

Preliminary Results for the Year Ended 31 December 2005

STRONG RESULTS FROM A FOCUSED BUSINESS

Headline Results

Revenue	Up 21.3%	to £675.8m (£557.3m)
Continuing operating profit*	Up 27.3%	to £137.1m (£107.7m)
Profit before tax**	Up 7.2%	to £152.1m (£141.9m)
EPS**	Up 25.1%	to 40.9p (32.7p)
Dividend	Up 25.0%	to 15.0p (12.0p)

- Underlying revenue up 4.1%
- Margins steady at 19.6% (2004 - 19.1%)
- Acquisitions performing in line with plan
- £105m invested in acquisitions in 2005
- £550m of capital returned via special dividend and share & bond buybacks
- Net cash of £246.8m at year end
- New senior management team in place

* Before non-recurring items and amortisation of intangible assets

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

Statutory Results

Revenue	Up 21.3%	to £675.8m (£557.3m)
EBIT	Up 161.8%	to £241.1m (£92.1m)
Profit before tax	Up 129.7%	to £232.2m (£101.1m)
EPS - continuing	Up 15.3%	to 67.8p (58.8p)

David Levin, Chief Executive of United Business Media plc said:

“In 2005 we have achieved strong financial results, and have made substantial progress in reshaping UBM for the future. We achieved EPS growth of 25% and have increased our dividend by 25%. In conjunction with these strong results, we have 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).”

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“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 for acquisitions. At the same time it is our intention to move towards a prudent leveraged balance sheet over the next two years. Subject to our trading over these few years, we expect to be in a position to return in excess of £300m of capital to shareholders during that period.”

“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 the profitability of our online offerings.”

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Interviews with David Levin, CEO, and Nigel Wilson, CFO, are available in video, audio and text on <http://www.unitedbusinessmedia.com> and <http://www.cantos.com>

UBM's results presentation will be webcast live from UBM's website from 9.30am, 28th February 2006. To access the webcast please go to www.unitedbusinessmedia.com.

A video recording of the webcast will also be accessible from UBM's website. The presentation will also be available from UBM's website as a podcast.

Notes to Editors

About United Business Media plc

United Business Media is one of the world's leading global business information companies. UBM brings together the world's buyers and sellers, helping their markets work effectively and efficiently through PR Newswire's news distribution network and CMP's portfolio of events, print and on-line publications.

For more information, go to www.unitedbusinessmedia.com

About PR Newswire - PR Newswire is the world's leading corporate news distribution service. Headquartered in New York, PR Newswire distributes news globally on behalf of over 40,000 customers, including many of the world's top companies and agencies, helping them take the latest news to the media, the investment community, and the general public. For more information, go to www.prnewswire.com

About CMP - CMP's portfolio of more than 200 newspapers, magazines and directories, 200 websites and 300 events brings together buyers and sellers from a range of global sectors including technology, healthcare, the built environment, lifestyle, fashion and ingredients. Our customers come to us for direct access to their key audiences: business decision-makers.

CMP operates globally through four divisions:

- CMP Media - the USA's leading high tech B2B media company and provider of healthcare education and information. For more information, go to www.cmpmedia.com
- CMP Information: the European magazine and events business, based in the UK. For more information, go to www.cmpinformation.com
- CMP Asia: a leader in exhibitions and publications in key markets in Asia. For more information, go to www.cmpasia.com
- CMPMedica: pharmaceutical marketing solutions including medical information and trade press in Europe and Asia. For more information, go to www.cmpmedica.com

CMP's key brands include:

- InformationWeek magazine: US circulation of 500,000 IT professionals www.informationweek.com
- Vidal Pharmaceutical Dictionary: the top-selling medical dictionary in Europe
- September Hong Kong Jewellery & Watch Fair: attracts more than 38,000 visitors each year www.jewellerynetasia.com/exhibitions
- LightReading.com: the world's largest online telecoms publication, with a monthly audience of more than 400,000 www.lightreading.com

Disclaimer

This press release includes statements which are not historical facts and are considered "forward-looking" within the meaning of Section 27 of the Securities Act of 1933, as amended. These forward-looking statements reflect UBM's current views about future events, business and growth strategy and financial performance. These forward-looking statements are identified by their use of terms and phrases such as "believe," "expect," "plan," "anticipate," "on target" and similar expressions identifying forward-looking statements. Investors should not rely on forward-looking statements because they are subject to a variety of risks, uncertainties and other factors that could cause actual results to differ materially from UBM's expectations. UBM expressly does not undertake any duty to update forward-looking statements. Management does not attempt to update forecasts unless conditions materially change.



United Business Media

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2005

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1. CHIEF EXECUTIVE REVIEW

Results summary

“In 2005 we have achieved strong financial results, and have made substantial progress in reshaping UBM for the future.

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.

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 activity (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 audiences 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 coming 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 acquisitions 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 on line offerings.

2. SUMMARY GROUP INCOME STATEMENT

The income statement set out below re-presents the group's full income statement (which accompanies this summary) in order to show more clearly the results from operations.

	Year Ended 31 December		%
	2005 £m	2004 £m	
Revenue	675.8	557.3	21.3
Operating profit* – continuing	137.1	107.7	27.3
Operating profit* – discontinued	4.8	25.2	
Operating profit*	141.9	132.9	6.8
Net interest income	12.7	12.4	2.4
Other financing costs – pension schemes	(2.5)	(3.4)	(26.5)
Profit before tax**	152.1	141.9	7.2
Net financing cost – other than interest	(19.1)	-	
Amortisation of intangible assets	(11.4)	(3.1)	
Non-recurring items	379.8	7.2	
Profit/(loss) before tax	501.4	146.0	243.4
Taxation	(24.6)	(28.6)	(14.0)
Share of taxation of JV's and associates	1.9	(0.8)	
Taxation relating to non-recurring items	(1.2)	121.0	-
Profit after tax	477.5	237.6	101.0
Minority interest	(1.9)	(1.8)	5.6
Retained profit for the period	475.6	235.8	101.7
Dividends paid in period	337.8	31.7	
EPS ** (pence)	40.9	32.7	25.1
Basic EPS (pence)	157.1	70.4	

* Before non-recurring items and amortisation of intangible assets

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

3. SUMMARY OF PRELIMINARY FINANCIAL RESULTS FOR 2005

Consistent with the Interim, the results presented below reflect continuing businesses under the new management structure.

	Revenue				Operating Profit*			
	Year ended 31 December				Year ended 31 December			
	2005	2004	Change	Underlying	2005	2004	Change	Underlying
	£m	£m	(%)	#(%)	£m	£m	(%)	#(%)
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)
CMPi	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 effects of acquisitions, discontinued operations, biennial events and foreign exchange

* before amortisation of intangible assets, non-recurring items

+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.

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 has a direct translation impact – with approximately two thirds of UBM 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 £300,000 to £400,000 over the full year.

4. DIVISIONAL COMMENTARY

PR NEWSWIRE

PR Newswire delivered a strong performance in all main areas of operation. Underlying revenue was up 8.8% and underlying operating profit was 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, particularly MEDIAtlas and MultiVu, contributed to the overall revenue increase. Businesses in Europe and Asia achieved 5.3% revenue growth for the full year, with the European operating margin up to 19.2% and a total Rest of the World operating profit of £1.9m (£0.2m profit in 2004).

CMP ASIA

CMP Asia delivered a strong performance. Underlying revenue was up 15.1%, with underlying operating profits up 10.9%. Operating margins were 28.3% (27.2%) and the steady programme of new product launches continued – including more geographic extensions into mainland China. In Japan, KSS continues to perform well, the Japan Jewellery Fair was acquired and further launches are planned. We plan to have our first exhibition in India in 2006.

CMP MEDIA

In dollar terms, technology revenues of \$282.8m excluding acquisitions were down 1.8%, reflecting the continuation of recent trends across the different media platforms – with print declining and events and online growing. During 2005, we acquired two events businesses - Black Hat and ICMI and in January 2006 we acquired two further events organisers, MediaLive and Shorecliff. The acquisitions of Light Reading and TechOnLine, will assist the development of our online businesses as well as the evaluation of alternative online business models.

On a proforma basis, the 2005 results reflect that the mix of revenue has changed such that events now account for 34% and online for 16% of CMP Media's revenue (compared to 23% and 14% in 2004).

Healthcare revenue growth was re-established in the second half as the medical education businesses' customers have now restructured themselves to address US regulatory concerns. Revenue increased to \$67.1m for the full year, an increase of 5.8%.

Entertainment revenues were stable compared to 2004 and Princeton revenue was up 4.3%.

The decline in operating profits across CMP Media largely reflects the previously announced increased level of investment in new product development – in particular in online and the relaunch of certain titles including Information Week.

CMP INFORMATION

With revenue of £177m and operating profit of £43m, CMPi is our largest profit contributor and has strong results from its events business. CMPi's results include the operations of the non motoring titles previously reported by UAP. Underlying revenue of the combined entity was up 4.0% while underlying operating profit was down 4.0%. The decline in profits from underlying trading is due to investment in new product development. We have continued to make acquisitions and disposals and rationalise the portfolio. The 2005 acquisitions of ABI, The Publican, Theme & Bar and Informex are performing in line with expectations.

CMPMEDICA

CMPMedica was acquired on 30 July 2004, with the acquisition of additional MediMedia (France Medical Press and Services) assets completed on 31 March 2005. The business has been trading in line with its acquisition case. Its performance reflects a strong seasonal weighting towards the first half of the year. The drug information products have performed well, particularly in France, but there was some softness in the Asia-Pacific trade press markets. In 2006 we intend to make additional investment in DIS and CME products, strengthen our events portfolio and expand geographically.

CORPORATE

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. Our share of operating profit from **five** prior to disposal was a £1.9m pre tax profit compared to a loss of £(1.8) million in H1 2004.

5. DIVIDEND

In line with the progressive dividend policy, the Board is recommending a final dividend of 11.0 pence (8.37 pence), bringing the total for the year to 15.0 pence (12.0 pence), an increase of 25 per cent. This increase reflects the strong performance achieved in 2005 and the directors' confidence in the long-term outlook for the business.

The final dividend on the ordinary shares will be paid on 25 May to shareholders on the register on 28 April.

The dividend on the 4,830,923 outstanding B shares will be 9.0 pence per share. This dividend will be paid on 24 April to shareholders on the register on 31 March.

6. CASH AND CASH CONVERSION

Our balance sheet remains strong. Net cash at the end of the year was £246.8m after expenditure of £115.6m on acquisitions during the year, receipts of £737.7m from disposals and a return of capital of £550m to investors by means of a special dividend and convertible and bond buybacks. Continuing operating cash conversion was 103% of operating profit.

7. INVESTMENTS

During the year UBM disposed of its investment in **five**, SIS and SDN for £302m, Under IFRS, these investments were equity accounted for the period until disposal.

8. PENSIONS

At 31 December 2005 the aggregate deficit under IAS 19 had decreased significantly to £52.3m from £96.0m. This reflects the additional contributions of £17.2m made by the group and strong asset returns offset by a change in mortality assumptions increasing expected life.

The IAS 19 interest charge was £2.5m (2004: £3.4m).

9. TAX

The UK GAAP effective tax rate in 2005 was 20.0% (2004: 21.8%). The effective tax rate under IFRS was 17.1% (2004: 20.9%). Overall UBM'S tax creditor is £219.4m (2004: £208.0m). No payments were made in respect of this creditor in 2005 and we do not expect the tax cash outflow in respect of this creditor in 2006 to exceed £20.0m.

In 2005 the total tax payments, net of refunds totalled £17.4m.

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 £80m. We remain confident that no tax will be ultimately be payable and have obtained extensive and strong support for our technical position, both at the time of the transaction and subsequently. Due to the uncertainty of litigation, we continue to make a prudent assessment in the group accounts for this and other matters. We do not expect the matter to be finally resolved until 2007 at the earliest.

10. INTEREST AND FINANCING

Net interest income for the year was £12.7m (£12.4m).

Interest income of £28.2m included £21.6m of return on surplus cash balances and investments and £6.6m of interest on loans to **five** prior to disposal. Interest expense of £15.5m included the cost of UBM's fixed rate borrowings and drawings from the syndicated bank facility.

Net financing cost other than interest of £19.1m includes £11.2m relating to the fair value adjustment for the equity option embedded in the convertible bond, £4.8m accretion of the debt component of the convertible bond, £11.5m premium on the repurchase of bonds, net of an exchange gain of £8.4m.

11. RETURN OF CAPITAL IN 2005

During 2005 a total of £550m of capital was returned or repaid to shareholders and bondholders by way of a special dividend, share and bond buybacks.

In June a special dividend (with share consolidation) of £298m was paid representing 18% of share capital at that point. A buyback of a further £15m of ordinary shares was undertaken during the summer.

At the start of 2005 UBM had a \$400m convertible bond containing options to convert to 47.8m UBM shares before December 2006 at a dollar share price of \$8.36. Between August and December, we bought back and cancelled \$234.6m (59%) of the bond for an aggregate consideration of \$285.4m. This has reduced the number of shares on conversion by 28.0m to 19.8m.

UBM also tendered for the remaining \$185m of the \$250m 7.75% Yankee bond not already owned. This successful tender resulted in the cancellation of all but \$5.7m of these bonds, reducing UBM's interest expense on an ongoing basis.

12. NON-RECURRING ITEMS

The Summary Group Income Statement shown on page 3 shows a non-recurring credit of £379.8m. This comprises:

	£m
Profit on disposal of businesses and equity accounted investments	417.0
Restructuring and business reorganisation costs	<u>(37.2)</u>
	<u>379.8</u>

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.

As reported in the December trading update, we have implemented a number of restructuring and reorganisation projects across several of our 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 charge also includes the costs of integrating businesses acquired during the year. 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 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	<u>1.7</u>
	<u>37.2</u>

13. INTERNATIONAL FINANCIAL REPORTING STANDARDS “IFRS”

UK GAAP TO IFRS RECONCILIATION OF 2005 YEAR END RESULTS

The following table reconciles the adjusted group operating profit, PBT and EPS between the reported IFRS results and the ‘UK GAAP’ numbers consistent with UBM’s historical reporting:

	Continuing operating profit* £m	Operating profit* £m	PBT* £m	EPS* Pence
‘UK GAAP’	132.7	138.5	146.3	38.0
Additional charge for share-based payments	(2.3)	(2.6)	(2.6)	(1.0)
Movement in holiday pay accrual	0.3	0.3	0.3	0.1
Accounting for equity inv pre tax	6.4	6.4	6.4	2.2
Share of tax for JVs and associates	-	-	-	1.0
Adjustment to WIP overhead capitalisation	-	(0.7)	(0.7)	(0.2)
IAS 32 & 39 adjustments	-	-	2.4	0.8
IFRS	137.1	141.9	152.1	40.9

APPENDIX 1

Segmental analysis

The following table sets out the segmental analysis for turnover and operating profit for the half year. Note: The table below is after adjusting for the transfers of UAP, UEM and CMP Princeton.

	Revenue		Operating profit		Margins	
	2005 £m	2004 £m	2005 £m	2004 £m	2005 %	2004 %
Continuing operations						
CMP Media	225.9	220.3	24.9	27.1	11.0	12.3
CMPMedica	106.9	29.8	19.4	3.4	18.1	11.4
CMP Asia	61.9	51.4	17.5	14.0	28.3	27.2
CMP Information	177.0	161.0	43.0	38.5	24.3	23.9
News Distribution	104.1	94.8	29.2	23.9	28.0	25.2
Corporate operations	-	-	3.1	0.8		
	675.8	557.3	137.1	107.7	19.6*	19.1
Discontinued operations						
Market Research	76.8	222.4	4.4	20.3	5.7	9.1
UAP Motoring Titles	23.0	35.8	0.4	4.9	1.7	13.7
Total	775.6	815.5	141.9	132.9	18.2	16.3

* 2005 margin excludes equity accounted investments disposed of

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
	Other operating income	11.9	11.9	9.1	-	9.1
	Operating expenses	(575.8)	(575.8)	(473.8)	-	(473.8)
4	Non-recurring reorganisation and restructuring costs	-	(37.2)	-	-	-
	Share of results from associates and joint ventures (after tax)	4.2	8.5	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	-
Non-recurring items						
4	Profit on disposal of equity accounted investments	-	150.7	150.7	-	-
	Amounts written off investments	-	-	-	(11.7)	(11.7)
		-	150.7	150.7	-	(11.7)
Earnings before interest and taxes ("EBIT")						
		119.1	122.0	241.1	103.8	(11.7)
Finance income/(costs)						
5	Interest income	28.2	-	28.2	26.5	-
5	Interest cost	(15.5)	-	(15.5)	(14.1)	-
5	Financing income – other than interest	8.4	-	8.4	-	-
5	Financing cost – other than interest	(13.8)	(13.7)	(27.5)	-	-
5	Financing cost – pension schemes	(2.5)	-	(2.5)	(3.4)	-
Profit before tax						
		123.9	108.3	232.2	112.8	(11.7)
6	Taxation	(23.6)	(1.2)	(24.8)	(23.1)	-
4	Non-recurring taxation credit	-	-	-	-	121.0
Profit for the year from continuing operations						
		100.3	107.1	207.4	89.7	109.3
Discontinued operations						
14	Profit for the year from discontinued operations (after tax)	-	270.1	270.1	19.7	18.9
Profit for the year						
		100.3	377.2	477.5	109.4	128.2
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						
7	- basic			67.8 p		58.8 p
7	- diluted			64.7 p		51.8 p
Earnings per share – continuing and discontinued operations						
7	- basic			157.1 p		70.4 p
7	- diluted			142.8 p		61.8 p
Adjusted group operating profit*						
	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						
8	- Interim dividend			11.0		12.1
8	- Special dividend			298.3		-
8	- 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			
	Goodwill	590.6	583.8
	Intangible assets	79.9	50.4
	Property, plant and equipment	36.7	45.0
	Investments accounted for using the equity method	22.2	54.2
	Other investments	5.0	47.9
		734.4	781.3
Current assets			
	Inventories	9.4	14.9
	Trade and other receivables	172.5	306.1
	Derivative financial assets	2.9	-
9	Cash and cash equivalents	489.4	339.4
		674.2	660.4
	Assets classified as held for sale	-	5.1
	Total assets	1,408.6	1,446.8
Liabilities			
Current liabilities			
	Borrowings	145.6	142.8
	Convertible bond	93.7	-
	Trade and other payables	318.8	295.4
	Derivative financial liabilities	31.5	-
	Provisions	38.8	12.7
	Current tax liabilities	219.4	208.0
		847.8	658.9
Non-current liabilities			
	Borrowings	3.3	96.1
	Convertible bond	-	208.7
	Retirement benefit obligation	52.3	96.0
	Trade and other payables	5.6	4.6
	Provisions	31.2	35.9
	Deferred tax liabilities	24.0	16.8
		116.4	458.1
	Total liabilities	964.2	1,117.0
Shareholders' equity			
10	Share capital	84.9	84.5
11	Share premium	327.7	310.8
12	Other reserves	179.0	189.4
12	Retained earnings	(149.9)	(257.5)
	Total shareholders' equity	441.7	327.2
12	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:

Geoff Unwin 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		
<i>Reconciliation of profit to operating cash flows</i>		
Profit for the period	477.5	237.6
<i>Add back:</i>		
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)
Non-recurring items	(379.8)	(7.2)
	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 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)
9 Cash and cash equivalents at 1 January	336.6	495.7
9 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 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 note 16)	(41.0)	-
Equity shareholders	(41.0)	-
Minority shareholders	-	-
	(41.0)	-

Notes to the consolidated financial statements

at 31 December 2005

1. General information

The figures and financial information for the year ended 31 December 2005 do not constitute the statutory financial statements for that year. Those financial statements have not yet been delivered to the Registrar, but include the auditors' report which was unqualified and did not contain a statement under Section 237 (2) or (3) of the Companies Act 1985. The figures and financial information for the year ended 31 December 2004 included in the preliminary announcement do not constitute the statutory financial statements for that year. Those financial statements have been delivered to the Registrar and included the auditors' report which was unqualified and did not contain a statement under Section 237 (2) or (3) of the Companies Act 1985.

This preliminary announcement was approved by a duly appointed and authorised committee of the Board of Directors on 28 February 2006.

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 16.

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

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.

Notes to the consolidated financial statements

at 31 December 2005

2. Significant accounting policies (continued)

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.

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.

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.

Notes to the consolidated financial statements

at 31 December 2005

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 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 are also included in discontinued operations, as they were disposed of on 16 September 2005.

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 14)						
Market research	76.8	0.1	76.9	4.4	-	4.4
CMP Information	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 14)						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.

Notes to the consolidated financial statements

at 31 December 2005

3. Segment information (continued)

	*Adjusted 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	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	-	-	-	-
	-	-	-	-
	12.7	(6.9)	1.9	17.7

Notes to the consolidated financial statements

at 31 December 2005

3. Segment information (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
Corporate operations**	0.4	-	0.4
	4.8	-	4.8
	130.6	11.3	141.9

*Adjusted group operating profit represents group operating profit excluding non-recurring items, and 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.

	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	-	-	-	-	-
Corporate operations**	-	-	-	-	-
	-	-	-	-	-
Unallocated assets and liabilities	-	-	-	(243.4)	(243.4)
	1,386.4	22.2	1,408.6	(964.2)	444.4

Notes to the consolidated financial statements

at 31 December 2005

3. Segment information (continued)

	Capital expenditure (acquisition of businesses) £m	Capital expenditure (tangible assets) £m	Depreciation £m	Impairment losses £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	-	-	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
Segments				
Continuing operations				
United Kingdom	163.0	727.9	38.4	3.1
North America	317.4	321.1	40.5	3.9
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	106.4	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

Notes to the consolidated financial statements

at 31 December 2005

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	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
		*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		4.9	-	-	-	4.9
		25.2	-	-	-	25.2
		132.9	(0.8)	-	(3.1)	117.3

Notes to the consolidated financial statements

at 31 December 2005

3. Segment information (continued)

	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	-	-	-	-
Corporate operations**	-	-	-	-
	-	-	-	-
	6.0	(10.3)	(0.8)	17.1

	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
Corporate operations**	4.9	-	4.9
	25.2	-	25.2
	126.1	6.8	132.9

*Adjusted group operating profit represents group operating profit excluding non-recurring items, and 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.

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3. Segment information (continued)

	Segment Assets £m	Investments in associates & JVs £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	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

	Capital expenditure (acquisition of businesses) £m	Capital expenditure (tangible assets) £m	Depreciation £m	Impairment losses £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	-	(2.6)
	199.5	5.9	9.8	-	(0.6)
Discontinued operations					
Market research	4.8	2.6	3.1	-	0.4
CMP Information	-	-	-	-	-
	4.8	2.6	3.1	-	0.4
	204.3	8.5	12.9	-	(0.2)

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3. Segment information (continued)

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.

Segments	Segment revenue	Segment assets	Capital expenditure (acquisition of businesses)	Capital expenditure (tangible assets)
	£m	£m	£m	£m
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.

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4. Non-recurring items

	2005 £m	2004 £m
Charged 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 14)	266.3	-
Profit from discontinued operations (note 14)	3.8	-
Additional profit on prior year disposals (note 14)	-	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 profit and loss account 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 million.

Notes to the consolidated financial statements

at 31 December 2005

5. Finance 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.

6. 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

Notes to the consolidated financial statements

at 31 December 2005

6. 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 14)	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 14)	1.0	5.6
	25.8	28.7

Deferred income tax

Deferred income tax at 31 December relates to the following:

	Consolidated balance sheet		Consolidated income statement	
	2005 £m	2004 £m	2005 £m	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 13)	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.

Notes to the consolidated financial statements

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7. 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	2005	2005	2004	2004	2004
	Earnings	Weighted	Earnings	Earnings	Weighted	Earnings
	£m	Average no.	per share	£m	Average no.	per share
		of shares	pence		of shares	pence
		million			million	
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
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

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7. 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 10).

8. 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 been accrued for accordingly.

9. Cash and cash equivalents

	2005 £m	2004 £m
Cash at bank and in hand	99.0	147.2
Short term liquid funds	0.6	192.2
Current asset investments	389.8	-
	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	0.6	192.2
Current asset investments	389.8	-
	489.4	339.4
Bank overdrafts	(6.8)	(2.8)
	482.6	336.6

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10. Share capital

	2005 £m	2004 £m
Authorised		
400,936,636 (2004: 486,851,630) Ordinary shares of 30 and 5/14 pence each	121.7	121.7
375,417,690 (2004: 375,417,690) B shares of 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

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 linked to LIBOR. 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 based on the principal of 245 pence per share. The dividend is the lower of 25 per cent per annum or 75 per cent of the 12 month LIBOR rate of 5.03% (2004: 4.77%). 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.

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 to 14 new ordinary shares. The share consolidation converted the 337,932,001 existing issued and fully paid ordinary shares into 278,296,942 new issued and fully paid ordinary shares. The weighted average number of shares used in the calculation of earnings per share reflects the share consolidation (refer to note 7).

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11. 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.

12. 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 16)	-	-	-	-	-	-	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	-	-	-	-	-	-	(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

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13. Acquisitions and disposals

UBM has completed 12 acquisitions during the year.

On 1 February 2005, UBM acquired Tissue World, an events and publication company, from Paperloop.com, Inc. The purchase price was \$4.8 million.

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

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

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

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

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	
		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.

Notes to the consolidated financial statements

at 31 December 2004

13. Acquisitions and disposals (continued)

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 acquisitions	9.2
Net cash outflow on acquisitions	115.6

The intangible assets acquired as part of the acquisition 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

Disposals

On 27 April 2005, UBM completed the sale of its associate SDN Limited for net proceeds of £31.5 million (£35.4 million consideration less £3.9 million repayment of loan). 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 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 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 and Mart and Auto Exchange titles, during the year. Refer to note 14.

14. 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 £50.25 million. A profit of £30.5 million arose on the sale of these titles.

Notes to the consolidated financial statements

at 31 December 2005

14. Discontinued operations (continued)

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			89.3 p			11.5 p
Diluted			78.0 p			10.0 p

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.

	NOP At date of disposal	Exchange & Mart and Auto Exchange At date of disposal	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

15. 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 it has 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.

Notes to the consolidated financial statements

at 31 December 2005

16. 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
Non-current 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

Notes to the consolidated financial statements

at 31 December 2005

16. 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
Non-current 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

Notes to the consolidated financial statements

at 31 December 2005

16. 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)
Exceptional 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

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.

Notes to the consolidated financial statements

at 31 December 2005

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

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.

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.

Notes to the consolidated financial statements

at 31 December 2005

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

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.

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. Non-current 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.

Notes to the consolidated financial statements

at 31 December 2005

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

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.

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
Non-current 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

Notes to the consolidated financial statements

at 31 December 2005

16. 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) <i>Derivative financial assets - non-current</i>	
Recognition of interest rate swaps	5.1
Recognition of derivative financial assets at fair value	<u>0.1</u>
Total adjustment to derivative financial assets	<u>5.2</u>

	£m
(b) <i>Borrowings</i>	
Recognition of interest rate swaps	<u>5.1</u>
Total adjustment to borrowings	<u>5.1</u>

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) <i>Convertible bond</i>	
Separation of embedded derivative component	<u>(9.9)</u>
Total adjustment to convertible bond	<u>(9.9)</u>

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

	£m
(d) <i>Derivative financial liabilities - non-current</i>	
Recognition of swaps at fair value on transition	2.9
Recognition of the derivative component of the convertible bond at fair value	<u>48.1</u>
Total adjustment to derivative financial liabilities	<u>51.0</u>

(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.

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