

A

FOCUSED

MEDIA



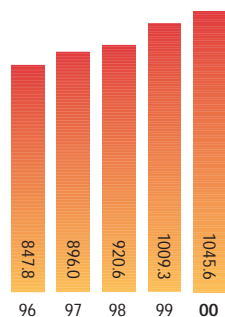
COMPANY

Highlights

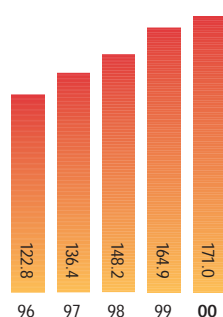
- Carlton Media profits up 12 per cent to £101m in first six months.
- ONdigital on target for one million subscribers in 2000. 'Net-top box' – to provide internet through the television – to launch this year.
- Carlton's advertising revenue up 8 per cent. Carlton Television is on target for 18 per cent advertising revenue growth in the third quarter.
- Carlton Interactive announces a series of internet partnerships to build its leadership in food & drink and entertainment.
- Investment in new programmes of £200m this year. Sales from Carlton's library to exceed £60m this year.
- Dividend up by 10 per cent.

“OUR BUSINESSES IN FREE TELEVISION, PAY TELEVISION, PROGRAMME MAKING

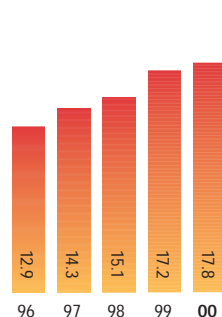
Turnover (Interim)
£million



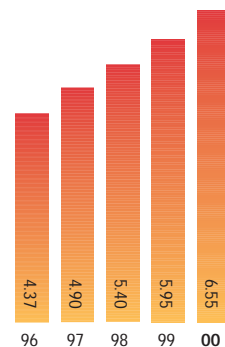
Headline profit before tax (Interim)
£million



Headline earnings per share (Interim)
pence



Dividends per share (Interim)
pence



Headline profits and earnings are before Digital Television, Products division and exceptionals. Prior year headline figures have been restated to exclude Products division.

The first six months have seen rapid progress at Carlton. We have driven forward our free and pay television businesses, invested in new media and accelerated the sale of non-core companies. A new Carlton is emerging, ready to reap the benefits of the convergence that is taking place across the media industry.

Carlton Media delivered double-digit growth in sales and profits, benefiting from substantial extra investment in ITV's schedule. Carlton Sales has established special teams to service dotcom and technology advertisers and is expanding further into pay television, interactive services and internet advertising. Carlton Productions is now making more programmes for ITV and other channels, and international sales are almost 50 per cent

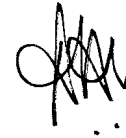
higher than last year. ONdigital is delivering e-mail and pay-per-view to its customers and is on target for one million subscribers by the end of the calendar year.

Technicolor is set to make solid progress in the year as a whole, with explosive growth in DVD, which is now established as a major new format in the US and Europe.

Headline pre-tax profit (before digital and products) was £171.0m (1999: £164.9m). Investment in digital television totalled £98.1m in the first half. We have increased the dividend by 10 per cent.

2000 will be a defining year for Carlton. We are focusing on television, advertising sales and new media. Carlton Television is having an excellent year and we are building up our pay television business through

ONdigital and our internet interests through Carlton Interactive. Our plans, subject to regulatory approval, to merge with United News & Media will bring leadership in UK commercial television and an excellent platform for further expansion in the UK and overseas.



Michael Green

Chairman

24 May 2000

AND THE INTERNET ARE ALL GROWING RAPIDLY." MICHAEL GREEN, CHAIRMAN

Carlton Media

Carlton Media sales increased by 13 per cent to £508.0m (1999: £450.2m) and profits rose 12 per cent to £100.8m (1999: £89.8m). Carlton Media brings together Carlton's television and media activities and has annualised sales of over £1 billion. It includes the largest television advertising sales business in the UK and, excluding the BBC, is the UK's largest international distributor of television programmes and films and a top five producer of original British programmes.

Advertising

Revenue increased by 8 per cent in the first six months. Our three ITV regions are on target to achieve combined growth of 18 per cent in the third quarter, ahead of ITV as a whole, and the outlook for the rest of the year remains good. Major advertisers include

technology companies, supermarkets, DIY retailers and financial services. Carlton Screen Advertising benefited from growing cinema attendance in the UK and we have recently announced plans to expand in the US with the acquisition of Screenvision, the largest cinema advertising sales business in the US, for \$93m.

Programme production

Programme production for ITV, our Carlton regions and other channels is expected to reach £200m this year, with significant growth across the key formats, particularly entertainment programming where our revenue has doubled. In drama, *Peak Practice* is one of the most successful long running dramas on British television and our production of *The Railway Children* won critical acclaim, an audience of almost 10m viewers and significant orders from broadcasters overseas.

International sales and merchandising

We now have the largest English language film library outside Hollywood and a growing US co-production business, Carlton America, which will co-produce 17 films for television this year. Carlton International has used this powerful combination of films and television programmes to negotiate large package deals, including multi-million pound licensing agreements with Tele München in Germany and Tohokushinsha in Japan.

International and third party sales are running at over £60m a year. Our re-launch of the *Thunderbirds* global brand includes licensing for over 130 lines of product and we have well advanced plans to remake *Captain Scarlet* and other classics from our library.

ONdigital

ONdigital reported 673,000 subscribers by end March 2000, demonstrating excellent progress towards its target of one million subscribers this year. In the last six months, ONdigital has added significant new channels, including two from Discovery; launched e-mail and pay-per-view and broadcast exclusive coverage of ATP tennis and Bundesliga football.

Digital Channels

Carlton Cinema, the most popular film channel in ONdigital homes, is now available in 1.4m cable homes. Carlton Food Network, which will be rebranded SimplyFood to tie in with our successful website, is now running 17 hours a day. Both channels have launched interactive programmes and commercials on a trial basis.

Technicolor

Sales increased by 4 per cent to £506.2m (1999: £487.0m) and profits were just below last year's first half level at £75.0m (1999: £80.6m). A number of significant video releases and continued strong growth in DVD are expected in the second half of the year.

Video and DVD

Rapid expansion in DVD, combined with a robust videocassette market, is expected to deliver overall growth in the sell-through market in 2000. Technicolor is expanding its DVD capacity to around 150m units by the end of the year to meet the forecast growth in the market. The prospects for DVD-ROM are excellent, particularly as new games consoles, such as Sony Playstation 2 and the Microsoft X-box, are using DVD for their software.

Film

Technicolor's Film division has recovered from the second half of last year, particularly in the US where films have included Disney's *Toy Story 2* (over 6,000 prints), and Warner's *Pokemon* (4,500 prints). Technicolor acquired CFI, specialists in large print formats, at the end of the first half and has continued to develop its digital film business, taking part in a series of trials with exhibitors, Disney and Texas Instruments.

Overview

The growth in headline turnover and operating profit (before Digital Television and Products) was 7% and 2% respectively. The increase in headline pre-tax profit to £171.0m (1999: £164.9m) was driven by strong growth from Carlton Media, the cash flows from which support our investment in Digital Television.

Profit before tax

Headline profit of £171.0m is after associates and interest (but before Products and Digital Television), as set out in the table below:

	2000 £m	1999 £m
Six months to 31 March		
Carlton Media	100.8	89.8
Technicolor	75.0	80.6
Other	(8.0)	(5.5)
Headline operating profit	167.8	164.9
Associates, before digital	5.3	5.1
Net interest, before digital	(2.1)	(5.1)
Headline profit before tax	171.0	164.9
Products division	(12.8)	5.1
Exceptional charges (2000: sale of SSL)	(33.2)	(10.2)
	125.0	159.8
Digital Television	(98.1)	(49.6)
Profit before tax	26.9	110.2

The results of the Products division are shown beneath headline operations as SSL has been sold and the sale of Quantel is well advanced.

Carlton Media

Advertising revenue grew strongly by 8% to £354.4m. The cost of our share of the ITV schedule increased to £137.5m (1999: £125.5m). Total licence payments rose marginally, as lower cash bids were more than offset by higher percentage of qualifying revenue (PQR) payments, reflecting the strong growth in advertising revenue. To date there has only been a small benefit from the 'digital dividend' of not paying PQR in respect of viewing of ITV in digital homes. This will increase significantly in future years. Overall Carlton paid cash bids of £8.7m (1999: £19.0m) and PQR payments of £53.3m (1999: £42.5m). We expect to renew our Carlton, Midlands region licence from 1 April 2001, with the new cash bid starting on 1 January 2002. The results include no payments under the Channel 4 funding formula, compared with receipts of £7m in 1999.

Carlton Media

	£m
1999 Operating profit	89.8
Half-on-half increase/(decrease):	
Advertising revenue	24.7
Other income	3.7
Channel 4 rebate	(7.0)
Cash bids	10.3
PQR payments	(10.8)
Network schedule	(12.0)
Other net changes	2.1

2000 Operating profit **100.8**

Technicolor

Technicolor's profits of £75.0m (1999: £80.6m) reflect an increase in Video and lower profits in Film, which has recovered from the second half of last year. In the full year, Technicolor will benefit from strong growth in DVD and our new wholly owned plants in Canada and Mexico.

	2000		1999	
	Sales £m	Operating Profit £m	Sales £m	Operating Profit £m
Technicolor				
Video	340.2	51.2	332.8	50.6
Film	166.0	23.8	154.2	30.0
Total	506.2	75.0	487.0	80.6

Associates and joint ventures

The share of associates' and joint ventures' operating profits (excluding Digital Television) increased from £5.1m in the first half of 1999 to £5.3m in 2000. The principal increases were from Meridian (20% owned) and GMTV (25% owned), both of which enjoyed the full benefit of the renewal of their licences. Carlton America became wholly owned on 1 October 1999. Digital Television joint ventures and associates include the 50% share of ONdigital and the 37.7% share of ITV2.

Digital Television

Digital Television comprises the net costs as set out below:

	2000	1999
	£m	£m
Pre-tax loss		
50% share of ONdigital	69.2	27.7
Carlton Digital Channels	9.7	12.6
Share of ITV2 and GMTV2	4.8	4.4
Carlton Interactive	4.9	1.9
Digital funding cost	9.5	3.0
Total	98.1	49.6

Digital Investment

Our total planned investment in Digital Television for the year will exceed £200m.

Exceptional item

The exceptional item relates to the sale of SSL including £50.0m of goodwill reinstated.

Earnings per share

Headline basic earnings per share in the first half of 2000 were 17.8p (1999 – 17.2p). Diluted headline earnings per share were 17.6p (1999: 16.1p). None of the convertible Preference shares were dilutive in the period.

Earnings per share – Basic

	2000	1999
	pence	pence
Headline	17.8	17.2
Products division and exceptional item	(6.7)	(1.0)
	11.1	16.2
Digital Television	(11.0)	(5.8)
Reported earnings per share	0.1	10.4

Diluted earnings per share

	2000	1999
	pence	pence
Headline	17.6	16.1
Products division and exceptional item	(6.6)	(0.8)
	11.0	15.3
Digital Television	(10.9)	(5.1)
Reported earnings per share	0.1	10.2


Cash flow

Cash flow from operations of £138.5m remained strong and includes the cash cost of digital operations of £17.3m. In addition, cash invested in ONdigital and ITV2 was £86.9m. Other investments of £31.6m include investments in equity interests in the internet businesses Ask Jeeves UK (25% owned) and PeopleBank (20% owned) totalling £12.7m. Subsidiaries acquired for cash totalling £39.6m mainly related to CFI in California,

and sale proceeds of £33.4m were for the disposal of SSL. The second half will include the purchase of Screenvision for \$93m in cash. Overall net debt was £303.6m at 31 March 2000, increased from £253.3m at 1 October 1999.

Balance sheet

Our balance sheet remains strong, with net assets of £527.2m at 31 March 2000, an increase of £21.5m since 1 October 1999.


Bernard Cragg,

Finance Director
24 May 2000

UNAUDITED CONSOLIDATED PROFIT & LOSS ACCOUNT

		6 Months to 31 March 2000				6 Months to 31 March 1999			
		Products division & exceptional item	Digital Television	Headline (Before Digital Television, Products division & exceptional item)	Headline (Before Digital Television, Products division & exceptional items)	Products division & exceptional items	Digital Television (Note 2)	Total	
Notes		Total £m	(Note 3) £m	(Note 2) £m	£m	£m	(Note 2) £m	£m	
		1,075.9	21.1	35.2	1,019.6	951.7	10.5	1,021.6	
		(30.3)	-	(24.9)	(5.4)	(10.6)	(1.7)	(12.3)	
		1,045.6	21.1	10.3	1,014.2	941.1	8.8	1,009.3	
		(905.2)	(33.9)	(24.9)	(846.4)	(776.2)	(23.3)	(853.8)	
		-	-	-	-	-	-	(2.5)	
		140.4	(12.8)	(14.6)	167.8	164.9	(14.5)	153.0	
		(68.2)	-	(69.2)	1.0	1.5	(27.7)	(26.2)	
		(0.5)	-	(4.8)	4.3	3.6	(4.4)	(0.8)	
		71.7	(12.8)	(88.6)	173.1	170.0	(46.6)	126.0	
		(33.2)	(33.2)	-	-	-	-	(7.7)	
		38.5	(46.0)	(88.6)	173.1	170.0	(46.6)	118.3	
		(11.6)	-	(9.5)	(2.1)	(5.1)	(3.0)	(8.1)	
		26.9	(46.0)	(98.1)	171.0	164.9	(49.6)	110.2	
		(20.1)	3.8	28.4	(52.3)	(51.6)	13.9	(38.4)	
		0.1	-	-	0.1	0.3	-	0.3	
		6.9	(42.2)	(69.7)	118.8	113.6	(35.7)	72.1	
		48.3	-	-	48.3	44.8	-	44.8	
		(41.4)	(42.2)	(69.7)	70.5	68.8	(35.7)	27.3	

Year to 30 September 1999

Headline (Before Digital Television, Products division & exceptional items) £m	Products division & exceptional items £m	Digital Television £m	Total £m
1,832.8 (18.8)	114.2 –	20.7 (10.8)	1,967.7 (29.6)
1,814.0 (1,498.6) –	114.2 (110.1) (11.6)	9.9 (47.8) –	1,983.1 (1,656.5) (11.6)
315.4 2.2 8.8	(7.5) – –	(37.9) (76.4) (9.5)	270.0 (74.2) (0.7)
326.4 –	(7.5) (24.6)	(123.8) –	195.1 (24.6)
326.4 (9.2)	(32.1) –	(123.8) (8.9)	170.5 (18.1)
317.2 (99.3) 0.6	(32.1) 2.3 –	(132.7) 38.5 –	152.4 (58.5) 0.6
218.5 (107.4)	(29.8) –	(94.2) –	94.5 (107.4)
111.1	(29.8)	(94.2)	(12.9)

Reconciliation of Headline earnings (pence)

	Notes 6	Interim 2000 Pence per share	Interim 1999 Pence per share	Year to 30 September 1999 Pence per share
Headline earnings per Ordinary share		17.8	17.2	33.3
Digital Television (Note 2)		(11.0)	(5.8)	(15.4)
Products division and exceptional item		6.8	11.4	17.9
Basic earnings per Ordinary share		(6.7)	(1.0)	(4.8)
Headline diluted earnings per Ordinary share		0.1	10.4	13.1
Digital Television (Note 2)		17.6	16.1	31.2
Products division and exceptional item		(10.9)	(5.1)	(14.1)
Diluted earnings per Ordinary share		6.7	11.0	17.1
Products division and exceptional item		(6.6)	(0.8)	(4.5)
Diluted earnings per Ordinary share		0.1	10.2	(12.6)
Interim Ordinary dividend per share	5	6.55	5.95	15.05

UNAUDITED CONSOLIDATED BALANCE SHEET

	Notes	31 March 2000		30 September 1999	
		£m	£m	£m	£m
Fixed assets					
Intangible assets			154.1		145.9
Tangible assets			382.0		359.2
Investments in joint ventures:					
Share of gross assets		95.2		81.0	
Share of gross liabilities		(177.1)		(80.3)	
Loans to joint venture		114.3		31.0	
		32.4		31.7	
Investment in associated undertakings		17.5		13.8	
Other investments		33.3		17.3	
			83.2		62.8
			619.3		567.9
Current assets					
Stocks		46.5		57.8	
Programme and film rights		143.5		153.3	
Debtors		594.7		564.2	
Investments		8.8		8.5	
Cash and other liquid funds		381.9		409.6	
		1,175.4		1,193.4	
Creditors: Current	7	(659.5)		(644.9)	
Net current assets			515.9		548.5
Total assets less current liabilities			1,135.2		1,116.4
Creditors: Long term					
Loans		491.7		490.4	
Convertible debt		90.0		87.3	
Creditors		19.7		20.2	
Deferred tax		6.6		12.8	
			608.0		610.7
			527.2		505.7
Capital and reserves					
Share capital		46.4		47.9	
Share premium		144.6		129.5	
Other reserves		6.1		7.5	
Profit and loss account		330.1		320.4	
			527.2		505.3
Minority interests			-		0.4
			527.2		505.7

	6 months to 31 March 2000	6 months to 31 March 1999	Year to 30 September 1999
	£m	£m	£m
Operational cash flows			
Operating profit	140.4	153.0	270.0
Depreciation and amortisation	36.5	32.4	70.4
Movement in working capital	(38.4)	(31.0)	32.8
Cash flow from operating activities	138.5	154.4	373.2
Dividends from a joint venture and associates	5.2	-	4.2
Returns on investments and servicing of finance			
Net interest paid	(10.9)	(2.2)	(18.8)
Preference dividends paid	(10.2)	(10.6)	(20.5)
	(21.1)	(12.8)	(39.3)
Taxation	(12.2)	(28.7)	(95.5)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(41.2)	(39.2)	(85.1)
Loans repaid from associates	1.0	-	-
Disposal of investments and tangible fixed assets	-	-	10.6
Loans to ONdigital	(82.0)	-	(31.0)
Other investments	(31.6)	(20.4)	(46.3)
	(153.8)	(59.6)	(151.8)
Cash flow before acquisitions, management of liquid resources and financing	(43.4)	53.3	90.8
Acquisitions and disposals			
Purchase of subsidiary undertakings	(39.6)	(4.1)	(131.2)
Disposal of subsidiary undertakings	33.4	0.9	6.5
Investment in joint ventures and associates	(10.6)	(46.4)	(77.1)
	(16.8)	(49.6)	(201.8)
Equity dividends paid	-	-	(87.8)
Management of liquid resources	2.9	(278.9)	81.1
Financing			
Share issues	11.2	8.1	9.0
Net issue/(repayment) of debt	(1.0)	247.0	247.2
	10.2	255.1	256.2
(Decrease)/increase in cash in the period	(47.1)	(20.1)	138.5

RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET DEBT

	6 months to 31 March 2000	6 months to 31 March 1999	Year to 30 September 1999
	£m	£m	£m
(Decrease)/increase in cash in period	(47.1)	(20.1)	138.5
Cash (inflow)/outflow from (increase)/reduction in debt	1.0	(247.0)	(247.2)
Cash outflow/(inflow) from increase/(decrease) in liquid resources	(2.9)	278.9	(81.1)
Change in net debt resulting from cash flows	(49.0)	11.8	(189.8)
Loans acquired	(0.7)	–	–
Translation difference	(0.6)	(0.5)	(3.7)
Movement in net debt in the period	(50.3)	11.3	(193.5)
Opening net debt	(253.3)	(59.8)	(59.8)
Closing net debt	(303.6)	(48.5)	(253.3)

	At 1 October 1999		At 31 March 2000		
	£m	Cash Flow £m	Loans Acquired £m	Exchange Movements £m	£m
Analysis of net debt					
Cash at bank and in hand	406.6	(28.6)	–	3.9	381.9
Overdrafts	(82.6)	(18.5)	–	–	(101.1)
Liquid financial instruments	3.0	(3.0)	–	–	–
Loans due within one year	(2.6)	0.1	(0.2)	–	(2.7)
Loans due after more than one year	(490.4)	1.0	(0.5)	(1.8)	(491.7)
Convertible debt	(87.3)	–	–	(2.7)	(90.0)
Net debt	(253.3)	(49.0)	(0.7)	(0.6)	(303.6)

	At 1 October 1999	At 31 March 2000
	£m	£m
Balance sheet analysis of net debt		
Cash and other liquid funds	409.6	381.9
Overdrafts and short term borrowings	(85.2)	(103.8)
Loans	(490.4)	(491.4)
Convertible debt	(87.3)	(90.3)
	(253.3)	(303.6)

	6 months to 31 March 2000	6 months to 31 March 1999	Year to 30 September 1999
	£m	£m	£m
Profit for the period	6.9	72.1	94.5
Ordinary and Preference dividends	(48.3)	(44.8)	(107.4)
Amortisation of the 5.5p Preference share premium over redemption price	(1.9)	(2.1)	(6.3)
Exchange differences on foreign currency net investments	2.3	14.2	2.0
New share capital issued	15.3	10.5	9.0
Other reserve adjustments	(1.1)	(13.4)	(11.0)
Goodwill reinstated on sale of businesses	50.0	8.0	22.7
Contingent future share issues	(1.3)	–	1.4
Goodwill written back	–	–	2.9
Net increase in shareholders' funds	21.9	44.5	7.8
Shareholders' funds at the beginning of the period	505.3	497.5	497.5
Shareholders' funds at the end of the period	527.2	542.0	505.3

UNAUDITED ATTRIBUTABLE SHAREHOLDERS' FUNDS as at 31 March 2000

	6 months to 31 March 2000	6 months to 31 March 1999	Year to 30 September 1999
	£m	£m	£m
Equity shareholders' funds (before goodwill)	2,088.6	2,081.5	2,031.5
Cumulative goodwill written off directly to reserves	(1,817.7)	(1,885.2)	(1,867.6)
Equity shareholders' funds	270.9	196.3	163.9
Non-equity shareholders' funds	256.3	345.7	341.4
Total shareholders' funds	527.2	542.0	505.3

1 Divisional information

	Turnover		Operating profit	
	2000	1999	2000	1999
	£m	£m	£m	£m
Carlton Media	508.0	450.2	100.8	89.8
Technicolor	506.2	487.0	75.0	80.6
Other	-	3.9	(8.0)	(5.5)
Headline turnover/ operating profit	1,014.2	941.1	167.8	164.9
Products division (3)	21.1	59.4	(12.8)	5.1
Digital Television (2)	10.3	8.8	(14.6)	(14.5)
Exceptional item – Technicolor	-	-	-	(2.5)
Total	1,045.6	1,009.3	140.4	153.0

2 Digital Television

The analyses of the Digital Television results are set out in the table below:

	6 months to 31 March 2000 £m	6 months to 31 March 1999 £m
Operating loss:		
Carlton Digital Channels	(9.7)	(12.6)
Carlton Interactive	(4.9)	(1.9)
	(14.6)	(14.5)
Share of joint ventures – ONdigital (50%)	(69.2)	(27.7)
Share of associates – ITV2 (37.7%) & GMTV2 (25%)	(4.8)	(4.4)
	(88.6)	(46.6)
Interest on Digital Television	(9.5)	(3.0)
Digital Television loss before tax	(98.1)	(49.6)

Interest on Digital Television has been calculated on the total cumulative project cost to date at the average rate earned on cash deposits.

3 Products division comprises the results of Quantel and Solid State Logic. The Company is negotiating the sale of Quantel. The sale of Solid State Logic gave rise to a profit before goodwill and tax of £16.8m, goodwill written back on disposal of £50.0m and nil tax.

4 Based on estimated tax rates for the full year, taxation on headline profits is calculated at 30.6%, tax relief on Digital Television losses is at 29.0%, and tax relief on Products' losses including the exceptional item is at 8.3%, producing a tax rate before the exceptional loss on the sale of Solid State Logic of 33.4% in the half year. No tax relief is due in respect of this exceptional loss. Included within taxation is overseas taxation of £14.8m (Interim 1999 – £13.8m, Full Year 1999 – £15.5m). The tax relief in relation to Digital Television includes the Group's share of consortium relief available from ONdigital Plc and ITV2 Limited.

5 The interim dividend of 6.55p per share costing £41.9m will be paid on 18 August 2000 to holders of Ordinary shares on the register on 7 July 2000. Preference dividends charged totalling £6.4m (Interim 1999 – £8.4m, Full year 1999 – £14.2m) are stated net of the amortisation of the 5.5p Preference share premium over redemption price which amounted to £1.9m (Interim 1999 – £2.1m, Full year 1999 – £6.3m).

6 The reconciliation of earnings used in the calculation of earnings per share is set out below:

	6 months to 31 March 2000 £m	6 months to 31 March 1999 £m
Headline earnings	112.4	105.2
Digital Television (Note 2)	(69.7)	(35.7)
	42.7	69.5
Products and exceptional item	(42.2)	(5.8)
Basic earnings	0.5	63.7
Headline diluted earnings	112.4	113.6
Digital Television (Note 2)	(69.7)	(35.7)
	42.7	77.9
Products division and exceptional item	(42.2)	(5.8)
Diluted earnings	0.5	72.1

The calculation of basic earnings per Ordinary share has been based on 632.4m shares (Interim 1999 – 611.0m) in issue, being the weighted average number of Ordinary shares in issue throughout the period. Headline earnings per share are calculated using profits attributable to Ordinary shareholders excluding the after tax effect of the exceptional item, the Products division and Digital Television. The treatment of Products division in the current year reflects the fact that the sale of Quantel is in negotiation. Diluted earnings per share have been based on an adjusted weighted average number of Ordinary shares of 637.9m (Interim 1999 – 706.7m). In the first half of 2000 both the 6.5p and the 5.5p Preference shares were not dilutive whereas these shares were dilutive in the first half of 1999.

7 Creditors: current

	31 March 2000	30 September 1999
	£m	£m
Creditors	386.3	440.8
Overdrafts and short term borrowings	103.8	85.2
Dividends payable	101.1	61.1
Taxation	68.3	57.8
	659.5	644.9

The financial information set out in this document does not constitute the Company's statutory accounts. Statutory accounts for the year ended 30 September 1999, which received an auditor's report which was unqualified and did not contain any statement concerning accounting records or failure to obtain necessary information and explanations, have been filed with the Registrar of Companies.

INDEPENDENT REVIEW**Independent Review report by the Auditors to Carlton Communications Plc****Introduction**

We have been instructed by the company to review the financial information set out on pages 6 to 13 and we have read the other information contained in the interim report for any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The Listing Rules of the Financial Services Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the

preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed.

A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit.

Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 March 2000.

PRICEWATERHOUSECOOPERS 

Chartered Accountants
London
24 May 2000

Directors	* Sir Derek Birkin, TD Bernard Cragg (Finance Director)
* Non-Executive	* Anthony Forbes * David Green Michael Green (Chairman) * Leslie Hill * Sir Sydney Lipworth, QC * Sir Brian Pitman Nigel Walmsley (Chairman, Carlton Media)
Associate Directors	Piers Caldecote Matthew Kearney
Company Secretary	David Abdoo, LLB

Corporate Affairs	David Cameron Telephone +44 020 7663 6363
Auditors	PricewaterhouseCoopers
Stockbrokers	Cazenove & Co UBS Warburg
Registrars	Computershare Services PLC PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH
ADR Depository	Morgan Guaranty Trust Company of New York, PO Box 8205 Boston MA 02266-8205, USA
Listings	London Stock Exchange (Symbol CCM) NASDAQ (Symbol CCTVY)

Carlton Communications Plc
25 Knightsbridge London SW1X 7RZ
Telephone +44 020 7663 6363
or 0700 4 CARLTON
Facsimile +44 020 7663 6300
www.carlton.com
Registered in England No. 348312