

The directors present their report and the audited financial statements for the year ended 31 December 2004.

#### Activities, business review and development

During 2004 the group's principal activities were in the areas of market research, news distribution and professional media, as illustrated on pages 18 to 33. The operating review on pages 12 and 13 and the financial review on pages 14 and 15 contain details of the performance of the group and its divisions during the year and give an indication of future developments.

#### Results for the year and dividends

The results for the year are set out in the group profit and loss account on page 50. After accounting for dividends totalling £40.6 million (including the proposed dividend of £40.2 million and an accrued LIBOR related B share dividend of £0.4 million), the balance to be transferred to reserves is £70.7 million. The directors recommend a final dividend of 8.37 pence per share for the year ended 31 December 2004 to be paid on 26 May 2005 to those shareholders on the register on 29 March 2005. An interim dividend of 3.63 pence per share was paid on 21 October 2004, making a total for the year of 12.0 pence (2003 : 9.00 pence).

A dividend of 8 pence per B share will be paid on 25 April 2005 to holders of B shares on the register on 29 March 2005.

#### Directors and their interests

Biographical details of the directors in office as at 24 February 2005 are set out on pages 16 and 17. The following directors held office during the year:

Geoff Unwin, Clive Hollick, John Botts, Charles Gregson, Christopher Hyman, Jonathan Newcomb, Chris Powell, Adair Turner, Malcolm Wall, Nigel Wilson and Fields Wicker-Miurin. Sandy Leitch was appointed as a non-executive director on 11 January 2005.

Jonathan Newcomb and Chris Powell 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. Christopher Hyman and Sandy Leitch, both of whom have been appointed to the board since the last annual general meeting, will be proposed for election. None of the aforementioned directors standing for election or re-election has a service contract and all are considered by the company to be independent.

The interests of the directors in office at 31 December 2004 in the shares of the company and its subsidiary undertakings are set out in the remuneration report on page 43.

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.

On 16 December 2004 the company announced that David Levin would be appointed to the board as chief executive on 5 April 2005 to succeed Clive Hollick, who is due to retire from the board in May 2005. In accordance with the company's articles David Levin will stand for election to the board at the forthcoming annual general meeting. His service contract is terminable by either party on 12 months' notice; biographical information is included in the notice of meeting.

#### Changes in share capital

The issued share capital of the company at 1 January 2004 was 335,826,153 ordinary shares of 25 pence each, and 6,212,819 B shares of 8 23/44th pence each. The ordinary shares and B shares are listed on the London Stock Exchange.

During the year 293,712 ordinary shares were issued in connection with the exercise of options under the company's share option schemes. 55,791 ordinary shares were issued to Clive Hollick in respect of his sale of shares in Meridian Broadcasting Limited and a further 9,672 ordinary shares were issued to Fields Wicker-Miurin on her retirement from the board. The company also repurchased 766,030 B shares with a nominal value of £0.07 million for consideration of £1.9 million and cancelled them under the provisions of the Companies Act.

The issued share capital of the company at 31 December 2004 was 336,185,328 ordinary shares of 25 pence each and 5,446,789 B shares of 8 23/44th pence each.

At the annual general meeting held on 6 May 2004, shareholders authorised the company to purchase up to 33,582,615 ordinary shares and up to 6,212,819 B shares. These authorities were still valid at 31 December 2004 and will expire at the conclusion of the annual general meeting to be held on 12 May 2005. Resolutions to renew them will be put to shareholders at that meeting.

#### American Depositary Receipts

The company's ordinary shares are traded in the USA on the NASDAQ in the form of American Depositary Receipts ("ADRs"). One ordinary share represents one ADR. Less than 0.2 percent of the company's issued ordinary share capital is held in the form of ADRs. In December 2004 the company gave notice to its ADR holders of its intention to terminate the ADR programme and to cancel its listing on NASDAQ. These events will take effect on 22 March 2005, following which ADR holders will have a period of sixty days in which to exchange their ADRs for ordinary shares. In respect of those ADRs still outstanding at 20 May 2005, the underlying shares will be sold in the market and the net proceeds returned to the relevant holders.

#### Employee involvement

Communication with employees is maintained through various means, including annual appraisals, divisional intranets, newsletters, staff surveys and meetings.

2004 saw the launch of a group-wide process to develop and formalise the group's corporate values. Staff from UBM subsidiary companies participated in a series of focus groups. These meetings facilitated discussion of a range of views on the principles by which UBM operates and the values by which the group wishes to be recognised.

A steering group consisting of senior managers representing all group businesses reviewed this feedback, and from it developed a set of corporate values which have been communicated to all staff worldwide. Task forces have been established to co-ordinate the ongoing communication of the group's values by various means, including newsletters and a dedicated website.

Employee turnover across all parts of the group was closely monitored over the course of the year to ensure continuing recruitment of employees with relevant skills and experience. Selection of new and promoted employees is determined on their aptitude, skills and ability to do the job. The group remains committed to the principles of allowing employees to work flexibly to meet their personal circumstances where at all possible and this has been a powerful tool in recruitment and retention of staff. In the case of employees becoming disabled during employment, every effort is made to enable them to continue in employment, including retraining if appropriate.

The company continues to work with the Work Foundation, which it joined as a corporate partner during 2003, and other relevant organisations such as Opportunity Now and the Corporate Leadership Council. Membership of these organisations affords employees the opportunity to attend training workshops and take part in projects which broaden their knowledge base, as well as enabling the company to share ideas and to develop effective networks with other employers.

The importance of developing and retaining a diverse workforce, and providing leadership development opportunities and management skills training continued to be given priority in 2004 at subsidiary level. During 2005, the company also plans to launch a leadership development event. This programme has been developed using feedback from the successful UBM High Potential staff training previously run in 2001/2. It will be targeted towards 16 of UBM's high potential executives who are viewed to be capable of being future UBM business leaders.

## 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.

The group continues to review how best to co-ordinate and develop its reporting of issues regarding corporate social responsibility, particularly given the diverse nature of its businesses. The group-wide values initiative which is described in more detail on page 48 has now been launched across the group and will provide the basis for developing awareness of social, ethical and environmental issues.

The board takes account of such issues via the operational reports which it receives from the group's businesses and the group risk mapping process described on page 46 is the principal mechanism by which it identifies and assesses risks to value which may arise from these issues.

The company is a member of the Media CSR Forum, a group of leading media organisations which aims to raise the standards of corporate social responsibility within the sector and to define the particular impacts and responsibilities of media companies. The Forum published its key issues document in February 2004, which was followed by a more detailed consultation with stakeholders. Through its membership of the Forum, the company aims to develop with stakeholders the issues raised in that consultation.

Community involvement is encouraged at group and divisional level through payroll giving and matched funding schemes which were actively promoted, in conjunction with the Charities Aid Foundation, during 2004. Staff are encouraged to lend support to projects which benefit the communities in which the group's businesses operate.

The group's principal environmental impact arises from energy consumption, which is monitored and reduction targets set where practicable. A "switch-off" campaign has achieved savings in electricity costs. Recycling initiatives for paper, cardboard, batteries and plastics have enabled further cost savings to be made and have developed staff awareness of recycling issues.

## Statement of directors' responsibilities for the financial statements

The directors are required by the Companies Act to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period.

The directors confirm that in preparing the financial statements for the year ended 31 December 2004 the group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements are also published on the United Business Media website; the maintenance and integrity of the website is the responsibility of the directors. Legislation in the United Kingdom governing the preparation and the dissemination of financial statements may differ from legislation in other jurisdictions.

## Donations

In 2004 the group donated £503,700 to charitable organisations (2003: £204,000). The group made no political donations during 2004 (2003 : nil). At the annual general meeting held on 6 May 2004 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 £100,000. 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 24 February 2005 the company had been notified of the following interests of 3 percent or more in its issued ordinary share capital:-

Aviva plc	4.18	Deutsche Bank AG	4.08	Schroders PLC	10.20
AXA S.A.	4.36	Fidelity/FMR Corp	11.29	Scottish Widows	5.41
Barclays PLC	3.99	Legal and General	5.08		

## 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 12 May 2005. 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  
Secretary

24 February 2005

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