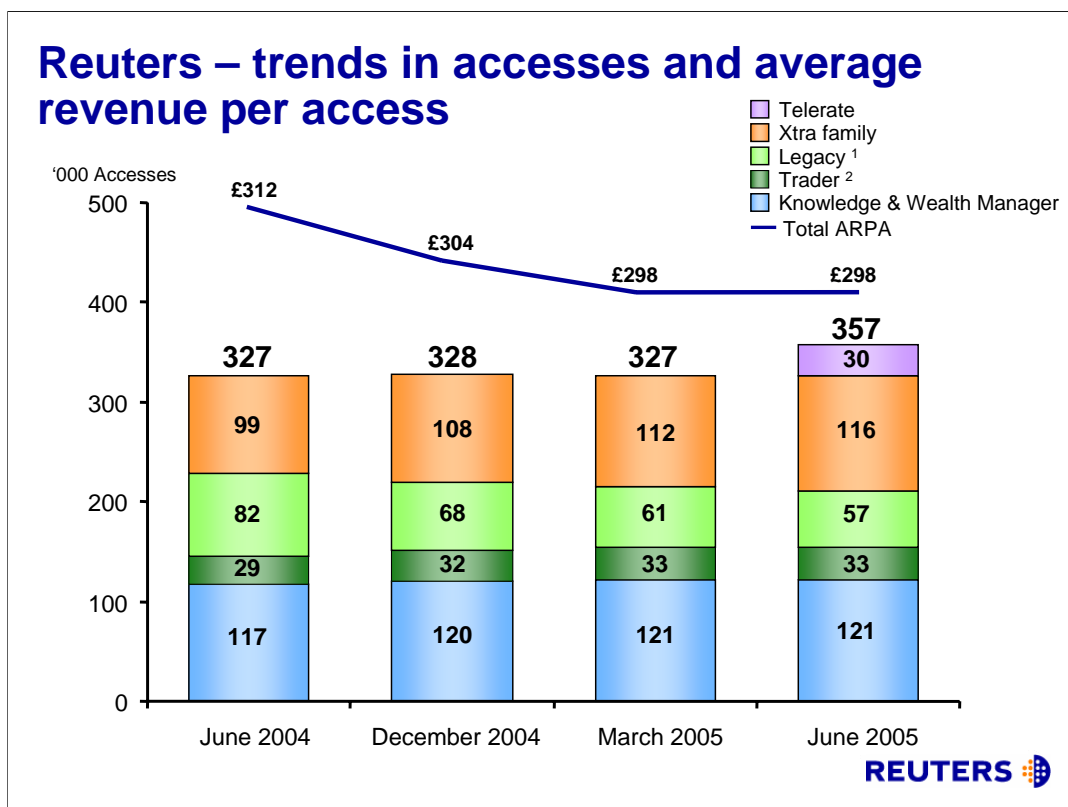


- Change in underlying recurring revenue by geography

H1 05	
UKI	(2%)
EMEA – West	(4%)
EMEA – East	(2%)
Americas	3%
Asia	2%
<b>Total</b>	<b>0%</b>

- Total revenue by geography

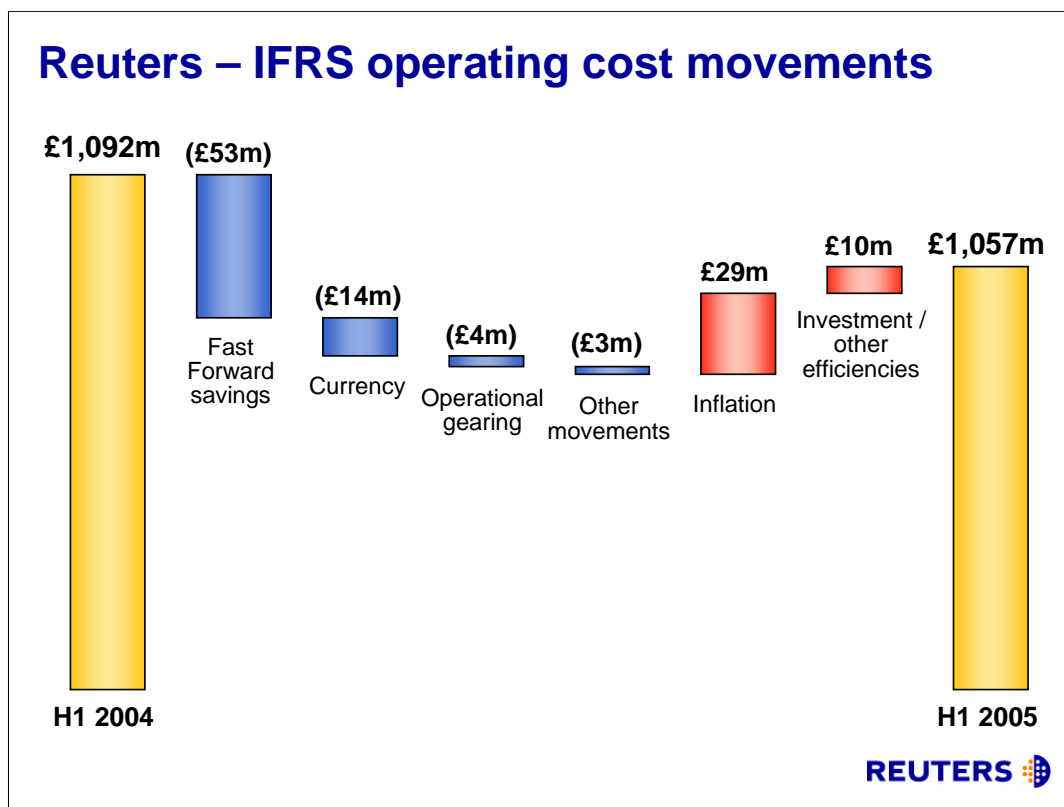




- **Trader family products**

<sup>1</sup> 2000/3000, Domestic

<sup>2</sup> Bridgestation Mid-Tier, Telerate Mid-Tier, Reuters Trader for Commodities, Reuters Trader for Markets, Other Trader Domestic



• **Other movements**

	£m
Acquisitions & disposals	(1)
Restructuring charge	(29)
Impairment and amortisation of business combination intangibles	2
Fair value movements on other financial assets at fair value through profit and loss	15
Impact of IFRS	10
<b>Other movements</b>	<b>(3)</b>

*Cost reduction due to operational gearing is related to variable costs*

# Divisional performance

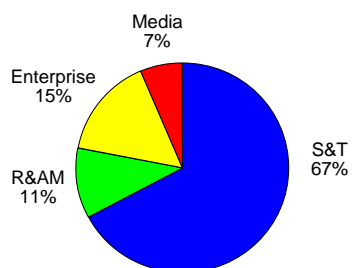


## Reuters – half year 2005 performance by division

£m	S&T	R&AM	Enterprise	Media	Total
<b>Revenue</b>	<b>764</b>	<b>125</b>	<b>176</b>	<b>74</b>	<b>1,139</b>
Trading costs	(640)	(136)	(139)	(63)	(978)
<b>Trading profit / (loss)</b>	<b>124</b>	<b>(11)</b>	<b>37</b>	<b>11</b>	<b>161</b>
Restructuring	(24)	(5)	(6)	(6)	(41)
Impairments and amortisation of business combination intangibles	(5)	(1)	(2)	(1)	(9)
Profit on disposal of subsidiaries	3	-	-	1	4
Fair value movements	(9)	1	2	1	(5)
<b>IFRS operating profit / (loss)</b>	<b>89</b>	<b>(16)</b>	<b>31</b>	<b>6</b>	<b>110</b>
<b>Trading margin</b>	<b>16%</b>	<b>(9%)</b>	<b>21%</b>	<b>15%</b>	<b>14%</b>

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### • H1 2005 revenue by division



Total revenue	£m	Underlying Change
Sales & Trading	764	(2%)
R&AM	125	2%
Enterprise	176	(3%)
Media	74	6%
<b>Total</b>	<b>1,139</b>	<b>(1%)</b>

## Sales & Trading

£m	H1 2005	H1 2004	Underlying change
<b>Revenue</b>	<b>764</b>	<b>779</b>	<b>(2%)</b>
Trading costs	(640)	(636)	1%
<b>Trading profit</b>	<b>124</b>	<b>143</b>	<b>(14%)</b>
<b>Trading margin</b>	<b>16%</b>	<b>18%</b>	

- 3000 Xtra accesses up nearly 17,000 year on year
- Strong growth in revenue from transactions
- Launch of RTFI and RTFX

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### • Sales & Trading revenue by type

£m	H1 2005	H1 2004	Underlying Change
Recurring	727	743	(2%)
Outright	2	2	(42%)
Usage	35	34	8%
<b>Total revenue</b>	<b>764</b>	<b>779</b>	<b>(2%)</b>

## Research & Asset Management

£m	H1 2005	H1 2004	Underlying change
<b>Revenue</b>	<b>125</b>	<b>135</b>	<b>2%</b>
Trading costs	(136)	(138)	9%
<b>Trading loss</b>	<b>(11)</b>	<b>(3)</b>	<b>n/a</b>
<b>Trading margin</b>	<b>(9%)</b>	<b>(2%)</b>	

- Strong performance from Lipper funds business
- Installed base of Reuters Knowledge up 27%
- 6,800 positions sold of Wealth Manager



### • Research & Asset Management revenue by type

£m	H1 2005	H1 2004	Underlying Change
Recurring	123	132	3%
Outright	1	1	(48%)
Usage	1	2	(58%)
<b>Total revenue</b>	<b>125</b>	<b>135</b>	<b>2%</b>

## Enterprise

£m	H1 2005	H1 2004	Underlying change
<b>Revenue</b>	<b>176</b>	<b>182</b>	<b>(3%)</b>
Trading costs	(139)	(158)	(12%)
<b>Trading profit</b>	<b>37</b>	<b>24</b>	<b>57%</b>
<b>Trading margin</b>	<b>21%</b>	<b>13%</b>	

- Strong growth from Enterprise Information and resilient real-time datafeed revenue
- Outright revenue more H2 weighted
- Fast Forward savings from streamlining Solutions business



### • Enterprise revenue by type

£m	H1 2005	H1 2004	Underlying Change
Recurring	161	154	5%
Outright	15	28	(44%)
Usage	-	-	-
<b>Total revenue</b>	<b>176</b>	<b>182</b>	<b>(3%)</b>

## Media

£m	H1 2005	H1 2004	Underlying change
<b>Revenue</b>	<b>74</b>	<b>70</b>	<b>6%</b>
Trading costs	(63)	(63)	1%
<b>Trading profit</b>	<b>11</b>	<b>7</b>	<b>45%</b>
<b>Trading margin</b>	<b>15%</b>	<b>11%</b>	

- Major news events lift TV revenue
- Cost control and Fast Forward enhance margin

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### • Media revenue by type

£m	H1 2005	H1 2004	Underlying Change
Recurring	66	64	2%
Outright	-	-	-
Usage	8	6	43%
<b>Total revenue</b>	<b>74</b>	<b>70</b>	<b>6%</b>

# Outlook



## Continuing operations – 2005 Outlook

- Underlying recurring revenue expected to grow between 1% and 2% in second half
- Annualised Fast Forward savings in 2005 of £360m

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# Supplementary



# SUPPLEMENTARY

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## SUPPLEMENTARY

This supplementary section provides the following:

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## Supplementary – Reuters Group cash flow

£m	H1 2005 Continuing	H1 2005 Discontinued	H1 2005 Reuters Group
<b>Trading profit</b>	<b>161</b>	<b>5</b>	<b>166</b>
Non cash items*	72	9	81
Capex	(75)	(11)	(86)
Restructuring	(71)	-	(71)
Property and other fixed asset disposals	2	-	2
Working capital	(74)	(45)	(119)
Taxation, Interest, Other	(7)	(4)	(11)
<b>Free cash flow</b>	<b>8</b>	<b>(46)</b>	<b>(38)</b>
Reuters dividend	(86)	-	(86)
Net disposals / (acquisitions)	79	(24)	55
IAS39 transitional adjustment	(69)	-	(69)
Other	54	28	82
<b>Movements</b>	<b>(14)</b>	<b>(42)</b>	<b>(56)</b>

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\*Non cash items include depreciation, amortisation of software and R&D, and share scheme charges

### Supplementary – Reuters exchange rates as presented on 16 February

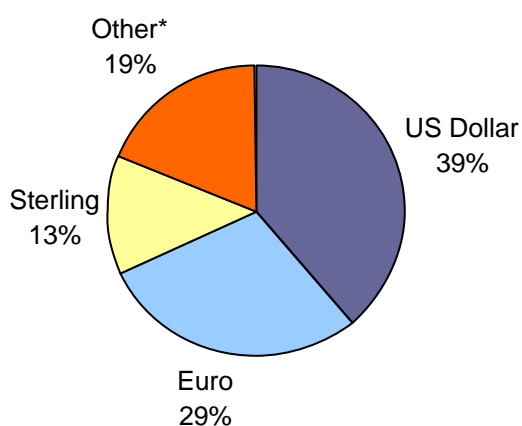
A movement in currency from 2004 rates to today’s rates would have the following impact on revenue and op. profit (based on 2004 actual results using the expected 2005 currency profile)

	Actual 2004 rates	16 Feb rates	Approx. revenue impact	Approx. op. profit impact
US Dollar/£	1.82	1.89	(£33m)	(£6m)
Euro/£	1.47	1.45	£10m	£5m

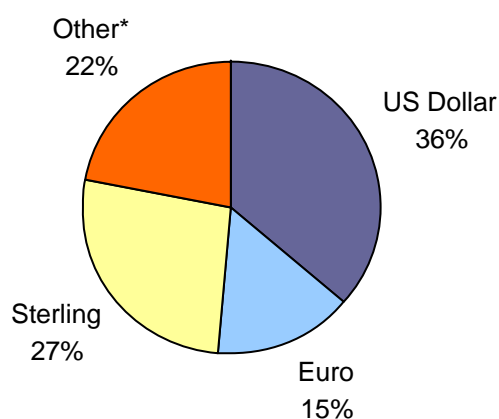


• Expected 2005 currency weighting

Revenue



Operating costs



\* Primarily Japanese Yen and Swiss Francs

# SUPPLEMENTARY

## Additional information

### 1) H1 2005 restructuring charges

£m	H1 2005
<b>Fast Forward:</b>	
Staff reductions	28
Property rationalisation	
Canary Wharf	2
Other	2
Migration costs	5
Other	3
<b>Total Fast Forward charges</b>	<b>40</b>
Telerate	1
<b>Total restructuring charges</b>	<b>41</b>

### 2) Share of associate and joint venture profits / (losses)

£m	H1 2005	H1 2004
Factiva	1	3
TIBCO Software (part disposed February 2004)	-	3
GL Trade (disposed June 2004)	-	2
Other Reuters affiliates	1	-
<b>Total Reuters associate and joint venture profits / (losses)</b>	<b>2</b>	<b>8</b>

## Non-GAAP to IFRS reconciliations

### 1) H1 2005/H1 2004 movement in Reuters revenue – underlying to actual reconciliation

Total Reuters	Underlying	Currency	Acqn/Disp	Actual	Slide
Recurring	0%	(1%)	0%	(1%)	8, 9
Outright	(44%)	0%	0%	(44%)	8
Usage	9%	(3%)	0%	6%	8
<b>Total revenue</b>	<b>(1%)</b>	<b>(1%)</b>	<b>0%</b>	<b>(2%)</b>	<b>8, 13</b>
<b>Trading profit</b>	<b>(7%)</b>	<b>1%</b>	<b>0%</b>	<b>(6%)</b>	

## SUPPLEMENTARY

<b>Sales &amp; Trading</b>	<b>Underlying</b>	<b>Currency</b>	<b>Acqn/Disp</b>	<b>Actual</b>	<b>Slide</b>
Recurring	(2%)	(1%)	1%	(2%)	14
Outright	(42%)	3%	0%	(39%)	14
Usage	8%	(4%)	0%	4%	14
<b>Total revenue</b>	<b>(2%)</b>	<b>(1%)</b>	<b>1%</b>	<b>(2%)</b>	<b>13, 14</b>
<b>Trading profit</b>	<b>(14%)</b>	<b>(3%)</b>	<b>3%</b>	<b>(14%)</b>	<b>14</b>

<b>Research &amp; Asset Management</b>	<b>Underlying</b>	<b>Currency</b>	<b>Acqn/Disp</b>	<b>Actual</b>	<b>Slide</b>
Recurring	3%	(1%)	(9%)	(7%)	15
Outright	(48%)	0%	0%	(48%)	15
Usage	(58%)	(1%)	0%	(59%)	15
<b>Total revenue</b>	<b>2%</b>	<b>(1%)</b>	<b>(9%)</b>	<b>(8%)</b>	<b>13, 15</b>
<b>Trading profit</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

<b>Enterprise</b>	<b>Underlying</b>	<b>Currency</b>	<b>Acqn/Disp</b>	<b>Actual</b>	<b>Slide</b>
Recurring	5%	(1%)	0%	4%	16
Outright	(44%)	0%	0%	(44%)	16
<b>Total revenue</b>	<b>(3%)</b>	<b>0%</b>	<b>0%</b>	<b>(3%)</b>	<b>13, 16</b>
<b>Trading profit</b>	<b>57%</b>	<b>9%</b>	<b>(9%)</b>	<b>57%</b>	<b>16</b>

<b>Media</b>	<b>Underlying</b>	<b>Currency</b>	<b>Acqn/Disp</b>	<b>Actual</b>	<b>Slide</b>
Recurring	2%	(1%)	0%	1%	17
Usage	43%	(5%)	0%	38%	17
<b>Total revenue</b>	<b>6%</b>	<b>(2%)</b>	<b>0%</b>	<b>4%</b>	<b>13, 17</b>
<b>Trading profit</b>	<b>45%</b>	<b>1%</b>	<b>(7%)</b>	<b>39%</b>	<b>17</b>

## SUPPLEMENTARY

### 2) Reuters – impact of currency movements on reported H1 2005 results

£m	Impact on revenue	Impact on trading costs	Impact on other operating costs and operating income	Impact on operating profit
Weaker Dollar	(17)	17	1	1
Stronger Euro	6	(3)	-	3
Other currencies	1	(1)	-	-
<b>Reported exchange rate movements</b>	<b>(10)</b>	<b>13</b>	<b>1</b>	<b>4</b>
Change in currency mix	(1)	(1)	1	(1)
<b>Total currency movements</b>	<b>(11)</b>	<b>12</b>	<b>2</b>	<b>3</b>

### 3) Reconciliation of PBT/basic EPS from continuing operations to PBT/basic EPS from continuing operations before impairments & amortisation of business combination intangibles, fair value movements and profits/(losses) from disposals

	PBT £m		EPS	
	H1 2005	H1 2004	H1 2005	H1 2004
<b>PBT / basic EPS from continuing operations</b>	<b>147</b>	<b>300</b>	<b>8.5p</b>	<b>20.0p</b>
Impairments and amortisation of business combination intangibles	9	7	0.7p	0.5p
(Profit) / loss on disposals	(42)	(202)	(3.0p)	(14.4p)
Fair value movements	5	-	0.4p	-
<b>Profit / basic EPS from continuing operations before taxation, impairments &amp; amortisation of business combination intangibles, fair value movements and profits/(losses) on disposals</b>	<b>119</b>	<b>105</b>	<b>6.6p</b>	<b>6.1p</b>
Adjusted tax charge / Tax effect	(26)	(21)	0.1p	0.0p
<i>Adjusted tax rate / Average number of shares</i>	22%	20%	1,405m	1,398m
<b>Profit / basic EPS from continuing operations before impairments &amp; amortisation of business combination intangibles, fair value movements and profits/(losses) on disposals</b>	<b>93</b>	<b>84</b>	<b>6.7p</b>	<b>6.1p</b>

### 4) Reconciliation of Reuters adjusted tax charge to reported tax charge

£m	H1 2005	H1 2004
Adjusted tax charge	(26)	(21)
Tax on fair value movements	(3)	-
Tax on amortisation of intangibles	1	-
Tax on disposals	-	(1)
Tax benefit of impairments	-	2
<b>Reported tax charge</b>	<b>(28)</b>	<b>(20)</b>

## SUPPLEMENTARY

### 5) Reuters Cash Flow Reconciliation

These tables provide a reconciliation of the non-GAAP cash flow measures on slides 6 & 23 to the IFRS format of the cash flow shown in the Press Release.

#### Reconciliation of opening to closing net debt

	Continuing	Discontinued	Group
<b>Opening net (debt) / funds 1 Jan 2005</b>	<b>(181)</b>	<b>550</b>	<b>369</b>
IAS39 transitional adjustments	(69)	-	(69)
Cash flow	29	(70)	(41)
Fair value movements	(5)	-	(5)
Other non cash movements	8	-	8
Exchange gains/(losses)	23	28	51
<b>Closing net (debt) / funds 30 June 2005</b>	<b>(195)</b>	<b>508</b>	<b>313</b>

#### Reconciliation of Working capital

£m	Continuing	Discontinued	Group
Decrease in inventories	1	-	1
Decrease in receivables	3	(46)	(43)
Decrease in payables	(62)	4	(58)
Decrease in provisions	(33)	5	(28)
Restructuring provision	30	-	30
Interim funding repayment	(18)	-	(18)
Movement in intra-group balance	1	(1)	-
Other, principally translation differences	4	(7)	(3)
<b>Working capital</b>	<b>(74)</b>	<b>(45)</b>	<b>(119)</b>

#### Reconciliation of Taxation, Interest, Other

£m	Continuing	Discontinued	Group
Dividends received from associates	2	-	2
Net interest (paid) / received	(9)	6	(3)
Taxation refunded / (paid)	15	(10)	5
Purchases of intangible assets	(4)	-	(4)
Other, principally translation differences	(11)	-	(11)
<b>Taxation, Interest, Other</b>	<b>(7)</b>	<b>(4)</b>	<b>(11)</b>

#### Reconciliation of Other

£m	Continuing	Discontinued	Group
Revaluation of net debt	23	28	51
Fair value movements in net debt	(5)	-	(5)
Other cash movements in net debt	8	-	8
Proceeds from issue of shares	6	-	6
Proceeds from exercise of Instinet share options	-	4	4
Interim funding repayment	18	-	18
Net repayment of funds from BTC	4	(4)	-
<b>Other</b>	<b>54</b>	<b>28</b>	<b>82</b>

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## Forward-looking statements

This presentation includes certain forward-looking statements relating to Reuters within the meaning of the United States Private Securities Litigation Reform Act of 1995. Certain important factors that could cause actual results to differ materially from those disclosed in such forward-looking statements are described in Reuters Annual Report and Form 20-F 2004 under the heading 'Risk Factors' and in Reuters Interim Results press release dated 26 July 2005 under the heading 'Forward-looking statements'.

Copies of the Annual Report and Form 20-F 2004 and Interim Results press release 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 speak only as of the date they are made, and Reuters does not undertake to update any forward-looking statements.

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