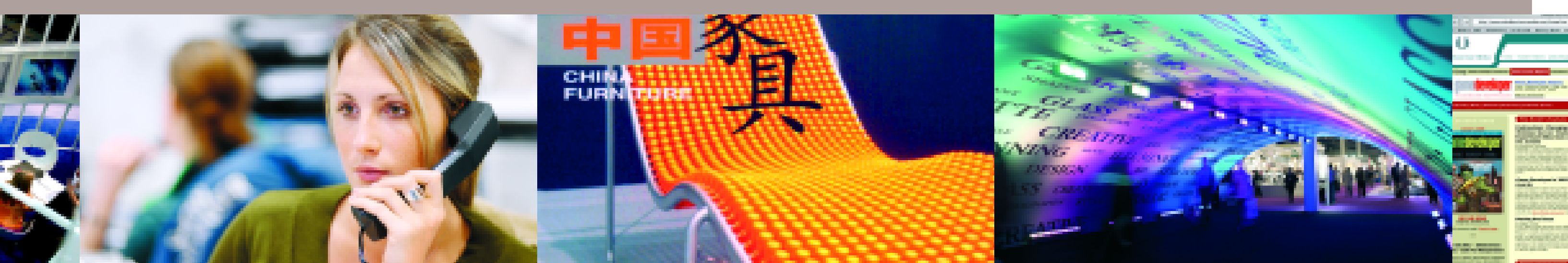
EXPLORE EXCEED EXCEL



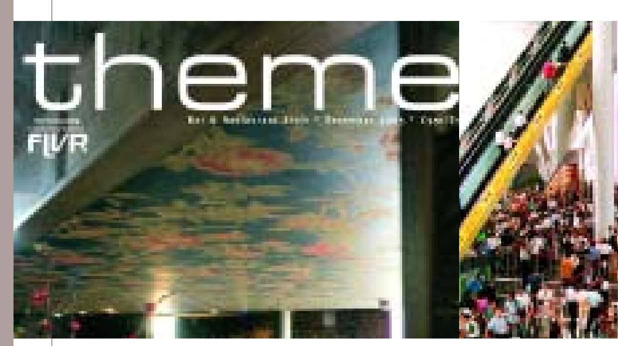
United Business Media

ANNUAL REPORT AND ACCOUNTS 2005

UNITED BUSINESS MEDIA PLC

WWW.UNITEDBUSINESSMEDIA.COM

IS A LEADING GLOBAL BUSINESS INFORMATION GROUP THAT BRINGS TOGETHER THE WORLD'S BUYERS AND SELLERS, HELPING THEIR MARKETS WORK EFFECTIVELY AND EFFICIENTLY THROUGH PR NEWSWIRE'S NEWS DISTRIBUTION SERVICES AND CMP'S PORTFOLIO OF EVENTS, PRINT AND ONLINE PUBLICATIONS.



United Business Media has changed in 2005...

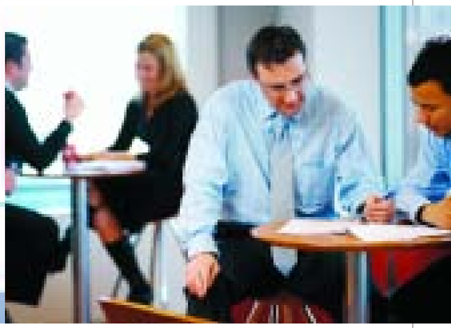
We have focused United Business Media on CMP and PR Newswire, our businesses that share a common goal of bringing buyers and sellers together. We have also successfully disposed of businesses and assets that fell outside our focus.

we have reshaped UBM for the future...

United Business Media employs more than 5,000 men and women, working together towards one clear goal...

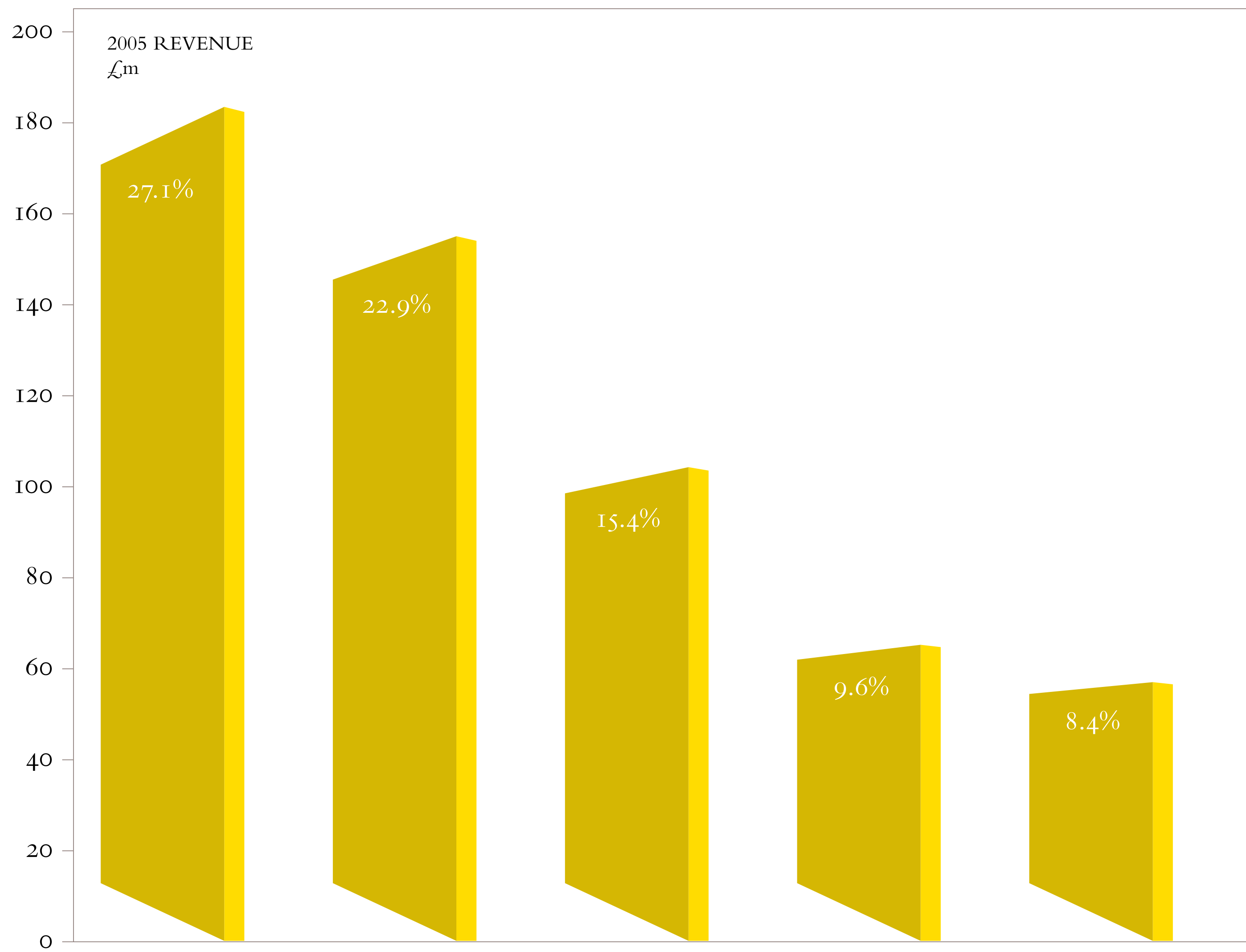
to create success for our customers...





OUR BUSINESS STRATEGY...

Building leading positions
in selected Business to Business markets…



Technology

Print
- Call Center Magazine
- CRN
- Dr. Dobb's Journal
- EE Times
- Global Services
- Information Week
- Optimize
- Network Computing
- Software Development
- VAR Business

Events
- Black Hat
- Embedded Systems Conference
- Game Developer Conference
- ICMI

Online
- callcentermagazine.com
- channelweb.com
- embedded.com
- lightreading.com
- techbuilder.org
- techonline.com
- techweb.com

Healthcare

Print
- Applied Neurology
- BioMechanics
- Consultant
- MIMS
- Journal du Medecins
- Le Generaliste
- Le Quotidien du Medecin
- Oncology
- Pharmindex
- Psychiatric Times
- Pulse
- Vidal

Events
- Hospital Expo-InterMedica
- Le Medec
- Mental Health Congress
- GerontExpo

Online
- MIMS-online.com
- interligne.com
- jpog.com
- ptonline.com
- vidal.fr
- visitactuelle.com

News Distribution

- eWatch
- PR Newswire
- MEDIAtlas
- MultiVu
- prnewswire.com

Built Environment

Print
- Building
- Construction
- Building Design
- RIBA Journal
- Property Week
- Safety and Health Practitioner
- QS News

Events
- Interiors
- Furniture Show
- IFSEC
- Call Centre Expo

Online
- abibuildingdata.com
- bdonline.co.uk
- barbour-index.co.uk
- fmexpert.co.uk

Lifestyle

Print
- The Publican
- Music Week
- Theme
- Travel Trade Gazette

Events
- Confex
- Bar Show
- HBA
- CosmoProf Asia
- Tokyo International Health Industry Show
- Diet and Beauty Fair

Online
- musicweek.com
- promonews.co.uk
- pubandbar.co.uk
- thepublican.com
- ttglive.com
- venuefinder.com

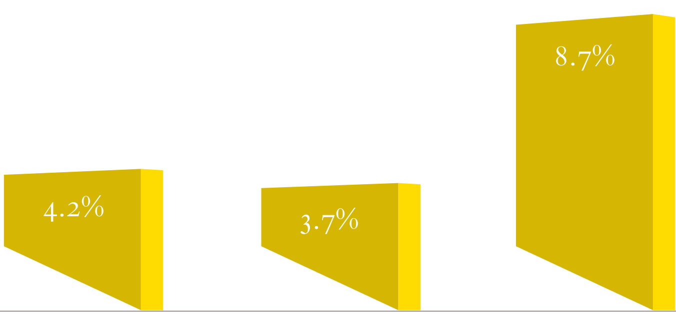
	Ingredients	Built Environment
Organic Development	• Grew European pharmaceutical ingredients event CPhI • Launched new CPhI event in Japan • Grew Food Ingredients Europe (FIE) event • Launched new Food Ingredients events in Central & Eastern Europe and in Asia	• Grew Interiors Show in UK • Launched new furniture show in China • Refreshed Property Week print title
Acquisitions	• CMPi entered broader chemical ingredients market with purchase of Informex event	• Acquisition of ABI Building Data Ltd, the UK building industry information provider, augmented CMPi offering
Operational Efficiency	• One team: multiple shows	• Back office functions integrated • Property rationalised

Acquisitions to strengthen market positions

Organic business development

Driving operational efficiencies

…serving each market with an integrated media product



Fashion

Print
- Jewellery News Asia
- Four Seasons of Jewellery

Events
- Chinese International Gold, Jewellery and Gem Fair
- Hong Kong Jewellery and Watch Fair
- Japanese Jewellery Fair
- International Apparel Fair
- Asia Pacific Leather Fair
- China International Footwear Fair
- Moda Shanghai

Ingredients

Print
- Food Processing and Ingredients

Events
- CPhI
- Informex
- ICSE China
- P-MEC China
- XpoChem
- XpoPharm

Online
- cphi.com
- ICSExpo.com
- informex.org
- p-mec.com

Other

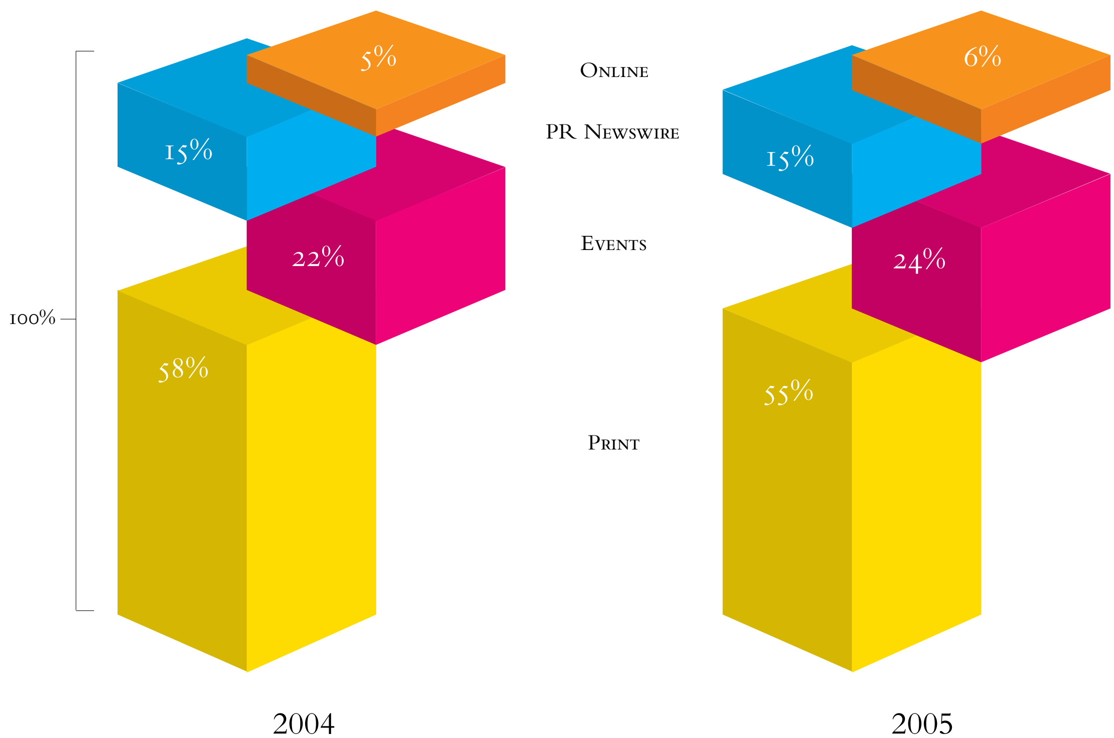
Print
- Aquarama Magazine
- Tissue World

Events
- Intermach
- Marintec China
- Miami Cruise
- Tissue World

Online
- asianpapershow.com
- marintecchina.com
- seajapan.ne.jp
- seatrade-med.com
- tissueworld.com

Rebalancing UBM's *sources of revenue*

DISTRIBUTION OF REVENUE
2004 & 2005



Acquisitions in 2005

£105m

Disposals in 2005

£735m

Acquisitions in 2005

	£m
France Medical Press & Services	24
The Publican	21
Light Reading	15
Informex	13
ABI	12
Other (including Black Hat, Japan Jewellery Fair)	20
	105

Disposals in 2005

	£m
NOP	383
Five	248
Exchange & Mart/Auto Exchange	50
SDN	31
SIS	23
	735

Financial Transactions in 2005

	£m
Special Dividend	298
Convertible Buyback	133
Bond Buyback	102
Purchase of Ordinary Shares	17
	550

2005

was a year of significant change and progress for UBM

"It is hard to overstate the importance of the year that UBM has just enjoyed. It began with the arrival of David Levin as CEO, in succession to Clive Hollick, and it ended with a strong set of financial results that highlight not just the changes made to your company, but also its potential going forward as a strong, tightly managed B2B media group focused on shareholder return."

Geoff Unwin
Chairman
28th February 2006

First, the headline numbers: Group operating profit* increased by 6.8% to £141.9m (2004 – £132.9m). Earnings per share* increased by 25.1% to 40.9p (2004 – 32.7p). The Board is recommending a final dividend of 11.0p (2004 – 8.37p) bringing the total dividend for the year to 15.0p (2004 – 12.0p) an increase of 25% which reflects the strong performance during the year and the directors' confidence in the outlook for the Group.

It is hard to overstate the importance of the year that UBM has just enjoyed. It began with the arrival of David Levin as CEO, in succession to Clive Hollick, and it ended with a strong set of financial results that highlight not just the changes made to your company, but also its potential going forward as a strong, tightly managed B2B media Group focused on shareholder return.

The CEO transition process that the Board put in place for the CEO handover worked well, as the full-year financial results demonstrate, with one exception, namely the incentive arrangements for Clive. Despite the controversy that ensued, a successful handover was achieved and since then we have been working with shareholders to ensure there is a closer meeting of minds on key issues such as executive remuneration.

We had previously announced our intention to conduct a detailed review of senior executive remuneration policy during 2005, with particular reference to the balance of fixed and performance-related remuneration. During the spring and summer we conducted extensive consultations with our major shareholders in relation to proposed new long-term incentive arrangements, which were approved by an overwhelming majority at an EGM on the 26th September 2005.

David Levin has set about his tasks with relentless, thoughtful vigour – digging deep into understanding each of the individual, often specialised, markets in which we operate. His first task was to secure key players in his team and then to build round them once the strategic direction had been thought through.

Our strategy is now clear. We are a Group focused primarily on news distribution and business-to-business activities bringing buyers and sellers together through a combination of print, exhibitions and online offerings. We know that the business models of the online world are still being proven and that those of the print world are being challenged by a consistent reduction in revenues. We have a proven track record of building profitable events businesses. This provides a backdrop requiring that the business be most thoughtful in its investment. Our direction is to have a higher proportion of our earnings coming from events and online, more in those sectors where we see good growth and more of our earnings coming from the faster growing economies and the so-called emerging markets.

With that strategic direction in mind, we divested just under £750m of non-core assets during 2005, including our market research activities: NOP; our stake in Channel Five and Auto Exchange/Exchange and Mart where we saw limited earnings growth. We achieved excellent prices for these disposals, generating significant value for our shareholders. During the first two months of 2006 we have announced our intention to sell a further portfolio of, largely publishing, assets which we feel do not fit our strategic mould.

Not only have we been disposing, we have also been acquiring, although to a much lesser extent. During the year we spent approximately £105m on bolt-on acquisitions, all of which strengthen our offering / sectorial / geographic direction.

In June we returned £298m to shareholders by means of a special dividend, accompanied by a share consolidation. In addition we spent £250m buying back our shares and bonds. This illustrates our continuing desire to maximise shareholder value by returning funds if we feel that in the short term our balance sheet is overly strong. Notwithstanding this return of cash, our balance sheet remains strong; we have the desire and capability, both cash and management, to make bolt-on acquisitions within the range of £150-£250m p.a. provided, obviously, they fit our strategic direction and our rigorous financial hurdles to exceed our weighted average cost of capital. Furthermore, we have the firepower to step up to something more significant, but only if the board believes all our criteria of strategy, financial discipline and management capability have been met.

Regarding the latter, it is pleasing to see the management team being developed, encouraged and strengthened. On behalf of the Board, I would like to thank all our people for the dedication they have shown in producing such an excellent performance in this year of significant change.

The Board too, is seeing change. Chris Powell will be stepping down from the board at the AGM on 4th May after a ten year tenure. Chris has given valuable service and insights to the board and we thank him sincerely and wish him well for the future. Sandy Leitch took over from Chris as Chairman of the Remuneration Committee as from January 1st 2006.

So, all in all, a huge amount has been achieved for shareholders:

– Strategic clarity
– Excellent financial performance
– Successful handover of CEO
– Excellent value from disposals.

With our new CEO David Levin and his invigorated team taking the business forward with energy and focus, a strong balance sheet and with the support of you – our shareholders and staff – we should be in for another exciting and positive year.

* Excluding non-recurring items, amortisation of intangible assets, and including operating profit from discontinued operations.

Strong Results

from a focused business

"In 2005 we achieved strong financial results, and made substantial progress in reshaping UBM for the future. In conjunction with these strong results, we simplified UBM to focus on businesses that support buyers and sellers, through the distribution of market information (PR Newswire), and through providing media channels that support market activity (CMP's trade shows, print and online publishing)."

David Levin
Chief Executive
28th February 2006

Results summary

In 2005 revenues from our continuing operations grew by 21.3% to £675.8m (2004 – £557.3m), with operating profit* from continuing operations rising by 27.3% to £137.1m (2004 – £107.7m). Profit before tax** was £152.1m excluding profits on disposals, and £501.4m including disposal profits. Margins were steady at 19.6% (2004 – 19.1%). We ended the year with almost £250m of net cash on the back of solid trading, coupled with strong balance sheet and cash flow management. Earnings per share* rose by 25.1% to 40.9p from 32.7p. The Board is proposing a final dividend of 11.0p, taking the total dividend for 2005 to 15.0p, an increase of 25% from 12.0p in 2004.

* Excluding non-recurring items, amortisation of intangible assets, and including operating profit from discontinued operations.

** Excluding non-recurring items, amortisation of intangible assets, net financing cost other than interest, and including discontinued operations.

Strategy

In the course of 2005 we simplified UBM to focus on two principal businesses – PR Newswire, our global news distribution business, and CMP, our international events, print and online publishing business. In achieving this, we disposed of assets for a total of nearly £750m, including NOP for £383m and our 35% stake in **five** for £248m. We demonstrated our continuing commitment to shareholder value and returned £550m of capital, including a special dividend of £298m.

UBM is well placed to capitalise on the new audience dynamics as the audience for media shifts from using horizontal media to vertical media. UBM is now focused on businesses that support buyers and sellers, through the distribution of market information (PR Newswire), and through providing media channels within many specific vertical markets that support our customers (CMP's trade shows, print and online publishing). We will grow these businesses organically and by making 'bolt-on' acquisitions, with a focus on B2B markets, on faster growing economies, on vertical markets where we already have a strong position, and in markets where we can leverage a leading position with an audience in one medium into another, for example from print into exhibitions or online.

We intend to keep investing and acquiring to develop our business. We intend to accelerate the rate of acquisitions from the £105m achieved in 2005 towards the £150m to £250m level annually whilst maintaining our strict financial criteria. At the same time it is our intention to move towards a prudent leveraged balance sheet over the next two years. In so doing, and of course subject to our trading over these few years, we expect to be in a position to return in excess of £300m to shareholders during that period.

Business environment

Our customers increasingly look to reach their target audiences within a given vertical market across multiple media, with online media taking a growing proportion of advertising spend. We are seeking to manage this structural shift while recognising that there will continue to be very significant demand for print in many markets.

We look to meet our customers' needs to access their audiences by using our three main media forms (print, events, online), offering them a rich and integrated mix of products each with distinct benefits and attributes. We continue to see a critical role for print as a part of the media mix and we have acquired and launched new titles, including the acquisition of Le Quotidien du Medecin (a daily newspaper for doctors in France) and the launch of Global Services (a monthly magazine for the global outsourcing and offshoring industry). The underlying revenue of our print titles varied by geography with aggregate underlying revenues falling in the US, flat in Europe and growing in Asia, resulting in a decline of 2% overall. At an aggregate level we did, however, reduce our exposure to print by selling or closing titles where we felt UBM was not able to develop or grow the franchise (including the disposal of Exchange & Mart). We will continue to review our portfolio of all products (and indeed all media) and will maintain the discipline of selling where we believe our ability to add value is unlikely.

We are increasingly focused on further development of our portfolio of events and online assets alongside print. In doing so, we seek to drive profitable revenue growth and to transition the business to revenue streams that are sustainable in the digital era that we foresee in the longer term.

In the course of 2005 and early 2006, we acquired a range of new events, including, among others, Informex (chemical ingredients), Black Hat (IT security), Bar Show, the Japan Jewellery Fair and RFID World. During 2005 we also acquired successful, innovative online media businesses through the purchase of Light Reading and TechOnLine.

The need to do business face-to-face at exhibition and trade show events remains as strong as ever. Paradoxically in our increasingly digital world, the face-to-face meeting is becoming a more and more important part of doing business. Our events business showed healthy growth in 2005 with total revenues rising by 21% to £161.5m (and an underlying growth rate of around 10%). The business will continue to be a major focus for organic development and acquisitions in the future.

Revenues across UBM's online businesses grew to £42.7m in 2005 with an underlying growth rate of 24.4%. The online media business environment continues to be highly dynamic as the new generation of broadband digital technology and content media emerge and are adopted more widely. The current imbalance of advertising spend between online and more traditional media relative to their respective audiences suggests there will be a substantial demand for online advertising over the coming years. However, given the unproven profitability of many such business models, particularly in comparison to their print equivalents, we will continue to invest carefully in the development of our online products and their associated business models. We will look particularly towards achieving more comprehensive integration of our offerings across multiple media.

Investments in acquisitions & organic growth

In 2005 we invested £105m in 'bolt-on' acquisitions of 11 businesses that complemented existing market positions and enhanced our businesses' growth opportunities. We also continued to invest to support organic growth initiatives. We remain committed to our record of delivering shareholder value by effective financial and operational management of our owned businesses and our new acquisitions. Integration of acquisitions made in both 2004 and 2005 has progressed well and the performance of these businesses has met our expectations.

People & management

Since my arrival in 2005 we appointed Steve Weitzner as CEO of CMP Media and early in 2006 Gary Hughes joined us as CEO of CMP Information. Charles Gregson relocated to New York to focus exclusively on the role as CEO of PR Newswire. Henry Elkington was also appointed Group Corporate Development Director.

Outlook

2006 has begun with a solid performance. PR Newswire is continuing to perform well. Our events business remains strong worldwide and forward bookings are ahead of the prior year. Our performance in print is mixed, for example a good performance in France being offset by weaker revenue in the UK. Whilst our online revenues are growing rapidly (albeit from a small base) and we plan to accelerate that growth through further investment, we will focus on improving profitability of our online offerings.

OPERATING AND FINANCIAL REVIEW

"UBM aims to create long-term value for shareholders by developing growing, profitable businesses through investing in organic development and making strategically coherent acquisitions that meet UBM's strict financial criteria for return on capital. We will continue to review our portfolio to ensure we are maximising the value of our assets, divesting assets where appropriate, whilst maintaining a progressive dividend policy and returning surplus capital to shareholders."

About the OFR

The Operating and Financial Review (OFR) which is based on guidance from the Accounting Standards Board's 'Reporting Standard 1: Operating and Financial Review', includes information previously found in the operating and financial reviews as well as new material, and covers:

- Our business: a description of the business; competitive environment; strategy; key performance indicators
- 2005 results: Group results; results and operating reviews by division
- Financial review
- Risk and risk management: principal risks the directors believe to be material to the business and explains how they are managed
- Corporate social responsibility: employees, health and safety, the environment and communities.

Forward-looking statements

The OFR contains certain forward-looking statements made by the directors in good faith based on information available to them up to the time of their approval of this report. These statements should be treated with caution, however, due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking statements.

Nigel Wilson

Chief Financial Officer
28th February 2006

Our business

Company overview

United Business Media is a leading international market information company that brings together the world's buyers and sellers, helping their markets work effectively and efficiently. UBM operates two global businesses – PR Newswire (news distribution) and CMP (business-to-business events, print and online media).

PR Newswire is one of the world's leading electronic distributors of corporate and other news and is used by journalists, investors and others seeking breaking news at source.

CMP has four divisions: CMP Asia, CMP Media, CMP Information and CMPMedica.

- CMP Asia is a leading events and publishing business operating in Japan, China, Hong Kong and throughout the region with a wide portfolio of media activities and a particular strength in exhibitions.
- CMP Media is the largest business-to-business and online publisher in the U.S. high tech sector. It also has a substantial continuing medical education and medical publishing business and operates events and publications in a number of other sectors.
- CMP Information delivers integrated media solutions to a wide variety of business-to-business markets in the UK, Europe, the U.S. and Asia.
- CMPMedica comprises drug information businesses in continental Europe and Asia, and trade press, patient education and pharmaceutical marketing solutions businesses in Germany, Benelux and Asia Pacific.

People

UBM employs over 5,000 people in 60 countries around the world. Recruiting and retaining the best talent are fundamental to maintaining our market leadership. Employees are selected and promoted solely on the basis of their skills and ability to do their job, regardless of age, gender, race, religion, sexual orientation or disability. Our culture of diversity contributes to the growth of UBM by developing and rewarding the unique talents of each employee in line with strategic objectives.

More information on training, development and communication can be found under 'Corporate Social Responsibility' on page 20.

Brands and trademarks

Collectively through PR Newswire and CMP, UBM owns significant assets in terms of our many well-known branded events, print and online publications. Managing and protecting these brands through registering trademarks and other elements of brand equity such as URLs (website addresses) is an important part of safeguarding our assets and ensuring we continue to achieve good returns for shareholders.

Competitive & business environment

We consider UBM's competitive and business environment in terms of our major businesses, PR Newswire and CMP. For a broader discussion of the changing nature of the media business environment, the impact of online media and the challenges and opportunities it offers UBM, see 'Strategy' on page 12.

PR Newswire

PR Newswire's revenues are predominately earned in the U.S. where the business competes with other electronic news release distribution services, as well as with other forms of news release delivery. It also has competitors in online monitoring and broadcast services, webcast services and investor relations web services.

In the U.S., growing regulatory requirements for corporate disclosure and an increasingly transparent business culture have supported growth in corporate business news distribution. Other markets are following America's lead in strengthening regulatory requirements for transparency and disclosure, albeit at different speeds and using different methods. A potentially positive long-term development for PR Newswire is the European Union's aim to harmonise disclosure standards and practices for publicly-quoted companies across all member states. We do not anticipate any short- to medium-term benefits, however, since the EU has yet to define the detail.

CMP

- CMP Asia, CMP Media, CMP Information

  The business-to-business online, print and events activities of CMP Asia, CMP Media and CMP Information compete directly with various media companies in their respective fields in the U.S., Europe and Asia. CMP's competitive and business environment is strongly affected by trends in the level and pattern of marketing expenditure by customers.

  Historically, the overall level of expenditure by companies on marketing activities has been cyclical, with companies spending less on marketing in times of economic slowdown, although the overall trend is one of long-term growth. These cycles take place at both macro (national and international economic trends) and micro levels (trends in specific vertical markets).

- CMPMedica

  CMPMedica is a market leader in the provision of drug information in many of the 25 countries in which it operates in Europe and Asia, competing mainly with smaller local competitors. It also competes indirectly with larger competitors that operate predominantly in the U.S. Operating in the pharmaceutical and broader healthcare markets, CMPMedica's business is largely print based and is affected to a greater degree by regulation, both legislative and professional, than other CMP divisions.

Strategy

UBM aims to create long-term value for shareholders by developing growing, profitable businesses through investing in organic development and making strategically coherent acquisitions that meet UBM's strict financial criteria for return on capital. We will continue to review our portfolio to ensure we are maximising the value of our assets, divesting assets where appropriate, whilst maintaining a progressive dividend policy and returning surplus capital to shareholders.

Market context

Over the last few years, many media businesses have been subject to rapid changes brought about by the development of new digital technologies. These technologies are changing established media consumption patterns, with online media growing particularly rapidly not only in consumer markets, but also in business-to-business markets.

These changes mark a long-term evolution of the competitive and business environment. This evolution challenges established media business models, particularly those based on print advertising, and is driving the development of online business models. The pace of change and the degree of impact is not uniform across media businesses. Some markets such as recruitment advertising are particularly suited to online media and have experienced rapid and almost wholesale change, particularly in the U.S. where adoption of online media has been most advanced. Other markets, both sectorial and geographical, are less exposed to online migration and have yet to experience substantial effects.

A rapidly evolving market offers competitive opportunities to those companies that embrace and lead change. UBM's assessment of the impact of new digital technologies on our businesses is fundamental to the development of our strategy. We aim to mitigate negative impacts, for example by reducing exposure to markets susceptible to rapid and wholesale online migration, while taking advantage of business opportunities, in particular by developing profitable online businesses that leverage and complement our existing businesses.

Connecting buyers & sellers

UBM's strategy is to connect buyers and sellers, assisting them and their markets to operate effectively and efficiently. In each market in which we operate, we aim to establish a leading position. This means creating the market's premium media product, namely the one which connects most buyers and sellers thus creating the best market in which to trade. Buyers have the greatest choice and sellers can get the best prices.

We aim to achieve this through developing a balanced portfolio of products in each market that connects buyers and sellers across complementary media – news distribution, print, online and events – and that will best meet the needs of our customers. This will see UBM investing particularly in events and online products.

Existing vertical markets

UBM aims to build leading positions in its specific vertical markets through organic product development and by making acquisitions. In each market UBM will leverage an existing position in one or more media to:

- grow into complementary media in the same market – e.g. leveraging a strong print position to develop a leading complementary event
- extend into a new geography – e.g. launching an existing successful magazine in a new, fast-growing geography
- create a product for adjacent or upstream or downstream markets – e.g. creating a website to target a specialist interest group within the broader audience of an existing online or print property.

Expansion into new markets

Where the opportunity to secure a leading position presents itself, UBM will extend its coverage into vertical markets in which we have no presence. In 2005 for example, the acquisition of The Publican and subsequently the Bar Show brought UBM into the Licensed Trade sector in the UK.

Key performance indicators

UBM's Board and executives monitor the Group's performance continuously using a wide range of financial and non-financial indicators. The principal key performance indicators by which the Board assesses the Group's progress against its strategic objectives are listed below.

	2005
Earnings Per Share*[1]	40.9 pence
Diluted Earnings Per Share*[1]	36.7 pence
12 month Total Shareholder Return[2]	35.5%
Pre-tax return on acquisitions[3]	12.1%
Sources of revenue[4]	
Print	55%
Events	24%
News Distribution	15%
Online	6%
Annual revenues of organic Launches[5]	£25.7m

* Before amortisation of intangible assets, non-recurring items, net financial income other than interest and including discontinued operations.

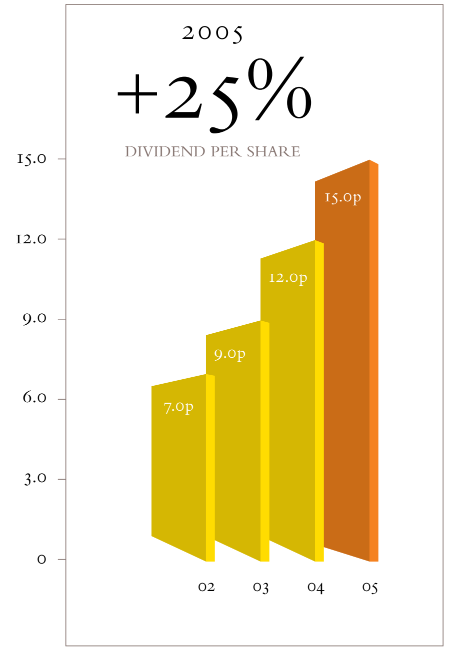
(1) Earnings per share as per financial statements but adjusted for amortisation, non-recurring items, other financial income other than interest and including discontinued operations. Diluted shows the impact of potential shares.

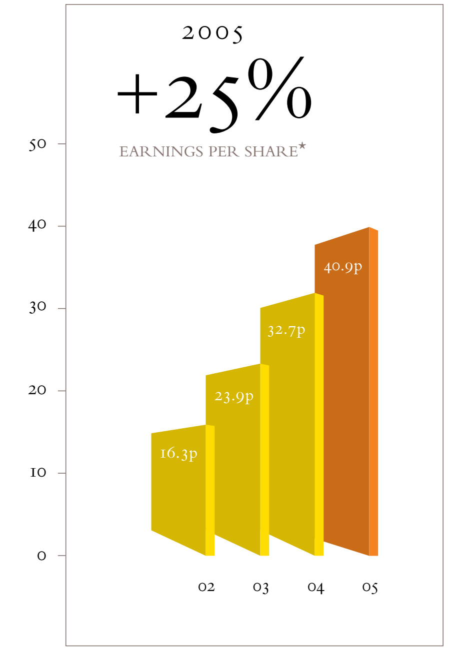
(2) Total shareholder return includes ordinary and special dividends plus movements in the share price.

(3) The Group has a financial target that acquisitions should achieve an 8% post tax return. This equates to a pre tax return of 10% at the group's effective tax rate of 20%. The return is calculated by dividing the attributable operating profit by the cost of acquisitions for the total of the three prior years. Current year acquisitions are included on a proforma basis to ensure the full year is recognised.

(4) The Group has a strategic objective of rebalancing revenues such that the contribution made by events and online activities grow to reduce the relative contribution made by print activities. The ratio between the types of business is based on percentage of Group revenue.

(5) This shows organic growth based on revenue from new launches initiated from 2003 onwards.





2002 & 2003 UK GAAP, 2004 & 2005 IFRS

2005 Results

	Revenue Year ended 31 December 2005 £m	2004 £m	Change (%)	Underlying (%)#	Operating Profit* Year ended 31 December 2005 £m	2004 £m	Change (%)	Underlying (%)#
PR Newswire	**104.1**	94.8	9.8	8.8	**29.2**	23.9	22.2	20.7
CMP Asia	**61.9**	51.4	20.4	15.1	**17.5**	14.0	25.0	10.9
CMP Media	**225.9**	220.3	2.5	0.0	**24.9**	27.1	(8.1)	(16.2)
CMP Information	**177.0**	161.0	9.9	4.0	**43.0**	38.5	11.7	(4.0)
CMPMedica	**106.9**	29.8	–	2.8	**19.4**	3.4	–	26.7
Corporate+	**–**	–	–	–	**3.1**	0.8	–	–
Total	**675.8**	557.3	21.3	4.1	**137.1**	107.7	27.3	3.2

\# Underlying: adjusted for the estimated effects of acquisitions, discontinued operations, biennial events and foreign exchange

* Before amortisation of intangible assets and non-recurring items

\+ Corporate operations comprise net central operating costs together with those equity-accounted investments which do not form part of one of the Group's operating divisions. This includes the equity investments disposed of in 2005 (**five**, SDN,SIS)

Underlying revenue was up 4.1% after adjusting for the effects of acquisitions, discontinued operations, biennials and foreign exchange. Group revenue increased by £34.9m for acquisitions made in 2005 and operating profit increased by £5.9m. The net effect of biennial events was to increase revenue by £4.8m and operating profit by £2.9m in 2005.

The movement in the US dollar and Euro had a direct translation impact. With approximately two thirds of UBM's revenue reported locally in US dollars or Euros, Group revenue was increased by £4.5m as a result of foreign exchange. The average rate of $:£ exchange for 2005 was $1.81 (2004: $1.83); together with the effects of other currency movements this increased operating profit by £0.9m. A 1 cent movement in the US dollar against sterling is approximately equivalent to a move in profit of around £0.3m to £0.4m over the full year.

Results and operating review by division

PR Newswire

PR Newswire delivered a strong performance in 2005 with underlying revenue rising 8.8% and underlying operating profit up 20.7%, with the overall operating margin up from 25.2% to 28.0%. Increased traffic, improved mix and growth of revenue from non-wire products all contributed to overall strong performance. In particular, two organic product developments, MEDIAtlas and MultiVu, showed good growth and improving profitability in 2005.

Performance outside the US was encouraging with the European business progressing from being loss-making in 2003 to achieving a 19.2% operating margin in 2005. PR Newswire's non-US business achieved 5.3% revenue growth for the full year, and an operating profit of £1.9m (2004: £0.2m). The business continued to make good progress in China. Further international expansion is planned for 2006.

CMP Asia

CMP Asia delivered a strong performance in 2005 across the business with underlying revenue up 15.1%, underlying operating profits up 10.9%, and operating margins rising modestly to 28.3% (2004: 27.3%). CMP Asia's major exhibitions in Hong Kong continued to be successful while a combination of acquired and organically developed business drove the company's growth in China where it now operates more than 20 exhibitions. In Japan, CMP Asia's KSS business continued to perform well and the Japan Jewellery Fair was acquired during the year. Further new events are planned for 2006, including CMP Asia's first exhibition in India. 2005 had a positive impact from biennial events.

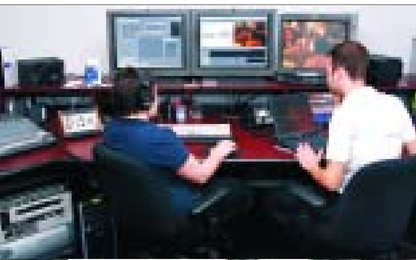
CMP Media

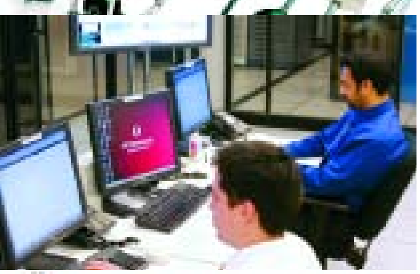
CMP Media's underlying revenues for 2005 were flat, underlying profits fell by 16.2% to £23.5m and operating margins fell to 11.0%. The decline in operating profits across CMP Media largely reflects both challenges to certain titles (notably Information Week) and higher levels of investment in new product development, particularly in online media, healthcare as well as the costs of relaunching certain print titles including Information Week.

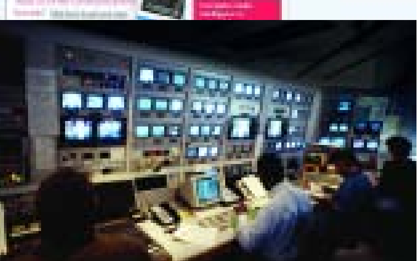
In healthcare, revenue increased to £37.0m for the full year, an increase of 5.8%. Revenue growth was re-established in the second half as customers of medical education businesses restructured themselves to address US regulatory concerns.

During 2005, two technology events businesses, Black Hat and ICMI, were acquired followed by a further two, MediaLive and Shorecliff, in January 2006. The acquisitions in 2005 of online businesses Light Reading and TechOnLine, will help overall online business development, as well assisting in the evaluation of alternative online business models.

Steve Weitzner was appointed CEO of the division in October 2005.







CMP Information

CMP Information, incorporating the previously reported UAP segment, CMP Information (CMPi) delivered solid performance in the year, with strong results from the events business. CMPi's underlying revenue rose by 4.0%. Operating profit was £43m, the largest contribution of profit to the Group. Higher investment in new product development resulted in underlying operating profit falling by 4.0% compared with 2004.

In line with Group strategy, during the year CMPi rationalised its business portfolio and focused on core vertical markets. CMPi disposed of Exchange & Mart and Auto Exchange for around £50m, and acquired ABI (online building industry data), The Publican, Theme & Bar (licensed trade event and print titles) and Informex (chemical ingredients event) for a total of around £50m. These acquisitions are performing in line with expectations.

Gary Hughes was appointed CEO of the division in January 2006.

CMPMedica

CMPMedica was acquired in July 2004 and was augmented with the acquisition of France Medical Press & Services in March 2005. The business has been trading in line with its acquisition case, with a strong seasonal weighting towards the first half of the year. The drug information business has performed well, particularly in France which accounts for roughly half the business. However there was some softness in the Asia-Pacific trade press markets. In 2006 we intend to make further investment in drug information services and continuing medical education products, and to seek geographical expansion into Eastern Europe and Japan.

Financial Review

Profit on disposal of businesses and equity accounted investments

During 2005, the Group sold its market research business NOP World, and the Exchange & Mart and Auto Exchange titles. We also sold our equity investments in **five**, SDN and SIS. Total profits on disposal amounted to £417.0m after costs (see note 31 on page 96).

Restructuring and business reorganisation costs

UBM has implemented a number of restructuring and reorganisation projects across several businesses. The objectives of these projects are to simplify the Group structure following the disposals referred to above, to achieve greater geographical alignment of our publishing divisions, and to achieve greater customer and product focus whilst delivering lower operating costs.

The total cost of the projects is £37.2m, of which £7.2m has been spent in 2005. With the exception of amounts relating to vacant property, which will be incurred over the remainder of the lease terms, we anticipate spending the balance of the charge in 2006. The charge also includes the costs of integrating businesses acquired during the year.

The total charge for restructuring and reorganisation may be analysed as:

	£m
Vacant property costs	8.8
Redundancy	8.6
Re-engineering of business processes	10.3
Restructuring and business reorganisation costs	7.8
Acquisition integration	1.7
	37.2

Cash flow

Operating cash flow from continuing businesses was £136.5m compared to operating profit of £132.5m. This represents a cash conversion of 103%. 2005 was the fourth consecutive year in which the Group has achieved operating cash conversion of over 100% and again represented a strong performance by the business. PR Newswire once again produced an exceptional performance with cash conversion of around 118%.

Capital expenditure for the year was £8.4m. This was again less than our depreciation charge of £9.3m. However as we reported last year, the two are converging. We expect capital expenditure to increase in 2006 to around £15m as we invest capital to improve revenue growth.

The cash outflow in respect of surplus property was reduced to £12.7m from £16.1m. We paid tax of £17.4m, including consideration paid to **five** to acquire tax losses, and incurred restructuring and business reorganisation spend of £7.2m. We made additional contributions to our pension scheme of £17.2m which helped to reduce the deficit on the UK schemes to around £10m on a funding basis.

Balance sheet

Our balance sheet remains strong. The Group had net cash at 31 December 2005 of £246.8m. The disposals of NOP World, Exchange & Mart and Auto Exchange and our investments in **five**, SDN and SIS yielded £737.7m of which we reinvested £115.6m (including further consideration on prior year acquisitions) in acquisitions and returned £298.3m to shareholders via a special dividend.

We aim to increase the level of acquisitions from £105m achieved in 2005 to an annual level of £150m – £250m, whilst maintaining the Group's strict financial criteria for acquisitions. The Board also intends to move the Group towards a prudent leveraged balance sheet over the next two years. Subject to trading over these few years, the Board expects to be in a position to return in excess of £300m of capital to shareholders during that period.

Our tax creditor is £219.4m. Representing our prudent assessment of the potential liability for prior years across different geographies we have necessarily made judgments as to the outcome of matters not yet concluded. This creditor has consistently been classified as short-term in line with our accounting convention. We do not expect the cash outflow in 2006 in respect of this liability to exceed £20m.

The Group is in dispute with HM Revenue & Customs with regards to a technical matter arising in relation to the sale of regional newspapers in 1998. We expect that the issue will be heard by the special commissioners later in 2006, although no date has been set. The tax in dispute is estimated at £80m. We remain confident that no tax will ultimately be payable. However we continue to make a prudent assessment in the accounts.

We continue to hold investments in ITN and the Press Association which continue to perform well.

Investment performance

The following table shows cash spent on acquisitions since 2003 and the returns on this capital in 2005:

	Invested £m	Cumulative Pre Tax Return %
2003	105.7	13.0
2004	189.7	10.9
2005	104.9	12.1*

* Results of 2005 acquisitions have been included on a proforma basis to reflect full year impact

In 2004 we acquired CMPMedica and said that we did not expect the acquisition to achieve a return equal to our cost of capital in its first year, but that we expected its returns to improve. The actual 2005 return on capital slightly exceeded our expectations, and we made a bolt-on acquisition of France Medical Press & Services. Combined, the pre-tax return on the CMPMedica business was 10% on a proforma basis.

2005 acquisitions contributed operating profit of £5.9m since acquisition and achieved a return of 17.7% on a proforma basis.

The performance of organic investments improved in 2005, with both revenue and operating profit increasing in line with expectations. In 2005 we achieved underlying revenue growth of 4.1% (2004: 3.2%) and we aim to accelerate that growth with further investment in 2006.

Impairment

We have reviewed the carrying value of our intangible assets (including goodwill) in light of current trading conditions and expectations and consider that no provision for impairment is required in the current year.

Pensions

The Group operates a number of defined benefit and defined contribution schemes based primarily in the UK but with some based overseas. The most recent actuarial valuations were undertaken at various points during 2005 and updated to 31 December 2005 using the projected unit method.

At 31 December 2005 the aggregate deficit under IAS 19 had decreased significantly to £52.3m from £96.0m, reflecting £17.2m of additional contributions made by the Group, strong asset returns, offset by adoption of more conservative assured mortality tables (longer life expectancy assumed) and a decrease in the discount rate used to value liabilities.

Additional contributions of £4.9m have been made in the first few months of 2006.

The IAS 19 interest charge was £2.5m in line with our expectations, reduced from £3.4m in 2004 reflecting the lower aggregate deficit.

Funding and financial risk management

The Group's central treasury is principally concerned with managing internal and external funding requirements, the monitoring of working capital and the management of key financial market risks. Its activities are carried out in accordance with policies approved by the Board and are subject to regular review and audit. Contracts are entered into with approved counter parties and not on a speculative basis.

Following the disposals of NOP, **five** and others, partially offset by returns of capital to investors and acquisitions made during 2005, the Group has moved from a net debt position at the end of 2004 to a net cash position at the end of 2005. Net cash at the end of 2005 was £246.8m.

The Group borrows and invests centrally on behalf of its subsidiaries with the aim of maximising liquidity, security, flexibility and price competitiveness.

The Group's debt at the end of 2005 is £242.6m (2004: £448.7m) comprising $165.4m of convertible bonds repayable in 2006, $5.7m of US senior notes, and €198.0m drawn from the Group's £325m revolving credit facility. In 2005 the Group repurchased from surplus cash $234.6m of 2.375% convertible bond, and $179.3m of 7.75% US senior notes (for details on redemption and conversion and repurchases see note 21 on page 76).

Since 2002 the Group has repaid $625m of capital market debt from surplus cash. This debt carried an annual fixed cost of $47.5m per annum (average interest rate of 7.6%). The repayment of debt has significantly reduced the Group's net interest costs.

The core bank facility was refinanced in 2005 raising funds for a further five years at lower cost, and on improved terms. The facility size was lowered from £500m to £325m reflecting the availability of liquid cash following disposals. The drawn margin on the new facility is 32.5 basis points.

The Group has established and retains strong relationships with a number of banks and financial institutions to facilitate future funding requirements and to ensure a balanced spread.

The Group's debt contains a single financial covenant relating to interest cover.

Cash and short term liquid funds total £489.4m (2004: £379.9m) and are mainly short-term deposits with relationship banks or investments in AAA-rated money market funds. The Group operates strict investment guidelines with respect to surplus cash with the emphasis on the preservation of capital.

Exposure to interest rates is managed through the use of interest rates swaps. At the end of 2005, £436m (sterling equivalent) of interest rates swaps are outstanding with an average maturity of two years. All interest rate swaps require approval by the Finance Committee which includes the Group Chief Executive and the Chief Financial Officer.

Foreign currency transaction exposures are covered as they arise using forward foreign exchange contracts. There are no material contacts outstanding at the end of 2005. We do not hedge profits as they are accounting rather than cash exposures. Foreign currency borrowings are used where appropriate to provide a hedge against investment in overseas territories.

Our long-term credit rating remains investment grade with a Moody rating of Baa2 and Standard and Poor's of BBB-, both with a stable outlook.

Going concern

Having reviewed the Group's liquid resources, borrowing facilities and cash flow forecast, the directors believe that the Group has adequate resources to continue as a going concern for the foreseeable future.

Risk and risk management

In this section we describe the principal risks that the directors believe could materially affect our business, revenues, operating income, net income, net assets and liquidity and capital resources. The nature of risk is such that no list can be comprehensive and it is possible that other risks may arise, or that risks not currently considered material may become so in the future.

Sound risk management is therefore an essential discipline for running the business efficiently and pursuing our strategy successfully. UBM has a Group-wide risk management process, monitored by the Board, to ensure a consistent, coherent approach.

We operate in a highly competitive environment that is subject to rapid change and must continue to invest and adapt to remain competitive.

Our professional media and news distribution businesses operate in highly competitive markets that continue to change in response to technological innovation and other factors, as discussed in 'Strategy' above. We cannot predict with certainty changes that may affect the competitiveness of the business, or whether technological innovation will render some of our existing products and services partially or wholly obsolete.

We aim to mitigate this risk through creating a balanced portfolio of products that evolves to meet the needs of our customers, investing particularly in organic initiatives that address this environment, and acquiring leading online businesses.

Our strategy calls for acquisitions in a number of our businesses and, therefore, we face risks typical of acquisitions.

The risks associated with such a strategy include the availability of suitable acquisition candidates, obtaining regulatory approval for any acquisition, and assimilating and integrating acquired companies into the Group. In addition, potential difficulties inherent in mergers and acquisitions such as delays in implementation or unexpected costs or liabilities, as well as the risk of failing to realise operating benefits or synergies from completed transactions, may adversely affect the results of an acquisition.

We mitigate this risk by following systematic procedures for integrating acquisitions, applying strict financial criteria to any potential acquisition, and through close monitoring and review by internal audit and the Board.

Implementing our strategy depends on attracting and retaining key management personnel across all our businesses.

We operate in a number of industry segments in which there is intense competition for experienced and highly qualified individuals. We cannot predict the future availability of good people, hence we place significant emphasis on succession planning and developing and retaining management talent. During 2005 we have put in place two new incentive schemes, the Performance Share Plan and Bonus Investment Plan, to attract and motivate key senior management.

We are dependent on publishing advertising for a significant portion of revenue.

Advertising and other marketing spend tends to be cyclical, with companies spending significantly less, particularly on advertising, in times of economic slowdown or recession. In addition there is increasing competition for advertising revenues from competitors including search companies such as Google and Yahoo.

We are addressing this risk by migrating CMP's businesses from their traditional print base to incorporate a higher proportion of event and online revenue.

Our exhibitions businesses may be adversely affected by outbreaks of disease, such as Avian flu or Severe Acute Respiratory Syndrome ('SARS').

UBM's exhibitions businesses contributed 31% of the Group's revenue in 2005, and over 85% of CMP Asia's revenue (on a proforma basis). Outbreaks or fears of an outbreak of disease in particular locations may have an adverse effect on these businesses as a result of reduced attendance at public gatherings, particularly if supported by government recommendations or regulation. However our experience from the 2003 SARS outbreak in Asia, showed that whilst revenues were impacted in the year of the outbreak, they bounced back strongly as the demand for events was greater to compensate for the prior year.

Changes in government legislation may affect the pharmaceutical industry.

Changes in government health policies, for example on the use of generic drugs or reimbursement prices, could adversely impact pharmaceutical companies. This could lead to reduced spending by pharmaceutical companies on advertising. Regulatory pressures may also affect pharmaceutical companies' ability or willingness to sponsor continuing medical education events. We monitor developments in public policy in all our major markets and work with our customers to ensure we can deliver the best possible media product while meeting all regulatory obligations.

Fluctuations in exchange rates may affect our reported results.

UBM's financial statements are expressed in pounds sterling and are therefore subject to movements in exchange rates on the translation of the financial information of businesses with different operational currencies. The United States is our most important market and accordingly significant fluctuations in U.S. dollar / sterling exchange rates could affect our reported results from year to year.

Future tax payments may exceed recorded liabilities.

While the Group's taxation creditor of £219.4m represents our prudent assessment of the potential tax liability for prior tax years across different geographical areas, we have necessarily made judgments as to the outcome of matters not yet concluded.

We seek to manage this risk by regularly assessing the potential tax liability of the Group with the help of external advisors. We consider the current provision to be adequate.

The cost of providing pension benefits to existing and former employees is subject to changes in pension fund values and changing demographics.

UBM operates a number of pension plans that provide defined benefits. While the UK plan is closed to new employees, the U.S. plan, which has some of the features of a defined benefits plan, continues and the cost of providing these benefits to existing and former employees is subject to changes in pension fund values and changing demographics, including longer life expectancy of beneficiaries. We believe that sustained declines in equity markets and reductions in bond yields have and may continue to have a material adverse effect on the value of our pension funds. We may therefore be required to recognise additional charges to our profit and loss account to the extent that the pension fund values are less than the total anticipated liability under the plans. There is an exposure in the event that asset returns are insufficient to cover changes in the schemes' liabilities over time. This has been mitigated by active management of the investment portfolio and additional contributions have been made to the UK schemes. The Group has acted to close its defined benefit schemes to new members and neither the CEO or CFO are members of such a scheme.

Corporate social responsibility

UBM believes ethical and environmental factors to be integral to delivering financial returns to our shareholders, and reflects this in our corporate values and standards. UBM has established a 'Statement of Business Principles', available on our website (www.unitedbusinessmedia.com), which governs our relationships with customers, shareholders, employees, suppliers, the wider community and the environment. These principles form the basis of UBM's corporate values (described below).

We aim to integrate Corporate Social Responsibility (CSR) into our business processes and the Group risk mapping process described on page 36 is the principal mechanism by which the Board identifies and assesses risks to value which may arise from CSR issues.

UBM is a member of the Corporate Social Responsibility (CSR) Media Forum which seeks to identify issues of particular relevance to the media sector and to develop consensus on best practice. In 2006 we aim, through our membership of the Forum, to develop dialogue with stakeholders on CSR issues.

Reporting

At present we report on CSR in terms of employees, health and safety, the environment and communities. In 2006 we aim to develop both internal and external reporting of our CSR activities.

Employees

UBM employs over 5,000 people around the world. Maintaining and motivating our highly skilled and diverse pool of talent is one of UBM's highest priorities.

Training and development

All employees are encouraged to take up opportunities to develop leadership and management skills to make the most of their potential. As part of long-term succession planning, UBM has set up a Business Leaders Programme to identify and develop future leaders from within the Group.

Values

In 2005 after extensive consultation with employees at all levels, we launched UBM's corporate values – We Explore, We Exceed, You Excel – which encourage personal commitment to our strategic goals. Throughout the year, UBM has increased investment in training and developing employees to help them bring the values to life in their work with customers, colleagues and the wider community. Exceptional contributions made by individuals and teams have been recognised through reward and recognition schemes across the Group.

Communication

Clear and open communication with employees is fundamental in a values-driven business. UBM aims for ongoing dialogue with employees through staff surveys, appraisals, newsletters, divisional intranets, 'town hall meetings' and web chats. Regular Group-wide e-mail updates from the Group Chief Executive keep employees informed of business strategy and developments. The new UBM website provides an additional channel for information and communication with employees and others.

Sharing best practice

UBM works with organisations including the Work Foundation, Opportunity Now, The Employers' Forum On Age and The Corporate Leadership Council to identify and share best practice in employee issues.

Health and safety

We recognise our responsibility to provide a safe working environment. All divisional Chief Executive Officers are responsible for ensuring that their businesses comply with applicable health and safety legislation, and for maintaining comprehensive health and safety procedures.

Measuring performance in health and safety is an important part of managing the issues and creating a safe working environment. Our goal for 2006 is to improve the quality of data collection and to standardise reporting. We will then make these reports available on our website.

Environment

As a leading market information company we recognise the importance of ensuring that we both manage our environmental impacts and communicate good environmental practice externally.

UBM aims to minimise our environmental footprint by focusing on the areas in which we have most impact: reducing and recycling waste; using energy efficiently; implementing remuneration practices designed to encourage employees to use public rather than private transport, and promoting environmentally friendly policies in the workplace.

In 2005 UBM's principal London office, Ludgate House, won an award from the Green Organisation, an independent environmental group, in recognition of its recycling initiative which aims to recycle 65% of waste produced. Another initiative at Ludgate House has reduced electricity usage by almost 4 million kilowatt hours since 2004.

Monitoring and measuring environmental impacts is an important element in managing our environmental footprint. In 2006 we aim to develop our system of monitoring and measuring these impacts.

Communities

We believe every UBM business has a role to play as a member of the community in which each operates around the world. We recognise the importance of community involvement at all levels throughout the Group and are committed to supporting our communities through financial contributions, donations in kind and employee volunteering.

Financial support and donations

In 2005, UBM increased the budget for community support and established a charitable donations committee, which makes central donations as well as allocating funds to divisions for disbursement. The total charitable contribution was £434,300.

As a media and information group, UBM particularly supports projects which promote communications, education and literacy. We also seek to assist in relieving poverty and homelessness, and promoting healthcare. Donations made from central funds in 2005 included the Asian Tsunami Relief Fund, London Bombings Fund and Hurricane Katrina Relief Fund. At a divisional level, we supported over 40 organisations nominated by our employees around the world.

UBM's annual management conference in 2005 was held in Bangalore, India. The conference included a programme of visits to a number of local charities dealing with issues such as mental health, AIDS and homelessness. As a result of the links that have been established, UBM is now providing financial support and assistance in kind to several of these organisations.

In 2005 UBM donated hundreds of computers through Digital Links International for reuse in developing countries, together with a financial donation to cover shipping, installation and training. Such donations help young people in the developing world to benefit from vastly improved educational and economic opportunities, as well as helping the environment.

Employee volunteering

UBM encourages employees to support the community through employee volunteering programmes. We operate a matching scheme whereby employees can apply for corporate donations to match their own fund-raising efforts, and we offer employees a tax-efficient way of contributing to charities of their choice through payroll giving.

Over the course of 2006 we aim to expand our employee volunteering programme and ensure all employees are aware of how UBM can help them support their local communities.

David Levin
Group Chief Executive

Nigel Wilson
Chief Financial Officer

28th February 2006

BOARD OF DIRECTORS

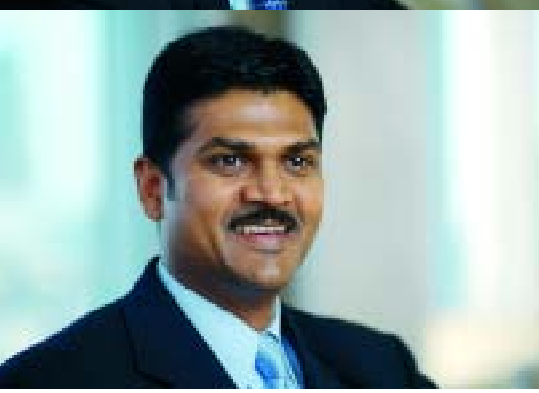
GEOFF UNWIN *Chairman* – Geoff Unwin was appointed to the board as a non-executive director in 1996, and became chairman in November 2002. He was previously chief executive officer of Cap Gemini Ernst & Young, one of the largest management and IT consulting firms in the world, and remains a non-voting member of the board of that company. He is also chairman of Halma plc, a leading safety and environmental technology group, Liberata plc and The Cloud Networks Ltd. He is a member of the advisory board of Palamon Capital Partners and chairs one of their investments: OmniBus Systems Ltd. Geoff chairs the Nomination Committee. Aged 63. (3)

DAVID LEVIN *Group Chief Executive* – David Levin was appointed as group chief executive in April 2005, having previously been chief executive of Symbian, a mobile phone software licensing company, since April 2002. He joined Symbian from Psion plc, the handheld computing company, where he was chief executive from February 1999. Prior to that, he spent five years with the international business-publishing group Euromoney Institutional Investor, as chief operating officer and before that as president of Institutional Investor in New York. Previously he worked with the venture capital group Apax Partners and with the consultancy firm Bain and Company for five years, mostly in Asia. David has an MBA from Stanford University and an MA from Oxford. David is also a member of the finance committee of the Oxford University Press, a department of Oxford University. Aged 44.

NIGEL WILSON *Chief Financial Officer* – Nigel Wilson was appointed to the board as chief financial officer in 2001. Prior to that he was group finance director of Viridian Group plc from 1996 to 2000, and became managing director of Viridian Capital in 2000. Nigel is a non-executive director of Halfords PLC where he also chairs the audit committee. Previous appointments include group finance director at Waste Management International plc, Chief Executive, Corporate G.P.A., head of corporate finance and group commercial director of Dixons Group plc, managing director of Stanhope Properties plc and a consultant at McKinsey. Nigel has a PhD from the Massachusetts Institute of Technology. Aged 49.

CHARLES GREGSON *Executive Director* – Appointed to the board in 1996, Charles Gregson is chief executive of PR Newswire. He joined MAI plc in 1974 as group solicitor and became a director of that company in 1984. He is chairman of ICAP plc, and deputy chairman of Provident Financial plc. Charles graduated from Trinity Hall, Cambridge. He has an MA in Law and is a qualified solicitor. Aged 58.

JOHN BOTTS *Non-Executive Director* – Appointed to the board in 1997, John Botts is chairman of Botts & Company Limited, a private equity investment company, and also chairman of LongAcre Partners Limited, a mid-market corporate finance house focusing on the broad media and communications sectors. Other directorships include Euromoney Institutional Investor plc and Tisbury Europe Master Fund Ltd. Graduate of Williams. He is the senior independent director. Aged 65. (2) (3)



from left to right top to bottom

GEOFF UNWIN
DAVID LEVIN
NIGEL WILSON
CHARLES GREGSON
JOHN BOTTS
CHRIS POWELL
JONATHAN NEWCOMB
LORD ADAIR TURNER
CHRISTOPHER HYMAN
LORD SANDY LEITCH

CHRIS POWELL *Non-Executive Director* – Appointed to the board in 1996, Chris Powell was a non-executive director of MAI plc from 1995. He has been chief executive and chairman of BMP DDB, one of Britain's largest advertising agencies, of which he was co-founder, and is a past president of the Institute of Practitioners in Advertising. He is chairman of Nesta (National Endowment for Science, Technology and the Arts). Aged 62. (1)

JONATHAN NEWCOMB *Non-Executive Director* – Jonathan Newcomb was appointed to the board in 2001. He was chairman and CEO of Simon & Schuster, one of the world's largest book publishers and providers of educational and training materials from 1994 until 2002, having been president and chief operating officer from 1991. From 2002 to 2004 he was a principal with the New York based private equity firm of Leeds Weld & Co. Previous employment included McGraw Hill (where he was responsible for Standard & Poor's and Data Resources) and Dun & Bradstreet. He is a board member of Journal Communications (NYSE) and the BNA Corporation. He is currently a Senior Advisor at the New York based investment firm Coady Diemar. Aged 59. (1) (2)

LORD ADAIR TURNER *Non-Executive Director* – Appointed to the board in 2000, Adair Turner was previously director general of the Confederation of British Industry and prior to that a director of McKinsey & Co. He is vice-chairman of Merrill Lynch Europe and a director of Siemens Holdings plc. He is a visiting professor at the London School of Economics. In December 2002 he was appointed by the Government to chair an independent commission on pensions. He is chairman of the audit committee. Adair became a member of the House of Lords in 2005. He graduated in 1978 from Cambridge University with an MA in History and Economics. Aged 50. (1) (2)

CHRISTOPHER HYMAN *Non-Executive Director* – Appointed to the board in 2004, Christopher Hyman is chief executive of Serco Group plc, which he joined in 1994 and where he has served in a number of roles, including company secretary and group finance director, before becoming chief executive in 2002. Serco is one of the world's leading service companies. It provides governments and companies with management and consulting expertise across a range of sectors including home affairs, science, technology, transport, defence and local government. Chris has a BCom and PhDip Acc from Natal University and qualified as a Chartered Accountant in South Africa. Aged 42. (2)

LORD SANDY LEITCH *Non-Executive Director* – Appointed to the board in January 2005, Sandy currently chairs the National Employment Panel, which advises government on employment issues and has recently been appointed to chair an independent review of skills in the UK. He is deputy chair of the Commonwealth Education Fund and non-executive Director of Lloyds-TSB plc and Bupa. He is also chairman of Intrinsic Financial Services. Sandy was previously chairman and chief executive of Zurich Financial Services (UK, Ireland, Southern Africa and Asia Pacific), holding senior positions at Allied Dunbar, Eagle Star and Threadneedle. He was also chairman of The Association of British Insurers. Sandy was appointed to the House of Lords in 2004. He is chairman of the remuneration committee. Aged 58. (1) (3)

(1) Member of the remuneration committee
(2) Member of the audit committee
(3) Member of the nomination committee

DIRECTORS' REMUNERATION REPORT

This report sets out UBM's policy on executive remuneration together with details of the remuneration received by directors in respect of the year ended 31 December 2005. A resolution to approve this report will be put to shareholders at the annual general meeting on 4 May 2006.

Major Changes in 2005

During the year UBM appointed a new chief executive and the board has taken that opportunity, in consultation with our major shareholders, to adopt a fresh approach to directors' remuneration that reduces the proportion of reward that is fixed, and makes the package more performance-oriented. In this way we seek to tie the interests of directors and shareholders more closely together. In doing so, we have been mindful of the need to achieve an appropriate balance between being sufficiently competitive to attract the best talent in the field while not spending more than is necessary. The key elements to note are:-

- Basic pay for the chief executive is less in absolute terms, and as a proportion of the overall package, than was previously the case.
- Variable rewards are, potentially, greater than before, but dependent on outperformance of stretching targets.
- Executive directors are now able to participate in two long term incentive plans; one to reward exceeding absolute targets set by the remuneration committee, the other to reward above median performance relative to a relevant peer group in shareholder return.
- Both plans reward performance over three years.
- Neither the CEO nor the CFO participate in a defined benefit pension scheme.

Remuneration Committee

Role

Responsibility for formulating and recommending policy on executive remuneration has been delegated to the remuneration committee by the board. The committee approves the remuneration packages of the executive directors and chairman and also reviews the general remuneration framework for senior executives. During 2005, the committee was responsible for the introduction of two new long term incentive plans, the Performance Share Plan and the Bonus Investment Plan.

Membership

The committee is composed entirely of independent non-executive directors. Members of the committee during 2005 were Chris Powell (chairman), Jonathan Newcomb, Adair Turner and Sandy Leitch (from 11 January 2005). Chris Powell was succeeded as chairman by Sandy Leitch in January 2006. Geoff Unwin, chairman of the board, and David Levin, CEO, usually attend meetings, but are not present when matters relating to their own remuneration are discussed. The committee met formally on six occasions during 2005; all meetings were attended by all members.

Advisors

During 2005 the committee was advised by Kepler Associates, independent remuneration consultants, in relation to the new long term incentive plans referred to above and on the benchmarking of remuneration packages. Kepler Associates were appointed by the committee and provide no other services to the company. The committee was also assisted by Allen & Overy LLP (legal advice), Barnett Waddingham LLP (retirement benefits and pensions advice) and Ernst & Young LLP (measurement of performance condition for share schemes). Allen & Overy LLP also provide legal advice to the group, Barnett Waddingham LLP provide actuarial advice to the trustees of UBM's pension schemes, and Ernst & Young LLP provide audit services to the group. The committee received assistance internally from the HR director, Jane Stables, the employee and benefits manager, Jane Allen, and the company secretary, Anne Siddell, who is secretary to the committee.

Remuneration Policy

The principal objective of our remuneration policy for 2006 and beyond is to recruit and retain employees with the appropriate skills and qualities to drive the group's strategy and deliver value for shareholders. In implementing this policy, we have shifted the balance from fixed to variable remuneration. Base salary levels are designed to be in line with the market while variable remuneration is linked to key measures of both corporate and personal performance and rewards significant outperformance of targets. The company's long-term incentive plans are designed to incentivise and retain management and to align their interests with those of shareholders by supporting our commitment to long-term growth. For 2005, the estimated fair value of variable pay for executive directors accounted for the following proportions of their total remuneration (excluding pensions and benefits):-

David Levin	63%
Nigel Wilson	56%
Charles Gregson	48%

The various elements of executive directors' remuneration packages are described below.

Base salary

In determining base salaries, the committee benchmarks salary levels for comparable roles at companies of similar sector and size, and considers matters such as inflation, the individual's responsibilities, the company's performance and the salary policy throughout the group as a whole. David Levin, who joined as group chief executive in April 2005, received a base salary of £500,000 per annum, which was increased by 4% with effect from 1 January 2006. Following a review of the role and responsibilities of other executive directors, Nigel Wilson's base salary was increased from £330,475 to £400,000 per annum with effect from 1 October 2005. Charles Gregson has assumed the role of chief executive of PR Newswire and, by agreement with him, his base salary was reduced from £411,765 to US$375,000 per annum with effect from 1 November 2005.

Bonuses

Executive directors are eligible for an annual bonus dependent on the achievement of targets, which take account of corporate performance as well as individual objectives. These targets are reviewed annually and new objectives set by the committee for each director at the start of the financial year. A substantial part of the bonus is paid in the form of shares, receipt of which is deferred for a number of years.

Maximum bonus awards for executive directors for 2005 were set at 110% of salary, with 90% of salary based on financial measures (principally performance against budgeted earnings per share and profits) and 20% of salary relating to the achievement of individual objectives. For 2006 the maximum opportunity for financial performance will be increased to 100% of salary. The element relating to the achievement of individual objectives remains unchanged at 20% of salary.

Bonuses for 2005 for David Levin, Nigel Wilson and Charles Gregson will be awarded under the Bonus Investment Plan (described below) following its approval by shareholders during the year. As indicated in last year's annual report Clive Hollick, who retired in May 2005, will receive a pro rated bonus based on the achievement of corporate financial targets. Part of this bonus will be paid in the form of shares. A bonus of £250,000 referred to in the 2004 annual report was not paid, following concern expressed by shareholders. Malcolm Wall, who left the board in March 2005, will not receive a bonus for 2005.

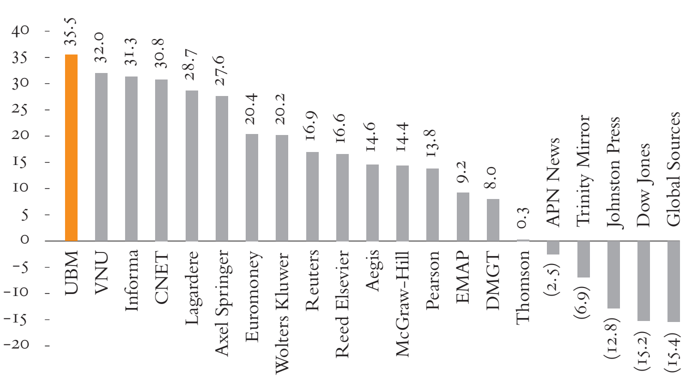
Performance Share Plan ("PSP")

The Performance Share Plan supports our focus on longer term incentives by providing a share-based reward which requires UBM's total shareholder return ("TSR") to outperform its peers' TSR over a three year period. Performance is measured against a peer group of companies selected by the remuneration committee, and none of the award vests if UBM's TSR is less than the median of that group. 25% of the award vests if UBM's TSR is ranked at median position (subject to a maximum value of 25% of base salary), and 100% vests if UBM's TSR is ranked in the top decile. In between these positions, the award vests on a straight-line basis. The vesting schedule is illustrated below.

Position	% of shares that vest
1–3	100%
4–10	pro rata between 25% and 100%
11 (median)	25% (subject to maximum 25% of salary)
12–21	0%

2005 One Year Total Shareholder Return (%)

Peer Group Performance (including UBM)



The committee considers TSR to provide an objective measure of performance and the selection of a tailored group of companies to enable measurement of UBM's performance against comparable businesses. The comparator group used for the awards made in 2005 comprises the following 20 companies, which have been selected for their mix of business and geographic representation:

Aegis Group	CNET Networks
DMGT	Dow Jones
Emap	McGraw-Hill
Euromoney	VNU
Johnston Press	Wolters Kluwer
Pearson	Axel Springer
Reed Elsevier	Lagardere
Reuters	APN News & Media
T&F Informa	Global Sources
Trinity Mirror	Thomson

The committee will review the peer group from time to time, but not less frequently than once a year, to confirm that it continues to represent an appropriate benchmark. The committee must also satisfy itself that the reported TSR is a genuine reflection of the company's underlying financial performance over the three-year performance period before releasing any awards. The maximum value of an award will generally not exceed 1.5 times base salary in any financial year, although awards of up to 2 times salary may be made in exceptional circumstances.

Shares that vest under the Performance Share Plan accrue dividends.

Bonus Investment Plan

The Bonus Investment Plan enables part of participants' annual bonus to be deferred into UBM shares, which must be held for three years, and provides the opportunity to earn further shares based on performance against stretching targets. 25% of any annual bonus awarded will be automatically deferred into UBM shares to be held for three years. The participant may also elect to defer up to a further 25% of the bonus award into shares for the same period. At the end of three years the participant could receive up to two additional shares for every share held if the company's earnings per share have grown by at least 7% per annum above UK inflation over the three year period. A lower ratio of matching shares may be earned if earnings per share have grown by more than 3% per annum above UK inflation over the three year period, as illustrated below.

EPS growth + inflation (per annum)	Matching shares awarded per share held
3%	0
4%	0.5
5%	1
6%	1.5
7%	2

The committee considers that a performance condition based on long term growth in earnings per share reflects the group's financial targets and complements the TSR measure of the Performance Share Plan, and considers the targeted growth levels to be appropriately stretching.

Shares that vest under the Bonus Investment Plan accrue dividends.

Remuneration Policy (continued)

Bonus Investment Plan (continued)

Following shareholder approval for the Bonus Investment Plan, executive directors were offered, and accepted, the opportunity to participate in the plan for 2005 on condition that they deferred 50% of their bonus entitlement into shares.

Other incentive plans

Executive directors have previously participated in the Executive Share Option Scheme, Senior Executive Equity Participation Plan and Medium Term Incentive Plan, which are described in more detail on pages 31 to 32. They are no longer eligible for awards under these plans, but entitlements from these plans still remain and are shown on pages 30 to 32.

David Levin was appointed Group Chief Executive on 5 April 2005, before consultation on the new Performance Share Plan and Bonus Investment Plan had been initiated. By agreement with him, 50% of his incentives on joining were granted under the Executive Share Option Scheme in April 2005 and 50% under the Performance Share Plan in October 2005.

Sharesave

Executive directors are also entitled to participate in the Sharesave scheme, under which all eligible employees around the group may acquire options over ordinary shares of the company at a discount of up to 20% of their market price, using the proceeds of a related SAYE contract.

Pensions

All UBM's defined benefit schemes were closed to new entrants by 1996, and for all employees (including executive directors) joining the group since then it is our policy to offer defined contribution pension provision. David Levin and Nigel Wilson are members of the defined contribution section of the United Group Pension Scheme. Charles Gregson is a member of the United Pension Plan which is an approved defined benefit scheme. Charles Gregson will cease to be an active member of the United Pension Plan on 1 April 2006 and will thereafter receive an annual cash payment equal to 20% of base salary in lieu of pension contributions.

Performance conditions

In 2005, UBM started reporting its results in line with International Financial Reporting Standards ("IFRS"). In order to achieve consistency of measurement, the committee intends to retain UK GAAP as applied in 2004 as the basis for measuring performance conditions for awards maturing in 2006. This position will be reviewed for future years, as IFRS becomes more established.

Dilution limits

The use of newly issued or treasury shares to satisfy awards under the group's long term incentive plans is limited to 10% of UBM's issued share capital. It is expected that awards made under the Performance Share Plan and Bonus Investment Plan will be satisfied with market-purchased shares held by an employee benefit trust.

Executive directors' service contracts

It is the company's policy that all executive directors should have service contracts that are terminable on no more than one year's notice and that contracts should not have a fixed term. David Levin and Nigel Wilson's contracts provide for automatic termination at age 60. Charles Gregson's service contract was amended during the year and now provides for automatic termination at age 65. If Charles Gregson's employment were terminated other than for cause he would be entitled to a payment, calculated by reference to his unexpired period of notice, of up to one year's salary, benefits and 50% of average bonus over the preceding three years (excluding any special bonus). Under David Levin and Nigel Wilson's contracts, any payments on early termination by the company would be by reference to the unexpired period of notice, subject to a duty to mitigate.

The dates on which each executive director's current service contract commenced are as follows:

David Levin	–	5 April 2005
Charles Gregson	–	1 November 2005
Nigel Wilson	–	6 July 2001

Payments to previous directors

As indicated in last year's report UBM entered into an agreement with Clive Hollick to retain his consultancy services for up to twelve months following his retirement, for which he received a fee of £100,000.

Malcolm Wall received a payment of £100,000 as compensation for loss of office and the company also paid outplacement fees of £25,000 on his behalf.

Both remain entitled to exercise existing awards under the company's long-term incentive plans for a limited period, in accordance with the rules of those plans.

Policy on external appointments

The company considers that by permitting executive directors to hold office as a non-executive director of another company, they will increase their knowledge and experience, thereby benefiting UBM. The policy allows executive directors to accept not more than two outside corporate directorships, subject to board approval. Directors are entitled to retain the fees earned.

Charles Gregson is chairman of ICAP plc, for which a contribution was paid direct by ICAP plc to UBM. With effect from 1 November 2005, such fees became payable directly to Charles Gregson and he earned £18,333 in respect of the period from 1 November to 31 December 2005. He also earned £40,000 in respect of his directorship of Provident Financial Plc. Nigel Wilson earned £35,000 in respect of his directorship of Halfords Plc. David Levin is a member of the finance committee of the Oxford University Press, a department of Oxford University, and received fees of £10,000 from the University.

Non-Executive Directors

Policy on non-executive directors' remuneration

The board's policy on non-executive directors' remuneration is to pay fees which reflect their responsibilities, are competitive with those of other FTSE 250 companies, and which align directors' interests with those of shareholders. The board as a whole considers and approves the fees of the non-executive directors, with the exception of the chairman whose fees are approved by the remuneration committee.

Pursuant to the policy outlined above, non-executive directors receive a proportion of their fees in the form of shares with the balance payable in cash. Ordinary shares in the company are provisionally awarded and are included in the directors' share interest table on page 33. The directors will become entitled to receive these shares when they leave the board, subject to certain conditions. The remuneration table on page 28 shows the fees paid to non-executive directors and the cash value of shares as at the date they were provisionally awarded. Non-executive directors receive a cash fee of £30,000 per annum, which includes membership of board committees. An additional payment of £10,000 per annum is made to the chairmen of the remuneration and audit committees and to the senior independent director, John Botts. Non-executive directors' fees were last reviewed in November 2004.

The chairman, Geoff Unwin, receives a fee of £100,000 per annum paid in cash as well as a provisional allocation of ordinary shares as described above. These fees have remained unchanged since his appointment in November 2002.

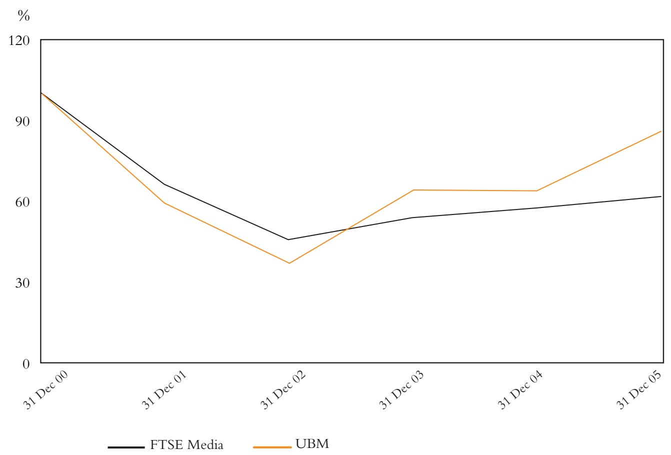
Non-executive directors' contracts

The chairman, Geoff Unwin, has a contract which was entered into on 5 November 2002 and which is terminable by either party on not less than twelve months' notice. His contract contains no provision for payment of compensation on early termination.

Other non-executive directors do not have a service contract with the company but are engaged under a letter of appointment. John Botts, Adair Turner and Chris Powell have notice periods of six months while Jonathan Newcomb, Christopher Hyman and Sandy Leitch have notice periods of three months. None of the non-executive directors' terms of appointment contain any provision for payment of compensation on early termination. Non-executive directors are not entitled to participate in the company's share option or pension schemes. Each director's appointment (including that of the chairman) is reviewed every three years. Set out below are the dates on which each non-executive director was first appointed to the board and the year in which he was last re-elected by shareholders.

Director	Date of appointment	Date of last re-election
John Botts	8 July 1997	2004
Christopher Hyman	7 May 2004	2005
Sandy Leitch	11 January 2005	2005
Jonathan Newcomb	27 September 2001	2005
Chris Powell	4 April 1996	2005
Adair Turner	1 January 2000	2003
Geoff Unwin (Chairman)	4 April 1996	2003

Performance Graph



Source: Merrill Lynch

The above graph shows UBM's total shareholder return performance over the last five years since 31 December 2000 as compared to the FTSE Media Index, which has been chosen as UBM is a constituent of that index.

Governance

The committee has written terms of reference which may be viewed on the group's website. Copies may be obtained from the company secretary. The committee's constitution and operation, and the company's remuneration policy, are in compliance with the Combined Code on corporate governance.

Directors' Remuneration

In accordance with the Companies Act 1985, as amended by the Directors' Remuneration Report Regulations 2002, the following information in this report has been audited by Ernst & Young LLP.

Table of individual directors' remuneration

Directors	Basic salary	Fees £	Benefits[2] £	Bonus[3] £	Allocated Shares[4] £	MTIP £	Compensation for loss of office	Total for 2005 £	Total for 2004 £	Employers' pension conts (Money Purchase) £
David Levin[1]	369,872		12,029	406,860				**788,761**	–	72,000
Charles Gregson[5]	281,714		61,643	407,648				**751,005**	664,085	
Nigel Wilson	347,857		14,277	382,643				**744,777**	687,736	67,992
Geoff Unwin		100,000			115,070			**215,070**	209,393	
John Botts		40,000			17,260			**57,260**	55,771	
Christopher Hyman		30,000			17,260			**47,260**	25,987	
Sandy Leitch		29,231			12,544			**41,775**	–	
Jonathan Newcomb		30,000			17,260			**47,260**	40,771	
Chris Powell		40,000			17,260			**57,260**	55,771	
Adair Turner		40,000			17,260			**57,260**	50,771	
Directors who retired during the year										
Clive Hollick[6]	275,872		6,912	165,523		137,936		**586,243**	1,440,608	
Malcolm Wall[7]	86,618		3,175				100,000	**189,793**	611,824	109,707
Total emoluments	**1,361,933**	**309,231**	**98,036**	**1,362,674**	**213,914**	**137,936**	**100,000**	**3,583,724**	**3,842,717**	**249,699**

Notes to directors' remuneration table

1. David Levin was appointed on 5 April 2005 and his remuneration is shown from that date.
2. Benefits are non pensionable car and cash allowances. Benefits for Charles Gregson include a relocation allowance.
3. The bonus column reflects the cash value of bonuses earned in respect of 2005. 50% of the total bonus earned will be deferred into ordinary shares to be held for three years under the Bonus Investment Plan. Before its award David Levin and Nigel Wilson sacrificed part of their cash bonus entitlement. A payment equal to 110% of the amount sacrificed will be made to the United Group Pension Scheme in April 2006.
4. Non-executive directors' fees include an element which is payable in the form of ordinary shares as described on page 27. The allocated shares column reflects the cash value of shares on the date on which they were provisionally allocated, i.e. 1 April (533.5 pence) and 3 October (561.0 pence).
5. The company received a contribution of £91,667 from ICAP plc in consideration for making available the services of Charles Gregson as chairman of that company in 2005. Charles Gregson's remuneration shown above is net of that contribution.
6. Clive Hollick resigned as a director at the AGM held on 12 May 2005. His contract terminated on 19 May 2005 and his remuneration is shown until that date.
7. Malcolm Wall left the board on 31 March 2005 and his remuneration is shown until that date. The employers' pension contribution includes a bonus sacrifice of £100,000 that was reported in 2004.

Directors' Remuneration (continued)

Directors' pension provision

The tables below provide relevant disclosure in respect of Charles Gregson's entitlement under a defined benefit scheme, and payments made by the company to defined contribution schemes for David Levin, Nigel Wilson and Malcolm Wall.

Charles Gregson is a member of the United Pension Plan. Normal retirement age under the plan is 60. Charles Gregson's pension entitlement is two thirds of final pensionable salary, which is calculated as the average of the highest three consecutive pensionable salaries in the ten years prior to retirement. Pensions in payment are increased by 5% per annum or RPI if less. The widow's pension is two thirds of the individual's pension.

Under the terms of Charles Gregson's previous service contract, the definition of pensionable salary included annual bonus up to 50% of base salary. This was a longstanding term of his contract. If his services were terminated by the company without his consent he would be entitled to an immediate pension calculated as a proportion of his pension entitlement at age 60, based on his final pensionable salary at the date of termination. Charles Gregson will cease to be an active member of the United Pension Plan on 1 April 2006 and will cease to accrue benefits from that date.

Clive Hollick was also a member of the United Pension Plan until 31 March 2005, when a transfer value of £14.73 million was paid to a self-administered scheme. The United Pension Plan has no liability for pension provision to Clive Hollick or his dependants.

Name	Current age	Accrued pension 31.12.2005 £000 pa	Increase in accrued pension during the year ended 31.12.2005 £000 pa	Transfer value 31.12.2004 £000	31.12.2005 £000	Increase in transfer value for year ended 31.12.2005 less member contributions £000	**Increase in accrued pension during year ended 31.12.2005 in excess of inflation £000 pa**	**Transfer value at 31.12.2005 of increase in excess of inflation less member contributions £000**
Charles Gregson	58	371	12	6,459	7,432	967	4	59

David Levin, Nigel Wilson and Malcolm Wall are all members of the defined contribution section of the United Group Pension Scheme. The table below shows the total pension contributions paid by the company during the year on behalf of each individual.

Name	**Normal retirement age**	**Pension contribution**	**Company pension contribution during the year £000**
David Levin	60	20% of basic salary	72
Nigel Wilson	60	20% of basic salary	68
Malcolm Wall	60	15% of basic salary	10

Directors' Remuneration (continued)

Directors' interests in share options

	Date of Grant	Options held at 1.1.05	Exercised/ lapsed during 2005	Options held at 31.12.05 (or date of leaving if earlier)	Exercise period from	Exercise period to	Exercise price (p)	Market price at date of exercise (p)	Total gain on exercise
David Levin									
United 2000 Executive Scheme	06.04.05	–		157,500	06.04.08	06.04.15	532.17		
Nigel Wilson									
United 2000 Executive Scheme	08.08.01	104,000	–	104,000	08.08.04	08.08.11	595.70		
	08.08.01	104,000	–	104,000	08.08.05	08.08.11	595.70		
	19.12.01	75,000	–	75,000	19.12.04	19.12.11	529.00		
	19.12.01	75,000	–	75,000	19.12.05	19.12.11	529.00		
	22.08.02	125,000	125,000	–	22.08.05	22.08.12	277.20	563.75	£358,188
	22.08.02	125,000	–	125,000	22.08.06	22.08.12	277.20		
	09.04.03	120,000	–	120,000	09.04.06	09.04.13	247.25		
	05.04.04	65,000	–	65,000	05.04.07	05.04.14	500.67		
United SAYE Scheme	10.04.03	11,060	–	11,060	01.06.10	01.12.10	160.48		
Charles Gregson									
United 1994 Executive Scheme	16.09.96	69,252	–	69,252	16.09.99	16.09.06	686.00		
United 2000 Executive Scheme	18.12.00	52,500	–	52,500	18.12.03	18.12.10	843.00		
	18.12.00	52,500	–	52,500	18.12.04	18.12.10	843.00		
	08.05.01	52,500	–	52,500	08.05.04	08.05.11	724.80		
	08.05.01	52,500	–	52,500	08.05.05	08.05.11	724.80		
	19.12.01	75,000	–	75,000	19.12.04	19.12.11	529.00		
	19.12.01	75,000	–	75,000	19.12.05	19.12.11	529.00		
	22.08.02	125,000	–	125,000	22.08.05	22.08.12	277.20		
	22.08.02	125,000	–	125,000	22.08.06	22.08.12	277.20		
	09.04.03	120,000	–	120,000	09.04.06	09.04.13	247.25		
	05.04.04	65,000	–	65,000	05.04.07	05.04.14	500.67		
United SAYE Scheme	10.04.03	8,187	–	8,187	01.06.08	01.12.08	160.48		
	08.04.04	793	–	793	01.06.09	01.12.09	412.27		
Clive Hollick									
United 1994 Executive Scheme	16.09.96	153,455	153,455	–	16.09.99	19.11.05	686.00		
United 2000 Executive Scheme	18.12.00	152,500	–	152,500	19.05.05	19.05.06	843.00		
	18.12.00	152,500	–	152,500	19.05.05	19.05.06	843.00		
	08.05.01	152,500	–	152,500	19.05.05	19.05.06	724.80		
	08.05.01	152,500	–	152,500	19.05.05	19.05.06	724.80		
	19.12.01	150,000	–	150,000	19.05.05	19.05.06	529.00		
	19.12.01	150,000	–	150,000	19.05.05	19.05.06	529.00		
	22.08.02	250,000	–	250,000	19.05.05	19.05.06	277.20		
	22.08.02	250,000	–	250,000	19.05.05	19.05.06	277.20		
	09.04.03	120,000	–	120,000	19.05.05	09.10.06	247.25		
United SAYE Scheme	31.10.97	616	–	616	01.02.05	01.08.05	632.70		
	10.04.03	5,888	–	5,888	19.05.05	19.11.05	160.48		
Malcolm Wall									
United 2000 Executive Scheme	18.12.00	76,000	–	76,000	31.03.05	31.03.06	843.00		
	18.12.00	76,000	–	76,000	31.03.05	31.03.06	843.00		
	08.05.01	76,000	–	76,000	31.03.05	31.03.06	724.80		
	08.05.01	76,000	–	76,000	31.03.05	31.03.06	724.80		
	19.12.01	75,000	–	75,000	31.03.05	31.03.06	529.00		
	19.12.01	75,000	–	75,000	31.03.05	31.03.06	529.00		
	22.08.02	125,000	–	125,000	31.03.05	31.03.06	277.20		
	22.08.02	125,000	–	125,000	31.03.05	31.03.06	277.20		
	09.04.03	120,000	–	120,000	31.03.05	31.03.06	247.25		
	05.04.04	65,000	–	65,000	05.04.07	05.04.08	500.67		
United SAYE Scheme	08.04.04	457	–	457	31.03.05	30.09.05	412.27		

Directors' Remuneration (continued)

Awards under the 2000 Executive Share Option Scheme ("ESOS") are granted at market value and awards are generally made on a phased basis.

Options are subject to a performance condition which requires growth in earnings per share to exceed the increase in UK inflation by an average of at least 3% per annum over the period of three years from the date of grant. If this condition is met, options with a face value equal to 0.75 times salary will vest. In order for the whole award to vest, growth in earnings per share must exceed the increase in UK inflation by an average of 5% per annum over the measurement period. A sliding scale applies between these two figures.

The committee considers that the performance condition is in line with market practice at the time the scheme was set up and is appropriately stretching. Options granted prior to 2004 may be re-tested up to six years from the date of grant from a fixed base. No re-testing is permitted of options granted after February 2004.

Options granted under the 1994 Executive Scheme are subject to a performance condition which requires EPS growth to exceed the increase in UK inflation by an average of 2% per annum over a three year period. At the time of the plan's inception this performance condition was in line with existing market practice. The performance condition has been met in respect of all outstanding options held under the United 1994 Executive Scheme, which are consequently fully vested. All options were granted at market value and for no consideration.

Directors' interests in the Senior Executive Equity Participation Plan ("SEEPP")

The SEEPP offers selected senior executives (including executive directors) the opportunity to waive part or all of their annual bonus and receive an interest in shares in the company ("bonus shares") to the equivalent value. The executive may also be granted a right to acquire further shares ("matching shares") in the company equal in value to the gross amount of the bonus foregone.

Matching share awards will vest after four years but only to the extent that the associated bonus shares are still held on that date. Matching share awards are also subject to a performance condition which is measured over the four year vesting period. One third of the award may only be exercised if growth in earnings per share during that period exceeds inflation by an average of 3% per annum; a further one third requires such growth to exceed inflation by an average of 5% per annum; the remaining one third requires no performance condition. No re-testing of performance conditions is permitted. These conditions are in accordance with the committee's policy as outlined above.

Charles Gregson and Nigel Wilson each waived their cash bonuses for 2004 and received awards under the SEEPP which are included in the table below. Following the introduction of the Bonus Investment Plan, no further awards will be made under the SEEPP.

	B shares/ options at 01.01.05+	Ordinary shares/ options at 01.01.05+	Ordinary shares/ options granted in 2005	B shares/ options exercised or lapsed in 2005	Ordinary shares/ options exercised or lapsed in 2005	B shares/ options at 31.12.05+ (or date of leaving if earlier)	Ordinary shares/ options at 31.12.05+ (or date of leaving if earlier)	Exercisable from	Expiry date	Market value†	Gain on exercise
Nigel Wilson	–	59,796	–	–	–	–	59,796	11.04.07	11.04.13	£190,450	n/a
	–	66,248	–	–	–	–	66,248	24.03.08	24.03.14	£211,000	n/a
	–	–	69,270	–	–	–	69,270	31.03.09	31.03.15	£220,625	n/a
Charles Gregson	15,152	19,972*	–	15,152**	19,972	–	–	18.03.02	29.06.07	n/a	£9,170
	9,398	12,388*	–	–	–	9,398	12,388	08.03.03	29.06.07	£62,481	n/a
	778	2,050*	–	–	–	778	2,050	03.03.04	29.06.10	£5,168	n/a
	–	23,850*	–	–	23,850‡	–	–	08.05.05	08.05.11	n/a	£2,131
	–	5,500*	–	–	–	–	5,500	16.04.06	16.04.12	£17,518	n/a
	–	121,836*	–	–	–	–	121,836	11.04.07	11.04.13	£388,048	n/a
	–	80,924*	–	–	–	–	80,924	24.03.08	24.03.14	£257,743	n/a
	–	–	47,618*	–	–	–	47,618	31.03.09	31.03.15	£151,663	n/a
Clive Hollick	34,038	44,868*	–	34,038**	44,868	–	–	18.03.02	29.06.07	n/a	£206,023
Malcolm Wall	–	–	28,598	–	–	–	28,598	31.03.05	31.03.06	£91,085	n/a

Awards becoming exercisable on or after 3 March 2004 were granted under the 2000 SEEPP, which is described above. Awards becoming exercisable prior to 3 March 2004 were granted under the 1996 SEEPP, which operates in a similar manner to the 2000 SEEPP, except that the matching awards are subject to a longer vesting period (up to 7 years) but no performance conditions are attached. At the time the 1996 SEEPP was established, it was not customary to attach performance conditions to matching awards.

Directors' Remuneration (continued)

Notes

* The directors gave up cash bonuses that would otherwise have been receivable by them in order to receive awards under the SEEPP. For Clive Hollick and Charles Gregson, the bonus was paid to each individual's Funded Unapproved Retirement Benefit Scheme ("FURBS") and used by the FURBS Trustees to purchase shares from the SEEPP Trustees at full market value. A matching award was granted over an equal number of shares. The table shows the total bonus shares and matching awards. The bonus shares are included in the directors' beneficial interest in shares shown on page 33. The amount used to purchase the bonus shares was included in the director's reported remuneration for the year in which the award was made.

** Following exercise of the matching awards, the bonus shares cease to have any restrictions attached to them and are no longer considered to form part of the director's SEEPP interests.

\+ The SEEPP bonus shares/options and matching awards were adjusted to reflect the capital reorganisation which took place on 23 April 2001, whereby every shareholder received 44 B shares and 29 new ordinary shares in place of every 44 ordinary shares previously held.

‡ The performance condition was not met for awards made in 2001 and consequently two thirds of the matching options under these awards lapsed during 2005.

† The market value of the matching awards is calculated at 637 pence per share, the closing mid market price on 30 December 2005, and 245 pence per B share.

Directors' interests in Performance Share Plan

	Date of Grant	Options held at 01.01.05	Exercised/ lapsed during 2005	Options held at 31.12.05	Exercisable from	Expiry date	Market value
David Levin	12.10.05	–	–	104,000	12.10.08	12.10.15	£662,480
Nigel Wilson	12.10.05	–	–	110,395	12.10.08	12.10.15	£703,216
Charles Gregson	12.10.05	–	–	55,198	12.10.08	12.10.15	£351,611

The Performance Share Plan is described on page 25. The market value of shares is calculated at 637 pence per share, the closing mid market price on 30 December 2005.

Directors' interests in MTIP

	Date of Grant	Options held at 01.01.05	Granted during 2005	Exercised/ lapsed during 2005	Options held at 31.12.05 (or date of leaving if earlier)	Exercisable from	Expiry date	Market value
Nigel Wilson	25.03.04	42,641		–	42,641	01.01.06	25.03.11	£271,623
	31.03.05	–	32,319	–	32,319	01.01.07	31.03.12	£205,872
Charles Gregson	25.03.04	42,503		–	42,503	01.01.06	25.03.11	£270,744
	31.03.05	–	40,269	–	40,269	01.01.07	31.03.12	£256,514
Clive Hollick	25.03.04	91,935		–	91,935	01.01.06	01.01.08	£585,626
	31.03.05	–	69,681	–	69,681	01.01.07	01.01.09	£443,868
Malcolm Wall	25.03.04	18,329		–	18,329	01.01.06	01.01.08	£116,756
	31.03.05	–	33,883	–	33,883	01.01.07	01.01.09	£215,835

Awards made under the MTIP are in the form of nil cost options over the company's shares, the number of shares to be calculated using the average share price for the month preceding the start of the relevant financial year. Thus the company's results for 2004 formed the basis for awards made in 2005, with the number of options granted being calculated by reference to the average share price during December 2003. Awards made in 2005 will vest as to 50% in January 2007 and the balance in January 2008, provided the director remains in the group's employment. Awards will also vest if employment ceases due to redundancy, disability, injury, death, retirement at or after contractual retirement age, or in other circumstances at the discretion of the remuneration committee. Only purchased shares may be used to fulfil awards under the MTIP. The market value is calculated at 637 pence per share, the closing mid market price on 30 December 2005.

Executive directors are no longer eligible to participate in the MTIP.

Directors' Remuneration (continued)

Directors' interest in shares

The interests of the directors in ordinary shares (all of which are beneficial) are shown as at 1 January 2005 (or date of appointment if later), and 31 December 2005 (or date of leaving if earlier).

Director	Ordinary shares at 01.01.05	Ordinary shares at 31.12.05	SEEPP Bonus shares at 01.01.05	SEEPP Bonus shares at 31.12.05
David Levin	–	70,164	–	–
Nigel Wilson	19,449	16,016	63,022	97,657
Charles Gregson	425,622	283,721	–	–
John Botts	12,661	15,466*	–	–
Christopher Hyman	815	3,969*	–	–
Sandy Leitch	–	2,270*	–	–
Jonathan Newcomb	8,556	11,710*	–	–
Chris Powell	13,341	16,026*	–	–
Adair Turner	10,684	13,838*	–	–
Geoff Unwin	60,032	80,364*	–	–
Clive Hollick	785,434	646,828	–	–
Malcolm Wall	14,014	11,540	14,299	14,299

The share interests as at 31 December 2005 reflect the consolidation of capital that took place on 20 June 2005.

* Interests of non-executive directors include provisional allocations of shares by way of remuneration as described on page 27.

On joining UBM, David Levin was conditionally awarded 28,400 ordinary shares which are included in the table above. Provided he is still employed by UBM he will be entitled to receive 50% of these shares on 6 April 2007 and 50% on 6 April 2008.

As at 31 December 2005 the Trustees of the United Business Media ESOP Trust and the Qualifying Employee Share Trust held 2,142,914 ordinary shares (2004: 2,346,073) and 34,918 B shares (2004: 279,484). Under paragraph 2 of Schedule 13 to the Companies Act 1985 the executive directors are deemed to be interested in these shares.

Changes in directors' interests since 31 December 2005

There have been no changes to the interests of directors in UBM shares nor in options over UBM shares between 31 December 2005 and 27 February 2006.

The minimum price of ordinary shares during the year was 476.0 pence and the maximum price was 639.0 pence.

Approved by the board and signed on its behalf

Chris Powell
28 February 2006

CORPORATE GOVERNANCE STATEMENT

Compliance with the Combined Code

This report explains the manner in which the company has applied the principles of the Combined Code on corporate governance. The board support the principles and provisions of the Code and confirms that the company complied with the Code in full during 2005.

The board

The board has overall responsibility to shareholders for the management of the group. The primary function of the board is to set the group's strategy and to oversee the effective implementation of that strategy. A formal schedule of matters to be considered by the board is in place and is reviewed periodically. The board meets regularly and is responsible for matters such as the annual budget (including capital expenditure), major acquisitions and disposals, succession planning, investment strategy, dividend policy, substantial property transactions, and the group's system of internal controls. Decisions on operational matters are delegated to the executive directors. There is an established agenda of items to be considered at board meetings, which provides regular updates on the group's finances, operations, strategy and development. The board also receives presentations from executive directors and from divisional management and other senior executives on specific issues. The chairman meets separately with the chief executive on a regular basis and other informal meetings and discussions take place between directors as appropriate. The board receives monthly management accounts and other financial information. The board has seven scheduled meetings per annum and meetings may be convened at other times as and when necessary; there were eight meetings in total during 2005. Details of individual attendance by directors at board and committee meetings are set out below.

	Board	Audit Committee	Remuneration Committee (attendance is shown only for committee members)
Geoff Unwin	8		
David Levin	7 (of 7)		
Charles Gregson	8		
Nigel Wilson	8		
John Botts	8	4 (of 5)	
Christopher Hyman	7 (of 8)	3 (of 5)	
Sandy Leitch	6 (of 8)		6
Jonathan Newcomb	8	5	6
Chris Powell	7 (of 8)		6
Adair Turner	8	5	6
Clive Hollick	2 (of 2)		
Malcolm Wall	1 (of 1)		

Board committees

The board is assisted in fulfilling its responsibilities by three principal committees, the audit, remuneration and nomination committees. Details of the activities of the audit committee are set out in a separate report on page 37 while those of the remuneration committee are set out in the remuneration report on pages 24 to 33.

The terms of reference for all committees may be viewed on the company's website and copies can be obtained from the company secretary, who acts as secretary to all three committees.

Nomination committee

The nomination committee is chaired by Geoff Unwin and its other members were John Botts and Chris Powell. In February 2006 Sandy Leitch replaced Chris Powell on the committee. The committee meets as required to review the structure, size and composition of the board and to oversee the recruitment of new board members, both executive and non-executive.

Recruitment is conducted with the assistance of external search consultants for both executive and non-executive directors.

During 2005 the nomination committee did not meet formally, but members continued to review potential candidates for non-executive directorships in order to ensure that there was an appropriate mix of skills and experience on the board.

Board balance and independence

For the majority of 2005 there were ten board members, comprising the chairman (part-time), chief executive, two other executives and six non-executive directors. Clive Hollick stepped down as chief executive of UBM in April upon the appointment of David Levin, but remained as an executive director until the annual general meeting in May. Malcolm Wall, Chief Operating Officer, left the board in March 2005. John Botts is the senior independent non-executive director. The board believes that a strong presence of non-executive directors is a key aspect of effective corporate governance. The board assesses and periodically reviews the independence of its non-executive directors; in doing so it has regard to the personal qualities demonstrated by each director, particularly the nature and effectiveness of his contribution to debate at board and committee meetings. The board has taken particular note of those factors which are listed in the Combined Code as possibly affecting the independence of directors, which are relevant to two directors. In both cases the board concluded that these factors do not affect the independence of the individual director concerned. Adair Turner is a vice-chairman of Merrill Lynch Europe; this role is unconnected with the services provided by Merrill Lynch as one of the company's brokers. Chris Powell had served as a director of the company for nine years in April; as explained in last year's annual report, the company wished to retain his services during the transitional period of handover to the incoming chief executive. He was re-elected to the board at the 2005 annual general meeting and will retire at the next AGM. Biographies of all the directors currently in office are set out on pages 22 to 23 and illustrate their range of experience.

Under the company's articles of association, at each annual general meeting any director then in office who has been appointed by the board since the previous annual general meeting and any director who at the date of the notice convening the meeting had held office for more than thirty months since he was last appointed or re-appointed by the company in general meeting shall retire from office but is eligible for re-appointment. Non-executive directors' appointments are reviewed every three years.

The roles of chairman and chief executive are separate, and a summary of their respective responsibilities is set out in writing and has been approved by the board.

The chairman is responsible for overseeing the operation of the board but takes no part in the day to day running of the business. Prior to his appointment as chairman, Geoff Unwin was an independent non-executive director of the company. He is also chairman of Halma plc, Liberata plc, The Cloud Networks Limited and OmniBus Systems Limited and is a member of the advisory board of Palamon Capital Partners.

Board evaluation

The evaluation of the performance of the board, its committees and individual directors during 2005 was undertaken by the following means:

- The chairman's performance was evaluated by means of a written questionnaire, which all directors were asked to complete, and also by the non-executive directors in a meeting led by the senior independent director.
- The chief executive, David Levin, evaluated executive directors' performance. The chief executive's performance was reviewed by the chairman who took account of views of other board members.
- To enable the board to evaluate its own performance and that of its committees, directors completed a detailed questionnaire and commentary on a confidential basis, the results being collated and reported back to the board by the company secretary. The chairman also conducted one to one discussions with other board members and with senior management regarding board performance.

Information and professional development

A procedure exists whereby directors may seek independent professional advice if they consider it appropriate to do so in the furtherance of their duties.

All directors have access to the advice and services of the company secretary, who has primary responsibility for keeping directors updated and informed of general developments which may be of relevance to their responsibilities. The company secretary is not a board director.
All directors are offered the opportunity to further their professional development by means of attendance at seminars and briefings. An induction process is in place for all directors on appointment; this includes discussions with the chairman and chief executive as well as one to one briefings and presentations from other directors and senior management on matters relating to the group's businesses and procedures. Non-executive directors are encouraged to meet with members of senior management on an individual basis and to visit the group's operations.

All board members participated in the group's annual management conference, which was held in Bangalore, India and was attended by senior divisional and head office executives. This provided a valuable opportunity for discussion of the group's strategy and its businesses as well as enabling participants to learn at first hand about the economic environment in India, where UBM has growing business interests, through visiting companies and non-governmental organisations based there.

Relations with shareholders

The company's shareholders are kept informed about the activities and progress of the group primarily by means of the annual and interim reports, and by the publication of updated trading information prior to the start of each close period and at the annual general meeting. All results presentations are streamed onto the web and are accessible by all investors. Financial and other information about the company is published on its website, which has links to the websites of other businesses in the group.

In November 2005 UBM held an investor day, which enabled institutional investors and analysts to receive presentations from the executive management team about the group's businesses.

The company also maintains an ongoing dialogue with its major institutional shareholders by means of scheduled programme of meetings, which are generally undertaken by the chief executive and chief financial officer, and may be attended if appropriate by the chairman or senior independent director. In connection with the introduction during the year of new long-term incentive plans, the chairman and chairman of the remuneration committee met with the company's largest investors and took account of view expressed by them in designing those plans. The chairman is responsible for ensuring that the views of shareholders are communicated to other directors. Feedback from investor meetings is provided to all directors, as are analysts and brokers' reports. An independent survey of investors was also carried out by the company's external IR consultants and the results presented to the board.

Consultation is undertaken with bodies representing shareholders' interests on matters which the company considers appropriate. All shareholders are welcome at the annual general meeting where they have the opportunity to ask questions of all the directors, including the chairman, as well as the chairmen of the audit and remuneration committees.

Internal control

The board is responsible for maintaining the effectiveness of the group's system of internal controls and for reviewing the effectiveness of such systems. The system is intended to enable the group to identify and manage the risks inherent in its business and accordingly can provide only reasonable and not absolute assurance against material mis-statement or loss.

A formal process is in place for identifying, evaluating and managing the key financial, operating and compliance risks faced by the group. This risk mapping process, which was in place throughout 2005 and continues in force, accords with the Turnbull guidance issued in September 1999 and is reviewed annually by the board. The process, which is undertaken at a divisional level, aims to identify and evaluate risks which are specific to each of the group's businesses. The results are co-ordinated by the internal audit department, reviewed centrally by senior management, and considered by the audit committee, which in turn reports to the board. The process established for the group includes the following:

- All staff are required to comply with a formal system of delegated authorities which is in place for all divisions and head office.
- Further guidance on group policies and procedures is set out in various manuals including the financial policies and procedures manual, group policy manual and employee handbooks.
- An anti malpractice policy is in place throughout the group which provides a mechanism for confidential reporting by staff of possible concerns about financial or other matters.
- Treasury operations and taxation matters are considered by the finance committee, a management committee which operates within specified delegated authorities and reports to the board. Meetings are customarily attended by the chief executive, chief financial officer, deputy CFO, company secretary, head of taxation and head of treasury.
- The group has a comprehensive financial reporting system, with the annual budget being approved by the board and monthly trading results, balance sheets and cashflow summaries recorded against corresponding figures for the budget and the previous year.
- The chief executive and chief financial officer are responsible for certifying the company's annual financial statements, which process is supported by certification for the individual businesses from divisional CEOs and finance directors. As part of this process the disclosure committee, chaired by the company secretary, reviews the information contained in the company's financial statements and results presentations, and the method by which such information was gathered and evaluated by senior management.
- Established procedures are in place for the evaluation of potential acquisitions and their integration into the group, including the provision of detailed business plans and monitoring of post acquisition performance against such plans.
- The internal audit department undertakes periodic reviews of individual businesses to assess their control status and makes recommendations to the audit committee. The work of the internal audit department is prioritised to concentrate on the areas of greatest risk as identified through the group risk management process. The head of internal audit attends meetings of the audit committee, which oversees the role and structure of the internal audit department and makes recommendations to management.

The Audit Committee

The audit committee is chaired by Adair Turner and its other members are John Botts, Jonathan Newcomb and Christopher Hyman, all of whom are independent non-executive directors. Members of the committee have broad financial experience which has been gained in a variety of disciplines, and which the board considers appropriate to enable the committee to carry out its responsibilities. The committee meets at least four times a year; it met on five occasions during 2005 and details of individual attendance are set out in the table on page 34. The company secretary is secretary to the committee and others invited to attend committee meetings include the chief financial officer, deputy CFO, head of internal audit, head of taxation and external auditors. The committee also meets at least once a year with external auditors without management present.

The committee operates within written terms of reference, which are reviewed annually. Its responsibilities include the following:

- Review of the interim and annual financial statements and other formal announcements relating to financial performance.
- Review of the adequacy of the group's internal central and risk management processes, and to review the company's disclosure on internal controls and procedures.
- The appointment, remuneration and oversight of the external auditors, including monitoring the auditor's independence and objectivity and the effectiveness of the audit process.
- Review of the internal audit programme, ensuring that the internal audit function is adequately resourced and has appropriate standing within the company and generally monitoring its effectiveness.
- Ensure that procedures are in place to deal with complaints regarding accounting or audit matters.

To assist in ensuring auditor objectivity and independence, the audit committee has established a formal procedure regarding the undertaking of non-audit services by the external auditor, which identifies a number of categories of work where the auditors will not normally be employed, including financial due diligence on potential acquisitions and financial systems consultancy. Appointment of the external auditor for other non-audit services may only be made with the prior approval of the audit committee. Approval for projects with anticipated fees not exceeding specified limits is delegated to the chief financial officer or deputy CFO and is reported to the committee.

A review of auditor effectiveness and independence has also been conducted by executive management, following the guidelines established by the ICAEW and ICAS, and considered by the committee.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNITED BUSINESS MEDIA PLC

We have audited the group financial statements of United Business Media plc for the year ended 31 December 2005 which comprise the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Group Total Recognised Income and Expense and the related notes 1 to 37. These group financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the parent company financial statements of United Business Media plc for the year ended 31 December 2005 and on the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report and the group financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the group financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the group financial statements give a true and fair view and whether the group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation. We also report to you if, in our opinion, the Directors' Report is not consistent with the group financial statements, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2003 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited group financial statements. The other information comprises only the Chairman's Review, Chief Executive's Review, Operating and Financial Review, the unaudited part of the Directors' Remuneration Report, the Corporate Governance Statement, Report of the Directors and the Five Year Financial Summary. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the group financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the group financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the group financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the group financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the group financial statements.

Opinion

In our opinion the group financial statements:

- give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation.

Separate opinion in relation to IFRSs

As explained in Note 2 to the group financial statements, the group in addition to complying with its legal obligation to comply with IFRSs as adopted by the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board.

In our opinion the group financial statements give a true and fair view, in accordance with IFRSs, of the state of the group's affairs as at 31 December 2005 and of its profit for the year then ended.

Ernst & Young LLP
Registered auditor
London
28 February 2006

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 December 2005.

Activities, business review and development

During 2005 the group's principal activities were in the areas of market research, news distribution and professional media. The market research businesses were sold on 1 June 2005. The operating and financial review on pages 10 to 21 contains details of the performance of the group and its divisions during the year.

Results for the year and dividends

The results for the year are set out in the consolidated income statement on page 42. The balance to be transferred to reserves is £477.5 million. The directors recommend a final dividend of 11 pence per share for the year ended 31 December 2005 to be paid on 25 May 2006 to those shareholders on the register on 28 April 2006. An interim dividend of 4 pence per share was paid on 21 October 2005, making a total for the year of 15 pence (2004: 12 pence).

A dividend of 9 pence per B share will be paid on 24 April 2006 to holders of B shares on the register on 31 March 2006.

Directors and their interests

Biographical details of the directors in office as at 28 February 2006 are set out on pages 22 to 23. The following directors held office during the year:

Geoff Unwin, David Levin (appointed 5 April 2005), John Botts, Charles Gregson, Clive Hollick (resigned 12 May 2005), Christopher Hyman, Sandy Leitch (appointed 11 January 2005), Jonathan Newcomb, Chris Powell, Adair Turner, Malcolm Wall (resigned 31 March 2005) and Nigel Wilson.

Geoff Unwin and Adair Turner will retire from the board in accordance with the company's articles of association at the annual general meeting and, being eligible to do so, will stand for re-election. Geoff Unwin has a service contract with the company which is terminable by either party on twelve months' notice. Adair Turner does not have a service contract and is considered by the company to be independent.

The interests of the directors in office at 31 December 2005 in the shares of the company and its subsidiary undertakings are set out in the directors' remuneration report on page 33.

No director had a material interest in any contract other than a service contract with the company or any subsidiary at any time during the year.

Changes in share capital

The issued share capital of the company at 1 January 2005 was 336,185,328 ordinary shares of 25 pence each, and 5,446,789 B shares of 8 23⁄44th pence each. The ordinary shares and B shares are listed on the London Stock Exchange.

Following the sale of its market research businesses to GfK Aktiengesellschaft, the company returned cash of £298.3 million to shareholders by way of a special dividend and share consolidation. On 20 June 2005, the 337,931,987 ordinary shares of 25 pence then in issue were converted into 278,296,942 new ordinary shares of 30 5⁄14th pence per share.

During the year the company repurchased a total of 3,010,000 ordinary shares with a nominal value of £0.9 million for consideration of £15.3 million and 615,866 B shares with a nominal value of £0.05 million for consideration of £1.5 million; all repurchased shares were cancelled under the provisions of the Companies Act.

During the year 4,681,851 ordinary shares were issued in connection with the exercise of options under the company's share option schemes, of which 720,000 were issued to the Qualifying Employee Share Trust to satisfy the exercise of options under the company's UK sharesave scheme.

The issued share capital of the company at 31 December 2005 was 278,222,120 ordinary shares of 30 5⁄14th pence each and 4,830,923 B shares of 8 23⁄44th pence each.

As at 31 December 2005, the company held valid authorities from shareholders to purchase up to 27,785,471 ordinary shares (granted on 20 June 2005) and up to a maximum of 5,446,789 B shares (granted on 12 May 2005). These authorities will expire at the conclusion of the annual general meeting to be held on 4 May 2006. Resolutions to renew them will be put to shareholders at that meeting.

US listing and American Depositary Receipts

The company's ordinary shares were previously traded in the USA on the NASDAQ in the form of American Depositary Receipts ("ADRs"). Following notice given by the company to its ADR holders, on 22 March 2005 the company terminated its ADR programme and cancelled its listing on NASDAQ.

On 6 February 2006 the company notified the US Securities and Exchange Commission of the cancellation of the registration of its shares under the US Securities and Exchange Act of 1934. On making such notification, the company's obligations to file certain forms and reports with the SEC under the Exchange Act were suspended. Accordingly, the company does not expect to file a Form 20F for the year ended 31 December 2005. Termination of United Business Media's SEC registration is expected to take effect on 7 May 2006.

At its annual general meeting held on 12 May 2005, shareholders approved an amendment to the company's articles of association giving directors the ability to limit the number of US residents holding United Business Media plc ordinary shares. The directors are able to require US shareholders, whether holding directly or through nominees, to sell their shares in order to be satisfied that the number of US resident holders of ordinary shares is less than 300. Under current rules, the number of US shareholders must remain below the 300 limit to avoid re-commencement of SEC reporting requirements.

Employees

UBM promotes a culture of diversity, where the unique talents that every individual can bring to the business are fully recognised. Employees are selected and promoted solely on the basis of their skills and ability to do the job, regardless of age, gender, race, religion, sexual orientation or disability. Should employees become disabled during employment, every effort is made to accommodate their disability and enable them to continue to pursue their career. The group recognises the value of flexible working patterns to meet individual personal circumstances and to satisfy business needs. This approach has made a significant contribution to the recruitment and retention of a more diverse workforce.

Further information about employees can be found in the operating and financial review on page 20.

Corporate Social Responsibility

The importance of corporate social responsibility is recognised at all levels throughout the group. UBM aims to treat all stakeholders fairly and is committed to pursuing responsible employment policies and to supporting the community. Further information about the group's CSR activities can be found in the operating and financial review on page 20.

Statement of directors' responsibilities for the group financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union.

The directors are required to prepare financial statements for each financial year which present fairly the financial position of the group and the financial performance and cash flows of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- state that the group has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 1985 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Donations

In 2005 the group donated £434,300 to charitable organisations (2004: £240,200). The group made no political donations during 2005 (2004: nil). At the annual general meeting held on 12 May 2005 shareholders approved a resolution allowing the company to make EU political donations and expenditure as defined in the Companies Act totalling in aggregate up to £50,000. No such expenditure or donations were made during the year. A resolution to renew this authority will be proposed at this year's annual general meeting.

Substantial shareholdings

As at 28 February 2006 the company had been notified of the following interests of 3% or more in its issued ordinary share capital:

Legal & General:	10.35%
Aviva plc:	8.12%
LloydsTSB Group plc:	5.38%
Hermes Pension Management:	4.74%
AXA S.A.:	4.68%

Creditor payment policy

In view of the diversity of its businesses the group does not offer or operate a uniform timetable for payment of suppliers. Each operating company is responsible for agreeing with its own suppliers the terms and conditions on which it will transact business with them, including payment terms. The group's policy is to pay suppliers in accordance with these agreed terms. The company has no trade creditors.

Annual general meeting

The annual general meeting of the company will be held on 4 May 2006. The notice of meeting and a description of the business to be transacted is contained in the accompanying document.

Auditors

Ernst & Young LLP have indicated their willingness to continue in office and a resolution for their re-appointment and on their remuneration will be proposed at the annual general meeting.

By order of the board
Anne Siddell
Company Secretary

28 February 2006

Registered office:
Ludgate House
245 Blackfriars Road
London
SE1 9UY

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2005

Notes		Before Non-recurring items 2005 £m	Non-recurring items 2005 £m	Total 2005 £m	Before Non-recurring items 2004 £m	Non-recurring items 2004 £m	As restated Total 2004 £m
	Continuing operations						
3	Revenue	**675.8**	**–**	**675.8**	557.3	–	557.3
4	Other operating income	**11.9**	**–**	**11.9**	9.1	–	9.1
5	Operating expenses	**(575.8)**	**–**	**(575.8)**	(473.8)	–	(473.8)
7	Non-recurring reorganisation and restructuring costs	**–**	**(37.2)**	**(37.2)**	–	–	–
7	Share of results from associates and joint ventures (after tax)	**4.2**	**8.5**	**12.7**	6.0	–	6.0
	Income from investments	**3.0**	**–**	**3.0**	5.2	–	5.2
	Group operating profit	**119.1**	**(28.7)**	**90.4**	103.8	–	103.8
	Non-recurring items						
7	Profit on disposal of equity accounted investments	**–**	**150.7**	**150.7**	–	–	–
7	Amounts written off investments	**–**	**–**	**–**	–	(11.7)	(11.7)
		–	**150.7**	**150.7**	–	(11.7)	(11.7)
	Earnings before interest and taxes ("EBIT")	**119.1**	**122.0**	**241.1**	103.8	(11.7)	92.1
	Finance income/(costs)						
8	Interest income	**28.2**	**–**	**28.2**	26.5	–	26.5
8	Interest cost	**(15.5)**	**–**	**(15.5)**	(14.1)	–	(14.1)
8	Financing income – other than interest	**8.4**	**–**	**8.4**	–	–	–
8	Financing cost – other than interest	**(13.8)**	**(13.7)**	**(27.5)**	–	–	–
8	Financing cost – pension schemes	**(2.5)**	**–**	**(2.5)**	(3.4)	–	(3.4)
	Profit before tax	**123.9**	**108.3**	**232.2**	112.8	(11.7)	101.1
9	Taxation	**(23.6)**	**(1.2)**	**(24.8)**	(23.1)	–	(23.1)
7	Non-recurring taxation credit	**–**	**–**	**–**	–	121.0	121.0
	Profit for the year from continuing operations	**100.3**	**107.1**	**207.4**	89.7	109.3	199.0
	Discontinued operations						
31	Profit for the year from discontinued operations (after tax)	**–**	**270.1**	**270.1**	19.7	18.9	38.6
	Profit for the year	**100.3**	**377.2**	**477.5**	109.4	128.2	237.6
	Attributable to:						
	Equity shareholders – ordinary			**475.2**			235.4
	Equity shareholders – B shares			**0.4**			0.4
	Minority interests			**1.9**			1.8
				477.5			237.6
	Earnings per share – from continuing operations						
10	– basic			**67.8p**			58.8p
10	– diluted			**64.7p**			51.8p
	Earnings per share – continuing and discontinued operations						
10	– basic			**157.1p**			70.4p
10	– diluted			**142.8p**			61.8p
	Adjusted group operating profit*			**141.9**			132.9
	Amortisation of intangible assets			**(11.4)**			(3.1)
	Non-recurring reorganisation and restructuring costs			**(37.2)**			–
	Share of taxation on profit in joint ventures and associates			**1.9**			(0.8)
	Operating profit from discontinued operations (before tax)			**(4.8)**			(25.2)
	Group operating profit from continuing operations			**90.4**			103.8
	Dividends						
11	– Interim dividend			**11.0**			12.1
11	– Special dividend			**298.3**			–
11	– Proposed year end dividend (equity shareholders – ordinary)			**30.6**			28.1

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

CONSOLIDATED BALANCE SHEET

at 31 December 2005

Notes		31 December 2005 £m	As restated 31 December 2004 £m
	Assets		
	Non-current assets		
12	Goodwill	**590.6**	583.8
13	Intangible assets	**79.9**	50.4
14	Property, plant and equipment	**36.7**	45.0
16	Investments accounted for using the equity method	**22.2**	54.2
17	Other investments	**5.0**	47.9
		734.4	781.3
	Current assets		
18	Inventories	**9.4**	14.9
19	Trade and other receivables	**172.5**	306.1
	Derivative financial assets	**2.9**	–
20	Cash and cash equivalents	**489.4**	339.4
		674.2	660.4
15	Assets classified as held for sale	**–**	5.1
	Total assets	**1,408.6**	1,446.8
	Liabilities		
	Current liabilities		
21	Borrowings	**145.6**	142.8
21	Convertible bond	**93.7**	–
23	Trade and other payables	**318.8**	295.4
21	Derivative financial liabilities	**31.5**	–
24	Provisions	**38.8**	12.7
	Current tax liabilities	**219.4**	208.0
		847.8	658.9
	Non-current liabilities		
21	Borrowings	**3.3**	96.1
21	Convertible bond	**–**	208.7
25	Retirement benefit obligation	**52.3**	96.0
23	Trade and other payables	**5.6**	4.6
24	Provisions	**31.2**	35.9
9	Deferred tax liabilities	**24.0**	16.8
		116.4	458.1
	Total liabilities	**964.2**	1,117.0
	Shareholders' equity		
26	Share capital	**84.9**	84.5
27	Share premium	**327.7**	310.8
29	Other reserves	**179.0**	189.4
29	Retained earnings	**(149.9)**	(257.5)
	Total shareholders' equity	**441.7**	327.2
	Minority interest in equity	**2.7**	2.6
	Total equity	**444.4**	329.8
	Total equity and liabilities	**1,408.6**	1,446.8

These financial statements were approved by a duly appointed and authorised committee of the Board of Directors on 28 February 2006 and were signed on its behalf by:

Nigel Wilson Director
David Levin Director

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2005

Notes		2005 £m	As restated 2004 £m
	Cash flows from operating activities		
	Reconciliation of profit to operating cash flows		
	Profit for the period	**477.5**	237.6
	Add back:		
	Taxation	**25.8**	(92.3)
	Depreciation	**10.4**	12.9
	Amortisation	**11.4**	3.1
	Interest income	**(28.2)**	(26.5)
	Interest expense	**15.5**	14.1
	Net financing costs – pension schemes	**2.5**	3.4
	Net financing costs – other than interest	**19.1**	–
	Share in profits from associates and joint ventures	**(13.2)**	(5.0)
	Income from fixed asset investments	**(3.0)**	(5.2)
	Profit on disposals	**(417.0)**	(18.9)
	Non-recurring reorganisation and restructuring costs	**37.2**	–
	Amounts written off investments	**–**	11.7
		138.0	134.9
	Payments against provisions	**(19.9)**	(16.1)
	Additional pension contributions	**(17.2)**	(7.0)
	Other non-cash items	**4.1**	(0.6)
	(Increase)/decrease in inventories	**(6.2)**	2.4
	(Increase)/decrease in trade and other receivables	**(17.1)**	(3.7)
	Increase/(decrease) in trade and other payables	**18.4**	(2.4)
	Cash generated from operations	**100.1**	107.5
	Interest received	**19.9**	27.4
	Interest paid	**(16.4)**	(19.6)
	Taxation paid	**(17.4)**	(10.0)
	Dividend received from joint ventures and associates	**2.8**	4.8
	Income from investments	**3.0**	4.8
	Net cash flows from operating activities	**92.0**	114.9
	Cash flows from investing activities		
	Acquisition of interests in subsidiaries, net of cash acquired	**(115.6)**	(190.2)
	Sale of discontinued operations	**437.4**	–
	Purchase of property and equipment	**(9.7)**	(8.5)
	Proceeds on sale of property and equipment	**6.3**	1.9
	Sale/(purchase) of interests in associated companies and joint ventures	**300.3**	(1.7)
	Proceeds from sale of investments	**42.8**	67.1
	Net cash flows from investing activities	**661.5**	(131.4)
	Cash flows from financing activities		
	Proceeds from issuance of ordinary share capital	**18.2**	1.5
	Return of capital to shareholders (including costs)	**(16.8)**	(1.9)
	Dividend paid to shareholders	**(337.8)**	(31.2)
	Dividend paid to minority interests	**(1.9)**	–
	Investment in own shares – ESOP	**(7.4)**	(4.1)
	Decrease in borrowings	**–**	(98.9)
	Repurchase of bonds	**(273.2)**	–
	Net cash flows from financing activities	**(618.9)**	(134.6)
	Net decrease in cash and cash equivalents	**134.6**	(151.1)
	Net foreign exchange difference	**11.4**	(8.0)
	Cash and cash equivalents at 1 January	**336.6**	495.7
20	**Cash and cash equivalents at 31 December**	**482.6**	336.6

CONSOLIDATED STATEMENT OF GROUP TOTAL RECOGNISED INCOME AND EXPENSE

for the year ended 31 December 2005

	2005 £m	2004 £m
Profit for the financial year	**477.5**	237.6
Currency translation differences on foreign operations:		
Group	**(4.7)**	2.6
Joint ventures	**0.8**	(0.5)
Minority interests	**0.3**	(0.2)
Actuarial gain/(loss) recognised in the pension schemes	**25.0**	(14.9)
Other recognised gains/(losses) for the year	**21.4**	(13.0)
Total recognised income	**498.9**	224.6
Attributable to:		
Equity shareholders	**496.7**	223.0
Minority interests	**2.2**	1.6
	498.9	224.6
Effects of changes in accounting policy		
Effect of adopting financial instruments standards IAS 32 & 39 (refer to accounting policies in note 2, page 48, and note 37)	**(41.0)**	–
Equity shareholders	**(41.0)**	–
Minority shareholders	**–**	–
	(41.0)	–

1. General information

United Business Media plc is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is Ludgate House, 245 Blackfriars Road, London SE1 9UY. The nature of the group's operations and its principal activities are set out in note 3.

The group's financial statements for the year ended 31 December 2005 were authorised for issue on behalf of the board of directors on 28 February 2006 and the balance sheet was signed off on the board's behalf by David Levin and Nigel Wilson.

These financial statements are presented in pounds sterling and all values are rounded to the nearest £0.1m. Foreign operations are included in accordance with the policies set out in note 2.

2. Significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union and as applied in accordance with the provisions of the Companies Act 1985. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are given in note 37.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value.

Basis of consolidation

(a) Subsidiaries

The consolidated financial statements include the financial statements of UBM plc and its subsidiaries as at 31 December each year. The financial statements of subsidiaries are prepared to the same reporting date as the parent company, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the group and cease to be consolidated from the date on which control is transferred out of the group.

The group uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

(b) Associates

The group's investments in its associates are accounted for under the equity method of accounting. These are entities in which the group has the ability to exert significant influence and which are neither subsidiaries nor joint ventures. The financial statements of the associates are used by the group to apply the equity method. The reporting dates of the associates and the group are identical and the accounts are prepared on the basis of consistent accounting policies.

Under the equity method, the income statement reflects the share of the results of operations of the associates. Where there has been a change recognised directly in the associates' equity, the group recognises its share of any changes.

When the group's share of losses in an associate equals or exceed its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

(c) Joint ventures

The group's interests in its joint ventures are accounted for under the equity method of accounting.

2. Significant accounting policies (continued)

Changes in accounting policies

In 2005 the group has adopted IFRS for the first time. Previously the group reported under UK generally accepted accounting principles ("UK GAAP").

The group has applied IFRS 1 'First-time Adoption of International Financial Reporting and Accounting Standards' to provide a starting point for reporting under IFRS. The date of transition to IFRS is 1 January 2004 and all information in these financial statements has been restated to reflect the group's adoption of IFRS.

The adoption of IFRS has resulted in the following principal changes to the group's accounting policies:

IFRS 2 'Share-based Payment'

IFRS 2 'Share-based Payment' requires an expense to be recognised where the group buys goods or services in exchange for shares or rights over shares, or in exchange for other assets equivalent in value to a given number of shares or rights over shares. The main impact of IFRS 2 on the group is the expensing of employees' and directors' share options and other share-based incentives by using an option-pricing model to calculate the fair value at date of grant.

IFRS 3 'Business Combinations', IAS 36 'Impairment of Assets' and IAS 38 'Intangible Assets'

The group has adopted the exemption in IFRS 1 to apply IFRS 3 only to acquisitions after 31 March 2004.

On acquisition, the group measures the identifiable assets and liabilities of acquired entities at their fair values at the acquisition date. This includes intangible assets which would not be capitalised had they been internally developed. Under IFRS, more intangible assets will be recognised separately from goodwill.

The adoption of IFRS has resulted in the group ceasing goodwill amortisation from 1 January 2004 and instead testing for impairment at the level of the cash generating unit or group of cash generating units to which goodwill has been allocated, annually and whenever there are indications of impairment.

The useful lives of intangible assets other than goodwill are assessed at the individual asset level. Where an intangible asset has a finite life, it is amortised over its useful life. Amortisation periods and methods for intangible assets with finite useful lives are reviewed annually.

The group has reassessed the useful lives of its intangible assets in accordance with the provisions of IAS 38. No adjustment resulted from this reassessment.

IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'

IFRS 5 requires an item to be classified as held for sale if its carrying value will be recovered principally through a sale transaction rather than continuing use. In addition, a component of an entity is classified as discontinued when the criteria to be classified as held for sale have been met or it has been disposed of and it represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

The adoption of IFRS 5 has resulted in the profit from discontinued operations being disclosed as a single line on the face of the income statement comprising the profit after tax for the discontinued operations prior to disposal along with the related profit on disposal. The comparative period has been restated accordingly.

The group has adopted IFRS 5 from 1 January 2004. This resulted in £5.1 million of tangible assets reclassified as held for sale as at 31 December 2004.

IAS 18 'Revenue' and IAS 11 'Construction Contracts'

Under IAS 18, the recognition of revenue on service contracts should follow the principles in IAS 11.

Under IAS 11, the stage of completion method must be adopted for the recognition of revenue and expenditure on contracts where as under UK GAAP recognition on a completed project basis is acceptable.

IAS 12 'Income Taxes'

Under IFRS, the basis for recording deferred tax moves to a balance sheet liability method. Under IAS 12, a deferred tax liability is recognised on the difference between the balance sheet amount of intangible assets acquired as part of the group's acquisitions and the tax base of the intangible assets.

2. Significant accounting policies (continued)

Changes in accounting policies (continued)

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 group has adopted the exemption to implement IAS 32 and 39 from 1 January 2005, and has not restated its 2004 results.

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 the carrying value of recognised assets and liabilities that are hedged items are otherwise carried at cost and adjusted to record changes in fair values attributable to the risks that are being hedged. 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 with movements reported in the income statement. 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 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 finance cost – other than interest 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.

Adoption of new standards and amendments

The group has adopted the amended versions of IAS 17 'Leases' and IAS 19 'Employee Benefits', revised in 2004. The group has decided not to adopt IFRS 7 'Financial Instruments: Disclosure' early.

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements but would be relevant for the group, were in issue but were not yet effective. The date by which application is required is given in brackets.

IFRS 7	Financial Instruments: Disclosures, and the related amendment to IAS 1 on capital disclosures (1 January 2006)
IFRIC 4	Determining whether an Arrangement contains a Lease (1 January 2006)

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the group except for additional disclosures on capital and financial instruments when the relevant standards come into effect for the periods commencing on or after 1 January 2006.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products of services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2. Significant accounting policies (continued)

Revenue

Revenue comprises the fair value of sale of goods and services, net of trade discounts, VAT, other sales related taxes, and after eliminated sales within the group. Revenue is recognised as follows:

(a) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

(b) Sales of services

Revenue is recognised in the accounting period in which the services are rendered, with reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Publishing: advertising revenue is recognised on issue of the publication. Revenue from subscriptions is recognised over the life of the subscription.

Exhibitions: revenue is recognised when the show has been completed. Deposits received in advance are recorded as deferred income in the balance sheet.

News distribution: revenue is recognised on message delivery. Revenue from subscriptions is recognised over the life of the subscription.

Directories: revenue is recognised on the issue or sale of the directory.

Online: revenue is recognised at the point of delivery/fulfilment, or over the life of subscriptions.

Market research: revenue is recognised on a stage of completion basis based on the percentage of costs incurred. Work in progress amounts are recorded in the balance sheet at cost. Syndicated revenues are recognised on completion and any subsequent sales are recognised as they arise. Consulting revenues are recognised on a time-incurred basis. The market research business was disposed of in 2005, and market research revenue is included as part of discontinued operations.

Interest and other income

(a) Interest income

Revenue is recognised as the interest accrues (using the effective interest rate method) to the net carrying amount of the financial asset.

(b) Dividend income

Dividend income is recognised when the right to receive the payment is established.

(c) Rental income

Rental income is recognised on a straight-line basis over the lease terms on ongoing leases.

Goodwill and intangible assets

(a) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment is recognised. Where goodwill forms part of a cash-generating unit and part of the operation within that unit are disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2. Significant accounting policies (continued)

Goodwill and intangible assets (continued)

(b) Intangible assets

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets. The useful lives of these intangible assets are assessed to be either finite or indefinite.

Intangible assets created within the business are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred. Software costs are written off as incurred. Purchases from third parties in respect of major systems are capitalised and written off over the expected useful of the asset, not exceeding five years from the date of implementation of the software.

Intangible assets with finite lives are reviewed for impairment whenever events or circumstances indicate the carrying amount may not be recoverable, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable are made on a prospective basis.

Separable intangible assets are amortised over their useful lives. A summary of the policies applied to the group's intangible assets is as follows:

	Useful Lives	Method
Brands	Finite	10 years straight line
Software	Finite	5 years straight line
Customer contracts and relationships	Finite	4-5 years straight line
Subscription lists	Finite	5 years straight line
Trademarks	Finite	10 years straight line
Databases	Finite	5 years straight line

Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is provided on all such fixed assets except freehold land. Depreciation rates are calculated so that assets are written down to residual value in equal annual instalments over their expected useful lives, which are as follows:

Freehold buildings and long leasehold property	Up to 70 years
Leasehold improvements	Term of lease
General plant, machinery and equipment	5-20 years
Computer equipment	3-5 years
Motor vehicles	3-5 years

Impairment of assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets that do not individually generate cash flows are assessed as part of the cash generating unit to which they belong. Cash generating units are the lowest levels for which there are cash flows that are largely independent of the cash flows from other assets or groups of assets.

Inventories

Inventories and work in progress are valued on the first in first out basis at the lower of cost and net realisable value. Cost comprises materials, direct labour and directly attributable production costs and overheads.

Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Group as a lessee

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Group as a lessor

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2. Significant accounting policies (continued)

Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, deposits and short-term deposits with an original maturity of three months or less.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are shown within borrowings.

Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, as appropriate, the risks specific to the liability.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Foreign currencies

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement, except where hedge accounting is applied and for differences on monetary assets and liabilities that form part of the group's net investment in a foreign operation. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

The assets and liabilities of foreign operations are translated into sterling at the rate of exchange ruling at the balance sheet date. Income and expenses are translated at weighted average exchange rates for the year. The resulting exchange differences are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

Pension costs

The group sponsors a number of defined benefit schemes and defined contribution schemes. These schemes are accounted for under IAS 19. The group has adopted the amended version of IAS 19 early, which permits recognition of actuarial gains and losses in equity through the Consolidated Statement of Group Total Recognised Income and Expense.

For the defined contribution schemes, the income statement charge represents the contributions payable to the scheme during the accounting period.

For the defined benefit pension schemes, the assets are measured at their market value at the balance sheet date and the liabilities of those schemes are measured using the projected unit credit method. The discount rate used is the current rate of return on an AA corporate bond of equivalent term and currency to the liabilities. The extent to which the schemes' assets exceed or fall short of their liabilities is shown as a surplus or deficit in the balance sheet to the extent that a surplus is recoverable by the group or that a deficit represents an obligation of the group.

2. Significant accounting policies (continued)

Pension costs (continued)

The following is charged to operating profit:

- the increase in the present value of pension scheme liabilities arising from employee service in the current period;
- the increase in the present value of pension scheme liabilities as a result of benefit improvements over the period during which such improvements vest; and
- gains and losses arising on settlements/curtailments.

A credit in respect of the expected return on the schemes' assets and a charge in respect of the increase during the period in the present value of the schemes' liabilities because the benefits are one period closer to settlement are shown on the face of the income statement as 'financing cost – pension schemes'. Actuarial gains and losses are recognised in full in the Consolidated Statement of Group Total Recognised Income and Expense in the period in which they occur.

Share-based payment transactions

Employees (including directors) of the group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

Equity-settled transactions

The cost of equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black Scholes or Monte Carlo methods as appropriate. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of UBM plc ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the years in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards, in the opinion of the directors of the group at that date, based on the best available estimate of the number of equity instruments that will ultimately vest.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Share capital

Ordinary shares

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of acquisition as part of the purchase consideration.

B shares

The group's existing B Shares of 8 and $\frac{23}{44}$ pence each are classified as equity.

Treasury shares

Where any group company purchases the Company's equity share capital (ESOP shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

2. Significant accounting policies (continued)

Financial instruments

Financial instruments in the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial instruments are recognised initially, they are measured at fair value, and in the case of investments not at fair value through profit or loss, after taking account of directly attributable transaction costs.

Derivative financial instruments

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.

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.

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. Interest is accrued using the effective interest rate 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 fair value with gains and losses being recognised in equity, 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.

2. Significant accounting policies (continued)

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 finance cost – other than interest. 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.

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.

Derecognition of financial assets and liabilities

Financial assets

A financial asset is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the group has transferred its right to receive cash flows from the asset either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to pay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled or similar provision) on the transferred asset, the extent of the group's continuing involvement is the amount of the transferred asset that the group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

3. Segment information

Business segments

At 31 December 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, which comprises the businesses of PR Newswire, 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 motoring titles within CMP Information, which were disposed of on 16 September 2005, are also included in discontinued operations.

The following tables represent the revenue and profit information and certain asset and liability information for the group's business segments for the year ended 31 December 2005.

Year ended 31 December 2005

	Revenue from external customers £m	Revenue from other segments £m	Total Revenue £m	Profit/(loss) from operating activities £m	Share of results from equity investments £m	Segment result £m
Continuing operations						
Segments						
CMP Media	225.9	–	225.9	16.0	0.9	16.9
CMPMedica	106.9	–	106.9	9.4	(0.3)	9.1
CMP Asia	61.9	0.3	62.2	17.0	–	17.0
CMP Information	177.0	–	177.0	26.0	–	26.0
News distribution	104.1	–	104.1	14.2	2.4	16.6
Corporate operations**	–		–	(4.9)	9.7	4.8
	675.8	0.3	676.1	77.7	12.7	90.4
Non-recurring items***	–	–	–	–	–	150.7
EBIT	–	–	–	–	–	241.1
Discontinued operations (note 31)						
Market research	76.8	0.1	76.9	4.4	–	4.4
CMP Information (motoring titles)	23.0	–	23.0	0.4	–	0.4
	99.8	0.1	99.9	4.8	–	4.8
Eliminations	–	(0.4)	(0.4)	–	–	–
	775.6	–	775.6	82.5	12.7	245.9
Continuing operations						
Finance income/(cost)						
Interest income						28.2
Interest cost						(15.5)
Financing income – other than interest						8.4
Financing cost – other than interest						(27.5)
Financing cost – pension schemes						(2.5)
						(8.9)
Taxation						(24.8)
Discontinued operations						
Taxation						(1.0)
Non-recurring items (note 31)						266.3
Profit for the year from continuing and discontinued operations						477.5

* Adjusted group operating profit represents group operating profit excluding non-recurring items, amortisation of intangible assets, 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.

*** Non-recurring items include the profit on sale of businesses and equity accounted investments during the year.

3. Segment information (continued)

Year ended 31 December 2005 (continued)

	*Adjusted group operating profit £m	Share of tax on profit from equity accounted investments £m	Non-recurring items charged to operating profit £m	Amortisation of intangibles £m	Segment result £m
Continuing operations					
Segments					
CMP Media	24.9	–	(7.2)	(0.8)	16.9
CMPMedica	19.4	–	(2.0)	(8.3)	9.1
CMP Asia	17.5	–	(0.4)	(0.1)	17.0
CMP Information	43.0	–	(14.8)	(2.2)	26.0
News distribution	29.2	(1.4)	(11.2)	–	16.6
Corporate operations**	3.1	3.3	(1.6)	–	4.8
	137.1	1.9	(37.2)	(11.4)	90.4
Non-recurring items***	–	–	–	–	150.7
EBIT	137.1	1.9	(37.2)	(11.4)	241.1
Discontinued operations					
Market research	4.4	–	–	–	4.4
CMP Information (motoring titles)	0.4	–	–	–	0.4
	4.8	–	–	–	4.8
	141.9	1.9	(37.2)	(11.4)	245.9

	Share of results from equity investments £m	Equity investment: Interest £m	Equity investment: Tax £m	Share of results from equity investments (pre interest and tax) £m
Continuing operations				
Segments				
CMP Media	0.9	–	–	0.9
CMPMedica	(0.3)	–	–	(0.3)
CMP Asia	–	–	–	–
CMP Information	–	–	–	–
News distribution	2.4	–	(1.4)	3.8
Corporate operations**	9.7	(6.9)	3.3	13.3
	12.7	(6.9)	1.9	17.7
Discontinued operations				
Market research	–	–	–	–
CMP Information (motoring titles)	–	–	–	–
	–	–	–	–
	12.7	(6.9)	1.9	17.7

* Adjusted group operating profit represents group operating profit excluding non-recurring items, amortisation of intangible assets, 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.

*** Non-recurring items include the profit on sale of businesses and equity accounted investments during the year.

3. Segment information (continued)

Year ended 31 December 2005 (continued)

	Adjusted group operating profit* (before equity accounted investments) £m	Share of results from equity investments (before tax and amortisation) £m	Adjusted group operating profit* as reported £m
Continuing operations			
Segments			
CMP Media	23.5	1.4	24.9
CMPMedica	19.7	(0.3)	19.4
CMP Asia	17.5	–	17.5
CMP Information	43.0	–	43.0
News distribution	25.4	3.8	29.2
Corporate operations**	(3.3)	6.4	3.1
	125.8	11.3	137.1
Discontinued operations			
Market research	4.4	–	4.4
CMP Information (motoring titles)	0.4	–	0.4
	4.8	–	4.8
	130.6	11.3	141.9

	Segment assets £m	Investments in associates and joint ventures £m	Total £m	Segment liabilities £m	Total net assets £m
Continuing operations					
Segments					
CMP Media	276.2	5.6	281.8	(68.9)	212.9
CMPMedica	302.7	1.4	304.1	(59.5)	244.6
CMP Asia	45.6	–	45.6	(31.9)	13.7
CMP Information	240.2	–	240.2	(103.5)	136.7
News distribution	24.6	5.3	29.9	(50.7)	(20.8)
Corporate operations**	497.1	9.9	507.0	(406.3)	100.7
	1,386.4	22.2	1,408.6	(720.8)	687.8
Discontinued operations					
Market research	–	–	–	–	–
CMP Information (motoring titles)	–	–	–	–	–
	–	–	–	–	–
Unallocated assets and liabilities	–	–	–	(243.4)	(243.4)
	1,386.4	22.2	1,408.6	(964.2)	444.4

3. Segment information (continued)

Year ended 31 December 2005 (continued)

	Capital expenditure (acquisition of businesses) £m	Capital expenditure (tangible assets) £m	Depreciation £m	Other non-cash expenses £m
Continuing operations				
Segments				
CMP Media	27.6	2.7	2.4	1.1
CMPMedica	23.3	1.0	1.0	0.2
CMP Asia	4.2	0.3	0.2	0.5
CMP Information	51.3	2.2	1.9	1.2
News distribution	–	1.2	2.5	0.7
Corporate operations**	–	0.8	0.5	0.1
	106.4	8.2	8.5	3.8
Discontinued operations				
Market research	9.2	1.5	1.2	0.3
CMP Information (motoring titles)	–	–	0.7	–
	9.2	1.5	1.9	0.3
	115.6	9.7	10.4	4.1

Geographical segments

Year Ended 31 December 2005

	Segment revenue £m	Segment assets £m	Capital expenditure (acquisition of businesses) £m	Capital expenditure (tangible assets) £m
Continuing operations				
Segments				
United Kingdom	163.0	727.9	38.3	3.1
North America	317.4	321.1	40.5	3.8
Europe and Middle East	109.2	312.1	23.3	1.0
Pacific	86.2	47.4	4.2	0.3
	675.8	1,408.6	106.3	8.2
Discontinued operations				
United Kingdom	39.9	–	–	0.9
North America	44.4	–	9.2	0.2
Europe and Middle East	15.2	–	–	0.4
Pacific	0.3	–	–	–
	99.8	–	9.2	1.5
	775.6	1,408.6	115.6	9.7

* Adjusted group operating profit represents group operating profit excluding non-recurring items, amortisation of intangible assets, 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.

*** Non-recurring items include the profit on sale of businesses and equity accounted investments during the year.

3. Segment information (continued)

Year ended 31 December 2004

	Revenue from external customers £m	Revenue from other segments £m	Total Revenue £m	Profit/(loss) from operating activities £m	Share of results from equity investments £m	Segment result £m
Continuing operations						
Segments						
CMP Media	220.3	–	220.3	25.9	1.2	27.1
CMP Medica	29.8	–	29.8	0.3	–	0.3
CMP Asia	51.4	0.3	51.7	14.0	–	14.0
CMP Information	161.0	–	161.0	38.5	–	38.5
News distribution	94.8	–	94.8	20.4	2.3	22.7
Corporate operations**	–	–	–	(1.3)	2.5	1.2
	557.3	0.3	557.6	97.8	6.0	103.8
Non-recurring items	–	–	–	–	–	(11.7)
EBIT	557.3	0.3	557.6	97.8	6.0	92.1
Discontinued operations						
Market research	222.4	0.1	222.5	20.3	–	20.3
CMP Information (motoring titles)	35.8	–	35.8	4.9	–	4.9
	258.2	0.1	258.3	25.2	–	25.2
Eliminations	–	(0.4)	(0.4)	–	–	–
	815.5	–	815.5	123.0	6.0	117.3
Continuing operations						
Finance income/(cost)						
Interest income						26.5
Interest cost						(14.1)
Financing cost – pension schemes						(3.4)
						9.0
Taxation						(23.1)
Non-recurring taxation credit						121.0
Discontinued operations						
Interest Income						0.1
Taxation						(5.6)
Non-recurring items						18.9
Net profit for the year						237.6

3. Segment information (continued)

Year ended 31 December 2004 (continued)

	*Adjusted group operating profit £m	Share of tax on profit from equity accounted investments £m	Non-recurring items charged to operating profit £m	Amortisation of intangibles £m	Segment result £m
Continuing operations					
Segments					
CMP Media	27.1	–	–	–	27.1
CMPMedica	3.4	–	–	(3.1)	0.3
CMP Asia	14.0	–	–	–	14.0
CMP Information	38.5	–	–	–	38.5
News distribution	23.9	(1.2)	–	–	22.7
Corporate operations**	0.8	0.4	–	–	1.2
	107.7	(0.8)	–	(3.1)	103.8
Non-recurring items	–	–	–	–	(11.7)
EBIT	–	–	–	–	92.1
Discontinued operations					
Market research	20.3	–	–	–	20.3
CMP Information (motoring titles)	4.9	–	–	–	4.9
	25.2	–	–	–	25.2
	132.9	(0.8)	–	(3.1)	117.3

	Share of results from equity investments £m	Equity investment: interest £m	Equity investment: tax £m	Share of results from equity investments (pre interest and tax) £m
Continuing operations				
Segments				
CMP Media	1.2	–	–	1.2
CMPMedica	–	–	–	–
CMP Asia	–	–	–	–
CMP Information	–	–	–	–
News distribution	2.3	–	(1.2)	3.5
Corporate operations**	2.5	(10.3)	0.4	12.4
	6.0	(10.3)	(0.8)	17.1
Discontinued operations				
Market research	–	–	–	–
CMP Information (motoring titles)	–	–	–	–
	–	–	–	–
	6.0	(10.3)	(0.8)	17.1

* Adjusted group operating profit represents group operating profit excluding non-recurring items, amortisation of intangible assets, 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.

*** Non-recurring items include the profit on sale of businesses and equity accounted investments during the year.

3. Segment information (continued)

Year ended 31 December 2004 (continued)

	Adjusted group operating profit* (before equity accounted investments) £m	Share of results from equity investments (before tax) £m	Adjusted group operating profit* as reported £m
Continuing operations			
Segments			
CMP Media	25.9	1.2	27.1
CMPMedica	3.4	–	3.4
CMP Asia	14.0	–	14.0
CMP Information	38.5	–	38.5
News distribution	19.2	3.5	22.7
Corporate operations**	(0.1)	2.1	2.0
	100.9	6.8	107.7
Discontinued operations			
Market research	20.3	–	20.3
CMP Information (motoring titles)	4.9	–	4.9
	25.2	–	25.2
	126.1	6.8	132.9

	Segment assets £m	Investments in associates and joint ventures £m	Total £m	Segment liabilities £m	Total net assets £m
Continuing operations					
Segments					
CMP Media	212.9	4.7	217.6	(43.5)	174.1
CMPMedica	251.9	1.7	253.6	(25.0)	228.6
CMP Asia	34.7	–	34.7	(23.5)	11.2
CMP Information	198.3	–	198.3	(75.7)	122.6
News distribution	25.5	4.9	30.4	(12.2)	18.2
Corporate operations**	481.6	42.9	524.5	(652.0)	(127.5)
	1,204.9	54.2	1,259.1	(831.9)	427.2
Discontinued operations					
Market research	178.8	–	178.8	(60.3)	118.5
CMP Information (motoring titles)	8.9	–	8.9	–	8.9
	187.7	–	187.7	(60.3)	127.4
Unallocated assets and liabilities	–	–	–	(224.8)	(224.8)
	1,392.6	54.2	1,446.8	(1,117.0)	329.8

3. Segment information (continued)

Year ended 31 December 2004 (continued)

	Capital expenditure (acquisition of businesses) £m	Capital expenditure (tangible assets) £m	Depreciation £m	Other non-cash expenses £m
Continuing operations				
Segments				
CMP Media	–	1.5	2.3	0.6
CMPMedica	199.3	0.4	0.4	0.1
CMP Asia	–	0.2	0.1	0.3
CMP Information	0.2	2.3	3.1	0.6
News distribution	–	1.1	3.2	0.4
Corporate operations**	–	0.4	0.7	(3.0)
	199.5	5.9	9.8	(1.0)
Discontinued operations				
Market research	4.8	2.6	3.1	0.4
CMP Information (motoring titles)	–	–	–	–
	4.8	2.6	3.1	0.4
	204.3	8.5	12.9	(0.6)

Geographical segments

The group's five business segments operate in four main geographical areas. The geographical segment analysis is based on the location of assets. Geographical segment analysis based on the location of customers or markets would not be materially different. The following table provides an analysis of the group's revenue, assets, and capital expenditure by the four geographical regions.

	Segment revenue £m	Segment assets £m	Capital expenditure (acquisition of businesses) £m	Capital expenditure (tangible assets) £m
Segments				
Continuing operations				
United Kingdom	154.1	692.8	0.2	2.8
North America	302.8	260.2	–	2.5
Europe and Middle East	37.3	271.6	199.3	0.4
Pacific	63.1	34.5	–	0.2
	557.3	1,259.1	199.5	5.9
Discontinued operations				
United Kingdom	94.7	31.0	–	1.0
North America	121.6	114.6	4.8	–
Europe and Middle East	40.8	42.1	–	1.6
Pacific	1.1	–	–	–
	258.2	187.7	4.8	2.6
	815.5	1,446.8	204.3	8.5

The amounts shown against CMP Media, CMP Asia and CMP Information for 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 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. Other operating income

	2005 £m	2004 £m
Rental income	4.0	4.6
Other income	7.9	4.5
	11.9	9.1

5. Operating expenses

	2005 £m	2004 £m
Amortisation of intangible assets (note 13)	10.9	3.1
Depreciation of property, plant and equipment	8.5	9.3
Employee costs (note 6)	229.4	201.9
Cost of inventories recognised as expense	19.6	31.5
Operating lease rentals	13.2	16.8
Auditor's remuneration	1.7	1.5
Loss on disposal of property, plant and equipment	–	0.2
Other cost of sales and administration costs	292.5	209.5
	575.8	473.8

5a. Auditor's remuneration

	2005 £m	2004 £m
Continuing operations		
Audit services:		
Statutory audit	1.2	0.9
Audit related regulatory reporting	0.1	0.2
Further assurance services	0.3	0.3
Tax services:		
Compliance services	–	–
Advisory services	0.1	0.1
	1.7	1.5
Discontinued operations		
Audit services:		
Statutory audit	0.1	0.1
Further assurance services	0.1	–
	0.2	0.1

The Audit Committee has established policy guidelines on the nature of non-audit work which may be undertaken by the auditors. These guidelines identify a number of categories of work where the auditors will not normally be employed, including financial due diligence assignments on potential acquisitions and financial systems consultancy. The Audit Committee has also put in place procedures for the pre-approval of any fees payable to the auditors for those non-audit services which fall within the policy guidelines.

Professional firms are selected to provide advisory services on the basis of their relevant experience and expertise. For major projects, it is the group's policy to undertake a competitive tendering process. In certain circumstances, for example for reasons of confidentiality or knowledge of the group's businesses and structures, it is appropriate to employ the group's auditors to provide such services without a competitive tender being undertaken.

6. Employee costs

	2005 £m	2004 £m
Wages and salaries	187.5	164.7
Social security costs	28.6	22.5
Share options granted to directors and employees	5.0	4.0
Pension costs – defined contribution plans	5.0	5.4
Pension costs – defined benefit plans (note 25)	3.3	5.3
	229.4	201.9

6a. Employee numbers

The average number of persons employed in the group, including directors, during the year was as follows:

	2005 Number	2004 Number
Location		
United Kingdom	2,094	2,637
North America	2,429	2,883
Europe and Middle East	789	415
Pacific	885	566
	6,197	6,501
Business segment		
Continuing operations		
CMP Media	1,435	1,325
CMPMedica	1,170	365
CMP Asia	324	332
CMP Information	1,211	1,493
News distribution	821	759
Corporate operations	136	128
Discontinued operations		
Market research	702	1,699
CMP Information (motoring titles)	398	400
	6,197	6,501

The average employee numbers as at 31 December 2004 have been restated to reflect the transfer of CMP Princeton from CMP Asia to CMP Media, the transfer of CMPi US from CMP Information to CMP Media, and the transfer of UAP into CMP Information.

6b. Directors' emoluments

	2005 £m	2004 £m
Fees	0.3	0.3
Remuneration and benefits in kind	1.5	1.7
Bonuses (including MTIP)	1.8	1.7
Contributions to defined benefit contribution pension schemes	0.1	0.1
	3.7	3.8

Details of executive and non-executive directors' emoluments and their interest in shares and options of the company are shown within the directors' remuneration report in the sections "Directors' pension provision", "Table of individual directors' remuneration", "Directors' interests in shares" and "Directors' interests in share options".

7. Non-recurring items

	2005 £m	2004 £m
(Charged)/credited to operating profit		
Vacant property costs	**(8.8)**	–
Redundancy	**(8.6)**	–
Re-engineering of business processes	**(10.3)**	–
Restructuring and business reorganisation costs	**(7.8)**	–
Integration of acquired businesses	**(1.7)**	–
Total non-recurring reorganisation and restructuring costs	**(37.2)**	–
Share of results from associates disposed of during the year	**8.5**	–
Total charged to operating profit	**(28.7)**	–
Credited/(charged) to EBIT		
Profit on disposal of equity accounted investments	**150.7**	–
Amounts written off investments	**–**	(11.7)
Total credited/(charged) to EBIT	**122.0**	(11.7)
Charged to profit before tax		
Bond buybacks	**(13.7)**	–
Total credited/(charged) to profit before tax	**108.3**	(11.7)
(Charged)/credited to profit after tax		
Tax on disposal of equity accounted investments	**(1.2)**	–
Exceptional taxation credit	**–**	121.0
Total credited to profit after tax	**107.1**	109.3
Credited to discontinued operations		
Profit on disposal of discontinued operations (note 31)	**266.3**	–
Profit from discontinued operations (note 31)	**3.8**	–
Additional profit on prior year disposals (note 31)	**–**	18.9
Profit for the year after discontinued operations	**377.2**	128.2

During 2005, the group implemented a number of restructuring and reorganisation projects. The objectives of these projects are to simplify the group structure following the disposals of businesses in 2005, to achieve greater geographical alignment of our publishing divisions and to achieve greater customer and product focus within our operating businesses whilst delivering lower operating costs.

The total cost of the projects is £37.2 million, which has been charged separately as a one off cost in the Consolidated Income Statement for the year ended 31 December 2005. As indicated in the analysis above, the nature of the costs incurred is principally redundancy, vacant space provisions arising from relocation and consolidation, the re-engineering of business processes and the costs of restructuring and business reorganisation. In addition, acquisition integration costs of £1.6 million were incurred during the year. Of the amount charged, £7.2 million was incurred during 2005. With the exception of amounts relating to vacant property, which will be incurred across the remainder of the unexpired lease terms, the balance of the costs is expected to be paid in 2006.

In 2004, the group had written down the carrying value of certain fixed asset investments by £11.7 million to reflect their expected realisable value. The group also resolved a number of outstanding items as a consequence of which there was a net exceptional tax credit of £121.0 million.

8. Financing income/(cost)

	Recurring 2005 £m	Non-recurring 2005 £m	Total 2005 £m	2004 £m
Interest income				
Cash and cash equivalents	28.2	–	28.2	26.5
Interest cost				
Borrowings and loans	(14.0)	–	(14.0)	(11.8)
Other	(1.5)	–	(1.5)	(2.3)
	(15.5)	–	(15.5)	(14.1)
Financing income – other than interest				
Net foreign exchange gain (a)	8.4	–	8.4	–
	8.4	–	8.4	–
Financing cost – other than interest				
Fair value loss on embedded derivative (b)	(9.0)	(2.2)	(11.2)	
Buyback of bonds (c)	–	(11.5)	(11.5)	–
Convertible bond (d)	(4.8)	–	(4.8)	–
	(13.8)	(13.7)	(27.5)	–
Financing cost – pension schemes	(2.5)	–	(2.5)	(3.4)
Net finance income/(cost)	4.8	(13.7)	(8.9)	9.0

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

(b) Accounting standards determine that UBM's US Dollar convertible bond contains an embedded derivative, and this option is carried at fair value with changes taken to the income statement. This charge is a result of the increase in UBM's share price. The non-recurring fair value loss on the embedded derivative of £2.2 million relates to the portion of the bond that was repurchased during the year.

(c) In the second half of 2005, UBM repurchased $234.6 million of the principal of the US Dollar convertible bond, and $179.3 million of the principal of the US dollar fixed rate unsecured notes. This charge reflects the premium paid and fees relating to these repurchases, and unamortised costs being written off.

(d) 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.

9. Taxation

Major components of income tax expense for the year ended 31 December 2005 are:

	2005 £m	2004 £m
Consolidated income statement		
Current tax:		
Current tax charge	29.0	29.2
Deferred tax:		
Origination and reversal of temporary differences	(3.2)	(0.5)
Income tax expense in the consolidated income statement	25.8	28.7
Less: income tax expense for discontinued operations	(1.0)	(5.6)
Income tax expense for continuing operations	24.8	23.1

9. Taxation (continued)

Factors affecting tax charge for the year

A reconciliation of income tax expense applicable to accounting profit before tax at the statutory tax rate to tax expense for the year ended 31 December 2005 is as follows:

	2005 £m	2004 £m
Profit before tax from continuing operations	**232.2**	101.0
Profit before tax attributable to discontinued operations (note 31)	**271.1**	44.2
Profit before tax	**503.3**	145.2
Profit before tax multiplied by standard rate of corporation tax in UK of 30%	**151.0**	43.6
Effect of:		
Expenses not deductible for tax purposes	**10.6**	5.2
Tax effect of items not recognised in consolidated financial statements	**(21.4)**	(19.0)
Origination and reversal of temporary differences not recognised	**13.3**	3.2
Higher tax rates on overseas earnings	**5.1**	4.3
Additional profit relating to prior year disposals not taxable	**–**	(5.7)
Foreign exchange gains	**(2.5)**	–
Share of results from associates and joint ventures (after tax)	**(4.0)**	(1.8)
Profit on sale of discontinued operations and equity accounted investments	**(124.5)**	–
Other	**(1.8)**	(1.1)
	25.8	28.7
Income tax expense reported in the consolidated income statement	**24.8**	23.1
Income tax attributable to discontinued operations (note 31)	**1.0**	5.6
	25.8	28.7

Deferred income tax

Deferred income tax at 31 December 2005 relates to the following:

	Consolidated balance sheet 2005 £m	Consolidated balance sheet 2004 £m	Consolidated income statement 2005 £m	Consolidated income statement 2004 £m
Deferred tax liability				
Fair value adjustments on acquisitions	**22.6**	15.4	**(3.3)**	(0.9)
Other temporary differences	**1.4**	1.4	**0.1**	0.4
Deferred income tax income	**24.0**	16.8	**(3.2)**	(0.5)

At 31 December 2005, there was no recognised deferred tax liability for taxes that would be payable on the unremitted earnings of certain of the group's subsidiaries as the group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future.

The temporary differences associated with investments in subsidiaries for which a deferred tax liability has not been recognised amount in aggregate to £1.8 billion (2004: £1.6 billion).

There are no income tax consequences to the group attaching to the payment of dividends by the Company to its shareholders.

	2005 £m	2004 £m
The movement in the net deferred tax liability was as follows:		
Net liability at 1 January	**16.8**	–
Acquisition of subsidiaries (note 30)	**10.7**	16.3
Amounts charged to net profit	**(3.2)**	(0.5)
Exchange differences	**(0.3)**	1.0
Net liability at 31 December	**24.0**	16.8

The group has unrecognised deferred tax assets of £55.2 million relating to deductible temporary differences and £49.6 million relating to unused tax losses (2004: £47.1 million and £38.5 million respectively). No deferred tax asset has been recognised in respect of these amounts due to the unpredictability of future taxable profit streams.

10. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity shareholders 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 deducting 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).

Adjusted earnings per share is calculated on the net profit for the year attributable to ordinary equity shareholders, less non-recurring items and deferred tax, divided by the weighted average number of ordinary shares outstanding during the year. Non-recurring items and deferred tax are excluded from this calculation, as due to their nature and the infrequency of the events giving rise to them, separate presentation allows shareholders to understand better the elements of financial performance for the year, so as to facilitate comparison with prior periods and to assess better the trends of financial performance.

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

	2005 Earnings £m	2005 Weighted average no. of shares million	2005 Earnings per share pence	2004 Earnings £m	2004 Weighted average no. of shares million	2004 Earnings per share pence
From continuing and discontinued operations						
Adjusted group operating profit	141.9			132.9		
Net interest income	12.7			12.4		
Financing cost – pension schemes	(2.5)			(3.4)		
Adjusted profit before tax	152.1			141.9		
Taxation	(26.0)			(30.3)		
Minority interests	(1.9)			(1.8)		
B share dividend	(0.4)			(0.4)		
Adjusted earnings per share	123.8	302.5	40.9	109.4	334.4	32.7
Adjustments						
Amortisation of intangible assets	(11.4)		(3.8)	(3.1)		(0.9)
Deferred tax on amortisation of intangible assets	3.3		1.1	0.9		0.3
Non-recurring items	379.8		125.6	128.2		38.3
Taxation relating to non-recurring items	(1.2)		(0.4)	–		–
Net financing income – other than interest	(19.1)		(6.3)	–		–
Basic earnings per share	475.2	302.5	157.1	235.4	334.4	70.4
Dilution						
Options	–	3.3	(1.6)	–	4.6	(1.0)
Convertible bond	19.1	40.4	(12.7)	3.5	47.8	(7.6)
Diluted earnings per share	494.3	346.2	142.8	238.9	386.8	61.8

	2005 Earnings £m	2005 Weighted average no. of shares million	2005 Earnings per share pence	2004 Earnings £m	2004 Weighted average no. of shares million	2004 Earnings per share pence
From continuing operations						
Adjusted group operating profit	141.9			132.9		
Operating profit from discontinued operations	(4.8)			(25.3)		
Net interest income	12.7			12.4		
Financing cost – pension schemes	(2.5)			(3.4)		
Adjusted profit before tax	147.3			116.6		
Taxation	(25.0)			(24.7)		
Minority interests	(1.9)			(1.8)		
B share dividend	(0.4)			(0.4)		
Adjusted earnings per share	120.0	302.5	40.0	89.7	334.4	26.8
Adjustments						
Amortisation of intangible assets	(11.4)		(3.8)	(3.1)		(0.9)
Deferred tax on amortisation of intangible assets	3.3		1.1	0.9		0.3
Non-recurring items	113.5		37.2	109.3		32.6
Taxation relating to non-recurring items	(1.2)		(0.4)	–		–
Net financing income – other than interest	(19.1)		(6.3)	–		–
Basic earnings per share	205.1	302.5	67.8	196.8	334.4	58.8
Dilution						
Options	–	3.3	(0.7)	–	4.6	(0.8)
Convertible bond	19.1	40.4	(2.4)	3.5	47.8	(6.2)
Diluted earnings per share	224.2	346.2	64.7	200.3	386.8	51.8

10. Earnings per share (continued)

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 £19.1 million (2004: £3.5 million) for convertible debt and to increase weighted average shares by 3.3 million shares (2004: 4.6 million shares) for employee share options and 40.4 million shares (2004: 47.8 million shares) for convertible debt.

The weighted average number of shares excludes ordinary shares held by the ESOP and the QUEST. The weighted average number of shares was affected by the share consolidation on 20 June 2005, where 17 existing ordinary shares were converted to 14 new ordinary shares (refer to note 26).

11. Dividends

	2005 £m	2004 £m
Declared and paid during the year		
Equity dividends on ordinary shares		
Final dividend for 2004 of 8.37p (2003: 5.7p)	28.1	19.2
Special dividend for 2005 of 89.0p	298.3	–
Interim dividend for 2005 of 4.00p (2004: 3.63p)	11.0	12.1
Equity dividends – B shares	0.4	0.4
	337.8	31.7
Proposed for approval at 2006 Annual General Meeting (not recognised as a liability at 31 December)		
Equity dividends on ordinary shares		
Final dividend for 2005 of 11.0 p (2004: 8.37p)	30.6	28.1

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

The B shares have a fixed coupon, and the dividends of £0.4 million owing as at 31 December 2005 have accordingly been accrued for.

12. Goodwill

	2005 £m	2004 £m
Cost		
At 1 January	583.8	431.4
Acquisitions (note 30)	93.5	157.1
Disposals (note 31)	(101.2)	–
Transfers from joint ventures	–	0.3
Currency translation	14.5	(5.0)
At 31 December	590.6	583.8

12. Goodwill (continued)

Impairment tests for goodwill

Goodwill is allocated to the group's cash-generating units (CGUs) identified according to business segment. However, the Market Research entities (subsequently disposed of) are also identified on a geographical basis, to align with the reporting and organisational structure.

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination.

A segment-level summary of the goodwill allocation is shown as follows:

	2005 £m	2004 £m
CMP Media	**203.5**	161.2
CMPMedica	**182.7**	159.7
CMP Asia	**12.6**	11.8
CMP Information	**177.2**	145.2
News Distribution	**14.6**	13.2
Market Research – UK	**–**	6.7
Market Research – US	**–**	65.5
Market Research – Europe	**–**	20.5
	590.6	583.8

Management tests goodwill annually for impairment, or more frequently if there are indicators that goodwill might be impaired.

The recoverable amount of a CGU is determined based on the fair value less costs to sell of the CGU. The fair value is based on the best information available, and refers to the amount at which the CGU could be bought or sold in a current transaction between willing parties. The valuation methods are based on an earnings multiple based approach. The earnings multiple based approach uses precedent transaction multiples, obtained from comparable businesses in the publishing and media sector. The group uses external advisors to calculate the fair value less costs to sell of its CGUs.

Management does not re-compute the fair value of each CGU annually if all of the following criteria are met:

- The components of the CGU have not changed since the last fair value calculation;
- The previous fair value amount exceeded the carrying amount of the CGU by a substantial margin;
- No evidence exists to indicate that the current fair value of the CGU would be less than its current carrying amount.

13. Intangible assets

31 December 2005

	Brands £m	Software £m	Customer contracts & relationships £m	Subscription lists £m	Trade marks £m	Databases £m	Total £m
Cost							
At 1 January 2005	**31.8**	**0.9**	**20.1**	**0.7**	**–**	**–**	**53.5**
Acquisitions (note 30)	**20.8**	**0.4**	**16.5**	**0.1**	**2.1**	**1.4**	**41.3**
Exchange differences	**(0.6)**	**–**	**(0.3)**	**–**	**–**	**–**	**(0.9)**
At 31 December 2005	**52.0**	**1.3**	**36.3**	**0.8**	**2.1**	**1.4**	**93.9**
Amortisation							
At 1 January 2005	**1.3**	**0.1**	**1.6**	**0.1**	**–**	**–**	**3.1**
Charge for the period	**4.8**	**0.2**	**5.4**	**0.1**	**0.2**	**0.2**	**10.9**
Exchange differences	**–**	**–**	**–**	**–**	**–**	**–**	**–**
At 31 December 2005	**6.1**	**0.3**	**7.0**	**0.2**	**0.2**	**0.2**	**14.0**
Carrying value							
At 1 January 2005	30.5	0.8	18.5	0.6	–	–	50.4
At 31 December 2005	**45.9**	**1.0**	**29.3**	**0.6**	**1.9**	**1.2**	**79.9**

13. Intangible assets (continued)

31 December 2004

	Brands £m	Software £m	Customer contracts & relationships £m	Subscription lists £m	Trade marks £m	Databases £m	Total £m
Cost							
At 1 January 2004	–	–	–	–	–	–	–
Acquisitions	29.8	0.9	18.9	0.7	–	–	50.3
Exchange differences	2.0	–	1.2	–	–	–	3.2
At 31 December 2004	31.8	0.9	20.1	0.7	–	–	53.5
Amortisation							
At 1 January 2004	–	–	–	–	–	–	–
Charge for the period	1.3	0.1	1.6	0.1	–	–	3.1
Exchange differences	–	–	–	–	–	–	–
At 31 December 2004	1.3	0.1	1.6	0.1	–	–	3.1
Carrying value							
At 1 January 2004	–	–	–	–	–	–	–
At 31 December 2004	30.5	0.8	18.5	0.6	–	–	50.4

All amortisation charges in the year have been charged through operating expenses (note 5).

The average remaining useful lives for the brands and customer contracts and relationships' intangible assets are 9 years and 4 years respectively.

14. Property, plant and equipment

31 December 2005

	Land and buildings £m	Plant, machinery and vehicles £m	Total £m
Group			
Cost			
At 1 January 2005	65.2	122.2	187.4
Additions	1.2	8.5	9.7
Acquisitions of subsidiary undertakings and businesses	0.7	0.8	1.5
Disposals	(4.8)	(35.7)	(40.5)
Disposal of subsidiary undertakings and businesses	(2.8)	(25.3)	(28.1)
Exchange differences	2.0	5.7	7.7
At 31 December 2005	61.5	76.2	137.7
Depreciation			
At 1 January 2005	32.1	110.3	142.4
Charge for the year	2.2	8.2	10.4
Disposals	(4.0)	(34.0)	(38.0)
Disposal of subsidiary undertakings and businesses	(1.5)	(18.3)	(19.8)
Exchange differences	1.5	4.5	6.0
At 31 December 2005	30.3	70.7	101.0
Carrying value			
At 31 December 2005	31.2	5.5	36.7
At 31 December 2004	32.9	12.1	45.0

14. Property, plant and equipment (continued)

31 December 2004

	Land and buildings £m	Plant, machinery and vehicles £m	Total £m
Group			
Cost			
At 1 January 2004	71.0	128.6	199.6
Additions	1.2	7.3	8.5
Acquisitions of subsidiaries	0.4	1.5	1.9
Disposals	(1.3)	(11.2)	(12.5)
Transfer to assets classified as held for sale	(5.1)	–	(5.1)
Exchange differences	(1.0)	(4.0)	(5.0)
At 31 December 2004	65.2	122.2	187.4
Depreciation			
At 1 January 2004	31.0	114.1	145.1
Charge for the year	2.7	10.2	12.9
Disposals	(0.6)	(10.0)	(10.6)
Transfer to assets classified as held for sale	–	–	–
Exchange differences	(1.0)	(4.0)	(5.0)
At 31 December 2004	32.1	110.3	142.4
Carrying value			
At 1 January 2004	40.0	14.5	54.5
At 31 December 2004	32.9	12.1	45.0

	2005 £m	2004 £m
Land and buildings at net book amount comprise:		
Freehold	**14.8**	15.8
Long leasehold	**0.8**	0.5
Leasehold improvements	**15.6**	16.6
Carrying value	**31.2**	32.9

The carrying values above are not materially different to the fair values of the assets.

15. Assets classified as held for sale

As at 31 December 2005, there are no non-current assets classified as held for sale.

As at 31 December 2004, freehold property with a carrying value of £5.1 million is classified as held for sale. A buyer was identified for this property before the year-end, and the sale was completed in August 2005.

The property classified as held for sale at 31 December 2004, was included in the segment assets for CMP Information in note 3.

16. Investments accounted for using the equity method

(a) Carrying amount

	Joint Ventures £m	Associates £m	Total £m
At 1 January 2005	9.4	44.8	54.2
Share of profit	3.3	9.4	12.7
Exchange differences	0.8	–	0.8
Dividends received	(2.8)	–	(2.8)
Disposals (note 30)	–	(43.2)	(43.2)
Other movements in share of net assets	–	0.5	0.5
At 31 December 2005	10.7	11.5	22.2

Investments in joint ventures and associates at 31 December 2005 include goodwill of £6.4 million and £1.7 million respectively (2004: £6.4 million and £1.7 million respectively). Investments in joint ventures include amortisation of intangible assets of £0.5 million (2004: £nil).

(b) Joint ventures

	2005 £m	2004 £m
The following represents the aggregate amount of the group's interests in joint ventures' assets, liabilities, income and expenses:		
Current assets	7.7	7.1
Non-current assets	4.1	3.8
Current liabilities	2.3	1.8
Non-current liabilities	–	–
Income	16.6	15.3
Expenses	13.3	11.8

The principal joint ventures at 31 December 2005 are as follows:

Company	Division	Type of business	Country/Region of incorporation and operation	Class of shares held	Share holding/ interest	Accounting year end
Canada Newswire Limited	News Distribution	News Distribution	Canada	Ordinary	50%	31 December
ANP Pers Support BV	News Distribution	News Distribution	Netherlands	Ordinary	50%	31 December
EMedia Asia Limited	CMP Media	Exhibition and publications	Barbados/Asia	Ordinary	39.9%	31 December
CMP Weka Verlag Gmbh	CMP Media	Publications	Germany	Ordinary	50%	31 December
Cybermedia LLC	CMP Media	Publications	India	Ordinary	50%	31 December

(c) Associates

	2005 £m	2004 £m
The following represents the aggregate amount of the group's interests in associated companies' assets, liabilities, income and expenses:		
Current assets	11.7	89.4
Non-current assets	8.4	33.6
Current liabilities	10.2	55.6
Non-current liabilities	9.6	233.6
Income	27.7	155.9
Expenses	26.8	153.4
The following represents the summarised gross financial information of the group's associated companies' assets, liabilities, income and expenses:		
Current assets	52.3	275.6
Non-current assets	31.7	109.0
Current liabilities	44.3	185.1
Non-current liabilities	47.8	665.4
Income	121.7	534.1
Expenses	117.5	520.0

16. Investments accounted for using the equity method (continued)

Details of the group's associates at 31 December 2005 are as follows:

Company	Division	Type of business	Country of incorporation/ registration	Class of shares held	Share holding/ interest	Accounting year end
Axilog S.A.	CMPMedica	Publications	France	Ordinary	25.1%	31 December
Paperloop.com, Inc.	Corporate operations	Internet business	USA	Ordinary	37.2%	31 December
Independent Television News Limited	Corporate operations	Broadcasting	Great Britain	Ordinary	20.0%	31 December

Details of the group's associates disposed of during the year are as follows (see note 30):

Company	Division	Type of business	Country of incorporation/ registration	Class of shares held	Share holding/ interest	Accounting year end
Channel 5 Television Group Limited	Corporate operations	Broadcasting	Great Britain	Ordinary	35.37%	31 December
SDN Limited	Corporate operations	Multiplex Operator	Great Britain	Ordinary	33.05%	31 December
Satellite Information Services (Holdings) Ltd	Corporate operations	News distribution	Great Britain	Ordinary	20.0%	31 March

17. Other Investments

	2005 £m	2004 £m
Shares – unlisted	4.8	4.7
Shares – listed	0.2	1.2
Other	–	42.0
Total investments	**5.0**	47.9

The unlisted investments for 2005 above are listed at cost as there is no market value in an active market and the fair value cannot be reliably measured. The listed investments are recorded at fair value.

At 31 December 2004, the group had outstanding $80 million of credit linked notes from a number of counterparties, these notes having similar maturities to the US dollar loan notes. The notes paid interest at an average rate of LIBOR plus 266 basis points per annum. These were sold during 2005.

18. Inventories

	2005 £m	2004 £m
Raw materials and consumables – paper stock	3.5	2.6
Work in progress – short term market research contracts	–	6.2
Work in progress – other	3.3	4.2
Finished goods and goods for resale	2.6	1.9
Total inventories	**9.4**	14.9

The cost of inventories recognised as an expense and included in cost of sales amounted to £55.6 million (2004: £128.2 million).

The total write-down of inventories included in cost of sales is £nil million (2004: £0.7 million).

19. Trade and other receivables

	2005 £m	2004 £m
Trade debtors	110.6	133.5
Less: provision for impairment on receivables	(4.1)	(5.5)
Trade debtors – net	106.5	128.0
Other debtors	44.0	38.4
Prepayments and accrued income	19.5	38.4
Pension prepayments – defined contribution schemes	2.5	1.6
Receivables from related parties	–	50.1
Loans to related parties	–	49.6
	172.5	306.1

Concentrations of credit risk with respect to trade debtors are limited due to the group's customer base being large and unrelated.

The receivables and loans from related parties as at 31 December 2004 of £50.1 million and £49.6 million respectively were receivable from Channel 5 Television Group Limited. These amounts were repaid in September 2005 with the disposal of the group's investment in Channel 5 Television Group Limited.

20. Cash and cash equivalents

	2005 £m	2004 £m
Cash at bank and in hand	99.0	147.2
Short term liquid funds	390.4	192.2
	489.4	339.4

The effective interest rate on the short-term liquid funds range between 0% and 5% for 2005 and 2004, and these liquid funds have an average maturity of less than 3 months. The carrying amount of these assets approximates to fair value.

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise the following at December:

	2005 £m	2004 £m
Cash at bank and in hand	99.0	147.2
Short term liquid funds	390.4	192.2
	489.4	339.4
Bank overdrafts (note 21)	(6.8)	(2.8)
	482.6	336.6

21. Borrowings

	2005 £m	2004 £m
Convertible bond		
Current	93.7	–
Derivative financial liabilities	31.5	–
	125.2	–
Non-current	–	208.7
	125.2	208.7

United Business Media (Jersey) Limited, a wholly owned subsidiary of the company, issued in 2001 a 5 year $400 million 2.375% fixed convertible bond with a coupon payable semi-annually. The bonds are convertible into Preference Shares of United Business Media (Jersey) Limited at any time up to the seventh calendar day before the date fixed for redemption, 19 December 2006. The Preference Shares would, in turn, be exchangeable immediately for a total of 47.8 million Ordinary Shares in the company.

United Business Media (Jersey) Limited may redeem all of the $400 million bonds at their principal amount, together with accrued interest:

(a) at any time after 19 December 2004 if the market price per Ordinary Share on each of the dealing days in any period of 30 days ending not earlier than 14 days prior to the giving of the notice of redemption has been at least 130 per cent of the Sterling Exchange Price (577p) on such dealing day; or

(b) at any time if 85 per cent or more of the aggregate principal amount of the bonds originally issued shall have been previously purchased and cancelled, redeemed or converted.

No options in relation to puts or calls have been exercised.

Between August and December 2005 United Business Media (Jersey) Limited repurchased and cancelled a total of $234.6 million of the outstanding $400 million bonds for consideration of $285.4 million.

$165.4 million of the convertible bonds remain outstanding which can be exchanged into approximately 19.8 million Ordinary Shares in the company.

Other borrowings

	2005 £m	2004 £m
Current		
Unsecured bank overdrafts	6.8	2.8
Other loans	138.8	140.0
	145.6	142.8
Non-current		
Other loans	3.3	96.1
	148.9	238.9

In May 2005 the company arranged a five year £325 million syndicated bank facility. This facility replaced the £500 million syndicated bank facility due to mature in August 2006, which was cancelled at the company's request.

Other loans (current) for 2005 are £138.8 million of borrowing under the group's £325 million syndicated bank facility. The five-year stand-by £325 million syndicated bank credit facility has a maturity of May 2010. All conditions precedent to the committed borrowing facilities were met at 31 December 2005.

At the end of 2004 the company had in issue $185.0 million of US dollar fixed rate senior unsecured notes, net of repurchases of $65.0 million. In the second half of 2005 the company undertook a tender offer for any or all of the outstanding notes. A total of $244.3 million of notes were cancelled leaving $5.7 million outstanding at 31 December 2005.

22. Financial instruments

Objectives, policies and procedures

The group's treasury department manages the group's funding, liquidity and exposure to currency and interest rate risk. Treasury operations are conducted within a framework of policies and guidelines authorised by the Board and are subject to internal control procedures. The objective of the framework is to provide flexibility whilst minimising risk and prohibiting speculative transactions or positions to be taken.

The group's principal financial instruments, other than derivatives, comprise bank loans and overdraft, the convertible bond, and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the group's operations. The group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The group also enters into derivative transactions, including principally interest rate swaps and forward currency contracts. The purpose is to manage the interest rate and currency risks arising from the group's operations and its sources of finance.

The main risks arising from the group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The board reviews and agrees policies for managing these risks and they are summarised below. The group's accounting policies in relation to derivatives are set out in note 2.

Further detail on policies for managing funding requirements, investment of surplus funds and management of risks can be found in the Financial Review.

Cash flow interest rate risk

The group's exposure to risk for changes in market interest rates relates primarily to the group's debt obligations and the group's cash and cash equivalents.

The group's policy is to manage interest exposure using a mix of fixed and variable debt instruments, floating rate cash and derivatives. The group aims at balancing the estimated running cost of borrowing and investing and the risk of significant impact on earnings. At 31 December 2005, after the impact of interest rate swaps, 100% of the group's borrowings are at a fixed rate of interest. At 31 December, after the impact of interest rate swaps, approximately 60% of the group's cash and cash equivalents are at a fixed rate of interest. The swaps are designated to hedge underlying debt obligations.

Foreign currency risk

The group has significant operations in the US and Europe. Prior to 2005 the group looked to mitigate the effect foreign currency translation had on the group balance sheet by borrowing in US dollars as well as euro. Following asset disposals in 2005, the group repaid the majority of the US dollar borrowing held for this purpose from the cash received. With regards to euro operations, the group mitigates the effect of its balance sheet currency exposure by borrowing in euro. Approximately 75% of the group's investments in euro operations are hedged in this way.

The group does not currently have material transactional currency exposures. Where such exposures do arise they are from sales or purchases by operating divisions in currencies other than the division's functional currency. The group requires all of its operating divisions to use forward foreign exchange contracts to eliminate the currency exposures on any firm commitment for sale or purchases on individual transactions in excess of £50,000. At the end of 2005 the group had hedged £0.5m of foreign currency transactions from January to September 2006.

Commodity price risk

The group's exposure to price risk is minimal. The group is exposed to movements in the raw material prices of paper, oil, and postage.

Credit risk

There are no significant concentrations of credit risk within the group. With respect to credit risk arising from cash and cash equivalents, and certain derivatives, the group's exposure arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The group uses a number of major banks and financial institutions with investment decisions based on the creditworthiness of the counterparty.

Liquidity risk

The group guarantees sufficient liquidity at all times by efficient cash management by placing surplus funds in short term liquid investments. The group also maintains flexibility by keeping committed and uncommitted credit lines available. Committed credit facilities total £325 million.

22. Financial instruments (continued)

Fair values

Set out below is a comparison by category of carrying amounts and fair values of all of the group's financial instruments that are carried in the financial statements at other than fair values.

Market values obtained from third parties have been used to determine the fair value of interest rate swaps, credit linked notes, forward foreign contracts, the fixed rate convertible bonds and the US dollar senior loan. The fair value of cash at bank and deposits approximates to their book value due to their short maturity. Listed investments are valued at market rate. For all other financial assets and liabilities the carrying amount has been used.

	Carrying amount 2005 £m	Fair value 2005 £m
Financial assets		
Cash	489.4	489.4
Trade debtors	106.5	106.5
Other financial assets (non-current)	5.0	5.0
Interest rate swap	2.8	2.8
Forward currency contracts	0.1	0.1
	603.8	603.8
Financial liabilities		
Convertible bond	93.7	93.7
Embedded derivative in convertible bond	31.5	31.5
Other borrowings (current)	145.6	145.6
Other borrowings (non-current)	3.3	3.6
Forward currency contracts	–	–
Trade creditors	59.0	59.0
Other financial liabilities (current)	17.8	17.8
Other financial liabilities (non-current)	29.2	29.2
	380.1	380.4

Interest rate risk

The following tables set out the carrying amount, by maturity, of the group's financial instruments that are exposed to interest rate risk:

31 December 2005

	Within 1 year £m	Between 1 – 2 years £m	Between 2 – 3 years £m	Between 3 – 4 years £m	Between 4 – 5 years £m	Over 5 years £m	Total £m
Fixed rate							
Convertible bond	(93.7)	–	–	–	–	–	(93.7)
Borrowing facility	(138.8)	–	–	–	–	–	(138.8)
Loan notes	–	–	–	(3.3)	–	–	(3.3)
Floating rate							
Cash	489.4	–	–	–	–	–	489.4
Bank overdraft	(6.8)	–	–	–	–	–	(6.8)

The fair value of the embedded derivative contained in UBM's 2.375% 2006 Convertible Bond is calculated with the assistance of a major investment bank using a combination of UBM's share price, the Sterling / US Dollar exchange rate, Sterling and US Dollar interest rates and UBM's credit spread. These levels when modelled with volatility, time to maturity and the issuer soft call at £7.50, enable the value of the option contained within the convertible to be calculated. The effective interest rate of the convertible bond is 5.07%.

The effect of the group's Euro interest rate swaps is to classify as fixed rate all £138.8 million of the Euro borrowing under the £325 million revolving syndicated facility at a fixed rate. This debt has been swapped to 2.97% for with a maturity of May 2010.

The group has £300m of interest rate swaps, which are not designated as cash flows hedges. These swaps have the effect of the group receiving cash flow based on 4.65% and paying the monthly floating rate until November 2006.

22. Financial instruments (continued)

Other floating rate financial liabilities comprise of borrowings, which bear interest at rates based on the LIBOR plus a margin for each relevant currency.

Non-interest bearing financial assets comprise mainly other investments for which there is no maturity.

The carrying amounts of the group's financial instruments are denominated in the following currencies:

	2005 Financial assets	2005 Financial liabilities
Sterling	448.8	42.4
US dollar	92.8	177.4
Euro	51.2	160.3
Other currencies	11.0	–
	603.8	380.1

2004 Financial Instruments

As IAS 32 and 39 were adopted prospectively from 1 January 2005, the group's 2004 financial instrument disclosures are shown in the format required under UK GAAP and Financial Reporting Standard 13 'Derivative and Other Financial Instruments: Disclosure'.

Financial liabilities

The interest rate risk profile of the group's financial liabilities at 31 December 2004 was:

Currency	Total 2004 £m	Floating rate financial liabilities 2004 £m	Fixed rate financial liabilities 2004 £m	Financial liabilities on which no interest is paid 2004 £m	Fixed rate liabilities Weighted average interest rate 2004 %	Fixed rate liabilities Weighted average period for which rate is fixed 2004 Years
Sterling	26.7	–	–	26.7	–	–
US dollar	332.2	23.6	281.1	27.5	3.8	2.6
Euro	142.9	142.8	0.1	–	5.7	3.5
Other currencies	–	–	–	–	–	–
Total	501.8	166.4	281.2	54.2		

The maturity profile of the carrying amount of the group's financial liabilities at 31 December 2004 was:

Maturity Group	Debt 2004 £m	Other financial liabilities 2004 £m	Total 2004 £m
Within one year, or on demand	142.8	14.3	157.1
Between one and two years	208.7	7.4	216.1
Between two and five years	96.1	13.8	109.9
Over five years	–	18.8	18.8
Total	447.6	54.3	501.9
Finance charges allocated to future periods			
Unamortised issue costs	2.7	–	2.7

22. Financial instruments (continued)

Equity B shares of £0.5 million have been excluded from the above tables as they have no fixed maturity date.

At 31 December 2004, the effect of the group's dollar interest rate swaps is to classify as floating rate in the above table £23.6 million of the outstanding £96.1 million 2009 US dollar fixed rate senior unsecured notes. This debt has been swapped into six month US dollar LIBOR plus 2.7% to the maturity date of the debt.

Other floating rate financial liabilities comprise of borrowings which bear interest at rates based on the LIBOR plus a margin for each relevant currency for periods between one and six months.

Other financial liabilities include £4.6 million of other creditors falling due after more than one year and £48.6 million of provisions with an average maturity of 4.4 years.

Financial assets

The interest rate risk profile of the group's financial assets at 31 December 2004 was:

Currency	Total 2004 £m	Cash at bank and deposits 2004 £m	Other financial assets 2004 £m	Floating rate 2004 £m	Fixed rate 2004 £m	Non interest bearing Total 2004 £m
Sterling	304.3	50.2	254.1	89.1	70.0	145.2
US dollar	196.4	69.0	127.4	156.5	29.9	10.0
Euro	18.1	17.7	0.4	16.6	–	1.5
Other currencies	7.8	7.7	0.1	6.6	–	1.2
Total	526.6	144.6	382.0	268.8	99.9	157.9

The group's two US dollar senior unsecured loan notes carry interest rates that are significantly in excess of market rates. As stated in the Financial Review, the group has redeemed $75 million of these bonds early in order to reduce the group's net interest exposure. Additionally, to achieve a higher level of redemption without making a significant early redemption payment, the group has entered into the following transactions that have a similar economic effect to redeeming the bonds.

At 31 December 2004, the group holds $160 million of credit linked notes from a number of counterparties, these notes having similar maturities to the US dollar loan notes. The notes pay interest at an average rate of LIBOR plus 266 basis points per annum.

In return for paying interest on the credit linked notes at rates in excess of LIBOR, the final redemption to be received by the company is determined by certain circumstances related to the credit risk of the company. These circumstances arise if there has been a "credit event" as defined in the terms of the note, in which case the counterparties may redeem the notes at less than par value. A credit event arises in the event of any of the following circumstances:

a bankruptcy of the company;

- if the group is required by any of its lenders to accelerate repayment of borrowings;
- if the group fails to make payment under any of its borrowings;
- if the group restructures any of its borrowings in order to avoid default; and
- if any of its borrowings are repudiated, disaffirmed or rejected or subject to any moratorium.

If a credit event should take place, the credit linked note may not necessarily be redeemed for cash. The company may receive its own bonds or debt obligations with a par value equivalent to the amount of the credit linked notes from the counterparties in settlement of redemption of the note.

22. Financial instruments (continued)

Fixed rate financial assets have the following weighted average interest rates and periods for which that rate is fixed:

Currency	Fixed rate financial assets Weighted average interest rate 2004 %	Fixed rate financial assets Weighted average period for which rate is fixed 2004 Years
Sterling	4.0	0.1
US dollar	6.8	0.1
Euro	–	–

The effect of the group's swaps was to classify £70 million of floating rate cash in the above tables as fixed rate, however, these swaps matured in January 2005.

Non-interest bearing financial assets comprise mainly other fixed asset investments for which there is no maturity.

Fair values of financial assets and financial liabilities

The following tables provide a comparison by category of the carrying amounts and the fair values of the group's financial assets and financial liabilities at 31 December 2004. The fair value of US dollar private placements (included in long-term borrowings) was calculated by discounting expected future cash flows at risk adjusted interest rates. Market values obtained from third parties have been used to determine the fair value of interest rate swaps, credit linked notes, forward foreign exchange contracts, the fixed rate convertible bonds and the US dollar senior loan. The fair value of cash at bank and deposits approximates to their book value due to their short maturity. Listed investments are valued at market value. For all other financial assets and liabilities the carrying amount has been used.

	Book value 2004 £m	Fair value 2004 £m
Primary financial instruments held or issued to finance the group's operations:		
Financial liabilities:		
– Short-term borrowings (up to two years)	(351.5)	(390.4)
– Long-term borrowings (over two years)	(96.1)	(109.2)
– Other financial liabilities	(54.3)	(54.3)
Financial assets:		
– Cash at bank and deposits	144.6	144.6
– Other financial assets	382.0	385.8
Derivative financial instruments held to manage the interest rate profile:		
Interest rate swaps		
– assets	–	1.9
– liabilities	–	(3.3)
Derivative financial instruments held or issued to hedge the currency exposure on expected future sales:		
Forward foreign currency contracts		
– assets	–	0.1
– liabilities	–	–

22. Financial instruments (continued)

Hedges

The group's policy is to hedge interest rate risk using fixed rate borrowings and financial instruments such as interest rate swaps. Net foreign transaction risks are hedged as they arise, generally using forward foreign exchange contracts, whilst foreign currency borrowings are used to provide an economic hedge against investments in overseas territories. The group's policy for accounting for hedges can be found in the "Group Accounting Policies" section of this report.

The tables below show the extent to which the group has unrecognised gains and losses in respect of financial instruments used as hedges at the beginning and end of the year. All the gains and losses on the hedging instruments are expected to be matched by losses and gains on the hedged transactions or positions.

	Unrecognised gains £m	Unrecognised losses £m	Total net gains £m
Unrecognised gains and losses on hedges at 1 January 2004	7.9	(0.5)	7.4
Arising in previous years included in 2004 income	6.9	(0.5)	6.4
Gains and losses not included in 2004 income			
Arising before 1 January 2004	1.0	–	1.0
Arising in 2004	1.0	(3.3)	(2.3)
Gains and losses on hedges at 31 December 2004	2.0	(3.3)	(1.3)
Of which			
Gains and losses expected to be included in 2005 income	1.4	(1.8)	(0.4)
Gains and losses expected to be included in 2006 income or later	0.6	(1.5)	(0.9)

Currency exposures

As outlined in the Financial Review, the group policy is to hedge, where possible, in all material respects exposures on monetary assets and liabilities.

The table below shows the extent to which group companies have monetary assets and liabilities in currencies other than their functional currency.

31 December 2004	Net foreign currency monetary assets/(liabilities)				
Functional currency of group operation	Sterling £m	US dollar £m	Euro £m	Other £m	Total £m
Sterling	–	49.5	(143.2)	1.4	(92.3)
US dollar	–	–	0.3	2.7	3.0
Euro	0.1	2.0	–	3.6	5.7
Other currencies	–	–	–	–	–
Total	0.1	51.5	(142.9)	7.7	(83.6)

23. Trade and other payables

	2005 £m	2004 £m
Current		
Trade creditors	59.0	60.4
Other creditors	34.1	26.7
Deferred consideration	3.8	4.8
Other taxes and social security	14.2	13.6
Accruals and deferred income	207.7	189.9
	318.8	295.4
Non-current		
Accruals and deferred income	1.8	1.6
Other creditors	3.8	3.0
	5.6	4.6

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The directors consider that the carrying amount of trade payables approximates to their fair value.

24. Provisions

31 December 2005	Reorganisation and restructuring £m	Property £m	Former financial services £m	Total £m
At 1 January 2005	–	47.7	0.9	48.6
Arising during the year	28.4	8.8	–	37.2
Utilised in the year	(7.2)	(12.7)	–	(19.9)
Transfer	–	1.4	–	1.4
Exchange differences	0.9	1.8	–	2.7
At 31 December 2005	22.1	47.0	0.9	70.0
Current	21.0	17.8	–	38.8
Non-current	1.1	29.2	0.9	31.2
At 31 December 2005	22.1	47.0	0.9	70.0

31 December 2004	Reorganisation and restructuring £m	Property £m	Former financial services £m	Total £m
At 1 January 2004	–	60.5	2.6	63.1
Arising during the year	–	–	–	–
Utilised in the year	–	(14.2)	–	(14.2)
Transfer	–	1.4	(1.4)	–
Exchange differences	–	–	(0.3)	(0.3)
At 31 December 2004	–	47.7	0.9	48.6
Current	–	12.7	–	12.7
Non-current	–	35.0	0.9	35.9
At 31 December 2004	–	47.7	0.9	48.6

24. Provisions (continued)

Liabilities on property

The group has lease obligations in respect of the continuing costs of vacant property, the quantification of which depends upon the ability to exit the leases early or sublet the properties, and for dilapidations on certain leasehold properties which are dependent principally on actual reinstatement costs on expiry of the leases. The provision in respect of these obligations at 31 December 2005 has been determined following external professional advice and will be utilised over the period of the leases in question, which range from one to 12 years. The provision is discounted using a current pre-tax rate that reflects, as appropriate, the risks specific to the liability.

Liabilities arising from former financial services activities

A subsidiary of the group was formerly engaged in the selling of personal pensions prior to 1996. As a result of the industry-wide review into pension misselling by the Personal Investment Authority, the group is exposed to actual and potential future claims by investors in respect of policies found to have been missold. Although work continues to progress with respect to the identification and review of all pension policies sold, the number and amount of such claims can not be finally determined until all potential compensation costs have been agreed. The amount of the provisions at 31 December 2005 has been determined on the basis of independent financial advice.

Liabilities for restructuring

As discussed in note 7, during 2005 the group implemented a number of restructuring and reorganisation projects. With the exception of amounts relating to vacant properties (see liabilities on property above), the provision is expected to be substantially utilised within one year.

25. Retirement benefit obligation

The group operates a number of defined benefit and defined contribution pension schemes in the UK and overseas. In 2005, the pension schemes included in the calculations were the United Pension Plan, the United Magazines Final Salary Scheme, the defined benefit section of the United Group Pension Scheme, The Builder Group Pension Scheme, the CMP Media LLC Cash Balance Retirement Plan, the United News Executive Pension Scheme, and the CMP Post Retirement Medical Plan. Two of these plans were included for the first time in 2004 – these are CMPMedica schemes in Australia and France.

The most recent actuarial valuations were carried out at various dates in 2005 and updated to 31 December 2005 by independent qualified actuaries using the projected unit method.

The amounts recognised in the balance sheet are determined as follows:

	UK Schemes 2005 £m	Other Schemes 2005 £m	Total 2005 £m	UK Schemes 2004 £m	Other Schemes 2004 £m	Total 2004 £m
Fair value of plan assets	411.2	27.4	438.6	365.3	23.0	388.3
Benefit obligation	(453.2)	(32.2)	(485.4)	(449.5)	(29.8)	(479.3)
	(42.0)	(4.8)	(46.8)	(84.2)	(6.8)	(91.0)
Irrecoverable surplus due to IAS 19 para. 58b	(5.5)	–	(5.5)	(5.0)	–	(5.0)
Liability in the balance sheet	(47.5)	(4.8)	(52.3)	(89.2)	(6.8)	(96.0)

Pension plan assets include equities, bonds, insurance policies and cash.

25. Retirement benefit obligation (continued)

The amounts recognised in the income statement are as follows:

	UK Schemes 2005 £m	Other Schemes 2005 £m	Total 2005 £m	UK Schemes 2004 £m	Other Schemes 2004 £m	Total 2004 £m
Current service cost	1.1	2.5	3.6	1.9	2.3	4.2
Past service cost	0.4	–	0.4	–	–	–
Settlements and curtailments	(0.7)	–	(0.7)	–	–	–
	0.8	2.5	3.3	1.9	2.3	4.2
Interest cost	23.1	1.3	24.4	22.3	1.5	23.8
Expected return on plan assets	(20.4)	(1.5)	(21.9)	(17.8)	(1.5)	(19.3)
	2.7	(0.2)	2.5	4.5	–	4.5
Acquisitions and disposals	(0.4)	(0.1)	(0.5)	–	–	–
Total pension charge	3.1	2.2	5.3	6.4	2.3	8.7

Of the total charge, £3.3 million and £2.5 million (2004: £5.3 million and £3.4 million) were included in 'Operating expenses' and 'Financing cost – pension schemes' respectively.

The actual return on plan assets was £59.0 million (2004: £30.3 million).

The expected return on plan assets reflects the investments currently held to provide for the pension benefit obligations as at 31 December 2005. Plan assets chiefly consist of equity instruments and fixed income investments. The expected rate of return on equities was based on expected long-term out performance of equities over government bonds of 3.5% p.a.

The assumptions used for post retirement mortality in the UK are the mortality tables PA92B1936 for pensioners and PA92B1954 for non-pensioners. In the US, RP 2000 tables are used. For UK schemes, the PA92B1936 mortality table indicates an average life expectancy for a 65-year-old male of 20.6 years.

Additional pension contributions of £17.2 million were made to the UK schemes during the year, and additional contributions of £5.0 million are expected to be contributed in 2006.

The movement in the liability recognised in the balance sheet is as follows:

	UK Schemes 2005 £m	Other Schemes 2005 £m	Total 2005 £m	UK Schemes 2004 £m	Other Schemes 2004 £m	Total 2004 £m
Beginning of the year	(89.2)	(6.8)	(96.0)	(78.4)	(6.3)	(84.7)
Acquisitions	–	(1.1)	(1.1)	–	(0.6)	(0.6)
Total expenses charged in the income statement	(3.1)	(1.1)	(4.2)	(6.4)	(2.3)	(8.7)
Net actuarial gains recognised in the year	24.1	0.9	25.0	(13.8)	(1.1)	(14.9)
Contributions paid	20.7	3.6	24.3	9.5	3.0	12.5
Exchange differences	–	(0.3)	(0.3)	(0.1)	0.5	0.4
End of the year	(47.5)	(4.8)	(52.3)	(89.2)	(6.8)	(96.0)

25. Retirement benefit obligation (continued)

The principal actuarial assumptions used in determining pension obligations for the group's plan are shown below:

	UK Schemes 2005 %	Other schemes 2005 %	UK Schemes 2004 %	Other schemes 2004 %
Discount rate	**4.90**	**5.38**	5.40	5.71
Expected return on plan assets	**5.92**	**7.49**	6.17	7.49
Future salary increases	**4.20**	**3.74**	4.25	3.97
Future pension increases	**2.70**	**n/a**	2.75	n/a
Inflation assumption	**2.70**	**2.44**	2.75	2.44

The UK schemes are closed to new members, hence under the projected unit method, the current service cost (expressed as a percentage of salary) will increase as the members of the scheme approach retirement.

The reconciliation of the defined benefit obligation is as follows:

	UK Schemes 2005 £m	Other Schemes 2005 £m	Total 2005 £m	UK Schemes 2004 £m	Other Schemes 2004 £m	Total 2004 £m
Defined benefit obligation at 1 January	**449.5**	**29.8**	**479.3**	414.9	27.0	441.9
Service cost	**1.1**	**2.5**	**3.6**	1.9	2.3	4.2
Interest cost	**23.1**	**1.3**	**24.4**	22.3	1.5	23.8
Employee contributions	**0.4**	**–**	**0.4**	0.4	–	0.4
Curtailment (gain)/loss	**(0.8)**	**–**	**(0.8)**	–	–	–
Settlement	**(15.4)**	**–**	**(15.4)**	–	–	–
Benefit payments	**(17.9)**	**(2.1)**	**(20.0)**	(16.6)	(1.8)	(18.4)
Acquisitions	**–**	**1.5**	**1.5**	–	1.1	1.1
Disposals	**0.4**	**(2.8)**	**(2.4)**	–	–	–
Past service cost	**0.4**	**–**	**0.4**	–	–	–
Actuarial loss/(gain) on liabilities	**12.4**	**(0.8)**	**11.6**	26.6	1.5	28.1
Exchange rate loss/(gain)	**–**	**2.8**	**2.8**	–	(1.8)	(1.8)
Defined benefit obligation at 31 December	**453.2**	**32.2**	**485.4**	449.5	29.8	479.3

The reconciliation of the plan assets is as follows:

	UK Schemes 2005 £m	Other Schemes 2005 £m	Total 2005 £m	UK Schemes 2004 £m	Other Schemes 2004 £m	Total 2004 £m
Assets at 1 January	**365.3**	**23.0**	**388.3**	341.5	20.7	362.2
Employer contributions	**20.7**	**3.6**	**24.3**	9.5	3.0	12.5
Employee contributions	**0.4**	**–**	**0.4**	0.4	–	0.4
Settlement	**(14.7)**	**–**	**(14.7)**	–	–	–
Acquisitions	**–**	**0.4**	**0.4**	–	0.5	0.5
Disposals	**–**	**(1.6)**	**(1.6)**	–	–	–
Benefit payments	**(17.9)**	**(2.1)**	**(20.0)**	(16.6)	(1.8)	(18.4)
Actual return on assets	**57.4**	**1.6**	**59.0**	30.5	1.9	32.4
Exchange rate gain/(loss)	**–**	**2.5**	**2.5**	–	(1.3)	(1.3)
	411.2	**27.4**	**438.6**	365.3	23.0	388.3

25. Retirement benefit obligation (continued)

Statement of recognised income and expenses during 2005:

	UK Schemes 2005 £m	Other Schemes 2005 £m	Total 2005 £m	UK Schemes 2004 £m	Other Schemes 2004 £m	Total 2004 £m
Experience (gains)/losses on plan liabilities	(22.8)	(0.2)	(23.0)	4.7	–	4.7
Actuarial losses/(gains) on plan liabilities due to assumptions	35.2	(0.6)	34.6	21.9	1.5	23.4
Experience (gains)/losses on plan assets	(37.0)	(0.1)	(37.1)	(12.7)	(0.4)	(13.1)
Effect of limit in para. 58b	0.5	–	0.5	–	–	–
Total (gain)/loss	(24.1)	(0.9)	(25.0)	13.9	1.1	15.0

	UK Schemes 2005 %	Other Schemes 2005 %	Total 2005 %	UK Schemes 2004 %	Other Schemes 2004 %	Total 2004 %
Experience (gains)/losses on plan liabilities	(5.1)	(0.7)	(4.8)	1.0	–	1.0
Experience (gains)/losses on plan assets	(10.1)	(0.4)	(9.6)	(3.5)	(1.7)	(3.4)

The asset categories are as follows:

	UK Schemes 2005 %	Other Schemes 2005 %	Total 2005 %	UK Schemes 2004 %	Other Schemes 2004 %	Total 2004 %
Equity	51.0	62.0	52.0	49.0	61.0	51.0
Bonds	46.0	38.0	45.0	49.0	39.0	48.0
Cash	1.0	–	1.0	–	–	–
Annuity contracts	2.0	–	2.0	2.0	–	1.0
	100.0	100.0	100.0	100.0	100.0	100.0

26. Share capital

	2005 £m	2004 £m
Authorised		
400,936,636 (2004: 486,851,630) Ordinary shares of 30 and 5⁄14 pence each (2004: 25 pence each)	121.7	121.7
375,417,690 (2004: 375,417,690) B shares of 8 and 23⁄44 pence each (2004: 8 and 23⁄44 pence each)	32.0	32.0
	153.7	153.7

	Ordinary shares number	Ordinary shares £m	B shares number	B shares £m	Total £m
Issued and fully paid					
At 1 January 2005	336,185,328	84.1	5,446,789	0.4	84.5
Allocated in respect of share option schemes and other entitlements	1,996,673	0.5	–	–	0.5
Shares repurchased and cancelled	(250,000)	(0.1)	–	–	(0.1)
At 20 June 2005 (Pre-share consolidation)	337,932,001	84.5	5,446,789	0.4	84.9
Share consolidation	(59,635,059)	–	–	–	–
B shares purchased by the company	–	–	(615,866)	–	–
Shares repurchased and cancelled	(2,760,000)	(0.8)	–	–	(0.8)
Allocated in respect of share option schemes and other entitlements	2,685,178	0.8	–	–	0.8
At 31 December 2005	278,222,120	84.5	4,830,923	0.4	84.9

26. Share capital (continued)

The return of capital to shareholders undertaken in 2001 took the form of a subdivision and consolidation of the existing United ordinary shares. On 23 April 2001, each of the existing 507,901,885 ordinary shares of 25 pence then in issue were sub-divided into one share of 8 $^{23}/_{44}$ pence (B Shares) and one share of 16 $^{21}/_{44}$ pence and immediately following such sub-division every issued share of 16 $^{21}/_{44}$ pence was sub-divided into 29 shares of $^{25}/_{44}$ pence. Every 44 shares of $^{25}/_{44}$ pence each resulting from such sub-division were then consolidated into one ordinary share of 25 pence. The subdivision created a class of B shares with a total value of approximately £1.25 billion. UK shareholders had the option to sell these shares for 245 pence per share, to receive a single dividend of 245 pence per share, or to retain the B shares and receive a continuing dividend. During the year ended 31 December 2004, 766,030 B shares were purchased by the company for consideration of £1.8 million. Cumulatively to 31 December 2005, 370,586,767 B shares have been purchased by the company for consideration of £907.9 million. At 31 December 2005, 4,830,923 B shares remain in issue.

The B shares are irredeemable however, the company has the authority to convert into ordinary shares, at its option, all remaining B shares in issue after 23 April 2011, if the number is less than 125 million. The conversion into ordinary shares will be based on the market price of ordinary shares at the time of the conversion.

B shares

B shareholders are entitled to a non-cumulative preference dividend. On winding up, the B shareholders are entitled to 245 pence per share and the relevant proportion of the dividends outstanding. B shareholders do not have any voting entitlements except in a resolution relating to a winding up of the company or if the B share dividend has been outstanding for more than six months.

Share repurchases and consolidation

The group repurchased and cancelled 3,010,000 of its own ordinary shares during the year at an average price of 508.3p. The total amount paid to acquire the ordinary shares was £15.3 million, and £1.5 million was paid to acquire B shares.

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 with a nominal value of 25 pence each to 14 new ordinary shares with a nominal value of 30 and $^{5}/_{14}$ pence each. 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. The weighted average number of shares used in the calculation of earnings per share reflects the share consolidation (refer to note 10).

27. Share premium

	2005 £m	2004 £m
In issue at 1 January	**310.8**	309.4
Premium on shares issued, net of costs	**16.9**	1.4
In issue at 31 December	**327.7**	310.8

The company received £16.9 million (2004: £1.4 million) on the issue of shares in respect of the exercise of options awarded under various share option plans, of which £16.9 million (2004: £1.4 million) is payable by employees to the group for the issue of these shares.

28. Share-based payments

An Employee Share Ownership Plan (the "United ESOP") was established by the company on 24 June 1996. The United ESOP has purchased in the open market, UBM shares which are held on trust for employees participating in the plans listed below. The purchase of shares in the open market is financed through contributions in cash by the company and, for awards under the Senior Executive Equity Participation Plan, through bonuses sacrificed by senior executives.

The group maintains seven share-based payment arrangements: 2000 Executive Share Option Scheme, 2000 Senior Executive Equity Participation Plan, UK Save As You Earn Option Scheme, International Save As You Earn Scheme, Medium Term Incentive Plan, Performance Plan and Bonus Investment Plan.

As at 31 December the holdings over the United ESOP and the QUEST were as follows:

	Number of UBM shares 2005	Number of UBM shares 2004
United ESOP		
Ordinary shares	**1,925,921**	2,066,589
B shares	**34,918**	279,484
QUEST		
Ordinary shares	**216,993**	205,060

2000 Executive Share Option Scheme

On 18 April 2000 the group established a share option programme for full-time directors and certain employees. All participants in the 2000 Executive Share Option Scheme (the "Executive scheme") must be employed by United Business Media or one of its subsidiaries at the time of granting the options. The number of options granted to a participant under the Executive scheme is at the discretion of the Remuneration Committee, being the committee established by the Board of Directors as such.

The number of ordinary shares which may be placed under option under the Executive scheme in any year may not be more than 25,264,262 shares (being 5% of the ordinary share capital on issue at the date of establishment of the Executive scheme. The exercise price to be paid by a participant when exercising options granted will be determined by the Remuneration Committee. The price shall not be lower than the closing middle market price of shares of that class as listed on the London Stock Exchange Daily Official List on the day prior to the Grant date or the average closing middle market price of shares of that class on the three days prior to the Grant date (if so decided by the Remuneration Committee).

Options may be exercised after the third anniversary of the Grant date subject to satisfactory completion of performance conditions. Options must normally be exercised before the expiry of 10 years from the date of the grant. Options may be exercised earlier in the event of death.

Share options outstanding at the end of the year have the following exercise prices:

Exercise price (p)	2005 Weighted average remaining life (years)	2005 Number of shares m	2004 Weighted average remaining life (years)	2004 Number of shares m
247.3 – 277.2	**7.1**	**3,361,696**	8.0	5,754,000
449.3 – 595.7	**7.5**	**8,742,566**	7.7	9,503,000
607.0 – 753.0	**4.9**	**2,033,999**	5.4	2,490,132
754.5 – 867.2	**4.7**	**2,086,611**	5.6	2,424,311

28. Share-based payment (continued)

2000 Senior Executive Equity Participation Plan

On 18 April 2000 the group established a share option programme for certain directors and employees. All participants in the 2000 Senior Executive Equity Participation Plan ("SEEPP") must be employed by United Business Media or one of its subsidiaries at the time of granting the options. Shares are purchased on the open market and financed through bonuses sacrificed by senior executives (the 'Bonus Option') under the terms of SEEPP. The number of options granted to a participant under SEEPP is dependent on the level of the annual bonus awarded. The Remuneration Committee may then exercise its discretion to grant an equal number of shares (the 'Matching Option') as granted under the Bonus Option.

The number of ordinary shares which may be placed under option under SEEPP in any year may not be more than 50,528,525 shares, being 10% of the ordinary share capital on issue at the date of establishment of the plan. There is no monetary consideration payable for the options granted under the plan to directors and employees, these are granted by Deed only. The Remuneration Committee is also able to grant shares or options to the Trustees of the United Business Media Employee Share Ownership Trust ('ESOP Trust'). If shares of the class issued are listed on the London Stock Exchange, the exercise price shall not be lower than the closing middle market price of shares of that class as listed on the London Stock Exchange Daily Official List on the day prior to the date that the options are granted or on the date of issue of shares.

Options may be exercised after the fourth anniversary of the Grant date subject to satisfactory completion of performance conditions. One-third of Matching options vest subject to earnings per share ('EPS') growth exceeding retail price index ('RPI') growth plus 3%; one-third of options vest subject to EPS growth exceeding RPI growth plus 5% per annum over 4 years; the final third is not subject to performance criteria. Options must normally be exercised before the expiry of 10 years from the date of the grant. Options may be exercised earlier in the event of death.

Share options outstanding at the end of the year have an exercise price of nil, and an average weighted remaining life of 8 years.

The SEEPP has now been closed and no further grants will be made under the scheme.

Save As You Earn Option Schemes

On 6 May 2004, the group established the Sharesave Scheme (‘SAYE') for directors and certain employees. UBM previously operated a SAYE scheme established in 1994. Under these schemes all participants in the SAYE scheme must be employed by United Business Media or one of its subsidiaries at the time of granting the options. The number of options granted to a participant under the SAYE scheme is at the discretion of the Board of Directors.

The number of ordinary shares which may be placed under option under the SAYE scheme in any year may not be more than 10% of the ordinary share capital on issue at the time of granting options. The exercise price to be paid by a participant when exercising options granted will be determined by the Directors and shall not be less than the greater of 80% of market value of the shares at the date of invitation to enter the SAYE scheme or the nominal value of unissued shares.

Options may be exercised after either the third or fifth anniversary of the Grant date in accordance with each employee's Savings Contract. Options must normally be exercised within 6 months of the date the options are exercisable or within 12 months in the case of death. Options may be exercised earlier in the event of death, or ceasing to be employed due to retirement, injury, disability or, at the absolute discretion of the board, redundancy.

Share options outstanding at the end of the year have the following exercise prices:

Exercise price (p)	2005 Weighted average remaining life (years)	2005 Number of shares m	2004 Weighted average remaining life (years)	2004 Number of shares m
160.5	**2.2**	**1,510,859**	3.1	2,764,272
412.3 – 497.0	**2.8**	**462,170**	2.7	523,699
514.8 – 632.7	**0.3**	**4,418**	1.2	10,515

28. Share-based payment (continued)

Medium Term Incentive Plan

Medium Term Incentive Plan ('MTIP') participants must be employed by United Business Media or one of its subsidiaries at the time of granting the options. The number of options granted to a participant under the MTIP is at the discretion of the Remuneration Committee. The MTIP is to be discontinued after 2006.

Only market-purchased shares may be used for awards under the MTIP. The number of ordinary shares which may be placed under option under the MTIP scheme in any year depends on the monetary value of a bonus awarded to an employee during the year. The number is calculated by dividing the monetary value of the bonus by the average December share price in the year preceding the year of performance measurement. There is no monetary consideration payable for the options granted (and shares subsequently acquired) under the plan to directors and employees, these are granted by Deed only.

Options may be exercised in two stages: 50% of options may be exercised in January of the second financial year after the year in which they were granted; the remaining 50% may be exercised in January of the third financial year after the options were granted. Options may only be granted subject to satisfactory completion of performance conditions. Options must normally be exercised before the expiry of 7 years from the date of the grant. Options may be exercised earlier in the event of death or ceasing to be employed due to retirement, injury, disability or redundancy.

The exercise price of the share options outstanding as at 31 December 2005 is nil, and the weighted average life of the share options is six years.

Awards outstanding at the end of the year expiring on 25 March 2011 and 31 March 2012 were 0.4 million and 0.3 million respectively.

Performance Share Plan

On 26 September 2005 the group established an incentive plan for full-time directors and senior executives. All participants in the Performance Share Plan (“PSP”) must be employed by United Business Media or one of its subsidiaries at the time of granting the awards. The value of awards granted to a participant under the performance plan is at the discretion of the Remuneration Committee.

The PSP provides a share based award which requires United Business Media’s total shareholder return (“TSR”) to outperform a comparator group of companies over a three year period. 25% of the award will vest if TSR is at median position (subject to a maximum value of 25% of base salary) and 100% if TSR is in the top decile. In between these positions, the award will vest on a straight line basis.

The awards are made in the form of options exercisable on payment of a nominal value of £1.

The number of ordinary shares over which an award is made is calculated by dividing the monetary value of the award by the price of UBM ordinary shares at the time of grant.

The number of ordinary shares over which awards may be granted under the PSP may not result in more than 10% of the ordinary share capital being issued or issuable under the company’s incentive plans in any ten year period. It is expected that market purchased shares will generally be used for awards under the PSP.

Awards outstanding at the end of the year expiring on 12 October 2015 and 7 November 2015 were 0.4 million and 0.4 million respectively.

Bonus Investment Plan

On 26 September 2005 the group established the Bonus Incentive Plan (BIP), which replaces the SEEPP. This enables participants to defer part of their annual bonus into United Business Media ordinary shares and provides the opportunity to earn further shares. 25% of any annual bonus award will be automatically deferred into shares to be held for three years, and the participant may also elect to defer up to a further 25% into shares for the same period. At the end of three years the participant could receive up to two additional shares for every share held if the company’s earnings per share have grown by more than an average of at least 7% per annum above UK retail price index growth over the three year period. A lower ratio of matching shares may be earned if earnings per share have grown by more than 3% per annum above UK retail price index growth.

Awards are made in the form of options which are exercisable on payment of a nominal £1.

The number of ordinary shares which may be placed under option under the BIP depends on the monetary value of the bonus awarded to an employee during the year. For the element which is mandatorily paid in shares, the number is calculated by dividing 25% of the monetary value of the bonus by the average December share price in the year preceding the year of performance measurement. For any further element which the employee elects to defer into shares, the number is calculated by dividing the relevant monetary value by the share price at the time of the award.

Options, once vested, must normally be exercised before the expiry of ten years from the date of grant. Options may be exercised earlier in the event of death, or ceasing to be employed due to retirement, injury, disability or redundancy.

The first awards under the BIP are expected to be made in March 2006.

28. Share-based payment (continued)

A reconciliation of option movements over the year for all plans is as follows:

	2005 2000 Executive		2005 2000 SEEPP		2005 SAYE		2005 MTIP		2005 PSP	
	Number of options m	Weighted average exercise price (p)	Number of options m	Weighted average exercise price (p)	Number of options m	Weighted average exercise price (p)	Number of options m	Weighted average exercise price (p)	Number of options m	Weighted average exercise price (p)
At 1 January	20.2	512.3	0.4	–	3.2	206.0	0.5	–	–	–
Granted	2.1	562.5	0.1	–	0.3	433.3	0.3	–	0.8	–
Forfeited	–	–	–	–	(0.4)	331.6	(0.1)	–	–	–
Exercised	(3.7)	378.3	–	–	(0.2)	217.8	–	–	–	–
Expired	(2.3)	581.8	–	–	(0.9)	209.3	–	–	–	–
	16.3	539.8	0.5	–	2.0	223.9	0.7	–	0.8	–
Exercisable at 31 December	5.8	603.9	–	–	–	514.8	–	–	–	–

	2004 2000 Executive		2004 2000 SEEPP		2004 SAYE		2004 MTIP		2004 PSP	
	Number of options m	Weighted average exercise price (p)	Number of options m	Weighted average exercise price (p)	Number of options m	Weighted average exercise price (p)	Number of options m	Weighted average exercise price (p)	Number of options m	Weighted average exercise price (p)
At 1 January	18.8	537.6	0.7	–	3.6	203.6	–	–	–	–
Granted	4.1	495.8	–	–	0.3	412.3	0.5	–	–	–
Forfeited	–	–	–	–	–	–	–	–	–	–
Exercised	(0.1)	388.3	(0.2)	–	(0.1)	342.9	–	–	–	–
Expired	(2.6)	494.5	(0.1)	–	(0.6)	299.9	–	–	–	–
	20.2	512.3	0.4	–	3.2	206.0	0.5	–	–	–
Exercisable at 31 December	2.3	562.5	–	–	0.1	485.7	–	–	–	–

Valuation of share-based payments

Options were valued using the Black-Scholes or Monte Carlo option-pricing models as appropriate. The following table provides the assumptions made during the year ended 31 December 2005:

	2005	2004
Dividend yield	2.2%	2.8%
Expected volatility	28.0%	28.0%
Risk-free rate	4.48%	4.81%
Forfeiture assumptions:		
2000 Executive scheme	0%	–
SAYE	10.0%	–
Expected life:		
2000 Executive scheme and US SEEPP options (Mar/Apr 2005)	Equal to vesting period plus 2 years	Equal to vesting period plus 2 years
2000 Executive scheme (August/Nov 2005)	Equal to vesting period	–
SAYE options	Equal to vesting period	Equal to vesting period

The expected volatility is not based on historical volatility as this is considered to be unrepresentative of future trends. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life.

The total charge for the year relating to the employee share–based payment plans was £6.4 million (2004: £4.0 million), all of which related to equity-settled share-based payment transactions. Of the £6.4 million, £1.4 million relates to discontinued activities and non-recurring costs (2004: £nil). There are no cash alternatives for the schemes.

The group has adopted the exemption in IFRS 2 ‘Share-based payments’ to fair value options granted from 7 November 2002 onwards.

29. Other reserves

	Merger reserve £m	Capital redemption reserve £m	Foreign currency translation reserve £m	ESOP Reserve £m	Other reserve £m	Total other reserves £m	Retained earnings £m	Minority interests £m	Total £m
Balance at 1 January 2004	31.3	42.9	–	(7.8)	125.0	191.4	(461.6)	1.0	(269.2)
Changes in accounting policy relating to first-time adoption of IFRS (note 37)	–	–	–	–	–	–	15.2	0.3	15.5
Restated balance at 1 January 2004	31.3	42.9	–	(7.8)	125.0	191.4	(446.4)	1.3	(253.7)
Total recognised income and expense for the year	–	–	2.1	–	–	2.1	220.9	1.6	224.6
B shares purchased by the company	–	–	–	–	–	–	(1.8)	–	(1.8)
Share-based payment	–	–	–	–	–	–	1.5	–	1.5
Equity dividend	–	–	–	–	–	–	(31.7)	–	(31.7)
Minority interest dividend	–	–	–	–	–	–	–	(0.3)	(0.3)
Own shares purchased by the company	–	–	–	(4.1)		(4.1)	–	–	(4.1)
Restated balance at 31 December 2004	31.3	42.9	2.1	(11.9)	125.0	189.4	(257.5)	2.6	(65.5)
Changes in accounting policy relating to first-time adoption of IAS 32 and 39 (note 37)	–	–	–	–	–	–	(41.0)	–	(41.0)
Restated balance at 1 January 2005	31.3	42.9	2.1	(11.9)	125.0	189.4	(298.5)	2.6	(106.5)
Total recognised income and expense for the year	–	–	(3.9)	–	–	(3.9)	500.6	2.2	498.9
Shares repurchased and cancelled by the company	–	0.9	–	–	–	0.9	(16.8)	–	(15.9)
Share-based payment	–	–	–	–	–	–	2.6	–	2.6
Special dividend	–	–	–	–	–	–	(298.3)	–	(298.3)
Equity dividend	–	–	–	–	–	–	(39.5)	–	(39.5)
Minority interest dividend	–	–	–	–	–	–	–	(2.1)	(2.1)
Own shares purchased by the company	–	–	–	(7.4)	–	(7.4)	–	–	(7.4)
Balance at 31 December 2005	31.3	43.8	(1.8)	(19.3)	125.0	179.0	(149.9)	2.7	31.8

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments of foreign operations.

30. Acquisitions and disposals

UBM has completed 12 acquisitions during the year.

On 1 February 2005, UBM acquired Tissue World, an events and publication business, 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.

On 7 July 2005, UBM acquired ICMI for cash consideration of $3.75 million.

On 18 August 2005, UBM acquired Light Reading Inc, Informex, and Tech Online for $27 million, $24 million, and $5.5 million respectively.

On 23 August 2005, UBM completed the acquisition of "Theme" magazine and the "Bar" exhibition from Mondiale Publishing. The purchase price was £5 million in cash.

On 16 November 2005, UBM acquired Black Hat and Japan Jewellery Fair for cash consideration of $10 million and $2.7 million respectively.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the group in respect of the acquisition of businesses during the year:

	2005 Fair value to group £m	2005 Acquiree's carrying value £m
Intangible assets	41.3	22.8
Property, plant and equipment	1.5	1.5
Other non-current assets	0.2	0.2
Cash and cash equivalents	3.5	3.5
Stocks	0.6	0.6
Debtors and other current assets	21.9	21.5
	69.0	50.1
Creditors and other current liabilities	(37.0)	(36.0)
Deferred tax liability	(10.7)	–
Pension liability	(1.1)	–
	(48.8)	(36.0)
Fair value of net assets	20.2	
Goodwill arising on acquisition	93.5	
	113.7	

30. Acquisitions and disposals (continued)

	2005 £m
Consideration:	
Cash paid	109.9
Deferred consideration	3.8
Total consideration	113.7

The group also paid £9.2 million of deferred consideration during the year in relation to the 2001 acquisition of Allison-Fisher International, Inc. Under the earn out arrangement, if certain profit targets over the period of acquisition until 30 June 2004 were met, additional consideration was payable.

From the date of acquisition to 31 December 2005, the acquisitions have contributed £4.7 million to the net profit of the group. If these had taken place at the beginning of the year, the acquisitions would have contributed £11.0 million to the net profit of the group, and £79.9 million to revenue.

The goodwill of £93.5 million recognised above relates to certain intangible assets that cannot be individually separated and reliably measured from the acquiree due to their nature. These items include customer loyalty and a skilled workforce.

The aggregate cash flow effect of acquisitions was as follows:

	2005 £m
Net cash acquired with the subsidiary	(3.5)
Cash paid	109.9
Deferred consideration on 2001 acquisition	9.2
Net cash outflow on acquisitions	115.6

The intangible assets acquired as part of the acquisitions can be analysed as follows:

	2005 £m
Brands	20.8
Software	0.4
Customer contracts and relationships	16.5
Subscription lists	0.1
Trademarks	2.1
Databases	1.4
Total	41.3

30. Acquisitions and disposals (continued)

Disposals

On 27 April 2005, UBM completed the sale of its associate SDN Limited for net proceeds of £31.5 million. A profit of £26.5 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.

On 2 September 2005, UBM announced the sale of its 20% shareholding in Satellite Information Services (Holdings) Ltd to Catalyst Media Group plc for £23.0 million, and the sale of its 35.4% shareholding in Channel 5 Television Group Ltd to the RTL Group for £247.6 million. Profits on sale for these disposals were £11.9 million and £112.3 million respectively.

The profits from these disposed investments have been included in 'Corporate operations' for segmental reporting purposes.

The assets and liabilities disposed of as part of the disposals can be analysed as follows:

	SDN £m	SIS £m	Channel 5 £m	Total £m
Non-current assets	3.3	10.9	29.1	43.3
Current assets	–	–	105.0	105.0
Net assets	3.3	10.9	134.1	148.3

The group also disposed of its market research business, and Exchange & Mart and Auto Exchange titles, during the year. Refer to note 31.

31. Discontinued operations

On 15 April 2005, UBM announced the sale of its market research business, NOP World, to GfK Aktiengesellschaft for £383.0 million. The disposal was completed on 1 June 2005, on which date control of NOP World passed to the acquirer. A profit of £235.8 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.

On 16 September 2005, UBM announced the sale of Exchange & Mart and Auto Exchange to Newsquest Media Group Ltd for £50.3 million. A profit of £30.5 million arose on the sale of these titles.

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

	NOP 2005 £m	Exchange & Mart and Auto Exchange 2005 £m	Total 2005 £m	NOP 2004 £m	Exchange & Mart and Auto Exchange 2004 £m	Total 2004 £m
Revenue	76.9	23.0	99.9	222.4	35.8	258.2
Share of profit from equity accounted investments	–	–	–	–	–	–
Operating expenses	(72.5)	(22.6)	(95.1)	(202.1)	(30.9)	(233.0)
Profit before tax	4.4	0.4	4.8	20.3	4.9	25.2
Interest income	–	–	–	0.1	–	0.1
Profit before tax attributable to discontinued operations	4.4	0.4	4.8	20.4	4.9	25.3
Attributable taxation	(0.9)	(0.1)	(1.0)	(4.5)	(1.1)	(5.6)
Profit after tax attributable to discontinued operations	3.5	0.3	3.8	15.9	3.8	19.7
Profit from disposal of discontinued operations	235.8	30.5	266.3	–	–	18.9
Attributable tax expense	–	–	–	–	–	–
Net profit attributable to discontinued operations	239.3	30.8	270.1	15.9	3.8	38.6
Earnings per share for discontinued operations						
Basic			89.3p			11.5p
Diluted			78.0p			10.0p

In December 2004, UBM agreed a settlement of £32 million from Granada in respect of outstanding items relating to the 2000 disposals of the television assets. The additional profit on disposal taken in 2004 represents this settlement, after deduction of interest, costs, and the offset of recorded receivables. This amount was received in January 2005.

31. Discontinued operations (continued)

	NOP At date of disposal £m	Exchange & Mart and Auto Exchange At date of disposal £m	Total At date of disposal £m
Goodwill	94.9	6.3	101.2
Property, plant and equipment	6.6	1.7	8.3
Trade and other receivables	53.1	–	53.1
Inventories	23.4	–	23.4
Cash and cash equivalents	–	–	–
	178.0	8.0	186.0
Trade and other payables	60.4	–	60.4
Provisions	0.6	–	0.6
	61.0	–	61.0
Net assets attributable to discontinued operations	117.0	8.0	125.0

	NOP At date of disposal £m	Exchange & Mart and Auto Exchange At date of disposal £m	Total At date of disposal £m
Net cash flows from operating activities	(5.0)	0.4	(4.6)
Net cash flows from investing activities	–	–	–
Net cash flows from financing activities	–	–	–
Net cash flows attributable to discontinued operations	(5.0)	0.4	(4.6)

32. Commitments

Operating lease commitments – group as lessee

The group has entered into commercial property and machinery leases under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payments payable under non-cancellable property operating leases are as follows:

	Land & Buildings 2005 £m	Land & Buildings 2004 £m
Within 1 year	28.4	35.2
Later than 1 year and not later than 5 years	91.6	108.1
Later than 5 years	64.6	87.0
	184.6	230.3

The future minimum lease payments payable under non-cancellable other operating leases are as follows:

	Other 2005 £m	Other 2004 £m
Within 1 year	0.5	0.2
Later than 1 year and not later than 5 years	0.3	0.2
Later than 5 years	–	–
	0.8	0.4

32. Commitments (continued)

Operating lease commitments – group as lessor

The group has entered into commercial property leases under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2005 £m	2004 £m
Within 1 year	2.9	4.2
Later than 1 year and not later than 5 years	8.9	9.7
Later than 5 years	3.1	4.1
	14.9	18.0

Capital commitments

Capital expenditure contracted for but not provided in the financial statements amounts to £1.3 million (2004: £1.2 million).

33. Contingent liabilities

The company acts as guarantor over a net overdraft facility of £60 million and a foreign exchange line of £50 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 disclosed in note 21.

UBM are in dispute with HMRC with regards to a technical matter arising in relation to the Sale of Regional Newspapers in 1998. It is expected that the issue will be heard by the Special Commissioners later in 2006 although no date has been set. The tax in dispute is estimated at £80 million.

UBM remains confident that no tax will ultimately be payable and has obtained extensive and strong support for its technical position both at the time of the transaction and subsequently. Due to the uncertainty of litigation UBM continues to make a prudent assessment in its group accounts for this and other matters. UBM does not expect the matter to be finally resolved until 2007 at the earliest.

34. Principal subsidiaries

The consolidated financial statements include the financial statements of United Business Media plc and the principal subsidiaries listed in the table below.

The directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. The following information relates to those subsidiary undertakings the results or financial position of which, in the opinion of the directors, principally affect the figures of the group.

	Country of incorporation and operation	Percentage interest at 31 December 2005
CMP Asia Ltd	Hong Kong	100
CMP Europe Ltd	Great Britain	100
CMP Information Ltd	Great Britain	100
CMP Media, LLC	USA	100
CMPi Group Ltd (formerly Aprovia (UK) Ltd)	Great Britain	100
CMPMedica Asia Pte Ltd	Singapore	100
CMPMedica Holding France	France	100
Expoconsult B.V.	Netherlands	100
Light Reading, Inc.	USA	100
Medizinische Medien Informations GmbH	Germany	100
PR Newswire Association, Inc.	USA	100
PR Newswire Europe Ltd	Great Britain	100
United Advertising Publications plc	Great Britain	100
United Business Media Finance, Inc.	USA	100
United Business Media Group Ltd	Great Britain	100
United Business Media (Jersey) Ltd	Jersey	100
United Entertainment Media, Inc.	USA	100
United Finance Ltd	Great Britain	100
VIDAL (OVP) S.A.	France	100

All companies stated as being incorporated in Great Britain are registered in England and Wales. None of the above subsidiaries are held directly by the company, with the exception of United Business Media (Jersey) Ltd.

35. Related party transactions

The group entered into the following transactions with related parties during the year:

Transactions with related parties	Nature of relationship	Nature of transactions	Balances (owed by)/ due to the group at 31 December 2005 £m	Value of transactions 2005 £m	Balances (owed by)/ due to the group at 31 December 2004 £m	Value of transactions 2004 £m
Asia Pacific Leather Fair	Subsidiary < 90%	Loans and Management fees	0.1	1.8	(0.9)	1.7
Canada Newswire Ltd	Joint Venture	Newswire Service	0.1	1.1	–	0.4
Channel 5 Television Group Limited	Associate	Loans and interest receivable	–	22.7	198.8	9.8
SDN Limited	Associate	Loans and interest receivable	–	–	3.9	2.7
Xinhua Finance Limited	Investment	Newswire Service	0.2	0.5	–	–
CMP Weka Verlag	Joint Venture	Licensing Revenue	0.1	0.2	–	–
ANP Pers Support	Joint Venture	Distribution Sales	0.1	0.1	–	–
Cosmoprof Asia Limited	Subsidiary < 90%	Commission and Management fees	0.1	1.4	–	–
PRN do Brasil	Associate	Newswire Service	–	0.1	–	–
PRN Asia	Subsidiary < 90%	Receivable	0.3	–	–	–
CMP Media (Thailand)	Subsidiary < 90%	Commission	0.9	(0.2)	–	–

Merrill Lynch is one of the company's stockbrokers and also provides treasury services. During 2005, Merrill Lynch also acted for the group on the sale of Exchange & Mart and Auto Exchange. Adair Turner, a non-executive director of UBM, is vice-chairman of Merrill Lynch Europe plc.

IQ Resource, a strategic outsourcing company specialising in business media and information services, provides services to the group for which the group paid fees of $240,000 in 2005. Jonathan Newcomb, a non-executive director of UBM, holds an option over equity shares in IQ Resource.

UBM has engaged the corporate finance firm LongAcre Partners Limited to assist in the possible disposal of a number of small assets. John Botts, UBM's senior independent director, is chairman of LongAcre.

Leaders' Quest, a non-profit organisation, organised a management conference for the group during the year, for a fee of £43,000. Lindsay Levin, wife of David Levin, is a partner of Leaders' Quest.

On 1 February 2005, UBM acquired Tissue World for a purchase price of $4.8 million, from Paperloop.com, Inc. Paperloop.com, Inc is a 37.2% owned associate of the group.

Transactions with related parties are made at arm's length. Outstanding balances at year-end are unsecured and settlement occurs in cash. There are no bad debt provisions for related party balances as at 31 December 2005, and no related party transactions have been written off during the year.

Compensation of key management personnel of the group

The following is the compensation of directors and key management:

	2005 £m	2004 £m
Short-term employee benefits	5.8	5.0
Post-employment benefits	0.3	0.6
Other long-term benefits	–	–
Termination benefits	0.3	–
Share-based payments	1.6	1.2
	8.0	6.8

36. Post balance sheet events

On 11 January 2006, UBM also announced that it acquired the events assets of MediaLive International, Inc. for a cash consideration of US$65 million. The transaction adds more than 20 IT and telecoms-related events in the US, Japan, and Europe.

On 11 January 2006, UBM announced that it acquired Shorecliff Communications LLC, a US events business, for a cash consideration of US$12.3 million. Shorecliff's four principal events focus on the high growth technology markets of radio frequency identification, broadband services, wireless infrastructure and telecoms television/internet protocol television.

37. First-time adoption of International Financial Reporting and Accounting Standards

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 adoption of International Financial Reporting and Accounting Standards has resulted in changes to the group's accounting policies, as stated in note 2.

Reconciliation of equity at 1 January 2004

	Footnote	As reported under UK GAAP £m	Effect of transition to IFRS £m	Reported under IFRS £m
Assets				
Non-current assets				
Goodwill	14	430.8	0.7	431.5
Intangible assets		–	–	–
Property, plant and equipment		54.5	–	54.5
Investments accounted for using the equity method	4,14	11.4	45.8	57.2
Other investments	4,9	168.9	(36.8)	132.1
Deferred tax assets		–	–	–
		665.6	9.7	675.3
Current assets				
Inventories	5,12	20.4	(8.8)	11.6
Trade and other receivables	4,12,14	158.5	112.9	271.4
Cash and cash equivalents	9,14	611.1	(112.7)	498.4
		790.0	(8.6)	781.4
Assets classified as held for sale		–	–	–
Total assets		1,455.6	1.1	1,456.7
Current liabilities				
Borrowings		241.6	–	241.6
Convertible bond		221.1	–	221.1
Trade and other payables	8,10,14	305.4	(15.3)	290.1
Current tax liabilities		308.5	–	308.5
		1,076.6	(15.3)	1,061.3
Non-current liabilities				
Borrowings		101.9	–	101.9
Convertible bond		–	–	–
Retirement benefit obligation	6	83.9	0.9	84.8
Deferred tax liabilities		–	–	–
Trade and other payables		5.4	–	5.4
Provisions		63.1	–	63.1
		254.3	0.9	255.2
Total liabilities		1,330.9	(14.4)	1,316.5
Shareholders' equity				
Ordinary shares		84.5	–	84.5
Share premium		309.4	–	309.4
Other reserves		191.4	–	191.4
Retained earnings	5,6,8,10	(461.6)	15.2	(446.4)
Minority interest	14	1.0	0.3	1.3
Total equity		124.7	15.5	140.2
Total liabilities and equity		1,455.6	1.1	1,456.7

37. First-time adoption of International Financial Reporting and Accounting Standards (continued)

Reconciliation of equity at 31 December 2004

The effect of the changes to the group's accounting policies on the equity of the group at the date of the last financial statements presented under previous GAAP, 31 December 2004, was as follows.

	Footnote	As reported under UK GAAP £m	Effect of transition to IFRS £m	Reported under IFRS £m
Assets				
Non-current assets				
Goodwill	2,14	495.8	88.0	583.8
Intangible assets	2	–	50.4	50.4
Property, plant and equipment		50.1	(5.1)	45.0
Investments accounted for using the equity method	4,14	10.7	43.5	54.2
Other investments	4,9	146.8	(98.9)	47.9
		703.4	77.9	781.3
Current assets				
Inventories	5,12	22.8	(7.9)	14.9
Trade and other receivables	4,12	198.0	108.1	306.1
Cash and cash equivalents	9	378.8	(39.4)	339.4
		599.6	60.8	660.4
Assets classified as held for sale	13	–	5.1	5.1
Total assets		1,303.0	143.8	1,446.8
Current liabilities				
Borrowings		142.8	–	142.8
Trade and other payables	8,10,14	317.3	(21.9)	295.4
Current tax liabilities		208.0	–	208.0
		668.1	(21.9)	646.2
Non-current liabilities				
Borrowings		96.1	–	96.1
Convertible bond		208.7	–	208.7
Retirement benefit obligation	6	95.2	0.8	96.0
Deferred tax liabilities		–	–	–
Trade and other payables		4.6	–	4.6
Provisions		48.6	–	48.6
Deferred tax liabilities	7	1.4	15.4	16.8
		454.6	16.2	470.8
Total liabilities		1,122.7	(5.7)	1,117.0
Shareholders' equity				
Ordinary shares		84.5	–	84.5
Share premium		310.8	–	310.8
Other reserves	11	187.3	2.1	189.4
Retained earnings	1,2,3,4,5,6,8,10,11	(404.5)	147.0	(257.5)
Minority interest	14	2.2	0.4	2.6
Total equity		180.3	149.5	329.8
Total liabilities and equity		1,303.0	143.8	1,446.8

37. First-time adoption of International Financial Reporting and Accounting Standards (continued)

Reconciliation of profit or loss for year ending 31 December 2004

The changes in accounting policies had the following effect on the profit reported for the year ended 31 December 2004.

	Footnote	As reported under UK GAAP £m	Effect of transition to IFRS £m	Reclassification to discontinued operations £m	Reported under IFRS £m
Continuing operations					
Revenue	12,14	809.6	5.9	(258.2)	557.3
Other operating income		9.1	–	–	9.1
Operating expenses	1,2,3,5,12,14	(822.1)	115.3	233.0	(473.8)
Income from investments	4	6.0	(0.8)	–	5.2
Share of profit from associates and joint ventures	4,14	3.7	2.3	–	6.0
Operating profit		6.3	122.7	(25.2)	103.8
Additional profit on prior year disposals		18.9	–	–	18.9
Amounts written off investments		(11.7)	–	–	(11.7)
Net interest income		12.5	–	(0.1)	12.4
Financing costs – pension schemes		(3.4)	–	–	(3.4)
Profit before tax		22.6	122.7	(25.3)	120.0
Tax expense	4,7	(30.8)	2.1	5.6	(23.1)
Non-recurring taxation credit		121.0	–	–	121.0
Profit for the year from continuing operations		112.8	124.8	(19.7)	217.9
Discontinued operations					
Profit for the year from discontinued operations		–	–	19.7	19.7
Net profit/(loss) for the year		112.8	124.8	–	237.6
Attributable to:					
Equity shareholders – ordinary	1,2,3,4,5,7,12	110.9	124.5	–	235.4
Equity shareholders – B shares		0.4	–	–	0.4
Minority interests	14	1.5	0.3	–	1.8
		112.8	124.8	–	237.6

37. First-time adoption of International Financial Reporting and Accounting Standards (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 or as at 31 December 2004 following our review. An adjustment of £126.0 million was made to the income statement to reflect the reversal of amortisation under UK GAAP during 2004. Of the £126.0 million adjustment, £124.5 million increased the carrying value of goodwill on the balance sheet, and the £1.5 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. *Intangible assets*

IFRS 3 requires separable intangible assets that are acquired as part of a business acquisition to be identified separately from goodwill. These assets are amortised over their useful lives. United has taken advantage of the transition exemption which allows the identification of intangible assets to be applied only to those acquisitions which have taken place since the transition date.

The adjustment made represents the £53.5 million of intangible assets acquired as part of the CMPMedica acquisition, transferring this amount from goodwill to intangible assets. Amortisation of £3.1 million has been charged on these intangible assets during 2004.

3. *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 2004, the cost of £4.0 million as calculated under IFRS 2 has been partially offset by the reversal of the £2.5 million charge made in respect of the group's incentive plans under UK GAAP, leaving a net adjustment of £1.5 million.

4. *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 £151.3 million was made to 'Other investments' at transition date 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 £46.4 million and £104.9 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 profit in these associates of £2.5 million was also recorded as an adjustment in 2004, which increases the carrying value of the investment on the balance sheet at 31 December 2004.

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 £1.2 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.

5. *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 £0.4 million was made at 31 December 2004, to transfer the attributable overheads at year-end to operating expenses in the income statement.

37. First-time adoption of International Financial Reporting and Accounting Standards (continued)

Notes to the IFRS adjustments (continued)

6. 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. The adjustment of £0.9 million was made to the transition balance sheet at 1 January 2004, to recognise the additional pension costs under the IAS 19 valuation on transition compared to the FRS 17 valuation under UK GAAP. An adjustment of £0.1 million was also made as at 31 December 2004, to reduce the retired benefit obligation liability as at 31 December 2004 to recognise the difference in the 2004 pension charge.

7. Deferred Taxation

Under IAS 12, a deferred tax liability is recognised on the difference between the balance sheet amount of intangible assets acquired as part of the group's 2004 acquisitions and the tax base of the intangible assets. Goodwill is grossed up by an equivalent amount and there is therefore no adjustment to net assets on recognition.

The adjustment of £15.4 million was made in 2004, to recognise a deferred tax liability on the intangible assets acquired as part of the CMPMedica acquisition and gross up goodwill accordingly. £0.9 million of the deferred tax liability was then released to the profit or loss, for the tax effect on the amortisation of the CMPMedica intangible assets in 2004.

8. 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 final dividend in 2004 of £28.1 million that was accrued under UK GAAP has been reversed under IFRS.

9. 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 1 January 2004 and as at 31 December 2004, adjustments of £114.5 million and £42.0 million respectively, were made to reclassify the credit link notes with maturities greater than 3 months at the acquisition date from cash and cash equivalents to other investments.

10. 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, and a further £1.3 million was recognised on the acquisition of CMPMedica, to recognise the holiday pay obligations at the acquisition date. This adjustment increased the CMPMedica goodwill on acquisition. An accrual of £3.1 million was held at 31 December 2004.

11. 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 31 December 2004, to reclassify the translation differences for foreign operations from retained earnings to other reserves. An adjustment was also made to recognise the translation difference on the deferred tax liability recognised for the CMPMedica acquisition of £1.0 million. This translation difference increased the deferred tax liability and reduced the total translation differences in other reserves.

37. First-time adoption of International Financial Reporting and Accounting Standards (continued)

Notes to the IFRS adjustments (continued)

12. 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.

The adjustments of £7.5 million and £7.0 million as at 1 January 2004 and 31 December 2004 respectively relate to the revenue and corresponding expenditure to be recognised in the profit or loss on short-term market research contracts.

13. Assets classified as held for sale

The group adopted IFRS 5 early, from 1 January 2004.

Under IFRS 5, if the sale of a non-current asset is highly probable within one year from the balance sheet date, and the asset is available for immediate sale in its present condition, then it must be classified as held for sale. There is no requirement for this type of reclassification under UK GAAP.

The adjustment relates to a property with a carrying value of £5.1 million as at 31 December 2004 that is expected to be sold within the next 12 months.

14. Consolidation of investment equity accounted under UK GAAP

Under UK GAAP, control is defined as the ability to direct the financial and operating policies of an entity with the view to gaining economic benefits from activities. Under IAS 27, control is presumed to exist when the parent owns more than half of the voting power of an entity, unless there are exceptional circumstances to demonstrate that control does not exist.

An adjustment has been made to consolidate one of the group's subsidiaries, which was treated as an equity accounted investment under UK GAAP.

Explanation of material adjustments to the cash flow statement for 2004

Due to the reclassification of credit link notes with a maturity date of greater than 3 months at 31 December 2004, from 'cash and cash equivalents' to 'other investments', the movement in these credit link 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 IFRSs and the cash flow statement presented under UK GAAP.

37. First-time adoption of International Financial Reporting and Accounting Standards (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:

	Footnote	As restated under IFRS 31 December 2004 £m	Effect of adoption of IAS 32 and IAS 39 £m	IFRS 1 January 2005 £m
Assets				
Non-current assets				
Goodwill		583.8	–	583.8
Intangible assets		50.4	–	50.4
Property, plant and equipment		45.0	–	45.0
Investments accounted for using the equity method		54.2	–	54.2
Other investments		47.9	–	47.9
		781.3	–	781.3
Current assets				
Inventories		14.9	–	14.9
Trade and other receivables		306.1	–	306.1
Derivative financial assets	a	–	5.2	5.2
Cash and cash equivalents		339.4	–	339.4
		660.4	5.2	665.6
Assets classified as held for sale		5.1	–	5.1
Total assets		**1,446.8**	**5.2**	**1,452.0**
Current liabilities				
Borrowings		142.8	–	142.8
Convertible bond		–	–	–
Trade and other payables		503.4	–	503.4
		646.2	–	646.2
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		**1,117.0**	**46.2**	**1,163.2**
Shareholders' equity				
Share capital		84.5	–	84.5
Share premium		310.8	–	310.8
Other reserves		189.4	–	189.4
Retained earnings	e	(257.5)	(41.0)	(298.5)
Total shareholders' equity		**327.2**	**(41.0)**	**286.2**
Minority interests		2.6	–	2.6
Total equity		**329.8**	**(41.0)**	**288.8**
Total equity and liabilities		**1,446.8**	**5.2**	**1,452.0**

37. First-time adoption of International Financial Reporting and Accounting Standards (continued)

Financial instruments

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.

Adjustment to recognise listed investments at fair value. Under UK GAAP, these investments were recorded at cost.

		£m
(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

		£m
(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.

		£m
(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.

		£m
(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.

FIVE YEAR FINANCIAL SUMMARY

	IFRS 2005 £m	IFRS 2004 £m	UK GAAP 2003 £m	UK GAAP 2002 £m	UK GAAP 2001 £m
Profit and loss account					
Revenue*	**775.6**	809.6	746.7	793.4	932.5
Adjusted profit before tax**	**152.1**	141.9	103.3	72.9	95.9
Profit / (loss) before tax*	**501.4**	145.2	(18.4)	(221.2)	(537.2)
Earnings / (loss) per share					
Adjusted	**40.9p**	32.9p	23.9p	16.5p	17.9p
Basic	**157.1p**	70.4p	(12.5)p	(71.8)p	(146.5)p
Ordinary dividends (paid and proposed)	**15.0p**	12.0p	9.0p	7.0p	12.0p

* Including continuing and discontinued operations

** Before amortisation of goodwill and intangible assets, net finance cost – other than interest, and non-recurring items, including discontinued operations.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNITED BUSINESS MEDIA PLC

We have audited the parent company financial statements of United Business Media plc for the year ended 31 December 2005 which comprise the Balance Sheet of the company and the related notes 1 to 10. These parent company financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

We have reported separately on the group financial statements of United Business Media plc for the year ended 31 December 2005.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the parent company financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the parent company financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the parent company financial statements give a true and fair view and whether the parent company financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the parent company financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited parent company financial statements. The other information comprises only the Directors' Report, the unaudited part of the Directors' Remuneration Report, the Chairman's Statement and the Operating and Financial Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent company financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the parent company financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the parent company financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the parent company financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the parent company financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005; and
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered auditor
London
28 February 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

PARENT COMPANY BALANCE SHEET

at 31 December 2005

Notes		UK GAAP 31 December 2005 £m	UK GAAP 31 December 2004 £m
	Assets		
	Non-current assets		
4	Investments in subsidiary undertakings	**3,412.5**	3,349.8
		3,412.5	3,349.8
	Current assets		
5	Debtors	**62.2**	141.9
	Cash at bank and in hand	**1.6**	0.3
		63.8	142.2
6	**Creditors: amounts falling due within one year**	**(34.2)**	(6.1)
	Net current assets	**29.6**	136.1
	Creditors: amounts falling due after more than one year		
7	Bank and other loans	**(3.3)**	(130.2)
8	Other creditors	**(1,730.5)**	(1,999.4)
		(1,733.8)	(2,129.6)
	Net assets	**1,708.3**	1,356.3
	Capital and reserves		
9	Called up share capital	**84.9**	84.5
10	Share premium account	**327.7**	310.8
10	Other reserves	**127.1**	126.2
10	Profit and loss account	**1,168.6**	834.8
	Capital employed	**1,708.3**	1,356.3
	Equity shareholders – ordinary	**1,707.9**	1,355.9
	Equity shareholders – B shares	**0.4**	0.4
	Shareholders' funds	**1,708.3**	1,356.3

These financial statements were approved by a duly appointed and authorised committee of the Board of Directors on 28 February 2006 and were signed on its behalf by:

Nigel Wilson Director
David Levin Director

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

at 31 December 2005

1. Basis of preparation

The separate financial statements of the company are presented as required by the Companies Act 1985. They have been prepared under the historical cost convention and in accordance with United Kingdom Accounting Standards and law.

The principal accounting policies are summarised below. In preparing the financial statements for the current year, the company has adopted FRS 21 'Events after the balance sheet date', FRS 23 'The Effect of Changes in Foreign Exchange Rates', FRS 25 'Financial Instruments: Presentation and Disclosure', and FRS 26 'Financial Instruments: Recognition and Measurement'.

Adoption of FRS 21 means that proposed dividends that are not declared before the balance sheet date cannot be accrued as a liability at the year-end. The 2004 comparative numbers have been restated to reflect the change in accounting policy due to the adoption of FRS 21. The impact of adopting FRS 21 at 31 December 2004 is to increase shareholders' funds by £28.1 million.

The main impact of the adoption of FRS 25 and 26 is to recognise the embedded derivative within the convertible bond on transition to these standards at 1 January 2005. The embedded derivative within the convertible bond is required to be at fair value on transition, and subsequent movements in fair value are recognised through the income statement.

2. Significant accounting policies

Investments

Investments in subsidiaries are stated at cost or nominal value of shares issued where merger relief is taken, less any provision for impairment. Where the recoverable amount of the investment is less than the carrying amount, an impairment is recognised.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the balance sheet. Exchange differences are taken to the profit and loss account.

Financial instruments

Financial instruments in the scope of FRS 26 are classified as either financial assets or liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial instruments are recognised initially, they are measured at fair value, and in the case of investments not at fair value through profit or loss, after taking account of directly attributable transaction costs.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for taxable gains arising from the revaluation (and similar fair value adjustments) of fixed assets that have been rolled over into replacement assets, only to the extent that there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable; and
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the period on which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Cash flow statement

The company has utilised the exemptions provided under FRS 1 (Revised) and has not presented a cash flow statement. The cash flow statement has been prepared in the group financial statements.

Related party transactions

In accordance with Financial Reporting Standard Number 8: Related Party Disclosures, the company is exempt from disclosing transactions with entities that are part of the UBM group, or investees of the group qualifying as related parties, as it is a parent publishing consolidated financial statements.

3. Profit for the year

As permitted by section 230 of the Companies Act 1985 the company has elected not to present its own profit and loss account for the year. United Business Media plc reported a profit for the financial year ended 31 December 2005 of £387.7 million (2004: a loss of £89.5 million).

The auditors' remuneration for audit services to the company was £10,000 (2004: £10,000).

Details of executive and non-executive directors' emoluments and their interest in shares and options of the company are shown within the directors' remuneration report in the sections "Directors' pension provision", "Table of individual directors' remuneration", "Directors' interests in shares" and "Directors' interests in share options".

4. Investments in subsidiary undertakings

	Shares In group companies £m	Loans to group companies £m	Total £m
Cost			
At 1 January 2005	3,004.9	1,006.4	4,011.3
Movement in loans	–	(57.8)	(57.8)
Additions	120.5	–	120.5
At 31 December 2005	3,125.4	948.6	4,074.0
Provision against investments			
At 1 January 2005	(661.5)	–	(661.5)
Charged for the year	–	–	–
At 31 December 2005	(661.5)	–	(661.5)
Net book amount			
At 31 December 2005	2,463.9	948.6	3,412.5
At 31 December 2004	2,343.4	1,006.4	3,349.8

The investments in subsidiary undertakings relate to the following companies:

Name	Country of incorporation and operation	Class of shares held	% of shares held	Activity
Blessmyth Limited	England and Wales	Ordinary	100%	Holding company
UN (Overseas) Limited	England and Wales	Ordinary	100%	Holding company
United Jersey Holdings Limited	England and Wales	Ordinary	92.7%	Holding company
United Business Media (Jersey) Limited	England and Wales	Ordinary	100%	Financing company
United Business Media Shelfco No.4 Limited	England and Wales	Ordinary	100%	Holding company
Miller Freeman Worldwide Limited	England and Wales	Ordinary	100%	Holding company
Nebulamart Limited	England and Wales	Ordinary	100%	Holding company

The remaining 7.3% shareholding in United Jersey Holdings Limited is held by another UBM group company.

5. Debtors

	2005 £m	2004 £m
Amounts falling due within one year:		
Prepayments and accrued income	2.3	1.4
Group relief receivable	59.9	140.5
	62.2	141.9

6. Creditors: amounts falling due within one year

	2005 £m	As restated 2004 £m
Accruals and deferred income	1.2	5.7
Other creditors	1.2	–
Embedded derivative in convertible bond	31.5	–
Non-equity dividends – group	0.3	0.4
	34.2	6.1

The fair value of the embedded derivative contained in UBM's 2.375% 2006 Convertible Bond is calculated with the assistance of a major investment bank using a combination of UBM's share price, the Sterling / US Dollar exchange rate, Sterling and US Dollar interest rates and UBM's credit spread. These levels when modelled with volatility, time to maturity and the issuer soft call at £7.50, enable the value of the option contained within the convertible to be calculated.

7. Bank and other loans due after more than one year

	2005 £m	2004 £m
Other loans	3.3	130.2

8. Other creditors due after more than one year

	2005 £m	2004 £m
Amounts owed to group companies	1,730.5	1,999.4

9. Called up share capital

	2005 £m	2004 £m
Authorised		
400,936,636 (2004: 486,851,630) Ordinary shares of 30 and 5⁄14 pence each (2004: 25 pence each)	121.7	121.7
375,417,690 (2004: 375,417,690) B shares of 8 and 23⁄44 pence each (2004: 8 and 23⁄44 pence each)	32.0	32.0
	153.7	153.7

	Ordinary shares number	B shares number
Allotted and fully paid		
In issue at 1 January 2005	336,185,328	5,446,789
Allocated in respect of share option schemes and other entitlements	1,996,673	–
Shares repurchased and cancelled	(250,000)	–
At 20 June 2005 (Per-share consolidation)	337,932,001	5,446,789
Share consolidation	(59,635,059)	–
B shares purchased by the company	–	(615,866)
Shares repurchased and cancelled	(2,760,000)	–
Allocated in respect of share option schemes and other entitlements	2,685,178	–
In issue at 31 December 2005	278,222,120	4,830,923

9. Called up share capital (continued)

	Ordinary Shares £m	B Shares £m	Total £m
Issued and fully paid			
At 1 January 2005	84.1	0.4	84.5
Allocated in respect of share option schemes and other entitlements	1.3	–	1.3
Shares repurchased and cancelled	(0.9)	–	(0.9)
B shares purchased by the company	–	–	–
In issue at 31 December 2005	84.5	0.4	84.9

The return of capital to shareholders undertaken in 2001 took the form of a subdivision and consolidation of the existing United ordinary shares. On 23 April 2001, each of the existing 507,901,885 ordinary shares of 25 pence then in issue were sub-divided into one share of 8 23⁄44 pence (B Shares) and one share of 16 21⁄44 pence and immediately following such sub-division every issued share of 16 21⁄44 pence was sub-divided into 29 shares of 25⁄44 pence. Every 44 shares of 25⁄44 pence each resulting from such sub-division were then consolidated into one ordinary share of 25 pence. The subdivision created a class of B shares with a total value of approximately £1.25 billion. UK shareholders had the option to sell these shares for 245 pence per share, to receive a single dividend of 245 pence per share, or to retain the B shares and receive a continuing dividend. During the year ended 31 December 2004, 766,030 B shares were purchased by the company for consideration of £1.8 million. Cumulatively to 31 December 2005, 370,586,767 B shares have been purchased by the company for consideration of £907.9 million. At 31 December 2005, 4,830,923 B shares remain in issue.

As at 31 December 2005, there were 4,830,923 B shares outstanding, with an aggregate cost of repurchase of £11.8 million.

The B shares are irredeemable however, the company has the authority to convert, at its option, all remaining B shares in issue after 23 April 2011, if the number is less than 125 million. The conversion into ordinary shares will be based on the market price of ordinary shares at the time of the conversion.

B shares

B shareholders are entitled to a non-cumulative preference dividend. On winding up, the B shareholders are entitled to 245 pence per share and the relevant proportion of the dividends outstanding. B shareholders do not have any voting entitlements except in a resolution relating to a winding up of the company or if the B share dividend has been outstanding for more than six months.

Share repurchases and consolidation

The group repurchased and cancelled 3,010,000 of its own ordinary shares during the year. The total amount paid to acquire the ordinary shares was £15.3 million, and £1.5 million was paid to acquire B shares.

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 with a nominal value of 25 pence each to 14 new ordinary shares with a nominal value of 30 and 5⁄14 pence each. 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.

10, Share premium account and reserves

	Share premium account £m	Capital redemption reserve £m	Other reserves £m	Profit and loss account £m	Total £m
At 1 January 2005	310.8	42.9	83.3	834.8	1,271.8
Changes in accounting policy relating to adoption of FRS 21, 25 & 26	–	–	–	(47.9)	(47.9)
Restated at 1 January 2005	310.8	42.9	83.3	786.9	1,223.9
Retained profit for the year	–	–	–	387.7	387.7
Premium on shares issued	16.9	–	–	–	16.9
Shares repurchased and cancelled	–	0.9	–	(16.8)	(15.9)
Convertible bond accounting	–	–	–	32.9	32.9
Foreign exchange differences	–	–	–	(22.1)	(22.1)
At 31 December 2005	327.7	43.8	83.3	1,168.6	1,623.4
Non-distributable	327.7	43.8	83.3	–	454.8
Distributable	–	–	–	1,168.6	1,168.6

The company received £16.9 million (2004: £1.4 million) on the issue of shares in respect of the exercise of options awarded under various share option plans, of which £16.9 million (2004: £1.4 million) is payable by employees to the group for the issue of these shares.

SHAREHOLDER INFORMATION

Registered office and registered number

Ludgate House
245 Blackfriars Road
London
SE1 9UY

Registered Number 152298

Registrars

All enquiries regarding shareholder administration including dividends, lost share certificates or changes of address should be communicated in writing, quoting United Business Media's company reference number 0239 to the following address:–

Lloyds TSB Registrars
The Causeway
Worthing
West Sussex
BN99 6DA

Tel: 0870 600 3970

Shareholders can also view their shareholdings online by registering at www.shareview.co.uk.

Investor relations and general enquiries

For all investor relations and general enquiries about the company, please contact our group communications department at the registered office as shown above or telephone 020 7921 5000.

Requests for further copies of our annual report and accounts can be made via our website www.unitedbusinessmedia.com – or by telephoning the company secretary's office on the number given above.

Capital Gains Tax

The market value of United Business Media plc's shares on 31 March 1982 was 165 pence. The adjusted market value for shares acquired prior to 31 March 1982 which participated in the rights issues of November 1983 and June 1993 is 232.5 pence. The market quotations of the company's ordinary shares and ICAP plc (previously Garban plc) ordinary shares for 17 November 1998, being the first day of dealing following ICAP's demerger from the company were as follows:–

United Business Media plc ordinary shares of 25 pence – 638 pence

ICAP plc ordinary shares of 50 pence – 217 pence

The market values of United Business Media plc's ordinary shares of 25 pence and B shares on 23 April 2001 following the capital reorganisation were as follows:–

Ordinary shares of 25 pence – 693 pence

B shares – 245 pence

The market value of United Business Media plc's ordinary shares of 30 5⁄14 pence on 21 June 2005 following the share consolidation was 511.25 pence

Share Listings

The ordinary and B shares are listed on The London Stock Exchange. The symbols are, respectively UBM and UBMb.

Shareholder profile as at 31 December 2005

Holdings	No. of holders	Percentage of holders	No. of shares	Percentage of issued capital
1 – 1,000	8,176	74.96	2,607,661	0.94
1,001 – 5,000	1,871	17.15	3,684,656	1.32
5,001 – 50,000	510	4.68	8,520,521	3.06
50,001 – 1,000,000	289	2.65	76,648,939	27.55
Over 1,000,000	61	0.56	86,797,343	67.13
	10,907	100.00	278,259,120	100.00

FINANCIAL CALENDAR 2006

Record date for 2005 final dividend	28 April
Annual General Meeting	4 May
Final dividend payment date	25 May
Announcement of interim results	25 July
Interim dividend payment date	October

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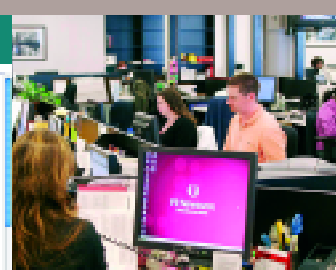


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