

# 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 <sup>23</sup>/<sub>44</sub>th 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 <sup>5</sup>/<sub>14</sub>th 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 <sup>5</sup>/<sub>14</sub>th pence each and 4,830,923 B shares of 8 <sup>23</sup>/<sub>44</sub>th 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.

# REPORT OF THE DIRECTORS

## 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.

# REPORT OF THE DIRECTORS

## 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