Consolidated Income Statement

for the six months ended 30 June 2005

	Notes	Six months ended 30 June 2005 £m	As restated Six months ended 30 June 2004 £m	As restated Year ended 31 December 2004 £m
Continuing operations				
Revenue	3	**336.6**	281.1	586.7
Operating expenses		**(276.1)**	(233.9)	(490.0)
Non-recurring restructuring costs	4	**(5.2)**	–	–
Share of profit in joint ventures and associates (after tax)	3	**10.7**	0.3	4.9
Income from investments		**0.5**	2.5	5.2
Group operating profit		**66.5**	50.0	106.8
Non-recurring items				
Profit on disposal of businesses	4	**267.4**	–	–
Additional profit on prior year disposals	4	**–**	–	18.9
Amounts written off investments	4	**–**	–	(11.7)
		267.4	–	7.2
Earnings before interest and taxes ("EBIT")	3	**333.9**	50.0	114.0
Net interest income	5	**6.5**	3.2	12.4
Net financing income – other than interest	5	**23.5**	–	–
Net financing costs – pension schemes	5	**(1.3)**	(2.4)	(3.4)
Profit before tax		**362.6**	50.8	123.0
Taxation		**(12.7)**	(11.4)	(24.3)
Taxation relating to non-recurring items	4	**(1.2)**	–	–
Non-recurring taxation credit		**–**	–	121.0
Profit for the period from continuing operations		**348.7**	39.4	219.7
Discontinued operations				
Profit for the period from discontinued operations (after tax)	10	**3.8**	8.7	17.6
Profit for the period		**352.5**	48.1	237.3
Attributable to:				
Equity shareholders – ordinary		**351.4**	47.0	235.4
Equity shareholders – B shares		**0.2**	0.2	0.4
Minority interests		**0.9**	0.9	1.5
		352.5	48.1	237.3
Earnings per share				
– basic	6	**106.2p**	14.1p	70.4p
– diluted	6	**92.0p**	12.6p	61.8p

	Notes	Six months ended 30 June 2005 £m	As restated Six months ended 30 June 2004 £m	As restated Year ended 31 December 2004 £m
Adjusted group operating profit*	3	**76.1**	61.7	132.6
Amortisation of intangible assets		**(4.6)**	–	(3.1)
Share of taxation on profit in joint ventures and associates		**4.9**	(0.7)	(0.8)
Non-recurring items (net)	4	**262.2**	–	7.2
Operating profit from discontinued operations (before tax)		**(4.7)**	(11.0)	(21.9)
Earnings before interest and taxes ("EBIT")	3	**333.9**	50.0	114.0

*Adjusted group operating profit represents group operating profit excluding amortisation of intangible assets, and non-recurring items, and including operating profit from discontinued operations.

Consolidated Balance Sheet

at 30 June 2005

	Notes	30 June 2005 £m	As restated 30 June 2004 £m	As restated 31 December 2004 £m
Assets				
Non-current assets				
Goodwill		**554.2**	431.5	583.4
Intangible assets		**65.1**	–	50.4
Property, plant and equipment		**39.2**	51.4	45.0
Investments accounted for using the equity method		**62.0**	53.4	55.1
Other investments		**5.9**	118.2	47.9
		726.4	654.5	781.8
Current assets				
Inventories		**7.7**	14.2	14.9
Trade and other receivables		**265.7**	276.3	304.7
Derivative financial assets		**1.0**	–	–
Cash and cash equivalents		**455.2**	474.0	336.8
		729.6	764.5	656.4
Non-current assets classified as held for sale		**10.3**	–	5.1
Total assets		**1,466.3**	1,419.0	1,443.3
Liabilities				
Current liabilities				
Borrowings		**139.1**	202.1	142.8
Convertible bond		**–**	217.8	–
Trade and other payables		**528.2**	592.0	500.3
		667.3	1,011.9	643.1
Non-current liabilities				
Borrowings		**102.7**	101.4	96.1
Convertible bond		**213.6**	–	208.7
Derivative financial liabilities		**34.5**	–	–
Retirement benefit obligation		**90.4**	72.0	96.0
Trade and other payables		**4.6**	6.4	4.6
Provisions		**41.1**	56.3	48.6
Deferred tax liabilities		**21.7**	–	16.8
		508.6	236.1	470.8
Total liabilities		**1,175.9**	1,248.0	1,113.9
Shareholders' equity				
Share capital	8	**69.9**	72.6	72.6
Share premium		**317.6**	310.1	310.8
Other reserves		**180.1**	196.1	201.3
Retained earnings		**(279.4)**	(409.5)	(257.5)
Total shareholders' equity		**288.2**	169.3	327.2
Minority interests		**2.2**	1.7	2.2
Total equity		**290.4**	171.0	329.4
Total equity and liabilities		**1,466.3**	1,419.0	1,443.3

Consolidated Cash Flow Statement

for the six months ended 30 June 2005

	Notes	**Six months ended 30 June 2005 £m**	As restated Six months ended 30 June 2004 £m	As restated Year ended 31 December 2004 £m
Cash flows from operating activities				
Cash generated from operations	11	**50.6**	27.0	107.1
Interest received		**14.6**	6.6	27.4
Interest paid		**(11.3)**	(7.5)	(19.6)
Taxation paid		**(7.4)**	(4.9)	(10.0)
Dividend received from joint ventures and associates		**2.8**	2.8	4.8
Dividend paid to non equity shareholders		**–**	(0.4)	(0.4)
Income from fixed asset investments		**0.5**	2.6	4.8
Net cash flows from operating activities		**49.8**	26.2	114.1
Cash flows from investing activities				
Acquisition of interests in subsidiaries, net of cash acquired		**(69.3)**	–	(190.2)
Sale of subsidiary undertakings and businesses		**432.9**	–	–
Purchase of property and equipment		**(4.7)**	(2.9)	(8.5)
Proceeds from the sale of property and equipment		**–**	–	1.9
Acquisition of interests in associated companies and joint ventures		**–**	–	(1.7)
Proceeds from sale of investments		**42.8**	18.8	67.1
Purchase of investments		**–**	(4.6)	–
Investment in own shares – ESOP		**(2.4)**	–	(4.1)
Net cash flows from investing activities		**399.3**	11.3	(135.5)
Cash flows from financing activities				
Proceeds from the issuance of ordinary share capital		**7.3**	0.7	1.5
Return of capital to shareholders (including costs)		**(6.6)**	–	(1.9)
Dividend paid to shareholders		**(326.8)**	(19.1)	(31.2)
Dividend paid to minority interests		**(0.9)**	(0.2)	–
Decrease in borrowings		**–**	(44.0)	(98.9)
Net cash flows from financing activities		**(327.0)**	(62.6)	(130.5)
Net increase/(decrease) in cash and cash equivalents		**122.1**	(25.1)	(151.9)
Net foreign exchange difference		**(6.1)**	5.1	(8.0)
Cash and cash equivalents at beginning of period		**334.0**	493.9	493.9
Cash and cash equivalents at end of period		**450.0**	473.9	334.0
Cash at bank and in hand		**408.5**	364.6	144.6
Short-term liquid funds		**46.7**	109.4	192.2
Bank overdraft		**(5.2)**	(0.1)	(2.8)
Cash and cash equivalents at end of period		**450.0**	473.9	334.0

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2005

	Share capital	ESOP shares	Share premium	Other reserves	Retained earnings	Total	Minority interests	Total equity
Balance at 1 January 2004	**84.5**	**(7.8)**	**309.4**	**199.2**	**(461.6)**	**123.7**	**1.0**	**124.7**
Changes in accounting policy relating to first-time adoption of IFRS	–	–	–	–	15.2	**15.2**	–	**15.2**
Restated balance at 1 January 2004	**84.5**	**(7.8)**	**309.4**	**199.2**	**(446.4)**	**138.9**	**1.0**	**139.9**
Currency translation differences	–	–	–	(3.1)	–	**(3.1)**	–	**(3.1)**
Net profit	–	–	–	–	47.2	**47.2**	0.9	**48.1**
Own shares purchased by the company	–	(4.1)	–	–	–	**(4.1)**	–	**(4.1)**
Premium on shares issued	–	–	0.7	–	–	**0.7**	–	**0.7**
Share-based payment	–	–	–	–	0.5	**0.5**	–	**0.5**
Actuarial gains on pension schemes	–	–	–	–	8.6	**8.6**	–	**8.6**
Equity dividends	–	–	–	–	(19.4)	**(19.4)**	(0.2)	**(19.6)**
Restated balance at 30 June 2004	**84.5**	**(11.9)**	**310.1**	**196.1**	**(409.5)**	**169.3**	**1.7**	**171.0**
Currency translation differences	–	–	–	5.2	–	**5.2**	–	**5.2**
Net profit	–	–	–	–	188.6	**188.6**	0.6	**189.2**
B shares purchased by the company	–	–	–	–	(1.8)	**(1.8)**	–	**(1.8)**
Premium on shares issued	–	–	0.7	–	–	**0.7**	–	**0.7**
Share-based payment	–	–	–	–	1.0	**1.0**	–	**1.0**
Actuarial losses on pension schemes	–	–	–	–	(23.5)	**(23.5)**	–	**(23.5)**
Equity dividends	–	–	–	–	(12.3)	**(12.3)**	(0.1)	**(12.4)**
Restated balance at 31 December 2004	**84.5**	**(11.9)**	**310.8**	**201.3**	**(257.5)**	**327.2**	**2.2**	**329.4**
Currency translation differences	–	–	–	(21.2)	–	**(21.2)**	–	**(21.2)**
Net profit	–	–	–	–	351.6	**351.6**	0.9	**352.5**
Changes in accounting policy relating to first-time adoption of IAS 32 and 39	–	–	–	–	(41.0)	**(41.0)**	–	**(41.0)**
Own shares purchased by the company	–	(2.4)	–	–	–	**(2.4)**	–	**(2.4)**
Shares repurchased and cancelled by the company	(0.8)	–	–	–	(12.5)	**(13.3)**	–	**(13.3)**
Shares issued	0.5	–	6.8	–	–	**7.3**	–	**7.3**
Share-based payment	–	–	–	–	1.2	**1.2**	–	**1.2**
Actuarial gain on pension schemes	–	–	–	–	5.4	**5.4**	–	**5.4**
Special dividends	–	–	–	–	(298.3)	**(298.3)**	–	**(298.3)**
Equity dividends	–	–	–	–	(28.3)	**(28.3)**	(0.9)	**(29.2)**
Balance at 30 June 2005	**84.2**	**(14.3)**	**317.6**	**180.1**	**(279.4)**	**288.2**	**2.2**	**290.4**

1. GENERAL INFORMATION

The information for the year ended 31 December 2004 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for that year has 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 27 July 2005. It is unaudited but has been reviewed by the auditors as set out in their report on page 22.

2. ACCOUNTING POLICIES

The interim financial report has been prepared in accordance with the group's IFRS accounting policies. These are the first IFRS financial statements of the company and details of the impact of transition are set out in note 17.

Changes in accounting policies

The same accounting policies and methods of computation are followed in the interim financial report as published by the company on 30 June 2005, which are available on the company's website, www.unitedbusinessmedia.com. For the recognition and measurement of financial instruments, the group applied the exemption in IFRS 1 'First-time Adoption of International Financial Reporting Standards' to adopt IAS 32 'Financial Instruments: Disclosure and Presentation' and IAS 39 'Financial Instruments: Recognition and Measurement' from 1 January 2005 and comparative information presented does not need to comply with these standards in the first year of transition.

The principal changes with the adoption of these standards are discussed below.

IAS 32 Financial Instruments: Disclosure and Presentation' and IAS 39 'Financial Instruments: Recognition and Measurement'

IAS 39 'Financial Instruments: Recognition and Measurement' requires that assets and liabilities are all classified into one of five categories, which dictates the accounting treatment. Items are measured either at fair value, or at amortised cost using the effective interest rate method.

The main impact of IAS 32 and IAS 39 on the Group is to record the movement in fair values through the income statement for all derivatives. The embedded derivatives within the credit link notes and the convertible bond are both required to be at fair value on transition.

IAS 39 specifies three types of hedging relationships: fair value hedges, cash flow hedges, and hedges of a net investment in a foreign operation. IAS 39 requires all hedges to be formally documented on transition, explaining the hedging relationship and the objectives and strategy for undertaking the hedge. The hedge must be expected to be highly effective, and effectiveness must be able to be reliably measured. The Group is applying hedge accounting for its hedges that qualify under IAS 39 on transition. For qualifying cash flow hedges and hedges of a net investment, the change in the fair value of the hedging instrument is deferred in equity to the extent the hedge is effective. Accumulated fair value changes from qualifying hedges are released from equity to the profit and loss account in the period when the hedged cash flow effects the profit and loss account (for cash flow hedges) or on disposal of the foreign operation (for hedges of net investments). For qualifying fair value hedges, all gains or losses on the hedging instrument are recognised immediately in the profit and loss account.

IAS 32 'Financial Instruments: Disclosure and Presentation' requires convertible bonds denominated in a foreign currency to be split into the debt component and the component representing the embedded derivatives in the bond. IAS 39 requires the debt component to be measured at amortised cost, and the embedded derivatives to be measured at fair value through profit or loss. The Group's convertible bond is denominated in US Dollars, so must be split into its relevant debt and derivative components and measured accordingly.

The revised accounting policies for derivative financial instruments and other investments are as follows:

Derivative Financial Instruments

The policy for financial instruments represents that which will be applied from 2005 onwards. Derivative financial instruments are initially recorded at cost and then remeasured to fair value at subsequent balance sheet dates for reporting purposes.

The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market rates of interest.

2. ACCOUNTING POLICIES *(continued)*

For the purpose of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; or as cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecast transaction.

Changes in the fair value of derivative financial instruments that are designated and effective as cash flow hedges of forecast transactions are recognised directly in equity. Amounts deferred in this way are recognised in the income statement in the same period in which the hedged firm commitments or forecast transactions are recognised in the income statement.

In relation to fair value hedges which meet the conditions for hedge accounting, any gain or loss from remeasuring the hedging instrument at fair value is recognised in the income statement. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognised in the income statement.

Changes in the fair value of the derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gains or losses on the hedging instrument recognised in equity are retained until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement for the period.

Other Investments

The Group classifies its investments in the following categories: available-for-sale financial assets and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

All investments are initially recognised as cost, being the fair value of the consideration given and including acquisition charges associated with the investments. After initial recognition, investments that are classified as available-for-sale are measured at fair value and loans and receivables are carried at amortised cost using the effective interest method. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(a) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Listed and unlisted investments are stated at market value, except where there is no market value in an active market and where the fair value cannot be reliably measured, in which case they are measured at cost.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Convertible Bonds

The convertible bond is split into two components: a debt component and a component representing the embedded derivatives in the bond. The debt component represents the group's liability for future interest coupon payments and the redemption amount. The embedded derivatives represent the value of the option that bondholders have to convert into ordinary shares of the company.

The debt component of the convertible bond is measured at amortised cost and therefore increases as the present value of the interest coupon payments and redemption amount increases, with a corresponding charge to interest payable. The debt component decreases by the cash interest coupon payments made. The embedded derivatives are measured at fair value at each balance sheet date, and the change in the fair value is recognised in the income statement.

2. ACCOUNTING POLICIES *(continued)*

The impact of accounting for the convertible bond in this way, in accordance with current IFRS interpretation, from 1 January 2005 compared to UK GAAP is to:

- increase interest payable in the income statement;
- reduce the debt component of the bonds; and
- introduce volatility to the income statement through the change in fair value of the embedded derivatives.

Borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowings. After initial recognition, loans and borrowings are subsequently measured at amortised cost, and any difference between the proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

3. BUSINESS SEGMENTS

At 30 June 2005, the Group is organised into five main business segments – CMP Media, CMPMedica, CMP Asia, CMP Information, and News Distribution. These segments are the basis on which the group reports its primary segment information.

CMP Media's, CMPMedica's, CMP Asia's and CMP Information's main activities are the production of magazines, trade press, directories, events, and websites. The News Distribution segment operates in the distribution, targeting and evaluation of company information.

The market research business is included in discontinued operations as it was disposed of on 1 June 2005. The main activities of this segment were syndicated and custom market research.

The following tables set out the revenue and profit information and certain asset and liability information for the Group's business segments.

Six months ended 30 June 2005

	Revenue £m	Profit from operating activities £m	Share of profit/(loss) from equity accounted investments £m	EBIT £m
Segments				
Continuing operations				
CMP Media	103.9	12.2	0.7	12.9
CMPMedica	54.7	9.5	(0.1)	9.4
CMP Asia	22.0	6.0	0.3	6.3
CMP Information	104.7	20.5	–	20.5
News distribution	51.3	12.5	1.3	13.8
Corporate operations**	–	0.3	8.5	8.8
	336.6	61.0	10.7	71.7
Non-recurring items	–	–	–	262.2
	–	–	–	333.9
Discontinued operations				
Market research	76.9	4.4	–	4.4
Corporate operations**	–	–	0.3	0.3
	76.9	4.4	0.3	4.7
	413.5	65.4	11.0	338.6

3. BUSINESS SEGMENTS *(continued)*

	*Adjusted group operating profit £m	Share of tax on profit from equity accounted investments £m	Impairment of goodwill £m	Amortisation of intangibles £m	EBIT £m
Segments					
Continuing operations					
CMP Media	12.9	–	–	–	12.9
CMPMedica	13.5	–	–	(4.1)	9.4
CMP Asia	6.3	–	–	–	6.3
CMP Information	21.0	–	–	(0.5)	20.5
News distribution	14.3	(0.5)	–	–	13.8
Corporate operations**	3.4	5.4	–	–	8.8
	71.4	4.9	–	(4.6)	71.7
Non-recurring items	–	–	–	–	262.2
	–	–	–	–	333.9
Discontinued operations					
Market research	4.4	–	–	–	4.4
Corporate operations**	0.3	–	–	–	0.3
	4.7	–	–	–	4.7
	76.1	4.9	–	(4.6)	338.6

* Adjusted group operating profit represents group operating profit excluding amortisation of intangible assets, and non-recurring items, and including operating profit from discontinued operations.

** Corporate operations comprises net central operating costs, together with those equity accounted investments which do not form part of one of the group's operating divisions.

Six months ended 30 June 2004

	Revenue £m	Profit/(loss) from operating activities £m	Share of profit/(loss) from equity accounted investments £m	EBIT £m
Segments				
Continuing operations				
CMP Media	110.6	13.7	0.6	14.3
CMPMedica	–	–	–	–
CMP Asia	20.1	5.6	0.1	5.7
CMP Information	102.7	24.2	–	24.2
News distribution	47.7	10.7	1.2	11.9
Corporate operations**	–	(4.5)	(1.6)	(6.1)
	281.1	49.7	0.3	50.0
Discontinued operations				
Market research	102.8	10.4	–	10.4
Corporate operations**	–	–	0.6	0.6
	102.8	10.4	0.6	11.0
	383.9	60.1	0.9	61.0

3. BUSINESS SEGMENTS *(continued)*

Six months ended 30 June 2004

	*Adjusted group operating profit £m	Share of tax on profit from equity accounted investments £m	Impairment of goodwill £m	Amortisation of intangibles £m	EBIT £m
Segments					
Continuing operations					
CMP Media	14.3	–	–	–	14.3
CMPMedica	–	–	–	–	–
CMP Asia	5.7	–	–	–	5.7
CMP Information	24.2	–	–	–	24.2
News distribution	12.4	(0.5)	–	–	11.9
Corporate operations**	(5.9)	(0.2)	–	–	(6.1)
	50.7	(0.7)	–	–	50.0
Discontinued operations					
Market research	10.4	–	–	–	10.4
Corporate operations**	0.6	–	–	–	0.6
	11.0	–	–	–	11.0
		–			
	61.7	(0.7)	–	–	61.0

For the year ended 31 December 2004

	Revenue £m	Profit/(loss) from operating activities £m	Share of profit from equity accounted investments £m	EBIT £m
Segments				
Continuing operations				
CMP Media	220.3	25.9	1.2	27.1
CMPMedica	29.8	0.3	–	0.3
CMP Asia	45.0	13.2	0.5	13.7
CMP Information	196.8	43.4	–	43.4
News distribution	94.8	20.4	2.3	22.7
Corporate operations**	–	(1.3)	0.9	(0.4)
	586.7	101.9	4.9	106.8
Additional profit on prior year disposals	–	–	–	18.9
Amounts written off investments	–	–	–	(11.7)
	586.7	101.9	4.9	114.0
Discontinued operations				
Market research	222.4	20.3	–	20.3
Corporate operations**	–	–	1.6	1.6
	222.4	20.3	1.6	21.9
	809.1	122.2	6.5	135.9

3. BUSINESS SEGMENTS *(continued)*

	*Adjusted group operating profit £m	Share of tax on profit from equity accounted investments £m	Impairment of goodwill £m	Amortisation of intangibles £m	EBIT £m
Segments					
Continued operations					
CMP Media	27.1	–	–	–	27.1
CMPMedica	3.4	–	–	(3.1)	0.3
CMP Asia	13.7	–	–	–	13.7
CMP Information	43.4	–	–	–	43.4
News distribution	23.9	(1.2)	–	–	22.7
Corporate operations**	(0.8)	0.4	–	–	(0.4)
	110.7	(0.8)	–	(3.1)	106.8
Additional profit on prior year disposals	–	–	–	–	18.9
Amounts written off investments	–	–	–	–	(11.7)
	–	–	–	(3.1)	114.0
Discontinued operations					
Market research	20.3	–	–	–	20.3
Corporate operations**	1.6	–	–	–	1.6
	21.9	–	–	–	21.9
	132.6	(0.8)	–	(3.1)	135.9

The amounts shown against CMP Media, CMP Asia and CMP Information for 30 June 2004 and 31 December 2004 in the tables above have been restated to reflect the intra-group transfer of United Entertainment Media in the US from CMP Information to CMP Media, the transfer of CMP Princeton from CMP Asia to CMP Media, and the transfer of United Advertising Publications to CMP Information.

For the six months ended 30 June 2004, £9.8 million of revenue and £0.7 million of operating profit for United Entertainment Media was transferred from CMP Information to CMP Media, £2.5 million of revenue and £1.0 million of operating profit for CMP Princeton was transferred from CMP Asia to CMP Media, and £29.9 million of revenue and £7.2 million of operating profit for United Advertising Publications was included in CMP Information.

For the year ended 31 December 2004, £21.0 million of revenue and £3.4 million of operating profit for United Entertainment Media was transferred from CMP Information to CMP Media, £5.5 million of revenue and £1.2 million of operating profit for CMP Princeton was transferred from CMP Asia to CMP Media, and £58.5 million of revenue and £13.2 million of operating profit for United Advertising Publications was included in CMP Information.

4. NON-RECURRING ITEMS

	Six months ended 30 June 2005 £m	Six months ended 30 June 2004 £m	Year ended 31 December 2004 £m
Charged to group operating profit:			
Restructuring costs (a)	**(5.2)**	–	–
Credited to EBIT:			
Profit on disposal of businesses (b)	**267.4**	–	–
Additional profit on prior year disposals (c)	**–**	–	18.9
Amounts written off investments (d)	**–**	–	(11.7)
	262.2	–	7.2
Taxation relating to non-recurring items (e)	**(1.2)**	–	–
Non-recurring tax credit (f)	**–**	–	121.0
	(1.2)	–	121.0

(a) Redundancy, restructuring, business integration costs and other costs relating to the reorganisation of the group recognised in the period.

(b) Profit on disposal of businesses includes the profit on disposal of the market research business, £242.4 million, and the profit on the disposal of SDN, £25.0 million. These profits represent the consideration received after deduction of net assets, attributable goodwill and directly attributable costs. Both disposals are subject to completion adjustments which will be reflected as at 31 December 2005.

(c) In December 2004, UBM agreed a settlement of £32.0 million from Granada in respect of outstanding items relating to the disposals in 2000. The additional profit on disposal represents this receipt, after deduction of interest, costs, and the offset of recorded receivables.

(d) In 2004, the group wrote down the carrying value of certain fixed asset investments to reflect their expected realisable value. It is the group's intention to exit these investments.

(e) Taxation relating to the disposal of SDN.

(f) In 2004, the group resolved a number of outstanding items, as a consequence of which there was a net exceptional tax credit of £121.0 million.

5. NET INTEREST AND FINANCING INCOME

	Six months ended 30 June 2005 £m	Six months ended 30 June 2004 £m	Year ended 31 December 2004 £m
Net interest income			
Interest income	**16.0**	13.6	26.6
Interest costs	**(9.5)**	(10.4)	(14.2)
	6.5	3.2	12.4
Net financing income – other than interest			
Net foreign exchange gain (a)	**10.2**	–	–
Convertible bond (b)	**(2.5)**	–	–
Fair value gain on derivative embedded in convertible bond (c)	**15.9**	–	–
Other fair value adjustments	**(0.1)**	–	–
	23.5	–	–
Net financing costs – pension schemes	**(1.3)**	(2.4)	(3.4)
	28.7	0.8	9.0

(a) Foreign exchange gain on US Dollar denominated balances held in UK accounts. This gain arose from the strengthening of the US Dollar in the first half of 2005.

(b) The convertible bond is separated into fixed rate debt and an equity derivative. This charge reflects the accretion of the debt to the value at maturity.

(c) As currently drafted, accounting standards determine that UBM's US Dollar convertible bond contains an embedded derivative, and this option needs to be fair valued through the income statement. This credit is a result of the movement in UBM's share price and strengthening of the US Dollar.

6. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary shareholders (after adding back interest on the convertible bond) by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options and dilutive convertible bond).

6. EARNINGS PER SHARE *(continued)*

The following reflects the income and share data used in basic and diluted earnings per share computations:

	Six months ended 30 June 2005		Six months ended 30 June 2004		Year ended 31 December 2004	
	Earnings £m	Earnings per share pence	Earnings £m	Earnings per share pence	Earnings £m	Earnings per share pence
Adjusted earnings per share	**70.1**	**21.2**	47.0	14.1	109.4	32.7
Adjustments						
Amortisation of intangible assets	**(4.6)**	**(1.4)**	–	–	(3.1)	(0.9)
Deferred tax on amortisation of intangible assets	**1.4**	**0.4**	–	–	0.9	0.3
Non-recurring items	**262.2**	**79.3**	–	–	128.2	38.3
Taxation relating to non-recurring items	**(1.2)**	**(0.4)**	–	–	–	–
Net financing income – other than interest	**23.5**	**7.1**	–	–	–	–
Basic earnings per share	**351.4**	**106.2**	47.0	14.1	235.4	70.4
Dilution						
Options	**–**	**(1.6)**	–	(0.2)	–	(1.0)
Convertible bond	**1.9**	**(12.6)**	1.8	(1.3)	3.5	(7.6)
Diluted earnings per share	**353.3**	**92.0**	48.8	12.6	238.9	61.8

The weighted average shares for the period were 330,990,030 (30 June 2004: 334,297,844; 31 December 2004: 334,436,606).

Adjusted earnings per share is presented as the directors consider that this is a meaningful measure of the performance of the group. 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 two 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 and shares attributable to convertible debt. The impact of dilutive securities in 2005 would be to increase the profit by £1.9 million (30 June 2004: £1.8 million; 31 December 2004: £3.5 million) for convertible debt and to increase weighted average shares by 5.2 million shares (30 June 2004: 5.1 million shares; 31 December 2004: 4.6 million shares) for employee share options and 47.8 million shares (30 June 2004: 47.8 million shares; 31 December 2004: 47.8 million shares) for convertible debt.

7. DIVIDENDS

	Six months ended 30 June 2005 £m	Six months ended 30 June 2004 £m	Year ended 31 December 2004 £m
Declared and paid during the period			
Equity dividends on ordinary shares			
Final dividend for 2004 of 8.37p (2003: 5.7p)	**28.1**	19.2	19.2
Interim dividend	**–**	–	12.1
Special dividend of 89.0p	**298.3**	–	–
Equity dividends – B shares	**0.2**	0.2	0.4
Dividends	**326.6**	19.4	31.7
Proposed but not yet paid (not recognised as a liability at the end of the period)			
Equity dividends on ordinary shares			
Interim dividend for 2005 of 4.00p (2004: 3.63p)	**11.5**	12.1	–
Final dividend for 2004 of 8.37p	**–**	–	28.1

On 28 June 2005, UBM paid a special dividend to shareholders of £298.3 million (89.0p per share).

8. SHARE CAPITAL

	Six months ended 30 June 2005 £m	Six months ended 30 June 2004 £m	Year ended 31 December 2004 £m
Authorised			
400,936,636 ordinary shares of 30 and 5/14 pence each (June 2004: 486,851,630; December 2004: 486,851,630 ordinary shares of 25 pence each)	**121.7**	121.7	121.7
375,417,690 (June 2004: 375,417,690; December 2004: 375,417,690) **B shares of 8 and 23/44 pence each**	**32.0**	32.0	32.0
	153.7	153.7	153.7

	Ordinary Shares £m	B Shares £m	ESOP Shares £m	Total £m
Issued and fully paid				
At 1 January 2005	**84.1**	**0.4**	**(11.9)**	**72.6**
Allocated in respect of share option schemes and other entitlements	**0.5**	**–**	**–**	**0.5**
Own shares purchased by the company	**–**	**–**	**(2.4)**	**(2.4)**
Shares repurchased	**(0.1)**	**–**	**–**	**(0.1)**
At 20 June 2005 (Pre-share consolidation)	**84.5**	**0.4**	**(14.3)**	**70.6**
Share consolidation of 337,932,001 shares at 17 shares into 14 ordinary shares	**–**	**–**	**–**	**–**
Shares repurchased	**(0.8)**	**–**	**–**	**(0.8)**
Allocated in respect of share option schemes and other entitlements	**0.1**	**–**	**–**	**0.1**
Actual issued and fully paid shares at 30 June 2005	**83.8**	**0.4**	**(14.3)**	**69.9**

As at 30 June 2005, there were 275,929,219 issued and fully paid ordinary shares, and 5,446,789 issued and fully paid B shares. As at 30 June 2005, the holdings of the United ESOP were 2,566,589 ordinary shares, and 279,484 B shares.

The group repurchased and cancelled 2,650,000 of its own shares during June 2005. The total amount paid to acquire the shares was £13.3 million.

On 20 June 2005, in conjunction with the special dividend of 89.0 pence per share, a share consolidation was carried out to convert 17 existing ordinary shares to 14 new ordinary shares. The share consolidation converted the 337,932,001 existing issued and fully paid ordinary shares into 278,296,942 new issued and fully paid ordinary shares.

9. ACQUISITIONS AND DISPOSALS

Acquisitions

UBM has completed five acquisitions in the six months ending 30 June 2005. On 1 February 2005, UBM acquired Tissue World, an events and publication company, from Paperloop.com, Inc. The purchase price was $4.8 million.

On 7 February 2005, UBM acquired the licensed trade sector publishing and events assets of Quantum Business Media ('Quantum') for £21.0 million.

On 31 March 2005, UBM acquired the medical trade press and other professional healthcare business information services in France from MediMedia. The purchase price was €36.0 million in cash.

On 4 April 2005, UBM acquired DotNetJunkies.com and SqlJunkies.com for $0.2 million.

On 10 May 2005, UBM acquired ABI Building Data Limited for £12.0 million from EMAP plc.

Details of net assets acquired and goodwill are as follows:

	2005 £m
Purchase consideration:	
Cash paid	61.6
Direct costs relating to the acquisition	1.3
Total purchase consideration	62.9
Fair value of assets acquired	10.1
Identified intangibles*	(21.8)
Goodwill on acquisition	51.2

* Based on preliminary purchase price allocation.

The following table sets out the aggregated book values of the identifiable assets and liabilities acquired in respect of the acquisitions detailed above and their fair value to the group:

	2005 Acquiree's Carrying Value £m	2005 Adjustments £m	2005 Fair Value £m
Fixed assets	24.4	(22.9)	1.5
Current assets	22.6	0.3	22.9
	47.0	(22.6)	24.4
Current liabilities	(32.0)	–	(32.0)
Non-current liabilities	(2.1)	(0.4)	(2.5)
	(34.1)	(0.4)	(34.5)
Net assets acquired	12.9	(23.0)	(10.1)

The adjustments relate to the alignment of accounting policies principally in relation to fixed asset capitalisation and amortisation, and revenue recognition policies with those of the group.

9. *ACQUISITIONS AND DISPOSALS (continued)*

The aggregate cash flow effect of the acquisitions was as follows:

	2005 £m
Net cash acquired with the subsidiary	2.9
Cash paid	(62.9)
Further consideration for prior year acquisitions	(9.3)
Net cash outflow on acquisitions	(69.3)

Disposals

On 27 April 2005, UBM completed the sale of its associate SDN Limited for net proceeds of £31.1 million, subject to working capital adjustments to the purchase price. SDN has been included in 'Corporate operations' for segmental reporting purposes.

A profit of £25.0 million arose on the disposal of SDN Limited, being the proceeds of disposal less the carrying amount of the associate's net assets and costs of disposal, subject to completion adjustments.

On 15 April 2005, UBM announced the sale of its market research business, NOP World, to GfK Aktiengesellschaft for £383.0 million, subject to working capital adjustments to the purchase price which will be finalised in the six months to 31 December 2005. The disposal was completed on 1 June 2005, on which date control of NOP World passed to the acquirer.

A profit of £242.4 million arose on the disposal of NOP World, being the proceeds of disposal less the carrying amount of the subsidiary's net assets, attributable goodwill and directly attributable costs, subject to completion adjustments.

10. *DISCONTINUED OPERATIONS*

The results of the discontinued operations which have been included in the consolidated income statement were as follows:

	Six months ended 30 June 2005 £m	Six months ended 30 June 2004 £m	Year ended 31 December 2004 £m
Revenue	76.9	102.8	222.4
Share of profit from equity accounted investments	0.3	0.6	1.6
Operating expenses	(72.5)	(92.4)	(202.1)
Profit before tax	4.7	11.0	21.9
Interest income	–	–	0.1
Attributable taxation	(0.9)	(2.3)	(4.4)
	3.8	8.7	17.6
Profit from disposal of discontinued operations	267.4	–	–
Attributable tax expense	(1.2)	–	–
Net profit attributable to discontinued operations	266.2	–	–

10. DISCONTINUED OPERATIONS *(continued)*

	At date of disposal £m
Intangible assets	**78.6**
Property, plant and equipment	**6.6**
Trade and other receivables	**60.0**
Inventories	**24.8**
Cash and cash equivalents	**2.7**
	172.7
Trade and other payables	**(68.1)**
Provisions	**(0.1)**
	(68.2)
Net assets attributable to discontinued operations	**104.5**

The tables above include the figures for NOP World and SDN.

11. CASH GENERATED FROM OPERATIONS

	Six months ended 30 June 2005 £m	Six months ended 30 June 2004 £m	Year ended 31 December 2004 £m
Profit for the period	**352.5**	48.1	237.3
Taxation	**14.8**	13.7	(92.3)
Depreciation charges	**6.0**	6.4	12.9
Amortisation of intangible assets	**4.6**	–	3.1
Net Interest (income)/expense	**(28.7)**	0.8	(9.0)
Share of results from joint ventures and associates	**(11.0)**	(0.1)	(5.0)
Income from other investments	**(0.5)**	(2.5)	(5.2)
Loss on sale of property, plant and equipment	**–**	0.1	–
Payments against provisions	**(7.4)**	(6.8)	(16.1)
Additional pension contributions	**(9.3)**	(6.6)	(7.0)
Non-recurring items	**(262.2)**	–	(7.2)
Other movements in working capital	**(9.4)**	(25.7)	(3.8)
Other non-cash items including movements on provisions	**1.2**	(0.4)	(0.6)
	50.6	27.0	107.1

12. SHARE-BASED PAYMENTS

The Group's management awards share options to directors and employees, from time to time, on a discretionary basis. During the six months ended 30 June 2005, the Group awarded 345,138 shares under the Medium Term Incentive Plan ('MTIP').

13. RETIREMENT BENEFIT OBLIGATIONS

The Group operates a number of defined benefit and defined contribution pension schemes in the UK and overseas. Actuarial valuations are carried out annually by independent qualified actuaries using the projected unit method.

14. CONTINGENT LIABILITIES

The company acts as guarantor over a net overdraft facility of £60.0 million and a foreign exchange line of £50.0 million that are available to subsidiary undertakings. The company also acts as guarantor over the fixed interest payable on interest rate swaps taken out by a subsidiary undertaking, and acts as guarantor over the convertible bonds.

15. CAPITAL COMMITMENTS

Capital expenditure contracted for but not provided in the financial statements amounts to £2.3 million (June 2004: £nil, December 2004: £1.2 million).

16. EVENTS AFTER BALANCE SHEET DATE

On 15 June 2005, UBM entered an agreement to acquire the assets of "Theme" magazine, and 100% of the share capital in Bar Exhibitions Limited, from Mondiale Publishing Limited. The purchase price for this acquisition is to be £5 million, and is expected to be completed in August 2005.

On 7 July 2005, UBM announced that CMP Media has acquired the US based Incoming Calls Management Institute (ICMI) for initial consideration of US$3.75 million, and earn out to a maximum of $7.5 million.

On 20 July 2005, UBM announced that it has agreed to sell its 35.4% shareholding in Channel 5 Television Group Limited ("five") to the RTL Group for £247.6 million, equivalent to a valuation of £700.0 million for 100% shareholding.

17. TRANSITION TO IFRS

In the current year, the Group has adopted International Financial and Reporting Standards for the first time.

The Group has applied *IFRS 1 First Time Adoption of International Financial Reporting and Accounting Standards* to provide a starting point for reporting under International Financial Reporting and Accounting Standards. The date of transition to International Financial Reporting and Accounting Standards was selected as 1 January 2004 and all comparative information in these financial statements has been restated to reflect the Group's adoption of International Financial Reporting and Accounting Standards.

The reconciliations of equity at 1 January 2004 (date of transition to IFRS) and at 31 December 2004 (date of last UK GAAP financial statements) and the reconciliation of profit for 2004, as required by IFRS 1, including the significant accounting policies and full notes to 31 December 2004, were published on the company's website, www.unitedbusinessmedia.com, on 30 June 2005.

Reconciliation of profit for the six months ended 30 June 2004	Notes	As reported under UK GAAP	Effect of transition to IFRS	Reported under IFRS
Continuing operations				
Revenue	11	380.5	(99.4)	281.1
Operating expenses	1,2,4,11	(380.5)	146.6	(233.9)
Income from investments	3	3.0	(0.5)	2.5
Share of profit from associates and joint ventures	3	1.6	(1.3)	0.3
Operating profit		**4.6**	**45.4**	**50.0**
Net interest income		3.2	–	3.2
Financing costs – pension schemes		(2.0)	(0.4)	(2.4)
Profit before tax		**5.8**	**45.0**	**50.8**
Taxation	3,11	(14.2)	2.8	(11.4)
(Loss)/profit for the period from continuing operations		**(8.4)**	**47.8**	**39.4**
Discontinued operations				
Profit for the period from discontinued operations	11	–	8.7	8.7
Net profit/(loss) for the period		**(8.4)**	**56.5**	**48.1**
Attributable to:				
Equity shareholders	1,2,3,4	(9.3)	56.5	47.2
Minority interests		0.9	–	0.9
		(8.4)	**56.5**	**48.1**

17. TRANSITION TO IFRS *(continued)*

Reconciliation of balance sheet at 30 June 2004

	Notes	As reported under UK GAAP	Effect of transition to IFRS	Reported under IFRS
Assets				
Non-current assets				
Goodwill	1	373.1	58.4	431.5
Intangible assets		–	–	–
Property, plant and equipment		51.4	–	51.4
Investments accounted for using the equity method	1,3	9.1	44.3	53.4
Other investments	3,7	169.4	(51.2)	118.2
		603.0	**51.5**	**654.5**
Current assets				
Inventories	4,10	26.7	(12.5)	14.2
Trade and other receivables	3,10	160.3	116.0	276.3
Cash and cash equivalents	7	572.9	(98.9)	474.0
		759.9	**4.6**	**764.5**
Total assets		**1,362.9**	**56.1**	**1,419.0**
Current liabilities				
Borrowings		202.1	–	202.1
Convertible bond		217.8	–	217.8
Trade and other payables	6,8	602.3	(10.3)	592.0
		1,022.2	**(10.3)**	**1,011.9**
Non-current liabilities				
Borrowings		101.4	–	101.4
Retirement benefit obligation	5	79.3	(7.3)	72.0
Deferred tax liabilities		–	–	–
Trade and other payables		6.4	–	6.4
Provisions		56.3	–	56.3
		243.4	**(7.3)**	**236.1**
Total liabilities		**1,265.6**	**(17.6)**	**1,248.0**
Shareholders' equity				
Ordinary shares		72.6	–	72.6
Share premium		310.1	–	310.1
Other reserves	9	199.2	(3.1)	196.1
Retained earnings	1,3,4,5,6,8,9	(486.3)	76.8	(409.5)
Minority interest		1.7	–	1.7
Total equity		**97.3**	**73.7**	**171.0**
Total liabilities and equity		**1,362.9**	**56.1**	**1,419.0**

17. TRANSITION TO IFRS *(continued)*

Notes to the IFRS adjustments

1. Goodwill

Under IFRS 3, goodwill on acquisitions is no longer amortised, but is held at its UK GAAP carrying value at the transition date and is then subject to an annual impairment review. No impairment was identified as at 1 January 2004 following our review. An adjustment of £59.2 million was made to the income statement to reflect the reversal of amortisation under UK GAAP for the six months ended 30 June 2004. Of the £59.2 million adjustment, £58.4 million increased the carrying value of goodwill on the balance sheet, and the £0.8 million of amortisation relating to goodwill in joint ventures increased the carrying value of investments accounted for using the equity method on the balance sheet.

2. Share-based payments

Under IFRS 2, the fair value of share options and other share-based payments is recognised as an expense through the profit and loss account over the expected period through to the expected date of exercise. The standard requires recognition of the fair value of all share-based payments granted from November 2002 onwards. In determining the impact on the profit and loss account for the six months ended 30 June 2004, the cost of £1.7 million as calculated under IFRS 2 has been partially offset by the reversal of the £1.2 million charge made in respect of the group's incentive plans under UK GAAP, leaving a net adjustment of £0.5 million.

3. Investments accounted for using equity method

Certain investments, which have been accounted for by the Group as fixed asset investments under UK GAAP since 2001, will be equity accounted under IAS 28. IAS 28 defines an associate based on the ability to exert significant influence, in contrast to UK GAAP where the influence has actually to be exerted.

Due to the change in treatment for certain investments, a reclassification of £150.1 million was made to 'Other investments' at 30 June 2004 to reclassify amounts relating to investments that are now equity accounted under IAS 28. This amount was reclassified to 'Investments accounted for using the equity method', and 'Trade and other receivables', for £43.5 million and £105.1 million respectively. This adjustment groups long-term loans with the historical cost of investment in accordance with IAS 28. The UK GAAP carrying value of these investments becomes deemed cost on transition under IFRS, and classifies short-term loans separately in receivables. The net share of losses in these associates of £1.0 million was also recorded as an adjustment, which decreases the carrying value of the investment on the balance sheet at 30 June 2004. Dividends received during the period of £0.5 million have been reclassified from 'Income from investments' to reduce the balance sheet investment value.

For equity accounted investments, IAS 28 requires the share of post tax profit or loss to be shown in a separate line on the face of the income statement, compared to UK GAAP, which recognises the share of pre tax profit or loss and the share of taxation separately. An adjustment of £0.5 million was made on the income statement, to transfer the share of tax for investments equity accounted under UK GAAP, from the taxation line to the share of profit from associates and joint ventures line on the face of the income statement.

4. Work in progress valuation

Under UK GAAP, it is acceptable for the valuation of work in progress to include attributable overheads. Under IAS 11, the valuation of work in progress is restricted to direct costs incurred. An adjustment of £1.3 million was made on transition to transfer the attributable overheads included in the work in progress balance as at 1 January 2004 to retained earnings. A further adjustment of £0.9 million was made at 30 June 2004, to transfer the attributable overheads at the period end to operating expenses in the income statement (resulting in a net adjustment to operating expenses of £(0.4) million).

5. Pension liability

There are differences between the methodologies for the valuation of pension scheme assets under IAS 19 compared to FRS 17; under IAS 19, equity investments are valued on a bid value basis, whereas FRS 17 uses the mid-point valuation. An adjustment of £0.9 million was made on transition to recognise the different valuation methodology under the IAS 19 valuation on transition compared to the FRS 17 valuation under UK GAAP as at 1 January 2004. A further adjustment to financing costs of £0.4 million was made at 30 June 2004 to record the additional financing costs under IAS 19. An actuarial gain of £8.6 million was taken to equity at 30 June 2004 to reflect the different valuation of the scheme assets under IAS 19.

17. TRANSITION TO IFRS *(continued)*

6. Dividend creditor not accrued under IFRS

Under IAS 37, the liability for dividends is not recognised until a formal obligation arises. As a result, the interim dividend at 30 June 2004 of £12.1 million that was accrued under UK GAAP has been reversed under IFRS.

7. Cash and cash equivalents

Under IAS 1, cash comprises cash on hand and demand deposits with banks or other financial institutions. This is the same as UK GAAP.

However, under IFRS the cash balance also includes amounts for 'cash equivalents'. Cash equivalents are short-term liquid investments, and IFRS defines that cash equivalents are normally held for the purpose of meeting short-term commitments rather than investment purposes, and normally have a maturity date less than 3 months. UK GAAP does not recognise the concept of 'cash equivalents', or the requirement for a maturity date of less than 3 months.

As at 30 June 2004, an adjustment of £98.9 million was made to reclassify the credit link notes with maturities greater than 3 months at the balance sheet date from cash and cash equivalents to other investments.

8. Holiday pay accrual

Under IAS 19, all accumulating employee compensated absences that are unused at the balance sheet date must be recognised as a liability. There is no similar requirement under UK GAAP. An adjustment of £1.8 million was made at the transition date to recognise the holiday pay obligation at 1 January 2004, which is the same accrual required as at 30 June 2004.

9. Translation of foreign operations

Under IAS 21, the assets and liabilities of foreign operations are translated at the closing rate at the balance sheet date, and the income and expenses for each income statement are translated at the average rate for the period. The resulting exchange differences must be recognised as a separate component of equity, until disposal of the foreign operation when the accumulated exchange differences will be recognised in profit or loss when the gain or loss on disposal is recognised. This is different from UK GAAP, where all exchange differences are taken directly to retained earnings.

An adjustment of £3.1 million was made at 30 June 2004, to reclassify the translation differences for foreign operations from retained earnings to other reserves.

10. Recognition of revenue on market research contracts

Under IAS 11, the stage of completion method must be adopted for the recognition of revenue and expenditure on contracts where the outcome of the contract can be estimated reliably.

An adjustment of £7.5 million and £10.9 million as at 1 January 2004 and 30 June 2004 respectively relate to the revenue and corresponding expenditure to be recognised in the profit or loss on short-term market research contracts. This adjustment has nil effect on profit or loss, and transfers £10.9 million from inventories to accrued revenue (trade and other receivables).

11. Discontinued operations

Under IFRS 5, the post tax profit or loss of discontinued operations must be disclosed as a single amount on the face of the income statement (including comparatives). Therefore, the income and expense items for NOP have been reclassified from the appropriate lines in the income statement to a single line for 'Profit for the period from discontinued operations'.

Explanation of material adjustments to the cash flow statement for the six months ended 30 June 2004

Due to the reclassification of credit linked notes with a maturity date of greater than 3 months at 30 June 2004, from 'cash and cash equivalents' to 'other investments', the movement in these credit linked notes is now shown in the cash flow statement under investing activities.

There are no other material differences between the cash flow statement presented under IFRS and the cash flow statement presented under UK GAAP.

17. TRANSITION TO IFRS *(continued)*

Financial Instruments

The effect of the changes to the Group's accounting policies on the equity of the Group at 1 January 2005 was as follows:

	Notes	As restated under IFRS 31 December 2004	Effect of adoption of IAS 32 and IAS 39	IFRS 1 January 2005
Assets				
Non-current assets				
Goodwill		583.4	–	583.4
Intangible assets		50.4	–	50.4
Property, plant and equipment		45.0	–	45.0
Investments accounted for using the equity method		55.1	–	55.1
Other investments		47.9	–	47.9
		781.8	**–**	**781.8**
Current assets				
Inventories		14.9	–	14.9
Trade and other receivables		304.7	–	304.7
Derivative financial assets	a	–	5.2	5.2
Cash and cash equivalents		336.8	–	336.8
		656.4	**5.2**	**661.6**
Non-current assets classified as held for sale		5.1	–	5.1
Total assets		**1,443.3**	**5.2**	**1,448.5**
Current liabilities				
Borrowings		142.8	–	142.8
Convertible bond		–	–	–
Trade and other payables		500.3	–	500.3
		643.1	**–**	**643.1**
Non-current liabilities				
Borrowings	b	96.1	5.1	101.2
Convertible bond	c	208.7	(9.9)	198.8
Retirement benefit obligation		96.0	–	96.0
Trade and other payables		4.6	–	4.6
Provisions		48.6	–	48.6
Derivative financial liabilities	d	–	51.0	51.0
Deferred tax liabilities		16.8	–	16.8
		470.8	**46.2**	**517.0**
Total liabilities		**1,113.9**	**46.2**	**1,160.1**
Shareholders' equity				
Share capital		72.6	–	72.6
Share premium		310.8	–	310.8
Other reserves		201.3	–	201.3
Retained earnings	e	(257.5)	(41.0)	(298.5)
Total shareholders' equity		**327.2**	**(41.0)**	**286.2**
Minority interests		2.2	–	2.2
Total equity		**329.4**	**(41.0)**	**288.4**
Total equity and liabilities		**1,443.3**	**5.2**	**1,448.5**

17. TRANSITION TO IFRS (continued)

The Group adopted *IAS 32 Financial Instruments: Disclosure and Presentation and IAS 39 Financial Instruments: Recognition and Measurement* on 1 January 2005 and undertook the exemption not to restate its comparative information for IAS 32 and IAS 39.

The following notes explain the adjustments made at 1 January 2005 to the Group's balance sheet at 31 December 2004 to reflect the adoption of IAS 32 and IAS 39.

Recognition of fair values of derivative financial assets. These were not recognised under UK GAAP.

(a) Derivative financial assets – non-current	
Recognition of interest rate swaps	5.1
Recognition of derivative financial assets at fair value	0.1
Total adjustment to derivative financial assets	**5.2**

(b) Borrowings	
Recognition of interest rate swaps	5.1
Total adjustment to borrowings	**5.1**

Separation of the convertible bond into the debt component (fair valued on transition) and embedded derivative component (measured at fair value through profit and loss). Under UK GAAP, the bond was recorded as a liability at fair value.

(c) Convertible bond	
Separation of embedded derivative component	(9.9)
Total adjustment to convertible bond	**(9.9)**

Recognition of fair values of derivative financial liabilities. These were not recognised under UK GAAP.

(d) Derivative financial liabilities – non-current	
Recognition of swaps at fair value on transition	2.9
Recognition of the derivative component of the convertible bond at fair value	48.1
Total adjustment to derivative financial liabilities	**51.0**

(e) The cumulative effect of all of the above adjustments has resulted in an increase in retained earnings at 1 January 2005 of £41.0 million.

Independent Review Report

to United Business Media plc

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2005 which comprises the Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity, and the related notes 1 to 17. 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.

This report is made solely to the company in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

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.

As disclosed in note 17, the next annual financial statements of the group will be prepared in accordance with those IFRSs adopted for use by the European Union.

The accounting policies are consistent with those that the directors intend to use in the next financial statements.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' 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 have been applied. 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 2005.

Ernst & Young LLP
London
27 July 2005

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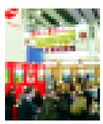

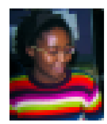

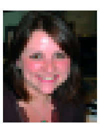

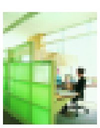

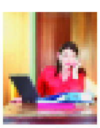

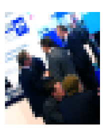

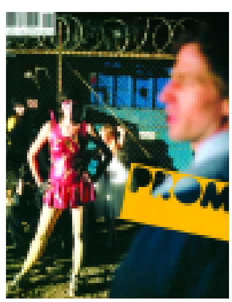

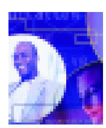

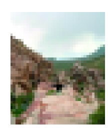

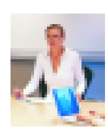

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