THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. When considering what action to take, you are recommended to seek your own personal financial advice immediately from your stockbroker, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000.

If you sell or have sold or otherwise transferred all of your Ordinary Shares (other than ex-rights) held in certificated form before 1 July 2005 (the "ex-rights date"), please forward this document, together with the accompanying Form of Proxy and any Provisional Allotment Letter that you may receive, as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee except that such documents should not be forwarded or transmitted into any jurisdiction where to do so might constitute a violation of local securities laws or regulations including, but not limited to, Australia, Canada, Japan, South Africa, the Republic of Ireland or the United States. If you sell or have sold or otherwise transferred Ordinary Shares (other then ex-rights) held in uncertificated form before the ex-rights date, a claim transaction will automatically be generated by CRESTCo which, on settlement, will transfer the appropriate number of Nil Paid Rights to the purchaser or transferee. If you have sold or transferred part of your holding of Ordinary Shares you should immediately consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

Greenhill & Co. International, LLP, which is regulated in the United Kingdom by the Financial Services Authority, is acting as sponsor and financial adviser to T&F Informa and no one else in connection with the Acquisition and will not be responsible to anyone other than T&F Informa for providing (i) the protections afforded to clients of Greenhill & Co. International, LLP and (ii) advice in relation to the Acquisition or the Rights Issue, this document or any transaction or arrangement referred to herein.

Hoare Govett, which is regulated in the United Kingdom by the Financial Services Authority, is acting as sole broker and underwriter to T&F Informa and is acting for no one else in connection with the Rights Issue or the Acquisition and will not be responsible to anyone other than T&F Informa for providing (i) the protections afforded to clients of Hoare Govett and (ii) advice in relation to the Rights Issue, this document or any transaction or arrangement referred to herein.

This document comprises a prospectus relating to T&F Informa prepared pursuant to section 85 of the Financial Services and Markets Act 2000 (the "FSMA") and in accordance with the Listing Rules of the UK Listing Authority made under section 74 of the FSMA.

Applications have been made to the UK Listing Authority for the New Ordinary Shares to be admitted to the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's market for listed securities. It is expected that Admission will become effective and dealings in the New Ordinary Shares, nil paid, will commence for normal settlement at 8.00 a.m. on 1 July 2005.

T&F Informa plc

Proposed Acquisition of the entire issued share capital of IIR Holdings Limited

2 for 5 Rights Issue of up to 122,046,508 New Ordinary Shares at 265 pence per New Ordinary Share

and

Notice of Extraordinary General Meeting

Your attention is drawn to the letter from the Chairman of T&F Informa that is set out in Part IV of this document.

This document, which comprises a prospectus prepared pursuant to section 85 of the FSMA (as amended), has been prepared by the Company by way of an updating of the circular comprising a prospectus (the "First Prospectus") dated 14 June 2005 issued by the Company, *inter alia*, in connection with the Rights Issue, so that this document may comply with the legislative changes that have resulted from the coming into force, on 1 July 2005, of the Prospectus Regulations 2005 (the "Prospectus Regulations"). Save for (a) amendments to the front sheet of this document to reflect the changes (i) made by the Prospectus Regulations, and (ii) resulting from the passing of the Resolution at the EGM; (b) amendments to Parts I, IV and V of this document to reflect the passing of the Resolution at the EGM; (c) re-dating of the reports contained in Parts VIII and XI of this document to 1 July 2005; and (d) to the extent applicable, updating of the information contained in Part XIII of this document to reflect the position as at 29 June 2005 (being the last practicable date before the publication of this document), this document replicates the First Prospectus. This document is issued in substitution for and supersedes the First Prospectus. Any investment decision in connection with the Rights Issue may only be made by Qualifying Shareholders on the basis of the information contained in this document.

The latest time and date for acceptance and payment in full under the Rights Issue is expected to be 11.00 a.m. on 22 July 2005. The procedure for acceptance and payment is set out in Part V of this document and, for Qualifying non-Crest Shareholders only, also in the Provisional Allotment Letter.

Qualifying non-CREST Shareholders should retain this document for reference pending receipt of a Provisional Allotment Letter. Qualifying CREST Shareholders should note that they will receive no further written communication from the Company in respect of the Rights Issue. They should accordingly retain this document for, inter alia, details of the action they should take in respect of the Rights Issue. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Rights Issue. Holdings of Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue.

None of the Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares nor the Provisional Allotment Letters have been or will be registered under the United States Securities Act of 1933, as amended, or under the securities laws of any state of the United States or qualify for distribution under any of the relevant securities laws of Canada, Japan, South Africa or the Republic of Ireland nor has any prospectus in relation to the New Ordinary Shares been lodged with or registered by the Australian Securities and Investments Commission. None of the Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares nor the Provisional Allotment Letters may be offered, sold, resold, delivered or transferred, directly or indirectly, in or into Australia, Canada, Japan, South Africa, the Republic of Ireland, or the United States. Overseas Shareholders and any person (including, without limitation, custodians, nominees and trustees) who have a contractual or other legal obligation to forward this document to a jurisdiction outside the United Kingdom should read the paragraph entitled "Overseas Shareholders" in Part V of this document.

This document contains certain statements that are or may be forward-looking. These statements typically contain words such as "intends", "expects", "anticipates", "estimates" and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will 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 such forward-looking statements. These factors include, but are not limited to, factors identified elsewhere in this document as well as the following possibilities: future revenues are lower than expected; costs or difficulties relating to the integration of the businesses of T&F Informa and IIR Holdings Limited are greater than expected; expected cost savings from the transaction are not fully realised or are not realised within the expected time frame; competitive pressures in the industry increase; general economic conditions or conditions affecting the relevant industries, whether internationally or in the places T&F Informa does business, are less favourable than expected; and/or conditions in the securities market are less favourable than expected.

CONTENTS

PART I

SUMMARY

THE FOLLOWING INFORMATION IS EXTRACTED FROM, AND SHOULD BE READ AS AN INTRODUCTION TO AND IN CONJUNCTION WITH, THE FULL TEXT OF THIS PROSPECTUS.

Any investment decision relating to the T&F Informa Rights Issue should be based on consideration of this document as a whole. If you bring a claim relating to the information contained in this document before a Court where English is not the language in which proceedings are conducted, you might have to bear the costs of translating this document before the legal proceedings are initiated. Civil liability attaches to the person(s) responsible for this summary, but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of this document.

1. Introduction

On 1 June 2005, the Board of T&F Informa announced the proposed acquisition of IIR Holdings Limited ("IIR") for a cash consideration of US$1.4 billion (£768 million)(1).

IIR's events division organises conferences, seminars and exhibitions and its performance improvement division provides performance analysis, diagnostics and customised training services. In the year to 31 December 2004, IIR increased revenues to US$572.6 million (£312.9 million) and improved EBITA to US$87.1 million (£47.6 million)(2).

In addition, the Board announced the proposed Rights Issue to raise £311 million, net of expenses.

2. Background to and reasons for the Acquisition

The Directors believe that the Acquisition represents a unique opportunity for T&F Informa to advance its strategy of developing its multi-format approach to the provision of specialist content through publishing, events and now through performance improvement services. Through the combination of IIR's and T&F Informa's complementary events operations, the Acquisition will create an attractive global events business. It will also provide an entry into the high growth and resilient performance improvement market, giving scale and excellence in an important information delivery area.

IIR and T&F Informa's events divisions have operated in the global events market for some thirty years. The two organisations' events businesses are operated with similar business models and management styles.

There is a compelling strategic and commercial logic for this acquisition:

- ***Highly complementary events businesses***

  T&F Informa and IIR have strengths in different sectors and geographies of the global events market. The Enlarged Group will have increased scale in key markets such as the US, the UK, Dubai and Germany.

- ***Entry into performance improvement market***

  IIR offers T&F Informa an attractive opportunity to gain a leading performance improvement business and is a logical extension of T&F Informa's existing information delivery formats.

- ***Combined marketing strengths and customer files***

  IIR provides an opportunity for T&F Informa to cross-promote and enhance its existing market sector positions by leveraging IIR's customer database of 12 million names with its own database of 10 million names.

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(1) US$ amounts have been translated at the appropriate average exchange rate or spot exchange rate for the relevant period or date. All other US$ amounts have been converted at a ratio of £1:US$1.823, as at 31 May 2005.

(2) Financial information regarding IIR has been extracted from the audited consolidated financial statements of IIR Holdings Limited and adjusted to reflect businesses and assets that will be transferred out of IIR prior to completion of the Acquisition Agreement. This has been extracted without material adjustment from Part VIII of this document.

- ***Increased operational and financial scale and geographic reach***

  The Enlarged Group will have enhanced financial strength, increased scale and geographic reach to drive both organic and acquisition-led growth.

- ***Well balanced and robust portfolio***

  The Acquisition will continue T&F Informa's strategy of having a well-balanced and robust portfolio of assets.

- ***New publishing opportunities***

  There will be opportunities to extend T&F Informa's existing publications expertise into IIR's performance improvement sectors where T&F Informa has either no or a limited presence.

- ***Efficiency savings***

  The Directors of T&F Informa believe that the Acquisition will generate annualised efficiency savings of £8 million in 2006 and rising to £11 million in 2007 with expected one-off costs of £7.7 million occurring by the end of 2006.

3. Financial effects of the Acquisition

The Directors of T&F Informa believe the Acquisition will significantly enhance T&F Informa's earnings per share (before impairment and amortisation of goodwill and intangible assets and exceptional items) in the first full financial year after the Acquisition[(3)].

The Board believes that the Acquisition will position the Enlarged Group well for good medium-term organic growth and for continuing high cash generation. The Board expects that the post-tax return on Acquisition will cover the Company's estimated cost of capital in the first full year of ownership.

4. Summary of the Acquisition Agreement

T&F Informa will pay US$1.4 billion to the Sellers in respect of the Acquisition and certain outstanding IIR indebtedness. Completion is conditional upon, *inter alia*, competition approvals in the US and Germany and certain US government approvals required in relation to Robbins-Gioia, and the passing of the Resolution at the EGM. The Principal Shareholder, Lord Laidlaw, has given T&F Informa certain warranties and indemnities with an aggregate liability of US$35 million (other than in respect of tax claims for which an uncapped indemnity has been given).

The EGM of T&F Informa was held on 30 June 2005 and the Resolution was duly passed. Further details relating to the EGM are contained at paragraph 14 of Part IV of this document.

5. Financing the Acquisition

T&F Informa will use the net funds raised by the Rights Issue, expected to be approximately £311 million, net of expenses, to part finance the Acquisition. The balance will be provided from a new committed debt facility of £1,250 million (existing facilities will also be refinanced from this facility). In the unlikely event that the Rights Issue does not become unconditional, T&F Informa will finance the entire consideration for the Acquisition from the New Facility. The Acquisition is not conditional upon the Rights Issue becoming unconditional.

6. Summary of the terms of the Rights Issue

The Company proposes to raise approximately £311 million, net of expenses, by way of the Rights Issue. The Issue Price of 265 pence per New Ordinary Share represents a discount of approximately 35% to the closing middle market price of 407 pence per Ordinary Share on 31 May 2005 (being the last business day prior to the announcement of the Rights Issue).

The Company proposes to offer up to 122,046,508 New Ordinary Shares, in aggregate, by way of rights, to Qualifying Shareholders at 265 pence per share, payable in full on acceptance on the basis of 2 New Ordinary Shares for every 5 Ordinary Shares held by Qualifying Shareholders on the record date for the Rights Issue.

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(3) This statement should not be interpreted to mean that the future earnings per share of T&F Informa will necessarily match or exceed its historical published earnings per share.

7. Key selected financial information concerning IIR

The financial information set out below has been extracted without material adjustment from Part VIII of this document. Investors should read the whole of this document and not just rely on key or summarised information.

The table below presents IIR's revenues and EBITA for the three years ended 31 December 2004 on the basis of IFRS.

Financial years ended 31 December

	2002	2003	2004(1)	2002(2)	2003(2)	2004(2)
	US$m	US$m	US$m	£m	£m	£m
Revenue	448.9	476.3	572.6	298.7	293.1	312.9
EBITA(3)	57.6	44.9	87.1	38.3	27.6	47.6
PBT	37.8	21.7	60.3	25.2	13.3	32.9

(1) Includes a 5 month contribution from Robbins-Gioia of US$42.5 million (£23.2 million) of revenues and US$7.0 million (£3.8 million) of EBITA

(2) Financials have been converted at the following average annual exchange rates: US$1.503:£1 in 2002, US$1.625:£1 in 2003 and US$1.83: £1 in 2004

(3) Earnings before interest, tax, amortisation of goodwill and impairment of intangible assets stated before the following one-off items: a US$7.6 million non-cash one-off cost relating to the issue of share options to a single individual employee in 2004 and restructuring costs of US$0.2 million in 2004, US$5.2 million in 2003 and US$0.3 million in 2002

8. Working capital

T&F Informa is of the opinion that:

(a) taking into account the net proceeds of the Rights Issue and debt facilities available to it, T&F Informa has sufficient working capital for its present requirements, that is until at least 1 July 2006;

(b) taking into account the net proceeds of the Rights Issue and the debt facilities available to it, the Enlarged Group has sufficient working capital for its present requirements, that is until at least 1 July 2006; and

(c) taking into account the debt facilities available to it, the Enlarged Group has sufficient working capital for its present requirements, that is until at least 1 July 2006.

9. Capitalisation and indebtedness

As at 30 April 2005, T&F Informa had net external indebtedness of £306.7 million, comprising £315.2 million short and long term debt and £8.4 million cash and cash equivalents.

As set out in the unaudited pro forma financial information set out in Part XI of this document, as at 31 December 2004, on a pro forma basis (under IFRS):

- the Enlarged Group would have had combined outstanding borrowings and indebtedness of £850.7 million; of this amount, £15.7 million would have been repayable within one year;
- the Enlarged Group would have had combined cash and cash equivalents of £25.1 million; and,
- the combined shareholders' funds (under IFRS) would have been £897.5 million.

10. Listing and admission to trading

Applications have been made for the Ordinary Shares to be admitted to the Official List and to trading on the London Stock Exchange's market for listed securities. It is expected that trading will commence at 8.00 a.m. on 1 July 2005.

11. Dividend policy

T&F Informa intends to maintain its current dividend policy and adjust future ordinary dividend payments per share to take account of the bonus element of the Rights Issue.

12. Risk factors

Investors should consider carefully the risks and uncertainties listed below. These risk factors have been carefully assessed by the Directors and in their opinion have been fully considered in the management and planning of the businesses for the future. These risks and uncertainties are not the only ones facing the Enlarged Group. If any or a combination of these risks actually occurs, the price of the Ordinary Shares could decline and investors may lose all or part of their investment:

T&F Informa

- T&F Informa's publishing businesses could be adversely affected by general economic downturns or declines or disruptions in industries to which it provides information
- T&F Informa could be impacted if business model changes were widely adopted in the academic publishing market

IIR

- Adverse impact of management changes at IIR
- Key personnel could leave IIR which could adversely affect the IIR business
- If the market for performance improvement fails to continue to develop, IIR's revenue and profits could be affected
- Robbins-Gioia Proxy Board Arrangements may limit the control exercisable over the business
- Performance improvement market is reliant on evolving technology

The Enlarged Group

- The Enlarged Group's businesses could be adversely affected by general economic downturns, catastrophic events or declines or disruptions in industries that heavily utilise conferences and performance improvement services such as finance, telecommunications and pharmaceuticals
- The Enlarged Group is subject to high sensitivity in relation to average delegate attendances
- Low barriers to entry in the events market
- The Enlarged Group operates in a competitive environment
- Damage to reputation and or brand could lead to an adverse impact on the Enlarged Group
- The Enlarged Group's results may be impacted by exchange rate fluctuations
- The Enlarged Group's results will be impacted by interest rate fluctuations
- The Enlarged Group's success may, in part be dependent on its ability to integrate IIR
- The Enlarged Group could fail to attract or retain senior management or other key employees
- Enforcement of the Enlarged Group's intellectual property rights could be challenged and enforcement of those rights could be costly
- Data protection and security of databases could be compromised in the Enlarged Group
- Internet and electronic delivery platforms, networks or distribution systems may be disrupted restricting the Enlarged Group's access to market

13. Information concerning T&F Informa

T&F Informa was formed by the merger of Taylor & Francis and Informa on 10 May 2004 and is a diverse information group providing content and access to the academic, professional and business communities. The Group has offices in 18 countries and employs over 4,000 staff, with its major operations in the UK and the US.

14. Selected financial information concerning T&F Informa

Set out below is a summary of the Group's financial results under UK GAAP:

The financial information set out below has been extracted without material adjustment from Part IX of this document. Investors should read the whole of this document and not just rely on key or summarised information.

Years ended 31 December	Informa 2002	Taylor & Francis 2002	Group 2003	Group 2004
	£m	£m	£m	£m
Turnover	283.4	147.4	441.7	504.2
Adjusted operating profit(1)	37.3	35.7	79.3	108.3
Total operating profit	19.8	25.9	46.2	48.6
Adjusted pre-tax profit(2)	30.1	32.9	69.9	91.3
Pre-tax profit	12.1	23.1	33.0	12.4
Adjusted diluted earnings per share(3)	16.36p	26.97p	18.28p	24.50p
Diluted earnings per share	3.74p	15.96p	5.89p	0.04p

Notes:

(1) Group: Excludes exceptional operating costs of £10.0m (2003: £11.8m) and goodwill amortisation and impairment of £49.7m (2003: £21.3m); 2002: Excludes exceptional operating costs of £6.5m (Informa), £2.6m (Taylor & Francis) and goodwill amortisation of £11.0m (Informa), £7.3m (Taylor & Francis).

(2) Group: Excludes exceptional operating and non-operating items of £44.2m (2003: £15.7m) and goodwill amortisation of £34.7m (2003: £21.3m); 2002: Excludes exceptional operating items of £7.0m (Informa), £2.6m (Taylor & Francis) and goodwill amortisation of £11.0m (Informa), £7.3m (Taylor & Francis).

(3) Group: Excludes exceptional items after tax of £38.3m (2003: £13.1m) and goodwill amortisation of £34.7m (2003: £21.3m); 2002: Excludes exceptional items after tax of £5.1m (Informa), £2.2m (Taylor & Francis) and goodwill amortisation of £11.0m (Informa), £7.3m (Taylor & Francis).

On 13 June 2005, T&F Informa announced its unaudited restated financial results for the year ended 31 December 2004 prepared under IFRS. The full text of this announcement is set out in Part X of this document.

15. Current trading

The current year has started well and the Group is performing in line with its expectations. With the integration of Informa and Taylor & Francis now complete, the merger benefits are coming through as planned and T&F Informa is benefiting from the growth in a number of its key markets.

16. Additional Information

(a) *Share capital*

Upon completion of the Rights Issue (and assuming that no options granted under the T&F Informa Share Schemes are exercised between the date of this document and completion of the Rights Issue), the authorised share capital of the Company will consist of 600,000,000 ordinary shares of 10 pence each, of which 421,034,577 will be issued.

(b) *Major shareholders*

Paragraph 6(c) of Part XIII of this document sets out those persons who, as at 29 June 2005 (so far as the Company is aware), were interested in three per cent. or more of the issued ordinary share capital of T&F Informa. The Directors are not aware (i) of any persons who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company, nor (ii) of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

(c) *Significant change*

There have been no significant changes in the financial or trading position of either (1) T&F Informa or (2) IIR since 31 December 2004.

(d) ***Costs of the Rights Issue***

The aggregated costs and expenses payable by T&F Informa in connection with the Rights Issue are estimated to amount to approximately £8.5 million, including £7.5 million underwriting commissions (plus irrecoverable VAT).

(e) Documents on display

Copies of various documents will be available for inspection free of charge at the Company's offices or at the offices of CMS Cameron McKenna LLP during normal business hours on any weekday (Saturday and public holidays excepted) up to and including 24 July 2005.

PART II

RISK FACTORS

1. Risk Factors affecting T&F Informa

The Directors are required as part of the Prospectus Rules to disclose risk factors specific to the Group or its industry. The Directors have assessed the risk factors and believe they have been appropriately considered in the Company's management and planning of the business in the future.

A number of factors (risk factors) affect T&F Informa's operating results and financial condition. In common with other information providers, T&F Informa's profitability depends in part on the prevailing economic environment and the strength of the academic, professional and business communities to which it sells. In addition, T&F Informa's profitability is dependent on maintaining a strong and highly motivated management team, maintaining brand reputation, quality of information and its ability to use and protect the security of its marketing databases. Risk factors include economic conditions, appetite for T&F Informa's products, its ability to integrate IIR, government policy and the need to have effective operational systems and processes. These industry and company specific risk factors affect IIR's events business in a broadly similar manner apart from risks relating to publishing (which is not a material part of its business). Other risk factors more specific to IIR are also listed in paragraph 2 below.

Industry factors

T&F Informa's publishing businesses could be adversely affected by general economic downturns or declines or disruptions in industries to which it provides information

The publishing industry is sensitive to both general economic and business conditions and can be affected by the condition of specific industries and interest groups such as the professional, financial services, life sciences, technology, pharmaceuticals, telecommunication and maritime industries. Some of these industries have in the past been sensitive to event-driven disruptions such as government regulation, war, terrorism, disease, natural disasters and other significant adverse events. A general decline in economic conditions or disruptions in specific industries characterised by falls in spending on published materials could cause a material decline in T&F Informa's revenue.

T&F Informa's events business could be adversely affected by general economic downturns, catastrophic events or declines or disruptions in industries that heavily utilise conferences such as finance, telecommunications and pharmaceuticals

The events market is sensitive to both general economic and business conditions and to specific adverse events, such as acts of terrorism or other catastrophic events. In addition, the events market can be affected by the condition of industries such as professional, financial services, life sciences, technology, pharmaceuticals, telecommunication and maritime industries. Some of these industries tend to be sensitive to event-driven disruptions such as government regulation, war, terrorism, disease, natural disasters and other significant adverse events. A general decline in economic conditions or disruptions in specific industries characterised by falls in spending on events (as spending on events is considered discretionary by some customers) could cause a material decline in T&F Informa's revenue.

T&F Informa could be impacted if changes in the business model were widely adopted in the academic publishing market

An alternative business model called 'open access' has been put forward that would allow libraries to access all publications freely rather than the current system of acquiring journals from publishers. If this model were to be widely adopted, there could be a material impact on this part of T&F Informa's business. Recently, the DTI on behalf of the UK Government, issued its response to the House of Commons Select Committee's report on scientific publishing. The DTI appears to the board of T&F Informa to have taken a pragmatic line, broadly accepting the maintenance of the current publishing system. T&F Informa will continue to monitor the situation carefully and position itself to respond to any changes in the academic market's information requirements.

Low barriers to entry in the events market

The events market has relatively low barriers to entry that could lead to a rival operator establishing competing conferences in the Group's core markets. There are several competitors who could establish rival conferences at relatively low-cost.

T&F Informa is subject to high sensitivity in relation to average delegate attendance

Average delegate numbers at events could fall as a reaction to the economic or political environment. In addition to the general economic, social and political environment, the Group could also see reduced delegate numbers due to changes in the quality of events, a failure to market events successfully, reductions in the appeal of certain events and a decline in the general appetite amongst corporate clients to pay for and send delegates to events. If there is a material decline in average attendance then profitability would be reduced due to the operationally geared nature of the business.

Considerations relating to T&F Informa's business

T&F Informa's results may be impacted by exchange rate fluctuations

T&F Informa operates in several countries and is therefore exposed to foreign currency rate fluctuations. T&F Informa receives over 50% of its revenues in US Dollars and incurs approximately 35% of its costs in US Dollars. A strong Pound Sterling as against the US Dollar will reduce the Pound Sterling reported results of the US Dollar businesses. Conversely, a weaker Pound Sterling against the US Dollar will increase the reported results of the US Dollar business. T&F informa receives approximately 20% of its revenues in Euros and incurs approximately 20% of its costs in Euros. A strong Pound Sterling against the Euro will reduce Pound Sterling reported results of the Euro businesses. Conversely, a weaker Pound Sterling as against the Euro will increase the reported results of the Euro business. Comparability of T&F Informa's business between financial targets can be significantly affected by fluctuations in Pound Sterling against other currencies and particularly against the US Dollar and the Euro.

T&F Informa's results will be impacted by interest rate fluctuations

T&F Informa has increased its level of borrowing in order to fund the Acquisition. This increase in borrowings has increased T&F Informa's absolute exposure to interest rate fluctuations. In addition, the increased level of debt could reduce the Company's ability to raise finance in the future to fund acquisitions. T&F Informa has put in place interest rate swap arrangements to hedge partially against movements in interest rates.

T&F Informa operates in a competitive environment

The markets for T&F Informa's products and services are competitive and this may have adverse consequences. In its academic, specialist and professional publications business, this could lead to pricing pressure and, in turn, reduced profit margins. In T&F Informa's events business, this may lead to pressure on the prices charged to delegates and the availability of sponsorship.

T&F Informa's success may, in part, be dependent on its ability to integrate IIR

Whilst the Group has a strong track record for integrating acquisitions, including the Merger of Informa with Taylor & Francis and the smaller acquisitions of PJB, Marcel Dekker and MMS during 2003 and 2004, the Enlarged Group's success may, in part, be dependent upon T&F Informa's ability to integrate IIR, and any other businesses that it or the Enlarged Group may acquire in the future, without disruption to the existing business. In addition, future acquisitions may involve the assumption of liabilities and exposure to unforeseen liabilities of the acquired companies.

The Enlarged Group could fail to attract or retain senior management or other key employees

The failure to attract or retain key employees could seriously impede the financial plans, growth and other objectives of T&F Informa and, following completion of the Acquisition, the Enlarged Group. The success of T&F Informa, and following completion of the Acquisition, the Enlarged Group, depends to a substantial extent not only on the ability and experience of its senior management but also on the individuals and teams that service its customers and maintain its client relationships. The Directors believe that the Group's future success will depend, to a large degree, on its ability to attract and retain additional highly skilled and qualified personnel and to expand, train, manage and motivate its employees.

Damage to reputation and or brand could lead to an adverse impact on T&F Informa

T&F Informa's businesses are in part dependent on the success of their branded publications and events. These brands are important in attracting high quality contributors, advertising revenues, speakers, delegates and sponsorship. If the reputation, customer experience or quality of any of T&F Informa's major publications or larger events was to be damaged then there could be an adverse impact on the Group.

T&F Informa's intellectual property rights could be challenged and enforcement of those rights could be costly

A substantial element of T&F Informa's products and services comprise intellectual property content delivered through a variety of media, including journals, books and the internet. Whilst the Group relies on trademark, copyright, patent and other intellectual property laws to establish and protect its proprietary rights in these products and services, it cannot be certain that its proprietary rights will not be challenged, limited, invalidated or circumvented. Despite trademark and copyright protection and similar intellectual property protection laws, third parties may be able to copy, infringe or otherwise profit from its proprietary rights without the Company's authorisation. As regards online content, whilst there is now certain internet-specific copyright legislation in the United States and in the European Union, there remains significant uncertainty as to its scope and enforceability. In the United States, copyright laws are increasingly coming under legal challenge and, in the European Union, national legislation by the member states implementing the EU Copyright Directive has yet to be adopted.

Data protection and security of databases could be compromised

The Enlarged Group will have valuable databases. If these were damaged or accessed by a competitor then the ability of the Group to operate and access these databases could be adversely impacted. This could have a material adverse impact on the Group's revenue and profits. In addition, access to these databases could enable one of the Company's competitors to compete more effectively.

Internet and electronic delivery platforms, networks or distribution systems

T&F Informa's businesses are increasingly dependent on electronic platforms and distribution systems, primarily the internet, for delivery of their products and services. The Group's ability to use the internet may be impaired due to infrastructure failures, service outages at third party internet providers or increased government regulation. If disruptions, failures, or slowdowns of the Group's electronic delivery systems or the internet occur, its ability to distribute its products and services effectively and to serve its customers may be adversely affected.

2. Risk Factors specifically affecting IIR

Industry factors

The performance improvement industry could be adversely affected by general economic downturns or declines or disruptions in industries

The performance improvement market is sensitive to both general economic and business conditions. In addition, performance improvement spending can be affected by the condition of industries such as travel, financial services, education, telecommunications, retail and entertainment industries. Some of these industries tend to be sensitive to event-driven disruptions such as government regulation, war, terrorism, disease, natural disasters and other significant adverse events. A general decline in economic conditions or disruptions in specific industries characterised by falls in spending on performance improvement expenditure (as this spending may be considered discretionary by customers) could cause a decline in IIR's revenue.

Considerations relating to IIR's business

Impact of management changes

Lord Laidlaw, the current owner and Chairman of IIR, will be leaving the IIR Group and this could have an impact on the operation and controls within IIR. T&F Informa will seek to prevent any disruption to the operation of IIR and, in particular, has asked the current Chief Executive Officer, Chris Maybury, to remain with IIR for a period of time to assist with the integration. Notwithstanding this, there are risks that without the current leadership there could be an adverse impact on IIR.

Key personnel could leave IIR which would adversely affect the IIR business

IIR's business is highly reliant on its key management team. The loss of key members of IIR's management team may adversely affect IIR's business, financial condition and results of operations. T&F Informa has had discussions with management and is confident that they will remain with IIR in the short term, however, there is a risk that these individuals may choose not to remain with T&F Informa. There is an additional risk that these key personnel attempt to establish competing businesses (although Lord Laidlaw and Chris Maybury have entered into non-compete arrangements for three and two years duration respectively).

Performance improvement

If the market for performance improvement fails to continue to develop, IIR's revenue and results of operations could be affected

IIR's future success is dependent in part on the continued growth of the performance improvement market. It is not possible to give assurances that the performance improvement market will continue to grow. If the performance improvement market fails to continue to develop or develops more slowly than expected, IIR's business and results of operations could be affected.

Robbins-Gioia Proxy Board Arrangements may limit the control exercisable over the business

Robbins-Gioia operates under a Proxy Board Arrangement under the Exxon-Florio Act and this may limit the amount of control that T&F Informa can exert over this business. In addition, the ability of T&F Informa to grow the Robbins-Gioia business outside of the United States could be restricted.

Performance improvement market is reliant on evolving technology

A significant number of the performance improvement division's products could become out-dated or be overtaken by a competitor's products. The performance improvement business model relies on offering customers packaged services, hence if a competitor were to be able to re-create or imitate any of the division's products then there could be an adverse impact on the competitive position of the performance improvement division.

3. General investment risks

The Ordinary Shares are subject to price fluctuations

A number of factors outside the control of T&F Informa may impact on its performance and the price of the Ordinary Shares, including investor sentiment and local and international stock market conditions. Investors should recognise that the price of Ordinary Shares may fall as well as rise.

PART III

A. DIRECTORS, COMPANY SECRETARY AND ADVISERS

DIRECTORS
Richard Hooper
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David Gilbertson
Anthony Foye
Derek Mapp
Sean Watson
Dr Pamela Kirby

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REGISTRARS AND RECEIVING AGENTS
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FINANCIAL ADVISER AND SPONSOR

Greenhill & Co. International, LLP
56-58 Conduit Street
London W1S 2YZ

B. EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2005
Record Date for the Rights Issue	close of business on 27 June
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 28 June
EGM	**11.00 a.m. on 30 June**
Provisional Allotment Letters expected to be despatched (to Qualifying non-CREST Shareholders only)[(1)]	30 June
Ordinary Shares commence trading ex-rights	8.00 a.m. on 1 July
Admission, dealings in New Ordinary Shares, nil paid, commence on the London Stock Exchange	**8.00 a.m. on 1 July**
Nil Paid Rights and Fully Paid Rights enabled in CREST[(1)]	after 8.00 a.m. on 1 July
Recommended latest time for requesting withdrawal of Nil Paid Rights or Fully Paid Rights from CREST[(2)]	4.30 p.m. on 18 July
Recommended latest time for depositing renounced Provisional Allotment Letters into CREST or for dematerialising Provisional Allotment Letters into a CREST stock account[(3)]	3.00 p.m. on 19 July
Latest time and date for splitting Provisional Allotment Letters	3.00 p.m. on 20 July
Latest time and date for acceptance and payment in full and registration of renunciation	**11.00 a.m. on 22 July**
Dealings in New Ordinary Shares expected to commence, fully paid	8.00 a.m. on 25 July
New Ordinary Shares credited to CREST stock accounts	8.00 a.m. on 25 July
Despatch of definitive share certificates for New Ordinary Shares	by 2 August

(1) This does not apply to Overseas Shareholders as described in paragraph 6 of Part V of this document.

(2) i.e. if your Nil Paid Rights or Fully Paid Rights are in CREST and you wish to convert them into certificated form

(3) i.e. if your Nil Paid Rights or Fully Paid Rights are represented by a Provisional Allotment Letter and you wish to convert them into uncertificated form in CREST

Notes:

(i) The dates set out in the expected timetable of principal events above and mentioned throughout this document and in the Provisional Allotment Letter may be adjusted by the Company, in which event details of the new dates will be notified to the UK Listing Authority (or the FSA, as appropriate), the London Stock Exchange and, where appropriate, to Shareholders.

(ii) References to times in this document are to London times unless otherwise stated.

(iii) If you have any queries on the procedure for acceptance and payment, you should contact Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6DA (Telephone: 0870 600 0673 (if calling from within the UK) or +44 1903 702767 (if calling from outside the UK)).

PART IV

CHAIRMAN'S LETTER
LETTER FROM THE CHAIRMAN OF T&F INFORMA PLC

1 July 2005

To the Shareholders
and, for information only, to participants in the T&F Informa Share Schemes

Dear Shareholder

Proposed £768 million acquisition of IIR Holdings Limited ("IIR")
Proposed 2 for 5 Rights Issue at 265 pence per New Ordinary Share

1. Introduction

On 1 June 2005, the Board of T&F Informa announced the proposed acquisition of IIR for a cash consideration of US$1.4 billion (£768 million).

IIR's events division organises conferences, seminars and exhibitions and its performance improvement division provides performance analysis, diagnostics and customised training services. In the year to 31 December 2004 IIR increased revenues to US$572.6 million (£312.9 million) and improved EBITA to US$87.1 million (£47.6 million)(1).

The Directors believe that the Acquisition represents a unique opportunity for T&F Informa to advance its strategy of developing its multi-format approach to the provision of specialist content through publishing, events and through customised performance improvement services. The Acquisition enables T&F Informa to enter the growing performance improvement market, giving scale and excellence in an important information delivery area and providing opportunities to leverage T&F Informa's industry sector expertise in IIR's performance improvement markets.

Both IIR's and T&F Informa's events divisions have operated in the events market for some thirty years. The two organisations' events divisions are operated with similar business models and management styles through highly incentivised local management teams across a range of countries, closely supervised by senior management. T&F Informa is therefore well placed to run a large scale events business and understands the cultural and operational requirements of developing and managing such a business effectively.

The Acquisition will continue T&F Informa's strategy of building a well-balanced and robust portfolio of assets. The Enlarged Group is expected to continue to demonstrate attractive growth characteristics during periods of economic upturn through its operationally geared events businesses, while exhibiting profit resilience through its more defensive publishing and performance improvement businesses in times of economic slowdown.

The Acquisition is expected to enhance significantly T&F Informa's earnings per share (before amortisation and impairment of goodwill and intangible assets and exceptional items) in the first full financial year after the Acquisition.(2)

On 1 June 2005, T&F Informa also announced that it is raising £311 million, net of expenses, by way of a proposed Rights Issue to part finance the Acquisition. The Rights Issue has been fully underwritten by Hoare Govett save in respect of any new Ordinary Shares issued between 1 June 2005 and the Record Date. Qualifying Shareholders will be offered New Ordinary Shares under the Rights Issue at a price of 265 pence per new Ordinary Share on the basis of 2 new Ordinary Shares for every 5 existing Ordinary Shares. The balance of the purchase price for the Acquisition will be funded by the New Facility.

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(1) Financial information regarding IIR has been extracted, without material adjustment, from the financial information set out in Part VIII of this document. The financial information in this Part IV has been adjusted to reflect businesses and assets that will be transferred out of IIR prior to completion of the Acquisition which are shown in note 23 to the financial statements of IIR in Part VIII of this document. Shareholders should read the whole of this document and not just rely on the key and summary information contained in this Part IV and other parts of the document.

(2) This statement should not be interpreted to mean that the future earnings per share of T&F Informa will necessarily match or exceed its historical published earnings per share.

In view of the size of the Acquisition, it is conditional upon, inter alia, T&F Informa shareholder approval and competition and regulatory clearances in the United States and Germany. The Acquisition is not conditional upon the Rights Issue becoming unconditional; in the event that the Rights Issue does not become unconditional, the amount being borrowed under the New Facility shall be increased to fund the entire consideration. The Rights Issue is not conditional upon the Acquisition completing, although it is subject to shareholder approval.

In the event that T&F Informa receives the required approvals to complete the Acquisition prior to the Rights Issue becoming unconditional and payment for the shares in IIR is required, then the New Facility will be used to fund the Acquisition in full. Part of this facility will then be repaid when the proceeds of the Rights Issue have been received.

2. Development of T&F Informa

The Merger on 10 May 2004 of Informa and Taylor & Francis created a new international business in the provision of specialist information through T&F Informa's publishing, events and data businesses employing some 4,000 people. The integration of the two groups is now complete and the combined Group has started to benefit from both the revenue and cost synergies which the Merger created. Following the Merger, the Group's three operating divisions of Academic, Professional and Commercial have all performed well, combining organic growth with good contributions from acquisitions made in 2003, including CRC Press, PJB, MMS and from Marcel Dekker in early 2004. T&F Informa's events business demonstrated strong growth in 2004 as a result of a recovery in corporate spending and new event launches and this has continued into 2005.

Since the Merger, T&F Informa has continued its strategy of providing specialist content and access to academic, professional and business communities worldwide. The Merger enabled T&F Informa to do this through publications, events and training and through a wider geographic and sector customer base. T&F Informa also seeks to develop and acquire strong brands looking to enhance its US presence and further develop into other high growth economies. In 2004, T&F Informa specifically identified training and distance learning as an attractive and complementary market where it could further exploit its specialist information offering.

3. Information on IIR

IIR's events division organises conferences, seminars and exhibitions and its performance improvement division provides performance analysis, diagnostics and customised training to primarily US based corporations and governments. In the year to 31 December 2004 it had revenues of US$572.6 million (£312.9 million) and EBITA of US$87.1 million (£47.6 million) (this included a 5 month contribution from Robbins-Gioia (acquired in July 2004) of US$42.5 million (£23.2 million) and US$7.0m million (£3.8 million) revenue and EBITA, respectively). IIR was founded in 1973 by Irvine Laidlaw (now Lord Laidlaw of Rothiemay), its current majority shareholder and Chairman.

IIR operates through two business divisions:

- Events ("Events"), representing 49% of 2004 revenues
- Performance Improvement ("PI"), representing 51% of 2004 revenues

IIR has delivered substantial growth over five years through the development and realignment of its Events business by focusing on larger scale events, by taking advantage of improving economic conditions to drive organic revenues through new event launches and through selected acquisitions in PI. IIR operates across 70 countries and the Group employs approximately 3,000 people. IIR has also developed its portfolio of companies to have a greater resilience to economic cycles and enjoys strong client retention rates and repeating revenue streams with an increasing proportion of government revenues leading to good revenue predictability across its operations.

In Events, IIR continually tests many new formats. This approach has led to the development of larger scale, industry leading 'must-attend' events which generate higher delegate revenues, increased sponsor and exhibitor revenues and a higher degree of resilience in an economic downturn. These events have been replicated in several markets. In 2004, approximately 56% of IIR's Events revenue was derived from these large-scale "must-attend' industry events.

In PI, the business enjoys long term relationships with its clients which include approximately half of the Fortune 500 and a broad cross-section of US Government departments. This results in estimated repeat business levels of approximately 75%.

Operating leverage in Events has enabled IIR to take advantage of improving economic conditions and grow through increased demand for new events, increased delegate numbers and higher sponsorship levels. IIR has also grown through acquisitions. Since 1997 it has made seven acquisitions in PI including Robbins-Gioia in July 2004 for US$81 million, AchieveGlobal in 2000 for US$100 million and ESI International for US$50 million in 1997. IIR has developed these acquired businesses and replicated them outside of their core US markets and significant opportunities remain to exploit this further. IIR's management has concentrated on developing the sales capacity of the businesses that it has acquired in PI utilising its strong sales organisation. T&F Informa expects to be able to also benefit from these skills.

T&F Informa is not acquiring certain assets (the Excluded Assets) that will be transferred out of IIR before completion of the Acquisition.

Financial Performance

The table below presents IIR's revenues, EBITA and PBT for the three years ended 31 December 2004. This information has been extracted without material adjustment from the relevant information relating to IIR contained in Part VIII of this document. The Directors consider that PBT is less relevant to T&F Informa (when compared to other companies) as the capital structure of the business following completion of the Acquisition will be different as it becomes part of the Enlarged Group. In addition, the figures for PBT shown below include the following charges: amortisation of goodwill, impairment of intangible assets and certain one-off items.

Financial years ended 31 December

	2002	**2003**	**2004(1)**	**2002(2)**	**2003(2)**	**2004(2)**
	US$m	**US$m**	**US$m**	**£m**	**£m**	**£m**
Revenue	448.9	476.3	572.6	298.7	293.1	312.9
EBITA(3)	57.6	44.9	87.1	38.3	27.6	47.6
PBT(4)	37.8	21.7	60.3	25.2	13.3	32.9

(1) Includes a 5 month contribution from Robbins-Gioia of US$42.5 million (£23.2 million) of revenues and US$7.0 million (£3.8 million) of EBITA

(2) Financials have been converted at the following average annual exchange rates: US$1.503:£1 in 2002, US$1.625:£1 in 2003 and US$1.83: £1 in 2004

(3) Earnings before interest, tax, amortisation of goodwill and impairment of intangible assets stated before the following one-off items; a US$7.6 million non-cash one-off cost relating to the issue of share options to a single individual employee in 2004 and restructuring costs of US$0.2 million in 2004, US$5.2 million in 2003 and US$0.3 million in 2002

(4) Profit before tax

The financial information shown above is extracted without material adjustment from IIR Group's consolidated audited accounts which were prepared under the transitional arrangements for IFRS as published by the International Accounting Standards Board. This financial information has been adjusted to reflect the removal of the Excluded Assets.

During the period 1997 to 2000 IIR experienced rapid expansion in all of its businesses as the global economy grew, leading to higher demand for conferences, availability of sponsorship and higher demand for customised performance improvement training. The aftermath of the terrorist attack in New York on September 11, 2001 combined with both a slowing global economy and the SARS epidemic in Asia adversely impacted revenues between 2001 and 2003. The more recent recovery in the global economy, which has led to higher corporate spend and increased demand for corporate events plus acquisitions, has resulted in 2004 revenue growth of 20.2% and EBITA growth of 94.0%.

In 2004, IIR generated an estimated 51% of its revenues from North America, 17% from Continental Europe, 17% from the UK, 9% from the Middle East and South Africa and 6% from the rest of the world.

IIR has increased EBITA margins from 9.4% in 2003 to 15.2% in 2004 and is a highly cash generative business converting approximately 100% of EBITA to cash.

As at 31 December 2004, after adjusting for the Excluded Assets, IIR had net assets of US$97.0 million (£50.7 million) including goodwill.

Events (2004 revenues US$276 million (£151 million), operating profit (pre-central costs and pre-one off share option cost) US$40 million (£22 million))

IIR organises the following types of events: niche conferences covering topical issues; annuals and forums which are medium to large industry conferences; sales led events with a primary focus on sponsorship and showcase revenue; large scale events which are positioned as major 'must attend' events serving an industry or sector and guru events promoting the expertise of thought-leaders.

The strategy of the events business has been to move away from smaller conferences and focus on larger events that have higher repeat delegates, attract greater sponsorship and hence higher revenue predictability and growth. IIR's objective is for each of these larger events to become an industry standard in their particular sector and hence that event for practitioners becomes a 'must attend'.

Large-scale events produced by IIR focus on the following industries: Finance, Telecoms, Life Sciences, Pharmaceutical and Information Technology, in each case utilising highly respected brands, including: Super Return, Clinical Trials Congress, GAIM, Tetra, 3G Hong Kong and the Leaders conferences. Training seminar products include: public courses for business executives in technical and professional development subjects and on-site courses for individual companies. In 2005, IIR is expected to produce over 1,400 conferences, 5,200 training events and 23 industry leading exhibitions. Of these approximately 430 will be large scale industry events. In addition, IIR maintains high quality global marketing databases containing approximately 12 million names.

The events business consists of 22 individual companies, which serve over 54 industry sectors and operate in 30 countries. Principal business centres are located in the UK, the US, Germany and Dubai.

IIR's 23 industry-leading trade and consumer shows focus on the following key sectors; Electricity & Power, Printing, Luxury Yachts, Commercial Property and Healthcare. These demonstrate a high degree of visibility of revenues due to exhibition bookings made in advance and strong exhibitor repeat rates.

In 2006, IIR will stage the next IPEX event for the printing industry, which is held every four years, and is believed to be one of the larger business-to-business exhibitions in the UK. In addition, the business operates Middle East Electricity, Arab Health, the China Audio and Lighting Manufacturers (CALM) Expo in Beijing and the PALME exhibition in Singapore.

Performance Improvement division (PI) (2004 revenues US$295 million (£161 million), operating profit (pre-central costs) US$33 million (£18 million) including a 5 month contribution from Robbins-Gioia)

IIR is a leader in the fragmented performance improvement market. PI provides performance analysis, diagnostics and customised training to corporates and governments. PI uses its specialist professionals to work with clients to identify and resolve business and training issues and produce tailored operational programs. PI implements these bespoke programs frequently across entire workforces or departments through a variety of customised off-site, on-site and electronic products enabling a transformation of the skills of the employees. Mentoring and monitoring, after the initial program delivery, are integral parts of the overall contract and ensure key performance improvement objectives have been met.

The performance improvement market is highly fragmented and IIR has built a leading position over the last eight years as one of the largest independent providers of performance improvement services. Simba[(3)] estimates that the US outsourced skills training and e-learning market (excluding information technology) was US$5.1bn in 2004, having increased by 11% compared to 2003. It estimates this market will grow at a compound average growth rate of 7.4% over the period 2004 to 2008.

PI operates under the following eight companies:

- Robbins-Gioia: program, project and portfolio management and consultancy
- ESI: project and contract management and business analysis
- AchieveGlobal: sales performance, customer service, leadership and teamwork training
- Forum: leadership, customer service and sales performance training

(3) Corporate Training Market 2005: Forecast & Analysis published by Simba Information, a Bowker Company.

- Huthwaite: sales performance improvement
- Omega Performance: credit, sales, customer service, contact centres and wealth management for financial services
- Communispond: business communications and presentation skills
- PTI: technical and regulatory training for pharmaceutical related companies.

Revenues are generated through the sale of materials and product, content licensing, public and on-site training, course and material customisation, royalties and consulting services.

Clients include approximately 60% of the Fortune 250, approximately half of the Fortune 500 and a broad cross section of US Government departments. IIR's PI business has strong brand names with a good market reputation based on its high quality intellectual property. PI is positioned to expand its service offering overseas.

PI has significantly strengthened its defensive qualities with the expansion of its government client base. For example, ESI has grown its US Government revenue contribution from 13% of sales in the year to 31 December 2000 to 27% in the year to 31 December 2004. Robbins-Gioia generated 83% of its revenue from the government sector in the year to 31 December 2004. These relationships are generally embedded and long term in nature. There are expansion opportunities with other US Government departments and internationally.

4. Background to and reasons for the Acquisition

The Directors believe that the Acquisition represents a unique opportunity for T&F Informa to advance its strategy of developing its multi-format approach to the provision of specialist content through publishing, events and now through performance improvement services. Through the combination of IIR's and T&F Informa's complementary events operations, the Acquisition will create an attractive global events business. It will also provide an entry into the high growth and resilient performance improvement market, giving scale and excellence in an important information delivery area.

T&F Informa believes that through IIR's existing PI business it can leverage its sector expertise, particularly in telecoms and pharmaceuticals, to cross-sell existing products and drive growth in PI's own product offering. The performance improvement market is a new one for T&F Informa, but is highly complementary with T&F Informa's events, training and publishing activities. The Directors believe that the key characteristics of IIR's PI operations (including well respected brand names, varied and loyal customer base, strong cash conversion combined with high levels of repeating and predictable revenues) are highly attractive.

IIR and T&F Informa's events divisions have operated in the events market for some thirty years. The two organisations' businesses are operated with similar business models and management styles through highly incentivised local management teams across a range of geographies closely supervised by senior management. T&F Informa is therefore well placed to understand the dynamics of running a large scale events business such as IIR and of managing the cultural and operational requirements of developing such a business effectively. In addition, IIR has a well-established management structure and a management team with an average tenure of 12 years that will add experience and expertise to T&F Informa's existing events division management base. The Directors of T&F Informa are focused on retaining IIR's key employees who they see as important to the continued success of the IIR business.

There is a compelling strategic and commercial logic for this acquisition:

- ***Highly complementary events businesses***

  T&F Informa and IIR have strengths in different sectors and geographies of the global events market. The Enlarged Group will have increased scale in key markets such as the US, the UK, Dubai and Germany. In the UK, IIR is strong in finance, having events such as SuperReturn whereas T&F Informa is strong in telecoms and law with its 3GSM event and Legal IT Forum. In the US, IIR has a successful domestic conference business, an area in which T&F Informa's existing conference operation is relatively small. In addition, the Acquisition enables T&F Informa to extend its reach with further growth into regions such as Eastern Europe and Russia, China, the Middle East and Latin America. IIR has increasingly focused its business on developing large-scale events, while T&F Informa continues to focus on smaller conferences notwithstanding that it has some larger events such as its annual 3GSM event.

- ***Entry into Performance Improvement market***

  IIR offers T&F Informa an attractive opportunity to gain a leading performance improvement business and is a logical extension of T&F Informa's existing information delivery formats. The key attributes of PI are its long-term embedded relationships, partnership approach with its clients (generating resilient, repeating revenue streams) and excellent proprietary and licensed intellectual property which are complementary with T&F Informa's existing businesses. In addition, there are likely to be significant opportunities to use T&F Informa's sector expertise by leveraging IIR's performance improvement skills into T&F Informa's top industry sectors. T&F Informa's access to experts in specialist sectors should also provide PI with new client introduction opportunities.

- ***Combined marketing strengths and customer files***

  IIR provides an opportunity for T&F Informa to cross-promote and enhance existing market sector positions (for example, in financial services, pharmaceutical, biotech and telecoms). The Enlarged Group will be able to harness greater marketing strength by broadening its distribution and client reach by leveraging IIR's customer database of some 12 million names with its own database of approximately 10 million names.

- ***Increased operational and financial scale and geographic reach***

  The Enlarged Group will have enhanced financial strength, increased scale and geographic reach to drive both organic and acquisition-led growth and to invest and compete more effectively in its core and new markets. In particular, the Enlarged Group will generate an estimated 40% of its revenue in North America. A combination of the two groups' events businesses will significantly extend the Enlarged Group's strength further in other geographical jurisdictions, notably Russia and Eastern Europe, Asia and the Middle East and Latin America.

- ***Well balanced and robust portfolio***

  The Acquisition will continue T&F Informa's strategy of having a well-balanced and robust portfolio of assets. Key to this is T&F Informa's ability to demonstrate attractive growth characteristics during periods of economic upturn through its operationally geared events businesses, while exhibiting profit resilience through its more defensive publishing and PI businesses in times of economic slowdown. IIR offers this balance through its robust high repeat revenues from "must attend' events and long term relationships that it has developed in PI, whilst also having a scaleable model in strong economic markets.

- ***New publishing opportunities***

  There will be opportunities to extend T&F Informa's existing publications expertise into IIR's performance improvement sectors where T&F Informa has either no or a limited presence (this will include sectors such as sales, leadership and project and contract management). The Merger of Informa and Taylor & Francis has demonstrated the strong benefits from combining a publishing driven business with an events business and generating revenues by cross-selling between these two delivery channels.

T&F Informa has an excellent track record in acquiring and integrating businesses. T&F Informa intends to maintain IIR's brands, operating structure and full product range.

The Directors of T&F Informa believe that the Acquisition will generate annualised efficiency savings of £8 million in 2006 and rising to £11 million in 2007 from areas including property, IT systems, procurement and central overhead savings with expected one-off costs of £7.7 million occurring by the end of 2006.

5. Financial effects of the Acquisition

The Directors of T&F Informa believe the Acquisition will significantly enhance T&F Informa's earnings per share (before amortisation and impairment of goodwill and intangible assets and exceptional items) in the first full financial year after the Acquisition. This statement should not be interpreted to mean that the future earnings per share of T&F Informa will necessarily match or exceed its historical published earnings per share.

The Board believes that the Acquisition will position the Enlarged Group well for good medium-term organic growth and for continuing high cash generation. The Board expects that the post-tax return on Acquisition will cover the Company's estimated cost of capital in the first full year of ownership.

On the basis of IIR and T&F Informa's actual 2004 revenues management estimates that a combination of the two groups from 1 January 2004 would have produced the following balanced revenue split: 26% subscriptions, 22% performance improvement, 33% events, 15% copy sales and 4% advertising. Through its organic development and future acquisitions, T&F Informa intends to continue to focus on building a portfolio which derives broadly half of its revenues from repeating revenue streams and half from more operationally geared activities. This will enable it to capture more growth opportunities in its chosen vertical markets.

The Directors expect that, on the basis of the Rights Issue becoming unconditional, the ratio of net debt to earnings before interest, tax, depreciation, amortisation and exceptional items will be approximately 4.4× at completion of the Acquisition and expect that it will fall to around 4× by the year end.

6. Details of and financing of the Acquisition

The terms of the Acquisition Agreement are summarised in Part XII of this document.

T&F Informa will use the net funds raised by the Rights Issue, expected to be approximately £311 million, after expenses, to part finance the Acquisition. The balance will be provided from a New Facility, which was entered into on 31 May 2005, of £1,250 million (existing facilities will also be refinanced from this facility). In the unlikely event that the Rights Issue does not become unconditional, T&F Informa will finance the entire consideration for the Acquisition from the New Facility.

In the event that T&F Informa receives the required approvals to complete the Acquisition prior to the Rights Issue becoming unconditional and payment for the shares in IIR is required, then the New Facility will be used to fund the Acquisition in full. Part of this facility will then be repaid when the proceeds of the Rights Issue have been received.

The terms of the New Facility Agreement are summarised in Part XII of this document.

The Rights Issue is not conditional on completion of the Acquisition and the Acquisition is not conditional on the Rights Issue becoming unconditional. In the unlikely event that the Acquisition does not complete, the Board's current intention is to use the proceeds to pay down the Company's existing debt where appropriate and to continue to consider actively other acquisition opportunities. If neither of these is appropriate it may also then consider a potential return of surplus capital to Shareholders.

7. Current trading and prospects

The current year has started well and the Group is performing in line with its expectations. With the integration of Informa and Taylor & Francis now complete, the merger benefits are coming through as planned and T&F Informa is benefiting from the growth in a number of its key markets.

T&F Informa has a well balanced portfolio combining complementary skill sets in publishing and events that will allow it to continue to develop new products around its sector leading international brands. One year on from the Merger, T&F Informa is well placed to grow both organically and through selective acquisitions.

IIR's first quarter trading has been strong.

The Directors believe that, taking account of the expected benefits of the Acquisition or whether or not the Rights Issue takes place, the Enlarged Group is well positioned for continuing growth and success in the current financial year and beyond.

8. Dividends

The Company's current dividend policy is to pay a dividend twice annually at a level which the Board considers (at the time of declaration of such dividend) to be reasonable having regard to the level of the Company's distributable reserves as at that date, together with is prospects for the future.

T&F Informa intends to maintain its current dividend policy and to adjust future ordinary dividend payments per share to take account of the bonus element of the Rights Issue.

9. The Rights Issue

The Company proposes to raise approximately £311 million, net of expenses, by way of the Rights Issue. The Issue Price of 265 pence per New Ordinary Share represents a discount of approximately 35% to the closing middle market price of 407 pence per Ordinary Share on 31 May 2005 (being the last business day prior to the announcement of the Rights Issue).

The Company proposes to offer up to 122,046,508 New Ordinary Shares, in aggregate, by way of rights, to Qualifying Shareholders at 265 pence per share, payable in full on acceptance on the basis of:

2 New Ordinary Shares for every 5 Ordinary Shares

held by Qualifying Shareholders on the record date for the Rights Issue and so in proportion for any other Ordinary Shares then held, and otherwise on the terms and conditions set out in Part V of this document and, in the case of Qualifying non-CREST Shareholders only, the Provisional Allotment Letter.

The New Ordinary Shares will, when issued and fully paid, rank equally in all respects with the existing Ordinary Shares including the right to receive all dividends or distributions made, paid or declared after the date of this document. Fractional entitlements to New Ordinary Shares will be disregarded. Holdings of Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue.

The Rights Issue is conditional upon the following:

(a) the passing of the Resolution which was proposed and duly passed at the EGM;

(b) the Underwriting Agreement not having been terminated by Hoare Govett (pursuant to its rights to do so in certain circumstances) prior to satisfaction of the condition in sub-paragraph (c) below and otherwise becoming unconditional in all respects; and

(c) Admission having become effective by not later than 8.00 am on 15 July 2005.

The Rights Issue is not conditional on the Acquisition being completed. The Rights Issue has been fully underwritten by Hoare Govett save in respect of any new Ordinary Shares issued between 1 June 2005 and the Record Date. In such event, the non-underwritten Rights Issue Shares will be allotted if the Rights Issue becomes unconditional even if the rights attributable to any of those Shares are not taken up.

The results of the Rights Issue, including the aggregate number of New Shares issued and the aggregate amount raised, net of expenses, will be announced by the Company to a Regulatory Information Service by 10.30 a.m. on 25 July 2005.

The latest time and date for acceptance and payment in full under the Rights Issue is 11.00 a.m. on 22 July 2005.

10. Listing, dealings and settlement

Applications have been made to the UK Listing Authority for the New Ordinary Shares to be admitted to the Official List and to the London Stock Exchange for such shares to be admitted to trading on the London Stock Exchange's market for listed securities. It is expected that Admission will become effective, and dealings for normal settlement in the New Ordinary Shares will commence, nil paid, on the London Stock Exchange's market for listed securities, on 1 July 2005.

The New Ordinary Shares (which will rank pari passu in all respects with existing Ordinary Shares) will be capable of being held in certificated or uncertificated form. Pending the issue of definitive certificates for the New Ordinary Shares, transfers will be certified against the register. No temporary documents of title in respect of the New Ordinary Shares will be issued.

Any New Ordinary Shares to be issued in certificated form will be represented by definitive share certificates, which are expected to be despatched by 2 August 2005 to the persons entitled thereto to that person's registered address.

The attention of Shareholders with Ordinary Shares in uncertificated form or who wish to receive their New Ordinary Shares in uncertificated form is drawn to paragraphs 3(h) and 4 of Part V of this document.

Further information on the Rights Issue, including its terms and conditions and the procedure for acceptance and payment, is set out in Part V of this document.

11. T&F Informa Share Schemes

Where permitted by the rules of the T&F Informa Share Schemes, the Directors propose to make appropriate adjustments to the T&F Informa Options and to matching awards under the Matching Plan to reflect the effect of the Rights Issue. Such adjustments will not be made until after the Rights Issue and will be subject to approval of HM Revenue & Customs where appropriate and, in the case of the Matching Plan, the consent of its trustee.

12. Overseas Shareholders

The attention of overseas shareholders is drawn to paragraph 6 of Part V of this document.

13. Taxation

Information regarding taxation in the UK in connection with the Rights Issue is set out in paragraph 13 of Part XIII of this document.

If you are in any doubt as to your tax position, or you are subject to tax in any other jurisdiction, you should consult your financial adviser as soon as possible.

14. Extraordinary General Meeting

The EGM of the Company was held at 11.00 a.m. on 30 June 2005 at the offices of CMS Cameron McKenna, Mitre House, 160 Aldersgate Street, London EC1A 4DD. The Resolution set out in the notice of EGM was duly passed on a show of hands (with 177,476,142 proxy votes cast in favour of the Resolution and 1,043 proxy votes cast against (9,742 proxy votes were discretionary)). Accordingly:

(a) the Acquisition was approved;

(b) the authorised share capital of the Company was increased from £50,000,000 to £60,000,000 (an increase of 20 per cent. of the authorised share capital of the Company as at the date of this document);

(c) the Directors were authorised, for the purposes of section 80 of the Act, to exercise all the powers of the Company to allot relevant securities (as defined in that section), (i) for the purposes of, or pursuant to the Rights Issue, and (ii) otherwise up to an aggregate nominal amount of £14,024,423 (140,244,237 Ordinary Shares) (representing approximately one-third of the Enlarged Share Capital and approximately 46.6 per cent. of the issued share capital at the date of this document); and

(d) an increase in the borrowing powers of the Company in accordance with Article 72(2)(b) of the Company's articles of association, as described in further detail below, was approved.

The authority and power referred to in paragraph (c) shall (unless previously revoked or varied by Shareholders in general meeting) expire at the earlier of 30 June 2006 and the conclusion of the annual general meeting of the Company to be held in 2006. The authority referred to in paragraph (d) shall (unless previously revoked or varied by Shareholders in general meeting) expire on 31 December 2006.

Save for the Shares to be issued pursuant to the Rights Issue and the T&F Informa Share Schemes, the Directors have no present intention of issuing any of the authorised but unissued share capital.

Details of the Company's issued and authorised share capital, at present and as it would be immediately following the Rights Issue, are set out in paragraph 4(a) of Part XIII of this document.

The Company's articles of association give the Directors the power to permit borrowings by the Group up to a limit, calculated by reference to a formula, set out in the relevant article, of a multiple of 3 times the Group's capital and reserves. This article, however, permits the limit to be exceeded with the authority of a shareholders' resolution.

The Merger of Informa with Taylor & Francis was accounted for as a merger and as a result, when shares were issued by the Company to implement the Merger, only their nominal value of 10 pence was shown as a credit to share capital and reserves and no separate share premium account was credited. Accordingly, the capital and reserves is lower than it would have been had the share premium account been credited by an amount of approximately £500 million.

In order to permit the Acquisition to proceed, pursuant to paragraph (iv) of the Resolution, the capital and reserves figure has been increased by an amount of £500 million for the purposes of the borrowing limit in the articles of association for a limited period until 31 December 2006. The increase is necessary to permit the borrowings of the Group in the event that the Acquisition goes ahead and in the unlikely event that the Rights Issue does not proceed; however, the Resolution allows this increase to be retained in any event until 31 December 2006; the Directors intend to further review the position at the time of the next AGM and make a recommendation to shareholders for a permanent alteration to the borrowing limits based on circumstances prevailing at that time.

A further adjustment to the current limit to take account of the introduction of IFRS has also been approved. One of the more significant changes that will affect the balance sheet will be to reclassify certain items currently shown under goodwill as intangible assets. Prior to the passing of the Resolution, the borrowing formula required intangible assets to be deducted from the total of capital and reserves. The Resolution removed this deduction requirement, as otherwise the limit would be exceeded upon the publication of the first audited IFRS balance sheet as of 31 December 2005. This part of the Resolution is not conditional upon completion of the Acquisition, as the change to take account of intangible assets is needed regardless of whether the Acquisition proceeds or not. However, the increase in borrowing capacity reflected by the addition of £500 million to capital and reserves as described above will only take effect upon completion of the Acquisition.

15. Action to be taken

Rights Issue

If you are a Qualifying non-CREST Shareholder, unless you have a registered address outside of the UK, and have not given the Company an address within the UK for service of notices you will be sent a Provisional Allotment Letter on 30 June 2005. This will show the number of New Ordinary Shares that you are entitled to take up and will contain full details regarding the procedure for acceptance and payment, renunciation, splitting and registration in respect of the New Ordinary Shares.

If you sell or have sold or otherwise transferred all your existing Ordinary Shares held in certificated form before 1 July 2005 (the "ex-rights date", that is the date on which the Ordinary Shares start trading without the right to participate in the Rights Issue), you will not be entitled to participate in the Rights Issue. However, the purchaser or transferee of your Ordinary Shares may be entitled to participate in the Rights Issue in your place. In this case, please send this document, together, if you are a Qualifying non-CREST Shareholder, with the Provisional Allotment Letter duly renounced on Form X on page 4 of the Provisional Allotment Letter, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer is or was made, for delivery to the purchaser or transferee.

If you are a Qualifying CREST Shareholder, no Provisional Allotment Letter will be sent to you and, unless you are a Qualifying CREST Shareholder with a registered address outside of the UK, you will receive a credit to your appropriate stock account in CREST in respect of the Nil Paid Rights to which you are entitled. If you are a Qualifying CREST Shareholder with a registered address outside of the UK, no Nil Paid Rights will be credited to your stock account. Please see paragraph 6 of Part V of this document for further details.

The latest time for acceptance under the Rights Issue will, unless otherwise announced by the Company to a Regulatory Information Service, be 11.00 a.m. on 22 July 2005. The procedure for acceptance and payment depends on whether, at the time at which acceptance and payment is made, the Nil Paid Rights are in certificated form (that is, are represented by a Provisional Allotment Letter) or are in uncertificated form (that is, are in CREST). The procedures for acceptance and payment are set out in Part V of this document. Further details also appear in the Provisional Allotment Letters that will be sent to Qualifying non-CREST Shareholders.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Rights Issue.

16. Further information

Your attention is drawn to the further information set out in the other parts of this document.

17. Directors' intentions

R Hooper, D Mapp and S Watson intend to take up their rights to subscribe for New Ordinary Shares pursuant to the Rights Issue in full. P Rigby, D Gilbertson and A Foye intend to dispose of sufficient of their Nil Paid Rights so as to enable them (before allowing for payment of expenses or tax liabilities) to subscribe for their remaining entitlement of New Ordinary Shares.

18. Directors' considerations

The Directors, who have received financial advice from Greenhill in relation to the Acquisition, consider the Acquisition to be in the best interests of the Company. In providing its advice, Greenhill has relied on the Directors' commercial assessments of the Acquisition.

The Directors also consider the Acquisition, the Rights Issue, the New Facility and each constituent part of the Resolution to be in the best interests of the Company and its Shareholders as a whole.

Yours sincerely

Richard Hooper
Chairman

PART V

TERMS AND CONDITIONS OF THE RIGHTS ISSUE

1. Details of the Rights Issue

Subject to the fulfilment of the terms and conditions referred to below, the Company proposes to raise approximately £311 million, net of expenses, through the Rights Issue. The New Ordinary Shares (which will be created pursuant to the Companies Act with ISIN GB000262564) are being offered by way of rights at 265 pence per New Ordinary Share, payable in full on acceptance, to Qualifying Shareholders (other than Overseas Shareholders) on the following basis and otherwise as set out in this document:

2 New Ordinary Shares for every 5 existing Ordinary Shares

held on the Record Date and so in proportion for any other number of Ordinary Shares then held. The issue price of 265 pence represents a discount of approximately 35 per cent. to the closing middle market price of 407 pence per Ordinary Share on 31 May 2005, being the last business day prior to the announcement of the Rights Issue.

Holdings of Ordinary Shares in certificated and uncertificated forms will be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue.

Entitlements to New Ordinary Shares will be rounded down to the nearest whole number of New Ordinary Shares and fractions will not be allotted to Qualifying Shareholders and will be disregarded.

The attention of Overseas Shareholders is drawn to paragraph 6 of this Part V which contains possible restrictions on their pre-emption rights in respect of the Rights Issue due to the securities laws applicable in certain jurisdictions outside of the UK.

Applications have been made to the UK Listing Authority and to the London Stock Exchange for the New Ordinary Shares to be admitted to the Official List and to trading on the London Stock Exchange's market for listed securities. It is expected that Admission will become effective on 1 July 2005 and that dealings in the New Ordinary Shares will commence, nil paid, at 8.00 am on 1 July 2005.

None of the New Ordinary Shares are being marketed or made available in whole or in part to the public other than pursuant to the Rights Issue.

The Rights Issue has been fully underwritten by Hoare Govett save in respect of any new Ordinary Shares which may be issued between 1 June 2005, being the date of the announcement of the Rights issue, and the Record Date. Details of the Underwriting Agreement are set out in paragraph 11 of Part XIII of this document.

The Rights Issue is conditional upon:

(a) the passing of the Resolution which was proposed and duly passed at the EGM;

(b) the Underwriting Agreement not having been terminated by Hoare Govett (pursuant to its rights to do so in certain circumstances) prior to satisfaction of the condition in sub-paragraph (c) below and otherwise becoming unconditional in all respects; and

(c) Admission having become effective by not later than 8.00 am on 15 July 2005.

The Rights Issue is not conditional on the Acquisition being completed.

Subject, amongst other things, to the conditions referred to in paragraphs (a), (b), and (c) above being satisfied, it is intended that Provisional Allotment Letters in respect of the New Ordinary Shares will be despatched on 30 June 2005 to Qualifying non-CREST Shareholders (other than Overseas Shareholders). The Provisional Allotment Letter will set out each Shareholder's entitlement to New Shares pursuant to the Rights Issue.

The existing Ordinary Shares are already admitted to CREST. Applications have been made for the Nil Paid Rights and the Fully Paid Rights to be admitted to CREST. CRESTCo requires the Company to confirm to it that all conditions for admission to CREST have been met, including that the New Ordinary Shares have been admitted to the Official List, before CRESTCo will admit any security to CREST. As soon as practicable after satisfaction of the conditions, the Company will confirm this to CRESTCo.

It is expected that:

(i) Lloyds TSB Registrars will instruct CRESTCo to credit the appropriate stock accounts of Qualifying CREST Shareholders (other than Overseas Shareholders) with such Shareholders' entitlements to Nil Paid Rights, with effect from 1 July 2005; and

(ii) the Nil Paid Rights and the Fully Paid Rights will be enabled for settlement by CRESTCo on 1 July 2005, or, if later, as soon as practicable after the Company has confirmed to CRESTCo that all the conditions for admission of such rights to CREST have been satisfied.

This document constitutes the offer of New Ordinary Shares to Qualifying CREST Shareholders with registered addresses in the UK and those who have given the Company an address within the UK for service of notices for the purpose of section 90(2) of the Companies Act, such offer being made, on the terms and conditions set out in this document, at the time when (such Shareholders' stock accounts having been credited as described in paragraph (i) above) the Nil Paid Rights are enabled for settlement as described in paragraph (ii) above.

The New Ordinary Shares will, when issued and fully paid, rank pari passu in all respects with the existing issued Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared after the date of this document.

The Rights Issue may not be revoked or suspended by the Company after despatch of the Provisional Allotment Letters to Shareholders. The Rights Issue will close at 11.00 a.m. on 22 July 2005.

All documents and cheques posted to or by Qualifying Shareholders and/or their transferees or renouncees (or their respective agents, as appropriate) will be posted at their own risk.

2. Action to be taken

The action to be taken in respect of New Ordinary Shares depends on whether, at the relevant time, the Nil Paid Rights or Fully Paid Rights in respect of which action is to be taken are in certificated form (that is, are represented by Provisional Allotment Letters) or are in uncertificated form (that is, are in CREST).

If you are a Qualifying non-CREST Shareholder, please refer to paragraph 3 and paragraphs 5 to 9 of this Part V.

If you are a Qualifying CREST Shareholder, please refer to paragraphs 4 to 9 of this Part V and to the CREST Manual for further information on the CREST procedures referred to below. CREST sponsored members should refer to their CREST sponsors, as only their CREST sponsors will be able to take the necessary action specified below to take up their entitlements or otherwise to deal with the Nil Paid Rights or Fully Paid Rights.

3. Action to be taken in relation to Nil Paid Rights represented by Provisional Allotment Letters

(a) *General*

The Provisional Allotment Letter will set out:

(i) the holding of existing Ordinary Shares on which a Qualifying non-CREST Shareholder's entitlement to New Ordinary Shares has been based;

(ii) the number of New Ordinary Shares which have been provisionally allotted to such a Qualifying non-CREST Shareholder;

(iii) the procedures to be followed if a Qualifying non-CREST Shareholder wishes to dispose of all or part of his entitlement or to convert all or part of his entitlement into uncertificated form; and

(iv) instructions regarding acceptance and payment, consolidation, splitting and registration of renunciation.

On the basis that Provisional Allotment Letters are posted on 30 June 2005, and that dealings commence, nil paid, on 1 July 2005, the latest time and date for acceptance and payment in full will be 11.00 a.m. on 22 July 2005.

(b) *Procedure for acceptance and payment*

(i) Qualifying non-CREST Shareholders who wish to accept in full

Holders of Provisional Allotment Letters who wish to take up all of their entitlements must return the Provisional Allotment Letter, together with a cheque made payable to "Lloyds TSB Bank plc—A/C T&F Informa plc" and crossed "A/C payee only" for the full amount payable on acceptance, in accordance with the instructions printed on the Provisional Allotment Letter, by post to Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6DA or by hand (during normal business hours) to Lloyds TSB Registrars, 3rd Floor, Princess House, 1 Suffolk Lane, London EC4R 0AX so as to arrive as soon as possible and in any event so as to be received not later than 11.00 a.m. on 22 July 2005. If you post your Provisional Allotment Letter within the United Kingdom by first class post, it is recommended that you allow at least four days for delivery. A reply-paid envelope will be enclosed with the Provisional Allotment Letter (for use within the United Kingdom only) for this purpose.

(ii) Qualifying non-CREST Shareholders who wish to accept in part

Holders of Provisional Allotment Letters who wish to take up some but not all of their rights and wish to sell some or all of those which they do not want to take up should first apply for split Provisional Allotment Letters by completing Form X on page 4 of the Provisional Allotment Letter and returning it by post or by hand (during normal business hours) to Lloyds TSB Registrars, 3rd Floor, Princess House, 1 Suffolk Lane, London EC4R 0AX by 3.00 pm on 20 July 2005, the last date and time for splitting, together with a covering letter stating the number of split Provisional Allotment Letters required and the number of Nil Paid Rights to be comprised in each split Provisional Allotment Letter. They should then deliver the split Provisional Allotment Letter representing the shares they wish to accept together with a cheque for the appropriate amount, payable to "Lloyds TSB Bank plc—A/C T&F Informa plc" and crossed "A/C payee only" by 11.00 a.m. on 22 July 2005, the last date and time for acceptance. Alternatively, Qualifying non-CREST Shareholders who wish to take up only some of their rights (and do not wish to sell some or all of those they do not want to take up) should complete Form X on page 4 of the Provisional Allotment Letter and return it by post or by hand (during normal business hours) to Lloyds TSB Registrars, 3rd Floor, Princess House, 1 Suffolk Lane, London EC4R 0AX together with a covering letter confirming the number of New Ordinary Shares to be taken up and a cheque for the appropriate amount. In this case, the Provisional Allotment Letter and cheque must be received by Lloyds TSB Registrars by 3.00 pm on 20 July 2005, being the last time and date for splitting Provisional Allotment Letters.

(iii) Company's discretion as to validity of acceptances

If payment is not received in full by 11.00 a.m. on 22 July 2005, the provisional allotment will (unless the Company has exercised its right to treat as valid an acceptance as set out herein) be deemed to have been declined and will lapse. However, the Company may, with the agreement of the Underwriter (not to be unreasonably withheld or delayed), but shall not be obliged to, treat as valid (i) Provisional Allotment Letters and accompanying remittances for the full amount due which are received through the post not later than 11.00 a.m. on the first dealing day after 22 July 2005 (the cover bearing a legible postmark dated not later than 11.00 a.m. on 22 July 2005) and (ii) acceptances in respect of which remittances are received prior to 11.00 a.m. on 22 July 2005 from an authorised person (as defined in section 31(2) of FSMA) specifying the number of New Ordinary Shares to be acquired and an undertaking by that person to lodge the relevant Provisional Allotment Letter, duly completed by 10.00 am on 25 July 2005 and the Provisional Allotment Letter is lodged by that time.

The Company may (in its sole discretion) treat a Provisional Allotment Letter as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instructions or is not accompanied by a valid power of attorney where required.

(iv) Payments

All payments must be in pounds sterling and cheques or banker's draft should be made payable to "Lloyds TSB Bank plc—A/C T&F Informa plc" and crossed "A/C payee only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the UK or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or a member of either of the Committees of the Scottish or Belfast Clearing Houses or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner. Cheques drawn on most major high street banks and building societies in the UK will be satisfactory. All documents and cheques sent through the post will be sent at the risk of the drawer. Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct Lloyds TSB Registrars to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be allowed on payments made before they are due. It is a term of the Rights Issue that cheques shall be honoured at first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured.

(c) *Money Laundering Regulations*

If the value of your application exceeds £10,000 (the approximate equivalent of €15,000) (or is one of a series of linked applications, the aggregate value of which exceeds that amount) and either you do not pay by a cheque drawn on an account in your own name and/or the account from which payment is to be made is not held within an institution that is authorised in the United Kingdom by the Financial Services Authority under FSMA, or that it is an EU authorised credit institution, as defined in Article 1 of the Banking Consolidation Directive (2000/12/EC) as referred to in the verification of identity requirements of the Money Laundering Regulations, the Money Laundering Regulations will apply. Lloyds TSB Registrars is entitled to require, at its absolute discretion, verification of identity from any person lodging a Provisional Allotment Letter (the "applicant") including, without limitation, any person who either (i) tenders payment by way of a cheque or bankers draft drawn on an account in the name of a person or persons other than the applicant, or (ii) appears to Lloyds TSB Registrars to be acting on behalf of some other person. Submission of a Provisional Allotment Letter will constitute a warranty that the Money Laundering Regulations will not be breached by the acceptance of the remittance and an undertaking by the applicant to provide promptly to Lloyds TSB Registrars such information as may be specified by Lloyds TSB Registrars as being required for the purpose of the Money Laundering Regulations. Pending the provision of evidence satisfactory to Lloyds TSB Registrars as to identity, Lloyds TSB Registrars may, after consultation with the Company and the Underwriter and having taken into account their reasonable representations, retain a Provisional Allotment Letter lodged by an applicant for New Ordinary Shares and/or the cheque, banker's draft or other remittance relating to it and/or not enter the New Ordinary Shares to which it relates on the register of members or issue any share certificate in respect of them. If satisfactory evidence of identity has not been provided within a reasonable time, then the acceptance will not be valid but will be without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of the failure of the applicant to provide satisfactory evidence. In that case, the application monies (without interest) will be returned to the bank or building society account from which payment was made.

The following guidance is provided in order to reduce the likelihood of difficulties, delays and potential rejection of an application (but does not limit the right of Lloyds TSB Registrars to require verification of identity as stated above).

Applicants are urged, if possible, to make their payment by their own cheque. If this is not practicable and an applicant uses a cheque drawn by a building society or other third party, or a banker's draft, the applicant should:

(a) write the applicant's name and address on the back of the building society cheque, banker's draft or other third party cheque and, in the case of an individual, record his date of birth against his name; and

(b) if a building society cheque or banker's draft is used, ask the building society or bank to print on the cheque the full name and account number of the person whose building society or bank account is being debited or to write those details on the back of the cheque and add their stamp.

If you are making an application as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), irrespective of the value of the application, Lloyds TSB Registrars is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf the application is being made. Applicants making an application as agent should specify on the Provisional Allotment Letter if they are a UK or EU regulated person or institution.

(d) *Dealings in Nil Paid Rights*

Assuming that the Rights Issue becomes unconditional, dealings on the London Stock Exchange in the Nil Paid Rights are expected to commence at 8.00 am on 1 July 2005. A transfer of Nil Paid Rights can be made by renunciation of the Provisional Allotment Letter in accordance with the instructions printed on it and delivery of the letter to the transferee.

(e) *Dealings in Fully Paid Rights*

After acceptance of the provisional allotment and payment in full in accordance with the provisions set out in this document and (in the case of Qualifying non-CREST Shareholders) the Provisional Allotment Letter, the Fully Paid Rights may be transferred by renunciation of the relevant fully paid Provisional Allotment Letter and lodging it by post with Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6DA or by hand (during normal business hours) with Lloyds TSB Registrars, 3rd Floor, Princess House, 1 Suffolk Lane, London EC4R 0AX, by not later than 11.00 a.m. on 22 July 2005. However, fully paid Provisional Allotment Letters will not be returned to Shareholders unless their return is requested by ticking Box 4 on page 4 of the Provisional Allotment Letter.

After 22 July 2005, the New Ordinary Shares will be in registered form and transferable in the usual way (see paragraph 3(i) of this Part V).

(f) *Renunciation and splitting of Provisional Allotment Letters*

Qualifying non-CREST Shareholders who wish to transfer all (and not only some) of their Nil Paid Rights or, after acceptance of the provisional allotment and payment in full, Fully Paid Rights comprised in a Provisional Allotment Letter may (save as required by the laws of certain overseas jurisdictions) renounce such allotment by completing and signing Form X on page 4 of the Provisional Allotment Letter and passing the entire letter to their stockbroker or bank or other appropriate financial adviser or to the transferee. Once a Provisional Allotment Letter has been renounced, the letter will become a negotiable instrument in bearer form. The Provisional Allotment Letter will cease to be renounceable at 11.00 a.m. on 22 July 2005.

If a holder of a Provisional Allotment Letter wishes to have only some of the New Ordinary Shares registered in his name and to transfer the remainder, or wishes to transfer all the Nil Paid Rights or (if appropriate) Fully Paid Rights but to different persons, he may have the Provisional Allotment Letter split, for which purpose he must complete and sign Form X on page 4 of the Provisional Allotment Letter. The Provisional Allotment Letter must then be lodged by post or by hand (during normal business hours) with Lloyds TSB Registrars, 3rd Floor, Princess House, 1 Suffolk Lane, London EC4R 0AX to be cancelled and exchanged for the split Provisional Allotment Letters required. The number of split Provisional Allotment Letters required and the number of Nil Paid Rights or (as appropriate) Fully Paid Rights to be comprised in each split Provisional Allotment Letter should be stated in an accompanying letter. Form X on split Provisional Allotment Letters will be marked "Original Duly Renounced" before issue.

(g) *Registration in names of persons other than Qualifying Shareholders originally entitled*

In order to register Nil Paid Rights or Fully Paid Rights in certificated form in the name of someone other than the Qualifying Shareholder(s) originally entitled, the renouncee or his agent(s) must complete Form Y on the Provisional Allotment Letter (unless the renouncee is a CREST member who wishes to hold such shares in uncertificated form, in which case, Form X and the CREST Deposit Form (both on page 4 of the Provisional Allotment Letter) must be completed—see paragraph 3(h) below) and lodge the entire letter by post with Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6DA or by hand (during normal business hours) with Lloyds TSB Registrars, 3rd Floor, Princess House, 1 Suffolk Lane, London EC4R 0AX by not later than 11.00 a.m. on 22 July 2005.

The New Ordinary Shares comprised in several renounced Provisional Allotment Letters may be registered in the name of one holder (or joint holders) if Form Y on page 4 of the Provisional Allotment Letter is completed on one Provisional Allotment Letter (the "Principal Letter") and all Provisional Allotment Letters are lodged in one batch. Details of each Provisional Allotment Letter (including the Principal Letter) should be listed in the Consolidation Listing Form adjacent to Forms X and Y on page 4 of the Provisional Allotment Letter on the Principal Letter and the allotment number of the Principal Letter should be entered in the space provided on each of the other Provisional Allotment Letters.

(h) *Deposit of Nil Paid Rights or Fully Paid Rights into CREST*

Nil Paid Rights or Fully Paid Rights represented by a Provisional Allotment Letter may be converted into uncertificated form, that is, deposited into CREST (whether such conversion arises as result of a transfer or renunciation of those rights or otherwise). Subject as provided in the next paragraph (or in the Provisional Allotment Letter), normal CREST procedures apply in relation to any such conversion. You are recommended to refer to the CREST Manual for details of such procedures.

The procedure for depositing the Nil Paid Rights or Fully Paid Rights represented by a Provisional Allotment Letter into CREST, whether such rights are to be converted into uncertificated form in the name(s) of the person(s) whose name(s) and address(es) appear(s) on page 1 of the Provisional Allotment Letter or in the name of the person or persons to whom the Provisional Allotment Letter has been renounced, is as follows. Form X and the CREST Deposit Form (both on page 4 of the Provisional Allotment Letter) will need to be completed and the Provisional Allotment Letter deposited with the CCSS. In addition, the normal CREST Stock Deposit procedures will need to be carried out, except that (a) it will not be necessary to complete and lodge a separate CREST Transfer Form (prescribed under the Stock Transfer Act 1963) with the CCSS and (b) only the whole of the Nil Paid Rights or Fully Paid Rights represented by the Provisional Allotment Letter may be deposited into CREST. If you wish to deposit some only of the Nil Paid Rights or Fully Paid Rights represented by the Provisional Allotment Letter into CREST, you must first apply for split Provisional Allotment Letters, bearing in mind the latest recommended time for depositing the Nil Paid Rights or Fully Paid Rights represented by the Provisional Allotment Letter into CREST. If the rights represented by more than one Provisional Allotment Letter are to be deposited, the CREST Deposit Form on each Provisional Allotment Letter must be completed and deposited. The Consolidation Listing Form must not be used.

A holder of Nil Paid Rights represented by a Provisional Allotment Letter who is proposing to convert those rights into uncertificated form (whether following a renunciation of such rights or otherwise) should ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Nil Paid Rights in CREST following the conversion to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 22 July 2005. **In particular, having regard to normal processing times in CREST and on the part of Lloyds TSB Registrars, the latest recommended time for depositing a renounced Provisional Allotment Letter, with Form X and the CREST Deposit Form on page 4 of the Provisional Allotment Letter duly completed, with the CCSS (in order to enable the person holding or (as appropriate) acquiring the Nil Paid Rights in CREST as a result of the conversion to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 22 July 2005) is 3.00 pm on 19 July 2005.**

When Form X and the CREST Deposit Form (both on page 4 of the Provisional Allotment Letter) have been completed, the title to the Nil Paid Rights or Fully Paid Rights represented by the Provisional Allotment Letter will cease forthwith to be renouncable or transferable by delivery of the Provisional Allotment Letter, and for the avoidance of doubt any entries in Form Y will not subsequently be recognised or acted upon by Lloyds TSB Registrars. All renunciations or transfers of the Nil Paid Rights or Fully Paid Rights must be effected through the means of the CREST system once such rights have been deposited into CREST.

(i) *Issue of New Ordinary Shares in definitive form*

Definitive share certificates are expected to be despatched by post by 2 August 2005 to accepting Qualifying non CREST Shareholders and renouncees (or their agents). After despatch of such certificates, Provisional Allotment Letters will cease to be valid for any purpose whatsoever.

Pending despatch of definitive share certificates, valid instruments of transfer may be certified by Lloyds TSB Registrars against the register.

4. Action to be taken in relation to Nil Paid Rights in CREST

(a) *General*

Subject as provided in paragraph 6 of this Part V in relation to Overseas Shareholders, it is expected that each Qualifying CREST Shareholder will receive a credit to his CREST stock account of his entitlement to Nil Paid Rights on 1 July 2005 and that such rights will be enabled at 8.00 am on 1 July 2005. The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Nil Paid Rights are provisionally allotted.

The Nil Paid Rights will constitute a separate security and can accordingly be transferred, in whole or in part, by means of CREST in the same manner as any other security that is admitted to CREST.

If for any reason stock accounts of Qualifying CREST Shareholders cannot be credited by, or the Nil Paid Rights enabled by, 11.00 a.m. on 1 July 2005, with the written consent of the Underwriter (such consent not to be unreasonably withheld or delayed) the Company may procure that Provisional Allotment Letters be sent out in substitution for the Nil Paid Rights which have not been so credited or enabled and the expected timetable as set out in this document may be adjusted as appropriate. **References to dates and times in this document should be read as subject to any such adjustment. The Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.**

CREST members who wish to take up all or part of their entitlements in respect of, or otherwise to transfer, Nil Paid Rights or Fully Paid Rights held by them in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below. If you are a CREST sponsored member and wish to take up your entitlement you should consult your CREST sponsor as only your CREST sponsor will be able to take the necessary action to take up your entitlements or otherwise to deal with your Nil Paid Rights or Fully Paid Rights.

(b) *Procedure for acceptance and payment*

(i) Many-To-Many Instructions

CREST members who wish to take up all or part of their entitlement in respect of Nil Paid Rights in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) a Many-To-Many ("MTM") instruction to CRESTCo which, on its settlement, will have the following effect:

(aa) the crediting of a stock account of Lloyds TSB Registrars under the participant ID and member account ID specified below, with the number of Nil Paid Rights to be taken up;

(bb) the creation of a settlement bank payment obligation (as this term is defined in the CREST Manual), in accordance with the RTGS payment mechanism (as this term is defined in the CREST Manual), in favour of the RTGS settlement bank of Lloyds TSB Registrars in sterling in respect of the full amount payable on acceptance in respect of the Nil Paid Rights referred to in sub-paragraph (aa) above; and

(cc) the crediting of a stock account of the accepting CREST member (being an account under the same participant ID and member account ID as the account from which the Nil Paid Rights are to be debited on settlement of the MTM instruction) of the corresponding number of Fully Paid Rights to which the CREST member is entitled on taking up his Nil Paid Rights referred to in sub-paragraph (aa) above.

(ii) Contents of MTM instructions

The MTM instruction must be properly authenticated in accordance with CRESTCo's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- the number of Nil Paid Rights to which the acceptance relates;

- the participant ID of the accepting CREST member;
- the member account ID of the accepting CREST member from which the Nil Paid Rights are to be debited;
- the participant ID of Lloyds TSB Registrars, in its capacity as a CREST receiving agent. This is 6RA07;
- the member account ID of Lloyds TSB Registrars, in its capacity as a CREST receiving agent. This is RA071001;
- the number of Fully Paid Rights that the CREST member is expecting to receive on settlement of the MTM instruction. This must be the same as the number of Nil Paid Rights to which the acceptance relates;
- the amount payable by means of the CREST settlement bank payment obligation (as defined in the CREST Manual) on settlement of the MTM instruction. This must be the full amount payable on acceptance in respect of the number of Nil Paid Rights to which the acceptance relates;
- the intended settlement date. This must be on or before 11.00 a.m. on 22 July 2005;
- the nil paid ISIN Number. This is allocated by the London Stock Exchange and can be found by viewing the relevant Corporate Action details in CREST;
- the fully paid ISIN Number. This is allocated by the London Stock Exchange and can be found by viewing the relevant Corporate Action details in CREST; and
- the Corporate Action Number for the Rights Issue. This will be available by viewing the relevant corporate action details in CREST.

(iii) Valid acceptance

An MTM instruction complying with each of the requirements as to authentication and contents set out in sub-paragraph (ii) of this paragraph 4(b) will constitute a valid acceptance where either:

(aa) the MTM instruction settles by not later than 11.00 a.m. on 22 July 2005; or

(bb) (i) the MTM instruction is received by CRESTCo by not later than 11.00 a.m. on 22 July 2005; and

(ii) the number of Nil Paid Rights inserted in the MTM instruction is credited to the CREST stock account of the accepting CREST member specified in the MTM instruction at 11.00 a.m. on 22 July 2005.

An MTM instruction will be treated as having been received by CRESTCo for these purposes at the time at which the instruction is processed by the Network Providers' Communications Host (as this term is defined in the CREST Manual) at CRESTCo of the network provider used by the CREST member (or by the CREST sponsored member's CREST sponsor). This will be conclusively determined by the input time stamp applied to the MTM instruction by the Network Providers' Communications Host.

(iv) Representations, warranties and undertakings of CREST members

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with this paragraph 4(b) of this Part V represents, warrants and undertakes to the Company that he has taken (or procured to be taken), and will take (or procure to be taken) whatever action is required to be taken by him or by his CREST sponsor (as appropriate) to ensure that the MTM instruction concerned is capable of settlement at 11.00 a.m. on 22 July 2005 and remains capable of settlement at all times after that until 2.00 pm on 22 July 2005 (or until such later time and date as the Company may determine). In particular, the CREST member or CREST sponsored member represents, warrants and undertakes that, at 11.00 a.m. on 22 July 2005 and at all times thereafter until 2.00 pm on 22 July 2005 (or until such later time and date as the Company may determine), there will be sufficient Headroom within the Cap (as those terms are defined in the CREST Manual) in respect of the cash memorandum account to be debited with the amount payable on acceptance to permit the MTM instruction to settle. CREST sponsored members should contact their CREST sponsor if they are in any doubt.

(v) CREST procedures and timings

CREST members and CREST sponsors (on behalf of CREST sponsored members) should note that CRESTCo does not make available special procedures in CREST for any particular corporate action. Normal systems timings and limitations will therefore apply in relation to the input of an MTM instruction and its settlement in connection with the Rights Issue. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) the action necessary to ensure that a valid acceptance is received as stated above by 11.00 a.m. on 22 July 2005. In this connection CREST members and (where applicable) CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(vi) CREST member's undertaking to pay

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this paragraph 4(b), (aa) undertakes to pay to the Company, or procure the payment in sterling to the Company of, the amount payable on acceptance in accordance with the above procedures or in such other manner as the Company may require (it being acknowledged that, where payment is made by means of the RTGS payment mechanism (as defined in the CREST manual) the making of a RTGS settlement bank payment obligation in sterling in favour of the RTGS settlement bank of Lloyds TSB Registrars in accordance with the RTGS payment mechanism shall, to the extent of the obligation so created, discharge in full the obligation of the CREST member (or CREST sponsored member) to pay the Company the amount payable on acceptance) and (bb) requests that the Fully Paid Rights and/or New Ordinary Shares to which he will become entitled be issued to him on the terms set out in this document and subject to the memorandum and articles of association of T&F Informa.

(vii) Company's discretion as to rejection and validity of acceptances

The Company may:

(aa) reject any acceptance constituted by an MTM instruction, which is otherwise valid in the event of breach of any of the representations, warranties and undertakings set out or referred to in this paragraph 4(b) of this Part V. Where an acceptance is made as described in this paragraph 4(b) of this Part V which is otherwise valid, and the MTM instruction concerned fails to settle by 2.00 pm on 22 July 2005 (or by such later time and date as the Company has determined), the Company shall be entitled to assume, for the purposes of its right to reject an acceptance contained in this paragraph 4(b) of this Part V, that there has been a breach of the representations, warranties and undertakings set out or referred to in this paragraph 4(b) of this Part V unless the Company is aware of any reason outside the control of the CREST member or CREST sponsor (as appropriate) concerned for the failure to settle;

(bb) treat as valid (and binding on the CREST member or CREST sponsored member concerned) an acceptance which does not comply in all respects with the requirements as to validity set out or referred to in this paragraph 4(b) of this Part V;

(cc) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid acceptance in substitution for, or in addition to, an MTM instruction and subject to such further terms and conditions as the Company may determine;

(dd) treat a properly authenticated dematerialised instruction (in this sub-paragraph the "first instruction") as not constituting a valid acceptance, if, at the time at which Lloyds TSB Registrars receives a properly authenticated dematerialised instruction giving details of the first instruction, either the Company or Lloyds TSB Registrars has received actual notice from CRESTCo of any of the matters specified in regulation 35(5)(a) of the Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and

(ee) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or with the agreement of the Underwriter extend the time for acceptance and/or settlement of an MTM instruction or any alternative instruction or notification if, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable to validly take up all or part of his Nil Paid Rights by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of facilities and/or systems operated by Lloyds TSB Registrars in connection with CREST.

(c) *Money Laundering Regulations*

If you hold your Nil Paid Rights in CREST and apply to take up all or part of your entitlement as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, Lloyds TSB Registrars, is required to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact Lloyds TSB Registrars before sending any MTM instruction or other instruction so that appropriate measures can be taken.

Submission of an MTM instruction which constitutes, or which may on its settlement constitute, a valid acceptance as described above constitutes a warranty that the Money Laundering Regulations will not be breached by the acceptance of the remittance and an undertaking by the applicant to provide promptly to Lloyds TSB Registrars any information Lloyds TSB Registrars may specify as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to Lloyds TSB Registrars as to identity, Lloyds TSB Registrars may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay settlement of the MTM instruction. If satisfactory evidence of identity has not been provided within a reasonable time, then Lloyds TSB Registrars will not permit the MTM instruction concerned to proceed to settlement but without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure by the applicant to provide satisfactory evidence.

(d) *Transfers of Nil Paid Rights*

Assuming that the Rights Issue becomes unconditional, dealings in the Nil Paid Rights on the London Stock Exchange's market for listed securities are expected to commence at 8.00 am on 1 July 2005. A transfer of Nil Paid Rights can be made by means of CREST in the same manner as any other security that is admitted to CREST. The Nil Paid Rights are expected to be disabled in CREST after the close of CREST business on 22 July 2005.

(e) *Transfers of Fully Paid Rights*

After acceptance of the provisional allotment and payment in full in accordance with the provisions of this document, the Fully Paid Rights may be transferred by means of CREST in the same manner as any other security that is admitted to CREST. The last date for settlement of any transfer of Fully Paid Rights in CREST is expected to be 22 July 2005. The Fully Paid Rights are expected to be disabled in CREST after the close of CREST business on 22 July 2005.

After 22 July 2005, the New Ordinary Shares will be registered in the name(s) of the person(s) entitled to them in the Company's register of members and will be transferable in the usual way (see paragraph 4(g) of this Part V).

(f) *Withdrawal of Nil Paid Rights or Fully Paid Rights from CREST*

Nil Paid Rights or Fully Paid Rights held in CREST may be converted into certificated form, that is, withdrawn from CREST. Normal CREST procedures (including timings) apply in relation to any such conversion. You are recommended to refer to the CREST Manual for details of such procedures.

The recommended latest time for receipt by CRESTCo of a properly authenticated dematerialised instruction requesting withdrawal of Nil Paid Rights from CREST is 4.30 pm on 18 July 2005, so as to enable the person acquiring or (as appropriate) holding the Nil Paid Rights following the conversion to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 22 July 2005.

(g) *Issue of New Ordinary Shares in CREST*

Fully Paid Rights in CREST are expected to be disabled in CREST after the close of CREST business on 22 July 2005 (the latest date for settlement of transfers of Fully Paid Rights in CREST). New Ordinary Shares (in definitive form) will be issued in uncertificated form to those persons registered as holding such Fully Paid Rights in CREST at the close of business on that date. Lloyds TSB Registrars will instruct CRESTCo to credit the appropriate stock accounts of those persons (under the same participant ID and member account ID that applied to the Fully Paid Rights held by those persons) with their entitlements to New Ordinary Shares with effect from the next business day (expected to be 25 July 2005).

(h) *Right to allot/issue in certificated form*

Despite any other provision of this document, the Company reserves the right to allot and/or issue any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of an interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by Lloyds TSB Registrars in connection with CREST.

5. Procedure in respect of rights not taken up (whether certificated or in CREST)

If any entitlement to New Ordinary Shares is not validly taken up in accordance with the procedure laid down for acceptance and payment, then that provisional allotment will be deemed to have been declined and will lapse. The Underwriter, as agent for the Company, will use its reasonable endeavours to procure, by not later than 3.00 pm on the second dealing day after the last date for acceptances, subscribers for any New Ordinary Shares which are not validly taken up at a price at least equal to the aggregate of Issue Price and the expenses of procuring such subscription (including any value added tax thereon and any brokerage or commission). Notwithstanding the above, if, at any time after 3.00 pm on 22 July 2005, the Underwriter determines that, in its opinion, it is unlikely that any such subscribers can be procured at such a price by such time, the Underwriter may, in its absolute discretion, decide not to endeavour to procure any such subscribers on such terms. It will be a term of such subscription that such premium shall be paid (subject as provided in this paragraph 5):

(i) where the provisional allotment was, at the time it lapsed, represented by a Provisional Allotment Letter, to the person whose name and address appeared on page 1 of the Provisional Allotment Letter; and

(ii) where the Nil Paid Rights were, at the time they lapsed, in uncertificated form, to the person registered as the holder of such Nil Paid Rights at the time of their disablement in CREST.

New Ordinary Shares for which subscribers are procured on this basis will be allotted to such subscribers and the aggregate premium (being the amount paid by such subscribers after deducting the Issue Price and the expenses of procuring such subscribers including any value added tax thereon) will be paid by cheque (without interest) to those persons entitled (as referred to above) pro rata to the relevant lapsed provisional allotments, save that amounts of less than £3.00 per holding will not be so paid but will be aggregated and retained for the benefit of the Company.

Any transactions undertaken pursuant to this paragraph 5 shall be deemed to have been undertaken at the request of the persons entitled to the lapsed provisional allotments and none of the Company nor the Underwriter nor any other person procuring subscribers shall be responsible for any loss or damage (whether actual or alleged) arising from the terms or timing of any such subscription or any decision not to endeavour to procure subscribers, or for failure to procure subscribers on the basis described above. Cheques for the amount due are expected to be despatched by 2 August 2005 and will be sent, at the risk of the person(s) entitled, to their registered addresses (the registered address of the first named in the case of joint holders), provided that, where any entitlement concerned was held in CREST, the amount due will, unless the Company (in its absolute discretion) otherwise determines, be satisfied by the Company procuring the creation of a settlement bank payment in favour of the relevant CREST member's (or

CREST sponsored member's) RTGS settlement bank in respect of the cash amount concerned in accordance with the RTGS payment mechanism.

If and to the extent that subscribers for the New Ordinary Shares not taken up cannot be procured on the basis outlined above, the relevant New Ordinary Shares will be subscribed for by the Underwriter, or by subscribers procured by the Underwriter, pursuant to the Underwriting Agreement at the Issue Price.

6. Overseas Shareholders

(a) *General*

The making or acceptance of the proposed offer of New Ordinary Shares to or by persons resident in, or who are citizens of, countries other than the United Kingdom may be affected by the laws of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their rights.

Receipt of this document and/or a Provisional Allotment Letter or the crediting of Nil Paid Rights to a stock account in CREST will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this document and/or a Provisional Allotment Letter will not be sent or will be sent for information only and should not be copied or redistributed. No person receiving a copy of this document and/or a Provisional Allotment Letter and/or receiving a credit of Nil Paid Rights to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use the Provisional Allotment Letter or deal with Nil Paid Rights or Fully Paid Rights in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him or the Provisional Allotment Letter or Nil Paid Rights or Fully Paid Rights in CREST could lawfully be used or dealt with without contravention of any unfulfilled registration or other legal requirements.

Accordingly, persons (including without limitation nominees, agents and trustees) receiving a copy of this document and/or a Provisional Allotment Letter or whose stock account in CREST is credited with Nil Paid Rights or Fully Paid Rights should not, in connection with the Rights Issue, distribute or send the same, or transfer Nil Paid Rights or Fully Paid Rights to any person in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a Provisional Allotment Letter or credit of Nil Paid Rights or Fully Paid Rights in CREST is received by any person in any such territory, or by his agent or nominee, he must not seek to take up the rights referred to in the Provisional Allotment Letter or in this document or renounce the Provisional Allotment Letter or transfer the Nil Paid Rights or Fully Paid Rights in CREST except under an express written agreement between him and the Company. Any person who does forward this document or a Provisional Allotment Letter into any such territories (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this paragraph 6. The Company reserves the right to reject a purported acceptance of a provisional allotment represented by a Provisional Allotment Letter or a renunciation thereof, from, or in favour of, Shareholders in any such territory or persons who are acquiring (or the Company or its advisers have reason to believe are acquiring) New Ordinary Shares for resale in any such territory.

Subject to this paragraph 6, any person (including, without limitation, nominees and trustees) outside the United Kingdom wishing to take up rights under the Rights Issue must satisfy himself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. **The comments set out in this paragraph 6 are intended as a general guide only and any Qualifying Shareholder who is in doubt as to his position should consult his professional adviser without delay.**

By completing and delivering a Provisional Allotment Letter or sending an MTM instruction, each applicant warrants that he or she is not (i) located in any jurisdiction where to do so might constitute a violation of local securities laws or regulations including, but not limited to, Australia, Canada, Japan, South Africa, the Republic of Ireland or the United States (an "Excluded Territory") when executing such Provisional Allotment Letter or sending such MTM instruction, (ii) is not accepting on a non-discretionary basis on behalf of a person located in an Excluded Territory at the time the instruction to accept was given, and (iii) is not taking up the Nil Paid Rights or Fully Paid Rights or acquiring New Ordinary Shares directly or indirectly in or into an Excluded Territory.

The Company reserves the right, but shall not be obliged, to treat as invalid any acceptance or purported acceptance of the offer of New Ordinary Shares which appears to the Company or its agents to have been executed, effected or despatched in a manner which may involve a breach of the securities laws or regulations or other legislation of any jurisdiction or if the Company believes or its agents believe that the same may violate applicable legal or regulatory requirements or if, in the case of a Provisional Allotment Letter, it provides an address for delivery of share certificates for New Ordinary Shares in Australia, Canada, Japan, South Africa, the Republic of Ireland, the United States or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates.

Despite any other provision of this document or the Provisional Allotment Letter, the Company reserves the right to permit any Qualifying Shareholder to take up his rights if the Company in its sole and absolute discretion is satisfied, at any time prior to 11.00 a.m. on 22 July 2005 that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

The provisions of paragraph 5 of this Part V will apply to the rights of Overseas Shareholders who do not or are unable to take up their rights.

(b) *Notice in London Gazette*

In accordance with section 90(5) of the Act, the offer by way of rights to Qualifying Shareholders who have no registered address within the UK and who have not given to the Company an address within the UK for the service of notices, will be made by the Company publishing a notice in the London Gazette on 1 July 2005, stating where copies of this document and the Provisional Allotment Letter may be inspected or obtained on personal application by or on behalf of such Qualifying Shareholders.

(c) *United States*

The Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares have not been and will not be registered under the Securities Act and may not be directly or indirectly offered, sold, taken up, delivered, renounced or transferred in or into the United States except pursuant to an exemption from the registration requirements of the Securities Act and any other applicable law and, subject to certain exceptions, Nil Paid Rights will not be credited to the CREST account of any Qualifying CREST Shareholder with a registered address in the United States.

This document does not constitute an offer or an invitation to any Qualifying Shareholder with a registered address in the United States, to purchase or subscribe for any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares and Provisional Allotment Letters will not be sent to, and applications will not be accepted from, any Qualifying Shareholder with a registered address in the United States.

Until 40 days after the commencement of the Rights Issue, an offer, sale or transfer of the Nil Paid Rights, Fully Paid Rights or the New Ordinary Shares within the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the Securities Act.

(d) *Canada*

The offer of Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares will not be made to Qualifying Shareholders with registered addresses in Canada. Provisional Allotment Letters will not be sent to Qualifying non-CREST Shareholders with registered addresses in Canada and Nil Paid Rights will not be credited to the CREST account of any Qualifying CREST Shareholder whose registered address is in Canada.

(e) *Australia*

No prospectus in relation to the New Ordinary Shares has been or will be lodged with, or registered by, the Australian Securities Commission. Neither the New Ordinary Shares nor the Provisional Allotment Letters may be offered for subscription or purchase, taken up, sold, renounced, transferred or delivered, directly or indirectly, nor may any invitation to subscribe for or buy or sell New Ordinary Shares be issued or any draft or definitive document in relation to any such offer, sale or invitation be distributed, in or into Australia or to or for the account or benefit of an Australian Person. Accordingly, no offer of New Ordinary Shares is being made under this document or the Provisional

Allotment Letters to Shareholders with registered addresses in, or to residents of, Australia. No Provisional Allotment Letters will be sent to Qualifying non-CREST Shareholders and Nil Paid Rights will not be credited to the CREST account of any Qualifying CREST Shareholder whose registered address is in Australia.

For the purposes of this document, "Australia" means the Commonwealth of Australia, its states and possessions, and "Australian Person" means any person in Australia or with an address in Australia (including corporations and other entities organised under the laws of Australia but not including a permanent establishment of any such corporation or entity located outside Australia).

(f) *Japan*

The relevant clearances have not been and will not be obtained from the Ministry of Finance of Japan and no prospectus has been or will be lodged with, or registered by, the Ministry of Finance of Japan. Therefore, neither the Provisional Allotment Letters nor the New Ordinary Shares may, directly or indirectly, be offered or sold, taken up, or renounced in or into Japan or its territories or possessions. No Provisional Allotment Letter will be sent to Qualifying non-CREST Shareholders, and Nil Paid Rights will not be credited to the CREST account of any Qualifying CREST Shareholder whose registered address is in Japan.

(g) *South Africa*

The offer of Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares will not be made to Qualifying Shareholders with registered addresses in South Africa. Provisional Allotment Letters will not be sent to Qualifying non-CREST Shareholders with registered addresses in South Africa and Nil Paid Rights will not be credited to the CREST account of any Qualifying CREST Shareholder whose registered address is in South Africa.

(h) *Republic of Ireland*

No prospectus in relation to the New Ordinary Shares has been or will be lodged for registration with the Registrar of Companies in the Republic of Ireland. Provisional Allotment Letters and New Ordinary Shares may not be offered, sold, renounced or delivered in the Republic of Ireland and, accordingly, the offer by way of rights will not be made in the Republic of Ireland. No Provisional Allotment Letters will be sent to Qualifying non-CREST Shareholders, and Nil Paid Rights will not be credited to the CREST account of any Qualifying CREST Shareholder whose registered address is in the Republic of Ireland.

(i) *Other overseas territories*

Qualifying Shareholders resident in other overseas territories should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their rights. No Provisional Allotment Letter will be sent to Qualifying non-CREST Shareholders, and Nil Paid Rights will not be credited to the CREST account of any Qualifying CREST Shareholder, whose registered address is outside the UK.

(j) *Waiver, variation or modification*

The provisions of this paragraph 6 and of any other terms of the Rights Issue relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholder(s) or on a general basis by the Company in its absolute discretion. Subject to this, the provisions of this paragraph 6 supersede any terms of the Rights Issue inconsistent herewith.

7. United Kingdom Taxation

Information regarding taxation in the UK in connection with the Rights Issue is set out in paragraph 13 of Part XIII of this document. If you are in any doubt as to your tax position, or you are subject to tax in any other jurisdiction, you should consult your financial adviser as soon as possible.

8. Time and Dates

The times and dates set out in the timetable of events at the beginning of this document and mentioned throughout this document and in the Provisional Allotment Letter may be adjusted by agreement between the Company and the Underwriter, in which event details of the new dates will be notified to the UK Listing Authority, a Regulatory Information Service and, where appropriate, Shareholders, but Qualifying Shareholders may not receive any further written communication.

9. Governing Law

The terms and conditions of the Rights Issue, as set out in this document and in the Provisional Allotment Letter, shall be governed by and construed in accordance with the laws of England.

10. Jurisdiction

The Courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Rights Issue, this document or the Provisional Allotment Letter. By accepting rights under the Rights Issue in accordance with the instruction set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Provisional Allotment Letter, Qualifying Shareholders irrevocably submit to the jurisdiction of the Courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

IMPORTANT NOTE—THIS PART VI HAS NOT BEEN AMENDED TO TAKE INTO CONSIDERATION THE PASSING OF THE RESOLUTION AT THE EGM

PART VI

QUESTIONS AND ANSWERS ON THE RIGHTS ISSUE

T&F Informa's Ordinary Shares can be held in certificated form (that is, represented by a share certificate) or in uncertificated form (that is, through CREST). Accordingly, these questions and answers are split into four sections:

- Section 1 ("General").
- Section 2 ("Ordinary Shares in certificated form") answers any questions you may have in respect of the procedures for Shareholders who hold their Ordinary Shares in certificated form. You should note that Sections 1 and 4 may still apply to you.
- Section 3 ("Ordinary Shares in CREST") answers questions you may have in respect of the equivalent procedures for Shareholders who hold their Ordinary Shares in CREST. You should note that sections 1 and 4 may still apply to you.
- Section 4 ("Further procedures for Ordinary Shares whether in certificated form or in CREST") answers some detailed questions about your rights and the actions you may need to take and is applicable to Ordinary Shares whether held in certificated form or in CREST.

The questions and answers set out in this Part VI are intended to be generic only and, as such, you should also read Part V of this document for full details of what action you should take. If you are in any doubt about the action to be taken you are recommended to seek your own personal advice immediately from your stockbroker, solicitor, accountant or other appropriate independent financial adviser duly authorised under FSMA. The attention of Overseas Shareholders is drawn to paragraph 6 of Part V of this document.

1. General

1.1 What is a rights issue?

Rights issues are one way for companies to raise money. They do this by issuing shares for cash and giving their existing Shareholders a right of first refusal to buy these shares in proportion to their existing shareholdings. For example, a 1 for 4 rights issue means that a shareholder is entitled to buy one new share for every four currently held. This Rights Issue is 2 for 5; that is, an offer of 2 New Ordinary Shares for every 5 Ordinary Shares held at the close of business on 27 June 2005 (the Record Date for the Rights Issue).

New shares are typically offered in a rights issue at a discount to the current share price. Because of this discount, the right to buy the new shares is potentially valuable. In this Rights Issue, the Issue Price represents a discount of approximately 35 per cent. to the closing middle market price of 407 pence per Ordinary Share on 31 May 2005 (being the last business day prior to the announcement of the Rights Issue).

If you do not want to buy the New Ordinary Shares to which you are entitled, you can instead sell your rights to those shares and receive the net proceeds in cash. This is referred to as dealing "nil paid".

1.2 What happens next?

The Company's share capital will be increased and the Directors need authority to allot the New Ordinary Shares before the Rights Issue can proceed. These matters (together with completion of the Acquisition) need Shareholder approval. Accordingly, T&F Informa has called an EGM of Shareholders to be held at the offices of CMS Cameron McKenna, Mitre House, 160 Aldersgate Street, London EC1A 4DD on 30 June 2005 at 11.00 a.m. Please see the Notice of EGM set out at the end of this document.

You will find enclosed with this document a Form of Proxy for use in relation to the EGM. Whether or not you intend to be present in person at the EGM, please complete, sign and return the Form of Proxy by post or by hand (during normal business hours) to Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6ZL as soon as possible, but in any event, so as to arrive by no later than 11.00 a.m. on 28 June 2005. Completion and return of the Form of Proxy will not preclude you from attending the EGM and voting in person should you so wish.

1.3 What do I need to do in relation to the Rights Issue?

You are not required to take any action at present in respect of the Rights Issue. It is intended that if the Resolution is passed at the EGM, the Rights Issue will proceed and (assuming you hold Ordinary Shares in certificated form) it is expected that a Provisional Allotment Letter will be despatched to you on 30 June 2005 (unless you are an Overseas Shareholder). The actions required upon receipt of the PAL are set out below.

1.4 What happens to my dividend?

The New Ordinary Shares will rank *pari passu* in all respects with the Ordinary Shares for any future dividends paid by the Company. It is intended that future dividend payments will be adjusted to take into account the bonus element of the Rights Issue.

2. Ordinary Shares in certificated form

2.1 What are my options and what should I do with the Provisional Allotment Letter when I receive it?

You should retain this document pending receipt of a Provisional Allotment Letter. The Provisional Allotment Letter is expected to be sent to you after the EGM on 30 June 2005 if the Resolution is passed. The Provisional Allotment Letter will show:

In Box 1: how many Ordinary Shares you held at the close of business on 27 June 2005 (the Record Date for the Rights Issue);

In Box 2: how many New Ordinary Shares you are entitled to buy; and

In Box 3: how much you need to pay if you want to take up your rights in full.

(a) If you want to take up your rights in full

If you want to take up in full your rights to subscribe for the New Ordinary Shares to which you are entitled, all you need to do is send the Provisional Allotment Letter, together with your cheque for the full amount shown in Box 3, payable to "Lloyds TSB Bank plc—A/C T&F Informa plc" and crossed "A/C payee only", to the address shown at the front of the Provisional Allotment Letter to arrive before 11.00 am on 22 July 2005 . If you are within the United Kingdom you can use the reply-paid envelope, which will be provided with the Provisional Allotment Letter. Paragraph 3(b) of Part V of this document has full instructions on how to accept and pay for your New Ordinary Shares. Instructions will also be set out in the Provisional Allotment Letter. You will be required to pay in full for all the rights you take up. A definitive share certificate will be sent to you for the New Ordinary Shares you buy and it is expected that such certificate(s) will be despatched by 2 August 2005.

You will only need your Provisional Allotment Letter to be returned to you if you want to deal in your Fully Paid Rights. Your Provisional Allotment Letter will not be returned to you unless you tick Box 4 on page 1 of the Provisional Allotment Letter.

(b) If you do not want to take up your rights at all

If you do not want to take up any of your rights, you do not need to do anything. If you do not return your Provisional Allotment Letter by 11.00 am on 22 July 2005, we have made arrangements under which the Underwriter will try to find investors to take up your rights by 3.00 pm on the second dealing day after the last date for acceptances. If it does find investors and is able to achieve a premium over the Issue Price and the related expenses of procuring those investors (including any value added tax), you will be sent a cheque for the amount of that aggregate premium, provided that this is £3.00 or more (amounts of less than £3.00 will be retained for the benefit of the Company). Cheques are expected to be despatched by 2 August 2005 and will be sent to your address as it appears on T&F Informa's register of members (or to the address of the first named holder if you hold Ordinary Shares jointly).

(c) If you want to take up some but not all of your rights

If you want to take up some but not all of your rights and wish to sell some or all of those you do not want to take up, you should first apply for split Provisional Allotment Letters by completing Form X on page 4 of the Provisional Allotment Letter, and returning it by post or by hand (during normal business hours) to Lloyds TSB Registrars, 3rd Floor, Princess House, 1 Suffolk Lane, London EC4R 0AX to be received by 3.00 pm on 20 July 2005, the last time and date for splitting Provisional Allotment Letters together with a covering letter stating the number of Nil Paid Rights to be comprised in each split Provisional Allotment

Letter. You should then deliver the split Provisional Allotment Letter representing the rights to New Ordinary Shares you wish to accept, together with your cheque to Lloyds TSB Registrars to be received by 11.00 am on 22 July 2005, the last date and time for acceptance and payment in full.

Alternatively, if you want only to take up some of your rights (and do not wish to sell some or all of those you do not want to take up), you should complete Form X on page 4 of the Provisional Allotment Letter and return it by post or by hand (during normal business hours) to Lloyds TSB Registrars, 3rd Floor, Princess House, 1 Suffolk Lane, London EC4R 0AX together with a covering letter confirming the number of New Ordinary Shares you wish to take up and a cheque to pay for the appropriate number of shares. In this case the Provisional Allotment Letter and cheque must be received by Lloyds TSB Registrars by 3.00 pm on 20 July 2005, the last time and date for splitting Provisional Allotment Letters. Further details relating to payment and acceptance are set out in paragraph 3(b) of Part V of this document.

2.2 How do I transfer my rights into the CREST system?

If you are a Qualifying non-CREST shareholder, but are a CREST member and want your New Ordinary Shares to be in uncertificated form, you should complete Form X and the CREST Deposit Form (both on page 4 of the Provisional Allotment Letter), and ensure it is delivered to the CREST Courier and Sorting Service to be received by 3.00 pm on 19 July 2005. CREST sponsored members should arrange for their CREST sponsors to do this.

If you have transferred your rights into the CREST system, you should refer to paragraph 4 of Part V of this document for details on how to pay for the New Ordinary Shares.

2.3 How do I know if I am eligible to participate in the Rights Issue?

If you receive a Provisional Allotment Letter following the EGM then you should be eligible to participate in the Rights Issue (as long as you have not sold all of your Ordinary Shares before 1 July 2005 (the "ex-rights" date)).

If you do not receive a Provisional Allotment Letter, this probably means you are not eligible to acquire any New Ordinary Shares. However, see question 2.4 below.

2.4 What if I have not received a Provisional Allotment Letter?

Provisional Allotment Letters are not being sent to Qualifying Shareholders whose registered address is outside the UK. If you do not receive a Provisional Allotment Letter, and you do not hold your Ordinary Shares in CREST, this probably means that you are not eligible to participate in the Rights Issue. Some Qualifying Shareholders, however, will not receive a Provisional Allotment Letter but may still be able to participate in the Rights Issue, for example:

- Qualifying CREST Shareholders (please see section 3 below); and
- Qualifying non-CREST Shareholders who bought Ordinary Shares before 1 July 2005 but were not registered as the holders of those Ordinary Shares at the close of business on 27 June 2005 (see question 2.5 below).

2.5 If I buy or have bought shares before 1 July 2005 (the date the Ordinary Shares start trading ex-rights) will I be eligible to participate in the Rights Issue?

If you buy Ordinary Shares before 1 July 2005 but were not registered as the holder of those Ordinary Shares at the Record Date for the Rights Issue 27 June 2005, you may still be eligible to participate in the Rights Issue. If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement.

You will not be entitled to Nil Paid Rights in respect of any Ordinary Shares acquired on or after 1 July 2005.

2.6 What should I do if I sell or have sold or transferred all or some of the Ordinary Shares shown in Box I of the Provisional Allotment Letter before 1 July 2005?

If you sell or have sold or transferred all of your Ordinary Shares before 1 July 2005, you should complete Form X on page 4 of the Provisional Allotment Letter and send the entire Provisional Allotment Letter together with this document and the accompanying Form of Proxy to the stockbroker, bank or other appropriate financial adviser through whom you made the sale or transfer.

If you sell or transfer only some of your holding of Ordinary Shares before 1 July 2005, you will need to Complete Form X on Page 4 of the Provisional Allotment Letter and consult the stockbroker, bank or other appropriate financial adviser through whom you made the sale or transfer, before taking any action, with regard to the balance of rights due to you.

2.7 How many New Ordinary Shares am I entitled to acquire?

Box 2 on page 1 of the Provisional Allotment Letter shows the number of New Ordinary Shares you are entitled to buy if you are a Qualifying non-CREST Shareholder. You will be entitled to 2 New Ordinary Shares for every 5 Ordinary Shares held on 27 June 2005 (rounding down any fractions). All Qualifying non-CREST Shareholders (except Overseas Shareholders) will be sent a Provisional Allotment Letter on 30 June 2005 following the passing of the Resolution at the EGM.

2.8 What should I do if I think my holding of Ordinary Shares (as shown in Box I on page 1 of the Provisional Allotment Letter) is incorrect?

If you buy or sell Ordinary Shares between the date of this document and 27 June 2005 your transaction may not be entered on the register of members before the Record Date for the Rights Issue. See questions 2.4 and 2.5 for what you should do in this case.

2.9 If I take up my rights, when will I receive my new share certificate?

If you take up your rights under the Rights Issue, share certificates for the New Ordinary Shares are expected to be posted by 2 August 2005.

3. Ordinary Shares in CREST

3.1 How do I know if I am eligible to participate in the Rights Issue?

If you are a Qualifying CREST Shareholder (save as mentioned below) and on the assumption that the Rights Issue proceeds as planned, your CREST stock account(s) will be credited with your entitlement to Nil Paid Rights on 1 July 2005. The stock account(s) to be credited will be the account(s) under the participant ID and member account ID that applied to your Ordinary Shares on the Record Date. The Nil Paid Rights are expected to be enabled by 8.00 am on 1 July 2005. If you are a CREST sponsored member, you should consult your CREST sponsor if you wish to check that your account has been credited with your entitlement to Nil Paid Rights. The CREST stock account(s) of Overseas Shareholders will not be credited with Nil Paid Rights. Overseas Shareholders should refer to paragraph 6 of Part V of this document.

3.2 How do I take up my rights using the CREST system?

If you are a Qualifying CREST Shareholder you should refer to paragraph 4 of Part V of this document for details on how to take up and pay for your rights.

If you are a CREST member you should ensure that a Many-to-Many ("MTM") instruction has been input and has settled by 11.00 am on 22 July 2005 in order to make a valid acceptance. If your Ordinary Shares are held by a nominee or you are a CREST sponsored member you should speak directly to the stockholder who looks after your stock or your CREST sponsor (as appropriate) who will be able to help you.

3.3 If I buy or have bought Ordinary Shares before 1 July 2005 (the date the Ordinary Shares commence trading ex-rights), will I be eligible to participate in the Rights Issue?

If you buy Ordinary Shares before 1 July 2005, but are not registered as the holder of those Ordinary Shares at the Record Date for the Rights Issue (close of business on 27 June 2005), you may still be eligible to participate in the Rights Issue. CRESTCo will raise claims in the normal manner in respect of your purchase and your Nil Paid Rights will be credited to your stock account(s) on settlement of those claims.

You will not be entitled to Nil Paid Rights in respect of any further Ordinary Shares acquired on or after 1 July 2005, the ex-rights date.

3.4 What should I do if I sell or transfer (or have sold or transferred) all or some of my Ordinary Shares before the close of business on 27 June 2005?

You do not have to take any action except, where you sell or transfer all of your Ordinary Shares before the close of business on 27 June 2005, to send this document to the purchaser or transferee or to the stockbroker, bank or other financial adviser through whom you made the sale or transfer. A claim transaction in respect of that sale or transfer will automatically be generated by CRESTCo which, on settlement, will transfer the appropriate number of Nil Paid Rights to the purchaser or transferee.

3.5 How many New Ordinary Shares am I entitled to acquire?

Your stock account will be credited with Nil Paid Rights in respect of the number of New Ordinary Shares to which you are entitled to buy. You will be entitled to buy 2 New Ordinary Shares for every 5 Ordinary Shares you hold on 27 June 2005 (rounding down any fractions). You can also view the claim transactions in respect of purchases/sales effected after this date, but before the ex-rights date. If you are a CREST sponsored member, you should consult your CREST sponsor.

3.6 What should I do if I think my holding of Ordinary Shares is incorrect?

If you buy or sell Ordinary Shares between the date of this document and 27 June 2005, your transaction may not be entered on the register of members before the Record Date for the Rights Issue, and you should consult the stockbroker, bank or other appropriate financial adviser through whom you made the sale, purchase or transfer before taking any other action.

3.7 If I take up my rights, when will the New Ordinary Shares be credited to my CREST stock account(s)?

If you take up your rights under the Rights Issue, the New Ordinary Shares will be credited to the CREST stock account(s) in which you hold your Fully Paid Rights on 25 July 2005.

4. Further procedures for Ordinary Shares whether in certificated form or in CREST

4.1 What happens if the number of Ordinary Shares I hold is not exactly divisible by 5? Am I entitled to fractions of the New Ordinary Shares?

Your entitlement is calculated by multiplying your holding of Ordinary Shares by 2 and dividing the result by 5. If the result is not a whole number, your entitlement will be rounded down to the nearest whole number of the New Ordinary Shares meaning that you will not receive a New Ordinary Share in respect of the fractional entitlement.

If you currently hold some of your Ordinary Shares in CREST and some in certificated form your holdings will be treated as separate holdings for the purpose of calculating your entitlements.

4.2 Will I be taxed if l take up or sell my rights or if my rights are sold on my behalf?

If you are resident in the UK for tax purposes, you will not have to pay UK tax when you take up your rights, although the Rights Issue may, if you take up some or all of your rights, affect the amount of UK tax you pay when you sell your Ordinary Shares or any New Ordinary Shares acquired. However, you may be subject to capital gains tax on any proceeds you receive from the sale of your rights (unless, generally, the proceeds do not exceed £3,000 or 5 per cent. of the value of your existing holding of Ordinary Shares, although in that case the amount of UK tax you may pay when you sell your Ordinary Shares will be affected).

Further information for Qualifying Shareholders who are resident in the United Kingdom for tax purposes is contained in paragraph 13 of Part XIII of this document. **Qualifying Shareholders who are in any doubt as to their tax position, or who are subject to tax in any jurisdiction other than the United Kingdom, should consult their professional adviser as soon as possible.**

4.3 I understand that there is a period when there is trading in the Nil Paid Rights. What does this mean?

If you do not want to buy the New Ordinary Shares being offered to you under the Rights Issue, you can instead sell or transfer your rights (called "Nil Paid Rights") to those New Ordinary Shares and receive the net proceeds of the sale or transfer in cash. This is referred to as dealing "Nil Paid". This means that, between 1 July 2005 and 22 July 2005, you can either purchase Ordinary Shares (which will not carry any entitlement to participate in the Rights Issue (sometimes referred to as trading "ex")) and/or you can trade in the Nil Paid Rights.

If you sell or transfer all or some of your Nil Paid Rights and you hold your Ordinary Shares in certificated form, you will need to complete Form X, the form of renunciation, on page 4 of the Provisional Allotment Letter and send it to the stockbroker, bank or other agent, through or by whom the sale or transfer was effected, to be forwarded to the purchaser or transferee.

If you buy Nil Paid Rights, you are buying an entitlement to take up the New Ordinary Shares, subject to your paying for them in accordance with the terms of the Rights Issue. Any seller of Nil Paid Rights who holds his Ordinary Shares in certificated form will need to forward to you his Provisional Allotment Letter (with Form X completed) for you to complete and return, with your cheque, by 11.00 am on 22 July 2005, in accordance with the instructions on the Provisional Allotment Letter. If you are a CREST member or CREST sponsored member and you wish to hold your Nil Paid Rights in uncertificated form in CREST then you should send the Provisional Allotment Letter with Form X and the CREST Deposit Form on page 4 completed (in the case of a CREST member) to the CREST Courier and Sorting Service or (in the case of a CREST sponsored member) to your CREST sponsor by 3.00 pm on 19 July 2005 at the latest.

Qualifying CREST Shareholders and, subject to dematerialisation of their Nil Paid Rights as set out in the Provisional Allotment Letter, Qualifying non-CREST Shareholders who are CREST members or CREST sponsored members, can transfer Nil Paid Rights, in whole or in part, by means of CREST in the same manner as any other security that is admitted to CREST. Please consult your CREST sponsor or stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, for details.

4.4 What if I want to sell the New Ordinary Shares I have paid for?

If you are a Qualifying non-CREST Shareholder, provided the New Ordinary Shares have been paid for and you have requested the return of the receipted Provisional Allotment Letter (by ticking Box 4 on page 1 of the Provisional Allotment Letter), you can transfer the Fully Paid Rights by completing Form X, the form of renunciation, on the back of the receipted Provisional Allotment Letter in accordance with the instruction set out on page 4 of the Provisional Allotment Letter until 11.00 am on 22 July 2005. See paragraph 3 of Part V of this document for more details.

After that date, you will be able to sell your New Ordinary Shares in the normal way. However, the share certificate relating to your New Ordinary Shares is expected to be despatched to you by 2 August 2005. Pending despatch of such share certificate, instruments of transfer may be certified by Lloyds TSB Registrars against the register.

If you hold your New Ordinary Shares and/or rights in CREST, you may transfer the Fully Paid Rights in the same manner as any other security that is admitted to CREST. See paragraph 4(e) of Part V of this document for more details. Please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, for details.

4.5 Do I need to comply with the Money Laundering Regulations (as set out in paragraphs 3(c) and 4(c) of Part V of this document)?

If you are a Qualifying non-CREST Shareholder, you do not need to follow these procedures if the value of the New Ordinary Shares you are subscribing for is less than the sterling equivalent of €15,000 (approximately £10,000) or if you pay for them by cheque drawn on an account in your own name and that account is one which is held with an EU or UK regulated bank or building society. If you are a Qualifying CREST Shareholder, you will not generally need to comply with Money Laundering Regulations unless you apply to take up all or some of your entitlement to Nil Paid Rights as agent for one or more persons and you are not an EU or UK regulated financial institution.

Qualifying non-CREST Shareholders and Qualifying CREST Shareholders should refer to paragraph 3(c) and paragraph 4(c) respectively of Part V of this document for a fuller description of the requirements of the Money Laundering Regulations.

4.6 What should I do if I live outside the United Kingdom?

Your ability to take up rights to New Ordinary Shares may be affected by the laws of the country in which you live and you should take professional advice about any formalities you need to observe. Shareholders resident outside the United Kingdom should refer to paragraph 6 of Part V of this document.

Your attention is drawn to the further terms and conditions of the Rights Issue in Part V of this document and (in the case of Qualifying non-CREST Shareholders) in the Provisional Allotment Letter.

PART VII

OPERATING AND FINANCIAL REVIEW

The financial information in this Part VII has been extracted without material adjustment from Part IX. The financial information has been prepared in accordance with UK GAAP. Investors should read the whole of this document and not just rely on the key or summarised information below.

In addition, on 13 June 2005 the Group announced its restated unaudited financial results for the year ended 31 December 2004 under IFRS. The selected IFRS financial information in this Part VII has been extracted from the announcement which is set out in Part X of this document.

1. Information concerning T&F Informa's operations and financial performance

Set out below is a review of the operations and financial performance and the capital resources and cash flow of the Group during 2004, this is the first full year of financial results for T&F Informa following the Merger in May 2004, prior to these dates the businesses operated as two separate companies; Informa and Taylor & Francis.

Business overview

T&F Informa was formed by the merger of Taylor & Francis and Informa on 10 May 2004 and is a diverse information group providing specialist content and access to the academic, professional and business communities. The Group has offices in 18 countries and employs over 4,000 staff, with its major operations in the UK and the US.

Selected financial information concerning T&F Informa under IFRS

The Group is required to adopt IFRS for the year to 31 December 2005 and beyond. To help Shareholders understand the impact of adopting IFRS, on 13 June 2005 T&F Informa announced its unaudited restated financial results for the year ended 31 December 2004 prepared under IFRS. The full text of the announcement is set out in Part X of this document.

Set out below is a summary of the Group's financial results under IFRS:

Financial year ended 31 December	2004
	£m
Turnover	449.8
Adjusted operating profit[1]	95.4
Operating profit	62.3
Profit before tax	43.0
Profit after tax	32.7
Diluted earnings per share from continuing operations[2]	25.58p
Diluted earnings per share basic	13.26p

Notes:

(1) Excludes restructuring and reorganization charges of £9.3 million, goodwill impairment of £15 million, amortisation of intangible assets of £8.8 million.

(2) Excludes items in note 1 above, plus loss on disposal of fixed assets of £0.9 million, profit on sale of businesses of £0.003 million, impairment of other investments of £0.2 million, bank facility fees written-off of £2.4 million and tax on items not related to underlying business of £6.2 million.

Selected financial information concerning T&F Informa under UK GAAP

The year to 31 December 2004 was the first full-year results since the merger of Taylor & Francis and Informa on 10 May 2004. Set out in Part IX of this document are the two year financial results of the combined group prepared under UK GAAP and presented as if the two groups had been merged from 1 January 2004. In addition, the results to 31 December 2002 are presented for Taylor & Francis and Informa separately.

Set out below is a summary of the Group's financial results under UK GAAP:

The financial information set out below has been extracted without material adjustment from Part IX of this document.

Investors should read the whole of this document and not just rely on key or summarized information.

Years ended 31 December	Informa 2002	Taylor & Francis 2002	Group 2003	Group 2004
	£m	£m	£m	£m
Turnover	283.4	147.4	441.7	504.2
Adjusted operating profit[(1)]	37.3	35.7	79.3	108.3
Total operating profit	19.8	25.9	46.2	48.6
Adjusted pre-tax profit[(2)]	30.1	32.9	69.9	91.3
Pre-tax profit	12.1	23.1	33.0	12.4
Adjusted diluted earnings per share[(3)]	16.36p	26.97p	18.28p	24.50p
Diluted earnings per share	3.74p	15.96p	5.89p	0.04p

(1) Group: Excludes exceptional operating costs of £10.0m (2003: £11.8m) and goodwill amortisation and impairment of £49.7m (2003: £21.3m); 2002: Excludes exceptional operating costs of £6.5m (Informa), £2.6m (Taylor & Francis) and goodwill amortisation of £11.0m (Informa), £7.3m (Taylor & Francis).

(2) Group: Excludes exceptional operating and non-operating items of £44.2m (2003: £15.7m) and goodwill amortisation of £34.7m (2003: £21.3m); 2002: Excludes exceptional operating items of £7.0m (Informa), £2.6m (Taylor & Francis) and goodwill amortisation of £11.0m (Informa), £7.3m (Taylor & Francis).

(3) Group: Excludes exceptional items after tax of £38.3m (2003: £13.1m) and goodwill amortisation of £34.7m (2003: £21.3m); 2002: Excludes exceptional items after tax of £5.1m (Informa), £2.2m (Taylor & Francis) and goodwill amortisation of £11.0m (Informa), £7.3m (Taylor & Francis).

Financial Performance

The 2004 results were achieved during a period of considerable change for the Group, including the integration of acquisitions, a number of office relocations and the merger of two groups. The Group's performance for the year was also impacted by the adverse effects of exchange rate movements and, in particular, the relative weakness of the US Dollar. In 2004, T&F Informa received approximately 50% of its revenue and incurred approximately 35% of its costs in US Dollars and hence exchange rates had an adverse effect on translated turnover and profits.

During 2004 turnover grew by 14% to £504.2 million, despite adverse exchange rate movements which reduced reported revenue by £20.8 million (5%) compared to 2003. Marcel Dekker, acquired on 2 January 2004, contributed £24.4 million in turnover. At constant exchange rates and after adjusting for acquisitions made since 1 January 2003, organic turnover growth was 5%.

Adjusted operating profit was £108.3 million in the period to 31 December 2004, up 37%, or £29.0 million, over 2003 (£79.3 million). Excluding the £10.6 million adverse effect of exchange rate movements, operating profit growth was 50%. Marcel Dekker contributed £7.6 million to this result in the first period of ownership.

Adjusted profit before tax increased by 31% to £91.3 million (2003: £69.9 million) and adjusted diluted earnings per share increased 34% to 24.50p per Ordinary Share compared to 18.28p in 2003.

Profit before tax and after exceptional items and goodwill amortisation was £12.4 million (2003: £33.0 million) and basic earnings per share was 0.04p (2003: 5.89p).

Exceptional items, amortisation of goodwill and Merger costs

In the year to 31 December 2004, T&F Informa completed significant integrations of acquisitions, resulting in exceptional operating costs of £10 million (2003: £11.8 million). Of this total, £4.5 million represented integration costs in relation to acquisitions of Cass (July 2003), SZP (October 2003), MMS (September 2003), PJB (December 2003) and Marcel Dekker (January 2004). £4.2 million was incurred in respect of the relocation of the UK academic books businesses from London to Oxford, the setting up and transferring of the US books warehousing and distribution operations to Kentucky and the move of PJB from its former Richmond, London offices to existing Group premises in central London and £1.3 million was provided in relation to the Merger integration.

As a result of acquisitions made in 2003 and 2004, goodwill amortisation increased by £13.4 million in 2004 to £34.7 million from £21.3 million. Following the Merger, T&F Informa reviewed goodwill and reduced the carrying value related to certain pre-2001 acquisitions by £15 million. Merger costs were £15.7 million (2003: nil), consisting of professional and other fees incurred in connection with the Merger.

Principal Markets

The Group operates globally deriving 33% (31% in 2003) of revenues by destination from North America, 31% (33% in 2003) from Western Europe, 19% (20% in 2003) from the UK and 17% (16% in 2003) from the rest of the world. T&F Informa has offices in Asia, Australia, Europe, Latin America and the United States.

Group revenue by division is derived as follows: Academic & Scientific contributes 48% (45% in 2003), Professional 19% (20% in 2003) and Commercial 33% (35% in 2003). The Group's three divisions all performed well during 2004, combining organic growth with good contributions from recent acquisitions, including CRC Press (acquired in April 2003 for £58.6 million), PJB (acquired in December 2003 for £120.0 million), MMS (acquired in September 2003 for £23.7 million) and Marcel Dekker (acquired in January 2004 for £78.4 million).

The Group saw improved trading conditions in most of its operating sectors, with particularly good growth in the Scientific, Technical and Medical, Telecoms and Financial Information market segments. Trading was stronger across all three operating divisions compared to 2003, with acquisitions, organic growth, good subscription renewal rates and higher average delegate numbers combining to increase revenue and profitability. This growth in revenue, together with good cost control and the successful integration of acquisitions was reflected in increased adjusted operating margins.

Academic & Scientific Division

Turnover grew 24% to £244.3 million and adjusted operating profit grew by 40% to £64.3 million. 74 new journals were launched including 38 new academic society publishing contracts.

Professional Division

Turnover grew 5% to £93.3 million and adjusted operating profit grew by 47% to £21.8 million. Good performance was achieved from the contributions of MCM/MMS, with MMS subscriber retention rate of over 65%. Both the Financial Information and Legal conference businesses performed strongly. There was a recovery in advertising in key insurance publications.

Commercial Division

Turnover grew 7% to £166.6 million and adjusted operating profit grew by 19% to £22.3 million. The continuing recovery in the mobile telecoms sector enabled the group to launch new events. The group experienced strong trading in Maritime.

Key Trends

The Group has experienced continuing positive trends since 31 December 2004 in its key markets for both publishing and events, the Directors expect this to continue during 2005.

Capital Resources

The Group is highly cash generative, converting 110% of its adjusted operating profit into cash in 2004. Strong cash flow, particularly in the second half of 2004, enabled net debt to be reduced at the year-end to £302 million from £356 million at 30 June 2004. Following completion of the Acquisition the Group will replace its existing facilities with the New Facility. On the basis of the Rights Issue becoming unconditional this New Facility will comprise a five-year term loan and revolving credit facility. If, in the unlikely event the Rights Issue does not become unconditional £300 million of the New Facility will be repayable in full eighteen months from 31 May 2005 (see Part XII of this document for further details of the New Facility). In such circumstances, the Directors will seek to put longer term financing in place in due course. The Group has no further borrowing requirements other than those permitted by the New Facility.

The Directors expect that, on the basis of the Rights Issue becoming unconditional, the ratio of net debt to earnings before interest, tax, depreciation, amortisation and exceptional items will be approximately 4.4× at completion of the Acquisition and expect that it will fall to around 4× by the year end.

The Group's significant acquisitions, CRC Press, PJB, MMS and Marcel Dekker made during 2003 and 2004 were financed by a combination of existing cash resources, debt facilities and two share placings raising £52 million during 2003.

2. Financial Information concerning Informa and Taylor & Francis for the years ended 31 December 2002 and 2003

A review of the Group's financial performance in 2003 and 2002 is not available as the Group was operating as two separate companies prior to the Merger. Set out below is a review of the financial results and the capital resources and cash flow of Taylor & Francis and Informa in 2002 and 2003.

(a) ***Financial Information concerning Informa for the year ended 31 December 2003***

Financial Performance

In 2003, Informa made a return to growth in operating profit (before exceptional items and goodwill amortisation) and the completion of several important acquisitions, most notably MMS and PJB.

Informa raised adjusted operating profit in the year despite mixed trading conditions. The war in Iraq and the SARS outbreak exacerbated an already challenging business environment in the first part of the year. Once these uncertainties were removed confidence returned to many of Informa's markets and there was an encouraging improvement in conditions in the second half of the year, reflected in a stronger performance from both Informa's event and publishing businesses.

The effect of the slower first half saw sales decline overall by 5%, requiring a continued focus on cost cutting. Staff numbers (excluding acquisitions) were lowered by 8% and in addition a number of small and under-performing publications were merged, closed or sold and some events cancelled. In total Informa ran 2,627 events in 2003 compared with 3,052 in 2002. Although total delegate revenue fell over the year as there was a reduced number of events there was a recovery in the last four months of 2003 with average delegate attendance at Informa events increasing by 4% compared to the same period in 2002.

Adjusted operating profit at £37.5 million was 1% above 2002 despite turnover of £268.0 million being 5% below the previous year. The decline in sales was countered by continuing strong cost control which helped lift the adjusted operating margin to 14.0% from 13.1%. The effect of this plus a slight decline in the effective corporation tax rate resulted in Informa's adjusted earnings per share rising by 5.3% to 17.23p from 16.36p in 2002.

Profit before tax (before exceptional items and goodwill amortisation) increased by 5% to £31.6 million. Profit before tax fell from £12.1 million to £7.7 million. Reported earnings per share was 0.65p in 2003 compared to 3.74p in 2002.

Exceptional items

The integration of the acquisitions made in the year, associated restructuring and losses on disposal of some titles during the year led to an operating and non-operating exceptional charge of £12.4 million compared with £7.0 million in 2002.

Capital resources

Net debt rose from £96 million to £178 million at the end of 2003. This was due in part to expenditure of £144 million on acquisitions, partly offset by two share placings raising £52 million in total.

Excluding goodwill amortisation and operating and non-operating exceptional items, operating cashflow as a percentage of operating profit was 109%. The Group maintained its freeze on non-essential capital expenditure during 2003 with £3 million spent.

(b) ***Financial information concerning Taylor & Francis for the year ended 31 December 2003***

Financial performance

In 2003, Taylor & Francis had revenue and profit growth despite the challenging situation in the worldwide higher education and scientific research markets that started in 2002. Ongoing investment in organic product development produced good organic growth, which was augmented by four acquisitions.

Importantly, the purchase of the business and assets of CRC Press in April 2003 also brought enhanced structural and management strength to the North American operations. In addition Taylor & Francis acquired Bios, Cass, and the publishing business and assets of SZP.

Turnover increased 17.9%, from £147.4 million to £173.7 million. Taylor & Francis was impacted by the 9% weakening in the average US Dollar to sterling exchange rate having an adverse impact on Taylor & Francis' sales reported in sterling. The organic sales growth rate, excluding acquisitions and at constant exchange rates, was 5.4%.

Taylor & Francis' journals business continued to perform robustly with turnover growing by 8.8%, from £71.0 million to £77.2 million. Exchange movements had an adverse effect on translated turnover and at constant exchange rates the overall increase was 16.0%. Eliminating exchange effects and acquisitions, like for like organic growth was 9.1%.

Book turnover increased by 26.3% (£20.1 million) to £96.5 million, or 33.2% (£25.4 million) at constant exchange rates. This performance reflected the contributions from CRC Press, SZP and Bios. Eliminating exchange effects and acquisitions, like for like organic sales growth was 2.0%, achieved in a soft market. The growth was particularly pleasing given the contribution to 2002 revenue from the publication that year of the 4th Edition of Molecular Biology of the Cell.

Taylor & Francis' operating profit (before exceptional items and goodwill amortisation) increased 20.6% from £35.7 million to £43.1 million. The operating margin (before goodwill amortisation and exceptional items) was 24.8% compared to 24.2% in 2002, reflecting continuing efficiency gains.

Pre-tax profit (before exceptional items and goodwill amortisation) increased by 20% to £39.6 million (2002: £32.9 million).

The effective tax rate of 36.8% (2002: 40.8%) is distorted mainly by goodwill amortisation for which tax relief is only partially available. The underlying tax rate, after adjustments in respect of exceptional items, goodwill amortisation and prior years items, was 27.8% (2002: 29.8%).

Diluted earnings per share before exceptional items and goodwill amortisation increased 26.8% to 34.19p compared to 26.97p in 2002

Exceptional items and goodwill amortisation

Exceptional costs of £3.3 million (2002: £2.6 million) were incurred during 2003 and include £1.6 million of costs associated with Taylor & Francis' participation in the BertelsmannSpringer Science and Business Media auction process. Exceptional items also included £1.7 million from rationalising and integrating acquisitions during the year and the related globalisation of the business. Goodwill amortisation increased from £7.3 million to £9.8 million.

Capital resources

Net debt increased by £58.1 million, to £83.0 million, reflecting expenditure of £92.5 million on acquisitions of businesses, titles and long term investments. The sterling value of debt which is predominantly held in US dollars, was reduced by £8.1 million through the effect of exchange rate movements.

Taylor & Francis converted 107% of operating profits before goodwill amortisation and depreciation to net cash flow from operations, a significant improvement on the comparable conversion rate for 2002 of 89%. Adjusting for the effect of exceptional items in cash flow from operations, the percentages were 108% and 87%, respectively.

Capital expenditure was up by £0.2 million to £3.0 million compared to 2002.

Deferred income, which represents cash received in advance of publication of journal issues, was again significantly impacted by exchange rate movements, due to the high proportion of income received in US dollars. The balance of deferred income as at 31 December was £49.1 million, up 16% (£6.7 million) compared to £42.4 million at the end of 2002. The US dollar exchange rate at 31 December 2003 was $1.70: £1 compared to $1.61: £1 at 31 December 2002, representing a decline of 11%. At constant exchange rates and ignoring all acquisitions in 2003, the underlying growth in deferred income was an encouraging 13%. Deferred income is recognised as turnover when journal issues are published.

(c) ***Financial information concerning Informa for the year ended 31 December 2002***

Financial performance

Informa achieved operating profit before goodwill amortisation and exceptional items but after interest in 2002 of £30.1 million, equalling the level in 2001. This was despite a fall in turnover of 12%, to £283 million, which reflected the economic slowdown seen in a number of sectors, notably mobile telecommunications. This was an excellent result in what was a difficult year for most media companies and especially those providing business-to-business information.

Informa tailored output of conferences and publications to the lower levels of demand being experienced. A rationalisation of marginal and loss-making product enabled Informa to lower headcount by 241 (9%) in the year at a cost of £2.5 million. Thereby reducing full-year payroll costs by £8 million and follows manpower reductions of 13% in 2001.

Profit before tax fell from £15 million to £12.1 million. Excluding goodwill amortisation and the exceptional items the profit before tax stayed level at £30.1 million.

Adjusted earnings per share rose to 16.36p (2001:16.12p). This is calculated after removing the amortisation of goodwill and the exceptional items. Reported basic earnings per share were 3.74p (2001: 4.07p).

Exceptional items

Informa incurred an exceptional charge of £7 million. This represented a provision of £4.2 million to provide for future empty property costs, £2.3 million on senior operating board restructuring, and £0.5 million on the closure of Opleiding en Ontwikkeling.

Capital Resources

Net debt fell from £119 million to £96 million at the end of 2002. Due to several factors, most notably an improvement in working capital and reduced tax and capital expenditure payments. In addition a Dutch office building was sold for £2.9 million.

Informa's focus in weaker trading conditions had been to manage costs, cash and product profitability particularly closely. Informa converted 125% of 2002 operating profit into cash compared with 108% in 2001.

Informa significantly reduced its fixed asset expenditure during 2002 to £5 million from £15.8 million in 2001. This was mainly due to the completion of the implementation of SAP. SAP replaced existing bespoke systems covering the registration of delegates, the order processing and management of subscriptions and human resource information software.

(d) ***Financial information concerning Taylor & Francis for the year ended 31 December 2002***

Financial performance

Taylor & Francis saw good organic growth in both its journals and books divisions despite the softening of the US academic market. During the year Taylor & Francis acquired the business and assets of Fitzroy Dearborn Publishers, which complemented existing reference lists.

The journals division continued to perform strongly with turnover up 11.4% on the back of strong renewal rates in 2002 and new journal launches. 24 new journals were published during 2002 and a further 27 titles have been commissioned or acquired for the 2003 subscription year. Around 70% of institutional subscribers took advantage of their on-line access rights, up from 50% the year before.

The books division had a good year with turnover up 3.8% compared to 2001 despite a soft US market and a decline in the US Dollar exchange rate. At constant exchange rates, book sales increased 6.1%. The books division published 2,193 new titles in 2002, compared to 1,788 in 2001. Taylor & Francis' book list, which included the latest edition of Molecular Biology of the Cell, performed solidly.

Turnover increased 7.3%, from £137.3 million to £147.4 million. This was primarily organic growth achieved in a challenging market. At constant exchange rates, turnover grew 8.6%.

Journals continued to perform well with turnover up 11.4%, from £63.7 million to £71.0 million. Due to the timing of cash receipts exchange rate movements had little effect on the reported increase in journal revenue in 2002. Book turnover increased by 3.8% (£2.8 million), to £76.4 million. At constant exchange rates, book sales grew by 6.1%, helped by the contribution from the highly successful 4th edition of Molecular Biology of the Cell, which was offset by a softer US books market.

Taylor & Francis' operating profit before exceptional items and goodwill amortisation increased 16.9%, from £30.6 million to £35.7 million. The operating margin before goodwill amortisation and exceptional items was 24.3% compared to 22.3% in 2001, reflecting continuing efficiency gains.

After exceptional costs of £2.6 million and goodwill amortisation of £7.3 million, operating profit was up by 16.2%, to £25.9 million (2001: £22.3 million).

Pre-tax profit before exceptional items and goodwill amortisation increased by 23.1%, to £32.9 million (2001: £26.8 million).

The effective tax rate of 40.8% (2001: 41.0%) is distorted mainly by goodwill amortisation for which tax relief is only partially available and certain costs for which tax relief may not be available. The underlying tax rate was 29.8% (2001: 29.6%).

Diluted earnings per share before exceptional items and goodwill amortisation increased 22.6% to 26.97p per ordinary share, compared to 22.00p in 2001.

Exceptional items and goodwill amortisation

Exceptional costs of £2.6 million (2001: £1.0 million) were incurred in the year and included £1.3 million for the successful centralisation of Taylor & Francis' UK journal publishing operations in Oxfordshire and the associated closure of redundant UK properties. The experience gained in integrating previous acquisitions facilitated this smooth relocation and reorganisation of the journals division. A net exceptional cost of £1.3 million was incurred in a failed bid for Kluwer Academic Publishers, which was put up for sale in mid 2002.

Goodwill amortisation remained constant at £7.3 million.

Capital resources

Net debt decreased by £13.8 million, to £24.9 million, despite spending £2.9 million on acquisitions, £2.8 million on fixed assets and £2.6 million on exceptional items, reflecting the Taylor & Francis's strong cash flow from operations.

Capital expenditure in 2002 totalled £2.8 million, including £0.8 million for the new Oxfordshire premises, compared to £1.1 million in 2001.

Deferred income, which represents cash received in advance of the publication of journal issues, was significantly affected by exchange rate movements due to the high proportion of subscriptions received in US Dollars. The balance of deferred income as at 31 December 2002 was £42.4 million, which was down 2.9% (£1.3 million) compared to £43.7 million at the end of 2001. The US Dollar exchange rate at 31 December 2002 was $1.61: £1 compared to $1.45: £1 at 31 December 2001, representing a decline of 11%. Deferred income is recognised as turnover when journal issues are published.

3. Significant events

The significant events impacting on the Group's financial results in 2004 and Taylor & Francis' and Informa's financial results in 2003 and 2002 are set out below

Significant events impacting on the Group's financial results in 2004

- Stronger trading across all three divisions compared to 2003
- 10 May 2004 merger of Informa and Taylor & Francis and subsequent integration
- Completion of acquisition of Marcel Dekker on 2 January 2004
- Adverse exchange rate movements reduced reported turnover by £20.8 million

Significant events impacting the financial results of Informa in 2003

- Completion of several acquisitions notably MMS and PJB
- The war in Iraq and the SARS outbreak exacerbated an already challenging business environment in the first part of the year and contributed to a decline in turnover, nevertheless due to strong cost control adjusted operating profit increased in 2003

Significant events impacting the financial results of Taylor & Francis in 2003

- Completion of four acquisitions; CRC Press, Bios, Cass and SZP
- Adverse movement of the US Dollar against Pounds Sterling

Significant events impacting the financial results of Informa in 2002

- Economic slowdown in a number of sectors, notably mobile telecommunications leading to lower revenues. Operating profit however remained level with 2001 due to cost control
- Rationalisation of marginal and loss-making conferences and publications allowed Informa to make headcount reductions

Significant events impacting the financial results of Taylor & Francis in 2002

- In September 2002, acquired the publishing list of US based Fitzroy Dearborn Publishers
- Consolidation in July 2002 of Taylor & Francis' UK journals publishing activities into one building
- Strategic review of publishing activities resulted in realignment of some of Taylor & Francis' portfolio, and in some cases ceasing to publish new book titles in peripheral publishing areas

4. Treasury policies

The Board sets the Group's treasury policy to ensure that it has adequate financial resources to develop the Group's businesses and to manage the currency and interest rate risks to which the Group is exposed. The Group's activities expose it mainly to the financial risks of change in foreign currency exchange rates and changes in interest rates. The Group mainly uses foreign exchange forward and spot contracts and interest rate swap contracts to hedge these exposures. All external hedging is performed by the Group treasury function. Group treasury acts as a service centre operating under the clearly defined regulation of the Board. The Group does not use derivative financial instruments for speculative purposes.

Funding and deposit management

The Group primarily borrows at short-term variable rates under its multi-currency revolving credit facilities. On the merger in May 2004 the Group entered into a new five-year £440 million multi-currency term loan and revolving credit facility. The existing facilities of both Taylor & Francis and Informa were cancelled at the same time. In addition, during 2001, the Group raised US$ 50 million on the US private placement market, due in seven equal annual instalments from 2005 to 2011. Short-term flexibility is also achieved through the use of overdraft facilities and cash pooling arrangements are in place in Pounds Sterling, Euro, and US Dollar to maximise the interest receivable on surplus working capital. The Group monitors the distribution of its cash assets, borrowings and facilities so as to control exposure to the relative performance of any particular territory, currency or institution.

Cash flows

Historically and for the foreseeable future, the Group has been and will continue to be in a net borrowing position. The Group's policy is to fulfil its borrowing requirements by borrowing in the currencies in which it operates and generates surplus cash inflows, principally Pound Sterling, US Dollar and Euro; thereby providing a natural hedge against future surplus cash inflows in those currencies as well as spreading the Group's interest rate profile across a number of currencies.

For so long as the Group is in a net borrowing position, in order to maintain the spread of the Group's interest rate profile and to retain a degree of flexibility, minimum levels of US Dollar and Euro denominated debt will be maintained. Accordingly surplus foreign currency denominated cash inflows will be used first to repay outstanding borrowings in those currencies, up to the pre-determined minimum foreign currency denominated debt levels. Thereafter the minimum foreign currency denominated debt levels will be maintained by selling, for Pounds Sterling, up to US$ 75 million of the Group's consolidated US Dollar denominated sales and up to €25 million of its consolidated Euro denominated annual sales, once the receipt of the associated US Dollar and Euro cash inflows can be forecast with reasonable certainty.

5. Capitalisation & indebtedness

The following table sets out the net financial indebtedness of the Group as at 30 April 2005. This information has been prepared by aggregating the indebtedness and the cash and cash equivalents of the entities that comprise the T&F Informa Group. The table shows the external net financial indebtedness of the Group and excludes balances between the entities that comprise the Group. No adjustments have been made in the aggregation:

	30 April 2005	31 December 2004
	£'000	£'000
Cash	8,426	19,126
Cash Equivalents	—	—
Liquidity	8,426	19,126
Current financial borrowings (including current portion of long-term financial borrowings)	(12,103)	(9,157)
Other current financial debt	(6,208)	(6,218)
Current financial debt	(18,311)	(15,375)
Net current liquidity	(9,885)	3,751
Non-current financial borrowings	(296,847)	(305,721)
Other non-current financial debt	(13)	(17)
Long term financial indebtedness	(296,860)	(305,738)
Net financial indebtedness	(306,745)	(301,987)

	30 April 2005	31 December 2004
	£'000	£'000
Total current debt/cash		
—Guaranteed	(3,677)	9,969
—Secured	(6,208)	(6,218)
—Unguaranteed/unsecured	—	—
Total current debt/cash	(9,885)	3,751
Total non-current debt (excluding current portion of long-term debt)		
—Guaranteed	(296,847)	(305,721)
—Secured	(13)	(17)
—Unguaranteed/unsecured	—	—
Total non-current debt	(296,860)	(305,738)
Total indebtedness	(306,745)	(301,987)
Shareholders' equity		
—Share capital		29,946
—Share premium		187,755
—Other reserves		(86,514)
Total equity shareholders' funds		131,187

Notes:

T&F Informa shareholders' equity for 31 December 2004 is stated under UK GAAP. Under IFRS total shareholders' equity as at 31 December 2004 has been restated to £596.8 million (unaudited). There is no material difference between shareholders' funds at 30 April 2004.

T&F Informa net indebtedness for 31 December 2004 is stated under UK GAAP. Under IFRS total net indebtedness as at 31 December 2004 has been restated to £301.9 million (unaudited).

PART VIII

ACCOUNTANTS' REPORT ON THE IIR HOLDINGS GROUP

1. Report on IIR Holdings in IFRS for the three years ended 31 December 2004 prepared by Deloitte & Touche LLP

Deloitte.

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1 July 2005

Dear Sirs

Proposed acquisition of IIR Holdings Limited

We report on the financial information set out below for the three years ended 31 December 2004 which has been prepared for inclusion in the prospectus dated 1 July 2005 (the "Prospectus") of T&F Informa plc (the "Acquiror") relating to the proposed acquisition by the Acquiror of IIR Holdings Limited ("IIR Holdings").

Basis of preparation

The financial information set out below, which has been prepared in accordance with International Financial Reporting Standards on the basis set out in Note 1 below, is based on the audited consolidated financial statements of IIR Holdings for the three years ended 31 December 2004, after making such adjustments as we considered necessary.

The financial information includes the results, assets, liabilities and cash flows of businesses not being acquired by T&F Informa plc, which are separately disclosed in note 23.

Responsibility

The Directors of IIR Holdings are responsible for the preparation of the underlying financial statements.

The Directors of the Acquiror are responsible for the Prospectus dated 1 July 2005 in which this report is included.

It is our responsibility to compile the financial information set out in our report from the underlying financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that recorded by the auditors who audited the financial statements underlying the financial information. It also included an assessment of the accounting principles used and significant estimates and judgments made by those responsible for the preparation of the underlying financial statements, as well as evaluating the overall financial statement presentation and whether the policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Prospectus dated 1 July 2005, a true and fair view of the state of affairs of IIR Holdings Limited as at the dates stated and of its profits and cash flows for the periods then ended in accordance with the basis set out in Note 1.

IIR Holdings Limited

Consolidated Balance Sheet
As at 31 December

	Note	2002	2003	2004
		US$'000	US$'000	US$'000
ASSETS				
Non-current assets				
Intangible assets	2	185,302	183,928	237,196
Property, plant and equipment	3	92,138	88,569	87,389
Other non-current assets	4	24,580	25,164	31,702
Deferred tax assets	6	4,736	7,872	19,236
Total non-current assets		306,756	305,533	375,523
Current assets				
Inventories	8	3,185	2,379	2,269
Accounts receivable				
Trade receivables		60,309	75,572	110,615
Other receivables		6,373	5,443	6,599
Prepayments		13,103	12,502	14,515
Cash and cash equivalents	7	66,057	41,272	30,705
Total current assets		149,027	137,168	164,703
Total assets		455,783	442,701	540,226
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital		21	21	21
Share premium		113	271	271
Retained earnings		141,398	132,868	179,187
Other reserves/(deficit)		2,200	(1,489)	6,622
Total capital and reserves		143,732	131,671	186,101
Total non-current liabilities	9	162,830	129,702	133,814
Current liabilities				
Note payable	9	—	4,000	—
Current portion of deferred consideration	9	500	600	700
Short term borrowings	9	10,522	1,373	1,491
Deferred revenue		50,120	61,298	81,284
Trade payables		10,794	12,137	14,436
Accrued liabilities		54,456	73,180	88,472
Taxes and social security contributions		22,829	28,740	33,928
Total current liabilities		149,221	181,328	220,311
Total equity and liabilities		455,783	442,701	540,226

IIR Holdings Limited

Consolidated Income Statement
For the year ended 31 December

	Note	2002	2003	2004
		US$'000	US$'000	US$'000
Revenues				
Net sales	12	471,519	497,252	597,228
Cost of revenues				
Cost of sales		202,771	221,354	247,213
Cost of services		68,310	71,578	80,955
Salaries and related charges	16	136,465	155,538	186,647
Depreciation of tangible assets	3	10,354	9,749	7,649
Amortisation of intangible assets	2	14,878	17,582	6,824
Impairment of intangible assets	2	2,125	3,000	11,425
Impairment of tangible assets	3	—	8,052	2,732
Restructuring and closure costs		339	5,218	243
Profit on sale of assets		847	244	4
		436,089	492,315	543,692
Profit from operations		35,430	4,937	53,536
Financial income and expense				
Financial income		304	3,056	403
Financial expense		(241)	(2,355)	(981)
Interest income		1,286	850	791
Interest expense		(7,945)	(5,516)	(5,920)
Currency exchange results		1,575	3,609	755
		(5,021)	(356)	(4,952)
Profit before taxation		30,409	4,581	48,584
Taxation	6	(6,341)	(6,111)	(2,265)
Net profit/(loss) for the year		24,068	(1,530)	46,319

IIR Holdings Limited

Consolidated Statement of Changes in Equity
For the year ended 31 December

	Share capital	Share premium	Retained earnings	Other reserve	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2002	21	113	117,330	859	118,323
Net profit for the year	—	—	24,068	—	24,068
Pension reserve	—	—	—	(944)	(944)
Currency translation differences	—	—	—	2,285	2,285
Balance as at 31 December 2002	21	113	141,398	2,200	143,732
Share capital issued	—	158	—	—	158
Dividends declared	—	—	(7,000)	—	(7,000)
Net loss for the year	—	—	(1,530)	—	(1,530)
Pension reserve	—	—	—	(1,596)	(1,596)
Currency translation differences	—	—	—	(2,093)	(2,093)
Balance as at 31 December 2003	21	271	132,868	(1,489)	131,671
Stock based compensation	—	—	—	7,649	7,649
Net profit for the year	—	—	46,319	—	46,319
Pension reserve	—	—	—	(432)	(432)
Currency translation differences	—	—	—	894	894
Balance at 31 December 2004	21	271	179,187	6,622	186,101

The authorised share capital amounts to US$ 24,000 consisting of 10 million ordinary shares each with a nominal value of US$ 0.0024 per share. As at 31 December 2004 8.691 million (2003: 8.691 million) (2002: 8.687 million) shares were issued and fully paid up. No shares were issued during 2004 (2003: 4,839) (2002: nil).

IIR Holdings Limited

Consolidated Cash Flow Statement

For the year ended 31 December

	2002	2003	2004
	US$'000	US$'000	US$'000
Cash flows from/(used in) operating activities			
Profit from operations	35,430	4,937	53,536
Depreciation of tangible assets	10,354	9,749	7,649
Amortisation of intangible assets	14,878	17,582	6,824
Impairment of goodwill and tangible assets	2,125	11,052	14,157
Stock-based compensation expense	—	—	7,649
Loss on sale of assets	847	244	4
	28,204	38,627	36,283
Decrease in inventory	1,334	806	145
Decrease/(increase) in accounts receivable	1,455	(13,751)	(4,491)
(Decrease)/increase in current liabilities other than loans, banks and income taxes	(16,293)	24,278	14,944
Change in working capital	(13,504)	11,333	10,598
Cash generated from operations	50,130	54,897	100,417
Interest paid	(7,945)	(5,516)	(6,144)
Interest received	1,286	850	791
Income taxes paid	(1,148)	(2,971)	(5,939)
Net cash from operating activities	42,323	47,260	89,125
Cash flows used in investing activities			
Net additions to tangible and intangible assets	(4,747)	(20,961)	(6,288)
Proceeds from sale of tangible and intangible assets	2,309	448	648
Proceeds from sale of investments	42	—	—
Acquisition of subsidiaries	(9,099)	(10,854)	(92,083)
Cash on acquisition of subsidiaries	534	1,207	8,994
Deferred consideration of acquisition of subsidiary	(400)	(500)	(600)
Repayment of note payable for prior acquisition	—	—	(4,000)
Increase in other non current assets	(2,984)	(584)	(5,223)
Net cash used in investing activities	(14,345)	(31,244)	(98,552)
Cash flows from/(used in) financing activities			
Proceeds from interest rate swap	—	2,791	—
Repayment of loans	(5,921)	(143,660)	(71,416)
Net drawdown on revolving credit facility	—	110,000	75,000
Financing expenses	—	(2,068)	(871)
Dividend paid	—	(2,000)	(5,000)
Net cash used in financing activities	(5,921)	(34,937)	(2,287)
Net effect of foreign currency translation	1,212	(5,864)	1,147
Net increase/(decrease) in cash	23,269	(24,785)	(10,567)
Cash at beginning of year	42,788	66,057	41,272
Cash at end of year	66,057	41,272	30,705
Net increase/(decrease) in cash	23,269	(24,785)	(10,567)

1. General

IIR Holdings Limited and its subsidiaries ("the Group") are engaged in the organisation and presentation of conferences, exhibitions and training courses, the delivery of performance improvement training and consulting services and the supply of serviced offices.

IIR Holdings Limited is a company incorporated in accordance with Bermuda law and has its statutory seat in Bermuda. The Company's registered office is situated at Canon's Court, 22 Victoria Street, Hamilton, Bermuda.

1.1. Accounting policies

The following accounting policies have been applied consistently throughout the three years.

1.2 Basis of preparation

The financial information has been prepared on the basis of International Financial Reporting Standards ("IFRS"), including International Accounting Standards ("IAS") and interpretations issued by the International Accounting Standards Board ("IASB"). These are subject to ongoing amendment by the IASB and subsequent endorsement by the European Commission and are therefore subject to possible change.

International Financial Reporting Standards have been applied consistently in each of the years ended 31 December 2002, 31 December 2003 and 31 December 2004 except as noted below:—

(a) IFRS 3 ("Business Combinations")

As the valuations and other information needed to apply IFRS 3 to business combinations arising before 1 January 2004 were not obtained at the time those combinations were initially accounted for, IIR Holdings has not applied the Standard to business combinations before 1 January 2004. Accordingly, goodwill has been amortised in the periods to 31 December 2003;

(b) Financial Instruments (IAS 39, "Financial Instruments; Recognition and Measurement" and IAS 32, "Financial Instruments; Disclosure and Presentation")

IIR Holdings has not applied IAS 32 and IAS 39 for the periods presented as these accounting standards apply to annual periods beginning on or after 1 January 2005;

(c) IFRS2 ("Share Based Payment")

IIR Holdings has applied the requirements of IFRS 2 to all equity instruments granted after 7 November 2002.

1.3 Basis of consolidation

The consolidated information incorporates the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values on the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All significant intra-group transactions, balances, income and expenses are eliminated on consolidation.

1.4 Goodwill and intangible fixed assets

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit and loss on disposal.

Goodwill is carried at cost less accumulated amortisation and impairment losses. In accordance with International Financial Reporting Standard 3, goodwill ceased to be amortised as at 31 December 2003, and instead became subject to annual impairment review. Any impairment is recognised immediately in the profit or loss and is not subsequently reversed.

Amortisation of intangible fixed assets is recorded on a straight line basis over the estimated useful economic lives which are as follows:

• Trade names	5-15 years
• Customer base	5-15 years
• Product development	3-5 years
• Corporate financing costs	Over the term of the facility or loan

An internally-generated intangible asset arising from the Group's product development activities is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

1.5 Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets, including goodwill, to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment (if any). Where the asset does not generate cash flows that are independent from those assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value, less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Net Sales and revenue recognition

Net sales represent the amounts (excluding sales tax) derived from the delivery of goods and services to third party customers during the year. Net sales also includes royalties from franchise operations.

Event revenues are recognised in full when the event commences.

License and royalty revenues are recognised on an accruals basis in accordance with the substance of the relevant agreement.

Consulting and training revenues are recognised as services are delivered. Where consultancy services are provided over a period of time, revenue is recognised using the state of completion method when the outcome of the contract can be measured reliably. The stage to completion is determined with regard to key milestones in the contract being attained and the percentage of services performed under the contract as a percentage of the total services to be performed.

Conference promotional expenditure is expensed as incurred. Other direct costs associated with the organisation of an event are matched with the respective event revenues. Direct costs are classified under cost of sales in the statement of income with the exception of fees paid to third parties for lecturing, which are classified under cost of services. Unearned, invoiced event fees at the balance sheet date are included in deferred revenue. Direct costs of organising events not charged to the income statement in the current period are included in prepaid expenses. Full provision is made for all anticipated losses for an event.

1.7 Interest income and expense

Interest expense is recognised during the period in which it is incurred. Interest income is recognised in the period in which it is earned.

1.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and all other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first in first out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.9 Leasing

Leases are classified as finance leases wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rental charges under operating leases are charged to the income statement on a straight line basis over the life of the lease.

1.10 Foreign currencies

The Group's revenues and expenses are denominated primarily in US dollars. Accordingly, the group has chosen the US dollar as its functional currency.

Transactions in foreign currencies other than US dollars are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Gains or losses on re-translation are included in the income statement.

On consolidation, the assets and liabilities of the Group's foreign currency operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

1.11 Pensions

The Group operates defined contribution retirement schemes for all qualifying employees in certain territories. The assets of these schemes are held separately from those of the Group in funds under control of the trustees.

Payments to defined contribution retirement schemes are charged as an expense as they fall due.

For defined benefit retirement schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside the income statement and are presented in the consolidated statement of changes in equity.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

1.12 Taxation

The income tax charge is based on taxable profits for the year and takes into account deferred taxation.

The tax currently payable is based on taxable profits for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1.13 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of the assets over their estimated useful lives, using the straight-line method, on the following bases:

Freehold property	40 years
Leasehold land and buildings	Life of lease
Fixtures and fittings, office equipment	4 years
Other assets	2-25 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

1.14 Financial instruments

It is the policy of the Company to enter into financial instruments, as and when necessary, for purposes of managing the Group's exposure to changes in the fair values of the Group's asset or debt obligations as result of changes in forward interest rates. In order to mitigate the interest rate risk the Group has entered into interest rate swap instruments. On inception of the financial instrument, it is determined whether the instrument qualifies as a fair value hedge of an asset or liability. If the instrument does qualify as a fair value hedge, it is designated to be a fair value hedge and the appropriate documentation is put in place to recognise the hedging arrangement.

Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Financial liability and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received. Issue costs are capitalised as finance costs in intangible fixed assets. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the income statement using effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are not interest bearing, if paid under normal terms, and are stated at their nominal value.

1.15 Provisions

Provisions for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring that has been communicated to affected parties.

1.16 Share based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured by use of a Black-Scholes model.

2. Intangible assets

	Goodwill	Trade names	Customer base	Product development	Financing costs	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost or valuation						
Balance as at 1 January 2002	230,500	12,306	—	9,583	—	252,389
Additions	7,685	—	—	18	—	7,703
Derecognition & write-offs	—	—	—	(5,599)	—	(5,599)
Reclassification	(773)	420	—	—	—	(353)
Exchange differences	432	—	—	—	—	432
Balance as at 31 December 2002	237,844	12,726	—	4,002	—	254,572
Additions	7,555	9,256	—	—	1,973	18,784
Disposals	—	—	—	—	(658)	(658)
Derecognition & write-offs	(15,218)	—	—	(236)	—	(15,454)
Reclassification	(658)	—	—	—	658	—
Exchange differences	1,571	39	—	(205)	25	1,430
Balance as at 31 December 2003	231,094	22,021	—	3,561	1,998	258,674
Additions	38,397	6,637	24,845	—	400	70,279
Derecognition & write-offs	(1,155)	—	—	(3,561)	—	(4,716)
Exchange differences	2,263	25	—	—	27	2,315
Balance as at 31 December 2004	270,599	28,683	24,845	—	2,425	326,552
Accumulated amortisation and impairment losses						
Balance as at 1 January 2002	47,781	2,869	—	5,600	—	56,250
Charged for the year	10,940	2,454	—	1,484	—	14,878
Impairment losses for the year	2,125	—	—	—	—	2,125
Derecognition & write-offs	—	—	—	(4,292)	—	(4,292)
Reclassifications	(52)	—	—	—	—	(52)
Exchange differences	325	36	—	—	—	361
Balance as at 31 December 2002	61,119	5,359	—	2,792	—	69,270
Charged for the year	12,050	4,393	—	920	219	17,582
Impairment losses for the year	3,000	—	—	—	—	3,000
Charged on disposals	—	—	—	—	(55)	(55)
Derecognition & write-offs	(15,373)	—	—	(218)	—	(15,591)
Reclassifications	(55)	—	—	—	55	—
Exchange differences	579	46	—	(87)	2	540
Balance as at 31 December 2003	61,320	9,798	—	3,407	221	74,746
Charged for the year*	—	4,738	1,294	367	425	6,824
Impairment losses for the year**	11,425	—	—	—	—	11,425
Derecognition & write-offs	(346)	—	—	(3,774)	—	(4,120)
Exchange differences	502	(24)	—	—	3	481
Balance as at 31 December 2004	72,901	14,512	1,294	—	649	89,356
Carrying amount						
At 31 December 2002	176,725	7,367	—	1,210	—	185,302
At 31 December 2003	169,774	12,223	—	154	1,777	183,928
At 31 December 2004	197,698	14,171	23,551	—	1,776	237,196

* In accordance with IFRS3, goodwill ceased to be amortised as at 31 December 2003 and instead became subject to annual impairment review.

** In accordance with IAS 12, the release in 2004 of the US$ 7.3 million valuation allowance recorded against the deferred tax asset of Achieve Global Inc. at the date of acquisition in 2000, has been recorded as a reduction of the tax charge. The consequent reduction of goodwill of US$ 5.8 million has been recognised as an impairment expense as part of the US$ 11.4 million charge for the year.

3. Property, plant and equipment

	Freehold property	Leasehold land and buildings	Fixtures & fittings, office equipment	Other assets	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Cost					
Balance as at 1 January 2002	25,768	10,993	53,258	45,077	135,096
Additions	—	549	3,900	216	4,665
Disposals/write-offs	—	(4,619)	(8,529)	(315)	(13,463)
Acquired companies	—	225	521	—	746
Exchange differences	2,825	539	3,058	2,280	8,702
Balance as at 31 December 2002	28,593	7,687	52,208	47,258	135,746
Additions	4,189	379	2,370	5,271	12,209
Disposals/write-offs	—	(436)	(2,869)	(625)	(3,930)
Exchange differences	3,557	667	4,327	(319)	8,232
Balance as at 31 December 2003	36,339	8,297	56,036	51,585	152,257
Additions	—	421	3,006	3,085	6,512
Disposals/write-offs	(77)	(583)	(4,959)	(1,579)	(7,198)
Acquired companies	—	2	4,299	—	4,301
Exchange differences	3,131	516	3,022	27	6,696
Balance as at 31 December 2004	39,393	8,653	61,404	53,118	162,568
Depreciation					
Balance as at 1 January 2002	1,289	6,049	27,240	3,501	38,079
Charged for the year	665	923	8,345	2,123	12,056
Charged on disposals/write-offs	—	(3,617)	(5,300)	(183)	(9,100)
Acquired companies	—	95	378	—	473
Exchange differences	190	156	1,372	382	2,100
Balance as at 31 December 2002	2,144	3,606	32,035	5,823	43,608
Charged for the year	725	1,004	7,330	2,282	11,341
Impairment	—	—	8,052	—	8,052
Charged on disposals/write-offs	—	(279)	(2,509)	(317)	(3,105)
Exchange differences	306	353	2,923	210	3,792
Balance as at 31 December 2003	3,175	4,684	47,831	7,998	63,688
Charged for the year	820	872	4,888	2,384	8,964
Impairment	—	—	—	2,732	2,732
Charged on disposals/write-offs	—	(558)	(4,691)	(1,298)	(6,547)
Acquired companies	—	1	3,134	—	3,135
Exchange differences	317	311	2,575	4	3,207
Balance as at 31 December 2004	4,312	5,310	53,737	11,820	75,179
Net book value					
Balance as at 31 December 2002	26,449	4,081	20,173	41,435	92,138
Balance as at 31 December 2003	33,164	3,613	8,205	43,587	88,569
Balance as at 31 December 2004	35,081	3,343	7,667	41,298	87,389

In 2003 depreciation expense for the year was partially offset by a recharge to a director for private use of the assets for an amount of US$ 1.6 million (2002: US$ 1.7 million).

In 2004 depreciation expense for the year was partially offset by a recharge to a director for private use of assets for an amount of US$ 1.3 million that resulted in an effective depreciation of tangible assets recorded in the Income Statement of US$ 7.7 million.

The fair value of the freehold property approximates to its carrying value. The freehold property is encumbered (refer note 9).

4. Other non-current assets

The other non-current assets are specified as follows:

	2002	2003	2004
	US$'000	US$'000	US$'000
Loan to third party	402	333	251
Loan to director	20,669	24,831	31,451
Fair value of interest rate swap	3,509	—	—
Total other non-current assets	24,580	25,164	31,702

The loan to a third party is subject to an annual interest rate of 8%, and is repaid in equal annual instalments with the last instalment due on 15 November 2007. The loan to a director is interest free and repayable on demand.

5. Investment in subsidiaries

As at 31 December 2004, the principal trading companies were as follows:

Subsidiary	Country of Incorporation	Principal activity	Class of share	% held
IIR Pty Limited	Australia	Conferences & Training	Ordinary	100%
Omega Performance Corporation Pty Limited	Australia	Performance Improvement	Ordinary	100%*
IIR GmbH	Austria	Conferences & Training	Ordinary	100%*
IIR Confērencias e Exposições Ltda	Brazil	Conferences & Training	Ordinary	100%
Institute for International Research (IIR) Canada Inc	Canada	Performance Improvement	Ordinary	100%*
Omega Performance Corporation	Canada	Performance Improvement	Ordinary	100%*
The Forum Corporation of Canada	Canada	Performance Improvement	Ordinary	100%*
IIR (Finland) Oy	Finland	Conferences & Training	Ordinary	100%*
IIR Deutschland GmbH	Germany	Conferences & Training	Ordinary	100%*
IIR Limited	Hong Kong	Conferences & Training	Ordinary	100%
Instituto Di Ricera Interazionale Srl	Italy	Conferences & Training	Ordinary	100%*
SCS Laidlaw et Cie (trading as IIR Monaco)	Monaco	Exhibitions	Ordinary	100%
Leading Minds BV	Netherlands	Conferences & Training	Ordinary	100%*
IIR BV	Netherlands	Conferences & Training	Ordinary	100%*
IIR South Africa BV	Netherlands	Conferences & Training	Ordinary	100%*
IIR Exhibitions Holdings BV	Netherlands	Property	Ordinary	100%*
Abbey Business Centres BV	Netherlands	Serviced offices	Ordinary	100%*
Omega Performance NZ Limited	New Zealand	Performance Improvement	Ordinary	100%*
IIR Poland Sp. zoo	Poland	Conferences & Training	Ordinary	100%*
Omega Performance Pte Ltd	Singapore	Performance Improvement	Ordinary	100%
IIR Exhibitions Pte Limited	Singapore	Exhibitions	Ordinary	100%
IIR España SA	Spain	Conferences & Training	Ordinary	100%*
Achieve Learning (Schweiz) AG	Switzerland	Performance Improvement	Ordinary	100%*
IIR Limited	UK	Conferences & Training	Ordinary	100%*
IIR Exhibitions Limited	UK	Exhibitions	Ordinary	100%*
Abbey Business Centres Limited	UK	Serviced offices	Ordinary	100%*
Achieve Learning UK Limited	UK	Performance Improvement	Ordinary	100%*
Corporate Communications International Ltd	UK	Conferences & Training	Ordinary	100%*
eCustomerServiceWorld.com Ltd	UK	Conferences & Training	Ordinary	100%*
IIR Inc	USA	Conferences & Training	Ordinary	100%*
IIR Exhibitions Inc	USA	Exhibitions	Ordinary	100%*
ESI Inc	USA	Performance Improvement	Ordinary	100%*
Omega Performance Corporation	USA	Performance Improvement	Ordinary	100%*
IIR California Inc (trading as CEM)	USA	Conferences & Training	Ordinary	100%*
AchieveGlobal Inc	USA	Performance Improvement	Ordinary	100%*
IIR Communispond Inc	USA	Performance Improvement	Ordinary	100%*
Huthwaite Inc	USA	Performance Improvement	Ordinary	100%*
The Forum Corporation of North America	USA	Performance Improvement	Ordinary	100%*
Robbins-Gioia LLC	USA	Performance Improvement	Ordinary	100%*(1)
PM Telco LLC	USA	Performance Improvement	Ordinary	100%*

* Held by a subsidiary company.

(1) The holding in Robbins-Gioia is structured by proxy agreement with certain powers retained by the proxy holders to among others, protect the national security interests of the government of the United States of America.

6. Corporate income taxes

	2002	2003	2004
	US$'000	US$'000	US$'000
Current tax:			
Local	—	—	—
Foreign	7,925	8,511	13,230
	7,925	8,511	13,230
Deferred tax			
Current year	(1,584)	(2,400)	(3,660)
Achieve Global, Inc. release of valuation allowance	—	—	(7,305)
	(1,584)	(2,400)	(10,965)
Income tax expense	6,341	6,111	2,265

At the present time no income, profit, capital or capital gains taxes are levied in Bermuda and accordingly the local income tax is calculated at 0 percent (2003: 0 percent, 2002: 0 percent) of the estimated assessable profit for the year.

The current tax charge in the accounts represents taxation on profits of foreign jurisdictions adjusted for disallowable expenditure and is calculated at the rates prevailing in the respective jurisdictions. The deferred tax credit mainly represents the recognition of deferred tax assets in accordance with IAS 12. The tax charge is reconciled below.

	2002	2003	2004
	US$'000	US$'000	US$'000
Profit before taxation	30,409	4,581	48,584
Tax at the local income tax rate of 0%	—	—	—
Effect of withholding taxes	4,692	5,672	5,369
Effect of different tax rates of subsidiaries operating in other jurisdictions	3,233	2,839	7,861
Effect of recognition of deferred tax assets in respect of losses carried forward	(1,584)	(2,400)	(10,965)
	6,341	6,111	2,265

Deferred tax	2002	2003	2004
	US$'000	US$'000	US$'000
Net deferred tax asset at 31 December	4,736	7,872	19,236

The movement for the year in the Group's net deferred tax position is as follows:

	2002	2003	2004
	US$'000	US$'000	US$'000
At 1 January	2,787	4,736	7,872
Credit to income for the year	1,584	2,400	10,965
Credit to equity for the year	365	736	399
At 31 December	4,736	7,872	19,236

At the balance sheet date, a net deferred tax asset of US$ 19.2 million (2003: US$ 7.9 million, 2002: US$ 4.7 million) has been recognised in respect of unused tax losses and temporary differences. Unused tax losses have various expiry dates. At the balance sheet date, the Group has unused tax losses of US$ 75.6 million (2003: US$ 67.8 million, 2002: US$ 59.5 million) available for offset against future profits. A valuation allowance has been recognised against tax losses of US$ 56.4 million (2003: US$ 59.9 million, 2002: US$ 54.8 million) due to the unpredictability of future profit streams.

Temporary differences arising in connection with interests in associates and joint ventures are insignificant.

The effective corporate income tax rate is dependent upon the geographical spread of profits and the different tax rates that apply in the various jurisdictions. The effective corporate income tax rate in 2004 was 4.7% (2003: 133.4%, 2002: 20.9%). The tax income for 2004 includes the recognition of a deferred tax asset of US$ 10.9 million (2003: US$ 2.4 million, 2002: US$ 1.6 million). In accordance with IAS 12, the US$ 10.9 million includes the release in 2004 of the US$ 7.3 million valuation allowance recorded on the deferred tax asset of Achieve Global Inc. at the moment of acquisition in 2000, and this has been recorded as a reduction of the tax charge.

7. Cash and cash equivalents

As at 31 December 2004, bank guarantees of US$ 1.2 million (2003: US$ 1.2 million 2002: US$ 2.1 million) were in place.

8. Inventories

	2002	2003	2004
	US$'000	US$'000	US$'000
Course Materials and Publications	3,059	2,289	2,269
Other	126	90	—
Total Inventories	3,185	2,379	2,269

9. Non-current liabilities

The non-current liabilities are specified as follows:

	2002	2003	2004
	US$'000	US$'000	US$'000
Revolving credit facility	—	110,000	115,000
Loans	86,072	16,475	16,405
Deferred consideration	5,700	5,200	4,600
Senior notes	82,080	—	—
Note payable	—	4,000	—
Total borrowings	173,852	135,675	136,005
Less note payable within one year	—	(4,000)	—
Less current portion of deferred consideration	(500)	(600)	(700)
Less short-term element of long-term borrowings	(10,522)	(1,373)	(1,491)
Total non-current liabilities	162,830	129,702	133,814

Revolving credit facilities

The amount classified under revolving credit facility refers to the following facility agreement:

Lender	Currency	Interest rate	Repayment date
Barclays Bank PLC acting as agent*	US$ 180 million (2003: US$ 150 million) (2002: US$ nil)	Libor plus 1.25-2.00%	27 May 2008

* Barclays Bank PLC acts as the agent for a consortium of banks, which includes Barclays Bank PLC, Fleet National Bank, HSBC Bank PLC, Lloyds TSB Bank PLC and The Governor and Company of The Bank of Scotland.

The following subsidiaries act as guarantors for the revolving credit facility; Abbey Business Centres Limited, Achieve Global, Inc., ESI International, Inc., IIR Deutschland GmbH, IIR Exhibitions Holdings BV, IIR Holdings Limited, IIR Limited, IIR US Holdings, Inc., Institute for International Research, Inc., Institute for International Research BV, The Lady Christine Maritime Limited, The Forum Corporation of North America and Huthwaite, Inc.

In addition, the Company holds a revolving loan facility, which shows no outstanding balance as at 31 December 2004 (2003: No outstanding balance).

Lender	Currency and amount	Interest Rate	Repayment date
Barclays Bank PLC	US$ 10 million	Libor plus 1.50%	6 November 2006

Loans

The amount classified under loans refers to the following agreement which is payable in equal instalments with the last instalment due on the repayment date:

Lender	Currency and amount	Interest Rate	Repayment date
Bank of Scotland	GBP 10 million	Libor plus 1.20%	31 December 2015

The loan of GBP 10 million is secured by a legal charge over freehold property.

At year end 31 December 2002, there was a following additional amount classified under loans:

Lender	Currency and amount	Interest Rate	Repayment date
Barclays Bank PLC	US$ 70 million	Libor plus 1-1.5%	31 August 2004

On 30 May 2003, this loan was repaid in full and costs relating to the loan that had been capitalised, were expensed.

As at 31 December 2004, the Company is in compliance with all loan covenants.

Deferred consideration

The amount classified under deferred consideration refers to the following agreement:

Counterparty	Currency and amount	Interest Rate	Repayment date
Whitney Equity Partners	US$ 4.6 million (2003: US$ 5.2 million)	Nil	2 November 2005/6

The deferred consideration relates to the acquisition of Omega Performance Corporation in 1999. US$ 0.7 million is repayable on 2 November 2005, and is included within short-term borrowings and US$ 3.9 million on the repayment date.

Note payable

The amount classified under note payable for the year ended 31 December 2003 refers to the following facility agreement:

Counterparty	Currency and amount	Interest Rate	Repayment date
Pearson, Inc	US$ 4 million	Nil	21 January 2004

The note represented deferred consideration as part of the acquisition of The Forum Corporation of North America and was paid on 21 January 2004.

Senior notes

Details of the notes outstanding at 31 December 2002 are as follows:

	Notional Value	Fair Value	Interest Rate	Repayment Period
	US$'000	US$'000		
Series A Senior Notes	32,143	33,162	7.41%	15 March 2007
Series B Senior Notes	3,571	3,736	7.41%	15 May 2007
Series C Senior Notes	30,000	31,760	6.69%	15 March 2008
Series D Senior Notes	12,857	13,422	6.57%	15 March 2008
	78,571	82,080		

On 30 May 2003, the senior notes were repaid in full.

10. Contingent Liabilities

A contingent liability may exist relating to the acquisition of 7% of the shares in Omega Performance Inc. in 1999. Management estimates the relating exposure not to exceed US$ 3.5 million but believes that no material liability exists and accordingly no costs have been accrued in relation to this contingent liability.

During the reporting period, Mr. Joao Camargo Rodrigues, Plaintiff, filed a claim with The United States District Court, Southern District of Florida, to the effect that in summary the Company be obliged to pay to Plaintiff all damages incurred by Plaintiff, be punished to the maximum extent permitted by Law and, be prevented from doing further business that has any relation to the use of the EB& BUGATTI & Design or similar marks for amongst other matters its alleged (participation in a) conspiracy, perjury, false and bad faith representation in violation of Plaintiff's Civil and Constitutional rights.

The Group's lawyers have advised that they do not consider that the suit has merit, and they have recommended that it be contested if validly served. No provision has been made in these financial statements as the Group's management do not consider that there is any probable loss.

11. Commitments

The primary business of Abbey Business Centres is the provision of serviced office space to third parties. The related rental commitments of the buildings rented by Abbey Business Centres for this purpose amount to approximately US$ 99 million (2003: US$ 107 million) (2002: US$ 100 million). The short-term portion of these liabilities amounts to approximately US$ 9.9 million (2003: US$ 9.3 million, 2002: US$ 8.3 million).

Annual commitments under operating leases were as follows:

	2002 US$'000	2003 US$'000	2004 US$'000
Expiring the first year	17,617	24,414	25,217
Expiring in the second to fifth year inclusive	69,622	69,240	76,354
Expiring after the fifth year	57,400	61,028	56,148
Total commitments	144,639	154,682	157,719

12. Business and geographical segments

The Group is currently organised into three operating divisions: Events, Performance Improvement and Business Service Centres. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

"Events" provides conferences and training events both to individuals and organisations and also the delivery of exhibitions;

"Performance Improvement" delivers knowledge and skills to industry and job function markets globally through consulting and training; and

"Business Service Centres" specialises in fully Serviced Business Centres.

Segment information about these businesses is presented below:

Net profit by business segment

For the year ended 31 December	Events	Performance improvement	Business Service Centres	Group unallocated other	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
2002					
Total revenue	227,029	221,945	21,921	624	471,519
Total costs	207,571	200,921	25,438	2,159	436,089
Segment profit	19,458	21,024	(3,517)	(1,535)	35,430
Financial income/expense					(5,021)
Profit before taxation					30,409
Taxation					(6,341)
Net profit					24,068
2003					
Total revenue	231,014	245,523	20,724	(9)	497,252
Total costs	218,922	233,986	35,457	3,950	492,315
Segment profit	12,092	11,537	(14,733)	(3,959)	4,937
Financial income/expense					(356)
Profit before taxation					4,581
Taxation					(6,111)
Net loss					(1,530)
2004					
Total revenue	275,683	294,591	24,644	2,310	597,228
Total costs	243,136	261,457	29,136	9,963	543,692
Segment profit	32,547	33,134	(4,492)	(7,653)	53,536
Financial income/expense					(4,952)
Profit before taxation					48,584
Taxation					(2,265)
Net profit					46,319

Geographical split of revenues is presented below:

	2002	2003	2004
	US$'000	US$'000	US$'000
North America	237,715	253,689	300,774
United Kingdom	92,621	94,054	120,425
Europe excluding United Kingdom	97,820	103,007	112,458
Middle East and Africa	24,227	29,885	41,616
Asia Pacific	15,519	13,950	18,343
Latin America	3,617	2,667	3,612
Total revenues	471,519	497,252	597,228

Net assets by business segment

As at 31 December	Events	Performance improvement	Business Service Centres	Group unallocated other	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
2002					
Total assets	111,521	211,823	17,624	114,815	455,783
Total liabilities	150,019	229,353	34,681	(102,002)	312,051
Net assets					143,732
2003					
Total assets	107,871	212,868	8,779	113,183	442,701
Total liabilities	162,622	228,168	44,015	(123,775)	311,030
Net assets					131,671
2004					
Total assets	130,120	301,065	5,969	103,072	540,226
Total liabilities	166,825	230,731	12,914	(56,345)	354,125
Net assets					186,101

13. Restructuring costs

In 2003, the Company incurred restructuring costs of US$ 5.2 million of which US$ 2.7 million related to the acquisition of Forum. The remainder of the restructuring costs can be split between employee severance costs (US$ 1.4 million) and property costs (US$ 1.1 million).

14. Auditors' remuneration

Fees paid to auditors comprise the following:

	2002		2003		2004	
	US$'000	%	US$'000	%	US$'000	%
Audit services:						
Group and statutory audits	683	100	760	100	812	100
Audit-related regulatory reporting	—	—	—	—	—	—
	683	100	760	100	812	100

15. Directors' remuneration

Directors' total remuneration approximated US$ 2.1 million (2003: US$ 2.4 million, 2002: US$ 2.1 million).

16. Staff

The average number of persons employed by the group (including directors) was:

	2002	2003	2004
Average number of employees	2,450	2,428	2,612
	US$'000	US$'000	US$'000
Their aggregate remuneration comprised:			
Wages and salaries	117,504	133,304	153,516
Social security costs	14,158	16,308	17,904
Pension costs	4,803	5,926	7,578
Stock based compensation expense	—	—	7,649
	136,465	155,538	186,647

17. Share options

One of the shareholders entered into share option agreements with two officers of the Company on 25 December 2000 and 1 March 2002. The agreement grants the officers the option to purchase up to 520,941 existing ordinary shares in the Company from the shareholder for an average exercise price of US$ 4.265 per share. The number of vested options as at 31 December 2004 is 412,410. On 1 March 2005, options to purchase 21,716 shares vested. Options to purchase the remaining 86,815 shares will vest on 29 July 2009. Of the total plan, 434,077 options will lapse on 25 December 2010 and 86,864 options will lapse on 1 March 2012.

As at 31 December 2004, the Company has two stock option plans in place.

	Grant date	Number of shares	Exercise price	Number of vested options 1 January 2004	Number of vested options 31 December 2004
Plan 1	1 January 2000	20,000	17	0%	0%(1)
Plan 2	14 January 2004	92,079	4.265	n/a	100%

(1) The remaining options under this plan will vest at the earliest of a change in control of the Company, an Initial Public Offering of the Company or 1 March 2005. The shareholders have the right to sell the shares obtained under Plan 1 to the Company for a value that is equal to the Company's EBITDA of the preceding financial year per share multiplied by a factor of four for the period that begins on 1 April 2005 and terminates on 31 December 2007.

No options have been exercised prior to or during 2004.

The total number of options outstanding at 31 December 2004 had a weighted average exercise price of US$ 4.667, and a weighted average remaining contractual life of 5.8 years.

The inputs into the Black-Scholes model are as follows:

	2002	2003	2004
	US$	US$	US$
Weighted average share price	N/A	N/A	86.58
Weighted average exercise price	N/A	N/A	4.265
Expected volatility	N/A	N/A	56.08%
Expected life (in years)	N/A	N/A	4
Risk-free rate	N/A	N/A	4.88%
Expected dividends	N/A	N/A	0

Expected volatility was determined by calculating the historical volatility of the share prices of a peer group of listed companies over the previous 10 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The group recognised total expenses of US$ 7.6 million and nil related to equity-settled share-based payment transactions in 2004 and 2003 respectively.

On 1 April 2005, the Company issued 547,691 new options with a weighted average exercise price of US$ 4.789.

18. Businesses acquired

During the years 2002, 2003 and 2004, the Group acquired the following businesses:

	Date acquired	Consideration
		US$'000
Performance Improvement businesses:		
Robbins-Gioia, Inc	August 5, 2004	81,129
Achieve Learning (Schweiz) AG	March 31, 2003	516
The Forum Corporation of North America	January 21, 2003	9,176
FTR	May 15, 2002	1,312
Communispond	May 8, 2002	4,929
Achieve Learning Germany	February 28, 2002	944
Events:		
eCustomerServiceWorld.com (UK & US operations)	June 17, 2004	3,136
Corporate Communications International Ltd	April 15, 2004	7,646
Bride Exhibition	December 15, 2003	750
Flexo & Northprint Exhibitions	August 26, 2003	1,489
IMARK	December 12, 2002	1,143
Vitafoods	July 10, 2002	1,208

The combined net income of the newly acquired businesses for 2004 amounted to US$ 3.0 million on revenues of US$ 47.3 million. The total assets of newly acquired businesses amounted to US$ 93.3 million as at 31 December 2004.

All acquisitions were paid for in cash and in all acquisitions full control over the business has been acquired, either by acquiring 100% of the outstanding shares or by means of an asset purchase deal.

In addition, an asset purchase deal was entered into with FT Knowledge Ltd for the purchase of assets and liabilities of the UK operation of The Forum Corporation of North America. Assets were acquired on 21 January 2003 for a consideration of US$ 2.4 million.

On August 5, 2004, the Group acquired 100% of the issued share capital of Robbins Gioia, Inc. for cash consideration of US$ 81.1 million.

	Book value	Fair value adjustments	Fair value
	US$'000	US$'000	US$'000
Net assets acquired			
Property, plant and equipment	1,091	—	1,091
Trademarks	—	6,637	6,637
Customer Base	—	24,845	24,845
Deferred tax assets	—	2,217	2,217
Trade and other receivables	27,441	—	27,441
Cash and cash equivalents	6,800	—	6,800
Trade and other payables	(15,127)	(1,097)	(16,224)
Tax liabilities	(309)	—	(309)
Deferred tax liabilities	(192)	—	(192)
	19,704	32,602	52,306
Goodwill			28,823
Total consideration			81,129
Satisfied by:			
Cash			81,129
			81,129
Net cash outflow arising on acquisition			
Cash consideration			81,129
Cash and cash equivalents acquired			(6,800)
			74,329

Amortisable intangible assets acquired have estimated useful lives not exceeding eight years. Goodwill of US$ 28.8 million represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired, and is not deductible for tax purposes.

If the acquisition of Robbins Gioia, Inc. had taken place on the first day of the financial year, Group revenues for 2004 would have been US$ 98.1 million higher and the Group profit attributable to Equity shareholders would have been US$ 7.9 million higher.

Robbins Gioia, Inc. generated revenues of US$ 42.5 million and net income of US$ 2.5 million in the post acquisition period from 5 August 2004 to 31 December 2004.

19. Interest rate swap

In March 2002, the company entered into a series of interest rate swaps to exchange the fixed interest payments made under the senior notes for variable interest rates at a premium to Libor of between 2.25% and 3.38%. The notional value of the interest rate swaps was equal to that of the senior notes. The interest rate swaps would have matured in March 2005. The senior notes would have matured in 2007 and 2008. The interest rate swaps were designated as fair value hedges of the portion of the senior notes term covered by the period of the interest rate swaps.

The fair value of the interest rate swaps is included in other non-current assets on the 2002 balance sheet. The senior notes are carried at an adjusted historical cost basis on the same balance sheet, with adjustments made to reflect changes in the debt fair value for the portion designated as being hedged by the interest rate swaps. The senior notes are included in the non-current and current liabilities in the 2002 balance sheet.

The fair value of the interest rate swaps and the hedged portion of the senior notes is based on market valuations received from the third party financial institutions, which are the counter parties to these transactions.

The terms of the interest rate swaps and the hedged portion of the senior notes were identical. As such the hedges were effective at offsetting the changes in fair value of the hedged debt. The gain in fair value of the interest swaps (US$ 3.5 million) and the loss in fair value of the hedged portions of the senior notes (US$ 3.5 million) have been included in the 2002 statement of income and have been offset against each other. The net gain/loss in the fair values is nil.

20. Pension schemes

Achieve Learning (UK) Limited, a subsidiary of the Company, operates a funded pension scheme providing defined benefits for all eligible employees based on final pensionable salary.

The scheme's assets are held by Trustees separately from the Company's assets, and are invested in unit trusts managed by an investment management company.

Actuarial assumptions

A full valuation was undertaken as at 31 December 2003 and updated to 31 December 2004 by a qualified independent Actuary. The major assumptions used by the Actuary were as follows:

	2002	2003	2004
Rate of increase in salaries	4.00%	4.75%	4.75%
Rate of increase of pensions in payment	2.00%	2.75%	2.75%
Discount rate	5.50%	5.40%	5.30%
Inflation assumption	2.00%	2.75%	2.75%

The Plan provides guaranteed pension increases in line with inflation in respect of benefits earned since 5 April 1997 and increases on a discretionary basis in respect of benefits earned prior to 6 April 1997—discretionary increases have been allowed for in line with the inflation assumptions.

The assets of the scheme are held in Managed Funds operated by Schroder Investment Management Ltd. The fair value of the assets held, the present value of the liabilities in the scheme and the expected rate of return at each balance sheet date were:

	2002		2003		2004	
	Rate of Return	Fair Value	Rate of Return	Fair Value	Rate of Return	Fair Value
		US$'000		US$'000		US$'000
Equity & property	7.00%	2,994	7.50%	4,775	7.00%	5,760
Bonds	5.50%	518	5.25%	498	4.75%	558
Property	6.50%	42	—	—	—	—
Cash	4.00%	175	3.75%	5	4.75%	351
Total market value of assets		3,729		5,278		6,669
Present value of scheme liabilities		(4,944)		(8,947)		(11,668)
Deficit in the scheme		(1,215)		(3,669)		(4,999)
Related deferred tax assets		365		1,101		1,499
Net pension liability		(850)		(2,568)		(3,500)

Amounts included in the profit and loss account in respect of the defined benefit pension plan are as follows:

	2002	2003	2004
	US$'000	US$'000	US$'000
Analysis of the amount charged to operating profit			
Current service charge	(281)	(337)	(510)
Analysis of net return on pension scheme			
Expected return on pension scheme assets	304	265	403
Interest on pension liabilities	(236)	(288)	(515)

Amounts included in equity in respect of the defined benefit pension plan are stated as follows:

	2002	2003	2004
	US$'000	US$'000	US$'000
Actual return less expected return on assets	(1,143)	441	244
Experience losses arising on scheme liabilities	—	(866)	(541)
Changes in assumptions underlying present value of scheme liabilities	(204)	(1,856)	(318)
Actuarial loss recognised in equity	(1,347)	(2,281)	(615)

IAS 19 liability disclosure

The movement during 2004 in the IAS 19 pension liability (before allowance for deferred tax) shown above can be analysed as follows:

	2002	2003	2004
	US$'000	US$'000	US$'000
Surplus/(deficit) in the Scheme at beginning of year	16	(1,215)	(3,669)
Current service cost	(281)	(337)	(510)
Contributions	329	321	225
Other finance (income)/loss	68	(23)	(112)
Actuarial loss	(1,347)	(2,281)	(615)
Revaluation of the opening balance	—	(134)	(316)
Deficit in the Scheme at the end of year	(1,215)	(3,669)	(4,999)

IAS 19 history of amounts recognised in equity

	2002 US$'000	2003 US$'000	2004 US$'000
Difference between expected and actual return on Scheme assets:			
—Amount (US$000's)	(1,143)	441	244
—Percentage of Scheme assets	(32)%	8%	4%
Experience gains and losses on Scheme liabilities			
—Amount (US$000's)	—	(866)	(541)
—Percentage of present value of Scheme liabilities	—	(10)%	5%
Total amount recognised in equity			
—Amount (US$000's)	(1,347)	(2,281)	(615)
—Percentage of Scheme liabilities	27%	25%	5%

The total cost of defined contribution pension schemes in 2004 was US$ 1.7 million (2003: US$ 1.4 million) and represents contributions payable to these schemes by the Group at rates specified in the rules of the plans. As at December 31, 2004 contributions of US$ 1.9 million (2003: US$ 1.6 million) due in respect of the current reporting date had not been paid over to the schemes.

21. Appropriation of income

The Articles of Incorporation (Article 105) provide that the appropriation of net income is subject to approval of the Board of Directors.

No dividend was paid or proposed relating to the year ended 31 December 2004. On 10 January 2005, an interim dividend of US$ 20 million (US$ 2.3011 per share) was approved and paid for the year ending 31 December 2005.

The Board of Directors declared on 18 December 2003 and paid on 12 January 2004 a final dividend of US$ 5 million for the fiscal year 2003 and proposed to appropriate the remaining net income for the year to retained earnings.

A final dividend of US$ 2 million (US$ 0.2306 per share) was declared on 20 February 2003 in respect of the Company's financial year ending 31 December 2002.

22. Post balance sheet events

On 10 January 2005, an interim dividend of US$ 20 million (US$ 2.3011 per share) was approved and paid for the year ending 31 December 2005.

On 1 April 2005, the Company issued 547,641 new options with a weighted average exercise price of US$ 4.789.

At 31 December 2004, the defined benefit pension deficit amounted to US$ 5.0 million. As a result of the pensionable service ceasing with effect from 31 March 2005, the deficit increased to US$ 1.2 million.

23. Businesses not acquired

The following companies are not to be acquired by T&F Informa plc:

(1) Abbey Business Centres BV

(2) Abbey Business Centres Limited

(3) Specialised Transportation (Bermuda) Limited

(4) Specialised Transportation Limited (Isle of Man)

(5) The Lady Christine Maritime Limited

(6) Elhea Properties BV

(7) IIR Financial Services Limited

(8) IIR Training Limited

(9) IIR Exhibitions Holdings BV

The combined income statements, balance sheets and cash flow statements for these entities are presented on the following pages:

Combined Balance Sheet—Businesses not acquired

ASSETS	2002 US$'000	2003 US$'000	2004 US$'000
Non-current assets			
Intangible assets	697	689	690
Property, plant and equipment	84,364	83,293	81,475
Total non-current assets	85,061	83,982	82,165
Current assets			
Accounts receivable			
Trade receivables	1,152	947	756
Other receivables	—	—	875
Prepayments	3,466	2,120	1,006
	4,618	3,067	2,637
Cash and cash equivalents	837	1,652	489
Total current assets	5,455	4,719	3,126
Total assets	90,516	88,701	85,291

EQUITY AND LIABILITIES	2002 US$'000	2003 US$'000	2004 US$'000
Capital and reserves			
Share capital	—	—	—
Equity adjustments	261	545	29,251
Retained earnings	(27,463)	(44,541)	(56,175)
Other reserves	(1,410)	(3,914)	(4,645)
Total capital and reserves	(28,612)	(47,910)	(31,569)
Long term loans	14,836	15,102	14,914
Related party	79,097	84,767	68,139*
Total non-current liabilities	93,933	99,869	83,053
Current liabilities			
Short term borrowings	1,236	1,373	1,491
Deferred revenue	76	593	248
Trade payables	677	831	857
Related party payables	15,125	24,968	20,680*
Accrued liabilities	7,728	8,806	10,163
Taxes and social security contributions	353	171	368
Total current liabilities	25,195	36,742	33,807
Total equity and liabilities	90,516	88,701	85,291

* non-current and current liabilities owed to the businesses being acquired by T&F Informa plc are to be waived as part of the transaction.

Combined income statement—Business not acquired

CONTINUING OPERATIONS	2002 US$'000	2003 US$'000	2004 US$'000
Revenues			
Net sales	21,857	20,276	24,237
Other revenues	754	695	384
Related party revenues	1,510	2,129	2,157
Net sales	24,121	23,100	26,778
Cost of revenues			
Cost of sales	18,087	20,113	23,233
Cost of services	2,450	1,386	2,235
Salaries and related charges	1,143	1,160	1,362
Depreciation of tangible assets	4,544	4,874	3,539
Amortisation of intangible assets	25	48	54
Impairment of tangible assets	—	8,052	2,732
Restructuring and closure costs	—	10	(1)
Loss on sale of assets	62	402	36
Related party costs	2,670	1,319	1,081
	28,981	37,364	34,271
Profit from operations	(4,860)	(14,264)	(7,493)
Financial income and expense			
Interest income—external	50	35	30
Interest income—related party	71	42	25
Interest expense—external	(834)	(807)	(963)
Interest expense—related party	(1,791)	(2,260)	(2,784)
Currency exchange results	(50)	160	(519)
	(2,554)	(2,830)	(4,211)
Profit before taxation	(7,414)	(17,094)	(11,704)
Taxation	(94)	100	—
Net loss for the year	(7,508)	(16,994)	(11,704)

Related Party Transactions

Amounts included in related party revenues and related party costs above represent transactions with businesses being acquired by T&F Informa plc.

Transactions between directors and businesses not being acquired as part of the transaction have not been disclosed.

Combined cash flow statement—Businesses not acquired

	2002 US$'000	2003 US$'000	2004 US$'000
Cash flows from/(used in) operating activities			
Loss from operations	(4,860)	(14,264)	(7,493)
Depreciation of tangible assets	4,544	4,874	3,539
Amortisation of intangible assets	25	48	54
Impairment of tangible assets	—	8,052	2,732
Loss on sale of assets	62	402	36
	4,631	13,376	6,361
(Increase)/decrease in accounts receivable	(326)	362	360
(Decrease)/increase in current liabilities other than loans, banks, taxes	(11,280)	12,920	(3,065)
Change in working capital	(11,606)	13,282	(2,705)
	(11,835)	12,344	(3,837)
Cash generated from operations			
Interest paid—external	(834)	(807)	(963)
Interest paid—related party	(1,791)	(2,260)	(2,784)
Interest received—external	50	35	30
Interest received—related party	71	42	25
Income taxes received / (paid)	31	(81)	196
Net cash from operating activities	(14,308)	9,323	(7,333)
Cash flows (used in)/from investing activities			
Additions to tangible assets (net)	(1,396)	(9,495)	(3,231)
Proceeds from sale of tangible and intangible assets	(437)	(202)	—
Net cash used in investing activities	(1,833)	(9,697)	(3,231)
Cash flows from/(used in) financing activities			
Repayment of loans	—	(1,373)	(1,416)
Drawdown of loans	16,072	—	—
Related party	2,865	5,668	(16,626)
Recapitalisation	—	—	28,706
Net cash used in financing activities	18,937	4,295	10,664
Net effect of foreign currency translation	(3,397)	(3,106)	(1,263)
Net (decrease)/increase in cash	(601)	815	(1,163)
Cash at beginning of year	1,438	837	1,652
Cash at end of year	837	1,652	489
Net (decrease)/increase in cash	(601)	815	(1,163)

Yours faithfully

Deloitte & Touche LLP

Chartered Accountants

PART IX

FINANCIAL INFORMATION ON THE T&F INFORMA GROUP

The consolidated financial information below for the years ending 31 December 2002 and 2003 has been extracted from the audited consolidated financial statements of Informa and Taylor & Francis respectively, without material adjustment. The consolidated financial information below for the year ending 31 December 2004 has been extracted from the audited consolidated financial statements of T&F Informa, without material adjustment.

The audit report relating to the consolidated financial statements of the Company for the financial year ending 31 December 2004 is contained on page 35 of the Annual Report and Accounts of the Company dated 9 March 2005.

The audit report relating to the consolidated financial statements of Taylor & Francis for the financial year ending 31 December 2003 is contained on page 28 of the Annual Report and Accounts of the Taylor & Francis dated 2 March 2004.

The audit report relating to the consolidated financial statements of Informa for the year ending 31 December 2003 is contained on page 13 of the Annual Report and Accounts of Informa dated 1 March 2004.

The audit report relating to the consolidated financial statements of Taylor & Francis for the year ending 31 December 2002 is contained on page 26 of the Annual Report and Accounts of Taylor & Francis dated 19 March 2003.

The audit report relating to the consolidated financial statements of Informa for the year ending 31 December 2002 is contained on page 15 of the Annual Report and Accounts of Informa dated 10 March 2003.

Copies of the documents detailed above may be obtained by Shareholders, free of charge, upon written request to the Company.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the years ended 31 December 2002, 2003, 2004

	Note	Informa 2002	Taylor & Francis 2002	T&F Informa 2003	T&F Informa 2004
		£'000	£'000	£'000	£'000
Turnover:					
Total turnover including joint ventures		283,442	147,365	441,676	504,666
Less: share of joint ventures' turnover		—	—	—	(441)
Group turnover	2	**283,442**	**147,365**	**441,676**	**504,225**
Continuing operations		283,442	147,365	441,676	478,993
Acquisitions		—	—	—	25,232
Net operating costs					
Operating costs before goodwill amortisation and impairment	3,5	(252,641)	(114,203)	(374,196)	(405,845)
Goodwill amortisation	10	(10,992)	(7,251)	(21,310)	(34,741)
Goodwill impairment	5,10	—	—	—	(15,000)
Total net operating costs		**(263,633)**	**(121,454)**	**(395,506)**	**(455,586)**
Operating profit					
Continuing operations		19,809	25,911	46,170	47,194
Acquisitions		—	—	—	1,716
Operating profit		19,809	—	46,170	48,910
Share of joint ventures' operating result		—	—	—	(271)
Total operating profit	3	**19,809**	**25,911**	**46,170**	**48,639**
Merger costs	5	—	—	—	(15,703)
Loss on disposal of tangible fixed assets	5	—	—	—	(921)
(Loss)/profit on sale or termination of a business	5	(525)	—	(3,822)	3
Amounts written off investments	5,12	—	—	—	(200)
Net interest payable and similar charges		(7,200)	(2,814)	(9,372)	(17,019)
Bank loan facility fees expensed on merger		—	—	—	(2,415)
Total net interest cost	6	(7,200)	(2,814)	(9,372)	(19,434)
Profit on ordinary activities before taxation		**12,084**	**23,097**	**32,976**	**12,384**
Tax on profit on ordinary activities	7	(7,258)	(9,420)	(16,543)	(12,284)
Profit on ordinary activities after taxation		**4,826**	**13,677**	**16,433**	**100**
Minority interest—equity		(59)	—	(84)	26
Profit for the financial period attributable to shareholders		**4,767**	**13,677**	**16,349**	**126**
Dividends	8	(9,692)	(3,761)	(15,203)	(24,211)
(Loss)/profit for the financial year transferred to reserves	24	**(4,925)**	**9,916**	**1,146**	**(24,085)**
Earnings per ordinary share					
Basic (p)	9	3.74	16.12	5.91	0.04
Diluted (p)	9	3.74	15.96	5.89	0.04
Diluted (adjusted) (p)	5,9	16.36	26.97	18.28	24.50

2003 Comparative figures have been restated (see Note 30).

Note: operating profit for the year ended 31 December 2003 includes charges for exceptional items of £11,829,000 as detailed in Note 5.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the years ended 31 December 2002, 2003, 2004

	Informa 2002	Taylor & Francis 2002	T&F Informa 2003	T&F Informa 2004
	£'000	£'000	£'000	£'000
Profit for the financial period attributable to shareholders	4,767	13,677	16,349	126
Currency translation differences on foreign currency net investments	(3,809)	(5,121)	(3,802)	(9,817)
Total recognised gains/(losses) since last Annual Report	**958**	**8,556**	**12,547**	**(9,691)**

CONSOLIDATED CASH FLOW STATEMENT

For the years ended 31 December 2002, 2003, 2004

	Note	Informa 2002	Taylor & Francis 2002	T&F Informa 2003	T&F Informa 2004
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	25	**46,510**	**31,008**	**79,065**	**88,184**
Returns on investments and servicing of finance					
Interest received		1,010	166	1,490	1,117
Interest paid		(7,502)	(3,112)	(10,773)	(15,994)
Net cash outflow from returns on investments and servicing of finance		**(6,492)**	**(2,946)**	**(9,283)**	**(14,877)**
Taxation					
Corporation tax paid			(5,088)	(6,965)	(9,752)
Overseas taxes paid			(1,008)	(6,220)	(4,235)
Net cash outflow from taxation		(1,667)	(6,096)	(13,185)	(13,987)
Capital expenditure and financial investment					
Purchase of publishing goodwill		—	(571)	(3,469)	(1,665)
Tangible fixed assets acquired		(5,037)	(2,820)	(5,689)	(10,828)
Tangible fixed assets sold		2,914	113	267	3,220
Purchase of investments	12	(679)	—	(8,810)	(1,427)
Disposal of unlisted investments		—	—	—	1,151
Net cash outflow from capital expenditure and financial investment		(2,802)	(3,278)	(17,701)	(9,549)
Acquisitions and disposals					
Purchase of businesses/subsidiary undertakings (net of cash and overdrafts acquired)	34	(4,047)	(2,946)	(225,854)	(86,250)
Disposal of business/subsidiary undertakings		150	—	1,045	—
Net cash outflow from acquisitions and disposals		**(3,897)**	**(2,946)**	**(224,809)**	**(86,250)**
Equity dividends paid		(9,674)	(3,484)	(13,787)	(18,575)
Net cash inflow/(outflow) before use of liquid resources and financing		**21,978**	**12,258**	**(199,700)**	**(55,054)**
Management of liquid resources		—	(6,487)	11,988	—
Financing					
New loans drawn/(repaid)		(19,798)	(4,790)	148,536	45,062
Repayment of capital element of finance leases		(35)	—	(54)	(40)
Proceeds from share issues		806	351	52,580	3,416
Payments of deferred consideration		—	(844)	—	—
Net cash (outflow)/inflow from financing		**(19,027)**	**(5,283)**	**201,062**	**48,438**
Increase/(decrease) in cash	26	**2,951**	**488**	**13,350**	**(6,616)**

T&F INFORMA GROUP BALANCE SHEETS

At 31 December

	Note	Informa 2002	Taylor & Francis 2002	T&F Informa 2003	T&F Informa 2004
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	10	159,639	109,658	483,185	504,244
Tangible assets	11	23,080	4,565	33,456	33,400
Investments	12	1,147	—	9,957	10,605
		183,866	**114,223**	**526,598**	**548,249**
Current assets					
Stocks	13	6,212	31,098	42,414	42,638
Debtors due within one year	14a	50,898	34,754	91,017	92,102
Debtors due after more than one year	14b	836	1,028	784	—
Investments		—	11,988	—	—
Cash at bank and in hand		5,195	6,070	23,586	19,126
		63,141	**84,938**	**157,801**	**153,866**
Creditors: amounts falling due within one year	15a	(37,631)	(63,188)	(70,312)	(74,047)
Net current assets		**25,510**	**21,750**	**87,489**	**79,819**
Total assets less current liabilities		**209,376**	**135,973**	**614,087**	**628,068**
Creditors: amounts falling due after more than one year	15b	(98,288)	—	(276,276)	(306,186)
Provisions for liabilities and charges	16	(7,028)	—	(10,903)	(6,561)
Accruals and deferred income	18	(81,000)	(58,089)	(165,156)	(184,081)
Minority interests—equity	19	(334)	—	(79)	(53)
		22,626	**77,884**	**161,673**	**131,187**
Capital and reserves					
Called up share capital	20	12,824	4,284	29,790	29,946
Share premium account	22	123,103	44,283	184,494	187,755
Reserve for own shares	22	—	1,267	1,267	1,267
Other reserve	22	37,399	—	37,399	37,398
Merger reserve	22	—	—	34,540	34,540
ESOP trust shares	22	(3,641)	—	(3,641)	(3,641)
Profit and loss account	23	(147,059)	28,050	(122,176)	(156,078)
Equity shareholders' funds		**22,626**	**77,884**	**161,673**	**131,187**

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

The financial statements nave been prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current and prior years, with the exception of UITF 38 ("Accounting for ESOP Trusts"), which has been adopted in 2003, in dealing with items which are considered material in relation to the Group's financial statements.

Basis of Preparation

The financial statements have been prepared under merger accounting principles in relation to the merger of Informa Group plc and Taylor & Francis Group plc.

Under merger accounting the results, balance sheets and cash flows of Informa Group plc and Taylor & Francis Group plc are combined with effect from 1 January 2003. The Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and Cash Flow Statement comparatives are restated on a combined basis and adjustments are made to achieve consistency of accounting policies.

The financial years of Informa Group plc and Taylor & Francis Group plc both ended on 31 December. T&F Informa plc's financial year ended on 31 December. These statutory accounts are for the 12 months ended 31 December 2004.

The following information is set out in Note 30:

(a) analysis of the principal components of the current and prior financial year Profit and Loss Accounts and Statements of Total Recognised Gains and Losses between the parties to the merger up to the date of the merger and the merged entity after that date;

(b) the Balance Sheets of each party to the merger at 30 April 2004 being the nearest practicable date to the actual date of the merger; and

(c) the nature and the amount of accounting alignments made to achieve consistency in accounting policies.

Basis of Consolidation

The consolidated financial statements incorporate the accounts of the Company and all of its subsidiaries and joint ventures. The results of subsidiaries acquired or sold are included in the consolidated financial statements under the acquisition method from the date control passes. Joint ventures are accounted for in accordance with the gross equity method. The accounting treatment for the merger of Informa Group plc and Taylor & Francis Group plc is set out above under Basis of Preparation.

Turnover

Turnover represents the amount receivable excluding sales taxes, for products and services supplied to customers and is stated after deduction of trade discounts and provisions for returns and cancellations. Subscription income is deferred and recognised over the period of the subscription. Conference income is deferred and recognised when the conference is held. Income from managed events represents fees earned and is recognised when the event is held.

Intangible Fixed Assets

Publishing goodwill, comprising intellectual property rights on individual titles acquired, is valued at cost less provision for impairment and is written off on a straight line basis over estimated life, which is between 3 and 20 years.

Goodwill arising on the acquisition of subsidiary companies and businesses is calculated as the excess of the purchase consideration over the fair value of the net identifiable assets and liabilities acquired and is then written off on a straight-line basis over the estimated life, which is between 3 and 20 years. In the opinion of the Directors this is an appropriate basis given the nature of the markets and customer base served. The Board carries out a full impairment review on each acquired subsidiary or business after the first full year following its acquisition or where a change in circumstances warrants a further review.

Tangible Fixed Assets

Tangible fixed assets are recorded at cost less accumulated depreciation and provision for impairment. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets in equal instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold property	50-100 years
Short leasehold properties and improvements	over life of the lease
Equipment, fixtures and fittings	3-15 years

Investments

Investments held as fixed assets are stated at cost less provision for impairment in value. Investments held by the Company in subsidiaries and joint ventures denominated in foreign currencies are translated at rates of exchange ruling at the balance sheet date.

Stocks

Stocks are stated at the lower of cost and net realisable value. Deferred conference costs represent costs incurred for conferences planned to be held after the balance sheet date.

Deferred promotional expenditure

Promotional expenditure incurred during the year is matched against revenue generated by that expenditure. Deferred promotional expenditure included in the balance sheet represents promotional expenditure incurred during the year in respect of revenue which is expected to arise after the balance sheet date.

Foreign Currencies

Unhedged monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling at the balance sheet date. Transactions denominated in foreign currencies are recorded at the rates of exchange ruling in the period in which amounts are transacted, unless matching forward foreign exchange contracts have been entered into, in which case the rate specified in the relevant contract is used. These translation differences are dealt with in the Profit and Loss Account.

The financial statements of foreign subsidiaries are translated into sterling at the closing rates of exchange and the differences arising from the translation of the opening net investment in subsidiaries at the closing rate and matched long-term foreign currency borrowings are taken directly to reserves.

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the lease and depreciated over the shorter of the period of the lease and the estimated useful economic lives of the assets. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding and are charged to the Profit and Loss Account.

Operating lease rentals are charged to Profit and Loss Account in equal annual amounts over the lease term.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains or losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in the future has been entered into by the subsidiary or associate.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Pension Costs

Certain Group companies operate defined contribution pension schemes for employees. The assets of the schemes are held separately from the individual companies. The pension cost charge associated with these schemes represents contributions payable.

The Group also operates funded defined benefit schemes for employees. The expected cost of pensions of the defined benefit pension schemes is charged to the Profit and Loss Account so as to spread the cost over the service lives of employees in the schemes. Variations from regular cost are spread over the remaining service lives of current employees in the schemes.

The pension cost associated with the schemes is treated in accordance with the advice of qualified actuaries.

Financial Instruments

Derivative instruments utilised by the Group are interest rate swaps, cross currency swaps and forward foreign exchange contracts. The Group does not enter into speculative derivative contracts. All derivative instruments are used for hedging purposes to alter the risk profile of an existing underlying exposure of the Group in line with the Group's risk management policies. Amounts payable or receivable in respect of interest rate swaps are recognised as adjustments to interest expense over the period of the contracts. Forward contracts for the purchase and or sale of foreign currencies are used to manage the Group's exposure to fluctuations in currency rates. Unrealised gains and losses on such contracts are accounted for on maturity of the contract. Where a forward currency contract no longer represents a hedge it is restated to fair value and any gain or loss is taken to the Profit and Loss Account.

Termination payments are taken to the Profit and Loss Account as incurred.

Finance Costs

Finance costs of debts are recognised in the Profit and Loss Account at a constant rate on the carrying amount over the life of the debt.

Own Shares

Own shares deducted in arriving at shareholders' funds represent the cost of the Company's ordinary shares acquired by Employee Share Option Plan (ESOP) trusts in connection with the Group's employee share schemes. The accounting policies for own shares held in ESOP trusts have been amended in 2003 to conform to UITF 38.

2. Segmental Analysis

(a) T&F Informa

Analysis by Market Sector

	Turnover		Profit before exceptional items and goodwill amortisation	
	2003	2004	2003	2004
	£'000	£'000	£'000	£'000
Academic & Scientific division				
Scientific, Technical & Medical	109,445	151,978	27,017	42,966
Humanities & Social Sciences	87,822	92,334	18,754	21,302
	197,267	244,312	45,771	64,268
Professional division				
Financial Information	49,130	60,212	10,251	16,339
Insurance, Law & Tax	39,570	33,136	4,555	5,455
	88,700	93,348	14,806	21,794
Commercial division				
Telecoms & Media	34,982	37,695	7,943	8,882
Maritime, Trade & Transport	37,737	39,395	1,558	3,964
Commodities	13,020	17,181	1,437	2,208
International Conferences	69,970	72,294	7,794	7,227
	155,709	166,565	18,732	22,281
	441,676	504,225	79,309	108,343
Amounts written off goodwill			(21,310)	(49,741)
Exceptional items			(15,651)	(26,784)
Total net interest cost			(9,372)	(19,434)
Profit on ordinary activities before taxation			32,976	12,384

Geographical Analysis by Location of Business

	Turnover		Profit before exceptional items and goodwill amortisation	
	2003	2004	2003	2004
	£'000	£'000	£'000	£'000
Unites Kingdom	230,900	268,241	52,191	65,761
North America	121,747	136,294	14,171	28,957
Continental Europe	71,147	75,214	9,330	9,327
Rest of World	17,882	24,476	3,617	4,298
	441,676	504,225	79,309	108,343
Amounts written off goodwill			(21,310)	(49,741)
Exceptional items			(15,651)	(26,784)
Total net interest cost			(9,372)	(19,434)
Profit on ordinary activities before taxation			32,976	12,384

Geographical Analysis of Turnover by Location of Customer

	2003	2004
	£'000	£'000
United Kingdom	89,235	93,851
North America	134,565	167,460
Continental Europe	146,694	157,439
Rest of the World	71,182	85,475
	441,676	504,225

Geographical Analysis of Net Assets by Location of Business

	2003	2004
	£'000	£'000
United Kingdom	248,745	219,385
North America	163,440	206,758
Continental Europe	4,461	4,010
Rest of the World	4,232	3,020
Central	(259,205)	(301,986)
	161,673	131,187

Analysis of Net Assets by Class of Business

	2003	2004
	£'000	£'000
Academic	276,156	318,151
Professional	80,392	68,357
Commercial	64,330	46,667
Central	(259,205)	(301,988)
	161,673	131,187

(b) Informa

Underlying operating profit in the segmental analyses excludes the amortisation of goodwill and exceptional items.

	2002		
	Turnover	Underling operating profit	Profit Before Interest
	£'000	£'000	£'000
Analysis by market sector			
Finance and Insurance	79,442	12,135	7,098
Telecoms and Media	52,575	9,301	5,968
Law and Tax	45,097	4,737	1,877
Maritime, Trade and Transport	46,705	2,379	(582)
Life Sciences	27,492	5,308	3,565
Commodities and Energy	31,226	3,615	1,636
Other	905	(220)	(278)
	283,442	37,255	19,284
Analysis by geographical location of business			
United Kingdom	139,650	16,331	7,477
Continental Europe	67,313	7,802	3,534
United States	62,927	11,874	7,884
Asia Pacific	9,391	782	186
Other	4,161	466	203
	283,442	37,255	19,284
Turnover by geographical location of customer			
United Kingdom			58,748
Continental Europe			112,952
United States			79,005
Asia Pacific			17,170
Other			15,567
			283,442

The Group interest expense is arranged centrally and is not attributable to individual markets or geographical locations. Trading between segments is not significant.

	2002
	£'000
Capital employed—At 31 December	
Analysis by market sector	
Finance and Insurance	38,338
Telecoms and Media	25,372
Law and Tax	21,763
Maritime, Trade and Transport	22,539
Life Sciences	13,267
Commodities and Energy	15,070
Other	437
	136,786
Capital employed—At 31 December	
Analysis by geographical location	
United Kingdom	67,394
Continental Europe	32,484
United States	30,368
Asia Pacific	4,532
Other	2,008
	136,786
Reconciliation of capital employed	
Capital employed	136,786
Net debt	(95,529)
Unallocated net liabilities	(14,656)
Net assets before minority interest	26,601

(c) Taylor & Francis

	2002
	£'000
Geographical analysis of turnover by destination	
United Kingdom	32,171
North America	62,196
Western Europe	24,854
Rest of the world	28,144
	147,365

The above analysis shows turnover by geographical location of the customer or whom orders are placed.

	2002
	£'000
Geographical analysis of turnover by origin	
United Kingdom	106,677
United States of America	34,324
Western Europe	6,364
	147,365

	2002
	£'000
Analysis of turnover by class of business	
Journals	70,998
Books	76,367
	147,365

The directors have not provided additional segmental information in respect of profit before tax and net assets as they believe this could be seriously prejudicial to the business.

3. Operating Profit

(a) Net Operating Costs*

	Taylor & Francis 2002	T&F Informa 2003	T&F Informa 2004
	£'000	£'000	£'000
Increase in stock of finished goods and work in progress	(807)	(2,635)	(1,042)
Raw materials and consumables	39,446	162,745	158,646
Depreciation and other amounts written off tangible and intangible fixed assets	8,743	29,996	58,559
Staff costs in total (Note 4)	24,711	133,307	150,645
Other operating charges (including exceptional items (Note 5))	49,367	72,093	88,778
Other operating income	(6)	—	—
	121,454	395,506	455,586

* Equivalent disclosure is not available in 2002 for Informa.

(b) Operating Profit is Stated After Charging/(Crediting)

	Informa 2002	Taylor & Francis 2002	T&F Informa 2003	T&F Informa 2004
	£'000	£'000	£'000	£'000
Depreciation and other amounts written off tangible fixed assets owned	7,295	1,492	8,656	8,787
Depreciation of assets under finance leases	62	—	30	31
Exceptional operating items (Note 5)	6,454	2,581	11,829	9,963
Profit of sale on tangible fixed assets	(23)	—	(25)	(92)
Amounts written off intangible fixed assets (Note 10)			21,310	49,741
Rentals payable under operating leases	9,321	2,802	12,457	11,951
Auditors' fees	1,261	971	2,331	1,297
Exchange gains	18	439	(3,966)	(2,391)

Auditors' Fees

	Informa 2002	Taylor & Francis 2002	T&F Informa 2003	T&F Informa 2004
	£'000	£'000	£'000	£'000
Deloitte & Touche LLP auditors' remuneration:				
Audit—Group	—	285	330	520
Audit—Company	—	25	—	25
Other—Group and Company	—	661	416	294
	—	971	746	839
KPMG Audit Plc auditors' remuneration:				
Audit—Group	545	—	494	—
Audit—Company	6	—	6	—
Other—Group and Company	710	—	1,085	458
	1,261	—	1,585	458
	1,261	**971**	**2,331**	**1,297**

Additional Fees Paid to Auditors Not Charged to Operating Profit

	Informa 2002	Taylor & Francis 2002	T&F Informa 2003	T&F Informa 2004
	£'000	£'000	£'000	£'000
Deloitte & Touche LLP:				
Assistance with acquisitions	—	—	326	187
Merger costs	—	—	—	400
	—	—	326	587
KPMG Audit Plc:				
Assistance with acquisitions	—	—	856	—
Merger costs	—	—	—	699
	—	—	856	699
	—	**—**	**1,182**	**1,286**

4. Staff Numbers and costs

The monthly average number of persons employed by the Group (including Directors) during the period, analysed by category, was as follows:

	Number of employees			
	Informa 2002	Taylor & Francis 2002	T&F Informa 2003	T&F Informa 2004
Academic & Scientific division	—	—	1,137	1,627
Professional division	—	—	780	884
Commercial division	—	—	1,458	1,489
Management and administration	—	152	—	—
Publishing and distribution	—	679	—	—
Finance and Insurance	683	—	—	—
Telecoms and Media	407	—	—	—
Law and Tax	381	—	—	—
Maritime, Trade and Transport	448	—	—	—
Life Sciences	201	—	—	—
Commodities and Energy	335	—	—	—
Other	113	—	—	—
	2,568	831	3,375	4,000

The aggregate payroll costs of these people were as follows:

	Informa 2002	Taylor & Francis 2002	T&F Informa 2003	T&F Informa 2004
	£'000	£'000	£'000	£'000
Wages and salaries	82,795	21,195	111,370	126,985
Social security costs	9,520	1,912	12,183	14,194
Pension costs (Note 32)	2,895	1,604	3,879	5,004
Redundancy costs	4,236	—	5,875	4,462
	99,446	24,711	133,307	150,645

5. Exceptional items

	Informa 2002	Taylor & Francis 2002	T&F Informa 2003	T&F Informa 2004
	£'000	£'000	£'000	£'000
Exceptional operating costs	6,454	2,581	11,829	9,963
Goodwill impairment (Note 10)	—	—	—	15,000
Exceptional items charged to operating profit	**6,454**	**2,581**	**11,829**	**24,963**
Merger costs	—	—	—	15,703
Loss on disposal of tangible fixed assets	—	—	—	921
(Profit)/loss on sale or termination of a business	525	—	3,822	(3)
Amounts written off investments (Note 12)	—	—	—	200
Bank loan facility fees expensed on merger	—	—	—	2,415
	6,979	**2,581**	**15,651**	**44,199**
Tax on operating exceptional items	(1,909)	(399)	(2,576)	(2,486)
Tax on non-operating exceptional items	—	—	—	(3,379)
	5,070	**2,182**	**13,075**	**38,334**

Operating costs for the year ended 31 December 2004 are stated after charging exceptional items of £24,963,000 (2003: £11,829,000), (2002 Taylor & Francis: £2,581,000), (2002 Informa: £6,454,000), consisting of impairment of £15,000,000 to goodwill, costs of re-organising book publishing operations in the UK and US of £4,200,000, redundancy costs of £3,657,000, property move costs of £762,000 and other costs of re-organisation of £1,344,000.

The 2003 charge of £11,829,000 consists of costs of re-organising academic publishing operations in the US of £1,705,000, costs associated with attempted acquisitions of £1,581,000, the write-off of bank loan facility fees of £874,000 and business restructuring costs of £7,669,000.

The 2002 Taylor & Francis charge of £2,581,000 consists of the net costs incurred in the attempted acquisition of Kluwer Academic Publishers, and the reorganisation and relocation of the Journal publishing operations.

The 2002 Informa charge of £6,979,000 is in respect of:

(1) an estimate for future costs on properties not used by the group from 1 January 2003 onwards (£4,173,000);

(2) reducing costs relating to restructuring of the senior operating board (£2,281,000); and

(3) the expected net cost arising on the closure of a Dutch subsidiary (£525,000).

6. Net Interest Payable and Similar Charges

	Informa 2002	Taylor & Francis 2002	T&F Informa 2003	T&F Informa 2004
	£'000	£'000	£'000	£'000
Bank interest receivable	(1,010)	(166)	(1,395)	(1,117)
Bank and loan interest payable	8,202	2,788	10,007	17,661
Amortisation of loan premium	—	192	759	472
Bank loan facility fees expensed on merger*	—	—	—	2,415
Finance lease charges	8	—	1	3
	7,200	2,814	9,372	19,434

* Certain bank facilities available to Taylor & Francis Group plc and Informa Group plc expired on the merger. The unamortised element of the reeled fees has been written off.

7. Tax on Profit on Ordinary Activities

The tax charge comprises:

	Informa 2002	Taylor & Francis 2002	T&F Informa 2003	T&F Informa 2004
	£'000	£'000	£'000	£'000
Current tax				
UK corporation tax at 30% (2003: 30%) (2002: 30%)	1,514	7,397	10,551	6,990
Foreign tax	5,046	1,396	4,661	8,979
Adjustments in respect of prior years	—	72	(856)	(6,964)
Total current tax	6,560	8,865	14,356	9,005
Deferred tax (Note 17)	698	555	2,187	3,279
Total tax on profit on ordinary activities	7,258	9,420	16,543	12,284

The current effective tax rate of 73% (2003: 44%), (2002 Taylor & Francis: 38%), (2002 Informa: 39%) is higher (2003: higher), (2002 Taylor & Francis: higher), (2002 Informa: higher) than that resulting from applying the standard rate of corporation tax in the UK of 30% (2003: 30%) (2002 Taylor & Francis: 30%) (2002 Informa: 30%)*. The difference is explained below:

	Informa 2002	T&F Informa 2003	T&F Informa 2004
	£'000	£'000	£'000
Profit on ordinary activities before taxation (as restated)	12,084	32,976	12,384
Tax on Group profit on ordinary activities at standard UK corporation tax rate	4,713	9,893	3,715
Effects of:			
Expenses not deductible for tax purposes	1,157	2,648	5,949
Movement in short-term timing differences	—	(613)	(2,944)
Differences in tax rates on overseas earnings	(330)	935	1,422
Depreciation and amortisation in excess of capital allowances	690	1,892	5,918
Utilisation of tax losses	28	(1,744)	116
Unrecognised tax (charges)/credits in respect of overseas losses	—	84	(802)
Exceptional items	—	2,119	2,595
Prior-year adjustments	—	(858)	(6,964)
Other timing differences	302	—	—
Group current tax charge for the year	6,560	14,356	9,005

* Based on average standard rates of tax (weighted in proportion to accounting profits).

8. Dividends

	2002 £'000	2003 £'000	2004 £'000
Ordinary equity share			
Interim			
Taylor & Francis (1.45p per share)	1,242	—	—
Taylor & Francis (0.9p per share)*	—	1,359	—
Informa (2.66p per share)	3,412	3,651	—
T&F Informa (2.8p per share)	—	—	8,342
Final**			
Taylor & Francis (2.94p per share)	2,519	—	—
Taylor & Francis (1.9p per share)*	—	2,755	—
Informa (4.94p per share)	6,335	7,438	—
T&F Informa (5.33p per share)	—	—	15,869
Waiver of dividend by share trusts	(55)	—	—
	13,453	15,203	24,211

* As adjusted to take account of the transfer of shares in Taylor & Francis Group plc to T&F Informa plc on the merger of Taylor & Francis Group plc with Informa Group plc (dividend per share adjusted by a factor of 1.7).

** This dividend was paid under a scheme of arrangement instead of as a final dividend.

Holders of 1,739,339 (2002 Taylor & Francis: 562,500) ordinary shares of 10p (2002 Taylor & Francis: 5p) each have waived their rights to receive dividends.

9. Earnings per Share

Basic

The basic earnings per share calculations are based on a profit on ordinary activities after taxation and minority interests of £126,000 (2003: £16,349,000) (2002 Taylor & Francis: £13,677,000) (2002 Informa: £4,767,000). This profit on ordinary activities after taxation is then divided by the weighted average number of shares in issue less those non-vested shares held by employee share ownership trusts, which is 296,971,000 (2003: 276,493,000) (2002 Taylor & Francis: 84,823,000) (2002 Informa: 127,294,855).

Diluted

The diluted earnings per share calculation is based on the basic earnings per share calculation above except that the weighted average number of shares includes all dilutive options granted by the balance sheet date as if those options had been exercised on the first day of the accounting period or the date of the grant, if later, giving a weighted average of 298,757,000 (2003: 277,604,000) (2002 Taylor & Francis: 85,697,000) (2002 Informa: 127,299,743). In accordance with FRS 14 the weighted average number of shares includes the estimated maximum number of shares payable to the vendors of Routledge Publishing Holdings Limited assuming that there are no claims for compensation by the Group that will reduce this deferred consideration and assuming that the Company does not exercise its option to pay the balance of deferred consideration in cash. The deferred consideration shares are also assumed for the purposes of this calculation to have been issued on 1 January 2004 at the closing mid-market share price on 31 December 2004 of 377.5p, making 336,000 (2003: 423,000) (2002: Taylor & Francis 280,000) ordinary shares that could potentially be issued.

Diluted (Adjusted)

The diluted adjusted earnings per share calculation has been made to allow shareholders to gain a better understanding of the trading performance of the Group. It is based on the diluted earnings per share calculation above except that profits are adjusted for goodwill amortisation and the after tax effect of exceptional items as follows:

	Informa 2002	Taylor & Francis 2002	T&F Informa 2003	T&F Informa 2004
	£'000	£'000	£'000	£'000
Profit on ordinary activities after taxation attributable to shareholders	4,767	13,677	16,349	126
Goodwill amortisation (Note 10)	10,992	7,251	21,310	34,741
Operating exceptional items after tax (Note 5)	5,070	2,182	9,253	22,477
Non-operating exceptional items after tax (Note 5)	—	—	3,822	15,857
Adjusted profit on ordinary activities after taxation	20,829	23,110	50,734	73,201

The table below sets out the adjustments in respect of diluted potential ordinary shares:

	Informa 2002	Taylor & Francis 2002	T&F Informa 2003	T&F Informa 2004
	No. '000	No. '000	No. '000	No. '000
Weighted average number of shares used in basic earnings per share calculation	127,295	84,823	276,493	296,971
Share options	5	594	688	1,450
Shares potentially to be issued or allotted	—	280	423	336
Weighted average number of shares used in diluted earnings per share calculation	127,300	85,697	277,604	298,757

10. Intangible Fixed Assets

Group	Publishing goodwill	Goodwill arising on acquisitions	Total Goodwill
	£'000	£'000	£'000
Cost			
At 1 January 2004	5,886	554,673	560,559
Additions	1,665	88,180	89,845
Exchange adjustment	(134)	(22,328)	(22,462)
At 31 December 2004	7,417	620,525	627,942
Amortisation			
At 1 January 2004	(816)	(76,558)	(77,374)
Charge for the year	(371)	(34,370)	(34,741)
Goodwill impairment*	—	(15,000)	(15,000)
Exchange adjustment	28	3,389	3,417
At 31 December 2004	(1,159)	(122,539)	(123,698)
Net book value			
At 31 December 2004	6,258	497,986	504,244
At 31 December 2003	5,070	478,115	483,185

* Impairment charge has been calculated based on future projected cash flows discounted at a rate of 12.3%, which represents the Group's weighted average cost of capital plus a suitable premium for risk.

11. Tangible Fixed Assets

	Freehold Land and buildings	Leasehold lane and buildings	Equipment, fixtures and fittings	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2004	8,783	4,820	58,326	71,929
Arising from acquisitions	—	—	2,041	2,041
Additions	—	180	11,331	11,511
Disposals	(1,944)	(997)	(11,968)	(14,909)
Revaluation*	1,132	—	—	1,132
Exchange adjustment	—	(149)	(1,468)	(1,617)
At 31 December 2004	7,971	3,854	58,262	70,087
Depreciation				
At 1 January 2004	(1,122)	(2,012)	(35,339)	(38,473)
Arising from acquisitions	—	—	(1,400)	(1,400)
Charge for year	(116)	(319)	(8,383)	(8,818)
Disposals	213	638	10,009	10,860
Exchange adjustment	—	75	1,069	1,144
At 31 December 2004	(1,025)	(1,618)	(34,044)	(36,687)
Net book value				
At 31 December 2004	6,946	2,236	24,218	33,400
At 31 December 2003	7,661	2,808	22,987	33,456

* Freehold property acquired on the acquisition of PJB Publications limited was revalued in the year to reflect market value at the time of acquisition (Note 34)

The net book value of assets held under finance leases and hire purchase contracts included in tangible fixed assets in the Group was £49,000 (2003: £83,000). The depreciation charge or these assets in the year was £31,000 (2003: £30,000).

Of the £11,511,000 additions to tangible fixed assets, £10,828,000 represents cash paid, £26,000 represents additions via finance leases and £657,000 has been accrued for.

12. Investments Held as Fixed Assets

Group	ESOP trust shares	Investment joint ventures	Other investments	Total
	£'000	£'000	£'000	£'000
At 1 January 2004 (as previously stated)	3,641	—	9,957	13,598
Prior-year adjustment for UITF 38 (Note 1)	(3,641)	—	—	(3,641)
As restated	—	—	9,957	9,957
Additions	—	1,999	—	1,999
Disposals	—	—	(1,151)	(1,151)
Provision for impairment (Note 5)	—		(200)	(200)
At 31 December 2004	—	1,999	8,606	10,605

Investment in joint venture additions of £1,999,000 represent the investments made in joint ventures of £2,270,000 net of the Group's share of their assets and results of £(271,000).

A sum of £629,000 has been paid for a 50% share in Alcaron Barreta & Associados SA with £550,000 accrued for deferred consideration. A sum of £576,000 has been invested (£293,000 prepaid in 2003) to start up joint ventures with Expomedia Group plc in Russia, Poland and Hungary. A sum of £515,000 has been paid for a 50% share in Falconbury Limited.

The Group's share of the joint ventures' results for the year comprises a profit of £109,000 in Alcaron Barreta Y Associados SA, a loss of £330,000 in Eastern Europe and losses of £50,000 in Falconbury.

The listing below shows the principal subsidiary undertakings as at 31 December 2004. A full list of the subsidiaries will be included in the Company's annual return:

Company	Country of registration and operation	Principal activity	Ordinary shares held
Taylor & Francis Books Ltd	England	Publishing	100%
Taylor & Francis Ltd	England	Publishing	100%
Taylor & Francis Books Inc	USA	Publishing	100%
Taylor & Francis Inc	USA	Publishing	100%
Taylor & Francis Publishing Services Ltd	England	Provision of publishing services	100%
Psychology Press Ltd	England	Publishing	100%
Taylor & Francis Group Ltd	England	Holding company	100%
Afterhurst Ltd	England	Publishing	100%
Bios Scientific Publishers Ltd	England	Publishing	100%
Parthenon Publishing Group Ltd	England	Publishing	100%
Taylor & Francis AS	Norway	Publishing	100%
Taylor & Francis AB	Sweden	Provision of publishing services	100%
UCL Press Ltd	England	Publishing	100%
Agra Informa Limited	England	Conference organisation and publishing	100%
Euroform BV	Netherlands	Conference organisation and publishing	100%
Euroform Deutschland GmbH	Germany	Conference organisation and publishing	100%
IBC Asia (S) Pts Limited	Singapore	Conference organisation and publishing	100%
Informa USA Inc	USA	Conference organisation and publishing	100%
Taylor & Francis Informs UK Limited[(1)]	England	Conference organisation and publishing	100%
Informa QUEST Limited	England	Qualifying employee share trust	100%
Informs Limited	England	Holding company	100%
MMS Group Holding Limited	England	Holding company	100%
PJB Publications Limited	England	Publishing	100%

(1) Name changed from Informa UK Limited on 4 January 2005.

Of the above, Informa Limited, MMS Group Holdings Limited, PJB Publications Limited, Informa QUEST Limited and Taylor & Francis Group Ltd are directly owned by T&F Informa plc.

13. Stocks

Group	2003	2004
	£'000	£'000
Raw materials	881	1,266
Work in progress	5,761	5,985
Finished goods and goods for resale	29,309	28,222
Conference costs in advance	6,463	7,165
	42,414	42,638

14. (a) Debtors Due Within One Year

	2003	2004
	£'000	£'000
Trade debtors	65,808	69,855
Other debtors	13,300	12,979
Prepayments and accrued income	11,179	8,854
Deferred taxation (Note 17)	730	414
	91,017	92,102

(b) Debtors Due After More Than One Year

	2003	2004
	£'000	£'000
Deferred taxation (Note 17)	784	—

15. (a) Creditors: Amounts Falling Due Within One Year

	2003	2004
	£'000	£'000
Overdrafts	1,845	4,001
Bank loans (secured)	4,201	5,156
Loan notes	455	6,189
Net obligations under finance leases	40	29
Deferred consideration	915	463
Trade creditors	12,761	11,634
Corporation tax	23,595	18,790
Other taxes and social security	4,094	3,630
Other creditors	12,213	8,286
Dividends proposed	10,193	15,869
	70,312	74,047

(b) Creditors: Amounts Falling Due After More Than One Year

	2003	2004
	£'000	£'000
Bank loans (secured)	270,353	305,721
Loan notes	5,877	—
Deferred consideration payable for purchase of subsidiary undertakings and businesses	26	448
Net obligations under finance leases	20	17
	276,276	306,186

The bank loans are secured on the shares held in all material subsidiaries by the Company. An analysis of the maturity of debt is given in Note 31(a).

16. Provisions for Liabilities and Charges

	Property lease	Deferred tax	Restructuring	Group total
	£'000	£'000	£'000	£'000
1 January 2004	2,749	3,900	4,254	10,903
Provided in year	—	2,001	—	2,001
Utilised in year	(2,089)	—	(4,254)	(6,343)
At 31 December 2004	660	5,901	—	6,561

The property lease provision represents the estimated excess of rent payable on surplus property leases and dilapidation provisions where they exist, less rent received via sub leases. These liabilities fall due within one year.

17. Deferred Tax

	2003	2004
	£'000	£'000
Deferred tax liability	3,900	5,901
Deferred tax asset	1,514	414

The movements during the year were as follows:

Group	Asset	Liability
	£'000	£'000
At 1 January 2004	1,514	(3,900)
Current-year charge (Note 7)	(462)	(2,001)
Prior-year charge (Note 7)	(816)	—
Reclassification of overseas corporation tax	178	—
At 31 December 2004	414	(5,901)

The deferred tax asset consists of the following amounts:

	2003	2004
	£'000	£'000
Depreciation in excess of capital allowances	198	106
Short-term timing differences	1,316	308
	1,514	414

The deferred tax liability consists of the following amounts:

Difference between accumulated depreciation/amortisation and tax depreciation	4,412	7,240
Tax losses	(512)	(1,339)
Undiscounted deferred tax liability	3,900	5,901

At 31 December 2004, in addition to the deferred tax balances recognised above, the Group had unrecognised deferred tax assets of £12,243,000 (2002: £16,037,000) in relation to allowable tax losses. These assets have not been recognised in the financial statements as in the opinion of the Directors there is insufficient evidence that they will be recoverable. These assets may become recoverable if trading entities to which the tax losses relate realise taxable profits. Deferred tax assets recognised relate mainly to tax deductible expenses for which relief has yet to be obtained. It is considered more likely than not that there will be suitable taxable profits from which the future reversal of these underlying timing differences can be deducted.

18. Accruals and Deferred Income

	2003	2004
	£'000	£'000
Subscriptions and conference fees received in advance	110,896	124,361
Accruals	54,260	59,720
	165,156	184,081

19. Minority Interest

The Group's minority interest in 2004 and 2003 was composed entirely of equity interests and represents the minority shares of Euroforum HandelsZeitung Konferenz AG and Agra CEAS.

20. Share Capital

	2003 £'000	2004 £'000
Authorised		
500,000,000 (2003: 500,000,000) ordinary shares of 10p each*	50,000	50,000

* During 2004 an additional 320 million ordinary shares of 10p each were authorised on the merger of Informa Group plc and Taylor & Francis Group plc. Under merger accounting methodology these have boon included in the 2003 comparative total.

Allotted, called up and fully paid

	2003 £'000	2004 £'000
Allotted, called up and fully paid		
299,462,868 ordinary snares of 10p each (2003: 297,899,996 of 10p each)	29,790	29,946

	2003 £'000	2004 £'000
At 1 January restated	27,390	29,790
Options exercised	49	156
Issue of share capital	2,351	—
At 31 December	29,790	29,946

Movements in Called Up Share Capital

During the year the Company issued 1,562.872 ordinary shares of 10p for a consideration of £3,416,000 with a nominal value of £156,000 as a result of the exercise of share options.

On 10 May 2004, the Company issued 146.3 million ordinary shares with a nominal value of £14.6 million and a fair value of £511 million to Taylor & Francis Group plc shareholders under the terms of the merger between the Company and Taylor & Francis Group plc, which was approved by shareholders with effect from 10 May 2004 (Note 29).

Share Options

As at 31 December 2004, outstanding options to subscribe for ordinary shares of 10p were as follows:

Number	Exercise price per share (p)	Exercise period
14,400	10.94	25.04.00 to 24.05.07
11,680	10.94	07.05.00 to 06.05.07
1,600	18.75	01.10.00 to 30.09.07
225,000	219.00	21.08.01 to 20.08.08
67,611	201.50	14.04.00 to 13.04.07
110,220	273.05	21.04.01 to 20.04.08
96,258	241.02	01.10.01 to 30.09.08
1,851	310.50	23.04.02 to 22.04.09
253,152	401.00	01.10.02 to 30.09.09
125,544	825.00	20.03.03 to 19.03.10
1,316,000	632.50	25.04.03 to 24.04.10
132,500	753.30	02.11.03 to 01.11.10
218,018	581.00	07.03.04 to 06.03.11
125,000	548.00	15.03.05 to 14.03.07
1,189,097	282.67	15.03.05 to 14.03.12
336,547	373.00	04.03.07 to 03.04.14
27,049	369.70	15.09.07 to 14.09.14
78,573	310.50	23.04.02 to 22.04.09
272,605	240.30	01.07.05 to 31.12.05
10,138	559.00	01.07.05 to 31.12.05
122,987	240.30	01.07.07 to 31.12.07
53,939	251.47	04.11.02 to 03.11.06
405,844	344.11	26.04.04 to 25.04.08
79,998	300.00	01.11.04 to 31.10.08
27,379	282.21	01.01.05 to 30.06.05
27,443	327.94	05.12.04 to 04.12.08
542,657	364.11	26.04.05 to 25.04.09
238,664	375.00	27.05.05 to 26.05.09
198,830	251.47	03.10.05 to 02.10.09
25,471	276.62	01.01.06 to 30.06.06
802,185	254.41	30.04.06 to 29.04.06
65,401	244.11	01.08.05
20,507	261.17	10.07.06 to 09.07.10
16,079	296.18	01.01.07 to 30.06.07
97,564	304.41	18.11.06 to 17.11.10
1,086,441	341.17	22.03.07 to 21.03.11
8,424,232		

The above options will be satisfied by the issue of new shares in the Company excluding 1,739,339 shares already in issue. Share options held by Directors as at 31 December 2004 are disclosed in the Directors' Remuneration Report in note 21.

21. Directors Remuneration Report

Directors' Emoluments and Compensation

The figures shown below in respect of Messrs D Smith, A Foye, D Mapp and D Cruickshank include amounts earned as Directors of Taylor & Francis Group plc prior to its merger with Informa:

	Basic salary/fees	Bonus accrued	Benefits in kind/ allowance	Total 2004	Total 2003	Compensation for loss of office
	£'000	£'000	£'000	£'000	£'000	£'000
Executive Directors						
D Smith	350	350	16	716	336	—
P Rigby	398	199	26	623	353	—
D Gilbertson	366	366	26	758	612	—
A Foye	225	225	16	466	222	—
J Wilkinson (resigned 10 May 2004 on merger)	71	—	9	80	385	473
	1,410	1,140	93	2,643	1,908	473
Non-Executive Directors						
R Hooper	39	—	—	39	30	—
S Watson	34	—	—	34	25	—
D Mapp	35	—	—	35	26	—
P Kirby (appointed 1 Sep 2004)	12	—	—	12	—	—
D Cruickshank	54	—	1	55	—	11
E Barton (resigned 10 May 2004 on merger)	11	—	—	11	30	7
Aggregate emoluments	1,595	1,140	94	2,829	2,019	491

The fees shown above for the services of Mr R Hooper were paid to Hooper Communications, for the services of Mr S Watson to CMS Cameron McKenna and for the services of Mr E Barton to Lancedale Limited.

Aggregate emoluments disclosed above do not include any amounts in respect of the value of share options granted to or held by Directors or of matching awards made under the Company's Share Matching Scheme; details of these incentives are given below.

Directors' Share Interests

The Directors who held office at 31 December 2004 had the following beneficial interests in the issued share capital of the Company:

	At 31 December 2004 Ordinary shares	At 31 December 2003* ordinary shares**
D Smith	28,050	28,050
P Rigby	477,341	461,441
D Gilbertson	502,166	488,068
A Foye	295,236	91,937
R Hooper	6,508	6,508
S Watson	9,250	9,250
D Mapp	28,926	28,926
P Kirby	—	—
D Cruickshank	—	—

* Or date of appointment if later.

** Including interests in the issued share capital of Taylor & Francis Group plc, shown as if they had been interests in the issued share capital of the Company.

None of the Directors had any beneficial interests in the shares of other Group companies.

In addition to the beneficial interests in the shares of the Company shown above, Messrs D Smith and A Foye are, for the purposes of the Companies Act 1985, regarded as interested in 935,279 ordinary shares which Ogier Employee Benefit Trustee Limited as trustee of the Taylor & Francis Group 1997 Employee

Benefit Trust holds. Certain employees (including Messrs D Smith and A Foye) of the former Taylor & Francis Group are potential beneficiaries under this trust.

The interests shown above exclude any shares awarded under the Company's Share Matching Plan; shown below.

On 13 April 2004 Messrs P Rigby and D Gilbertson were invited to and accepted participation in the Share Matching Plan in operation as of that date and the following matching awards were granted:

	At						
	31 December 2003	**Granted during year**	**Vested during year**	**31 December 2004**	**Award date**	**Vesting Date**	**Expiry date**
P Rigby	—	15,900	—	15,900	13.04.04	13.04.07	13.04.14
D Gilbertson	—	14,100	—	14,100	13.04.04	13.04.07	13.04.14

No notification has been received of any changes in Directors' share interests from 31 December 2004 to the date of this Report.

Directors' Share Options

Set out below are the details of options to acquire shares in T&F Informa plc held by the Directors who served during the year. Upon the merger with Informa, Messrs D Smith and A Foye exchanged all of their options over shares in Taylor & Francis Group plc for options over shares in T&F Informa plc. The pre-merger details shown below for those options have been adjusted accordingly (number of options and exercise price adjusted by a factor of 1.7) and from 2004 the performance criteria for those options are in respect of T&F Informa plc's performance.

	At 31 December 2003	Granted	Lapsed	Exercised	Exercise price (p)	Market price at date of exercise (p)	At 31 December 2004	Exercise period
D Smith	66,666	—	—	—	375.00	—	66,666[4]	27.05.05 to 26.05.09
	66,666	—	—	—	375.00	—	66,666[5]	27.05.05 to 26.05.09
	99,415	—	—	—	251.47	—	99,415[4]	03.10.05 to 02.10.09
	99,415	—	—	—	251.47	—	99,415[5]	03.10.05 to 02.10.09
	48,782	—	—	—	304.41	—	48,782[6]	18.11.06 to 17.11.10
	48,782	—	—	—	304.41	—	48,782[7]	18.11.06 to 17.11.10
	—	95,257	—	—	341.17	—	95,257[8]	22.03.07 to 21.03.11
	429,726	95,257	—	—			524,983	
P Rigby	3,953	—	—	—	240.30	—	3,953	01.07.05 to 31.12.05
	3,924	—	—	—	201.50	—	3,924[10]	14.04.00 to 13.04.07
	93,516	—	—	—	401.00	—	93,516[10]	01.10.02 to 30.09.09
	52,272	—	—	—	825.00	—	52,272[10]	20.03.03 to 19.03.10
	81,648	—	—	—	581.00	—	81,648[10]	07.03.04 to 06.03.11
	111,879	—	—	—	282.67	—	111,879[11]	15.03.05 to 14.03.12
	—	136,234	—	—	373.00	—	136,234[12]	04.03.07 to 03.03.14
	347,192	136,234	—	—			483,426	
D Gilbertson	100,000	—	—	—	219.00	—	100,000[9]	21.08.01 to 20.08.08
	82,294	—	—	—	401.00	—	82,294[10]	01.10.02 to 30.09.09
	46,000	—	—	—	825.00	—	46,000[10]	20.03.03 to 19.03.10
	71,772	—	—	—	581.00	—	71,772[10]	07.03.04 to 06.03.11
	98,347	—	—	—	282.67	—	98,347[11]	15.03.05 to 14.03.12
	—	119,885	—	—	373.00	—	119,885[12]	04.03.07 to 03.03.14
	398,413	119,885	—	—			518,298	
A Foye	387,260	—	—	(387,260)	7.84	376.00	—	26.04.04 to 25.04.11
	18,888	—	—	—	344.11	—	18,888[1]	26.04.04 to 25.04.11
	18,889	—	—	—	344.11	—	18,889[2]	26.04.04 to 25.04.11
	37,777	—	—	—	344.11	—	37,777[3]	27.05.05 to 26.05.09
	19,333	—	—	—	375.00	—	19,333[4]	27.05.05 to 26.05.09
	19,333	—	—	—	375.00	—	19,333[5]	30.04.06 to 29.04.10
	33,901	—	—	—	254.41	—	33,901[6]	30.04.06 to 29.04.10
	33,901	—	—	—	254.41	—	33,901[7]	22.03.07 to 21.03.11
	—	55,690	—	—	341.17	—	55,690[8]	
	569,282	55,690	—	(387,260)			237,712	
J Wilkinson (resigned 10 May 2004 on merger)[13]	6,887	—	(4,113)	(2,774)	240.30	370.00	—	
	3,924	—	—	—	201.50	—	3,924	
	16,700	—	—	—	273.05	—	16,700	
	20,000	—	—	—	310.50	—	20,000	
	46,758	—	—	—	401.00	—	46,758	
	27,272	—	—	—	825.00	—	27,272	
	42,598	—	—	—	581.00	—	42,598	
	58,371	—	—	—	282.67	—	58,371	
	—	80,428	—	—	373.00	—	80,428	
	222,510	80,428	(4,113)	(2,774)			296,051	

(1) Options vest if diluted earnings per share growth, excluding exceptional items, goodwill amortisation and inflation (Inflation-Adjusted EPS Growth) was at least 3% per year in each of the three years ended 31 December 2003. The target having been achieved, these options have vested.

(2) Options vest if Inflation-Adjusted EPS Growth was at least 10% per year in each of the three years ended 31 December 2003. The target having been achieved, these options have vested.

(3) 100% of options vest if Inflation-Adjusted EPS Growth was at least 17% in the year ended 31 December 2001. The target having been achieved, these options have vested.

(4) Options vest if Inflation-Adjusted EPS Growth was at least 3% per year in each of the three years ended 31 December 2004. The target having been achieved, these options have vested.

(5) Options vest if Inflation-Adjusted EPS Growth was at least 10% per year in each of the three years ended 31 December 2004. The target having been achieved, these options have vested.

(6) Options vest if Inflation-Adjusted EPS Growth is at least 3% per year in each of the three years ending 31 December 2005.

(7) Options vest if Inflation-Adjusted EPS Growth is at least 10% per year in each of the three years ending 31 December 2005.

(8) Options vest if Inflation-Adjusted EPS Growth is at least 3% per year in each of the three years ending 31 December 2006.

(9) 100% of options vest if Inflation-Adjusted EPS Growth was at least 9% over the three year period from the year of grant. The target having been achieved, these options have vested.

(10) Options vest if Inflation-Adjusted EPS Growth was at least 9% over a continuous three year period from the year of grant. The target having been achieved, these options have vested.

(11) Options vest if Inflation-Adjusted EPS Growth was at least 9% over the three year period from the year of grant, subject, if necessary, to re-testing (at 12%) after four years or (at 15%) after five years. The target having been achieved, these options have vested and become exercisable from 15 March 2005.

(12) Options vest if Inflation-Adjusted EPS Growth is at least 9% over the three year period from the year of grant, subject, if necessary, to re-testing (at 12%) after four years or (at 15%) after five years.

(13) Upon cessation of employment in connection with the merger, all options held by Mr J Wilkinson became exercisable.

The market price of the Company's ordinary shares at 31 December 2004 was 377.50p and the range during the year was 315.75p to 404.00p.

The daily average market price during the year was 362.75p.

Directors' Pension Entitlements

Two Directors are members of defined benefit pension schemes provided by the Company or its subsidiaries and have accrued entitlements under the schemes as follows:

	Accrued pension 31 December 2003	Increase in accrued pension in the year	Accrued pension 31 December 2004
	£'000	£'000	£'000
D Gilbertson	26	4	30
A Foye	53	28	81

The following table sets out the transfer values of the Directors' accrued benefits under the scheme calculated in a manner consistent with "Retirement Benefit Schemes—Transfer Values (GN11)" published by the Institute of Actuaries and the Faculty of Actuaries:

	Transfer value 31 December 2003	Contributions made by the Director	Increase in transfer value in the year net of contributions	Transfer value 31 December 2004
	£'000	£'000	£'000	£'000
D Gilbertson	240	10	45	295
A Foye	218	—	206	424

The following additional information is given to comply with the requirements of the Listing Rules of the Financial Services Authority, which differ in some respects from the equivalent statutory requirements:

	Increase in accrued pension in the year in excess of inflation	Transfer value of increase in year less Directors' contributions
	£'000	£'000
D Gilbertson	1	23
A Foye	27	138

The transfer values disclosed above do not represent a sum paid or payable to the individual Director; instead they represent a potential liability of the pension scheme.

Contributions paid by the Company directly to Directors or their nominated retirement investment vehicles in respect of their retirement benefit entitlements were as follows.

	2004	2003
	£'000	£'000
D Smith	69	27
P Rigby	298	407
D Gilbertson	72	72
A Foye	3	—
J Wilkinson (resigned 10 May 2004 on merger)	14	45
	456	551

Mr P Rigby waived 50% of his entitlement to a bonus for 2004 (£199,000) and an equivalent sum is being paid as an employer pension contribution. Mr P Rigby directed 100% of his bonus for 2003 (£326,000) to be applied as an employer pension contribution.

22. Reserves

	Share capital	Share premium	Reserve for own shares	Other reserves	Merger reserve	ESOP trust shares	Profit and loss account	Group total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Informa Group plc (as restated)	15,195	184,494	—	37,399	—	(3,641)	(159,647)	73,800
Taylor & Francis Group plc	4,293	44,842	1,267	—	—	—	39,265	89,667
Merger accounting	10,302	(44,842)	—	—	34,540	—	—	—
Merger accounting policy alignments (Note 30)	—	—		—	—	—	(1,794)	(1,794)
At 1 January 2004	29,790	184,494	1,267	37,399	34,540	(3,641)	(122,176)	161,673
Profit and loss account movements (Note 23)	—	—	—	—	—	—	(33,902)	(33,902)
Premium arising on options exercised during period	156	3,261	—	(1)	—	—	—	3,416
At 31 December 2004	29,946	187,755	1,267	37,398	34,540	(3,641)	(156,078)	131,187

23. Profit and Loss Account

	2003	2004
	£'000	£'000
At 1 January restated (Note 30)	(119,520)	(122,176)
Profit on ordinary activities after taxation	16,349	126
Share of joint ventures	—	—
Dividend payable	(15,203)	(24,211)
Currency translation difference on foreign currency net investments	(3,802)	(9,817)
At 31 December 2004	(122,176)	(156,078)

Included in the Profit and Loss Account of the Company at 31 December 2004 are non-distributable reserves of £203,344,000, (2003: £203,344,000).

As permitted by Section 230 of the Companies Act 1985, the Profit and Loss Account of the parent Company is not presented as part of these accounts. The parent company's loss, before the payment of dividends for the financial year, amounted to £11,013,000 (2003: profit of £91,421,000).

In accordance with the transitional provisions of FRS 17 "Retirement Benefits", the following additional reconciliation is provided showing Group Profit and Loss Account reserves if FRS 17 were to be adopted in full:

	2003	2004
	£'000	£'000
Profit and Loss Account excluding pension liability	(122,176)	(156,078)
Pension liability, net of deferred tax (Note 32)	(12,669)	(15,775)
Profit and Loss Account after deducting pension liability	(134,845)	(171,853)

24. Reconciliation of Movements in Consolidated Equity Shareholders' Funds

	T&F Informa 2003	T&F Informa 2004
	£'000	£'000
Profit for the year	16,349	126
Dividends	(15,203)	(24,211)
Retained (loss)/profit for the year	1,146	(24,085)
Currency translation difference on foreign currency net investments	(3,802)	(9,817)
Proceeds of new share issues (net)	64,330	3,416
	61,674	(30,486)
Opening equity shareholders' funds	103,640	161,673
Prior-year adjustment; reclassification of investment in ESOP shares (Note 21)	(3,641)	—
Closing equity shareholders' funds	161,673	131,187

25. Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	Informa 2002	Taylor & Francis 2002	T&F Informa 2003	T&F Informa 2004
	£'000	£'000	£'000	£'000
Operating profit	19,809	25,911	46,170	48,639
Merger costs	—	—	—	(15,703)
Depreciation and amortisation	18,349	8,743	29,966	58,559
Profit on sale of tangible fixed assets	(23)	—	(25)	(92)
Decrease/(increase) in stocks	219	(807)	(670)	2,377
Decrease/(increase) in debtors	10,393	(29)	4,641	1,474
Decrease in creditors	(2,457)	(2,810)	(1,017)	(7,070)
Other operating items	220	—	—	—
Net cash inflow from operating activities	46,510	31,008	79,065	88,184

26. Reconciliation of Net Cash Flow to Movement in Net Debt

	Informa 2002	Taylor & Francis 2002	T&F Informa 2003	T&F Informa 2004
	£'000	£'000	£'000	£'000
Increase/(decrease) in cash net of overdrafts in the year	2,951	488	13,350	(6,616)
Increase/(decrease) in bank loans and loan notes	19,798	4,790	(148,482)	(45,022)
Cash flow from decrease in deposit accounts	—	6,487	(11,988)	—
Change in net debt resulting from cash flows	22,749	11,765	(147,120)	(51,638)
Foreign exchange translation difference	554	2,010	6,515	11,297
Non-cash movements	—	—	(114)	(2,441)
Increase in net debt during the year	23,303	13,775	(140,719)	(42,782)
Opening net debt	(118,832)	(38,722)	(118,486)	(259,205)
Closing net debt (Note 27)	(95,529)	(24,947)	(259,205)	(301,987)

27. Analysis of Net Debt

	At 1 January 2004	Non cash Items	Cash flow	Exchange movement	At 31 December 2004
	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	23,586	—	(4,460)	—	19,126
Overdrafts	(1,845)	—	(2,156)	—	(4,001)
Net cash	21,741	—	(6,616)	—	15,125
Bank loans due in less than one year	(4,201)	(5,156)	4,201	—	(5,156)
Loan notes due in less than one year	(455)	(5,877)	143	—	(6,189)
Bank loans due in more than one year	(270,353)	2,741	(49,406)	11,297	(305,721)
Loan notes due in more than one year	(5,877)	5,877	—	—	—
Finance leases due in less than one year	(40)	(29)	40	—	(29)
Finance leases due in more than one year	(20)	3	—		(17)
Total (Note 26)	(259,205)	(2,441)	(51,638)	11,297	(301,987)

Non-cash items represent an addition of £26,000 to tangible fixed assets held under finance leases and a write-off of bank loan facility fees of £2,415,000.

28. Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2003		2004	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Operating leases which expire:				
—Within one year	2,473	432	244	427
—Within two to five years	3,749	478	3,088	418
—After five years	5,704	5	6,881	—
	11,926	915	10,213	845

The Group had capital commitments at 31 December 2004 of £2,118,000 (2003: £711,000).

29. Contingent Liabilities

The Company has guaranteed the overdrafts of certain of its UK subsidiaries, up to a combined maximum of £18,988,000 million, (2003: £3,000,000).

The Company has also guaranteed £329,000 of loan notes outstanding and issued by its indirectly held subsidiary, Taylor & Francis Books Limited.

As at 31 December 2004, the Company had entered into forward exchange contracts to be converted into sterling as follows during 2005:

February 2005	US$35.0 million @ US$1.766488
	€15.0 million @ €1.44664

As at 31 December 2003 the Company had entered into forward exchange contracts to be converted into sterling, as follows during 2004:

January 2004	US$30.0 million @ $1.584
February 2004	US$10.0 million @ $1.550

30. Merger Accounting

On 10 May 2004 Taylor & Francis Group plc and Informa Group plc merged to form T&F Informa plc.

(i) Accounting Policy Alignment

Certain adjustments have been made and reflected in the results of the Group, to align the accounting policies previously adopted by Informa Group plc and Taylor & Francis Group plc. The adjustments are in respect of the treatment of deferred costs and the re-translation of deferred income.

Previously deferred costs have now been written off, resulting in a reduction in other debtors of £1,066,000 at 31 December 2003 and an increase in other operating costs before goodwill amortisation of £555,000 for the year ended 31 December 2003. An amount of £511,000 was treated as if never capitalised and therefore expensed to the Profit and Loss Account prior to 1 January 2003.

Deferred income held in foreign currencies, which was previously re-translated at year end, has been recorded at the historic rate. This resulted in an increase in deferred income at 31 December 2003 of £728,000 and an increase in deferred income at 31 December 2004 of £1,400,000. The impact on the balance sheet at 1 January 2003 was not material.

(ii) Analysis of Consolidated Profit and Loss Account for the 12 Months Ended 31 December 2004

	Informa 4 months ended 30 April 2004	Taylor & Francis 4 months ended 30 April 2004	T&F Informa 8 months ended 31 December 2004	Accounting policy alignments	Total 12 months ended 31 December 2004
	£'000	£'000	£'000	£'000	£'000
Turnover					
Continuing operations	102,720	47,072	329,201	—	478,993
Acquisitions	—	7,749	17,483	—	25,232
Total turnover	102,720	54,821	346,684	—	504,225
Operating costs	(90,171)	(50,483)	(290,697)	728	(430,623)
Operating exceptional items	(50)	(678)	(24,235)	—	(24,963)
Group operating profit					
Continuing operations	12,499	4,037	29,930	728	47,194
Acquisitions and share of joint ventures	—	(377)	1,822	—	1,445
Total operating profit	12,499	3,660	31,752	728	48,639
Merger expenses	—	—	(15,703)	—	(15,703)
Other non-operating exceptionals	—	—	(3,533)	—	(3,533)
Net interest payable	(3,583)	(2,154)	(11,282)	—	(17,019)
Profit on ordinary activities before taxation	8,916	1,506	1,234	728	12,384
Tax on profit on ordinary activities	(4,235)	(1,528)	(6,521)	—	(12,284)
Profit on ordinary activities after taxation	4,681	(22)	(5,287)	728	100
Minority interests—equity	10	—	16	—	26
	4,691	(22)	(5,271)	728	126

(iii) Analysis of Consolidated Profit and Loss Account for the 12 Months Ended 31 December 2003

	Informa 12 months ended 31 December 2003	Taylor & Francis 12 months ended 30 April 2003	Accounting policy alignments and charges	Total 12 months ended 31 December 2003
	£'000	£'000	£'000	£'000
Turnover				
Continuing operations	267,997	173,679	—	441,676
Acquisitions	—	—	—	—
Total turnover	267,997	173,679	—	441,676
Operating costs	(242,049)	(140,345)	(1,283)	(383,677)
Operating exceptional items	(8,543)	(3,286)	—	(11,829)
Group operating profit				
Continuing operations	17,405	30,048	(1,283)	46,170
Acquisitions	—	—	—	—
Total operating profit	17,405	30,048	(1,283)	46,170
Non-operating exceptional items	(3,822)		—	(3,822)
Net interest payable	(5,847)	(3,525)	—	(9,372)
Profit on ordinary activities before taxation	7,736	26,523	(1,283)	32,976
Tax on profit on ordinary activities	(6,793)	(9,750)	—	(16,543)
Profit on ordinary activities after taxation	943	16,773	(1,283)	16,433
Minority interests—equity	(84)	—	—	(84)
Profit for the year attributable to shareholders	859	16,773	(1,283)	16,349

Accounting policy alignments reflect the write-off of deferred costs of £555,000 and reversing the foreign exchange gain on the re-translation of deferred income of £728,000.

(iv) Analysis of Statement of Total Recognised Gains and Losses

	12 months ended 31 December 2003 restated	12 months ended 31 December 2004
	£'000	£'000
Profit attributable to shareholders		
—Informa to 30 April 2004	304	4,691
—Taylor & Francis to 30 April 2004	16,045	(22)
—T&F Informa Group from 30 April 2004	—	(4,543)
	16,349	126
Currency translation differences on foreign currency net investments and borrowings		
—Informa to 30 April 2004	(2,358)	503
—Taylor & Francis to 30 April 2004	(1,444)	(3,017)
—T&F Informa Group from 30 April 2004	—	(7,303)
	(3,802)	(9,817)
Total recognised gains and losses	12,547	(9,691)

(v) Analysis of Consolidated Balance Sheet at 30 April 2004

	Informa	Taylor & Francis	Accounting policy alignment	T&F Informa Group
	£'000	£'000	£'000	£'000
Fixed assets				
Intangible assets	299,093	255,088	—	554,181
Tangible assets	25,579	7,769	—	33,348
Investments	3,253	5,564	—	8,817
	327,925	268,421	—	596,346
Current assets				
Stocks	7,206	39,361	—	46,567
Debtors	59,424	34,593	(1,066)	92,951
Cash at bank and in hand	9,296	1,943	—	11,239
	75,926	75,897	(1,066)	150,757
Creditors: amounts falling due within one year				
Loans and overdrafts	(3,039)	(6,376)	—	(9,415)
Other creditors	(38,633)	(17,120)	—	(55,753)
	(41,672)	(23,496)	—	(65,168)
Net current assets	34,254	52,401	(1,066)	85,589
Total assets less current liabilities	362,179	320,822	(1,066)	681,935
Creditors: amounts falling due after more than one year				
Loans and overdrafts	(178,924)	(159,633)	—	(338,557)
Other creditors	(10,072)	500	—	(9,572)
	(188,996)	(159,133)	—	(348,129)
Provision for liabilities and charges	(2,055)	—	—	(2,055)
Accruals and deferred income	(92,067)	(73,896)	728	(165,235)
Minority interests	(69)	—	—	(69)
Net assets	78,992	87,793	(338)	166,447

31. Financial Instruments

Treasury Policy

The Board sets the Group's treasury policy to ensure that it has adequate financial resources to develop the Group's businesses and to manage the currency and interest risks to which the Group is exposed. The Group's activities expose it mainly to the financial risks of changes in foreign currency exchange rates and changes in interest rates. The Group mainly uses foreign exchange forward and spot contracts and interest rate swap contracts to hedge these exposures. All external hedging is performed by the Group Treasury Function. Group Treasury acts as a service centre operating under the clearly defined regulation of the Board. The Group does not use derivative financial instruments for speculative purposes.

Funding and deposit management

The Group primarily borrows at short-term variable rates under its multi- currency revolving credit facilities. On the merger in May 2004 the Group entered into a new five-year £440 million mufti-currency term loan and revolving credit facility. The existing facilities of both Taylor & Francis and Informa were cancelled at the same time. In addition, during 2001, the Group raised USD50 million on the US private placement market, due in seven equal annual instalments from 2005 to 2011. Short-term flexibility is also achieved through the use of overdraft facilities and cash pooling arrangements are in place in GBP, EUR and USD to maximise the interest receivable on surplus working capital. The Group monitors the distribution of its cash assets, borrowings and facilities so as to control exposure to the relative performance of any particular territory, currency or institution.

Cash Flows

Historically and for the foreseeable future the Group has been and will continue to be in a net borrowing position. The Group's policy is to fulfil its borrowing requirements by borrowing in the currencies in which it operates and generates surplus cash inflows, principally GBP, USD and EUR; thereby providing a natural hedge against future surplus cash inflows in those currencies as well as spreading the Group's interest rate profile across a number of currencies.

For so long as the Group is in a net borrowing position, in order to maintain the spread of the Group's interest rate profile and to retain a degree of flexibility, minimum levels of USD and EUR denominated debt will be maintained. Accordingly surplus foreign currency denominated cash inflows will be used first to repay outstanding borrowings in those currencies, up to the pre-determined minimum foreign currency denominated debt levels. Thereafter the minimum foreign currency denominated debt levels will be maintained by selling, for GBP, up to USD75 million of the Group's consolidated USD denominated sales and up to EUR25 million of its consolidated EUR denominated annual sales, once the receipt of the associated USD and EUR cash inflows can be forecast with reasonable certainty.

Balance Sheet

Allied to the Group's above policy on the hedging of surplus foreign currency cash inflows, the Group will usually seek to finance its net investment in its principal overseas subsidiaries by borrowing in those subsidiaries' functional currencies. This policy will have the effect of protecting the Group's consolidated balance sheet from movements in those currencies to the extent that the associated net assets exceed the net foreign currency borrowings.

Interest Rates

The Group seeks to minimise its exposure to fluctuations in interest rates by using interest rate swaps to hedge up to 75% of the Group's forecast interest payments over the unexpired period of its existing loan instruments, based on forecast net debt levels by currency during that period. This policy provides a level of certainty of future interest costs which in turn assists the predictability of achieving interest-based loan covenants.

As permitted by FRS 13, short-term debtors and creditors have been omitted from the following disclosures other than the currency profile.

(a) Maturity Profile of Group Financial Liabilities

	2003	2004
	£'000	£'000
Within one year or less or on demand	6,361	14,452
In more than one year but not more than two years	51,334	5,484
More than two years but not more than five years	212,743	294,012
In more than five years	15,901	10,340
	286,339	324,288
Unamortised element of loan premium	(2,686)	(2,200)
	283,653	322,088

The Group had the following committed undrawn borrowing facilities at 31 December:

Expiry date	2003	2004
	£'000	£'000
In one year or less	3,367	18,987
In more than one year but not more than two years	—	—
In more than two years	108,927	155,112
	112,294	174,099

(b) Interest Rate Profile

The following interest rate and currency profile of the Group's financial liabilities and assets is after taking into account any interest rate and cross-currency swaps entered into by the Group.

Financial Liabilities

	2003				2004			
	Fixed rate	Floating rate	Non-interest bearing	Total	Fixed rate	Floating rate	Non-interest bearing	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
GBP	(73,443)	(73,466)	—	(146,909)	(83,262)	(93,198)	—	(176,460)
USD	(67,215)	(15,622)	—	(82,837)	(23,829)	(71,619)	—	(95,448)
EUR	(49,974)	4,183	(26)	(45,817)	(41,928)	117	(448)	(42,259)
Other European currencies	—	(177)	—	(177)	—	(179)	—	(179)
Other worldwide currencies	(10,594)	(5)	—	(10,599)	(9,942)	—	—	(9,942)
	(201,226)	(85,087)	(26)	(286,339)	(158,961)	(164,879)	(448)	(324,288)
Of which:								
Gross borrowings				(285,417)				(323,267)
Derivative financial instruments				(876)				(556)
Other financial liabilities				(46)				(465)
				(286,339)				(324,288)

Interest on floating-rate liabilities is based on the relevant national inter-bank rates.

Financial Assets

	2003			2004		
	Floating rate	Non-interest bearing	Total	Floating rate	Non-interest bearing	Total
	£'000	£'000	£'000	£'000	£'000	£'000
GBP	8,757	509	9,266	7,961	239	8,200
USD	9,191	1,247	10,438	6,160	411	6,571
EUR	1,053	732	1,785	1,475	63	1,538
Other European currencies	544	95	639	504	234	738
Other worldwide currencies	827	10,588	11,415	795	11,889	12,684
	20,372	13,171	33,543	16,895	12,836	29,731
Of which:						
Cash and deposits			23,586			19,126
Other financial investments			9,957			10,605
			33,543			29,731

Interest on floating-rate bank deposits is based on the relevant national inter-bank rate and may be fixed in advance for up to one month. There were no fixed-rate deposits as at 31 December 2004 or 2003.

The interest rate profile of fixed-rate financial liabilities and the weighted average maturity period of interest-free financial liabilities are analysed below:

	2003			2004		
	Weighted average interest rate	Weighted average period for which the rate is fixed	Weighted average years to maturity for non-interest bearing liabilities	Weighted average interest rate	Weighted average period for which the rate is fixed	Weighted average years to maturity for non-interest bearing liabilities
	%	Years	Years	%	Years	Years
GBP— Taylor & Francis	5.2	1.9	—	—	—	—
Informa	4.9	4.2	—	—	—	—
T&F Informa	—	—	—	5.2	3.4	—
USD— Taylor & Francis	3.0	1.9	—	—	—	—
Informa	3.0	2.7	—	—	—	—
T&F Informa	—	—	—	3.6	2.4	—
EUR— Taylor & Francis	—	—	—	—	—	—
Informa	3.7	2.8	1.0	—	—	—
T&F Informa	—	—	—	3.6	2.3	3.0
JPY— Taylor & Francis Informa	1.9	2.4	—	—	—	—
T&F Informa	—	—	—	1.9	1.3	—
Gross financial liabilities						
Taylor & Francis	4.2	1.9	—	—	—	—
Informa	3.8	3.2	1.0	—	—	—
T&F Informa	—	—	—	4.3	2.8	3.0

(c) Fair Values of Financial Assets and Liabilities

The fair value is defined as the amount at which a financial instrument could be exchanged in an arm's-length transaction between informed and willing parties and is calculated by reference to market rates discounted to current value.

The fair value of these financial instruments was:

Primary Financial Instruments Held or Issued to Finance the Group's Operations

	2003		2004	
	Book value	Estimated fair value	Book value	Estimated fair value
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (inc. current portion of long-term borrowings)	(6,046)	(6,046)	(9,157)	(9,157)
Loan notes due in less than one year	(455)	(455)	(6,189)	(6,189)
Long-term borrowings	(276,230)	(276,230)	(305,721)	(305,721)
Cash deposits	23,856	23,856	19,126	19,126
Other financial assets	9,958	9,958	10,605	10,605
Other financial liabilities	(46)	(18)	(466)	(410)
Unamortised loan premium	2,686	—	2,200	—

Derivative Financial Instruments Held to Manage the Interest Rate Profile

	2003		2004	
	Carving amount	Estimated far value	Carrying amount	Estimated fair value
	£'000	£'000	£'000	£'000
Interest rate swaps	(877)	(2,651)	(556)	(3,007)
Forward exchange contracts and similar instruments	—	3,577	—	1,503

The carrying value of primary financial instruments approximates to fair value due to the short maturity of the instruments or because they bear interest at rates approximate to the market. The book value of fixed asset investments approximates to the fair value, being the estimated sale proceeds.

Forward foreign exchange contracts mature in less than one year at both year ends. The movement on fair values of interest rate swaps are summarised in the table below:

	Gains	Losses	Total net
	£'000	£'000	£'000
Unrecognised gains/(losses) on hedges at 1 January 2004	38	(1,812)	(1,774)
Losses arising in previous years that wore recognised in 2004	—	(215)	(215)
Revaluations from losses to gains	104	222	326
Gains/(losses) arising in previous years that were not recognised in 2004	142	(1,375)	(1,233)
Revaluations of gains/(losses) arising in previous years that were not recognised in 2004	100	146	246
Transfers from losses to gains	656	(760)	(104)
Gains/(losses) arising in 2004 that were not recognised in 2004	480	(1,840)	(1,360)
Unrecognised gains/(losses) on hedges at 31 December 2004	1,378	(3,829)	(2,451)
Gains/(losses) expected to be recognised in 2005	147	(42)	105
Gains/(losses) expected to be recognised in 2006 or later	1,231	(3,787)	(2,556)

(d) Hedging

As explained above, the Group's policy is to hedge the following exposures:

- interest rate risk—using interest swaps as appropriate; and
- currency exposures on the projected net surplus USD and EUR income—using forward foreign currency contracts.

Gains and losses on instruments used for hedging are not recognised until the exposure that is being hedged is itself recognised. As at 31 December 2004 and 2003 there were no other unrecognised gains or losses on instruments used for interest rate or currency hedging save as disclosed in Note 30 (c) above.

(e) Currency Profile

Net Foreign Currency Monetary Assets/(Liabilities)

	GBP	USD	EUR	Other	Total
	£'000	£'000	£'000	£'000	£'000
GBP	—	3,902	2,686	458	7,046
USD	(301)	—	763	40,007	40,469
EUR	—	—	—	—	—
Other	15	357	—	25	397
	(286)	4,259	3,449	40,490	47,912

The main functional currencies of the Group are GBP, USD and EUR. After taking into account foreign currency borrowings of £147,380,000 (2003: £139,404,000) used to hedge against net investments in foreign subsidiaries. the remaining monetary assets and liabilities are in the same currency as the functional currency of the operations involved.

32. Pension Schemes

As explained in the accounting policies set out in note 1, in the UK the Group operates pension schemes for qualifying UK employees providing benefits based on final pensionable pay (the "Schemes"). The assets of the Schemes are held in separate trustee administered funds. Contributions to the Schemes are charged to the Profit and Loss Account so as to spread the cost of contributions over employees' working was with the Group. Contributions are determined by a qualified actuary on the basis of triennial valuations using the attained age method to reflect the fact that the Schemes are closed to new entrants.

The most recent actuarial valuation of the Informa Final Salary Scheme was at 31 March 2002 and does not take into account the impact of any changes in asset value since that date. Any such impact will be reflected in the next valuation. Employees who are members contribute 10% of pensionable pay; the Group's contribution over the year was 18.9% of pensionable pay. The market value of the scheme's assets as at 31 March 2002 was £16,944,000, which represented 76% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. The assumptions adopted are:

Rate of return on investments after retirement	5.5% pa
Rate of return on investments before retirement	6.5% pa
Rate of increase in pensions in payment	2.7% pa
Rate of increase in salaries	4.2% pa

The most recent actuarial valuation of the Taylor & Francis Group Pension and Life Assurance Scheme was at 30 September 2002 and does not take into account the impact of any changes in asset values since that date. Any such impact will be reflected in the next valuation. Employees who are members contribute 3% of pensionable pay; the Group's contribution over the year was 33.6% of pensionable pay. The market value of the scheme's assets as at 30 September 2002 was £4,271,000, which represented 63% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. The assumptions adopted are:

Rate of return on investments	9.0% pa
Rate of increase in pensions in payment	4.5% pa
Rate of increase in salaries	6.5% pa
Rate of dividend growth	5.0% pa

The pension charge for the schemes for the period was £1,755,000 (2003: £1,258,000). This included £622,000 in respect of the amortisation of the Schemes' deficits over the average remaining service lifetimes of active members.

The Group also operates a number of defined contribution schemes. Contributions during the year under these schemes were £3,249,000, (2003: £2,621,000).

A full valuation of the Taylor & Francis Group Pension and Life Assurance Scheme was undertaken as at 30 September 2002 and updated to 31 December 2004 by a qualified independent actuary. A full valuation of the Informa Final Salary Scheme was carried out at 31 March 2002 and updated to 31 December 2004 by a qualified independent actuary. The major assumptions used by the actuaries were as follows:

	At 31 December 2002	**At 31 December 2003**	**At 31 December 2004**
Rate of increase in salaries			
Taylor & Francis	3.30% pa	3.75% pa	4.40% pa
Informa	3.90% pa	4.20% pa	4.40% pa
Limited price indexation pension increases			
Taylor & Francis	2.30% pa	2.75% pa	2.90% pa
Informa	2.40% pa	2.70% pa	2.90% pa
Discount rate			
Taylor & Francis	5.75% pa	5.40% pa	5.30% pa
Informa	5.50% pa	5.30% pa	5.30% pa
Inflation assumption			
Taylor & Francis	2.30% pa	2.75% pa	2.90% pa
Informa	2.40% pa	2.70% pa	2.90% pa

The assets of the Taylor & Francis Group Pension and Life Assurance Scheme are held in managed funds and cash funds operated by Henderson Investment Managers. The assets of the Informa Final Salary

Scheme are held in managed funds and cash funds operated by Skandia Investment Management. The fair value of the assets held and the expected rates of return assumed are as follows:

	Expected rate of return year commencing 31 December 2002	Fair value at 31 December 2002	Expected rate of return year commencing 31 December 2003	Fair value at 31 December 2003	Expected rate of return year commencing 31 December 2004	Fair value at 31 December 2004
	%	£'000	%	£'000	%	£'000
Equities and property						
Taylor & Francis	7.50	2,623	7.80	2,938	7.00	3,212
Informa	7.00	11,275	7.00	14,707	7.00	17,216
Bonds Taylor & Francis	4.75	343	5.10	347	5.00	306
Informa	5.00	2,522	5.00	2,029	5.00	2,460
Cash Taylor & Francis	4.00	1,472	3.75	1,408	4.00	1,581
Informa	4.00	777	4.00	1,253	4.00	820
		19,012		22,682		25,595
T&F Informa Group						
Total market value of assets		19,012		22,682		25,595
Present value of liabilities		(33,039)		(40,781)		(48,130)
Deficit in the Schemes		(14,027)		(18,099)		(22,535)
Related deferred tax assets		4,208		5,430		6,761
Net pension liability		(9,819)		(12,669)		(15,774)

33. Additional FRS 17 Requirement Benefit Disclosures continued

Analysis of Amount Chargeable to Operating Profit if FRS 17 Were to be Adopted:

	Year ended 31 December 2002	Year ended 31 December 2003	Year ended 31 December 2004
	£'000	£'000	£'000
Analysis of the amount charged to operating profit			
Current service cost	1,220	1,201	1,493
Past service cost	234	165	—
Total operating charge	1,454	1,366	1,493
Analysis of the amount debited to other finance income			
Expected return on pension Scheme assets	1,623	1,251	1,508
Interest cost on pension Scheme liabilities	(1,638)	(1,843)	(2,246)
Net finance cost	(15)	(592)	(738)
Analysis of amount recognised in the consolidated statement of recognised gains and losses			
Actual return less expected return on Scheme assets	(5,658)	1,397	74
Experience (loss)/gain	147	225	(118)
Change in actuarial assumptions	(3,401)	(5,181)	(3,929)
Actuarial loss	(8,912)	(3,559)	(3,973)
Movement in deficit during the year			
Deficit in Scheme at beginning of year	(5,194)	(14,027)	(18,099)
Current service cost	(1,220)	(1,201)	(1,493)
Past service cost	(234)	(165)	—
Contributions	1,548	1,445	1,768
Other finance (costs)/income	(15)	(592)	(738)
Actual loss	(8,912)	(3,559)	(3,973)
Deficit in Scheme at end of year	(14,027)	(18,099)	(22,535)

History of experience gains and losses

	Year ended 31 December 2002	Year ended 31 December 2003	Year ended 31 December 2004
Difference between the expected and actual return on Scheme assets			
Amount (£'000)	(5,658)	1,397	74
Percentage of Scheme assets	29.8%	6.2%	0.3%
Experience gain and losses on Scheme liabilities			
Amount (£'000)	147	225	(118)
Percentage of present value of Scheme liabilities	0.4%	0.6%	0.2%
Total amount recognised in STRGL			
Amount (£'000)	(8,912)	(3,559)	(3,973)
Percentage of present value of Schemes' liabilities	27.0%	8.7%	8.3%

34. Acquisitions

The following tables show the book values and adjustments made to arrive at the fair values of the major categories of assets and liabilities acquired and included in the consolidated financial statements at the respective dates of acquisition. The acquisitions have been accounted for by the acquisition method of accounting.

Cash outflow in respect of acquistions was £86,250,000 (net of £213,000 net cash acquired), including £1,029,000 of deferred consideration brought forward.

Current and Prior-Year Acquisitions

	Cash paid	Deferred Consideration provided and accruals (used)	Balance sheet fair value adjustments	Goodwill additions
	£'000	£'000	£'000	
Current-year acquisitions:				
Dekker	78,597	—	9,557	88,154
Other	700	516	(316)	900
Prior-year acquisitions:				
Barry Leeds	—	—	47	47
MMS	—	—	30	30
PJB	—	—	(984)	(984)
Cass	350	—	(140)	210
SZP	—	—	(193)	(193)
Prior year	5,787	(5,371)	(400)	16
	85,434	(4,855)	7,601	88,180
Less: cash in acquisitions opening balance sheet	(213)			
Add: cash paid on deferred consideration brought forward	1,029			
	86,250			

(1) Dekker

	Book value	Fair value adjustments	Fair value
	£'000	£'000	£'000
Business acquired on 2 January 2004			
Fixed assets	1,328	(580)	748
Stocks	7,204	(4,603)	2,601
Debtors	3,984	(1,876)	2,108
Deferred income	(9,477)	—	(9,477)
Creditors and provisions	(1,997)	(3,540)	(5,537)
Net assets	1,042	(10,599)	(9,557)
Provisional goodwill			88,154
Discharged by cash			78,597

* Dekker goodwill remains provisional pending the resolution of a dispute with the vendor over the valuation of the acquisition balance sheet which is currently the subject of arbitration.

Fair value adjustments have been made to account for obsolete stock, doubtful debts and to recognise previously unrecorded liabilities.

During the post-acquisition period Dekker contributed £24,428,000 to Group turnover and £6,058,000 to profit after tax. The acquisition occurred on 2 January 2004, hence there are no material pre-acquisition results to be disclosed.

Dekker contributed £2,414,000 to the Group's net operating cash flows, paid £nil in respect of interest, paid £nil in respect of taxation and utilised £106,000 for capital expenditure. Costs of £1,843,000 have been incurred integrating Dekker into the Group.

(2) Other businesses acquired

	Book value	Fair value adjustments	Accounting policy alignments	Fair value
	£'000	£'000	£'000	£'000
Fixed assets	51	(6)	—	45
Stocks	—	—	—	—
Debtors	428	—	—	428
Cash at bank and in hand	213	—	—	213
Creditors and provisions	(370)	—	—	(370)
Net assets	322	(6)	—	316
Provisional goodwill				900
				1,216
Discharged by cash				700
Deferred consideration				516
				1,216

Fair value adjustments have been made to write off obsolete tangible fixed assets.

During the post-acquisition period ended 31 December 2004 other acquisitions contributed £805,000 to Group turnover and a loss of £121,000 to profit after tax.

Other acquisitions had no material effect on cash flows.

Prior-Year Acquisitions

In addition to the goodwill arising on the acquisitions noted above, the following adjustments have been made to provisional goodwill relating to acquisitions made in the prior year. In 2004 costs of £5,787,000 have been paid, of which £5,371,000 was accrued for in 2003.

Barry Leeds

An increase of £47,000 has been recorded in goodwill arising from the acquisition of Barry Leeds. The increase in goodwill relates to an under-accrual in the acquisition balance sheet. The total goodwill recorded for Barry Leeds at 31 December 2004 is £1,185,000.

MMS

An increase of £30,000 has been recorded in the goodwill arising from the acquisition of MMS. The increase in goodwill relates to provision releases of £308,000, an onerous contract provision of £281,000 and credit notes issued of £57,000. The total goodwill recorded for MMS at 31 December 2004 is £26,246,000.

PJB

A decrease of £984,000 has been recorded in the goodwill arising from the acquisition of PJB. The decrease in goodwill relates to the revaluation of freehold property owned by PJB of £1,132,000, write-down of goodwill in the acquired balance sheet of £400,000, fixed-asset write-downs of £152,000 and other adjustments of £404,000. The total goodwill recorded for PJB is now £124,413,000.

Cass

The goodwill arising on the acquisition of Cass in 2003 has been reduced by £140,000 following finalisation of provisional fair value adjustments.

In addition the goodwill has also been increased by £350,000 following an additional consideration payment accrued during 2004. The revised total goodwill on the Cass acquisition is £10,630,000.

SZP

The goodwill arising on the acquisition of SZP in 2003 has been reduced by £193,000 to a total of £11,591,000 following finalisation of provisional fair value adjustments.

PART X

T&F INFORMA'S UNAUDITED IFRS PRIMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

The Group is required to adopt IFRS for the year to 31 December 2005 and beyond. To help Shareholders understand the impact of adopting IFRS, on 13 June 2005 T&F Informa announced its unaudited restated financial results for the year ended 31 December 2004 prepared under IFRS. The full text of the announcement is set out below.

"T&F INFORMA PLC

UPDATE ON ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

T&F Informa plc is preparing for the adoption of International Financial Reporting Standards ("IFRS") as its primary accounting basis for the year ending 31 December 2005. As part of this transition, the Group is today presenting unaudited financial information prepared in accordance with IFRS for the year ended 31 December 2004(1).

This press release explains how the Group's previously reported UK GAAP financial performance and position are reported under IFRS. It provides reconciliations from UK GAAP to IFRS for the following:

- the Group's unaudited consolidated IFRS income statement for the year ended 31 December 2004(2); and
- the Group's unaudited consolidated IFRS balance sheet at 31 December 2004(2).

The principal changes to T&F Informa plc's reported financial information under UK GAAP arising from the adoption of IFRS are as a result of the:

- adoption of the acquisition accounting method, rather than merger accounting, for the combination of Taylor & Francis Group plc and Informa Group plc on 10 May 2004. Under IFRS 3, this results in the recognition of significant additional intangible assets, goodwill and deferred taxation as well as the exclusion of the results of Taylor & Francis Group plc for the pre-acquisition period from 1 January 2004 to 10 May 2004. Certain costs, treated as merger costs under UK GAAP, have been reclassified as costs of acquisition and added to goodwill in the balance sheet. Informa Group plc (subsequently renamed T&F Informa plc) is deemed to be the acquiring company;
- recognition of pension obligations;
- requirement not to amortise goodwill but instead only to amortise the separately recognised intangible assets;
- recognition of deferred tax liabilities and assets on all temporary differences as opposed to just timing differences;
- inclusion of a "fair value" charge in relation to employee share options; and
- write off of deferred promotional expenditure.

The consolidated IFRS income statement for the year ended 31 December 2004 and the consolidated IFRS balance sheet as at 31 December 2004 are prepared on the basis set out in "Basis of preparation" on pages 1 and 2 of the following statements.

The financial information contained on pages 6 to 12, has been prepared in accordance with applicable International Financial Reporting Standards ("IFRS"), including International Accounting Standards ("IAS") and interpretations issued by the International Accounting Standards Board ("IASB") and its committees.

These standards are subject to ongoing amendment by the IASB and subsequent endorsement by the European Commission and are therefore subject to possible change. As a result, information contained

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(1) This information relates to T&F Informa plc and excludes the recently announced acquisition of IIR Holdings Limited.

(2) Attention is drawn to the fact that under IFRS, only a complete set of financial statements comprising a balance sheet, income statement, statement of changes in equity, cash flow statement, together with comparative information and explanatory notes, can provide a fair presentation of the company's financial position, results of operations and cash flows.

within these statements may require updating for any subsequent amendments to IFRS required for "first time adoption" (IFRS 1) or any new IFRS standards that the Group may elect to adopt early.

The financial information presented is unaudited and for illustration purposes only.

Basis of preparation

The financial information presented in this document has been prepared in accordance with applicable International Financial Reporting Standards ("IFRS"), including International Accounting Standards ("IAS") and interpretations issued by the International Accounting Standards Board ("IASB") and its committees. These standards are subject to ongoing amendment by the IASB and subsequent endorsement by the European Commission and are therefore subject to possible change. As a result, information contained within these statements may require updating for any subsequent amendments to IFRS required for "first time adoption" (IFRS 1) or any new IFRS standards that the Group may elect to adopt early.

In preparing this financial information, the Group has also assumed that the European Commission will endorse IFRS 2, "Share-based Payments" and the amendment to IAS 19, "Employee Benefits—Actuarial Gains and Losses, Group Plans and Disclosures".

1. IFRS 1 exemptions

IFRS 1, "First-time Adoption of International Financial Reporting Standards" sets out the procedures that the Group must follow when it adopts IFRS for the first time as the basis for preparing its consolidated financial statements. The Group is required to establish its IFRS accounting policies as at 31 December 2005 and, in general, apply these retrospectively to determine the IFRS opening balance sheet at its date of transition, 1 January 2004.

This standard provides a number of optional exceptions to this general principle. The most significant of these are set out below, together with a description in each case of the exception adopted by the Group in these statements.

a. Business combinations that occurred before the opening IFRS balance sheet date (IFRS 3, "Business Combinations").

   The Group has elected not to apply IFRS 3 retrospectively to business combinations that took place before the date of transition, 1 January 2004. As a result, goodwill arising from past business combinations has not been amortised during 2004 except for an impairment provision of £15.00m.

   All other business combinations since 1 January 2004 have been accounted for under IFRS 3. The most notable impact of this has been the reversal of the Merger accounting rules applied to the combination of Taylor & Francis Group plc and Informa Group plc on 10 May 2004 which has now been accounted for under the Acquisition accounting method.

b. Pensions and other similar employee benefits—actuarial gains and losses (IAS 19, "Employee Benefits")

   The Group has elected to recognise all cumulative actuarial gains and losses in relation to employee benefit schemes at the date of transition. The Group has recognised actuarial gains and losses in full in the period in which they occur in a statement of recognised income and expense in accordance with the amendment to IAS 19, issued on 16 December 2004 (note 7).

c. Share-based payments (IFRS 2, "Share-based Payment")

   The Group has elected to apply IFRS 2 to all relevant share based payment transactions granted after 7 November 2002 but not fully vested at 1 January 2005.

d. Financial Instruments (IAS 32, "Financial Instruments: Disclosure and Presentation" and IAS 39, "Financial Instruments: Recognition and Measurement")

   The Group has not applied IAS 32 and IAS 39 for the period presented and has therefore taken advantage of the exemption in IFRS 1 that enables the Group to apply these standards from 1 January 2005.

   The application of IAS 32 and IAS 39 from 1 January 2005 will result in the recognition of interest rate swaps of £3.00m (liability) and foreign currency sale contracts of £1.50m (asset) on

1 January 2005. It is anticipated that the interest rate swaps will unwind over the next 5 years and the foreign currency sales will be recognised in the interim financial statements to 30 June 2005.

2. Presentation of financial information

The primary statements within the financial information contained in this document have been presented in accordance with IAS 1, "Presentation of Financial Statements". However, this format and presentation may require modification in the event that further guidance is issued and as practice develops.

Key impact analysis

The analysis below sets out the most significant adjustments arising from the transition to IFRS.

1. Presentation of Financial Statements

The format of the Group's primary financial statements has been presented in accordance with IAS 1, "Presentation of Financial Statements". The combination of Taylor & Francis Group plc and Informa Group plc on 10 May 2004 has been accounted for using the acquisition method of accounting as required under IFRS 3 which, together with other adjustments, adds £554.59m to Goodwill and Intangible Fixed Assets (note 3) compared to the previous merger accounting method. In addition only the results post 10 May 2004 are included for Taylor & Francis Group plc resulting in a net reduction to Group turnover of £54.82m and an increase to profit after tax of £0.02m.

2. Intangible Assets

a. Goodwill and acquired intangible assets amortisation

IAS 38, "Intangible Assets" states that goodwill is not amortised. Instead goodwill is subject to an annual impairment review. As the Group has elected not to apply IFRS 3 retrospectively to business combinations prior to 1 January 2004, the original UK GAAP goodwill balance at 1 January 2004 (£306.13m) has been included in the opening IFRS consolidated balance sheet and is no longer amortised, but continues to be subject to impairment reviews.

Due to the adoption of the acquisition method of accounting for the combination of Taylor & Francis Group plc and Informa Group plc, an additional £554.59m (note 3) of goodwill and intangible assets has been recognised as at the date of the combination (10 May 2004).

The goodwill amortisation charge previously calculated under UK GAAP has been credited to the profit and loss account. Under IAS 38 the group is required to amortise intangible fixed assets over their estimated useful lives. The resultant net credit to the profit and loss account is £21.00m (note 3) for the year ended 31 December 2004.

IFRS 1 requires that an annual impairment review of goodwill is conducted in accordance with IAS 36, "Impairment of Assets" at the date of transition irrespective of whether there is an indication of impairment. No impairments other than the £15.00m previously reported in the UK Group results for the year to 31 December 2004 were necessary.

b. Computer Software

Under UK GAAP, capitalised computer software is included within tangible fixed assets on the balance sheet as property, plant and equipment. Under IAS 38 only computer software that is integral to a related item of hardware can be included as property, plant and equipment. All other computer software is recorded as an intangible asset.

Accordingly, a reclassification has been made in the opening balance sheet of £5.91m (net book value) from property, plant and equipment to intangible assets (note 3).

3. Deferred and Current Taxes

IAS 12, "Income Taxes" requires deferred tax to be provided on all temporary differences rather than just timing differences as under UK GAAP. It also requires deferred tax to be provided in respect of the Group's liabilities under its post employment benefit arrangements and on other employee benefits such as share and share option schemes. The tax impact of these and other IFRS adjustments is quantified in the relevant section of this statement (note 4).

"Tax on profit on ordinary activities" on the face of the consolidated income statement comprises the tax charge of the Company, its subsidiaries and its share of the tax charge of joint ventures.

In particular the reader's attention is drawn to the requirement to provide a full deferred tax liability in respect of intangible assets, other than goodwill, which were recognised on the acquisition of Taylor and Francis Group plc to the extent that those assets exceed their tax base. This liability will be amortised as the intangible assets are amortised. The effect of this recognition has been to increase goodwill by £106.25m (note 3) and deferred tax by £106.25m.

4. Share-based Payments

IFRS 2, "Share-based Payments" states that an expense for equity instruments granted should be recognised in the financial statements based on their "fair value" at the date of grant. This expense, which is primarily in relation to employee option and performance share schemes, is then recognised over the vesting period of the relevant scheme.

The Group has applied IFRS 2 to all instruments granted after 7 November 2002 but not fully vested as at 1 January 2005 and has adopted the Binomial model for the purposes of computing "fair value".

The charge arising from the adoption of IFRS 2 on the Group's income statement is £2.56m in the year ended 31 December 2004.

Deferred tax is also provided based upon the expected future tax deductions relating to share-based payment transactions, and is recognised over the vesting period of the schemes concerned. The additional deferred tax credit in respect of the recognition of these share-based payment transactions was £0.77m for the year ended 31 December 2004.

5. Post Employment Benefits

The Group applied the provisions of SSAP 24 under UK GAAP and provided detailed disclosure under FRS 17 in accounting for pensions and other post-employment benefits.

The Group has elected to adopt early the amendment to IAS 19, "Employee Benefits" issued by the IASB on 16 December 2004 which allows all actuarial gains and losses to be charged or credited to equity.

The Group's IFRS balance sheet at 1 January 2004 reflects the assets and liabilities of the Group's defined benefit schemes totalling a liability gross of deferred tax of £13.89m. The transitional adjustment of £13.89m to opening reserves comprises the reversal of entries in relation to UK GAAP accounting under SSAP 24 less the recognition of the net liabilities of the Group's and associated undertakings' defined benefit schemes. In addition a further pension deficit of £4.88m (gross of deferred tax) has been recognised as a result of the adoption of acquisition accounting for the combination of Informa Group plc and Taylor & Francis Group plc. The incremental charge, net of deferred tax arising from the adoption of IAS 19 on the Group's income statement is £0.58m in the year ended 31 December 2004.

6. Deferred promotional expenditure

IAS 38 "Intangible Assets" states that deferred promotional costs, which had previously been capitalised under inventory, must be written off as incurred. Accordingly, deferred promotional costs of £4.00m have been written off the opening balance sheet as at 1 January 2004, with a further £0.96m being written off in the year ending 31 December 2004.

7. Post Balance Sheet Events & Dividends

IAS 10, "Events after the Balance Sheet Date" requires that dividends declared after the balance sheet date should not be recognised as a liability at that balance sheet date as the liability does not represent a present obligation as defined by IAS 37, "Provisions, Contingent Liabilities and Contingent Assets".

The final dividend declared in April 2004 in relation to the financial year ended 31 December 2003 of £7.48m has been reversed in the opening balance sheet and charged to equity in the balance sheet as at 31 December 2004. An adjustment to reverse the final dividend declared in April 2005 (£15.87m) has also been made to the balance sheet as at 31 December 2004.

The net effect of the above adjustment to dividends is a net credit of £8.39m to reserves in the year ended 31 December 2004.

Performance measurement

Income Statement

The IASB and the US Financial Accounting Standards Board ("FASB") have established an international working group on performance reporting. This has been set up to help the Boards in their joint project to establish standards for the presentation of information in financial statements that would improve the usefulness of that information in assessing the financial performance of an entity. Given that this project has yet to reach final conclusions, the Group has provisionally defined a number of additional performance measures that it anticipates publishing under IFRS.

- "Adjusted operating profit" defined as:

  "Operating profit from subsidiaries and the Group's share of the net result from equity accounted interests excluding items not related to underlying business performance".

  The items not relating to underlying business performance include the amortisation of intangible assets and those items which would have been classified as operating exceptional items under UK GAAP.

- "Adjusted earnings per share" is measured using:

  "Net income attributable to equity shareholders, adjusted for:

  — Non-operating income and expense; and

  — Items not relating to underlying business performance."

An analysis of adjusted operating profit and the adjusted earnings per share measure is provided in the notes to IFRS information (notes 1 and 2).

Unaudited consolidated IFRS income statement
for the year ended 31 December 2004

	Note	UK GAAP IFRS format (unaudited)	IFRS adjustments (unaudited)	IFRS (unaudited)
		£'000	£'000	£'000
Revenue		504,666	(54,821)	449,845
Share of revenue of joint ventures		(441)	441	—
Change in inventories of finished goods and work in progress		1,042	3,405	4,447
Raw materials and consumables used		(158,646)	8,618	(150,028)
Employee benefit expense		(150,645)	10,691	(139,954)
Depreciation expense		(8,818)	920	(7,898)
Amortisation and impairment expense		(49,741)	25,960	23,781
Other expenses		(88,507)	18,215	(70,292)
Share of result of joint ventures		(271)	271	—
Operating profit		48,639	13,700	62,339
Merger costs		(15,703)	15,703	—
Non operating income and expense		(1,118)	—	(1,118)
Finance costs		(20,551)	1,208	(19,343)
Investment income		1,117	—	1,117
Profit before tax		12,384	30,611	42,995
Tax on profit on ordinary activities	4	(12,284)	1,997	(10,287)
Profit for the period from continuing operations		100	32,608	32,708
Profit for the year		100	32,608	32,708
Attributable to:				
—Minority interests		(26)	—	(26)
—Equity shareholders		126	32,608	32,734
		100	32,608	32,708
Earnings per share				
Earnings per share:				
From continuing operations				
—Basic	2	0.04p	13.31p	13.35p
—Diluted	2	0.04p	13.22p	13.26p

Unaudited IFRS Consolidated balance sheet
as at 31 December 2004

	Note	UK GAAP IFRS format (unaudited)	IFRS adjustments (unaudited)	IFRS (unaudited)
		£'000	£'000	£'000
Non-current assets				
Intangible assets	3	6,258	474,766	481,024
Goodwill	3	497,986	106,730	604,716
Property, plant and equipment		33,400	(11,921)	21,479
Other investments		10,605	—	10,605
Assets for resale		—	5,924	5,924
		548,249	575,499	1,123,748
Current assets				
Inventory		42,638	(7,938)	34,700
Trade and other receivables		91,688	(640)	91,048
Deferred tax asset		414	—	414
Cash and cash equivalents		19,126	—	19,126
		153,866	(8,578)	145,288
Total assets		702,115	566,921	1,269,036
Equity				
Called up share capital		29,946	—	29,946
Share premium account		187,755	500,742	688,497
Reserve for shares to be issued		1,267	380	1,647
Other reserve		37,398	—	37,398
Merger reserve	6	34,540	(34,540)	—
ESOP trust shares		(3,641)	(1,090)	(4,731)
Profit and Loss reserve		(156,078)	73	(156,005)
Total equity shareholders' funds		131,187	465,565	596,752
Minority interests		53	—	53
Total equity		131,240	465,565	596,805
Non-current liabilities				
Long-term borrowings		305,721	—	305,721
Deferred tax liabilities		5,901	93,803	99,704
Post employment benefits		—	23,237	23,237
Provisions for other liabilities and charges		660	—	660
Other payables		465	—	465
		312,747	117,040	429,787
Current liabilities				
Short-term borrowings		15,346	—	15,346
Current taxation liabilities		22,420	—	22,420
Trade payables and other payables		36,281	(15,684)	20,597
Accruals and Deferred Income		184,081	—	184,081
		258,128	(15,684)	242,444
Total equity and liabilities		702,115	566,921	1,269,036

Notes to IFRS financial information

1. Adjusted operating profit

	Year ended 31 December 2004
	£'000
Operating profit	62,339
Items not related to underlying business performance:	
—Restructuring and reorganisation	9,285
—Goodwill impairment	15,000
—Intangible amortisation	8,781
Adjusted operating profit	95,405

2. Adjusted earnings per share

	Year ended 31 December 2004
	£'000
Earnings for basic and diluted earnings per share from continuing operations	32,708
Items not related to underlying business performance:	
—Restructuring and reorganisation costs	9,285
—Goodwill impairment	15,000
—Loss on disposal of fixed assets	921
—Profit on sale of business	(3)
—Impairment of other investment	200
—Bank facility fees written off	2,415
—Intangible amortisation	8,781
—Tax on items not related to underlying business performance	(6,188)
Earnings for adjusted earnings per share	63,119
Weighted average number of shares for basic EPS (millions)	245
Weighted average number of shares for diluted EPS (millions)	247
Basic earnings per share	13.35p
Diluted basic earnings per share	13.26p
Adjusted basic earnings per share from continuing operations	25.77p
Adjusted diluted basic earnings per share from continuing operations	25.58p

3. Reconciliation of goodwill and intangible assets from UK GAAP to IFRS

	Intangible Assets	Goodwill	Total
	£'000	£'000	£'000
Net intangible assets—UK GAAP	6,258	497,986	504,244
Taylor & Francis Group plc pre combination goodwill derecognised under acquisition accounting	(6,258)	(259,429)	(265,687)
Intangible assets created on acquisition accounting for combination with Taylor & Francis Group plc	483,645	217,333	700,978
Deferred tax on intangible assets	—	106,248	106,248
Merger costs (net of deferred taxation)	—	13,049	13,049
	477,387	77,201	554,588
UK GAAP amortisation reversal (excluding pre-acquisition)	247	29,529	29,776
IFRS amortisation of intangible assets	(8,781)	—	(8,781)
	(8,534)	29,529	20,995
Reclassification of computer software	5,913	—	5,913
Net intangible assets and goodwill—IFRS	481,024	604,716	1,085,740

4. Reconciliation of taxation charge from UK GAAP to IFRS

	Corporation tax	Deferred tax	Total
	£'000	£'000	£'000
Taxation charge—UK GAAP	9,005	3,279	12,284
Adjustment to tax charge under Acquisition Accouting	(1,528)	—	(1,528)
Adjustment to tax charge for:			
Goodwill	—	(1,749)	(1,749)
Pensions	—	(248)	(248)
Merger costs capitalised	2,654	—	2,654
Deferred promotional expenditure	—	(288)	(288)
Share based and other employee payments	—	(838)	(838)
Taxation charge—IFRS	10,131	156	10,287

5. Reconciliation of deferred tax charge on intangible and goodwill amortisation

	£'000
Total goodwill amortisation reversal	29,776
Amortisation on goodwill where no tax deduction available	(14,973)
Goodwill amortisation for which tax deduction available	14,803
Deferred tax charge on tax deductable goodwill	4,471
Less already provided for deferred tax on US amortisation	(3,243)
Less deferred tax on intangible amortisation	(2,977)
Additional deferred tax charge resulting	(1,749)

6. Basis of consolidation

Under IFRS, the business combination of Taylor & Francis Group plc and Informa Group plc has been accounted for under the acquisition method and henceforth the merger reserve is not required.

UK GAAP balances in IFRS format

		T&F pre acquisition results	Intangible assets reversal of goodwill amortisation	Amortisation of intangible assets	Pensions	Merger costs	Share based and employee payments	Joint ventures	Deferred promotional expenditure	Total IFRS adjustments	IFRS
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	504,666	(54,821)	—	—	—	—	—	—	—	(54,821)	449,845
Share of revenue of joint ventures	(441)	—	—	—	—	—	—	441	—	441	—
Change in inventories of finished goods and work in progress	1,042	4,366	—	—	—	—	—	—	(961)	3,405	4,447
Raw materials and consumables used	(158,646)	8,618	—	—	—	—	—	—	—	8,618	(150,028)
Employee benefit expense	(150,645)	14,077	—	—	119	—	(2,793)	(712)	—	10,691	(139,954)
Depreciation expense	(8,818)	920	—	—	—	—	—	—	—	920	(7,898)
Amortisation and impairment expense	(49,741)	4,965	29,776	(8,781)	—	—	—	—	—	25,960	(23,781)
Other expenses	(88,507)	18,215	—	—	—	—	—	—	—	18,215	(70,292)
Share of result of joint ventures	(271)	—	—	—	—	—	—	271	—	271	—
Operating profit	48,639	(3,660)	29,776	(8,781)	119	—	(2,793)	—	(961)	13,700	62,339
Merger costs	(15,703)	—	—	—	—	15,703	—	—	—	15,703	—
Non-operating income and expenditure	(1,118)	—	—	—	—	—	—	—	—	—	(1,118)
Finance costs	(20,551)	2,154	—	—	(946)	—	—	—	—	1,208	(19,343)
Investment income	1,117	—	—	—	—	—	—	—	—	—	1,117
Profit on ordinary activities before taxation	12,384	(1,506)	29,776	(8,781)	(827)	15,703	(2,793)	—	(961)	30,611	42,995
Tax on Profit on ordinary activities	(12,284)	1,528	(1,228)	2,977	248	(2,654)	838	—	288	1,997	(10,287)
Profit for the financial year	100	22	28,548	(5,804)	(579)	13,049	(1,955)	—	(673)	32,608	32,708
Less: Minority interest	26	—	—	—	—	—	—	—	—	—	26
Profit attributable to equity shareholders	126	22	28,548	(5,804)	(579)	13,049	(1,955)	—	(673)	32,608	32,734
Statement of recognised income and expense											
Reconciliation from UK GAAP STRGL to IFRS statement	(9,691)	3,017	—	—	(2,054)	—	—	—	—	963	(8,728)

UK GAAP Balances in IFRS Format

		Opening balance sheet adjustments[1]	Acquisition Accounting[2]	Deferred Promotion	Pensions	Dividends	Intangible assets	Share based payments	Taxation	Fixed assets for resale	Total IFRS adjustments	IFRS
	£’000	£’000	£’000	£’000	£’000	£’000	£’000	£’000	£’000	£’000	£’000	£’000
Non current assets												
Intangible assets	6,258	5,913	477,387	—	—	—	(8,534)	—	—	—	474,766	481,024
Goodwill	497,986	—	77,201	—	—	—	29,529	—	—	—	106,730	604,716
Property, plant and equipment	33,400	(5,913)	(84)	—	—	—	—	—	—	(5,924)	(11,921)	21,479
Other investments	10,605	—	—	—	—	—	—	—	—	—	—	10,605
Fixed assets held for resale	—	—	—	—	—	—	—	—	—	5,924	5,924	5,924
	548,249	—	554,504	—	—	—	20,995		—	—	575,499	1,123,748
Current assets												
Inventory	42,638	(4,000)	(2,977)	(961)	—	—	—	—	—	—	(7,938)	34,700
Trade and other receivables	91,688	—	(640)	—	—	—	—	—	—	—	(640)	91,048
Deferred tax assets	414	—	—	—	—	—	—	—	—	—	—	414
Cash and cash equivalents	19,126	—	—	—	—	—	—	—	—	—	—	19,126
	153,866	(4,000)	(3,617)	(961)	—	—	—	—	—	—	(8,578)	145,288
Total assets	702,115	(4,000)	550,887	(961)	—	—	20,995	—	—	—	566,921	1,269,036
Equity												
Called up share capital	29,946	—	—	—	—	—	—	—	—	—	—	29,946
Share premium account	187,755	—	500,742	—	—	—	—	—	—	—	500,742	688,497
Reserve for shares to be issued	1,267	—	—	—	—	—	—	380	—	—	380	1,647
Other reserve	37,398	—	—	—	—	—	—	—	—	—	—	37,398
Merger reserve	34,540	—	(34,540)	—	—	—	—	—	—	—	(34,540)	—
ESOP trust shares	(3,641)	—	(3,269)	—	—	—	—	2,179	—	—	(1,090)	(4,731)
Retained losses	(156,078)	(5,374)	(19,444)	(673)	(2,633)	8,389	18,860	(1,955)	3,243	(340)	73	(156,005)
Total equity shareholders’ funds	131,187	(5,374)	443,489	(673)	(2,633)	8,389	18,860	604	3,243	(340)	465,565	596,752
Minority interests	53	—	—	—	—	—	—	—	—	—	—	53
Non-current liabilities												
Long term borrowings	305,721	—	—	—	—	—	—	—	—	—	—	305,721
Deferred tax liabilities	5,901	(5,508)	102,334	(288)	(1,129)	—	2,135	(838)	(3,243)	340	93,803	99,704
Post employment benefits	—	14,362	4,879	—	3,762	—	—	234	—	—	23,237	23,237
Provisions for liabilities and charges	660	—	—	—	—	—	—	—	—	—	—	660
Other payable	465	—	—	—	—	—	—	—	—	—	—	465
	312,747	8,854	107,213	(288)	2,633	—	2,135	(604)	(3,243)	340	117,040	429,787
Current liabilities												
Short term borrowings	15,346	—	—	—	—	—	—	—	—	—	—	15,346
Current tax liabilities	22,420	—	—	—	—	—	—	—	—	—	—	22,420
Trade payable and other payables	36,281	(7,480)	185	—	—	(8,389)	—	—	—	—	(15,684)	20,597
Accruals and Deferred income	184,081	—	—	—	—	—	—	—	—	—	—	184,081
	258,128	(7,480)	185	—	—	(8,389)	—	—	—	—	(15,684)	242,444
Total equity and liabilities	702,115	(4,000)	550,887	(961)	—	—	20,995	—	—	—	566,921	1,269,036

(1) Adjustments to the opening balance sheet comprise the reclassificiation of computer software from fixed to intangible assets of £5.91m, the write off of deferred promotional expenditure of £4.00m, an decrease in deferred tax liabilities of £5.51m, an increase in post employment benefit liabilities of £14.36m (comprising of a pension deficit of £13.89m and a holiday pay accrual of £0.47m), and the elimination of the dividend accrual of £7.48m.

(2) Under UK GAAP, the combination of Taylor & Francis Group plc and Informa Group plc was accounted under Merger Accounting. In accordance with IFRS the combination has been accounted for under Acquisition Accouting.

PART XI

PRO FORMA NET ASSET STATEMENT

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

The unaudited pro forma statement of net assets set out below has been prepared to illustrate the effect on the net assets of the Group of the Acquisition and the proceeds of the Rights Issue as if they had occurred on 31 December 2004. The unaudited pro forma statement of net assets has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the financial position of the Enlarged Group.

			Adjustments					
	T&F Informa (note 1)	IIR (notes 1,2 and 3)	IIR businesses not acquired (notes 4)	Intercompany and director loans waived (note 3)	IIR assets acquired (notes 2, 3 and 4)	Proceeds (note 6)	Pro forma adjustments (note 7)	Pro forma enlarged group
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
ASSETS								
Non-current assets								
Intangible assets	1,085,740	123,539	(359)	—	123,180	—	727,074	1,935,994
Property plant and equipment	21,479	45,515	(42,435)	—	3,080	—	—	24,559
Other investments	10,605	—	—	—	—	—	—	10,605
Assets for resale	5,924	—	—	—	—	—	—	5,924
Deferred tax assets	—	3,051	—	—	3,051	—	—	3,051
Other non-current assets	—	16,511	—	(16,381)	130	—	—	130
Total non-current assets	1,123,748	188,616	(42,794)	(16,381)	129,441	—	727,074	1,980,263
Current assets								
Inventories	34,700	1,182	—	—	1,182	—	—	35,882
Deferred Tax Assets	414	6,967	—	—	6,967	—	—	7,381
Trade and Other Receivables	91,048	68,609	(1,373)	—	67,236	—	—	158,284
Cash and cash equivalents	19,126	15,992	(255)	—	15,737	768,000	(777,800)	25,063
Total current assets	145,288	92,750	(1,628)	—	91,122	768,000	(777,800)	226,610
Total assets	1,269,036	281,366	(44,422)	(16,381)	220,563	768,000	(50,726)	2,206,873
LIABILITIES								
Non-current liabilities								
Long-term borrowings	305,721	69,695	(43,256)	35,489	61,928	467,300	—	834,949
Deferred tax liabilities	99,704	—	—	—	—	—	—	99,704
Post employment benefits	23,237	—	—	—	—	—	—	23,237
Provisions for other liabilities and charges	660	—	—	—	—	—	—	660
Other Payables	465	—	—	—	—	—	—	465
Total non-current liabilities	429,787	69,695	(43,256)	35,489	61,928	467,300	—	959,015
Current liabilities								
Short-term borrowings	15,346	1,141	(777)	—	364	—	—	15,710
Deferred revenue	—	42,335	(129)	—	42,206	—	—	42,206
Trade payables and other payables	204,678	7,519	(11,217)	10,771	7,073	—	—	211,751
Accrued liabilities	—	46,079	(5,292)	—	40,787	—	—	40,787
Taxes and social security contributions	22,420	17,671	(192)	—	17,479	—	—	39,899
Total current liabilities	242,444	114,745	(17,607)	10,771	107,909	—	—	350,353
Total liabilities	672,231	184,440	(60,863)	46,260	169,837	467,300	—	1,309,368
Total Net Assets	596,805	96,926	16,441	(62,641)	50,726	300,700	(50,726)	897,505

Notes

(1) The net assets of T&F Informa have been extracted without material adjustment from the unaudited IFRS report on the Group in Part X.

(2) The net assets of IIR, including the businesses not being acquired, (US$186,101,000) have been extracted without material adjustment from the accountants' report in Part VIII (other than retranslation from US Dollars to Pounds Sterling at 1.92:1, the exchange rate prevailing at 31 December 2004).

(3) Non-current (US$68.139 million, £35.489 million) and current ($20.680 million, £10.771 million) intercompany liabilities owed to the business being acquired by T&F Informa plc are to be waived as part of the transaction. In addition, a loan from a director in the sum of US$31.4 million (£16.4 million) is also to be waived as part of the transaction.

(4) The net assets of the IIR businesses not acquired have been extracted from Note 23 of the accountants' report without material adjustment other than retranslation from US Dollars to Pounds Sterling at 1.92:1, the exchange rate prevailing at 31 December 2004.

(5) No account has been taken of trading or any results since the date of each balance sheet and no fair value adjustments have been made.

(6) It is expected that the transaction will result in additional cash of £768 million (after expenses and prior to paying the consideration for the acquisition of IIR as set out below) calculated as follows:

	£'000
Estimated gross proceeds of rights issue	318,000
Proceeds from new facility agreement*	473,000
Transaction Expenses including bank loan arrangement fee (£5.7 million), underwriting fees (£7.5 million) and irrecoverable VAT	(23,000)
Net additional cash	768,000

* long term borrowings increase by £467.3 million as the arrangement fee of £5.7 million is amortised over the life of the loan

(7) For the purposes of the pro forma statement of net assets, goodwill and other intangible assets on the acquisition of IIR amounts to £727.1 million and has arisen as follows:

	£'000
Cash Consideration	768,000
Transaction Expenses excluding bank loan arrangement fees (£5.7 million), underwriting fees (£7.5 million) and including irrecoverable VAT	9,800
Sub-total	777,800
Net assets of IIR acquired	50,726
Goodwill and other intangible assets	727,074

Report on Pro forma Financial Information (in accordance with Listing Rule 12.35)

Deloitte & Touche LLP
Athene Place
66 Shoe Lane
London EC4A 3BQ

The Directors
T&F Informa plc
Mortimer House
37/41 Mortimer Street
London
W1T 3JH

The Directors
Greenhill & Co. International, LLP
56-58 Conduit Street
London
W1S 2YZ

1 July 2005

Dear Sirs

T&F Informa plc (the "Company")

We report on the unaudited pro forma statement of net assets ("the pro forma financial information") set out in Part XI of the prospectus of the Company dated 1 July 2005 ("the Prospectus") issued by the Company. The pro forma financial information has been prepared for illustrative purposes only to provide information about how the proposed acquisition of IIR Holdings Limited and the Rights Issue might have affected the financial information presented.

Responsibilities

It is the responsibility solely of the Directors of the Company to prepare the pro forma financial information in accordance with paragraph 12.29 of the Listing Rules and Annex I, item 20.2 and Annex II as set out in Appendix 3 to the Prospectus Rules.

It is our responsibility to form an opinion, as required by the Listing Rules and the Prospectus Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom our reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards and the Bulletin 1998/8 "Reporting on pro forma financial information pursuant to the Listing Rules" issued by the Auditing Practices Board in the United Kingdom. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro forma financial information with the Directors of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Company; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 12.29 of the Listing Rules.

Yours faithfully

Deloitte & Touche LLP
Chartered Accountants

PART XII

A. Summary of the Terms of the Acquisition Agreement

The Acquisition Agreement was executed on 31 May 2005.

The Acquisition Agreement is governed by the laws of the State of New York, USA and is conditional upon:

(a) the applicable waiting period in respect of any notification under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (as amended) in the US having expired or been terminated;

(b) competition clearance in respect of the Acquisition from the German Federal Cartel Office;

(c) approval of the Acquisition by the Bermuda Monetary Authority;

(d) approval from the US Government to the acquisition of Robbins-Gioia, Inc by T&F Informa (as part of the Acquisition); and

(e) the passing of the Resolution to be proposed at the EGM.

The purchase price payable by T&F Informa to the Sellers shall be US$1.4 billion in respect of:

(a) the Acquisition;

(b) repayment of certain indebtedness of IIR

(together the "Preliminary Purchase Price").

The Preliminary Purchase Price is subject to an upward or downward adjustment prior to Completion on a dollar for dollar basis in respect of working capital (the "Estimated Purchase Price") determined on the basis of a projected balance sheet and an assumed level of negative working capital of US$5 million. The Estimated Purchase Price is subject to a further adjustment (on a dollar for dollar basis) in respect of working capital, to be based on a final balance sheet to be prepared by the Company with 60 days following Completion (the "Purchase Price").

Completion of the Acquisition Agreement will take place on the first business day following the satisfaction or waiver of all the conditions precedent. The Acquisition Agreement contains customary covenants and obligations on the part of the Sellers regarding the conduct of the business during the period between execution of the Acquisition Agreement and Completion.

Lord Laidlaw has given T&F Informa certain warranties and indemnifications. The scope of the warranties is customary in the context of a competitive auction transaction of this size and nature, with certain warranties being subject to materiality qualifications. On Completion, a retention of US$35 million from the Estimated Purchase Price (the "Retention Amount") shall be paid into a retention account to satisfy potential claims under such warranties and indemnifications. The aggregate liability of Lord Laidlaw for warranty claims has been limited to US$35 million (other than in respect of tax claims, for which an uncapped tax indemnity has been given by him). The balance (if any) of the Retention Amount shall be released on 30 June 2006, after which non-tax claims may no longer be made.

T&F Informa has given certain warranties and indemnifications to Lord Laidlaw, including in relation to its financing arrangements in respect of the Acquisition. T&F Informa has also agreed to indemnify the selling shareholders against any personal liability to them arising from the operation of the business following Completion. These obligations have been provided without limitation in time or amount.

The Acquisition Agreement provides for the removal of certain Excluded Assets that T&F Informa, as part of the Acquisition, is not buying.

Lord Laidlaw and Chris Maybury (the chief executive of IIR) will enter into non-competition and non-solicitation covenants for a period of three and two years from the date of Completion respectively.

B. Summary of the Terms of the New Facility Agreement

The New Facility Agreement was executed on 31 May 2005.

Pursuant to the terms of the New Facility Agreement, ABN AMRO Bank has agreed to make available to the Company (and its nominated subsidiaries, subject to the terms and conditions contained therein), multi-currency credit facilities (the "Facilities") of up to £1,250 million for the purposes of (i) financing the Acquisition, (ii) the repayment of existing debt within the Group or the IIR Group (if any) and (iii) general corporate purposes. The Facilities are comprised of "Facility A", "Facility B" and "Facility C".

Facility A is a £550 million multi-currency term loan facility, which is available from 31 May 2005 (the "Execution Date") until 31 October 2005 and repayable in instalments until five years after the Execution Date. Facility B is a £400 million multi-currency revolving credit facility which is available for five years from the Execution Date. All loans comprising Facility B must be repaid in full five years after the Execution Date. Facility C is a £300 million multi-currency bridge facility, which is available from the Execution Date to 31 October 2005 and is repayable in full 18 months from the Execution Date.

Pursuant to the New Facility Agreement, the availability of each Facility is subject to the satisfaction of all conditions to funding (including conditions precedent, representations and warranties, covenants and events of default) usual for facilities of this nature but is subject to certain funds provisions consistent with terms applicable in connection with a UK public company takeover. The Facilities will be secured by guarantees by certain subsidiaries of both the Company and IIR. The Bank is entitled to call for pledges over shares of material subsidiaries if Facility C remains outstanding 90 days after Completion and the Rights Issue has not been fully underwritten by Hoare Govett for a certain amount.

Certain mandatory prepayments are required to be made pursuant to the New Facility Agreement in certain circumstances, including, (i) in the event of a change of control of the Company, (ii) in the event that certain approvals are not obtained in respect of the Acquisition, (iii) in the event that the net proceeds of the Rights Issue exceed £325 million, and (iv) in the event of capital markets issues. The New Facility Agreement contains customary covenants, representations, warranties and events of default including limitations on change of business, acquisitions, investments and mergers, the granting of further security and incurrence of additional financial indebtedness. The New Facility Agreement stipulates that the Group must be within certain gearing ratios and maintain certain interest cover ratios.

PART XIII

ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Directors, whose names appear in paragraph 3(a) below, and the Company, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Deloitte & Touche LLP accept responsibility for their reports contained in Parts VIII and XI of this document. To the best of the knowledge and belief of Deloitte & Touche LLP (who have taken all reasonable care to ensure that such is the case) the information in those reports is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. REGISTERED OFFICE AND BUSINESS

T&F Informa was incorporated pursuant to the Companies Act 1985 on 6 September 1995 in England and Wales as a private company limited by shares (registered number 3099067) under the name Studiodemo Limited. On 8 January 1996, it changed its name to Cotton Investments Limited and again, on 10 February 1997, to LLP Group Limited. It re-registered as a public limited company prior to its initial public offering on 18 March 1998 and, following its merger with IBC Group plc ("IBC"), changed its name on 21 December 1998 to Informa. It was re-named T&F Informa on completion of the Merger with Taylor & Francis on 10 May 2004.

T&F Informa's registered and head office and principal place of business in the United Kingdom is at Mortimer House, 37-41 Mortimer Street, London W1T 3JH (tel. +44 (0)20 7017 5000). The Company's principal activity is the provision of specialist information to the academic, professional and business communities through multiple distribution channels.

3. DIRECTORS

(a) The Directors and their respective roles are:

Richard Hooper	*Chairman*
Peter Stephen Rigby	*Chief Executive*
David Stuart Gilbertson	*Managing Director*
Anthony Martin Foye	*Finance Director*
Derek Mapp	*Senior Non-Executive Director*
Sean Michael Watson	*Non-Executive Director*
Dr Pamela Kirby	*Non-Executive Director*

Brief biographical details of each of the Directors are set out below:

Richard Hooper (Age 65). Richard Hooper has previously been the Chairman of the Radio Authority and a Non-Executive Director of Superscape plc and of MAI/United News and Media plc. He is currently the Deputy Chairman of the Office of Communications (Ofcom) and Chairman of its Content Board. He is also an independent assessor to the Department of Media, Culture and Sport on Public Appointments and is a member of the Environment Panel of Waste Recycling Group plc. He was appointed a Non-Executive Director of LLP Group plc ("LLP") in 1997 and became the Senior Non-Executive Director on the Informa board following the merger of LLP and IBC in 1998. Upon completion of the Merger with Taylor & Francis, Mr Hooper was designated the Senior Non-Executive Director of T&F Informa and was appointed Chairman on 10 March 2005. He also chairs the Nomination Committee.

Peter Stephen Rigby (Age 49). After qualifying as an accountant, Peter Rigby joined Metal Box. In 1981 he moved into the media industry joining Book Club Associates, a joint venture between WH Smith and Doubleday. In 1983 he joined Stonehart Publications which was acquired by International Business Communications (later renamed IBC) in 1986. After two years as Finance Director of IBC, Mr Rigby was appointed Deputy Chief Executive, leading IBC's expansion into North America, Asia and Australia. He became Chairman of Informa upon the merger of IBC and LLP in December 1998.

Mr Rigby was appointed Chief Executive of T&F Informa upon completion of the Merger on 10 May 2004. He is also a director of What Doctors Don't Tell You plc and Electric Word plc.

David Stuart Gilbertson (Age 48). David Gilbertson has some 25 years' experience in the information industry having held editorial and management positions with Metal Bulletin, Reuters and Reed Elsevier. He joined Lloyd's of London Press (later renamed LLP) in 1987 as Editor of Lloyd's List, joining the LLP board in 1992. Mr Gilbertson was a member of the management buy-out team which bought LLP from Lloyd's of London in 1995, becoming its Chief Executive in 1997. He took LLP to flotation on the London Stock Exchange in early 1998 and became Chief Executive of Informa upon its formation from the merger of LLP and IBC in December 1998. Mr Gilbertson was appointed Managing Director of T&F Informa upon completion of the Merger on 10 May 2004. He is also a director of John Brown Holdings Limited.

Anthony Martin Foye (Age 42). Anthony Foye joined Taylor & Francis in 1987 as Group Chief Accountant and Company Secretary after qualifying as a Chartered Accountant. In 1994 he was appointed Finance Director of Taylor & Francis and was instrumental in the company's flotation on the London Stock Exchange in May 1998. Mr Foye was appointed Finance Director of T&F Informa upon completion of the Merger on 10 May 2004. He is also a director of YouGov plc and Bloomsbury Flowers Limited.

Derek Mapp (Age 55). Derek Mapp has previously been the Executive Chairman of Leapfrog Day Nurseries Limited, the Chairman of the East Midlands Development Agency and the Managing Director of Tom Cobleigh plc. He is currently Non-Executive Chairman of Staffline Recruitment Group plc and a Non-Executive Director of Imagesound plc, as well as having a number of other private business interests. In 1998 he was appointed as a Non-Executive Director of Taylor & Francis and was appointed as a Non-Executive Director of T&F Informa upon completion of the Merger on 10 May 2004. On 10 March 2005 he was designated as the Senior Non-Executive Director of the Company. He is also the chairman of the Audit Committee and a member of the Remuneration and Nomination Committees.

Sean Michael Watson (Age 57). A solicitor and Senior Corporate Finance Partner at CMS Cameron McKenna, Sean Watson has extensive experience in all areas of corporate law. In 2000 he was appointed as a Non-Executive Director of Informa which was renamed T&F Informa upon completion of the Merger on 10 May 2004. He is a member of the Nomination Committee, the Audit Committee and the Remuneration Committee.

Dr Pamela Kirby (Age 51). Dr Pamela Kirby is currently Non-Executive Chairman of Oxford Immunotec Limited and is also a Non-Executive Director of Smith & Nephew plc, Oscient Pharmaceuticals Corporation, Curalogic AS and Scynexis Inc. She was previously CEO of US-based Quintiles Transnational Corporation ("Quintiles"), a provider of product development and commercial services to the pharmaceutical and biotechnology industries. Prior to joining Quintiles, Dr Kirby held various senior positions in the pharmaceutical industry at Astra AB (now AstraZeneca plc), British Biotech plc (now Vernalis plc) and F. Hoffman-La Roche Limited. She has a PhD in Clinical Pharmacology from the University of London. Dr Kirby was appointed as a Non-Executive Director of T&F Informa with effect from 1 September 2004. She is chairman of the Remuneration Committee and a member of the Nomination Committee.

The current business address of each of the Directors is Mortimer House, 37-41 Mortimer Street, London WIT 3JH.

(b) As at the date of this document, no Director:

(i) except as disclosed in sub-paragraphs 3(a) and 3(c) of this Part XIII, has been at any time in the five years prior to the date of this document, a director (or otherwise a member of any administrative, management or supervisory body) or partner of any companies or partnerships other than directorships or partnerships of any member of the T&F Informa Group from time to time; or

(ii) has any convictions in relation to fraudulent offences or unspent convictions in relation to indictable offences; or

(iii) has been adjudged bankrupt or been a party to a deed of arrangement or any form of voluntary arrangement; or

(iv) except as disclosed in sub-paragraph 3(f) of this Part XIII, has been a director of any company which, while he was such a director or within 12 months after his ceasing to be such a director, was put into receivership or compulsory liquidation or creditors' voluntary liquidation or company voluntary arrangement or has had an administrator or an administrative or other receiver appointed or entered into any composition or arrangement with its creditors generally or any class of its creditors; or

(v) has been a partner in any partnership which, while he was a partner, or within 12 months after his ceasing to be a partner, was put into compulsory liquidation, administration, or partnership voluntary arrangement; or

(vi) has had an administrative or other receiver appointed in respect of any asset belonging to him or her or to a partnership of which he was a partner at the time of such event or within 12 months after his or her ceasing to be such a partner; or

(vii) has received any public criticism by any statutory or regulatory authorities, including designated professional bodies, or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

(c) Other directorships held by the Directors in the five years preceding the date of this document in respect of companies other than the Company and other members of the Group are as follows:

Richard Hooper

—Alec Court Management Company Limited
—Hooper Communications
—IMS Group plc
(resigned 26 March 2002)
—UK eUniversities Worldwide Limited
(resigned 27 February 2004)
—Fairbridge (resigned 16 May 2002)
—Superscape Group plc
(resigned 25 September 2002)

Sean Watson

—Telegraph Hill Properties Limited
(resigned 4 December 2000)
—Telegraph Hill Trading Limited
(resigned 4 December 2000)

Derek Mapp

—Mapp Developments Limited
—Coxmoor Developments Limited
(company dissolved 11 September 2001)
—The Cross House Hotel Limited
(company dissolved 24 August 2004)
—Mapp Deer Farms Limited
(company dissolved 24 August 2004)
—Pembridge Hotels Limited
—Mapp Farms Limited
(company dissolved 24 August 2004)
—Techsearch Limited

(d) No Director has, or has had, any interest in any transaction effected by T&F Informa or any of its subsidiaries which is or was unusual in its nature or conditions or significant to the business of the T&F Informa Group and (in any such case) was effected during the current or immediately preceding financial year of T&F Informa or during an earlier financial year and remains in any respect outstanding or unperformed.

(e) There are no outstanding loans or guarantees granted or provided by any member of the Group to or for the benefit of any Director.

(f) Richard Hooper was appointed a director of The Music Channel Limited, trading as Superchannel ("Superchannel") in June 1986. Superchannel was involved in satellite television. He resigned from the board of Superchannel in June 1988 on a change of control of the company. On 22 November 1988, Superchannel was put into administration with an estimated deficiency as regards creditors of £5.5 million. The administration order was discharged on 13 February 1989 with creditors receiving 25 pence in the pound as part of a voluntary arrangement.

Mr Hooper was appointed as a non-executive director of IMS Group plc ("IMS") on 5 August 1997. IMS made a petition for an administration order after the company could not cover its overheads associated with a period of high investment. On 7 February 2002 IMS was put into administration. On 14 May 2004, the administration was discharged and IMS was put into compulsory liquidation. The dissolution of IMS has been deferred until October 2006. IMS owed £4.8 million to unsecured creditors and £1.38 million to Fortis Bank, which had security. Payments to be made to creditors have not yet been finalised. Mr Hooper resigned his directorship on 26 March 2002.

Mr Hooper was appointed as a non-executive director of UK eUniversities Worldwide Limited ("Worldwide") on 1 January 2002 and resigned on 27 February 2004. In June 2004 the Higher Education Funding Council for England notified Worldwide of its decision to withdraw funding, subject to it making a limited sum available to assist with the orderly winding down of the company. On 30 June 2005 the creditors and members of Worldwide approved a company voluntary arrangement ("CVA"). The CVA proposals estimate a dividend of 18 pence in the pound will be paid to the creditors, however he CVA is still in place and no payments have yet been made.

4. SHARE CAPITAL

(a) The following table sets out the authorised and issued and fully paid share capital of T&F Informa as at 29 June 2005 (being the latest practicable date before the publication of this document) and as it will be (assuming that no options granted under the T&F Informa Share Schemes are exercised between the date of this document and completion of the Rights Issue) following the allotment and issue of 120,295,593 New Ordinary Shares under the Rights Issue.

	Authorised		Issued and fully paid	
	Nominal Value	Number	Nominal Value	Number
Number of Shares prior to completion of the Rights Issue	£50,000,000	500,000,000	£30,073,898	300,738,984
Proposed number of Shares upon completion of the Rights Issue	£60,000,000	600,000,000	£42,103,457	421,034,577

The Shares are admitted to trading on the London Stock Exchange's market for listed securities and are listed on the Official List. Applications have been made to the UKLA for the New Ordinary Shares to be admitted to the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's market for listed securities.

As at 29 June 2005 (being the latest practicable date before the publication of this document), T&F Informa did not hold any treasury shares. No Shares have been issued otherwise than as fully paid.

(b) In the three years immediately preceding the date of this document, the following allotments of Shares have been made:

(i) a total of 2,717,974 Shares have been issued in connection with the exercise of options granted pursuant to the T&F Informa Share Schemes;

(ii) 9,700,000 Shares were issued to various institutional investors on 11 September 2003 at a price of 270 pence per T&F Informa Share pursuant to a placing undertaken by UBS in connection with the acquisition by the Company of the entire issued share capital of MMS Group Holdings Limited;

(iii) 13,280,000 Shares were issued to various institutional investors on 5 December 2003 at a price of 280 pence per T&F Informa Share pursuant to a placing undertaken by UBS in connection with the acquisition by the Company of the entire issued share capital of PJB; and

(iv) 530,233 Shares were issued to Dr P J Brown on 22 December 2003 at a price of 282.9 pence per T&F Informa Share as part of the consideration payable by the Company for the entire issued share capital of PJB; and

(v) a total of 146,329,938 Shares were issued to Taylor & Francis Group Shareholders on 10 May 2004 pursuant to the Merger.

(c) Following the Rights Issue, 178,965,423 Shares will remain authorised but unissued, representing approximately 43 per cent. of the enlarged issued share capital of the Company following the Rights Issue. The Rights Issue will result in an overall immediate dilution of approximately 28.6 per cent. of the existing ordinary shares in the capital of the Company. Such dilution will be approximately 28.6 per cent. in respect of any individual Shareholder who does not take up any of his rights pursuant to the Rights Issue. However, the rights of such Shareholders are intended to be sold pursuant to the Underwriting Agreement and the provisions of paragraph 5 of Part V of this document, and any proceeds from such sale remitted to such Shareholder.

(d) By an ordinary resolution of the Company passed on 14 April 2004, the Directors were granted a general and unconditional authority for the purposes of section 80 of the Act to allot relevant securities (as defined in section 80 of the Act) up to an aggregate nominal amount of £9,942,674.70 (such authority to expire on 31 December 2008 or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2008, unless previously reviewed, varied or revoked by the Company's Shareholders in general meeting).

(e) By a special resolution of the Company passed on 14 April 2004, the Directors were empowered, pursuant to section 95 of the Act, to allot equity securities (within the meaning of section 94 of the Act) for cash pursuant to the authority described in paragraph (c) above up to an aggregate nominal amount of £1,491,401.20 as if section 89(1) of the Act did not apply to such allotment.

(f) Following the passing of the Resolution, the Directors are generally and unconditionally authorised to allot relevant securities (as defined in section 80(2) of the Act) up to an aggregate nominal amount of £12,204,650 in connection with the Rights Issue and otherwise up to an aggregate nominal amount of £14,024,423, such authority to expire (unless renewed, varied or revoked by the Company in general meeting) at the earlier of 30 June 2006 and the conclusion of the annual general meeting of the Company to be held in 2006. This authority supersedes that referred to in sub-paragraph 4(d) above.

(g) The provisions of Section 89(1) of the Act (which, to the extent not dissapplied pursuant to Section 95 of the Act, confer on Shareholders rights of pre-emption in respect of allotments of equity securities which are, or which are to be, paid up in cash other than allotments to employees under employee share schemes) apply to the balance of the authorised but unissued share capital of the Company.

(h) The allotment of the New Ordinary Shares will be made by a resolution of the Directors or a duly constituted committee of Directors pursuant to the authority conferred by the resolution referred to in sub-paragraph 4(f) above.

(i) As at 29 June 2005 (being the latest practicable date before the publication of this document), there were outstanding options over a total of 7,045,266 Shares representing approximately [2.42] per cent. of the issued share capital of T&F Informa on the same date. Details of the options outstanding under the T&F Informa Share Schemes as at 29 June 2005 (being the latest practicable date before the publication of this document) are set out below:

Number of options	Exercise price per Share (p)	Exercise Period
14,400	10.94	25.04.00 to 24.04.07
11,680	10.94	07.05.00 to 06.05.07
1,600	18.75	01.10.00 to 30.09.07
215,000	219.00	21.08.01 to 20.08.08
59,932	201.50	14.04.00 to 13.04.07
98,530	273.05	21.04.01 to 20.04.08
87,574	241.02	01.10.01 to 30.09.08
1,851	310.50	23.04.02 to 22.04.09
253,152	401.00	01.10.02 to 30.09.09
125,544	825.00	20.03.03 to 19.03.10
1,258,500	632.50	25.04.03 to 24.04.10
132,500	753.30	02.11.03 to 01.11.10
208,018	581.00	07.03.04 to 06.03.11
55,000	282.67	15.03.05 to 14.03.07
898,716	282.67	15.03.05 to 14.03.12
336,547	373.00	04.03.07 to 03.04.14
27,049	369.70	15.09.07 to 14.09.14
74,156	310.50	23.04.02 to 22.04.09
270,599	240.30	01.07.05 to 31.12.05
10,138	559.00	01.07.05 to 31.12.05
122,987	240.30	01.07.07 to 31.12.07
41,550	251.47	04.11.02 to 03.11.06
332,649	344.11	26.04.04 to 25.04.08
79,998	300.00	01.11.04 to 31.10.08
1,544	282.21	01.01.05 to 30.06.05
415,445	364.11	26.04.05 to 25.04.09
105,332	375.00	27.05.05 to 26.05.09
25,471	276.62	01.01.06 to 30.06.06
746,912	254.41	30.04.06 to 29.04.06
65,401	244.11	01.08.05
20,507	261.17	10.07.06 to 09.07.10
16,079	296.18	01.01.07 to 30.06.07
930,905	341.17	22.03.07 to 21.03.11
TOTAL 7,045,266		

(j) As at 29 June 2005 (being the latest practicable date before the publication of this document), the Company had no outstanding convertible debt securities, exchangeable debt securities or debt securities with warrants.

5. SHARE SCHEMES

Options and awards are currently outstanding under the following schemes: the IBC Group plc 1995 Executive Share Option Scheme (the "IBC Scheme"), the LLP Group plc Employee Share Option Scheme (the "LLP Scheme"), the Informa Group plc Discretionary Share Option Scheme (the "Discretionary Scheme"), the Informa Group plc Savings Related Share Option Scheme (the "SAYE Scheme"), the Matching Plan, the Taylor & Francis Group plc Approved Discretionary Share Option Scheme ("Taylor & Francis Approved Scheme"), the Taylor & Francis Group Unapproved Discretionary Share Option Scheme (the "Taylor & Francis Unapproved Scheme"), the Taylor & Francis Group Savings Related Share Option Scheme (the "Taylor & Francis SAYE Scheme") and the Taylor & Francis (Publishers) Inc. Employee Stock Purchase Plan (the "Taylor & Francis Stock Purchase Plan").

The T&F Informa 2005 Management Long Term Incentive Plan (the "T&F LTIP"), the T&F Informa 2005 Share Incentive Plan (the "T&F SIP") and the T&F Informa 2005 US Stock Purchase Plan (the "Stock Purchase Plan") were approved at the annual general meeting of the Company held on 18 May

2005. As at the date of this document, no awards or options have been granted pursuant to these schemes.

(a) The IBC Scheme and LLP Scheme

Introduction

The IBC Scheme was approved by the Inland Revenue on 26 May 1995 and amendments to it were approved on 8 April 1997. The IBC Scheme comprises an approved part and an unapproved part.

The LLP Scheme was approved by the Inland Revenue on 28 June 1996.

No further options will be granted under these schemes.

Exercise and lapse of options

(i) IBC Scheme

In normal circumstances an option is capable of exercise at any time between the third and tenth anniversaries of its date of grant provided that any condition(s) to which it is subject have been fulfilled. An option lapses on the expiry of ten years from its date of grant.

An option will become exercisable immediately on the death of a participant for a period of twelve months following death. If a participant ceases to hold office or employment by reason of injury, ill-health, redundancy, disability, or retirement (after the expiry of two years from the date of grant) that participant shall be entitled to exercise their option for a period of six months following cessation of their employment.

Where a participant ceases to hold office or employment for any other reason other than as outlined above or assigns or attempts to assign their interest in their option or is adjudicated bankrupt, their option shall lapse on such date.

(ii) LLP Scheme

Normally, options do not become exercisable until three years after the date of grant at the earliest.

An option becomes exercisable immediately on the death of a participant for a period of twelve months following death. If a participant ceases to hold office or employment by reason of injury, redundancy, disability, or retirement on reaching his retirement age under his contract of employment that participant shall be entitled to exercise their option for a period of six months following cessation of their employment.

Where a participant gives or is given notice to terminate his employment for any other reason other than as outlined above, their option shall lapse on such date unless the board determines that such option shall continue to be exercisable for such period as it shall, in its discretion, determine.

Alterations of share capital

In the event of any variation in the share capital, adjustments to the number of shares subject to options granted under the IBC Scheme and the LLP Scheme and the exercise price may be made by the board in such manner and with such effect as the board may determine to be fair and reasonable.

At any time at which either the IBC Scheme or the LLP Scheme is and is intended to remain Inland Revenue approved, no adjustment shall have effect until the prior approval of the Inland Revenue is obtained.

Termination

The IBC Scheme and the LLP Scheme have both been terminated. Termination does not affect the outstanding rights of participants.

(b) The Discretionary Scheme

Introduction

The Discretionary Scheme was approved on 9 April 1998; amendments to it were approved on 26 November 2001 and on 18 June 2003.

The Discretionary Scheme comprises Section A which relates to approved option grants; Section B which relates to unapproved option grants; Section C which relates to grants to employees in the Netherlands; and Section D which relates to grants to employees in the United States.

Eligibility

An eligible employee means an employee of T&F Informa or any participating member of the T&F Informa Group and any director who works for 25 hours or more per week (excluding meal breaks). The T&F Informa Board may in its absolute discretion offer options to eligible employees to acquire ordinary shares in T&F Informa. The Board may adopt a procedure for granting such options, which must be approved by the Inland Revenue.

Under Section D of the Discretionary Scheme the number and identity of eligible employees is limited by the "committee" to ensure compliance with applicable laws.

Timing of and consideration for grant of options

Options shall not be granted to an eligible employee if, pursuant to the terms of his employment contract, he is bound to retire within two years of the date of grant. No option may be granted later than ten years after the date of adoption of the Discretionary Scheme by T&F Informa in general meeting.

Under Section D of the Discretionary Scheme options and stock appreciation rights may be granted during the period prior to the expiry of the grant period following the announcement of T&F Informa's final results for any financial period and options may be either incentive stock options or non-qualified stock options.

Conditions on exercise

The Board may grant options subject to an objective performance requirement before an option may be exercised. The Board may subsequently alter or waive all or any terms of the performance requirement and may substitute a new performance requirement provided that any alteration reflects a fairer measure of the performance required and is no more difficult to satisfy than the altered performance requirement.

Such performance criteria do not apply to grants of options to employees in the Netherlands under Section C of the Discretionary Scheme.

Individual limits

No option may be granted to any individual at any time if. as a result, the aggregate market value of the Shares which are subject to options granted to him under any other employee share option scheme during the period of one year immediately preceding such time would exceed a sum equal to two times his basic annual salary.

The aggregate market value of shares which an eligible employee may acquire pursuant to rights under the Discretionary Scheme or any other share option scheme (not being a savings related share option scheme), such aggregate value being determined at the time the rights are obtained, shall not exceed £30,000 (or any other limit as set by the Inland Revenue). This limit does not apply to grants of unapproved options under Section B of the Discretionary Scheme.

Under Section D of the Discretionary Scheme options granted to employees in the United States are subject to different individual limits depending on whether the grant is of "incentive stock options" or "stock appreciation rights".

Overall limits

On any date, no options may be granted under the Discretionary Scheme if, as a result, the aggregate number of Shares issued or issuable pursuant to grants made under the Discretionary Scheme or any other share option scheme would exceed ten per cent. of the issued ordinary share capital of T&F Informa on that date.

Shares under option which have been released or cancelled or have lapsed shall not be taken into account for the purposes of this limit.

Exercise price

The exercise price of an option shall be determined by the Board and shall not be less than the greater of the nominal value (if any) of a T&F Informa Share or the market value at the date of grant.

Under Section D of the Discretionary Scheme the exercise price shall not be less than the higher of the exercise price under Section A of the Discretionary Scheme and one hundred per cent. of the fair market value of such shares on the date of grant, provided that if a participant owns stock possessing more than ten per cent. of the total combined voting rights, the exercise price will be at least one hundred and ten per cent. of the fair market value at the date of grant.

Exercise and lapse of options

Under Section A of the Discretionary Scheme, an approved option is capable of exercise at any time between the third and tenth anniversary of its date of grant. If an option is subject to any performance condition it may only be exercised if those conditions have been fulfilled or waived.

An option will become exercisable immediately on the death of a participant for a period of twelve months following death. If a participant ceases to hold office or employment with the Group by reason of injury, disability or redundancy, that participant shall be entitled to exercise their option for a period of six months following cessation of their employment. If a participant ceases to hold office or employment with the Group by reason of retirement at or after any date at which the participant is bound to retire under the terms of their contract of employment, that participant shall be entitled to exercise their option for a period of 18 months from the date of retirement in so far as this does not exceed the date that is ten years from the date of grant of the option.

If a participant ceases to hold office or employment within the Group by reason of the transfer or sale of the undertaking or part of the undertaking in which he is employed to a person who is not within the Group, that participant shall be entitled to exercise their option for a period of six months following cessation of their employment.

Options will lapse on the date that a participant enters into a composition with his creditors in satisfaction of his debts or a bankruptcy order is made against him.

If following the cessation of a participant's employment his option would lapse at the end of any of the periods specified above, the Directors may defer the lapse such that options continue to be exercisable for such periods as they shall determine.

In relation to Section B of the Discretionary Scheme unapproved options granted shall lapse if not exercised on the expiry of six years and eleven months following the date of grant, or such other date that the Board may determine at the time of granting the option, so long as that date is not later than the tenth anniversary of the date of grant. Other than this variation, unapproved options are subject to the same rules relating to the exercise and lapse of options as approved options.

Under Section C of the Discretionary Scheme, options granted to employees in the Netherlands will lapse on either the fifth or tenth anniversary of the date of grant. This time period will be determined by the Board at the time of grant. If a participant ceases to be an eligible employee in specific circumstances, his options will remain exercisable by him (or his personal representative).

Under Section D of the Discretionary Scheme incentive stock options may be exercised within three months following the participant' termination of employment with the Group, unless termination is as a result of death or disability in which case exercise must be within 12 months of such termination.

Alterations of share capital

In the event of a variation of the share capital of T&F Informa, adjustments to the number of Shares subject to options granted under the Discretionary Scheme and the exercise price may be made by the T&F Informa Board subject to prior approval by the Inland Revenue.

With regard to approved options granted. no adjustment shall have effect until the prior approval of the Inland Revenue is obtained.

Takeovers and liquidations

Rights to exercise early for a limited period also arise if another company acquires control of T&F Informa as a result of a takeover or scheme of arrangement. An option may be exchanged for an option over shares in the acquiring company if the participant so wishes and the acquiring company agrees.

In the event of a members' voluntary winding up, any subsisting options may be exercised within three months of the date of such resolution. Subject to this, all options will lapse on the winding up of T&F Informa.

Voting, dividend and other rights

Shares issued or transferred pursuant to the Discretionary Scheme shall rank pari passu in all respects with the ordinary shares already in issue except that they will not rank for any dividend or other distribution paid or made by reference to a record date falling prior to the date of exercise of the option.

Options are not assignable or transferable, nor can they be charged or otherwise alienated.

Administration and amendment

The remuneration committee of the Board administers the Discretionary Scheme. The Board may by resolution amend the Discretionary Scheme in any way provided that prior approval of T&F Informa in general meeting will be required if the following provisions are amended to the advantage of participants (a) the person to whom options may be granted under the Discretionary Scheme; (b) the limit on the number of shares available to the Discretionary Scheme; (c) the maximum entitlement for any one participant; and (d) the basis for determining a participant's entitlement to and the terms of options granted to them.

T&F Informa's approval will not be required for minor amendments to benefit the administration of the Discretionary Scheme and amendments to obtain or maintain the favourable tax treatment for participants in the Discretionary Scheme.

At any time that the Discretionary Scheme is and is intended to remain Inland Revenue approved, no amendment shall have effect until approved by the Inland Revenue.

Under Section D of the Discretionary Scheme the "committee" administers the plan.

Termination

The Board may terminate the Discretionary Scheme at any time. Termination will not affect the outstanding rights of participants.

(c) The SAYE Scheme

Introduction

The SAYE Scheme provides for options to be granted over unissued shares or shares held in a trust.

Eligible employees

All employees or full-time directors of companies within the T&F Informa Group who have been employed for a continuous period of at least six months and whose earnings are general earnings to which section 15 or 21 of the Income Tax (Earnings and Pensions) Act 2003 apply (formerly those who paid tax under Case I of Schedule E) are eligible to participate. The Board has the discretion to include other employees.

Exercise price

The exercise price of an option may be determined by the Board but shall not be less than the greater of (a) 80 per cent. of the middle market quotation for dealings in Shares, as derived from the Daily Official List of the London Stock Exchange for the dealing day immediately preceding the invitation date, or if the Board so decide, the average for the three dealing days immediately preceding the invitation date; and (b) if the option relates to unissued shares, its nominal value.

The Board may adjust the exercise price with the agreement of the Inland Revenue.

Grant of options

Invitations to apply for options may be issued by the Board within 42 days of (a) the announcement of T&F Informa's annual or half-yearly results; (b) the date on which listing particulars or any document containing equivalent information relating to shares is issued; and (c) the date of approval of the SAYE Scheme.

If the Board resolves to operate the SAYE Scheme, all eligible employees will be invited to apply for the options. It is a condition of such application that the employees enter into a savings contract with an approved institution.

Savings contract

Participants may, at the absolute discretion of the Board, be invited to apply for three year or five year options.

Limitations

No options shall be granted under the SAYE Scheme on any date if, as a result, the total number of Shares issued or issuable pursuant to options granted (1) under the SAYE Scheme and (2) under any other employee share scheme adopted by T&F Informa during that year and the preceding nine years, would exceed ten per cent. of the issued ordinary share capital of T&F Informa on the date of grant.

For the purpose of calculating the limits above, shares under option that have been released, cancelled or that have lapsed without being exercised are ignored.

Voting, dividend and other rights

Shares issued or transferred pursuant to the SAYE Scheme shall rank *pari passu* in all respects with the ordinary shares already in issue except that they will not rank for any dividend or other distribution paid or made by reference to a record date falling prior to the date of exercise of the option.

Options may not be assigned, transferred, charged or otherwise alienated.

Exercise of options

In normal circumstances, options may be exercised during the period of six months commencing on the maturity (that is the relevant bonus date) of the savings contract. Options will be exercisable during the period of twelve months following the date of death of a participant or of the participant dies within the six month period described above, the exercise period will be reduced to twelve months from the relevant bonus date.

If a participant ceases to be a director or employee of a participating company by reason of injury, disability, redundancy (within the meaning of the Employment Rights Act 1996) or retirement (on reaching the age of 65 or any other age at which he is bound to retire under the terms of his employment contract), options may be exercised within six months of such cessation.

Takeover

On a change of control or reconstruction of T&F Informa, options become exerciseable for a certain period. Alternatively, with the consent of the company acquiring control of T&F Informa, they may be released in consideration of the grant of equivalent rights over the shares of the acquiring company or a company associated with it. Rights are equivalent if, broadly speaking, the aggregate market values of the shares under both the old and the new options and the aggregate exercise price of each option are, on the day of exchange, equal.

If a participant enters into a composition with his creditors in satisfaction of his debts or a bankruptcy order is made against him, his option will lapse.

Administration and amendment

The SAYE Scheme is administered by the Board. The rules of the SAYE Scheme may be amended by the Board in any respect provided that:

(i) no amendment may be made to the advantage of participants to the provisions concerning the eligibility to participate, individual limitations or scheme limits, the basis of adjustment of options in the event of a variation of share capital arising from a capitalisation issue, or an offer to the holders of shares by way of rights or a subdivision, consolidation, reduction or other variation of share capital without the approval of T&F Informa in general meeting, other than minor amendments to benefit the administration of the SAYE Scheme and amendments to obtain or maintain the favourable tax treatment for participants in the SAYE Scheme.

(ii) no amendment may be made which would alter to the disadvantage of a participant any rights already acquired by him under the SAYE Scheme without his prior written consent or a resolution.

No amendment shall take effect until it has been approved by the Inland Revenue while the SAYE Scheme is approved and is intended to remain approved by the Inland Revenue.

Termination

The T&F Informa Board may terminate the SAYE Scheme at any time. Termination will not affect the outstanding rights of participants.

(d) Matching Plan

Eligibility

Employees (including executive Directors) of the Group are eligible to participate in the Matching Plan at the discretion of the Remuneration Committee.

Grant of Matching Awards

If invited to do so by the Remuneration Committee, an eligible executive must invest 50 per cent. (or such higher percentage as the Remuneration Committee may decide from time to time) of his or her cash annual bonus (net of tax and any other deductions) provided that the bonus exceeds half of the eligible executive's basic annual salary. As soon as practicable thereafter, the Company will procure the grant of a matching award which is a conditional award to acquire free shares subject to performance in the future ("Matching Shares"). The number of Matching Shares which may be acquired depends on the Company's performance and is detailed below. Matching awards may only be granted within 42 days following the announcement by the Company of its results for a full or half year (or other reporting period), or in other circumstances deemed to be exceptional by the Remuneration Committee in its absolute discretion. No matching awards can be granted more than 10 years after the adoption of the Matching Plan and the Remuneration Committee will formally review the operation of the Matching Plan after a period not exceeding 5 years.

Exercise of Awards

A matching award will normally be exercisable on or after the third anniversary of its grant provided the participant is still employed by the Group and to the extent that the Shares purchased using the associated annual bonus have been retained up to that date by the participant. A matching award cannot be exercised after the tenth anniversary of its date of grant in any circumstances.

Limitations

The T&F Informa Group Employee Share Trust purchases Shares in the market, which are used to satisfy matching awards. These Shares will not count towards the 10 per cent. in 10 years headroom limit applicable to the employee share schemes. The 10 per cent. in 10 years limit applies only in respect of the issue of new Shares, rather than the purchase of existing Shares in the market. Alternatively, treasury shares may be used to satisfy awards, which will count towards the headroom limits.

Performance Targets

Participants will be able to receive free matching Shares subject to the achievement of performance targets set by the Remuneration Committee. The targets are based on the achievement of sustained growth in EPS over a performance period comprising three financial years, on a sliding scale. The number of matching Shares which vest, subject to forfeiture or early exercise, for each T&F Informa Share which can be purchased with 50 per cent. of a participant's gross bonus (before tax, employees national insurance contributions and any other deductions) is:

—half of one Matching Share where compound annual growth earnings per Share exceeds the growth in the retail prices index by at least five per cent.;

—two Matching Shares where compound annual growth earnings per Share exceeds the growth in the retail prices index by at least twelve per cent. or more; and

pro rata on a straight line basis between these two points.

Change of control

Matching awards may be exercised within six months of a takeover, reconstruction or winding up, but only to the extent to which the performance target has been achieved in respect of each 12 month period since the date the matching award was made, with a pro rata reduction by reference to the time which has elapsed from the date of the award to the date of the change of control.

Leavers

Where a participant leaves for a good reason, i.e., disability, sickness or accidental injury, redundancy, retirement or early retirement of a participant with the consent of his employing company, the Remuneration Committee will have a discretion to allow matching awards to be exercised taking into account the Company's progress towards satisfying the performance target reduced pro rata to reflect the time elapsed since a matching award was made to the date of cessation of employment. A participant who leaves for any other reason will forfeit his/her matching awards, whether or not they have then vested.

(e) The Taylor & Francis Approved Scheme

Following the Merger, certain options granted under the Taylor & Francis Approved Scheme were rolled over into options over Shares, but remain subject to the rules of the Taylor & Francis Approved Scheme. No further options may be granted under the Taylor & Francis Approved Scheme.

Exercise and lapse of options

Options are capable of exercise at any time between the third and tenth anniversary of their date of grant. If an option is subject to any performance condition it may only be exercised if those conditions have been fulfilled or waived.

An option will become exerciseable immediately on the death of a participant for a period of twelve months following death. If a participant ceases to hold office or employment with the Group by reason of injury, ill-health, disability, pregnancy, redundancy, retirement at 63 or such other age at which the participant is entitled to retire under the terms of their contract of employment or for any other reason at the discretion of the Board, their option shall be come exerciseable for a period of 6 months from the date of cessation of employment and then lapse.

If a participant ceases to hold office or employment with the Group by reason of the transfer or sale of the undertaking or part of the undertaking in which he is employed to a person who is not within the Group, their option shall become exerciseable for a period of six months following cessation of their employment and then lapse.

Options will lapse on the tenth anniversary of their date of grant or earlier cessation of employment otherwise than as described above.

Alterations of share capital

In the event of a variation of the share capital of T&F Informa, adjustments to the number of T&F Informa shares subject to options granted under the Taylor & Francis Approved Scheme and the exercise price may be made by the Board subject to prior approval by the Inland Revenue.

Takeovers and liquidations

Rights to exercise early for a limited period also arise if another company acquires control of T&F Informa as a result of a takeover or scheme of arrangement. An option may be exchanged for an option over shares in the acquiring company if the participant so wishes and the acquiring company agrees.

In the event of a members' voluntary winding up, any subsisting options may be exercised within six months of the date of such resolution. Subject to this, all options will lapse on the winding up of T&F Informa.

Voting, dividend and other rights

Shares issued or transferred pursuant to the Taylor & Francis Approved Scheme shall rank *pari passu* in all respects with the ordinary shares already in issue except that they will not rank for any dividend or other distribution paid or made by reference to a record date falling prior to the date of exercise of the option.

Options are not assignable or transferable, nor can they be charged or otherwise alienated.

Administration and amendment

The Board administers the Taylor & Francis Approved Scheme. The Board may by resolution amend the Taylor & Francis Approved Scheme in any way provided that prior approval of T&F Informa in general meeting will be required if the amendments are to the advantage of participants.

T&F Informa's approval will not be required for minor amendments to benefit the administration of the Taylor & Francis Approved Scheme and amendments to obtain or maintain the favourable tax treatment for participants in the Taylor & Francis Approved Scheme. However, no amendment may materially affect a participant as regards existing options without his/her consent.

At any time that the Taylor & Francis Approved Scheme is and is intended to remain Inland Revenue approved, no amendment shall have effect until approved by the Inland Revenue.

(f) The Taylor & Francis Unapproved Scheme

Following the Merger certain options granted under the Taylor & Francis Unapproved Scheme were rolled over into options over Shares, but remain subject to the rules of the Taylor & Francis Unapproved Scheme. No further options may be granted under the Taylor & Francis Unapproved Scheme.

Exercise and lapse of options

Options are capable of exercise at any time between the third and seventh anniversary of their date of grant. If an option is subject to any performance condition it may only be exercised if those conditions have been fulfilled or waived.

An option will become exerciseable immediately on the death of a participant for a period of twelve months following death. If a participant ceases to hold office or employment with the Group by reason of injury, ill-health, disability, pregnancy, redundancy, retirement at 63 or such other age at which the participant is entitled to retire under the terms of their contract of employment, or for any other reason at the discretion of the Board, their option shall become exerciseable for a period of six months from the date of cessation of employment and then lapse.

If a participant ceases to hold office or employment within the Group by reason of the transfer or sale of the undertaking or part of the undertaking in which he is employed to a person who is not within the Group, their option shall become exerciseable for a period of six months following cessation of their employment and then lapse.

Options will lapse on the seventh anniversary of their date of grant or earlier cessation of employment otherwise than as detailed above.

Alterations of share capital

In the event of a variation of the share capital of T&F Informa, adjustments to the number of Shares subject to options granted under the Taylor & Francis Unapproved Scheme and the exercise price may be made by the Board.

Takeovers and liquidations

Rights to exercise early for a limited period also arise if another company acquires control of T&F Informa as a result of a takeover or scheme of arrangement.

In the event of a members' voluntary winding up, any subsisting options may be exercised within six months of the date of such resolution. Subject to this, all options will lapse on the winding up of T&F Informa.

Voting, dividend and other rights

Shares issued or transferred pursuant to the Taylor & Francis Unapproved Scheme shall rank *pari passu* in all respects with the ordinary shares already in issue except that they will not rank for any dividend or other distribution paid or made by reference to a record date falling prior to the date of exercise of the option.

Options are not assignable or transferable, nor can they be charged or otherwise alienated.

Administration and amendment

The Board administers the Taylor & Francis Unapproved Scheme. The Board may by resolution amend the Taylor & Francis Unapproved Scheme in any way provided that prior approval of T&F Informa in general meeting will be required if the amendments are to the advantage of participants.

T&F Informa's approval will not be required for minor amendments to benefit the administration of the Taylor & Francis Unapproved Scheme and amendments to obtain or maintain the favourable tax treatment for participants in the Taylor & Francis Unapproved Scheme. However, no amendment may materially affect a participant as regards existing options without his/her consent.

(g) The Taylor & Francis SAYE Scheme

Folowing the Merger certain options granted under the Taylor & Francis SAYE Scheme were rolled over into options over Shares, but remain subject to the rules of the Taylor & Francis SAYE Scheme. No further options may be granted under the Taylor & Francis SAYE Scheme.

Voting, dividend and other rights

Shares issued or transferred pursuant to the Taylor & Francis SAYE Scheme shall rank *pari passu* in all respects with the ordinary shares already in issue except that they will not rank for any dividend or other distribution paid or made by reference to a record date falling prior to the date of exercise of the option.

Options may not be assigned, transferred, charged or otherwise alienated.

Exercise of options

In normal circumstances, options may be exercised during the period of six months commencing on the maturity (that is the relevant bonus date) of the savings contract. Options will be exerciseable during the period of twelve months following the date of death of a participant or if the participant dies within the six month period described above, the exercise period will be reduced to twelve months from the relevant bonus date.

If a participant ceases to be a director or employee of a participating company by reason of injury, disability, redundancy, retirement (on reaching the age of 60 or any other age at which he is bound to retire under the terms of his employment contract) as a result of a business transferring out of the Group or for any reason following the third anniversary of the date of grant of the option, options may be exercised within six months of such cessation.

Takeovers

On a change of control or reconstruction of T&F Informa, options may be exercised within a certain period. Alternatively, with the consent of the company acquiring control of T&F Informa, they may be released in consideration of the grant of equivalent rights over the shares of the acquiring company or a company associated with it. Rights are equivalent if, broadly speaking, the aggregate market values of the shares under both the old and the new options and the aggregate exercise price of each option are equal.

Administration and amendment

The Taylor & Francis SAYE Scheme is administered by the Board. The rules of the Taylor & Francis SAYE Scheme may be amended by the Board in any respect provided that no amendment may be made to the advantage of participants without the approval of T&F Informa in general meeting, other than minor amendments to benefit the administration of the Taylor & Francis SAYE Scheme and amendments to obtain or maintain the favourable tax treatment for participants in the Taylor & Francis SAYE Scheme. No amendment may be made which would alter to the disadvantage of a participant any rights already acquired by him under the Taylor & Francis SAYE Scheme without his prior consent.

No amendment shall take effect until it has been approved by the Inland Revenue while the Taylor & Francis SAYE Scheme is approved and is intended to remain approved by the Inland Revenue.

Termination

The T&F Informa Board may terminate the Taylor & Francis SAYE Scheme at any time. Termination will not affect the outstanding rights of participants.

(h) Taylor & Francis Stock Purchase Plan

Following the Merger certain options granted under the Taylor & Francis Stock Purchase Plan remain outstanding. On exercise, optionholders will receive shares in Taylor & Francis. However, as a result of the amendments to the articles of association of Taylor & Francis, their shares will be automatically exchanged for 1.7 T&F Informa Shares for each Taylor & Francis share so acquired (being the same consideration received by shareholders of Taylor & Francis under the Merger).

No further options may be granted under the Taylor & Francis Stock Purchase Plan.

Exercise and lapse of options

All outstanding options will be automatically exercised on behalf of participants in August 2005.

An option will become exercisable immediately on the death of a participant for a period of 60 days. If a person ceases to hold office or employment with the Group for any reason (other than death) his option will lapse.

Alterations of share capital

In the event of a variation in the share capital of T&F Informa, adjustments to the number of Taylor & Francis shares subject to options granted under the Taylor & Francis Stock Purchase Plan and the exercise price may be made by the Board if permitted under the rules of the plan.

Takeovers and liquidations

Options do not become exercisable early in the event of a takeover or liquidation. However, optionholders become entitled to receive the same consideration payable to shareholders as a result of the takeover or liquidation on eventual exercise.

Voting, dividend and other rights

Shares issued to optionholders as a result of the exercise of their options shall rank pari passu in all respects with the ordinary shares already in issue except that they will not rank for any dividend or other distribution paid or made by reference to a record date falling prior to the date of exercise of the option.

Options are not assignable or transferable, nor can they be charged or otherwise alienated.

Administration and amendment

The Board of Taylor & Francis administers the Taylor & Francis Stock Purchase Plan and may amend the terms applicable to outstanding options under the Taylor & Francis Stock Purchase Plan in any way provided that no amendment to the disadvantage of an optionholder may be made without his consent.

(i) T&F LTIP

General

The operation of the T&F LTIP will be supervised by the Remuneration Committee of the Board (the "Remuneration Committee").

Eligibility

Any employee (including a Director) of the Company or any member of the Group who is required to devote substantially the whole of his working time to his employment or office shall be eligible to participate in the T&F LTIP.The Remuneration Committee may in its absolute discretion grant awards to eligible employees but no award will be granted to any employee or Director who is within six months of his expected contractual or other normal retirement date. Non-Executive Directors are not eligible to participate in the T&F LTIP.

Awards Under the T&F LTIP

An award may take one of three forms:

(a) an "Allocation", meaning a conditional award of a specified number of Ordinary Shares;

(b) an "Option" to acquire a specified number of Shares at an exercise price determined by the Remuneration Committee which may be a nominal amount; or

(c) a "Restricted Share Award", meaning an allotment or transfer of a specified number of Shares to a participant at a purchase or subscription price determined by the Remuneration Committee which may be a nominal amount. Restricted Shares are beneficially owned by the participant from the date of allotment or transfer but subject to restrictions determined by the Remuneration Committee, for example in relation to forfeiture or sale.

Participants may be granted any combination of awards, whether in a single grant or pursuant to a series of grants.

No payment is required for the grant of an award.

Awards may normally only be granted within 42 days after the approval of the T&F LTIP by the Company in general meeting or within 42 days after the announcement of the Company's results for any period. Awards may also be granted at any other time at which the Remuneration Committee determines that there are exceptional circumstances which justify the grant of an award. No award may be granted later than ten years after the date on which the T&F LTIP is approved by the Company in general meeting nor at any time at which a dealing would not be permitted under the Model Code.

Awards may be satisfied by the issue of new Shares (subject to the limit set out below) or by the transfer of existing Shares or Shares held in treasury.

Conditions on Vesting or Exercise

An award may be granted subject to such performance condition or conditions as the Remuneration Committee in its discretion sees fit (the "performance condition(s)"), which must be satisfied before an award may be exercised or vest. Performance will be measured over a period determined by the Remuneration Committee (the "performance period"); the intention of the Remuneration Committee is for the performance period to be a period of three years starting with the beginning of the financial year in which the award is made. There will be no provision for re-testing.

The Remuneration Committee will regularly monitor the continuing suitability of the performance condition(s) and may impose different conditions on awards granted in subsequent years having regard to prevailing market conditions but which would not be materially easier than the performance condition(s) which apply to the first cycle of awards made under the T&F LTIP. It is anticipated that the performance condition(s) applying to future awards would be similar in concept to those which will be imposed on the initial awards.

Individual Limit

No award shall be made to any individual if the aggregate market value of the Shares which are the subject of that award and any other award made to him in the same financial year of the Company under the T&F LTIP (excluding awards which have been deemed never to have been granted) would exceed 100% of his basic salary.

It is the current intention of the Remuneration Committee that the maximum award under the T&F LTIP will be 50% of basic salary if the participant agrees to sacrifice 5% of his basic salary for the relevant year or 25% of basic salary if there is no salary sacrifice.

Overall Dilution Limit

No award may be granted under the T&F LTIP on any date if, as a result, the total number of Shares issued or committed to be issued or transferred out of treasury under the T&F LTIP or pursuant to grants or appropriations made during the previous ten years (but after the Shares were first listed)

(a) under all other employee share schemes established by the Company would exceed 10% of the issued ordinary share capital of the Company on that date; or

(b) under any other discretionary share scheme established by the Company would exceed 5% of the issued ordinary share capital of the Company on that date.

Exercise of Awards

An award may not in normal circumstances vest or become exercisable unless the performance condition(s) have been satisfied at the end of the performance period. Having become exercisable, an Option may be exercised for a period determined by the Remuneration Committee but ending no later than the day preceding the tenth anniversary of its grant.

If a participant ceases to be employed within the Group before the expiry of the performance period by reason of:

- death;
- injury, ill-health or disability;
- redundancy;
- retirement on or after contractual retirement age or (with the consent of the Remuneration Committee) at an earlier age;
- the company employing the participant ceasing to be, or the business to which the participant's office or employment relates being transferred to a person who is not, a member of the Group;
- any other reason (apart from dishonesty, fraud, misconduct or any other circumstances justifying summary dismissal) and the Remuneration Committee in its discretion permits exercise or vesting:

an Allocation will vest immediately and an Option will immediately become exercisable and remain exercisable for a period of six months (or 12 months in the case of death). The number of Shares which vest or over which Options are exercisable will, in these circumstances, be determined by reference to the extent to which the performance condition(s) have been fulfilled over the reduced performance period and will then be pro-rated according to the length of the reduced performance period when compared to the original performance period.

If a participant ceases to be employed within the Group for one of the reasons set out above on or after the expiry of the Performance Period, a subsisting Option may be exercised for a period of six months (or 12 months in the case of death) to the extent that the performance condition(s) were fulfilled.

An award will, in any event, lapse on the tenth anniversary of its date of grant, if not previously vested or exercised.

Performance

The performance conditions will be determined by the Remuneration Committee and the following conditions will apply to all initial grants under the T&F LTIP.

There are two performance conditions attached to the first grant of awards under the LTIP and these will be measured over three years. All awards will lapse to the extent that performance has not been achieved at the end of the three year period.

Threshold Performance Condition—Comparative TSR:

No share awards will be released unless the Company's comparative total shareholder return performance ("TSR") is at least at the median compared to the companies constituting the FTSE All Share Media & Entertainment Index.

Primary Performance Condition—EPS Growth:

The primary performance condition is EPS growth therefore no awards will be released unless the underlying financial performance of the Company is consistent with its total shareholder return performance. Once the threshold performance condition has been satisfied shares subject to awards will be released in accordance with the following table:

Average annual EPS growth above RPI pa over the performance period	Percentage of the LTIP award released
5%	20%
6%	30%
7%	40%
8%	50%
9%	60%
10%	70%
11%	80%
12%	100%

Straight line vesting between points.

Reconstruction, Takeovers and Liquidation

In the event of a takeover, reconstruction, amalgamation or winding-up of the Company occurring before the expiry of the performance period, an Allocation will vest immediately and an Option will immediately become exercisable and remain exercisable for a period of one month or, in the case of a takeover by general offer up to the end of any compulsory acquisition period. The number of Shares which vest or over which Options are exercisable will, in these circumstances, be determined by reference to the extent to which the performance condition(s) have been fulfilled over the reduced performance period and will then be pro-rated according to the length of the reduced performance period when compared to the original performance period.

If such an event takes place on or after the expiry of the performance period, a subsisting Option may be exercised only to the extent that the performance condition(s) have been fulfilled.

If such an event occurs, an award may also be released in exchange for an equivalent new award to be granted by any acquiring company if the participant so wishes and the acquiring company agrees.

Where any such event occurs as part of an internal re-organisation of the Company, subsisting awards will be exchanged for new awards granted by the acquiring company unless such an offer is not forthcoming from the acquiring company in which case vesting or exercise as set out above will be permitted.

Alterations of Share Capital

In the event of any variation in the ordinary share capital of the Company, such adjustments to the number or nominal value of Shares subject to awards and the price at which they may be acquired may be made by the Remuneration Committee as it may determine to be appropriate.

Voting, Dividend and Other Rights

Until Options or Allocations are exercised or vest, participants have no voting or other rights in respect of the Shares subject to those awards.

Shares issued or transferred pursuant to the T&F LTIP will rank parri passu in all respects with Shares already in issue except that they will not rank for any dividend or other distribution paid or made by reference to a record date falling prior to the date of exercise or vesting of the relevant award.

Benefits obtained under the T&F LTIP shall not be pensionable.

Awards are not assignable or transferable.

Administration and Amendment

The operation of the T&F LTIP will be supervised by the Remuneration Committee which may amend the T&F LTIP by resolution provided that:

(a) prior approval of the Company in general meeting will be required for any amendment to the advantage of participants to those provisions of the T&F LTIP relating to eligibility, the limitations on the number of Shares, cash or other benefits subject to the T&F LTIP, a participant's maximum entitlement or to the basis for determining a participant's entitlement under the T&F LTIP and the adjustment thereof in the event of a variation in capital, except in the case of minor amendments to benefit the administration of the T&F LTIP and amendments to take account of changes in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any member of the Group; and

(b) no amendment may be made which would alter to the disadvantage of participants any rights already acquired by them under the T&F LTIP without the prior approval of a majority of the affected participants.

Overseas Plans

The Board may from time to time and without further formality establish further plans in overseas territories, any such plan to be similar to the T&F LTIP but modified to take account of local tax, exchange control or securities laws, regulation or practice. Shares made available under any such plan would count against any limits on overall or individual participation in the T&F LTIP.

Termination

The T&F LTIP may be terminated at any time by resolution of the Board or of the Company in general meeting and shall in any event terminate on the tenth anniversary of the date on which the T&F LTIP is approved by the Company in general meeting. Termination will not affect the outstanding rights of participants.

(j) T&F SIP

General

It is intended that the T&F SIP should be approved by the Inland Revenue under Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003. The T&F SIP will be constituted by a trust deed entered into by the Company an independent trustee appointed by the Company (the "Trustee").

Eligibility

All employees of the Company and participating Group companies who are UK resident taxpayers and have such qualifying period of continuous service (not exceeding 18 months) as the Board may determine are entitled to participate. Overseas employees who would otherwise qualify but who do not pay UK tax may be invited to participate.

Shares Available Under the T&F SIP

Participants may acquire Ordinary Shares of the Company under the T&F SIP. The Board may in its discretion operate the T&F SIP by offering to eligible employees some or all of the following:

(a) up to £3,000 of free Shares in any tax year ("Free Shares");

(b) the opportunity to agree to deductions being made from their pre-tax salary (the "Partnership Share Money") to be applied by the Trustees in purchasing Shares on their behalf (the "Partnership Shares"); and

(c) free Shares in proportion to the number of Partnership Shares acquired (the "Matching Shares") such proportion not to exceed two Matching Shares for each Partnership Share acquired.

The current intention is only to offer Partnership Shares under the T&F SIP. Benefits under the T&F SIP are not pensionable.

Free Shares

The basis of allocation of Free Shares is at the Board's discretion. The Board may determine whether or not Free Shares are awarded at all.

If Free Shares are awarded, the number or value of Free Shares awarded and whether the Free Shares are awarded at all shall be subject to performance targets. The performance targets used must be based on business results or other objective criteria and may apply to individuals or larger performance units. If performance targets are not imposed, Free Shares must be awarded according to an objective formula.

Partnership Shares

Each participant's Partnership Share Money may not exceed £1,500 in any tax year nor may it exceed 10% of the participant's salary. Partnership Share Money is applied by the Trustees in acquiring Partnership Shares on behalf of participants. Partnership Shares may be acquired within 30 days of the deduction being made or, at the Board's discretion, Partnership Share Money may be accumulated over a period of up to 12 months and then applied in the acquisition of Partnership Shares.

Dividend Shares

The Trustees may re-invest cash dividends in the acquisition of further Shares (the "Dividend Shares") on behalf of participants. The amount which may be applied in the acquisition of Dividend Shares on behalf of any participant may not exceed £1,500 in any tax year.

Acquisition of Shares

The Trustees may buy Shares in the market or privately or may subscribe for new Shares. Private purchases must be at a price which is not materially more than the market price and the subscription price for new Shares must be a sum no greater than the market value on the date of subscription (or the nominal value, if higher). Purchases by the Trustees will be funded by participating Group companies.

Holding Period

Free Shares and Matching Shares awarded under the T&F SIP must be held in trust by the Trustees for a holding period specified by the Board. This period must expire between three and five years from the date of award of the Shares or, if earlier, when the participant ceases to be employed within the Group. Dividend Shares must remain in trust for a holding period of three years or, if earlier, until the participant ceases to be employed within the Group. Partnership Shares may be withdrawn from the trust at any time.

While the Shares are held in trust, the participant will be the beneficial owner and will be entitled to receive dividends and, through the Trustees, to vote and to participate in substantially the same way as other shareholders.

Shares may be left in trust until the participant ceases to be employed within the Group.

Forfeiture

Free and Matching Shares may be forfeited if the participant ceases to be employed within the Group before the expiry of a period specified by the Board (not exceeding three years) beginning with the date of award of such Shares, unless he leaves employment for certain specified reasons such as retirement or redundancy. The Board may also provide that, if a participant withdraws his Partnership

Shares from the trust within three years of the date on which they were acquired, his corresponding Matching Shares shall be forfeited.

T&F SIP limits

No Share may be awarded on any day if as a result the aggregate number of Shares issued or committed to be issued pursuant to awards, appropriations or grants made under the T&F SIP and, during the ten years preceding that day, under another employees' share schemes established by the Company, would exceed 10% of the issued ordinary share capital of the Company on that day.

For the purposes of this limit, treasury shares will be treated in accordance with the guidelines issued from time to time by the Association of British Insurers.

Amendments to the T&F SIP

The Board may at any time amend the T&F SIP in any respect, with the consent of the Trustees, provided that any amendment to a key feature of the T&F SIP must be approved by the Inland Revenue and provided further that any amendment to the advantage of participants made to the provisions dealing with eligibility, the limitations on the number of Shares or other benefits subject to the T&F SIP, a participant's maximum entitlement or the basis for determining a participant's entitlement under the T&F SIP and the adjustment thereof in the event of a variation in capital must be approved by the Company in general meeting unless it is minor and to benefit the administration of the T&F SIP or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or Group companies or to take into account existing or, proposed legislation.

Overseas Plans

The Board may at any time and without further formality establish further plans in overseas territories, any such plan to be similar to the T&F SIP but modified to take account of local tax, exchange control or securities laws, regulation or practice. Shares made available under any such plan will count against any limits on overall or individual participation in the T&F SIP.

(k) Stock Purchase Plan

Overview

The Stock Purchase Plan provides a means by which employees of T&F Informa USA, Inc. and its subsidiaries may be given the opportunity to purchase Ordinary Shares in the Company and is designed to achieve tax benefits under Section 423 of the US Internal Revenue Code of 1986.

Eligibility

All employees of T&F Informa, USA Inc. and its subsidiaries will be eligible to participate in the Stock Purchase Plan.

Shares available under the Stock Purchase Plan

The aggregate number of Shares available under the Stock Purchase Plan may not in any event exceed 10% of the outstanding Shares of the Company on the date of adoption of the Stock Purchase Plan. Within this overall limit the number of Shares available for any award made under the Stock Purchase Plan will be subject to the same 10% in ten years limit applicable to awards made under the T&F SIP as set out above.

The Board may erect to impose a limitation on the number of Shares that may be purchased by an individual employee. Any such limitation must be applied to all eligible employees and must bear a uniform relationship to compensation. Additionally, in no event can an employee be granted options permitting the purchase of Shares with a fair market value exceeding $525,000 in a given calendar year. It is the current intention of the Company to limit the number of Shares purchased in a year to a fair market value in US dollars equivalent to the sterling limit set out above.

Purchase price

The purchase price per Share will not be lower than the lesser of:

(i) 85% of the fair market value of the Shares at the time of the grant; or

(ii) 85% of the fair market value of the Shares at the time of exercise.

Duration of the grant

An option granted under the Stock Purchase Plan must be exercised within 27 months of the grant. If however, the Shares are to be purchased at a price of 85% of the fair market value at the time of exercise, the option may be exercised at any time within five (5) years of the grant.

Transferability

The option is not transferable during the lifetime of the employee.

Plan amendment

The Board shall make necessary and appropriate amendments with respect to benefits, rights and features of the Stock Purchase Plan that are favourable to the participants provided always that the limitation on amendments set out in relation to the T&F SIP shall also apply to the Stock Purchase Plan. Any amendment that is administrative in nature, or necessary to comply with applicable laws (including the US Internal Revenue Code of 1986, as amended) may be enacted by the Board. Amendments that result in a diminution of participants' benefits or rights under the Stock Purchase Plan shall only be effective upon approval of a majority of the Stock Purchase Plan's participants. Shareholders must approve any amendment that would change the aggregate number of Shares available under the Stock Purchase Plan, or the eligible class of employees.

Administration

The Stock Purchase Plan will be administered by the Remuneration Committee and the Board.

6. Interests in Shares

(a) Interests of Directors

As at 29 June 2005 (being the latest practicable date before the publication of this document), the interests of the Directors and persons connected with them in the issued share capital of T&F Informa (all of which, unless otherwise stated, are beneficial) which (i) have been notified to T&F Informa pursuant to sections 324 or 328 of the Companies Act or, (ii) are required to be entered into the register referred to in section 325 of the Companies Act or, (iii) in the case of persons connected with the Directors are interests (the existence of which is known to or could with reasonable diligence be ascertained by that Director) which would be required to be so notified or entered into the register in accordance with (i) or (ii) above if that connected person were a Director are (and will be on completion of the Rights Issue) as follows:

Director	Number of Shares held prior to the Rights Issue	Percentage of issued share capital held prior to the Rights Issue (per cent.)	Proposed Number of Shares upon completion of the Rights Issue	Proposed percentage of issued share capital held upon Completion of the Rights Issue (per cent.)(2)
P Rigby	504,981	0.168	575,454(1)	0.137
D Gilbertson	528,619	0.176	602,391(1)	0.143
A Foye	314,119	0.105	357,956(1)	0.085
R Hooper	10,000	0.003	14,000	0.003
S Watson	9,250	0.003	12,950	0.003
D Mapp	28,926	0.01	40,496	0.01
P Kirby	Nil	Nil	Nil	Nil

(1) This is the number of Shares that will be held following completion of the Rights Issue assuming that such Director disposes of sufficient of his Nil Paid Rights so as to enable him (before allowing for payment of expenses or tax liabilities) to subscribe for his remaining entitlement of New Ordinary Shares.

(2) Percentage calculations assume that no options granted under the T&F Informa Share Schemes are exercised between the date of this document and completion of the Rights Issue.

As at 29 June 2005 (being the latest practicable date before the publication of this document) (i) 168,290 Shares are held by Informa QUEST Limited, being the vehicle through which Informa

SAYE options are exercised, and (ii) 632,775 Shares are held by HSBC Trustee (CI) Limited, to be used in satisfaction of the grant of certain options. P Rigby and D Gilbertson hold an interest in these shares as potential beneficiaries of the trusts.

The interests shown in the table above exclude any Shares awarded under the Company's Matching Plan, which are as follows:

	Number of Shares	Award date	Vesting Date	Expiry Date
P Rigby	15,900	13.04.04	13.04.07	13.04.14
	94,606	19.04.05	19.04.08	19.04.15
D Gilbertson	14,100	13.04.04	13.04.07	13.04.14
	90,634	19.04.05	19.04.08	19.04.15
A Foye	55,486	19.04.05	19.04.08	19.04.15

(b) *Share options held by Directors*

The following options were held over Shares pursuant to the T&F Informa Share Schemes (other than the Matching Plan) by the Directors as at 29 June 2005 (being the latest practicable date before the publication of this document):

	Number of Options	Exercise price per Share (p)	Exercise period
P Rigby	3,953	240.30	01.07.05 to 31.12.05
	3,924(1)	201.50	14.04.00 to 13.04.07
	93,516(1)	401.00	01.10.02 to 30.09.09
	52,272(1)	825.00	20.03.03 to 19.03.10
	81,648(1)	581.00	07.03.04 to 06.03.11
	111,879(1)	282.67	15.03.05 to 14.03.12
	136,234(2)	373.00	04.03.07 to 03.03.14
TOTAL	**483,426**		
D Gilbertson	100,000(1)	219.00	21.08.01 to 20.08.08
	82,294(1)	401.00	01.10.02 to 30.09.09
	46,000(1)	825.00	20.03.03 to 19.03.10
	71,772(1)	581.00	07.03.04 to 06.03.11
	98,347(1)	282.67	15.03.05 to 14.03.12
	119,885(2)	373.00	04.03.07 to 03.03.14
TOTAL	**518,298**		
A Foye	18,888(1)	344.11	26.04.04 to 25.04.11
	18,889(1)	344.11	26.04.04 to 25.04.11
	37,777(1)	344.11	26.04.04 to 25.04.11
	19,333(1)	375.00	27.05.05 to 26.05.09
	19,333(1)	375.00	27.05.05 to 26.05.09
	33,901(3)	254.41	30.04.06 to 29.04.10
	33,901(4)	254.41	30.04.06 to 29.04.10
	55,690(5)	341.17	22.03.07 to 21.03.11
TOTAL	**237,712**		

(1) These Options were granted subject to the achievement of a target which related to diluted earnings per share growth, excluding exceptional items, goodwill and amortisation and inflation ("Inflation-Adjusted EPS Growth"). The target having been achieved, these options have vested.

(2) Options vest if Inflation-Adjusted EPS Growth is at least 9 per cent. over the three year period from 4 March 2004, subject, if necessary, to re-testing (at 12 per cent.) after four years or (at 15 per cent.) after five years from that date.

(3) Options vest if Inflation Adjusted EPS Growth is at least 3 per cent. per year in each of the three years ending 31 December 2005.

(4) Options vest if Inflation Adjusted EPS Growth is at least 10 per cent. per year in each of the three years ending 31 December 2005.

(5) Options vest if Inflation Adjusted EPS Growth is at least 3 per cent. per year in each of the three years ending 31 December 2006.

(c) Substantial Shareholders

Save as disclosed below, the Company is not aware of any person who, directly or indirectly, was, as at 29 June 2005 (being the latest practicable date before the publication of this document) interested in three per cent. or more of the current issued ordinary share capital of T&F Informa:

	Number of Shares prior to the Rights Issue	**Percentage of issued share capital of T&F Informa held prior to the Rights Issue (per cent.)[1]**	**Number of Shares upon completion of the Rights Issue**	**Percentage of issued share capital held upon completion of the Rights Issue[2]**
Legal & General Group plc and/or its subsidiaries	21,348,874	7.10	29,888,423	7.10
FMR Corp and Fidelity International Limited and their subsidiaries	17,915,507	5.96	25,081,709	5.96
Standard Life Investments	15,147,591	5.04	21,206,627	5.04
Morley Fund Management Limited (a subsidiary of Aviva PLC)	11,952,597	3.98	16,733,635	3.98
Aegon UK plc group of companies	10,490,665	3.49	14,686,931	3.49
The Royal Bank of Scotland Group plc	10,122,608	3.37	14,171,651	3.37

(1) Percentages calculated based on the issued share capital of the Compay as at the date of this document.

(2) These percentages assume that each Shareholder takes up their full entitlement to New Ordinary Shares pursuant to the Rights Issue and that no options granted under the T&F Informa Share Schemes are exercised between the date of this document and completion of the Rights Issue.

The Shareholders detailed in the above table do not have different voting rights from those of the other Shareholders.

The Directors are not aware (i) of any persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company, nor (ii) of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

7. Memorandum and Articles of Association of T&F Informa

(a) Memorandum of Association

Clause 4.1 of the Company's memorandum of association provides that the object of the Company is to carry on business as a general commercial company. The full contents of the objects of T&F Informa are set out in clause 4.2 of the memorandum of association.

(b) Articles of Association

The following is a summary of the rights and provisions in the articles of association of the Company ("Articles") relating to the Shares generally:

(i) Voting rights

Shareholders shall have the right to receive notice of, to attend and to vote at all general meetings of T&F Informa. On a show of hands each holder of shares present in person and entitled to vote shall have one vote and upon a poll each such holder who is present in person or by proxy and entitled to vote shall have one vote in respect of every share held by him. A Shareholder's right to vote may be suspended if the Shareholder, or any person appearing to be interested in any Share has been given a Section 212 notice in respect of that Share and has been in default for a period of 14 days after the date of that section 212 notice in supplying the required information to the Company.

In the case of joint holders of a share, the vote of the senior who tenders a vote, shall be accepted to the exclusion of the vote(s) of the other joint holders. For this purpose seniority shall be determined by the order in which the names stand in the register of members.

No member shall be entitled to vote at any general meeting if any call or other sum presently payable by him in respect of shares remains unpaid.

(ii) Variation of class rights and alteration of capital

If at any time the share capital of T&F Informa is divided into different classes of shares, all or any of the rights attached to any class of shares may be varied or abrogated either whilst T&F Informa is a going concern or during or in contemplation of winding up, either (a) in such manner (if any) as may be provided by such rights, or (b) in the absence of such provision, with the consent in writing (including by electronic communication) of the holders of three-fourths of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class but not otherwise. The provisions of the Articles relating to general meetings shall apply, *mutatis mutandis,* to every such separate general meeting except that the necessary quorum at any such meeting (other than an adjourned meeting) shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the relevant class, and at an adjourned meeting one person holding shares of the class or his proxy. Any holder of shares of the relevant class present in person or by proxy may demand a poll upon which every holder of shares of that class shall be entitled to one vote for every such share held by him. The rights attached to any class of shares, unless otherwise expressly provided, shall not be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith or subsequent thereto or by the purchase or redemption by T&F Informa of any of its own shares. T&F Informa may by ordinary resolution issue any share in T&F Informa with such preferred, deferred or other rights or restrictions whether with regard to dividend, return of capital, voting or otherwise as T&F Informa may from time to time determine. Subject to the provisions of the Companies Act, T&F Informa may by special resolution purchase its own shares.

Subject to the provisions of the Companies Act, all unissued shares in the capital of T&F Informa shall be under the control of the T&F Informa Directors who may allot, grant options over or otherwise deal with or dispose of the same as they think fit.

Subject to the provisions of the Companies Act, any shares may be issued on terms that they are, or are liable to be, redeemed at the option of T&F Informa or the holder of such shares.

(iii) Transfer of shares

The instrument of transfer of a certificated share shall be signed by or on behalf of the transferor (and, in the case of a share which is not fully paid, by or on behalf of the transferee) and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register in respect thereof. All transfers of certificated shares shall be effected by instrument in writing in any usual or common form or any other form which the T&F Informa Directors may approve. The T&F Informa Directors may, in their absolute discretion and without giving any reason, refuse to register the transfer of a share which is not fully paid provided that such discretion will not be exercised in such a way as to prevent dealings in the shares of the relevant class on the Official List of the UKLA from taking place on an open and proper basis. The T&F Informa Directors may also refuse to register any transfer of shares on which T&F Informa has a lien. Unless otherwise agreed by the T&F Informa Directors in any particular case, the maximum number of persons who may be registered as joint holders of a share is four. In relation to certificated shares, the T&F Informa Directors may decline to recognise any instrument of transfer unless it is duly stamped and left at the registered office of T&F Informa, accompanied by the relevant certificate (except where the shares are registered in the name of a market nominee and no certificate has been issued for them) and such other evidence as the T&F Informa Directors may reasonably require to show the right of the transferor to make the transfer, and unless the instrument is in respect of only one class of share. The registration of transfers may be suspended by the T&F Informa Directors for any period (not exceeding 30 days in any year).

(iv) Directors

The business of T&F Informa shall be managed by the Directors, who may exercise all the powers of T&F Informa subject to the provisions of the Companies Act and, in accordance with the Company's memorandum of association, the Articles and any ordinary resolution of the Company.

Unless and until T&F Informa shall otherwise determine by ordinary resolution, the number of Directors shall be not less than three, nor more than twelve. A Director shall not be required to hold any shares in the capital of T&F Informa.

(v) Borrowing powers

The Directors may exercise all the powers of T&F Informa to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as collateral security for any debt liability or obligation of T&F Informa or of any third party.

The Directors shall restrict the borrowings of T&F Informa and exercise all voting and other rights or powers of control exerciseable by T&F Informa in relation to its subsidiary undertakings (if any) so as to secure (so far, as regards subsidiary undertakings, as by such exercise they can secure) that the aggregate principal amount for the time being outstanding in respect of all monies borrowed by T&F Informa and any subsidiary undertakings for the time being (in this paragraph, the "Group") (but excluding for these purposes inter-company borrowings) and for the time being owing to persons outside the Group, shall not at any time (after deducting the amount of cash deposited), without the previous sanction of an ordinary resolution of T&F Informa, exceed an amount equal to three times the share capital and consolidated reserves (on the basis of a detailed formula) (or such other higher limit fixed by an ordinary resolution of T&F Informa which is applicable at the relevant time).

(vi) Dividends and distributions to Shareholders

The Company in general meeting may declare dividends out of the profits of T&F Informa available for distribution. No dividend shall exceed the amount recommended by the Directors. Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide, all dividends shall be declared and paid according to the amounts paid up on the shares (otherwise than in advance of calls) and shall be apportioned and paid *pro rata* according to the amounts paid up on the shares during any portion of the period in respect of which the dividend is paid.

The Directors may pay such interim dividends as appear to the Directors to be justified by the Company's financial position.

No dividend or interim dividend shall be paid otherwise than in accordance with the provisions of the Companies Act.

All unclaimed dividends may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. Any dividend unclaimed for a period of 12 years from the date of declaration thereof shall, if the Directors so resolve, be forfeited and shall revert to the Company.

(vii) Winding up

If T&F Informa is in liquidation the liquidator may, with the authority of an extraordinary resolution, and subject to any provisions of the Companies Act (or any other applicable legislation), divide among the members *in specie* the whole or any part of the assets of T&F Informa and for such purpose may value any assets and determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest the whole or any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, thinks fit, but so that no member shall be compelled to accept any shares in respect of which there is a liability.

(c) The rights of Shareholders may only be varied pursuant to a special resolution, passed by the Company's Shareholders, to amend the Company's Articles.

Subject to a member's right to requisition an extraordinary general meeting pursuant to section 368 of the Companies Act, extraordinary and annual general meetings of the Company are convened at the discretion of the Board.

Pursuant to section 212 of the Companies Act, the Company may by notice in writing require a person whom the Company knows or has reasonable cause to believe to be or, at any time during the three years immediately preceding the date on which the notice is issued, to have been interested in shares comprised in the Company's issued share capital, to confirm that fact or (as the case may be) to indicate whether or not it is the case, and where that person holds, or has during that time held an interest in shares so comprised, to give such further information as may be required in accordance with section 212(2) of the Act.

Pursuant to section 198 of the Companies Act, holders of three per cent. or more of the nominal value of the Company's share capital are required to notify their interest in writing to the Company. To the extent that persons who already hold at least three per cent. or more of the nominal value of the Company's share capital increase or decrease their holding, section 198 of the Act requires that this is also notified to the Company by the shareholder.

8. Service agreements and remuneration of the Directors

(a) T&F Informa Executive Directors

The T&F Informa Executive Directors have entered into service agreements with the Company, on the dates shown below (although each has been amended since that date), and their current annual salaries (which are subject to annual review) are as follows:

T&F Informa Director	Date of Service Contract	Current Salary (£ per annum)
P S Rigby	25 September 1996	453,500
D S Gilbertson	27 February 1996	428,000
A M Foye	11 May 1998	258,000

All of the service agreements continue until terminated by either party at any time giving to the other not less than 12 months written notice.

In addition (effective as from 1 June 2004), each of the Executive Directors receives a benefit allowance of £25,000 per annum, private medical insurance cover and Mr Rigby and Mr Gilbertson also receive permanent health insurance cover. Each of the Executive Directors also has the opportunity to earn a bonus of up to 100% of actual basic salary, subject to the achievement of performance criteria set by the Remuneration Committee. In respect of the year ended 31 December 2004, this bonus could be earned based on achievement of (i) diluted adjusted earnings per share targets and (ii) certain personal objectives covering strategic, financial and operational areas. The Executive Directors may also invest up to 30% of their annual cash bonuses, net of tax, in the purchase of Shares pursuant to the Matching Plan. Where an Executive Director's annual bonus exceeds half of his basic annual salary, that Executive Director is required to use 50% (or more as determined by the Remuneration Committee from time to time) of such bonus (net of tax and any other deductions) to invest in Shares pursuant to the Matching Plan. Each of the Executive Directors also has share options outstanding pursuant to the share option schemes that were in place prior to completion of the Merger. Details of outstanding options held by each Executive Director are contained in the table at paragraph 6(b) of this Part XIII.

The Executive Directors are also entitled to receive a contribution of 25% of annual basic salary toward their retirement arrangements. Mr Foye became eligible for this 25% retirement benefit entitlement on 1 June 2004, following completion of the Merger. Mr Rigby receives a Company contribution of 25% of annual basic salary to his personal pension plan. The Company also provides life assurance cover providing for the payment of a lump sum in the event of his death in service.

Mr Gilbertson was a member of the Informa Final Salary Pension and Life Assurance Scheme throughout 2004. This is a defined benefit scheme that provides for a pension on retirement of up to two thirds of final basic salary at the age of 60. Dependants are eligible for dependants' pension and the payment of a lump sum in the event of Mr Gilbertson's death in service. Mr Gilbertson also has a personal money purchase pension scheme funding his pension above the earnings cap and to which the Company contributes to bring its total contribution up to the 25% basic salary entitlement level.

Mr Foye was a member of the Taylor & Francis Limited Group Pension and Life Assurance Scheme throughout 2004. This is a defined benefit scheme that provides for a pension on retirement of up to two thirds of final basic salary (excluding benefits) at the age of 63. Dependants are eligible for dependants' pension and the payment of a lump sum in the event of Mr Foye's death in service. In addition, Mr Foye receives payments as required to bring the Company's annual contribution up to the 25% entitlement level.

All of the service agreements contain provisions allowing the Company to terminate summarily for cause, such as gross misconduct. In the event of early termination, each of the Executive Directors' contracts provide for compensation equal to basic salary, bonus, benefits allowance and pension entitlement for the notice period.

(b) T&F Informa Non-Executive Directors

The Company has entered into letters of appointment in respect of the provision to the Company of the services of the following non-executive directors:

T&F Informa Directors	Annual Fee (£) (effective 10 March 2005)
Richard Hooper	120,000
Derek Mapp	47,500
Sean Watson	42,000
Dr Pamela Kirby	41,000

Each non-executive director's letter of appointment contains provisions allowing the Company to terminate summarily for cause, such as a serious breach of obligations or an act of dishonesty or serious misconduct.

(c) Remuneration

The total aggregate of the remuneration paid and benefits in kind granted to the Directors (which includes any former directors who held office during the 2004 financial year) (including emoluments, retirement contributions, gains on the exercise of share and options and compensation for loss of office) by T&F Informa or any other member of the T&F Informa Group during the financial year ended 31 December 2004 was £5,206,000.

The amount of remuneration paid to the Directors (including any contingent or deferred compensation) and benefits in kind granted to the Directors by the Company or any member of the Group during the financial year ended 31 December 2004 was, on an individual basis, as follows:

	Basic salary/fees	Bonus accrued	Benefits in kind/allowance	Total 2004
	£'000	£'000	£'000	£'000
Executive Directors				
P Rigby	398	199	26	623
D Gilbertson	366	366	26	758
A Foye	225	225	16	466
Non-Executive Directors				
R Hooper	39	—	—	39
S Watson	34	—	—	34
D Mapp	35	—	—	35
P Kirby (appointed 1 September 2004)	12	—	—	12

The above figures do not include amounts in respect of (i) the value of share options granted to or held by the Directors or of matching awards made under the Matching Plan, further details of which are contained at paragraphs 6(a) and (b) of this Part XIII; or (ii) Directors' pension entitlements, further details of which are contained in paragraph 8(d) of this Part XIII.

(d) Directors' Pension Entitlements

David Gilbertson and Anthony Foye are members of defined benefit pension schemes provided by the Company or its subsidiaries and have accrued entitlements under the schemes as follows:

T&F Informa Director	Accrued pension 31 December 2004	Transfer value 31 December 2004	Transfer value of increase in year less Directors' contributions
	£'000	£'000(1)	£'000(2)
D Gilbertson	30	295	23
A Foye	81	424	138

(1) The transfer values of the Directors' accrued benefits under the scheme have been calculated in a manner consistent with "Retirement Benefit Schemes—Transfer Values (GN11)" published by the Institute of Actuaries and the Faculty of Actuaries.

(2) The transfer values do not represent a sum paid or payable to the individual Director, but represent a potential liability of the pension scheme.

Contributions paid by the Company directly to Directors or their nominated retirement investment vehicles in respect of their retirement benefit entitlements in 2004 were as follows:

	2004
	£'000
P Rigby[(1)]	298
D Gilbertson	72
A Foye	3

(1) Peter Rigby waived 50 per cent. of his entitlement to a bonus for 2004 (£199,000) and an equivalent sum is being paid as an employer contribution.

(e) General

Save as set out in this paragraph 8, there are no existing contracts between any of the T&F Informa Directors and any member of the T&F Informa Group. The total emoluments receivable by the Directors will not be varied as a consequence of the Acquisition or the Rights Issue.

9. Board Practices

(a) Audit Committee

The following is a summary of the terms of reference under which the Company's Audit Committee operates. Information as to the composition of the Audit Committee is contained in paragraph (c) below.

The purpose of the Audit Committee is to fulfil its duties in relation to all companies and businesses within the Group. The Audit Committee shall be made up of three (or, if the Board otherwise determines, two) independent non-executive directors, at least one of whom has relevant financial experience and shall meet at least three times in every year at appropriate times in the reporting and audit cycle and otherwise as requested by the T&F Informa chairman.

The Audit Committee shall monitor, *inter alia*, the integrity of the financial statements of the Company, including its annual and interim reports and also summary financial statements of the Company, as well as the effectiveness of the Company's internal financial controls, internal controls and risk management systems. In addition, it shall review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system. The Audit Committee shall make recommendations to the Board in relation to the appointment, re-appointment and removal of the Company's external auditor.

The chairman of the Audit Committee shall report formally to the Board on its proceedings after each committee meeting on all matters within its duties and responsibilities. The Audit Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed and shall compile a report to Shareholders on its activities to be included in the Company's annual report.

The Audit Committee is authorised to:

(i) investigate any matter which it regards as relevant to its duties;

(ii) seek any information it requires from any employee of the Company in order to perform its duties;

(iii) obtain, at the Company's expense, outside legal or other professional advice and to secure the attendance of outsiders with relevant experience and expertise on any matter within the terms of reference; and

(iv) call any employee of any Group company to be questioned at a meeting of the Audit Committee as and when required.

(b) *Remuneration Committee*

The following is a summary of the terms of reference under which the Company's Remuneration Committee operates. Information as to the composition of the Remuneration Committee is contained in paragraph (c) below.

The Remuneration Committee shall be made up of independent non-executive directors. The Remuneration Committee shall, inter alia:

(i) determine and agree with the Board the framework or broad policy for the remuneration of the Company's chairman and executive directors serving on the Board, the company secretary and such other members of the executive management as it is designated to consider;

(ii) review the ongoing appropriateness and relevance of the remuneration policy;

(iii) approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes;

(iv) review the design of all share incentive plans for approval by the Board and Shareholders;

(v) determine the policy for, and scope of, pension arrangements for each executive director, the chairman and other senior executives;

(vi) ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;

(viii) within the terms of the agreed policy and in consultation with the chairman or Chief Executive as appropriate, determine the total individual remuneration package of each executive director and other senior executives including bonuses, incentive payments and share options and other share awards;

(ix) ensure that all provisions regarding disclosure of remuneration, including pensions, as set out in the Directors' Remuneration Report Regulations 2002 and the Combined Code are fulfilled;

(x) be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultant to advise the Remuneration Committee; and

(xi) obtain reliable, up to date information about remuneration in other companies.

The chairman of the Remuneration Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The Remuneration Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed. The Remuneration Committee shall produce an annual report of the Company's remuneration policy and practices which will form part of the Company's annual report and ensure each year that it is put to the Company's Shareholders for approval at the annual general meeting.

The Remuneration Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties and, in connection with its duties, is authorised by the Board to obtain, at the Company's expense, any outside legal or other professional advice, including the advice of independent remuneration consultants and obtaining reliable, up to date information about remuneration in other companies. The Remuneration Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.

(c) The Company's audit and remuneration committees are constituted as follows:

Committee	Members
Audit	Derek Mapp (chairman) Sean Watson
Remuneration	Dr Pamela Kirby (chairman) Derek Mapp Sean Watson

(d) The Company is committed to the principles of corporate governance contained in the Combined Code. Throughout the year to 31 December 2004, the Company complied with the provisions set out in Section 1 of the Combined Code except for the following matter:

Code Provision A2.2 specifies that upon appointment the Chairman should meet the independence criteria set out in the Code. Mr David Smith was Chief Executive of Taylor & Francis Group up to the date of the Merger, 10 May 2004, when he was appointed Chairman of the newly merged Group. He was appointed Chairman because the Board felt that it was important to retain the experience and continuity which Mr Smith could provide, particularly during the important period following the Merger. In accordance with the provisions of the Combined Code, major Shareholders were consulted after the proposed merger had been announced on 2 March 2004 and in advance of the actual appointment. Mr Smith also successfully stood for re-election at the July 2004 annual general meeting of the Company.

10. Subsidiary undertakings of T&F Informa

T&F Informa is the parent company of the Group. The principal subsidiary undertakings of the Company (being those which are considered by the Company to be most likely to have a significant effect on the assessment of the assets and liabilities, financial position or profits and losses of the Company), all of which are wholly-owned, are set out below.

Company	Country of registration and operation	Principal activity
Taylor & Francis Books Limited	England	Publishing
Taylor & Francis Limited	England	Publishing
Taylor & Francis Books Inc	USA	Publishing
Taylor & Francis Inc	USA	Publishing
Taylor & Francis Publishing Services Limited	England	Provision of publishing services
Psychology Press Limited	England	Publishing
Taylor & Francis Group Limited	England	Holding company
Afterhurst Limited	England	Publishing
Bios Scientific Publishers Limited	England	Publishing
Parthenon Publishing Group Limited	England	Publishing
Taylor & Francis AS	Norway	Publishing
Taylor & Francis AB	Sweden	Provision of publishing services
UCL Press Limited	England	Publishing
Agra Informa Limited	England	Conference organisation and publishing
Euroform BV	Netherlands	Conference organisation and publishing
Euroform Deutschland GmbH	Germany	Conference organisation and publishing
IBC Asia (S) Pte Limited	Singapore	Conference organisation and publishing
Informa USA Inc	USA	Conference organisation and publishing
T&F Informa UK Limited(1)	England	Conference organisation and publishing
Informa QUEST Limited	England	Qualifying employee share trust
Informa Limited	England	Holding company
MMS Group Holding Limited	England	Holding company
PJB Publications Limited	England	Publishing

(1) Name changed from Informa UK Limited on 4 January 2005.

Of the above, Informa Limited, MMS Group Holdings Limited, PJB Publications Limited, Informa QUEST Limited and Taylor & Francis Group Limited are directly owned by T&F Informa.

11. Material contracts

(a) Save for the contracts described or referred to in this paragraph 11(b) to (d), no member of the T&F Informa Group has (i) entered into any material contract (not being a contract entered into in the ordinary course of business) within the two years immediately preceding the date of this document or (ii) entered into any other contract (not being a contract entered into in the ordinary course of business) which contains any provision under which any member of the Group has any obligation or entitlement which is or may be material to the Group as at the date of this document;

(b) the Acquisition Agreement which is summarised in Part A of Part XII of this document; and

(c) the New Facility Agreement, which is summarised in Part B of Part XII of this document; and

(d) an underwriting agreement dated 1 June 2005 between the Company and the Underwriter (the "Underwriting Agreement"). Subject to the terms and conditions set out in the Underwriting Agreement, the Underwriter has agreed to procure subscribers for, or failing which itself to subscribe, New Shares not taken up under the Rights Issue, in each case at the Issue Price.

In consideration of its services under the Underwriting Agreement the Underwriter will be paid (together with any applicable value added tax) two per cent. on the aggregate Issue Price of the New Shares for the first 44 days of underwriting period (the "Initial Period") and one eighth of one per cent. for every seven days or part thereof from (and including) the end of the Initial Period until (and including) the second dealing day after the last date for acceptance or (if earlier) the date on which the Underwriters obligations terminate.

Out of these commissions the Underwriter will pay any sub-underwriting commissions (to the extent that sub-underwriters are or have been procured).

The Company will pay all costs and expenses of, or in connection with, the Rights Issue, the allotment and issue of the New Shares and the Underwriting Agreement including, but not limited to, the UK Listing Authority's and the London Stock Exchange's listing and trading fees, printing and advertising costs, the Receiving Agent's charges, the Company's and the Underwriter's legal and other out-of-pocket expenses, all accountancy and other professional fees and all related value added tax, if applicable.

The Company has given certain customary representations and warranties to the Underwriter and, in addition, has given the Underwriter certain customary indemnities in relation to certain liabilities they may incur in respect of the Rights Issue. In addition, the obligations of the parties to the Underwriting Agreement are subject to certain conditions that are typical for an agreement of this nature. These conditions include, amongst others:

(i) Admission taking place not later than 8.00 a.m. on 15 July 2005;

(ii) each condition to enable the admission of both the Nil Paid Rights and the Fully Paid Rights to CREST (other than Admission) being satisfied on or before that date; and

(iii) the passing of the Resolution at the EGM.

The Underwriter has the right to terminate the Underwriting Agreement prior to Admission in certain specified circumstances that are typical for an agreement of this nature. These include, amongst others:

(i) if any of the warranties in the Underwriting Agreement is not or has ceased to be true and accurate in any materially prejudicial respect by reference to the facts and circumstances subsisting at that time;

(ii) if, in the opinion of the Underwriter, there shall have been any material adverse change in, or any development likely to involve a material adverse change in the condition (financial, operational, legal or otherwise) or the earnings, business affairs or business prospects of the T&F Informa Group, whether or not arising in the ordinary course of business which makes it impractical or inadvisable to proceed with the Rights Issue;

(iii) the commitment of any party under the New Facility Agreement having been terminated or the New Facility Agreement no longer being in full force and effect; or

(iv) the Acquisition Agreement having been terminated or notice to terminate it having been given by (or on behalf of) a party to it or it no longer being in full force and effect.

(e) The following contracts, none of which have been terminated (save for the facility agreement referred to in paragraph (xii), which was superseded by that referred to in paragraph (iii) (which will itself be superseded by the New Facility)) have been made available for inspection within the last two years:

(i) an agreement dated 1 March 2004 between Informa and Taylor & Francis pursuant to which the parties agreed the terms of the implementation of the Merger;

(ii) an agreement dated 26 February 2004 between Informa and Taylor & Francis pursuant to which the parties agreed to the terms for the payment of an inducement fee in the event of, among others, the Merger lapsing or being withdrawn;

(iii) a facility agreement dated 17 March 2004 between, among others, the Company, ABN AMRO Bank N.V. and The Royal Bank of Scotland plc pursuant to which certain facilities were made available to the Company for the purposes of, among others, refinancing certain indebtedness and meeting the costs and expenses incurred in connection with the Merger;

(iv) an asset purchase agreement dated 17 November 2003 between, among others, Marcel Dekker Inc. and Taylor & Francis, relating to the acquisition by Taylor & Francis of Marcel Dekker;

(v) a sale and purchase agreement dated 8 September 2003 between Alchemy Partners Nominees Limited, Kavalyit Mickey Arora (and others), and the Company pursuant to which the Company agreed to acquire the entire issued share capital of MMS;

(vi) an agreement dated 8 September 2003 between the Company and UBS pursuant to which UBS undertook to use its reasonable endeavours to procure placees to accept the allotment of 9,700,000 new Ordinary Shares at a price of 270 pence per share;

(viii) a sale and purchase agreement dated 2 December 2003 between the Company and Dr PJ Brown (and others) pursuant to which the Company agreed to acquire the entire issued share capital of PJB;

(ix) an agreement dated 2 December 2003 between the Company and UBS pursuant to which UBS undertook to procure placees to accept the allotment of 13,280,000 new Shares at a price of not less than 275 pence per share or, failing which, UBS itself undertook to take up such shares at a price of 275 pence per share;

(x) an agreement dated 2 December 2003 between the Company, Informa Jersey and UBS pursuant to which (i) UBS agreed to subscribe for eleven ordinary shares of no par value in Informa Jersey at a premium of £1 per ordinary share; and (ii) UBS acquired a put option in respect of those shares (as against the Company), and the Company a corresponding call option (as against UBS);

(xi) an agreement dated 2 December 2003 between UBS, Informa Jersey and the Company pursuant to which UBS, *inter alia,* and subject to the terms and conditions contained therein, agreed to subscribe for up to 50 million redeemable preference shares of no par value in Informa Jersey; and

(xii) an agreement dated 1 December 2003 between the Company and Barclays Bank PLC (among others) pursuant to which Barclays Bank PLC (among others) agreed to make available to the Company and any Additional Borrowers (as defined therein) multi currency loans of up to a maximum amount of £205,000,000 for the purposes of financing the acquisition of the entire issued share capital of PJB, and the general corporate purposes of the Informa Group.

(f) Save for the contracts described or referred to in this paragraph 11(f), no member of the IIR Group has (i) entered into any material contract (not being a contract entered into in the ordinary course of business) within the two years immediately preceding the date of this document, or (ii) entered into any other contract (not being a contract entered into in the ordinary course of business) which contains any provision under which any member of the IIR

Group has any obligation or entitlement which is or may be material to the IIR Group as at the date of this document:

(i) a syndicated facility agreement (the "Syndicated Facility Agreement") dated 19 July 2004 made between IIR US Holdings, Inc. as borrower with certain other subsidiaries of IIR as guarantors and Barclays Bank PLC as agent (the "Syndicated Facility"). The Syndicated Facility Agreement is based on the Loan Market Association standard syndicated facilities agreement. The Syndicated Facility comprises a US$180 million revolving credit facility which terminates on 27 May 2008.

Loans outstanding may be prepaid and commitments to lend may be cancelled on 10 business days' notice (lenders whose participations in outstanding loans represent at least two thirds of the total outstanding loans may agree a shorter notice period) in whole or in part (the minimum of such cancellation/prepayment being US$10m).

A commitment fee (50% of the margin applicable to that loan) is payable at the end of each successive three month period. It is payable on all amounts cancelled from the last payment day to the day of cancellation.

Amounts prepaid are to be made with all accrued interest and, where the prepayment occurs other than at the end of the selected interest period for that loan, break costs. Interest periods for loans may be 1, 2, 3 or 6 months at the selection of the borrower or any other period as agreed by all lenders in advance. Break costs are calculated in relation to the cost to the lenders of breaking funding arrangements in the market.

The Syndicated Facility Agreement contains standard change of control provisions in respect of the shares of IIR. It is proposed that the Syndicated Facility will be repaid and cancelled on or before Completion; and

(ii) an agreement and plan of merger dated 18 June 2004 between (1) IIR US Holdings, Inc., a Delaware corporation ("IIR (US)"), (2) RG Merger Corp., a Delaware corporation ("RG Merger Corp."), (3) Robbins-Gioia, Inc., a Virginia corporation ("Robbins-Gioia"), (4) John Gioia ("J Gioia"), Patricia J Gioia ("P Gioia") and Patricia J Gioia, as a trustee for Eric Gioia (collectively with J Gioia and P Gioia, the "Founders").

Under the agreement, RG Merger Corp. was merged into Robbins-Gioia. Following the merger, Robbins-Gioia continued as the surviving corporation. In connection with the merger, IIR (US) paid to the Founders and other selling shareholders of Robbins-Gioia a purchase price of $76,776,402, (after adjustments). As a result of the merger, each share of RG Merger Corp. common stock was converted into a share of Robbins-Gioia common stock. Each issued and outstanding share of Robbins-Gioia stock was converted into a right to receive a portion of the cash proceeds of the merger. Each share of Robbins-Gioia treasury stock, and each option, warrant, appreciation right, participation right, or similar right to purchase equity in Robbins-Gioia was cancelled and retired.

Robbins-Gioia and the Founders each made certain representations and warranties to IIR (US). The agreement provides that the majority of representations and warranties concerning Robbins-Gioia and the Founders expire 15 months after the closing date (which was 5 August 2004) except for the following:

(1) The representations and warranties from IIR (US) concerning tax matters, which continue until expiration of the applicable statutes of limitations plus 60 days. This limitation period will be generally at least 3 years from the date of the breach, but may be longer depending upon the jurisdiction to which the taxes relate; and

(2) The representations and warranties concerning ownership of the shares being sold, brokers fees, share capitalization, subsidiary interests, power and authority, non-contravention, and investment intent, which survive without an express limitation on survival, except for the representations and warranties by holders of Robbins-Gioia shares (other than the Founders) that they hold the shares free and clear of all liens; these representations and warranties survive the closing date for a 15 month period.

Under the indemnification provisions for the benefit of IIR (US), no claims may be made until losses exceed an aggregate amount of $250,000 with an aggregate cap on liability of 75% of the purchase price.

The agreement is governed by the laws of the State of Delaware.

Full summaries of the contents of each of the contracts detailed in paragraph 11(e)(i) to (xii) above are contained in either (i) paragraphs 11(a)(i) or 11(b)(i) of Part VI of the Listing Particulars dated 19 March 2004 issued by the Company in connection with the Merger, or (ii) paragraph 5.1 of Part V of the Circular to shareholders dated 3 December 2003 issued by the Company in connection with the acquisition of PJB. Copies of these documents may be obtained by Shareholders, free of charge, upon written request to the Company.

12. Litigation

(a) There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had during the twelve months preceding the date of this document, a significant effect on the Group's financial position or profitability.

(b) There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which IIR is aware) which may have, or have had during the twelve months preceding the date of this document, a significant effect on the IIR Group's financial position or profitability.

13. Taxation

The following statements are intended only as a general guide to current UK tax legislation and to the current published practice of the UK Inland Revenue in respect of stamp duty, stamp duty reserve tax, taxation of capital gains and taxation of dividends paid by the Company. They may or may not apply to certain Shareholders, such as dealers in securities or those that acquired their Ordinary Shares by reason of the former, current or prospective employment of any person. They relate to persons who are resident and ordinarily resident in the UK for UK tax purposes and who are beneficial owners of Ordinary Shares.

Any person who is in doubt as to his tax position, or who is subject to taxation in any jurisdiction other than the UK, should consult his professional advisers immediately.

(a) Stamp duty and stamp duty reserve tax

Except in relation to depository receipt arrangements or clearance services where special rules apply:

(i) no stamp duty or stamp duty reserve tax will be payable on the issue of Provisional Allotment Letters or split Provisional Allotment Letters;

(ii) the purchase of rights to New Ordinary Shares represented by Provisional Allotment Letters (whether nil paid of fully paid) on or before the latest time for registration of renunciation will not generally be liable to stamp duty, but the purchaser will normally be liable to pay stamp duty reserve tax at the rate of 0.5 per cent. of the actual consideration paid;

(iii) the subsequent transfer on sale of New Ordinary Shares will generally give rise to a stamp duty liability of the purchaser at the rate of 0.5 per cent. (rounded to £5 or multiples thereof) of the consideration paid or equally, if an unconditional agreement to transfer such shares is not completed by a duly stamped transfer, to a stamp duty reserve tax liability of the purchaser at the rate of 0.5 per cent. of the amount or value of the consideration paid; and

(iv) no stamp duty reserve tax will be payable on the registration of the original holders of Provisional Allotment Letters or their renouncees.

(b) Taxation of capital gains

The issue of New Ordinary Shares to Qualifying Shareholders pursuant to their entitlement under the Rights Issue will be treated as a reorganisation of the Company's share capital for the purposes of UK taxation of capital gains. No liability to UK taxation of capital gains will arise to the extent a Qualifying Shareholder takes up his entitlement to New Ordinary Shares.

For the purposes of UK taxation of capital gains, any New Ordinary Shares taken up pursuant to a Qualifying Shareholder's rights will be treated as the same asset as the Qualifying Shareholder's existing Ordinary Shares and as though they had been acquired as and when the original holding was acquired. The price paid for such Ordinary Shares will be added to the base cost of such existing Ordinary Shares.

For periods after April 1998, indexation allowance is available only for the purposes of corporation tax and is not available to individuals, personal representatives or trustees. In the case of a corporate holder of Ordinary Shares, the benefit of indexation allowance will continue to be available, although in calculating the amount of indexation allowance on any subsequent disposal of some or all of the New Ordinary Shares, the expenditure incurred in subscribing for the New Ordinary Shares will be treated as incurred at the time it was actually paid or was liable to be paid.

For individuals, personal representatives and trustees, indexation allowance has been frozen as at April 1998 (although indexation relief for holding periods up to April 1998 has been preserved) and has been replaced by a system of taper relief. Taper relief operates by reducing the amount of any gain realised on the disposal of an asset (after taking into account indexation relief, if applicable) by a percentage dependent on the period of ownership of that asset since April 1998 and on whether the asset qualifies as a business or non-business asset for that period. Taper relief will be calculated according to the period of ownership of a qualifying shareholder's existing holding of Ordinary Shares.

If Qualifying Shareholders who are resident or ordinarily resident (for taxation purposes) in the UK sell their rights, or if the rights are allowed to lapse or are deemed to have been allowed to lapse and a cash payment is received in respect of them, they may, depending on their individual circumstances, incur a liability to UK taxation of capital gains.

If a Qualifying Shareholder sells or otherwise disposes of all or part of the New Shares allotted to him, or of his rights to subscribe for New Shares or if he allows or is deemed to allow his rights to lapse in return for a cash payment, he may, depending on his circumstances, incur a liability to UK taxation on capital gains. If the proceeds resulting from the disposal or lapse of rights are "small" compared with the value of the existing Ordinary Shares in respect of which the rights arose, a Qualifying Shareholder should not normally be treated as making a disposal for the purposes of UK taxation of capital gains, no immediate liability to tax will arise and the proceeds will be deducted from the base cost of his existing holding for the purposes of computing any capital gain or allowable loss on a subsequent disposal. The Inland Revenue currently regard a receipt as "small" if its amount or value is 5 per cent. or less of the market value (on the date of disposal or lapse) of the existing Ordinary Shares in respect of which the entitlement to the receipt arose, or if its amount or value is £3,000 or less, regardless of whether or not it is more than 5 per cent. of the market value (on the date of disposal or lapse) of the existing Ordinary Shares.

(c) Taxation of dividends

(i) Under current UK tax legislation the Company is not required to withhold tax at source from dividend payments it makes.

(ii) Individual Shareholders resident for tax purposes in the UK should generally be entitled to a tax credit in respect of any dividend received equal to one-ninth of the amount of the cash received. Such individual shareholder's liability to UK tax is calculated on the sum of the cash received and the tax credit (the "gross dividend") which, with certain other investment income, will be regarded as the top part of the individual's income and which will be subject to UK income tax. The tax credit equals 10 per cent. of the gross dividend and will be available to offset the shareholder's liability (if any) to income tax on the gross dividend.

Individual Shareholders liable to tax at the basic rate or at a rate which is lower than the basic rate will be liable to tax on the gross dividend at the rate of 10 per cent. This means that the tax credit will satisfy the income tax liability of such Shareholders.

Individual Shareholders who are liable to income tax at the higher rate will be liable to tax on the gross dividend at the rate of 32.5 per cent. After taking into account the 10 per cent. tax credit, a higher rate taxpayer will be liable to additional income tax of 22.5 per cent., of the gross dividend, which is equal to 25 per cent. of the net dividend received.

Individual Shareholders who are resident in the UK cannot claim repayment of the tax credit from the Inland Revenue.

Trustees of a discretionary or accumulation trust resident (for tax purposes) in the UK who receive a dividend paid by the Company will be taxable on the total of the dividend and the tax credit at the "Schedule F trust rate", which is currently 32.5 per cent. of the aggregate of the dividend and the tax credit, less the related tax credit.

A corporate shareholder resident for tax purposes in the UK will not normally be liable to corporation tax on any dividend received.

(iii) Tax exempt pension funds cannot reclaim from the Inland Revenue tax credits attaching to dividend payments on UK equities.

(iv) Although individual Shareholders who are resident for tax purposes in countries other than the UK, but who are Commonwealth citizens, nationals of states which are part of the European Economic Area, residents of the Isle of Man or the Channel Islands and certain other types of persons are entitled to a tax credit as if they were resident for tax purposes in the UK (which they may set off against their total UK tax liability), such Shareholders will generally not be able to claim payment of the tax credit from the Inland Revenue.

Other Shareholders who are resident for tax purposes in countries other than the UK should consult their own tax advisers concerning their tax liabilities on dividends received. They should note that following the reduction in the rate of the UK tax credit to 10 per cent. with effect from 6 April 1999, they are unlikely to be entitled to any payment from the Inland Revenue under any applicable double taxation agreement.

14. Fixed Assets

There is no existing or planned tangible fixed asset which is material to the business of the Group.

15. Working capital

T&F Informa is of the opinion that:

(a) taking into account the net proceeds of the Rights Issue and debt facilities available to it, T&F Informa has sufficient working capital for its present requirements, that is until at least 1 July 2006;

(b) taking into account the net proceeds of the Rights Issue and the debt facilities available to it, the Enlarged Group has sufficient working capital for its present requirements, that is until at least 1 July 2006; and

(c) taking into account the debt facilities available to it, the Enlarged Group has sufficient working capital for its present requirements, that is until at least 1 July 2006.

16. Capitalisation and Indebtedness

The following table sets out the net financial indebtedness of the Group as at 30 April 2005. This information has been prepared by aggregating the indebtedness and the cash and cash equivalents of the entities that comprise the T&F Informa Group. The table shows the external net financial indebtedness of the Group and excludes balances between the entities that comprise the Group. No adjustments have been made in the aggregation:

	30 April 2005	31 December 2004
	£'000	£'000
Cash	8,426	19,126
Cash Equivalents	—	—
Liquidity	8,426	19,126
Current financial borrowings (including current portion of long-term financial borrowings)	(12,103)	(9,157)
Other current financial debt	(6,208)	(6,218)
Current financial debt	(18,311)	(15,375)
Net current liquidity	(9,885)	3,751
Non-current financial borrowings	(296,847)	(305,721)
Other non-current financial debt	(13)	(17)
Long term financial indebtedness	(296,860)	(305,738)
Net financial indebtedness	(306,745)	(301,987)

	30 April 2005	31 December 2004
	£'000	£'000
Total current debt/cash		
—Guaranteed	(3,677)	9,969
—Secured	(6,208)	(6,218)
—Unguaranteed/unsecured	—	—
Total current debt/cash	(9,885)	3,751
Total non-current debt (excluding current portion of long-term debt)		
—Guaranteed	(296,847)	(305,721)
—Secured	(13)	(17)
—Unguaranteed/unsecured	—	—
Total non-current debt	(296,860)	(305,738)
Total indebtedness	(306,745)	(301,987)
Shareholders' equity		
—Share capital		29,946
—Share premium		187,755
—Other reserves		(86,514)
Total equity shareholders' funds		131,187

Notes:
T&F Informa shareholders' equity for 31 December 2004 is stated under UK GAAP. Under IFRS total shareholders' equity as at 31 December 2004 has been restated to £596.8 million (unaudited). There is no material difference between shareholders' funds at 30 April 2004.

T&F Informa net indebtedness for 31 December 2004 is stated under UK GAAP. Under IFRS total net indebtedness as at 31 December 2004 has been restated to £301.9 million (unaudited).

17. Principal Investments

The following is a summary of the Group's principal investments between 1 January 2002 and the date of this document:

Nature of Investment	Date	Cost (£m)
Acquisition of CRC	April 2003	58.6
Acquisition of Cass	July 2003	350
Acquisition of SZP	October 2003	11.6
Acquisition of MMS	September 2003	23.7
Acquisition of Marcel Dekker	January 2004	78.4
Acquisition of PJB	December 2003	120.0

18. Consents

(a) Deloitte has given and not withdrawn its written consent to the inclusion in this document of its reports set out in Parts VIII and XI of this document and the references to its name in the form and context in which they appear and has authorised the contents of such report for the purposes of Regulation 6(1)(e) of the Financial Services and Markets Act 2000 (Official Listing of Securities) Regulations 2001, as amended and the Prospectus Rules.

(b) Greenhill has given and has not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they appear.

(c) Hoare Govett has given and has not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they appear.

19. Significant Change

(a) There has been no significant change in the financial or trading position of the Group since 31 December 2004, being the date up to which the Company's latest annual audited accounts were prepared.

(b) There has been no significant change in the financial or trading position of IIR Group since 31 December 2004, being the date to which the Accountants' Report in Part VIII of this document is made up.

(c) There have been no interruptions in the Group's business which have had, or may have, a significant effect on the Group's financial position in the 12 month period preceding the date of this document.

20. London Stock Exchange Quotations

The following table sets out the closing middle market quotations for T&F Informa Ordinary Shares as derived from the Daily Official List as published by the London Stock Exchange for the first dealing day of the six months immediately prior to the date of this document and for 29 June 2005 (being the latest practicable date before the publication of this document):

	T&F Informa Share Price (pence)
Tuesday 4 January 2005	382
Tuesday 1 February 2005	407.5
Tuesday 1 March 2005	426
Friday 1 April 2005	427
Tuesday 3 May 2005	385.75
Wednesday 1 June 2005	434
29 June 2005	423

21. Miscellaneous

(a) The total expenses of or incidental to the Rights Issue (including irrecoverable VAT) which are payable by the Company are estimated to amount to approximately £8.5 million (including underwriting commissions of approximately £7.5 million payable to the Underwriter). The

Directors are mindful of the Competition Commission's recommendations with regard to competitive tendering of sub-underwriting commissions. However, the Directors believe that such a process would be unlikely to result in any significant benefit to the Company.

(b) On 10 May 2004 the Company acquired the entire issued share capital of Taylor & Francis pursuant to a scheme of arrangement effected pursuant to section 425 of the Companies Act 1985.

(c) The Company's auditors are Deloitte, whose registered office is Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR. Deloitte has audited the Company's accounts for the financial year ended 31 December 2004. KPMG, whose registered office is 8 Salisbury Square, London EC4Y 8BB, audited the Company's accounts for the financial years ended 31 December 2003 and 2002. Both Deloitte and KPMG are Chartered Accountants and Registered Auditors and have carried out the audits of the accounts for the financial years ending 31 December 2002, 2003 and 2004 in accordance with the Auditing Standards issued by the Auditing Practices Board. Such accounts have been reported on without qualification. Save for the information contained in Part IX of this document, none of the information contained in this document has been audited.

(d) The Company's registrars and receiving agents are Lloyds TSB Registrars of The Causeway, Worthing, West Sussex BN99 6DA.

(e) The New Ordinary Shares have not been marketed, nor are they available, in whole or in part, to the public in connection with the application for listing save under the terms of the Rights Issue.

(f) The existing Ordinary Shares are in registered form, are capable of being held in uncertificated form and are admitted to the Official List of the UKLA and are traded only on the market for listed securities of the London Stock Exchange. Application for trading of the New Ordinary Shares is not being and will not be sought on any other stock exchange other than the market for listed securities of the London Stock Exchange.

(g) The New Shares will be issued at 256 pence per Share. The closing mid-market price of a T&F Informa Share on 29 June 2005, being the last practicable date before the publication of this document, was 423 pence. This represents a premium of 413 pence per share to the nominal value of 10 pence of each T&F Informa Share.

(h) The Company is not aware of any potential conflict of interest between any of the Directors' duties to the Company and their private interests. There is no arrangement or understanding between the Company and any major Shareholders, customers, suppliers or others, pursuant to which any Director was selected as a Director.

(i) The information contained at Parts VII to XI of this document has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the authors of those documents, no facts have been omitted which would render the reproduced information inaccurate or misleading.

22. Documents available for inspection

Copies of the documents listed below may be inspected free of charge at the offices of the Company at Mortimer House, 37-41 Mortimer Street, London WIT 3JH and at the offices of CMS Cameron McKenna LLP, Mitre House, 160 Aldersgate Street, London ECIA 4DD during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 24 July 2005:

(a) the memorandum and articles of association of the Company;

(b) the statutory accounts of the Company for the two financial years ended 31 December 2004;

(c) the Accountants' Report on IIR Group contained in Part VIII of this document;

(d) the material contracts referred to in sub-paragraphs (b), (c), (d) and (f) of paragraph 11 above;

(e) the Directors' service contracts referred to in paragraph 8 above;

(f) the written statements of Deloitte setting out the adjustments made by them in calculating the figures set out in the Accountants' Report contained in Part VIII of this document;

(g) the written consents referred to in paragraph 18 above;

(h) the T&F Informa Share Schemes; and

(i) this document.

Dated: 1 July 2005

DEFINITIONS AND GLOSSARY

"ABN AMRO Bank"	ABN AMRO Bank N.V.
"Accountants' Report"	the report by the Reporting Accountants on the IIR Group set out in Part VIII of this document
"Acquisition"	the proposed acquisition by the Company of the entire issued share capital of IIR
"Acquisition Agreement"	the agreement dated 31 May 2005 entered into by the Company and the current shareholders of IIR in relation to the Acquisition, a summary of which is contained in Part XII of this document
"Admission"	admission of the New Shares, nil paid, to (i) the Official List and (ii) trading on the London Stock Exchange's market for listed securities becoming effective in accordance with, respectively, the Listing Rules and the Admission and Disclosure Standards
"Admission and Disclosure Standards"	the requirements contained in the publication "Admission and Disclosure Standards" dated April 2004 containing, amongst other things, the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange's market for listed securities
"Bios"	Bios Scientific Publishers Limited
"Business Day"	a day on which the London Stock Exchange is open for the transaction of business
"Cass"	Frank Cass & Co. Limited
"C&T"	conference and training
"certificated" or "in certificated form"	a share or other security which is not in uncertificated form (that is, not in CREST)
"Combined Code"	the Combined Code on Corporate Governance issued by the Financial Reporting Council in July 2003
"Companies Act" or the "Act"	the Companies Act 1985 (as amended)
"Completion"	completion of the Acquisition Agreement in accordance with its terms
"CRC Press"	the publishing business of CRC Press
"Credit Agreement"	(i) the amendment and restatement agreement dated 19 July 2004 between IIR US Holdings Inc. and Barclays Capital and Fleet Securities Inc. (as mandated lead arrangers) and Barclays Bank PLC (as security agent) relating to a revolving credit facility agreement dated 27 May 2003 (as amended); and (ii) the amendment and restatement agreement in relation to a US$10,000,000 revolving credit facility agreement dated 6 November 2000 (as amended and restated on 17 April 2002 and 4 November 2003) dated 19 July 2004 between Institute for International Research (I.I.R.) B.V. and Barclays Bank PLC
"Credit Agreement Debt"	all indebtedness arising under the Credit Agreement as at Completion
"CREST"	the relevant system (as defined in the Regulations) in respect of which CRESTCo is the operator (as defined in the Regulations)
"CRESTCo"	CRESTCo Limited

"CREST Manual"	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by CRESTCo on 15 July 1996 and as amended since)
"CREST member"	a person who has been admitted by CRESTCo as a system member (as defined in the Regulations)
"CREST participant"	a person who is, in relation to CREST, a system-participant (as defined in the Regulations)
"CREST sponsor"	a CREST participant admitted to CREST as a CREST sponsor
"CREST sponsored member"	a CREST member admitted to CREST as a sponsored member (which includes all CREST personal members)
"Deloitte"	Deloitte & Touche LLP
"Directors" or "Board"	the directors of the Company, whose names are set out in paragraph 3(a) of Part XIII of this document
"DTI"	Department of Trade & Industry
"EBITA"	earnings before interest, tax and amortisation of goodwill
"EEA States"	a State which is a contracting party to the agreement on the European Economic Area signed at Oporto on 2 May 1992, as it has effect for the time being;
"Enlarged Group"	the Group as enlarged by the Acquisition
"Enlarged Share Capital"	the issued share capital of the Company as it will be immediately following the Rights Issue
"EU"	the union of countries established by the Treaty on European Union dated 7 February 1992 (the Maastricht Treaty) as amended by the Treaty of Amsterdam dated 2 October 1997, the Treaty of Nice dated 26 February 2001 and as may be amended from time to time thereafter
"Events"	the events business division of IIR
"Excluded Assets"	those assets and businesses of IIR which are excluded from the terms of the Acquisition (see note 23 of Part VIII of this document for further information)
"Existing Shares"	the 300,738,984 Shares in issue at the date of this document
"Extraordinary General Meeting" or "EGM"	the extraordinary general meeting of the Company held at 11.00 a.m. on 30 June 2005
"Form of Proxy"	the form of proxy used at the EGM
"FSA"	the Financial Services Authority
"FSMA"	the Financial Services and Markets Act 2000 (as amended)
"Fully Paid Rights"	rights to acquire New Shares, fully paid
"Greenhill"	Greenhill & Co. International, LLP
"Group" or the "T&F Informa Group"	the Company and its subsidiary undertakings or, where the context requires, some of them
"Hoare Govett"	Hoare Govett Limited
"IFRS"	International Financial Reporting Standards

"IIR" or the "IIR Group"	IIR Holdings Limited, a Bermuda exempted company including, where the context requires, some or all of its subsidiary undertakings
"Informa"	Informa Group plc, being the entity that was renamed T&F Informa upon completion of the Merger
"Informa Jersey"	Informa Investments (Jersey) Limited
"ISIN"	International Security Identification Number
"Issue Price"	265 pence per New Share
"KPMG"	KPMG LLP
"Listing Rules"	the listing rules made by the UK Listing Authority in accordance with section 74 of FSMA
"London Stock Exchange"	London Stock Exchange PLC
"Marcel Dekker"	the publishing business of Marcel Dekker and its subsidiaries
"Matching Plan"	the T&F Informa plc Share Matching Plan approved by Shareholders on 10 October 2002, further details of which are contained in paragraph 5(d) of Part XIII of this document
"member account ID"	the identification code or number attached to any member account in CREST
"Merger"	the merger of Informa and Taylor & Francis effected by way of a scheme of arrangement pursuant to section 425 of the Companies Act 1985 and completed on 10 May 2004
"MMS"	MMS Group Holdings Limited
"Money Laundering Regulations"	the Money Laundering Regulations 2003
"New Facility"	the facility being made available to the Company, partly in connection with the Acquisition
"New Facility Agreement"	the agreement dated 31 May 2005 under which the New Facility is made available to the Company, a summary of which is contained in Part XII of this document
"New Shares" or "New Ordinary Shares"	up to 122,046,508 ordinary shares of 10 pence each in the capital of the Company to be issued pursuant to the Rights Issue
"Nil Paid Rights"	rights to acquire New Shares, nil paid
"Official List"	the Official List of the UK Listing Authority
"Overseas Shareholders"	Qualifying Shareholders with registered addresses outside the United Kingdom
"participant ID"	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
"PJB"	PJB Publications Limited
"PI"	performance improvement division
"Principal Shareholder"	Lord Laidlaw of Rothiemay
"Prospectus Rules"	the Prospectus Rules scheduled to be brought into effect on 1 July 2005 pursuant to Commission Regulation (EC) No. 809/2004
"Provisional Allotment Letter" or "PAL"	the renounceable provisional allotment letter to be issued to Qualifying non-CREST Shareholders (other than Overseas Shareholders)

"Qualifying CREST Shareholders"	Qualifying Shareholders holding Shares in uncertificated form
"Qualifying non-CREST Shareholders"	Qualifying Shareholders holding Shares in certificated form
"Qualifying Shareholders"	Shareholders on the register of members of the Company at the Record Date
"Record Date"	the close of business on 27 June 2005
"Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
"Regulatory Information Service"	one of the regulatory information services authorised by the UKLA to receive, process and disseminate regulatory information in respect of listed companies
"Reporting Accountants"	Deloitte & Touche LLP
"Resolution"	the ordinary resolution set out in the notice of EGM
"Rights Issue"	means the offer by way of rights to Qualifying Shareholders to subscribe for New Shares, on the terms and conditions set out in this document and, in the case of Qualifying non-CREST Shareholders only, the Provisional Allotment Letter
"Securities Act"	the United States Securities Act of 1933, as amended
"Sellers"	together, the Principal Shareholder, Debra Chipman and Rosalind Oxley
"Shareholders"	the holders of Ordinary Shares
"Shares" or "Ordinary Shares"	ordinary shares of 10 pence each in the capital of the Company (including Existing Shares and New Shares)
"stock account"	an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited
"SZP"	Swets and Zeitlinger Publishers
"Taylor & Francis"	Taylor & Francis Group plc, being the entity that merged with Informa, pursuant to the terms of the Merger
"T&F Informa" or the "Company"	T&F Informa plc and, where the context requires, all of its subsidiary undertakings
"T&F Informa Options"	options over shares in T&F Informa held pursuant to the T&F Informa Share Schemes
"T&F Informa Share Schemes"	the schemes listed at the beginning of paragraph 5 of Part XIII of this document
"UK GAAP"	generally accepted accounting principles applied in the UK
"UK Listing Authority" or "UKLA"	the Financial Services Authority acting in its capacity as the competent authority for the purposes of FSMA
"uncertificated" or "in uncertificated form"	recorded on the register of members as being held in uncertificated form in CREST and title to which, by virtue of the Regulations, may be transferred by means of CREST
"UBS"	UBS Limited
"Underwriter"	Hoare Govett Limited
"Underwriting Agreement"	the conditional underwriting agreement dated 1 June 2005 entered into by the Company and Hoare Govett in connection with the Rights Issue, a summary of which is contained in paragraph 11(d) of Part XIII of this document

"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"United States" or "US"	the United States, its territories and possessions, any State of the United States and the District of Columbia, and all other areas subject to its jurisdiction

For the purposes of this document, "subsidiary", "subsidiary undertaking", "undertaking" and "associated undertaking" have the meanings given by the Companies Act (but for this purpose ignoring paragraph 20(i)(b) of Schedule 4A of the Companies Act).

Merrill Corporation Ltd, London
05LON2228