



United Business Media



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Interim Report 2001

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United Business Media

# the power of information

We are now a powerful and focused market information group  
with the management talent, financial strength and  
ambition to become a world leader.



## Financial summary

	2001 £m	2000 £m	Change %
Continuing turnover	<b>489.4</b>	511.6	(4.3)
Continuing profits*	<b>59.5</b>	95.6	(37.8)
Earnings per share (pence)**	<b>11.8p</b>	18.8p	(37.2)
Dividend per share (pence)	<b>11.0p</b>	11.0p	–

\* Before interest, exceptional items, amortisation of intangible assets and tax.

\*\* Before exceptional items and amortisation of intangible assets and related tax.

# Interim statement

OUR STRATEGY IS TO BUILD ON OUR CORE, MARKET-LEADING BUSINESSES TO CREATE A WORLD-CLASS

## MARKET INFORMATION GROUP.



### INTERIM GROUP PROFIT & LOSS STATEMENT

The group profit and loss statement set out below represents the group's full interim profit and loss account (which is included in the financial information) in order to show more clearly the results from continuing operations.

Six months ended 30 June	2001 £m	2000 £m	Difference £m	Variance %
<b>Turnover – continuing</b>	<b>489.4</b>	511.6	(22.2)	(4.3)
Turnover – discontinued	<b>1.3</b>	642.1	(640.8)	
<b>Group turnover</b>	<b>490.7</b>	1,153.7	(663.0)	(57.5)
Operating profit/(loss) – continuing				
Offline	<b>73.2</b>	108.8	(35.6)	(32.7)
Online	<b>(13.7)</b>	(13.2)	(0.5)	3.8
	<b>59.5</b>	95.6	(36.1)	(37.8)
Net interest income/(expense)	<b>31.3</b>	(39.8)	71.1	
<b>Continuing profit* after interest</b>	<b>90.8</b>	55.8	35.0	62.7
Operating (loss)/profit* – discontinued	<b>(19.1)</b>	82.0	(101.1)	
<b>Profit before tax*</b>	<b>71.7</b>	137.8	(66.1)	(48.0)
Amortisation of intangible assets	<b>(66.8)</b>	(116.6)	49.8	
	<b>4.9</b>	21.2	(16.3)	(76.9)
Exceptional items	<b>2.0</b>	41.0	(39.0)	(95.1)
<b>Profit before tax</b>	<b>6.9</b>	62.2	(55.3)	(88.9)
Taxation	<b>(14.3)</b>	(67.5)	53.2	(78.8)
<b>Loss after tax</b>	<b>(7.4)</b>	(5.3)	(2.1)	39.6
Equity minority interest	<b>(1.5)</b>	(5.5)	4.0	
Loss for the period	<b>(8.9)</b>	(10.8)	1.9	(17.6)
EPS* (pence)	<b>11.8</b>	18.8	(7.0)	(37.2)
Basic EPS (pence)	<b>(2.1)</b>	(2.2)	0.1	(4.5)

\* Before amortisation of intangible assets and exceptional items

### SUMMARY OF RESULTS

The profit and loss statement above includes an element of discontinued business operations. A summary of continuing business operations is shown below.

	2001 £m	2000 £m	Group turnover change %	underlying %	2001 £m	2000 £m	Operating profits* change %	underlying %
Professional media	<b>302.3</b>	332.8	(9.2)	(12.3)	<b>35.4</b>	70.7	(49.9)	(51.4)
News distribution	<b>66.9</b>	60.2	11.1	1.9	<b>21.2</b>	21.0	1.0	(3.9)
Market research	<b>76.1</b>	66.8	13.9	7.9	<b>10.6</b>	9.9	7.1	5.4
Sub-total	<b>445.3</b>	459.8	(3.2)	(7.4)	<b>67.2</b>	101.6	(33.9)	(36.1)
Consumer media	<b>29.2</b>	31.7	(7.9)	(7.9)	<b>6.0</b>	7.2	(16.7)	(16.7)
Online	<b>14.9</b>	20.1	(25.9)	(29.9)	<b>(13.7)</b>	(13.2)	(3.8)	(2.8)
Continuing businesses	<b>489.4</b>	511.6	(4.3)	(8.3)	<b>59.5</b>	95.6	(37.8)	(39.4)

Group revenues were down 4.3 per cent to £489.4 million while operating profits were down 37.8 per cent to £59.5 million. Earnings per share\* were down 37.2 per cent to 11.8 pence. The underlying change, stripping out the effects of currency translation, acquisitions, disposals and biennials on each business, is shown in the table above – the majority of this underlying change is accounted for by currency translation.

During the first half of 2001, group operating results were affected by weakened market conditions in United's key professional media sector of technology. This weakness was exacerbated by difficult economic conditions in the US, the key geographic market for United, contributing around two-thirds of continuing revenues.

In response to the deterioration in the trading environment, United has acted to reduce its cost base and mitigate the full impact of the downturn. Headcount across the group has been reduced by over 700, around 9 per cent of total employees. Of this, over 600 employees have already left the group. The reduction in staff numbers together with additional cost management initiatives has yielded around £15 million in savings in the period; actions taken to date will result in cost savings of £60 million by the year-end.

\* before amortisation of intangible assets and exceptional items

United has made good progress in delivering the agenda set out at the end of last year. £1.25 billion in value realised at the time of the sale of our ITV assets to Granada was returned to shareholders in April. A series of acquisitions have strengthened our core businesses.

In June, Allison-Fisher International, the leading US automotive market research company, was acquired for an initial consideration of \$45 million, consolidating NOP World's position as a leading provider of automotive research. This acquisition provides new growth opportunities through expanding Allison-Fisher's syndicated research products into Europe.

On 3rd August 2001, United announced the acquisition of Roper Starch International, one of the leading consumer trends and consulting companies in the US, for \$88 million. Roper adds an extensive range of research studies to NOP World, including syndicated reports on consumer attitudes, lifestyles, values and behaviour. Its major studies include Roper Reports Worldwide and Roper Youth, while its Global Diabetes Monitor will support NOP World's leading healthcare position. The acquisition of Roper strengthens United's presence in the US market, boosts its consumer research capabilities and adds value to its healthcare portfolio. The acquisition will be earnings accretive in its first full year of ownership.

## Interim statement (continued)

WE WILL SEEK TO ADD VALUE TO THE GROUP BY FULLY EXPLOITING THE SYNERGIES BETWEEN

## OUR CORE MARKET LEADING BUSINESSES.

These acquisitions were achieved at attractive prices and have strengthened NOP World's position in the strategically important US market, which accounts for around 40 per cent of global research spend, and created a global market research business with annual revenues of over £200 million.

In March, PR Newswire acquired Cyperus, the leading company in the French high-tech corporate communications market, for an initial consideration of 11 million Euros and in July, PRN took a 50 per cent stake in the press release distribution arm of the Dutch national press agency, ANP. These two investments follow PR Newswire's strategy of geographic expansion in the high potential growth market of Continental Europe, acquiring companies with strong local brands and intimate market knowledge.

United has continued to rationalise its holdings in businesses which do not fit into its long-term plans. In April, United's 50 per cent stake in LineOne and the Megastar consumer website were sold. In June, United closed Trivanti, the technology joint venture with Psion and rationalised the Farmgate web business. United reduced the online investment in continuing businesses to no more than £20 million in the current financial year, down from £91.2 million as reported last year.

To strengthen the links and build the synergies between operating divisions, United is currently implementing a new brand strategy across the group. Our three core businesses will be united under the same logo style, which explicitly links each business directly to United under a common visual identity system. This follows the launch of the new United Business Media corporate identity in February and provides the group with a simplified, universal brand strategy for the first time.

United will continue to grow the group through acquisition, investment and strategic alliance. The approach will be to maintain a disciplined evaluation of opportunities available to United; opportunities that have the potential to offer excellent long-term growth with good revenue generating prospects that will complement existing core businesses.

United's priorities for the second half of the year are to continue to manage the cost base of the group effectively and achieve its cost-savings; to work towards delivering a satisfactory operating result in markets which are expected to remain difficult; and to continue to drive the revenue opportunities and cost synergies between its businesses.

### BUSINESS REVIEW

#### PROFESSIONAL MEDIA

	Turnover		Profits*	
	2001 £m	2000 £m	2001 £m	2000 £m
CMP Media	<b>210.4</b>	239.7	<b>25.9</b>	58.6
CMP Asia	<b>24.1</b>	23.7	<b>9.1</b>	7.8
CMP Information	<b>67.8</b>	69.4	<b>0.4</b>	4.3
<b>Total</b>	<b>302.3</b>	332.8	<b>35.4</b>	70.7

Professional Media revenues were £302.3 million, a decrease of 9.2 per cent over 2000. Operating profits decreased 49.9 per cent to £35.4 million.

Financial results in CMP Media, the leading US high-tech professional media company, were severely affected by weakness in the US technology market. CMP Media's position as the clear market leader in the high tech professional media sector has helped to insulate it against the worst effects of the market downturn. CMP has strengthened its number one position and by the end of June had a 29.5 per cent share of the market, up from 23.9 per cent in the same period last year. Despite the 26.1 per cent fall in advertising page volumes across the high-tech market in 2001, total yields across the division were maintained at last year's high levels.

CMP Media's exhibitions business, which includes e-business expo and PC Expo, also suffered, with revenues falling by 15 per cent.

CMP Asia is the largest private trade show operator in Asia, with exhibitions in a range of markets including shipping, leather,

\* before amortisation of intangible assets and exceptional items



beauty and jewellery. Overall, revenues improved 1.7 per cent to £24.1 million with profits up 16.7 per cent to £9.1 million.

CMP Information, the UK based exhibitions and publishing business, had mixed fortunes. The improvement in building, fire & security, travel and healthcare markets was offset by weakness in packaging, agriculture and music & entertainment technology. Overall, revenues were up 5 per cent on a like-for-like basis but profits were adversely affected by the consolidation of the former Xilerate business into CMPI and the absorption of higher overheads within the combined portfolio. A major overhead reduction programme will boost margins in the second half of the year.

#### NEWS DISTRIBUTION

	Turnover		Profits*	
	2001 £m	2000 £m	2001 £m	2000 £m
PR Newswire	<b>66.9</b>	60.2	<b>21.2</b>	21.0

PR Newswire's revenues increased 11.1 per cent to £66.9 million and profits were up 1.0 per cent at £21.2 million.

Average revenue per message was up 12 per cent in PR Newswire's core business, reflecting a combination of price increases and the increase in message length following the introduction by the SEC of Regulation Fair Disclosure in October 2000. Demand for multimedia services also increased, notably a 200 per cent increase in webcast of companies' quarterly earnings announcements.

Message volume in PR Newswire was down 12 per cent to 109,500 releases, reflecting the deteriorating US economy and lower number of IPO, merger & acquisition and discretionary releases. Extensive cost reduction measures have helped to maintain PRN's 30 per cent plus operating margins.

PR Newswire's commitment to new product innovation and improved customer service helped to increase the number of quoted clients by 70 in the period.

Measurement and monitoring products such as ProfNet and NEWSdesk continued to grow and now provide 13 per cent of PRN's revenues, up from 11 per cent last year. PRN Europe increased revenues due to a good performance from its European bureaux and multimedia/broadcast activity – its fastest growing revenue stream. Profits decreased in Europe due to investment in the development of the European infrastructure, the preparation for RNS deregulation and the acquisition of Cyperus, the French news distribution business, now successfully integrated within the business.

#### MARKET RESEARCH

	Turnover		Profits*	
	2001 £m	2000 £m	2001 £m	2000 £m
NOP World	<b>76.1</b>	66.8	<b>10.6</b>	9.9

The record order book at the end of last year helped boost revenues by 13.9 per cent to £76.1 million and profits by 7.1 per cent to £10.6 million. Margins at 13.9 per cent are amongst the highest levels in the market research industry.

In NOP Research, good performances in the business/IT, healthcare and automotive portfolios generated revenues firmly ahead of UK market growth.

Strong performances in healthcare research and consultancy, where revenues grew by 25 per cent and in MRI, the leading syndicated print research company, lifted NOP World's profits in the US. Continuing growth is expected in both of these markets.

\* before amortisation of intangible assets and exceptional items

# Interim statement (continued)

WE BELIEVE THAT IN TODAY'S ECONOMY, THE STRATEGIC USE OF INFORMATION IS

**CRITICAL TO BUSINESS SUCCESS.**



## CONSUMER MEDIA

	Turnover		Profits*	
	2001 £m	2000 £m	2001 £m	2000 £m
UAP	<b>29.2</b>	31.7	<b>6.0</b>	7.2

UAP revenues were down 7.9 per cent to £29.2 million and profits were down 16.7 per cent to £6.0 million as UAP continued to suffer weakness in its core UK used car market, accounting for around 50 per cent of total revenues.

The reduction in UK holiday advertising caused by the foot and mouth crisis reduced revenues in Dalton's Weekly. Industrial Exchange & Mart suffered from weakness in the UK manufacturing sector, while the Opportunities and Trade-it publications delivered improved revenues.

## ONLINE

	Turnover		Profit/(losses)*	
	2001 £m	2000 £m	2001 £m	2000 £m
CMP	<b>9.2</b>	15.4	<b>(12.8)</b>	(12.2)
PR Newswire	<b>5.4</b>	4.3	<b>0.3</b>	(0.5)
UAP	<b>0.3</b>	0.4	<b>(1.2)</b>	(0.5)
<b>Total Continuing</b>	<b>14.9</b>	20.1	<b>(13.7)</b>	(13.2)
Discontinued	<b>1.3</b>	3.8	<b>(19.1)</b>	(30.2)

CMP Media's online revenues were reduced by the tough market conditions in the high-tech sector. Many low-revenue websites were closed and overheads generally were significantly reduced.

PR Newswire's online revenues were boosted by the strong performance of e-Watch, the online monitoring service and Virtual IQ, the dedicated investor relations service.

UAP's online losses reflect the development costs of Interactive Exchange & Mart (iXM).

The discontinued online section contains the B2C and B2B elements of CMP Information, which have either been sold or closed.

\* before amortisation of intangible assets and exceptional items

## CURRENT TRADING AND OUTLOOK

Current trading remains very challenging and we are not planning on a recovery during the remainder of 2001. In the absence of consistent patterns of demand for their products, CMP Media's high-tech advertisers remain unable to commit to long-term advertising and marketing programmes. The strength of CMP's titles is evident however in their success in maintaining yields and growing market share.

Market research continues to make good progress with a strong showing from healthcare and other syndicated businesses.

We have seen continued growth in regulatory news release. The sharp downturn in merger & acquisition and IPO activity, the higher level of investment in new products and building out our European network have held back profit growth.

Full-year cost savings of £60 million will assist United's second half performance.

## DIVIDEND

An unchanged interim dividend of 11.0p will be paid on 25th October to shareholders on the register on 17th August.

## EXCEPTIONAL ITEMS

Exceptional items comprise the following:

	£m
Profit on disposal of businesses	<b>16.3</b>
Restructuring costs	<b>(7.7)</b>
Group Process Review	<b>(6.6)</b>
<b>Total</b>	<b>2.0</b>

The profit on disposal of businesses is principally in respect of LineOne. Measures taken to rationalise the cost base of the business have resulted in restructuring costs of £7.7 million. The Group Process Review costs are principally in respect of major IT projects at PR Newswire and CMP Information.

## FIXED ASSET INVESTMENTS

Investments in Channel 5 and SDN (which were classified as New Ventures), ITN, Paperloop and Creative Planet have been reclassified as Fixed Asset Investments with effect from 1 January 2001.

## B SHARES

As indicated at the time of the capital reorganisation in April, the Company intends to arrange a further repurchase offer to holders of outstanding B shares at 245 pence per share. Documentation will be sent to shareholders in late August.



# Group profit and loss account

	Note	Six months ended 30 June 2001			Six months ended 30 June 2000			Year ended 31 December 2000		
		Before exceptional items £m	Exceptional items (Note 2) £m	Total £m	Before exceptional items £m	Exceptional items (Note 2) £m	Total £m	Before exceptional items £m	Exceptional items (Note 2) £m	Total £m
<b>Turnover – group and share of joint ventures</b>										
Continuing operations		500.9	–	500.9	515.5	–	515.5	1,058.8	–	1,058.8
Discontinued operations		5.5	–	5.5	707.8	–	707.8	1,047.6	–	1,047.6
		<b>506.4</b>	–	<b>506.4</b>	1,223.3	–	1,223.3	2,106.4	–	2,106.4
Less: share of joint ventures' turnover		(15.7)	–	(15.7)	(69.6)	–	(69.6)	(131.4)	–	(131.4)
<b>Group turnover</b>		<b>490.7</b>	–	<b>490.7</b>	1,153.7	–	1,153.7	1,975.0	–	1,975.0
<b>Group operating (loss)/profit</b>										
Continuing operations		(9.3)	(14.3)	(23.6)	34.5	(8.2)	26.3	35.7	(37.4)	(1.7)
Discontinued operations		(13.7)	–	(13.7)	24.8	(21.8)	3.0	35.0	(25.2)	9.8
<b>Group operating (loss)/profit</b>		<b>(23.0)</b>	<b>(14.3)</b>	<b>(37.3)</b>	59.3	(30.0)	29.3	70.7	(62.6)	8.1
Share of operating (loss)/profit in joint ventures and associates	3	(3.4)	–	(3.4)	1.7	–	1.7	(18.6)	–	(18.6)
<b>Total operating (loss)/profit</b>		<b>(26.4)</b>	<b>(14.3)</b>	<b>(40.7)</b>	61.0	(30.0)	31.0	52.1	(62.6)	(10.5)
Profit on sale and closure of businesses (discontinued operations)		–	16.3	16.3	–	71.0	71.0	–	2,146.7	2,146.7
<b>(Loss)/profit on ordinary activities before interest</b>		<b>(26.4)</b>	<b>2.0</b>	<b>(24.4)</b>	61.0	41.0	102.0	52.1	2,084.1	2,136.2
Net interest income/(expense)	4	31.3	–	31.3	(39.8)	–	(39.8)	(43.0)	–	(43.0)
<b>Profit on ordinary activities before tax</b>		<b>4.9</b>	<b>2.0</b>	<b>6.9</b>	21.2	41.0	62.2	9.1	2,084.1	2,093.2
Tax on profit on ordinary activities		(18.6)	4.3	(14.3)	(38.3)	(29.2)	(67.5)	(49.6)	(201.5)	(251.1)
<b>(Loss)/profit on ordinary activities after tax</b>		<b>(13.7)</b>	<b>6.3</b>	<b>(7.4)</b>	(17.1)	11.8	(5.3)	(40.5)	1,882.6	1,842.1
Equity minority interests		(1.5)	–	(1.5)	(5.5)	–	(5.5)	(8.9)	–	(8.9)
<b>(Loss)/profit for the period</b>		<b>(15.2)</b>	<b>6.3</b>	<b>(8.9)</b>	(22.6)	11.8	(10.8)	(49.4)	1,882.6	1,833.2
Dividends – equity	7			(37.3)			(56.0)			(112.1)
– non-equity	7			(324.9)			–			–
Dividends	7			(362.2)			(56.0)			(112.1)
<b>Retained (loss)/profit for the period</b>				<b>(371.1)</b>			(66.8)			1,721.1
<b>Earnings/(loss) per share</b>										
– before amortisation of intangible assets and exceptional items	5			<b>11.8p</b>			18.8p			27.4p
– basic	5			<b>(2.1)p</b>			(2.2)p			365.7p
– diluted	5			<b>(2.1)p</b>			(2.2)p			348.9p

# Analysis of turnover

	Six months ended 30 June 2001		Six months ended 30 June 2000		Year ended 31 December 2000	
	Group £m	Group share of joint ventures £m	Group £m	Group share of joint ventures £m	Group £m	Group share of joint ventures £m
<b>Turnover by division</b>						
Continuing operations:						
Professional media	<b>302.3</b>	<b>7.0</b>	332.8	3.7	656.0	11.6
News distribution	<b>66.9</b>	<b>4.5</b>	60.2	0.2	121.6	8.7
Market research	<b>76.1</b>	–	66.8	–	162.1	–
Business to business media	<b>445.3</b>	<b>11.5</b>	459.8	3.9	939.7	20.3
Consumer media	<b>29.2</b>	–	31.7	–	60.7	–
Continuing operations before online businesses	<b>474.5</b>	<b>11.5</b>	491.5	3.9	1,000.4	20.3
Online businesses	<b>14.9</b>	–	20.1	–	38.1	–
Continuing operations	<b>489.4</b>	<b>11.5</b>	511.6	3.9	1,038.5	20.3
Discontinued operations:						
Professional media	–	–	127.3	15.9	169.4	18.2
Consumer media	–	–	511.0	45.3	757.9	83.4
Online businesses	<b>1.3</b>	<b>4.2</b>	3.8	4.5	9.2	9.5
Discontinued operations	<b>1.3</b>	<b>4.2</b>	642.1	65.7	936.5	111.1
<b>Turnover</b>	<b>490.7</b>	<b>15.7</b>	1,153.7	69.6	1,975.0	131.4

# Analysis of activities

	Six months ended 30 June 2001						Six months ended 30 June 2000						Year ended 31 December 2000					
	Group £m	Group share of joint ventures £m	Group share of associates £m	Subtotal £m	Exceptional items (Note 2) £m	Total £m	Group £m	Group share of joint ventures £m	Group share of associates £m	Subtotal £m	Exceptional items (Note 2) £m	Total £m	Group £m	Group share of joint ventures £m	Group share of associates £m	Subtotal £m	Exceptional items (Note 2) £m	Total £m
<b>Operating profit/(loss) before amortisation of intangible assets by division</b>																		
Continuing operations:																		
Professional media	34.8	0.6	–	35.4	(4.0)	31.4	70.4	0.3	–	70.7	(6.2)	64.5	122.3	1.7	–	124.0	(25.2)	98.8
News distribution	19.6	1.6	–	21.2	(5.0)	16.2	19.6	1.4	–	21.0	(0.6)	20.4	37.9	2.8	–	40.7	(4.7)	36.0
Market research	10.6	–	–	10.6	(0.1)	10.5	9.9	–	–	9.9	–	9.9	22.6	–	–	22.6	–	22.6
Business to business media	65.0	2.2	–	67.2	(9.1)	58.1	99.9	1.7	–	101.6	(6.8)	94.8	182.8	4.5	–	187.3	(29.9)	157.4
Consumer media	6.0	–	–	6.0	(0.4)	5.6	7.2	–	–	7.2	(1.4)	5.8	11.4	–	–	11.4	(2.2)	9.2
Online businesses	(13.7)	–	–	(13.7)	(4.8)	(18.5)	(13.2)	–	–	(13.2)	–	(13.2)	(37.3)	–	–	(37.3)	(5.3)	(42.6)
Continuing operations	57.3	2.2	–	59.5	(14.3)	45.2	93.9	1.7	–	95.6	(8.2)	87.4	156.9	4.5	–	161.4	(37.4)	124.0
Discontinued operations:																		
Professional media	–	–	–	–	–	–	28.6	6.0	–	34.6	(20.1)	14.5	41.9	4.4	(1.4)	44.9	(0.2)	44.7
Consumer media	–	–	–	–	–	–	69.3	0.2	8.1	77.6	(1.7)	75.9	104.5	0.8	5.2	110.5	(25.0)	85.5
Online businesses	(13.7)	(3.9)	(1.5)	(19.1)	–	(19.1)	(24.8)	(4.2)	(1.2)	(30.2)	–	(30.2)	(65.0)	(9.1)	(4.0)	(78.1)	–	(78.1)
Discontinued operations	(13.7)	(3.9)	(1.5)	(19.1)	–	(19.1)	73.1	2.0	6.9	82.0	(21.8)	60.2	81.4	(3.9)	(0.2)	77.3	(25.2)	52.1
<b>Operating profit/(loss) before amortisation of intangible assets</b>	<b>43.6</b>	<b>(1.7)</b>	<b>(1.5)</b>	<b>40.4</b>	<b>(14.3)</b>	<b>26.1</b>	167.0	3.7	6.9	177.6	(30.0)	147.6	238.3	0.6	(0.2)	238.7	(62.6)	176.1
Amortisation of intangible assets	(66.6)	(0.1)	(0.1)	(66.8)	–	(66.8)	(107.7)	–	(8.9)	(116.6)	–	(116.6)	(167.6)	(0.2)	(18.8)	(186.6)	–	(186.6)
<b>Operating (loss)/profit by division</b>																		
Continuing operations:																		
Professional media	(19.9)	0.5	–	(19.4)	(4.0)	(23.4)	22.4	0.3	–	22.7	(6.2)	16.5	19.3	1.7	–	21.0	(25.2)	(4.2)
News distribution	17.9	1.6	–	19.5	(5.0)	14.5	18.0	1.4	–	19.4	(0.6)	18.8	33.8	2.7	–	36.5	(4.7)	31.8
Market research	8.9	–	–	8.9	(0.1)	8.8	8.3	–	–	8.3	–	8.3	19.7	–	–	19.7	–	19.7
Business to business media	6.9	2.1	–	9.0	(9.1)	(0.1)	48.7	1.7	–	50.4	(6.8)	43.6	72.8	4.4	–	77.2	(29.9)	47.3
Consumer media	5.6	–	–	5.6	(0.4)	5.2	6.8	–	–	6.8	(1.4)	5.4	10.5	–	–	10.5	(2.2)	8.3
Online businesses	(21.8)	–	–	(21.8)	(4.8)	(26.6)	(21.0)	–	–	(21.0)	–	(21.0)	(47.6)	–	–	(47.6)	(5.3)	(52.9)
Continuing operations	(9.3)	2.1	–	(7.2)	(14.3)	(21.5)	34.5	1.7	–	36.2	(8.2)	28.0	35.7	4.4	–	40.1	(37.4)	2.7
Discontinued operations:																		
Professional media	–	–	–	–	–	–	15.1	6.0	–	21.1	(20.1)	1.0	30.4	4.3	(1.4)	33.3	(0.2)	33.1
Consumer media	–	–	–	–	–	–	34.5	0.2	(0.7)	34.0	(1.7)	32.3	69.6	0.7	(9.3)	61.0	(25.0)	36.0
Online businesses	(13.7)	(3.9)	(1.6)	(19.2)	–	(19.2)	(24.8)	(4.2)	(1.3)	(30.3)	–	(30.3)	(65.0)	(9.0)	(8.3)	(82.3)	–	(82.3)
Discontinued operations	(13.7)	(3.9)	(1.6)	(19.2)	–	(19.2)	24.8	2.0	(2.0)	24.8	(21.8)	3.0	35.0	(4.0)	(19.0)	12.0	(25.2)	(13.2)
<b>Operating (loss)/profit</b>	<b>(23.0)</b>	<b>(1.8)</b>	<b>(1.6)</b>	<b>(26.4)</b>	<b>(14.3)</b>	<b>(40.7)</b>	59.3	3.7	(2.0)	61.0	(30.0)	31.0	70.7	0.4	(19.0)	52.1	(62.6)	(10.5)
<b>by geographic market</b>																		
United Kingdom	(20.1)	(3.9)	(1.5)	(25.5)	(11.4)	(36.9)	7.3	(5.1)	(3.7)	(1.5)	(23.6)	(25.1)	2.3	(8.1)	(17.8)	(23.6)	(34.9)	(58.5)
North America	(7.7)	1.9	(0.1)	(5.9)	(3.1)	(9.0)	47.9	1.2	–	49.1	(5.9)	43.2	59.3	2.2	(4.1)	57.4	(27.7)	29.7
Europe and Middle East	(1.5)	–	–	(1.5)	–	(1.5)	(1.8)	6.0	–	4.2	(0.3)	3.9	(1.1)	6.0	–	4.9	–	4.9
Pacific	6.3	0.2	–	6.5	0.2	6.7	5.9	1.6	1.7	9.2	(0.2)	9.0	10.2	0.3	2.9	13.4	–	13.4
<b>Operating (loss)/profit</b>	<b>(23.0)</b>	<b>(1.8)</b>	<b>(1.6)</b>	<b>(26.4)</b>	<b>(14.3)</b>	<b>(40.7)</b>	59.3	3.7	(2.0)	61.0	(30.0)	31.0	70.7	0.4	(19.0)	52.1	(62.6)	(10.5)

Discontinued operations in 2001 include a number of online business to business and business to consumer activities which have been disposed or closed. Discontinued operations in the six months ended 30 June 2000 include the Television business, Miller Freeman Europe and certain Miller Freeman businesses in the US, Visual Communications Group and United Advertising Periodicals, Inc. In addition, discontinued operations in the year ended 31 December 2000 also included Express Newspapers.

# Group balance sheet

	30 June 2001 £m	30 June 2000 £m	31 December 2000 £m
<b>Fixed assets</b>			
Intangible assets	1,126.2	1,569.3	1,105.6
Tangible assets	90.5	204.6	78.3
Investments in joint ventures:			
– share of gross assets	14.3	123.6	42.2
– share of gross liabilities	(2.8)	(119.3)	(58.7)
	11.5	4.3	(16.5)
Loans to joint ventures	–	50.7	33.8
Investment in joint ventures	11.5	55.0	17.3
Investments in associated undertakings	1.3	87.8	34.7
Other investments	116.7	30.9	48.6
	1,346.2	1,947.6	1,284.5
<b>Current assets</b>			
Stocks	22.7	166.8	17.1
Debtors	260.5	434.2	279.8
Investments	15.8	6.1	3.4
Short term liquid funds	354.2	–	1,066.0
Cash at bank and in hand	541.2	110.1	1,115.2
	1,194.4	717.2	2,481.5
<b>Creditors: amounts falling due within one year</b>	<b>(672.1)</b>	<b>(1,015.3)</b>	<b>(717.5)</b>
<b>Net current assets/(liabilities)</b>	<b>522.3</b>	<b>(298.1)</b>	<b>1,764.0</b>
<b>Total assets less current liabilities</b>	<b>1,868.5</b>	<b>1,649.5</b>	<b>3,048.5</b>
<b>Creditors: amounts falling due after more than one year</b>			
Bank and other loans	(438.4)	(819.3)	(413.0)
Other creditors	(13.2)	(19.4)	(23.7)
Convertible debt	(176.5)	(177.2)	(177.5)
	(628.1)	(1,015.9)	(614.2)
<b>Provisions for liabilities and charges</b>	<b>(8.4)</b>	<b>(9.7)</b>	<b>(8.4)</b>
<b>Net assets</b>	<b>1,232.0</b>	<b>623.9</b>	<b>2,425.9</b>
<b>Capital and reserves</b>			
Called up share capital	97.2	126.1	126.8
Share premium account	305.0	285.5	299.5
Merger reserve	31.3	31.3	31.3
Other reserves	148.7	560.5	125.0
Profit and loss account	646.8	(399.2)	1,841.3
<b>Shareholders' funds</b>	<b>1,229.0</b>	<b>604.2</b>	<b>2,423.9</b>
Equity minority interests	3.0	19.7	2.0
	1,232.0	623.9	2,425.9
Equity shareholders' funds	1,218.6	623.9	2,425.9
Non-equity shareholders' funds	13.4	–	–
	1,232.0	623.9	2,425.9

# Group cash flow statement

	Six months ended 30 June 2001 £m	Six months ended 30 June 2000 £m	Year ended 31 December 2000 £m
<b>Net cash inflow from operating activities</b>	<b>17.3</b>	181.3	112.0
<b>Dividends received from joint ventures and associates</b>	<b>0.5</b>	3.9	7.7
<b>Returns on investment and servicing of finance</b>	<b>(286.8)</b>	(47.2)	(32.1)
<b>Taxation</b>	<b>(18.5)</b>	(16.8)	(81.6)
<b>Capital expenditure and financial investment</b>	<b>(65.6)</b>	20.3	(13.5)
<b>Acquisitions and disposals</b>	<b>(30.8)</b>	417.3	3,013.1
<b>Equity dividends paid to shareholders</b>	<b>(56.8)</b>	(56.1)	(111.4)
<b>Net cash (outflow)/inflow before use of liquid resources and financing</b>	<b>(440.7)</b>	502.7	2,894.2
<b>Management of liquid resources</b>	<b>1,317.9</b>	(56.6)	(2,125.5)
<b>Net cash inflow before financing</b>	<b>877.2</b>	446.1	768.7
<b>Financing</b>			
Issue of ordinary share capital	5.7	14.9	29.5
Return of capital to shareholders	(864.2)	–	–
Increase/(decrease) in bank loans	3.5	(571.0)	(785.1)
Repayment of loan stock	–	–	(3.2)
Increase in other loans	0.2	4.4	–
<b>Financing</b>	<b>(854.8)</b>	(551.7)	(758.8)
<b>Increase/(decrease) in cash in the period</b>	<b>22.4</b>	(105.6)	9.9
<b>Reconciliation of net cash flow to movement in net debt</b>			
Increase/(decrease) in cash in the period	22.4	(105.6)	9.9
Cash (inflow)/outflow from (increase)/decrease in debt and financing	(3.7)	566.6	788.3
Cash (inflow)/outflow from (decrease)/increase in liquid resources	(1,317.9)	56.6	2,125.5
<b>Changes in net (debt)/cash resulting from cash flows</b>	<b>(1,299.2)</b>	517.6	2,923.7
Non cash movements on disposal of subsidiaries	–	(195.4)	–
Other non cash movements	12.2	(0.3)	(1.3)
Movement in net cash from sale and purchase of subsidiaries	–	0.8	1.2
Translation difference	(15.3)	(59.2)	(65.9)
<b>Movement in net (debt)/cash in the period</b>	<b>(1,302.3)</b>	263.5	2,857.7
<b>Opening net cash/(debt)</b>	<b>1,553.0</b>	(1,304.7)	(1,304.7)
<b>Closing net cash/(debt)</b>	<b>250.7</b>	(1,041.2)	1,553.0
<b>Reconciliation of operating (loss)/profit to net cash inflow from operating activities</b>			
Operating (loss)/profit	(40.7)	31.0	(10.5)
Depreciation charges	12.2	20.6	39.6
Amortisation of intangible assets – group	66.6	107.7	167.6
Share of results of joint ventures	1.8	(3.7)	(0.4)
Share of results of associates	1.6	2.0	19.0
Net (increase)/decrease in working capital	(13.9)	35.5	(87.2)
Other items including movements on provisions	(10.3)	(11.8)	(16.1)
<b>Cash inflow from operating activities</b>	<b>17.3</b>	181.3	112.0

# Statement of group total recognised gains and losses

	Six months ended 30 June 2001 £m	Six months ended 30 June 2000 £m	Year ended 31 December 2000 £m
(Loss)/profit for the financial period	(8.9)	(10.8)	1,833.2
Unrealised profit on the sale of assets to associated undertakings	–	–	4.0
Currency translation differences on foreign currency investments:			
Group	34.4	12.7	29.1
Joint ventures	0.4	0.4	(0.2)
Associates	(0.1)	(2.4)	(2.4)
	<b>34.7</b>	10.7	26.5
	<b>34.7</b>	10.7	30.5
<b>Total recognised gains/(losses) relating to the period</b>	<b>25.8</b>	(0.1)	1,863.7

The historical cost profit is not materially different from the reported profit.

# Reconciliation of movements in group shareholders' funds

	Six months ended 30 June 2001 £m	Six months ended 30 June 2000 £m	Year ended 31 December 2000 £m
Opening shareholders funds	2,423.9	642.8	642.8
(Loss)/profit for the financial period	(8.9)	(10.8)	1,833.2
Equity dividends	(37.3)	(56.0)	(112.1)
Non-equity dividends on 'B' shares – see below	(324.9)	–	–
	<b>2,052.8</b>	576.0	2,363.9
Other recognised gains and losses relating to the period	34.7	10.7	30.5
New share capital subscribed	5.7	17.5	29.5
Return of capital to shareholders	(864.2)	–	–
Closing shareholders' funds	<b>1,229.0</b>	604.2	2,423.9

The return of capital to shareholders took the form of a subdivision and consolidation of the existing United ordinary shares and was completed in April 2001. The subdivision created a class of 'B' shares with a total value of approximately £1.25 billion. U.K. shareholders had the option to sell these shares for 245 pence per share, to receive a single dividend of 245 pence per share, or to retain the 'B' shares and receive a continuing dividend linked to LIBOR. At 30 June 2001, 350,239,041 'B' shares had been purchased by the Company and 132,484,195 'B' shares had received a single dividend of 245 pence per share.

# Notes

## 1. BASIS OF PREPARATION

The interim report for the period ended 30 June 2001 has been prepared on the basis of accounting policies set out in the 2000 Annual Report and Accounts.

## 2. EXCEPTIONAL ITEMS

	Six months ended 30 June 2001 £m	Six months ended 30 June 2000 £m	Year ended 31 December 2000 £m
Charged to operating profits:			
Continuing operations			
Costs of acquisition and integration of CMP Media Inc. and others	–	(3.1)	(3.8)
Group Process Review*	(6.6)	(5.1)	(11.5)
Other restructuring costs**	(7.7)	–	(22.1)
Total continuing operations	<b>(14.3)</b>	(8.2)	(37.4)
Abandoned Merger costs	–	(19.6)	(19.6)
Group Process Review*	–	(2.2)	(5.4)
Other restructuring costs**	–	–	(0.2)
Discontinued operations	–	(21.8)	(25.2)
Total charged to operating profits	<b>(14.3)</b>	(30.0)	(62.6)
Credited to profit before tax:			
Sale of professional media businesses	–	32.4	591.6
Sale of consumer media businesses	–	38.6	1,555.1
Sale of online businesses	16.3	–	–
	<b>16.3</b>	71.0	2,146.7
<b>Total credited to profit on ordinary activities before tax</b>	<b>2.0</b>	41.0	2,084.1

\* The Group Process Review is a project that aims to improve operating efficiencies.

\*\* Other restructuring costs in 2001, relate to cost reduction programmes completed in the six months to 30 June 2001. In 2000, the costs comprised reorganisation and restructuring costs arising from the refocusing of United as a business to business media group.

# Notes

## 3. SHARE OF OPERATING (LOSS)/PROFIT IN JOINT VENTURES AND ASSOCIATES

	Six months ended 30 June 2001 £m	Six months ended 30 June 2000 £m	Year ended 31 December 2000 £m
Joint ventures and associates – continuing	2.2	1.7	4.5
Joint ventures and associates within discontinued operations	(5.4)	8.9	(4.1)
Amortisation of intangible assets	(0.2)	(8.9)	(19.0)
	<b>(3.4)</b>	1.7	(18.6)

## 4. NET INTEREST INCOME/(EXPENSE)

	Six months ended 30 June 2001 £m	Six months ended 30 June 2000 £m	Year ended 31 December 2000 £m
Group	31.8	(33.0)	(29.2)
Joint ventures and associates	(0.5)	(6.8)	(13.8)
	<b>31.3</b>	(39.8)	(43.0)

## 5. EARNINGS/(LOSS) PER SHARE

	Six months ended 30 June 2001 pence	Six months ended 30 June 2000 pence	Year ended 31 December 2000 pence
<b>Profit before amortisation of intangible assets and exceptional items</b>	<b>11.8</b>	18.8	27.4
Adjustment in respect of amortisation of intangible assets	(15.3)	(23.3)	(37.2)
Adjustment in respect of exceptional items:			
– charged to operating profits	(2.3)	(5.8)	(12.5)
– profit on sale and closure of businesses	3.7	8.1	388.0
<b>Basic</b>	<b>(2.1)</b>	(2.2)	365.7
Effect of dilutive securities:			
Options	–	–	(1.8)
Convertible debt	–	–	(15.0)
<b>Diluted</b>	<b>(2.1)</b>	(2.2)	348.9

Basic loss per share is calculated on the loss attributable to shareholders of £8.9 million (June 2000: loss of £10.8 million) and on 439,146,777 shares (June 2000: 500,508,169) being the weighted average number of shares in issue during the period.

For diluted earnings per share, the weighted average number of shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The group has three categories of dilutive potential ordinary shares: those share options granted to employees where the exercise price is less than the average market price of the company's ordinary shares during the year, those shares which may be issued under the LTIP and shares attributable to convertible debt.

# Notes

## 6. FOREIGN EXCHANGE

The trading results of overseas subsidiaries, joint ventures and associated companies were translated into sterling at an average of the exchange rates ruling for the period. This resulted in a weighted average rate of exchange in respect of the US dollar for the period of \$1.43: £1 (six months ended 30 June 2000: \$1.56: £1).

## 7. DIVIDENDS

	Six months ended 30 June 2001 £m	Six months ended 30 June 2000 £m	Year ended 31 December 2000 £m
Equity dividends	(37.3)	(56.0)	(112.1)
Non-equity dividends – 'B' shares	(324.9)	–	–
<b>Dividends</b>	<b>(362.2)</b>	(56.0)	(112.1)

An interim dividend of 11.0 pence (net) per ordinary share (2000: 11.0 pence) will be payable on 25 October 2001 to shareholders on the register at close of business on 17 August 2001.

The non-equity dividends represent the single dividend of 245 pence per share paid to holders of 'B' shares who elected this option, together with the accrual for the LIBOR related dividend of £0.3 million on 'B' shares remaining in issue.

## 8. FIXED ASSET INVESTMENTS

Certain of the group's investments which were previously classified as associated undertakings and joint ventures have been reclassified as fixed asset investments with effect from 1 January 2001. Following the disposal of United's broadcasting businesses during 2000, the nature of the group's commercial relationships and its board representation, and consequently its level of influence, has changed in respect of businesses which were formerly managed within the broadcasting division. These businesses comprise Channel 5 Television Group Limited, Independent Television News Limited and SDN Limited. The group's investment in SIS (Holdings) Limited was reclassified to fixed asset investments during 2000. Additionally, the level of influence exerted by United over two further investments, Paperloop PL Holdings LLC and Creative Planet, Inc is not considered sufficient to meet the requirements of FRS9. Accordingly, these investments have also been reclassified to fixed asset investments. United does not consider that these investments are core to its ongoing activities.

## 9. ACQUISITIONS AND DISPOSALS

In March 2001, Cyperus, a French corporate communications company was acquired for an initial consideration of £7 million.

On 26 April 2001, Springboard Internet Services Limited (LineOne), the joint venture between United and British Telecommunications was disposed of to Tiscali S.p.A. The consideration received by United comprised 10 million Euros in cash and approximately 2.7 million Tiscali shares.

In June 2001, Allison-Fisher International Inc., a U.S. market research company specialising in the automotive industry, was acquired for an initial consideration of \$45 million.

## 10. POST BALANCE SHEET EVENTS

On 5 July 2001, 50 per cent of the Dutch national news agency's news release distribution division, ANPPS, was acquired for Euros 6.47 million (£3.9 million) in cash.

On 3 August 2001, United announced that it had agreed to acquire Roper Starch Worldwide, Inc., a US market research business for consideration of \$88 million in cash.

## 11. STATUS OF FINANCIAL INFORMATION

The figures for the year ended 31 December 2000 (which do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985) have been extracted from the Annual Report and Accounts which have been filed with the Registrar of Companies; the auditors opinion on those accounts was unqualified and did not contain a statement under section 237 of the Companies Act 1985.

The interim financial information was approved by a duly appointed and authorised committee of the board of Directors on 3 August 2001. It is unaudited but has been reviewed by the auditors whose review opinion is set out on page 21.

# Independent review report to United Business Media plc

## INTRODUCTION

We have been instructed by the Company to review the financial information which comprises a summarised group profit and loss account, statement of group total recognised gains and losses, summarised group balance sheet information as at 30 June 2001, summarised group cash flow statement, comparative figures and associated notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

## DIRECTORS' RESPONSIBILITIES

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

## REVIEW WORK PERFORMED

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

## REVIEW CONCLUSION

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2001.

**PRICEWATERHOUSECOOPERS** 

Chartered Accountants  
London  
3 August 2001