DMGT

Daily Mail and General Trust plc
Annual Report, 28th September, 2008

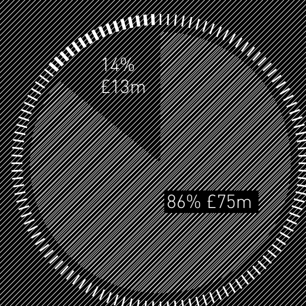
CREATING MEDIA BRANDS PEOPLE LOVE

CREATING MEDIA BRANDS PEOPLE LOVE

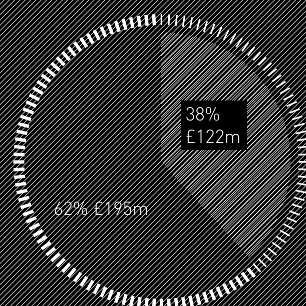
DMGT: A MULTIPLE MEDIA BUSINESS

THE GROUP'S BUSINESSES, OTHER THAN ITS NEWSPAPER PUBLISHING, NOW MAKE UP 62% OF THE GROUP'S OPERATING PROFIT*, COMPARED TO 14% TWELVE YEARS AGO.

Operating Profit* 1996
£88m



Operating Profit* 2008
£317m



Newspaper publishing
Other businesses

Visit www.dmgtreports.com/2008 to view this as an interactive chart.

FINANCIAL HIGHLIGHTS

REVENUE

+3%

ADJUSTED OPERATING PROFIT*

-2%

ADJUSTED PROFIT BEFORE TAX*

-9%

STATUTORY OPERATING PROFIT

-83%

ADJUSTED EARNINGS PER SHARE*

-3%

DIVIDEND PER SHARE

+2%

* before amortisation and impairment of intangible assets and exceptional items; see Consolidated Income Statement on page 71 and reconciliation in Notes 11 and 12 to the Accounts.

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CREATING MEDIA BRANDS THAT PEOPLE LOVE

WE ARE AT THE HEART OF A FAST CHANGING AND INTERNATIONAL MEDIA INDUSTRY. OUR PASSION IS CREATING BRANDS AND INNOVATIONS THAT PEOPLE LOVE.

FIND OUT MORE ABOUT HOW WE HAVE BEEN INNOVATING...

We are continually innovating to stay ahead and compete in the digital landscape

PERFORMANCE

19.8m

unique visitors in October 2008.

Mail Online launched a fresh new design in May, delivering more pictures and stories on its homepage than any other UK newspaper website. The new design has been a success, demonstrated in its annual year on year performance:

- Unique visitors have grown 32% from 13.5 million in October 2007 to 19.8 million in October 2008*;
- Page impressions have increased from 108 million in October 2007 to 151 million in October 2008, a 40%* increase.

Less often measured across the industry is the time visitors spend engaging with a site. Mail Online's average time per visit has risen sharply from 5.15 minutes in October 2007 to 6.36 minutes in October 2008. During one day this October, Mail Online visitors spent 147,000 collective hours engaged with our content. Over the entire month this totalled 189,916 days.

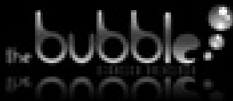
Since launching its new design Mail Online has also developed a new advertising format, the Belly Band, offering premium brands access to a larger than normal advertising space centrally within a page. A number of premier brands including Nivea and Pathe Films have been early adopters.

The Femail fashion reviews have been complemented by new functionality that enables a user to 'click & buy' directly from its pages.

Mail Online is leading the market in integration of reviews linked directly to hundreds of retailers.

*ABCe audited figures, November 2008

We are seizing the challenges and possibilities that digital platforms are creating and turning them into opportunities



PERFORMANCE

£2m

After launch and roll out in February 2007, Bubble orders now account for over £2 million of revenue per year.

Northcliffe Media reaches millions of local people across hundreds of local communities. A key factor behind their future success is the requirement to build and maintain strong relationships with local advertisers.

In this Web 2.0 age of online personalisation, Northcliffe realises the need for constant innovation in order to provide modern and efficient advertising services that clients expect and to increase their market penetration.

This led to a decision to build a proprietary tool called the Bubble, operated by sales staff, which allows them to select and customise top quality creative advertisements for a client without the need for a studio or art desk. And because it only takes them an average of three minutes to customise an advert, it means that excellent creative work can be made available to clients on a while you wait basis.

The Bubble team produce over 100 ads per week and they have already built up a library of 15,000+ print ads and over 2,000+ online executions covering all advertising categories. Even though the system focuses on print and online, it is completely adaptable to other media.

The Bubble is helping Northcliffe to attract, retain and increase advertising revenues.

BRANDS

From love online to Mail Online, our brands are continually adapting to a fast moving, evolving digital landscape

The Cover

PERFORMANCE

150

Over 150 professionals use The Cover daily as a research tool.

The Cover – www.coveredbondnews.com – is a daily online-only news service dedicated to the covered bond market.

An extension of the EuroWeek brand, The Cover was created to engage with a small community within the fixed income industry that deals primarily with covered bonds. This web service provides exclusive breaking news as new issues are launched, as well as essential information on the secondary markets, relevant regulation, bespoke league tables, opinion polls and stories on the people that matter. The Cover was specifically designed to allow readers to comment on articles and vote on transactions, and thereby reflect what the market really thinks.

Over 150 professionals, including issuers, investment bankers, credit rating agencies, law firms, regulatory bodies and investors now subscribe to The Cover and use it daily as a research tool. It is no coincidence that The Cover won the award for best launch of the year at the Specialist Industry Publishers Association conference.

"I find The Cover to be the best and most efficient way of keeping abreast of market developments."
Thor Tellefsen, Senior Vice President of investor relations and long term funding, DnB Nor

PERFORMANCE

1,000+

higher education institutions are served by EMT.

With the launch and evolution of EMT, 'Enrolment Management Technology', Hobsons has grown into a worldwide leader in education solutions, serving more than 1,000 institutions of higher learning around the world with unique technology solutions for recruitment, management, and advancement of students.

As the demand for technology in higher education grew louder at the start of the new millennium, Hobsons began to listen. EMT was launched in April 2000 with a single web-based customer relationship management (CRM) product to help colleges and universities manage student data and easily send electronic communications. Today, this single recruitment CRM has spawned an entire suite of innovative products, ranging from online application management, social networking tools, predictive modelling software, and retention solutions that allow schools to work with current students.

Hobsons' Client Development Model has become the standard of service in higher education technology – consistently outperforming their competition with personal attention and client engagement. Hobsons' product development is driven entirely by customer feedback, ensuring that their products consistently meet the needs of the higher education professional. EMT also boasts the largest and most diverse user community in higher education. All of these have helped make Hobsons the world's largest enrollment management company with the size of its client roster, the number of student records and applications processed, and the number of students served.

PERFORMANCE

2,000

members worldwide are benefiting from EDR.

In April 2008 Environmental Data Resources (EDR) launched commonground, the first global business networking community for environmental professionals involved in all aspects of property due diligence.

This collaborative network brings together environmental professionals, engineers, mortgage lenders, attorneys, insurers, appraisers, inspectors and industry thought leaders and provides them with real time access to industry knowledge, expertise, and learning. In just a few short months, commonground is being harnessed by nearly 2,000 members worldwide who are contributing content and benefiting from:

- Real time answers from peers and experts on pressing questions
- Hundreds of downloadable documents, research reports, podcasts and articles
- Ongoing discussions concerning market issues, trends, and legislation
- Access to blogs, event calendars, news and business opportunities
- Commonground members hail from over 60 countries including the United States, UK, Brazil, Mexico, Italy, China, Hong Kong, India and Australia.

In September 2008, commonground was nominated for a Forrester Groundswell Award, and according to web information statistics, commonground is already in the top 1.75% of all web sites in total traffic.

www.commonground.edrnet.com

Customers are our biggest success story, and by offering our existing customers more exciting products we are attracting many new ones

PEOPLE

LOVE

We have the right people in place, the passion to succeed and we continue to delight our customers

CHAIRMAN'S STATEMENT

→ THE VISCOUNT ROTHERMERE
CHAIRMAN

TO VIEW THE VISCOUNT ROTHERMERE'S VIDEO STATEMENT GO TO:
WWW.DMGTREPORTS.COM/2008/OVERVIEW/CHAIRMANSSTATEMENT

Q: Economic conditions around the world are very tough at the moment. How is the Group faring?

A: It has been a challenging year for the Group and the next 12 months look likely to be even more challenging. The world has been hit by a financial crisis, unprecedented in the last 50 years, and DMGT cannot be immune to that. However, our policy of investing in market leading businesses will mean that we should be able to grow our market share and emerge stronger.

Set against this background, I am pleased to be able to report results showing revenues slightly up on last year, and profits* only 9% lower. This has been achieved due to the strong performance of our business to business operations, while our UK consumer businesses had to cope with extremely difficult conditions. The fact that the Group has grown its revenues in such circumstances is an affirmation of our continued diversification into business to business products.

Q: How are you going to react to these conditions?

A: Given the likely economic picture for the next year or more, we have had no choice but to reduce our costs where appropriate. I am afraid that this will inevitably mean a loss of some jobs, but we hope, in large part, to achieve this by not filling vacancies and not replacing those who choose to leave.

It is important to remember that whilst we must find ways of improving efficiency we must not cut into the heart of our business for short-term benefits. DMGT prides itself on taking a 'long view' and ideally wants to see its businesses streamline their operations whilst investing in growing market share.

DMGT has always performed strongly as we have emerged from tough times and, however difficult the circumstances seem now, I firmly believe that we will look back on this time as one of opportunity.

Q: We keep reading about the 'credit crunch' and companies being unable to raise funds. Are DMGT's finances in good shape?

A: Most importantly in the current markets, our financing arrangements are long term and secure. We undertook a £200 million sterling bond issue in June 2007, shortly before the bond markets effectively closed down. In September 2008, we extended our banking facilities, which were due to expire in October 2009, partly for three years and partly for five years. In the short term, given the uncertainty of our markets, our focus is on cash generation and increasing our financial flexibility.

These funding arrangements enable us to move forwards with confidence and to make the investments in our businesses of which I spoke earlier.

Q: You spoke in your statement last year of the spirit of innovation in the Group. Will this survive these tough trading conditions?

A: I believe it is vital for our future prosperity that it does and, from what I have seen, it is very much alive and thriving.

Northcliffe, our regional media business, is going through a torrid time in terms of advertising revenue trends and profitability. Yet, even during such tough times, it was able to launch the Messenger series of free titles in the East Midlands. Aimed at affluent, small town populations, the series has captured an attractive market, been profitable from the day of launch, and now extends to 14 editions, with plenty more planned. Northcliffe has also launched an online, self-service advertising platform, called the Bubble, which has the capacity to revolutionise local media advertising.

Euromoney has created the Euromoney Business Library, an online searchable receptacle of all the content from their many publications. Genscape has launched a platform to measure natural gas production from refineries, using advanced wave technology.

Associated has developed a thriving business, direct marketing chosen products and services to the readers of the Mail titles.

Further details of these and other innovations are given in this Annual Report. I am determined that we continue to encourage such developments.

Q: We have recently seen the retirement of Charles Sinclair as Chief Executive, with Martin Morgan taking over at a 'most interesting' time. How do you feel the transition has gone?

A: I referred last year to Charles' retirement after 21 years as Chief Executive. It was the strategic decision of Charles and my father in the early 1990s to diversify the Group's activities and particularly to invest in business to business information companies. That decision is being shown now to be very prescient. We send him all our best wishes for the next stage in his career.

Martin Morgan duly took over as Chief Executive on 1st October, and has certainly 'hit the ground running'. Given that his ascension coincided with the worst of the financial crisis, he has had little choice! I think the transition has been painless, for which Charles deserves great credit.

Q: Has Martin made any changes to the executive team?

A: We have strengthened our team with the appointment of Joe McCollum as Head of Human Resources or, as we like to describe him, our Talent Director. Also, we recruited Suresh Kavan from Thomson Reuters, to replace Martin as head of DMG Information. They are both making a great contribution already.

Q: Will there be any other changes to the Board this year?

A: Ian Park has indicated that he will not stand for re-election to the Board at the AGM in February. Following a distinguished career in journalism and regional press management, latterly as Managing Director of Northcliffe, Ian has served on the DMGT Board for 14 years. He has provided me with excellent advice since I first came into the Group and particularly since I became Chairman. I shall miss him and wish him well for his retirement.

Marius Gray has informed me of his intention to retire from the Board in July 2009 after 24 years service. He has been a great source of advice both to my father and to me, and will be a tough act to follow. I shall miss him also and wish him a long and happy retirement.

Q: You have always emphasised the importance of people within DMGT. In these tough times, what do you have to say to the Group's employees?

A: I do indeed believe that talented people are at the heart of DMGT and we must nurture and develop that talent if we want to drive the Company forward. This current recession will test our resolve on this issue but I'm confident that we will remain true to our beliefs. We should remember that, at the moment, the resilient performance of some of our businesses is as noteworthy as the growth achieved by others. The Board and I are very grateful for the dedication and hard work of all the Company's staff.

Q: How do you see the coming year?

A: It is going to be another tough year ahead, but I firmly believe that DMGT will be stronger at the end of it. We have strong businesses with 'media brands that people love' and dedicated, talented employees. Difficult times are a wonderful opportunity to improve market shares – we intend to take that opportunity.

Rothermere
Chairman

VISIT
WWW.EUROMONEY.CO.UK

EUROMONEY HAS CREATED EUROMONEY BUSINESS LIBRARY ENABLING USERS TO SEARCH CONTENT FROM THEIR PUBLICATIONS ONLINE.

THE RESILIENT PERFORMANCE OF SOME OF OUR BUSINESSES IS AS NOTEWORTHY AS THE GROWTH ACHIEVED BY OTHERS.

* Adjusted profits before tax, amortisation and impairment of intangible assets and exceptional items.

CHIEF EXECUTIVE'S REVIEW

→ MARTIN MORGAN
CHIEF EXECUTIVE

TO VIEW MARTIN MORGAN'S VIDEO STATEMENT GO TO:
WWW.DMGTREPORTS.COM/2008/OVERVIEW/CHIEFEXECUTIVESREVIEW

OUR STRATEGY FOR FUTURE SUCCESS FOCUSES ON THREE KEY AREAS

→ FOCUSING ON BUSINESS FUNDAMENTALS IN TOUGH ECONOMIC CIRCUMSTANCES
→ GROWING OUR BUSINESS FOCUSED MEDIA
→ SUPPORTING OUR NEWSPAPERS AND INVESTING IN CONSUMER DIGITAL BUSINESSES

OUR STRATEGY OF CREATING A DIVERSIFIED INTERNATIONAL PORTFOLIO OF MARKET-LEADING OPERATIONS ACROSS BOTH BUSINESS AND CONSUMER COMPANIES HAS PROVIDED CONSIDERABLE OVERALL RESILIENCE AND LEAVES US WELL POSITIONED TO DELIVER LONG-TERM GROWTH.

This Business Review is addressed to the members of the Company to help them assess how the Directors have performed their duty to promote the success of the Company, as set out in the Companies Act 2006. It is framed, having in mind the principles and guidelines for Operating and Financial Reviews published by the UK Accounting Standards Board in 2006. It describes the main operational and financial factors underpinning the development, performance and position of the Group as well as those likely to affect performance over the coming year, illustrating this with key performance indicators.

This Chief Executive's Review sets out the nature, objectives and strategy of the Group, together with the principal risks and uncertainties we face. It is followed on pages 23 to 35 by a business review of the development and performance of each of our operating divisions. A Financial and Treasury Review follows on pages 36 to 41.

DMGT'S PHILOSOPHY

DMGT's practice over many years has been to take advantage of its shareholding structure to invest for the long term in order to generate value for its shareholders. Control by a founding family is a model which has been demonstrated to serve the media industry well over time. Our strategy takes as given the controlling family's wish that the Group's investments will be media businesses; be operated with a view to sustaining good medium to long-term returns; and be financed and managed on a prudent risk and reward basis. We are prepared to have a long timeframe to investment maturity and realisation, provided the business in question is a market leader, growing and achieving strong margins.

* Adjusted operating profit (before exceptional items and amortisation and impairment of tangible assets).

NATURE OF THE BUSINESS

DMGT is a multiple media business, as illustrated on pages 20 and 21 of this Annual Report, operating in different markets, each within its particular competitive and regulatory environments. Operational responsibility is devolved to our divisions whose boards the executive Directors chair. We operate with a light touch from the centre, relieving line management of public company activities that do not contribute at the operating level, but strong financial controls, particularly over capital allocation, are retained at the centre. DMGT's objectives are embedded into the thinking of each of our divisional management teams.

Our operations are divided between business to business (B2B) and consumer media. B2B comprises DMG Information (DMGI), with RMS now becoming a separate division, Euromoney and DMG World Media. Consumer media is made up of Associated and Northcliffe Media and DMG Radio Australia. In September, we established A&N Media, a structure to share services across both newspaper divisions and to improve operational efficiency.

STRATEGY

The Group's objective is to be the owner of high quality sustainable media properties, which lead their markets, thereby generating a premium return for shareholders. Since 1996, our strategy has been to continue to sustain and invest in our market leading UK newspapers, and to acquire or develop high growth media businesses on an increasingly global scale. By a combination of these objectives, we seek to drive up DMGT's overall share rating.

Having taken over as Chief Executive only at the start of the new financial year, I am working with the Chairman to refresh our long-term strategy, although the current focus is inevitably on leading the Group through its short-term challenges. I plan to make a statement to the market in March 2009 on our plans for the Group. This will include how we intend to turn DMGT into a truly global growth company, building on the solid and diversified platform that we have established.

Allocation of capital

DMGT's owner minded structure has allowed it to deploy a consistent capital allocation plan over time, moving cash flow progressively away from a dependence on UK newspapers. Our national newspapers have done tremendously well, faring much better than others, and remain highly profitable. We have continued to invest in them in order to grow their market-leading positions. Whereas the Group's earnings grew strongly in the late 1990s largely due to our newspapers, more recently it is our business-focused operations that have shown stronger earnings growth. Hence our strategy has been to invest in DMGI and Euromoney where performance has been excellent; and in exhibitions where performance has been improving. So capital allocation over the long term has seen a move towards investment in B2B operations, a trend we see continuing.

As a consequence of this deliberate deployment of capital, an increased percentage of the Group's revenues is generated from revenue streams other than advertising, principally subscriptions and events. A significant part of our operations are now outside the UK and the Group's exposure to regulation has been greatly reduced so that in 2008 more than 60% of its operating profits* were derived outside newspaper publishing, compared to 14% in 1996.

Looking back over the past five years, as shown on page 38, the Group's overall performance has been reasonable, but recently more mixed. Northcliffe has been the largest contributor of net cash in the period, but this cannot now be assumed in future. This means that tougher choices will be needed as to where to allocate capital.

DMGT operational model

The approach to managing the Group's divisions and those divisions' strategies has not changed in recent years. The DMGT operational model has been for generally autonomous divisional management, strong incentives based on performance and central control of surplus capital and of its re-investment.

Over the last few years, it has become clear that the rate of change within the Group has needed to quicken, given the threat to traditional media forms and the opportunities from new technologies. The need for the Group to go faster led directly to: the decision in 2004 to put a Capital Appreciation Plan (CAP) into Euromoney Institutional Investor;

THE GROUP'S OBJECTIVE IS TO BE THE OWNER OF HIGH QUALITY SUSTAINABLE MEDIA PROPERTIES, WHICH LEAD THEIR MARKETS.

WE INTEND TO TURN DMGT INTO A TRULY GLOBAL GROWTH COMPANY, BUILDING ON THE SOLID AND DIVERSIFIED PLATFORM THAT WE HAVE ESTABLISHED.

Combined revenue

£849m

Combined revenue of our B2B companies.

Total investment

£459m

Total investment in DMGI since 1996.

the strategic review of Northcliffe Media during 2005/6; and to a strategic review of DMG World Media undertaken last year.

The motivating impact of the CAP on Euromoney's senior management turbo-charged its performance over the period of the scheme, after several years of flat earnings, and in 2008 the second tranche of its CAP vested as Euromoney again reported record profits*. We have agreed to support the proposed introduction of a new CAP following the satisfaction of the performance tests for the final tranche of the first CAP. We have put long term incentive plans into other divisions also.

Short term considerations

We completed our budgets during August and early September, but with the rapidly changing environment, we spent October revisiting all of them and are now running the business against new detailed action plans. Cash generation is a priority, with constraints on capital expenditure and we are monitoring trading very closely.

Within A&N Media, at Associated Newspapers we quickly took action to increase revenue by raising the cover price of the Daily Mail on Saturdays. We have also introduced a tighter publishing programme through a whole range of measures which include controlled issue sizes, tighter advertising to editorial ratios, reductions in the weight of paper and more efficient distribution.

Regrettably we are reducing staff numbers, and a number of reorganisations have been implemented, for example in the advertising sales operation.

At Northcliffe Media, a significant reorganisation of the business is underway which also involves staff reductions. The formation of A&N Media is facilitating a speeding up of operational synergies between Associated and Northcliffe in areas which make up IT, purchasing, technology, transportation, printing and accounting.

We have restricted new acquisitions to those which are strategic bolt-ons to existing growth companies. They will be few in number and small in cost. We have been running a disciplined disposal programme over the last few years, which will continue. But most critically we will be maintaining revenue investment where we have growth opportunities, for example Jobsite, RMS, Genscape, Mail Online and Northcliffe International. Euromoney is maintaining a similar policy.

Business to business

Over the years we have built a significant and highly successful group of companies in B2B, with combined revenues of £849 million and with a healthy operating* margin of 22%.

Whilst our B2B group is expected to experience some negative impacts from the economic downturn, these should be significantly less severe than in the consumer group, providing an important protection on the downside.

DMG Information

DMGI's overall growth story continued, though not without some reverses of a cyclical rather than structural nature, with the tough market conditions prevailing in the property markets affecting its year on year performance. The business made another record operating profit* and maintained the impressive growth in its profits from a standing start in 1998, illustrated on page 24.

Total investment in DMGI now amounts to £459 million since 1996, net of disposals. In 2008, Dolphin and the European graduate recruitment businesses of Hobsons were sold and we made bolt-on acquisitions to our property and energy divisions and for Hobsons in the education market.

DMGI's purpose is investing in must-have high growth innovative business information companies. Common characteristics shared by our operating companies are the provision of essential information and analysis by combining large databases with proprietary software, the resulting products delivered to customers in electronic form. DMGI's remit is to diversify DMGT by sector, by business model and by geography.

Its strategy will remain focused on investing in those companies with attractive business model characteristics, strong market positions, growth potential and

entrepreneurial management. Although the current turmoil in the property and financial markets inevitably makes the short-term outlook uncertain, we still expect DMGI to grow its business annually by around 15% per annum over the course of an economic cycle due to the strength of its business models and rate of product innovation.

In July, we recruited Suresh Kavan from Thomson Reuters as my successor. Suresh is a proven leader with an outstanding record of success in growing information businesses such as those which make up DMGI. He is already bringing fresh thinking and energy to the portfolio, but the broad thrust of strategy will continue unchanged.

We have decided henceforth to establish RMS as a separate division from DMGI, led by Hemant Shah, its co-founder in 1989 and chief executive since 1999. RMS has been owned by DMGT for 10 years and is an integral part of the Group, but its success has brought it to a size which justifies standing alone as a new division, so from 2009, we will be reporting its results separately.

Euromoney Institutional Investor

Euromoney's strategy over the past five years has been to build a more resilient and better focused business. This strategy has been executed through increasing the proportion of revenues derived from subscription products; investing in products of the highest quality that customers will value in tough times as well as good; eliminating products with a low margin or too high a dependence on advertising; maintaining tight cost control at all times; retaining and fostering an entrepreneurial culture; and making selective acquisitions to accelerate that strategy.

The success of this strategy is highlighted by Euromoney's 2008 results. Since 2003, revenues have more than doubled. In the same period, subscription revenues have increased threefold and are now nearly double the level of advertising revenues. It has also made a successful transition from a predominantly publishing driven business to one with significant activities in events and training, and more recently in the provision of electronic information and database services. In 2008 these accounted for operating profits* of £21 million compared to under £3 million in 2003.

Euromoney's strategy is equally applicable in tough trading conditions and will continue to drive its activities in 2009. Its strong cash generation means it can sustain its investment in high quality subscription products, new events and the quality of editorial. Euromoney will continue with this strategy, even if revenues come under pressure in the short term as customers react to pressure on their own earnings, because we believe it will deliver excellent growth in the medium and longer term. The focus on costs and maintaining margins will increase.

Euromoney's acquisition strategy has been to look for small, specialist transactions that complement its existing businesses and provide scope for strong organic growth. No significant acquisition has been completed since October 2006, largely due to its focus on the integration of Metal Bulletin and the reduction of its debt. It remains keen to make small acquisitions, which are easily financed from its strong operating cash flows, but it is unlikely to make any significant acquisitions over the coming 12 months.

DMGT spent £27 million, acquiring further shares in Euromoney up until February to increase its interest to 66%, following its dilution from 69% due to the issue of shares in 2006 to part fund the acquisition of Metal Bulletin plc. The Board regards Euromoney as a core business and our objective is that DMGT's diluted holding should not fall again below 60%.

DMG World Media

The execution of the 2007 Strategic Plan continues. This involves focusing on the B2B sector which is growing strongly and where the growth opportunities are greatest. As part of this plan, we accelerated the acquisition of George Little Management (GLM), which was completed at the start of the year in order to unlock value through increased efficiencies, establishing a new business to retail (B2R) sector, comprising the former GLM exhibitions, and the gift and surf exhibitions already owned by us. The North American home shows within the business to consumer (B2C) division were successfully sold in July, followed by the Antiques Trade Gazette early in the new financial year.

DMGI's expected growth

15%

We still expect DMGI to grow its business by around 15% per annum over the cycle.

EUROMONEY

SINCE 2003, EUROMONEY'S REVENUES HAVE MORE THAN DOUBLED AND SUBSCRIPTION REVENUES HAVE INCREASED THREEFOLD.

DMG World Media investment

£450m

Investment in DMG World Media since 1995.

Our total investment in DMG World Media since 1995, net of disposals, rose to approximately £450 million in the year. In 2008, B2B continued its successful development of its exhibitions and events, with Dubai, Energy and Technology being outstanding.

Consumer media

Our UK newspaper operations are bearing the brunt of the economic slowdown with classified advertising being the first to be affected earlier in the year.

Associated Newspapers

The longer term outlook for Associated Newspapers' nationals remains robust. We continue to invest in editorial quality. The graph on page 31 demonstrates the extent to which the Mail titles have continued to increase their market share, due to their strong brands. The value of the Mail's readership is underpinned by market research encapsulated in Modern Mid Britain. We are working to create a viable strategy to monetise better the Mail's readership through database marketing. Metro is well established.

Associated's margins, reflecting the national newspaper sector, remain relatively low, but the programme of cost and efficiency improvements started in response to the worsening trading conditions, prevailing since the summer, aims to protect them. Progress has also been made with London Lite's business plan. The Evening Standard has established a market position as the quality London daily newspaper. Its priority remains to stabilise revenue which will inevitably be challenging in the short term. It continues to exercise stringent cost control. The London publishing market remains a key focus of management.

Harmsworth Printing successfully completed its press enhancement programme on schedule in January. The final stage of the colour investment programme culminated with the commissioning of full colour capability at Surrey Quays. Short-term costs, benefiting from a fall in the price of newsprint from 1st January, were contained despite the additional expense of full colour printing.

In September A&N Media was established to deliver all its consumer newspaper and digital brands through Associated Newspapers and Northcliffe Media, while realising the efficiencies that this combination brings about. This creates a structure for the shared services already in place, such as printing, marketing and procurement, and those to come, including finance. Further progress was made in editorial and media buying and further efficiencies came from external printing and promotions. The cost base of our national newspapers continues to adjust to a lower level of revenue growth due to the likely migration online of display and classified revenues at varying speeds. Our objective is to meet this challenge without losing the powerful advertising response from an engaged readership, given that the Mail titles have a most envied position in the UK market and that Associated are efficient publishers of high quality publications. Associated is growing its enterprise revenue, selling goods and services to readers.

Our aim is to publish the most entertaining and informative media and we believe that strong trusted brands with premium content will ultimately prevail in the digital world. In 2008, the companion websites were fully integrated into the editorial process of our newspapers and from 1st October, 2008, Mail Digital has been established as a separate business. Its strategy is to provide a market leading website which leverages the content of the Mail brands to exploit and develop online commercial opportunities, both in conjunction and separate from the print operations.

As illustrated on page 2, Mail Online was re-launched in May, backed by the Mail's formidable editorial resources. Mail Online has access to all of the Mail's editorial content and stories are broken online. Further revenue opportunities will emerge as the Mail becomes more interactive, getting closer to its readers in Modern Mid Britain. In 2008 the titles' companion websites achieved a near trebling of total digital revenues from a low base.

Our strategy at Associated Northcliffe Digital (AND) has involved investments to increase exposure to areas of the

VISIT
WWW.DAILYMAIL.CO.UK

WE BELIEVE THAT STRONG TRUSTED BRANDS WITH DIGITAL CONTENT WILL PREVAIL IN THE DIGITAL WORLD.

online advertising market pertinent to Associated. First of all, in 2004, we acquired Jobsite which has proved highly successful, retaining its outstanding management team with AND providing the central expertise to help them grow. We have built a presence also in the online property, motors and dating markets and through Teletext in travel. We exited the utility switching market in March.

Associated invested £23 million in the year on acquiring 'bolt-on' value enhancing media properties, bringing to £192 million the total invested in pure play digital consumer businesses since 2004. AND is one of the leading players in the UK digital media industry with 'old media's' best set of digital consumer assets, and its objective is to be the number one or two business in each chosen market. In conjunction with its product development strategy, we are investing heavily in building brand awareness.

In May we created the Digital Property Group, bringing all our property brands within a single management structure. This combination provides estate agents and new home developers with exposure to a larger and more differentiated audience.

Northcliffe Media

We reorganised Northcliffe Media in 2006 and 2007, creating a business with strong capability as an integrated provider of local media services. Its strategy is focused on meeting local reader and advertiser requirements across a variety of media formats. Digital publishing is a key component. Overseas, it is expanding within the emerging economies of Central Europe where there are good growth prospects both in print and online.

Northcliffe encountered exceptionally challenging regional advertising markets in 2008 as the impact of the credit crunch spread across the wider economy. These adverse economic conditions look set to continue for the next two years and will compound the underlying structural challenges caused by the migration of readers and advertisers to the internet.

We will continue to transform Northcliffe into a local information network. The three building blocks at the core of this vision are the local audience, local relationships with advertising customers and a sustainable operating model.

Since the year end, a new regional operating structure has been implemented which will allow Northcliffe to benefit from its scale in the South West and in the Midlands and North of England. In addition to its divisional cost cutting measures, we will improve operational efficiency through A&N Media. Our objective is to create a leaner, more nimble, cost-efficient organisation through further regional consolidation and through streamlining the business, benefiting from the A&N Media restructuring.

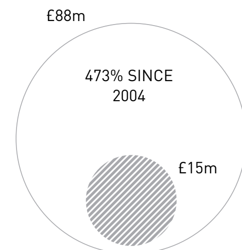
Northcliffe's key online commercial platforms (in jobs, property and motors) are provided by AND. Its advertisers have access to a powerful combination of media platforms when they place an advertisement in print and online. We are now in a position to demonstrate that this combination delivers the best proposition to advertisers.

The titles acquired in the South of England in July 2007 have been badly affected by the adverse conditions in local advertising. We do not expect to make further significant acquisitions in UK local media.

DMG Radio

DMG Radio Australia (DMGRA) was established in 1996 with a plan to build a national metropolitan FM broadcasting network through the Australian government's licence auction process with the intention of delivering an above average return on investment. Net investment since its creation has totalled £200 million. Progress has been slower than we had hoped when we embarked upon its expansion in 2000, but was made this year with the Nova network achieving further good growth, driven largely by an increase in its share of national revenue. The Vega stations improved their ratings position, but their overall performance was disappointing. DMGRA returned to profitability and our Australian management team remains

DIGITAL REVENUE



Pure play digital investment

£192m

Total invested in pure play digital consumer businesses since 2004.

jobsite

JOBSITE, ACQUIRED IN 2004, HAS PROVED HIGHLY SUCCESSFUL.

NOVA ACHIEVED GOOD GROWTH THIS YEAR, DRIVEN BY AN INCREASE IN ITS SHARE OF NATIONAL REVENUE.

THE GROUP'S GEOGRAPHIC SPREAD AND DIVERSE PORTFOLIO HELP DILUTE THE IMPACT OF KEY RISKS.

highly concentrated on the task before them which is to provide DMGT with a return on its investment.

In the UK, our continuous participation in the commercial radio industry from its creation in 1973 ended when the board of GCap Media plc recommended Global Radio's timely offer for the company. We realised £53 million for our 14% stake.

Summary

During 2008, DMGT performed resiliently in difficult trading conditions and we successfully sold a number of non-core assets. Our strategy of creating a diversified international portfolio of market-leading operations across both business and consumer companies has provided considerable overall resilience and leaves us well positioned to deliver long-term growth.

Although the worsening economic conditions during the year had an adverse impact on the newspaper and property businesses, our B2B divisions continued to perform well. The short term outlook remains difficult and we are taking decisive action to defend profitability. However, the Group's strong cash flow will also allow continued selective internal investment to ensure our businesses achieve their full potential.

Growth will be driven by businesses which operate in growth markets; have products that are highly innovative and valued; market-leading positions; strong entrepreneurial management and which benefit from our long-term perspective.

RESOURCES

The Group's main resources are its brands, people, reputation and the market-leading position of its major businesses. In order actively to pursue our intention constantly to raise the quality and performance of our people, in February, we appointed DMGT's first ever Human Resources Director, Joe McCollum, who is making outstanding progress on a co-ordinated talent agenda across the Group. DMGT will invest in its people in order to grow.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties the Group faces vary across the different businesses and are the focus of the Risk Committee which I chair. These risks are identified in the DMGT Group Risk Register. The materiality of each risk is assessed against a framework to determine its significance and likelihood of occurrence. The Risk Register is used to determine the agenda and activity of the Risk Committee. The most material inherent risks identified in the Risk Register, together with the steps taken to mitigate them, are described below. The operation of the Risk Committee is described on page 50.

The geographic spread and diverse portfolio of businesses within the Group help to dilute the impact of some of the Group's key risks. Certain of these risks are interdependent and should not be considered in isolation.

EXPOSURE TO CHANGES IN THE ECONOMY AND CUSTOMER SPENDING PATTERNS

General economic conditions and the financial health of our customers can positively or negatively affect the performance of all of our businesses to some degree. The current global economic outlook, especially in the UK and US economies, represents a significant risk to the Group. In addition, a significant proportion of our revenue is derived from advertising which has historically been cyclical, with companies spending less on advertising in times of economic slowdown. Our commitment to investment in our core brands and products and the diverse nature of the Group's revenues helps us to reduce the effect of these fluctuations by maintaining the strength of our products in their markets.

THE IMPACT OF TECHNOLOGICAL AND MARKET CHANGES ON OUR COMPETITIVE ADVANTAGE

Our businesses operate in highly competitive environments that can be subject to rapid change. Our products and services, and their means of delivery, are affected by technological innovations, changing legislation, competitor activity or changing customer behaviour. A structural

change in the advertising markets resulting in significant advertising moving away from our traditional products to the internet has affected our results both positively and negatively. We have developed an internet strategy for each of our main segments of advertising revenue.

The decentralised autonomous culture of the Group encourages an entrepreneurial approach to the development of new opportunities in response to these threats and we must continue to invest and adapt to remain competitive. Our strategy of diversification and willingness to take a long-term view helps us to react to these challenges and opportunities.

PENSION SCHEME SHORTFALLS

We operate defined benefit schemes for our newspaper divisions and certain senior executives. Reported earnings may be adversely affected by changes in our pension costs and funding requirements due to lower than expected investment returns, changes in demographics and particularly longer life expectancy. These risks are considered with the scheme trustees as part of the three yearly actuarial valuation. A funding approach to the end of December 2010 and an asset allocation strategy, designed to reduce and diversify the risk inherent in the investment portfolios, have been agreed. These and other proposed actions, together with the introduction in April of updated defined contribution pension plans in all divisions, will help to control pension liabilities and costs incurred by the Group. Recent turmoil in global equity markets has increased our focus on this risk. The schemes are still neutral in cash flow terms and so are not needing to sell assets.

IMPACT OF A MAJOR DISASTER OR OUTBREAK OF DISEASE

Any disaster, such as a geopolitical event or a pandemic, such as influenza, which significantly affects the wider environment or infrastructure in a sector where the Group has material operations, could adversely affect the Group. Although plans and procedures are in place to manage the impact of such risks, the event might affect our ability to produce and deliver our products, reduce the demand for them, or significantly affect our cost base. The importance of travel to many of our event businesses increases the sensitivity of our results to incidents that may affect confidence in travel to specific destinations.

RELIANCE ON KEY MANAGEMENT AND STAFF

In order to pursue our strategy, we are reliant on key management and staff across all our businesses. We cannot predict with certainty that we will enjoy continued success in our recruitment and retention of high quality management and creative talent.

The addition of a Group Human Resources Director in February is helping us develop mitigating actions and we have a number of measures in place in each division to address this risk. These include payment of competitive rewards, employee performance and turnover monitoring and a variety of approaches to staff communication. In addition, divisional management are tasked with reviewing staff performance and with developing appropriate succession plans.

PRICE VOLATILITY OF NEWSPRINT

Newsprint represents a significant proportion of our costs within the newspaper divisions. Newsprint prices are subject to volatility arising from variations in supply and demand. Generally, these variations are not large, but from time to time increases are significant. 2009 may be such a year. The Group's newsprint requirements are monitored by the Newsprint Committee and, where possible, long-term arrangements are agreed with suppliers to limit the potential for volatility.

ACQUISITION AND DISPOSAL RISK

As well as launching and building new businesses, an integral part of our success has, and will continue to be, the acquisition of businesses that complement our existing products or expand the scope of our expertise into new markets. A number of risks are inherent within any strategy to acquire. The Group generally acquires businesses with a high potential for growth in related markets. The majority of acquisitions considered are smaller add-on acquisitions, which reduces the size of the risk of each acquisition to the Group.

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WE HAVE DEVELOPED AN INTERNET STRATEGY FOR EACH OF OUR MAIN SEGMENTS OF ADVERTISING REVENUE.

OUR SUCCESS RELIES ON THE ACQUISITION OF BUSINESSES THAT COMPLEMENT EXISTING PRODUCTS OR ENABLE EXPANSION INTO NEW MARKETS.

OUR HIGH QUALITY MANAGEMENT AND CREATIVE TALENT ARE KEY TO OUR BUSINESS SUCCESS.

A REVIEW OF THE IMPACT OF CLIMATE CHANGE HAS BEEN PERFORMED.

There are risks to our ability to achieve optimal value from disposals including the incorrect timing of any sale, the inability to identify and agree a deal with a purchaser, the unsuccessful separation of a business and management of any related costs, as well as the failure to realise any other anticipated benefits of a disposal.

RELIANCE ON IT INFRASTRUCTURE
All of our businesses are dependent on technology to some degree. Information systems are critical for the effective management and provision of services around the Group. Disruption to our information technology infrastructure or failure to implement new systems effectively could result in lost revenue and damage our reputation. This is particularly relevant in our newspaper divisions which are in the process of implementing a new and shared finance system. Dedicated project management teams are used to manage the risk in any change project and business continuity plans are in place in each division to protect existing systems.

INFORMATION SECURITY
Information security has become an important issue in recent years as a result of several high profile losses of data. We suffered our own information security incident during the year which has increased the focus on, and attention given to, this important issue. Information security risks are managed by divisional management teams and a Group-wide policy has been set. Any future breach in our data security could have a harmful impact on our business and reputation.

CLIMATE CHANGE
The risks associated with climate change include the introduction of or increase in legislation and regulation of the environmental impact of our operations. In the longer term, the physical impact of climate change could affect our business locations, distribution routes or third party suppliers. A Group wide review of the impact of climate change was performed in 2008 to identify the key risks and opportunities for the Group presented by future climate change.

LEGAL AND REGULATORY
DMGT businesses are subject to varying legislation and regulation across several jurisdictions including health and safety and employment law as well as more specific regulations such as from the Office of Fair Trading and the Audit Bureau of Circulation (ABC). Changes to this legislation or regulations could adversely affect the results and future trading of the business. Whilst employees need to be responsible for their own health and safety, they are made aware of health and safety and of employment rights through the employee handbook. Controls are also in place surrounding compliance with the ABC's regulations and other regulatory bodies to which we adhere.

TREASURY RISK
There are a number of risks arising from the Group's Treasury operations including currency exchange rate fluctuations impacting on the Group's reported earnings, liquidity risk, interest rate risk and debt levels. The current problems in global financial markets as a result of the credit crunch and banking crisis heighten the risk in this area. In addition the treasury function within DMGT undertakes high value transactions and therefore there is inherently a risk of treasury fraud or error.

TAX RISK
The Group operates within many jurisdictions; our earnings are therefore subject to taxation at differing rates across these jurisdictions. Whilst we endeavour to manage our tax affairs in an efficient manner, due to an ever more complex international tax environment there will always be a level of uncertainty when provisioning for our tax liabilities. There is also a risk of tax laws being amended by authorities in the different jurisdictions in which we operate which would have an adverse effect on our financial results. Working with divisional management and external experts we have a team of in-house specialists who review all tax arrangements within the Group and keep abreast of changing legislation.

SHARE PRICE PERFORMANCE

Share performance remains important to us as a measure that our strategy and prospects are understood. Over time our strong historic operating performance has been recognised by the market, as can be seen from the graph below and on page 61.

The price of our widely traded 'A' Ordinary Non-Voting shares started the financial year at £6.30, having fallen rapidly since the summer of 2007. It fell below £5 on the announcement of our 2006/7 results in November 2007 on fears about the health of the UK economy. At this point, our perception of the value of the Group, based on our forecasts, compared to that of the market, led us to purchase our own shares at an average price of £4.75. In hindsight, we were too early as the share price continued to fall as investors shied away from exposure to consumer advertising and to the financial and property sectors.

Over the last year, there has been unprecedented stock lending of DMGT's shares, along with other cyclical media companies, which rose from its normal level of below 5% to 16% in the year.

This led to considerable volatility in the price which fell as low as £2.59 in July, before recovering somewhat to £3.24 at the year end. More recently, we have out-performed our peers due perhaps to an appreciation of our diversification strategy and to the higher quality of our consumer national media franchises.

CAPITAL STRUCTURE

The Company has not made a capital call on its shareholders for 75 years. Capital growth is funded by long-term debt and by retained earnings. Since the late 1980s, our strategy has been to raise the dividend in real terms. Since 2002, the Board's policy has been to seek to increase the dividend each year by 5% to 7% in real terms, as long as it continues to have confidence in the Group's long-term prospects and financial health. This year the Board increased the dividend by 2.4%, considering it prudent in the current circumstances to hold the final dividend at last year's level, but it is maintaining its policy of increasing the dividend in real terms over the cycle. As shown below, the compound dividend growth over the last 20 years is 11% in nominal terms, which is an increase of 7% in real terms.

Share price performance

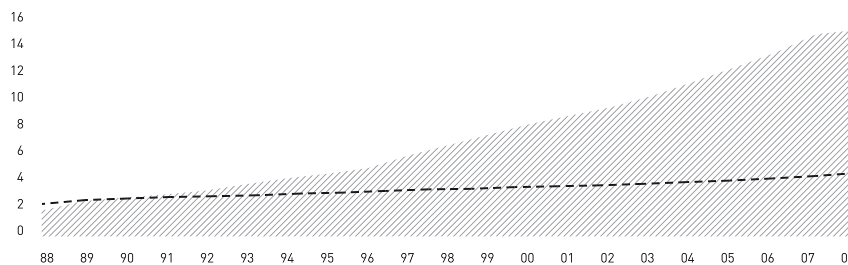
+74%

Our share price performance since 1988, relative to the FTSE all share index.

WE WILL TAKE ADVANTAGE OF OPPORTUNITIES TO INCREASE MARKET SHARE, TO LAUNCH NEW PRODUCTS AND TO LEVERAGE THE STRENGTHS OF THE GROUP'S DIVERSE PORTFOLIO.

DMGT DIVIDEND HISTORY FOR THE PERIOD 1988 – 2008 (PENCE)

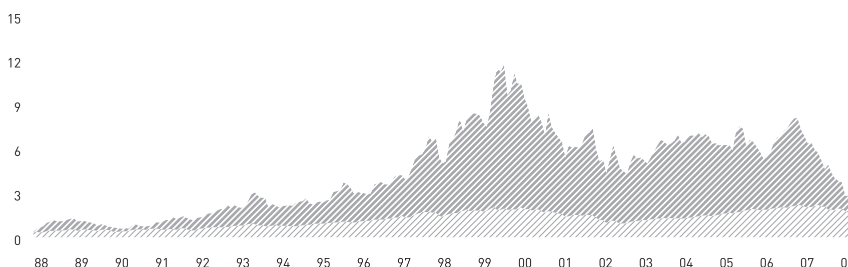
---- INFLATION INDICATOR 1988 – 2008



PERFORMANCE OF DMGT 'A' AND FTSE ALL SHARE INDEX RELATIVE TO VALUES AT 30TH SEPTEMBER, 1988 (£)

DMGT 'A' (MONTHLY CLOSING PRICE)

FT ALL-SHARE INDEX

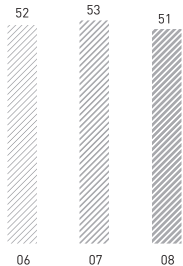


Compound dividend growth

+11%

Compound dividend growth over the last 20 years.

CO_2 EFFICIENCY
(EMISSIONS PER REVENUE – CO_2/£M REVENUE)



THE GROUP'S ENERGY EFFICIENCY HAS IMPROVED DUE TO THE INTRODUCTION OF A NEW PRODUCTION FACILITY AT DIDCOT.

DMGT employees

+1%

In 2008 the number of DMGT employees rose by 1%.

COMMUNITY INVOLVEMENT IS INTEGRAL TO OUR BUSINESS.

The Company spent £74 million on buying its 'A' Ordinary shares and a further £14 million in matching obligations to provide shares to minority shareholders of RMS who had acquired them as a result of exercising their stock options under its scheme. Purchases were opportunistic, rather than part of a buy back programme. Since February, no further purchases have been made and none are planned in the foreseeable future as the Group concentrates on reducing its debt.

RELATIONSHIPS WITH STAKEHOLDERS, OTHER THAN SHAREHOLDERS

Environmental, employee, social and community issues are taken seriously by the Company, as set out in the Corporate Responsibility Report on pages 42 to 44. DMGT also has a dedicated Corporate Responsibility section on its website which is updated regularly. The Board has policies in place on the environment and on equal opportunities for employees, as well as on whistleblowing and health and safety. All of these policies are established and set out on the DMGT extranet.

DMGT and the environment

We recognise that our businesses have an impact on the environment through our printing operations, offices, transport and other activities. We are committed to ensuring that, where practicable, any adverse impact on the environment from our activities will be minimised. The major environmental impacts arise in our printing operations where we focus on energy efficiency. We have gathered data over recent years in order to monitor the Group's use of energy. Whilst there has been an increase in the overall amount of energy used during the year, the Group's energy efficiency has improved due to the introduction of a new production facility at Didcot.

Another area we focus on is our Carbon Footprint. We started to measure this from 2006 and the graph shown to the left illustrates that the Group's emissions have fallen. We recently embarked on a new energy management and abatement programme, commissioning specialist consultants to conduct an energy efficiency exercise at DMGT's head office and an audit of energy and water consumption at its eight UK print plants (which are responsible for a significant proportion of DMGT's consumption). This is currently in progress. A main aim of the audit is to identify potential opportunities for saving energy, thereby reducing the Group's environmental impact. Meanwhile, Harmsworth Printing has been making strides to cut water use, following an earlier study.

DMGT and our employees

Retention of staff benefits from our autonomous divisional culture and from our provision of the appropriate form of pension provision to all our employees. DMGT has kept open its final salary pension schemes in the UK newspaper divisions where people tend to stay with us for a long time and where the average age is higher. In the other divisions, which are more international and where employees are generally younger, we believe defined contribution pension plans are more appropriate.

The number of employees has risen from 17,296 at the beginning of the year to 17,524 at the end, an increase of 1%. The number of employees within Northcliffe's UK operations fell by a further 209 (4%) as a consequence of its reorganisation programme.

Social and community issues

Whilst the Group does not have formal policies in this area, community involvement is integral to our business as well as to the personal motivation of our employees. We donate money, time and in-kind donations such as radio airtime and Teletext pages, and staff actively give time to areas including fundraising and trusteeships.

Information about persons with whom the company has contractual or other arrangements essential to the company's business

Group companies undertake business with a range of customers and suppliers. There is no dependence on any particular contractual arrangement, other than those disclosed in Note 37 to the Accounts as regards ink and printing, where arrangements are in place until 2015 and 2022 respectively to obtain competitive prices and to secure supply.

As regards the Group's principal commodity, newsprint, arrangements are made annually with a range of suppliers to ensure the security of supply at the best available prices, having regard to the need for the necessary quality. Particularly in the light of its strategy to create a diversified international portfolio of media businesses, the Group is not dependent on any suppliers of other commodities, nor for its revenue on any particular customer. Distribution arrangements are in place to ensure the delivery of newspapers to retail outlets.

TRENDS AND FACTORS LIKELY TO AFFECT THE OUTLOOK

The new financial year has started with very challenging economic conditions, particularly in the UK. Our business to business divisions are generally continuing to trade well, with the benefit of significant subscription revenues, but our UK consumer media businesses are being affected. As a consequence, we are taking decisive action to defend their profitability and, more generally, to focus on cash generation and debt reduction. Measures across the Group are worth in the region of £100 million and will offset downward pressure on advertising and upward pressure on newsprint prices.

For DMG Information, whilst much uncertainty remains in its markets, its businesses are well positioned to deliver strong growth both in an upturn and through the medium term. DMGI's companies have robust business models and the range of new product developments underway underpins their growth opportunities.

Euromoney's current trading is in line with its expectations, but in such volatile markets it is difficult to predict how well sales will hold up beyond the first quarter. October's revenues were ahead of last year and forward revenues for the first quarter also are ahead of the same time last year, but sales for the past eight weeks have shown signs of weakening. Nearly 40% of its revenues come from subscriptions which continue to grow and will provide Euromoney with substantial stability.

For DMG World Media, the economic climate will have an impact on the rate of growth for certain exhibitions. There are continuing growth prospects in others with particular strength in the Middle East and in Oil and Gas events. Generally, we are seeing strength in market leading shows, and we are fortunate that most of our larger shows are in that position.

Our B2B divisions will benefit from the strengthening US dollar with each five cent rise in the average £:$ exchange rate estimated to improve full year profits* by approximately £4 million.

Within Associated Newspapers, October has seen total advertising revenues, including display, down by 10%, but it is difficult to predict trading performance for the rest of the first quarter, with even less visibility thereafter. A plan has been implemented to improve revenues and to reduce costs within Associated, including a Saturday cover price increase for the Daily Mail and the combining of some functions within the Mail titles.
At Northcliffe Media, UK advertising trends have deteriorated further since the year end, particularly in the property and recruitment sectors, with October revenues down on the prior year by 28%. Property revenues were 52% below the prior year and recruitment revenues were down 37%. The gloomy economic outlook points to extremely challenging conditions for our key advertising markets throughout the coming year. As well as the implementation of the new regional operating structure, we have reviewed all areas of expenditure and are in the process of removing significant costs from Northcliffe during the coming year.

In addition to the divisional cost cutting measures within Associated and Northcliffe, we have also established A&N Media, a structure to share services across both divisions and to improve operational efficiency.

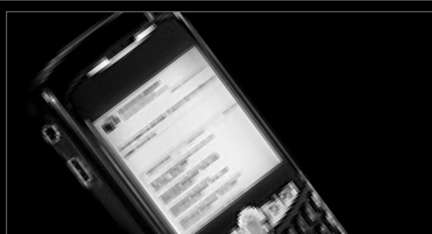
At DMG Radio Australia, we expect Nova further to improve its reach into its target demographic of all listeners aged 18-39 and we look for continued growth from Vega.

Our focus is on managing the Group through the current difficult trading conditions, based on an assumption of no improvement during 2009. At the same time, we will take advantage of opportunities to increase market share, to launch new products and to leverage the strengths of the Group's diverse portfolio. DMGT's long-term strategy remains in place and we are confident that the Group will emerge well from the current economic downturn.

Martin Morgan
Chief Executive

DMGT AT A GLANCE

DMGT is a long established, successful media group. We have international business to business interests in business and financial information and in exhibitions. Our consumer media operations comprise UK national newspapers and related digital activities, local media and radio. Our purpose is to enrich lives through media brands that inspire, inform and entertain.

DIVISIONAL ACTIVITIES		PRINCIPAL BRANDS		EMPLOYEES AT YEAR END
DMG INFORMATION PAGE 23		– Risk Management Solutions (RMS) – Environmental Data Resources (EDR) – Landmark Information Group – Property Portfolio & Research	– Trepp – Lewtan Technologies – Sanborn – Genscape – Hobsons	3,736
EUROMONEY INSTITUTIONAL INVESTOR PAGE 25		– Euromoney – Institutional Investor – Euroweek – Asiamoney – Latin Finance – Total Derivatives – International Financial Law Review	– Petroleum Economist – ISI Emerging Markets – BCA Research – Metal Bulletin – IMN	2,207
DMG WORLD MEDIA PAGE 27		– New York International Gift Fair – Index and Big 5 (Dubai) – Global Petroleum Show (Canada) – Surf Expo (U.S.) – Evanta's CIO Executive Summits (U.S., U.K., Australia)	– Gastech (Thailand 2008, Abu Dhabi 2009) – ad:tech (U.S., Europe, Australasia) – Chemspec Europe (Germany 2008, Spain 2009) – ADIPEC (Abu Dhabi, 2009)	792
A&N MEDIA: ASSOCIATED NEWSPAPERS PAGE 28		– The Daily Mail – The Mail on Sunday – Mail Online – TravelMail – This is Money – Evening Standard – This is London – Metro – London Lite – Loot	– Teletext – This is Travel – Teletextholidays.co.uk – Jobsite – Find a Property – Primelocation – Motors.co.uk – Loopylove	4,648
A&N MEDIA: NORTHCLIFFE MEDIA PAGE 32		– Evening Post (Bristol) – Derby Evening Telegraph – Essex Chronicle – Hull Daily Mail – Leicester Mercury – Nottingham Evening Post – West Briton (Cornwall)	– 'this is' – jobsite.co.uk – findaproperty.com – Motors.co.uk – Kisalfold (Gyor, Hungary) – Pravda (Bratislava, Slovakia)	5,465
DMG RADIO AUSTRALIA PAGE 35		– Nova 969 (Sydney) – Nova 100 (Melbourne) – Nova 1069 (Brisbane) – Nova 919 (Adelaide) – Nova 937 (Perth – Joint venture) – Vega 953 (Sydney)	– Vega 915 (Melbourne) – Five AA (Adelaide) – Brisbane 97.3 (Joint venture) – Star 1045 (Central Coast)	576

OVERVIEW	PERCENTAGE OF REVENUE	HEAD OFFICE	
DMG Information is the Group's business information division, providing business-to-business information to the property, insurance, financial, energy, geo-spatial and educational recruitment markets. The US accounts for the majority of revenues with the UK, Japan, India and Australia representing the other significant geographic markets.	14% £315m	Stamford Landing Suite 400 46 Southfield Avenue Stamford, Connecticut CT 06902, USA Tel 001 203 973 2940	From 1st October, 2008, RMS has been established as a separate division. Its head office is at: 7015 Gateway Boulevard, Newark, CA 94560, USA Tel 001 510 505 2500
Euromoney is a leading international business-to-business media group focused primarily on the international finance, metals and commodities sectors. It publishes more than 70 magazines, newsletters and journals, including Euromoney, Institutional Investor and Metal Bulletin. It also runs an extensive portfolio of conferences, seminars and training courses and is a leading provider of electronic information and data covering international finance, metals and commodities, and emerging markets. Its main offices are in London, New York, Montreal and Hong Kong and nearly half of its revenues are derived from emerging markets.	14% £332m	Nestor House Playhouse Yard London EC4V 5EX England Tel 020 7779 8888	
DMG World Media is a leading international exhibition company that produces nearly 200 market-leading trade exhibitions, consumer shows and fairs. The company also publishes 25 related magazines and directories. DMG World Media's operation includes more than 20 offices across the US, Canada, the UK, France, the United Arab Emirates, China, Singapore, Australia and New Zealand and additional exhibitions in countries such as Germany, Spain, Egypt, Morocco, India, Indonesia, Korea, Thailand, Mexico, and Venezuela.	9% £202m	Suite 255 1100 Larkspur Landing Circle Larkspur CA 94939, USA Tel 001 415 464 8500	
Associated Newspapers is a major national newspaper publisher which is also responsible for running its newspaper companion digital sites, Associated Northcliffe Digital and Teletext. Its subsidiary Harmsworth Printing provides printing services to the DMGT Group. Associated Northcliffe Digital reaches an estimated 24% of all UK internet users in the jobs, property, motors and dating markets. Teletext provides text information services on the main commercial television channels ITV, C4 and C5, as well as on mobile telephones. It also operates travel web sites, including a holiday retail operation.	43% £988m	Northcliffe House 2 Derry Street London W8 5TT England Tel 020 7938 6000	
Northcliffe Media is one of the largest local media organisations in the UK. Northcliffe publishes over 100 local newspapers including 17 paid-for daily titles, two free daily titles, 39 paid-for weeklies and over 60 free weekly newspapers. The unduplicated readership of Northcliffe's newspapers is seven million. Furthermore, Northcliffe's network of 150 local 'this is' websites attracted over 3.3 million unique users with 46.3 million page impressions in September 2008. Other commercial activities include international print and digital publishing interests in Hungary, Slovakia, Bulgaria, Romania and Croatia.	18% £420m	Northcliffe House 2 Derry Street London W8 5TT England Tel 020 7400 1401	
DMG Radio Australia holds 10 radio licences, including the national Nova FM network of stations in Sydney, Melbourne, Brisbane, Adelaide and Perth and the Vega FM stations in Sydney and Melbourne. Nova continues to be the leading national radio network for listeners aged 18-39, while Vega is steadily growing its share of the 40-54 demographic, a complementary audience profile to Nova.	2% £55m	Level 5 75 Hindmarsh Square Adelaide SA 5000 Australia Tel 00 618 8419 5000	

MANAGEMENT STRUCTURE

1 LORD ROTHERMERE CHAIRMAN, DMGT 2 MARTIN MORGAN CHIEF EXECUTIVE, DMGT 3 PETER WILLIAMS FINANCE DIRECTOR, DMGT 4 KEVIN BEATTY CHIEF EXECUTIVE, A&N MEDIA 5 DAVID DUTTON CHAIRMAN, DMG INFORMATION 6 MARTIN MORGAN CHAIRMAN, RISK MANAGEMENT SOLUTIONS 7 PADRAIC FALLON CHAIRMAN, EUROMONEY 8 MARTIN MORGAN CHAIRMAN, DMG WORLD MEDIA 9 LORD ROTHERMERE CHAIRMAN, A&N MEDIA: ASSOCIATED NEWSPAPERS AND NORTHCLIFFE MEDIA 10 PETER WILLIAMS CHAIRMAN, DMG RADIO AUSTRALIA 11 SURESH KAVAN CHIEF EXECUTIVE, DMG INFORMATION 12 HEMANT SHAH CHIEF EXECUTIVE, RISK MANAGEMENT SOLUTIONS 13 RICHARD ENSOR MANAGING DIRECTOR, EUROMONEY 14 MIKE COOKE CHIEF EXECUTIVE, DMG WORLD MEDIA 15 KEVIN BEATTY MANAGING DIRECTOR, ASSOCIATED NEWSPAPERS 16 PAUL DACRE EDITOR IN CHIEF, ASSOCIATED NEWSPAPERS 17 MICHAEL PELOSI MANAGING DIRECTOR, NORTHCLIFFE MEDIA 18 CATHY O'CONNOR CHIEF EXECUTIVE, DMG RADIO AUSTRALIA

DMG INFORMATION

KEY DEVELOPMENTS

→ FURTHER GROWTH FROM DMGI'S STRONG BUSINESS MODELS

→ RESILIENCE IN UNCERTAIN MARKET CONDITIONS

→ CONTINUED EXPANSION BY RMS

→ DAVID DUTTON
CHAIRMAN

→ SURESH KAVAN
CHIEF EXECUTIVE

Despite a year of turbulent property and financial markets, DMGI was able to increase operating profits* by 6%. This reflected the crucial nature of the information provided in our chosen niche markets and continuing investment in new products and services to meet the changing needs of our clients. On a like-for-like basis, underlying† revenue increased by 5%.

INSURANCE AND FINANCIAL

Operating profit* from DMGI's insurance and financial companies rose by 18% to £41 million on revenues up 19% to £131 million.

Risk Management Solutions, which represents more than half of this division, continued its impressive growth record. As the world's leading provider of solutions to assist the insurance sector in quantifying and managing catastrophe and other risks, RMS grew revenues by 19% and, whilst pursuing an aggressive strategy to expand its product range and geographic coverage, also grew operating profits* by 17%.

Notwithstanding a virtual cessation of new issuance of asset-backed securities, the importance of the surveillance and monitoring products offered by Trepp, serving the commercial mortgage-backed securities market, and Lewtan, providing services to both issuers and investors in asset-backed securities, has been evident with both companies increasing revenues and operating profits*, in Trepp's case, by more than 20%.

PROPERTY

Operating profit* from the property companies declined by 22% to £23 million, with revenues being 13% lower at £92 million.

In the UK, the volume of housing transactions plunged to record low levels during the year. Whilst the market leading position of Landmark Information Group was at least maintained, this lack of activity in the marketplace had an adverse impact on revenues. Landmark has continued to invest in product enhancements and extensions and is well positioned for a recovery.

Commercial property transaction volumes also reduced significantly in both the US and UK, affecting Environmental Data Resources (EDR) and Landmark respectively. Both EDR and Landmark continue to be innovative, expanding their product offerings and the markets they serve. EDR grew its subscription sales strongly and successfully increased penetration of sales to commercial property lenders. Landmark acquired Inframation, a property information business based in Germany.

Property & Portfolio Research enjoyed a good year, expanding the geographic reach of their property research and growing revenues by 23%.

KEY FIGURES††

Revenue

£315m

(2007: £293m)

Operating profit*

£75m

(2007: £71m)

Operating margin*

24%

(2007: 24%)

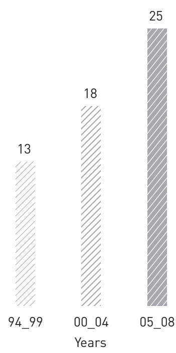
* Adjusted operating profit (before exceptional items and amortisation and impairment of tangible assets).

† Underlying revenue or profit* is revenue or profit* on a like-for-like basis, adjusted for acquisitions and disposals made in the current and prior year and at constant exchange rates.

†† Percentages are calculated on actual numbers to one decimal place.

DMG INFORMATION
continued

GROWTH IN NUMBER OF RMS EARTHQUAKE MODELS (YEARS)



OTHER

Operating profit* from DMGI's other business information companies rose by 38% to £15 million on revenues that were 18% higher at £92 million.

Genscape, a leading provider of real-time information to the energy trading markets, continued to grow strongly with revenues increasing by more than 20% and margins improving.

Hobsons' education information business grew underlying revenues by 16%. It completed further bolt-on acquisitions, with College Confidential being added in the US and the minority in NARIC acquired in the UK. Following its successful disposal of the graduate recruitment information business in the summer, Hobsons is pursuing an aggressive growth strategy solely focused on providing products to education professionals in the preparation, recruitment, management and advancement of students.

Sanborn enjoyed a good year with strong revenue and profit growth.

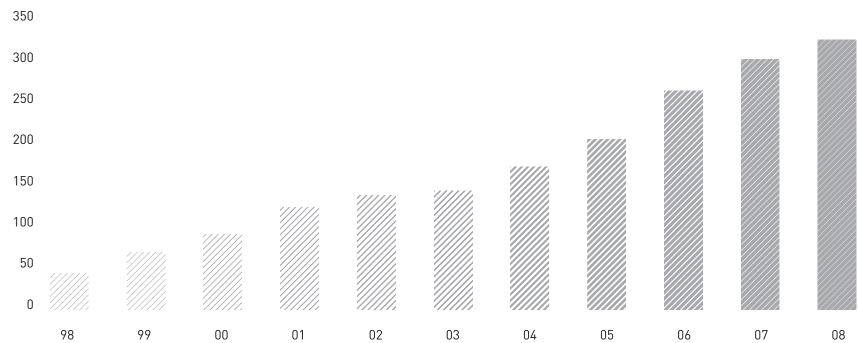
In March, DMGI disposed of Dolphin Software at an attractive valuation.

OUTLOOK

The past year has demonstrated the resilience of DMGI in uncertain and turbulent market conditions. Whilst much uncertainty remains in their niche markets, all the DMGI companies are well positioned to deliver strong growth both during any upturn and through the medium term.

DMGI's business models are strong and the level of investment in product development and the number of growth opportunities remain encouraging.

DMG INFORMATION REVENUE (£M)



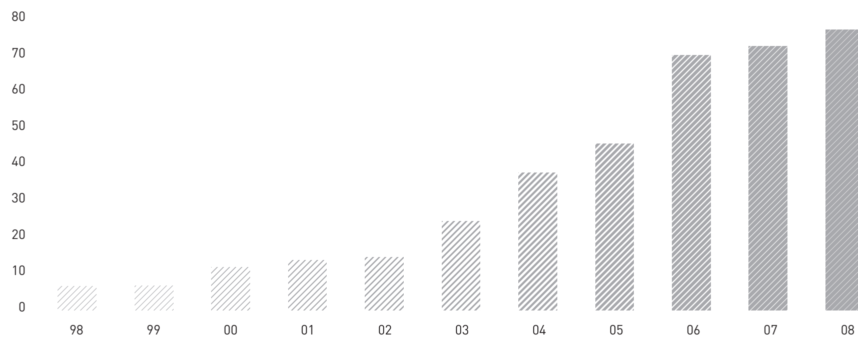
Excluding Study Group (sold 2006)

Operating profit*

+18%

Operating profit* from DMGI's insurance and financial companies rose by 18%.

DMG INFORMATION OPERATING PROFIT* (£M)



EUROMONEY INSTITUTIONAL INVESTOR

KEY DEVELOPMENTS

→ RESILIENT PERFORMANCE DUE TO SUCCESSFUL SUBSCRIPTION DRIVEN DIVERSIFICATION STRATEGY
→ FURTHER GROWTH FROM EMERGING MARKETS
→ CONTINUED STRENGTH IN SECTORS OUTSIDE FINANCE

→ PADRAIC FALLON
CHAIRMAN

→ RICHARD ENSOR
MANAGING DIRECTOR

Euromoney had another record year and increased its operating profit* by 12%. This operating performance is stated after deducting a charge for its management incentive scheme, the CAP, £5 million lower than last year, without which the increase was 4%.

Throughout 2008 the business demonstrated its resilience in the face of problems in global credit markets, a gloomier economic outlook, and more recently the major impact of the credit crisis on the world's leading financial institutions.

The diversity of Euromoney's revenue streams, geographic markets, product offerings and customers helped sustain its trading through this difficult period. Subscription revenues increased by 18% and the proportion of revenues derived from subscription products increased from 34% to 37%. Growth from emerging markets continued to compensate for weakness in the developed financial markets, and emerging markets now account for nearly 50% of total revenues.

Euromoney's strengths in sectors outside finance, particularly metals, commodities and energy, led to a 16% increase in revenues from business publishing activities, which helped offset the weakness in some financial sectors.

FINANCIAL PUBLISHING

Revenues, which comprise a mix of advertising and subscriptions, were unchanged at £84 million. They fell for those titles more reliant on revenues from global financial institutions, or on sectors particularly exposed to the credit crisis such as structured finance and hedge funds. In contrast, those titles with a strong emerging markets exposure held up well: *Euromoney*, for example, had its best September issue ever and increased its advertising revenues for the year by 7%. Investment in new electronic products targeted at niche financial sectors continued, and many financial titles have now moved successfully from a print-first to a web-first publishing model.

BUSINESS PUBLISHING

The metals and commodities, energy, legal and telecoms sectors all continued to perform well, helped by strong commodity markets and high levels of investment in infrastructure, particularly in emerging markets. Revenues increased by 16% to £53 million with growth from both advertising and subscription products. Metal Bulletin's revenues continued to benefit from the increased investment in marketing and technology since its acquisition, while TelCap, which publishes *Capacity* magazine for the wholesale telecoms market, achieved strong growth through the launch of new products.

CONFERENCES AND SEMINARS

Revenues increased by 8% to £88 million, although operating margin* fell, largely due to the impact of the credit crisis on events in the structured finance sector, particularly securitisation, and cuts by global financial institutions in their spend on capital markets conferences. In contrast, events in areas outside finance performed well, particularly those covering the coal and alternative energy markets under the Coaltrans brand, and the metals and commodities markets under Metal Bulletin.

KEY FIGURES††

Revenue
£332m
(2007: £305m)

Operating profit*
£76m
(2007: £68m)

Operating margin*
23%
(2007: 22%)

* Adjusted operating profit (before exceptional items and amortisation and impairment of tangible assets).

†† Percentages are calculated on actual numbers to one decimal place.

EUROMONEY INSTITUTIONAL INVESTOR continued

Emerging markets

50%

Nearly 50% of revenues are derived from emerging markets.

Subscription revenue

40%

Nearly 40% of revenues come from subscriptions.

TRAINING

Revenues increased by 10% to £41 million. They are heavily dependent on the headcount and training and travel budgets of financial institutions, and to date have held up well despite the cost pressures triggered by the problems in the credit markets. This has been achieved through a mix of investment in new course content, effective marketing and an ability to roll out successful courses quickly to emerging markets.

DATABASES AND INFORMATION SERVICES

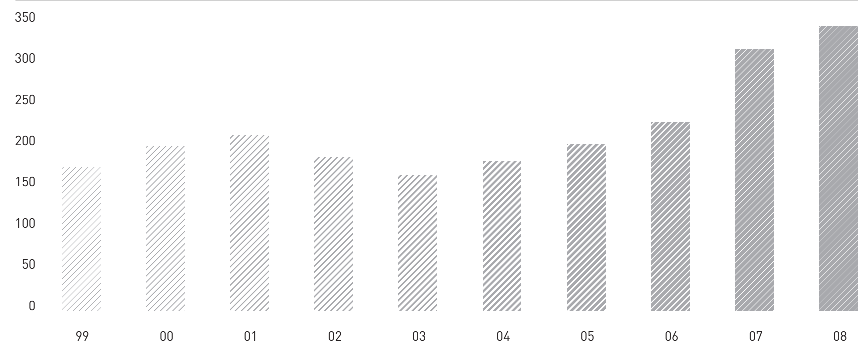
Revenues increased by 28% to £66 million. BCA continued to achieve strong revenue growth on the back of its expansion into new geographic markets and increases in sales resource. ISI increased its local currency subscription revenues by 21%.

Operating margin* fell as a result of ISI's continued investment in new products, most notably the expansion of the CEIC emerging market economic data business into new regions.

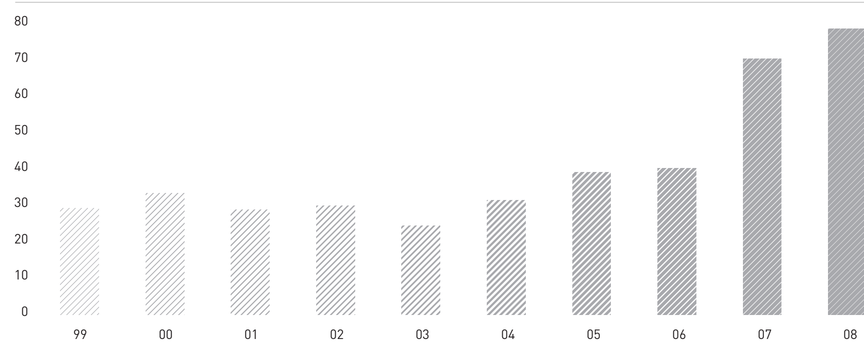
OUTLOOK

There have been some recent signs of weakening in the face of the extreme credit market conditions and continued uncertainty over the economic outlook. Visibility beyond the first quarter is limited, as usual, and revenues will come under increasing pressure from the second quarter. The outlook for trading is inevitably uncertain in these markets, but Euromoney is better positioned than ever to meet the challenges of this difficult environment.

EUROMONEY INSTITUTIONAL INVESTOR REVENUE (£M)



EUROMONEY INSTITUTIONAL INVESTOR OPERATING PROFIT* (£M)



DMG WORLD MEDIA

→ MARTIN MORGAN
CHAIRMAN

→ MIKE COOKE
CHIEF EXECUTIVE

KEY DEVELOPMENTS

→ STRONG PERFORMANCE FROM B2B DIVISION, DRIVEN BY OIL AND GAS AND TECHNOLOGY SHOWS
→ GLM INTEGRATED SUCCESSFULLY AFTER ACQUIRING REMAINING 51% INTEREST
→ REDUCED B2C PRESENCE THROUGH SALE OF NORTH AMERICAN HOME SHOWS

DMG World Media had a good year with revenues up 23%, profits* up 40% and an increased operating margin. On a like-for-like basis, underlying† revenues increased by 2% and operating profit* by 8%. An exceptional operating charge of £4 million was made for reorganisation and restructuring costs.

BUSINESS TO BUSINESS (B2B)

Revenues and profits* were up 18% and 30%, respectively. In the Technology Sector, a strong performance from Evanta's existing executive summits and nine new launches contributed to the sector's 20% profit* growth. Profits from the Oil and Gas portfolio also increased substantially. This was driven by the largest shows, the biennial Global Petroleum Show and the now annual Gastech, which increased by 35% and 52%, respectively, from the previous shows. The Dubai sector, comprising construction, interior design and hospitality shows, reported a 15% increase in revenues, but a 1% decline in profits* due to investment in people and infrastructure.

BUSINESS TO RETAIL (B2R)

The B2R division grew significantly in the year, following the acquisition of the remaining interest in GLM. B2R's revenues more than doubled and profit* grew 93%. In the prior year, GLM was reported as an associate. On a like-for-like basis, GLM grew its profits* by 8% due to the strong performance of its premier product, the New York International Gift Fair. The B2R division's overall underlying† revenues were down 1% and profits* down 8%, due to a decline in its US West Coast gift shows.

BUSINESS TO CONSUMER (B2C)

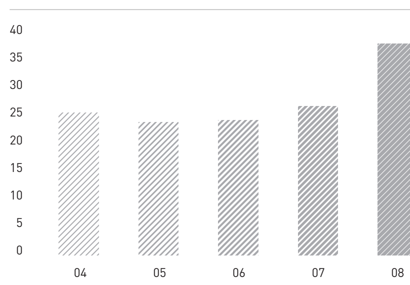
B2C is now a small part of DMG World Media. It contributed 6% of DMG World Media's operating profit*. The North American home shows were sold in July. Overall, the B2C division, driven by a decline in the UK consumer business, the North American home shows and certain Art & Antiques businesses now divested, performed poorly, with profits* declining by £5 million.

OUTLOOK

DMG World Media will continue its focus on the B2B and B2R divisions. We expect B2B to continue its good underlying growth, in both its Dubai and Oil and Gas sectors. For B2R, we expect underlying profit growth from the GLM shows.

The economic climate will have an impact on the rate of growth for certain products, but DMG World Media's broad portfolio of products, with particular strength in the Middle East and in Oil and Gas events, should help to mitigate this risk.

DMG WORLD MEDIA
OPERATING PROFIT* (£M)



KEY FIGURES††

Revenue
£202m
(2007: £164m)

Operating profit*
£38m
(2007: £27m)

Operating margin*
19%
(2007: 17%)

Growth
30%
Profits* from the business to business sector are up by 30%.

* Adjusted operating profit (before exceptional items and amortisation and impairment of tangible assets).

† Underlying revenue or profit* is revenue or profit* on a like-for-like basis, adjusted for acquisitions and disposals made in the current and prior year and at constant exchange rates.

†† Percentages are calculated on actual numbers to one decimal place.

A&N MEDIA: Associated Newspapers

→ LORD ROTHERMERE
CHAIRMAN

→ KEVIN BEATTY
MANAGING DIRECTOR

→ PAUL DACRE
EDITOR-IN-CHIEF

KEY FIGURES††

Revenue

£988m

(2007: £986m)

Operating profit*

£73m

(2007: £83m)

Operating margin*

7%

(2007: 8%)

† Underlying revenue or profit* is revenue or profit* on a like-for-like basis, adjusted for acquisitions and disposals made in the current and prior year and at constant exchange rates.

†† Percentages are calculated on actual numbers to one decimal place.

KEY DEVELOPMENTS

→ COLOUR INVESTMENT PROGRAMME COMPLETED

→ CONTINUED INCREASE IN MARKET SHARE FOR MAIL TITLES

→ FURTHER INVESTMENT IN ASSOCIATED NORTHCLIFFE DIGITAL

Despite the challenging economic conditions in the second half of the financial year and the continued competitive activity in the London evening newspaper market, Associated Newspapers achieved a commendable result. Total revenues were flat year on year, underlining the strength of its core brands. Display advertising revenues grew slightly and circulation revenue was maintained. As expected, Associated's profits* were lower, due to the additional costs of full colour printing, after the new Didcot plant came on stream, and promotional investment in the property and motors digital companies. An exceptional operating charge of £19 million was made for reorganisation, restructuring and closure costs.

NEWSPAPER OPERATIONS

Circulation revenue grew by 1% to £382 million. Both the Daily Mail and The Mail on Sunday's circulation again performed ahead of the market. Costs, benefiting from a fall in the price of newsprint from 1st January, were up by only 2% year on year. Print advertising was down 1.6%; display advertising was up 1.1% but classified advertising was down 11.6%. Digital revenue from the newspaper titles' companion websites nearly trebled year on year. Our largest display advertising category, retail, grew by 3.0% and all other categories were up, except for travel (down 9.4%) and motors (down 1.6%).

The Daily Mail's average daily circulation for the year was 2,294,000 copies, which was only 1.7% down year on year, in an overall market which contracted by 2.5%. Once again the Daily Mail increased its market share to a new record of 20.1%, despite a 5 pence Monday to Friday cover price increase in April. Total advertising revenue fell 1.5% year on year.

The Mail on Sunday once again increased its share of the Sunday market to a new high of 18.6%, up 0.4%. The average circulation for the year at 2,250,000 was 2.6% down year on year, outperforming the overall market, which fell by 4.7%. In January the newspaper's format was changed to incorporate a new part two newspaper supplement, bringing together all the lifestyle sections contained in the previous format. It has been well received by readers. The title's magazine supplements, You and Live, jointly achieved the accolade of 'Supplement of the year' at the British Press Awards. Total advertising revenue fell 4.8% year on year.

Following years of circulation decline, the average circulation of the Evening Standard for the year rose by 6% to 290,000. The Eros cashless loyalty card scheme was rolled out throughout central London and delivered improving sales performance as the year progressed. Standard.co.uk enjoyed substantial growth in digital revenues. Advertising revenue was, however, 17% behind last year in a fiercely contested market. A continuing focus on costs ensured that further substantial cost savings were made in the year.

The free newspaper division had a good year with the financial performance of all three titles improving. Metro averaged 1,358,857 copies per issue, up 20% year on year, achieving a readership of over three million. Metro has the largest distribution and is the most profitable free newspaper in the world. London Lite maintained its distribution

of around 400,000 per issue, reaching one million readers, which is now consistently ahead of the rival free newspaper in the afternoon despite the latter distributing 100,000 more copies. Metro and London Lite delivered strong advertising performances, achieving 18% and 39% growth respectively. 7Days in Dubai overcame the difficulties of last year and returned an improved profit.*

Loot had a good year, turning last year's loss into a profit,* despite advertising revenue falling 18%.

Editorial and commercial management of the newspapers' companion sites was transferred back to the newspaper divisions from AND. As well as increasing advertising revenues, investment in the titles' companion websites resulted in a 33% increase in traffic.

PRINTING

Harmsworth Printing successfully completed its press enhancement programme on schedule in January. The final stage of the colour investment programme culminated with the commissioning of full colour capability at Surrey Quays. All Associated Newspapers' titles can now run with full colour on every page. Further restructuring of the Group's printing operations resulted in the Staverton site being closed in February, after the majority of the work had been transferred to other Group owned printing sites. A consultation process has been undertaken with the printing staff at Grimsby, which is likely to lead to the closure of this plant.

ASSOCIATED NORTHCLIFFE DIGITAL

AND's portfolio of premium websites had another good year. The AND network now extends to over 150 sites, reaching 24% of UK internet users, making it one of the largest players in the UK digital media industry. AND continued to acquire 'bolt-on' value-enhancing assets. In conjunction with this product development strategy, we invested heavily in building brand awareness. This will continue in the coming year and will be supplemented by a multimedia advertising campaign at Jobsite, including a TV commercial starring Max Beesley, in October 2008.

Revenue grew by 3% across AND's jobs, property, motors and dating businesses, an underlying† increase of 12%. Operating profit* fell by £5 million as a result of promotional investment in the property and motors digital companies.

JOBS

The recruitment division demonstrated again its strong growth trajectory with revenues up 17%, whilst maintaining its margin of over 30%. The growth comes despite a slowing market with some sectors seeing declining vacancy levels in accordance with the wider economy.

OilCareers.com was acquired in December and has exceeded expectations. The most recently built niche job-board, Onlineaviationjobs.com, was launched by Jobsite in July. Its portfolio of niche sites continues to deliver strong financial performance.

PROPERTY

The Digital Property Group was created in May, with the Primelocation.com, FindaProperty.com, Homesandproperty.co.uk and Findanewhome.com brands now operating within a single management structure. The combination provides estate agents and new home developers with exposure to a larger and more differentiated audience.

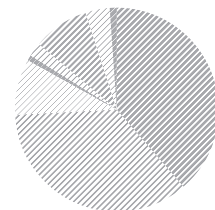
Despite the current dire conditions in the UK property market combined revenues grew by 21% over the past year. The Digital Property Group now has over 11,000 estate agent branches as customers and a leading presence across London and the South East. Its monthly audience of 3.7 million users makes it the second largest portfolio of property sites in the UK.

ANALYSIS OF REVENUE (£M)

	2008	2007
CIRCULATION	382	378
ADVERTISING (DISPLAY)	354	350
ADVERTISING (CLASSIFIED)	86	97
ADVERTISING (DIGITAL)	9	3
OTHER	16	12
NEWSPAPER OPERATIONS	847	840
DIGITAL	88	86
TELETEXT	41	40
CONTRACT PRINT	12	20
REVENUE	988	986

ANALYSIS OF REVENUE (%)

- CIRCULATION 38%
- ADVERTISING 36% (Display)
- ADVERTISING 9% (Classified)
- DIGITAL 1%
- OTHER 2%
- AND 9%
- TELETEXT 4%
- CONTRACT PRINT 1%



A&N MEDIA:
Associated Newspapers continued

JOBSITE IS ACCELERATING ITS BID TO BECOME THE UK'S BEST KNOWN ONLINE RECRUITMENT BRAND WITH THE LAUNCH OF A MULTIMEDIA BRAND ADVERTISING CAMPAIGN.

MOTORS

Continued investment in Motors.co.uk boosted audiences and dealer acquisition, translating into revenue growth of 35%. It has become the third largest motors' classified site network in the UK only 20 months after its launch.

The Digital Automotive division also provides technology services to dealers via its Autoexposure and Complete Automotive Solutions subsidiaries. These continue to grow market share and profits*.

OTHER AREAS OF OPERATION

AND's dating business, Allegran, is operating in an increasingly competitive sector, which has led to higher customer acquisition costs, leading to lower than expected levels of profitability. The business is currently reshaping its cost structure and business plan.

AND's online-led generation business, Data Media & Research, has continued to grow revenues strongly as online businesses continue to seek cost effective alternatives to search advertising, and this growth is expected to carry through into next year.

AND's Utility Switching business, Simply Switch, was closed during the year.

TELETEXT

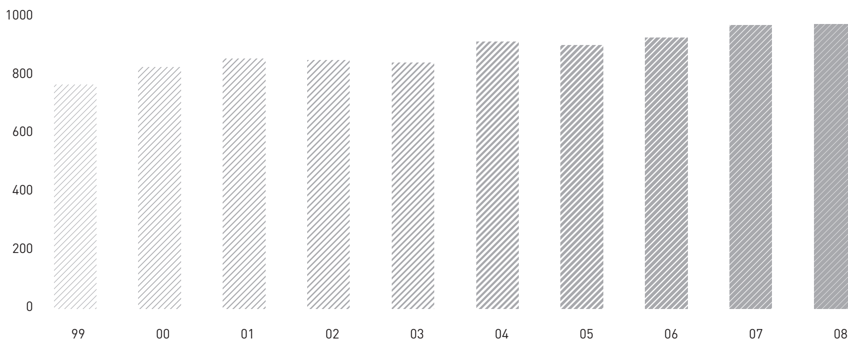
In the face of further upheaval in the holiday market – Teletext's major source of advertising revenue - and the high costs of maintaining both a digital and analogue service, operating losses* were reduced by £1 million to £3 million. On digital television, Teletext remains the leading text service on Freeview, with its new Extra service accessible to around five million homes at the end of the financial year. Revenues from its television activities fell by 13%.

Teletext's online services have now moved into profit, and it extended its ThisisTravel brand in April to become a retail operation selling holidays directly to consumers through its own branded website and its television services. Villarenters, offering self-catering villa holiday accommodation also performed well.

OUTLOOK

The first month of the new year has seen total advertising revenue down on last year. It is difficult to predict the trading performance for the rest of the first quarter of the new financial year, with even less visibility thereafter. Associated, although well positioned with its strong brands and extensive portfolio, must implement even stronger cost discipline in the difficult times ahead. A strict profit preserving programme has been implemented which will not only help next year's profits, but will leave Associated better positioned when the economy finally improves.

ASSOCIATED NEWSPAPERS REVENUE (£M)



Excluding television and before Northcliffe's 2006 print and digital revenues

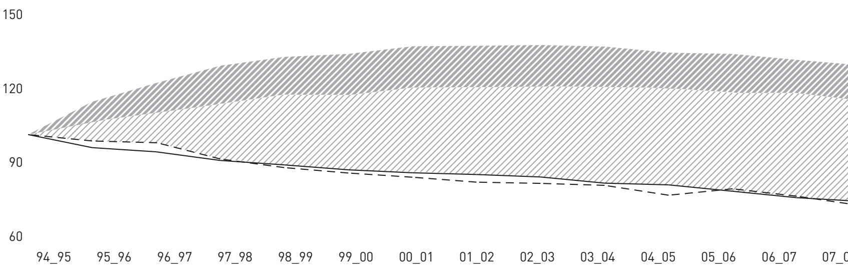
OPERATING PROFIT* SPLIT (£M)

	2008	2007
PRINT ACTIVITIES	**88**	92
DIGITAL ACTIVITIES	**6**	11
TELEVISION	**(3)**	(4)
UNALLOCATED COSTS	**(18)**	(16)
	73	83

A&N MEDIA - ASSOCIATED NEWSPAPERS CIRCULATION PERFORMANCE V MARKET TREND 1994/5 – 2007/8

DAILY MAIL +28.1%
THE MAIL ON SUNDAY +13.8%
OTHER SUNDAY NATIONALS -28.8%
OTHER DAILY NATIONALS -27.1%

Source: ABC October-September



Daily Mail market share

20%

Daily Mail increased its market share above 20%.

THE MAIL ON SUNDAY'S MAGAZINE SUPPLEMENTS, YOU AND LIVE, JOINTLY ACHIEVED THE ACCOLADE OF 'SUPPLEMENT OF THE YEAR'.

A&N MEDIA: Northcliffe Media

→ LORD ROTHERMERE
CHAIRMAN

→ MICHAEL PELOSI
MANAGING DIRECTOR

KEY DEVELOPMENTS

→ KEY ADVERTISING CATEGORIES BADLY AFFECTED BY THE EFFECTS OF THE WORSENING ECONOMIC CONDITIONS
→ CONTINUED GROWTH IN DIGITAL REVENUES
→ GROWTH OF 6% FROM EUROPEAN PUBLISHING ACTIVITIES

KEY FIGURES††

Revenue

£420m

(2007: £447m)

Operating profit*

£68m

(2007: £93m)

Operating margin*

16%

(2007: 21%)

UK regional advertising markets in 2008 were exceptionally challenging as the impact of the credit crunch spread across the wider economy. On a like-for-like basis, underlying† revenues declined 11%, with the last quarter down an unprecedented 23%. On the other hand, our European businesses continued to grow, mainly fuelled by further progress from their digital activities. Overall, Northcliffe's operating profit* was down 30% on a like-for-like basis at £64 million. In addition, exceptional costs of £7 million were incurred to restructure UK activities in response to contracting markets.

UK

The first signs of advertising weakness appeared towards the start of the financial year when growth suddenly stopped and then went into a gentle decline. The rate of decline then accelerated almost on a monthly basis.

In the property category, estate agents reduced their advertising budgets in early spring in the face of an ailing property market. The cutbacks have been so severe that in the month of September, property advertising was only half of that achieved in the previous year. Such a decline came as no surprise, given the reports that mortgage approvals in late summer were down by 70% on the previous year. In 2008, property advertising overall was down 22%.

Recruitment advertising declined by 11% during the year. This category performed reasonably well in the first half, registering a decline of only 1%. However, the growing uncertainty in the economy resulted in steeper falls in the second half of the year as businesses reined back on recruitment plans. In September, recruitment advertising fell by 30% on a like-for-like basis.

Motors advertising fell by 12% in 2008. For many years, this sector has been in decline in print due to online migration and structural changes in the industry arising from consolidation amongst the major franchise holders and increasing numbers of used car dealers going out of business. These factors were present in 2008. In addition, new car sales posted significant reductions in the September quarter due to fewer private buyers.

Other advertising categories fell by just over 3%, mainly as a result of retail declining by 8% in the second half of the year as consumer confidence declined. Leisure revenues were down 4%.

On a more positive note, digital revenues grew on a like-for-like basis by 42% to £17 million, representing 6% of all advertising income. During the year, Northcliffe consolidated its relationships with AND's digital pure play businesses – Jobsite, FindaProperty and Motors.co.uk. This was evidenced through a heavyweight and targeted marketing support programme which included rebranding all print supplements to align with the digital products; investment in local and digital marketing; and renewed focus on digital only propositions by our sales teams.

Our alliance with Jobsite has resulted in Northcliffe becoming the online market leader for recruitment in most of its local markets. Considerable progress has also been made in online property advertising. Many of our sites now carry

* Adjusted operating profit (before exceptional items and amortisation and impairment of tangible assets).

† Underlying revenue or profit* is revenue or profit* on a like-for-like basis, adjusted for acquisitions and disposals made in the current and prior year and at constant exchange rates.

†† Percentages are calculated on actual numbers to one decimal place.

a larger inventory of homes in their area than the main online competitor, Rightmove. Within the online motors market, we are gaining market share from the market leader Autotrader through motors.co.uk in print and online. Indeed in some regions our trade inventory now exceeds our main competitors' stock levels.

The national and local sales teams reported growth of 94% in digital display revenues on the back of offering higher volumes of inventory to a range of local and corporate advertisers.

During the year, the 'this is' network of local sites was re-launched on a new operating platform. This has improved search engine optimisation and facilitated the launch of many new sites. In total, our digital network now exceeds 150 sites. We continue to invest in media content generation and publishing systems, both in terms of technology and people as we move towards becoming a truly multimedia publisher.

This activity, combined with growing user generated content and continued marketing in our newspapers and online, helped lift the number of visitors across our entire digital network to over 3.3 million in September, up 35% on the previous year. Encouragingly, the time spent on sites and the frequency of use are also increasing.

Newspaper circulation revenues fell on a like-for-like basis by 3% to £73 million. Some cover price increases were taken during the year but, for others, price increases were delayed to minimise any adverse impact on sale.

Last year, we reported concern about the sales trend of larger weekly titles. They underperformed the industry average by 1.9% for the January to June 2007 ABC period. Thus, we stepped up investment. The introduction of local promotions, improved marketing and brand promotion, combined with an enlivened merchandising activity, helped improve performance. For the January to June 2008 ABC period, our weeklies were down 4.5% compared to an industry decline of just over 5%.

In contrast, our daily titles underperformed the industry average in the January to June 2008 ABC period, down just over 6% compared to an industry decline of 5%. In part, this was due to the closure of the last remaining sports editions of certain titles. This news is now carried online. The decline in recruitment and property advertising also had an adverse impact on sale.

During 2008, we changed the publishing model of two of our publications. The Bath Chronicle was successfully converted from a daily title, with an average sale of less than 12,000 copies, to a weekly title with a sale of 20,000 copies. Recently, the free and paid for titles in East Grinstead were combined under the new East Grinstead Courier and Observer masthead on a part free, part paid model.

In the Midlands, we developed a new local free title under the Messenger brand. This is targeted at attractive rural communities which advertisers want to reach. Each edition is distributed to less than 10,000 homes. Thirteen editions were launched in 2008. More are planned during 2009. All are profitable.

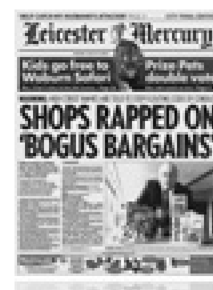
CENTRAL EUROPE

Northcliffe's portfolio of print and digital business in Central Europe performed well, delivering local currency profit* growth of 6%. In sterling terms, its operating profit* rose 15% to £8 million with revenues up 20% to £43 million. On a like-for-like basis, the underlying revenue† increase was 5%. The growth came from the digital activities in the business.

In Hungary, profits* from our two regional newspapers, Kisalföld and Délmagyarország, grew by 6%. However, our portfolio of classified publications recorded profits only in line

VISIT WWW.THISISBRISTOL.CO.UK

THISISBRISTOL.CO.UK CURRENTLY ATTRACTS OVER 225,000 UNIQUE VISITORS EVERY MONTH LOOKING FOR LOCAL NEWS, INFORMATION, JOBS, PROPERTIES AND MOTORS. (SOURCE: INTELLITRACKER SEPT 2008)



Leicester Mercury

SHOPS RAPPED ON 'BOGUS BARGAINS'

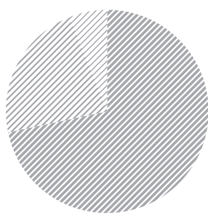
THE LEICESTER MERCURY IS READ BY OVER 200,000 PEOPLE EVERY DAY. (SOURCE: JICREG JAN–JUNE 2008)

A&N MEDIA:
Northcliffe Media continued

NORTHCLIFFE MEDIA REVENUE ANALYSIS (£M)

	2008	2007
ADVERTISING	277	301
CIRCULATION	86	88
OTHER	25	24
	388	413
ACQUISITIONS	32	7
DISPOSALS	0	27
	420	447

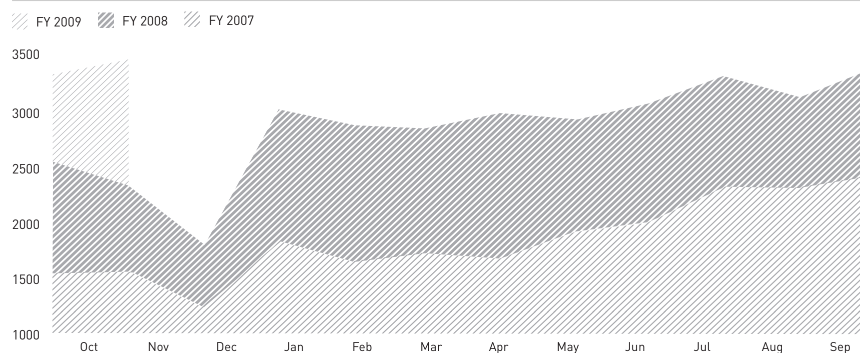
2008 REVENUE ANALYSIS (%)



NORTHCLIFFE MEDIA TOTAL UNDUPLICATED READERSHIP REACH

Source: JICREG/IMS 2008

'THIS IS' VISITORS ('000S PER MONTH)



FOR THE JANUARY TO JUNE 2008 ABC PERIOD, OUR UNDUPLICATED READERSHIP WAS DOWN JUST OVER 4% YEAR ON YEAR. OUR 'THIS IS' NETWORK OF WEBSITES CONTINUES TO GROW ITS REACH. IN SEPTEMBER THE NUMBER OF VISITORS WAS OVER 3.3 MILLION, AN INCREASE OF 35% YEAR ON YEAR.

with last year as readers continued the migration to online.

Profits* from our Slovakian activities declined by 7%. Profesia, the market leading Slovakian recruitment website, continued to grow strongly. Revenues were up by 29%, most of which was reinvested in the expansion of its digital network in the Czech Republic and Hungary. The national daily, Pravda, recorded profits* below last year due to increased staff costs. Avízo, a classified print publication, also fell behind 2007 due to lower revenues.

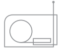
In Croatia, the market leading recruitment website, MojPosao, which was acquired in March 2007, continued to exceed expectations.

New press capacity in Hungary is now on stream and will provide the opportunity to introduce more colour to our titles. We will also seek to expand our third party customer base for contract printing.

OUTLOOK

UK advertising revenue trends deteriorated further in October 2008, down 28%. The gloomy economic outlook points to extremely challenging conditions for our key advertising markets in the coming year. A new regional operating structure has been implemented which should allow us to benefit from our scale in the South West and in the Midlands and North. We have reviewed all areas of expenditure and are in the process of removing significant costs.

DMG RADIO AUSTRALIA



KEY DEVELOPMENTS

→ STRONG GROWTH OF NOVA NETWORK
→ RETURN TO PROFITABILITY*
→ DEVELOPMENT OF MULTIMEDIA CAPABILITY

→ PETER WILLIAMS
CHAIRMAN

→ CATHY O'CONNOR
CHIEF EXECUTIVE

DMGRA returned to profitability this year, driven by underlying† revenue growth of 24%, at constant exchange rates, against market growth of 6% nationally.

NETWORK PERFORMANCE

The improvement in performance was driven by a year of strong growth for the national Nova network which recorded an increase in operating profit* of 61% on the prior year.

Despite continued weakness in the Sydney advertising market, the Nova network achieved revenue growth of 22%, driven largely by an increase in its share of national revenue.

While the Nova network was again the number one national network in its target demographic of all listeners aged 18-39, Nova Brisbane continued its leadership of the Brisbane market achieving the number one overall position in every survey across the year.

The Vega FM stations in Sydney and Melbourne reduced their losses, but by less than had been expected. They continued to grow their target audience of 40-54 year olds, with Vega Sydney achieving the leading position in this demographic in Survey 5, 2008 for the first time. The stations also improved their overall ratings position relative to their main competitors.

5AA, the speech radio station in Adelaide, had another excellent year, increasing profits and retaining the number one overall position throughout the year.

OTHER DEVELOPMENTS

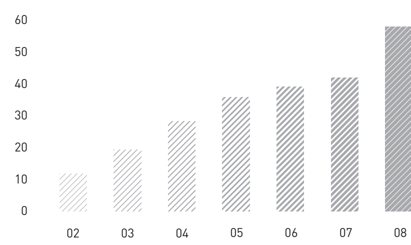
From an online perspective, Nova station websites have grown traffic by 27% year on year, with a 25% increase in audio streams and 66% increase in podcasts downloaded from the Nova sites. This growing online presence is also enabling the generation of new national revenues for the Group with 80% of major campaigns now containing an online component. In addition, developments such as the Nova network's mobile phone applications have enabled the network to respond to the changing habits of its listeners and advertisers.

OUTLOOK

By continuing to focus on its core metropolitan brands, DMGRA expects Nova further to improve its reach into the 18-39 market and to see continued growth for Vega. In the first survey of the new financial year, Nova increased its audience share in all key Under 40 demographics in every market.

DMGRA continues to build on its multimedia capability, including online and mobile, and is well advanced in its planning for the launch of Digital Radio in May 2009.

DMG RADIO AUSTRALIA
METROPOLITAN REVENUE (£M)



KEY FIGURES††

Revenue
£55m
(2007: £40m)

Operating profit*
£2m
(2007: -£4m)

Operating margin*
4%
(2007: -9%)

Nova Network No.1
No.1
Nova Network was again the number one national network in its target demographic.

* Adjusted operating profit (before exceptional items and amortisation and impairment of tangible assets).

† Underlying revenue or profit* is revenue or profit* on a like-for-like basis, adjusted for acquisitions and disposals made in the current and prior year and at constant exchange rates.

†† Percentages are calculated on actual numbers to one decimal place.

FINANCIAL AND TREASURY REVIEW

THE PURPOSE OF THIS REVIEW IS TO OUTLINE KEY ASPECTS OF THE GROUP'S PERFORMANCE OVER THE LAST YEAR AND OF ITS FINANCIAL POSITION.

KEY FIGURES††

Revenue

+3%

Operating profit*

-2%

Earnings per share

-3%

* Adjusted operating profit (before exceptional items and amortisation and impairment of tangible assets).

† Underlying revenue or profit* is revenue or profit* on a like-for-like basis, adjusted for acquisitions and disposals made in the current and prior year and at constant exchange rates.

†† Percentages are calculated on actual numbers to one decimal place.

ACCOUNTS

Last year the vast majority of our shareholders opted out of receiving communications in hard copy form. Therefore, our main communication this year is through an online web 2.0 Annual Report. We are still required to produce a printed version. The main change this year is from the adoption of IFRS 7 Financial Instruments: Disclosures, which has increased the length of the report to 164 pages. We have also produced a separate Annual Review again, incorporating a summary set of financial statements as an alternative for those shareholders who have chosen to receive it.

This Financial and Treasury Review focuses on the adjusted results to give a more comparable indication of the Group's underlying business performance. A discussion of other items included in the statutory results is given after the divisional performance review. The adjusted results are summarised below:

Adjusted results*	2008 £m	2007 £m	Change
Revenue	**2,312**	2,235	+3%
Operating profit	**317**	322	-2%
Income from joint ventures and associates	**–**	6	
Net finance costs	**(55)**	(41)	-36%
Discontinued activities	**–**	1	
Profit before tax	**262**	288	-9%
Tax charge	**(63)**	(76)	+17%
Minority interest	**(18)**	(20)	+9%
Group profit	**181**	192	-6%
Adjusted earnings per share	**47.9p**	49.3p	-3%

REVENUE

The Group's revenue in the year of £2,312 million was 3% higher than the previous year. There was revenue growth from all of our divisions, other than Northcliffe. We estimate that underlying† revenue growth, excluding the impact of acquisitions and disposals, growth was also 3%.

Now that nearly half of our revenue is generated from outside the Group's print newspaper titles, we have changed the order of our segments to show our business to business divisions before those in consumer media. The analysis of revenue by activity, illustrated in Graph 1, shows that the percentage of revenue from consumer media has fallen to 63% from 73% in 2004. Graph 2 shows the geographic split of revenue. This shows that 70% of revenue by source was generated by UK businesses, compared with 79% in 2004, but we estimate that approximately 45% of overall Group income is derived from revenue invoiced in US dollars.

OPERATING PROFIT

The Group's operating profit* amounted to £317 million, a decrease of 2% on the equivalent figure for last year. This figure is stated before charging £32 million as exceptional operating costs. This charge comprised reorganisation, restructuring and closure costs within Associated, Northcliffe and DMG World Media.

The charge for amortisation of intangible assets rose by £8 million to £90 million. The Group also made an impairment charge of £168 million, principally relating to more recently acquired regional media assets and to a number of consumer and gift shows. The charge also included a write down of £14 million of the Group's original investment in GLM, arising purely from the Group's IFRS transition election on 4th October, 2004 and matched by an equal and opposite credit to reserves.

The analysis of operating profit* by activity is shown in Graph 3. This shows that the percentage of profit* from business to business has risen from 33% in 2004 to 60% this year.

All of the Group's B2B divisions increased their profits*, by £24 million in total, despite economic conditions affecting

DMG Information's property businesses and DMG World Media's remaining consumer exhibitions. The largest increase was at DMG World Media, due to the full acquisition of GLM, but on a like-for-like basis, adjusted for acquisitions and disposals made in the year, its operating profit* rose by 8%. The events experienced by financial markets and institutions in September had no material impact on the year's results. The average sterling: US dollar exchange rate was unchanged over the year at US$1.97.

In total, profits* from the Group's consumer businesses fell by £29 million. Associated's profits* were lower, due to the additional costs of full colour printing, as a result of the new Didcot plant coming on stream, and promotional investment in the property and motors digital companies. Northcliffe was badly affected by the exceptionally challenging advertising markets in 2008 as the impact of the credit crunch spread across the wider economy. DMG Radio Australia moved back into profit*.

Unallocated central costs were substantially unchanged. Higher overheads were offset by a lower financing component as a result of the surplus on the Group's defined benefit pension schemes at the start of the year.

JOINT VENTURES AND ASSOCIATES

The Group's share of the results* of its joint ventures and associates fell by £5.6 million to £0.4 million reflecting the reclassification of GLM as a subsidiary. The main item is now DMG Radio Australia's joint ventures which increased their contribution, but this was offset by our share of the losses of India Today, a start-up venture.

NET FINANCING COSTS

	2008 £m	2007 £m	Movement %
Net interest payable and similar charges	**(75)**	(70)	-9%
Swap premia income	**20**	27	-26%
Dividend income	**–**	2	
Total	**(55)**	(41)	-36%

As the table shows, net interest payable and similar charges (excluding swap premia but including deemed finance charges and interest receivable) rose by £5 million to £75 million due to higher average net debt. Income from tax equalisation swap premia fell by £7 million due to market movements.

Dividend income fell by £1.2 million due mainly to a reduced dividend from GCap Media plc which was sold in June.

OTHER INCOME STATEMENT ITEMS

An exceptional gain of £10 million arose within income from associates on the sale of the main business of Centurion (formerly Indigo Holidays). The Group recorded other gains and losses of £28 million, compared to £36 million last year. This comprised mainly net exceptional profits of £24 million on the sale of businesses and gains of £14 million on the sale of surplus properties and investments, offset by impairments of investments of £10 million.

The Group recorded £68 million of foreign exchange losses on hedges of intra-group financing. This foreign exchange loss is excluded from adjusted profit because an equal and opposite credit is excluded from the adjusted tax charge.

PROFIT BEFORE TAX

The statutory result was a loss before tax for the year of £68 million, after charging £68 million of foreign exchange losses on tax equalisation hedging transactions, which cause an equal and

Revenue invoiced in US dollars

45%

of overall Group income is derived from revenue invoiced in US dollars.

Business to business profit*

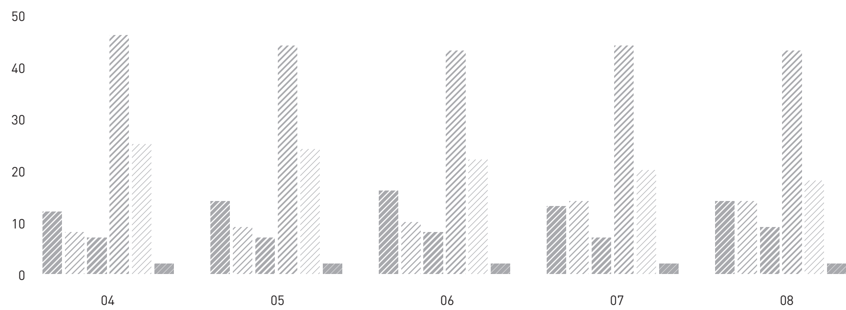
60%

The percentage of profit* from B2B has risen from 33% in 2004 to 60% this year.

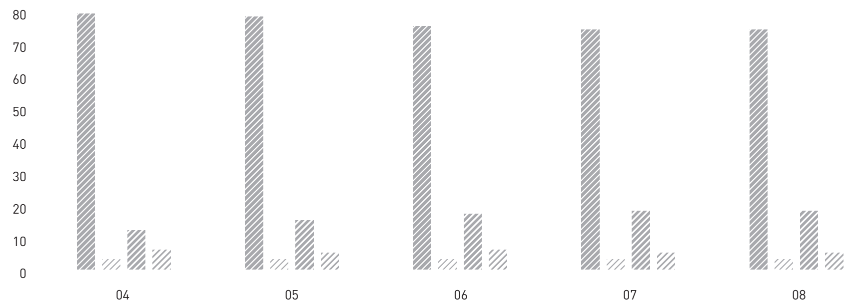
Financial and Treasury Review continued

TO VIEW THE FINANCIAL AND TREASURY REVIEW ONLINE GO TO: WWW.DMGTREPORTS.COM/2008/BUSINESSREVIEW/FINANCIALANDTREASURYREVIEW

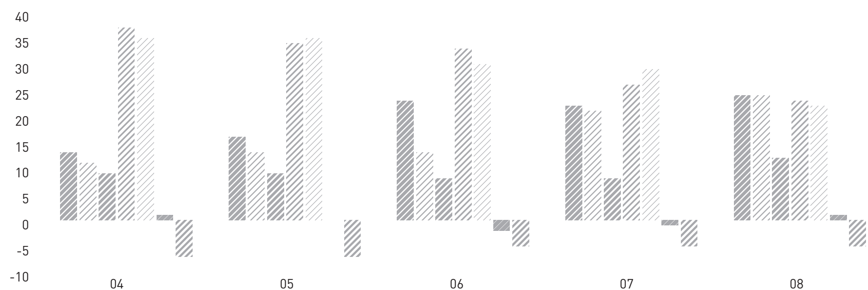
GRAPH 1 REVENUE BY ACTIVITY (%)



GRAPH 2 REVENUE BY GEOGRAPHIC AREA (%)



GRAPH 3 OPERATING PROFIT* BY ACTIVITY (%)



opposite reduction in the tax charge, amortisation and impairment charges totalling £264 million and net exceptional gains of £1 million.

TAXATION

After allowing for the effect of exceptional and other items that are not expected to recur, the underlying tax rate fell from 26.3% to 24.0%. The fall reflects tax reductions from tax-efficient financing and increased tax deductible amortisation in the US that are expected to recur. Over the next few years the adjusted rate is expected to remain at around this rate, but eventually increase to around 30%.

There was a net exceptional tax credit of £148 million, being the write back of prior year provisions, together with the £68 million tax credit on exchange differences on intra-group financings.

PROFIT AFTER TAX

Adjusted profit after tax and minority interests amounted to £181 million. The statutory after-tax result was £Nil, reflecting the benefit of the exceptional tax credits.

PENSIONS

The Group's defined benefit pension schemes have moved from a surplus of £81 million last year end to a deficit of £41 million at 28th September 2008 (calculated in accordance with IAS 19). This change is primarily due to a fall in the market value of the schemes' assets, partly offset by a reduction in the value attributed to its liabilities because of higher bond yields.

CASH FLOW AND NET DEBT

Net debt increased during the year from £951 million to £1,015 million, an increase of £64 million. The Group generated free cash flow of £164 million which was used to pay dividends and make share repurchases and acquisitions, partly offset by disposals of investments and businesses.

Graph 4 summarises the Group's sources of free cash flows and use of those funds during the year. The net cash inflow from operations, joint ventures and investment was £371 million. In general, the Group's profits are converted rapidly into cash and cash generation was strong across the Group, with 100% of profits* converted into cash.

The main acquisitions were GLM for £77 million and the purchase of £27 million of Euromoney shares, increasing the Group's stake to 66%. The main disposals were the Group's investment in GCap Media plc, Hobsons' European graduate businesses, our North America Home Interest shows and Dolphin Software. The Group spent £88 million on acquiring its own 'A' Ordinary shares.

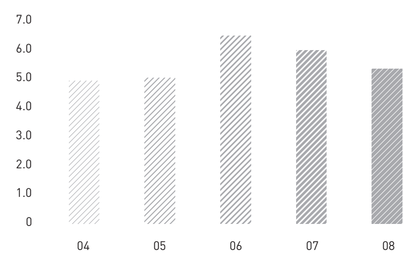
The Group's interest cover, calculated as the ratio of adjusted profits* before interest, depreciation and amortisation (EBITDA) to net interest payable, was 5.2 times this year, down from 5.8 in 2007 (excluding swap premia), below the Group's current target of six times. The Group's ratio of year end net debt to EBITDA was 2.7 times, just above the Group's target of 2.5 times. The Group's Standard & Poor's credit rating remains at BBB.

Most of the Group's debt remains in long-term bonds, the earliest of which is not repayable until 2013. At the year end, the Group had £839 million of bonds due for repayment in 2013, 2018, 2021 and 2027. It also had £70 million of committed banking facilities available to it until late summer 2009, £180 million until September 2011 and £240 million until September 2013. Consequently, the Group has sufficient committed debt facilities to meet its foreseeable requirements. It had surplus committed facilities of £247 million at the year end.

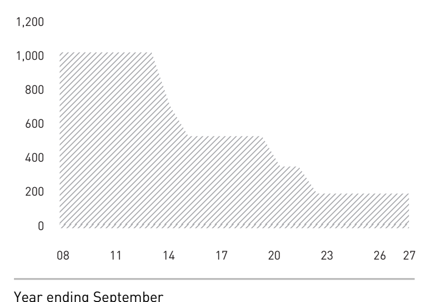
GRAPH 4
CASH FLOWS

DISPOSALS	£141M	DIVIDENDS	-£67M
OPERATING ACTIVITIES	£371M	INTEREST AND DIVIDENDS	-£74M
DEBT REVALUATION	-£30M	TAXATION	-£13M
OWN SHARE PURCHASES	-£88M	ACQUISITIONS	-£184M
FX SETTLEMENTS	-£37M	CAPITAL EXPENDITURE	-£83M

GRAPH 5
RATIO OF EARNINGS BEFORE INTEREST, TAX DEPRECIATION AND AMORTISATION TO NET INTEREST PAYABLE



GRAPH 6
MATURITY PROFILE OF GROUP NET DEBT (£M)



Year ending September

Financial and Treasury Review continued

TREASURY POLICIES

The following paragraphs are a summary of the treasury policies of the Group and, where appropriate, of the Company. DMGT aims to have sufficient liquidity to meet both operational and capital cash flows and to impose the minimum cash constraints on the management and operation of the Group. Financial instruments, including derivatives, are used by the Group in order to manage the principal financial risks that arise in the course of business. These risks are liquidity or funding risk, foreign exchange risk, interest rate risk and counterparty risk. The instruments are used within the parameters set by the Finance Committee of the Board, and are not traded for a profit. The Group's priority is to address the economic impact of financial risks using the most efficient or appropriate approach. This may result in IFRS accounting volatility.

OVERVIEW

The Group has adequate committed debt finance to meet current trading requirements. Foreign exchange risk on transactions is not a large issue for the Group as the majority of its businesses operate in the country in which they are located. In principle, the underlying currency of net debt after taking account of derivatives is managed in proportion to the EBITDA in each currency. Over 40% of the Group's profits are earned from revenue billed in US dollars. The Group's foreign assets are only partially hedged by its foreign currency debt and economically its earnings are most exposed to movements in value of the US dollar. The Group aims to have 70% to 80% of its debt at fixed interest rates to reduce the impact of interest rate fluctuations.

(A) LIQUIDITY RISK

It is the Group's policy to have sufficient surplus borrowing headroom such that its development is not constrained. The Group is funded by a mixture of equity, debt and retained profits. Debt consists mainly of committed bank facilities and bonds. The bank facilities provide the Group with flexibility for operational requirements and acquisitions. Overdraft facilities are also utilised. The bonds currently in issue consist of four sterling Eurobonds. Maturities of debt are maximised and spread in order to avoid the requirement for significant repayments at any point in time, as shown in Graph 6. In September, the Group renewed £420 million of bank facilities with maturities of three to five years with no change in basic financial covenants. Surplus funds are generally used to pay down bank debt. If temporary surpluses arise, they are generally deposited in money market accounts with banks that provide bilateral credit lines.

Covenants on debt instruments are kept to a minimum, even if this results in marginally higher interest costs. External finance is unsecured and is usually an obligation of the Company or its immediate subsidiary, rather than of trading subsidiaries. This gives operating management maximum flexibility to run the business without the distraction of meeting short-term financing requirements.

(B) FOREIGN EXCHANGE RISK

(i) Transaction Risk

Most of the Group's businesses do not transact cross-border: hence multi-currency transaction risk is not substantial. The main exception is Euromoney which has net receipts in US dollars and net payments in sterling and Canadian dollars. Euromoney has a series of US dollar forward sale contracts in place up to three years forward to meet its sterling outgoings. Other than in Euromoney there were no significant foreign currency forward contracts in existence that hedge revenues or costs. Major items of capital expenditure in foreign currency are fixed using forward currency purchases.

Tax on non-trading exchange rate movements is hedged, using cross currency swaps and forward currency contracts. The Group's internal financing structures give rise to foreign exchange gain or losses which are either taxable or tax deductible. Where appropriate, the Group enters into market derivatives to hedge this exposure in economic terms through Tax Equalisation Swaps (TES). However, IAS 39 prohibits TES from being shown net in the tax line and as a result increased volatility is introduced in the income statement. This year's profit before taxation has been reduced by £68 million (2007 £10 million) in relation to these structures and tax payable has been reduced by a similar amount. Both have been removed in arriving at adjusted profits.

(ii) Translation Exposure

Borrowings are principally incurred in sterling, with lesser amounts in US dollars and other currencies. Generally, the proportion of foreign currency debt (after allowing for any hedging instrument) to total net debt is managed to be approximately equal to the proportion of foreign EBITDA, compared to total Group EBITDA. This is expected to continue. A substantial proportion of non-sterling debt liabilities are created through the use of foreign exchange derivatives which are treated as net investment hedges. The consequence of this policy is that the Group's significant foreign earnings are not hedged back to sterling.

(iii) Economic Exposure

A substantial proportion of the Group's value relates to foreign subsidiaries, in the US in particular. The foreign currency debt described above is only a partial hedge of this economic exposure.

(iv) Netting

The Group may offset currency risks on trading, capital expenditure, tax and borrowings and only hedge the net exposure. This may result in not obtaining IFRS hedge accounting.

(C) INTEREST RATE RISK

The Group aims to have approximately 70% of forecast net debt to 80% of target net debt as fixed interest rate liabilities. It aims to achieve this ratio over the medium term and it is applied to each of the Group's main currencies. The predictability of interest costs is deemed to be more important than the possible opportunity cost foregone of achieving lower interest rates. Borrowings are made in either fixed or floating rates. Interest rate swaps, cross currency swaps, and options are used to help attain the Group's target level of fixed interest rate debt. The maturity dates are spread in order to avoid interest rate basis risk and also to negate short-term changes in interest rates. At the year end, fixed interest rate debt represented approximately 80% of total net debt (including options which are not treated as effective hedges under IFRS).

(D) COUNTERPARTY RISK

Counterparties and their credit ratings are regularly reviewed by Group Treasury. The Group has counterparty limits for banks with long term credit ratings of 'AA' or better, and a lower limit for single 'A' rated banks. Typically this is banks that extend credit facilities to the Group. The Group does not expect any counterparties to be unable to meet their obligations.

(E) DEBT LEVELS

The Group currently aims to manage its finances such that the ratio of net debt to EBITDA does not normally exceed 2.5:1 and the ratio of EBITDA to net interest costs is above 6:1. It is believed that this achieves close to the optimum level of gearing for the Group, but leaves it with sufficient headroom should it desire to increase its debt levels without reducing the Group's quoted debt below investment grade. As such the ratios will not be met consistently, but will define the medium-term target level of net debt. Covenants on the Group's recently renewed bank facilities are Net Debt: EBITDA of no more than 4:1 and EBITDA: interest of no less than 3:1.

GOING CONCERN

The Directors have continued to adopt the going concern basis for the preparation of the accounts. This has been done since, after considering relevant information, they have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

Peter Williams
Finance Director

DMGT AND CORPORATE RESPONSIBILITY

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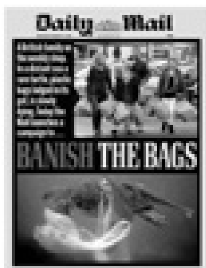


BANISH THE BAGS
THE DAILY MAIL'S CAMPAIGN TO CUT WASTE CAUSED BY CARRIER BAGS HAS BEEN WELL RECEIVED.

PAPER MANUFACTURE
THE VIRGIN FIBRES USED IN DMGT'S PAPER MANUFACTURE ARE CERTIFIED BY THE FOREST STEWARDSHIP COUNCIL OR THE PAN EUROPEAN FORESTRY COMMISSION.

KEY DEVELOPMENTS

→ DMGT DONATED £946,000 TO CHARITY IN 2008
→ THE GROUP'S CARBON FOOTPRINT REDUCED TO 118,200 TONNES
→ ESTABLISHMENT OF A NEW CSR COMMITTEE

INTRODUCTION

DMGT's activities are global and diverse, operated through a large number of separate businesses. Each business provides important channels of communication and media focus to different sections of society throughout the world.

The Group owes much of its success to the entrepreneurial ability of the management teams leading its businesses. These businesses have thrived by allowing local management to take local decisions in a local context, while benefiting from the global outlook and financial resources of the wider Group.

The success of many of DMGT's businesses is inextricably linked to understanding and engaging with the communities they serve, and this allows them to identify needs and to campaign effectively on the issues relevant to their customer base. This approach has delivered benefits to a broad range of stakeholders.

THE AIM OF THIS REPORT

The following report provides more detail of divisional activities focused around key impact areas of corporate responsibility (CR):

– the environment
– our readers, viewers and listeners
– the community
– our employees.

Reported here is a summary of our disclosure in this area. There is a dedicated section on the Group website, www.dmgt.co.uk, with further information available that is updated regularly.

We welcome your feedback. Please send any comments to: investor.relations@dmgt.co.uk.

Responsibility in this area was transferred during the year from the Risk Committee to a new Corporate Social Responsibility (CSR) sub-committee of the Board which is now the forum at which CR is discussed. The Committee's remit is to oversee the Group's environmental, customer, community and employee practices. The Board has policies in place on equal opportunities, whistle-blowing, health and safety and the environment. Overall responsibility for CR at Board level lies with the Finance Director.

DMGT AND THE ENVIRONMENT

Our main focus is on how we manage the impact of our eight printing presses in the UK and two presses in Hungary, where the key environmental impacts are waste generation (particularly waste newsprint), energy use, ink use, water and paper purchasing.

All printing centres have environmental management policies. The use of energy, newsprint, ink and plates and waste disposal have cost implications and are, therefore, managed for reasons of good business sense, as well as to reduce their environmental impact.

The direct environmental impacts from our mostly office-based divisions are relatively low. Our offices around the world practise paper recycling, and nearly all office paper waste at DMGT headquarters is recycled. There are also schemes in place for the recycling of plastic, glass, toner cartridges, mobile phones and IT equipment.

EFFICIENCY
The introduction of a cutting edge production facility in Didcot has improved the Group's efficiency in energy. The increased colour capability has led to additional colour pages being available to the readers of our papers, although this capability increases energy use. The Group is continually reviewing its production assets and this has led to the closure of the print centre in Staverton and to consultation with the staff over the closure of the print centre in Grimsby. The Group continues to make all reasonable endeavours to maximise energy efficiency and to minimise its affect on the environment.

WASTE
Newsprint production waste, as a percentage of total newspaper output, has risen this year by 0.17%. Newsprint production waste continues to be an ongoing area of focus. Waste newsprint and ink use is measured and reported to divisional board meetings on a monthly basis.

Targets for waste paper are set for each product printed. This percentage varies according to certain criteria, such as the numbers of copies required and edition changes. Actual waste volumes are compared against budgeted levels, with the results provided for monthly review at the appropriate Board level.

100% of production paper waste is recycled.

SOURCING
DMGT is aware of the responsibility it has along the supply chain, in particular for one of its largest purchases: newsprint. The Group has a central Newsprint Committee, allowing co-ordinated review of the environmental credentials of paper suppliers and the sourcing of their products.

Where virgin fibres are used in the paper manufacture, DMGT requires that the forests are certified either by the Forest Stewardship Council or the Pan European Forestry Commission, both of which run schemes that provide credible guarantees that the product comes from well managed forests.

DMGT sources its paper mainly from European mills, most of which hold the environmental management standard ISO14001. 98% of virgin fibre products are sourced from managed forests.

DMGT'S CARBON FOOTPRINT
Since 2007, DMGT has employed ICF International to carry out a Carbon Footprint Analysis across the whole Group. They have focused on every facility within the Group, as well as delivery activities and business travel, gathering data since 2006. This year they calculated that the Group's Carbon Footprint was 118,235 tonnes (2007 118,579), a decrease of 344 tonnes. Having identified the Group's Carbon Footprint, we have embarked upon a strategy for its reduction. At the first meeting of the CSR Committee, it was decided that the Group would commit to reducing its Footprint by 10% from the baseline year of 2007 by the end of 2012.

OUR READERS, VIEWERS AND LISTENERS
Editorial Standards
There are a number of standard setting bodies that have established codes to which DMGT's consumer media divisions adhere.

The main code for the Group's UK newspapers is established and monitored by the Press Complaints Commission. The newspapers also adhere to the Code of Practice of Newspaper and Magazine Publishing. Teletext works to the standards set by Ofcom and its Editorial Code of Practice which covers current broadcasting legislation, while DMG Radio complies with the Australian Communications and Media Authority Codes of Conduct and the Commercial Radio Codes of Practice and Broadcasting Services Act.

BIG BOYS ON LITTLE GIRLS BIKES
NOVA'S SYDNEY BREAKFAST SHOW CO-HOST MERRICK WATTS LED THE 'GIRLS BIKE CONVOY' RAISING £7,000 FOR CHARITY.

ANNUAL BLOOD DRIVE
95 EMPLOYEES DONATED BLOOD AS PART OF EUROMONEY'S ANNUAL BLOOD DRIVE.

EMPLOYEE FUNDRAISING
DMG WORLD MEDIA LAUNCHED ITS NEW EMPLOYEE FUNDRAISING MATCHING PROGRAMME TO SUPPORT EMPLOYEES RAISING FUNDS FOR CAUSES IMPORTANT TO THEM.

Corporate Responsibility continued

LANDMARK INFORMATION GROUP WON THE BUSINESS CHALLENGE AWARD FOR CSR THIS YEAR IN RECOGNITION OF THEIR ACHIEVEMENTS FOR EMPLOYEES, CUSTOMERS, THE ENVIRONMENT AND THEIR WORK WITH LOCAL COMMUNITIES.

DMGT CONNECT
A GROUP INTRANET, DMGT CONNECT, WAS LAUNCHED IN NOVEMBER 2007.

Responding to reader, viewer and listener needs

Remaining in touch with the diverse groups who make up our communities and reflecting and championing their interests is critical to DMGT's success.

Reader, viewer and listener satisfaction is monitored in a number of ways, including timely responses to complaints, regular in-house programming and sales research, readership surveys and other processes to receive feedback actively from customers.

Within the established editorial framework, editors and journalists have the freedom to operate as appropriate. Compliance with editorial standards is strictly monitored within the divisions in various ways, which include compliance committees, editorial responsibility, compliance audits and training.

DMGT AND THE COMMUNITY

Community involvement is integral to our business as well as to the personal motivation of our employees. We donate money, time and in-kind donations such as radio airtime and Teletext pages, and staff actively give time to areas including fundraising and trusteeships.

In 2008, the Group donated £946,000 to charity.

The use of media channels and activities for fundraising is driven through participation in the communities we serve and the concerns and contributions of our readers, viewers and listeners.

Group charitable donations are allocated by a Charities Committee at DMGT, as well as being made on a smaller scale by divisional and local management. The Committee prefers to make donations to media and local charities where there is an employee representative who will sponsor and report back on the impact the allocation has had.

DMGT AND OUR EMPLOYEES

DMGT Group is an equal opportunities employer. In addition to a Group policy, many divisions have their own policies and practices across a range of employee issues. Training is taken seriously across the Group.

INTERNAL COMMUNICATION

A variety of approaches to staff communications exist within the Group, including:

- the Group extranet;
- regular communication events;
- face-to-face communications with management;
- programmes related to specific key events (such as major changes in operations or equipment);
- a Group intranet, DMGT Connect, that was launched in November 2007.

HEALTH AND SAFETY

A health and safety policy applies across DMGT and sets out to ensure the health, safety and welfare of its employees and all others who could be affected by the activities of the Group.

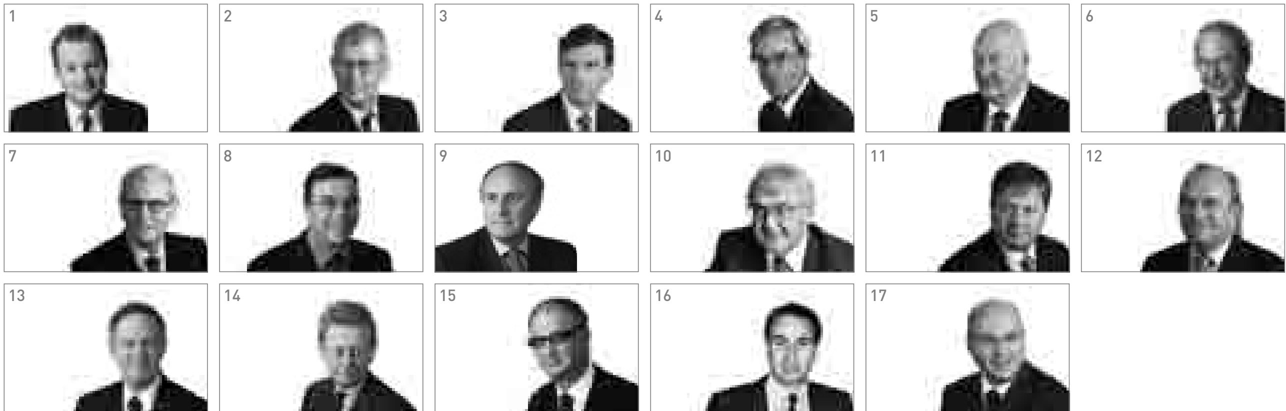
There are many examples of good practice across the Group, in terms of health and safety management systems, the use of independent consultants and initiatives focused on business-specific health and safety risk areas.

Health and safety is particularly critical in all printing press facilities, which have appropriate policies and management and monitoring programmes.

The Group has had no fines or prosecutions for health and safety failures over the last year.

While the Chief Executive has overall responsibility at Board level for health and safety matters throughout the Group, day-to-day responsibility is devolved to the managing directors of each division.

BOARD OF DIRECTORS AND SECRETARY



1 THE VISCOUNT ROTHERMERE CHAIRMAN (AGED 40) †‡◊
Lord Rothermere was appointed to the Board in 1995 and appointed Chairman in 1998, having joined the Group in 1994. He is a non-executive director of Euromoney Institutional Investor plc.

2 C J F SINCLAIR CHIEF EXECUTIVE UNTIL 30TH SEPT 2008 (AGED 60)
Charles Sinclair retired on 30th September 2008, having been a Director since 1988 and Chief Executive since 1989. He joined the Group in 1975. He is a non-executive director of SVG Capital plc and was appointed to the board of Associated British Foods plc on 1st October 2008.

3 M W H MORGAN CHIEF EXECUTIVE FROM 1ST OCTOBER 2008 (AGED 58) ◊§
Martin Morgan was appointed to the Board as Chief Executive and to that of Euromoney Institutional Investor plc as a non-executive director on 1st October, 2008, having joined the Group in 1989. He was previously chief executive of DMG Information.

4 J P WILLIAMS FCA FINANCE DIRECTOR (AGED 55) ◊§
Peter Williams was appointed to the Board as Group Finance Director in 1991, having joined the Group in 1982. He was a non-executive director of Euromoney Institutional Investor plc until 30th September 2008 when be became an alternate director. He is a non-executive director of Ibis Media VCT plc and formerly of GCap Media plc.

5 J G HEMINGWAY NON-EXECUTIVE DIRECTOR (AGED 77) *†◊
John Hemingway was appointed to the Board in 1978. He is an independent solicitor.

6 S M GRAY NON-EXECUTIVE DIRECTOR (AGED 74) *‡◊§
Marius Gray was appointed to the Board in 1985. He was senior partner of Dixon Wilson, Chartered Accountants, and is chairman of the Audit Committee.

7 I G PARK CBE NON-EXECUTIVE DIRECTOR (AGED 73) ‡
Ian Park was appointed to the Board in 1994. He was managing director of Northcliffe Newspapers from 1982 to 1995 and its chairman from 1995 to 2003. He is retiring at the Annual General Meeting in February 2009.

8 D M M DUTTON EXECUTIVE DIRECTOR (AGED 66) §
David Dutton was appointed to the Board in 1997. He advises the Group on property matters and is chairman of DMG Information.

9 P M DACRE EXECUTIVE DIRECTOR (AGED 60)
Paul Dacre was appointed to the Board in 1998, having joined the Group in 1979. He has been editor of the Daily Mail since 1992 and editor-in-chief of Associated Newspapers since 1998.

10 P M FALLON EXECUTIVE DIRECTOR (IRISH; AGED 62)
Padraic Fallon was appointed to the Board in 1999. He is chairman of Euromoney Institutional Investor plc. He joined Euromoney in 1974 as editor and was managing director from 1985 to 1992.

11 C W DUNSTONE INDEPENDENT NON-EXECUTIVE DIRECTOR (AGED 44)
Charles Dunstone was appointed to the Board in 2001. He is founder and chief executive of the Carphone Warehouse Group plc and was formerly a non-executive director of HBOS plc.

12 F P BALSEMÃO INDEPENDENT NON-EXECUTIVE DIRECTOR (PORTUGUESE; AGED 71) †
Francisco Balsemão was appointed to the Board in 2002. He is chairman and chief executive of IMPRESA, S.G.P.S, chairman of the European Publishers Council and a former prime minister of Portugal.

13 T S GILLESPIE NON-EXECUTIVE DIRECTOR (CANADIAN; AGED 70)
Tom Gillespie was appointed to the Board in 2004. He is a former senior partner of Ogilvy Renault and has advised the Group on legal matters in Canada for many years.

14 D J VEREY CBE INDEPENDENT NON-EXECUTIVE DIRECTOR (AGED 57) *
David Verey was appointed to the Board in 2004. He was formerly chairman of the Blackstone Group – UK and chairman of Lazard, London.

15 K J BEATTY EXECUTIVE DIRECTOR (AGED 51)
Kevin Beatty was appointed to the Board in 2004, having joined the Group in 1996. He is chief executive of A&N Media and managing director of Associated Newspapers. He was managing director of Northcliffe Newspapers between 2001 and 2004.

16 N W BERRY INDEPENDENT NON-EXECUTIVE DIRECTOR (AGED 66) *
Nicholas Berry was appointed to the Board in February 2007. He is chairman of Stancroft Trust with wide experience in media and investment in emerging markets.

17 N D JENNINGS FCA SECRETARY (AGED 48)
Nicholas Jennings was appointed Company Secretary in 1999, having joined the Group in 1988. He is also responsible for investor relations.

* Member of the Audit Committee
† Member of the Nominations Committee
‡ Member of the Remuneration Committee
◊ Member of the Finance Committee
§ Member of the Risk Committee

DIRECTORS' REPORT

The Directors present their Report and Accounts for the year ended 28th September, 2008.

ACTIVITIES

The principal activities of the Group are set out on pages 20 and 21 of this Annual Report.

The analysis of turnover and operating profit for the years ended 28th September, 2008 and 30th September, 2007 are included as Note 3 to the Consolidated Income Statement.

BUSINESS REVIEW

The information that fulfils the Companies Act requirements of the business review is included in the Business Review on pages 8 to 41. This includes a review of the development of the business of the Group during the year, of its position at the end of the year and of likely future developments in its business. Details of the principal risks and uncertainties facing the Group are set out on pages 14 to 16.

This Annual Report contains certain forward-looking statements with respect to the principal risks and uncertainties facing the Group. By their nature, these statements involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements. No assurances can be given that the forward-looking statements are reasonable as they can be affected by a wide range of variables. The forward-looking statements reflect the knowledge and information available at the date of preparation of this Annual Report, and will not be updated during the year. Nothing in this Annual Report should be construed as a profit forecast.

RESULTS AND DIVIDENDS

The profit after taxation of the Group amounted to £16.8 million. After charging minority interests of £16.8 million, the Group result for the year amounted to £Nil.

An interim dividend of 4.80 pence per share was paid on the Ordinary and 'A' Ordinary Non-Voting shares and the Directors recommend that a final dividend of 9.90 pence per share be paid on 13th February, 2009 making 14.70 pence per share for the year (2007 14.35 pence).

DIRECTORS

Biographical details of the Directors of the Company at 26th November, 2008 are set out on page 45. The Directors remained unchanged throughout the year. Mr Sinclair retired on 30th September, 2008. On 1st October, 2008, Mr M.W.H. Morgan was appointed to the Board; shareholders will be asked to confirm his appointment.

The number of shares of the Company and of securities of other Group companies, in which the Directors or their families had an interest at the year end, are stated in the Remuneration Report on page 65.

In accordance with the Articles of Association, Messrs Park, Fallon and Balsemão retire by rotation at the AGM on 11th February, 2009. Each of Messrs Fallon and Balsemão, being eligible, offers himself for re-election. Mr Park, a non-executive Director since 1994, has decided not to stand for re-election. The Directors would like to pay tribute to Mr Sinclair and to thank Mr Park for their invaluable contributions to the Board's deliberations.

POST BALANCE SHEET EVENTS

On 6th October, 2008, DMG World Media sold Metropress, owner of the Antiques Trade Gazette, for £7.5 million.

SHARE CAPITAL

There were no allotments in share capital during the year.

At the Annual General Meeting (AGM) on 6th February 2008, the Company was granted the authority to purchase up to 10% of its own shares.

During the year, 18,389,672 'A' Ordinary Non-Voting shares were purchased, having a nominal value of £2,298,709 as part of a share buy back programme and to match obligations under various incentive plans. The consideration paid for these shares was £88.3 million. Shares repurchased during the year represented 4.93% of the called up 'A' Ordinary Non-Voting share capital at 28th September, 2008.

The Company disposed of 3,801,025 of these shares, representing 1.02% of called up 'A' Ordinary Non-Voting shares in order to satisfy incentive schemes. The Company also cancelled 2,727,146 shares, representing 0.73% of its called up 'A' Ordinary Non-Voting share capital at the date of cancellation.

Full details of the Company's share capital are given in Note 34.

EMPLOYEES

Under the Group's general policy of decentralised management, it is the responsibility of the management in each subsidiary to encourage the involvement and participation of employees in their company. The methods used vary company by company, but the linking to performance targets of a significant portion of remuneration is one widely used means.

The Group gives full and fair consideration to suitable applications from disabled persons for employment. If existing employees become disabled they will continue to be employed, wherever practicable, in the same job or, if this is not practicable, every effort will be made to find suitable alternative employment and to provide appropriate training.

POLICY ON PAYMENT OF SUPPLIERS

The Group's policy on supplier payments varies across its subsidiaries. These companies have no formal code or standard which deals specifically with the payment of suppliers. However, their policy is to ensure that the terms of payment, as specified by, and agreed with the supplier at the outset, are not exceeded.

The Company had no trade creditors at the year end date. The Group's average payment period, calculated on the basis of year end trade creditors, is 63 days (2007 68 days), although this is dependent on the year end date and cannot therefore be regarded as meaningful.

DONATIONS

Charitable donations made by the Group in the year amounted to £946,000 (2007 £866,000). This excludes the cost of publicity, often provided free of charge by the Group's titles, and funds raised by them, further details on which are given in the Corporate Responsibility Report on page 42 of this Annual Report. No political donations were made by the Group.

SUBSTANTIAL SHAREHOLDINGS

As set out in Note 34, the Company has two classes of share capital – Ordinary shares and 'A' Ordinary Non-Voting shares. On 26th November, 2008 the following were interested in more than 3% of the issued Ordinary shares:

Rothermere Continuation Limited (and other parties to an agreement which comes within section 824 of the Companies Act 2006)	63.1%
Codan Trust Company Ltd and Codan Trustees (BVI) Ltd (trustees of the Esmond Harmsworth 1998 Family Settlement)	29.3%

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR THE PREPARATION OF ACCOUNTS

The Directors are responsible for preparing the Annual Report and the financial statements. The Directors are required to prepare accounts for the Group in accordance with International Financial Reporting Standards (IFRSs) and have elected to continue to prepare those for the Company in accordance with United Kingdom Generally Accepted Accounting Practice (GAAP).

In the case of UK GAAP accounts, the Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In the case of IFRS accounts, International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. Directors are also required to:

- select and apply accounting policies properly;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in International Financial Reporting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the accounts on a going concern basis unless, having assessed the ability of the Company to continue as a going concern, management either intends to liquidate the entity or to cease trading, or have no realistic alternative but to do so.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report and directors' remuneration report which comply with the requirements of the Companies Act 1985.

The Directors are responsible for the maintenance and integrity of the Company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

AUDITORS

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware;
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information; and
- this confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

The Company's auditors, Deloitte & Touche LLP, have indicated their willingness to continue in office and, in accordance with section 489 of the Companies Act 2006, a resolution proposing their reappointment will be put to the AGM.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on 11th February, 2009 at 9.00 a.m. at the Kensington Roof Gardens, 99 Kensington High Street, London W8. Details of all resolutions, including those to be put as special business, are set out in the enclosed circular to shareholders.

By Order of the Board

N D JENNINGS, FCA
Secretary
26th November, 2008

CORPORATE GOVERNANCE

The Company is committed to high standards of corporate governance. The paragraphs below and in the Remuneration Report on pages 52 to 69 describe how the Board has applied the principles set out in the Combined Code ('the Code') issued by the Financial Services Authority in June 2006. The Code is part of the listing rules and applied to the Company throughout the year.

The Company has substantially complied with the provisions of the Code, except where the Board has determined that they are inappropriate to the particular circumstances of the Company, as explained below and in the Remuneration Report. Code provisions not fully applied are A1.3, A 2.2, A 3.2, A 3.3, A 7.2, B1.6, B2.1 and C3.1.

THE BOARD

The Company is headed by a Board which comprises a balance of seven executive Directors, including the Chairman and Chief Executive, and eight non-executive Directors. Biographical details of each of the Directors are set out on page 45. The Board has been progressively refreshed in recent years with several appointments, including four new independent Directors.

The Board normally meets regularly four times a year and at such other times as are necessary. It discusses and approves the Group's commercial strategy. Its specific responsibilities are set out in a schedule of matters reserved to the Board which is published on the Company's web site at www.dmgt.co.uk/corporate governance.

Having met in September 2007, the Board met three times during the 2007/08 financial year, all of which were regular meetings, attended by all Directors, except that Mr Dunstone was unable to attend one of them. Individual attendance by Directors is set out below:

	Number of meetings held	Number of meetings attended
Executive Directors		
The Viscount Rothermere	3	3
C J F Sinclair	3	3
J P Williams	3	3
D M M Dutton	3	3
P M Dacre	3	3
P M Fallon	3	3
K J Beatty	3	3
Non-executive (non-independent) Directors		
J G Hemingway	3	3
S M Gray	3	3
I G Park	3	3
T S Gillespie	3	3
Independent non-executive Directors		
C W Dunstone	3	2
F P Balsemão	3	3
D J Verey	3	3
N W Berry	3	3

All Directors, except for Mr Fallon and Mr Dunstone, also attended a three day management conference in June.

The Board has not, as required by the Code, identified a senior independent non-executive Director since it believes that to identify such an individual is potentially divisive to a unitary body, as this Board is, and disruptive to the role of the Chairman.

The division of responsibilities between the Executive Chairman and the Chief Executive is understood and works well. The Chairman's role is to lead the Board and oversee the Company's operations and strategy. The Chief Executive's role is to manage the Company, develop strategy and ensure its successful implementation.

The Board believes that four non-executive Directors may be considered to be independent under the Code, namely Messrs Dunstone, Balsemão, Verey and Berry. This represents less than the half of the Board recommended by the Code.

Messrs Hemingway, Gray and Gillespie are not regarded by the Board as independent under the Code because they have advised the Company over many years; nor is Mr Park even though he stepped down as chairman of Northcliffe over five years ago in May 2003. Nevertheless the Board believes that these non-executive Directors make an important contribution to its deliberations and have invaluable experience of the Company, its business and its staff.

INFORMATION AND PROFESSIONAL DEVELOPMENT

Procedures have been established to ensure that the Board receives timely and appropriate information both for its meetings and regularly between meetings. All Directors are offered such training as is considered necessary, both on appointment and at any subsequent time. There is an agreed procedure for Directors to take independent professional advice at the Company's expense, if necessary.

ELECTION AND RE-ELECTION

The Company's Articles of Association require that a Director appointed by the Board must stand for election at the next AGM. Thereafter all Directors are subject to re-election every three years. The Board has chosen not to adopt the additional provision in the Code that non-executive Directors, who have served for more than nine years, should be subject to annual re-election since the existing practice, which complies with Company law and with the Articles, works well.

The terms and conditions of appointment of the non-executive Directors are available for inspection at the Registered Office of the Company during usual business hours.

BOARD EVALUATION

The Board has undertaken its annual evaluation of its own performance and that of its individual Directors. It reviewed its performance by reference to the schedule of matters reserved for it. The evaluation process took the form of a questionnaire sent to each Director, seeking their views on involvement in strategy, the development of the Board agenda, the balance of skills of Directors and their demonstration in meetings and the effectiveness of the Board's committees. The Chairman reported the consensus view on performance to the Board at its meeting in November, enabling it to conclude that it had been effective in the year under review. No substantive changes to procedures were judged necessary.

The non-executive Directors did not meet as a group without the Chairman since his performance was assessed by the Remuneration Committee (without the Chairman being present).

BOARD COMMITTEES

The Board has established Nominations, Remuneration, Audit and Risk Committees with mandates to deal with specific aspects of its business. The remits of these committees are published on the Company's web site. Details of the membership of these committees are given on page 45. Each committee reports to the Board at every regular meeting. In October and November 2008, the Board carried out a review of the performance of its committees and concluded that they had been effective in the year.

COMPANY SECRETARY

The Company Secretary, Mr Jennings, is responsible for advising the Board through the Chairman on all governance issues. All Directors have access to the advice and services of the Secretary.

COMPANIES ACT 2006

In February 2008, the Company's Articles of Association were amended by Ordinary shareholders to update them for a number of changes in company law and practice, notably the introduction of the Companies Act 2006. In November 2008, the Board considered Directors' potential conflicts arising under the new Act and passed a resolution authorising these conflicts (with interested Directors not voting).

NOMINATIONS COMMITTEE

The Nominations Committee, which was established as a separate committee in 2003, comprises three Directors: the Viscount Rothermere (its chairman), Mr Hemingway and Mr Balsemão. Only Mr Balsemão is an independent non-executive Director, whereas the Code recommends that a majority of members of the Committee should be independent. Nevertheless the Board believes that the Committee operates well. The Deputy Finance Director, Mr Perry, is secretary to the Committee. The Chief Executive attends most meetings at the invitation of the Committee.

The Committee met three times during the year and all meetings were attended by all serving members. Individual attendance by members is set out below:

	Number of meetings held	Number of meetings attended
The Viscount Rothermere	3	3
J G Hemingway	3	3
F P Balsemão	3	3

The Committee reviews the structure, size and composition of the Board and makes recommendations to the Board on any changes. During the year it nominated Mr Morgan to the Board as Chief Executive in succession to Mr Sinclair. Both internal and potential external candidates were considered. The Committee determined that none of the excellent external candidates matched the best internal candidate on a combination of skill, relevant experience and compatibility to the Group's culture. External advice was taken, but advertising was not required in this instance.

The Committee continued to review succession planning for both executive and non-executive Directors. It has also assessed the most appropriate method of evaluating Directors' performance.

RELATIONS WITH SHAREHOLDERS

The Company maintains a regular programme of contact with its institutional shareholders. In the past year, this has included meetings in London, Scotland and the U.S.A.

Non-executive Directors are kept informed of the views of institutional shareholders by the regular distribution of analysts' reports and feedback is provided from institutional meetings.

All shareholders are welcome to attend the AGM, of which twenty working days' notice is given, where they have the opportunity to speak to Directors.

In the interests of transparency and to assist private shareholders, the Company posts all announcements and general presentations given to analysts and institutions on its corporate web site. Shareholders and others interested in the Group are encouraged to use the site and to email questions which they might have to investor.relations@dmgt.co.uk. Questions to particular Directors should be addressed through the Secretary.

INTERNAL CONTROLS AND MANAGEMENT OF RISK

The Group adopts a prudent risk strategy, weighing opportunities for potential gain against threats to overall business objectives and profitability. Senior management addresses the opportunities and uncertainties relating to the business activities of the Group. The risk management process consists of the identification, evaluation and control of risks, which could threaten the achievement of the Group's strategic, operational and financial objectives, as well as the active management of opportunities. This process was in place throughout the year.

The Group operates on a divisional basis with each of the divisions described on pages 20 and 21 of the Annual Report having considerable autonomy as regards its operation and establishment of control systems. Overseeing the divisional structure is a central management responsible to the Board. Certain functions are undertaken centrally, notably newsprint buying, insurance, treasury, tax, pensions, and risk and assurance (including internal audit).

The Board has overall responsibility for the Group's system of internal control. This system is designed to provide reasonable assurance of the safeguarding of assets and shareholders' investment and the reliability of financial information. Any such system can, however, provide only reasonable, and not absolute, assurance of these matters. The Directors confirm that they have reviewed the effectiveness of the Group's system of internal control for the period up to the date of the approval of the Accounts. The Board has not identified any significant failings or weaknesses during this review.

In reviewing the effectiveness of the system of internal control the Board has considered material controls (including those undertaken through its committees), including financial, operational and compliance controls and risk management systems as follows:

The Audit Committee, on behalf of the Board, has responsibility for the review of financial risk management and of internal financial controls. A description of the

operation and activities of the Audit Committee and of the central Risk and Assurance department is given below.

The Risk Committee gives the Board assurance on risk management issues and processes. The process for the management of significant risks is undertaken by the Risk Committee and it accords with the Turnbull Guidance on internal control, appended to the Code. Over the course of the past year the Risk Committee has considered the key risks pertaining to all divisions and head office functions within the business as well as the key risks which affect the Group, including fraud risk. A more detailed description of the operation and activities of the Risk Committee is given below.

Operating businesses within the Group are required to confirm annually their compliance with Group accounting policies and financial reporting guidelines.

Divisional and subsidiary company boards regularly review relevant and timely financial information that is produced from the management information systems operated across the Group. This is supported by a framework of budgets that are approved at a divisional level by the Finance Committee. Variance analysis of actual results versus budget and forecast is undertaken regularly throughout the year.

The evaluation of the benefits and risks of investment opportunities and financing proposals is undertaken by the Finance Committee. Above certain defined levels, however, the Board must approve acquisition and divestment proposals and capital expenditure.

RISK COMMITTEE

The Risk Committee, which was established in 2000, comprises the Chief Executive (Mr Sinclair until 30th September, 2008; Mr Morgan from 1st October, 2008), its chairman, Messrs Williams, Gray and Dutton, and Mr Kass, the legal director of A&N Media. During the year, the Viscount Rothermere and the former Chief Information Officer of the Group's largest subsidiary were also members. Mr Gray provides a non-executive perspective to the review of risk management processes within the Group, as well as providing a direct link to the Audit Committee. The Committee met five times during the year. The head of the Group's risk function, Mr Page, is Secretary to the Committee.

The Risk Committee considers risk registers prepared, by each of the divisions of the Group and by central functions, on a rotational basis, in general reviewing a division and central function at each meeting. These reports identify inherent business risks and describe the controls in place to manage those risks. The Committee considers the Group risk register (a consolidation of divisional and central function risk registers with Group-wide risks overlaid) annually. In addition, the Committee reviews specific risk management issues and topics for consideration across the Group. This year the Committee has focused on the following risks: failure of controls over promotions and competitions, the changing risks in an economic downturn; fraud risk; pricing risk (considered at a Risk Committee sponsored workshop for senior management); pandemic risk; climate change; and again on business continuity, disaster recovery planning and information security. The Committee also monitors developments in relevant legislation and regulations to consider the impact these might have on the Group and on its system of internal control.

Members of the Risk Committee also maintain direct links with each of the main divisions through attendance at divisional board meetings as directors of these boards. The Committee reports to the Board after each of its meetings to assist the Board in its determination of the overall effectiveness of the system of internal control and risk management more widely.

AUDIT COMMITTEE

The Audit Committee, which has been in existence since 1989, comprises four non-executive Directors: Messrs Gray (its chairman), Hemingway, Verey and Berry. The Code recommends that an audit committee should comprise at least three members, all of whom should be independent non-executive Directors. Only Messrs Verey and Berry are considered to be independent under the Code. Nevertheless the Board believes that the Committee operates independently. Members' qualifications are set out in their biographies on page 45. The Board is satisfied that Mr Gray, formerly senior partner of a firm of chartered accountants, has recent and relevant financial experience. The Company Secretary, Mr Jennings, also a Chartered Accountant, is secretary to the Committee.

The Audit Committee met five times during the year and all meetings were attended by all serving members. Individual attendance by members is set out below:

	Number of meetings held	Number of meetings attended
J G Hemingway	5	5
S M Gray	5	5
D J Verey	5	5
N W Berry	5	5

The Committee has implemented the procedures set out in the Smith Guidance to the Code which are within its control. It reviews the Group's policy on whistle blowing. Procedures exist to monitor the independence of the external auditors and include a policy on employment of former audit principals. There is also a policy on the provision of non-audit services with which the Group's head office and each division complies. The choice of firm is normally determined on the basis of professional expertise and competitiveness. The Group may engage the external auditors to perform audit-related work, accountancy advice and corporate tax services. Non-audit services in other areas are decided on their merits and are put out to tender where the amounts in question are significant. The external auditors are excluded from the following areas: where they are auditing their own work; where a mutuality of interest is created; or where the external auditor would be put in the role of advocate for the Company.

Non-audit fees payable to Deloitte & Touche LLP ('Deloitte') in 2008 amounted to £1.8 million, compared to £3.3 million the previous year, reflecting the continuing extent of corporate tax advice given and their involvement in acquisition work. In the prior year, Deloitte acted as lead consultant on Northcliffe Media's cost reduction project.

In September, the Audit Committee carried out an annual review of its terms of reference and of its effectiveness and concluded that it did not need to recommend to the Board any substantive changes to its remit or operations. In October 2008, the Board conducted its own review of the Committee's performance and confirmed that the Committee had been effective in the year under review.

The Audit Committee, on behalf of the Board, has responsibility for the review of financial risk management and of internal financial controls during the year, as these directly relate to the quality of financial reporting. In addition, the Committee reviews a summary of letters to management prepared by the Group's external auditors following their audit procedures, considers significant financial reporting issues and approves any changes to Group accounting policies, which are set centrally. During the year, the Committee received reports on developments in international financial reporting standards, Business Review regulations and on the new requirement to produce interim management statements. Apart from these specific responsibilities, the Committee is mandated to review all announcements of results issued by the Group and to consider the appointment of external auditors and to review their remuneration.

The central Risk and Assurance function carries out internal audit activities across the Group. It operates under an internal audit charter which covers: the purposes and objectives of the Group's internal audit function; its authority and scope; independence issues; standards of professional practice, performance monitoring, planning and reporting. The department also coordinates with a number of the divisions who undertake control reviews on companies within their divisions. Following each review, a formal report is issued to divisional management with the audit findings and, management's response. At each Audit Committee meeting, the Head of Assurance, Mr Ashby, reports on the internal audit activity across the Group, including progress against completion of the annual assurance plan and a summary of the findings of assurance reviews undertaken. In addition a description of the activities and operation of the Risk Committee was presented to each meeting of the Audit Committee during the year.

In September, an independent review was undertaken by a third party, under the direction of the Group Finance Director, to assess the resources and performance of the Risk and Assurance department. The Committee considered the results of this exercise and agreed with its conclusion that the Risk and Assurance department had been effective for the year. The Committee also reviewed and approved the assurance plan for the forthcoming year.

The Group does not maintain common detailed accounting or operations manuals because of the diverse operations carried out by its divisions, though guidance is issued from the centre. Where applicable, divisions maintain their own manuals. A number of the divisions also undertake regular control review work as part of their control process.

Euromoney Institutional Investor plc is subject to the requirements of the Code in its own right. As disclosed in its latest annual report, it has in place its own system of internal control and risk management processes which forms part of the Group's overall framework of control. The joint ventures and associates of the Group are not included in the Group's system of internal control described above.

On behalf of the Board

N D JENNINGS, FCA
Secretary
26th November, 2008

REMUNERATION REPORT

This report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002 and meets the relevant requirements of the Listing Rules of the Financial Services Authority. As required by the Regulations, a resolution to approve the report will be proposed at the AGM of the Company.

THE REMUNERATION COMMITTEE

The Remuneration Committee, which was established in 1992, is responsible inter alia for overall Group remuneration policy and for setting the remuneration, benefits and terms and conditions of employment of the Company's executive Directors and other senior managers. The Committee's terms of reference are available on the Company's website.

The members of the Committee are the Viscount Rothermere, its chairman, Mr Gray and Mr Park. The Combined Code ('the Code') recommends that a remuneration committee should be composed entirely of independent non-executive Directors. The Board considers it wholly appropriate that the Viscount Rothermere, as Chairman of the Board and as the Company's largest shareholder, is a member of the Committee. He does not participate in discussions regarding his own remuneration. While Mr Gray and Mr Park are not considered by the Board to be independent under the Code, the Board does consider them to act independently as regards remuneration issues. The Board has appointed Mr Berry to the Committee with effect from 11th February, 2009, the date of Mr Park's retirement.

The Committee met eight times during the year, four of which were regular meetings. All meetings were attended by all serving members, except for four meetings where the Viscount Rothermere was not present as the subject matter included items affecting his own remuneration. Individual attendance by members is set out below:

	Number of meetings held	Number of meetings attended
The Viscount Rothermere	8	4
S M Gray	8	8
I G Park	8	8

The Finance Director, Mr Williams, is secretary to the Committee.

The Committee seeks the recommendations of the Chief Executive, who usually attends meetings of the Committee by invitation other than when his own remuneration is being discussed, as regards the remuneration of the other executive Directors and of the divisional managing directors. It also seeks input from the Finance Director regarding financial performance and other issues and from the Company Secretary.

The Committee makes reference, where appropriate, to pay and employment conditions elsewhere in the Group, especially when determining annual salary increases, and to external evidence of remuneration levels in other companies, particularly in the media field. It also makes reference to advice sought from external advisors. During the year such advice was received from Freshfields Bruckhaus Deringer ('Freshfields'), MM&K and PricewaterhouseCoopers ('PwC'). Freshfields, which also provided other legal services, advised on contracts. MM&K provided market data and gave advice on best practice. PwC participated in a review of the long-term incentives used by the Company. Freshfields, MM&K and PwC were appointed by the Committee.

In September, the Committee conducted a formal review of its effectiveness and concluded that it had fulfilled its remit and been effective in the year.

REMUNERATION POLICY

The Committee seeks to structure remuneration packages on an individual basis appropriate to the level of responsibility, but generally designed to retain and motivate the individual.

The Chairman is also the largest shareholder in the Company. He has been and will continue to be a long-term shareholder. His shareholding provides an alignment with long-term shareholders that is not always the case in other companies. In setting his remuneration the Committee has adopted a similar policy as for other executive Directors. In the case of Mr Fallon, the Committee considers that his remuneration as executive chairman of Euromoney Institutional Investor plc ('Euromoney'),a separately listed company, should be set by the remuneration committee of that company. The report on this is set out in Euromoney's Annual Report.

The Committee also reviews the Chief Executive's recommendations for the remuneration packages of the managing directors of the Company's operating divisions, other than Euromoney, and oversees the bonus arrangements established in each division, including long-term incentive arrangements. These are designed individually to reflect the targets and objectives of each division.

The Committee considers that a successful remuneration policy needs to be sufficiently flexible to take account of commercial demands, changing market practice and shareholder expectations. Ordinary shareholders will be provided with the opportunity to endorse the Company's remuneration policy on a regular basis through the annual vote on the Remuneration Report.

In setting the remuneration of executive Directors, the Committee is cognisant of the remuneration increases being given around the Group. For 1st October, 2008, where strict overall limits are being set on increases within the newspaper divisions, the Committee has decided to increase all executive salaries by 3%.

Following the review in 2007 of long-term incentives the Committee changed the policy to simplify the long-term incentive arrangements and further encourage the building of significant ownership stakes by all executive Directors. These changes were approved by Ordinary shareholders in February. In 2008, the Committee has further reviewed the incentive schemes. In view of the exceptional trading conditions faced by the Group and the lack of visibility into future trading, the Committee's policy for 2008/09 is to make no LTIP award and focus all incentive pay on the annual bonus.

REMUNERATION COMPONENTS

A significant proportion of each executive Director's remuneration is performance-related.

The main components of the remuneration package for executive Directors are:

(i) basic salary, reviewed annually;

(ii) where appropriate, annual performance related bonus. The Viscount Rothermere, Mr Sinclair (up until 30th September 2008), Mr Morgan (with effect from 1st October 2008) and Mr Williams are members of the DMGT Executive Bonus Scheme ('the Scheme'). The Scheme was introduced in 1993 and revised in 2006. The bonus maximum is 100% of salary. The bonus is paid, net of the amount required to meet the related PAYE and employee national insurance liability, in a combination of cash and 'A' Ordinary Non-Voting shares of DMGT, which must be retained for three years. Participants are asked to specify the proportion of the after-tax bonus which is to be applied in the form of shares which must be at least 50%.

For 2008/09, the maximum annual bonus for The Viscount Rothermere, Mr Morgan and Mr Williams has been set at 200% of salary and any bonus up to 100% of salary will be paid under the terms of the Scheme and any bonus in excess of 100% of salary will be paid in cash. The performance measures and targets reflect the key goals of the Company and have been tailored to the requirements of the business.

For 2007/08, for the Chairman, 100% of his bonus was based on growth in earnings per share (EPS) of the Group; for Messrs Sinclair and Williams, part was based on EPS and part on individual performance targets.

Mr Beatty has a bonus based on the performance of his division and his own personal performance goals. The maximum bonus he can earn is normally 60% of salary, but will be 160% of salary for 2008/09. A bonus of £50,000 was awarded to Mr Dutton for 2007/08 to reflect his contribution to the transitions at DMG Information and he will be eligible for a maximum bonus of 100% of salary in 2008/09.

(iii) where appropriate, a long-term incentive plan. The Daily Mail and General Trust Long Term Incentive Plan (LTIP), established in 2001 and revised in 2006 and 2008, is designed to align the interests of participants and shareholders. Further, the LTIP will only provide rewards for participants if the Company achieves exceptional returns for shareholders; this is achieved by calibrating participants' rewards to stretching performance targets.

The normal maximum Core Award to an executive is 62.5% of salary annually, and the maximum Matching Award is two times the number of Shares that vest under the Core Award. Thus, if the participant continues to be employed by the Company six years after the Award was granted, the employee could receive a maximum of Shares, valued at the Award date, of 187.5% of salary. He would have to wait six years to be able to receive this maximum.

In exceptional circumstances, an initial grant of up to 100% of salary may be made, which could result in a maximum award after six years of 300% of salary.

These Award levels have been set to take account of the current remuneration strategy. The Committee's intention is to continue to monitor market practice and will consider the appropriate targets in relation to each year's Awards. It will therefore ensure that Award levels are competitive and motivational to the executives concerned and acceptable to shareholders.

For 2008/09, no awards will be made.

Following the 2008 AGM, Incentive Awards and Transition Awards were made in March 2008.

In 2006/07 and previous years, Executives were invited to commit shares in the Company at a market price and receive a matching award under the LTIP which had been established in 2001. If a participant holds the committed shares for five years, he will be eligible to receive matching shares on a sliding scale dependent on the total shareholder return of the Company compared with a peer group. This peer group was chosen to reflect a range of listed companies in the businesses and locations principally occupied by DMGT.

Details of awards made to executive Directors, their performance conditions and the comparators are given on pages 57 to 60; and

(iv) share options, designed to provide a long-term incentive which aligns their interests to those of shareholders. It is not intended in the future to grant options, in the same year, to executive Directors who receive awards in the LTIP, except in exceptional circumstances. Under the 2006 Executive Share Option Scheme each award of options has a maximum life of ten years. The maximum award limit is 100% of salary in any year in normal circumstances and 200% of salary in exceptional circumstances. Awards to Directors and other senior managers will not normally vest until three years after the award and the performance conditions have been met. Prior to 2006, options were granted under the 1997 Scheme. Details of the performance conditions attached to those options are given in note (v) on page 67. No further options will be granted under the 1997 Scheme and following adoption of the revised LTIP it is not intended to make further options awards under the 2006 scheme except in exceptional circumstances such as recruitment or the need to retain a key executive.

SHARE OWNERSHIP GUIDELINES

The Company encourages Directors to own shares in the Company.

Executive Directors have a target shareholding of 1.5 times their salary, to be built up over a suitable period. The design of the LTIP encourages executive Directors to achieve this goal which aligns their interests with those of shareholders. The shares held and valued at 28th September, 2008 as a multiple of salary were:

	Value of shares held at 28th September, 2008 £ million	Salary multiple at 28th September, 2008
The Viscount Rothermere	313	469
P M Fallon*	1.8	9.1
C J F Sinclair	1.5	1.4
J P Williams	0.8	1.3
D M M Dutton	0.4	1.2
P M Dacre	0.4	0.4
K J Beatty	0.1	0.1

* in the case of Mr Fallon, shares in Euromoney are included of which he is an executive Director.

PENSIONS

The Group operates a two-tier defined benefit pension scheme for senior employees (including most of the Company's executive Directors), details of which are given on page 64. It is the Company's policy that annual bonuses, payments under the Executive Bonus Scheme and benefits in kind are not pensionable.

Prior to 6th April 2006, the Committee reviewed in detail the impact of the pensions tax regime operating from that date. It developed a new policy, designed to be neutral in terms of cost compared to existing expenditure on pensions. This new policy incorporated the removal of the pensionable earnings cap for pension accruing after 6th April 2006.

Individual executive Directors were affected very differently by these changes and for some it was not tax-efficient to accrue further pension for service from 6th April 2006. However, it is for individual Directors to decide when to opt out of the scheme, in which case a cash allowance is paid. On this basis, three executive Directors, Mr Sinclair, Mr Williams and Mr Dacre, decided to opt out of the Group's pension scheme with effect from 6th April 2006. Cash allowances paid in lieu of pensions are shown on page 55. Under the prescribed transitional arrangements, their accrued pension at that date will remain linked to future increases in pensionable earnings and they will continue to be eligible for death in service benefits.

Prior to 6th April, 2006, two of the Company's executive Directors were subject to HM Revenue & Customs' pensionable earnings' cap and a funded unapproved retirement benefits scheme was put in place for them on the same terms as for other capped senior executives. The assets of this scheme are held independently from the Group's finances and are administered by Trustees. No additional investment in these individual trusts has been made since that date and following approval from HM Revenue & Customs and the Trustees, both Directors chose to disinvest their funds during the year.

NON-EXECUTIVE DIRECTORSHIPS

The Company allows its executive Directors to take a very limited number of outside directorships. Individuals retain the payments received from such services since these appointments are not expected to impinge on their principal employment. This does not apply where a Group executive serves as a non-executive Director of a company because the Group has a significant interest, as was the case of Mr Williams' directorship of GCap Media plc. In this case, all fees were paid to the Company. Details of fees retained by Directors from outside non-executive directorships are given in note vi on page 56.

SERVICE CONTRACTS

Contracts of service are negotiated on an individual basis as part of the overall remuneration package and their length is inevitably conditioned by external competitive pressures. For this reason, the contracts of two of the executive Directors exceed the one year recommended in the Code. The Committee believes that the length of contract should be appropriate to the individual. Thus where DMGT employs individuals with unique talents within the areas of business within which it operates, the Committee believes that they should have longer contracts.

The Chairman and Messrs Williams, Dutton, Fallon and Beatty have contracts of up to one year in duration, as did Mr Sinclair, prior to his retirement on 30th September, 2008. Mr Dacre has a rolling two-year contract which the Committee considers wholly appropriate for his particular responsibilities and for the industry in which he works. The Committee differentiates between what might be termed "corporate executives" and "media executives" whom it wishes to tie in to the Group and to prevent from working for competitors. Mr Dacre is a media executive.

Details of these service contracts and that of Mr Morgan who was appointed to the Board as Chief Executive on 1st October are set out below:

	Date of Contract	Notice Period	Company with whom contracted
The Viscount Rothermere	17th Oct, 94	1 month	DMGT
M W H Morgan	1st Oct, 08	2 years*	DMGT
J P Williams	30th Nov, 04	1 year	DMGT
D M M Dutton	27th Nov, 02	1 year	DMGT
P M Dacre	13th July, 98	2 years	DMGT
P M Fallon	2nd June, 86	1 year	Euromoney
K J Beatty	19th May, 02	1 year	Associated

* Mr Morgan's notice period will reduce to one year and nine months as of 1st October, 2009, one year and six months as of 1st October, 2010, one year and three months as of 1st October, 2011 and to one year on 1st October, 2012.

In the event of earlier termination of their contracts, each Director is entitled to compensation equal to their basic salary, benefits, pension entitlement and, as appropriate, bonus or profit share for their notice period.

The contracts of Mr Morgan and Mr Williams are subject to mitigation and, in the event of the Director obtaining alternative employment during the notice period, do not provide for further payment after such event. This mitigation does not apply to their pension benefit. Share options would be treated as for any member of the scheme, depending on the reason for termination of the contract.

Mr Fallon has a second service contract with Euromoney Publications (Jersey) Limited ('EPJ'), a subsidiary of Euromoney dated 4th May, 1993. This contract has the same terms as his first contract, except that termination does not include a car allowance as Mr Fallon does not receive this benefit from EPJ.

Non-executive Directors are appointed for specified terms and are subject to re-election by the Ordinary shareholders at the AGM following appointment, and thereafter at least every three years. Each appointment can be terminated before the end of the three-year period, with no notice or fees due. The dates of the appointment or subsequent re-appointment of the non-executive Directors are set out on page 55.

	Date of appointment/ re-appointment
F P Balsemão	8th Feb, 2006
I G Park	8th Feb, 2006
T S Gillespie	7th Feb, 2007
D J Verey	7th Feb, 2007
N W Berry	7th Feb, 2007
C W Dunstone	6th Feb, 2008
J G Hemingway	6th Feb, 2008
S M Gray	6th Feb, 2008

Directors retiring by rotation and standing for re-election at the forthcoming AGM are shown in the Directors' Report on page 46.

NON-EXECUTIVE DIRECTORS' REMUNERATION

The remuneration of non-executive Directors is determined by the Board. Fees payable are reviewed annually, including a comparison with the level of fees paid by other companies of similar size and complexity; these fees are shown in the table below. A recommendation to the Board on this subject is then made. The basic fee as a Director was last raised to £30,000 per annum on 1st October, 2006.

In addition, fees are paid for membership of Board committees. Committee fees range from £4,000 per annum to £12,500 per annum, except that the Audit Committee chairman receives a fee which was last raised to £25,000 on 1st October, 2007.

No increases are being made for the 2008/09 financial year.

AUDITED INFORMATION

DIRECTORS' REMUNERATION

The total amounts of the remuneration and other benefits of the Directors of the Company for the years ended 28th September, 2008 and 30th September, 2007 are shown below for Directors:

	2008 £000	2007 £000
Aggregate emoluments	**11,095**	10,753
Gains on exercise of share options	**182**	166
Sums paid to third parties for Directors' services	**79**	79
	11,356	10,998

The emoluments of the Directors are shown below:

	2008 Fees and Salary (Note i) £000	2008 Cash Allowances (Note ii) £000	2008 Benefits in kind (Notes iii) £000	2008 Bonus/ Profit share (Note iv) £000	2008 Total £000	2007 Total £000
The Viscount Rothermere	**668**	**34**	**3**	**–**	**705**	825
C J F Sinclair	**1,095**	**216**	**1**	**560**	**1,872**	1,911
J P Williams	**622**	**229**	**1**	**201**	**1,053**	1,044
D M M Dutton	**300**	**–**	**1**	**50**	**351**	271
P M Dacre	**1,100**	**467**	**54**	**–**	**1,621**	1,494
P M Fallon	**221**	**14**	**1**	**4,040**	**4,276**	4,001
K J Beatty	**610**	**2**	**20**	**247**	**879**	864
J G Hemingway	**79**	**–**	**–**	**–**	**79**	79
S M Gray	**106**	**–**	**–**	**–**	**106**	101
I G Park	**38**	**–**	**1**	**–**	**39**	46
C W Dunstone	**39**	**–**	**–**	**–**	**39**	40
F P Balsemão	**34**	**–**	**–**	**–**	**34**	34
T S Gillespie	**30**	**–**	**–**	**–**	**30**	36
D J Verey	**50**	**–**	**–**	**–**	**50**	50
N W Berry	**40**	**–**	**–**	**–**	**40**	26
F P Lowy	**–**	**–**	**–**	**–**	**–**	10
	5,032	**962**	**82**	**5,098**	**11,174**	10,832
2007 Total	4,724	1,071	65	4,972	10,832	

NOTES TO DIRECTORS' REMUNERATION

(i) The figures for fees and salary include fees for Directors of subsidiaries including for the Viscount Rothermere, Mr Sinclair and Mr Williams as directors of Euromoney. For non-executive Directors they also include Committee fees, where applicable.

(ii) Cash allowances include an allowance paid to each of Messrs Sinclair, Williams and Dacre, in lieu of continued membership of the DMGT Senior Executives Pension Fund. The Viscount Rothermere, Mr Sinclair and Mr Williams also receive a cash allowance instead of having a company car and Mr Dacre instead of the Company providing Central London accommodation.

(iii) Benefits in kind include the taxable value of company cars, fuel allowances and company contributions to medical insurance plans.

(iv) Group adjusted earnings per share for the year ended 28th September, 2008 (before amortisation and impairment of intangible assets, and exceptional items) have shown a decrease in the year of 3% which, under the Scheme, results in no bonus being earned by Lord Rothermere.

Mr Sinclair was awarded a bonus of 52% of salary, and Mr Williams 34% of salary.

A bonus of £50,000 was awarded to Mr Dutton for the year.

Mr Fallon is entitled to 6.49% of the pre-tax profit earned by Euromoney, which has a comprehensive profit sharing scheme that links the pay of its executive Directors to the profits of that group.

Mr Beatty was awarded a bonus, based on meeting performance targets at Associated Newspapers.

(v) No pension contributions were made to money purchase schemes in 2008 (2007 £Nil).

(vi) The Viscount Rothermere, Mr Sinclair, Mr Williams and Mr Fallon retained fees of £Nil (2007 £25,000), £40,000 (2007 £36,000), £12,500 (2007 £23,000) and £Nil (2007 £22,000) respectively from their outside non-executive directorships.

DAILY MAIL AND GENERAL TRUST LONG-TERM INCENTIVE PLAN (LTIP)

The March 2008 LTIP Incentive Awards comprise two parts: a Core Award and Matching Awards. Core Awards will vest under normal circumstances after 3 years and the proportion of the Shares that vest will depend on absolute growth in EPS over the 3 years from the Award date, with the base period being the financial year prior to the date of Award. For the March 2008 Awards: no part of the Award will vest if EPS growth is less than 5% p.a. compound growth, with 20% of the Award vesting at this level of achievement; 80% of the Award will vest at 12% p.a. compound growth; with full vesting at 15% p.a. compound growth; and pro-rata vesting between these points. The employee would then receive Matching Awards of Shares equivalent to 50% of the vested Core Award which will vest at the end of three, four, five and six years from the date of Award, so long as he continues to hold the Shares in the Core Award. The vesting of Matching Awards is not subject to satisfaction of a further performance condition. Therefore, the vesting level of both the Core Awards and Matching Awards is determined by performance over the initial three year performance period. The vesting profile of Matching Awards is designed to achieve retention of executives, and encourages long-term shareholding.

For executives whose main focus is on their Division, the performance criteria may reflect the performance of their Division.

The expected value of an Award of 62.5% of salary has been calculated by PwC as 68% of salary using a Monte Carlo valuation model using assumptions based on their historical analysis which do not indicate a forecast of management of expected outcomes for DMGT.

Participants will not receive dividends on Shares under their Awards. However the number of Shares which vest under an Award will be increased during the Relevant Period by reference to dividends which would have been paid on those Shares during the Relevant Period.

The first Core Awards were made in March 2008. As these Core and Matching Awards will not be capable of vesting in full until 2014, the Committee also made "Transition Awards" in 2008. The Transition Awards will normally vest to the executives only if they are still employed in the Company three years after the Award, i.e. March 2011. There are to be no post-grant performance conditions attached to the Transition Awards. Transition Awards do not benefit from any linked Matching Awards. In setting the size of the Awards, the Committee took account of the EPS performance over the last three years and made Transition Awards over Shares equal to 30% of salary to the Viscount Rothermere and Messrs Williams, Dutton and Morgan.

The 2008 Core and Transition Awards were made in March 2008, following approval of the new plan by shareholders at the 2008 AGM.

The targets for awards for 2007 and prior years relate to the Company's performance against a peer group of comparable media companies. This peer group was chosen to reflect a range of listed companies in the businesses and locations principally occupied by DMGT. The LTIP is supervised by the Committee and is operated in conjunction with an employee discretionary trust (the 'Trust'). The Trust will acquire 'A' Ordinary Non-Voting Shares in the Company ('shares') to satisfy awards under the LTIP or treasury shares will be used.

The award prices in the tables below are the prices on the date the awards were made. These were used to determine the number of shares awarded.

'A' Ordinary Non-Voting shares in award Core awards	At 1st October 2007	Awarded during year	Vested during Year	Lapsed during year	**At 28th September 2008**	Award Price £	Date of Award	End of initial performance period
The Viscount Rothermere	–	97,860	–	–	**97,860**	4.27	19 Mar 08	03 Oct 10
J P Williams	–	91,076	–	–	**91,076**	4.27	19 Mar 08	03 Oct 10
D M M Dutton	–	43,962	–	–	**43,962**	4.27	19 Mar 08	03 Oct 10
K J Beatty	–	89,390	–	–	**89,390**	4.27	19 Mar 08	03 Oct 10
	–	322,288	–	–	**322,288**			

'A' Ordinary Non-Voting shares in award Transition awards	At 1st October 2007	Awarded during year	Vested during Year	Lapsed during year	**At 28th September 2008**	Award Price £	Date of Award	End of initial performance period
The Viscount Rothermere	–	46,973	–	–	**46,973**	4.27	19 Mar 08	19 Mar 11
J P Williams	–	43,716	–	–	**43,716**	4.27	19 Mar 08	19 Mar 11
D M M Dutton	–	21,102	–	–	**21,102**	4.27	19 Mar 08	19 Mar 11
K J Beatty	–	42,907	–	–	**42,907**	4.27	19 Mar 08	19 Mar 11
	–	154,698	–	–	**154,698**			

For 2007 and earlier awards prospective participants were invited by the Committee to agree to commit shares in the Company to the LTIP at a market price. Initially invitations were made in tranches over a period of two to four years.

Individuals were given six months to make commitments in order to allow for them to make purchases of shares, where appropriate. Once an individual agreed to commit shares which were owned by him or by his close family, the Trustee of the Trust ('the Trustee') decided whether to make an award of an equal number of shares to those committed.

Having received agreements to commit shares, the Trustee made the awards set out in the table below.

'A' Ordinary Non-Voting shares in award	At 1st October 2007	Awarded during year	Vested/ lapsed during Year	At 28th September 2008	Award Price £	Date of Award	End of initial performance period
The Viscount Rothermere	28,800	–	–	**28,800**	6.45	18 Jul 02	31-Dec-06
	34,929	–	–	**34,929**	5.33	18 Jul 03	31-Dec-07
	38,681	–	–	**38,681**	7.04	15 Sep 04	31-Dec-08
	47,559		–	**47,559**	7.53	01 Apr 05	31-Dec-09
	36,250	–	–	**36,250**	7.88	28 Jul 06	31-Dec-10
	43,926		–	**43,926**	7.17	4 Jul 07	31-Dec-11
	230,145	–	–	**230,145**			
C J F Sinclair	88,800	–	–	**88,800**	7.43	28 Aug 02	31-Dec-06
	46,816	–	–	**46,816**	7.04	15 Sep 04	31-Dec-08
	18,326	–	–	**18,326**	7.53	23 Mar 05	31-Dec-09
	153,942	–		**153,942**			
J P Williams	32,700	–	–	**32,700**	7.43	28 Aug 02	31-Dec-06
	32,850	–	–	**32,850**	7.43	24 Jul 03	31-Dec-07
	36,149	–	–	**36,149**	7.04	15 Sep 04	31-Dec-08
	11,155	–	–	**11,155**	7.53	23 Mar 05	31-Dec-09
	34,124	–	–	**34,124**	7.88	28 Jul 06	31-Dec-10
	40,313	–		**40,313**	7.17	13-Mar-07	31-Dec-11
	187,291	–	–	**187,291**			
P M Dacre	92,800	–	–	**92,800**	7.43	19 Sep 02	31-Dec-06
	32,974	–	–	**32,974**	7.04	14 Oct 04	31-Dec-08
	125,774	–	–	**125,774**			
D M M Dutton	10,094	–	–	**10,094**	7.43	10 Oct 02	31-Dec-06
	14,084	–	–	**14,084**	5.33	18 Jul 03	31-Dec-07
	25,587	–	–	**25,587**	7.04	15 Sep 04	31-Dec-08
	3,984	–	–	**3,984**	7.53	07 Apr 05	31-Dec-09
	16,142	–		**16,142**	7.88	26 Sep 06	31 Dec 10
	18,807	–	–	**18,807**	7.17	20-Jun-07	31-Dec-11
	88,698	–	–	**88,698**			
K J Beatty	14,800	–	–	**14,800**	6.45	23 Jul 02	31-Dec-06
	13,119	–	–	**13,119**	7.04	15 Sep 04	31-Dec-08
	27,919	–	–	**27,919**			
	813,769	–	–	**813,769**			

(i) No awards vested or lapsed in the year. All participants have elected to delay the realisation of their 2002 and 2003 awards for a further two years.

Awards under the LTIP are subject to performance conditions, which will determine whether, and to what extent, shares under awards will vest. The performance conditions relate to the TSR of the Company initially over a five-year period against a peer group of UK and overseas companies determined by the Committee. TSR is the aggregate of share price growth and dividends paid (assuming that such dividends are reinvested in shares during the five year period), and is commonly adopted as a measure of comparative performance. These performance conditions were chosen by the Committee in order to incentivise the executives to increase long-term shareholder value.

This comparator peer group is as follows (for awards made from 2001 to 2005)
Emap plc (from 2008 replaced by Johnston Press plc)
Independent News and Media plc
Pearson plc
Reed Elsevier plc
stv group plc (formerly SMG plc)
The News Corporation plc
Thomson Reuters Corporation (formally The Thomson Corporation)
Trinity Mirror plc
United Business Media plc
Gannet Co. Inc
New York Times Co
Tribune Co (from 2008 replaced by Washington Post Co)

This comparator peer group is as follows (for awards made in 2006)
Emap plc (from 2008 replaced by Johnston Press plc)
Independent News and Media plc
Informa plc
McGraw-Hill Companies Inc
Pearson plc
Reed Elsevier plc
Reuters Group plc (from 2008 replaced by New York Times Co)
The News Corporation plc
Thomson Reuters Corporation (formerly The Thomson Corporation)
Trinity Mirror plc
United Business Media plc
Washington Post Co

This comparator peer group is as follows (for awards made in 2007)
Emap plc (from 2008 replaced by New York Times Co)
Independent News and Media plc
Informa plc
Johnston Press plc
McGraw-Hill Companies Inc
Reed Elsevier plc
Reuters Group plc (removed in 2008)
The News Corporation plc
Thomson Reuters Corporation (formerly The Thomson Corporation)
Trinity Mirror plc
United Business Media plc
Washington Post Co

During the year, three comparators, Tribune Co, EMAP plc and Reuters Group plc were taken over. The Committee determined to substitute these companies with those set out in the tables above from the date of completion of their takeovers. For 2007, Reuters Group plc was removed from the comparator group and the scale recalibrated as shown in the table opposite and that on page 60.

Awards will be realisable after the performance period to the extent of the percentage in the right-hand column below according to the Company's place in the list of comparator companies as indicated in the left hand column below:

TSR Ranking within the list of comparator companies (for awards made in 2006)	% of Award realisable after 5 years
First	200%
Second	150%
Third	100%
Fourth	80%
Fifth	60%
Sixth	40%
Seventh	20%
Below seventh (i.e. below median)	0%

TSR Ranking within the list of comparator companies (for awards made in 2007)	% of Award realisable after 5 years
First	200%
Second	150%
Third	100%
Fourth	75%
Fifth	50%
Sixth	25%
Below sixth (i.e. below median)	0%

At the end of the five-year performance period, participants may elect either to realise their awards at that time or to extend the performance period to seven years. If they elect to extend the performance period, the level of committed shares must be maintained throughout the extended period. At the end of the seven-year performance period, the Company's TSR performance will be measured. The awards will be realisable after the performance period to the extent of the percentage in the right-hand column below according to the Company's place in the list of comparator companies as indicated in the left-hand column below:

TSR Ranking within the list of comparator companies (for awards made from 2001 to 2005)	% of Award capable of realisation
First	300%
Second or third	150%
Fourth, fifth, sixth or seventh	75%
Below seventh (i.e. below median)	0%

TSR Ranking within the list of comparator companies (for awards made in 2006)	% of Award capable of realisation
First	300%
Second	225%
Third	150%
Fourth	120%
Fifth	90%
Sixth	60%
Seventh	30%
Below seventh (i.e. below median)	0%

TSR Ranking within the list of comparator companies (for awards made from 2001 to 2005)	% of Award capable of realisation
First	200%
Second or third	100%
Fourth, fifth, sixth or seventh	50%
Below seventh (i.e. below median)	0%

TSR Ranking within the list of comparator companies (for awards made in 2007)	% of Award capable of realisation
First	300.0%
Second	225.0%
Third	150.0%
Fourth	112.5%
Fifth	75.0%
Sixth	37.5%
Below sixth (i.e. below median)	0.0%

Performance to date

Year of award	Initial performance period	Position at 28th September, 2008
2002	1st Jan 2002 to 31st Dec 2006*	Eighth
2003	1st Jan 2003 to 31st Dec 2007†	Seventh
2004	1st Jan 2004 to 31st Dec 2008	Seventh
2005	1st Jan 2005 to 31st Dec 2009	Eighth
2006	1st Jan 2006 to 31st Dec 2010	Eleventh
2007	1st Jan 2007 to 31st Dec 2011	Tenth

* DMGT's TSR ranking for the awards made in 2002, during their initial performance period of 1st January, 2002 to 31st December, 2006, was eighth place. This performance period has been extended to 31st December, 2008 in accordance with the rules of the LTIP.

† DMGT's TSR ranking for the awards made in 2003, during their initial performance period of 1st January, 2003 to 31st December, 2007, was ninth place. This performance period has been extended to 31st December, 2009 in accordance with the rules of the LTIP.

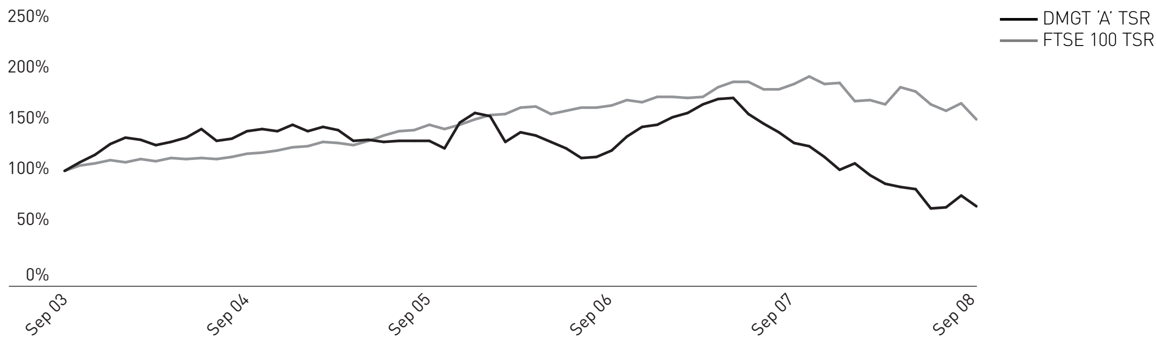
Graphs

Graphs of DMGT's performance against each of its comparators for each of these periods are set out on pages 62 and 63. These graphs have been plotted using the relative rankings of each comparator at the end of each month. As such, they are approximations to the actual rankings under the rules, which are calculated using a two month average for the starting point and for each subsequent month. This can give different results between the table above and the graphs.

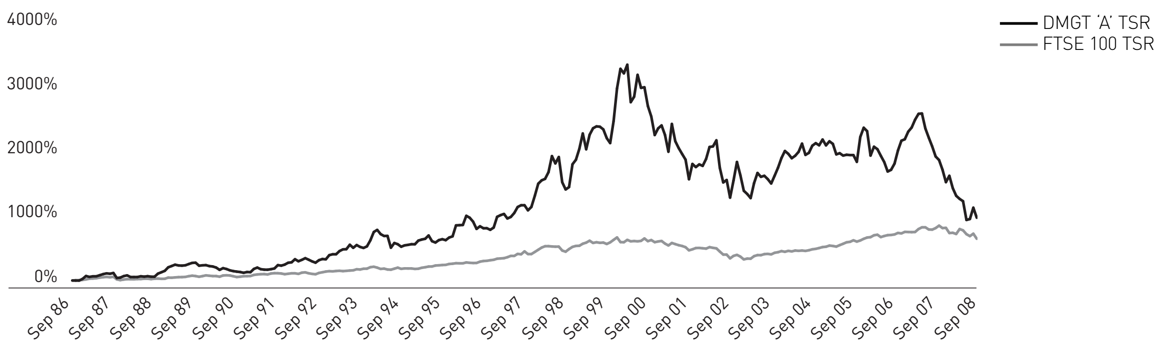
The graphs on page 61 compare the DMGT total shareholder return with that of the FTSE 100 index and of the media index over a period of five years, as required by the Directors' Remuneration Report Regulations 2002. As a constituent of the FTSE100 from February 1999 to June 2006 and from March to December 2007 and as a constituent of the media index throughout the period, the Directors regard both indices as the most appropriate indices for purposes of comparison of the Group's performance. Additional graphs on that page illustrate performance over a twenty-two year period for which data is available.

The graphs on pages 61 to 63 are unaudited.

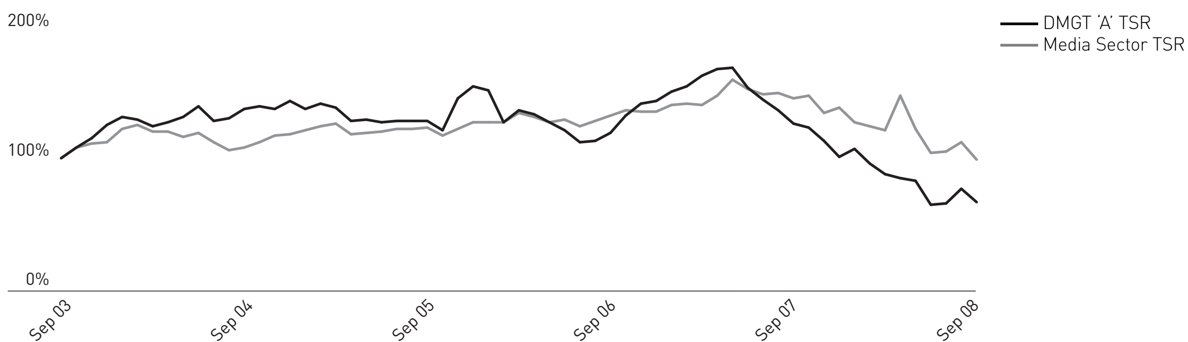
TOTAL SHAREHOLDER RETURN: DMGT VS FTSE 100 2003-2008 UNDER PERFORMANCE -29%



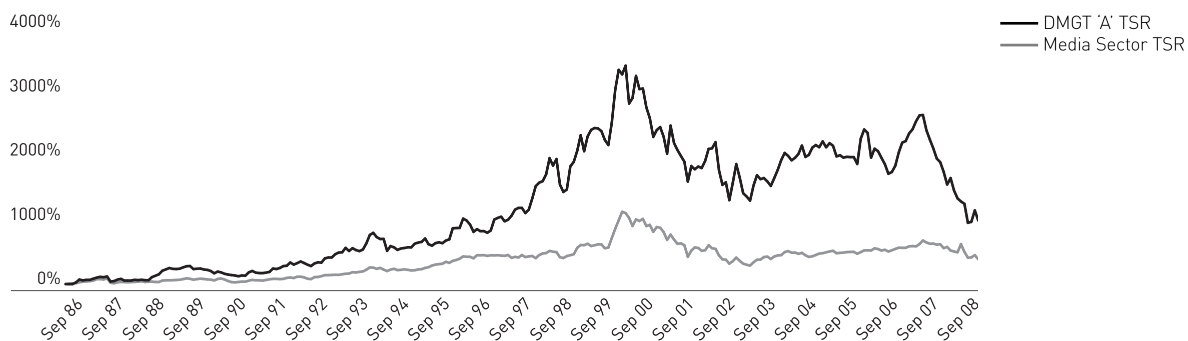
TOTAL SHAREHOLDER RETURN: DMGT VS FTSE 100 1986-2008 OUT PERFORMANCE +122%



TOTAL SHAREHOLDER RETURN: DMGT VS MEDIA SECTOR 2003-2008 UNDER PERFORMANCE -14%

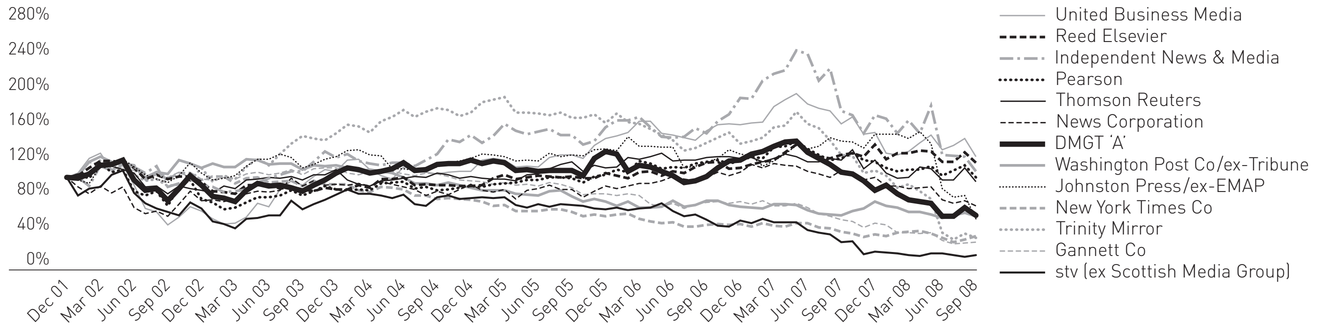


TOTAL SHAREHOLDER RETURN: DMGT VS MEDIA SECTOR 1986-2008 OUT PERFORMANCE +188%



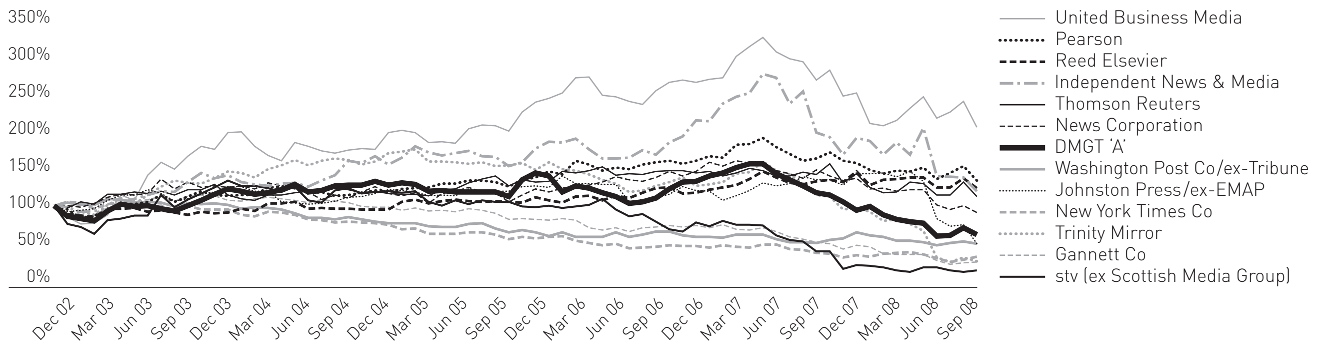
TOTAL SHAREHOLDER RETURN: DMGT VS MEDIA COMPARATORS 2002-2008 — 7TH POSITION

KEY



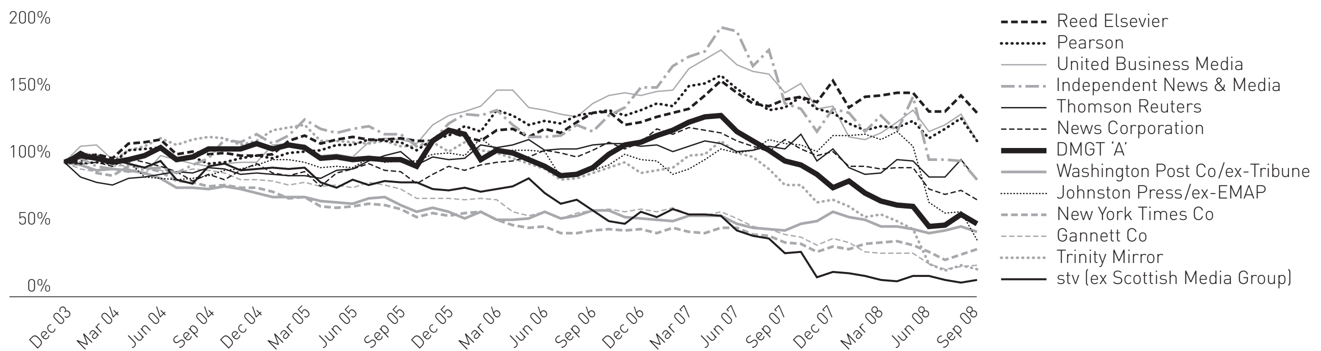
TOTAL SHAREHOLDER RETURN: DMGT VS MEDIA COMPARATORS 2003-2008 — 7TH POSITION

KEY



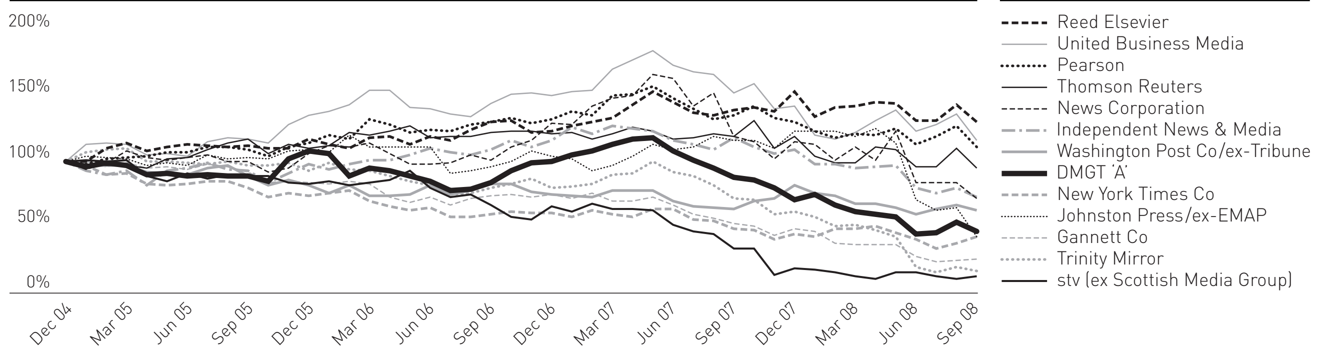
TOTAL SHAREHOLDER RETURN: DMGT VS MEDIA COMPARATORS 2004-2008 — 7TH POSITION

KEY

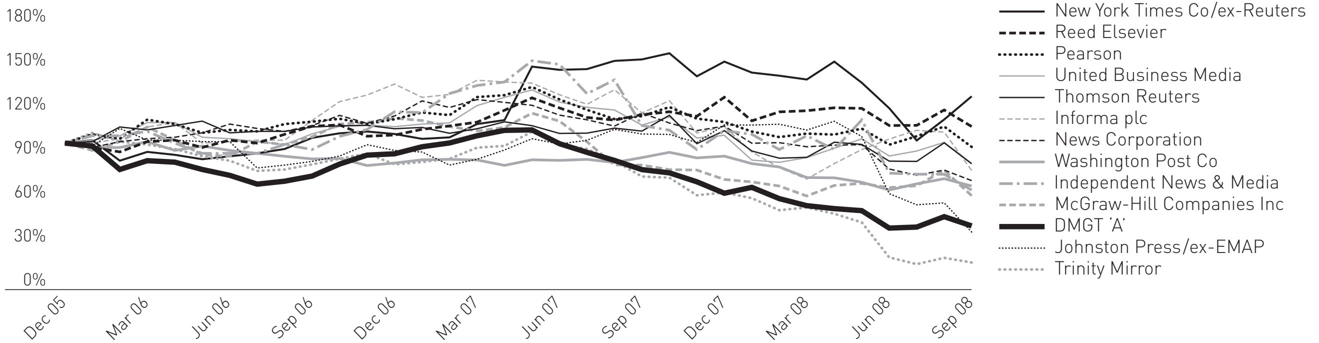


TOTAL SHAREHOLDER RETURN: DMGT VS MEDIA COMPARATORS 2005-2008 — 7TH POSITION

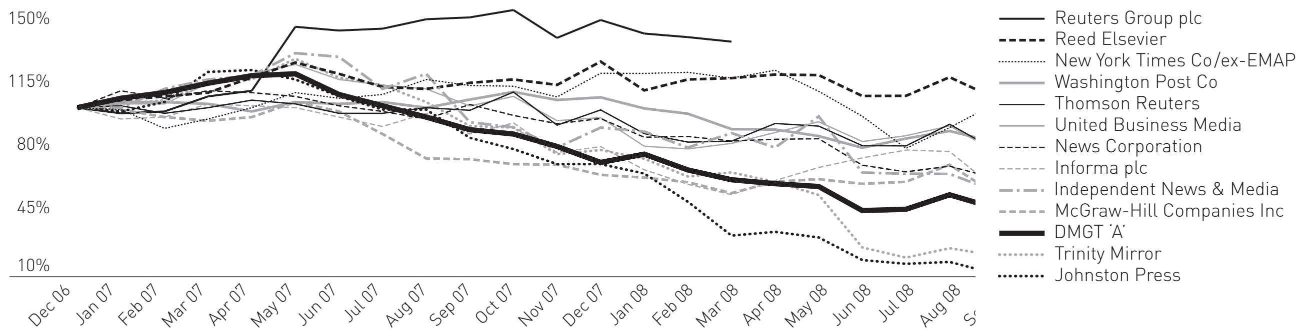
KEY



TOTAL SHAREHOLDER RETURN: DMGT VS MEDIA COMPARATORS 2006-2008 — 11TH POSITION



TOTAL SHAREHOLDER RETURN: DMGT VS MEDIA COMPARATORS 2007-2008 — 10TH POSITION



Audited information

Accrued entitlements under the DMGT Senior Executives Pension Fund

Director	Age at 28th September, 2008 Years	Accrued Pension Entitlement at 30th September, 2007 £000	Inflationary increase £000	Real increase in accrued pension £000	Accrued Entitlement at 28th September, 2008 £000	Transfer value as at 30th September, 2007 £000	Member's Contributions £000	Transfer value of real increase in accrued pension net of member's contributions £000	Other Changes to transfer value £000	Transfer value as at 28th September, 2008 £000
The Viscount Rothermere	**40**	43	2	14	**59**	325	16	139	146	**626**
C J F Sinclair	**60**	623	24	38	**685**	12,903	–	950	3,422	**17,275**
J P Williams	**55**	293	11	11	**315**	4,435	–	211	1,666	**6,312**
P M Dacre	**59**	628	24	15	**667**	12,547	–	373	3,449	**16,369**
K J Beatty	**50**	64	2	18	**84**	736	15	272	354	**1,377**

Accrued benefits under the Harmsworth Pension Scheme

Director	Age at 28th September, 2008 Years	Accrued Pension Entitlement at 30th September, 2007 £000	Inflationary increase £000	Real increase in accrued pension £000	Accrued Entitlement at 28th September, 2008 £000	Transfer Transfer value as at 30th September, 2007 £000	value of real increase in accrued pension net of member's contributions £000	Other Changes to transfer value £000	Transfer value as at 28th September, 2008 £000
P M Fallon	**62**	7	1	–	**8**	138	–	34	**172**

NOTES TO DIRECTORS' PENSION ENTITLEMENTS

(i) The DMGT Senior Executives Pension Fund, of which five executive Directors are members, has since 1st April, 2005 required a contribution from its members. The normal retirement age under the Fund for this group is sixty. For each Director, the accrued entitlement at 28th September, 2008 represents the annual pension that is expected to be payable on eventual retirement, given the length of service and salary of each Director at this date. A spouse's/dependant's pension equal to two thirds of the Director's pension is incorporated and the Director can currently elect to receive the pension from age fifty, subject to a discount if retirement takes place before sixty. The pension, when in payment, will receive annual increases in line with inflation, which may be limited when inflation exceeds 3% per annum.

(ii) All transfer values have been calculated on the basis of actuarial advice in accordance with 'Retirement Benefit – Transfer Values (GN11)' published by the Board for Actuarial Standards. The transfer values of the accrued entitlement represent the value of assets that the pension scheme would need to transfer to another pension provider on transferring the scheme's liability in respect of the Directors' pension benefits. During the year there was a change to the assumptions used to calculate transfer values, which made allowance for the expectation that members will live longer in retirement than had previously been assumed as well as reflecting a fall in long-term interest rates. These changes contributed to the 'Other Changes to transfer value'.

(iii) Mr Fallon's pension benefit in the above table relates to a deferred pension in the Harmsworth Pension Scheme for pensionable service between 1st April, 1978 and 1st April, 1986. Neither the Group nor Mr Fallon continues to make any contributions to this scheme.

(iv) The Company does not make any pension contributions on behalf of Mr Dutton.

Directors' Interests (audited information)

The number of shares of the Company and of securities of other Group companies in which current Directors or their families had an interest at the dates shown are stated below.

Holdings of 12.5 pence Ordinary and 'A' Ordinary Non-Voting shares in Daily Mail and General Trust plc	Note	At 28th September 2008		At 30th September 2007	
		Ordinary	**'A' Ordinary Non-Voting**	Ordinary	'A' Ordinary Non-Voting
Beneficial					
The Viscount Rothermere	i ii	**11,903,132**	**76,213,053**	11,878,132	76,195,913
C J F Sinclair	i ii	**–**	**477,207**	–	438,150
J P Williams	i ii	**–**	**243,072**	–	229,552
J G Hemingway		**–**	**200,000**	–	200,000
S M Gray		**4,000**	**84,000**	4,000	84,000
I G Park		**4,000**	**4,000**	4,000	4,000
D M M Dutton	i	**–**	**112,312**	–	102,312
P M Dacre	i	**–**	**125,950**	–	125,950
P M Fallon		**–**	**41,500**	–	41,500
C W Dunstone		**–**	**13,800**	–	13,800
F P Balsemao		**–**	**–**	–	–
T S Gillespie		**–**	**7,500**	–	5,000
D J Verey		**6,500**	**15,000**	6,500	15,000
K J Beatty	i	**–**	**27,919**	–	27,919
N W Berry		**–**	**–**		
		11,917,632	**77,565,313**	11,892,632	77,483,096
Non-Beneficial					
The Viscount Rothermere		**639,208**	**5,540,000**	665,208	5,540,000
J G Hemingway		**4,000**	**5,540,000**	4,000	5,540,000
		643,208	**11,080,000**	669,208	11,080,000
Total Directors' interests		**12,560,840**	**88,645,313**	12,561,840	88,563,096
Less: duplications		**(8,000)**	**(5,540,000)**	(8,000)	(12,428,968)
		12,552,840	**83,105,313**	12,553,840	76,134,128

(i) The figures in the table above include 'A' shares committed by executives under the LTIP, details of which are set out on page 58.

(ii) The figures in the table above include 'A' shares awarded to executives under the DMGT Executive Bonus Scheme. For the Viscount Rothermere and Messrs Sinclair and Williams respectively, 26,839, 43,312 and 21,414 of these shares were subject to restrictions, explained on page 53, at 28th September, 2008. The comparable figures at 1st October, 2007 were 32,108, 43,212 and 21,414 respectively.

Options to acquire

'A' Ordinary Non-Voting shares in the Company	At 1st October 2007	Granted during year	Exercised during year	At 28th September 2008	Exercise Price £	Note vi	Normal date from which exercisable	Expiry date
The Viscount Rothermere	60,000	–	–	**60,000**	6.48	*	15-Dec-01	15-Dec-08
	36,000	–	–	**36,000**	10.30		23-Dec-02	23-Dec-09
	30,000	–	–	**30,000**	8.34	*	18-Dec-03	18-Dec-10
	30,000	–	–	**30,000**	6.45	*	14-Dec-04	14-Dec-11
	50,000	–	–	**50,000**	5.73		16-Dec-05	16-Dec-12
	40,000	–	–	**40,000**	6.08		8-Dec-06	8-Dec-13
	60,000	–	–	**60,000**	7.24		6-Dec-07	6-Dec-14
	65,000	–	–	**65,000**	6.98		31-Mar-09	31-Mar-16
	65,000	–	–	**65,000**	6.88		27-Nov-09	27-Nov-16
	436,000	–	–	**436,000**				
C J F Sinclair	20,000	–	–	**20,000**	6.48	*	15-Dec-01	15-Dec-08
	43,000	–	–	**43,000**	10.30		23-Dec-02	23-Dec-09
	70,000	–	–	**70,000**	8.34	*	18-Dec-03	18-Dec-10
	50,000	–	–	**50,000**	6.45	*	14-Dec-04	14-Dec-11
	75,000	–	–	**75,000**	5.73		16-Dec-05	16-Dec-12
	80,000	–	–	**80,000**	6.08		8-Dec-06	8-Dec-13
	120,000	–	–	**120,000**	7.24		6-Dec-07	6-Dec-14
	120,000	–	–	**120,000**	6.98		31-Mar-09	31-Mar-16
	120,000	–	–	**120,000**	6.88		27-Nov-09	27-Nov-16
	–	200,000	–	**200,000**	5.05		17-Dec-10	17-Dec-17
	698,000	200,000	–	**898,000**				
J P Williams	10,000	–	–	**10,000**	6.48	*	15-Dec-01	15-Dec-08
	15,000	–	–	**15,000**	10.30		23-Dec-02	23-Dec-09
	20,000	–	–	**20,000**	8.34	*	18-Dec-03	18-Dec-10
	30,000	–	–	**30,000**	6.45	*	14-Dec-04	14-Dec-11
	50,000	–	–	**50,000**	5.73		16-Dec-05	16-Dec-12
	50,000	–	–	**50,000**	6.08		8-Dec-06	8-Dec-13
	60,000	–	–	**60,000**	7.24		6-Dec-07	6-Dec-14
	65,000	–	–	**65,000**	6.98		31-Mar-09	31-Mar-16
	65,000	–	–	**65,000**	6.88		27-Nov-09	27-Nov-16
	365,000	–	–	**365,000**				
D M M Dutton	20,000	–	–	**20,000**	8.34	*	18-Dec-03	18-Dec-10
	25,000	–	–	**25,000**	5.73		16-Dec-05	16-Dec-12
	35,000	–	–	**35,000**	6.08		8-Dec-06	8-Dec-13
	40,000	–	–	**40,000**	7.24		6-Dec-07	6-Dec-14
	30,000	–	–	**30,000**	6.98		31-Mar-09	31-Mar-16
	30,000	–	–	**30,000**	6.88		27-Nov-09	27-Nov-16
	180,000	–	–	**180,000**				

'A' Ordinary Non-Voting shares in the Company	At 1st October 2007	Granted during year	Exercised during year	At 28th September 2008	Exercise Price £	Note vi	Normal date from which exercisable	Expiry date
P M Dacre	60,000	–	–	**60,000**	6.48	*	15-Dec-01	15-Dec-08
	30,000	–	–	**30,000**	10.30		23-Dec-02	23-Dec-09
	25,000	–	–	**25,000**	8.34	*	18-Dec-03	18-Dec-10
	60,000	–	–	**60,000**	7.25	*	11-Jul-04	11-Jul-11
	60,000	–	–	**60,000**	6.45	*	14-Dec-04	14-Dec-11
	100,000	–	–	**100,000**	5.73		16-Dec-05	16-Dec-12
	50,000	–	–	**50,000**	6.08		8-Dec-06	8-Dec-13
	80,000	–	–	**80,000**	7.24		6-Dec-07	6-Dec-14
	100,000	–	–	**100,000**	6.98		31-Mar-09	31-Mar-16
	100,000	–	–	**100,000**	6.88		27-Nov-09	27-Nov-16
	665,000	–	–	**665,000**				
K J Beatty	30,000	–	–	**30,000**	6.48	*	15-Dec-01	15-Dec-08
	14,000	–	–	**14,000**	10.30		23-Dec-02	23-Dec-09
	14,000	–	–	**14,000**	10.96		16-Jun-03	16-Jun-10
	10,000	–	–	**10,000**	8.34	*	18-Dec-03	18-Dec-10
	15,000	–	–	**15,000**	6.45	*	14-Dec-04	14-Dec-11
	20,000	–	–	**20,000**	5.73		16-Dec-05	16-Dec-12
	20,000	–	–	**20,000**	6.08		8-Dec-06	8-Dec-13
	30,000	–	–	**30,000**	7.24		6-Dec-07	6-Dec-14
	50,000	–	–	**50,000**	6.98		31-Mar-09	31-Mar-16
	50,000	–	–	**50,000**	6.88		27-Nov-09	27-Nov-16
	253,000	–	–	**253,000**				
	2,597,000	200,000	–	**2,797,000**				

* vested

(i) The table above sets out options granted under the DMGT 1997 Executive Share Option Scheme from June 1997 to December 2004; and under the DMGT 2006 Executive Share Option Scheme since March 2006. All options under both Schemes were granted at market value at the date of grant and none required any payment. They are not normally exercisable before the third anniversary of the date of grant and in all circumstances will lapse if not exercised within ten years.

(ii) No Directors' options lapsed or had their terms and conditions varied during the year.

(iii) The mid-market price of the 'A' Ordinary Non-Voting shares was £3.2425 at 28th September 2008 and £6.30 at 30th September, 2007. It ranged from £2.59 to £6.765 during the year.

(iv) Options granted under the 2006 Scheme have two separate conditions. The first condition is that the total shareholder return ('TSR') of the Company must exceed that of the 250 largest companies in the FTSE index. No part of the award will vest for below median TSR: 12.5% of the Option vests at Median TSR; 50% vests at upper quartile TSR and pro-rata between these points. The second condition is growth in earnings per share ('EPS') – 12.5% of the Option will vest at EPS growth of RPI +3% p.a. (nil below this); 50% will vest at RPI +5% p.a.; and pro rata between these points. These performance conditions were chosen by the Remuneration Committee in the light of institutional guidelines in order to incentivise the executives to increase shareholder value. Under the 2006 Scheme, should the performance conditions not be met, re-testing is not permitted.

(v) Options granted under the 1997 Scheme do not normally vest until three years after the award and two performance conditions have been met. The first condition is that, in respect of four out of six consecutive monthly calculation dates (which start in the thirtieth month following the date of grant of a particular option), the total shareholder return (TSR) of the Company must exceed that of the FTSE 100 index. Secondly, there must be real growth in earnings per share ('eps') over a period of three consecutive financial years.

(vi) The status of both performance conditions on outstanding share options is as follows:

1997 Scheme	Exercise price	TSR condition (performance to date v. FTSE100)	EPS condition	Status
Dec 98	6.48	met	met	vested
Dec 99	10.30	–61%	met	not vested
June 00	10.96	–70%	met	not vested
Dec 00	8.34	met	met	vested
Jul 01	7.25	met	met	vested
Dec 01	6.45	met	met	vested
Dec 02	5.73	–98%	met	not vested
Dec 03	6.08	–80%	met	not vested
Dec 04	7.24	–74%	met	not vested

2006 Scheme	Exercise price	TSR condition (performance to date v. median)	EPS condition	Status
Mar 06	6.98	–61%	not met	not vested
Nov 06	6.88	–57%	not yet tested	not vested
Dec 07	5.05	–49%	not yet tested	not vested

(vii) Since the EPS condition for the options granted in March 2006 was not met in the year, 50% of those options granted to participating Directors will now lapse.

(viii) There were 6,978,245 options outstanding under both schemes at the end of the year. This represents 1.87% of the Company's total issued share capital (excluding treasury shares).

(ix) The Company has been notified that, under sections 793 and 824 of the Companies Act 2006, each of the Viscount Rothermere, Mr Hemingway and Mr Gray were deemed to have been interested as shareholders in 12,542,340 Ordinary shares at 28th September, 2008 and 12,543,340 at 30th September, 2007.

(x) At 28th September, 2008 and at 30th September, 2007, the Viscount Rothermere was beneficially interested in 756,700 Ordinary shares of Rothermere Continuation Limited, the Company's ultimate holding company.

(xi) The Viscount Rothermere was beneficially interested in 68 Ordinary shares in Associated Newspapers North America Inc. at 28th September, 2008 and at 30th September, 2007, representing 3% of that Company's share capital.

(xii) Directors' beneficial shareholdings in Euromoney were as follows:

	At 28th September, 2008	At 30th September, 2007
The Viscount Rothermere	**20,864**	20,864
C J F Sinclair	**7,494**	7,494
J P Williams	**3,075**	3,075
P M Fallon	**532,998**	486,872
	564,431	518,305

(xiii) Mr Fallon holds options in Euromoney, exercisable as follows:

	At 28th September, 2008	At 30th September, 2007
At £3.9575 before 11th February, 2009	**85,000**	85,000
At £4.3125 before 25th June, 2009	**255,000**	255,000
At £3.69 between 1st February, 2009 and 1st August, 2009	**2,533**	2,533
At £0.0025 between 14th February, 2008 and 30th September, 2014	**–**	43,722
At £0.0025 between 14th February, 2009 and 30th September, 2014	**46,126**	–
	388,659	386,255

The mid-market price of Euromoney's shares was £3.3625 at 28th September, 2008 and £5.29 at 30th September, 2007. It ranged from £3.17 to £5.23 during the year.

(xiv) Mr Fallon is a member of Euromoney's Capital Appreciation Scheme which was introduced in 2005. As such, he was awarded an option to subscribe for shares in September 2005. The exercise price of each option is 0.25 pence with three option tranches, assuming the performance conditions are met, expiring on 30th September, 2014. The first two tranches of the award have vested in full since the £50 million profit target (subsequently adjusted to £57 million following the acquisition of Metal Bulletin plc) was achieved in 2007 and again in 2008. The number of options granted under the first tranche was provisional and was adjusted for the allocation of options from true-up audit adjustments during the period to 31st December 2007 as required by its remuneration committee. As such the actual number of options granted varied from those disclosed last year. Full details of this scheme are contained in Euromoney's Annual Report.

(xv) All shareholdings were unchanged at 26th November, 2008.

(xvi) As at 26th November, 2008, Mr Morgan, who was appointed to the Board after the year end, held 764 Ordinary shares and 902,007 'A' Ordinary Non-Voting shares, 85,432 of which have been committed to the LTIP, and the rest of which must be retained for three years or otherwise be forfeited. He had also received conditional (core) share awards over 47,780 shares and transition awards over 22,934 shares under the revised LTIP in March. He also had options over 191,000 shares

at prices ranging from £5.73 to £10.295. He held 7,532 Euromoney shares.

(xvii) No Director of the Company has or had a disclosable interest in any contract of significance subsisting during or at the end of the year.

(xviii) Disclosable transactions by the Group under IAS 24, Related Party Disclosures, are set out in Note 40. There have been no other disclosable transactions by the Company and its subsidiaries with directors of Group companies and with substantial shareholders since the publication of the last Annual Report.

On behalf of the Board

ROTHERMERE
Chairman
26th November, 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DAILY MAIL AND GENERAL TRUST PLC

We have audited the Consolidated Financial Statements of Daily Mail and General Trust plc for the year ended 28th September, 2008 which comprise the Consolidated Income Statement, the Consolidated Statement of Recognised Income and Expense, the Consolidated Statement of Changes in Equity, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and the and the related notes 1 to 41. These Consolidated Financial Statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

We have reported separately on the parent Company financial statements of Daily Mail and General Trust plc for the year ended 28th September, 2008.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the Consolidated Financial Statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Consolidated Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Consolidated Financial Statements give a true and fair view, whether the Consolidated Financial Statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation and whether the part of the directors' remuneration report described as having been audited has been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the Consolidated Financial Statements. The information given in the Directors' Report includes that specific information presented in the Business Review that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited Consolidated Financial Statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Consolidated Financial Statements. Our responsibilities do not extend to any further information outside the Annual Report.

BASIS OF AUDIT OPINION

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

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

OPINION

In our opinion:

- the Consolidated Financial Statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 28th September, 2008 and of its profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;
- the part of the Directors' remuneration report described as having been audited has been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the Group financial statements.

Deloitte.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

26th November, 2008

CONSOLIDATED INCOME STATEMENT
for the year ended 28th September, 2008

	Note	2008 £m	2007 £m
CONTINUING OPERATIONS			
Revenue	3	**2,311.7**	2,235.1
Operating profit before exceptional operating costs and amortisation and impairment of goodwill and intangible assets	3	**316.9**	322.4
Exceptional operating costs	3	**(31.8)**	(28.1)
Amortisation and impairment of goodwill and intangible assets	3	**(258.1)**	(134.9)
Operating profit before share of results of joint ventures and associates	3	**27.0**	159.4
Share of results of joint ventures and associates	3, 5	**3.5**	1.8
Total operating profit		**30.5**	161.2
Other gains and losses	3, 6	**27.7**	35.7
Profit before net finance costs and tax		**58.2**	196.9
Investment revenue	3, 7	**3.0**	7.0
Finance costs	3, 8	**(129.3)**	(61.8)
Net finance costs		**(126.3)**	(54.8)
(Loss)/profit before tax		**(68.1)**	142.1
Tax	9	**84.7**	(20.3)
Profit after tax from continuing operations		**16.6**	121.8
DISCONTINUED OPERATIONS			
Profit from discontinued operations	24	**0.2**	0.5
PROFIT FOR THE YEAR		**16.8**	122.3
Attributable to:			
Equity shareholders	35	**–**	107.0
Minority interests	36	**16.8**	15.3
Profit for the year		**16.8**	122.3
Earnings/(loss) per share	12		
From continuing operations			
Basic		**0.0p**	27.3p
Diluted		**(0.2)p**	27.1p
From discontinued operations			
Basic		**0.1p**	0.1p
Diluted		**0.1p**	0.1p
From continuing and discontinued operations			
Basic		**0.1p**	27.4p
Diluted		**(0.1)p**	27.2p

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
for the year ended 28th September, 2008

	Note	2008 £m	2007 £m
Profit for the year		**16.8**	122.3
Foreign exchange differences on translation of foreign operations	35	**58.8**	1.8
Fair value movements on available-for-sale investments	35	**–**	0.2
(Losses)/gains on cash flow hedges	35	**(17.5)**	6.4
Change in value of net investment hedges recorded in equity	35	**(45.3)**	13.4
Actuarial (loss)/gain on defined benefit pension schemes	35	**(110.4)**	207.1
Deferred tax on actuarial movement	33, 35	**30.9**	(60.9)
Deferred tax on other items recognised directly in equity	33, 35	**9.1**	1.2
Current tax on items recognised in equity	9, 35	**1.0**	0.3
Net (loss)/income recognised directly in equity		**(56.6)**	291.8
Transfers			
Transfer from revaluation reserve to income statement on impairment of GCap Media plc	35	**–**	24.4
Translation reserves recycled to income statement on disposals	35	**(0.1)**	(0.1)
Transfer of gain on cash flow hedges from translation reserve to income statement	35	**(2.9)**	(2.7)
		(3.0)	21.6
Total recognised income and expense for the year		**(59.6)**	313.4
Attributable to:			
Equity shareholders		**(75.0)**	296.0
Minority interests		**15.4**	17.4
		(59.6)	313.4

CONSOLIDATED RECONCILIATION OF MOVEMENTS IN EQUITY
for the year ended 28th September, 2008

	Note	2008 £m	2007 £m
Total recognised income and expense for the year		**(59.6)**	313.4
Dividends paid	10, 35	**(56.3)**	(53.2)
Issue of share capital	35	**–**	2.7
Initial recording of put options granted to minority interests in subsidiaries	35	**(0.5)**	(18.5)
Exercise of acquisition option commitments	35	**7.0**	7.2
Movement in losses attributable to minorities which are borne by the Group	35	**–**	5.4
Transactions with minorities	35	**(12.2)**	11.2
Settlement of exercised share options of subsidiary	35	**(20.2)**	(13.2)
Credit to equity for share-based payments	35	**16.6**	18.1
Shares purchased to be held in treasury	35	**(88.3)**	(32.8)
Own shares released on vesting of share options	35	**21.0**	4.9
Revaluation of previously held interest in associate on acquisition of control	15, 35	**27.0**	–
Adjustment to equity following increased stake in controlled entity	35	**(6.4)**	–
Total movement in equity for the year		**(171.9)**	245.2
Equity at the beginning of year		**720.5**	475.3
Equity at the end of year		**548.6**	720.5

CONSOLIDATED BALANCE SHEET
as at 28th September, 2008

	Note	2008 £m	2007 £m
ASSETS			
Non-current assets			
Goodwill	17	**873.5**	887.4
Other intangible assets	18	**630.0**	592.7
Property, plant and equipment	19	**501.9**	520.7
Investments			
Joint ventures	20	**22.0**	19.2
Associates	20	**10.6**	64.7
		32.6	83.9
Available-for-sale investments	21	**11.3**	52.3
Trade and other receivables	23	**8.3**	4.8
Derivative financial assets	30	**0.9**	14.4
Retirement benefit assets	31	**2.5**	82.0
Deferred tax assets	33	**31.1**	8.0
		2,092.1	2,246.2
Current assets			
Inventories	22	**27.6**	25.5
Trade and other receivables	23	**456.9**	429.5
Derivative financial assets	30	**13.6**	16.1
Cash and cash equivalents	25	**45.3**	70.4
		543.4	541.5
Total assets		**2,635.5**	2,787.7
LIABILITIES			
Current liabilities			
Trade and other payables	26	**(650.2)**	(621.0)
Current tax payable	27	**(119.2)**	(157.4)
Acquisition put option commitments	28	**(29.5)**	(21.8)
Borrowings	29	**(26.0)**	(43.2)
Derivative financial liabilities	30	**(33.8)**	(4.8)
Provisions	32	**(27.4)**	(22.7)
		(886.1)	(870.9)
Non-current liabilities			
Trade and other payables	26	**(1.1)**	(0.7)
Acquisition put option commitments	28	**(7.6)**	(18.8)
Borrowings	29	**(1,004.2)**	(982.7)
Derivative financial liabilities	30	**(38.6)**	(8.1)
Retirement benefit obligations	31	**(43.7)**	(1.4)
Provisions	32	**(31.6)**	(49.0)
Deferred tax liabilities	33	**(74.0)**	(135.6)
		(1,200.8)	(1,196.3)
Total liabilities		**(2,086.9)**	(2,067.2)
Net assets		**548.6**	720.5

	Note	2008 £m	2007 £m
SHAREHOLDERS' EQUITY			
Called up share capital	34	**49.1**	49.4
Share premium account	35	**12.4**	12.4
Share capital		**61.5**	61.8
Capital redemption reserve	35	**1.1**	0.8
Revaluation reserve	35	**39.5**	46.0
Shares held in treasury	35	**(93.5)**	(44.4)
Translation reserve	35	**22.2**	27.0
Retained earnings	35	**479.1**	601.7
Equity shareholders' funds		**509.9**	692.9
Equity minority interests	36	**38.7**	27.6
		548.6	720.5

The accounts on pages 71 to 150 were approved by the Directors and authorised for issue on 26th November, 2008. They were signed on their behalf by:

Rothermere
M.W.H. Morgan
Directors

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 28th September, 2008

	Note	2008 £m	2007 £m
Operating profit before share of results of joint ventures and associates – continuing operations	3	**27.0**	159.4
Operating profit – discontinued operations	24	**–**	0.8
Adjustments for:			
Share-based payments	35	**16.6**	18.1
Depreciation	3, 19	**63.1**	59.0
Impairment of property, plant and equipment	3, 19	**7.4**	6.0
Amortisation of intangible assets	3, 18	**90.3**	82.2
Impairment of goodwill and intangible assets	3,17,18	**167.8**	52.7
Operating cash flows before movements in working capital		**372.2**	378.2
Decrease in inventories		**0.6**	5.9
Increase in trade and other receivables		**(3.9)**	(64.2)
(Decrease)/increase in trade and other payables		**(6.3)**	59.8
Increase in provisions		**5.4**	3.4
Cash generated by operations		**368.0**	383.1
Taxation paid		**(24.3)**	(43.8)
Taxation received		**11.2**	–
Net cash from operating activities before payment into pension scheme		**354.9**	339.3
Payment into Group pension scheme following sale of Aberdeen Journals in 2006		**–**	(25.9)
Net cash from operating activities		**354.9**	313.4
Investing activities			
Interest received		**1.6**	5.7
Dividends received from joint ventures and associates		**3.1**	6.6
Dividends received from available-for-sale investments		**0.3**	1.5
Purchase of property, plant and equipment		**(64.5)**	(72.2)
Purchase of available-for-sale investments	21	**(15.9)**	(0.6)
Proceeds on disposal of property, plant and equipment		**15.4**	5.3
Proceeds on disposal of available-for-sale investments		**55.1**	2.1
Purchase of subsidiaries	14	**(104.3)**	(305.2)
Purchase of additional interests in controlled entities	15	**(36.3)**	(7.1)
Expenditure on internally generated intangible fixed assets	18	**(18.7)**	(14.0)
Treasury derivative activities		**(37.2)**	32.8
Investment in joint ventures and associates	20	**(13.5)**	(14.5)
Loans to joint ventures and associates repaid	20	**4.8**	5.0
Proceeds on disposal of businesses	14	**58.5**	37.0
Proceeds on disposal of associates	5	**7.2**	1.1
Net cash used in investing activities		**(144.4)**	(316.5)
Financing activities			
Equity dividends paid	10, 35	**(56.3)**	(52.6)
Dividends paid to minority interests	36	**(10.3)**	(8.9)
Issue of share capital	34	**–**	2.7
Issue of shares by Group companies to minority interests	36	**0.2**	0.5
Purchase of own shares	35	**(88.3)**	(32.8)
Settlement of subsidiary share option plan	38	**(0.6)**	(8.7)
Interest paid		**(64.8)**	(56.6)
Proceeds on issue of bonds	13	**–**	197.8
Premium on repurchase of bonds	13	**–**	(2.6)
Bonds redeemed	13	**–**	(9.4)
Loan notes repaid	13	**(26.0)**	(2.8)
Increase in/(repayment of) bank borrowings	13	**10.7**	(54.7)
Net cash used in financing activities		**(235.4)**	(28.1)
Net decrease in cash and cash equivalents	13	**(24.9)**	(31.2)
Cash and cash equivalents at beginning of year	13, 25	**64.0**	96.1
Exchange gain/(loss) on cash and cash equivalents	13	**5.2**	(0.9)
Net cash and cash equivalents at end of year	13, 25	**44.3**	64.0

SIGNIFICANT ACCOUNTING POLICIES

1 BASIS OF PREPARATION

DMGT is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is given on page 162.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as adopted by the European Union and with those parts of the Companies Act 1985 applicable to companies preparing their accounts under IFRS.

The principal accounting policies used in preparing this information are set out in note 2.

These financial statements have also been prepared in accordance with the accounting policies set out in the 2007 Annual Report and Accounts, as amended by the following new accounting standards.

Impact of new accounting standards
In the current year, the Group has adopted the following accounting standards:

IFRS 7, Financial Instruments: Disclosures and IAS 1, Presentation of Financial Statements (effective for periods beginning on or after 1st January, 2007). The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in the Group's financial statements regarding financial instruments and management of capital (see note 30).

IFRIC 11 IFRS 2 Group and Treasury Share Transactions (effective for periods beginning on or after 1st March, 2007). The adoption of this interpretation has not had any significant impact on the Group's financial statements.

At the date of authorisation of these financial statements, the following standards have been issued but not applied to the information in these financial statements since they do not apply to this reporting period:

Amendment to IAS 1, Presentation of Financial Statements (effective for periods commencing on or after 1st January, 2009). This amendment introduces changes to the way in which movements in equity must be disclosed and requires an entity to disclose each component of other comprehensive income not recognised in profit or loss. The amendment also requires disclosure of the amount of income tax relating to each component of other comprehensive income as well as several other minor disclosure amendments.

Amendment to IAS 23, Borrowing Costs (effective for periods commencing on or after 1st January, 2009). This standard requires all borrowing costs which are directly attributable to an acquisition construction or production of a qualifying asset to form part of the cost of that asset. The Group does not expect a significant impact from the adoption of this standard.

Amendment to IAS 27, Consolidated and Separate Financial Statements (effective for periods commencing on or after 1st July, 2009). The amendment introduces changes to the accounting for partial disposals of subsidiaries, associates and joint ventures. Adoption of these amendments is not expected to significantly impact the measurement, presentation or disclosure of future disposals.

Amendments to IAS 32, Puttable financial instruments and obligations arising on liquidation (effective for periods beginning on or after 1st January, 2009). The amendments are relevant to entities that have issued financial instruments that are (i) puttable financial instruments or (ii) instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro-rata share of the net assets on liquidation only. As a result of the amendments, some financial instruments that currently meet the definition of a financial liability will be classified as equity because they represent the residual interest in the net assets of the entity. The amendments set out extensive detailed criteria to be met in order to be able to classify these instruments as equity. The impact of these amendments is restricted to specific cases and no analogies can be made. The Group does not expect a significant impact from the adoption of this standard.

Amendments to IAS 39, Financial instruments: Recognition and Measurement (effective for periods commencing on or after 1st July, 2009). The amendments clarify treatment of inflation in a financial hedged item and one-sided risks in a hedged item. The Group does not expect a significant impact from the adoption of this standard.

Amendment to IFRS 2, Share-based Payment (effective for periods commencing on or after 1st January, 2009). The amendments clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group does not expect a significant impact from the adoption of this standard.

Amendment to IFRS 3, Business Combinations (effective for periods commencing on or after 1st July, 2009). The amendment introduces changes that will require acquisition related costs (including professional fees previously capitalised) to be expensed and adjustments to contingent consideration to be recognised in income and will allow the full goodwill method to be used when accounting for non-controlling interests. This will result in a change to the Group's accounting policy for purchases of stakes in controlled entities.

IFRS 8, Operating Segments (effective for periods beginning on or after 1st January, 2009). IFRS 8 sets out disclosure requirements concerning an entity's operating segments, products, services, geographical areas in which it operates and its major customers. IFRS 8 replaces IAS 14, Segmental Reporting. Adoption of this standard is not expected to change the disclosures already made in the DMGT Report and Accounts significantly.

2008 Annual Improvements (the majority of changes will effect periods beginning on or after 1st January, 2009). The standard makes 41 amendments to 25 IFRSs as part of the first annual improvements project. The amendments include: restructuring IFRS 1, mainly to remove redundant transitional provisions; an amendment to bring property under construction or development for future use as for future use as an investment property within the scope of IAS 40. Such property currently falls within the scope of IAS 16; and an amendment to clarify the circumstances in which an entity can recognise a prepayment asset for advertising or promotional expenditure. Recognition of an asset would be permitted up to the point at which the entity has access to the

1 BASIS OF PREPARATION – Continued

goods purchased or up to the point of receipt of services. The standard is not expected to have a significant impact on the Group. In relation to the amendment to IAS 38 regarding prepayments for advertising or promotional expenditure, the Group will be required to reassess its accounting approach to reflect the requirements of the standard.

The following interpretations have been issued which are not applicable to the Group since they are only effective for accounting periods beginning on or after 28th September, 2008. The adoption of these interpretations is not expected to have any significant impact on the Group's financial statements.

IFRIC 12 Service Concession Agreements (effective for periods beginning on or after 1st January, 2008)

IFRIC 13 Customer Loyalty Programmes (effective for periods beginning on or after 1st July, 2008)

IFRIC 14 The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction (effective for periods beginning on or after 1st January, 2008)

IFRIC 15, Agreements for the Construction of Real Estate (effective for periods beginning on or after 1st January, 2009)

IFRIC 16, Hedges of a Net Investment in a Foreign Operation (effective for periods beginning on or after 1st October, 2008)

2 SIGNIFICANT ACCOUNTING POLICIES

The Group financial statements incorporate the financial statements of the Company and all of its subsidiaries together with the Group's share of all of its interests in joint ventures and associates. The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments.

Accounting for subsidiaries

A subsidiary is an entity controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses attributable to the minority in excess of the minority's share in equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover such losses. When the subsidiary subsequently reports profits, the minority does not participate until the group has recovered all of the losses of the minority it previously reported.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities are recognised at their fair values at the acquisition date, other than non-current assets and liabilities of disposal groups which are recognised at fair value less costs to sell. Where an adjustment to fair values relating to previously held interests (including interests which were equity accounted under IAS 28, Investments in Associates) is required on achieving control, this is accounted for as an adjustment directly in equity.

Goodwill arising on acquisitions is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. Where control is achieved in more than one exchange transaction, goodwill is calculated separately for each transaction based on the cost of each transaction and the appropriate share of the acquiree's net assets based on net fair values at the time of each transaction.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Purchase and sale of shares in a controlled entity

Where the Group's interest in a controlled entity increases no adjustments are recorded to the fair values of the assets already held on the Balance Sheet. The Group calculates the goodwill arising as the difference between the cost of the additional interest acquired and the increase in the Group's interest in the fair value of the subsidiary's net assets at the date of the exchange transaction. Any difference between the cost of the additional interest, goodwill arising and the existing carrying value of the minority share of net assets is adjusted directly in equity.

Where the Group's interest in a controlled entity decreases, which does not result in a change of control, the Group increases the minority interest's share of net assets by the book value of the share of net assets disposed of. Any profit or loss on disposal of the share of net assets to the minority interest is calculated by reference to the consideration received, the book value of the share of net assets disposed and a proportion of any relevant goodwill in the Balance Sheet relating to the subsidiary.

Interests in joint ventures and associates

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

2 SIGNIFICANT ACCOUNTING POLICIES – Continued

The post-tax results of joint ventures and associates are incorporated in the Group's results using the equity method of accounting. Under the equity method, investments in joint ventures and associates are carried in the consolidated Balance Sheet at a cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture and associate, less any impairment in the value of investment. Losses of joint ventures and associates in excess of the of the Group's interest in that joint venture or associate are not recognised. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture or associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment.

Foreign currencies

For the purpose of presenting Consolidated Financial Statements, the assets and liabilities of entities with a functional currency other than sterling are translated to using exchange rates prevailing on the Balance Sheet date. Income and expense items and cash flows are translated at the average exchange rates for the period and exchange differences arising are recognised directly in equity. On disposal of a foreign operation, the cumulative amount recognised in equity relating to that operation is recognised in the income statement as part of the gain or loss on sale.

The Group records foreign exchange differences arising on retranslation of foreign operations within the translation reserve in equity.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the exchange rate prevailing on the date of the transaction. At each Balance Sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the Balance Sheet date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate prevailing on the date when fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period.

Goodwill, intangible assets and fair value adjustments arising on the acquisition of foreign operations after transition to IFRS are treated as part of the assets and liabilities of the foreign operation and are translated at the closing rate. Goodwill which arose pre-transition to IFRS is not translated.

In respect of all foreign operations, any cumulative exchange differences that have arisen before 4th October, 2004, the date of transition to IFRS, were reset to nil and will be excluded from the determination of any subsequent profit or loss on disposal.

Intangible assets

Goodwill

Goodwill and intangible assets acquired arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment. Negative goodwill arising on an acquisition is recognised directly in the income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing exchange rates on the Balance Sheet date.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal.

Goodwill arising before the date of transition to IFRS, on 4th October, 2004, has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date. Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

Impairment of goodwill

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment either annually or more frequently if events or changes in circumstances indicate a possible decline in the carrying value.

For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash-generating units. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit, pro-rated on the basis of the carrying amount of each asset in the unit, but subject to not reducing any asset below its recoverable amount. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

Licences

Radio licences are stated at cost less accumulated amortisation. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives from the commencement of service of the network, estimated by management to be 20 years.

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised over their estimated useful lives, being three to five years.

2 SIGNIFICANT ACCOUNTING POLICIES – Continued
Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that are expected to generate economic benefits exceeding costs and directly attributable overheads are capitalised as intangibles.

Computer software which is integral to a related item of hardware equipment is accounted for as property, plant and equipment.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

At each Balance Sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Research and development expenditure
Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Group's development activity, including software for internal use, is recognised only if the asset can be separately identified, it is probable the asset will generate future economic benefits, the development cost can be measured reliably, the project is technically feasible and the project will be completed with a view to sell or use the asset. Additionally, guidance in Standing Interpretations Committee (SIC) 32 has been applied in accounting for internally developed website development costs.

Internally-generated intangible assets are amortised on a straight-line basis over their estimated useful lives, when the asset is available for use, and are reported net of impairment losses. Where no internally-generated intangible asset can be recognised, development expenditure is charged to the income statement in the period in which it incurred.

Marketing costs
Marketing and promotional costs are charged to the income statement in the period in which they are incurred.

Other intangible assets
Other intangible assets with finite lives are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a reducing balance or straight-line basis over the estimated useful lives of the intangible assets from the date they become available for use. The estimated useful lives are as follows:

Publishing rights, titles and exhibitions	20 years
Radio licences	20 years
Brands	20 years
Market and customer related databases	3 – 20 years
Customer relationships	3 – 20 years
Computer software licences	3 – 5 years

Property, plant and equipment
Land and buildings held for use are stated in the Balance Sheet at their cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Assets in the course of construction are carried at cost, less any recognised impairment loss. Depreciation of these assets commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Depreciation is charged so as to write off the cost of assets, other than property, plant and equipment under construction using the straight-line method, over their estimated useful lives as follows:

Freehold buildings and long leasehold properties	50 years
Short leasehold premises	the term of the lease
Plant and equipment	3 – 25 years
Depreciation is not provided on freehold land	

Inventory
Inventory is stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. The Group uses the Average Cost (AVCO) method in the Newspaper divisions and the First In First Out (FIFO) method in the remaining divisions.

Pre-publication costs
Pre-publication costs represent direct costs incurred in the development of titles prior to their publication. These costs are recognised as work in progress on the Balance Sheet to the extent that future economic benefit is virtually certain and can be measured reliably.

Cash and cash equivalents
Cash and cash equivalents shown in the Balance Sheet includes cash, short-term deposits and other short-term highly liquid investments with an original maturity of three months or less. For the purpose of the Group cash flow statement, cash and cash equivalents are as defined above, net of bank overdrafts.

2 SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenue

Group revenue comprises revenue of the Company and its subsidiary undertakings. Revenue is stated net of value added tax, trade discounts and commission where applicable and is recognised using several methods. Subscriptions revenue, including revenue from Information Services, is recognised over the period of the subscription or contract. Publishing and circulation revenue is recognised on issue of publication or report. Advertising is recognised on issue of publication, over the period of the online campaign or date of broadcast. Contract print revenue is recognised on completion of the print contract. Exhibitions, Training and Events revenues are recognised over the period of the event.

Operating profit before share of results of joint ventures and associates

The Group discloses as operating profit, profit before share of results from associates and joint ventures, other gains and losses, investment income and finance costs. The Directors believe that this measure is useful to readers as it shows the results of the Group's operations before contribution from joint ventures and associates and because it excludes one-off gains and losses on disposal of businesses, properties and similar items of a non-recurring nature.

Other gains and losses

Other gains and losses comprise profit or loss on sale of trading investments, profit or loss on sale of property, plant and equipment, impairment of available-for-sale assets, profit or loss on sale of businesses and profit or loss on sale of joint ventures and associates.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments as determined at the inception of the lease. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Dividends

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established. Dividends are recognised as a distribution in the period in which they are approved by the shareholders. Interim dividends are recorded in the period in which they are paid.

Borrowing costs

Unless capitalised under IAS 23 all borrowing costs are recognised in the income statement in the period in which they are incurred. Finance charges, including premiums paid on settlement or redemption and direct issue costs and discounts related to borrowings, are accounted for on an accruals basis and charged to the income statement using the effective interest method.

Retirement benefits

As permitted by IFRS 1, First-time adoption of International Financial Reporting Standards, the Group elected to recognise all cumulative actuarial gains and losses in the pension schemes operated by the Group at the date of transition to IFRS. Pension scheme assets are measured at market value at the Balance Sheet date. Scheme liabilities are measured using the projected unit credit method and discounted at a rate reflecting current yields on high quality corporate bonds having regard to the duration of the liability profiles of the schemes.

For defined benefit retirement plans, the difference between the fair value of the plan assets and the present value of the plan liabilities is recognised as an asset or liability on the Balance Sheet. Actuarial gains and losses arising in the year are taken to the statement of recognised income and expense. For this purpose, actuarial gains and losses comprise both the effects of changes in actuarial assumptions and experience adjustments arising because of differences between the previous actuarial assumptions and what has actually occurred. For defined benefit schemes, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out triennially. In accordance with the advice of independent qualified actuaries in assessing whether to recognise a surplus the Group has regard to the principles set out in IFRIC 14.

Other movements in the net surplus or deficit are recognised in the income statement, including the current service cost, any past service cost and the effect of any curtailment or settlements. The interest cost less the expected return on assets is also charged to the income statement. The amount charged to the income statement in respect of these plans is included within operating costs or in the Group's share of the results of equity accounted operations as appropriate.

Since the assets and liabilities of the Group's defined benefit plans cannot be allocated to individual entities on a fair and reasonable basis, the scheme's assets and liabilities are not attributed to reporting segments and the pension charge in each segment in the segmental analysis represents the contributions payable for the period.

The Group's contributions to defined contribution pension plans are charged to the income statement as they fall due.

Taxation

Income tax expense represents the sum of the current tax payable and deferred tax for the year.

The current tax payable or recoverable is based on the taxable profit for the year. Taxable profit differs from profit as reported in the income statement because some items of income or expense are taxable or deductible in different years or may never be taxable or deductible. The Group's liability for current tax is calculated using the UK and foreign tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Current tax assets and liabilities are offset and stated net in the Balance Sheet when there is a legally enforceable right to

2 SIGNIFICANT ACCOUNTING POLICIES – Continued
set off current tax assets against current tax liabilities and when they either relate to income taxes levied by the same taxation authority or on the same taxable entity or on different taxable entities which intend to settle the current tax assets and liabilities on a net basis.

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the Balance Sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition other than in a business combination of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising in investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Goodwill arising on business combinations also includes amounts corresponding to deferred tax liabilities recognised in respect of acquired intangible assets. A deferred tax liability is recognised to the extent that the fair value of the assets for accounting purposes exceeds the value of those assets for tax purposes and will form part of the associated goodwill on acquisition.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the Balance Sheet date, and is not discounted.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current assets and liabilities on a net basis.

Tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the tax is also recognised directly in equity.

Financial instruments
Financial assets and financial liabilities are recognised on the Group's Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to settle on a net basis, or realise the asset and liability simultaneously and where the Group intends to net settle.

Financial assets
– Trade receivables
Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

– Available-for-sale investments
Investments and financial assets are recognised and de-recognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are measured at fair value, including transaction costs.

Investments are classified as either held-for-trading or available-for-sale. Where securities are held-for-trading purposes, gains and losses arising from changes in fair value are included in net profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

The fair value of listed securities is determined based on quoted market prices, and of unlisted securities on management's estimate of fair value determined by discounting future cash flows to net present value using market interest rates prevailing at the year end.

Financial liabilities and equity instruments
– Trade payables
Trade payables are not interest bearing and are stated at their nominal value.

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below:

Capital market and bank borrowings
Interest bearing loans and overdrafts are initially measured at fair value (which is equal to net proceeds at inception), and are subsequently measured at amortised cost, using the effective interest rate method. A portion of the Group's bonds are subject to fair value hedge accounting as explained below and this portion is adjusted for the movement in the hedged risk to the extent hedge effectiveness is achieved. Any difference between the proceeds, net of transaction costs and the settlement or redemption of borrowings is recognised over the term of the borrowing.

Equity instruments
Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments and hedge accounting
The Group's activities expose it to the financial risks of changes in foreign exchange rates and interest rates.

The use of financial instruments is governed by the Group's policies, which are set out on pages 36 and 41 of the Financial and Treasury Review and approved by the Finance Committee of the Board of Directors, which provide written principles on

2 SIGNIFICANT ACCOUNTING POLICIES – Continued

the use of financial instruments consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are measured at fair value at the date the derivatives are entered into and are subsequently re-measured to fair value at each reporting date. The fair value is determined by using market data and the use of established estimation techniques such as discounted cash flow and option valuation models. The Group designates certain derivatives as:

I. Hedges of the change of fair value of recognised assets and liabilities ("fair value hedges"); or

II. Hedges of highly probable forecast transactions ("cash flow hedges"); or

III. Hedges of net investment in foreign operations ("net investment hedges")

To qualify for hedge accounting, each individual hedging relationship must be expected to be effective, be designated and documented at its inception and throughout the life of the hedge relationship.

– Fair value hedges
The Group's policy is to use derivative financial instruments (primarily interest rate swaps) to convert a proportion of its fixed rate debt to floating rates in order to hedge the interest rate risk.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk to the extent that the hedge relationship is effective. When the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting, hedge accounting is discontinued.

– Cash flow hedges
The Group's policy is to use certain derivative financial instruments in order to hedge the foreign exchange risk arising from certain firm commitments or forecast highly probable transactions in currencies other than the functional currency of the relevant Group entity.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the income statement.

If a hedged firm commitment or forecast transaction results in the recognition of a non financial asset or liability, then, at the time that the asset or liability is recognised, the associated gains and losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability.

For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects the income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, revoked, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss previously recognised in equity is included in the income statement for the period.

– Net investment hedges
The Group seeks to manage the foreign currency exposure arising on retranslation of the reporting entity's share of net assets of foreign operations at each reporting date by designating certain derivative financial instruments and foreign currency borrowings as net investment hedging instruments.

Exchange differences arising from the translation of the net investment in foreign operations are recognised directly in equity in the translation reserve. Gains and losses arising from changes in the fair value of the hedging instruments are recognised in equity to the extent that the hedging relationship is effective. Any ineffectiveness is recognised immediately in the income statement of the period.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Gains and losses accumulated in the translation reserve are included in the income statement on disposal of the foreign operation.

Non-hedged derivatives

The Group uses forward contracts to provide a gain or loss equivalent to income tax payable or receivable on foreign exchange gains or losses incurred when intra group balances are translated to the closing rate at the year end. These contracts ("Tax Equalisation Swaps") are marked to market with the movement in fair value taken to income. Tax Equalisation Swaps are not capable of being designated as hedging instruments under IAS 39.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not carried at fair value, with gains and losses reported in the income statement.

Provisions

Provisions are recognised when the Group has a present obligation, legal or constructive, as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the Balance Sheet date, and are discounted to present value where the effect is material.

Share-based payments

The Group issues equity-settled and cash-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

2 SIGNIFICANT ACCOUNTING POLICIES – Continued

Fair value is measured using a binomial pricing model which is calibrated using a Black-Scholes framework. The expected life used in the models has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions and behavioural considerations.

A liability equal to the portion of the goods or services received is recognised at the current fair value determined at each Balance Sheet date for cash-settled share-based payments.

The Group has applied the requirements of IFRS 2, Share-based Payments to all equity instruments granted after 7th September, 2002 but not fully vested at 4th October, 2004 the date of transition to IFRS.

Critical accounting judgements and key sources of estimation uncertainty

In addition to the judgement taken by management in selecting and applying the accounting policies set out above, management has made the following judgements concerning the amounts recognised in the Consolidated Financial Statements:

Impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the value in use of the relevant cash generating units. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash generating unit and compare the net present value of these cash flows using a suitable discount rate to determine if any impairment has occurred. A key area of judgement is deciding the long-term growth rate of the applicable businesses and the discount rate applied to those cash flows. The carrying amount of goodwill and intangible assets at the Balance Sheet date was £1,503.5 million (2007 £1,480.1 million) after an impairment loss of £167.8 million (2007 £52.7 million) was recognised during the year (notes 17 and 18).

Acquisitions and intangible assets

The Group's accounting policy on the acquisition of subsidiaries is to allocate purchase consideration to the fair value of identifiable assets, liabilities and contingent liabilities acquired with any excess consideration representing goodwill. In determining the fair value of assets, liabilities and contingent liabilities acquired significant estimates and assumptions, including assumptions with respect to cash flows and unprovided liabilities and commitments, particularly in respect to tax, are often used. The Group recognises intangible assets acquired as part of a business combination at fair values at the date of the acquisition. The determination of these fair values is based upon management's judgement and includes assumptions on the timing and amount of future cash flows generated by the assets and the selection of an appropriate discount rate. Additionally, management must estimate the expected useful economic lives of intangible assets and charge amortisation on these assets accordingly.

Acquisition option commitments

Written put options to acquire further stakes in subsidiaries, associates and joint ventures written at the time of business combinations, unless so deeply in the money that they represent in-substance ownership interests, are considered financial instruments under IAS 32 and IAS 39. Put options over a minority stake in a subsidiary give rise to a financial liability under IAS 32. Put options over an associate are within the scope of IAS 39 and are accounted for as derivatives at fair value through profit and loss. Where put options over associates have a fair value of nil, no accounting is required. Written put options are classified within current liabilities if exercisable within one year.

The Group is party to a number of put and call options over the remaining minority interests in some of its subsidiaries. IAS 39 requires the fair value of these acquisition option commitments to be recognised as a liability on the Balance Sheet with a corresponding decrease in reserves. Subsequent changes in the fair value of the liability are reflected in the income statement. On exercise and settlement of the put option liability, cumulative amounts are removed from retained earnings along with the derecognition of the minority interest and recognition of additional goodwill. Key areas of judgement in calculating the fair value of the options are the expected future cash flows and earnings of the business and the discount rate. At 28th September, 2008 the fair value of these acquisition option commitments is £37.1 million (2007 £40.6 million).

Deferred consideration

Estimates are required in respect of the amount of deferred contingent consideration, which is determined according to formulae agreed at the time of the business combination, and normally related to the future earnings of the acquired business. The Directors review the amount of contingent consideration likely to become payable at each Balance Sheet date, the major assumption being the level of future profits of the acquired business. At 28th September, 2008 the Group has outstanding deferred consideration payable amounting to £37.6 million (2007 £55.9 million).

Deferred consideration is discounted to its fair value in accordance with IFRS 3 and IAS 37. The difference between the fair value of these liabilities and the actual amounts payable is charged to the income statement as notional finance costs.

Adjusted profits and exceptional items

The Group presents adjusted earnings by making adjustments for costs and profits which management believe to be exceptional in nature by virtue of their size or incidence or have a distortive effect on current year earnings. Such items would include one off gains and losses on disposal of businesses, properties and similar items of a non-recurring nature together with reorganisation costs and similar charges, tax and by adding back impairment of goodwill and amortisation and impairment of intangible assets. See note 11 for a reconciliation of profit before tax to adjusted profit.

Share-based payments

The Group makes share-based payments to certain employees. These payments are measured at their estimated fair value at the date of grant, calculated using an appropriate option pricing model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of the number of shares that will eventually vest. The key assumptions used in calculating the fair value of the options are the discount rate, the Group's share price volatility, dividend yield, risk free rate of return, and expected option lives. Management regularly perform a true-up of the estimate of the number of shares that are expected to vest, this is dependent on the anticipated number

2 SIGNIFICANT ACCOUNTING POLICIES – Continued
of leavers. See note 38 for further detail.

Taxation
Being a multinational Group with tax affairs in many geographic locations inherently leads to a highly complex tax structure which makes the degree of estimation and judgement more challenging. The resolution of issues is not always within the control of the Group and is often dependent on the efficiency of legal processes. Such issues can take several years to resolve. The Group takes a conservative view of unresolved issues, however the inherent uncertainty regarding these items means that the eventual resolution could differ significantly from the accounting estimates and therefore impact the Group's results and future cash flows.

Retirement benefit obligations
The cost of defined benefit pension plans is determined using actuarial valuations prepared by the Group's actuaries. This involves making certain assumptions concerning discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. The assumptions and the resulting estimates are reviewed annually and, when appropriate, changes are made which affect the actuarial valuations and, hence, the amount of retirement benefit expense recognised in the income statement and the amounts of actuarial gains and losses recognised in the statement of recognised income and expense. The carrying amount of the retirement benefit obligation at 28th September, 2008 was a deficit of £41.2 million (2007 surplus £80.6 million). Further details are given in note 31.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

3 SEGMENT ANALYSIS

By activity

The Group's business activities are currently split into six operating divisions – business information, Euromoney Institutional Investor (Euromoney), exhibitions, national media (previously known as national newspapers and related activities), local media and radio. These divisions are the basis on which the Group reports its primary segment information.

Revenue comprises Group sales excluding value added tax, less discounts and commission where applicable and is analysed by segment as follows:

	2008 Total £m	2008 Inter-segment £m	2008 Continuing £m	2007 Total £m	2007 Discontinued operations £m	2007 Inter-segment £m	2007 Continuing £m
Business information	**315.7**	**(0.4)**	**315.3**	293.3	–	(0.6)	292.7
Euromoney	**332.0**	**–**	**332.0**	310.2	(5.0)	–	305.2
Exhibitions	**201.6**	**–**	**201.6**	164.1	–	–	164.1
National media	**1,064.7**	**(77.0)**	**987.7**	1,060.5	–	(74.3)	986.2
Local media	**427.0**	**(6.6)**	**420.4**	450.7	–	(3.6)	447.1
Radio	**54.7**	**–**	**54.7**	39.8	–	–	39.8
	2,395.7	**(84.0)**	**2,311.7**	2,318.6	(5.0)	(78.5)	2,235.1

Inter-segment sales are charged at prevailing market prices other than the sale of newsprint from the national media to the local media division which is at cost. The amount of newsprint sold during the year amounted to £35.1 million (2007 £36.6 million).

The Group's revenue is further analysed as follows:

	2008 Total £m	2008 Inter-segment £m	2008 Continuing £m	2007 Total £m	2007 Discontinued operations £m	2007 Inter-segment £m	2007 Continuing £m
Sale of goods	**670.4**	**–**	**670.4**	658.6	–	–	658.6
Rendering of services	**1,725.3**	**(84.0)**	**1,641.3**	1,660.0	(5.0)	(78.5)	1,576.5
	2,395.7	**(84.0)**	**2,311.7**	2,318.6	(5.0)	(78.5)	2,235.1

The Group includes circulation and subscriptions revenue within sales of goods. Revenue from investment revenue is shown in note 7.

Operating profit/(loss) from continuing operations before share of joint ventures and associates result is analysed by segment as follows:

	2008 Before exceptional operating costs and amortisation and impairment of goodwill and intangible assets £m	2008 Exceptional operating costs £m	2008 Impairment of goodwill and intangible assets £m	2008 Amortisation of intangible assets £m	2008 Operating profit from continuing operations before share of joint ventures and associates result £m
Operating profit/(loss)					
Business information	**74.9**	**–**	**–**	**(10.4)**	**64.5**
Euromoney	**76.3**	**–**	**(5.7)**	**(14.8)**	**55.8**
Exhibitions	**38.3**	**(4.5)**	**(81.3)**	**(13.7)**	**(61.2)**
National media	**72.6**	**(18.7)**	**(9.0)**	**(28.2)**	**16.7**
Local media	**68.4**	**(8.6)**	**(71.8)**	**(13.1)**	**(25.1)**
Radio	**2.0**	**–**	**–**	**(10.1)**	**(8.1)**
Unallocated central costs	**(15.6)**	**–**	**–**	**–**	**(15.6)**
	316.9	**(31.8)**	**(167.8)**	**(90.3)**	**27.0**

Operating profit before exceptional operating costs and amortisation and impairment of goodwill and intangible assets within the national media division comprised £88.6 million from newspapers, £6.0 million from digital offset by a loss of £3.0 million from television and unallocated divisional central costs of £19.0 million.

Included within unallocated central costs is a credit of £15.2 million which adjusts the pensions charge recorded in each operating segment from a cash rate to actuarial accrual rate in accordance with IAS 19, Employee benefits.

3 SEGMENT ANALYSIS – Continued

The Group's exceptional operating costs comprised exhibitions restructuring costs totalling £4.5 million, together with reorganisation costs of £18.7 million within national media and £8.6 million within local media.

If all acquisitions had been completed on the first day of the financial year, contribution to Group revenues would have been £2.7 million and contribution to Group profit attributable to equity holders of the parent would have been £0.3 million. This information includes a charge for amortisation of acquired intangible assets for a full year, together with related income tax effects but excludes any pre-acquisition finance costs and should not be viewed as indicative of the results of operations that would have occurred if the acquisitions had actually been completed on the first day of the financial year.

Operating profit/(loss) from continuing operations before share of joint ventures and associates result is analysed by segment as follows:

	2007 Before exceptional operating costs and amortisation and impairment of goodwill and intangible assets £m	2007 Exceptional operating costs £m	2007 Impairment of goodwill and intangible assets £m	2007 Amortisation of intangible assets £m	2007 Operating profit from continuing operations before share of joint ventures and associates result £m
Operating profit/(loss)					
Business information	70.6	–	(3.6)	(8.0)	59.0
Euromoney	68.4	(5.9)	–	(17.8)	44.7
Exhibitions	27.0	(2.9)	(19.8)	(7.5)	(3.2)
National media	83.3	(13.3)	(24.1)	(28.8)	17.1
Local media	92.5	(6.0)	(5.2)	(11.0)	70.3
Radio	(3.7)	–	–	(9.1)	(12.8)
Unallocated central costs	(15.7)	–	–	–	(15.7)
	322.4	(28.1)	(52.7)	(82.2)	159.4

Operating profit before exceptional operating costs and amortisation and impairment of goodwill and intangible assets within the national media division comprised £92.1 million from newspapers, £11.2 million from digital offset by a loss of £4.0 million from television and unallocated divisional central costs of £16.0 million.

Included within unallocated central costs is a credit of £1.9 million which adjusts the pensions charge recorded in each operating segment from a cash rate to actuarial accrual rate in accordance with IAS 19, Employee Benefits.

The Group's exceptional operating costs comprised local media restructuring costs totalling £6.0 million, together with reorganisation costs of £13.3 million within national media, £5.9 million within Euromoney and £2.9 million within exhibitions.

Operating profit before share of results of joint ventures and associates is analysed by segment as follows :

	2008 Total and continuing £m	2007 Total £m	2007 Discontinued operations £m	2007 Continuing £m
Business information	**64.5**	59.0	–	59.0
Euromoney	**55.8**	45.5	(0.8)	44.7
Exhibitions	**(61.2)**	(3.2)	–	(3.2)
National media	**16.7**	17.1	–	17.1
Local media	**(25.1)**	70.3	–	70.3
Radio	**(8.1)**	(12.8)	–	(12.8)
Unallocated central costs	**(15.6)**	(15.7)	–	(15.7)
	27.0	160.2	(0.8)	159.4

3 SEGMENT ANALYSIS – Continued

Amortisation and impairment of goodwill and intangible assets are analysed by segment as follows :

	2008 Total and continuing £m	2007 Total and continuing £m
Business information	**(10.4)**	(11.6)
Euromoney	**(20.5)**	(17.8)
Exhibitions	**(95.0)**	(27.3)
National media	**(37.2)**	(52.9)
Local media	**(84.9)**	(16.2)
Radio	**(10.1)**	(9.1)
	(258.1)	(134.9)

Included in the impairment charge is a reduction of £2.8 million (2007 £nil) in Euromoney, £nil (2007 £3.6 million) in the business information division and £nil (2007 £0.8 million) in the national media division in the carrying value of goodwill on recognition of deferred tax assets for pre acquisition losses (note 17).

Group's share of results of joint ventures is analysed by segment as follows:

	2008 Total and continuing £m	2007 Total and continuing £m
Exhibitions	**–**	0.4
National media	**(2.1)**	–
Local media	**0.5**	0.3
Radio	**0.7**	0.5
	(0.9)	1.2

Group's share of results of associates is analysed by segment as follows:

	2008 Total and continuing £m	2007 Total and continuing £m
Business information	**0.3**	2.1
Euromoney	**0.3**	0.2
Exhibitions	**–**	0.3
National media	**3.8**	(2.0)
	4.4	0.6

Other gains and losses are analysed by segment as follows:

	2008 Total and continuing £m	2007 Total and continuing £m
Business information	**10.6**	0.8
Euromoney	**3.0**	6.7
Exhibitions	**9.4**	1.7
National media	**5.4**	4.5
Local media	**1.9**	2.1
Radio	**–**	0.6
Group operations	**(2.6)**	19.3
	27.7	35.7

3 SEGMENT ANALYSIS – Continued

Investment income is analysed by segment as follows:

	2008 Total and continuing £m	2007 Total and continuing £m
Business information	**0.4**	0.3
Euromoney	**0.6**	2.9
Exhibitions	**0.5**	0.5
National media	**0.2**	0.9
Local media	**–**	0.6
Radio	**0.2**	0.4
Group operations	**1.1**	1.4
	3.0	7.0

Finance costs are analysed by segment as follows:

	2008 Total and continuing £m	2007 Total and continuing £m
Business information	**(1.2)**	(0.6)
Euromoney	**(11.9)**	(1.3)
Exhibitions	**(0.1)**	–
National media	**(1.9)**	(0.8)
Unallocated central costs	**(114.2)**	(59.1)
	(129.3)	(61.8)

(Loss)/profit before tax is analysed by segment as follows:

	2008 Total and continuing £m	2007 Total £m	2007 Discontinued operations £m	2007 Continuing £m
Business information	**74.6**	61.6	–	61.6
Euromoney	**47.8**	54.0	(0.8)	53.2
Exhibitions	**(51.4)**	(0.3)	–	(0.3)
National media	**22.1**	19.6	–	19.6
Local media	**(22.7)**	73.3	–	73.3
Radio	**(7.2)**	(11.3)	–	(11.3)
Unallocated central costs	**(131.3)**	(54.0)	–	(54.0)
	(68.1)	142.9	(0.8)	142.1

The group's net assets are analysed by segment as follows:

	Total assets 2008 £m	Total liabilities 2008 £m	Total net assets/ (liabilities) 2008 £m
Business information	**490.1**	**(179.7)**	**310.4**
Euromoney	**524.0**	**(247.8)**	**276.2**
Exhibitions	**292.5**	**(94.1)**	**198.4**
National media	**695.8**	**(323.7)**	**372.1**
Local media	**352.4**	**(80.1)**	**272.3**
Radio	**188.7**	**(7.3)**	**181.4**
Unallocated pension assets/(liabilities)	**2.5**	**(43.7)**	**(41.2)**
Group operations	**89.5**	**(1,110.5)**	**(1,021.0)**
	2,635.5	**(2,086.9)**	**548.6**

3 SEGMENT ANALYSIS – Continued

	Total assets 2007 £m	Total liabilities 2007 £m	Total net assets/ (liabilities) 2007 £m
Business information	471.1	(154.0)	317.1
Euromoney	511.3	(237.4)	273.9
Exhibitions	274.3	(105.9)	168.4
National media	724.2	(321.2)	403.0
Local media	450.5	(122.7)	327.8
Radio	201.5	(7.3)	194.2
Unallocated pension assets/(liabilities)	82.0	(1.4)	80.6
Group operations	72.8	(1,117.3)	(1,044.5)
	2,787.7	(2,067.2)	720.5

Impairment charge, additions and closing net book value of goodwill are analysed by segment as follows:

	Impairment 2008 £m	Impairment 2007 £m	**Additions 2008 £m**	Additions 2007 £m	**Closing net book value 2008 £m**	Closing net book value 2007 £m
Business information	**–**	3.6	**14.8**	39.7	**273.8**	268.6
Euromoney	**5.7**	–	**21.4**	200.7	**293.0**	253.1
Exhibitions	**67.7**	19.6	**43.8**	0.4	**94.7**	97.6
National media	**7.9**	12.1	**4.5**	2.7	**125.9**	129.8
Local media	**52.0**	5.2	**0.2**	33.8	**86.1**	138.3
	133.3	40.5	**84.7**	277.3	**873.5**	887.4

Amortisation, impairment charge, additions and closing net book value of intangible assets are analysed by segment as follows:

	Amortisation 2008 £m	Amortisation 2007 £m	**Impairment 2008 £m**	Impairment 2007 £m	**Additions 2008 £m**	Additions 2007 £m	**Closing net book value 2008 £m**	Closing net book value 2007 £m
Business information	**10.4**	8.0	**–**	–	**11.5**	31.2	**76.9**	71.2
Euromoney	**14.8**	17.8	**–**	–	**1.6**	145.1	**138.7**	139.6
Exhibitions	**13.7**	7.5	**13.7**	0.2	**100.8**	–	**136.9**	57.7
National media	**28.2**	28.8	**1.1**	12.0	**14.4**	15.3	**74.7**	86.6
Local media	**13.1**	11.0	**19.7**	–	**–**	45.5	**56.3**	86.8
Radio	**10.1**	9.1	**–**	–	**–**	–	**146.5**	150.8
	90.3	82.2	**34.5**	12.2	**128.3**	237.1	**630.0**	592.7

Impairment, depreciation charge, additions and closing net book value of property, plant and equipment are analysed by segment as follows:

	Impairment 2008 £m	Impairment 2007 £m	**Depreciation 2008 £m**	Depreciation 2007 £m	**Additions 2008 £m**	Additions 2007 £m	**Closing net book value 2008 £m**	Closing net book value 2007 £m
Business information	**–**	–	**8.6**	7.0	**11.3**	10.4	**25.2**	22.9
Euromoney	**–**	–	**2.8**	2.9	**4.2**	7.9	**21.7**	20.9
Exhibitions	**–**	–	**2.2**	1.7	**1.7**	1.7	**4.9**	5.2
National media	**5.5**	6.0	**32.9**	30.2	**17.3**	41.5	**312.3**	338.3
Local media	**1.9**	–	**12.5**	13.8	**22.1**	12.1	**100.9**	92.6
Radio	**–**	–	**2.4**	2.2	**0.5**	0.6	**14.0**	15.3
Group operations	**–**	–	**1.7**	1.2	**–**	–	**22.9**	25.5
	7.4	6.0	**63.1**	59.0	**57.1**	74.2	**501.9**	520.7

3 SEGMENT ANALYSIS – Continued

By geographic area

The majority of the Group's operations are located in the United Kingdom, the rest of Europe, North America and Australia.

The geographic analysis below is based on the location of companies in these regions. Export sales and related profits are included in the areas from which those sales are made. Revenue in each geographic market in which customers are located is not disclosed as there is no material difference between the two.

Revenue is analysed by geographic area as follows:

	2008 Total and continuing £m	2007 Total £m	2007 Discontinued operations £m	2007 Continuing £m
UK	**1,614.1**	1,660.9	(5.0)	1,655.9
Rest of Europe	**71.3**	58.9	–	58.9
North America	**486.5**	404.5	–	404.5
Australia	**70.8**	52.1	–	52.1
Rest of the World	**69.0**	63.7	–	63.7
	2,311.7	2,240.1	(5.0)	2,235.1

Operating profit/(loss) before share of results of joint ventures and associates is analysed by geographic area as follows:

	2008 Total and continuing £m	2007 Total £m	2007 Discontinued operations £m	2007 Continuing £m
UK	**20.2**	86.5	(0.8)	85.7
Rest of Europe	**9.8**	6.8	–	6.8
North America	**(12.8)**	73.7	–	73.7
Australia	**(6.6)**	(20.3)	–	(20.3)
Rest of the World	**16.4**	13.5	–	13.5
	27.0	160.2	(0.8)	159.4

Group's share of results of joint ventures is analysed by geographic area as follows:

	2008 Total and continuing £m	2007 Total and continuing £m
UK	**(2.1)**	–
Rest of Europe	**0.5**	0.3
North America	**–**	0.4
Australia	**0.7**	0.5
	(0.9)	1.2

Group's share of results of associates is analysed by geographic area as follows:

	2008 Total and continuing £m	2007 Total and continuing £m
UK	**4.4**	(1.6)
North America	**–**	1.8
Rest of the World	**–**	0.4
	4.4	0.6

3 SEGMENT ANALYSIS – Continued

Group's net assets are analysed by geographic area as follows:

	Total assets 2008 £m	**Total liabilities 2008 £m**	**Total net assets/ (liabilities) 2008 £m**
UK	**1,327.2**	**(1,608.7)**	**(281.5)**
Rest of Europe	**70.4**	**(15.9)**	**54.5**
North America	**932.5**	**(386.8)**	**545.7**
Australia	**197.9**	**(11.6)**	**186.3**
Rest of the World	**107.5**	**(63.9)**	**43.6**
	2,635.5	**(2,086.9)**	**548.6**

	Total assets 2007 £m	Total liabilities 2007 £m	Total net assets/ (liabilities) 2007 £m
UK	1,544.6	(1,554.1)	(9.5)
Rest of Europe	90.1	(33.1)	57.0
North America	845.0	(409.1)	435.9
Australia	211.6	(12.5)	199.1
Rest of the World	96.4	(58.4)	38.0
	2,787.7	(2,067.2)	720.5

Impairment charge, additions and closing net book value of goodwill are analysed by geographic area as follows:

	Impairment 2008 £m	Impairment 2007 £m	**Additions 2008 £m**	Additions 2007 £m	**Closing net book value 2008 £m**	Closing net book value 2007 £m
UK	**66.5**	18.6	**30.6**	120.5	**342.4**	376.8
Rest of Europe	**–**	–	**–**	5.6	**10.4**	33.1
North America	**66.2**	13.6	**53.4**	141.1	**479.1**	434.9
Australia	**0.6**	8.3	**–**	–	**1.9**	2.5
Rest of the World	**–**	–	**0.7**	10.1	**39.7**	40.1
	133.3	40.5	**84.7**	277.3	**873.5**	887.4

Included within the goodwill impairment charge of £133.3 million is a reduction in goodwill of £2.8 million relating to the recognition of a deferred tax asset for pre-acquisition losses acquired with Metal Bulletin. In accordance with IAS 12, Income taxes the Group is required to reduce its previously capitalised goodwill to offset the recognition of this deferred tax asset.

Included within the goodwill impairment charge in 2007 of £40.5 million is a reduction in goodwill of £4.4 million relating to the recognition of a deferred tax asset for pre-acquisition losses of Genscape of £3.6 million and Primelocation of £0.8 million.

Amortisation, impairment charge, additions and closing net book value of intangible assets are analysed by geographic area as follows:

	Amortisation 2008 £m	Amortisation 2007 £m	**Impairment 2008 £m**	Impairment 2007 £m	**Additions 2008 £m**	Additions 2007 £m	**Closing net book value 2008 £m**	Closing net book value 2007 £m
UK	**48.3**	48.1	**21.6**	12.0	**19.8**	122.5	**176.1**	223.4
Rest of Europe	**2.5**	1.8	**–**	–	**0.1**	6.1	**17.8**	17.4
North America	**26.6**	21.0	**12.9**	0.2	**108.2**	102.1	**277.5**	187.9
Australia	**10.4**	9.3	**–**	–	**0.2**	0.2	**146.8**	151.1
Rest of the World	**2.5**	2.0	**–**	–	**–**	6.2	**11.8**	12.9
	90.3	82.2	**34.5**	12.2	**128.3**	237.1	**630.0**	592.7

3 SEGMENT ANALYSIS – Continued

Impairment, depreciation charge, additions and closing net book value of property, plant and equipment are analysed by geographic area as follows:

	Impairment 2008 £m	Impairment 2007 £m	**Depreciation 2008 £m**	Depreciation 2007 £m	**Additions 2008 £m**	Additions 2007 £m	**Closing net book value 2008 £m**	Closing net book value 2007 £m
UK	**7.4**	6.0	**48.8**	47.5	**36.4**	59.7	**440.2**	470.0
Rest of Europe	**–**	–	**2.5**	2.0	**9.1**	1.9	**17.8**	9.0
North America	**–**	–	**8.0**	6.2	**9.2**	10.1	**24.7**	21.3
Australia	**–**	–	**2.7**	2.5	**0.7**	0.8	**14.4**	15.9
Rest of the World	**–**	–	**1.1**	0.8	**1.7**	1.7	**4.8**	4.5
	7.4	6.0	**63.1**	59.0	**57.1**	74.2	**501.9**	520.7

Operating profit before the share of results of joint ventures and associates is further analysed as follows:

	Note	**2008 Total and continuing £m**	2007 Total £m	2007 Discontinued operations £m	2007 Continuing £m
Revenue		**2,311.7**	2,240.1	(5.0)	2,235.1
Decrease in stocks of finished goods and work in progress		**(1.8)**	(2.1)	–	(2.1)
Raw materials and consumables		**(345.0)**	(283.7)	–	(283.7)
Inventories recognised as an expense in the period		**(346.8)**	(285.8)	–	(285.8)
Staff costs	4	**(734.6)**	(683.1)	1.8	(681.3)
Impairment of goodwill and intangible assets	17, 18	**(167.8)**	(52.7)	–	(52.7)
Amortisation of intangible assets	18	**(90.3)**	(82.2)	–	(82.2)
Promotion and marketing costs		**(159.6)**	(173.1)	–	(173.1)
Venue and delegate costs		**(117.6)**	(87.2)	–	(87.2)
Editorial and production costs		**(104.2)**	(85.5)	0.8	(84.7)
Distribution and transportation costs		**(91.3)**	(90.2)	–	(90.2)
Royalties and similar charges		**(56.9)**	(59.2)	1.2	(58.0)
Depreciation of property, plant and equipment	19	**(63.1)**	(59.0)	–	(59.0)
Impairment of property, plant and equipment	19	**(7.4)**	(6.0)	–	(6.0)
Rental of property		**(20.9)**	(19.5)	–	(19.5)
Other property costs		**(37.4)**	(44.2)	0.2	(44.0)
Rental of plant and equipment		**(5.9)**	(6.9)	–	(6.9)
Foreign exchange translation differences		**2.9**	1.6	–	1.6
Other expenses		**(283.8)**	(346.9)	0.2	(346.7)
		27.0	160.2	(0.8)	159.4

In the prior year £32.1 million of venue and delegate costs and £14.5 million of editorial and production costs were included within the heading other expenses. These have been reanalysed to ensure consistency with the current year's analysis.

3 SEGMENT ANALYSIS – Continued

The total remuneration of the Group's auditors, Deloitte & Touche LLP, and its associates is analysed as follows:

	2008 £m	2007 £m
Fees payable to the Company's auditors for the audit of the Company's annual accounts	**0.3**	0.3
The audit of the Company's subsidiaries pursuant to legislation	**2.5**	2.4
Total audit fees	**2.8**	2.7
Other services pursuant to legislation	**0.1**	0.1
Corporate finance services	**0.7**	
Transaction support services	**–**	0.4
Tax services	**0.6**	0.6
Other services	**0.4**	2.2
Total non-audit fees	**1.8**	3.3
	4.6	6.0

Fees payable to the Company's auditors and their associates for non-audit services to the Company are not required to be disclosed because the Consolidated Financial Statements are required to disclose such fees on a consolidated basis.

4 EMPLOYEES

The average number of persons employed by the Group including Directors is analysed as follows:

	2008 Number	2007 Number
Business information	**3,815**	2,995
Euromoney	**2,362**	2,332
Exhibitions	**820**	851
National media	**4,752**	4,651
Local media	**5,579**	5,618
Radio	**503**	507
Group operations	**94**	89
	17,925	17,043

Total staff costs comprised:

	Note	2008 £m	2007 £m
Wages and salaries		**641.5**	581.3
Share-based payments	38	**17.0**	18.1
Social security costs		**55.6**	50.8
Pension costs	31	**20.5**	31.1
		734.6	681.3

5 SHARE OF RESULTS OF JOINT VENTURES AND ASSOCIATES

	Note	2008 £m	2007 £m
Share of profits from operations of joint ventures		**0.5**	2.4
Share of (losses)/profits from operations of associates		**(0.3)**	3.6
Share of associates' other gains and losses	(i)	**9.8**	0.6
Before amortisation, impairment of goodwill, interest and tax		**10.0**	6.6
Share of amortisation of intangibles of joint ventures		**(0.6)**	(0.7)
Share of amortisation of intangibles of associates		**–**	(3.2)
Share of associates' interest receivable		**0.2**	0.1
Share of joint ventures' tax		**(0.8)**	(0.5)
Share of associates' tax		**(0.5)**	(0.5)
Impairment of carrying value of associate	(ii)	**(4.8)**	–
		3.5	1.8
Share of results from operations of joint ventures		**(0.9)**	1.2
Share of results from operations of associates		**9.2**	0.6
Impairment of carrying value of associate		**(4.8)**	–
		3.5	1.8

(i) Represents the Group's share of Centurion Holiday Group Limited's (formerly Indigo Holidays Limited) profit on disposal of Hotels4u.com.

(ii) Centurion Holiday Group Limited was liquidated during the year. The carrying value was written down to the proceeds received on liquidation.

6 OTHER GAINS AND LOSSES

	Note	2008 £m	2007 £m
Profit on sale of available-for-sale investments		**7.6**	0.7
Impairment of available-for-sale assets	21	**(10.1)**	–
Profit on sale of property, plant and equipment		**6.8**	1.2
Profit on sale of businesses	16	**23.4**	15.2
Recycled impairment loss of GCap Media plc	35	**–**	(24.4)
Profit on deemed part disposal of Euromoney Institutional Investor plc		**–**	42.4
Profit on sale and deemed disposal of joint ventures and associates		**–**	0.6
		27.7	35.7

The profit on sale of businesses mainly comprises the sale of Consumer North American Home Shows in the exhibitions division, Dolphin and the European business of Hobsons within business information and British Pathe within national media. No tax charge is due on the sale of Hobsons and British Pathe due to the availability of a statutory exemption. A tax charge of £1.9 million arose on the sale of Consumer North American Home Shows and a tax charge of £2.4 million arose on the sale of Dolphin.

In the prior year the profit on deemed disposal of Euromoney arose following Euromoney's issue of £65.0 million new share capital to the shareholders of Metal Bulletin plc thereby reducing the Group's interest in Euromoney.

7 INVESTMENT REVENUE

	2008 £m	2007 £m
Dividend income		
The Press Association Limited	**–**	0.2
AMI	**–**	0.3
GCap Media plc	**0.3**	1.0
Interest receivable		
Short-term deposits	**2.7**	5.5
	3.0	7.0

8 FINANCE COSTS

	Note	2008 £m	2007 £m
Interest, arrangement and commitment fees payable on bonds, bank loans and loan notes		**(78.3)**	(72.0)
(Loss)/gain on derivatives, or portions thereof, not designated for hedge accounting		**(45.6)**	16.5
Finance charge on discounting of deferred consideration	32	**(2.4)**	(2.8)
Other		**(3.0)**	(3.5)
		(129.3)	(61.8)

Analysed as follows:

	Note	2008 £m	2007 £m
Interest, arrangement and commitment fees payable on bonds, bank loans and loan notes		**(78.3)**	(72.0)
Finance charge on discounting of deferred consideration	32	**(2.4)**	(2.8)
Change in fair value of non designated portion of derivatives designated as net investment hedges		**2.6**	–
Change in fair value of interest rate caps not designated for hedge accounting		**(0.2)**	(0.3)
Change in fair value of derivative hedge of bond		**1.1**	(3.0)
Change in fair value of hedged portion of bond		**(1.1)**	3.0
		(78.3)	(75.1)
Tax equalisation swap income		**14.5**	30.5
Non foreign exchange gain/(loss) on tax equalisation options		**5.3**	(3.4)
		19.8	27.1
Foreign exchange loss on tax equalisation arrangements		**(67.8)**	(10.3)
Foreign exchange loss on intra-group financing		**–**	(4.7)
Change in fair value of acquisition put options		**(3.0)**	3.8
Premium on repurchase of bonds		**–**	(2.6)
		(70.8)	(13.8)
		(129.3)	(61.8)

The comparative figures in the above table have been re-analysed in order to assist the reader's understanding of the Group's finance costs.

Tax equalisation swap income and the gain/(loss) from tax equalisation options totalling £19.8 million (2007 £27.1 million) arises from the economic hedging of tax on foreign exchange movements. The foreign exchange loss on tax equalisation arrangements of £67.8 million (2007 £10.3 million) is excluded from adjusted profit since it is equal to a reduced tax charge (see note 9). In addition, the foreign exchange loss on intra group financing, premium on repurchase of bonds and the change in fair value of acquisition put options are also excluded from adjusted profits.

The finance charge on the discounting of deferred consideration arises from the requirement under IFRS 3, Business Combinations to discount deferred consideration back to current values.

9 TAX

	2008 £m	2007 £m
The credit/(charge) on the profit for the year consists of:		
UK tax		
Corporation tax at 29% (2007 30%)	**18.0**	(41.9)
Adjustments in respect of prior years	**28.2**	29.4
	46.2	(12.5)
Overseas tax		
Corporation tax	**(18.4)**	(18.8)
Adjustments in respect of prior years	**(0.8)**	0.2
Total current tax	**27.0**	(31.1)
Deferred tax		
Origination and reversals of timing differences	**60.6**	13.7
Adjustments in respect of prior years	**(2.9)**	(2.9)
Total deferred tax	**57.7**	10.8
	84.7	(20.3)

Being a multinational Group with tax affairs in many geographic locations inherently leads to a highly complex tax structure which makes the degree of estimation and judgement more challenging. Since the Group manages its tax affairs on a Group wide basis it does not report a segmental analysis of the tax charge in the income statement.

A current tax credit of £1.0 million (2007 £0.3 million) and a deferred tax credit of £40.0 million (2007 charge £59.7 million) was credited directly to equity (note 35).

The tax charge for the year is lower than the standard rate of corporation tax in the UK of 29% (2007 30%) representing the weighted average annual corporate tax rate for the full financial year. The differences are explained below:

	2008 £m	2007 £m
(Loss)/profit on ordinary activities before tax – continuing	**(68.1)**	142.1
Profit before tax – discontinued	**0.2**	0.5
Tax on (loss)/profit on ordinary activities at the standard rate	**19.7**	(42.6)
Effect of:		
Amortisation and Impairment of goodwill and intangible assets	**(21.3)**	(18.2)
Other expenses not deductible for tax purposes	**(15.6)**	(6.6)
Additional items deductible for tax purposes	**70.1**	14.7
Recognition of previously unrecognised deferred tax assets	**7.1**	2.9
Effect of overseas tax rates	**0.1**	(2.5)
Effect of associates tax	**2.4**	0.5
Tax losses unrelieved	**(9.0)**	(6.1)
Write off/disposal of subsidiaries	**7.7**	11.2
Adjustment in respect of prior years	**24.5**	26.7
Other	**(1.0)**	(0.3)
Total tax credit/(charge) on the profit for the year	**84.7**	(20.3)

The net prior year credit of £24.5 million (2007 £26.7 million) arose largely from the agreement of certain prior year open issues with tax authorities and a reassessment of the level of tax provisions required.

9 TAX – Continued

Adjusted tax on profits before amortisation and impairment of intangible assets, restructuring costs and non-recurring items (adjusted tax charge) amounted to £62.8 million (2007 £75.9 million) and the resulting rate is 24.0% (2007 26.3%). The differences between the tax credit and the adjusted tax charge are shown in the reconciliation below:

	2008 £m	2007 £m
Total tax credit/(charge) on the profit for the year	**84.7**	(20.3)
Deferred tax on intangible assets and goodwill	**(37.2)**	(14.0)
Current tax on foreign exchange on tax equalisation contracts	**(67.8)**	(10.3)
Agreement of open issues with tax authorities	**(23.8)**	(27.4)
Tax on other exceptional items	**(18.7)**	(3.9)
Adjusted tax charge on the profit for the period	**(62.8)**	(75.9)

In calculating the adjusted tax rate, the Group excludes the potential future deferred tax effects of intangible assets and goodwill as it prefers to give the readers of its accounts a view of the tax charge based on the current status of such items.

A credit of £67.8 million relating to tax on foreign exchange losses (2007 £10.3 million) has been treated as exceptional as it matches foreign exchange losses of £67.8 million (2007 £10.3 million) on tax equalisation swaps included within finance costs (see note 8).

10 DIVIDENDS PAID

	2008 Pence per share	2008 £m	2007 Pence per share	2007 £m
Amounts recognisable as distributions to equity holders in the period				
Ordinary shares – final dividend for the year ended 30th September, 2007	**9.90**	**2.0**	–	–
'A' Ordinary Non-Voting shares – final dividend for the year ended 30th September, 2007	**9.90**	**36.4**	–	–
Ordinary shares – final dividend for the year ended 1st October, 2006	**–**	**–**	9.00	1.8
'A' Ordinary Non-Voting shares – final dividend for the year ended 1st October, 2006	**–**	**–**	9.00	33.2
		38.4		35.0
Ordinary shares – interim dividend for the year ended 28th September, 2008	**4.80**	**1.0**	–	–
'A' Ordinary Non-Voting shares – interim dividend for the year ended 28th September, 2008	**4.80**	**16.9**	–	–
Ordinary shares – interim dividend for the year ended 30th September, 2007	**–**	**–**	4.45	0.9
'A' Ordinary Non-Voting shares – interim dividend for the year ended 30th September, 2007	**–**	**–**	4.45	16.7
		17.9		17.6
	14.70	**56.3**	13.45	52.6

The Board has declared a final dividend of 9.90p per Ordinary/'A' Ordinary Non-Voting share (2007 9.90p) which will absorb an estimated £37.1 million of shareholders' funds for which no liability has been recognised in these financial statements. Subject to shareholder approval it will be paid on 13th February, 2009 to shareholders on the register at the close of business on 28th November, 2008.

11 ADJUSTED PROFIT (BEFORE EXCEPTIONAL OPERATING COSTS AND AMORTISATION AND IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS, OTHER GAINS AND LOSSES AND EXCEPTIONAL FINANCING COSTS, AFTER TAXATION AND MINORITY INTERESTS)

		Note	2008 £m	2007 £m
(Loss)/profit before tax – continuing			**(68.1)**	142.1
Profit before tax – discontinued		24	**0.2**	0.8
Add back:				
Amortisation of intangible assets in Group profit from operations and in joint ventures and associates		3, 5	**90.9**	86.0
Impairment of goodwill and intangible assets		3	**167.8**	52.7
Exceptional operating costs		3	**31.8**	28.1
Share of associates' other gains		5	**(9.8)**	(0.6)
Impairment of carrying value of associate		5	**4.8**	–
Other gains and losses:				
	Profit on sale of available-for-sale investments	6	**(7.6)**	(0.7)
	Profit on sale of property, plant and equipment	6	**(6.8)**	(1.2)
	Profit on sale of businesses	6	**(23.4)**	(15.2)
	Impairment of available-for-sale assets	6	**10.1**	–
	Recycled impairment loss of GCap Media plc	6	**–**	24.4
	Profit on deemed part disposal of Euromoney Institutional Investor plc	6	**–**	(42.4)
	Profit on sale and deemed disposal of joint ventures and associates	6	**–**	(0.6)
	Profit on sale of discontinued operations	24	**(0.2)**	–
Finance costs:				
	Foreign exchange loss on tax equalisation arrangements	8	**67.8**	10.3
	Foreign exchange loss on intra-group financing	8	**–**	4.7
	Change in fair value of acquisition put options	8	**3.0**	(3.8)
	Premium on repurchase of bonds	8	**–**	2.6
Tax:				
	Share of tax in joint ventures and associates	5	**1.3**	1.0
Profit before exceptional operating costs, amortisation and impairment of goodwill and intangible assets, other gains and losses and exceptional financing costs, taxation and minority interest			**261.8**	288.2
Total tax credit/(charge) on the profit for the period		9	**84.7**	(20.3)
Adjust for:				
	Deferred tax on intangible assets and goodwill	9	**(37.2)**	(14.0)
	Current tax on foreign exchange on tax equalisation arrangements	9	**(67.8)**	(10.3)
	Agreed open issues with tax authorities	9	**(23.8)**	(27.4)
	Tax on other exceptional items	9	**(18.7)**	(3.9)
Interest of minority shareholders			**(18.1)**	(19.8)
Adjusted profit before exceptional operating costs, amortisation and impairment of goodwill and intangible assets, other gains and losses and exceptional financing costs, taxation and minority interests			**180.9**	192.5

The adjusted minority share of profits for the year of £18.1 million (2007 £19.8 million) is stated after eliminating a credit of £1.2 million (2007 £4.5 million), being the minority share of exceptional items.

12 EARNINGS/(LOSS) PER SHARE

Basic earnings per share of 0.0 p (2007 27.3 p) and diluted loss per share of 0.2 p (2007 earnings 27.1 p) are calculated, in accordance with IAS 33, Earnings per share, on Group profit for the financial year of £nil (2007 £107.0 million) and on the weighted average number of Ordinary shares in issue during the year, as set out below.

As in previous years, adjusted earnings per share have also been disclosed since the Directors consider that this alternative measure gives a more comparable indication of the Group's underlying trading performance. Adjusted earnings per share of

12 EARNINGS/(LOSS) PER SHARE – Continued

47.9 p (2007 49.3 p) are calculated on profit before exceptional operating costs, amortisation and impairment of goodwill and intangible assets, after charging the taxation and minority interests associated with those profits, of £180.9 million (2007 £192.5 million), as set out in Note 11 above, and on the basic weighted average number of Ordinary shares in issue during the year.

		2008 Diluted pence per share	2007 Diluted pence per share	2008 Basic pence per share	2007 Basic pence per share
Earnings per share from continuing operations		**(0.2)**	27.1	**–**	27.3
Adjustment to exclude earnings of discontinued operations		**0.1**	0.1	**0.1**	0.1
Basic earnings per share from continuing and discontinued operations		**(0.1)**	27.2	**0.1**	27.4
Add back:					
Amortisation of intangible assets in Group profit from operations and in joint ventures and associates		**24.1**	22.0	**24.1**	22.0
Impairment of goodwill and intangible assets		**44.4**	13.5	**44.4**	13.5
Exceptional operating costs		**8.4**	7.2	**8.4**	7.2
Share of associates' other gains		**(2.6)**	(0.2)	**(2.6)**	(0.2)
Impairment of carrying value of associate		**1.3**	–	**1.3**	–
Other gains and losses:					
	Profit on sale of available-for-sale investments	**(2.0)**	(0.2)	**(2.0)**	(0.2)
	Profit on sale of property, plant and equipment	**(1.8)**	(0.3)	**(1.8)**	(0.3)
	Profit on sale of businesses	**(6.2)**	(3.9)	**(6.2)**	(3.9)
	Impairment of available-for-sale assets	**2.7**	–	**2.7**	–
	Recycled impairment loss of GCap Media plc	**–**	6.2	**–**	6.3
	Profit on deemed part disposal of Euromoney Institutional Investor plc	**–**	(10.8)	**–**	(10.9)
	Profit on sale and deemed disposal of joint ventures and associates	**–**	(0.2)	**–**	(0.2)
	Profit on sale of discontinued operations	**(0.1)**	–	**(0.1)**	–
Finance costs:					
	Foreign exchange loss on tax equalisation arrangements	**18.0**	2.7	**18.0**	2.7
	Foreign exchange loss on intra-group financing	**–**	1.2	**–**	1.2
	Change in fair value of acquisition put options	**0.8**	(1.0)	**0.8**	(1.0)
	Premium on repurchase of bonds	**–**	0.7	**–**	0.7
Tax:					
	Share of tax in joint ventures and associates	**0.3**	0.3	**0.3**	0.3
Profit before exceptional operating costs, amortisation and impairment of goodwill and intangible assets, other gains and losses and exceptional financing costs, taxation and minority interests		**87.2**	64.4	**87.4**	64.6
Adjust for:					
	Deferred tax on intangible assets and goodwill	**(9.9)**	(3.6)	**(9.9)**	(3.6)
	Current tax on foreign exchange on tax equalisation arrangements	**(18.0)**	(2.6)	**(18.0)**	(2.6)
	Agreed open issues with tax authorities	**(6.3)**	(7.0)	**(6.3)**	(7.0)
	Tax on other exceptional items	**(5.0)**	(1.0)	**(5.0)**	(1.0)
Interest of minority shareholders		**(0.3)**	(1.0)	**(0.3)**	(1.1)
Adjusted earnings per share (before exceptional operating costs, amortisation and impairment of goodwill and intangible assets, other gains and losses and exceptional financing costs after taxation and minority interests)		**47.7**	49.2	**47.9**	49.3

12 EARNINGS/(LOSS) PER SHARE – Continued

The weighted average number of Ordinary shares in issue during the year for the purpose of these calculations is as follows:

	2008 Number m	2007 Number m
Number of Ordinary shares in issue	**395.3**	402.0
Shares held in Treasury	**(17.7)**	(11.7)
Basic earnings per share denominator	**377.6**	390.3
Effect of dilutive share options	**–**	0.7
Dilutive earnings per share denominator	**377.6**	391.0

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

13 ANALYSIS OF NET DEBT

	Note	At beginning of year £m	Cash flow £m	Fair value hedging adjustments £m	Foreign exchange movements £m	Other non-cash movements £m	At end of year £m
Cash and cash equivalents	25	70.4	(30.7)	–	5.6	–	**45.3**
Bank overdrafts	29	(6.4)	5.8	–	(0.4)	–	**(1.0)**
Net cash and cash equivalents		64.0	(24.9)	–	5.2	–	**44.3**
Debt due within one year	29	(36.8)	13.4	–	12.2	(13.8)	**(25.0)**
Debt due after one year							
Bonds	29	(838.5)	–	(1.1)	–	0.7	**(838.9)**
Bank loans	29	(144.2)	1.9	–	(12.6)	(10.4)	**(165.3)**
Net debt before effect of derivatives		(955.5)	(9.6)	(1.1)	4.8	(23.5)	**(984.9)**
Effect of derivatives on bank debt		5.1	(35.9)	1.1	–	–	**(29.7)**
Net debt		(950.4)	(45.5)	–	4.8	(23.5)	**(1,014.6)**

The net cash outflow of £24.9 million includes a cash outflow of £23.3 million in respect of operating exceptional items.

During the year the Group renegotiated its committed bank facilities which were due to expire in October 2009. The Group's new committed facilities amount to £420.0 million, have maturities of 3 and 5 years and are unsecured.

Other non-cash movements in respect of debt due within one year arose following the vendors' decision to take a loan note alternative to satisfy the deferred consideration balance on certain prior year acquisitions (note 32) amounting to £13.1 million together with accrued interest on loan notes of £0.7 million.

Other non-cash movements in respect of bonds comprises the unwinding of premium of £1.0 million (2007 £1.1 million) offset by the amortisation of issue costs of £0.3 million (2007 £0.3 million).

Other non-cash movements in respect of bank loans comprises accrued interest of £10.4 million (2007 £9.9 million).

14 ANALYSIS OF MOVEMENTS IN CASH IN RESPECT OF ACQUISITIONS AND DISPOSALS

		Note	2008 £m	2007 £m
Acquisitions				
Cash consideration including acquisition expenses of £0.2 million	GLM	15	**78.8**	–
Cash consideration including acquisition expenses of £0.5 million (2007 £2.4 million)	Others	15	**14.8**	288.7
Cash paid to settle deferred consideration in respect of acquisitions		32	**14.2**	29.6
Cash and cash equivalents acquired with subsidiaries		15	**(3.5)**	(13.1)
			104.3	305.2

Cash paid in respect of deferred consideration in respect of prior year acquisitions was mainly in respect of the national media division.

The businesses acquired during the year contributed £1.2 million to the Group's net operating cash flows with no amounts attributable to investing or financing activities.

14 ANALYSIS OF MOVEMENTS IN CASH IN RESPECT OF ACQUISITIONS AND DISPOSALS – Continued

	Note	2008 £m	2007 £m
Disposals			
Cash consideration net of disposal costs	16	**63.6**	41.8
Cash and cash equivalents disposed with subsidiaries	16	**(5.1)**	(4.8)
		58.5	37.0

The businesses disposed of during the year contributed £8.0 million to the Group's net operating cashflows with no amounts attributable to investing or financing activities.

15 SUMMARY OF THE EFFECTS OF ACQUISITIONS

On 1st October 2007, the Group acquired the remaining 51% of the membership interests of George Little Management LLC (GLM) for cash consideration of £78.6 million (US$155.0 million). Costs incurred were £0.2 million.

GLM owns and manages tradeshows for consumer goods in the US, serving industries as diverse as giftware, social stationery, home textiles, tabletop, gourmet house wares, contemporary furniture and wellness. GLM is involved in the production of nearly 40 tradeshows in 15 cities across the US and Canada.

Fair value of net assets acquired:

	Note	GLM at book value £m	Accounting policy alignments £m	Fair value adjustments £m	GLM at fair value £m
Goodwill	17	0.7	–	69.8	70.5
Intangible assets	18	–	–	100.1	100.1
Property, plant and equipment	19	0.8	–	–	0.8
Interests in associates		0.2	–	–	0.2
Prepaid show expenses		0.6	1.3	–	1.9
Trade and other receivables		1.8	–	–	1.8
Cash and cash equivalents		1.3	–	–	1.3
Trade and other payables		(5.3)	(0.1)	–	(5.4)
Deferred taxation	33	–	–	(9.5)	(9.5)
Net assets acquired		**0.1**	**1.2**	**160.4**	**161.7**

Cost of acquisition:

	Note	Non-cash £m	Cash paid in current period £m	Total £m
Reclassification of investment in associate	20	55.9	–	55.9
Cash		–	78.6	78.6
Consideration at fair value		**55.9**	**78.6**	**134.5**
Directly attributable costs		–	0.2	0.2
Revaluation of previously held interest in associate on acquisition of control	(i)	27.0	–	27.0
Total cost of acquisition		**82.9**	**78.8**	**161.7**

The principal fair value adjustments relate to intangible assets recognised relating to the exhibition brands, the related deferred tax liability and £69.8 million attributable to goodwill which represents future synergies. The fair values above have been adjusted from those disclosed at the year end following due diligence work to identify and value the intangible assets acquired.

Since the acquisition took place on the first day of the financial period, Group revenues and profit attributable to equity holders of the parent already include the full effect of the acquisition.

(i) The fair value adjustments include a credit to retained earnings of £27.0 million (note 35). This represents a revaluation of the Group's previously held interest in GLM on acquisition of control.

15 SUMMARY OF THE EFFECTS OF ACQUISITIONS – Continued

Other notable acquisitions completed during the period, the percentage of voting rights acquired, the dates of acquisition and the goodwill arising was as follows:

Name of acquisition	% voting rights acquired	Date of acquisition	Business description £m	Consideration paid £m	Intangible fixed assets acquired £m	Goodwill arising
Oil Careers	100%	December 2007	Online recruitment	6.8	1.5	4.2
Enva Power	82%	December 2007	Power trading data provider	8.5	3.3	6.7
Inframation	100%	December 2007	Land, property and mapping data provider	5.4	1.3	5.4

Provisional fair value of net assets acquired with all other acquisitions:

	Note	Book value £m	Provisional fair value adjustments £m	Provisional fair value £m
Goodwill	17	0.2	16.7	16.9
Intangible assets	18	–	9.5	9.5
Property, plant and equipment	19	0.1	–	0.1
Current assets		1.4	–	1.4
Cash and cash equivalents		2.2	–	2.2
Trade creditors and other payables		(4.1)	–	(4.1)
Tax		(0.7)	–	(0.7)
Deferred tax	33	(0.2)	(2.8)	(3.0)
Net assets/(liabilities) acquired		**(1.1)**	**23.4**	**22.3**
Minority share of net liabilities acquired		(0.2)	–	(0.2)
Group share of net assets/(liabilities) acquired		(1.3)	23.4	22.1

Cost of acquisitions:

	Note	Non-cash £m	Cash paid in current period £m	Total £m
Deferred consideration	32	7.5	–	7.5
Cash		–	14.3	14.3
Consideration at fair value		**7.5**	**14.3**	**21.8**
Directly attributable costs		–	0.5	0.5
Total cost of acquisition		**7.5**	**14.8**	**22.3**

If all acquisitions had been completed on the first day of the financial year, Group revenues for the year would have been £2,314.4 million and Group profit attributable to equity holders of the parent would have been £0.3 million. This information takes into account the amortisation of acquired intangible assets for a full year, together with related income tax effects but excludes any pre-acquisition finance costs and should not be viewed as indicative of the results of operations that would have occurred if the acquisitions had actually been completed on the first day of the financial year.

Total profit attributable to equity holders of the parent since the date of acquisition for companies acquired during the period amounted to £0.3 million.

The aggregate consideration for these and other businesses was £157.0 million, of which £93.6 million was paid in cash during the year, £55.9 million transferred from investments in associates and an estimated amount of £7.5 million payable in the form of deferred consideration, depending upon trading results. This deferred consideration has been discounted back to current values in accordance with IFRS 3, Business Combinations. In each case, the Group has used acquisition accounting to account for the purchase.

Goodwill arising on the acquisitions is principally attributable to the anticipated profitability relating to the distribution of the Group's products in new and existing markets and anticipated operating synergies from the business combinations.

Purchase of additional shares in controlled entities

	2008 £m	2007 £m
Cash consideration including acquisition expenses of £0.1 million (2007 £nil)	**36.3**	7.1

15 SUMMARY OF THE EFFECTS OF ACQUISITIONS – Continued

During the period the Group acquired additional shares in controlled entities amounting to £36.3 million (2007 £7.1 million). This includes £26.7 million acquiring a further 5.4% of the issued Ordinary share capital of Euromoney. Under the Group's accounting policy for the purchase of shares in controlled entities, no adjustment has been recorded to the fair value of assets and liabilities already held on the Balance Sheet. The difference between the cost of the additional shares, goodwill arising and the carrying value of the minority share of net assets is adjusted directly in equity. The adjustment to equity in the period was a charge of £6.4 million (2007 £nil).

16 SUMMARY OF THE EFFECTS OF DISPOSALS

The principal disposals completed during the year, the proceeds received and dates of disposal were as follows:

	Date	£m
Dolphin	March 2008	10.3
British Pathe	May 2008	6.3
Hobsons Europe	July 2008	31.1
North American Consumer Home Shows	July 2008	24.5

The impact of disposals on net assets was:

	Note	£m
Goodwill	17	29.6
Intangible assets	18	4.5
Property, plant and equipment	19	0.4
Trade and other receivables		5.1
Cash at bank and in hand	14	5.1
Trade creditors and other payables		(4.6)
Deferred tax		0.1
Net assets disposed		**40.2**
Profit on disposal of businesses	6	23.4
Satisfied by:		
Cash received	14	**63.6**

NOTES TO THE CONSOLIDATED BALANCE SHEET

17 GOODWILL

	Note	Goodwill £m
Cost		
At 1st October, 2006		710.3
Additions		277.3
Reduction on recognition of deferred tax asset for pre-acquisition losses		(4.4)
Adjustment to previous year estimate of deferred consideration		(9.4)
Disposals		(8.1)
Exchange adjustment		(3.5)
At 30th September, 2007		962.2
Additions	15	60.4
Additions in relation to purchase of additional interests in controlled entities	15	24.3
Revaluation of previously held interest in associate on acquisition of control	15, 35	27.0
Reduction on recognition of deferred tax asset for pre-acquisition losses	3	(2.8)
Adjustment to previous year estimate of deferred consideration	32	(2.9)
Disposals	16	(44.5)
Adjustment in respect of prior period acquisition		2.1
Exchange adjustment		40.8
At 28th September, 2008		**1,066.6**

17 GOODWILL – Continued

	Note	Goodwill £m
Accumulated impairment losses		
At 1st October, 2006		34.8
Impairment	3	36.1
Exchange adjustment		3.9
At 30th September, 2007		74.8
Impairment	3	130.5
Disposals	16	(14.9)
Exchange adjustment		2.7
At 28th September, 2008		**193.1**
Net book value – 2007		887.4
Net book value – 2008		**873.5**

The only large single item of goodwill included in the net book value above relates to BCA, a business within Metal Bulletin, which has a carrying value of £129.7 million (2007 £113.5 million.)

The Group tests goodwill annually for impairment, or more frequently if there are indicators that goodwill might be impaired. Intangible assets are tested separately from goodwill only where impairment indicators exist. The Group has no intangible assets with indefinite lives. Goodwill impairment losses recognised in the year were £130.5 million.

When testing for impairment, the recoverable amounts for all the Group's cash-generating units (CGUs) are measured at their value in use by discounting future expected cash flows, typically over periods of 20 years or less. These calculations use cash flow projections based on management approved budgets and projections which reflect management's current experience and future expectations of the markets in which the CGU operates. Risk adjusted discount rates used by the Group in its impairment tests range from 8.7% to 13.5%, the choice of rates depending on the market and maturity of the CGU; the growth rates used in the projections range between 0% and 5.0% and vary with management's view of the CGU's market position, maturity of the relevant market and do not exceed the long-term average growth rate for the market in which it operates.

Further disclosures in accordance with paragraph 134 of IAS 36, Impairment of assets, are not provided as the Group does not hold any individual goodwill item relating to a CGU that is significant, which the Group considers to be 15% of the total, in comparison with the Group's total carrying value of goodwill.

The impairment charge is analysed by major CGU as follows:

CGU	Note	Division	Goodwill impairment £m	Intangible asset impairment £m	Discount rate used	Reason for impairment
East Surrey and Sussex News		Local media	12.3	4.7	10.0%	Declining profitability
Blackmore Vale		Local media	11.1	0.4	9.5%	Declining profitability
Kent Regional News		Local media	5.0	6.6	10.5%	Declining profitability
Leek Post and Times		Local media	2.4		10.0%	Declining profitability
Central Independent News		Local media	21.2	–	10.5%	Declining profitability
Wessex News		Local media	–	7.3	10.0%	Declining profitability
California Gift Show		Exhibitions	18.1	–	9.5%	Declining profitability
GLM	(i)	Exhibitions	41.4	–	9.5%	Declining profitability and double count of goodwill from transition to IFRS
Western Exhibitors		Exhibitions	–	9.0	9.5%	Declining profitability
Allegran		National media	7.9	–	13.5%	Declining profitability
Other		Exhibitions	8.2	4.7		Declining profitability
		National media	–	1.1		Declining profitability
		Local media	–	0.7		Declining profitability
	(ii)	Euromoney	5.7	–		Declining profitability
			133.3	34.5		

17 GOODWILL – Continued

(i) Included within the exhibitions sector charge is an amount of £41.4 million relating to George Little Management LLC (GLM) (note 15). GLM was an associate on October 3rd, 2004, the Group's transition date to IFRS. On transition to IFRS, the Group elected not to apply IFRS 3, Business Combinations, retrospectively to past business combinations and the carrying value of goodwill, intangible assets and other assets and liabilities associated with the Group's stakes in its subsidiaries, associates and joint ventures. As a result of the application of IFRS 3 on acquiring control of GLM a double count of goodwill in respect of the Group's acquisition of its initial 25% stake has occurred as under UK GAAP the majority of this stake was attributed to goodwill and no separately identifiable assets were recorded. As a result of this double count, the Group has been required to record an impairment charge of £14.4 million immediately following acquisition of control and this is included in the charge for the year.

(ii) Following a re-assessment of the recoverability of tax losses acquired with Metal Bulletin a reduction in the carrying value of goodwill of £2.8 million (2007 £nil) within Euromoney, £nil (2007 £3.6 million) in the business information division and £nil (2007 £0.8 million) in the national media division on recognition of deferred tax assets for pre-acquisition losses (note 17) has been recorded. In accordance with IAS 12, Income taxes, the Group is required to reduce its previously capitalised goodwill to offset the recognition of this deferred tax asset.

The goodwill and intangibles impairment charge recognised in the prior year was £48.3 million. Of this charge, £10.2 million relates to the national media division for Loot following continued decreases in advertising and circulation revenues and £13.0 million for Simply Switch due to poor trading, £4.4 million to the local media division in relation to a classified paid-for newspaper and £19.8 million relating to the exhibition division in relation to consumer shows in the USA.

In addition to the prior year impairment charge of £36.1 million, a reduction in cost of £4.4 million was recorded upon recognition of deferred tax assets relating to pre-acquisition losses.

18 OTHER INTANGIBLE ASSETS

	Note	Publishing rights and titles £m	Radio licences £m	Brands £m	Customer related databases £m	Computer software £m	Other £m	Total £m
Cost								
At 1st October, 2006		297.6	197.3	177.3	49.1	50.8	1.9	774.0
Analysis reclassifications		1.0	4.0	(5.0)	–	(0.1)	0.1	–
Additions		143.5	–	8.0	62.3	6.7	2.6	223.1
Internally generated		–	–	–	–	13.8	0.2	14.0
Disposals		–	–	(2.3)	–	(3.6)	–	(5.9)
Exchange adjustment		(0.3)	17.6	(6.3)	(3.4)	0.5	(0.2)	7.9
At 30th September, 2007		441.8	218.9	171.7	108.0	68.1	4.6	1,013.1
Analysis reclassifications		–	–	–	–	(0.5)	0.5	–
Additions	15	2.8	–	97.2	3.6	0.1	5.9	109.6
Internally generated		–	–	–	–	18.7	–	18.7
Disposals	16	(8.2)	–	(2.0)	(0.2)	(3.0)	–	(13.4)
Transfer from/(to) property, plant and equipment	19	(0.7)	–	(0.1)	(0.2)	3.8	–	2.8
Exchange adjustment		14.5	7.9	16.1	6.3	1.8	0.5	47.1
At 28th September, 2008		**450.2**	**226.8**	**282.9**	**117.5**	**89.0**	**11.5**	**1,177.9**

18 OTHER INTANGIBLE ASSETS – Continued

	Note	Publishing rights and titles £m	Radio licences £m	Brands £m	Customer related databases £m	Computer software £m	Other £m	Total £m
Accumulated amortisation								
At 1st October, 2006		218.9	48.8	20.8	6.5	29.4	0.2	324.6
Analysis reclassifications		(5.7)	5.5	(0.1)	0.6	(1.6)	1.3	–
Charge for the year		27.1	9.1	22.5	13.7	9.0	0.8	82.2
Impairment	3	0.2	–	8.9	0.4	2.7	–	12.2
Disposals		–	–	(0.7)	–	(1.3)	–	(2.0)
Exchange adjustment		–	4.9	(0.7)	(0.5)	(0.4)	0.1	3.4
At 30th September, 2007		240.5	68.3	50.7	20.7	37.8	2.4	420.4
Analysis reclassifications		–	–	–	2.5	(2.5)	–	–
Charge for the year		26.7	10.1	27.4	13.6	11.0	1.5	90.3
Impairment	3, 17	19.7	–	12.2	0.1	2.5	–	34.5
Disposals	16	(4.8)	–	(1.6)	(0.2)	(2.3)	–	(8.9)
Transfer from/(to) property, plant and equipment	19	(0.3)	–	–	–	0.8	–	0.5
Exchange adjustment		2.3	2.1	3.2	1.7	1.8	–	11.1
At 28th September, 2008		**284.1**	**80.5**	**91.9**	**38.4**	**49.1**	**3.9**	**547.9**
Net book value – 2007		201.3	150.6	121.0	87.3	30.3	2.2	592.7
Net book value – 2008		**166.1**	**146.3**	**191.0**	**79.1**	**39.9**	**7.6**	**630.0**

The methodologies applied to the Group's cash-generating units (CGUs) when testing for impairment and details of the above impairment charge, are as set out in note 17.

The carrying values of the Group's larger intangible assets are further analysed as follows:

	2008 Carrying value £m	2007 Carrying value £m	2008 Remaining amortisation period Years	2007 Remaining amortisation period Years
GLM – New York International Gift Fair brand	**83.1**	–	**19.0**	–
Metal Bulletin mastheads	**82.4**	90.6	**27.8**	28.8
Nova 96.9 radio licence	**43.6**	45.4	**12.5**	13.5
Nova 106.9 radio licence	**29.8**	30.4	**16.5**	17.5
Trinity Mirror Southern Titles	**22.9**	36.4	**18.8**	19.8
Vega 95.3 radio licence	**22.6**	22.9	**16.8**	17.8
Metal Bulletin customer relationships	**21.7**	22.4	**13.4**	14.4
Associated Mediabase software	**21.7**	18.7	**1.9**	1.7
Nova 100 radio licence	**20.7**	21.5	**13.2**	14.2
Vega 91.5 radio licence	**16.3**	16.6	**17.0**	18.0
Genscape intellectual property	**14.6**	14.0	**17.5**	18.5
Evanta brand	**12.6**	12.2	**12.8**	13.8
Perex title	**10.2**	12.1	**3.8**	4.8
Allegran brand	**8.4**	11.9	**2.4**	3.4
Institutional Investor title	**8.3**	9.2	**9.0**	10.0
Primelocation brand	**5.4**	7.8	**2.3**	3.3

19 PROPERTY, PLANT AND EQUIPMENT

	Note	Freehold properties £m	Long leasehold properties £m	Short leasehold properties £m	Plant and equipment £m	Total £m
Cost						
At 1st October, 2006		138.8	76.3	50.5	701.0	966.6
Owned by subsidiaries acquired		1.8	0.6	0.2	1.6	4.2
Additions		10.9	1.5	3.4	58.4	74.2
Disposals		(1.6)	(0.1)	(1.0)	(37.0)	(39.7)
Owned by subsidiaries disposed		–	–	(0.2)	(6.6)	(6.8)
Reclassifications		(10.1)	10.1	4.6	(4.6)	–
Exchange adjustment		0.4	0.1	0.2	(1.1)	(0.4)
At 30th September, 2007		140.2	88.5	57.7	711.7	998.1
Owned by subsidiaries acquired	15	–	–	0.3	0.6	0.9
Additions		3.0	0.8	1.3	52.0	57.1
Disposals		(2.5)	–	(1.5)	(38.9)	(42.9)
Owned by subsidiaries disposed	16	–	–	–	(2.6)	(2.6)
Transfers to intangible fixed assets	18	–	–	–	(2.8)	(2.8)
Reclassifications		10.5	(10.1)	–	(0.4)	–
Exchange adjustment		0.6	(0.2)	0.5	9.3	10.2
At 28th September, 2008		**151.8**	**79.0**	**58.3**	**728.9**	**1,018.0**

	Note	Freehold properties £m	Long leasehold properties £m	Short leasehold properties £m	Plant and equipment £m	Total £m
Accumulated depreciation and impairment						
At 1st October, 2006		21.9	32.2	30.3	368.5	452.9
Charge for the year		2.4	1.9	3.2	51.5	59.0
Impairment		–	–	–	6.0	6.0
Disposals		(0.2)	(0.1)	(0.6)	(34.0)	(34.9)
Owned by subsidiaries disposed		–	–	(0.1)	(3.9)	(4.0)
Reclassifications		(0.3)	0.3	–	–	–
Exchange adjustment		0.1	–	–	(1.7)	(1.6)
At 30th September, 2007		23.9	34.3	32.8	386.4	477.4
Charge for the year	3	3.4	2.3	3.6	53.8	63.1
Impairment	(i)	–	–	–	7.4	7.4
Disposals		(0.4)	–	(1.3)	(32.6)	(34.3)
Owned by subsidiaries disposed	16	–	–	–	(2.2)	(2.2)
Transfers to intangible fixed assets	18	–	–	–	(0.5)	(0.5)
Reclassifications		0.3	(0.3)	–	–	–
Exchange adjustment		0.2	–	0.2	4.8	5.2
At 28th September, 2008		**27.4**	**36.3**	**35.3**	**417.1**	**516.1**
Net book value – 2007		116.3	54.2	24.9	325.3	520.7
Net book value – 2008		**124.4**	**42.7**	**23.0**	**311.8**	**501.9**

(i) Included within exceptional operating costs is an impairment charge of £7.4 million (2007 £6.0 million) relating to printing equipment within the national media division. These assets are now considered obsolete due to excess capacity within the Group.

19 PROPERTY, PLANT AND EQUIPMENT – Continued

The following table analyses assets in the course of construction included in property, plant and equipment above.

	Note	Freehold properties £m	Long leasehold properties £m	Short leasehold properties £m	Plant and equipment £m	Total £m
Assets in the course of construction						
Cost and net book value						
At 1st October, 2006		29.3	0.4	–	42.7	72.4
Projects completed		(29.3)	(0.1)	–	(24.7)	(54.1)
Additions		–	–	0.5	19.1	19.6
At 30th September, 2007		–	0.3	0.5	37.1	37.9
Projects completed	(i)	–	(0.2)	(0.5)	(26.7)	(27.4)
Additions		–	0.5	0.1	6.2	6.8
At 28th September, 2008		**–**	**0.6**	**0.1**	**16.6**	**17.3**

(i) The projects completed during the year mainly relate to the Group's new colour printing facility which became available for use and has been transferred out of assets under construction.

20 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

	Cost of shares £m	Loans £m	Share of post-acquisition retained reserves £m	Total £m
Joint Ventures				
At 1st October, 2006	31.0	4.3	(16.4)	18.9
Correct misallocation in prior years	(7.8)	–	7.8	–
Additions	–	1.1	–	1.1
Loan repayment	–	(0.3)	–	(0.3)
Share of retained reserves	–	–	(0.4)	(0.4)
Exchange adjustment	(4.5)	2.1	2.3	(0.1)
At 30th September, 2007	18.7	7.2	(6.7)	19.2
Additions	6.3	–	–	6.3
Loan repayment	–	(1.1)	–	(1.1)
Share of retained reserves	–	–	(2.6)	(2.6)
Exchange adjustment	0.6	0.1	(0.5)	0.2
At 28th September, 2008	**25.6**	**6.2**	**(9.8)**	**22.0**

Summary aggregated financial information for the Group's joint ventures, extracted on a 100% basis from the joint ventures' own financial information as at 28th September, 2008 is set out below:

	2008 Revenue £m	2008 Operating profit/(loss) £m	2008 Total expenses £m	2008 Profit/(loss) for the period £m
Business information	**0.8**	**–**	**(0.8)**	**–**
Exhibitions	**1.4**	**0.4**	**(1.0)**	**0.4**
National media	**0.8**	**(8.3)**	**(9.1)**	**(8.3)**
Local media	**1.8**	**1.1**	**(1.0)**	**0.8**
Radio	**15.7**	**4.3**	**(12.9)**	**2.8**
	20.5	**(2.5)**	**(24.8)**	**(4.3)**

20 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES – Continued

	2008 Non-current assets £m	2008 Current assets £m	2008 Current liabilities £m	2008 Non-current liabilities £m	2008 Net assets/ (liabilities) £m
Business information	**–**	**0.4**	**(0.3)**	**(1.3)**	**(1.2)**
Exhibitions	**–**	**1.4**	**(0.9)**	**–**	**0.5**
National media	**3.9**	**1.7**	**(2.4)**	**–**	**3.2**
Local media	**0.2**	**1.0**	**(0.1)**	**–**	**1.1**
Radio	**29.9**	**4.9**	**(2.2)**	**(13.3)**	**19.3**
	34.0	**9.4**	**(5.9)**	**(14.6)**	**22.9**

	2007 Revenue £m	2007 Operating profit £m	2007 Total expenses £m	2007 Profit for the period £m
Business information	0.8	–	(0.8)	–
Euromoney	0.9	0.2	(0.7)	0.2
Exhibitions	3.3	1.1	(2.1)	1.2
Local media	0.9	0.6	(0.3)	0.6
Radio	12.4	3.9	(11.6)	0.8
	18.3	5.8	(15.5)	2.8

	2007 Non-current assets £m	2007 Current assets £m	2007 Current liabilities £m	2007 Non-current liabilities £m	2007 Net assets/ (liabilities) £m
Business information	–	0.3	(0.2)	(1.4)	(1.3)
Exhibitions	–	1.3	(0.1)	–	1.2
Local media	–	0.5	(0.1)	–	0.4
Radio	31.3	4.1	(1.4)	(14.5)	19.5
	31.3	6.2	(1.8)	(15.9)	19.8

At 28th September, 2008 there were no material contingent liabilities or capital commitments in respect of the Group's joint ventures (2007 None).

Information on principal joint ventures from the latest available accounts (all incorporated in Great Britain and registered and operating in England and Wales unless otherwise stated).

	Principal activity	Year ended	Description of holding	Group interest %
Unlisted				
Mail Today Newspapers Pvt. Limited (incorporated and operating in India)	Publisher of classified publications	30th September, 2008	Ordinary	26.0%
Brisbane FM Radio Pty Limited (incorporated and operating in Australia)	Independent radio operator	31st December, 2007	Ordinary	50.0%
DMG Radio (Perth) Pty Limited (incorporated and operating in Australia)	Independent radio operator	30th September, 2008	Ordinary	50.0%

20 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES – Continued

	Note	Cost of shares £m	Loans £m	Share of post acquisition retained reserves £m	Total £m
Associates					
At 1st October, 2006		107.8	12.4	(52.1)	68.1
Additions		11.3	2.1	–	13.4
Loan repayment		–	(4.7)	–	(4.7)
Share of retained reserves		–	–	(4.4)	(4.4)
Transfer to investment in subsidiaries		(20.4)	–	15.1	(5.3)
Exchange adjustment		0.5	(3.5)	0.6	(2.4)
At 30th September, 2007		99.2	6.3	(40.8)	64.7
Correct misallocation in prior years		(9.8)	(0.1)	9.9	–
Additions		6.3	0.9	–	7.2
Loan repayment		–	(3.7)	–	(3.7)
Share of retained reserves		–	–	7.8	7.8
Provided during the year		(4.8)	–	–	(4.8)
Transfer to investment in subsidiaries	15	(55.8)	–	(0.1)	(55.9)
Disposals		(9.5)	(0.1)	2.3	(7.3)
Exchange adjustment		2.3	0.4	(0.1)	2.6
At 28th September, 2008		**27.9**	**3.7**	**(21.0)**	**10.6**

(i) The reallocation above corrects previous misallocation between cost of shares and share of post acquisition retained reserves.

Summary aggregated financial information for the Group's associates, extracted on a 100% basis from the associates' own financial information as at 28th September, 2008 is set out below:

	2008 Revenue £m	2007 Revenue £m	**2008 Operating profit/(loss) £m**	2007 Operating profit £m	**2008 Profit/(loss) for the period £m**	2007 Profit for the period £m
Business information	**5.2**	5.8	**(0.6)**	1.4	**(0.4)**	–
Euromoney	**2.2**	2.3	**0.8**	1.6	**0.6**	1.6
Exhibitions	**–**	33.9	**–**	14.1	**–**	9.6
National media	**101.9**	195.1	**(4.0)**	1.8	**21.3**	–
Local media	**4.8**	1.7	**0.1**	0.1	**0.1**	–
	114.1	238.8	**(3.7)**	19.0	**21.6**	11.2

Summary aggregated financial information for the Group's associates, extracted on a 100% basis from the associates' own financial accounts as at 28th September, 2008 is set out below:

	2008 Non-current assets £m	**2008 Current assets £m**	**2008 Total assets £m**	**2008 Current liabilities £m**	**2008 Non-current liabilities £m**	**2008 Total liabilities £m**	**2008 Net assets/ (liabilities) £m**
Business information	**0.9**	**4.1**	**5.0**	**(3.3)**	**–**	**(3.3)**	**1.7**
Euromoney	**–**	**0.6**	**0.6**	**(0.2)**	**–**	**(0.2)**	**0.4**
National media	**20.7**	**36.0**	**56.7**	**(56.8)**	**(8.3)**	**(65.1)**	**(8.4)**
Local media	**1.0**	**2.1**	**3.1**	**(0.9)**	**–**	**(0.9)**	**2.2**
	22.6	**42.8**	**65.4**	**(61.2)**	**(8.3)**	**(69.5)**	**(4.1)**

20 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES – Continued

	2007 Non-current assets £m	2007 Current assets £m	2007 Total assets £m	2007 Current liabilities £m	2007 Non-current liabilities £m	2007 Total liabilities £m	2007 Net assets/ (liabilities) £m
Business information	0.8	5.0	5.8	(3.1)	–	(3.1)	2.7
Euromoney	–	0.6	0.6	(0.3)	–	(0.3)	0.3
Exhibitions	4.6	9.1	13.7	(4.5)	(0.1)	(4.6)	9.1
National media	21.0	54.2	75.2	(55.8)	(30.5)	(86.3)	(11.1)
Local media	0.4	0.8	1.2	(0.1)	–	(0.1)	1.1
	26.8	69.7	96.5	(63.8)	(30.6)	(94.4)	2.1

Information on principal associates from the latest available accounts (all incorporated and operating in Great Britain unless otherwise stated).

	Principal activity	Year ended	Description of holding	Group interest %
Unlisted				
Independent Television News Limited	Independent TV news provider	31st December, 2007	Ordinary	20.0%
A-Z Agentia de Publicitate S.A. (incorporated and operating in Romania)	Publisher of classified publications	31st December, 2007	Ordinary	50.0%

Joint ventures and associates have been accounted for under the equity method using unaudited accounts to 28th September, 2008.

21 NON-CURRENT ASSETS – AVAILABLE-FOR-SALE INVESTMENTS

	Note	Listed £m	Unlisted £m	Total £m
At 1st October, 2006		68.4	4.8	73.2
Additions		1.4	0.6	2.0
Disposals		–	(1.8)	(1.8)
Transfer to subsidiaries in relation to Metal Bulletin		(21.6)	–	(21.6)
Fair value movement in the year	35	0.2	–	0.2
Exchange adjustment		0.5	(0.2)	0.3
At 30th September, 2007		48.9	3.4	52.3
Additions		–	15.9	15.9
Disposals		(47.4)	(0.1)	(47.5)
Impairment charge	6	(1.5)	(8.6)	(10.1)
Fair value movement in the year		–	(0.1)	(0.1)
Exchange adjustment		–	0.8	0.8
At 28th September, 2008		**–**	**11.3**	**11.3**

The investments above represent listed equity securities and unlisted securities, which are recorded as non-current assets unless they are expected to be sold within one year, in which case they are recorded as current assets. The investments in listed securities have no fixed maturity or coupon rate and the fair value of these investments is based on quoted market prices. Since there is no active market upon which they are traded, other unlisted equity securities are recorded at cost less provision for impairment, as their fair values cannot be reliably measured.

21 NON-CURRENT ASSETS – AVAILABLE-FOR-SALE INVESTMENTS – Continued

Available-for-sale investments are analysed as follows:

	Note	2008 £m	2007 £m
Listed			
GCap Media plc	(i)	–	48.9
		–	48.9
Unlisted			
Spot Runner Inc.		7.5	–
Other		3.8	3.4
		11.3	3.4
		11.3	52.3

Information on principal investments, taken from the latest published accounts (incorporated in Great Britain unless stated otherwise) is as follows:

	Note	Class of holding	Group interest %
GCap Media plc		Ordinary	14.3%
The Press Association Limited		Ordinary	15.6%
Spot Runner Inc. (incorporated and operating in the USA)	(ii)	Common stock	5.0%

(i) The Group disposed of its investment in GCap Media plc (GCap) following GCap's take over by Global Radio in June 2008.

(ii) During the period the Group acquired a 5.0% holding in Spot Runner Inc, an advertising services company, for consideration of $30.5m (£15.4m). This investment has subsequently been impaired by $16.6m (£8.4m) in light of its current trading performance.

Currency analysis of available-for-sale investments

	2008 £m	2007 £m
Sterling	1.5	50.3
US dollar	9.2	1.7
Australian dollar	0.4	0.1
Other	0.2	0.2
	11.3	52.3

Interest analysis of available-for-sale investments

	2008 £m	2007 £m
Non-interest bearing	11.3	52.3

22 INVENTORIES

	2008 £m	2007 £m
Raw materials and consumables	15.2	13.3
Work in progress	12.1	12.0
Finished goods	0.3	0.2
	27.6	25.5

23 TRADE AND OTHER RECEIVABLES

	2008 £m	2007 £m
Current assets		
Trade receivables	**368.7**	345.4
Allowance for doubtful debts	**(17.7)**	(14.4)
	351.0	331.0
Prepayments and accrued income	**79.8**	68.6
Other debtors	**26.1**	29.9
	456.9	429.5
Non-current assets		
Trade receivables	**0.2**	0.1
Prepayments and accrued income	**0.6**	0.8
Other debtors	**7.5**	3.9
	8.3	4.8
	465.2	434.3

Movement in the allowance for doubtful debts

	2008 £m	2007 £m
At 30th September, 2007	**(14.4)**	(13.1)
Impairment losses recognised	**(8.2)**	(6.4)
Amounts written off as uncollectible	**4.3**	3.1
Amounts recovered during the year	**1.3**	2.0
Owned by subsidiaries disposed	**0.1**	–
Exchange adjustment	**(0.8)**	–
At 28th September, 2008	**(17.7)**	(14.4)

Ageing of impaired trade receivables

	2008 £m	2007 £m
31 – 60 days	**1.5**	1.7
61 – 90 days	**0.6**	0.3
91 – 120 days	**0.7**	0.6
121 + days	**12.1**	9.3
Total	**14.9**	11.9

Included in the Group's trade receivables are debtors with a carrying value of £183.5 million (2007 £143.7 million) which are past due as at 28th September, 2008 for which no allowance has been made. The Group is not aware of any deterioration in the credit quality of these customers and considers that the amounts are still recoverable.

Ageing of past due but not impaired receivables

	2008 £m	2007 £m
1 – 30 days overdue	**119.8**	94.2
31 – 60 days overdue	**38.6**	19.2
61 – 90 days overdue	**11.0**	12.3
91 + days overdue	**14.1**	18.0
Total	**183.5**	143.7

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

24 DISCONTINUED OPERATIONS

The following businesses were acquired with a view to resale.

In December 2007, the Group received a final payment of £0.2 million from the sale of Energy Information Centre Limited, following agreement of their completion accounts. There is no related tax charge. Energy Information Centre Limited was sold in April 2007 and was treated as a discontinued operation up to that date.

In May 2008, the Group received a final payment of £25,000 from the sale of the business and assets of Systematics International Limited, following agreement of their completion accounts. There is no related tax charge. The business and net assets of Systematics International Limited was sold in May 2007 and was treated as a discontinued operation up to that date.

The Group's income statement includes the following results from discontinued operations:

	2008 £m	2007 £m
Revenue	–	5.0
Expenses	–	(4.2)
Operating profit	–	0.8
Profit on sale of businesses	**0.2**	–
Profit before tax	**0.2**	0.8
Attributable tax expense	–	(0.3)
Net profit attributable to discontinued operations	**0.2**	0.5

25 CASH AND CASH EQUIVALENTS

	Note	2008 £m	2007 £m
Cash and cash equivalents		**45.3**	70.4
Unsecured bank overdrafts	29	**(1.0)**	(6.4)
Cash and cash equivalents in the cash flow statement	13	**44.3**	64.0
Analysis of cash and cash equivalents by currency			
Sterling		**7.7**	19.2
US dollar		**13.0**	24.6
Australian dollar		–	2.4
Canadian dollar		**1.7**	0.8
Euro		**4.2**	8.2
Other		**18.7**	15.2
		45.3	70.4
Analysis of cash and cash equivalents by interest type			
Floating rate interest		**45.3**	70.4

The fair values of cash and cash equivalents equate to their book values.

26 TRADE AND OTHER PAYABLES

	2008 £m	2007 £m
Current liabilities		
Trade payables	**100.8**	83.4
Interest payable	**32.7**	33.5
Other taxation and social security	**34.6**	40.6
Other creditors	**36.2**	33.8
Accruals	**219.5**	243.2
Deferred income	**226.4**	186.5
	650.2	621.0
Non-current liabilities		
Other creditors	**1.1**	0.7
	651.3	621.7

The Directors consider that the carrying amount of trade and other payables approximates their fair value.

27 CURRENT TAX PAYABLE

	2008 £m	2007 £m
Corporation tax payable	**119.2**	157.4

28 ACQUISITION PUT OPTION COMMITMENTS

	2008 £m	2007 £m
Current	**29.5**	21.8
Non-current	**7.6**	18.8
	37.1	40.6

29 BORROWINGS

The Group's borrowings are unsecured and are analysed as follows:

	Overdrafts £m	Bank loans £m	Bonds £m	Loan notes £m	Total £m
2008					
Within one year	**1.0**	**–**	**–**	**25.0**	**26.0**
Between one and two years	**–**	**43.2**	**–**	**–**	**43.2**
Between two and five years	**–**	**40.8**	**–**	**–**	**40.8**
Over five years	**–**	**81.3**	**838.9**	**–**	**920.2**
	–	**165.3**	**838.9**	**–**	**1,004.2**
	1.0	**165.3**	**838.9**	**25.0**	**1,030.2**
2007					
Within one year	6.4	–	–	36.8	43.2
Between two and five years	–	144.2	–	–	144.2
Over five years	–	–	838.5	–	838.5
	–	144.2	838.5	–	982.7
	6.4	144.2	838.5	36.8	1,025.9

29 BORROWINGS – Continued

The Group's borrowings are analysed by currency and interest rate type as follows:

	Sterling £m	US dollar £m	Euro £m	Other £m	Total £m
2008					
Fixed rate interest	**838.9**	**–**	**–**	**–**	**838.9**
Floating rate interest	**57.9**	**133.4**	**–**	**–**	**191.3**
	896.8	**133.4**	**–**	**–**	**1,030.2**
2007					
Fixed rate interest	838.5	–	–	–	838.5
Floating rate interest	113.3	71.8	2.1	0.2	187.4
	951.8	71.8	2.1	0.2	1,025.9

The Group's borrowings, analysed by currency and interest rate type after taking account of all derivative instruments are as follows:

	Sterling £m	US dollar £m	Australian dollar £m	Euro £m	Other £m	Total £m
2008						
Fixed rate interest	**488.9**	**310.0**	**19.0**	**–**	**–**	**817.9**
Floating rate interest	**64.4**	**147.9**	**–**	**–**	**–**	**212.3**
	553.3	**457.9**	**19.0**	**–**	**–**	**1,030.2**
2007						
Fixed rate interest	489.8	319.0	18.7	–	–	827.5
Floating rate interest	68.1	127.6	0.4	2.1	0.2	198.4
	557.9	446.6	19.1	2.1	0.2	1,025.9

Committed Borrowing Facilities

During the year the Group renegotiated its committed bank facilities which were due to expire in October 2009. The new committed bank facilities amount to £420.0 million, have maturities of 3 and 5 years and are unsecured.

The Group's bank loans bear interest charged at LIBOR plus a margin based on the Group's ratio of net debt to EBITDA. Additionally each facility contains a covenant based on a minimum interest cover ratio. EBITDA for these purposes is defined as the aggregate of the Group's consolidated operating profit before share of results of joint ventures and associates before deducting depreciation, amortisation and impairment of goodwill, intangible and tangible assets, before exceptional items and before interest and finance charges.

There have been no breaches to these covenants during the period.

The following undrawn committed borrowing facilities were available to the Group in respect of which all conditions precedent had been met:

	2008 £m	2007 £m
Expiring in one year or less	**–**	120.0
Expiring in more than one year but not more than two years	**5.7**	–
Expiring in more than two years but not more than three years	**84.5**	119.5
Expiring in more than four years but not more than five years	**157.3**	–
	247.5	239.5

29 BORROWINGS – Continued

Bonds

The nominal, carrying and fair values of the Group's bonds and the coupons payable are as follows:

	Coupon %	2008 Fair value £m	2007 Fair value £m	2008 Carrying value £m	2007 Carrying value £m	2008 Nominal value £m	2007 Nominal value £m
2013 Bond	**7.5**	**276.8**	315.9	**299.9**	299.0	**300.0**	300.0
2018 Bond	**5.75**	**129.9**	165.3	**172.8**	173.1	**175.0**	175.0
2021 Bond	**10.0**	**157.9**	204.5	**168.4**	168.6	**156.4**	156.4
2027 Bond	**6.375**	**138.4**	198.7	**197.8**	197.8	**200.0**	200.0
		703.0	884.4	**838.9**	838.5	**831.4**	831.4

The Group's bonds have been adjusted from their nominal values to take account of the premia, direct issue costs, discounts and movements in hedged risks. The issue costs, premia and discounts are being amortised over the expected lives of the bonds using the effective interest method. The unamortised issue costs amount to £3.4 million (2007 £3.7 million), the unamortised premia £15.2 million (2007 £16.2 million).

The fair values of the Group's bonds has been calculated on the basis of quoted market rates.

Loan notes

The Group has issued loan notes which attract interest at rates of approximately LIBID to LIBID minus 1%. The loan notes are repayable at the option of the loan note holders with a six month notice period and are treated as current liabilities.

30 DERIVATIVE FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group is exposed to credit, interest rate and currency risks arising in the normal course of business. Derivative financial instruments are used to manage exposures to fluctuations in foreign currency exchange rates and interest rates but are not employed for speculative purposes. Full details of the Group's treasury policies are set out in the Financial and Treasury Review on pages 36 to 41.

Capital risk management

The Group manages its capital, defined as equity shareholders' funds and net borrowings, to ensure that entities in the Group are able to continue as going concerns for the foreseeable future.

Debt management

The Group borrows on an unsecured basis and arranges its debt to ensure an appropriate maturity profile. The Group's principal sources of funding are the long term sterling bond market and committed bank facilities. The Group is mindful of the need to maintain its credit rating, currently BBB and ensures it has sufficient committed bank facilities in order to meet short term business requirements, after taking into account the Group's holding of cash and cash equivalents together with any distribution restrictions which exist. The Group aims to maximise the term and flexibility of indebtedness and retain headroom in the form of undrawn committed bank facilities of approximately £100.0 million. Additionally, the Group arranges its currency borrowings in order that they are in proportion to the ratio of earnings in that particular currency to total Group earnings.

The Directors consider that the Group's bond issuances together with its bank facilities will be sufficient to cover the likely medium-term cash requirements of the Group.

Associates, joint ventures and other investments in general arrange and maintain their own financing and funding requirements. In all cases such financing is non-recourse to the Company.

The Group's internal target of Net Debt to EBITDA cover is 2.5 times.

Cash and liquidity risk management

The Group monitors cash balances and ensures that sufficient resources are available to meet entities operational requirements. Short-term money market deposits are used to manage liquidity whilst maximising the rate of return on cash resources, giving due consideration to credit risk.

Market risk management

The Group's primary market risks are interest rate fluctuations and exchange rate movements.

Interest rate risk management

The Group has an internal target of at least six times EBITDA to net interest.

The Group's interest rate exposure management policy is aimed at reducing the exposure of the consolidated businesses to changes in interest rates. Group policy is to have 70% to 80% of interest exposures fixed with the balance floating. This is achieved by issuing fixed rate sterling bond debt and entering into derivative contracts that economically swap fixed rate interest into floating rate. Derivatives are used to hedge or reduce the risks of interest rate and exchange rate movements and are not entered into unless such risks exist. The derivatives in place to meet Group policy are as follows:

30 DERIVATIVE FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – Continued

(i) Fixed to floating swaps hedging a portion of the Group's bonds; Changes in the fair value of the swaps are recognised in the income statement and at the same time the carrying value of the hedged bonds is adjusted for movements in the hedged risk to the extent effective and those adjustments are also recognised in the income statement. These interest rate swaps amount to £75.0 million (2007 £75.0 million) with the Group paying floating rates of between 5.38% and 5.85% (2007 4.71% and 4.76%).

(ii) Cross currency fixed to fixed interest rate swaps. These amounted to £255.5 million / US$485.0 million (2007 £255.5 million / US$485.0 million) resulting in the Group paying fixed US dollar interest at rates of between 4.40% and 6.07% (2007 4.40% and 6.07%), £18.8 million / AUS$45.0 million (2007 £18.8 million / AUS$45.0 million) with the Group paying fixed Australian dollar interest at rates of between 6.15% and 6.22% (2007 6.15% and 6.22%).

(iii) The Group also had a number of outstanding interest rate caps. These amounted to US$100.0 million notional (2007 US$130.0 million) at a rate of 6.00% (2007 4.00% and 6.00%).

The fair values of interest rate swaps, interest rate caps and forward foreign exchange contracts represent the replacement costs calculated using market rates of interest and exchange at 28th September, 2008. The fair value of long-term borrowings has been calculated by discounting expected future cash flows at market rates.

Foreign exchange rate risk management

Translation exposures arise on the earnings and net assets of business operations in entities with functional currencies other than that of the parent company. The net asset exposures are economically hedged, to a significant extent, by a policy of denominating borrowings in currencies where significant translation exposures exist, most notably US dollars.

The Group also designates currency swaps and forward contracts as net investment hedges, hedging the Group's overseas investments.

Credit risk management

The Group's principal credit risk relates to its trade and other receivables and non-performance by counterparties to financial instrument contracts.

Trade and other receivables

The group's customer base is diversified geographically and by division with customers generally of a good financial standing. Before accepting any new customers, the Group assesses the potential customers' credit quality and sets credit limits by customer. The average credit period is 65 days (2007 63 days). The Group considers the credit risk of trade receivables to be low, although the Group remains vigilant in the current economic climate. The Group reserves the right to charge interest on overdue receivables, although the Group does not hold collateral over any trade receivable balances. The Group makes an allowance for bad and doubtful debts specific to individual debts. This provision is reviewed regularly in conjunction with a detailed analysis of historic payment profiles and past default experience.

The Group's receivables are stated net of allowances for doubtful debts and allowances for impairment are made where appropriate.

Institutional counterparty risk

The Group seeks to limit interest rate and foreign exchange risks, described above, by the use of financial instruments. As a result, credit risk arises from the potential non-performance by the counterparties to those financial instruments, which are unsecured. The amount of this credit risk is normally restricted to the amounts of any hedge gain and not the principal amount being hedged. The Group also has a credit exposure to counterparties for the full principal amount of cash and cash equivalents. Group policy is to have no more than £20.0 million deposited (or at risk) with any "AA" counterparty, £10.0 million for "A" rated counterparties.

Credit risk is controlled by monitoring the credit quality of these counterparties, principally licensed commercial banks and investment banks with strong long-term credit ratings, and of the amounts outstanding with each of them. The Group has no significant concentration of risk with exposure spread over a large number of counterparties and customers.

The credit risk on short term deposits and derivative financial instruments is considered low since the counterparties are banks with high credit ratings. Group policy is to have no more than £20.0 million deposited (or at risk) with any "AA" counterparty, £10.0 million for "A" rated counterparties. The Group has no significant concentration of risk with exposure spread over a large number of counterparties and customers.

30 DERIVATIVE FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – Continued

At the Balance Sheet date the Group considers its maximum exposure to credit risk to be as follows:

	2008 £m	2007 £m
Expiring in one year or less		
Trade and other receivables	**377.1**	360.9
Bank deposits	**45.3**	70.4
Derivative financial instruments	**14.5**	30.5
Expiring in more than one year		
Trade and other receivables	**7.7**	4.0
	444.6	465.8

Fair value hedges

The Group's policy is to use interest rate swaps to convert a proportion of its fixed rate debt to floating rates in order to hedge the interest rate risk with changes in fair value of the hedging instrument recognised in the income statement for the period together with the changes in the fair value of the hedged item due to the hedged risk, to the extent the hedge is effective.

Gains and losses on the borrowings and related derivatives designated as fair value hedges included in the income statement for the year ended 28th September, 2008 were:

	At 30th September, 2007 £m	Fair value movement gain/(loss) £m	**At 28th September, 2008 £m**
Sterling interest rate swaps	(5.3)	1.1	**(4.2)**
Sterling debt	5.3	(1.1)	**4.2**
Total	–	–	**–**

Cash flow hedges

The Group enters into cash flow hedges using two types of derivatives: fixed to fixed cross currency interest rate swaps and forward exchange derivatives which fix the exchange rate on a portion of future currency expenditure. All cash flow hedges were effective throughout the year ended 28th September, 2008.

Net investment hedges

The Group enters into forward currency sales and cross currency swaps to hedge the Group's investment in foreign operations. All net investment hedges were effective throughout the year ended 28th September, 2008.

Derivatives not qualifying for hedge accounting

Derivatives not qualifying for hedge accounting represent forward contracts which provide a gain or loss equivalent to income tax payable or receivable on foreign exchange gains or losses incurred when intra group balances are translated to the closing rate at the year end. These contracts ("Tax Equalisation Swaps") are marked to market with the movement in fair value taken to income. Tax Equalisation Swaps are not capable of being designated as hedging instruments under IAS 39.

The Group's derivative financial instruments, other than acquisition option commitments, and their maturity profiles are summarised as follows:

Derivative financial assets:

	Fair value hedges £m	**Cash flow hedges £m**	**Net investment hedges £m**	**Derivatives not qualifying for hedge accounting £m**	**Derivative financial assets £m**
2008					
Within one year	**0.1**	**–**	**5.1**	**8.4**	**13.6**
Between one and two years	**–**	**–**	**0.3**	**–**	**0.3**
Over five years	**–**	**–**	**–**	**0.6**	**0.6**
	–	**–**	**0.3**	**0.6**	**0.9**
	0.1	**–**	**5.4**	**9.0**	**14.5**

30 DERIVATIVE FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – Continued

Derivative financial assets (continued):

	Fair value hedges £m	Cash flow hedges £m	Net investment hedges £m	Derivatives not qualifying for hedge accounting £m	Derivative financial assets £m
2007					
Within one year	–	0.3	10.0	5.8	16.1
Between one and two years	–	–	–	1.5	1.5
Over five years	–	–	12.2	0.7	12.9
	–	–	12.2	2.2	14.4
	–	0.3	22.2	8.0	30.5

Derivative financial liabilities:

	Fair value hedges £m	Cash flow hedges £m	Net investment hedges £m	Derivatives not qualifying for hedge accounting £m	Derivative financial liabilities £m
2008					
Within one year	**–**	**(4.6)**	**(3.2)**	**(26.0)**	**(33.8)**
Between one and two years	**–**	**(3.6)**	**–**	**–**	**(3.6)**
Between two and five years	**(1.4)**	**(3.8)**	**(9.9)**	**–**	**(15.1)**
Over five years	**(3.3)**	**–**	**(16.6)**	**–**	**(19.9)**
	(4.7)	**(7.4)**	**(26.5)**	**–**	**(38.6)**
	(4.7)	**(12.0)**	**(29.7)**	**(26.0)**	**(72.4)**
2007					
Within one year	–	(0.6)	(1.3)	(2.9)	(4.8)
Between two and five years	–	–	(0.9)	–	(0.9)
Over five years	(5.8)	–	(1.4)	–	(7.2)
	(5.8)	–	(2.3)	–	(8.1)
	(5.8)	(0.6)	(3.6)	(2.9)	(12.9)

Sensitivity analysis

In managing the Group's interest rate and currency risks, the Group aims to reduce the impact of short term fluctuations. However, changes in foreign exchange rates and interest rates may have an impact on the Group's results.

At 28th September, 2008, it is estimated that an increase of 1.0% in interest rates would have increased the Group's finance costs by £3.3 million (2007 £6.4 million). There would have been no effect on amounts recognised directly in equity. This sensitivity has been calculated by applying the interest rate change to the Group's variable rate borrowings, net of any interest rate swaps, at the year end date.

At 28th September, 2008, it is estimated that a decrease of 1.0% in interest rates would have decreased the Group's finance costs by £3.3 million (2007 £6.6 million). There would have been no effect on amounts recognised directly in equity. This sensitivity has been calculated by applying the interest rate change to the Group's variable rate borrowings, net of any interest rate swaps, as at the year end date.

At 28th September, 2008, it is estimated that a 10.0% strengthening of sterling against the US dollar would have reduced the net loss taken to equity by £32.5 million (2007 £31.8 million) and increased the net loss taken to income by £2.3 million (2007 £nil). A 10.0% weakening of sterling against the US dollar would have increased the net loss taken to equity by £41.8 million (2007 £42.8 million) and decreased the net loss taken to income by £2.8 million (2007 £nil). This sensitivity has been calculated by applying the foreign exchange change to the Group's financial instruments which are affected by changes in foreign exchange rates.

At 28th September, 2008 it is estimated that a 15.0% strengthening of sterling against the Japanese Yen would have reduced the net loss taken to equity by £nil (2007 £nil) and reduced the net loss taken to income by £17.7 million (2007 £94.3 million). A 15.0% weakening of sterling against the Japanses Yen would have increased the net loss taken to equity by £nil (2007 £nil) and increased the net loss taken to income by £24.0 million (2007 £129.4 million). This sensitivity has been calculated by applying the foreign exchange change to the Group's financial instruments which are affected by changes in foreign exchange rates.

30 DERIVATIVE FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – Continued

The carrying amounts and gains and losses on financial instruments is as follows:

	2008 Carrying amount £m	2008 Gain/(loss) to income £m	2008 Gain/(loss) to equity £m	2007 Carrying amount £m	2007 Gain/(loss) to income £m	2007 Gain/(loss) to equity £m
Investments	**11.3**	**(10.1)**	**0.7**	52.3	(24.4)	24.5
Available-for-sale	**11.3**	**(10.1)**	**0.7**	52.3	(24.4)	24.5
Trade receivables	**351.2**	**(3.3)**	**12.7**	331.1	(1.3)	(4.2)
Cash and deposits	**45.3**	**2.7**	**5.6**	70.4	5.5	(1.3)
Loans and receivables	**396.5**	**(0.6)**	**18.3**	401.5	4.2	(5.5)
Interest rate swaps	**0.3**	**0.1**	**–**	–	(0.3)	–
Fixed to fixed cross currency swaps	**–**	**–**	**(25.9)**	12.2	1.4	8.7
Forward foreign currency contracts	**5.3**	**2.6**	**69.2**	10.3	–	11.3
Derivative assets in effective hedging relationships	**5.6**	**2.7**	**43.3**	22.5	1.1	20.0
Forward foreign currency contracts	**0.3**	**14.8**	**–**	7.4	14.2	–
Forward foreign currency options	**8.0**	**11.3**	**–**	–	–	–
Interest rate caps	**0.6**	**(0.1)**	**–**	0.6	(0.1)	–
Derivative assets not designated as hedging instruments	**8.9**	**26.0**	**–**	8.0	14.1	–
Trade payables	**(100.8)**	**–**	**(1.5)**	(83.4)	–	1.3
Bank overdrafts	**(1.0)**	**(0.1)**	**(0.4)**	(6.4)	(0.5)	0.4
Bonds	**(838.9)**	**(61.0)**	**–**	(838.5)	(50.8)	–
Bank loans	**(165.3)**	**(15.0)**	**(12.6)**	(144.2)	(12.8)	3.4
Loan notes	**(25.0)**	**(1.7)**	**12.2**	(36.8)	(1.3)	(0.1)
Liabilities at amortised cost	**(1,131.0)**	**(77.8)**	**(2.3)**	(1,109.3)	(65.4)	5.0
Interest rate swaps	**(4.6)**	**–**	**–**	(5.3)	(4.5)	–
Fixed to fixed cross currency swaps	**(26.6)**	**(0.5)**	**(10.9)**	(1.9)	–	(1.5)
Forward foreign currency contracts	**(15.2)**	**–**	**(97.9)**	(2.8)	–	(1.4)
Derivative liabilities in effective hedging relationships	**(46.4)**	**(0.5)**	**(108.8)**	(10.0)	(4.5)	(2.9)
Acquisition put option commitments	**(37.1)**	**(3.0)**	**–**	(40.6)	3.8	–
Forward foreign currency contracts	**(26.0)**	**(74.3)**	**–**	(2.9)	–	–
Forward foreign currency options	**–**	**–**	**–**	–	(3.4)	
Derivative liabilities not designated as hedging instruments	**(63.1)**	**(77.3)**	**–**	(43.5)	0.4	–
Total for financial instruments	**(818.2)**	**(137.6)**	**(48.8)**	(678.5)	(74.5)	41.1

Reconciliation of net gain or loss taken to equity:

	Note	2008 £m	2007 £m
Revaluation reserves recycled to income statement on impairment of GCap Media plc	35	**–**	24.4
Change in fair value of hedging derivatives	35	**(62.8)**	19.8
Fair value movement in available-for-sale assets	35	**–**	0.2
Translation of financial instruments of overseas operations		**16.9**	(0.6)
Transfer of gain on cash flow hedges from fair value reserves to income statement	35	**(2.9)**	(2.7)
Total loss on financial instruments to equity		**(48.8)**	41.1

30 DERIVATIVE FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – Continued

Reconciliation of net gain or loss taken through income to net finance costs

	Note	2008 £m	2007 £m
Total loss on financial instruments to income		**(137.6)**	(74.5)
Add back:			
Trade receivables loss		**3.3**	1.3
Investment impairment		**10.1**	24.4
Bank interest receivable		**(2.7)**	(5.5)
Finance charge on discounting of deferred consideration		**(2.4)**	(2.8)
Foreign exchange loss on intra-group financing		**–**	(4.7)
Net finance costs	8	**(129.3)**	(61.8)

The remaining undiscounted contractual liabilities and their maturities are as follows:

	Trade payables	Interest rate swaps	Currency swaps	Forward contracts	Bonds	Bank loans and overdrafts	Loan notes	Total
2008								
Within one year	**(100.8)**	**–**	**(15.3)**	**(599.5)**	**(61.0)**	**(1.0)**	**(25.8)**	**(803.4)**
Between one and two years	**–**	**–**	**(15.3)**	**–**	**(61.0)**	**(44.8)**	**–**	**(121.1)**
Between two and five years	**–**	**(2.5)**	**(217.3)**	**–**	**(471.5)**	**(46.5)**	**–**	**(737.8)**
Between five and ten years	**–**	**–**	**(32.0)**	**–**	**(192.3)**	**(101.4)**	**–**	**(325.7)**
Between ten and fifteen years	**–**	**(6.0)**	**(32.0)**	**–**	**(436.5)**	**–**	**–**	**(474.5)**
Between fifteen and twenty years	**–**	**–**	**(129.8)**	**–**	**(247.4)**	**–**	**–**	**(377.2)**
	–	**(8.5)**	**(426.4)**	**–**	**(1,408.7)**	**(192.7)**	**–**	**(2,036.3)**
	(100.8)	**(8.5)**	**(441.7)**	**(599.5)**	**(1,469.7)**	**(193.7)**	**(25.8)**	**(2,839.7)**
2007								
Within one year	(83.4)	–	(15.3)	(1,172.3)	(61.0)	(6.8)	(37.9)	(1,376.7)
Between one and two years	–	–	(15.3)	(119.2)	(61.0)	(163.5)	–	(359.0)
Between two and five years	–	–	(55.8)	–	(182.8)	–	–	(238.6)
Between five and ten years	–	(3.0)	(202.4)	–	(503.4)	–	–	(708.8)
Between ten and fifteen years	–	(5.5)	(32.0)	–	(462.1)	–	–	(499.6)
Between fifteen and twenty years	–	–	(136.2)	–	(260.2)	–	–	(396.4)
	–	(8.5)	(441.7)	(119.2)	(1,469.5)	(163.5)	–	(2,202.4)
	(83.4)	(8.5)	(457.0)	(1,291.5)	(1,530.5)	(170.3)	(37.9)	(3,579.1)

Reconciliation of undiscounted liabilities to Balance Sheet amounts:

	Undiscounted value of financial liabilities	Interest	Unamortised issue costs	Discount/ Premium on issue	Mark to market adjustments	Effect of discounting	Undiscounted value of financial asset	Total
2008								
Within one year	**(803.4)**	**61.9**	**0.3**	**(1.1)**	**4.4**	**(0.3)**	**579.4**	**(158.8)**
Between one and two years	**(121.1)**	**62.4**	**0.3**	**(1.3)**	**–**	**1.3**	**14.0**	**(44.4)**
Between two and five years	**(737.8)**	**177.1**	**0.7**	**(2.7)**	**–**	**(18.4)**	**226.0**	**(355.1)**
Between five and ten years	**(325.7)**	**212.4**	**1.1**	**(5.7)**	**–**	**5.9**	**27.2**	**(84.8)**
Between ten and fifteen years	**(474.5)**	**105.1**	**0.7**	**(5.1)**	**–**	**7.7**	**27.2**	**(338.9)**
Between fifteen and twenty years	**(377.2)**	**47.6**	**0.3**	**0.7**	**–**	**(6.1)**	**119.2**	**(215.5)**
	(2,036.3)	**604.6**	**3.1**	**(14.1)**	**–**	**(9.6)**	**413.6**	**(1,038.7)**
	(2,839.7)	**666.5**	**3.4**	**(15.2)**	**4.4**	**(9.9)**	**993.0**	**(1,197.5)**

30 DERIVATIVE FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – Continued

	Undiscounted value of financial liabilities	Interest	Unamortised issue costs	Discount/ Premium on issue	Mark to market adjustments	Effect of discounting	Undiscounted value of financial asset	Total
Analysed as follows:								
Trade payables	**(100.8)**	**–**	**–**	**–**	**–**	**–**	**–**	**(100.8)**
Bank overdrafts	**(1.1)**	**0.1**	**–**	**–**	**–**	**–**	**–**	**(1.0)**
Loan notes	**(25.8)**	**0.8**	**–**	**–**	**–**	**–**	**–**	**(25.0)**
Bank loans	**(192.6)**	**27.3**	**–**	**–**	**–**	**–**	**–**	**(165.3)**
Bonds	**(1,469.8)**	**638.3**	**3.4**	**(15.2)**	**4.4**	**–**	**–**	**(838.9)**
Interest rate swaps	**(8.5)**	**–**	**–**	**–**	**–**	**4.2**	**–**	**(4.3)**
Fixed to fixed cross currency swaps	**(441.6)**	**–**	**–**	**–**	**–**	**(12.6)**	**427.6**	**(26.6)**
Forward foreign currency contracts	**(599.5)**	**–**	**–**	**–**	**–**	**(1.5)**	**565.4**	**(35.6)**
	(2,839.7)	**666.5**	**3.4**	**(15.2)**	**4.4**	**(9.9)**	**993.0**	**(1,197.5)**
2007								
Within one year	(1,376.7)	62.4	0.3	(1.1)	5.4	98.3	1,101.8	(109.6)
Between one and two years	(359.0)	80.3	0.3	(1.1)	–	16.4	118.2	(144.9)
Between two and five years	(238.6)	182.9	1.0	(3.9)	–	3.9	51.3	(3.4)
Between five and ten years	(708.8)	203.4	1.1	(5.7)	–	18.2	196.4	(295.4)
Between ten and fifteen years	(499.6)	130.8	0.6	(5.1)	–	6.9	27.2	(339.2)
Between fifteen and twenty years	(396.4)	60.2	0.3	0.7	–	10.7	124.7	(199.8)
	(2,202.4)	657.6	3.3	(15.1)	–	56.1	517.8	(982.7)
	(3,579.1)	720.0	3.6	(16.2)	5.4	154.4	1,619.6	(1,092.3)
Analysed as follows:								
Trade payables	(83.4)	–	–	–	–	–	–	(83.4)
Bank overdrafts	(6.8)	0.4	–	–	–	–	–	(6.4)
Loan notes	(37.9)	1.1	–	–	–	–	–	(36.8)
Bank loans	(163.5)	19.3	–	–	–	–	–	(144.2)
Bonds	(1,530.5)	699.2	3.6	(16.2)	5.4	–	–	(838.5)
Interest rate swaps	(8.5)	–	–	–	–	3.2	–	(5.3)
Fixed to fixed cross currency swaps	(456.8)	–	–	–	–	39.5	427.6	10.3
Forward foreign currency contracts	(1,291.7)	–	–	–	–	111.7	1,192.0	12.0
	(3,579.1)	720.0	3.6	(16.2)	5.4	154.4	1,619.6	(1,092.3)

31 RETIREMENT BENEFITS

The national and local media divisions of the Group operate a number of pension schemes covering most major UK Group companies under which contributions are paid by the employer and employees. The schemes for most employees are funded defined benefit pension arrangements providing service-related benefits based on final pensionable salary and are administered by trustee companies.

During the year trust-based defined contribution pension plans were progressively being replaced by Group personal pension plans, a process that was substantially complete at the year end. The trust-based plans will be wound up during 2009.

The assets of all the pension schemes and plans are held independently from the Group's finances.

The total net pension costs of the Group for the year ended 28th September, 2008 were £20.5 million (2007 £31.1 million).

Defined Benefit Schemes

On 30th November, 2007 the members, assets and liabilities of the Mail Newspapers Pension Scheme were merged into the Harmsworth Pension Scheme which is now the principal scheme for the Group. As a condition of the merger the Company has provided letters of credit for £40.0 million to cover the period to 1st December, 2011. The Trustee would have a call on this contingent asset in the event that the newly combined scheme begins to be wound up before 1st December, 2011 and the assets of the scheme are insufficient to provide benefits in full for all members.

During the year, the trustee companies amended their procedure for appointing Company-appointed and Member-nominated

31 RETIREMENT BENEFITS – Continued

Directors in compliance with revised trust documentation and new legislation. This has resulted, in the case of the trustee company of the principal scheme, in a trustee board comprising four Member-nominated Directors, four Company-appointed directors who are employees of the Group, and an independent chairman appointed by the Company. The new arrangements have been communicated to scheme members.

Full actuarial valuations are carried out triennially by the actuary using the projected unit credit method. The figures in this note are based on calculations performed as part of the work carried out for the actuarial valuations of the main schemes as at 31st March, 2007, and adjusted to 28th September, 2008 by the actuary. This was the first valuation undertaken in accordance with the scheme specific funding provisions under the Pensions Act 2004. Under this legislation, the trustees of the Group's defined benefit pension schemes are required to agree with the sponsor a suitable, prudent, ongoing funding basis for the scheme. In addition, where a deficit exists on that basis, there is a requirement to agree an appropriate recovery plan for removing it.

The funding strategy agreed with the Trustee of the principal scheme made allowance for assumed future investment returns on the scheme's assets of 3.3% p.a. above price inflation, compared with the real return of some 2.6% p.a. implicit within the calculation of the Technical Provisions (i.e. the value of the scheme's benefit liabilities). The Company agreed with the Trustee that this margin would be covered by a contingent asset and the Company has put in place a letter of credit (to be updated annually) of an amount sufficient to cover any potential shortfall in this additional investment return arising prior to the next triennial valuation. As at 28th September, 2008, the letter of credit had a value of £21.8 million (2007 £nil). In addition, the Company is paying annual cash contributions of 18.0% of members' scheme salaries (2007 18.0%).

The valuation of the principal scheme showed that the combined accumulated assets of the scheme as at 31st March 2007 represented 99% of the scheme's Technical Provisions in respect of past service benefits.

At 28th September, 2008, the defined benefit obligation to the Group relating to the DMGT AVC Plan, as measured for the purposes of this disclosure under the requirements of IAS19, was £53.0 million (2007 £56.6 million). The assets of the Plan were £55.9 million (2007 £66.8 million), producing a surplus of £2.9 million (2007 £10.2 million). However, as indicated in the disclosures below, an adjustment has been made to cap the value of assets in the Plan since the surplus is not recoverable by the Group. Thus, the net value of the Plan in the Group Balance Sheet is £nil (2007 £nil). The Plan is closed to further member contributions. The Plan has had no impact on the pension cost reported in these financial statements.

Members of the defined benefit schemes are able to make additional voluntary contributions (AVCs) into unit-linked funds held within each scheme. No benefit obligation arises to the Group from these AVCs and the related unit-linked AVC assets have been excluded from the scheme assets reported below.

A reconciliation of the net pension obligation reported in the Balance Sheet is shown in the following table:

	2008 Schemes in surplus £m	2008 Schemes in deficit £m	2008 Total £m	2007 Schemes in surplus £m	2007 Schemes in deficit £m	2007 Total £m
Present value of defined benefit obligation	**(70.0)**	**(1,551.0)**	**(1,621.0)**	(1,556.0)	(221.1)	(1,777.1)
Assets at fair value	**75.4**	**1,507.3**	**1,582.7**	1,648.2	219.7	1,867.9
Impact of asset ceiling on AVC Plan	**(2.9)**	**–**	**(2.9)**	(10.2)	–	(10.2)
Surplus/(Deficit) reported in the Balance Sheet	**2.5**	**(43.7)**	**(41.2)**	82.0	(1.4)	80.6

The International Financial Reporting Interpretations Committee, in its document IFRIC 14, has interpreted the extent to which a company can recognise a pension surplus on its Balance Sheet. Having taken account of the rules of the schemes, the fact that the schemes remain open to new accrual, and the current and anticipated levels of service cost and cash contributions, the Company considers that recognition of surpluses in the schemes on its Balance Sheet is in accordance with the interpretations of IFRIC 14. In 2008, the two main schemes were in deficit, the Metal Bulletin scheme was in surplus and the DMGT AVC Plan had its assets capped to the value of the liabilities.

The surplus for the year, set out above, excludes a related deferred tax asset of £11.5 million (2007 liability £22.5 million).

31 RETIREMENT BENEFITS – Continued

A reconciliation of the present value of the defined benefit obligation is shown in the following table:

	2008 £m	2007 £m
Defined benefit obligation at start of year	**(1,777.1)**	(1,830.1)
Service cost	**(39.2)**	(44.8)
Interest cost	**(104.1)**	(92.1)
Past service cost	**(0.6)**	(1.3)
Member contributions	**(8.8)**	(9.1)
Benefit payments	**75.6**	72.3
Bulk transfer to Aberdeen Journals	**–**	20.4
Acquisition of Metal Bulletin	**–**	(21.7)
Actuarial movement	**233.2**	129.3
Defined benefit obligation at the end of year	**(1,621.0)**	(1,777.1)

A reconciliation of the fair value of assets is shown in the following table:

	2008 £m	2007 £m
Fair value of assets at start of year	**1,867.9**	1,682.4
Expected return on assets	**131.1**	113.8
Company contributions	**1.5**	53.2
Member contributions	**8.8**	9.1
Bulk transfer to Aberdeen Journals	**–**	(20.4)
Benefit payments	**(75.6)**	(72.3)
Acquisition of Metal Bulletin	**–**	17.7
Actuarial movement	**(351.0)**	84.4
Fair value of assets at end of year	**1,582.7**	1,867.9

In 2008 the Company did not make an advance payment of contributions but will revert to monthly contribution payments from October 2008.

The fair value of the assets held by the pension schemes and the long-term expected rate of return on each class of assets are shown in the following table:

	Equities	Bonds	Property	Other assets	Total
2008					
Value at 28th September, 2008 (£ million)*	**989.9**	**399.5**	**129.9**	**63.4**	**1,582.7**
% of assets held	**62.6**	**25.2**	**8.2**	**4.0**	**100.0**
Long-term rate of return expected at 30th September, 2007 (%)	**8.7**	**5.0**	**7.0**	**5.0**	**7.5**
2007					
Value at 30th September, 2007 (£ million)	1,356.6	254.0	156.0	101.3	1,867.9
% of assets held	72.6	13.6	8.4	5.4	100.0
Long-term rate of return expected at 1st October, 2006 (%)	7.8	4.9	6.5	5.5	7.1
2006					
Value at 1st October, 2006 (£ million)	1,240.2	175.8	136.0	130.4	1,682.4
% of assets held	73.7	10.4	8.1	7.8	100.0
Long-term rate of return expected at 2nd October, 2005 (%)	7.6	4.4	6.5	4.4	6.9

* In 2008, equities include hedge funds and infrastructure funds that have the same long-term expected rate of return.

31 RETIREMENT BENEFITS – Continued

The trust deed of each of the schemes explicitly prohibits investment of the scheme assets in employer-related investments, apart from those required in order that a passively managed UK equity portfolio can be utilised by the trustees. The value of DMGT 'A' Ordinary Non-Voting shares held by the UK equity passive manager on behalf of the schemes at 28th September, 2008 was £0.2 million (2007 £0.7 million).

The assumption for the expected overall rate of return on assets is a weighted average of the expected returns for each asset class based on the proportion of assets held in each class at the beginning of the year. The expected return on bonds has been selected having regard to gross redemption yields at the start of the year. The expected returns on equities and property are based on a combination of estimated risk premiums over Government bond yields, the gross redemption yields on bonds, and consensus economic forecasts for future returns.

The actual return on Plan assets was a loss of £219.9 million (2007 gain of £198.2 million) representing the expected return plus the associated actuarial gain or loss during the year.

The main financial assumptions are shown in the following table:

	2008 %	2007 %
Price inflation	**3.7**	3.3
Salary increases	**4.2**	4.6
Pension increases	**3.7**	3.3
Discount rate for scheme liabilities	**7.0**	5.9
Expected overall rate of return on assets	**7.5**	7.1

The discount rate for scheme liabilities reflects yields at the Balance Sheet date on high quality corporate bonds. In the light of scheme experience and ongoing cost constraints on businesses participating in the principal scheme the Company has adopted a lower assumed salary growth compared with inflation. All assumptions were selected after taking actuarial advice.

Taking account of the work undertaken in connection with the actuarial valuations as at 31st March, 2007, the Company revised the mortality assumptions in 2007 to take account of scheme experience, and also to allow for further improvements in life expectancy based on 'medium cohort' projections but with a minimum rate of reduction in mortality rates in future of 1% per annum. At the same time, the Company decided to make an allowance for the extent to which employees have chosen to commute part of their pension for cash at retirement.

In the light of scheme experience, a further review of demographic assumptions following the formal valuation has led the Company to assume a lower proportion of members with dependants at retirement eligible for a pension than had previously been used.

The table below illustrates examples of the assumed average life expectancies from age 60 for the principal schemes:

	2008 Future life expectancy from age 60 (years)	2007 Future life expectancy from age 60 (years)
For a current 60-year old male member of the scheme	**25.5**	25.4
For a current 60-year old female member of the scheme	**28.0**	27.9
For a current 50-year old male member of the scheme	**26.6**	26.5
For a current 50-year old female member of the scheme	**29.1**	29.0

The amounts charged to the income statement based on the above assumptions are shown in the following table:

	2008 £m	2007 £m
Service cost	**39.2**	44.8
Interest cost	**104.1**	92.1
Expected return on assets	**(131.1)**	(113.8)
Past service cost	**0.6**	1.3
Net charge to income statement	**12.8**	24.4

31 RETIREMENT BENEFITS – Continued

Pension costs and the size of any pension surplus or deficit are sensitive to the assumptions adopted. The table below indicates the effect from changes in the principle assumptions used above:

		2008 £m
Mortality		
Change in pension obligation at 28th September, 2008 from a 1 year change in life expectancy	+/–	**48.6**
Change in 2008 pension cost from a 1 year change	+/–	**4.2**
Salary Increases		
Change in pension obligation at 28th September, 2008 from a 0.25% change	+/–	**11.9**
Change in 2008 pension cost from a 0.25% change	+/–	**2.0**
Discount Rate		
Change in pension obligation at 28th September, 2008 from a 0.10% change	+/–	**26.1**
Change in 2008 pension cost from a 0.10% change	+/–	**1.2**

Amounts recognised in the Consolidated Statement of Recognised Income and Expense (SORIE) are shown in the following table:

	2008 £m	2007 £m
Actuarial (loss)/gain recognised in SORIE	**(117.8)**	213.7
Impact of asset ceiling on AVC Plan	**7.3**	(6.6)
Total (loss)/gains recognised in SORIE	**(110.5)**	207.1
Cumulative actuarial gain recognised in SORIE at beginning of year	**256.9**	49.8
Cumulative actuarial gain recognised in SORIE at end of year	**146.4**	256.9

A history of experience gains and losses is shown in the following table:

	2008 £m	2007 £m	2006 £m	2005 £m	2004 £m
Present value of defined benefit obligation	**(1,621.0)**	(1,777.1)	(1,830.1)	(1,654.1)	(1,423.1)
Fair value of scheme assets	**1,582.7**	1,867.9	1,682.4	1,443.2	1,197.3
Impact of asset ceiling in AVC Plan (from 2006)	**(2.9)**	(10.2)	(3.6)	–	–
Combined (deficit)/surplus in schemes	**(41.2)**	80.6	(151.3)	(210.9)	(225.8)
Experience adjustments on defined benefit obligation	**233.2**	129.3	(43.0)	(12.9)	20.2
Experience adjustments on fair value of scheme assets	**(351.0)**	84.4	77.6	156.2	40.8

The Group expects to contribute approximately £32.8 million to the schemes during the 2009 financial year.

Included in scheme assets in 2007 is an advance payment into the Group's pension schemes amounting to £25.1 million. In accordance with the provisions of the contribution schedules for the schemes, the Company has not made an advance payment in 2008 but will be making regular monthly contribution payments from October 2008.

UK defined contribution plans

During the year trust-based defined contribution pension plans were progressively being replaced by group personal pension plans, a process that was substantially complete at the year end. The trust-based plans will be wound up during 2009. The new plans have created a consistent pensions savings vehicle across all Group divisions, providing important strategic benefits going forward.

The aggregate value of the trust-based and group personal pension defined contribution pension plans was £24.5 million (2007 £27.0 million) at the year end. The pension cost attributable to these plans during the year amounted to £4.4 million (2007 £3.6 million).

Overseas pension plans

Overseas subsidiaries of certain Group divisions operate defined contribution retirement benefit plans, primarily in North America and Australia. The pension cost attributable to these plans during the year amounts to £3.3 million (2007 £4.6 million).

Pension arrangements for executives

The Group operates a two-tier, contributory defined benefit pension scheme for senior executives (including executive Directors), details of which are incorporated in the above disclosures. It is the Group's policy that annual bonuses, payments under the Executive Bonus Scheme and benefits in kind are not pensionable.

31 RETIREMENT BENEFITS – Continued

Included in UK defined contribution plans above are investments in a funded unapproved retirement benefit scheme for certain executives of the Group. The assets of this scheme are held under individual trusts independently from the Group's finances. There was no additional investment in these individual trusts during the year (2007 £nil) and, following approval from HM Revenue & Customs and the trustees, all but one of the executives chose to disinvest their funds before 5th April, 2008. At the year end no executive Directors had funds invested in the scheme.

Stakeholder pension

DMGT provides access to a stakeholder pension plan for relevant employees who are not eligible for the other pension schemes operated by the Group.

32 PROVISIONS

	Note	Coupon discount £m	Lease £m	Deferred consideration £m	Legal £m	Other (ii) £m	Total £m
Current liabilities							
At 30th September, 2007		1.2	0.9	11.3	4.7	4.6	22.7
Additions	15	–	–	2.5	–	–	2.5
Charged during year		1.0	–	–	10.0	5.1	16.1
Utilised during year		(1.7)	(1.1)	–	(8.8)	(3.9)	(15.5)
Transfer	(i)	–	1.2	–	–	–	1.2
Transfer from non-current liabilities		–	0.8	19.0	–	1.3	21.1
Transfer to loan notes	13	–	–	(13.1)	–	–	(13.1)
Deferred consideration paid	14	–	–	(7.3)	–	–	(7.3)
Notional interest on deferred consideration	8	–	–	1.1	–	–	1.1
Adjustment to goodwill / deferred consideration	17	–	–	(1.6)	–	–	(1.6)
Exchange adjustment		–	–	0.2	0.1	(0.1)	0.2
At 28th September, 2008		**0.5**	**1.8**	**12.1**	**6.0**	**7.0**	**27.4**
Non-current liabilities							
At 30th September, 2007		–	1.8	44.6	1.5	1.1	49.0
Additions	15	–	–	5.0	–	–	5.0
Charged during year		–	1.7	–	0.1	0.2	2.0
Utilised during year		–	(2.7)	–	(0.1)	1.5	(1.3)
Transfer	(i)	–	1.3	–	–	1.6	2.9
Transfer to current liabilities		–	0.3	(19.0)	–	(2.4)	(21.1)
Deferred consideration paid	14	–	–	(6.9)	–	–	(6.9)
Notional interest on deferred consideration	8	–	–	1.3	–	–	1.3
Adjustment to goodwill / deferred consideration	17	–	–	(1.3)	–	–	(1.3)
Exchange adjustment		–	–	1.8	0.1	0.1	2.0
At 28th September, 2008		**–**	**2.4**	**25.5**	**1.6**	**2.1**	**31.6**

(i) The Group has reclassified certain provisions totalling £4.1 million previously included within trade and other payables to provisions to better reflect the classification of the creditor. The provision consists of social security arising on share option liabilities and dilapidations on leasehold properties.

(ii) Other current provisions principally comprise annual leave provisions of £2.2 million (2007 £2.0 million), dilapidation provisions of £0.1 million (2007 £0.1 million), contract discount provisions of £2.2 million (2007 £2.2 million) and agency rebates of £1.3 million (2007 £nil).

Other non-current provisions principally comprise annual leave provisions of £0.4 million (2007 £1.1 million) and dilapidation provisions of £1.7 million (2007 £1.6 million).

32 PROVISIONS – Continued

The Group's coupon discount and redundancy and reorganisation provisions are all expected to be utilised within the next 12 months. The lease provisions are dependent on the terms of the lease whilst the timing of cash flows for legal disputes have been split using Directors' best estimates.

The uncertainties surrounding and the nature of the Group's deferred consideration provisions are disclosed in critical accounting judgements and key sources of estimation uncertainty (note 2). The maturity profile of the Group's deferred consideration provision is as follows:

	2008 £m	2007 £m
Expiring in one year or less	**12.1**	11.3
Expiring between one and two years	**11.8**	22.9
Expiring between two and five years	**13.7**	21.7
	37.6	55.9

33 DEFERRED TAXATION

	Note	Accelerated capital allowances £m	Goodwill and intangibles £m	Revaluation and roll over gains £m	UK capital losses £m	Trading losses and tax credits £m	Pension scheme deficit £m	Other £m	Total £m
Disclosed within non-current liabilities		40.2	67.1	6.2	(6.2)	(13.8)	(37.6)	(13.6)	42.3
Disclosed within non-current assets		–	(3.0)	–	–	(15.7)	–	3.0	(15.7)
At 1st October, 2006		40.2	64.1	6.2	(6.2)	(29.5)	(37.6)	(10.6)	26.6
(Credit)/charge to income		(2.7)	(15.6)	2.5	(2.5)	7.7	(0.4)	4.8	(6.2)
(Credit)/charge to equity		–	2.8	–	–	–	58.0	(4.0)	56.8
Owned by subsidiaries acquired		–	55.2	–	–	–	–	(1.0)	54.2
Owned by subsidiaries sold		–	(0.2)	–	–	–	–	–	(0.2)
Exchange adjustment		–	(4.4)	–	–	–	–	2.5	(1.9)
Effect of change in tax rate:									
Income statement		(2.7)	(1.5)	(0.4)	0.4	–	(0.4)	–	(4.6)
Equity		–	–	–	–	–	2.9	–	2.9
At 30th September, 2007		34.8	100.4	8.3	(8.3)	(21.8)	22.5	(8.3)	127.6
Disclosed within non-current liabilities		34.8	101.0	8.3	(8.3)	(20.5)	22.5	(2.2)	135.6
Disclosed within non-current assets		–	(0.6)	–	–	(1.3)	–	(6.1)	(8.0)
(Credit)/charge to income	9	12.1	(37.2)	(2.7)	3.4	(20.8)	(3.1)	(9.4)	(57.7)
Credit to equity	35	–	–	–	–	–	(30.9)	(9.1)	(40.0)
Owned by subsidiaries acquired	15	–	12.5	–	–	–	–	–	12.5
Owned by subsidiaries sold	16	–	0.1	–	–	–	–	–	0.1
Exchange adjustment		–	5.8	–	–	(2.3)	–	(3.1)	0.4
At 28th September, 2008		**46.9**	**81.6**	**5.6**	**(4.9)**	**(44.9)**	**(11.5)**	**(29.9)**	**42.9**
Disclosed within non-current liabilities		**49.7**	**54.5**	**5.6**	**(4.9)**	**(1.5)**	**(11.5)**	**(17.9)**	**74.0**
Disclosed within non-current assets		**(2.8)**	**27.1**	**–**	**–**	**(43.4)**	**–**	**(12.0)**	**(31.1)**
At 28th September, 2008		**46.9**	**81.6**	**5.6**	**(4.9)**	**(44.9)**	**(11.5)**	**(29.9)**	**42.9**

(i) The deferred tax assets disclosed in the Balance Sheet in respect of overseas tax losses, relate primarily to trading losses incurred in the US and have been recognised on the basis that the Directors are of the opinion based on recent and forecast trading, that sufficient suitable taxable profits will be generated in the relevant territories in future accounting periods, such that it is considered probable that these assets will be recovered. Of these assets, £24.9 million will expire between 2017 and 2028. The remaining assets have no expiry date.

(ii) There is an unrecognised deferred tax asset of £24.0 million (2007 £25.3 million) which relates primarily to overseas tax losses where there is insufficient certainty that these losses will be utilised in the foreseeable future. There is an additional unprovided deferred tax asset relating to capital losses carried forward of £29.4 million (2007 £20.7 million).

33 DEFERRED TAXATION – Continued

(iii) There is a potential taxable temporary difference in respect of the Group's investments in subsidiaries, branches, associates and joint ventures, principally in relation to as yet unremitted earnings from overseas subsidiaries. The Group has estimated the potential taxable temporary difference to be approximately £680.7 million (2007 £801.5 million).

34 CALLED UP SHARE CAPITAL

	Authorised 2008 £m	Authorised 2007 £m	Allotted, issued and fully paid 2008 £m	Allotted, issued and fully paid 2007 £m
Ordinary shares of 12.5 pence each	**2.5**	2.5	**2.5**	2.5
'A' Ordinary Non-Voting shares of 12.5 pence each	**48.5**	48.5	**46.6**	46.9
	51.0	51.0	**49.1**	49.4

	2008 Number of shares	2007 Number of shares	Allotted, issued and fully paid 2008 Number of shares	Allotted, issued and fully paid 2007 Number of shares
Ordinary shares	**20,000,000**	20,000,000	**19,886,472**	19,886,472
'A' Ordinary Non-Voting shares	**388,000,000**	388,000,000	**372,696,648**	375,423,794
	408,000,000	408,000,000	**392,583,120**	395,310,266

The two classes of shares are equal in all respects, except that the 'A' Ordinary Non-Voting shares do not have voting rights and hence their holders are not entitled to vote at general meetings of the Company.

During the year, 18,389,672 'A' Ordinary Non-Voting shares were purchased having a nominal value of £2,298,709 as part of a review of opportunities to buy back shares and to match obligations under an incentive plan. The consideration paid for these shares was £88.3 million. Shares repurchased during the period represented 4.93% of the called up 'A' Ordinary Non-Voting share capital at 28th September, 2008.

The Company disposed of 3,801,025 of these shares, representing 1.02% of the called up 'A' Ordinary Non-Voting share capital, in order to satisfy incentive schemes. The Company also cancelled 2,727,146 'A' Ordinary Non-Voting shares, representing 0.73% of its called up 'A' Ordinary non-Voting share capital at the date of cancellation.

At 28th September, 2008, options were outstanding under the terms of the Company's 1997 and 2006 Executive Share Option Schemes over a total of 6,978,245 (2007 6,423,854) 'A' Ordinary Non-Voting shares.

35 RESERVES

	Note	2008 £m	2007 £m
Share premium account			
At beginning of year		**12.4**	9.7
Issue of shares		**–**	2.7
At end of year		**12.4**	12.4
Capital redemption reserve			
At beginning of year		**0.8**	–
On cancellation of 'A' Ordinary shares		**0.3**	0.8
At end of year		**1.1**	0.8
Revaluation reserve			
At beginning of year		**46.0**	46.5
Revaluation reserves recycled to income statement on impairment of GCap Media plc		**–**	24.4
Transfer to retained earnings realised gain on GCap Media plc shares		**(6.5)**	(24.4)
Transfer to retained earnings following disposal of properties previously revalued		**–**	(0.7)
Fair value movement in available-for-sale assets	21	**–**	0.2
At end of year		**39.5**	46.0

The revaluation reserve arises following revaluation of the Group's available-for-sale investments and their historic amounts relating to previous GAAP which were not transferred to retained earnings on transition to IFRS. Additionally, at the start of the year, £6.5 million relating to an unrealised gain on disposal of businesses to GWR Group plc (now Global Radio) in 2005 was included within revaluation reserves.

35 RESERVES – Continued

	2008 £m	2007 £m
Shares held in treasury		
At beginning of year	**(44.4)**	(63.1)
Purchase of own shares	**(88.3)**	(32.8)
Own shares released on vesting of share options	**21.0**	4.9
Own shares cancelled	**18.2**	46.6
At end of year	**(93.5)**	(44.4)

The Group's investment in its own shares is classified within shareholders' funds as shares held in treasury. At 28th September, 2008 this investment comprised the cost of 18,215,407 'A' Ordinary Non-Voting shares (2007 6,353,906 shares). The market value of these shares at 28th September, 2008 was £59.1 million (2007 £40.0 million).

	2008 £m	2007 £m
Translation reserve		
At beginning of year	**27.0**	8.2
Exchange differences on translation of overseas operations	**58.8**	1.8
Translation reserves recycled to income statement on disposals	**(0.1)**	(0.1)
Transfer of gain on cash flow hedges to income statement	**(2.9)**	(2.7)
(Losses)/gains on cash flow hedges	**(17.5)**	6.4
Change in value of net investment hedges	**(45.3)**	13.4
Transfer minority share of items reported directly in equity	**2.2**	–
At end of year	**22.2**	27.0

The translation reserve arises on the translation into Sterling of the net assets of the Group's foreign operations, offset by changes in fair value of financial instruments used to hedge this exposure.

	Note	2008 £m	2007 £m
Retained earnings			
At beginning of year		**601.7**	423.8
Net profit for the year		**–**	107.0
Dividends paid	10	**(56.3)**	(53.2)
Actuarial (loss)/gain on defined benefit pension schemes	31	**(110.4)**	207.1
Credit to equity for share-based payments	38	**16.6**	18.1
Settlement of exercised share options of subsidiary		**(20.2)**	(13.2)
Initial reordering of put options granted to minority interests in subsidiaries	(i)	**(0.5)**	(18.5)
Transfer from revaluation reserves realised gain on GCap Media plc		**6.5**	24.4
Exercise of acquisition option commitments		**7.0**	7.2
Cancellation of shares held in treasury		**(18.2)**	(46.6)
Transfer from revaluation reserves following disposal of properties previously revalued	19	**–**	0.7
Movement in losses attributable to minorities which are borne by Group	36	**–**	5.4
Transfer minority share of items reported directly in equity	36	**(8.7)**	(1.1)
Revaluation of previously held interest in associate on acquisition of control	15	**27.0**	–
Adjustment to equity following increased stake in controlled entity		**(6.4)**	–
Current tax on items recognised in equity		**1.0**	0.3
Deferred tax on actuarial movement	33	**30.9**	(60.9)
Deferred tax on other items recognised directly in equity	33	**9.1**	1.2
At end of year		**479.1**	601.7
At end of year – Total Reserves		**460.8**	643.5

(i) £0.5 million (2007 £18.5 million) representing the fair value of written put options granted to minority shareholders in the year has been recorded as a reduction in equity on initial recording, as the arrangement represents a transaction with equity holders. Changes in fair value after initial recognition are recorded in the income statement.

36 MINORITY INTERESTS

	2008 £m	2007 £m
At beginning of year	**27.6**	–
Share of profit	**16.8**	15.3
Dividends paid	**(10.3)**	(8.9)
Shares issued	**0.2**	0.5
Minority interests arising from business combinations	**0.2**	2.3
Share of items reported directly in equity	**6.6**	1.1
Other transactions with minorities	**(2.6)**	0.2
Movement in losses attributable to minorities which are borne by the Group	**–**	(5.4)
Minority share of new equity in Euromoney	**–**	22.7
Exchange adjustment	**0.2**	(0.2)
At end of year	**38.7**	27.6

When losses attributable to minorities exceed the minorities' interests in the subsidiaries' equity, the minorities share of losses is carried forward in Group retained earnings.

37 COMMITMENTS AND CONTINGENT LIABILITIES
Commitments

	2008 £m	2007 £m
Property, plant and equipment		
Contracted but not provided in the financial statements	**0.7**	3.3

At 28th September, 2008 the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2008 Properties £m	2008 Plant and equipment £m	2007 Properties £m	2007 Plant and equipment £m
Within one year	**31.2**	**2.9**	25.6	2.1
Between one and two years	**25.2**	**3.4**	21.0	2.2
Between two and five years	**62.3**	**3.3**	52.0	4.1
After five years	**82.6**	**–**	71.6	–
	201.3	**9.6**	170.2	8.4

The Group's most significant leasing arrangements relate to rented properties. The Group negotiates lease contracts according to the Group's needs with a view to balancing stability and security of tenure and lease terms with the risk of entering into excessively long or onerous arrangements. Of the Group's rented properties, the most significant commitment relates to the head office premises at 2 Derry Street, London W8 5TT. This lease expires on 25th December, 2022.

The Group entered into arrangements with its ink suppliers to obtain ink for the period to September 2015 at competitive prices and to secure supply. At the year end, the commitment to purchase ink over the period was £148.6 million (2007 £65.4 million).

The Group has entered into agreements with certain printers for periods up to 2022 at competitive prices and to secure supply. At the year end, the commitment to purchase printing capacity over the period was £65.1 million (2007 £33.4 million).

Contingent liabilities
As set out in note 31 the Group has issued stand by letters of credit in favour of the Trustees of the Group's defined benefit pension fund amounting to £64.3 million (2007 £nil).

The Group is exposed to libel claims in the ordinary course of business and vigorously defends against claims received, The Group makes provision for the estimated costs to defend such claims when incurred and provides for any settlement costs when such an outcome is judged probable.

Four writs claiming damages for libel have been issued in Malaysia against Euromoney Institutional Investor and three of its employees in respect of an article published in one of Euromoney's magazines, International Commercial Litigation, in November 1995. The writs were served on Euromoney on 22nd October, 1996. Two of these writs have been discontinued. The total outstanding amount claimed on the two remaining writs is 82 million Malaysian ringgits, £13.5 million. No provision has been made in these accounts since the Directors do not believe that Euromoney has any material liability in respect of these writs.

38 SHARE-BASED PAYMENTS

The Group offers a number of share-based remuneration schemes to Directors and certain employees. The principal schemes comprise share options under the DMGT, Euromoney and within DMG Information, Risk Management Solutions (RMS), Genscape and Trepp Executive Share Option Schemes (ESOS), the Euromoney Capital Appreciation Plan and the Company's LTIP. Share options are exercisable after three years, subject in some cases to the satisfaction of performance conditions, and up to ten years from the date of grant at a price equivalent to the market value of the respective shares at the date of grant at a price equivalent to the market value of the respective shares at the date of grant. Details of the performance conditions relating to the DMGT schemes are explained in the Remuneration Report on pages 52 and 69.

For equity-settled share-based payment transactions, IFRS 2, Share-based payments applies to grants of shares, share options or other equity instruments made after 7th November, 2002 that had not vested by 1st January, 2005.

The charge to the income statement arising from the most significant schemes is analysed as follows:

Division	Scheme	2008 £m	2007 £m
DMGT	Executive Share Option Scheme	**5.1**	1.5
	Long Term Incentive Plan	**1.2**	0.6
Business information	RMS	**4.7**	4.5
	Genscape	**0.3**	0.7
	Trepp	**0.3**	0.5
Euromoney	Capital Appreciation Plan	**4.7**	9.8
	Save As You Earn scheme	**0.3**	0.2
	ISI (cash settled)	**0.4**	0.3
		17.0	18.1

The fair value of share options for each of these schemes was determined using a Black-Scholes model. Full details of inputs to the models, particular to each scheme, are set out below. With respect to all schemes, the share price volatility has been estimated, based upon relevant historic data in respect of the DMGT 'A' Ordinary share prices.

Expected volatility has been estimated, based upon relevant historic data in respect of the DMGT 'A' Ordinary share price. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability.

The Group did not re-price any of its outstanding options during the year.

Further details of the Group's schemes are set out below:

DMGT 1997 Executive Share Option Scheme

	2008 Number of share options	2008 Weighted average exercise price £	2007 Number of share options*	2007 Weighted average exercise price* £
Outstanding at 30 September, 2007	**2,490,354**	**6.44**	2,708,056	6.94
Exercised during the year	**–**	**–**	(37,146)	6.45
Forfeited during the year	**(124,854)**	**6.87**	(180,556)	6.15
Expired during the year	**(49,255)**	**6.09**	–	–
Outstanding at 28th September, 2008	**2,316,245**	**6.43**	2,490,354	6.44
Exercisable at 28th September, 2008	**–**	**–**	–	–
Exercisable at 1st October, 2007	**–**	**–**	–	–

* The above summary has been re-analysed to exclude 1,708,500 (2007 1,757,000) share options that were granted before 7th November, 2002. In accordance with IFRS 2, no cost has been recognised in respect of these options.

No share options were granted during the year.

The options outstanding at 28th September, 2008 had a weighted average remaining contractual life of 6.3 years (2007 5.8 years).

38 SHARE-BASED PAYMENTS – Continued

Options under the DMGT 1997 Executive Share Option Scheme

The inputs into the Black-Scholes model for options, granted since 7th November 2002, are as follows:

Date of grant	16th December, 2002	2nd January, 2003	8th December, 2003	16th June, 2004	6th December, 2004
Market value of shares at date of grant (p)	573.0	581.5	607.5	684.0	723.5
Option price (p)	573.0	581.5	607.5	684.0	723.5
Number of share options outstanding	625,795	62,000	721,742	5,000	901,708
Term of option (years)	10.00	10.00	10.00	10.00	10.00
Assumed period of exercise after vesting (years)	6.50	6.50	6.50	6.50	6.50
Exercise price (p)	573.0	581.5	607.5	684.0	723.5
Risk-free rate (%)	5.00	5.00	4.80	4.60	4.50
Expected dividend yield (%)	1.61	1.58	1.65	1.51	1.52
Volatility (%)	20.00	20.00	20.00	20.00	20.00
Fair value per option (p)	134.7	136.7	142.8	160.7	170.0

DMGT 2006 Executive Share Option Scheme

	2008 Number of share options	**2008 Weighted average exercise price £**	2007 Number of share options	2007 Weighted average exercise price £
Outstanding at 30th September, 2007	**2,176,500**	**6.89**	1,132,000	6.90
Granted during the year	**824,000**	**4.85**	1,070,500	6.88
Forfeited during the year	**(47,000)**	**6.67**	–	–
Expired during the year	**–**	**–**	(26,000)	6.93
Outstanding at 28th September, 2008	**2,953,500**	**6.33**	2,176,500	6.89
Exercisable at 28th September, 2008	**–**	**–**	–	–
Exercisable at 1st October, 2007	**–**	**–**	–	–

No share options were exercised or expired during the year. Options were forfeited by leavers. Options that expired in the year were renounced by current executives before the end of their 10 year term.

The options outstanding at 28th September, 2008 had a weighted average remaining contractual life of 8.2 years (2007 8.8 years).

DMGT 2006 Executive Share Option Scheme – Options granted during the year were as follows:

	2008 Number of share options	2007 Number of share options
9th June, 2008	**100,000**	–
27th May, 2008	**35,000**	–
17th December, 2007	**689,000**	–
27th November, 2006	**–**	1,070,500
	824,000	1,070,500

The aggregate of the estimated fair values of the options granted on the above dates is £0.8 million (2007 £1.6 million).

38 SHARE-BASED PAYMENTS – Continued
DMGT 2006 Executive Share Option Scheme
The inputs into the Black-Scholes model are as follows:

Date of grant	31st March, 2006	5th July, 2006	27th November, 2006
Market value of shares at date of grant (p)	698.0	610.5	688.0
Option price (p)	698.0	610.5	688.0
Number of share options outstanding	1,009,000	93,000	1,031,500
Term of option (years)	10.00	10.00	10.00
Assumed period of exercise after vesting (years)	7.00	7.00	7.00
Exercise price (p)	698.0	610.5	688.0
Risk-free rate (%)	4.50	4.80	4.30
Expected dividend yield (%)	1.72	2.01	1.90
Volatility (%)	20.00	20.00	20.00
Fair value per option (p)	153.0	143.5	150.8

Date of grant	17th December, 2007	27th May, 2008	9th June, 2008
Market value of shares at date of grant (p)	504.5	402.0	381.5
Option price (p)	504.5	402.0	381.5
Number of share options outstanding	685,000	35,000	100,000
Term of option (years)	10.00	10.00	10.00
Assumed period of exercise after vesting (years)	7.00	7.00	7.00
Exercise price (p)	504.50	402.00	381.50
Risk-free rate (%)	4.30	4.30	4.30
Expected dividend yield (%)	2.84	3.66	3.85
Volatility (%)	20.00	20.00	30.00
Fair value per option (p)	117.8	92.0	85.3

DMGT Long Term Incentive Plan

	2008 Number of awards	**2008 Weighted average exercise price £**	2007 Number of awards*	2007 Weighted average exercise price* £
Outstanding at 30th September, 2007	**695,626**	**7.09**	540,211	7.07
Awarded during the year	**565,425**	**4.27**	155,415	7.17
Expired during the year	**(764)**	**7.17**	–	–
Outstanding at 28th September, 2008	**1,260,287**	**5.82**	695,626	7.09
Exercisable at 28th September, 2008	**–**	**–**	–	–
Exercisable at 1st October, 2007	**–**	**–**	–	–

* The above summary has been reanalysed to exclude 322,499 (2007 322,499) of awards that were granted before 7th November, 2002. In accordance with IFRS 2, no cost has been recognised in respect of these awards.

No share options were exercised or forfeited during the year.

The awards outstanding at 28th September, 2008 had a weighted average remaining contractual life of 2.2 years (2007 1.4 years).

38 SHARE-BASED PAYMENTS – Continued

Awards made during the year were as follows:

	2008 Number of awards	2007 Number of awards
19th March, 2008	**565,425**	–
1st January, 2007	**–**	155,415
	565,425	155,415

The aggregate of the estimated fair values of the awards made on the above dates is £2.3 million (2007 £0.8 million).

Options under the DMGT Long Term Incentive Scheme

The inputs into the Black-Scholes model are as follows:

Date of grant	1st January, 2003	1st January, 2004	1st January, 2005	1st January, 2006	1st January, 2007
Market value of shares at date of grant (p)	593.8	703.5	753.0	788.0	717.0
Option price (p)	593.8	703.5	753.0	788.0	717.0
Number of awards outstanding	111,557	221,743	95,650	111,261	154,651
Term of awards (years)	5.00	5.00	5.00	5.00	5.00
Assumed period of exercise after vesting (years)	–	–	–	–	–
Exercise price (p)	Nil	Nil	Nil	Nil	Nil
Risk-free rate (%)	5.00	4.80	4.50	4.50	4.30
Expected dividend yield (%)	1.55	1.42	1.46	1.52	1.82
Volatility (%)	20.00	20.00	20.00	20.00	20.00
Fair value per option (p)	451.3	534.7	572.3	598.9	544.9

Date of grant	19th March, 2008	19th March, 2008	19th March, 2008	19th March, 2008	19th March, 2008
Market value of shares at date of grant (p)	**426.5**	**426.5**	**426.5**	**426.5**	**426.5**
Option price (p)	**426.5**	**426.5**	**426.5**	**426.5**	**426.5**
Number of awards outstanding	**129,265**	**64,632**	**64,632**	**64,632**	**64,632**
Term of awards (years)	**2.70**	**3.00**	**4.00**	**5.00**	**6.00**
Assumed period of exercise after vesting (years)	**–**	**–**	**–**	**–**	**–**
Exercise price (p)	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Risk-free rate (%)	**4.30**	**4.30**	**4.30**	**4.30**	**4.30**
Expected dividend yield (%)	**3.36**	**3.36**	**3.36**	**3.36**	**3.36**
Volatility (%)	**20.00**	**20.00**	**20.00**	**20.00**	**20.00**
Fair value per option (p)	**394.5**	**394.5**	**394.5**	**394.5**	**394.5**

Date of grant	19th March, 2008
Market value of shares at date of grant (p)	**426.5**
Option price (p)	**426.5**
Number of awards outstanding	**177,632**
Term of awards (years)	**6.00**
Assumed period of exercise after vesting (years)	**–**
Exercise price (p)	**Nil**
Risk-free rate (%)	**4.30**
Expected dividend yield (%)	**3.36**
Volatility (%)	**20.00**
Fair value per option (p)	**394.5**

In March, an award was made to a senior executive as part of his recruitment.

38 SHARE-BASED PAYMENTS – Continued
Executive Plan

	2008 Number of awards	2008 Weighted average exercise price	2007 Number of awards	2007 Weighted average exercise price
Outstanding at 30th September, 2007	–	–	–	–
Awarded during the year	320,000	4.30	–	–
Outstanding at 28th September, 2008	320,000	4.30	–	–
Exercisable at 28th September, 2008	–	–	–	–
Exercisable at 1st October, 2007	–	–	–	–

No awards were exercised or expired or forfeited during the year.

The awards outstanding at 28th September, 2008 had a weighted average remaining contractual life of 3.4 years.

Executive Plan
Awards made during the year were as follows:

	2008 Number of awards	2007 Number of awards
25th March, 2008	320,000	–
	320,000	–

The aggregate of the estimated fair values of the awards made on the above dates is £1.4 million.

Executive Plan
The inputs into the Black-Scholes model are as follows:

Date of grant	25th March, 2008
Market value of shares at date of grant (p)	429.5
Option price (p)	429.5
Number of awards outstanding	320,000
Term of awards (years)	3.90
Assumed period of exercise after vesting (years)	–
Exercise price (p)	Nil
Risk-free rate (%)	4.30
Expected dividend yield (%)	3.34
Volatility (%)	20.00
Fair value per option (p)	429.5

Divisional management incentive schemes
The Group operated a long term incentive scheme for senior employees of the Group's national media division based on cumulative profit targets for the three years to 30th September, 2007. At the end of each of the three years, participants in the scheme were invited to pledge their annual bonus either as cash or by taking DMGT 'A' Ordinary shares, both of which must be committed to the scheme until the end of its three year life. The initial scheme vested at 30th September, 2007 and so a matching award was made to each participant.

Matching awards of 56,368 shares were made on 27th November, 2007 when the share price was £5.43.

No shares were forfeited or lapsed during the year.

The Group operates a long term incentive plan for senior employees of the Group's local media division based on profit and revenue targets. Participants in the scheme have the choice of being rewarded with a cash bonus or by taking DMGT 'A' Ordinary shares. Where a participant chooses to take shares it is a condition of the scheme that the shares must be held for a minimum of two years. No shares were awarded, forfeited or lapsed during the year.

The Euromoney Capital Appreciation Plan (CAP)
The CAP executive share option scheme was approved by shareholders on 1st February, 2005. Each of the CAP awards comprises an option to subscribe for Ordinary shares of 0.25p each in the Company for an exercise price of 0.25p per Ordinary share. The awards become exercisable on satisfaction of certain performance conditions and lapse to the extent unexercised on 30th September, 2014. The initial performance condition (increased during 2007 to reflect the acquisition of Metal Bulletin) was achieved in the financial year 2007 and the option pool (a maximum of 7.5 million shares) was allocated between the

38 SHARE-BASED PAYMENTS – Continued
holders of outstanding awards. One third of the awards vested on 14th February, 2008. The primary performance target was achieved again in 2008 and the second tranche of options will vest in February 2009 subject to the businesses also achieving the secondary performance criteria. The final tranche will vest in 2010, but only if the primary and secondary performance conditions are again met, otherwise vesting is deferred until both the profit target of £57.0 million achieved in 2007 is achieved again, and the profits of the individual participants businesses are at least 75% of that achieved in 2007 but no later than by reference to the year ending 30th September, 2012.

Euromoney Share Option Schemes
The company has 12 share option schemes for which an IFRS2 charge has been recognised. The fair value per option granted and the assumptions used in the calculation are shown in the table below. The executive and Save as You Earn Options were valued using the Black-Scholes option-pricing model. Expected volatility was determined by calculating the historical volatility of the group's share price over a period of 13 years. The executive options' fair values have been discounted at a rate of 10% to reflect their performance conditions. The expected term of the option used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

	2008 Number of share options	2008 Weighted average exercise price £	2007 Number of share options	2007 Weighted average exercise price £
Outstanding at 30th September, 2007	**4,753,726**	**1.92**	2,477,965	4.04
Awarded during the year	**2,619,410**	**0.15**	2,640,578	0.23
Exercised during the year	**(2,328,418)**	**0.03**	(107,049)	4.01
Expired during the year	**(178,850)**	**3.85**	(227,768)	4.09
Outstanding at 28th September, 2008	**4,865,868**	**1.80**	4,783,726	1.92
Exercisable at 28th September, 2008	**4,865,868**	**1.80**	4,783,726	1.92
Exercisable at 1st October, 2007	**4,753,726**	**1.92**	2,477,965	4.04

The weighted average share price at the date of exercise for share options exercised during the year was £3.85 (2007 £5.91).

The options outstanding at 28th September, 2008 had a weighted average exercise price of £1.80 (2007 £1.92) and a weighted average remaining contractual life of 4.37 years (2007 5.25 years).

Options granted during the year were as follows:

	2008 Number of share options	2007 Number of share options
CAP		
30th September, 2007	**–**	2,500,000
30th September, 2008	**2,500,000**	–
SAYE		
5th January, 2007	**–**	140,578
17th December, 2007	**119,410**	–
	2,619,410	2,640,578

The aggregate of the estimated fair values of the options granted on the above dates is £0.4 million (2007 £0.6 million).

38 SHARE-BASED PAYMENTS – Continued

The Euromoney Capital Appreciation Plan

The inputs into the Black-Scholes model are as follows:

Scheme type		CAP	
	Tranche 1	Tranche 2	Tranche 3
Date of grant	20th June, 2005	20th June, 2005	20th June, 2005
Market value of shares at date of grant (p)	401.0	401.0	401.0
Option price (p)	0.25	0.25	0.25
Number of share options outstanding	190,780	2,500,000	2,500,000
Term of option (years)	10.00	10.00	10.00
Assumed period of exercise after vesting (years)	3.28	4.53	5.53
Exercise price (p)	0.25	0.25	0.25
Risk-free rate (%)	5.00	5.00	5.00
Dividend growth (%)	8.44	8.44	8.44
Fair value per option (p)	3.28	3.02	2.82

Euromoney Share Option Schemes

The inputs into the Black-Scholes model are as follows:

Date of grant	4th December, 2004	28th January, 2004
Market value of shares at date of grant (p)	259.0	419.0
Option price (p)	259.00	419.00
Number of share options outstanding	356,000	319,000
Term of option (years)	10.00	10.00
Assumed period of exercise after vesting (years)	5.50	5.50
Exercise price (p)	259.00	419.00
Risk-free rate (%)	4.10	4.10
Expected dividend yield (%)	3.93	3.93
Volatility (%)	30.00	30.00
Fair value per option (p)	52.0	72.0

SAYE Scheme

The inputs into the Black-Scholes model are as follows:

Date of grant	4th January, 2005	1st February, 2006	5th January, 2007	17th December, 2007
Market value of shares at date of grant (p)	423.0	461.0	524.0	397.0
Option price (p)	338.0	369.0	419.0	318.0
Number of share options outstanding	1,121	70,869	70,138	92,312
Term of option (years)	3.5	3.5	3.5	3.5
Assumed period of exercise after vesting (years)	3.0	3.0	3.0	3.0
Exercise price (p)	338.0	369.0	419.0	318.0
Risk-free rate (%)	4.80	4.80	4.75	4.25
Expected dividend yield (%)	3.35	3.35	3.35	3.35
Volatility (%)	30.00	30.00	30.00	30.00
Fair value per option (£)	1.2	1.2	1.5	1.1

38 SHARE-BASED PAYMENTS – Continued

Internet Securities, Inc. cash settled options

The inputs into the Black-Scholes model are as follows:

Date of grant	2nd February, 2004	11th May, 2005	28th February, 2006
Market value of shares at date of grant (p)	n/a	n/a	n/a
Option price (p)	n/a	n/a	n/a
Number of share options outstanding	47,539	1,845	38,501
Term of option (years)	10.0	10.0	10.0
Expected term of option (grant to exercise (years))	6.5	5.5	4.5
Exercise price (p)	n/a	n/a	n/a
Risk-free rate (%)	n/a	n/a	n/a
Expected dividend yield (%)	n/a	n/a	n/a
Dividend growth (%)	n/a	n/a	n/a
Fair value per option (US$)	18.57	18.57	52.70

CAP options were valued using a fair value model that adjusted the share price at the date of grant for the net present value of expected future dividend streams up to the date of expected exercise. Under IFRS 2, Internet Securities, Inc. options are classified as cash settled options. As such their related fair value equates to the fair value at the Balance Sheet date. For both these option schemes, the expected term of the option used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

RMS options plan

RMS Options were granted at market value. The options become exercisable after a four year vesting period and lapse after 10 years from grant date. Previously, the stock issued under the plan was subject to a nine month holding period, which has been subsequently removed during 2007. The stock issued under the plan is subject to put or call options where DMGT has the right to settle in DMGT 'A' Ordinary shares or cash. The options plan classification changed from cash settled plan in June 2005 to equity settled plan following this change of settlement feature of stock issued under the plan.

RMS Option Scheme

	2008 Number of share options	**2008 Weighted average exercise price $**	2007 Number of share options	2007 Weighted average exercise price $
Outstanding at 30th September, 2007	**2,176,759**	**29.99**	1,537,033	24.48
Granted during the year	**1,123,515**	**45.65**	949,525	36.39
Forfeited during the year	**(95,994)**	**39.15**	(199,907)	28.09
Exercised during the year	**(407,750)**	**25.72**	(109,892)	11.74
Outstanding at 28th September, 2008	**2,796,530**	**36.64**	2,176,759	29.99
Exercisable at 28th September, 2008	**1,224,342**	**32.11**	609,803	23.06
Exercisable at 1st October, 2007	**609,803**	**23.06**	172,515	8.93

The weighted average share price at the date of exercise for share options exercised during the year was $45.43 (2007 $36.39).

The options outstanding at 28th September, 2008 had a weighted average exercise price of $36.64 (2007 $29.99) and a weighted average remaining contractual life of 8.01 years (2007 8.11 years).

38 SHARE-BASED PAYMENTS – Continued

Options granted during the year were as follows:

	2008 Number of share options	2007 Number of share options
1st October	**965,591**	794,875
2nd October	**–**	4,000
9th October	**–**	1,200
15th October	**1,250**	–
23rd October	**–**	3,200
5th November	**2,500**	–
7th November	**–**	4,000
12th November	**1,250**	–
13th November	**–**	2,500
26th November	**3,000**	–
30th November	**–**	10,000
1st December	**–**	1,000
4th December	**–**	2,500
1st January	**2,000**	500
7th January	**1,000**	–
14th January	**1,000**	–
25th February	**10,424**	–
26th February	**–**	1,000
1st March	**–**	19,500
31st March	**31,500**	–
1st April	**35,000**	6,250
28th April	**2,500**	–
1st May	**15,000**	81,000
14th May	**–**	6,500
15th May	**–**	1,000
19th May	**4,000**	–
29th May	**–**	1,000
1st June	**5,000**	500
11th June	**–**	1,000
18th June	**–**	3,000
23rd June	**2,500**	–
1st July	**10,000**	–
15th July	**–**	2,000
23rd July	**–**	1,000
6th August	**–**	2,000
11th August	**1,500**	–
12th August	**1,500**	–
2nd September	**1,500**	–
15th September	**21,500**	–
22nd September	**4,000**	–
	1,123,515	949,525

38 SHARE-BASED PAYMENTS – Continued

The aggregate of the estimated fair values of the options granted on the above dates is $11.8 million (2007 $9.8 million).

RMS Option scheme

The inputs into the Black-Scholes model are as follows:

Date of grant	During 2001	During 2002	During 2003	During 2004	During 2005
Market value of shares at date of grant (US cents)	526.0	481.0	556.0	913.0	1,661.0
Option price (US cents)	526.0	481.0	556.0	913.0	1,661.0
Number of share options outstanding	7,646	3,283	37,894	46,822	87,783
Term of option (years)	–	0.67	1.67	2.67	3.67
Assumed period of exercise after vesting (years)	6-9	6-9	6-9	6-9	6-9
Exercise price (US cents)	526.0	481.0	556.0	913.0	1,661.0
Risk-free rate (%)	4.00	4.00	4.00	4.00	4.00
Expected dividend yield (%)	2.00	2.00	2.00	2.00	2.00
Volatility (%)	35.00	35.00	35.00	35.00	35.00
Fair value per option (US cents)	2,222.0	2,243.0	2,138.0	1,791.0	1,253.0

Date of grant	During 2006	During 2007	**During 2008**	**During 2008**
Market value of shares at date of grant (US cents)	2,978.0	3,639.0	**4,543.0**	**4,781.0**
Option price (US cents)	2,978.0	3,639.0	**4,543.0**	**4,781.0**
Number of share options outstanding	728,958	800,629	**979,515**	**104,000**
Term of option (years)	4.27	3.80	**3.80**	**3.80**
Assumed period of exercise after vesting (years)	6-9	6-9	**6-9**	**6-9**
Exercise price (US cents)	2,978.0	3,639.0	**4,543.0**	**4,781.0**
Risk-free rate (%)	4.00	4.70	**4.10**	**2.20**
Expected dividend yield (%)	2.00	2.00	**2.00**	**2.00**
Volatility (%)	35.00	35.00	**29.00**	**32.00**
Fair value per option (US cents)	857.0	1,029.0	**1,069.0**	**1,045.0**

Expected volatility was determined by calculating the historical volatility of comparable companies.

Genscape options scheme

Genscape Options were granted at market value. The options become exercisable after a three year vesting period and lapse after 10 years from the grant date. The stock issued under the plan is subject to put or call options where DMGT has the right to settle in DMGT 'A' Ordinary shares or cash.

Genscape Option Scheme

	2008 Number of share options	**2008 Weighted average exercise price $**	2007 Number of share options	2007 Weighted average exercise price $
Outstanding at 30th September, 2007	**4,499,632**	**2.78**	4,549,632	2.78
Granted during the year	**290,500**	**2.78**	–	–
Forfeited during the year	**(63,556)**	**2.78**	(50,000)	2.78
Exercised during the year	**(36,944)**	**2.78**	–	–
Outstanding at 28th September, 2008	**4,689,632**	**2.78**	4,499,632	2.78
Exercisable at 28th September, 2008	**3,431,380**	**2.78**	1,924,281	2.78
Exercisable at 1st October, 2007	**1,924,281**	**2.78**	–	–

There were no share option exercises during the year. The weighted average share price at the date of exercise for share options cancelled for consideration during the year was $3.08

The options outstanding at 28th September, 2008 had a weighted average remaining contractual life of 7.7 years (2007 8.7 years).

38 SHARE-BASED PAYMENTS – Continued

Options granted during the year were as follows:

	2008 Number of share options	2007 Number of share options
24th January, 2008	**290,500**	–
	290,500	–

The aggregate of the estimated fair values of the options granted on the above dates is $0.2 million (2007 Nil).

Genscape Option Scheme

The inputs into the Black-Scholes model are as follows:

Date of grant	During 2006	During 2008
Market value of shares at date of grant (US cents)	277.8	**278.0**
Option price (US cents)	277.8	**278.0**
Number of share options outstanding	4,499,632	**260,000**
Term of option (years)	5.00	**3.40**
Assumed period of exercise after vesting (years)	7-9	**7-9**
Exercise price (US cents)	277.8	**278.0**
Risk-free rate (%)	4.00	**2.20**
Expected dividend yield (%)	3.50	**3.30**
Volatility (%)	35.00	**38.00**
Fair value per option (US cents)	73.0	**65.0**

Expected volatility was determined by calculating the historical volatility of comparable companies.

Trepp Option Scheme

	2008 Number of share options	2008 Weighted average exercise price £	2007 Number of share options	2007 Weighted average exercise price £
Outstanding at 30th September, 2007	**511,570**	**11.90**	–	–
Granted during the year	**170,510**	**12.95**	511,570	11.90
Outstanding at 28th September, 2008	**682,080**	**12.16**	511,570	11.90
Exercisable at 28th September, 2008	**341,035**	**12.03**	127,893	11.90
Exercisable at 1st October, 2007	**127,893**	**11.90**	–	–

No options were exercised during the year (2007 None).

The options outstanding at 28th September, 2008 had a weighted average remaining contractual life of 3.3 years (2007 4 years).

Options granted during the year were as follows:

	2008 Number of share options	2007 Number of share options
1st October	**170,510**	511,570
	170,510	511,570

The aggregate of the estimated fair values of the options granted on the above dates is $0.4 million (2007 $1.3 million).

38 SHARE-BASED PAYMENTS – Continued

Trepp Option Scheme

The inputs into the Black-Scholes model are as follows:

Date of grant	During 2007	During 2008
Market value of shares at date of grant (US cents)	1,190.0	**1,295.0**
Option price (US cents)	1,190.0	**1,295.0**
Number of share options outstanding	511,570	**170,510**
Term of option (years)	3.00	**3.00**
Assumed period of exercise after vesting (years)	2-5	**2-5**
Exercise price (US cents)	1,190.0	**1,295.0**
Risk-free rate (%)	4.67	**4.10**
Expected dividend yield (%)	4.30	**4.00**
Volatility (%)	35.00	**30.00**
Fair value per option (US cents)	254.0	**236.0**

Trepp Options were granted at market value. The options become exercisable after a three year vesting period and lapse after five years from the grant date. The stock issued under the plan is subject to put or call options where DMGT has the right to settle in DMGT 'A' Ordinary shares.

Expected volatility was determined by calculating the historical volatility of comparable companies.

39 ULTIMATE HOLDING COMPANY

The Company's ultimate holding company and immediate parent company is Rothermere Continuation Limited, a company incorporated in Bermuda.

40 RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. The transactions between the Group and its joint ventures and associates are disclosed below.

Ultimate Controlling Party

The Company's ultimate controlling party is the Viscount Rothermere, the Company's Chairman. Transactions relating to the remuneration and shareholdings of the Viscount Rothermere are given in the Remuneration Report.

Transactions with Directors

There were no material transactions with Directors of the Company, except for those relating to remuneration and shareholdings, disclosed in the Remuneration Report.

For the purposes of IAS 24, Related Party Disclosures, Executives below the level of the Company's Board are not regarded as related parties.

The remuneration of the Directors at the year end, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24. Further information about the individual Directors' remuneration is provided in the audited part of the Directors' Remuneration Report on pages 52 to 69.

	2008 £m	2007 £m
Short-term employee benefits	**6.1**	5.9
Other long-term benefits	**5.1**	4.8
Share-based payments	**1.8**	1.2
	13.0	11.9

There were no retirement benefits or termination charges in 2008 or 2007.

Transactions with joint ventures and associates

Details of the Group's principal joint ventures and associates are set out in note 20.

The Company sold its 41.75% share in Centurion Holidays Limited during the year. During the year the Company has funded the ongoing costs of Centurion by way of loans during the year which were repaid fully before disposal. Interest was charged on these loans during the year at the base rate +1% and amounted to £0.1 million (2007 £0.6 million). The total amount due from Centurion on 28th September, 2008 was £nil (2007 £3.7 million).

40 RELATED PARTY TRANSACTIONS – Continued

Associated Newspapers Limited has a 45% shareholding in Fortune Green Limited. During the year the Group received revenue for newsprint, computer and office services of £0.9 million (2007 £0.6 million). Amounts due from Fortune Green Limited at 28th September, 2008 were £0.3 million (2007 £nil).

Associated Newspapers Limited has a 20% share in the Newspapers Licensing Agency (NLA) from which royalty revenue of £3.0 million was received (2007 £2.0 million). Commissions paid on this revenue total £0.5 million (2007 £0.4 million). The amount due to the NLA on 28th September, 2008 was £0.2 million (2007 £nil).

Daily Mail and General Holdings Limited has a 15.8% share holding in The Press Association. During the year the Group received services amounting to £1.8 million (2007 £2.2 million) and the net amount due from the Press Association as at 28 September, 2008 was £0.1 million (2007 £0.2 million).

During the year, Landmark charged management fees of £0.3 million (2007 £0.3 million) to Point X Ltd, and recharged costs of £0.1 million (2007 £0.1 million). Point X received royalty income from Landmark of £43,000 (2007 £53,000) and owed £0.1 million to Landmark (2007 £48,000) at the year end.

During the year, Hobsons received dividend income of £0.6 million (2007 £0.2 million) from ECCTIS Ltd.

During the year, DMG Radio Australia Pty Ltd invoiced DMG Radio Perth Pty Ltd AU$2.8 million (2007 AUS$0.9 million) and Red Gherkin Pty Ltd AUS$8,000 (2007 AUS$nil).

Other related party disclosures

As at 28th September, 2008 there was a loan to an officer of the Company of £33,258 (2007 £33,258) which bears interest at 5% per annum. The maximum principal amount outstanding during the year was £33,258 (2007 £33,258). At 28th September, 2008 there was a further loan outstanding to the officer of £3,733 which loan bears interest at 6.25% per annum. The maximum principal amount outstanding during the year was £3,733 (2007 £3,773).

At 28th September, 2008, the Group owed £1.5 million (2007 £1.2 million) to the pension schemes which it operates. This amount comprised employees' and employer's contributions in respect of September 2008 payrolls which were paid to the pension schemes in October 2008.

The Group recharges its principal pension schemes with costs of investment management fees. The total amount recharged during the year was £0.7 million (2007 £0.7 million).

41 POST BALANCE SHEET EVENTS

Details of material post Balance Sheet events are given in the Directors' Report on page 46.

PRINCIPAL SUBSIDIARIES

Associated Newspapers Limited	Publication of the Daily Mail, The Mail on Sunday, the Evening Standard, Metro and London Lite
Associated London Distribution Limited	Provision of delivery services
Associated Northcliffe Digital Limited	Provision of new media services
Associated Northcliffe Digital Group Limited	Holding company
Associated Newspapers (Ireland) Limited (Incorporated and operating in Ireland)	Publication of Irish Newspapers
Associated Metro Holdings (Incorporated in Jersey; operating in United Arab Emirates)	Holding company
Allegran Limited	Provision of internet dating services
Autoexposure Limited	Provision of internet recruitment services
Catchpole Communications LLC (incorporated and operating in Saudi Arabia) (60%)	Publication of Dubai newspapers
Catchpole Communications FZ LLC (incorporated and operating in United Arab Emirates) (60%)	Holding company
Data Media and Research Limited (62.5%)	Provision of internet classified car services
DMG Niche Publications Ireland Limited	Holding company
DMG Ireland Holdings Ltd	Holding company
Evening Standard Eros Card Limited	Provision of loyalty card services
Find a Property Limited	Provision of internet property services
Harmsworth Printing Limited	Printing of newspapers
Harmsworth Quays Limited	Procurement of materials and services for the national newspapers
Harmsworth Quays Printing Limited	Printing of newspapers
Harmsworth Printing (Didcot) Limited	Printing of newspapers
Harmsworth Printing (Stoke) Limited	Printing of newspapers
Harmsworth Printing (Derby) Limited	Printing of newspapers
Harmsworth Printing (Leicester) Limited	Printing of newspapers
Harmsworth Printing (Bristol) Limited	Printing of newspapers
Harmsworth Printing (Plymouth) Limited	Printing of newspapers
High Speed Bagging Company Limited	Provision of polybagging services
JobsGroup.net Limited	Provision of internet recruitment services
Jobsite (UK) Worldwide Limited	Provision of internet recruitment services
LetJoKnow Limited	Provision of internet recruitment services
Loot Limited	Publication of Loot
Motors.co.uk Limited	Provision of internet classified car services
Office Recruit Limited	Provision of internet recruitment services
Oil Careers Limited	Provision of internet recruitment services
Primelocation Limited	Provision of internet property services
Production Base Limited	Provision of internet recruitment services
DMG Broadcasting Limited	Holding company
Teletext Limited	Provision of teletext services
Teletext Holdings Limited	Holding company
Rentalsystems.com Limited	Internet based provision of Holiday villa accomodation lettings
Rentalsystems.com Limited	Internet based provision of Holiday villa accomodation lettings
Zambeasy.com Limited	Provision of internet recruitment services
Northcliffe Media Limited	Holding company of provincial newspaper group

Companies below are all publishers of provincial newspapers, except where stated	
Admag Newspapers Limited	
Alderton Limited	
Bargain Pages Media Limited	
Bath News & Media Limited	
Blackmore Vale Media Limited	
Bristol News & Media Limited	
Central Independent News and Media Limited	
Cornwall & Devon Media Limited	
Courier Media Group Limited	
Derby Telegraph Media Group Limited	
Essex Chronicle Media Group Limited	
Express & Echo News & Media Limited	
Gloucestershire Media Limited	
Grimsby & Scunthorpe Media Group Limited	
Herald Express News & Media Limited	
Leicester Mercury Media Group Limited	
Lincolnshire Media Limited	
Mail News & Media Limited	
North Somerset News & Media Limited	
Northcliffe Fleet Services Limited	Fleet and distribution services
Northcliffe Local Media (South East) Limited	
Northcliffe Real Estate Limited	Holding company for freehold and long leasehold properties
Nottingham Post Media Group Limited	
Post & Times Series Limited	
South West Media Group Limited	
South West Wales Media Limited	
Staffordshire Sentinel News and Media Limited	
The Western Gazette Company Limited	
Western Morning News & Media Limited	
W.H.Y. Publications Limited	
Lapcom Kft (Managed, incorporated and operating in Hungary)	Publication of newspapers in Gynor and Szeged, Hungary
RNS – Avizo Holding International a.s. (Managed, incorporated and operating in Slovakia)	Publication of newspapers in Bratislava, Slovakia
Perex a.s. (Managed, incorporated and operating in Slovakia)	Publication of newspapers in Slovakia
Profesia s.r.o	Digital publishing activities in Slovakia
(Managed, incorporated and operating in Slovakia)	
TAU Online d.o.o. (Managed, incorporated and operating in Croatia)	Digital publishing activities in Croatia
DMG Information, Inc (Incorporated in the USA)	Holding company
Risk Management Solutions Inc (96.3%) (Incorporated and operating in the USA)	Provider of risk management information on natural and other related perils
RMSI Private Limited (Incorporated and operating in India)	Information technology service provider, specialising in Geographic Information Systems (G.I.S.) and special solutions, and software development
RMS Japan K. K. (77.0%) (Incorporated and operating in Japan)	Provider of risk management information on natural and other related perils
Trepp, LLC (Incorporated and operating in the USA)	Provider of commercial mortgage-backed securities and real estate information
Lewtan Technologies, Inc (Incorporated and operating in the USA)	Provider of asset-backed securities information

Environmental Data Resources, Inc (Incorporated and operating in the USA)	Provider of geographic based real estate information services
Landmark Information Group Limited	Provider of property and mapping information
Prodat Systems plc	Provider of property and mapping information
Sitescope Limited	Provider of property and mapping information
Quest End Computer Services Limited	Provider of systems to manage the exchange of valuation and survey information between lenders and surveyors
Property & Portfolio Research, Inc (Incorporated and operating in the USA)	Real estate information provider
The Sanborn Map Company, Inc (Incorporated and operating in the USA)	Provider of GIS and photogrammetric mapping services for government and engineering markets
Genscape, Inc. (98.2%) (Incorporated and operating in the USA)	Provider of real time power supply and other energy information
Genscape International, Inc. (Incorporated and operating in the USA)	Provider of real time power supply and other energy information
Hobsons plc	Careers and education information publishing and services
Hobsons, Inc (Incorporated and operating in the USA)	Careers and education information publishing and services
Hobsons Australia Pty Limited (Incorporated and operating in Australia)	Careers and education information publishing and services
Apply Yourself, Inc (Incorporated and operating in the USA)	Provider of recruitment technology and services
Naviance, Inc (Incorporated and operating in the USA)	Provider of planning and advice systems to high schools
Enva Power, Inc (Incorporated and operating in the USA)	Provider of real time power market intelligence
Euromoney Institutional Investor PLC (66.34%)	Publishing, training and events
Adhesion Limited (66.34%)	Conventions
Adhesion Group SA (66.34%) (Incorporated and operating in France)	Conventions
American Metal Market, LLC (66.34%) (Incorporated and operating in the USA)	Publishing
AMM Marketwatch, LLC (66.34%) (Incorporated and operating in the USA)	Information Services
Asia Business Forum (Singapore) Pte Limited (59.71%) (Incorporated and operating in Singapore)	Conferences
BCA Research, Inc (66.34%) (Incorporated and operating in Canada)	Information Services
Business Conventions International SA (66.34%) (Incorporated and operating in France)	Conventions
Carlcroft Limited (66.34%)	Publishing
CEIC Holdings Limited (66.34%) (Incorporated and operating in Hong Kong)	Information Services
Coaltrans Conferences Limited (63.02%)	Conferences
EII Holdings, Inc (66.34%) (Incorporated and operating in the USA)	Investment holding company
EII US, Inc (66.34%) (Incorporated and operating in the USA)	Investment holding company
Euromoney (Singapore) Pte Limited (66.34%) (Incorporated and operating in Singapore)	Training
Euromoney Funding (UK) Limited (66.34%)	Investment holding company
Euromoney Hedging Limited (66.34%)	Investment Company
Euromoney Institutional Investor (Ventures) Limited (66.34%)	Investment holding company
Euromoney Jersey (Finance) Limited (66.34%) (Incorporated in Jersey; operating in the UK)	Non-trading

Company	Activity
Euromoney Institutional Investor (Jersey) Limited (66.34%) (Incorporated in Jersey; operating in Hong Kong)	Publishing
Euromoney Lending (UK) Limited (66.34%)	Investment holding company
Euromoney Publications (Jersey) Limited (66.34%) (Incorporated in Jersey; operating in the UK)	Non-trading
Euromoney Publications Overseas Limited (66.34%)	Dormant
Euromoney Training, Inc (66.34%) (Incorporated and operating in the USA)	Training
Euromoney US Holdings LP (66.34%) (Incorporated and operating in the USA)	Dormant
Euromoney Yen Finance Limited (66.34%)	Investment Company
Euromoney, Inc (66.34%) (Incorporated and operating in the USA)	Training
Glenprint Limited (66.34%)	Publishing
GSCS Benchmarks Limited (66.34%)	Publishing
Gulf Publishing Company Limited (66.34%) (Incorporated and operating in the USA)	Publishing
HedgeFund Intellegence Limited (66.34%)	Publishing
Information Management Network, Inc (53.07%) (Incorporated and operating in the USA)	Conferences
Institutional Investor, Inc (66.34%) (Incorporated and operating in the USA)	Publishing
Internet Securities, Inc (62.36%) (Incorporated and operating in the USA)	Information Services
Latin American Financial Publications, Inc (66.34%) (Incorporated and operating in the USA)	Publishing
Managed Account Reports, LLC (66.34%) (Incorporated and operating in the USA)	Non-trading
MB Marketwatch Limited (66.34%)	Information Services
Metal Bulletin Canada, Inc (66.34%) (Incorporated and operating in Canada)	Investment holding company
Metal Bulletin Holdings Corporation (66.34%) (Incorporated and operating in the USA)	Investment holding company
Metal Bulletin Investments Limited (66.34%)	Investment holding company
Metal Bulletin Limited (66.34%)	Publishing
MIS Training (UK) Limited (66.34%)	Training
Sea.Net Limited (66.34%)	Non-trading
Storas Holdings Pte Limited (59.71%) (Incorporated and operating in Singapore)	Investment holding company
Telcap Limited (46.44%)	Publishing
The Petroleum Economist Limited (66.34%)	Publishing
Tipall Limited (66.34%)	Property Holding
Total Derivatives Limited (51.94%)	Publishing
World Link Publications Limited (66.34%)	Non-trading
DMG World Media Limited	Exhibition holding company
DMG World Media (UK) Limited	Trade publishing and exhibition management
DMG Angex Limited	Organisers of public exhibitions and magazine publishers
DMG Antique Fairs Limited	Organisers of antiques and collectors fairs
DMG World Media (Canada), Inc (Incorporated and operating in Canada)	Organisers of consumer and trade exhibitions
DMG World Media (USA) Inc (96.9%) (Incorporated and operating in USA)	Organisers of consumer exhibitions
iMedia Communications Inc (96.9%) (Incorporated and operating in USA)	Conference Organiser

DMG World Media (Dubai) 2006 Limited (Incorporated in Jersey; managed and operating in Dubai)	Organisers of trade exhibitions
DMG World Media (Abu Dhabi) Limited (Incorporated in Jersey; managed and operating in Abu Dhabi	Organisers of trade exhibitions
DMG World Media (Australia) Pty Limited (Incorporated and operating in Australia)	Organisers of consumer and trade exhibitions
DMG World Media (NZ) Limited (Incorporated and operating in New Zealand)	Organisers of consumer and trade exhibitions
George Little Management, Inc (96.9%) (Incorporated and operating in USA)	Organisers of trade exhibitions
DMG Radio Holdings Pty Limited (Incorporated and operating in Australia)	Radio investment holding company
DMG Radio Investments Pty Limited (Incorporated and operating in Australia)	Radio investment holding company
DMG Radio (Australia) Pty Limited (Incorporated and operating in Australia)	Radio operating holding company
DMG Radio (Coastal) Pty Limited (Incorporated and operating in Australia)	Radio operating holding company
DMG Radio (Adelaide) Pty Ltd (Incorporated and operating in Australia)	Radio operating holding company
Festival City Broadcasters Pty Limited (Incorporated and operating in Australia)	Commercial radio broadcaster of 5AA, Adelaide
Nova 96.9 Pty Ltd (Incorporated and operating in Australia)	Commercial radio broadcaster of Nova 96.9, Sydney
Nova 100 Pty Limited (Incorporated and operating in Australia)	Commercial radio broadcaster of Nova 100, Melbourne
Nova 91.9 Pty Limited (Incorporated and operating in Australia)	Commercial radio broadcaster of Nova 91.9, Adelaide
Nova 106.9 Pty Ltd (Incorporated and operating in Australia)	Commercial radio broadcaster of Nova 106.9, Brisbane
Nova 100.3 Pty Limited (Incorporated and operating in Australia)	Commercial radio broadcaster of Nova 100.3, Melbourne
Vega 95.3 Pty Ltd (Incorporated and operating in Australia)	Commercial radio broadcaster of Vega 95.3, Sydney
Vega 91.5 Pty Ltd (Incorporated and operating in Australia)	Commercial radio broadcaster of Vega 91.5, Melbourne
Star 104.5 Pty Ltd (Incorporated and operating in Australia)	Commercial radio broadcaster of Star 104.5, Gosford
Central activities	
Daily Mail and General Investments plc*	Financing company
Daily Mail and General Holdings Limited*	Holding company
Daily Mail International Limited	Holding company
DMG Investment Holdings Limited	Holding company
DMG Media Investments Limited (Incorporated in Jersey; managed in the UK)	Holding company

(i) Unless stated otherwise the whole of the Ordinary share capital of subsidiary undertakings is held directly by Daily Mail and General Trust plc (where marked*) or indirectly by one of the Company's subsidiaries.

(ii) All subsidiaries, except where indicated, operate principally within the United Kingdom.

(iii) All principal subsidiaries have been included in the Group accounts.

FIVE YEAR FINANCIAL SUMMARY

GROUP INCOME STATEMENT

The income statements, cash flow information and Balance Sheet information for 2005, 2006 and 2007 have been prepared under IFRS. For the year ended 2004 this period has not been adjusted from UK GAAP as it is not practicable to restate these years' reports in accordance with IFRS. Due to differences between IFRS and UK GAAP, there are some comparative inconsistencies in the tables below.

	2004 UK GAAP £m	2005 IFRS £m	2006 IFRS £m	2007 IFRS £m	**2008 IFRS £m**
Revenue	2,108.5	2,136.3	2,176.0	2,235.1	**2,311.7**
Operating profit before exceptional operating costs and amortisation and impairment of goodwill and intangible assets	283.6	283.4	300.4	322.4	**316.9**
Amortisation and impairment of intangible assets and exceptional operating costs	(101.9)	(47.9)	(163.0)	(163.0)	**(289.9)**
Operating profit before share of results from joint ventures and associates	181.7	235.5	159.4	159.4	**27.0**
Share of results of joint ventures and associates	(11.2)	(2.3)	1.8	1.8	**3.5**
Total operating profit	170.5	233.2	161.2	161.2	**30.5**
Other gains and losses	11.4	15.5	35.7	35.7	**27.7**
Profit before net finance costs and tax	181.9	248.7	196.9	196.9	**58.2**
Net finance costs	(59.7)	(53.4)	(54.8)	(54.8)	**(126.3)**
(Loss)/profit before tax	122.2	195.3	142.1	142.1	**(68.1)**
Tax	(54.8)	(39.9)	(20.3)	(20.3)	**84.7**
Profit for the year after tax	67.4	155.4	121.8	121.8	**16.6**
Discontinued operations	–	–	0.5	0.5	**0.2**
Equity interests of minority shareholders	(5.7)	(13.3)	(15.3)	(15.3)	**(16.8)**
Profit for the year	61.7	142.1	107.0	107.0	**–**
Profit before amortisation and impairment of intangible assets, exceptional items and taxation	234.1	237.3	288.2	288.2	**261.8**
Basic earnings per share	15.5p	35.9p	60.8p	27.4p	**0.1p**
Diluted (loss)/earnings per share	15.4p	35.8p	60.7p	27.2p	**(0.1)p**
Adjusted earnings per share (before amortisation and impairment of intangible assets and exceptional items)	41.6p	43.2p	46.4p	49.3p	**47.9p**

	2004 UK GAAP £m	2005 IFRS £m	2006 IFRS £m	2007 IFRS £m	**2008 IFRS £m**
Group cash flow information					
Net cash inflow from operating activities	368.1	332.9	350.8	313.4	**354.9**
Investing activities	(166.6)	(175.5)	(202.9)	(316.5)	**(144.4)**
Financing activities	(158.3)	(125.2)	(173.3)	(28.1)	**(235.4)**
Net (decrease)/increase in cash and cash equivalents	43.2	32.2	(25.4)	(31.2)	**(24.9)**
Cash and cash equivalents at beginning of year	44.5	91.4	124.0	96.1	**64.0**
Exchange gain/(loss) on cash and cash equivalents	–	0.4	(2.5)	(0.9)	**5.2**
Cash and cash equivalents at end of year	87.7	124.0	96.1	64.0	**44.3**
Net (decrease)/increase in cash and cash equivalents	43.2	32.2	(25.4)	(31.2)	**(24.9)**
Cash outflow/(inflow) from change in debt and lease finance	43.7	(7.0)	36.6	(131.6)	**(20.6)**
Cash outflow/(inflow) from change in liquid resources	1.3	–	–	–	**–**
Change in net debt from cash flows	88.2	25.2	11.2	(162.8)	**(45.5)**
Loan notes issued and loans, lease finance and liquid resources arising from acquisitions	(2.2)	(2.0)	3.3	(34.1)	**–**
Other non-cash items	7.4	(10.4)	14.3	(15.3)	**(18.7)**
(Increase)/decrease in net debt in the year	93.4	12.8	28.8	(212.2)	**(64.2)**
Net debt at beginning of year	(873.2)	(779.8)	(767.0)	(738.2)	**(950.4)**
Net debt at end of year	(779.8)	(767.0)	(738.2)	(950.4)	**(1,014.6)**

	2004 UK GAAP £m	2005 IFRS £m	2006 IFRS £m	2007 IFRS £m	**2008 IFRS £m**
Group Balance Sheet information					
Goodwill and intangible assets	793.0	916.2	1,124.9	1,480.1	**1,503.5**
Tangible assets	502.6	500.8	513.7	520.7	**501.9**
Fixed asset investments	178.9	203.7	160.2	136.2	**43.9**
Other non current assets	–	–	32.7	109.2	**42.8**
Fixed assets	1,474.5	1,620.7	1,831.5	2,246.2	**2,092.1**
Net current liabilities	(306.0)	(174.4)	(247.6)	(329.4)	**(342.7)**
Long-term liabilities	(766.4)	(1,092.8)	(1,108.6)	(1,196.3)	**(1,200.8)**
Net assets	402.1	353.5	475.3	720.5	**548.6**
Shareholders' equity					
Called up share capital	50.2	50.2	50.2	49.4	**49.1**
Share premium account	7.3	8.3	9.7	12.4	**12.4**
Revaluation reserve	72.1	71.1	46.5	46.0	**39.5**
Other reserves	(25.7)	(20.9)	(54.9)	(16.6)	**(70.2)**
Minority interests	–	–	–	27.6	**38.7**
Retained earnings	298.2	244.8	423.8	601.7	**479.1**
Total equity	402.1	353.5	475.3	720.5	**548.6**

	2004	2005	2006	2007	**2008**
Shareholder information					
Dividend per share*	11.00p	12.00p	13.05p	14.35p	**14.70p**
Price of 'A' Ordinary Non-Voting shares:					
Lowest	£5.35	£6.50	£5.55	£6.00	**£2.59**
Highest	£7.38	£7.61	£8.01	£8.65	**£6.77**

* Represents the dividends declared by the Directors in respect of the above years.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DAILY MAIL AND GENERAL TRUST PLC

We have audited the parent Company financial statements of Daily Mail and General Trust plc for the year ended 28th September, 2008 which comprise the Balance Sheet and the related notes 1 to 18. These parent Company financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the Consolidated Financial Statements of Daily Mail and General Trust plc for the year ended 28th September, 2008 and on the information in the Directors' Remuneration Report that is described as having been audited.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the parent Company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the parent Company financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the parent company financial statements give a true and fair view and whether the parent Company financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the Directors' Report is consistent with the parent Company financial statements. The information given in the Directors' Report includes that specific information presented in the Business Review that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited parent Company financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent company financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

BASIS OF AUDIT OPINION

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

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

OPINION

In our opinion:

- the parent Company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 28th September 2008;
- the parent Company financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the parent company financial statements.

Deloitte.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
26th November, 2008

COMPANY BALANCE SHEET
as at 28th September, 2008

	Note		2008 £m		2007 £m
FIXED ASSETS					
Intangible fixed assets	4		**90.1**		126.9
Tangible fixed assets	5		**0.4**		0.6
Investments:					
Group undertakings	6	**1,825.6**		1,861.1	
Other investments	7	**1.0**		1.1	
			1,826.6		1,862.2
CURRENT ASSETS					
Debtors – amounts falling due within one year	8		**147.8**		172.4
Cash and cash equivalents	9		**–**		0.1
			147.8		172.5
CREDITORS					
Amounts falling due within one year	10		**(204.9)**		(153.5)
Net current (liabilities)/assets			**(57.1)**		19.0
Total assets less current liabilities			**1,860.0**		2,008.7
CREDITORS					
Amounts falling due after more than one year	11		**(975.4)**		(914.2)
Provisions for liabilities	12		**(0.8)**		(1.3)
NET ASSETS			**883.8**		1,093.2
CAPITAL AND RESERVES					
Called up share capital	14		**49.1**		49.4
Share premium account	14		**12.4**		12.4
Shares held in treasury	14		**(93.5)**		(44.4)
Capital redemption reserve	15		**1.1**		0.8
Profit and loss account	16		**914.7**		1,075.0
EQUITY SHAREHOLDERS' FUNDS			**883.8**		1,093.2

The accounts on pages 154 to 161 were approved by the Directors and authorised for issue on 26th November, 2008. They were signed on their behalf by:

Rothermere
M.W.H. Morgan
Directors

NOTES TO THE COMPANY BALANCE SHEET – UK GAAP

1 BASIS OF PREPARATION

The separate financial statements of the Company are prepared under the historical cost convention, modified to include the revaluation to fair value of certain financial instruments as described below, in accordance with the Companies Act 1985 and UK Generally Accepted Accounting Principles (UK GAAP). The following paragraphs describe the main accounting policies under UK GAAP, which have been applied consistently.

Profit for the financial year

As permitted by section 230 of the Companies Act 1985, a separate profit and loss account for the Company has not been included in these accounts. The Company's loss after tax for the year, calculated on a UK GAAP basis, was £141.8 million (2007 profit £157.8 million).

Impact of new accounting standards

In the current year, the Company has adopted the following standards:

Amendment to FRS 3 Reporting Financial Performance (effective for periods beginning on or after 1st January, 2007). The amendment clarifies the required treatment of gains and losses on remeasurement and derecognition of certain financial instruments. The adoption of this standard did not have a significant impact on the Company's financial statements where these are included in publicly available Consolidated Financial Statements which include disclosures that comply with FRS 29 (IFRS 7) Financial Instruments: Disclosures.

Amendment to FRS 26 Financial Instrument measurement (effective for periods beginning on or after 1st January, 2007). The amendment implements recognition and derecognition criteria of IAS 39. The adoption of this standard did not have a significant impact on the Company's financial statements.

FRS 29 Financial Instruments Disclosures (effective for periods beginning on or after 1st January, 2007). The adoption of FRS 29 did not have an impact on the Company's financial statements due to the exemption provided in the standard which states that disclosure of financial instruments is not required in the parent company financial statements where these are included in publicly available Consolidated Financial Statements which include disclosures that comply with FRS 29 (IFRS 7) Financial Instruments: Disclosures.

Amendment to FRS 17 Retirement Benefits (effective for periods beginning on or after 6th January, 2007). The amendment is a further alignment with IAS 19 such that quoted securities are valued at current bid price rather than the mid-market price. The adoption of this standard has had no impact on the Company's financial statements.

At the date of authorisation of these financial statements, the following standards have been issued but not applied to the information in these financial statements since they do not apply to this reporting period.

Amendment to FRS 20 Share-based Payment – Vesting Conditions and Cancellations (effective for periods beginning on or after 1st January, 2009). The amendment clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group does not expect a significant impact from the adoption of this standard.

2 SIGNIFICANT ACCOUNTING POLICIES

Goodwill and other intangible assets

Impairment reviews of goodwill and intangible assets are carried out at the end of the first financial year after acquisition and where there is any indication of impairment.

Purchased intangible assets relating to newspaper publishing rights, titles, radio licences and certain other intangible assets are capitalised and amortised through the profit and loss account over the lower of their useful economic lives and a period of 20 years.

Tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life. All of the Company's tangible fixed assets are artworks with a residual value at least equal to cost and therefore no depreciation has been applied in the current period.

Foreign exchange

Transactions in currencies other than the entity's functional currency are recorded at the exchange rate prevailing on the date of the transaction. At each Balance Sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the Balance Sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate prevailing on the date when fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period.

Investments

Investments in subsidiaries are stated at cost, less any provision for impairment, where appropriate.

Other investments which are classified as either held for trading or available-for-sale are measured at fair value or at cost less provision for impairment where fair value cannot be reliably determined.

Where securities are held for trading purposes, gain and losses arising from changes in fair value are included in net profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period. Impairment charges are recorded in the profit and loss account when they occur.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax is provided in full on timing differences that result in an obligation at the Balance Sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES – Continued

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Financial instruments

Financial assets

– Trade debtors
Trade debtors do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

– Available-for-sale investments
Investments and financial assets are recognised and de-recognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are measured at fair value, including transaction costs.

– Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, short-term deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

– Trade creditors
Trade creditors are not interest bearing and are stated at their nominal value.

– Capital market and bank borrowings
Interest bearing loans and overdrafts are initially measured at fair value (which is equal to net proceeds at inception), and are subsequently measured at amortised cost, using the effective interest rate method. A portion of the Company's bonds are subject to fair value hedge accounting and this portion is adjusted for the movement in the hedged risk to the extent hedge effectiveness is achieved. Any difference between the proceeds, net of transaction costs and the settlement or redemption of borrowings is recognised over the term of the borrowing.

– Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to settle on a net basis, or realise the asset and liability simultaneously.

Derivative financial instruments and hedge accounting

The Company uses various derivative financial instruments to manage its exposure to foreign exchange and interest rate risks. These have included currency swaps, forward foreign currency contracts and interest rate swaps.

The Company's activities expose it to the financial risks of changes in foreign exchange rates and interest rates.

The use of financial derivatives is governed by the Group's policies, which are set out on pages 36 and 41 of the Financial and Treasury Review and approved by the Board of Directors, which provide written principles on the use of financial derivatives consistent with the Company's risk management strategy. The Company does not use derivative financial instruments for speculative purposes.

The Company does not apply hedge accounting except for fair value hedges. Gains and losses arising on derivatives that form part of net investment hedge or cash flow hedge relationships in the Consolidated Financial Statements are recorded in the Profit and Loss Account in the Company.

– Fair value hedges
The Company's policy is to use derivative instruments (primarily interest rate swaps) to convert a proportion of its fixed rate debt to floating rates in order to hedge the interest rate risk. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk to the extent that the hedge relationship is effective. When the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting, hedge accounting is discontinued.

Financial instruments – disclosures

The Company has taken advantage of the exemptions provided in FRS 29 which states that disclosure of financial instruments is not required in parent company financial statements where these are included in publicly available Consolidated Financial Statements which include disclosures that comply with FRS 29 (IFRS 7) Financial Instruments: Disclosures.

Cash flow statement

The Company has utilised the exemptions provided under FRS 1 (Revised) and has not presented a cash flow statement. A consolidated cash flow statement has been presented in the Group's Report and Accounts.

Related party transactions

The Company has taken advantage of the exemptions of FRS 8 which states that disclosure of related party transactions is not required in the parent company financial statements when those statements are presented together with its Consolidated Financial Statements.

Share-based payments

The Company operates the Group's LTIP and other Group share-based payment schemes, details of which can be found in note 38 of the Group's Annual Report and Accounts.

3 EMPLOYEES

	2008 Number	2007 Number
Average number of persons employed by the Group by activity including Directors	**11**	11

	2008 £m	2007 £m
Total staff costs comprised:		
Wages and salaries	**5.6**	5.4
Share-based payments	**1.4**	2.1
Social security costs	**0.8**	0.6
Pension costs	**0.9**	0.3
	8.7	8.4

4 INTANGIBLE ASSETS

	Trade marks £m
Cost	
At 30th September, 2007	146.0
Disposals	(10.0)
At 28th September, 2008	136.0
Accumulated amortisation	
At 30th September, 2007	19.1
Charge for the year	6.9
Impairment	25.5
Disposals	(5.6)
At 28th September, 2008	45.9
Net book value – 2007	126.9
Net book value – 2008	**90.1**

The Company tests goodwill and intangible assets at the end of the first financial year after acquisition and where there is any indication of impairment, or more frequently if there are indicators that goodwill or intangibles assets might be impaired. When testing for impairment, the recoverable amounts for all the Company's income generating units (IGUs) are measured at their value in use by discounting future expected cash flows. These calculations use cash flow projections based on management approved budgets and projections which reflect management's current experience and future expectations of the markets in which the IGU operates.

The impairment charge recognised in the year relates to the Company's interests in its local media IGUs. This has been determined using the methodology set out in note 17 to the Group's Annual Report and Accounts. The risk adjusted discount rate used was 9.5%.

5 TANGIBLE ASSETS

	Plant and equipment £m
Cost	
At 30th September, 2007	0.8
Disposals	(0.2)
At end of year	0.6
Accumulated depreciation	
At beginning and end of year	0.2
Net book value – 2007	0.6
Net book value – 2008	**0.4**

6 INVESTMENTS IN GROUP UNDERTAKINGS (as listed on pages 146 to 150)

	Cost £m	Provision £m	Net book value £m
At beginning of year	1,862.8	(1.7)	1,861.1
Additions	159.4	–	159.4
Disposals	(196.6)	1.7	(194.9)
At end of year	**1,825.6**	**–**	**1,825.6**

7 OTHER INVESTMENTS

	£m
Cost or valuation	
At beginning of year	1.1
Provided during year	(0.2)
Exchange adjustment	0.1
At end of year	**1.0**

Other investments comprise non-current equity investments which are held as available-for-sale. They are recorded at fair value and are analysed as follows:

	2008 £m	2007 £m
Unlisted		
JEGI Internet Economy Partners, L.P.	**1.0**	1.1

The Company owns a 23% share of the partnership capital.

8 DEBTORS

	2008 £m	2007 £m
Amounts falling due within one year		
Trade debtors	**–**	2.9
Amounts owed by Group undertakings	**70.4**	88.6
Prepayments and accrued income	**8.5**	1.5
Corporation tax	**65.9**	67.1
Derivative financial assets	**3.0**	12.3
	147.8	172.4

The Company's corporation tax debtor represents amounts due from subsidiaries for Group relief and payments made to UK HM Revenue and Customs on account of the 2007 liability.

9 CASH AND CASH EQUIVALENTS

	2008 £m	2007 £m
Cash and cash equivalents	**–**	0.1

10 CREDITORS

	2008 £m	2007 £m
Due within one year		
Bank overdrafts	**4.0**	2.7
Loan notes	**2.5**	2.8
Interest payable	**32.4**	32.9
Amounts owing to Group undertakings	**163.8**	112.3
Accruals and deferred income	**0.6**	2.2
Derivative financial liabilities	**1.6**	0.6
	204.9	153.5

Loan notes attract interest at approximately LIBOR minus 1% and were issued as part of the consideration for various acquisitions. The loan notes are repayable at the option of the loan note holder.

11 CREDITORS

	2008 £m	2007 £m
Due after more than one year		
7.5% Bonds 2013	**299.4**	299.1
5.75% Bonds 2018	**173.5**	173.1
10% Bonds 2021	**168.2**	168.5
6.375% Bonds 2027	**197.8**	197.8
Bank loans	**105.4**	67.6
Derivative financial liabilities	**31.1**	8.1
	975.4	914.2

The nominal values of the bonds are as follows:

	2008 £m	2007 £m
7.5% Bonds 2013	**300.0**	300.0
5.75% Bond 2018	**175.0**	175.0
10% Bonds 2021	**156.4**	156.4
6.375% Bonds 2027	**200.0**	200.0
	831.4	831.4

The Company's bonds have been adjusted from their nominal values to offset the premia paid on settlement or redemption, direct issue costs and discounts. The issue costs, premia and discounts are being amortised over the expected lives of the bonds using the effective interest method. The unamortised issue costs amount to £3.4 million (2007 £3.7 million), the unamortised premia £15.1 million (2007 £16.2 million).

Details of the fair value of the Company's bonds are set out in note 29 of the Group's Annual Report and Accounts. The book value of the Company's other borrowings equates to fair value.

The Company's bank loans are denominated in US dollars and Sterling. The interest rates on these borrowings ranged as follows:

	2008 High	2008 Low	2007 High	2007 Low
Sterling	**7.35%**	**5.23%**	7.30%	4.23%
US dollar	**6.23%**	**2.50%**	6.23%	5.32%

11 CREDITORS – Continued

The maturity profile of the Company's borrowings is as follows:

	Overdrafts £m	Bank loans £m	Bonds £m	Loan notes £m	Total £m
2008					
Within one year	**4.0**	**–**	**–**	**2.5**	**6.5**
Between two and five years	**–**	**28.2**	**–**	**–**	**28.2**
Over five years	**–**	**77.2**	**838.9**	**–**	**916.1**
	–	**105.4**	**838.9**	**–**	**944.3**
	4.0	**105.4**	**838.9**	**2.5**	**950.8**
2007					
Within one year	2.7	–	–	2.8	5.5
Between two and five years	–	67.6	–	–	67.6
Over five years	–	–	838.5	–	838.5
	–	67.6	838.5	–	906.1
	2.7	67.6	838.5	2.8	911.6

12 PROVISIONS FOR LIABILITIES

	Note	2008 £m	2007 £m
Deferred taxation	13	**0.2**	0.2
Other provisions	(i)	**0.6**	1.1
		0.8	1.3

(i) Movements on other provisions were as follows:

	2008	2007
At beginning of year	**1.1**	1.5
Utilised during year	**(0.5)**	(0.4)
At end of year	**0.6**	1.1

The provision relates to probable costs associated with subsidiary disposal commitments and is expected to be utilised within the next 12 months.

13 DEFERRED TAXATION

	2008 £m	2007 £m
Other timing differences	**0.2**	0.2

Movements on the provision for deferred taxation were as follows:

	2008 £m	2007 £m
At beginning of year	**0.2**	0.2
LTIP charge	**–**	0.1
Net credit to profit and loss account	**–**	(0.1)
At end of year	**0.2**	0.2

14 RESERVES

Share premium account

	2008 £m	2007 £m
At beginning of year	**12.4**	9.7
Issued on shares	**–**	2.7
At end of year	**12.4**	12.4

Shares held in treasury

	2008 £m	2007 £m
At beginning of year	**(44.4)**	(63.1)
Additions	**(88.3)**	(32.8)
Own shares released on vesting of share options	**21.0**	4.9
Own shares cancelled	**18.2**	46.6
At end of year	**(93.5)**	(44.4)

The Company's investment in its own shares is classified within shareholders' funds as Shares held in treasury. At 28th September, 2008 this investment comprised the cost of 18,215,407 'A' Ordinary Non-Voting shares (2007 6,353,906 shares). The market value of these shares at 28th September, 2008 was £59.1 million (2007 £40.0 million). The treasury shares are considered to be a realised loss for the purposes of calculating distributable reserves.

Details of the Company's share capital can be found within note 34 of the Group's Annual Report and Accounts.

15 CAPITAL REDEMPTION RESERVE

	£m
At beginning of year	0.8
On cancellation of Ordinary shares	0.3
At end of year	**1.1**

16 PROFIT AND LOSS ACCOUNT

	£m
At beginning of year	1,075.0
Net loss for the year	(85.5)
Dividends paid	(56.3)
On cancellation of 'A' Ordinary shares	(18.2)
Other movements on share option schemes	(0.3)
At end of year	**914.7**

Total reserves – 2007	898.2
Total reserves – 2008	**834.7**

The Company estimates that £611.7 million of the Company's profit and loss account reserve is not distributable (2007 £596.1 million).

17 CONTINGENT LIABILITIES

At 28th September, 2008 the Company had guaranteed borrowing facilities of subsidiaries under which £60.0 million (2007 £82.9 million) were outstanding. The Company had also guaranteed a subsidiary's interest rate derivatives with a principal value of £489.6 million (2007 £186.9 million) and letters of credit of £9.1 million (2007 £5.7 million). The Company has also issued standby letters of credit in favour of the Trustees of the Group's defined benefit pension fund amounting to £64.3 million (2007 £nil).

18 CONTROLLING PARTY

The Company's ultimate controlling party is the Viscount Rothermere, the Company's Chairman. Transactions relating to the remuneration and shareholdings of the Viscount Rothermere are given in the Remuneration Report.

SHAREHOLDER INFORMATION

COMPANY SECRETARY AND REGISTERED OFFICE

N D Jennings, FCA.
Northcliffe House
2 Derry Street
London
W8 5TT
England

Registered Number: 184594

WEBSITE

The Group has an internet website which gives information on the Company and its operating subsidiaries and provides details of significant Group announcements. It also has a site giving details of job opportunities within the Group.

THE ADDRESSES ARE:

www.dmgt.co.uk
www.dmgtopportunities.com

Financial Calendar 2009 (provisional)

15th January	Annual Report published
11th February	Interim management statement
11th February	Annual General Meeting
13th February	Payment of final dividend
29th March	Half year end
31st March	Payment of interest on loan notes
21st May	Half year results and dividend announced
29th May	Half Yearly Report published on website
3rd June	Interim ex-dividend date
5th June	Interim record date
3rd July	Payment of interim dividend
23rd July	Interim management statement
30th September	Payment of interest on loan notes
4th October	Year End
26th November	Annual results and final dividend announced
2nd December	Ex-dividend date
4th December	Record date

CAPITAL GAINS TAX

The market value of both the Ordinary and 'A' Ordinary Non-Voting shares in the Company on 31st March, 1982 (adjusted for the 1994 bonus issue of 'A' Ordinary Non-Voting shares and for the four–for–one share split in 2000) was 9.75 pence.

REGISTRARS

All enquiries regarding shareholdings, dividends, lost share certificates, loan notes in the Company and in Daily Mail and General Investments plc, or changes of address should be directed to Equiniti, the Company's Registrars, at the address set out on page 163.

ELECTRONIC COMMUNICATIONS

Equiniti operate Shareview, a free online service which enables shareholders with internet access to check their shareholdings and other related information and to register to receive notification by email of the release of the Half Yearly and Annual Reports. It also offers practical help on matters such as transferring shares or updating your own details. Shareholders may register for the service at www.shareview.co.uk.

This report is available electronically on the Company's website which contains a link to Shareview to enable shareholders to register for electronic mailings. Notification by email has been given of the availability of this Annual Report on the Company's web site to those shareholders who have registered.

LOW COST SHARE DEALING SERVICE

The Company has arranged with its brokers, JP Morgan Cazenove Limited, to provide a simple, low-cost share dealing service for 'A' Ordinary Non-Voting shares in Daily Mail and General Trust plc.

The main features are: a basic commission of 1% on both purchases and sales (subject to a minimum commission of £10 per transaction); reduced commission rates for transactions over £5,000; and no minimum investment. For further details, please contact JP Morgan Cazenove Limited, Company Share Schemes, at 20 Moorgate, London, EC2R 6DA; the telephone number is 020 7155 5155.

Equiniti also provide a simple low cost dealing service for Ordinary and 'A' Ordinary Non-Voting shares details of which are available at www.shareview.co.uk/dealing or by calling 0870 850 0852.

Details of these and other low cost dealing services can be found on the Company's website at www.dmgt.co.uk/investorrelations.

LOAN NOTES

Loan notes issued by the Company and by Daily Mail and General Investments plc, a subsidiary, are repayable in whole or in part at the option of loan note holders every six months. Loan note holders requiring repayment should complete the redemption section on the back of their loan note and send it to reach the Registrars by 28th February or 31st August for repayments on 31st March or 30th September respectively.

EUROBOND PAYING AGENT

The principal paying agent for the Company's 7.5% Bonds due 2013, 10% Bonds due 2021 and the 6.375% Bonds due 2027 is Deutsche Bank AG London, Winchester House, 1 Great Winchester St, London EC2N 2DB. The principal paying agent for the Company's 5.75% Bonds due 2018 is HSBC Bank plc, Corporate Trust and Loan Agency, 8 Canada Square, London E14 5HQ. Enquiries should be directed to John Donegan, Group Financial Controller, who can be contacted on 020 7938 6627, and whose e-mail address is john.donegan@dmgt.co.uk.

SHARE PRICE INFORMATION

The current price of the Company's Ordinary and 'A' Ordinary Non-Voting shares can be found on page 516 of Teletext on analogue Channel 4 and on page 866 of Teletext on digital ITV (Freeview and Satellite). A graph, illustrating the historical performance of the 'A' shares, is shown on page 17.

CREST

Shareholders have the choice either of holding their shares in electronic form in an account on the CREST system or in the physical form of share certificates.

INVESTOR RELATIONS

Investor relations are the responsibility of Nicholas Jennings, Company Secretary, whose office is responsible for distribution of the Annual Report. He is assisted by Fran Sallas. The investor relations' e-mail address is investor.relations@dmgt.co.uk.

SHAREGIFT

In the UK, DMGT supports ShareGift, which is administered by the Orr Mackintosh Foundation (registered charity number 1052686) and which operates a charity share donation scheme for shareholders wishing to give small holdings of shares to benefit charitable causes. It may be especially useful for those who wish to dispose of a small parcel of shares which would cost more to sell than they are worth.

There are no capital gains tax implications (i.e. no gain or loss) on gifts of shares to charity and it is also possible to obtain income tax relief. If you would like to use ShareGift or receive more information about the scheme, they can be contacted by visiting their website at www.sharegift.org or by writing to the Orr Mackintosh Foundation, 46 Grosvenor Street, London W1K 3HN.

SHAREHOLDINGS AT 28TH SEPTEMBER, 2008

ORDINARY SHARES

Range of holdings	Number of shareholders	%	Shares	%
1-1,000	545	72.96	204,697	1.03
1,001-5,000	159	21.29	356,580	1.79
5,001-10,000	14	1.87	99,342	0.50
10,001-20,000	11	1.47	166,479	0.84
20,001-50,000	4	0.54	100,144	0.50
50,001-100,000	7	0.94	559,237	2.81
100,001-500,000	4	0.54	661,830	3.33
500,001 & over	3	0.40	17,738,163	89.20
	747	100.0	19,886,472	100.0

'A' ORDINARY NON-VOTING SHARES

Range of holdings	Number of shareholders	%	Shares	%
1-1,000	991	35.67	419,351	0.11
1,001-5,000	703	25.31	1,841,338	0.49
5,001-10,000	344	12.38	2,508,427	0.67
10,001-20,000	229	8.24	3,268,875	0.88
20,001-50,000	172	6.19	5,460,570	1.47
50,001-100,000	82	2.95	5,743,464	1.54
100,001-500,000	153	5.69	36,613,053	9.82
500,001-1,000,000	42	1.51	31,176,511	8.37
1,000,001-5,000,000	46	1.66	111,251,194	29.85
5,000,001 & over	11	0.40	174,413,865	46.80
	2,778	100.0	372,696,648	100.0

ADVISERS

Stockbrokers
JP Morgan Cazenove Limited
20 Moorgate London EC2R 6DA
Telephone: 020 7588 2828

Auditors
Deloitte LLP
2 New Street Square
London EC4A 3BZ
Telephone: 020 7936 3000

Registrars
Equiniti
Aspect House, Spencer Road
Lancing, West Sussex BN99 6DA
Telephone: 0870 600 3964
Facsimile: 0870 600 3980

DMGT.CO.UK

YOU HAVE ACCESS TO MORE INFORMATION ON OUR WEBSITE:
DMGT'S CORPORATE WEBSITE HAS ACHIEVED AN 'AA' ACCESSIBILITY RATING IN INDEPENDENT TESTS, IT IS INDEPENDENTLY REGARDED AS ONE OF THE BEST-PROGRAMMED SITES IN THE FTSE 350 INDEX.

IN OCTOBER 2008, DMGT'S WEBSITE WAS NOMINATED IN THE 'BEST IR WEBSITE FOR INVESTORS' CATEGORY IN THE THOMSON REUTERS EXTEL UK INVESTOR RELATIONS SURVEY.

VISIT OUR WEB 2.0 INTERACTIVE ONLINE ANNUAL REPORT AT WWW.DMGTREPORTS.COM/2008.

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- Group Overview
- Board of Directors
- DMGT History
- DMGT Fact File

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dmgt.co.uk/corporatestructure
- Management Structure
- DMG Information
- Risk Management Solutions
- Euromoney
- DMG World Media
- Associated Newspapers
- Northcliffe Media
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INVESTOR RELATIONS

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- Financial Calendar
- Share Information
- Analyst Consensus
- Reports and Presentations
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- Shareholder Services
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- Fixed Income Investors
- Contacts for Investors

CORPORATE GOVERNANCE

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- Board Remit
- Committee Remits
- DMGT Memorandum and Articles

CORPORATE RESPONSIBILITY

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