

# SUPPLEMENTARY

- ▶ **Instinet UK GAAP**
- ▶ **Reuters Group cash flow**
- ▶ **UK GAAP reconciliations**

This supplementary section provides:

1. Instinet's Profit & Loss Account under UK GAAP
2. Reuters Group cash flow
3. Reconciliations of all non-GAAP measures to GAAP measures

# Supplementary – Instinet UK GAAP

## Instinet – financial performance

£m	H1 2004	H1 2003	Actual Change
<b>Revenue</b>	<b>263</b>	<b>275</b>	<b>(4%)</b>
Operating costs before restructuring, amortisation and impairment of subsidiary intangibles	(232)	(271)	(15%)
<b>Operating profit</b> before restructuring, amortisation and impairment of subsidiary intangibles	<b>31</b>	<b>4</b>	
Restructuring	(5)	(12)	
Amort / impairment of subs intangibles	(4)	(6)	
<b>Operating profit / (loss)</b>	<b>22</b>	<b>(14)</b>	
Affiliates / investment income	-	-	
Net Interest	2	3	
Amort / impairment of affiliate intangibles	-	(14)	
Profit on disposals	11	-	
<b>Profit / (loss) before taxation</b>	<b>35</b>	<b>(25)</b>	

## Supplementary – Reuters Group cash flow

£m	H1 2004 Reuters	H1 2004 Instinet	H1 2004 Reuters Group
<b>Operating profit</b> before restructuring, amortisation and impairment of subsidiary intangibles	<b>177</b>	<b>31</b>	<b>208</b>
Depreciation	58	11	69
Capex	(44)	(3)	(47)
Working capital	(59)	(102)	(161)
Restructuring	(49)	(19)	(68)
Property and other fixed asset disposals	49	-	49
<b>Operating cash flow</b>	<b>132</b>	<b>(82)</b>	<b>50</b>
Taxation, Interest, Other	(1)	7	6
<b>Free cash flow</b>	<b>131</b>	<b>(75)</b>	<b>56</b>
Reuters dividend	(86)	-	(86)
Net disposals / (acquisitions)	423	-	423
Other	1	(9)	(8)
<b>Movements</b>	<b>469</b>	<b>(84)</b>	<b>385</b>
<b>Net (debt) / funds</b>	<b>(141)</b>	<b>449</b>	<b>308</b>

# Supplementary

## H1 2004/H1 2003 movement in Reuters Group revenue – underlying to actual reconciliation

	Underlying	Acqn/Disp	Currency	Actual	Slide
Recurring	(7.3%)	(1.2%)	(4.4%)	(12.9%)	5, 8
Outright	(24.6%)	0.8%	(3.7%)	(27.5%)	8
Usage	8.8%	6.8%	(11.8%)	3.8%	8
<b>Reuters</b>	<b>(7.3%)</b>	<b>(0.7%)</b>	<b>(4.7%)</b>	<b>(12.7%)</b>	<b>5</b>
<b>Instinet</b>				<b>(4.3%)</b>	<b>-</b>
<b>Reuters Group</b>				<b>(11.3%)</b>	<b>4</b>

# Supplementary

## Reuters – impact of currency movements on reported H1 2004 results

£m	Impact on revenue	Impact on operating costs	Impact on operating profit
Weaker Dollar	(57)	59	2
Weaker Euro	(2)	1	(1)
Other currencies	(5)	4	(1)
<b>Reported exchange rate movements</b>	<b>(64)</b>	<b>64</b>	<b>0</b>
Change in currency mix	2	1	3
<b>Total currency movements</b>	<b>(62)</b>	<b>65</b>	<b>3</b>

# Supplementary

## Split of H1 2004 financial performance

<b>£m</b>	<b>Reuters</b>	<b>Instinet</b>	<b>Group H1 2004</b>	<b>Group H1 2003</b>
Revenue	1,177	263	1,437	1,620
Operating profit	76	22	98	61
Profit before taxation	297	35	332	19
Tax charge	(24)	(15)	(39)	(20)
Minority interest	-	(7)	(7)	8
Earnings	273	13	286	7
Average number of shares	1,398m	1,398m	1,398m	1,395m
EPS	19.5p	0.9p	20.4p	0.5p

# Supplementary

## Reconciliation of Reuters Group PBT/EPS to Reuters PBT/EPS before amortisation, impairments & disposals

	£m		EPS	
	H1 2004	H1 2003	H1 2004	H1 2003
<b>Reuters Group PBT / EPS</b>	<b>332</b>	<b>19</b>	<b>20.4p</b>	<b>0.5p</b>
Less Instinet	(35)	25	(0.9p)	1.0p
<b>Reuters PBT / EPS</b>	<b>297</b>	<b>44</b>	<b>19.5p</b>	<b>1.5p</b>
Impairments & disposals	(220)	1	(15.6p)	0.1p
Amortisation of goodwill and other intangibles	31	47	2.2p	3.3p
<b>Reuters Profit / EPS before taxation, amortisation, impairments &amp; disposals</b>	<b>108</b>	<b>92</b>	<b>6.1p</b>	<b>4.9p</b>
Adjusted tax charge / Tax effect	(24)	(23)	0.0p	0.0p
<i>Adjusted tax rate / Average number of shares</i>	<i>22.0%</i>	<i>25.0%</i>	<i>1,398m</i>	<i>1,395m</i>
<b>Reuters Profit / EPS before amortisation, impairments &amp; disposals</b>	<b>84</b>	<b>69</b>	<b>6.1p</b>	<b>4.9p</b>

## Supplementary

### Reconciliation of Reuters Group adjusted tax charge to reported tax charge

H1 2004 £m	Reuters	Instinet	Group
Adjusted tax charge	(24)	(11)	(35)
Tax on disposals	(2)	(4)	(6)
Tax benefit of impairments	2	-	2
<b>Reported tax charge</b>	<b>(24)</b>	<b>(15)</b>	<b>(39)</b>

# Supplementary - Reuters Cash Flow Reconciliation

These tables provide a reconciliation of the non-GAAP cash flow measures on slides 7, 13 & 29 to the UK GAAP format of the cash flow shown in the Press Release.

## Reconciliation of Working capital

<b>£m</b>	<b>Reuters</b>	<b>Instinet</b>	<b>Group</b>
Increase in stocks	(1)	-	(1)
Decrease / (increase) in debtors	6	(2)	4
Decrease in creditors	(53)	(118)	(171)
Restructuring provision	(21)	14	(7)
Other, principally translation differences	10	4	14
<b>Working Capital</b>	<b>(59)</b>	<b>(102)</b>	<b>(161)</b>

# Supplementary - Reuters Cash Flow Reconciliation

## Reconciliation of Taxation, Interest, Other

£m	Reuters	Instinet	Group
Employee share schemes charge	3	-	3
Loss on disposal of tangible fixed assets	1	1	2
Dividends received from associates	2	-	2
Net cash inflow / (outflow) from returns on Investments and servicing of finance	(4)	2	(2)
Taxation paid	(4)	(9)	(13)
Proceeds from issue of shares	2	-	2
Purchases and sales of fixed asset investments	(1)	13	12
<b>Taxation, Interest, Other reconciliation</b>	<b>(1)</b>	<b>7</b>	<b>6</b>

# Supplementary - Reuters Cash Flow Reconciliation

## Reconciliation of Net Disposals / (Acquisitions)

£m	Reuters	Instinet	Group
Cash proceeds from disposals	440	-	440
Cash / Overdrafts	(13)	-	(13)
Other net funds disposed	(1)	-	(1)
<b>Net proceeds from 2004 disposals</b>	<b>426</b>	<b>-</b>	<b>426</b>
Deferred payments on acquisitions	(3)	-	(3)
<b>Net disposals / (acquisitions)</b>	<b>423</b>	<b>-</b>	<b>423</b>
Repayment of loans to associates	(6)	-	(6)
Add back other net funds disposed	1	-	1
<b>Acquisitions and disposals (including joint ventures and associates)</b>	<b>418</b>	<b>-</b>	<b>418</b>

# Supplementary - Reuters Cash Flow Reconciliation

## Reconciliation of Other

£m	Reuters	Instinet	Group
Revaluation of net debt	7	(9)	(2)
Repayment of loans to associates	(6)	-	(6)
<b>Other</b>	<b>1</b>	<b>(9)</b>	<b>(8)</b>