



Press information for release at 07.00

6 September 2004

On track for full year

Taylor Nelson Sofres plc (unaudited)
Highlights for the six months ended 30 June 2004

Business performance	2004	2003*	Change
Turnover including joint ventures	£446.0m	£305.3m	46.1%
Adjusted operating profit**	£40.9m	£25.8m	58.7%
Adjusted operating margin**	9.2%	8.4%	
Adjusted profit before tax**	£31.8m	£20.7m	53.5%
Adjusted earnings per share**	4.7p	3.5p	36.2%
Total dividend per share	1.1p	0.95p	15.8%
Statutory results			
Turnover excluding joint ventures	£438.2m	£297.5m	47.3%
Operating profit before joint ventures and associates	£21.7m	£18.7m	15.7%
Profit before tax	£13.8m	£13.8m	-
Basic earnings per share	1.3p	1.7p	(23.5)%

* restated as explained in Note 1 to the financial statements

** including joint ventures, before goodwill charges and integration costs

- **Underlying revenue up almost 5%; markets improve across world**
- **Operating profit up 59%; encouraging margin improvement**
- **Integration of NFO almost complete; full year cost synergies on target**
- **Revenue synergies coming through well for world's largest custom research business**
- **Interim dividend raised by 16%**

Chief Executive, Mike Kirkham, said:

"We expect the worldwide market for market information to grow by 3-4 per cent in 2004. Orders secured at the end of July were ahead of those secured at the same date in 2003 and represented over 80 per cent of our internal forecast for the year. Following a robust first half performance, the group is on track to achieve underlying turnover growth in line with the market for the year as a whole.

"Looking further ahead, we believe that market developments will increasingly favour the major players such as TNS. Our focus is on ensuring that we take full advantage of our global network to gain the maximum benefits offered by these developments. As we increasingly derive the revenue synergies available to the enlarged group and see ongoing steady improvement in our syndicated services, we should achieve turnover growth ahead of the market and further margin improvement."

On 6 September, all enquiries to +44 (0)20 7638 9571

Thereafter:

Mike Kirkham, Chief Executive	+44 (0)20 8967 4022
Andy Boland, Finance Director	+44 (0)20 8967 1472
Janis Parks, Head of Investor Relations	+44 (0)20 8967 1584
Margaret George, Citigate Dewe Rogerson	+44 (0)20 7638 9571

Email to: Janis.Parks@tns-global.com

A webcast of the results presentation made to analysts will be available on the Investor Centre of the group's website, at www.tns-global.com, from 16.00 on Monday 6 September 2004.

Note to editors

About TNS

TNS is one of the world's leading market information groups. We provide market measurement, analysis and insight through our global network of operating companies in 70 countries. Working with national and multi-national organisations, we help our clients to develop effective business strategies and enhance relationships with their customers. In July 2003, the group completed the acquisition of NFO WorldGroup, Inc. Further information on TNS can be found on www.tns-global.com.

High resolution images are available for the media to view and download (free of charge) from www.vismedia.co.uk.

Interim results

Taylor Nelson Sofres plc (TNS), a world leader in market information, today announces its interim results for the six months ended 30 June 2004.

Turnover

Following the acquisition of NFO Worldgroup, Inc. (NFO) in July 2003, reported turnover including joint ventures increased by 46.1 per cent to £446.0 million (2003 £305.3 million). The group increased underlying turnover at constant currency rates by 4.8 per cent in the first half. Due to the strength of sterling, principally against the US dollar and the euro, currency had a negative impact of 5.2 per cent on reported turnover. Turnover excluding joint ventures was £438.2 million (2003 £297.5 million).

Operating profit and margin

Operating profit, including joint ventures and operating synergies, before goodwill charges and integration costs, grew by 58.7 per cent to £40.9 million (2003 £25.8 million). Operating margin, before goodwill charges and integration costs, was 9.2 per cent compared with 8.4 per cent in the corresponding period of 2003.

Integration costs

Integration costs incurred in the first half were £5.7 million. As previously announced, this includes the £2.2 million charge related to the retirement of Bill Lipner from the board at this year's AGM.

Interest

The net interest charge, excluding other finance charges, rose to £8.6 million (2003 £4.9 million), reflecting the additional borrowings related to the acquisition of NFO. Interest cover against EBITDA, excluding other finance charges, was 6.5x. Other finance charges were £1.1 million (2003 £1.0 million).

Profit before tax

Profit before tax including operating synergies, before goodwill charges and integration costs, grew by 53.5 per cent to £31.8 million (2003 £20.7 million) and, after these charges, profit before tax was £13.8 million (2003 £13.8 million).

Effective tax rate

The tax charge for the period was £7.0 million (2003 £6.2 million), representing a reported tax rate before goodwill charges of 26.8 per cent. Excluding the tax effect of integration costs, the tax charge was £10.3 million, equivalent to an underlying tax rate of 32.4 per cent (2003 31.5 per cent).

Minority interests

Minority interests increased to £1.1 million (2003 £0.9 million), due principally to the inclusion of minorities acquired with NFO.

Earnings and dividend per share

Based on a weighted average of 436.4 million shares, adjusted earnings per share before goodwill charges and integration costs were 4.7p (2003 3.5p), an improvement of 36.2 per cent. Basic earnings per share were 1.3p (2003 1.7p).

The board has declared an interim dividend of 1.1p per share (2003 0.95p), up 15.8 per cent.

Net debt and cash flow

Net debt at 30 June 2004 was £370.7 million compared with £367.7 million at 31 December 2003.

The group's operating cash flow was £27.3 million (2003 £25.1 million). There was a negative working capital movement of £17.7 million in the period (2003 negative £8.5 million), primarily reflecting increased levels of work in progress from the combined group going into the third quarter. Based on TNS' past experience, the group expects that this seasonal trend in working capital should reverse during the course of the second half.

Capital expenditure

Capital expenditure for the first half year was £13.0 million (2003 £6.1 million). The main category of capital expenditure is IT.

Goodwill

Goodwill charges in the period amounted to £12.3 million (2003 £6.2 million), reflecting the acquisition of NFO.

IFRS

Preparation for the integration of International Financial Reporting Standards (IFRS) into the group's reported accounts is ongoing and advanced. At this stage, the group's assessment is that the areas of the profit and loss account where IFRS will have the main impact are the change in treatment of goodwill and the valuation of share options. While the group is in the process of evaluating the total impact of IFRS, at this stage the impact from option accounting is expected to be around 4-5 per cent of adjusted operating profit. The first full financial statements to be reported solely under IFRS will be the interim results for the six months to 30 June 2005.

Commenting on the six months' results, Mike Kirkham, Chief Executive of TNS, said:

“Following last year’s acquisition of NFO, we have increased reported revenue by 46 per cent. During the first half, we have made substantial progress with the integration of NFO into the group and have delivered a significant improvement in operating margin. At the same time, we have achieved underlying revenue growth of almost five per cent.

Our markets

“The group saw encouraging revenue growth in all three regions, indicating that our markets across the world are improving. The pattern of this improvement remains consistent with last year. The market for syndicated and continuous services continues to grow steadily. On the custom side, there is more regional variation. Demand in the fast-developing markets of Asia Pacific remains buoyant. With some improvement in the economic environment in the Americas and Europe our markets have picked up, although the pace of change varies across markets.

Integration nearing completion

“We are nearing completion of the merger of our custom businesses. Having concentrated on North America and Asia Pacific in 2003, the main focus in the first half of 2004 has been on Europe. Of our three main European markets, France and UK were largely completed in the period. The process in Germany involves extensive consultation with Works Councils but we anticipate finishing most of the work there before the end of this year.

“At the beginning of the year we increased our expectations for operating cost synergies to £15 million and we remain on track to deliver this figure in 2004, rising to £20 million, on an annualised basis, in 2005.

Achieving revenue synergies

“The merger of TNS and NFO has created the largest custom research organisation in the world and, as the year has progressed, we have increasingly seen evidence of the advantages this brings. Our geographic scale and extended sector expertise is enabling us to win contracts that we would not have won previously. In some cases these are with new clients; in others we are growing relationships with existing clients, as they become aware of the additional services that we can offer. This is particularly evident in the US, where we are successfully selling the benefits of the access panel and our online capabilities to a wider client base. We are also seeing tangible results from our increased emphasis on key account management and our strengthened range of Business Solutions.

“One of the sectors where we have reinforced our position following the merger is Polling & Social research and we are the world’s largest company in that market. Recently, this sector won a major contract of up to four years’ duration from the European Commission, to conduct its public opinion monitor, Eurobarometer. In probably the largest study of its kind in the world, TNS will measure and analyse public opinion on social, economic and political issues across 33 European countries.

Ongoing strength in syndicated services

“The group continues to make good progress with its syndicated services – notably Worldpanel, Media Intelligence and TV and Radio Audience Measurement. In France, we are extending our consumer panel from 8,000 to 12,000 households. Although this expanded service does not come into operation until 2005, it has already led to new client wins. In Media Intelligence, we are benefiting from some improvement in the market and from the additional services we have introduced recently.

“One of the challenges in TV audience measurement is to adapt services to the digital age. In April of this year, BSkyB announced that it had appointed TNS to develop and operate an innovative audience research system. This will involve the creation of a new audience research panel composed of 20,000 households and will use information collected from digital set-top boxes. 7,000 of those households are already part of our existing consumer purchasing panels; this will enable us to analyse in detail the relationship between viewing habits and purchasing behaviour.

Investing for future growth

“The service we will be providing to BSkyB is a world first. To maintain our position as a leader in our industry, we will continue to invest in developments that will take the company forward. Two of the principal areas of investment this year relate to maximising the value of the access panel capabilities we have brought into the group. In the US, clients value the quality of our managed access panel and, in response to their demand, we are extending its multi-cultural representation. By combining this with our existing capabilities in the Hispanic market, we believe the group will be well positioned to respond to the opportunities presented by the increased focus on marketing to this growing community.

“In Europe, we are moving ahead with our plans for building a high quality access panel, combining our US expertise in this area with the European experience we have already gained, especially in the Netherlands. The panel will operate from one hub in Amsterdam and is expected to be fully operational by Spring 2005. The software platform used will be identical for Europe and the US; this will facilitate the development of multi-country and regional services. The costs of developing this capability are included within the group’s margin guidance.

Outlook

“We expect the worldwide market for market information to grow by 3-4 per cent in 2004. Orders secured at the end of July were ahead of those secured at the same date in 2003 and represented over 80 per cent of our internal forecast for the year. Following a robust first half performance, the group is on track to achieve underlying turnover growth in line with the market for the year as a whole.

”On a regional basis, Europe as a whole is expected to report growth broadly in line with the market for the full year. France is expected to show a slower rate of improvement as a result of some revenue leakage, which was anticipated at the time of the merger and will mostly be felt during the second half. Growth rate in the Americas is likely to be slightly slower in the second half than the first, which benefited from the early completion of some contracts. Asia Pacific growth should approach the double-digit level for the full year.

“Looking at the sectors, with the ongoing strength of the consumer market we anticipate that the good performance in this area will be maintained through the year, while Media should see additional benefit from the improvement in the Media Intelligence market in the second half. Business Services is stabilising but the timing and extent of any pick-up will depend on the general economic climate. We anticipate some slowdown in the rate of growth for IT/Telecoms in the second half. 2004 is seen as a year of consolidation for Healthcare and, while good growth was experienced in the first half, the improvement for the year as a whole will be slower, due to a stronger second half comparative.

“Our margin expectations for 2004 remain consistent with those stated earlier in the year. We expect to see an improvement of 50-100 basis points over the 10 per cent margin reported for 2003.

“Looking further ahead, we believe that market developments will increasingly favour the major players such as TNS. Our focus is on ensuring that we take full advantage of our global network to gain the maximum benefits offered by these developments. As we increasingly derive the revenue synergies available to the enlarged group and see ongoing steady improvement in our syndicated services, we should achieve turnover growth ahead of the market and further margin improvement.”

REVIEW OF OPERATING ACTIVITIES

TURNOVER

Calculation of underlying turnover growth

Given the size of the NFO acquisition, the group has changed the method of calculating underlying growth to one that allows a meaningful understanding of the enlarged group's performance.

Underlying growth has been calculated by taking the increase in 2004 turnover, including turnover from acquisitions, over 2003 pro forma turnover, at constant exchange rates. The 2003 pro forma turnover assumes that any acquisitions and discontinued operations were owned for the comparable period in the prior year and therefore includes pre-acquisition turnover for 2003.

Regional turnover performance

	6 months to 30 June		Change	
	2004	2003*	Reported	Underlying
	£m	£m	%	%
UK	77.4	60.3	28.5	3.1
France	66.4	57.8	14.8	3.3
Rest of Europe	147.8	90.1	63.9	6.5
Europe	291.6	208.2	40.1	4.8
Americas	114.5	70.6	62.2	4.0
Asia Pacific	39.9	26.5	50.5	7.1
Total	446.0	305.3	46.1	4.8

* restated as explained in Note 1 to the financial statements

Europe (including Middle East and Africa)

Overall market conditions improved in Europe during the first half, although the rate of improvement varied by country. Against this background, TNS achieved underlying turnover growth of 4.8 per cent in the region.

The UK continued to benefit from a strong performance in the Consumer sector, both in Worldpanel and customised activities. Healthcare also achieved a good level of year on year improvement, albeit against a weak comparative. Overall, the UK achieved underlying growth of 3.1 per cent in the period. France delivered underlying growth of 3.3 per cent, also benefiting from further improvement in consumer panel activities. With a pick up in public relations activity, Media Intelligence grew well in the period.

Underlying growth in Rest of Europe was 6.5 per cent. Germany performed strongly, achieving an underlying growth rate well ahead of the market, mainly driven by activity in the Consumer and Automotive sectors. Spain continued to deliver solid growth, driven by consumer panels and supported by the newly acquired Area automotive business.

Americas

The Americas region achieved underlying growth of 4.0 per cent. The US benefited from a strong performance by the TNS NFO access panel, as well as by other customised activities particularly in the Consumer sector, and the early completion of some contracts. We are seeing significant progress in realising the benefits of the combined group in the US, which will drive further growth for the full year and beyond. Media Intelligence showed underlying improvement over 2003, and should benefit during the second half from a pick-up in activity around the Presidential elections.

Performance in the Americas region as a whole was adversely impacted by Mexico and steps are being taken to improve performance in that country.

Asia Pacific

In a positive market environment the group has again achieved a strong underlying performance in most of its markets, delivering underlying growth of 7.1 per cent. The successful integration of NFO, combined with a focus on the provision of Business Solutions and targeting of key accounts, has assisted this improvement. Many new contract wins are coming from the strength of the combined group across the region.

Sector turnover performance

	6 months to 30 June		Change	
	2004	2003*	Reported	Underlying
	£m	£m	%	%
Consumer	158.6	98.1	61.8	6.8
Media	84.2	80.6	4.4	3.4
Business Services	62.0	39.2	58.2	(1.2)
IT/Telecoms	48.6	34.7	39.9	5.0
Healthcare	38.3	20.6	85.6	10.2
Other activities	54.3	32.1	68.9	4.6
Total	446.0	305.3	46.1	4.8

* restated as explained in Note 1 to the financial statements

Consumer

Worldpanel has continued its steady growth across all regions during the first half. The UK again delivered a strong performance, benefiting from new products and key account initiatives. France also performed well, achieving solid client retention as well as a number of new business wins. Other panel activities, most notably in Spain, Latin America and Asia Pacific achieved good levels of underlying improvement.

Consumer customised delivered strong underlying improvement in the first half, particularly in the UK and Asia Pacific, as well as the US, where the access panel continues to drive growth.

Media

Overall the Media sector achieved underlying growth of 3.4 per cent in the first half.

Media Intelligence activities have shown a solid improvement over 2003. TNS has strengthened its product offering and is winning market share in France and Spain. The market in the US is starting to show signs of improvement and is expected to pick up further in the second half with the Presidential elections and recovery in advertising markets.

TV & Radio Audience Measurement continues to benefit in particular from strong performance in China, where both People Meter and diary measurement have undergone significant expansion.

Business Services

This sector was impacted by difficult market conditions last year. An underlying decline of 1.2 per cent in the first half of 2004 indicates that the Business Services market is beginning to stabilise.

IT/Telecoms

Overall IT/Telecoms achieved underlying growth of 5.0 per cent in the first half. Telecoms saw good underlying growth across the group, with a particularly strong performance in Continental Europe, where the focus on key accounts is generating new business.

IT also showed underlying improvement during the period but is operating against a backdrop of caution in the business-to-business sector in the US.

Healthcare

The Healthcare sector has shown good year on year improvement in the first half, achieving underlying growth of 10.2 per cent, albeit against a weak comparative in 2003. The US, UK and Germany all delivered good underlying growth, fuelled by expansion of key international accounts.

Other activities

The Polling & Social sector benefited from a strong performance in Germany, as well as the Asia Pacific region where elections were held in Korea and the Philippines.

The Automotive sector was strengthened during the first half by the acquisition of Area, the market leader in Spain, which has been successfully integrated. With market conditions starting to show some improvement, the sector has achieved modest underlying growth over the previous year.

ENDS

The results of the group are shown on the following pages.

GROUP PROFIT AND LOSS ACCOUNT

	Unaudited	Audited	
	6 months to 30 June	Full Year	
	Restated*	Restated*	
	2004	2003	
	£m	£m	
Turnover – continuing activities	446.0	305.3	805.2
Less share of joint ventures	(7.8)	(7.8)	(15.7)
Turnover excluding joint ventures (note 2)	438.2	297.5	789.5
Cost of sales	(151.1)	(98.8)	(275.6)
Gross profit	287.1	198.7	513.9
Administrative expenses	(259.7)	(180.0)	(460.3)
Integration costs	(5.7)	-	(9.0)
	(265.4)	(180.0)	(469.3)
Operating profit before joint ventures and associates			
Continuing activities (after goodwill charges of £12.0m, 2003 £5.9m, 2003 full year £23.3m)	21.7	18.7	44.6
Share of operating profit of joint ventures (after goodwill charges of £0.3m, 2003 £0.3m, 2003 full year £0.6m)	1.2	0.9	2.2
Operating profit including joint ventures before goodwill charges and integration costs	40.9	25.8	79.7
Integration costs	(5.7)	-	(9.0)
Goodwill charges	(12.3)	(6.2)	(23.9)
Operating profit including joint ventures	22.9	19.6	46.8
Share of operating profit of associates	0.6	0.1	0.6
Profit on ordinary activities before interest and taxation	23.5	19.7	47.4
Interest receivable and similar income	0.2	0.7	1.2
Interest payable	(8.8)	(5.6)	(15.6)
Other finance charges	(1.1)	(1.0)	(1.7)
Profit on ordinary activities before taxation	13.8	13.8	31.3
Taxation on profit on ordinary activities	(7.0)	(6.2)	(18.0)
Profit on ordinary activities after taxation	6.8	7.6	13.3
Minority interests	(1.1)	(0.9)	(1.5)
Profit for the period	5.7	6.7	11.8
Dividends	(4.8)	(4.1)	(13.1)
Retained profit/(loss) for the period	0.9	2.6	(1.3)
Adjusted earnings per share** (note 3)	4.7p	3.5p	10.2p
Basic earnings per share (note 3)	1.3p	1.7p	2.8p
Diluted earnings per share (note 3)	1.3p	1.7p	2.8p
Dividend per share	1.1p	0.95p	3.0p

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

* Restated in line with UITF 17 (revised), as explained in Note 1 to the financial statements

** Before goodwill charges and costs related to the integration of NFO

GROUP BALANCE SHEET

	2004 £m	Unaudited at 30 June Restated* 2003 £m	Audited at 31 Dec Restated* 2003 £m
Fixed assets			
Intangible assets	370.8	174.2	371.1
Tangible assets	80.9	54.9	81.0
Investments			
Share of gross assets of joint ventures	23.0	24.6	24.6
Share of gross liabilities of joint ventures	(5.4)	(4.1)	(4.6)
	<u>17.6</u>	<u>20.5</u>	<u>20.0</u>
Associates	6.9	1.0	7.1
Other investments	-	1.5	0.3
	<u>24.5</u>	<u>23.0</u>	<u>27.4</u>
	<u>476.2</u>	<u>252.1</u>	<u>479.5</u>
Current assets			
Stock	80.8	38.5	64.5
Debtors	256.0	168.1	265.0
Current asset investments	0.9	-	0.9
Cash at bank and in hand	21.5	68.2	32.2
	<u>359.2</u>	<u>274.8</u>	<u>362.6</u>
Creditors: amounts falling due within one year	<u>(332.6)</u>	<u>(223.0)</u>	<u>(426.4)</u>
Net current assets/(liabilities)	<u>26.6</u>	<u>51.8</u>	<u>(63.8)</u>
Total assets less current liabilities	502.8	303.9	415.7
Creditors: amounts falling due after more than one year	(376.9)	(203.5)	(294.3)
Provisions for liabilities and charges	(40.4)	(23.3)	(44.7)
Net assets	85.5	77.1	76.7
Capital and reserves			
Called up share capital	22.3	21.5	22.2
Share premium	122.8	104.6	120.2
Other reserves	1.2	1.2	1.2
Profit and loss account	(67.5)	(55.4)	(73.8)
Equity shareholders' funds	78.8	71.9	69.8
Minority interests	6.7	5.2	6.9
	<u>85.5</u>	<u>77.1</u>	<u>76.7</u>

* Restated in line with UITF 17 (revised) and UITF 38, as explained in Note 1 to the financial statements

GROUP CASH FLOW STATEMENT

	2004 £m	Unaudited at 30 June Restated* 2003 £m	Audited at 31 Dec Restated* 2003 £m
Cash flow from operating activities			
Net cash inflow from continuing operating activities (note 4)	27.3	25.1	104.9
Dividends received from joint ventures and associates	0.7	0.8	3.5
Returns on investments and servicing of finance			
Interest received	0.2	0.7	1.1
Interest paid	(12.0)	(5.9)	(13.1)
Capitalised arrangement fees	-	(2.5)	(5.6)
Dividends paid to minority interests	(0.6)	(0.4)	(0.9)
Net cash outflow from returns on investments and servicing of finance	(12.4)	(8.1)	(18.5)
Taxation			
Taxation paid	(11.0)	(5.6)	(19.4)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(14.3)	(8.4)	(22.7)
Purchase of own shares	(4.1)	-	-
Sale of tangible fixed assets	1.3	2.3	4.4
Net cash outflow from capital expenditure and financial investment	(17.1)	(6.1)	(18.3)
Acquisitions and disposals			
Purchase of subsidiary undertakings (note 4)	(2.1)	(3.0)	(279.8)
Net cash acquired with subsidiary undertakings and businesses	0.3	-	10.9
Sale of subsidiary undertakings and businesses	0.4	-	0.3
Net cash disposed of on sale of subsidiary undertakings and businesses	(0.3)	-	(0.2)
Net cash outflow from acquisitions and disposals	(1.7)	(3.0)	(268.8)
Equity dividends paid	-	-	(10.7)
Cash outflow before financing	(14.2)	3.1	(227.3)
Financing			
Issue of shares	-	52.0	52.0
Proceeds on exercise of share options	1.3	1.0	2.9
Expenses arising on the issue of shares	-	(1.1)	(1.1)
Increase in debt	3.0	(22.8)	170.5
(Decrease)/increase in cash in the period	(9.9)	32.2	(3.0)

* Restated in line with UITF 17 (revised), as explained in Note 1 to the financial statements

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Unaudited 6 months to 30 June		Audited Full Year
	2004	Restated* 2003	Restated* 2003
	£m	£m	£m
Profit for the period	5.7	6.7	11.8
Disposal of goodwill in reserves	-	-	0.7
Translation differences on foreign currency net investments less translation differences on foreign currency loans taken out to fund those investments	9.2	(2.8)	(19.4)
Tax on gains on foreign currency borrowings hedging foreign investments	(0.4)	-	-
Premium on placement shares issued taken to merger reserve	-	50.0	-
Profit on redemption of shares following placement of share capital	-	-	50.0
Total recognised gains and losses relating to the period	14.5	53.9	43.1
Prior period adjustments since last annual report – UITF 17 (note 1)	(1.1)		
	13.4		

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Unaudited 6 months to 30 June		Audited Full Year
	2004	Restated* 2003	Restated* 2003
	£m	£m	£m
Profit for the period	5.7	6.7	11.8
Dividends	(4.8)	(4.1)	(13.1)
	0.9	2.6	(1.3)
Amounts arising on the exercise of share options – taken to share premium	-	0.2	0.2
Disposal of goodwill in reserves	-	-	0.7
Translation differences on foreign currency net investments less translation differences on foreign currency loans taken out to fund those investments (net of taxation)	8.8	(2.8)	(19.4)
Premium on placement shares issued taken to merger reserve	-	50.0	-
Profit on redemption of shares following placement of share capital	-	-	50.0
Purchase of own shares held in trust	(4.1)	-	-
Consideration received for own shares on exercise of options	0.3	-	-
UITF 17 charge for the period	0.4	-	-
New share capital issued (including share premium) net of expenses	2.7	1.0	17.3
Net addition to equity shareholders' funds	9.0	51.0	47.5
Opening equity shareholders' funds as previously reported	75.0	26.4	26.4
Prior period adjustment reported since last annual report – UITF 38	(5.2)	(6.1)	(5.2)
Prior period adjustment reported since last annual report – UITF 17	-	0.6	1.1
Opening equity shareholders' funds as restated	69.8	20.9	22.3
Closing equity shareholders' funds	78.8	71.9	69.8

*Restated in line with UITF 17 (revised) and UITF 38, as explained in Note 1 to the financial statements

NOTES TO THE INTERIM STATEMENT

1. Basis of accounting

The financial statements have been prepared on the basis of the accounting policies set out in the group's 2003 annual report and include the accounts of Taylor Nelson Sofres plc and its subsidiary undertakings and the group's share of the results and net assets of joint ventures and associates, based upon the gross equity and equity methods of accounting respectively. The interim financial statements, which were approved by the directors on 6 September 2004, are unaudited and have not been reviewed in accordance with APB 1993/1. The interim report does not comprise full financial statements within the meaning of Section 240 of the Companies Act 1985. The figures for the year ended 31 December 2003 are an extract from the full financial statements for that period restated as detailed below, which have been delivered to the Registrar of Companies. The auditors' opinion on those accounts was unqualified and did not contain a statement under Section 237 (2) or (3) of the Companies Act 1985.

UITF Abstract 38 'Accounting for ESOP trusts' and the revision of UITF Abstract 17 'Employee share schemes' were issued on 15 December 2003 and have been applied for the first time in these statements. Under UITF 38, shares held through an ESOP trust are shown as a deduction in arriving at shareholders' funds. Previously these shares were shown as a fixed asset investment. The reclassification of own shares held from fixed asset investments to equity has reduced net assets by £9.0m at 30 June 2004 (30 June 2003 - £6.1m, 31 December 2003 - £5.2m, 1 January 2003 - £6.8m). In addition, £0.2m relating to gains on the exercise of share options has been reclassified from other reserves to share premium as at 30 June 2003 and 31 December 2003. Under the revised UITF 17, share based payments made are charged to the profit and loss based on the intrinsic value of the shares rather than the book value. The amendment to UITF 17 has resulted in a reduction in operating profit of £0.6m for the six months to 30 June 2003 and a reduction of £1.1m for the year ended 31 December 2003. There has been no change in the net assets at 30 June 2003 and 31 December 2003 as a result of the revisions to UITF 17. The impact of the revision in the six months to 30 June 2004 has been to reduce operating profit by £0.4m.

The comparative results for the six months to 30 June 2003 have been adjusted to reflect the change in accounting policy on revenue recognition following the publication of Application Note G to FRS 5 'Reporting the substance of transactions', set out in the group's 2003 annual report. The impact of this change is to increase revenue and operating profit by £0.6m.

2. Geographical analysis of turnover

In the opinion of the directors, the group has only one class of business, which is the provision of market information services.

	6 months to 30 June	
	2004 Total £m	2003 Restated* Total £m
Turnover		
Sales by origin		
Europe		
- group	290.6	207.2
- joint ventures	1.0	1.0
Americas		
- group	113.6	69.7
- joint ventures	0.9	0.9
Asia Pacific		
- group	34.0	20.6
- joint ventures	5.9	5.9
Total	446.0	305.3
- group	438.2	297.5
- joint ventures	7.8	7.8

Intra-group turnover between geographic segments is not considered material

* Restated in line with UITF 17 (revised), as explained in Note 1 to the financial statements

NOTES TO THE INTERIM STATEMENT

3. Earnings per share

Basic earnings per share have been calculated on the profit after taxation and minority interests of £5.7m (2003 £6.7m) and on 436.4m shares (2003 390.9m), being the weighted average number of shares in issue during the year, excluding those held in the ESOP and the EBT, which are treated as cancelled.

The diluted earnings per share have been calculated in accordance with the provisions of FRS 14, with the weighted average number of shares in issue being adjusted to assume conversion of all dilutive potential shares for the period they were outstanding.

Shares held by the ESOP and the EBT, which are under performance-based options, are included in the diluted weighted average number of shares as the performance conditions are deemed to have been met for the purposes of this calculation. The diluted weighted average number of shares is 443.9m (2003 395.7m).

Adjusted earnings per share before goodwill charges and charges related to the integration of NFO have been calculated on the profit after taxation and minority interests of £20.4m (2003 £13.4m), which excludes goodwill charges of £12.3m (2003 £6.2m) and integration costs of £2.4m (2003 £0.5m of finance costs) net of tax and on the basic weighted average number of shares. The directors believe that earnings per share before goodwill charges and integration costs assists in understanding the underlying performance of the group.

The weighted average number of ordinary shares in issue during the year for the purpose of these calculations is as follows:

	2004	2003
Weighted average number of shares (millions)		
Share capital	444.3	400.5
Shares held by ESOP	(1.6)	(2.2)
Shares held by EBT	(6.3)	(7.4)
Basic earnings per share denominator	436.4	390.9
Dilutive effect of share options	7.5	4.8
Dilutive earnings per share denominator	443.9	395.7

NOTES TO THE INTERIM STATEMENT

4. Consolidated statement of cash flow

Reconciliation of operating profit to net cash inflow from operating activities

	Unaudited	Audited	
	6 months to 30 June	Full Year	
	Restated*	Restated*	
	2004	2003	
	£m	£m	
Operating profit	21.7	18.7	44.6
Amortisation and impairment of intangible fixed assets	12.3	6.1	23.8
Depreciation of tangible fixed assets	12.3	9.6	22.5
Profit on sale of fixed assets	-	(0.9)	(1.2)
UITF 17 charge	0.4	0.6	1.1
(Increase)/decrease in stock - work-in-progress	(17.1)	(8.7)	8.5
Decrease/(increase) in debtors	6.2	(4.8)	(16.5)
(Decrease)/increase in creditors	(6.8)	5.0	20.0
(Decrease)/increase in provisions	(1.7)	(0.5)	2.1
Net cash inflow from continuing operating activities	27.3	25.1	104.9

Reconciliation of net cash flow to movement in net debt

	2004
	£m
Decrease in cash in the period	(9.9)
Cash inflow from increase in debt	(3.0)
Change in net debt resulting from cash flows	(12.9)
Translation difference	10.7
Non-cash movement	(0.8)
Capitalised arrangement fees	-
Loans and finance leases acquired	-
Movement in net debt in the period	(3.0)
Net debt at 1 January	(367.7)
Net debt at 30 June	(370.7)

* Restated in line with UITF 17 (revised), as explained in Note 1 to the financial statements

NOTES TO THE INTERIM STATEMENT

4. Consolidated statement of cash flow (continued)

Analysis of net debt

	At 1 Jan 2004 £m	Cash flow £m	Exchange movement £m	Non-cash movements £m	Acquisitions £m	Disposals £m	At 30 June 2004 £m
Cash at bank and in hand	32.2	(10.9)	(0.8)	-	1.3	(0.3)	21.5
Loans repayable within 1 year	(107.0)	-	2.8	86.5	(1.0)	-	(18.7)
Loans repayable after more than 1 year	(291.9)	(2.2)	8.7	(87.3)	-	-	(372.7)
Obligations under finance leases	(1.0)	0.2	-	-	-	-	(0.8)
	<u>(367.7)</u>	<u>(12.9)</u>	<u>10.7</u>	<u>(0.8)</u>	<u>0.3</u>	<u>(0.3)</u>	<u>(370.7)</u>

The non-cash movements represent the amortisation of arrangement fees of £0.8m and the renegotiation of borrowing facilities.

Analysis of the net cash outflow in respect of the purchase of subsidiary undertakings

Cash consideration	2004 £m
Prior year acquisitions	(1.7)
2004 acquisitions	(2.6)
NFO acquisition - receipt of recoverable amount	2.2
Net cash outflow in respect of the purchase of subsidiary undertakings	<u>(2.1)</u>

NOTES TO THE INTERIM STATEMENT

5. Acquisitions

On 11 February 2004, the group acquired a 75.3% share of Area Investigación SA, the leading provider of automotive research in Spain. Contributions from acquisitions is not material.

6. Currency conversion

The 2004 unaudited interim profit and loss account has been prepared using, among other currencies, an average exchange rate of US\$1.8225 to the pound (period ended 30 June 2003: US\$1.6104; year ended 31 December 2003: US\$1.6346) and €1.4849 to the pound (period ended 30 June 2003: €1.4597; year ended 31 December 2003: €1.4456). The unaudited consolidated interim balance sheet as at 30 June 2004 has been prepared using the exchange rate on that day of US\$1.8137 to the pound (30 June 2003: US\$1.6492; 31 December 2003: US\$ 1.7904) and €1.4905 to the pound (30 June 2003: 1.4449; 31 December 2003: €1.4196).

7. Post balance sheet events

Since the balance sheet date, the group has paid £5.4m (US\$10.0m) to The Interpublic Group of Companies as deferred consideration relating to the acquisition of NFO WorldGroup, Inc. in 2003.

SHAREHOLDER INFORMATION

Dividend

The dividend will be paid on 13 December 2004 to shareholders on the register on 12 November 2004.

Internet

Information about Taylor Nelson Sofres and the current share price is available on the group's internet site, at www.tns-global.com. Material likely to be of particular interest to shareholders is contained in the Investor Centre, where you will also find copies of RNS announcements.

Investor relations

For investor enquiries, please contact Janis Parks, Head of Investor Relations

Tel + 44 (0)20 8967 1584

Fax +44 (0)20 8967 1386

Email: janis.parks@tns-global.com

Head and registered office

Taylor Nelson Sofres plc

Westgate

London W5 1UA

Tel +44 (0)20 8967 0007

Fax +44 (0)20 8967 4060

Registered number 912624