

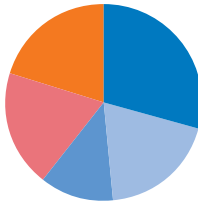
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Sales: total £4,048m \$7,246m

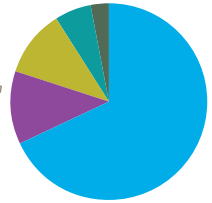
By sector

School: £1,176m (29%) \$2,105m
Higher Education: £772m (19%) \$1,382m
Professional: £503m (12%) \$900m
FT Group: £757m (19%) \$1,355m
Penguin: £840m (21%) \$1,504m



By geography

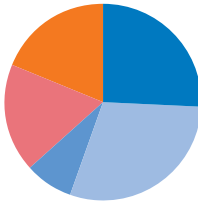
North America: £2,742m (68%) \$4,908m
United Kingdom: £474m (12%) \$848m
Continental Europe: £463m (11%) \$829m
Asia Pacific: £255m (6%) \$457m
Rest of the World: £114m (3%) \$204m



Operating profit: total £490m \$877m

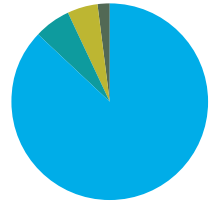
By sector

School: £127m (26%) \$227m
Higher Education: £148m (30%) \$265m
Professional: £38m (8%) \$68m
FT Group: £86m (17%) \$154m
Penguin: £91m (19%) \$163m



By geography

North America: £466m (87%) \$834m
Asia Pacific: £33m (6%) \$59m
Continental Europe: £29m (5%) \$52m
Rest of the World: £8m (2%) \$14m



Note: Adjusted operating profit, see note 2 below.

Note: United Kingdom operating loss excluded = £(46)m \$(82)m.

Throughout this report (unless otherwise stated):

- Growth rates are given on an underlying basis, excluding the impact of currency movements and portfolio changes. In 2003, portfolio changes increased revenues by £89m and profits by £24m, while currency movements reduced revenues by £181m and profits by £27m.
- Adjusted figures are presented as additional measures of business performance. They are stated before goodwill, integration costs and non-operating items. Goodwill is amortised over no more than 20 years. Business performance measures are non-GAAP measures for UK reporting. Reconciliations of operating profit, adjusted earnings per share and operating free cash flow to the equivalent statutory heading under UK GAAP are included in notes 2, 9 and 27.
- The value of the dollar has been translated at the year end rate; \$1.79: £1 sterling.

Financial highlights

	2003 £m	\$m	2002 £m	\$m	Change – underlying %	Change – constant currency %	Change – headline %
Sales	4,048	7,246	4,320	7,733	(4)	(2)	(6)
Business performance*							
Operating profit	490	877	493	882	0	5	(1)
Profit before tax	410	734	399	714		8	3
Adjusted earnings per share	32.0p	57.3¢	30.3p	54.2¢		11	6
Operating free cash flow	210	376	305	546			(31)
Free cash flow	192	344	215	385			(11)
Operating margin	12.1%		11.4%				
Return on invested capital	6.3%		6.0%				
Statutory results							
Operating profit	226	405	143	256			58
Profit/(loss) before tax	152	272	(25)	(45)			–
Basic earnings/(loss) per share	6.9p	12.4¢	(13.9)p	(24.9)¢			–
Dividends per share	24.2p	43.3¢	23.4p	41.9¢			3
Net borrowings	1,361	2,436	1,408	2,520			(3)

* Continuing operations adjusted to exclude goodwill (2003: £(264)m; 2002: £(340)m), integration costs (2003: £nil; 2002: £(10)m), non-operating items (2003: £6m; 2002: £(37)m) and net finance costs (2003: £nil; 2002: £(37)m).

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