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United Business Media

Ludgate House,  
245 Blackfriars Road, London SE1 9UY  
Telephone: 020 7921 5000  
[www.unitedbusinessmedia.com](http://www.unitedbusinessmedia.com)



United Business Media

Interim Report 2002

# INTERIM OVERVIEW

**There has been no-let up in the difficult market conditions.** To offset the impact of tough markets we have taken further substantial action on costs to protect and grow profitability. United's first half operating profits of £36m are much improved on the £21m achieved in the second half of last year. The £110m of cost savings secured against the 2000 base has been increased by £55m to £165m – a 24 per cent reduction on the group's 2000 fixed cost base.

**Our UK, Asian and European business have performed particularly well,** with underlying profits of £21.1m this year, up 68.2 per cent compared with £12.5m last year. CMP Asia and NOP Research produced solid results, while UAP and CMPi delivered strong growth in profits. In the US, weak revenues reduced profits and margins at NOP and PR Newswire. CMP Media recorded a loss as it suffered a 38 per cent fall in revenues. The continuing cost reduction programme at CMP Media should ensure a solid improvement in the second half of the year. With staffing levels reduced by around 40 per cent this division is now well geared to an upturn in its marketplace.

**United has cash generative businesses and a strong balance sheet.** With net cash in the bank we have the capacity to continue to grow our core markets through organic investment and acquisition. Future developments will be within our existing three business information areas. These are in attractive markets where we can build on our expertise and our market leading positions.

**As the strong performances of these businesses show, the outlook for the UK, European and Asian businesses remains encouraging.** The outlook for the US businesses is mixed, with continuing pressure on revenues, no upturn anticipated during the rest of 2002, and further substantial cost savings being realised. If current revenue trends continue, then the benefit of the additional savings announced today and the contribution from new United products should deliver improved group margins in the second half of 2002. We are targeting a rate of 9 to 10 per cent for the second half and further good progress in 2003 when margins should be in excess of 11 per cent. Beyond this our medium term target is to again improve margins to 15 per cent.

In October 2001, the group announced a rebased dividend policy which would commence at 7 pence per annum. The interim dividend of 3 pence is in line with that policy.

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# INTERIM STATEMENT

## Interim results 2002 – Summary Profit & Loss

	Six months ended 30 June	
	2002	2001
	£m	£m
Turnover – continuing	412.8	489.4
Turnover – discontinued	–	1.3
<b>Group Turnover</b>	<b>412.8</b>	<b>490.7</b>
Operating profit – continuing	36.4	59.5
Operating profit/(loss) – discontinued	–	(19.1)
<b>Operating profit*</b>	<b>36.4</b>	<b>40.4</b>
Interest	4.3	31.3
<b>Profit before tax*</b>	<b>40.7</b>	<b>71.7</b>
Amortisation of goodwill	(65.8)	(66.8)
	(25.1)	4.9
Exceptional items	(14.0)	2.0
(Loss)/profit before tax	(39.1)	6.9
Taxation	(9.8)	(14.3)
Loss on ordinary activities after tax	(48.9)	(7.4)
Equity minority interest	(1.4)	(1.5)
Loss for the period	(50.3)	(8.9)
Effective tax rate (%)	24.0	26.0
<b>EPS* (pence)</b>	<b>8.9</b>	<b>11.8</b>
Basic EPS (pence)	(15.1)	(2.1)
Dividend per share	3.0	11.0

\* Before amortisation of goodwill and exceptional items



## SUMMARY OF RESULTS

	2002	Group Turnover (£m)		Underlying	2002	Group Operating Profit (£m)*		Underlying
		2001	Change (%)	(%)		2001	Change (%)	(%)
NOP World	101.5	76.1	33.4	(6.8)	11.4	10.6	7.5	(5.9)
PR Newswire	57.5	72.3	(20.5)	(21.2)	12.3	21.5	(42.8)	(30.5)
CMP Media	136.5	219.6	(37.8)	(31.2)	(9.2)	14.0	(165.7)	(142.1)
CMP Asia	25.5	24.1	5.8	(7.7)	7.7	8.2	(6.1)	(6.2)
CMP Information	62.3	67.8	(8.1)	(5.9)	7.3	0.4	–	–
UAP	29.5	29.5	–	–	6.9	4.8	43.8	57.8
<b>Total</b>	<b>412.8</b>	<b>489.4</b>	<b>(15.7)</b>	<b>(18.9)</b>	<b>36.4</b>	<b>59.5</b>	<b>(38.8)</b>	<b>(43.0)</b>

\* Before amortisation of goodwill and exceptional items

Group revenues were down 15.7 per cent to £412.8m, while operating profits were down 38.8 per cent to £36.4m. The underlying change in performance, after removing the effects of currency translation, acquisitions and disposals in each business, is shown in the table above.

## COST REDUCTION PROGRAMME

Savings in Continuing Operating Costs – against the 2000 Fixed Cost Base

	Total costs saved in 2001 £m	2002 savings announced at Interims 2002	Further savings* announced today	Total savings
CMP Media/CMPi	53	42	46	141
PR Newswire/NOP	8	7	9	24
<b>Total</b>	<b>61</b>	<b>49</b>	<b>55</b>	<b>165</b>

\* includes £10m to be realised in 2003

In addition to the £110m operational cost savings – on the 2000 fixed cost base – announced at the UBM Preliminary results in March 2002, a further £55m of cost reduction has been identified. These reflect action on costs across the board. Headcount has been reduced by a further 500 employees across all businesses, representing a reduction of 30 per cent or more in PR Newswire, CMP Media and CMP Information.

Against the 2000 base, £61m in savings was delivered in 2001 and a further £60m has been achieved in the first half of 2002. An additional £34m has been secured for the second half of 2002 with another £10m planned for 2003.

## COMPARISON WITH SECOND HALF OF 2001

Key comparators	1st half, 2002	2nd half, 2001	Change (%)
Revenues (£m)	412.8	441.8	(6.6)
Operating Profit (£m)	36.4	20.6	76.7
EPS (p)	8.9	6.3	41.3



## INTERIM STATEMENT (CONTINUED)

The table above reveals the extent of UBM's improvement in its operating efficiency. This compares the consecutive operating periods of the second half of 2001 with the first half of 2002. At a Group level in a normal year there is broad similarity in terms of seasonal factors across the two halves. Although turnover is around 6.6 per cent lower in the first half of 2002, total operating profit has improved by 76.7 per cent, with earnings per share up 41.3 per cent.

### DIVISIONAL REVIEW

#### NOP World – Market Research

	Turnover (£m)		Profits (£m)	
	2002	2001	2002	2001
NOP World	101.5	76.1	11.4	10.6

Revenues at NOP World increased by 33.4 per cent to £101.5m, and profits improved by 7.5 per cent to £11.4m, reflecting the benefit of the Allison-Fisher, Roper Starch and Cozint acquisitions completed last year. On an underlying basis, removing the effects of acquisitions and currency translation, revenues and profits declined by 6.8 per cent and 5.9 per cent respectively, reflecting weaker market conditions particularly in the US and in the healthcare sector.

**NOP World Health**, the leading supplier of primary research to the global pharmaceutical industry, was impacted by the difficult market conditions in the pharma sector, in particular caused by the slower approval of new drugs by the Federal Drug Administration in the US. This is however a fundamentally strong sector and NOP remains well positioned with its own pipeline of new products and strong client relationships. The acquisition of Cozint, the online healthcare business, proved very timely given the rapid growth in internet-based healthcare market research.

Although revenues at **NOP Research Group** were marginally lower than last year, profits have increased. Revenues were lower due to the discontinuation of some low margin automotive work. The NOP Business division benefited from the early effects of the BT customer satisfaction census. This and other new business combined with a lower cost base across, led to an increase in profits for NOP Research.

Despite difficult conditions persisting in the US print market, **Mediamark Research** maintained revenues and profits. It achieved higher renewal rates and increases in new business for its core syndicated product.

**RoperASW**, a leading US-based research and consumer trends company, achieved post-acquisition integration benefits. It produced revenues and profits below last year's performance because of continuing difficulties in the US economy. Despite the more challenging market conditions the other acquisitions made last year, **Allison-Fisher** and **Cozint** are on track to deliver their targeted contributions.

The period was generally a strong one in terms of new client wins. In addition to the BT census, new clients included IKEA, New Jersey Transit, World Gold Council, Radio Shack and Mitsubishi.

#### PR Newswire – News Distribution

	Turnover (£m)		Profits (£m)	
	2002	2001	2002	2001
PR Newswire	57.5	72.3	12.3	21.5

PR Newswire's reported revenues decreased 20.5 per cent to £57.5m and profits fell 42.8 per cent to £12.3m.

Continuing sluggishness in the US economy and greatly reduced M&A and IPO activity has caused a downturn in the volume of releases issued by PR Newswire's customers, especially those which are discretionary in nature. Overall, message volume was 13.2 per cent below the same period last year, in line with the 14 per cent decline for the full year in 2001. The turmoil in the world's stock markets has led corporations to be more publicity averse than normal. PR Newswire's customers have also chosen lower-priced news distribution options, causing a reduction in average revenue per message of 5.6 per cent. More rigorous disclosure practices look set to increase the length of earnings releases.

In the US the "evaluation" products, a growing range of products which provide feedback on the response to corporate communications, grew to 15 per cent (13 per cent) of turnover, with the continuing success of the Online MEDIAtlas™ and with MultiVu alone generating over \$1m in revenues in its first two months of operation.

PR Newswire has maintained its impressive market share at around 60 per cent of the US Fortune 500 and with its message volumes at higher levels than its main competitor.

In the UK, following the April 2002 ending of the monopoly in regulatory news distribution market, PR Newswire was immediately established as the number one rival to the incumbent RNS and now has a market share of over 10 per cent of all releases issued, with over 25 per cent of the FTSE 100 and almost 30 per cent of the FTSE 250 companies signed up.

#### Professional Media

	Turnover (£m)		Profits (£m)	
	2002	2001	2002	2001
CMP Media	136.5	219.6	(9.2)	14.0
CMP Asia	25.5	24.1	7.7	8.2
CMP Information	62.3	67.8	7.3	0.4
<b>Total</b>	<b>224.3</b>	<b>311.5</b>	<b>5.8</b>	<b>22.6</b>

Professional Media revenues were £224.3m, a decrease of 28.0 per cent over 2001. Operating profits decreased 74.3 per cent to £5.8m.

Financial results at **CMP Media**, the leading US high tech media group, continued to suffer the effects of the technology market downturn in which CMP's major customers remain cautious in committing their marketing and advertising budgets. Revenues in this business fell 37.8 per cent to £136.5m, while profits were down to an operating loss of £9.2m. This includes a loss of £3.8m (£11.9m) from online activities, now re-integrated into offline for both operational and reporting purposes.

During the first half of 2002, CMP Media's continuing high tech ad page volumes have continued to trend down around 40 per cent on 2000 levels (note not 2001), down 43.8 per cent for the month of June. In such a difficult market, CMP Media has held its yield decline to similar levels to those in the second half of 2001. Maintaining a relatively strong yield position remains a priority for CMP Media.

CMP has further consolidated its market leading position. It now has a 29 per cent share of the market for the period, ahead of last year's 25 per cent, and still maintains well over twice the market share of its nearest competitors.

Although CMP Media's high tech events business again moved in line with publications, actual attendance levels showed some resilience with key events holding their own in a difficult market. TechXNY attracted over 35,000 visitors; the Embedded Systems show achieved attendance levels of over 8,000 – above last year. The influential Games Developer exhibition in San Francisco was only marginally down on last year's event and attracted just under 6,000 delegates.

CMP's Healthcare division delivered revenues ahead of last year, benefiting from a strong events portfolio.

**CMP Asia**, the largest private exhibitions group in Asia, delivered a good performance, with reported turnover up 5.8 per cent to £25.5m, augmented by the strong performance of KSS in Japan, acquired last year and three new show launches which have deepened its presence in China, Japan and Thailand. The slight decline in underlying turnover and profit – stripping out acquisitions – reflected weaker performances from those US events which are managed by CMP Asia. These included the cruise and leather exhibitions in Miami, which were both affected by the general economic situation in the US. Excluding the US business, CMP Asia achieved an underlying profit improvement of 5.8 per cent. CMP Asia is a high margin business and its underlying margins were increased by 1.7 per cent.

# INTERIM STATEMENT (CONTINUED)

The business enjoyed a good performance from its jewellery events and CMP Sinoexpo joint venture exhibition business, the jewellery events enjoyed a record performance for the third year.

**CMP Information** has reaped significant cost benefits from a comprehensive business improvement plan, this has transformed the business's profitability. Revenues were 8.1 per cent lower at £62.3m reflecting the closure of some titles and events and continuing weakness in some markets, especially in US Entertainment Technology. More than countering the US slowdown, CMP Information achieved greatly improved overall profits of £7.3m for the first six months, compared with £0.4m from the same period last year. Operating margins were transformed to 11.7 per cent, compared with last year's 0.6 per cent.

The markets that have delivered an improved profit performance are Interiors, Print and Packaging, Ingredients and the UK Agriculture market, rebounding strongly from the foot and mouth crisis of last year. The Directories and Events businesses showed particular strength, with the Furniture and Fire Safety and Security shows, all leading events in their markets, attracting significantly higher visitor numbers.

The pharmacy market, covered by CMPi's Chemist and Druggist publication has taken additional market share to lead with an all time high share of approximately 40 per cent.

## UAP – Consumer Media

	Turnover (£m)		Profits (£m)	
	2002	2001	2002	2001
UAP	29.5	29.5	6.9	4.8

UAP's consumer titles achieved a profit increase of over 40 per cent, thanks to growth in the motor sector in Exchange & Mart and the breakthrough to profitability of Auto Exchange which is freely distributed regionally. Dalton's Weekly also grew following the recovery from foot and mouth. Revenues were maintained at the same level as last year but profits have benefited from significant cost savings.

## MARGINS

UBM's business-wide cost reduction programme has delivered an overall group margin improvement. Operating margin for the first six months of the year is 8.8 per cent, marginally ahead of last year's 8.7 per cent for the full year and well ahead of the 4.9 per cent margin level in the second half of 2001.

## DIVIDEND

As announced in October 2001, the current group dividend policy is to pay 7 pence per share in 2002, subject to the usual conditions of no significant changes. An interim dividend of 3 pence per ordinary share will be paid on 24th October to shareholders on the register on 16th August.

## EXCEPTIONAL ITEMS

The £14m exceptional item represents the net cost of the settlement with Carlton. There are no other exceptional items in the half-year as costs related to further restructuring in 2002 have been expensed to operating profit.

## BALANCE SHEET AND CASH CONVERSION

UBM continued to maintain its strong balance sheet during the period. Net cash balances at the end of June 2002 were £50.4m. Operating cash conversion was equivalent to 113.5 per cent of operating profits.

Group capital expenditure was only £5.8m during the period.

Following the impairment review in 2001, a reappraisal of the estimated useful lives adopted for goodwill and intangible assets has been undertaken. As a result, the estimated useful lives of the goodwill relating to certain businesses have been reduced. The impact of this revision has been to increase the amortisation charge for the period by £17.0m to £65.8m

## FIXED ASSET INVESTMENTS

UBM holds investments in Channel 5, ITN, SIS, SDN, Paperloop and the Press Association.

UBM invested only £6.0m of working capital in Channel 5 during the period, lower than anticipated at the start of the year due to the substantially improved operating performance of Channel 5. Channel 5 has had an excellent first six months of 2002 and is outperforming its rivals. Revenues for the business over the period were £113.7m, a 15.8 per cent improvement over last year, while the operating loss has been reduced from £17.8m to £2.2m. Channel 5's audience share has grown from 5.6 per cent to 6.4 per cent, while its share of advertising has grown from 6.2 per cent to 7.3 per cent.



## STRATEGY

UBM has continued its strategy to invest in and acquire companies to strengthen its three core B2B areas of market research, news distribution and professional media, all in long term high growth markets.

UBM remains cash positive with a strong balance sheet with the financial flexibility to fund further development. It remains cautious however in its approach to acquisitions, preferring to target those which fulfil strict financial criteria and which will add value or attractive new products to its existing businesses and increase its presence in key markets. UBM will continue to build and to maximise value of its non-core assets.

## CURRENT TRADING AND OUTLOOK

The UK, European and Asian businesses continue to perform robustly and the outlook is encouraging.

NOP has been performing strongly in the UK and in its US syndicated businesses, but the environment is more challenging in Healthcare and in US ad hoc. NOP UK's revenues are up 3 per cent to the end of July, with British Market Research Association industry figures showing a UK general market decline of 2.6 per cent to the end of June.

At PR Newswire, corporate scandals and cost pressures are curtailing customer expenditure and clients are continuing to trade down to lower cost distribution options. We anticipate that recent stock market concerns over accounting matters will result in higher requirements for company disclosure and that this will in turn cause earning releases to become longer.

With CMP Media dollar revenues currently running at 43 per cent down on 2000 (note not 2001) our planning assumption is now for 45 per cent for the full year 2002. On this basis, and with the substantially increased level of cost savings, CMP Media should be approaching breakeven in the second half of 2002.

In the light of current revenue trends and our leaner cost base, we are on target to improve group margins in the second half of 2002, where we have a target margin rate for the half of 9 to 10 per cent. In 2003, we anticipate margins to rise in excess of 11 per cent.

# GROUP PROFIT AND LOSS ACCOUNT

for the six months ended 30 June 2002

	Note	Six months ended 30 June 2002			Six months ended 30 June 2001			Year ended 31 December 2001		
		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		425.4	–	425.4	500.9	–	500.9	959.4	–	959.4
Discontinued operations		–	–	–	5.5	–	5.5	6.2	–	6.2
		425.4	–	425.4	506.4	–	506.4	965.6	–	965.6
Less: share of joint ventures' turnover		(12.6)	–	(12.6)	(15.7)	–	(15.7)	(33.1)	–	(33.1)
<b>Group turnover</b>		<b>412.8</b>	<b>–</b>	<b>412.8</b>	<b>490.7</b>	<b>–</b>	<b>490.7</b>	<b>932.5</b>	<b>–</b>	<b>932.5</b>
<b>Group operating loss</b>										
Continuing operations		(33.3)	–	(33.3)	(9.3)	(14.3)	(23.6)	(63.9)	(448.9)	(512.8)
Discontinued operations		–	–	–	(13.7)	–	(13.7)	(15.1)	–	(15.1)
<b>Group operating loss</b>		<b>(33.3)</b>	<b>–</b>	<b>(33.3)</b>	<b>(23.0)</b>	<b>(14.3)</b>	<b>(37.3)</b>	<b>(79.0)</b>	<b>(448.9)</b>	<b>(527.9)</b>
Share of operating profit/(loss) in joint ventures and associates	3									
Continuing operations		0.5	–	0.5	2.1	–	2.1	3.5	–	3.5
Discontinued operations		–	–	–	(5.5)	–	(5.5)	(5.4)	–	(5.4)
		0.5	–	0.5	(3.4)	–	(3.4)	(1.9)	–	(1.9)
Income from other fixed asset investments		3.4	–	3.4	–	–	–	4.3	–	4.3
<b>Total operating loss</b>		<b>(29.4)</b>	<b>–</b>	<b>(29.4)</b>	<b>(26.4)</b>	<b>(14.3)</b>	<b>(40.7)</b>	<b>(76.6)</b>	<b>(448.9)</b>	<b>(525.5)</b>
(Loss)/profit on sale and closure of businesses										
Continuing operations		–	–	–	–	–	–	–	(32.9)	(32.9)
Discontinued operations		–	(14.0)	(14.0)	–	16.3	16.3	–	(18.6)	(18.6)
		–	(14.0)	(14.0)	–	16.3	16.3	–	(51.5)	(51.5)
<b>(Loss)/profit on ordinary activities before interest</b>		<b>(29.4)</b>	<b>(14.0)</b>	<b>(43.4)</b>	<b>(26.4)</b>	<b>2.0</b>	<b>(24.4)</b>	<b>(76.6)</b>	<b>(500.4)</b>	<b>(577.0)</b>
Net interest income	4	4.3	–	4.3	31.3	–	31.3	35.8	–	35.8
<b>(Loss)/profit on ordinary activities before tax</b>		<b>(25.1)</b>	<b>(14.0)</b>	<b>(39.1)</b>	<b>4.9</b>	<b>2.0</b>	<b>6.9</b>	<b>(40.8)</b>	<b>(500.4)</b>	<b>(541.2)</b>
Tax on (loss)/profit on ordinary activities		(9.8)	–	(9.8)	(18.6)	4.3	(14.3)	(25.0)	–	(25.0)
<b>(Loss)/profit on ordinary activities after tax</b>		<b>(34.9)</b>	<b>(14.0)</b>	<b>(48.9)</b>	<b>(13.7)</b>	<b>6.3</b>	<b>(7.4)</b>	<b>(65.8)</b>	<b>(500.4)</b>	<b>(566.2)</b>
Equity minority interests		(1.4)	–	(1.4)	(1.5)	–	(1.5)	(2.0)	–	(2.0)
<b>(Loss)/profit for the period</b>		<b>(36.3)</b>	<b>(14.0)</b>	<b>(50.3)</b>	<b>(15.2)</b>	<b>6.3</b>	<b>(8.9)</b>	<b>(67.8)</b>	<b>(500.4)</b>	<b>(568.2)</b>
Dividends – equity	7			(10.1)			(37.3)			(39.8)
– non-equity	7			(0.7)			(324.9)			(325.3)
	7			(10.8)			(362.2)			(365.1)
<b>Retained loss for the period</b>				<b>(61.1)</b>			<b>(371.1)</b>			<b>(933.3)</b>
<b>Earnings/(loss) per share</b>										
– before amortisation of intangible assets and exceptional items	5			<b>8.9p</b>			11.8p			18.1p
– basic	5			<b>(15.1)p</b>			(2.1)p			(147.3)p
– diluted	5			<b>(15.1)p</b>			(2.1)p			(147.3)p

# ANALYSIS OF TURNOVER

for the six months ended 30 June 2002

	Six months ended 30 June 2002		Six months ended 30 June 2001		Year ended 31 December 2001	
	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:						
Market research	101.5	–	76.1	–	194.9	–
News distribution	57.5	4.6	72.3	4.5	128.0	8.6
Professional media	224.3	8.0	311.5	7.0	550.2	20.3
Business to business media	383.3	12.6	459.9	11.5	873.1	28.9
Consumer media	29.5	–	29.5	–	57.4	–
Continuing operations	412.8	12.6	489.4	11.5	930.5	28.9
Discontinued operations:						
Professional media	–	–	1.3	4.2	2.0	4.2
Discontinued operations	–	–	1.3	4.2	2.0	4.2
<b>Turnover</b>	<b>412.8</b>	<b>12.6</b>	<b>490.7</b>	<b>15.7</b>	<b>932.5</b>	<b>33.1</b>

# ANALYSIS OF ACTIVITIES

for the six months ended 30 June 2002

	Six months ended 30 June 2002						Six months ended 30 June 2001						Year ended 31 December 2001					
	Group £m	Group share of joint ventures £m	Group share of associates £m	Subtotal £m	Exceptional items £m	Total £m	Group £m	Group share of joint ventures £m	Group share of associates £m	Subtotal £m	Exceptional items £m	Total £m	Group £m	Group share of joint ventures £m	Group share of associates £m	Subtotal £m	Exceptional items £m	Total £m
<b>Operating profit/(loss) before amortisation of intangible assets by division</b>																		
Continuing operations:																		
Market research	11.4	-	-	11.4	-	11.4	10.6	-	-	10.6	(0.1)	10.5	24.0	(0.1)	-	23.9	(7.2)	16.7
News distribution	10.8	1.5	-	12.3	-	12.3	19.9	1.6	-	21.5	(5.0)	16.5	32.8	3.0	-	35.8	(6.4)	29.4
Professional media	5.4	0.4	-	5.8	-	5.8	22.0	0.6	-	22.6	(8.8)	13.8	10.4	1.6	-	12.0	(63.9)	(51.9)
Business to business media	27.6	1.9	-	29.5	-	29.5	52.5	2.2	-	54.7	(13.9)	40.8	67.2	4.5	-	71.7	(77.5)	(5.8)
Consumer media	6.9	-	-	6.9	-	6.9	4.8	-	-	4.8	(0.4)	4.4	9.4	-	-	9.4	(1.4)	8.0
Continuing operations	34.5	1.9	-	36.4	-	36.4	57.3	2.2	-	59.5	(14.3)	45.2	76.6	4.5	-	81.1	(78.9)	2.2
Discontinued operations:																		
Professional media	-	-	-	-	-	-	(13.7)	(3.9)	(1.5)	(19.1)	-	(19.1)	(15.0)	(3.8)	(1.3)	(20.1)	-	(20.1)
Discontinued operations	-	-	-	-	-	-	(13.7)	(3.9)	(1.5)	(19.1)	-	(19.1)	(15.0)	(3.8)	(1.3)	(20.1)	-	(20.1)
<b>Operating profit/(loss) before amortisation of intangible assets</b>	<b>34.5</b>	<b>1.9</b>	<b>-</b>	<b>36.4</b>	<b>-</b>	<b>36.4</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>	<b>61.6</b>	<b>0.7</b>	<b>(1.3)</b>	<b>61.0</b>	<b>(78.9)</b>	<b>(17.9)</b>
Amortisation of intangible assets	(64.4)	(1.4)	-	(65.8)	-	(65.8)	(66.6)	(0.1)	(0.1)	(66.8)	-	(66.8)	(136.3)	(1.0)	(0.3)	(137.6)	(370.0)	(507.6)
<b>Operating (loss)/profit by division</b>																		
Continuing operations:																		
Market research	2.1	-	-	2.1	-	2.1	8.9	-	-	8.9	(0.1)	8.8	16.7	(0.1)	-	16.6	(7.2)	9.4
News distribution	8.4	1.1	-	9.5	-	9.5	17.7	1.6	-	19.3	(5.0)	14.3	27.9	2.2	-	30.1	(6.4)	23.7
Professional media	(46.8)	(0.6)	-	(47.4)	-	(47.4)	(40.3)	0.5	-	(39.8)	(8.8)	(48.6)	(112.6)	1.4	-	(111.2)	(433.9)	(545.1)
Business to business media	(36.3)	0.5	-	(35.8)	-	(35.8)	(13.7)	2.1	-	(11.6)	(13.9)	(25.5)	(68.0)	3.5	-	(64.5)	(447.5)	(512.0)
Consumer media	6.4	-	-	6.4	-	6.4	4.4	-	-	4.4	(0.4)	4.0	8.4	-	-	8.4	(1.4)	7.0
Continuing operations	(29.9)	0.5	-	(29.4)	-	(29.4)	(9.3)	2.1	-	(7.2)	(14.3)	(21.5)	(59.6)	3.5	-	(56.1)	(448.9)	(505.0)
Discontinued operations:																		
Professional media	-	-	-	-	-	-	(13.7)	(3.9)	(1.6)	(19.2)	-	(19.2)	(15.1)	(3.8)	(1.6)	(20.5)	-	(20.5)
Discontinued operations	-	-	-	-	-	-	(13.7)	(3.9)	(1.6)	(19.2)	-	(19.2)	(15.1)	(3.8)	(1.6)	(20.5)	-	(20.5)
<b>Operating loss</b>	<b>(29.9)</b>	<b>0.5</b>	<b>-</b>	<b>(29.4)</b>	<b>-</b>	<b>(29.4)</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>	<b>(74.7)</b>	<b>(0.3)</b>	<b>(1.6)</b>	<b>(76.6)</b>	<b>(448.9)</b>	<b>(525.5)</b>
<b>by geographic market</b>																		
United Kingdom	(1.1)	0.2	-	(0.9)	-	(0.9)	(18.7)	(3.9)	(1.5)	(24.1)	(11.4)	(36.9)	(32.4)	(3.4)	(1.6)	(37.4)	(94.4)	(131.8)
North America	(25.9)	0.5	-	(25.4)	-	(25.4)	(8.9)	1.9	(0.1)	(7.1)	(3.1)	(9.0)	(62.8)	3.9	-	(58.9)	(354.5)	(413.4)
Europe and Middle East	(1.6)	(0.4)	-	(2.0)	-	(2.0)	(1.7)	-	-	(1.7)	-	(1.5)	7.9	(0.8)	-	7.1	-	7.1
Pacific	(1.3)	0.2	-	(1.1)	-	(1.1)	6.3	0.2	-	6.5	0.2	6.7	12.6	-	-	12.6	-	12.6
<b>Operating loss</b>	<b>(29.9)</b>	<b>0.5</b>	<b>-</b>	<b>(29.4)</b>	<b>-</b>	<b>(29.4)</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>	<b>(74.7)</b>	<b>(0.3)</b>	<b>(1.6)</b>	<b>(76.6)</b>	<b>(448.9)</b>	<b>(525.5)</b>

Discontinued operations in 2001 include a number of online business to business and business to consumer activities which have been disposed or closed.

# GROUP BALANCE SHEET

at 30 June 2002

	30 June 2002 £m	30 June 2001 £m	31 December 2001 £m
<b>Fixed assets</b>			
Intangible assets	649.2	1,126.2	736.8
Tangible assets	79.0	90.5	84.8
Investments in joint ventures:			
– share of gross assets	19.9	14.3	18.5
– share of gross liabilities	(4.7)	(2.8)	(3.1)
Investment in joint ventures	15.2	11.5	15.4
Investments in associated undertakings	0.2	1.3	0.2
Other investments	160.7	116.7	155.9
	904.3	1,346.2	993.1
<b>Current assets</b>			
Stocks	23.5	22.7	17.0
Debtors	208.4	260.5	218.7
Investments	1.9	15.8	2.4
Short term liquid funds	463.1	354.2	592.8
Cash at bank and in hand	272.2	541.2	353.0
	969.1	1,194.4	1,183.9
<b>Creditors: amounts falling due within one year</b>	(632.7)	(672.1)	(639.2)
<b>Net current assets</b>	336.4	522.3	544.7
<b>Total assets less current liabilities</b>	1,240.7	1,868.5	1,537.8
<b>Creditors: amounts falling due after more than one year</b>			
Bank and other loans	(406.0)	(438.4)	(424.8)
Other creditors	(9.3)	(13.2)	(23.5)
Convertible debt	(258.6)	(176.5)	(434.5)
	(673.9)	(628.1)	(882.8)
<b>Provisions for liabilities and charges</b>	(31.2)	(8.4)	(41.0)
<b>Net assets</b>	535.6	1,232.0	614.0
<b>Capital and reserves</b>			
Called up share capital	96.1	97.2	95.9
Share premium account	308.3	305.0	305.8
Merger reserve	31.3	31.3	31.3
Other reserves	156.2	148.7	156.2
Profit and loss account	(58.0)	646.8	22.7
<b>Shareholders' funds</b>	533.9	1,229.0	611.9
Equity minority interests	1.7	3.0	2.1
	535.6	1,232.0	614.0
Equity shareholders' funds	521.7	1,215.6	599.7
Non-equity shareholders' funds	12.2	13.4	12.2
	533.9	1,229.0	611.9

# GROUP CASH FLOW STATEMENT

for the six months ended 30 June 2002

	Six months ended 30 June 2002 £m	Six months ended 30 June 2001 £m	Year ended 31 December 2001 £m
<b>Net cash inflow from operating activities</b>	20.2	17.3	14.7
<b>Dividends received from joint ventures and associates</b>	0.3	0.5	1.0
<b>Returns on investment and servicing of finance</b>	(1.4)	(286.8)	(302.9)
<b>Taxation</b>	14.4	(18.5)	(4.1)
<b>Capital expenditure and financial investment</b>	(15.3)	(65.6)	(107.6)
<b>Payments relating to prior year disposals</b>	(25.0)	–	–
<b>Acquisitions and disposals</b>	–	(30.8)	(108.1)
<b>Equity dividends paid to shareholders</b>	(3.4)	(56.8)	(93.2)
<b>Net cash outflow before use of liquid resources and financing</b>	(10.2)	(440.7)	(600.2)
<b>Management of liquid resources</b>	201.2	1,317.9	1,224.1
<b>Net cash inflow before financing</b>	191.0	877.2	623.9
<b>Financing</b>			
Issue of ordinary share capital	2.7	5.7	6.6
Return of capital to shareholders	(0.2)	(864.2)	(901.3)
Issue of convertible bond	–	–	274.8
Redemption of convertible bond	(164.0)	–	(14.6)
Increase in bank loans	–	3.5	0.2
Repayment of loan stock	(18.4)	–	(1.7)
Increase in other loans	–	0.2	–
<b>Financing</b>	(179.9)	(854.8)	(636.0)
<b>Increase/(decrease) in cash in the period</b>	11.1	22.4	(12.1)
<b>Reconciliation of net cash flow to movement in net cash</b>			
Increase/(decrease) in cash in the period	11.1	22.4	(12.1)
Cash (inflow)/outflow from (increase)/decrease in debt and financing	182.4	(3.7)	(254.2)
Cash inflow from increase in liquid resources	(201.2)	(1,317.9)	(1,224.1)
<b>Changes in net cash resulting from cash flows</b>	(7.7)	(1,299.2)	(1,490.4)
Other non cash movements	(1.2)	12.2	(2.0)
Translation difference	10.0	(15.3)	(11.3)
<b>Movement in net cash in the period</b>	1.1	(1,302.3)	(1,503.7)
<b>Opening net cash</b>	49.3	1,553.0	1,553.0
<b>Closing net cash</b>	50.4	250.7	49.3
<b>Reconciliation of operating loss to net cash inflow from operating activities</b>			
Operating loss	(29.4)	(40.7)	(525.5)
Depreciation charges	12.1	12.2	23.3
Amortisation of intangible assets – group	64.4	66.6	506.3
Share of results of joint ventures	(0.5)	1.8	0.3
Share of results of associates	–	1.6	1.6
Income from other fixed asset investments	(3.4)	–	(4.3)
Profit on sale of tangible fixed assets	–	–	1.0
Payments against provisions	(7.9)	–	(3.8)
Net increase in working capital:			
– payments against restructuring and other exceptional costs	(15.4)	–	(19.0)
– other movements in working capital	0.1	(13.9)	(3.3)
Other non-cash items including movements on provisions	0.2	(10.3)	38.1
<b>Cash inflow from operating activities</b>	20.2	17.3	14.7

# STATEMENT OF GROUP TOTAL RECOGNISED GAINS AND LOSSES

for the six months ended 30 June 2002

	Six months ended 30 June 2002 £m	Six months ended 30 June 2001 £m	Year ended 31 December 2001 £m
Loss for the financial period	(50.3)	(8.9)	(568.2)
Currency translation differences on foreign currency investments:			
Group	(19.3)	34.4	16.2
Joint ventures	(0.1)	0.4	(0.1)
Associates	–	(0.1)	(0.1)
	(19.4)	34.7	16.0
<b>Total recognised (losses)/gains relating to the period</b>	<b>(69.7)</b>	25.8	(552.2)

The historical result for the financial period is not materially different from the reported loss.

# RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

for the six months ended 30 June 2002

	Six months ended 30 June 2002 £m	Six months ended 30 June 2001 £m	Year ended 31 December 2001 £m
Opening shareholders funds	611.9	2,423.9	2,423.9
Loss for the financial period	(50.3)	(8.9)	(568.2)
Equity dividends	(10.1)	(37.3)	(39.8)
Non-equity dividends on 'B' shares – see below	(0.7)	(324.9)	(325.3)
	550.8	2,052.8	1,490.6
Other recognised (losses)/gains relating to the period	(19.4)	34.7	16.0
New share capital subscribed	2.7	5.7	6.6
Return of capital to shareholders	(0.2)	(864.2)	(901.3)
<b>Closing shareholders' funds</b>	<b>533.9</b>	1,229.0	611.9

At 30 June 2002, the company has 10,480,642 B shares outstanding (30 June 2001: 25,178,649; 31 December 2001: 10,480,642). These arose from the return of capital to shareholders in April 2001. B shares receive a continuing dividend linked to LIBOR. The company has indicated that it will periodically offer to repurchase B shares at 245p per share.

# NOTES

## 1. BASIS OF PREPARATION

The interim report for the six months ended 30 June 2002 has been prepared on the basis of accounting policies set out in the 2001 Annual Report and Accounts with the exception of the following:

FRS19 – Deferred Tax was issued in December 2000 effective for accounting periods ending on or after 23 January 2002 and has been applied in these interim accounts. The implementation of the standard has had no material impact on the results or balance sheet of the group.

The date for mandatory full adoption of the accounting requirements of FRS 17 – Retirement Benefits has been delayed by the ASB. In the light of this, the full provisions of FRS 17 have not been adopted for these interim statements.

Goodwill and intangible assets – Following the impairment review in 2001, a reappraisal of the estimated useful lives adopted for goodwill and intangible assets has been undertaken. As a result, the estimated useful lives of the goodwill relating to certain businesses have been reduced.

The impact of this revision has been to increase the amortisation charge for the period by £17m to £65.8m.

## 2. EXCEPTIONAL ITEMS

	Six months ended 30 June 2002 £m	Six months ended 30 June 2001 £m	Year ended 31 December 2001 £m
Charged to operating profits:			
Continuing operations			
Costs of integration of acquired businesses	–	–	(5.1)
Group Process Review	–	(6.6)	(9.0)
Other restructuring costs	–	(7.7)	(64.8)
Goodwill impairment	–	–	(370.0)
Continuing operations	–	(14.3)	(448.9)
(Charged)/credited to profit before tax:			
Payments relating to prior year disposals	(14.0)	–	–
Profits/(loss) on sale and closure of businesses	–	16.3	(51.5)
	(14.0)	16.3	(51.5)
<b>Total credited to profit on ordinary activities before tax</b>	<b>(14.0)</b>	2.0	(500.4)
Tax on exceptional items	–	–	–

During the period, UBM settled an outstanding legal claim relating to the planned merger with Carlton Communications plc in 2000 and the subsequent sale of the group's television businesses. The exceptional cost of this claim to the group net of associated receivables amounted to £14.0 million.

Exceptional items in 2001 included final costs associated with Group Process Review, other restructuring costs relating to vacant properties and redundancy, goodwill impairment and loss on sale or closure of a number of UK online based businesses.

## NOTES

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

	Six months ended 30 June 2002 £m	Six months ended 30 June 2001 £m	Year ended 31 December 2001 £m
Joint ventures and associates – continuing	1.9	2.2	4.5
Joint ventures and associates within discontinued operations	–	(5.4)	(5.1)
Amortisation of intangible assets	(1.4)	(0.2)	(1.3)
	<b>0.5</b>	<b>(3.4)</b>	<b>(1.9)</b>

### 4. NET INTEREST INCOME/(EXPENSE)

	Six months ended 30 June 2002 £m	Six months ended 30 June 2001 £m	Year ended 31 December 2001 £m
Group	4.3	31.8	36.4
Joint ventures and associates	–	(0.5)	(0.6)
	<b>4.3</b>	<b>31.3</b>	<b>35.8</b>

Interest receivable includes £4.3 million (six months ended 30 June 2001: £3.4 million; year ended 31 December 2001: £7.4 million) of interest receivable from Channel 5 in respect of shareholder loans.

### 5. EARNINGS/(LOSS) PER SHARE

	Six months ended 30 June 2002 pence	Six months ended 30 June 2001 pence	Year ended 31 December 2001 pence
<b>Profits before amortisation of intangible assets and exceptional items</b>	<b>8.9</b>	11.8	18.1
Adjustment in respect of amortisation of intangible assets	(19.8)	(15.3)	(35.7)
Adjustment in respect of exceptional items:			
– charged to operating profits	–	(2.3)	(116.4)
– payments relating to prior year disposals	(4.2)	–	–
– profit on sale and closure of businesses	–	3.7	(13.3)
<b>Basic</b>	<b>(15.1)</b>	(2.1)	(147.3)
<b>Diluted</b>	<b>(15.1)</b>	(2.1)	(147.3)

Basic loss per share is calculated on the loss attributable to shareholders of £50.3 million (June 2001: loss of £8.9 million; December 2001: loss of £568.2 million) and on 333,561,961 shares (June 2001: 439,146,777; December 2001: 385,710,233) 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. No adjustment has been made for the dilutive impact, as this would increase reported earnings per share.

## 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 \$1.46: £1 (six months ended 30 June 2001: \$1.43: £1; year ended 31 December 2001: \$1.44: £1). The balance sheets of overseas subsidiaries, joint ventures and associated companies were translated into sterling at the period end rate of exchange in respect of the US dollar of \$1.52: £1 (six months ended 30 June 2001: \$1.41: £1; year ended 31 December 2001: \$1.45: £1).

### 7. DIVIDENDS

	Six months ended 30 June 2002 £m	Six months ended 30 June 2001 £m	Year ended 31 December 2001 £m
Equity dividends	(10.1)	(37.3)	(39.8)
Non-equity dividends – B shares	(0.7)	(324.9)	(325.3)
<b>Dividends</b>	<b>(10.8)</b>	<b>(362.2)</b>	<b>(365.1)</b>

An interim dividend of 3.0 pence per ordinary share (2001: 11.0 pence) will be payable on 24 October 2002 to shareholders on the register at close of business on 16 August 2002.

The non-equity dividends in 2002 relate to the LIBOR linked dividend on B shares. In 2001 it also included a single dividend of 245 pence per share paid to holders of B shares who elected for this option.

### 8. STATUS OF FINANCIAL INFORMATION

The figures for the year ended 31 December 2001 (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 2 August 2002. It is unaudited but has been reviewed by the auditors as set out in their report.

# INDEPENDENT REVIEW REPORT TO UNITED BUSINESS MEDIA PLC

## Introduction

We have been instructed by the company to review the financial information which comprises a group profit and loss account, statement of group total recognised gains and losses, group balance sheet as at 30 June 2002, 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 Listing Rules of the London Stock Exchange 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. 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 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 2002.



Ernst & Young LLP  
London  
2 August 2002