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DMGT

Daily Mail and General Trust plc

Annual Report

2016

DMGT is an international business built on entrepreneurship and innovation.

DMGT manages a balanced multinational portfolio of entrepreneurial companies, with total revenues of almost £2 billion, that provide a diverse range of businesses and consumers with compelling information, analysis, insight, news and entertainment.

Financial highlights

Revenue#
£1,917m
2015: £1,845m

Operating margin*#
14%
2015: 16%

Adjusted profit before tax*#
£260m
2015: £281m

Statutory profit before tax†
£247m
2015: £216m

Adjusted earnings per share*#
56.0p
2015: 59.7p

Dividend per share
22.0p
2015: 21.4p

Net debt§/EBITDA
1.8x
2015: 1.8x

Organic investments as % of revenues
9%
2015: 7%

International share of revenues#◊
53%
2015: 49%

Digital share of revenues#
51%
2015: 47%

Subscriptions share of revenues#
33%
2015: 31%

£ million	FY 2016	FY 2015	Explanation
Statutory profit before tax	**247**	**216**	
Discontinued operations	–	1	i
Exceptional operating charges	58	20	ii
Tangible fixed assets impairment	–	2	iii
Impairment and amortisation	107	68	iv
Profit on sale of assets	(138)	(82)	v
Bond redemption premium	–	40	vi
Pension finance charge	5	7	vii
Exceptional dividend income	–	(3)	viii
Other adjustments	(19)	12	ix
Adjusted profit before tax	**260**	**281**	

For more detailed tables and explanations please refer to pages 35 and 36.

From continuing and discontinued operations.
* Before exceptional items, other gains and losses, impairment of goodwill and intangible assets, pension finance charges, premiums on bond redemptions and amortisation of intangible assets arising on business combinations; see Consolidated Income Statement on page 96 and the reconciliation in Note 13 to the Accounts.
† Statutory profit before tax is for continuing operations only (excluding the disposal of the Evenbase business).
◊ Non-UK revenues by destination.
§ See Note 16 for details of Net debt.

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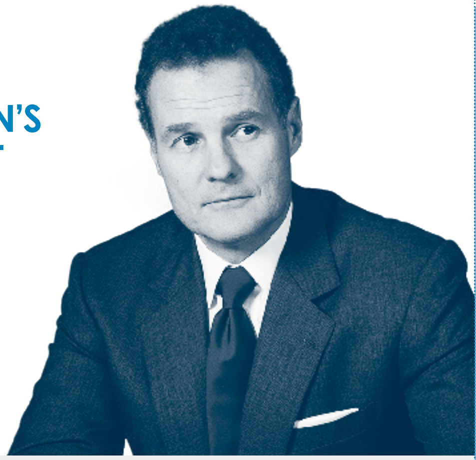
CHAIRMAN'S STATEMENT



NEW STRATEGIC PRIORITIES HAVE BEEN ESTABLISHED TO DELIVER ON THE GROUP'S LONG-TERM POTENTIAL.

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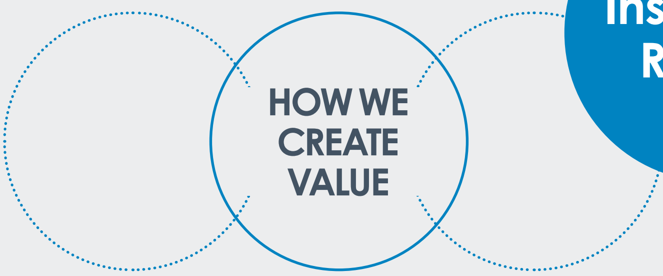
CEO'S STRATEGY REVIEW

Inside this Report



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OUR BUSINESS MODEL

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ADAPTING TO CONTINUOUS CHANGE

CHAIRMAN'S STATEMENT

DRIVING LONG-TERM GROWTH

As Chairman of the Board, I am pleased to report that DMGT has once again demonstrated the quality and depth of a business portfolio that spans world-class journalism, both print and digital content, specialist information and B2B operations.

Our Group has successfully navigated a volatile marketplace in the sectors where it operates, particularly in print advertising and property information, to deliver solid financial results.

DMGT's belief in supporting entrepreneurial and creative leadership in editorial and data services is well on the way to delivering long-term value creation and replacing our reliance on print media. Our performance is a testament to the appeal of our products and services, from the Daily Mail and MailOnline to reinsurance modelling, events management, business data and financial information.

The journey continues to pose challenges and opportunities. We relish these alongside our successes for making us a vibrant and dynamic company to work for.

I would like to thank our entire workforce and management team for contributing to a resilient performance in FY 2016, a year in which we delivered an operating margin of 14%.

Our team has been led with distinction by Martin Morgan, who this year retired as CEO after 27 years at DMGT. Martin deserves credit for building a diverse business portfolio that has encouraged entrepreneurialism, stimulated growth and built international scale in both our consumer media and B2B operations. I would like to thank Martin for his immense contribution to the success of DMGT.

Martin has been succeeded by Paul Zwillenberg, who was appointed CEO from June 2016. Paul, who has joined DMGT from Boston Consulting Group, is recognised as one of the most talented strategic leaders in the global media and communications industry. As such, I am confident he will lead DMGT to further success as we adapt to a fast changing business and digital environment.

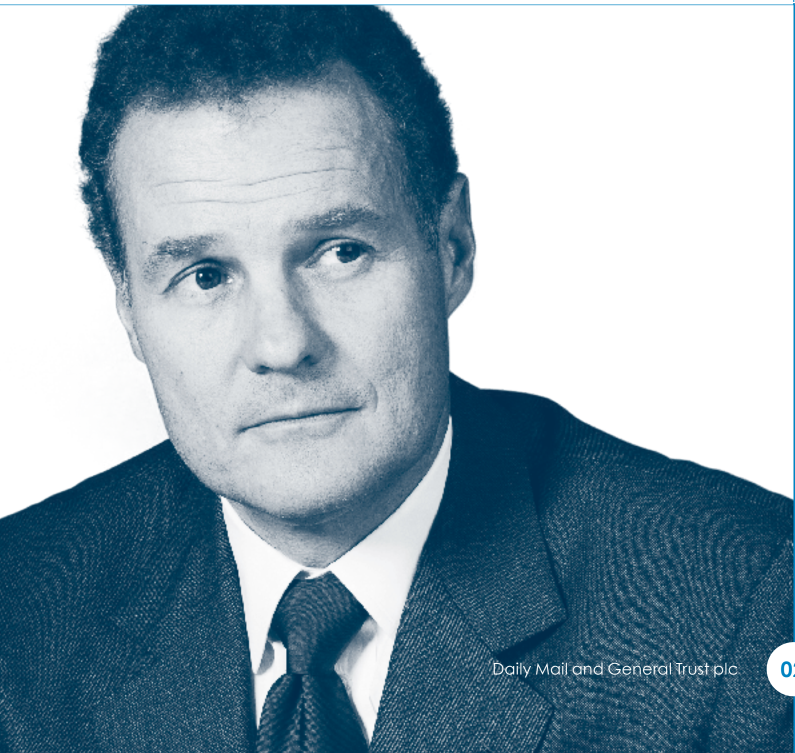
I would also like to thank Stephen Daintith for his contribution as DMGT Finance Director over the past five years. Stephen's Financial Review (pages 32 to 37) will be his last before he departs the Group to take up the same role at Rolls-Royce. We wish Stephen every success there, and look forward to continuing to work with him until a successor is named.

Together with Martin and Stephen, and latterly working closely with Paul, I have continued to focus on delivering our core strategy at DMGT. This strategy is founded on creating shareholder value from our increasingly international portfolio of must-have information, business services and event providers in reinsurance, property, energy, education and finance, whilst also championing the first-class popular journalism represented by the Mail titles – both in print and online.

Our financial discipline, tactical organic investment and portfolio management has delivered satisfactory returns in the past year. We generated healthy cash flow and maintained net debt below 2.0x EBITDA. The Board is therefore pleased to recommend a 3% increase in the final dividend per share for FY 2016, giving a total dividend for the year of 22.0 pence per share, an increase of 3%.

Among our B2B assets, RMS continues to deliver market-leading catastrophe models. The investment in the RMS(one) platform remains essential to providing our customers in the insurance industry with superior modelling and analytics. At dmg information and dmg events, we have continued to focus on organic growth across their respective portfolios. Over the past year there has been further investment in new products and value add services that combine platform solutions with analytical capability.

We have also seen encouraging early signs of Euromoney's revised strategy following the appointment of its new CEO, Andrew Rashbass. The Board is confident in the delivery of this strategy, which focuses on long-term global growth and a framework for clearer capital allocation.



THE STRENGTH OF DMGT'S MARKET-LEADING BUSINESSES HAS ENABLED US TO NAVIGATE THROUGH CHALLENGING MARKET CONDITIONS AND CREATE OPPORTUNITIES FOR GROWTH.

The Viscount Rothermere
Chairman

Chairman's Statement

As announced on 8 December 2016, subject to Euromoney shareholder approval, the DMGT Board has decided to reduce its holding in Euromoney to c. 49 per cent. This sell down will allow Euromoney financial flexibility to pursue its strategy, thereby realising additional value for DMGT notwithstanding its smaller stake. Further details can be found at www.dmgt.com or from the Company Secretary's office (details on page 195).

In consumer media, we have continued to provide quality, popular journalism through the Mail titles – which remain powerful advertising platforms – and we continue to attract global audiences with our compelling MailOnline platform.

Alongside the management of these businesses, our Board continued to manage the portfolio actively, including the sale of our stakes in LocalWorld and Wowcher. We also made several acquisitions and early stage investments, thereby strengthening our B2B information capabilities.

DMGT is continuing to expand internationally. Over the past year, we have expanded in North America through our B2B information businesses with investments in the property and energy sectors. In dmg events, we have secured a strong growth trajectory in Africa with new events launching in 2017.

At the Group level, Paul Zwillenberg has implemented reorganisation initiatives, further detailed in the CEO's Strategy Review (see page 10), for which we have incurred an exceptional operating charge of £37 million in FY 2016. With my support, Paul has formed an Executive Committee (see page 51) which brings together the Group's key operational heads in a weekly decision-making forum.

The Governance Report (pages 44 to 59) sets out the framework for operating performance and shareholder value that is central to the growth of DMGT. The implementation of our Group strategy is overseen by the Board, which maintains the high standards of governance our shareholders expect. I would like to thank our Non-Executive Directors for their contribution over the past year with the Group benefiting from their skills and experience at both an individual business and Board level.

We continue to strengthen our boardroom capabilities. I am pleased to announce the appointment of Suresh Kavan, CEO of dmg information, to the Board. I would also like to thank David Dutton as he retires from his 45 years of service to DMGT both on the Board and in other roles across the Group. In addition John Hemingway and Francisco Balsemão will not seek re-election at the Annual General Meeting in February 2017. I expand on their contributions to DMGT and the Board in the Corporate Governance section on page 44.

Throughout its history, DMGT has relied upon the talent, experience and skills of its employees. That is why we invest significant time and resources to develop our leaders of the future and to encourage our high-potential talent. This year we ran the first Early Career Development Workshop and I was pleased to interact with all the individuals who took part.

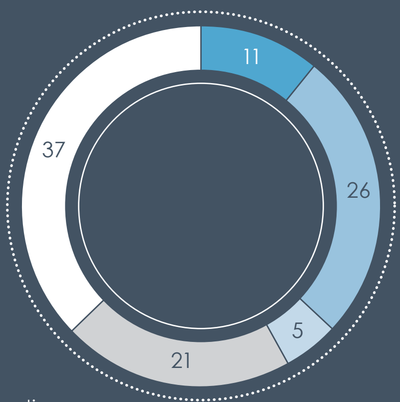
Our People and Our Communities section, page 38

At the senior management level, remuneration and incentives are aligned with performance. These value creation metrics and related payments are set out in the Remuneration Report on pages 60 to 83.

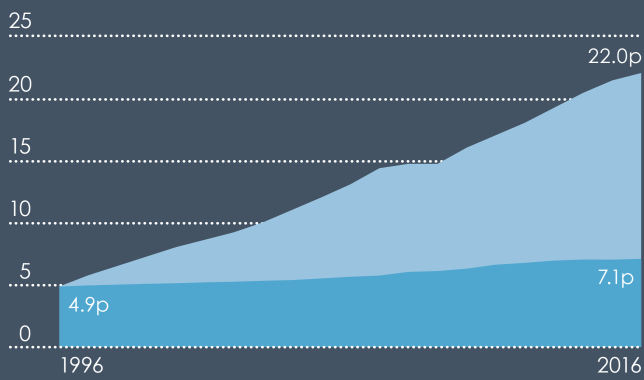
The Board and I remain confident in DMGT's long-term growth prospects. DMGT will continue to use its financial strength and diversified portfolio to manage short-term volatility and invest in the best ideas for the long term. We have reached a turning point for the Group, as we adapt to structural change in the news-media industry and pursue growth opportunities in B2B operations. Our focus in the coming year will remain to ensure DMGT can both address market challenges and seize growth opportunities in every part of the Group.

The Viscount Rothermere
Chairman

Revenue by business (%) 2016



Dividend per share
The Board's policy is to maintain dividend growth in real terms over the long term and for this to be supported by earnings per share growth.



DMGT AT A GLANCE

WHO WE ARE

DMGT operates in over 30 countries. We are an international group, well positioned for long-term growth.

B2B

RMS

Produces risk models, software applications, and analytical data services used by the global risk and insurance industry to quantify and manage catastrophic risks.

Revenues **£205m** 2015: £187m	Operating margin* **18%** 2015: 14%
Employees **1,110** 2015: 1,094	Operating profit* **£36m** 2015: £27m

More information on page 16

DMG INFORMATION

An international provider of B2B information and analysis for the property, education and energy sectors.

dmg::information

Revenues **£498m** 2015: £430m	Operating margin* **15%** 2015: 17%
Employees **3,763** 2015: 3,421	Operating profit* **£77m** 2015: £75m

More information on page 18

DMG EVENTS

An international B2B exhibitions and conferences organiser, focusing on the energy, construction, interiors, and hotel and hospitality sectors.

dmg::events

Revenues **£105m** 2015: £95m	Operating margin* **28%** 2015: 21%
Employees **344** 2015: 356	Operating profit* **£29m** 2015: £20m

More information on page 21

* These are adjusted results; see pages 35 and 36 for more detailed tables and explanations.

CONSUMER

EUROMONEY INSTITUTIONAL INVESTOR

An international B2B information group focused on the global asset management, capital markets and commodities sectors. It provides an extensive portfolio of digital information, research, pricing and data services as well as running events all over the world.

Euromoney Institutional Investor PLC

Revenues	Operating margin*
£403m 2015: £403m	25% 2015: 26%
Employees	**Operating profit***
2,244 2015: 2,297	£100m 2015: £107m

EUROMONEY
MetalBulletin
GlobalCapital
Institutional Investor
BCA RESEARCH
Ned Davis Research Group
MINING INDABA

More information on page 23

DMG MEDIA

An international publisher with a print and digital portfolio. Assets include two of the UK's most read paid-for newspapers, one of the world's most popular free newspapers and the world's most visited English language newspaper website.

dmg::media

Revenues	Operating margin*
£706m 2015: £731m	11% 2015: 13%
Employees	**Operating profit***
2,704 2015: 2,927	£77m 2015: £96m

Daily Mail
The Mail on Sunday
MailOnline
METRO
DailyMail.com

More information on page 25

JOINT VENTURES AND ASSOCIATES

In recent years it has been DMGT's approach to retain investments in certain ventures. The largest is Zoopla Property Group Plc.

DMGT's share of operating profits*
£23m
2015: £33m

ZPG

More information on page 33

OUR BUSINESS MODEL

HOW WE CREATE VALUE

1
WE SUPPLY HIGH-VALUE INFORMATION

2
WHICH WE MONETISE THROUGH FIVE REVENUE MODELS

DMGT produces high-value information for the insurance, property, energy, education and finance sectors. We operate highly successful events and deliver news and entertainment to a growing, global consumer audience.

DMGT is diversified by revenue, geography and business type, which enhances our resilience as a Group.

Subscription
Our B2B businesses have a strong subscription revenue component with high renewal rates demonstrating the strength of our client relationships.

Advertising
Growth in our digital advertising revenues continues to help offset weakness in print advertising. Enhanced user engagement drives advertiser interest in increasingly sophisticated advertising formats.

Circulation
Circulation revenues are generated from sales of the Daily Mail and The Mail on Sunday newspapers, which continue to show a market-leading position in a declining market.

Events attendance and sponsorship
Exhibitor fees, delegate fees and sponsorship revenues are earned from the growing portfolio of B2B shows run by dmg events and from Euromoney's conferences, seminars and training activities.

Transactions
dmg information's revenues from its property information business are influenced by property transaction volumes; these revenues are quasi-subscription in nature due to their regularity and frequency of purchase.

Our Business Model

3
SUPPORTED BY A COMPETITIVE ADVANTAGE ARISING FROM OUR FIVE CORE STRENGTHS

4
ENABLING US TO CREATE VALUE FOR ALL OF OUR STAKEHOLDERS

Entrepreneurial heart
Fosters constant innovation, growth and talent development across our international businesses.

Active portfolio management
Reflects our investment philosophy and responds to market opportunities.

Devolved and diversified philosophy
Gives our businesses freedom within a framework and ensures that they remain close to their customers.

Family ownership
Enables the Company to continually adapt and innovate, allowing it to take entrepreneurial risks and make investment decisions for the long term.

Trusted expertise
Provides customers with the vital news and entertainment, analysis, data and information they need in the form that they want.

For shareholders
We have a good track record of generating a positive return on investment with strong cash flow. Our active portfolio management drives sustainable long-term earnings and dividend growth.

Total shareholder return FY 2011 – FY 2016

19% CAGR

For employees
We nurture talent, making it a priority to identify, develop and cultivate passionate experts within our businesses and through acquisitions.

Employees worldwide

10,241

For customers
Our deep understanding of customer needs enables us to constantly innovate and create content, products and solutions that provide our businesses with a competitive edge and make us even more relevant to our customers.

Organic investment as a percentage of revenues FY 2016

9%

For our communities
DMGT businesses have developed strategic partnerships with a number of charitable organisations.

Amount donated to charity FY 2016

£1.3m

MARKET OVERVIEW

ADAPTING TO CONTINUOUS CHANGE

DMGT comprises a portfolio of businesses working across diverse marketplaces. While each has its own individual characteristics, some share common features and are exposed to similar trends.

The characteristics and commonalities found across all of our marketplaces can be summarised as:

- fast paced and frequently changing;
- technology driven, with constant innovation;
- customer-centric;
- content and information driven; and
- international.

Our businesses are constantly looking towards the future and identifying and managing current and future trends. The most significant of these are identified here. More detail on the trends affecting our individual businesses can be found in the Principal Risks section on pages 28 to 31.

For more information see CEO's Strategy Review on page 10 and Operating Business Review on pages 16 to 27

INCREASED VOLATILITY

Context to DMGT

- **As a provider of proprietary, hard-to-obtain, real-time information, DMGT benefits from growing uncertainty in the world as its customers require ever more sophisticated data before making decisions.**

Market trend

- Global economic uncertainty, political tensions and supply/demand disruptions continue unabated in what is becoming a new normal level of market volatility.
- Complex forces that affected global activity in 2015 are still shaping the economic outlook. These include medium- and long-term trends such as population ageing and declining potential growth; global shocks, such as low oil prices; and many country- or region-specific factors, such as crisis legacies and exchange rate swings triggered by actual and expected changes in monetary policies.
- As a diversified portfolio, DMGT's multiple revenue streams can provide a balancing effect in times of volatility. So where one sector might be underperforming another might be overperforming, thus allowing the Group overall to sustain its performance.

Our approach

- In a world of constant change, DMGT is continuously investing in new ways of providing not only more accurate and timely data and content to our customers, but also requires the insights to help them navigate these uncertain times.

POLITICAL UNCERTAINTY

Context to DMGT

- **In DMGT's key territories voters have delivered unexpected political outcomes over the last 12 months.**

Market trend

- There is long-term geopolitcal uncertainty associated with the outcomes of the unexpected UK vote to leave the European Union and the US presidential election.
- Throughout the rest of the world, political turmoil has also been on the rise.

Our approach

- As the owner of some of the leading B2B and media assets in the world, DMGT seeks to provide information and analysis regarding the impact of these changes.

Market Overview

CONTINUOUS INNOVATION

Context to DMGT

- **Technological change and the speed at which customers are adopting new technology in our key markets are accelerating at a pace never seen before.**

Market trend

- As an entrepreneurial Group focused on digital growth, DMGT keeps one step ahead by continually fostering innovation and embracing new ideas. This is best reflected by DMGT's expectation of investing at least 5% of revenue in organic initiatives each year.
- The pace at which major industries are changing is irrevocably and rapidly erasing and replacing more traditional business models. These changes have been enabled by technology and are impacting all aspects of our lives, from the financial sector, where cash and cards may soon become relics, to insurance, media, education, property and energy.

Our approach

- As a company with a family heritage which encourages long-term thinking, DMGT can invest for the future. Throughout DMGT's history, innovation and diversification have been essential elements of how we do business, and given us a wealth of experience to draw on in order to adapt to market changes.
- DMGT's sector approach enables us to remain close to customers through our portfolio of businesses, gaining greater insight and understanding into exactly what our customers value, engage with, and, ultimately, want to buy.

RISE OF THE MACHINES

Context to DMGT

- **An ever growing number of machines surrounding us are producing, using, and communicating with virtually immeasurable amounts of information. Machine learning is what makes machines appear "intelligent" by enabling them to understand concepts in their environment and also to learn. Through machine learning, a smart machine can change its future behaviour. These developments create opportunities for DMGT and its businesses.**

Market trend

- Machine learning gives rise to a spectrum of smart machine implementations – including virtual personal assistants (VPAs) and smart advisers – that act in an autonomous (or at least semi-autonomous) manner. This feeds into the ambient user experience in which an autonomous agent becomes the main user interface. Instead of interacting with menus, forms and buttons on a smartphone, the user speaks to an app, which is really an intelligent agent.

Our approach

- DMGT's businesses help their customers to identify which information provides strategic value, access data from different sources and explore how algorithms leverage the Internet of Everything to fuel new business designs. This area is evolving quickly, and DMGT's businesses are leading the way in areas such as sensing technology, where Genscape uses a multitude of sensors and smart algorithms to monitor the world's commodity markets.

A COMPETITIVE TALENT POOL

Context to DMGT

- **The supply of talent is shifting at a time when demand is increasing. Mature economies are not able to find the talent they need, just as emerging markets are increasing their demand for highly educated workers.**

Market trend

- Demand for those qualified to take advantage of big data and analytics is increasing, creating a war for talent. The concept of a job for life is being challenged. Skills learned now will become out of date in a few years' time, so workers need continuous education. DMGT understands the need to constantly redevelop its people.

Our approach

- As an organisation, DMGT supports training and development led by its businesses for our people. We also provide Group-wide programmes such as our Product Management Workshops and Leadership Development Programmes.
- As a successful global employer able to offer a wide range of opportunities, DMGT is well positioned to attract and retain talent. DMGT champions its entrepreneurial culture in order to attract and retain recruits, particularly those starting their careers.

CEO'S STRATEGY REVIEW

FIRM FOCUS ON DELIVERY

DMGT's results reflect the ongoing resilience of the portfolio through varying market conditions. Revenues were supported by good organic growth in many of our B2B and consumer digital operations. This was balanced by challenging market conditions for print advertising, property information, energy and financial sectors.

During this time our focus has been on prudent financial and strategic management of DMGT's diversified portfolio. We have continued to invest in long-term growth opportunities across a variety of organic product initiatives whilst making small bolt-on acquisitions, maintaining a strong balance sheet and delivering real dividend growth for our shareholders.

I joined the Company as CEO in June 2016. It has become clear to me that DMGT is at an important juncture in its long history. The significant organic and M&A investments made across the Group over the past few years have started to bear fruit. Alongside this we are carefully managing the UK newspaper businesses as they continued to outperform in a challenging market.

Realising the full revenue, profit and cash flow potential within our existing portfolio is of paramount importance. Following a strategic review, three key priorities have been identified:

- Improving operational execution
- Increasing portfolio focus
- Enhancing financial flexibility

Delivering on our potential

Improving operational execution: the first priority will include enhanced performance management, instilling best practice through 'signature moves' and creating a faster, fitter and more agile organisation to improve efficiencies, leverage our scale and enable faster decision-making. Given the challenging market conditions facing certain businesses within the portfolio, reorganisation initiatives have been implemented to increase their resilience. Many of these initiatives have been made under a project known as Project Simplicity (Simplicity).

Increasing portfolio focus: the second priority is to increase the focus within the portfolio over time. There are benefits to spreading risk and DMGT will continue to have a diverse and balanced portfolio. There are advantages, however, to operating in fewer sectors, notably in respect of resource allocation and the implications for market share. We are undertaking a rigorous evaluation of all businesses in order to allocate resources according to individual business growth characteristics and funding requirements. The evaluation will also help us to set clear objectives and targets for individual businesses and management teams.

Enhancing financial flexibility: the final priority is to enhance our financial flexibility in order to pursue a range of capital allocation opportunities. Cash flow is expected to progressively improve as our operational execution initiatives are implemented and returns on our organic investments are realised. In addition, our actions to increase the focus of the portfolio are likely to improve our financial flexibility. These actions will allow DMGT to invest in its market-leading positions, both organically and by acquisition, while also delivering increased shareholder returns.

I feel confident that long-term shareholder value can be created, building from our strong brands and leading market positions to deliver on DMGT's potential.

DMGT IS BENEFITING FROM ITS DIVERSE PORTFOLIO OF STRONG BRANDS AND BUSINESSES. NEW STRATEGIC PRIORITIES HAVE BEEN ESTABLISHED TO DELIVER ON THE GROUP'S LONG-TERM POTENTIAL.

Paul Zwillenberg
CEO

CEO's Strategy Review

Financial performance

Group revenues were stable on an underlying basis and operating profit declined by an underlying 11%. The Group's operating profit margin was 14%. The diversity of DMGT's portfolio by revenue stream, sector and geography has helped protect revenues and profits on a Group basis. Nevertheless, underlying operating profit growth at RMS and dmg information was not enough to offset declines at dmg media and Euromoney where increased digital investment and challenging financial and commodity market conditions significantly impacted our performance.

The Group's reported results have been positively impacted by the stronger US dollar versus the British pound over the year, partly offset by the disposals of Local World and Wowcher in October 2016. Adjusted profit before tax and earnings per share were down 7% and 6% respectively and dividend per share was up 3%.

Year-end net debt of £679 million was lower than in FY 2015, despite £58 million of revaluation as a result of the stronger US dollar, reflecting net operating cash inflow and proceeds from disposals being greater than acquisition cash outflows. The net debt to EBITDA ratio of 1.8 times was below the Group's preferred upper limit of around 2.0 times.

In the Financial Review (pages 32 to 37), Stephen Daintith, Finance Director, describes our financial performance in further detail. Key Performance Indicators (KPIs) are used to measure DMGT's performance at a Group level and there is an update on how these have progressed during the reporting period on pages 14 and 15 of the Strategic Report.

2016 strategic priorities

In the 2016 financial year, the Group pursued its five strategic priorities that had been in place for a number of years. These were:

Fostering innovation to deliver organic growth

DMGT develops compelling content that is relevant and trusted. Product is at the heart of what DMGT does every day. One of the common threads that links the businesses within DMGT is the development and provision of proprietary data and information. It is evident in our newspaper journalism through to complex algorithms used by our B2B information companies. The strategy to build out our data analytics capabilities, particularly focusing on artificial intelligence and machine learning, enables our businesses to add more value to their proprietary data.

We have continued to commit significant amounts of capital to organic investment programmes across the Group, particularly within RMS, dmg information and MailOnline.

The level of organic investment is one of our KPIs, and as a percentage of total revenues was 9% in FY 2016 (7% 2015). Over the last four years, organic investment has totalled more than £500 million.

To support the process of successful innovation and technology leadership, we ran Product Management Workshops across the Group as well as a Technology Summit.

At a business level, there have been a number of major ongoing organic investment programmes. Please see the Operating Business Review (pages 16 to 27) for further detail.

CAPITAL ALLOCATION

One of our new strategic priorities is to enhance financial flexibility in order to pursue a range of capital allocation opportunities. This will enable us to continue investing in our market-leading positions and build our financial capacity while also delivering real dividend growth for shareholders.

INVESTMENT PREFERENCES

We are undertaking a rigorous evaluation of all businesses in order to allocate resources according to individual business growth characteristics and funding requirements. Our investment criteria are as follows:

Investment criteria	What we consider
Attractive and value creating	Expected future revenue, profit and cash flow to deliver value
Scalability	End market size, growth rate and competitive position
Long-term competitive advantage	Value of proprietary data and services
Affordability	Investment to achieve full potential
Achievability	Ability and resources of current business to execute

CEO's Strategy Review

Maintaining rigorous and active portfolio management
Through active portfolio management covering both acquisitions and disposals, our overall aim is to create a balanced and diversified revenue stream by market sector and geography and enhance the long-term growth profile of the Group.

DMGT further reduced the Group's exposure to print advertising, through the sale of its stake in Local World. We also realised value in high-growth digital operations, through the partial sale of Wowcher. Euromoney disposed of Gulf Publishing and Petroleum Economist, in line with its renewed focus on streamlining its portfolio of assets under new Chief Executive Andrew Rashbass.

As announced on 8 December 2016, subject to Euromoney shareholder approval, DMGT has also decided to reduce its holding in Euromoney to c. 49 per cent. This transaction will allow Euromoney to be able to pursue its revised strategy to accelerate growth, thereby realising additional value for DMGT notwithstanding its smaller stake. Further details can be found at www.dmgt.com or from the Company Secretary's office (details on page 195).

Our acquisition strategy in the year focused on small bolt-on companies and early-stage investments to complement and strengthen existing businesses, particularly within dmg information. dmg media sought to consolidate its MailOnline position overseas by acquiring the 50% of Daily Mail Australia that it did not already own.

Driving international growth
Our international revenues now account for 53% of total revenues with 33% coming from North America and 20% from the Rest of the World. Revenues from outside the UK grew at an underlying rate of 4%.

North America generated 40% of our adjusted operating profit in FY 2016, reflecting our strategic decision to invest both organically and by acquisition in this geographic area over the past few years.

Using technology to enable growth
Technology is an increasingly important foundation for our businesses, and we have continued to invest in and develop expertise in this area. Technology is particularly significant for our B2B companies. We continue to focus on ensuring that our companies offer the full suite of digital products, workflow solutions and analytical tools that our clients now expect. A good example is RMS, which is in the early stage of its multi-year transition towards a cloud delivery model. In July 2016, RMS released Exposure Manager on its RMS(one) SaaS platform. Additional models and applications are scheduled for availability in the coming year.

One way in which we measure our ability to harness technology has been through monitoring the proportion of our revenues from digital sources. In FY 2016, we have seen a further increase in the digital share of Group revenue to 51%. The proportion of digital revenues is expected to continue to grow given both B2B and consumer trends.

Attracting and developing entrepreneurial talent
In order to sustain DMGT's distinctive culture, one where innovation thrives and individuals flourish, we have remained focused on developing a wide variety of practices to support and develop our people. We have continued to invest in strengthening the capabilities of our leaders as the scale of their businesses change. We are placing greater emphasis on developing those employees at an early stage in their career, in order to identify and build the leaders of the future. We are also discovering and implementing new ways of nurturing talent and skills between businesses, harnessing benefits from our diverse portfolio.

2016 STRATEGIC PRIORITIES

- Fostering innovation to deliver organic growth
- Maintaining rigorous and active portfolio management
- Driving international growth
- Using technology to enable growth
- Attracting and developing entrepreneurial talent

CEO's Strategy Review

The Leadership Development Programme continues to be an important cross-Group event, allowing the sharing of insights in critical leadership areas such as market dynamics, competitive landscapes and advances in technology. This year, 75 senior leaders attended the Programme, which was delivered in partnership with the University of Cambridge.

DMGT established the Early Career Development Workshop in 2016, covering multiple disciplines from across the Group. The Workshop offers carefully selected attendees the opportunity to share ideas and foster business opportunities with peers.

It is important to adapt our remuneration arrangements to reflect fast-moving market conditions and the Group's long-term investment horizon. Details of our approach to training, management and remuneration are set out in Our People and Our Communities (pages 38 to 41) and in the Remuneration Report (pages 60 to 83).

Outlook

We have entered the new financial year with our businesses performing in line with our expectations. Whilst some of our B2B businesses continue to face challenging market conditions, we still expect to deliver underlying revenue growth for the B2B sector as a whole. On the consumer side, revenue progress will be largely dependent on the print advertising environment, balanced against further growth in digital areas, although a continued focus on cost efficiencies should provide margin stability for dmg media.

The Board remains confident that DMGT has good long-term prospects and that its diverse portfolio of businesses provides a sustainable basis for growth over the business cycle. Following a period of significant investment in a variety of projects, we expect the benefit of that activity to start flowing through, supporting revenues, cash flow and profits in the medium-term. We will continue to build on the passion, purpose, quality of content and entrepreneurialism that is so distinctive at DMGT, attributes which will help create long-term shareholder value.

Paul Zwillenberg
CEO

STRATEGIC REPORT

Read more about our performance during the year and the markets in which we operate at:

KEY PERFORMANCE INDICATORS

MEASURING OUR PERFORMANCE

DMGT has pursued a consistent strategy of growing its B2B companies, developing its consumer businesses and diversifying internationally into high-growth markets.

The Board seeks to deliver sustained long-term growth for DMGT's shareholders and seeks to enable that growth by attracting and developing outstanding talent, fostering innovation and using technology. Due to DMGT holding a changing portfolio of different companies, many Key Performance Indicators (KPIs) that are targeted by individual businesses, such as client numbers, revenue per client and employee productivity, are not appropriate at a consolidated Group level. The KPIs shown below, however, are considered to be good indicators of the Group's overall progress against its strategic priorities.

Description | Relevance | Performance | Narrative | Strategic priority

Underlying revenue growth^

Relevance: Underlying revenue growth compares revenues on a like-for-like basis and is an important indicator of the health and trajectory of the individual businesses and the Group as a whole.

Performance:

Year	Underlying revenue growth
2016	+0%
2015	+1%
2014	+5%
2013	+2%
2012	+3%

Underlying revenue growth

+0%

2015: +1%

The stable underlying revenue performance reflects the resilience of the B2B and consumer businesses despite challenging market conditions.

Group adjusted profit before tax

Relevance: DMGT actively manages its portfolio and allocates capital to increase adjusted profit before tax over the long term.

Performance:

Year	Group adjusted profit before tax
2016	£260m
2015	£281m
2014	£291m
2013	£267m
2012	£247m

Group adjusted profit before tax#*

£260m

2015: £281m

Group adjusted profit before tax declined by 7%, reflecting the disposal of Local World and the impact of the challenging UK print advertising market on dmg media.

Net debt§/ EBITDA ratio

Relevance: Management aims to maintain a strong balance sheet and retain DMGT's investment-grade status and consequently targets the year-end net debt/EBITDA ratio to be no more than 2.0.

Performance:

Year	Net debt/EBITDA
2016	1.8x
2015	1.8x
2014	1.5x
2013	1.6x
2012	1.7x

Net debt/EBITDA

1.8x

2015: 1.8x

Through strong operational cash flows, continued portfolio management and tight control of working capital, the net debt/EBITDA ratio remains below our preferred upper limit of 2.0.

Adjusted earnings per share

Relevance: Management seeks sustained long-term growth in adjusted earnings per share to maximise overall returns for DMGT's shareholders.

Performance:

Year	Adjusted earnings per share
2016	56.0p
2015	59.7p
2014	55.7p
2013	49.9p
2012	47.4p

Adjusted earnings per share#*

56.0p

2015: 59.7p

Adjusted earnings per share declined by 6%, reflecting the decline in adjusted profits after tax, partly offset by the effect of share buy-back programmes.

Key Performance Indicators

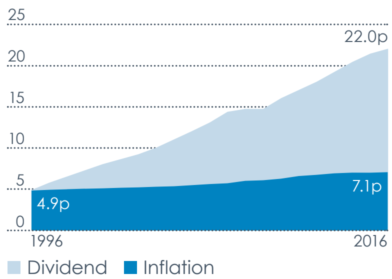
2016 Strategic Priorities

- Fostering innovation to deliver organic growth
- Maintaining rigorous and active portfolio management
- Driving international growth
- Using technology to enable growth
- Attracting and developing entrepreneurial talent

Description	Relevance	Performance	Narrative	Strategic priority

Dividend per share

Relevance: The Board's policy is to maintain dividend growth in real terms and, in the medium-term, to distribute about one-third of the Group's adjusted earnings.



Dividend per share

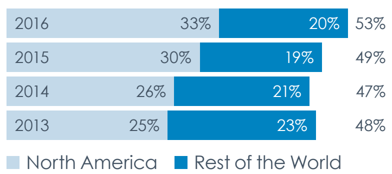
22.0p

2015: 21.4p

We have proposed a full-year dividend of 22.0 pence, up by 3% from last year, continuing our strong track record of dividend growth and delivering an 8% cumulative annual growth rate over the past 20 years.

International share of revenues

Relevance: DMGT's long-term strategic objective is to develop into a global growth company. This KPI measures DMGT's success in internationalising the business.



International share of revenues#

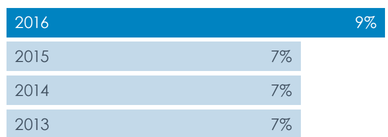
53%

2015: 49%

The international share of revenues reflects the changing composition of the business as well as the strengthening of the US dollar relative to the British pound.

Organic investment as a percentage of revenues

Relevance: Investing back into the businesses to support product innovation and effective use of technology is key to delivering DMGT's sustained long-term growth. The Board expects at least 5% to be used for organic investment.



Organic investment as a % of revenues

9%

2015: 7%

DMGT continued to reinvest in the businesses during the year, notably in dmg information, RMS and MailOnline.

^ Underlying revenue growth is on a like-for-like basis, adjusted for constant exchange rates, disposals, non-annual events occurring in the current and prior year and acquisitions; see pages 36 and 37. For dmg information, underlying growth includes the year-on-year organic growth from acquisitions, excludes disposals and includes revenues from one-off sales of IP assets, consistent with prior years. For dmg events, the comparisons are between events held in the year and the same events held the previous time. For Euromoney, acquisitions and disposals are excluded and a biennial event that took place during the current year is also excluded. For dmg media, the underlying comparison excludes disposals, Wowcher and Evenbase, and includes the year-on-year organic growth from acquisitions. dmg media's underlying growth rate also excludes the benefit of an additional 53rd week from the FY 2016 results. Underlying revenues only include the profit but not the gross-up, equivalent to the cost of sales, from low-margin newsprint resale activities.

§ See Note 16 for details of net debt.

\# From continuing and discontinued operations.

* Before exceptional items, other gains and losses, impairment of goodwill and intangible assets, pension finance charges, premiums on bond redemptions and amortisation of intangible assets arising on business combinations.

RMS

OPERATING BUSINESS REVIEW

RMS has continued to strengthen its modelling capabilities and develop the RMS(one) platform to deliver innovative risk management solutions to the insurance industry. New areas of risk modelling as well as geographic expansion underpin RMS's long-term growth opportunities.

RMS is focused on execution and investment for organic growth, in both its core modelling business and in the development of RMS(one), a new risk modelling platform for the insurance industry. RMS has delivered its broadest ever range of modelling solutions in FY 2016, deepening its coverage of Global Flood modelling and expanding into new lines of risk with its Cyber and Global Marine Cargo models. The release of three High-Definition (HD) models alongside the first RMS(one) application, Exposure Manager, have also been key milestones for RMS in FY 2016.

Business model

RMS offers its models, data, services and software to insurers, brokers and reinsurers. Its solutions are increasingly in demand from capital market entrants into the risk and insurance market.

Revenues are derived mainly from annual subscriptions. RMS also offers a variety of analytical, managed and hosted services, often to augment its customers' licensing of its models and data products.

Performance highlights

RMS produced underlying revenue growth of 1%. Reported revenues were up 10% at £205 million, reflecting the benefit of the stronger US dollar versus the British pound. The business achieved this solid revenue performance, in line with expectations, despite the continuing adverse impact of some client consolidation. There was good demand for RMS's core subscription services, with renewal rates remaining above 90%.

Operating profit was up an underlying 14% at £36 million with an operating margin of 18%. There was a reduction in the capitalisation of RMS(one) development costs, but this was more than offset by cost savings elsewhere, notably in respect of employment costs. RMS continued to invest strongly in its modelling business to underpin its long-term growth trajectory.

Strategic priorities

As the risk and insurance industry consolidates, RMS's existing and potential customers are increasingly competing on data, analytics, systems and technology as fundamental drivers of advantage in the market.

Industry participants are looking for opportunities not simply to manage the risks they underwrite today, but to increase their relevance by using models and data to inform their own insurance and insurance-linked product development and create new financial solutions for a riskier world.

RMS aims to innovate, refine and deliver improvements in data and analytics so that clients can implement better informed and higher quality decision-making processes. RMS is modelling new classes of risk, such as cyber risk, as well as researching and developing analysis of those risks which had been previously unmodelled, such as marine cargo risk.

RMS's strategy to meet customer demand entails investment in its core modelling business as well as the execution and delivery of its risk modelling platform, RMS(one).

Fostering innovation to deliver organic growth

RMS continued to innovate in the risk modelling market and delivered its broadest range of modelling solutions in FY 2016. RMS has incorporated new science into many of its models, with pioneering new methodologies to solve complex market problems such as global flood risk (see the case study on page 17 for further detail).

RMS released version 16.0 of its RiskLink catastrophe modelling platform in June 2016. This included updates to the RMS Europe Windstorm Model and the company's terrorism modelling suite, as well as the new Marine Cargo Model.

Cyber insurance is an important new area of coverage in the risk modelling industry. In February 2016, RMS launched the industry's first data standard for cyber exposure as part of a new suite of cyber risk management tools. This standard provides a framework for the industry to capture and report on all cyber exposure and will facilitate risk transfer within the market.

RMS IS FOCUSED ON EXECUTION AND INVESTMENT FOR ORGANIC GROWTH, IN BOTH ITS CORE MODELLING BUSINESS AND IN THE DEVELOPMENT OF RMS(ONE), A NEW RISK MODELLING PLATFORM FOR THE INSURANCE INDUSTRY.

Hemant Shah
Co-Founder
and CEO

Business review

	2016 £m	2015 £m	Movement %	Underlying^ %
Revenue	**205**	187	+10%	+1%
Operating profit*	**36**	27	+36%	+14%
Operating margin*	**18%**	14%		

* Adjusted operating profit and operating margin; see pages 35 and 36 for details.
^ Underlying growth rates give a like-for-like comparison; see pages 36 and 37 for details.

Key developments

- RMS(one) Exposure Manager application released to clients in August 2016.
- RMS is on track for further staged releases of applications of RMS(one) in FY 2017.
- Release of RiskLink 16.0 which delivered new US flood hazard data, a global Marine Cargo risk model and a global terrorism model suite.
- Three HD models completed and released to clients.

RMS

Using technology to enable growth
The development of the RMS(one) risk management platform continued with its first application, Exposure Manager, released to clients in August 2016. Staged releases of further applications of the RMS(one) suite of products and solutions are on track for FY 2017, namely Risk Modeler and Risk Enterprise. RMS expects clients to begin migrating from RiskLink to RMS(one) during FY 2017, supported by an open and flexible cloud technology framework.

Supported by leading-edge research from its growing team of technical analysts, RMS released three HD models in FY 2016: Europe Inland Flood, Japan Typhoon and a New Zealand Earthquake Model. The HD models improve the granularity and resolution of existing models to provide more product definition and higher quality information.

Driving international growth
RMS has built a diverse global list of customers, deriving c. 43% of its revenues from customers outside North America. RMS's key focuses are the expansion of coverage in Asia and to scale development across this vast region. Modelling global flood risk to support the growth of the global insurance industry is central to RMS's core strategy and future growth prospects (see case study below for further detail).

In FY 2016 RMS was appointed by a project team of eight global banks, the Natural Capital Declaration and the German government's Emerging Markets Dialogue on Green Finance to assess the economic impact of drought in bank stress testing scenarios. RMS, working in collaboration with academics from leading European universities and global research centres, will develop a drought model to enable global financial institutions to better understand their exposure to environmental risk.

Attracting and developing entrepreneurial talent
RMS has continued to invest in and develop a team of catastrophe modelling professionals to further strengthen the core science that has put the company in a leading market position. The modelling team continued to increase its number of employees in FY 2016, following two previous years of growth. Investment in modelling resources has been balanced with developing talent on the technological side to build on software product management and engineering skills within the business.

With the acquisition of HWind, RMS strengthened its modelling and scientific capabilities. HWind provides mission-critical hurricane information to businesses and government agencies.

Priorities in the year ahead
The main focus for the RMS management team in FY 2017 will be on the continued development and delivery of its core models to clients and the ongoing staged release of RMS(one) applications. A key aspect of this will be managing the staged migration of clients to the RMS(one) platform, supported by an enhanced customer-centric service model. In addition, the release of RiskLink 17 will be a strong proof point in RMS's strategy to deliver new modelling solutions for Asia, in addition to incorporating important new science into its models.

Outlook
Given the continued consolidation in the reinsurance industry and the limited impact that RMS(one) is expected to have on short-term revenues, underlying revenue growth is expected to be in the low single digits in FY 2017. Operating expenses will include a full year of amortisation of the RMS(one) asset and will also increase due to the cessation of capitalisation of RMS(one) development costs. Consequently the operating margin is expected to be in the low teens in FY 2017 and to increase in subsequent years.

For the risks affecting RMS see Principal Risks on page 28

CASE STUDY

GLOBAL FLOOD MODELLING TO SUPPORT GROWTH OF INSURANCE INDUSTRY

RMS has invested significantly over the past few years in talent, science, data and computational resources in order to develop high-quality flood models.

Market need
- RMS's investment in flood modelling reflects the market need for better risk coverage:
  - Aon reported in 2016 that 26% of the economic losses from natural hazards over the past 25 years resulted from floods, more than any other single peril;
  - with only 13% of these losses covered by private insurance, the insurance industry has a significant opportunity to expand coverage, close the protection gap, and grow the market; and
  - with the growth of Asia's economies, industrial clusters, and mega cities, the imperatives for resiliency and demands for coverage are expected to increase.

The response
- RMS's response to this market demand was to deliver the following models in FY 2016:
  - flood maps for South Korea and Taiwan.
  - US Flood Hazard Data.
  - Europe Flood Maps and Data.
  - HD Europe Flood Model.
- In FY 2017 there will be further releases including:
  - Europe Inland Flood Perils Rating Databases.
  - Extension to the wind and earthquake perils offering.
- RMS's aim has been to build the resources and modelling tools to scale not only to continental-level models, but to pursue simultaneous development and delivery across Europe, the United States, and Asia-Pacific.

DMG INFORMATION

OPERATING BUSINESS REVIEW

The continued growth from our specialist information B2B portfolio has been driven by product innovation and a focus on organic investment. This strategy has been supplemented by small bolt-on acquisitions to support the portfolio's excellent long-term growth prospects.

dmg information is a portfolio of companies with market-leading positions in the property information, education and energy sectors. Our capacity to scale the business over the long-term is supported by the high-value and 'must have' nature of the B2B content and information services provided to a loyal customer base.

Business model

Each of dmg information's companies has a strong position in its market niche, operating in attractive, long-cycle sectors with good growth prospects. Its strategy is to combine proprietary content and domain expertise with a focus on class-leading information and solutions delivery. This ensures that close customer relationships are built and maintained. Approximately 90% of dmg information's revenues are subscription based or quasi-subscription based. These subscriptions have high renewal rates and good profit margins.

Performance highlights

dmg information delivered another good performance in FY 2016. This was driven by strong growth from the energy business and good progress for the education business, with varied results across the US and European property information portfolio, which faced challenging market conditions. Revenues were £498 million, with underlying growth of 6%. Reported revenue growth was 16%, reflecting the benefit of acquisitions as well as the positive impact of a stronger US dollar relative to the British pound.

Operating profit increased by an underlying 6% to £77 million with an operating margin of 15%. The decline in margin compared to the previous year was partly due to continued investment in product innovation and new launches to drive long-term organic growth, particularly in the US property portfolio. The effect of FY 2015 M&A activity in respect investment phase and loss-making businesses also impacted FY 2016 margins.

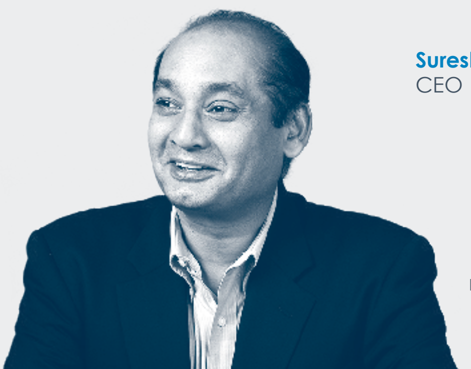
dmg information made a number of small strategic acquisitions and investments to enhance its ability to scale the businesses over time and bring new talent in to the organisation (see active portfolio management on page 20). Compared to previous years, there was a greater focus on organic investment in FY 2016, with the value of acquisitions totalling £25 million compared to £86 million in the prior year.

Reorganisation initiatives, as part of Simplicity, during the year resulted in exceptional operating costs of £6 million, primarily in respect of severance payments as positions were removed from central support functions, notably within businesses that have acquired bolt-on companies over the past few years. The changes are expected to improve efficiency and in no way reduce dmg information's commitment to continued product innovation and organic investment.

Property information

In the property information portfolio, revenues grew by 1% on an underlying basis. The five US-based property businesses collectively delivered underlying revenue growth of 5%, despite a decline in US commercial property market volumes. EDR was particularly impacted by the weak market. Trepp delivered good growth due to successful new product launches in the Commercial Mortgage-Backed Securities (CMBS) market. The earlier stage US businesses, Xceligent, SiteCompli and BuildFax grew very strongly. Growth was supported by significant investment in new products, geographic coverage, sales teams and technological developments. In Europe, Landmark and SearchFlow produced an underlying revenue decline of 1%, reflecting considerable weakness in the UK residential and commercial property market in the second half of the year following the UK's vote in June 2016 to leave the European Union. The operating profit of the property information businesses decreased by an underlying 8% to £55 million reflecting continuing investment in the US portfolio and the effect of weaker trading in the high-margin UK and European businesses.

EACH OF DMG INFORMATION'S COMPANIES HAS A STRONG POSITION IN ITS MARKET NICHE, OPERATING IN ATTRACTIVE, LONG-CYCLE SECTORS WITH GOOD GROWTH PROSPECTS.



Suresh Kavan
CEO

Business review

	2016 £m	2015 £m	Movement %	Underlying^ %
Revenue	**498**	430	+16%	+6%
Operating profit*	**77**	75	+3%	+6%
Operating margin*	**15%**	17%		

* Adjusted operating profit and operating margin; see pages 35 and 36 for details.
^ Underlying growth rates give a like-for-like comparison; see pages 36 and 37 for details.

Key developments

- Continued investment in organic product development.
- Growth from property businesses despite challenging markets.
- New products and sector expansion generated Genscape's double-digit underlying revenue growth.
- Good growth at Hobsons with strong performance from K-12 school business and continuing traction within the student retention market.
- Small bolt-on acquisitions and investments made across the portfolio.

dmg information

Education

In education, Hobsons produced another year of growth with underlying revenues up 13%. Hobsons' strong growth was driven by a good performance in the K-12 market and encouraging progress from the Starfish retention product that enables institutions to better engage with underperforming students (see the case study below for further detail). Hobsons progressed with its strategy to bring the K-12 and higher education businesses closer together and further growth opportunities are being created by extending the life cycle of the students Hobsons serves. To enhance its long-term market position, Hobsons continued with its bolt-on acquisition strategy by acquiring PAR Framework in December 2015. PAR Framework is a provider of predictive models that improve student retention and graduation rates in US higher education institutions, and is a complementary business to Starfish Retention Solutions. There was good underlying profit growth due to the cost benefits of new technology platforms and other operating efficiencies.

Energy and commodities

In energy, Genscape, a provider of real-time, fundamental production data and analysis, produced another strong performance with revenues up an underlying 17% in the market that the business serves. Genscape's solar and natural gas products delivered particularly good growth. The electricity, oil and maritime businesses delivered a more muted performance, reflecting the impact of low electricity and oil prices. Genscape continued to pursue its long-term strategy of expanding products and services in existing energy and commodity markets as well as making inroads into new, adjacent sectors. Organic growth was supported by strategic bolt-on M&A activity, most notably the acquisition of GP Energy Management. The operating margin at Genscape decreased compared to the previous year, reflecting the impact of early-stage acquisitions in FY 2015 and FY 2016 and significant investment in organic initiatives.

Strategic priorities

dmg information remains focused on investing in the long-term sustainable growth trajectory of its portfolio of businesses and on consolidating its position in niche verticals within the property information, education and energy sectors. Management continues to balance investment in innovative, organic product development with carefully selected bolt-on acquisitions and investments.

Fostering innovation to deliver organic growth

Innovation is at the heart of dmg information's strategy to grow the business. New product development remains a key driver of growth, evidenced through the success of Trepp's Bank Navigator product which was launched in FY 2016 (see the case study on page 20 for further detail).

In education, Hobsons launched a new version of its career and college planning platform, Naviance, in the US. The product, 'Naviance for Elementary' is a digital tool for students in grades K-5, and was developed in response to educator demand for tools to integrate college and career exploration into elementary classrooms.

In energy, Genscape developed the Locus Energy solar performance monitoring and data analytics platform further, following its acquisition in September 2015. Locus Energy's solar monitoring fleet surpassed 2.0 gigawatts of solar capacity in the US in February 2016 and since 2014, Locus Energy has increased its monitored solar capacity by 88%. This milestone reflects record growth in the solar monitoring sector, which has outpaced solar market growth as owners and operators both retrofit already installed systems with monitoring, and install monitoring on new solar PV systems as they come online.

CASE STUDY

HOBSONS – STARFISH RETENTION SOLUTIONS

Starfish, a technology platform which improves student outcomes, was acquired by Hobsons in February 2015.

Market need

- Starfish provides solutions to enable educational institutions to leverage data in order to identify underperforming students and improve retention rates.

The response

- Helena College University of Montana needed a solution to help staff enhance retention initiatives, identify success measures, and track progress. Since implementing Starfish, Helena College has seen its retention rate increase from 49.9% to 54.8% in one year. Students decreased financial aid borrowing by nearly 40%, and advisers have become more actively engaged in student academic and completion planning.
- From autumn 2017, all 70,000 students enrolled in the Pima Community College District of Tucson, Arizona will have real-time, individualised access to Starfish by Hobsons. The technology platform will make it easier for students to identify academic and career goals, collaborate with advisers and faculty, and make better-informed decisions about courses and majors.

Using technology to enable growth
Technology remains a core driver of dmg information's commitment to provide relevant, high-value and specialist B2B services. There has been further investment in developing the technology teams within each business to support product development in the rapidly changing technological environment.

Within the property information sector, Landmark in the UK continued to develop the products and services that support the property valuation industry. The investment programme included a redesign of its market-leading valuation platform, Landmark Quest, which handles the majority of property valuation instructions in the UK. Landmark also launched several new products including a new version of a secure tablet-based mobile valuation software and an enhanced Valuation Risk Model that transforms the way property risk is assessed for mortgage applications.

Maintaining rigorous and active portfolio management
dmg information has developed a good track record of creating value through strategic, bolt-on acquisitions and investments. Its strategy is to develop deep vertical knowledge within its sectors and build close relationships with potential target businesses. This ensures that any business brought into the dmg information portfolio is aligned with its culture and growth ambitions. It is also an effective way of attracting new entrepreneurs who believe they can thrive under its light-touch management approach.

dmg information made further acquisitions in FY 2016. For example, ETSOS, a UK-based provider of conveyancing searches, was acquired in October 2015 to complement dmg information's existing European property information businesses, Landmark and SearchFlow. In December 2015, Hobsons acquired PAR Framework. In April 2016, Trepp acquired Codean, a software and data analytics business in the UK. In June 2016, Genscape acquired GP Energy Management, a New York-based provider of energy management services to electricity and gas retailers and generators.

Driving international growth
dmg information will continue to expand into Asia over the long-term. Hobsons in particular has a clear strategy to develop its business overseas and in June 2016 announced the expansion of its popular digital platform, Naviance, into the Australian and Asia-Pacific markets.

Attracting and developing entrepreneurial talent
dmg information nurtures an environment where entrepreneurs have the freedom to innovate and lead their companies in a fast-changing market. dmg information continually appraises and develops the skills and capabilities of its employees through workshops and training programmes. Over the last three years, there has been a particular focus on upgrading the Chief Technology Officer function and Finance function within each business. dmg information has also focused on providing the appropriate skills training and support for its leaders to be able to manage their businesses on a larger scale.

Priorities in the year ahead
Over the past few years, several of dmg information's companies have been in an accelerated growth cycle requiring significant organic investment to ensure that their products and services are at the forefront of the markets they serve. Looking forward, there will be a clear focus on operational execution to improve the return on these investments.

Outlook
dmg information is mindful of the increased uncertainty within some of its markets, particularly the UK property sector which may continue to adversely impact trading. Nevertheless, in FY 2017, underlying revenue growth is expected to be in the high-single digits and the operating margin to be in the mid teens.

For the risks affecting dmg information see Principal Risks on page 28

CASE STUDY

TREPP AND BANK NAVIGATOR

Trepp, founded in 1979, is a leading provider of information, analytics and technology to the Commercial Mortgage-Backed Securities, commercial real estate and banking markets.

Market need
- Following the 2008 financial crisis, US regulators determined that US banks needed to face significantly higher scrutiny and created new stress-testing mandates under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank). Specifically, Dodd-Frank directs financial institutions with assets over US$10 billion to run stress tests annually.
- Without an innovative solution banks would need to hire expensive teams of model builders and/or consultants and produce expensive data sets.

The response:
- In response Trepp developed the Trepp Capital Adequacy Stress Test™ (T-CAST) model to those mandates. T-CAST allows banks to produce these results via a comprehensive web-based financial institution surveillance and risk management system.
- Clients have subscribed to the Trepp T-CAST system to meet the regulatory mandates. Several clients have been through multiple stress-testing cycles with The Federal Reserve, the Options Clearing Corporation, and/or the Federal Deposit Insurance Corporation. The model, its transparency, and its documentation have been highly praised by many clients.
- The T-CAST platform has also served as an entry point into the banking market for Trepp. Once Trepp became known in the banking space, other products based on client need were developed including the sale of large data sets to banks with above US$10 billion in assets, of a Credit Default Model for commercial real estate (TreppDM).

DMG EVENTS

OPERATING BUSINESS REVIEW

dmg events' experience of emerging markets and entrepreneurial culture has led to the creation of five new events in 2016 with eight new events scheduled for 2017. dmg events now hosts over 50 events per year attracting almost 300,000 visitors and over 11,000 exhibitors from more than 60 countries.

Business model

dmg events is an organiser of B2B exhibitions and associated conferences with industry-leading events in energy, construction, interiors and hotel and leisure. The strong markets and brand positions, emerging market experience and entrepreneurial culture create opportunities for growth through geo-cloning, creating satellite and bolt-on events, and spinning off sections from existing shows to become stand-alone events. The key branded events are Big 5, ADIPEC, Gastech and Global Petroleum Show, all of which provide opportunities to develop event spin-off and geo-cloning. dmg events recognises that in the face-to-face industry, high levels of customer satisfaction are key to event growth and the ability to take customers to new markets. A keen focus on the user experience through developing industry-leading event content has been an important part of dmg events' strategy.

Performance highlights

Given the tougher market environment of weaker energy prices, dmg events produced a resilient performance over the year, delivering underlying revenue growth of 2%. Reported revenues grew by 12% benefiting from the occurrence of the biennial Gastech event and the strength of the US dollar relative to the British pound, which was more than sufficient to offset the impact of the disposal of the digital marketing events business. Over the year, the Big 5 construction event performed particularly strongly with growth in space, visitors, revenues and profits. In the energy sector, ADIPEC delivered good growth through adding the new offshore and marine section and seeing increased levels of exhibitors and visitors due to the strong international reputation of the event. Gastech revenues were stable compared to the previous event, due to its influential conference programme, established reputation and the benefit of having the event in Singapore, which is part of the South East Asian gas-buying market. The Global Petroleum show experienced softer market conditions given the tough Canadian oil and gas sector.

Operating profit declined by 6% on an underlying basis reflecting the challenged Canadian energy events, investment in growing attendance levels and that Singapore was a more expensive location for Gastech than South Korea, where the 2014 event was held. The operating margin was a healthy 28% benefiting from the occurrence of Gastech this year, the September 2015 disposal of the low-margin digital marketing business, and cost reduction actions across the Canadian events portfolio. Despite the challenging energy market in 2016, dmg events continued to invest and create a strong pipeline of organic growth from new launches. In 2016 five new events took place. The geo-cloned East Africa Coatings show in Kenya, and Windows and Doors event in Dubai, a spin-off from Big 5, were particularly successful launches.

See events schedule on page 22

Strategic priorities

Developing a balanced and diversified portfolio of market-leading, branded events remains a strategic priority. Through geo-cloning and creating spin-off events, dmg events remains committed to expanding in existing sectors and geographies whilst selectively adding some new strategic sectors and geographies. Existing sectors, particularly construction and energy, continue to present geo-cloning opportunities such as the Big 5 East Africa, which is a new construction event in Nairobi, and Egypt Petroleum Show (EGYPS), a new oil and gas event in Cairo. Event sector spin-offs, such as Windows and Doors from Big 5 Dubai, protect dmg events from becoming space constrained in venues whilst offering successful niche industry events. In FY 2016 dmg events entered into new exciting geographies in Africa and targeted growth sectors including Food and Power (see the case study on page 22 for further detail).

Innovation and technology fostering organic growth

Alongside the geo-clone and spin-off innovations strategy, continued investment in data and analytics have helped develop online communities to foster customer engagement. The Big 5 Hub and Gastech News have been particularly successful and further investments are being made in visitor monitoring technology to continually improve the visitor experience. Smart badging was used at the most recent iteration of Gastech to track visitor movements and engagement.

DMG EVENTS' EMERGING MARKETS EXPERIENCE AND ENTREPRENEURIAL CULTURE CONTINUED TO DRIVE ORGANIC GROWTH AND CREATE OPPORTUNITIES IN NEW GEOGRAPHIES.

Geoff Dickinson
CEO

Business review

	2016 £m	2015 £m	Movement %	Underlying^ %
Revenue	105	95	+12%	+2%
Operating profit*	29	20	+44%	(6)%
Operating margin*	28%	21%		

* Adjusted operating profit and operating margin; see pages 35 and 36 for details.
^ Underlying growth rates give a like-for-like comparison; see pages 36 and 37 for details.

Key developments

- Creation of numerous spin-off events including the highly successful launch of the Windows and Doors event in Dubai (spun off from Big 5) in September 2016.
- Continued geo-cloning with the first edition of East Africa Coatings in Nairobi in June 2016.
- Acquisition of Exhibition Management Services (EMS), a South African events business, to augment dmg events' African development strategy – 15 events are scheduled for 2017 with an extensive African event launch programme planned.

dmg events

International growth
dmg events has built a strong reputation as an organiser of leading international industry trade shows. Overseas exhibitors, associations and government groups trust dmg events to deliver new market opportunities when launches are announced in new geographies. dmg events' track record has allowed it to continue to expand in many emerging markets throughout the Middle East, India, Africa, South East Asia and Latin America. Growth for dmg events in Africa has been accelerated with 15 events in seven countries scheduled for 2016 and 2017.

Active portfolio management
In early 2016 the strategy to increase exposure to the African continent was enhanced by the purchase of EMS, a South African events business. The purchase of EMS secured four events in South Africa and one event in Ghana, and the now integrated dmg EMS Africa has had a very encouraging first year. The EMS acquisition established a strong position for dmg events in a major African economy whilst also taking the business into a new key strategic sector of Food, with the AB7 event.

In addition, dmg events has continued to follow a disciplined approach with regard to the shape and balance of its events portfolio. Over the past years, dmg events has exited consumer events, gift fairs and digital marketing events which were no longer regarded as core events for the dmg events business.

Attracting and developing entrepreneurial talent
Retaining and recruiting entrepreneurial talent remains a key strategic priority for dmg events. An environment of light-touch management and creative freedom has delivered a high level of annual launches. In addition, two industry-recognised Portfolio Directors have been appointed to help deliver the ambitious expansion plans for the Design and Hospitality division. Well-crafted incentives and rewards programmes combined with good career progression opportunities, illustrated by numerous internal promotions, help to grow and retain our top talent. Training, coaching and mentoring all help to equip our leaders for the dynamic marketplace dmg events operates within.

Priorities for the year ahead
Strategic priorities for FY 2017 will continue to include developing dmg events' portfolio of market-leading events across geographies and sectors. dmg events will continue to focus on the quality of customer experience in order to grow and develop its existing events. Reputation, relationships and experience will be leveraged from existing industry-leading events to launch into new geographies and sectors including Africa (see the case study below for further detail). In FY 2017, significant focus will be on Gastech which will be held in Tokyo for the first time. Where desirable, in order to create new event opportunities or to avoid becoming venue bound, dmg events will spin sections out of the major shows to become new stand-alone events. With 10 launches scheduled for FY 2017, dmg events remains committed to creating a strong organic growth pipeline.

Outlook
With the oil industry adjusting to lower price points that are less volatile, and the benefit of Gastech taking place in Tokyo, the revenues and profits of our oil and gas events are expected to improve. This, combined with a number of exciting and innovative launches in FY 2017, creates a more encouraging outlook. Revenue growth for dmg events is therefore expected to be in the high single digits in FY 2017, and its operating margin is expected to be around 25%.

For the risks affecting dmg events see Principal Risks on page 28

Events schedule

Event	FY 2015		FY 2016		FY 2017		FY 2018		FY 2019	
	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
Big 5 Dubai	○		○		○		○		○	
ADIPEC	○		○		○		○		○	
Global Petroleum Show		○		○		○		○		○
Gastech			●			●			●	

○ Annual ● c.18 months

CASE STUDY

AFRICA

Last year, dmg events decided to use its expertise to build a portfolio of events in Africa. A small strategic acquisition and an extensive launch programme have created a strong start in the continent in just one year.

Market need
- dmg events identified a need to build strong relationships and identify opportunities in African emerging markets.

The response
- The Global Africa Investment Summit held in London in 2015 created the opportunity to expand into this new territory.
- Additionally, the 2016 acquisition of EMS, an events business based in Johannesburg, brought in five new events (four in South Africa, one in Ghana). Now fully integrated, the EMS acquisition has created good levels of revenue and profit growth.
- As a result of the expanded events portfolio and strong launch programme, the following events have been held over the past year: Coatings East Africa took place successfully in Kenya; INDEX North Africa and Big 5 North Africa were launched in Morocco; and Big 5 Kenya and the Africa Renewable Energy Leaders' Summit were launched in Nairobi.
- In 2017, Big 5 Egypt and EGYPS (oil and gas) will be held as part of dmg events' launch programme.

EUROMONEY INSTITUTIONAL INVESTOR

OPERATING BUSINESS REVIEW

Encouraging early signs of the impact of Euromoney's revised strategy provide confidence in its ability to harness growth from long-term global trends in asset management, price discovery and other areas. Although industry headwinds remain, we are increasingly confident that Euromoney is well placed to prosper.

Business model

Euromoney actively manages a portfolio of B2B businesses in asset management, price discovery and other sectors where information, data and convening market participants are valued, delivering products and services that support its clients' critical activities.

Through more than 20 brands, Euromoney serves customers with information, insight and marketing services. Nearly 60% of total revenue is derived from subscriptions and other recurring sources. Around a third of revenue comes from emerging markets and over 85% of revenue is generated outside the UK. The culture of the company is entrepreneurial, with management teams given significant autonomy to develop their businesses to capture market opportunities. At the same time, small but increasingly strong central functions make sure best practice is shared, economies of scale are achieved and appropriate governance and controls are in place.

Performance highlights

Euromoney's performance reflects the continuing challenges experienced by its customers, particularly within the investment banking sector. Revenues were down by 4% on an underlying basis at £403 million, with reported revenues flat, reflecting the benefit of a stronger US dollar relative to the British pound.

The pressures on Euromoney's banking and finance and commodity events, which together constituted 26% of its revenue, continued to offset the improving performance in its businesses focused on price discovery, data and market intelligence and those serving the asset management sector.

Subscription revenues continued to grow, supported by a strong asset management market, and were up an underlying 1%. Advertising revenues deteriorated throughout the year, declining at the same rate as in FY 2015, reflecting continued budgetary pressures in global financial institutions, and were down an underlying 11%. Large events, particularly in the finance sector run by the Information Management Network (IMN) business and those in the telecoms sectors, performed well but smaller events faced challenges. Overall event sponsorship was down by an underlying 2%. Revenue from event delegates was down an underlying 14%.

Adjusted operating profit declined by 6%. As expected, operating margin fell from 26% to 25%, largely reflecting the drag from more cyclically and strategically challenged businesses.

During the year, Euromoney increased its investment in developing and launching new products to enhance organic revenue growth. M&A activity remains an important feature of Euromoney's strategy to supplement organic growth and to manage the portfolio more actively. For example, Euromoney disposed of Gulf Publishing (Gulf) and Petroleum Economist (PE) during the year to reduce exposure to the energy market and advertising. Euromoney's Metal Bulletin group also acquired FastMarkets and Reinsurance Security to add to its portfolio of services aimed at the reinsurance market.

Strategy

Following the appointment of a new CEO, Andrew Rashbass, Euromoney revised its strategy to accelerate growth but also to meet the existing challenges to some of its businesses and changing dynamics within its markets.

Euromoney's strategy is to actively manage a portfolio of businesses in asset management, price discovery and other sectors where information, data and convening market participants is valued. Euromoney delivers products and services that are critical to its customers' businesses.

Euromoney has always had a structured approach to capital allocation, but future financial performance will come from a more rigorous allocation of capital, in line with the following quadrants overleaf:

EUROMONEY'S REVISED STRATEGY IS TO ACTIVELY MANAGE A PORTFOLIO FOCUSED ON HARNESSING GROWTH IN SECTORS WHERE INFORMATION, DATA AND CONVENING MARKET PARTICIPANTS ARE VALUED.

Andrew Rashbass
CEO

Business review

	2016 £m	2015 £m	Movement %	Underlying^ %
Revenue	**403**	403	+0%	(4)%
Operating profit*	**100**	107	(6)%	(12)%
Operating margin*	**25%**	26%		

* Adjusted operating profit and operating margin; see pages 35 and 36 for details.
^ Underlying growth rates give a like-for-like comparison; see pages 36 and 37 for details.

Key developments

- Revised strategy in place with encouraging early signs.
- Investing around the big themes such as information and services to support the asset management industry, price discovery and others.
- Introducing an effective operating model which harnesses the best of the company's entrepreneurial culture and accelerates product development and launch timescales.
- More rigorous capital allocation framework implemented resulting in, for example, the disposal of Gulf and PE.

Euromoney Institutional Investor

Prepare for upturn
- Protect and enhance competitive position.
- Careful, selective investment for when the cycle turns.
- Tight cost control.
- Fix any operational deficit.
- Opportunistic on revenue opportunities.

Invest
- New product development.
- Sales and marketing.
- Acquisition.
- Fix any operational deficit.

Cycle

Disinvest
- Maximise shorter-term profit and cash.
- Divest.
- Prevent future build-up.

Structure

Use the time wisely
- Modest investment to move to top-right quadrant above.
- Maximise shorter-term profit and cash.
- Fix any operational deficit.
- Consider divestment.

All businesses within the Euromoney portfolio have been classified based on this framework and strategic activity prioritised accordingly. In addition to the framework, Euromoney categorises its activities across three pillars as follows:

Investing around big themes
Euromoney investment decisions are, and will be, based around the big themes of information and services to support the asset management industry, price discovery as well as other potential growth engines (see the case study below for further detail).

Introducing an effective operating model
To ensure that the best of the group's entrepreneurial culture is complemented by a new focus on implementing and sharing best practice, Euromoney is introducing a strong operating model. Various initiatives have been started over the past year, providing a firm foundation for future growth, including a new emphasis on modern marketing techniques, group-wide talent management, seeking economies of, and opportunities from, scale and adopting a more strategic approach to developing each of Euromoney's businesses.

Actively managing the portfolio
Euromoney's portfolio management focus is now centred on investing where businesses are structurally strong and there are market tailwinds. It will consider divesting businesses where the market is weak and the business model is structurally challenged.

Over the year, Euromoney completed the sale of Gulf and PE and in August, completed two acquisitions in the strategically important areas of price discovery and reinsurance.

Priorities in the year ahead
FY 2017 will be a year of transition for Euromoney with a clear focus on delivering its new strategic priorities. Euromoney plans to actively manage its portfolio of businesses in asset management and other sectors where information, data and convening market participants are valued. Euromoney will continue to deliver products and services that are critical to its customers' businesses and, through its refined operating model, ensure that its products reach their markets as quickly and effectively as possible. Although Euromoney expects headwinds to continue in its markets, encouraging progress has been made so far with its renewed strategy and the business will look to build on this momentum in the year ahead.

Outlook
As announced on 8 December 2016, subject to Euromoney shareholder approval, DMGT will reduce its holding in Euromoney to c. 49 per cent. This sell down will allow Euromoney additional financial flexibility which in turn will maximise returns for DMGT. Further details can be found at www.dmgt.com or from the Company Secretary's office (details on page 195).

Specifically in the year ahead, Euromoney will continue to implement its new strategy of investing in its big themes, ensuring an effective operating model and continuing to actively manage the portfolio. The Euromoney board does not expect markets to improve over the coming year and has built its plans for the business accordingly. As stated at Euromoney's Investor Day, the strategy would not change the trajectory of the business in FY 2016, that, subject to the usual caveats, the business expected to return to growth in FY 2018 and that FY 2017 would be a year of transition. This remains the case.

For the risks affecting Euromoney see Principal Risks on page 28

For further details of Euromoney's performance during the year, strategy and priorities for the year ahead see www.euromoneyplc.com

CASE STUDY

BCA RESEARCH EQUITY TRADING STRATEGY

The launch of a new investment research product, Equity Trading Strategy (ETS) by BCA Research (BCA) this year demonstrated Euromoney's strategy of investing around big themes and effective, efficient product development.

Market need
- BCA has been the leading provider of independent macroeconomic investment research for nearly 70 years.
- As BCA conducted extensive market research to support its future product strategy, it became evident that its investor customers needed a way to link macro investment strategies with individual investment decisions. BCA further discovered that the more specific an individual instrument investment recommendation is, the more valuable that recommendation is for the investor customer.

The response
- Working with clients, BCA developed ETS, a product for investors that combines BCA's top-down macro research with company fundamental and quantitative analysis to deliver a 360-degree view of stocks.
- Launched in December 2015 covering US equities only, ETS has been a huge success with clients and is becoming one of BCA's best-selling products. Following this success, ETS was further extended in October 2016 with the launch of European and Asian market coverage.
- The launch of ETS demonstrates Euromoney's strategy of responding to a market need and bringing new products to market efficiently.

DMG MEDIA

OPERATING BUSINESS REVIEW

Quality popular journalism still has significant market appeal and remains at the heart of dmg media's strategy to harness the strength of the Mail and Metro brands.

dmg media has continued to focus on delivering highly valued content to a scaled audience on a global basis. The platform-agnostic approach ensures that the business is increasingly flexible in the fast-moving and technologically oriented consumer market. Recognition of the combined strength of the Mail brand, in all its forms, creates opportunities to position dmg media's proposition to advertisers to reach their target audiences.

Business model

dmg media's portfolio of newspaper and digital consumer media businesses includes two of the UK's most read paid-for newspapers, the Daily Mail and The Mail on Sunday, and the world's most visited English language newspaper website, MailOnline. The Mail brand is the number one commercial news media brand in the UK and has achieved scale in other geographic markets, including the US and Australia. The portfolio also includes Metro, the UK's most popular free newspaper and Elite Daily, the media destination for millennials in the US.

dmg media's revenues are generated largely from advertising and circulation, with growing commerce revenues. While the newspaper businesses continue to generate strong profits, the digital businesses are the driver of dmg media's future growth.

Performance highlights

Despite challenging market conditions, dmg media delivered a resilient performance in the year, broadly in line with expectations. Revenues were relatively stable, down just 2% on an underlying basis, with the decline in print advertising revenues being partly offset by digital advertising growth and a robust circulation performance. The operating margin remained relatively healthy at 11%.

Revenues were £706 million, representing an absolute decline of 3%, reflecting the adverse impact of the disposal of Wowcher in November 2015, which was partly offset by the financial year benefiting from an additional 53rd week of newspaper results. The disposal of Wowcher was very much part of our active portfolio management. Adjusted operating profit was £77 million, an underlying decrease of 23%. The growth in digital revenues and cost savings in the newspaper businesses were more than offset by the decline in print revenues and continued investment in our digital businesses.

There were £24 million of exceptional operating costs incurred as part of the Simplicity restructuring, primarily due to reduced headcount in the newspaper businesses and central functions, together with costs incurred when Polestar, the printer of our magazines, went into administration.

Mail businesses

Revenues for the combined newspaper and website businesses (the Daily Mail, The Mail on Sunday and MailOnline) were relatively resilient in challenging market conditions, declining by just 2%, on an underlying basis, to £577 million. The 13% underlying decline in print advertising revenue to £151 million and the 1% underlying decline in circulation revenue to £315 million were largely offset by MailOnline, which grew revenues by an underlying 19% to £93 million. Total advertising revenues from the Mail titles were £244 million, an underlying decline of 3%.

The print advertising market has continued to experience challenging conditions over the year. Although trends in the second half of the year showed some improvement, the market is expected to remain volatile due to the continuing increase in competition for advertising budgets from other media types, combined with uncertainty over consumer confidence.

Circulation revenues grew 1% in absolute terms, including the benefit of the 53rd week, a good result in the context of the UK newspaper market. The Daily Mail and The Mail on Sunday continue to hold significant market shares, averaging 23.2% and 22.0% for the year respectively.

The robust revenue performance was achieved as a result of cover price increases largely offsetting the adverse impact of declining circulation volumes. The cover price of the Monday to Friday editions of the Daily Mail was increased from 60p to 65p in February 2016, The Mail on Sunday was increased from £1.60 to £1.70 in July 2016 and the Saturday edition of the Daily Mail was increased from 90p to £1.00 in October 2016.

DMG MEDIA HAS CONTINUED TO FOCUS ON DELIVERING HIGHLY VALUED CONTENT TO A SCALED AUDIENCE ON A GLOBAL BASIS.

Kevin Beatty
Chief Executive

Business review

	2016 £m	2015 £m	Movement %	Underlying^ %
Revenue	**706**	731	(3)%	(2)%
Operating profit*	**77**	96	(20)%	(23)%
Operating margin*	**11%**	13%		

* Adjusted operating profit and operating margin; see pages 35 and 36 for details.
^ Underlying growth rates give a like-for-like comparison; see pages 36 and 37 for details.

Key developments

- Continued strong growth from MailOnline with investment in mobile and video capability and further expansion of the global footprint.
- Cover price increases implemented at the Daily Mail and The Mail on Sunday.
- Gaining traction in Mail Brands' omnichannel advertising solution.
- Continued strong circulation market share for the Daily Mail and The Mail on Sunday.
- Disposal of Wowcher in November 2015.

dmg media

MailOnline continued to demonstrate strong levels of revenue growth for the year, generating underlying growth of 19%. In the US, MailOnline's revenues grew by an underlying 28% to £24 million, reflecting increased awareness of the DailyMail.com brand amongst advertising buyers.

MailOnline grew its global audience to 231 million average monthly unique browsers and 14.8 million average daily unique browsers in September 2016, with average growth during the whole year of 8% and 6% respectively. The business continues to focus on increasing the size and engagement level of its global audience, particularly in the US. MailOnline sees good opportunity for growth over the longer term, whether through video and native advertising, eCommerce or new revenue models.

The initiative to bring together the UK Mail Brands' commercial sales operations onto one platform to create an omnichannel advertising solution has gained traction over the year (see the case study below for further detail). dmg media's approach has created a simpler, more creative and relevant advertising proposition to advertisers which is increasingly important in the tough advertising market conditions.

Metro

Metro delivered a resilient performance in challenging conditions for the print advertising market, with revenues down by an underlying 9%. The revenue decline exceeded cost savings, resulting in a reduction in operating profit despite the benefit of the 53rd week in the year. In October 2016 Metro increased its national circulation by 10%, raising its daily figure to 1.5 million copies. Given the market conditions, Metro's cost base is being managed carefully to defend its profitability whilst ensuring that the quality of the newspaper and its approach to advertising creativity remain.

Strategic priorities

dmg media remains focused on maintaining the profitability of its newspapers whilst generating revenue growth through MailOnline. The business continues to innovate with content, product, advertising and distribution initiatives to develop a scalable global audience. dmg media also remains committed to the highest editorial standards and increasing the value proposition to readers.

Fostering innovation to deliver organic growth

In challenging market conditions for the newspaper industry, with advertising spend under scrutiny, constant innovation within the business is vital in order to increase market share with readers as well as advertisers. The success of MyMail, the loyalty programme for Daily Mail and The Mail on Sunday, continues due to various innovative approaches to fostering reader loyalty. Since dmg media launched the MyMail loyalty club it has seen a 33% increase in its seven-day readership. The loyalty created with Mail readers has enabled dmg media's e-commerce activities to continue to grow across various channels with MyMail readers purchasing 50% more items than non-readers.

Metro continues to attract new advertisers by implementing creative advertising solutions. The recent collaboration with Ladbrokes to develop Metro's football content through expanding editorial coverage and launching a new football app, 11versus11, is typical of the innovative approaches being taken across dmg media. These initiatives, together with the benefits from the omnichannel advertising solution, have produced a resilient performance for all three newspapers in the financial year.

Innovation is also at the heart of MailOnline's strategy to increase the scale and engagement of its global audience and to gain traction with advertisers. This has been especially important in driving revenue from MailOnline's US operation, DailyMail.com. There has been increased spend by US advertising buyers given growth of unique visitors, page views and visits. Following the launch of a partnership with Snapchat in January 2015, MailOnline has progressively increased the scale of articles submitted to Snapchat's discovery product over the past year. MailOnline is the only publisher present in all three regions in which Snapchat operates and is consistently in the highest tier of publishers in terms of engagement.

Using technology to enable growth

MailOnline's strategy is centred on the growth opportunities created through changing audience consumption patterns from desktop to mobile applications, alongside an increased appetite for video content. Over the last year MailOnline has worked closely with some of the internet's largest platforms.

CASE STUDY

MAIL BRANDS

An omni channel advertising solution.

Market need

- Lidl needed to enhance its brand perception and ultimately increase consumers' propensity to shop at Lidl for food, wine and other goods.

The response

- dmg media formed a collaborative and integrated partnership with Lidl. To achieve this partnership, dmg media set out the following KPIs:
  - deliver engaging content to Lidl's female main shopper audience; and
  - deliver in-store voucher redemptions each month, thereby increasing the basket size of shoppers.
- By utilising dmg media's multiple platforms and touchpoints across print and digital, dmg media created a holistic 12-month campaign which consisted of native content, advertorials, displays and in-paper voucher promotions. Using data and insight tools, dmg media was able to map out its target audience's media consumption habits and interests to ensure it delivered the right message, at the right time and on the right platform.
- Research concludes that 78% of readers now say they are more likely to shop at Lidl as a direct result of the campaign.

For example MailOnline is now one of the top publishers in Facebook's Instant Articles programme, both in terms of articles and videos contributed and viewed each day. In addition, MailOnline has partnered with Google on its AMP (Accelerated Mobile Page) to improve user experience.

The use of technology within our newspaper businesses also remains important in terms of enabling growth from both a readership and advertising solution perspective. Metro's cover-wrap, designed for the London Theatre production of Aladdin, used thermochromic ink to create an original and creative advertising solution.

Maintaining rigorous and active portfolio management

In November 2015, dmg media disposed of its online discount business, Wowcher, to a newly formed company, Excalibur, in which DMGT holds a c.30% economic interest. Excalibur also acquired the UK and Ireland operations of LivingSocial, which was approximately half the size of Wowcher, and expects to realise synergies from combining these businesses' operations and databases. Wowcher generated £1 million of operating profit from £7 million of revenues in the period prior to disposal.

Driving international growth

The primary driver of international growth for dmg media is through MailOnline's operations overseas, particularly in the US and Australia. 26% of MailOnline's revenue was generated in the US in the year, up from 24% in the prior year, demonstrating increased traction with key advertisers in this very large market.

In terms of audience, there were 82 million average monthly unique US browsers and 4.4 million average daily unique US browsers in September 2016, with average growth during the whole year of 7% and 8% respectively. In the Rest of the World, outside the UK and US, September 2016 monthly unique browsers and average daily unique browsers stood at 88 million and 5 million respectively, with both metrics demonstrating strong growth in the year.

Attracting and developing entrepreneurial talent

dmg media's transformation continues at pace, reflecting the changing marketplace, supported by significant investment in current and future talent.

dmg media's graduate and apprenticeship schemes continue to grow with FY 2016 having the largest graduate intake across every part of the dmg media business.

As a mark of the strength of dmg media's talent, the business continues to receive external industry recognition for both editorial excellence and achievement, and media and advertising campaigns.

Priorities in the year ahead

dmg media intends to continue to harness the value of the Mail brands for both readers and advertisers in the year ahead. The business will continue to focus on the reader experience, in print and online, with continued editorial investment and commitment to the quality of its popular journalism. Significant investment has been made in MailOnline and digital revenue growth over the coming year is expected to exceed incremental costs for the digital businesses. The omnichannel advertising solution will help our advertising clients to gain traction from the strength of the Mail Brands across a global audience.

Outlook

For FY 2017, dmg media expects to deliver stable underlying revenues, with digital advertising growth and the benefit of cover price increases helping to offset circulation volume and print advertising declines. Reported results will be adversely impacted by the absence of the 53rd week, which contributed £12 million of revenue and £6 million of operating profit in FY 2016. The operating margin is, however, expected to remain broadly in line with the 11% achieved in FY 2016, with cost efficiencies helping to protect profitability.

For the risks affecting dmg media see Principal Risks on page 28

CASE STUDY

MAILONLINE – EXPANDING ITS GLOBAL FOOTPRINT

MailOnline is expanding its global footprint through acquisition and innovation.

Market need

- dmg media identified a market need to facilitate advertisers' global reach.

The response

- Last year, dmg media acquired Elite Daily, the news and entertainment website, to complement MailOnline's operations in the US and extend opportunities to attract advertisers through an expanded millennials audience platform.
- MailOnline also expanded with the acquisition of 50% of Daily Mail Australia in February 2016. Daily Mail Australia became a wholly owned MailOnline business in February 2016, following the acquisition of the remaining 50% of the business not already owned by the Group.
- In addition to acquisitions, innovation is at the heart of MailOnline's strategy to increase the scale of its global audience, raise engagement levels and gain traction from advertisers. Working in partnership with the internet's largest global platforms, MailOnline's global growth has benefited from innovative approaches taken with Facebook, Google and Snapchat. MailOnline continues to expand its audiences into new territories. The chart below shows that MailOnline now has an average monthly audience of over one million unique browsers in 24 countries.

PRINCIPAL RISKS

ACTIVELY MONITORING AND MANAGING OUR RISKS

DMGT executive management completed a robust and detailed assessment of the Group's risk management processes and the Group risk register.

The Group's risks are categorised as either strategic or operational. Strategic risks are linked to DMGT's strategic priorities and impact the whole Group. Operational risks are those arising from the execution of the business functions and typically impact on one or more of the operating businesses.

Further details of the Group's risk management process, the governance structure surrounding risk and the Audit & Risk Committee can be found in the Corporate Governance Report on pages 44 to 59

Changes in principal risks during the year

Two principal risks disclosed last year, 'Internal investment' and 'New product launches', have been combined this year due to their overlap. These are now described in a new risk called 'Success of new product launches and internal investments'. In recognition of the results of the recent referendum on the UK membership of the European Union (EU) and wider macroeconomic volatility, a new principal risk, 'Economic and geopolitical uncertainty', has been added and the potential impact on DMGT is outlined below. At this early stage, due to the diverse nature of our portfolio, we believe that the impacts will be manageable, however, we will continue to monitor these carefully as they develop and adapt accordingly.

Strategic risks

Description	Examples and dynamics of the risk
Market disruption Market disruption creates opportunities as well as risks. This enables us to move into new markets and geographies to grow the business. Failure to respond to market disruption, such as changes to customer behaviours and demands, technological changes, the availability of free information and the emergence of competitors may affect the long-term viability of some principal businesses in the Group.	• dmg media: acceleration in the decline of print advertising and circulation revenue, but growth in digital advertising revenue. • RMS: convergence of reinsurance with capital markets and increased consolidation in the insurance industry. • dmg information, for example, Genscape and EDR: the availability of free information, driven by potential changes in legislation, could dilute the value of some offerings in the portfolio.
Success of new product launches and internal investments The Group is continually investing in our products and services. Internal investments in new products and services, and development of existing products and services may fail to achieve customer acceptance and yield expected benefits. A lack of innovation and failure to successfully invest in our products and services may compromise their competitiveness. Uncertainty as a result of geographic expansion into new and emerging markets.	• MailOnline: monetisation of digital strategy. • RMS: client adoption of the first RMS(one) application, Exposure Manager, and further planned releases from the RMS(one) suite of products. • Xceligent: continued expansion across the US. • dmg events: geo-cloning of individual events across new locations. Geographic expansion presents significant opportunities as well as risks. Risks may include unexpected costs or logistical and management challenges due to differing business cultures, heightened security threats or local legal and regulatory requirements.
Economic and geopolitical uncertainty The Group generates income from certain sectors and markets that can be impacted by economic and geopolitical uncertainty. Following the UK vote to leave the EU, there is uncertainty surrounding the nature, timing and associated trade conditions of the UK exit. The Group is also likely to experience ongoing foreign exchange rate fluctuations in the currencies in our key markets. There is further long-term geopolitical uncertainty associated with the outcome of the US presidential election.	• The European property businesses in dmg information: possible decline in residential and commercial property transactions versus pre UK referendum volumes. • dmg media: a weakening of the UK economy, particularly if consumer led, could accelerate the decline in print advertising revenue. • Euromoney: uncertainty in the financial services sector could affect a number of businesses in the Euromoney portfolio. • Genscape: fluctuations in the global commodities markets could impact Genscape's revenues. • dmg events: fluctuations in the global oil markets could impact revenue achieved from associated trade shows. • The impact of further weakening in British pound to US dollar exchange rates will positively affect consolidated revenues.
Acquisitions and disposals Active portfolio management is key to the Group's strategy. The success of portfolio management could be compromised by not identifying the right targets, investments failing, or not divesting from non-core businesses at the right time. The Group completes multiple small acquisitions and bolt-on investments every year; some may not perform as expected. Larger acquisitions are rarer.	• Growth opportunities and potential synergies lost through failure to identify acquisition and investment targets. • Failed investments may lead to reduced return on capital and/or impairment losses. • Underperforming acquisitions and investments could result in a diversion of management time. • Optimal value may not be achieved from disposals. See Operating Business Review for details of active portfolio management on pages 16 to 27

Principal Risks

2016 Strategic Priorities

- Fostering innovation to deliver organic growth
- Maintaining rigorous and active portfolio management
- Driving international growth
- Using technology to enable growth
- Attracting and developing entrepreneurial talent

Mitigation	Change in the risk in FY 2016	Strategic priority
• The Group's diverse portfolio of businesses and products reduces the overall impact. • Our devolved structure means our businesses are close to their markets and can pre-empt and react to market disruption. • DMGT executive membership of operating business boards. • The Executive Committee, supported by operating businesses' management teams, monitors markets, the competitive landscape and technological developments. • Regular analysis of business performance through financial results, KPIs and milestones to highlight early indications of market disruption.	This risk remained relatively stable throughout FY 2016.	
• Executive Committee oversight of progress from the centre as part of the business review process. • Regular analysis of business performance through financial results, KPIs and milestones. • The autonomous culture of the Group encourages an entrepreneurial approach to the development of organic growth opportunities and new products. • Investments are approved by the Investment & Finance Committee, Executive Committee or operating business management teams, dependent on criteria. • Technology Summit: Group-wide event facilitating product and technology development teams to share best practice and ideas. • Strategic analysis of key investments by independent third parties.	This risk remained relatively stable throughout FY 2016, as projects progress, new products launch and new projects are continuously added to the portfolio.	
• The Group's diverse portfolio of businesses and products reduces the overall impact. • Our devolved structure means our businesses are close to their markets and can pre-empt and react to economic and geopolitical uncertainty. • The relevant executives monitor the macroeconomic and geopolitical environment through regular analysis of business performance through financial results, KPIs and milestones to highlight early trends and impacts from economic and geopolitical uncertainty. • Regarding exposure to the future UK exit from the EU, there is limited trade within, with or sourcing from the European single market (apart from newsprint). Therefore the majority of our businesses are not primarily dependent on access to it. – Less than 10% of our revenues originate from entities based in the EU (excluding the UK). – The majority of our newsprint is sourced from the EU, but the price and volume are fixed up to six months in advance.	This risk increased over FY 2016 primarily as a result of wider macroeconomic volatility following the UK vote to leave the EU.	
• Our investment preferences and criteria are clearly articulated. Investments are approved by the Investment & Finance Committee. • Regular analysis of business performance through financial results, KPIs and milestones. • Investment & Finance Committee review post-acquisition performance. • Performance of detailed due diligence. • Retention of key management in acquired businesses. • Implementation of DMGT Essentials post-acquisition. • Acquisitions and disposals overseen by the Board.	The risk reduced in FY 2016 reflecting the rate and nature of acquisitions and disposals during the prior year.	

Principal Risks

Strategic risks continued

Description	Examples and dynamics of the risk
Securing and retaining talent Failure to secure and retain the right people for senior and business-critical roles could impact the ability of businesses in the Group to maintain performance and deliver growth. At any one time the Group has unfilled vacancies for key roles, however, only a select few roles are deemed to be business critical. A significant impact from loss of key talent would therefore rarely occur.	• Entrepreneurship and leadership skills are a priority for the Group and key to the continued success of many of our operating businesses. • Technology and software development skills remain crucial to many of our businesses, particularly the European property businesses, Xceligent, Hobsons, RMS, Genscape and MailOnline where collectively there is significant investment in product development. • Sales and operational execution expertise with market and product knowledge are vital, particularly in our businesses with significant expansion plans, such as Xceligent, Hobsons, RMS and Genscape.

Operational risks

Description	Examples and dynamics of the risk
Major change projects Increased costs, impairment losses and delayed or lower revenues can result from the failure or delay of a major project. Failure or significant delay in the delivery of a major change project, or the failure to effectively communicate to the market could damage the reputation of the business and impact on DMGT's share price.	• A number of organisational changes have been identified by our new Executive Committee under Simplicity, and with our operating businesses, to achieve greater cost efficiencies in administrative tasks, speed up decision-making and develop centres of expertise to share knowledge more effectively across the portfolio.
Information security breach or cyberattack An information security breach would cause reputational damage with potential for a resultant loss of revenue. A breach of data protection legislation could result in financial penalties for the business affected and potentially the Group. The investigation and management of an incident would result in the diversion of management time.	• The risk is relevant to all businesses in the Group, in particular Hobsons, dmg media, RMS and Euromoney due to the nature of their products and services. • Loss of confidential, personal or payment card information. • Integrity of online products, services and data compromised. • Unavailability of online products and services.
Reliance on key third parties Certain third parties are critical to the operations of DMGT's businesses. A failure of one of our critical third parties may cause disruption to business operations. An operational or financial failure of a key supplier could affect the ability of DMGT's businesses to deliver products, services or events with a direct impact on revenue and/or costs and management time. The reputation of the business may be damaged by the poor performance or failure of some third parties, particularly outsourced service providers.	Key third parties include: • data centre and cloud software and service providers; • IT development support; • newsprint, flexographic plate and ink suppliers; • newspaper distribution and wholesale; • data providers; and • event venues.
Compliance with laws and regulations The Group operates across multiple jurisdictions. Increasing regulation, especially in the areas of data privacy and security, increases the risk that the Group is not compliant with all applicable laws and regulations across all of the jurisdictions in which it operates, which could result in financial penalties and reputational damage. Increasing regulation also results in increasing costs of compliance.	Particular areas of focus for DMGT businesses are: • data protection, including the new EU General Data Protection Regulation (GDPR); • market abuse, including the new UK Market Abuse Regulation; • new financial transparency regulations related to prices, benchmarks and indices, such as MiFID II particularly affecting our businesses in research and commodity pricing; • libel legislation; • UK tax compliance; • entering regulated markets or sectors; and • trade sanctions.
Pension scheme deficit The newspaper business, certain other UK businesses and DMGT head office operated defined benefit pension schemes. These schemes are closed to new entrants. The schemes remain ultimately funded by DMGT, with Pension Fund Trustees (Trustees) controlling the investment allocation. There is a risk that the funding of the deficit could be greater than expected.	• The latest triennial valuation and funding statement was agreed between the Company and the Trustees during the year. • The risk could change due to market volatility regarding assets and liabilities, or changes in valuation methodologies and assumptions.

Principal Risks

Mitigation	Change in the risk in FY 2016	Strategic priority
• Formal approach to talent management and succession management, coordinated centrally by DMGT. • Executive management involved in the recruitment of all leadership roles. • Alignment of employee incentives and Group strategy. • Payment of competitive rewards including LTIP for key senior roles, developed using industry benchmarks and external specialist input. • Increased focus on providing a broader set of employee benefits across our portfolio. • Investment in leadership development programmes and other related programmes. • Monitoring of employee performance and engagement. • Succession and retention planning. • Increased employee communication, including from the Executive Committee and operating business management in respect of planned organisational changes.	This risk remained relatively stable during FY 2016.	

Mitigation	Change in the risk in FY 2016	Divisions most affected
• Rigorous project planning procedures and ongoing project management. • Regular reporting on progress to the Executive Committee for significant change projects. • Board or specific oversight committee monitoring for significant change projects, including tracking of both progress and realisation of the benefits arising from agreed organisational changes. • DMGT executive membership of operating business boards. • Project assurance using specialist external resources.	This risk remained relatively stable during FY 2016. As some major projects reach the final stages of completion, other projects across the Group begin.	All
• Group information security policy and detailed security standards with regular reviews against these standards. • Group policy on business continuity planning including IT system disaster recovery. • Working group with representatives from across the Group meeting regularly and sharing information security best practice. • Oversight by the Executive Committee and assurance on the progress against security standards through IT audit reports provided to the Audit & Risk Committee. • Oversight by operating business board at high-risk businesses. • Information security is reviewed as part of every internal audit.	This risk increased over FY 2016 as the inherent threat of an information security breach or cyberattack continues to increase. This is partially offset by continuous improvement in information security controls.	All
• Due to the Group's geographic and industry diversity, a significant impact from the loss of a key third party would rarely occur. • Operational and financial due diligence is undertaken for key suppliers on an ongoing basis. • Close management of key supplier relationships including contracts, service levels and outputs. • Contingency arrangements in place for some key suppliers. • Dedicated newsprint-buying team. • Business continuity management. • Event cancellation and business interruption insurance policies.	This risk remained relatively stable during FY 2016.	All
• Changes in laws and regulations are monitored and potential impacts discussed with the relevant persons, Board, or committee, or escalated as appropriate. • Developments in the legal and regulatory landscape are reviewed by the Audit & Risk Committee. • Implementation and monitoring of Group-wide policies to address new legislation and regulation where applicable. • Group-wide Governance, Risk and Compliance network and working groups for key emerging compliance areas, such as the GDPR.	This risk increased over FY 2016 with the finalisation of the GDPR. Compliance roadmaps are underway, with full compliance required by 25 May 2018. The risk from other laws and regulations remained relatively stable across the Group throughout FY 2016.	All
• The agreed funding plan gives certainty over the financial commitment until FY 2019. • Monitoring and management of pension risks is performed by the DMGT Pension Sub-Committee. • Company appointed Trustees.	This risk reduced over FY 2016 owing to the agreement of the funding plan for the next three years.	dmg media DMGT Euromoney

FINANCIAL REVIEW

WELL PLACED TO GENERATE GROWING REVENUE, PROFIT AND CASH FLOW

The Financial Review details DMGT's performance in the year, which saw stable underlying revenues and a resilient profit performance. Underlying operating profit declined as a result of challenging trading conditions in some of our markets, and disposals adversely impacted adjusted profit before tax and earnings per share. Overall performance was in line with our expectations.

Performance highlights

The diverse nature of DMGT's portfolio, by sector, geography and revenue type, helped to support the Group's revenue performance, which was stable on an underlying basis. Digital and subscription businesses continued to grow, particularly for RMS, dmg information and MailOnline, offset by difficult market conditions for the banking and commodity sectors at Euromoney, the European property information businesses within dmg information and continued declines at dmg media. Reported revenues benefited from the stronger US dollar relative to the British pound. The reduction in Group underlying operating profit, adjusted profit before tax and adjusted earnings per share was principally due to the dmg media business, which suffered an underlying 12% decline in print advertising revenues in the year, although outperforming the market.

The recommended full-year dividend increased by 3%, reflecting the Board's confidence in the long-term prospects for DMGT and representing another year of real growth.

DMGT maintained a strong balance sheet, with the year-end net debt to EBITDA ratio standing at 1.8x despite the adverse impact of the stronger US dollar, reflecting the benefit of net M&A proceeds and good cash flow generation.

Revenue performance

Group revenues in the financial year were in line with the prior year on an underlying basis. On a reported basis, revenues rose by 4% to £1,917 million reflecting the stronger US dollar relative to the British pound and the occurrence of the Gastech event this year. The average exchange rate during the year was £1:$1.42 compared with £1:$1.54 in the prior year.

There was good underlying growth in several revenue categories, particularly subscriptions and digital advertising, which was offset by the revenue decline in print advertising and, to a lesser extent, circulation.

Revenues from B2B businesses were £1,212 million, an underlying increase of 1%. Good growth was achieved at dmg information and there was solid progress at RMS. Reported revenues benefited strongly from favourable exchange rates as described above.

Revenues from the consumer media business, dmg media, were £706 million, down 2% on an underlying basis.

Business performance

	Revenues				Operating profit*			
	FY16	FY15	Growth		FY16	FY15	Growth	
	£m	£m	Reported	Underlying^	£m	£m	Reported	Underlying^
RMS	**205**	187	+10%	+1%	**36**	26	+36%	+14%
dmg information	**498**	430	+16%	+6%	**77**	75	+3%	+6%
dmg events	**105**	94	+12%	+2%	**29**	20	44%	(6%)
Euromoney	**403**	403	+0%	(4%)	**100**	107	(6%)	(12%)
dmg media	**706**	731	(3%)	(2%)	**77**	96	(20%)	(23%)
Corporate costs					**(42)**	(36)	(16%)	(16%)
DMGT	**1,917**	**1,845**	+4%	+0%	**277**	**288**	(4%)	(11%)

DMGT'S DIVERSE SECTOR PORTFOLIO, BALANCED REVENUE STREAMS AND GOOD GEOGRAPHIC SPREAD HAVE HELPED SUPPORT REVENUES AND PROFITABILITY IN A YEAR THAT SAW VARIED TRADING CONDITIONS ACROSS OUR BUSINESSES.

Stephen Daintith
Finance Director

FINANCIAL HIGHLIGHTS

Underlying^ revenue growth **+0%** 2015: +1%	Underlying^ operating profit growth* **-11%** 2015: -4%
Adjusted operating margin* **14%** 2015: 16%	Adjusted PBT* **-7%** 2015: -4%
Adjusted EPS* **-6%** 2015: +7%	Dividend **22.0p** 2015: 21.4p
Dividend increase*◊ **+3%** 2015: +5%	Net debt/EBITDA ratio*# **1.8x** 2015: 1.8x
Statutory revenue growth# **+4%** 2015: -1%	Statutory PBT growth **+14%** 2015: -19%

Strong growth in MailOnline revenues only partially offset the impact of declining print advertising and circulation revenues. Reported revenues were adversely impacted by the disposal of Wowcher.

The charts on page 34 demonstrate DMGT's diverse revenue profile.

Further detail on each operating business's revenue performance can be found on pages 16 to 27.

Operating profit performance

In the financial year, adjusted operating profit of £277 million was down by 11% on an underlying basis and by 4% on a reported basis. The overall operating margin was 14% compared to 16% in the prior year, reflecting good margin performances from RMS and dmg events, offset by lower margins at dmg media, dmg information and Euromoney.

The overall profit of the Group's B2B operations, including allocated Group corporate cost, decreased by an underlying 5% to £215 million, whilst the profit from consumer media, including corporate costs, was £62 million, an underlying decrease of 29%.

The B2B operations generated 78% of the year's operating profit with 22% generated by consumer media, compared to 72% and 28% in the prior year. Well over half of DMGT's profits come from outside the UK, with 40% generated in North America.

Joint ventures and associates

The Group's share of the operating profits* of its joint ventures and associates decreased by 30% to £23 million, reflecting the disposal of DMGT's c.39% stake in Local World in November 2015. The share of operating profits from Zoopla Property Group (ZPG) increased more than 50%, reflecting the business's particularly strong performance, notably its price comparison services division, following the acquisition of uSwitch in June 2015. ZPG saw the number of its UK property partnerships continue to grow during the year and, in April 2016, acquired the Property Software Group, a provider of property software and workflow solutions to over 8,000 UK agency branches. ZPG released its Preliminary Full Year results on 30 November 2016.

The share of operating profits and losses from other joint ventures and associates was £2 million. These include Euromoney's stake in Dealogic, investments by dmg information in early-stage businesses and dmg media's stake in Excalibur.

Financing costs

Adjusted net finance costs were £40 million and in line with the prior year. There was no investment income in the year.

The pension finance charge, which is excluded from adjusted results, was £5 million for the year compared to £7 million for the prior year.

Exceptional finance costs in the prior year included a £40 million charge for the premium on the early redemption of bonds in October 2014.

Results before taxation

Adjusted profit before tax declined by 7% to £260 million. The statutory pre-tax profit for the financial year was £247 million compared to £216 million in the prior year.

Taxation

The adjusted tax charge was £37 million for the year, compared to £41 million for the prior year, and is stated after adjusting for the effect of exceptional items. The adjusted tax rate of 14.4% decreased slightly compared to 14.8% in 2015. The effective tax rate is expected to increase to around 20% over the next three years as the proportion of US-generated profits increases.

The statutory tax charge for the year, excluding £2 million of tax charges in respect of joint ventures and associates, was £33 million, £4 million less than the adjusted tax charge. There were tax credits of £10 million in respect of the amortisation and impairment of intangible fixed assets. There were also £8 million of exceptional tax charges, a combination of tax credits on restructuring charges, recognition of previously unrecognised deferred tax assets and de-recognition of overseas tax losses.

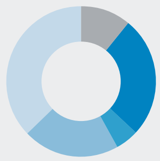
Footnotes are defined on the inside front cover with the exception of that below:

^ Underlying adjusted revenue or adjusted operating profit growth is on a like-for-like basis, adjusted for constant exchange rates, disposals, non-annual events occurring in the current and prior year and acquisitions; see pages 36 and 37. For dmg information, underlying growth includes the year-on-year organic growth from acquisitions, excludes disposals and includes revenues from one-off sales of IP assets, consistent with prior years. For dmg events, the comparisons are between events held in the year and the same events held the previous time. For Euromoney, acquisitions and disposals are excluded and a biennial event that took place during the current year is also excluded. Euromoney's underlying profit excludes the benefit in FY 2015 of the release of the accrual, charged in FY 2014, for the CAP incentive plan. For dmg media, underlying comparisons exclude disposals, Wowcher and Evenbase, and include the year-on-year organic growth from acquisitions. dmg media's underlying growth rates also exclude the benefit of an additional 53rd week from the FY 2016 results. Underlying revenues only include the profit but not the gross-up, equivalent to the cost of sales, from low-margin newsprint resale activities.

Financial Review

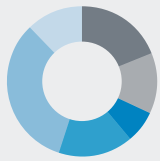
Revenue profile

By business (%)



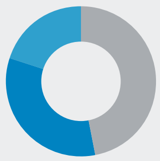
RMS	11
dmg information	26
dmg events	5
Euromoney	21
dmg media	37

By type (%)



Transactions and other	19
Print advertising	13
Digital advertising	7
Circulation	16
Subscriptions	33
Events, conferences and training	12

By destination (%)



UK	47
North America	33
Rest of the World	20

Profit after tax

Adjusted Group profit after tax and minority interests declined by 8% to £198 million. Statutory post tax profit was £214 million, compared with £245 million in the prior year.

Earnings per share

Adjusted basic earnings per share declined by 6% to 56.0 pence, compared with 59.7 pence in the prior year. The statutory basic earnings per share declined by 4% to 57.8 pence. The weighted average number of shares in issue during the year was 353.4 million, down from 360.8 million in the previous year, reflecting share buy-back activity.

Exceptional items and amortisation

Exceptional operating costs were £55 million compared to £21 million in the prior year. The increase was mainly due to £37 million of reorganisation, redundancy and consultancy costs, an increase on the £20 million in the prior year, including £15 million in respect of dmg media, £9 million of DMGT central corporate costs and £6 million in respect of dmg information. Reorganisation initiatives, under Simplicity, included reducing the headcount by over 400 positions, notably within the newspaper businesses, and streamlining central support functions within dmg information businesses, particularly those that have expanded through bolt-on acquisitions.

Exceptional operating costs also included £8 million in respect of an additional Euromoney provision for a potential overseas sales tax exposure and £5 million in respect of a supplier that went into voluntary administration.

The charge for amortisation of intangible assets arising on business combinations, including the share from joint ventures and associates, increased by £4 million to £52 million. The Group also made an impairment charge against goodwill and acquired intangible assets of £55 million, including £28 million in respect of Euromoney businesses, notably Mining Indaba and Total Derivatives, and £25 million in respect of dmg media's Elite Daily business, since audience and revenue growth has not met expectations.

Cash flow and net debt

Net debt at the end of the year was £679 million, a decrease of £23 million during the year.

The Group generated operating cash flows of £200 million, a conversion rate of 72% of operating profits, compared to 90% in the prior year, reflecting customers paying in advance of the Gastech event in October 2015. Operating cash flows included exceptional operating items of £25 million and capital expenditure of £75 million, excluding £13 million of expenditure in respect of RMS(one). During the year there were also pension funding payments of £34 million, net interest payments of £35 million and £6 million of share buy-backs. The weakening of the British pound, notably against the US dollar, resulted in an adverse debt revaluation of £58 million.

Active portfolio management continued throughout the year with acquisitions totalling £42 million and disposals, including of Local World and Wowcher totalling £128 million, thus generating net proceeds of £86 million. For further information on DMGT's acquisitions and disposals see the Operating Business Review (on pages 16 to 27).

At the end of the financial year, the Group had £425 million of bonds with £214 million maturing in December 2018, £10 million maturing in April 2021 and £202 million maturing in June 2027. At the year end, the committed bank facilities were £624 million, of which £367 million was unutilised, and cash balances were £18 million. Bond debt constitutes less than half of the debt available to DMGT.

DMGT's ratio of year-end net debt to adjusted profits before interest, depreciation and amortisation (EBITDA) was 1.8x, below the Group's preferred upper limit of 2.0 x. DMGT has retained its BBB- investment grade corporate credit ratings from each of Standard & Poor's and Fitch.

Pensions

The Group's defined benefit pension schemes provide retirement benefits for UK staff, largely in dmg media. These schemes are closed to new entrants. The deficit on the Group's defined benefit pension schemes increased from £159 million at the beginning of the year to £246 million at the financial year end (calculated in accordance with IAS 19 (Revised)). Falling discount rates increased the value of pension liabilities. This was partly offset by gains on investments that hedge against inflation and interest rate risk, as well as returns on other investment categories.

Following the triennial actuarial valuation of the defined benefit schemes as at 31 March 2016, the Group has agreed to a revised plan of reduced funding payments. This outcome reflects the liability hedging activity referred to above, better investment performance, increased mortality and lower inflation than expected at the previous valuation in 2013.

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The revised funding plan includes payments of approximately £13 million p.a. to FY 2019 and £16 million p.a. from FY 2020 to FY 2027. This compares favourably to the £34 million funding payments that were made into the main schemes during FY 2016. In addition a contribution equal to 20% of any share buy-backs is contributed to the schemes. Contributions will be discontinued should the schemes' actuary agree the schemes are no longer in deficit. The next formal actuarial valuation is scheduled for 31 March 2019.

Dividends

The Board aims to deliver sustained dividend growth in real terms. The recommended final dividend is 15.3 pence which, if approved, would make the total dividend for the year 22.0 pence, an increase of 3% over the prior year. The Board's decision to recommend increasing the dividend, in real terms, despite the decline in adjusted earnings during the year reflects the Group's dividend policy and the Board's confidence in the Group's ability to deliver future long-term earnings growth. The dividend policy is to grow the dividend in real terms and, in the medium term, to distribute around one-third of the Group's adjusted earnings. This policy reflects the combined objectives of delivering a reliable and predictable dividend growth trajectory while also being sufficiently prudent to retain the flexibility to make significant investments in the long-term future growth of the business.

Viability Statement

In accordance with provision C.2.2 of the 2014 Corporate Governance Code, the Directors have assessed the prospects of the Company. The Board used a three-year review period as this is consistent with the Group's business planning cycle. Additionally the next refinancings of our bank debt facilities and 5.75% bonds is within the next three years (April 2019 and December 2018 respectively).

The Board's assessment of the Company's future prospects and viability determined the Group's overall risk capacity by considering banking and bond covenants, other financial commitments, and borrowing capacity to determine the maximum loss from risk events that the Group could endure whilst remaining viable. The assessment has also been made with reference to the Group's current position and prospects, the Group strategy, the Board's risk appetite and principal risks, which the Directors review at least annually.

Group forecast revenue, operating profit, EBITDA and cash flows were subject to robust downside stress testing over the assessment period, which involved modelling the impact of a combination of severe but plausible adverse scenarios. This was focused on the impact of the Group's principal risks crystallising, including modelling a number of successive product investment failures, a dramatic decline in print advertising revenue, significant decrease in property transactions and a severe cyberattack.

In making the assessment, the Directors have considered the Group's diverse portfolio of businesses and products, as seen in DMGT at a Glance on page 4, its ability to restructure quickly and its headroom on bank covenants.

Based on the analysis described above, the Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities as they fall due over the next three years.

Adjusted results

When reviewing DMGT's performance, the Board and management team particularly focused on adjusted results rather than statutory results. There are a number of items that are included in statutory results but which are considered to be one-off in nature or not representative of the business's performance and which are excluded from adjusted results.

The tables on page 36 show the full list of adjustments between statutory operating profit and adjusted operating profit by business, as well as between statutory profit before tax and adjusted profit before tax at Group level for both FY 2016 and FY 2015.

Note 13 on page 123 shows the full list of adjustments between statutory and adjusted results. The table on page 36 shows a summarised version of the reconciliation from statutory profit before tax to adjusted profit before tax.

The explanation for each adjustment is as follows:

i. The adjusted results for FY 2015 include the pre-disposal results of discontinued operations, namely Jobsite, which was the final remaining part of dmg media's digital recruitment business, Evenbase, which was sold in October 2014, whereas statutory results only include continuing operations.

ii. Businesses occasionally incur exceptional costs in respect of a reorganisation, such as Simplicity. These are non-recurring in nature and are excluded from adjusted results.

iii. Occasionally the carrying value of an asset in the balance sheet is considered too high and it is appropriate to impair it. The associated one-off charge is excluded from adjusted results. The ongoing depreciation and amortisation of tangible assets and software, including products, is, however, an everyday cost of doing business and is included in both statutory and adjusted results. A reorganisation may also result in the write-off of the carrying value of tangible fixed assets, as was the case when dmg media vacated office space during FY 2015, and this expense is excluded from adjusted results.

iv. When acquiring businesses, the premium paid relative to the net assets on the balance sheet of the acquired business is classified as either goodwill or as an intangible asset arising on a business combination and is recognised on DMGT's balance sheet. This differs to organically developed businesses where assets such as employee talent and customer relationships are not recognised on the balance sheet. Impairment and amortisation of intangible assets and goodwill arising on acquisitions are excluded from adjusted results as they relate to historic M&A activity rather than the trading performance of the business. An example, is the impairment in FY 2016 of the goodwill and acquired intangible assets associated with dmg media's Elite Daily business.

v. The Group makes gains or losses when disposing of businesses, for example on the disposal in November 2015 of DMGT's c.39% stake in Local World. These one-off items are excluded from adjusted results as they reflect the value created since the business was formed or acquired rather than the operating performance of the business during the year.

vi. The Group's debt includes bonds issued by DMGT in the past, when interest rates were at higher levels than currently. DMGT pays interest on the bonds and the cost is included in both statutory and adjusted results. In October 2014, however, DMGT bought back bonds before their due dates and, given the relatively high coupon rates on the bonds, relative to current market rates, paid a premium to do so. The buy-back premium, which is different to the cost of servicing the debt and is a one-off expense, is excluded from adjusted results.

Financial Review

vii. The finance charge on defined benefit schemes is a formulaic calculation that does not necessarily reflect the underlying economics associated with the relevant pension assets and liabilities. It is effectively a notional charge and is excluded from adjusted results.

viii. In FY 2015, the Press Association paid DMGT a significantly larger dividend than usual due to proceeds from its disposal of MeteoGroup. The larger dividend resulted from a disposal rather than operating activities and, similar to a gain made by DMGT when disposing of a business, was excluded from FY 2015 adjusted results.

ix. Other items that are excluded from adjusted results include changes in the fair value of certain financial instruments and changes to future acquisition related payments. They are considered one-off in nature and not reflective of the ongoing cost of doing business. The share of joint ventures' and associates' tax charges is included in statutory profit before tax but, since it is a tax charge, is excluded from adjusted profit before tax. The share of joint ventures' and associates' interest charges is reclassified to financing costs in the adjusted results.

Underlying growth

When assessing the performance of the different businesses, the Board considers the adjusted results. The year-on-year change in adjusted results may not, however, be a fair like-for-like comparison as there are a number of factors which can influence growth rates but which do not reflect underlying performance.

When calculating underlying growth, adjustments are made to give a like-for-like comparison. For example, the adjusted results in FY 2016 benefited from the strengthening of the US dollar relative to the British pound. To calculate underlying growth, the prior year comparatives are restated using the FY 2016 exchange rates.

Similarly, adjustments are made to completely exclude disposals from both years. When businesses are acquired, the prior year comparatives are adjusted to include the acquisition or, in the case of Euromoney, the acquisition is completely excluded from both years.

Reconciliation of statutory operating profit to adjusted operating profit: FY 2016

£ million	RMS	dmg information	dmg events	Euromoney	dmg media	Corporate costs	JVs and associates	Group	Explanation
Statutory operating profit	33	47	27	37	32	(50)	3	**129**	
Exceptional operating charges	3	6	1	13	24	8	3	58	ii
Impairment and amortisation	–	24	1	50	21	–	11	107	iv
Exclude JVs & Associates							**17**	(17)	
Adjusted operating profit	**36**	**77**	**29**	**100**	**77**	**(42)**		**277**	

Reconciliation of statutory operating profit to adjusted operating profit: FY 2015

£ million	RMS	dmg information	dmg events	Euromoney	dmg media	Corporate costs	JVs & Associates	Group	Explanation
Statutory operating profit	26	56	18	67	75	(36)	12	**218**	
Discontinued operations	–	–	–	–	1	–	–	1	i
Exceptional operating charges	–	–	–	3	18	–	4	25	ii
Tangible fixed asset impairment	–	–	–	–	2	–	–	2	iii
Impairment and amortisation	–	19	2	37	–	–	10	68	iv
Exclude JVs & Associates							**26**	(26)	
Adjusted operating profit	**26**	**75**	**20**	**107**	**96**	**(36)**		**288**	

Reconciliation of statutory profit before tax to adjusted profit before tax

£ million	FY 2016	FY 2015	Explanation
Statutory profit before tax	**247**	216	
Discontinued operations	**–**	1	i
Exceptional operating charges	**58**	20	ii
Tangible fixed assets impairment	**–**	2	iii
Impairment and amortisation	**107**	68	iv
Profit on sale of assets	**(138)**	(82)	v
Bond redemption premium	**–**	40	vi
Pension finance charge	**5**	7	vii
Exceptional dividend income	**–**	(3)	viii
Other adjustments	**(19)**	12	ix
Adjusted profit before tax	**260**	281	

Financial Review

The timing of events can also be a distortion. Gastech, a major event, took place in FY 2016 but not in FY 2015. To give a fair like-for-like comparison when calculating underlying growth, the FY 2015 comparative is amended to include the revenues and profits from the March 2014 Gastech event.

In FY 2016, DMGT's revenues grew by 4% on a reported basis and the adjusted operating profit declined by 4%. The growth rates benefited from the stronger US dollar and the occurrence of Gastech. After adjusting for these factors as well as others, such as acquisitions and disposals, the underlying growth rates were 0% for revenues and a 11% decline in adjusted operating profit, as shown in the table below.

Outlook

DMGT's financial results for the year reflect the difficult market environment faced by some of our businesses, particularly in the print advertising, investment banking and property information sectors. Nevertheless, the Group's relatively resilient performance demonstrates the benefits of our diversified portfolio and the strength of our market-leading businesses, which have been supported by substantial investment over the last few years. Looking forward, we will remain focused on prudent financial management to maintain our strong balance sheet, alongside delivering on the excellent long-term revenue, profit and cash flow potential which the Group has developed.

Stephen Daintith
Finance Director

Underlying performance

£ million	FY 2016 Reported	FY 2016 M&A	FY 2016 Other	FY 2016 Underlying	FY 2015 Reported	FY 2015 M&A	FY 2015 Exchange rates	FY 2015 Other	FY 2015 Underlying	Underlying growth
Revenues										
RMS	**205**			**205**	187		15		202	+1%
dmg information	**498**	**(2)**		**496**	430	17	22		469	+6%
dmg events	**105**			**105**	94	(14)	8	16	104	+2%
Euromoney	**403**	**(6)**	**(4)**	**393**	403	(13)	18		408	(4%)
dmg media	**706**	**(4)**	**(52)**	**650**	731	(25)	2	(43)	665	(2%)
DMGT	**1,917**	**(12)**	**(56)**	**1,849**	1,845	(35)	65	(27)	1,848	+0%
Operating profit										
RMS	**36**			**36**	26		6		32	+14%
dmg information	**77**	**2**		**79**	75	(5)	4		74	+6%
dmg events	**29**			**29**	20		1	10	31	(6%)
Euromoney	**100**		**(2)**	**98**	107	(4)	11	(3)	111	(12%)
dmg media	**77**	**(2)**	**(6)**	**69**	96	(5)	(1)		90	(23%)
Corporate costs	**(42)**			**(42)**	(36)				(36)	(16%)
DMGT	**277**	**–**	**(8)**	**269**	288	(14)	21	7	302	(11%)

OUR PEOPLE AND OUR COMMUNITIES

At DMGT we all share a common goal: to satisfy our customers' need to know.

To do this we encourage and support entrepreneurial behaviour and value people who are courageous, curious and who stretch themselves, but also act with integrity and the best interests of their communities.

People

Our success is down to our people. They drive themselves, others, and ultimately the businesses, to grow. Many are driven entrepreneurs renowned in their industries for growing businesses. Our culture is one that allows talented people to rise to challenges and to be innovative. Our people agenda is a key element of delivering against our strategic priorities, particularly improving operational execution.

Being a part of DMGT means having the opportunity to find something that you are passionate about and to truly make it your own.

There is an expectation that individuals flourish at the Company. We want people who are driven, who have the capacity and curiosity to learn. We provide challenging work with a purpose, and we give people the opportunity to grow and develop through their own endeavours.

Our businesses employ a wide variety of practices to equip employees with the skills to support experiential learning. At Group level, emphasis is put on leadership coaching, management training and technology.

Full details about DMGT's approach to career development can be found at www.dmgt.com/careers/working-with-us

Freedom, speed of action and initiative

We believe that our businesses are closest to their customers and are best placed to make the right decisions.

This autonomy relies on an ethos of trust and integrity. Establishing and maintaining this trust rests on clearly articulated values, practices and processes. These are underpinned by our five guiding principles:

- lawful, moral and ethical approach;
- purpose/control and accountability;
- transparency and openness;
- championing our people; and
- focused on quality.

We empower our people to do their job within this framework and reinforce these principles through our incentive schemes, which are detailed in our Remuneration Report.

Remuneration Report see page 60

Corporate responsibility

The Corporate Governance section (on page 44) outlines a refocused approach to CR which will be adopted following a review of the Corporate Responsibility (CR) Committee's activities. This review included an employee survey which highlighted that CR activities were strongly welcomed as part of employee engagement. As a result, a decision was taken to ensure that responsibility for CR activities falls within the Human Resources (HR) function.

CR activities will continue to be supported by the CR Champions network as further described on page 40. The CR Champions network will also continue to promote and support Group-wide CR initiatives such as the DMGT Community Champion Awards. The FY 2016 winners of these Awards are profiled on page 40.

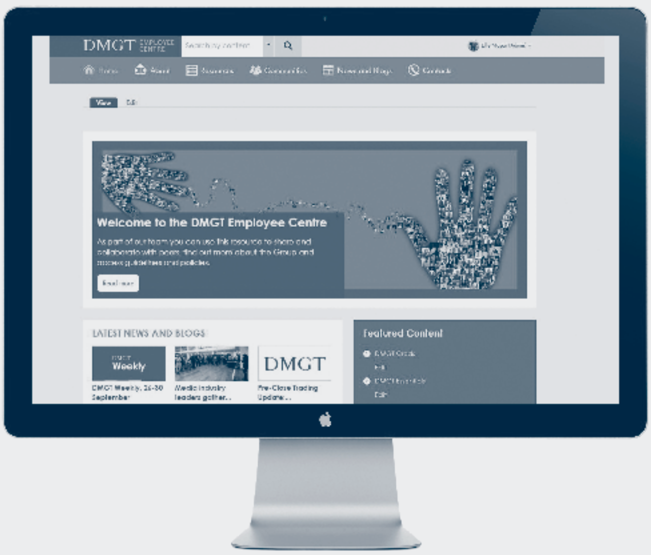
We will continue to highlight the CR activities of our businesses. The flow of stories that emanate from the businesses will continue to be published on each of DMGT's communication channels, showcasing the wonderful work DMGT's employees engage in with their local communities.

Keeping our people informed

One of the challenges of our decentralised management approach is ensuring we can still communicate with all of our people.

To address this. we have a range of Group communications channels including:

- the DMGT Employee Centre, a new Group-wide portal for employees;
- DMGT Daily, our daily email news bulletin;
- DMGT Careers webpage, showing opportunities across our Group; and
- CR Champions network, a network of individuals actively involved in CR at the operating businesses (see page 40).



Our People and our Communities

The year in review

DMGT Employee Centre

Following a project to capture how DMGT is viewed by its people, a new Group-wide employee portal was developed (see case study on page 38). The portal provides employees with useful cross-Group information and policies and gives them the opportunity to communicate with others working in similar functions through online communities.

LinkedIn

Over the past year DMGT has been working closely with LinkedIn to promote the DMGT Employee Brand to a wider audience. Followers of DMGT can now see job opportunities from around the Group and it is hoped this will not only improve the talent pipeline, but also increase internal talent mobility. Followers can also see employee testimonials, videos and news updates.

Team changes

In September 2016 DMGT announced the appointment of a new Director of Global HR who will be responsible for leading DMGT's HR strategy and ensuring it is implemented across the Group.

Leadership

DMGT leaders throughout the Group have contributed to a document called the Pillars of Performance. This captures what DMGT collectively regards as essential leadership attributes, capabilities and mindsets. These factors differentiate successful leaders from the norm and help guide their development.

Each operating business carries out an annual talent review against the Pillars of Performance where, together, we consider the capabilities and capacity that our teams will require to deliver long-term growth plans. Implicit within this are emergency cover and succession options for each leadership position. Each operating business also undertakes an annual discussion about team development.

Cross-Group development

To bring our businesses closer together and foster collaboration, DMGT has delivered several developmental initiatives this year aimed at senior managers and leaders:

- the Leadership Development Programme (LDP) is a comprehensive programme developed and delivered in partnership with Churchill College at the University of Cambridge. It allows the sharing of insights in critical leadership areas such as markets, competitive landscapes, and advances in technology. There is particular emphasis on coaching skills to develop high-performance teams. This year alone, 75 senior leaders have completed the programme;
- the DMGT Finance Conference is an annual event where the finance teams from the operating businesses come together to discuss industry updates, share expertise and network;
- the Technology Leaders Summit, held in April, brought senior technology leaders together to build DMGT-wide subject matter communities centred on Technology Trends of the Future. We recognise that tech leaders have to engage and inspire others to see new opportunities and threats;
- as well as focusing on senior leaders, we are also committed to developing those at an early stage in their career. Through the establishment of an Early Career Development Workshop (see below), developed and delivered in partnership with Strayer University, we aim to identify and support future leaders within the operating companies. Through mentorship, structured career paths and challenging assignments we look to grow and develop our future leaders. We ran two pilot programmes this year in the US; and
- the CR Champions network is designed to provide an opportunity for some of our most talented employees to develop their leadership skills and network with other individuals from around the Group (see the case study on page 40 for further detail).

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SENIOR LEADERS COMPLETED THE DMGT LEADERSHIP DEVELOPMENT PROGRAMME IN FY 2016

EARLY CAREERS WORKSHOP

During the year DMGT began the early Career Development Workshop. The aim of the workshop is to provide DMGT employees in the early stages of their careers with the opportunity to develop their knowledge and skills across three main areas:

- product management;
- sales; and
- business leadership.

The workshop gives our emerging talent the opportunity to engage, learn from and network with senior leaders who are in attendance.

Our People and our Communities

Cross-Group mobility

As a product of the Early Career Development Workshop, we have specifically identified global career opportunities as a key initiative to developing our people further. This is evident even at senior leadership level. At DMGT Annie Edwards has joined the senior team from one of our operating businesses, Genscape, to take up the position of DMGT Director of Global HR.

People success performance metrics

Our businesses share common people objectives. We can better serve our businesses and measure their impacts through a new approach. With the implementation of the Centre of Expertise for HR, DMGT will evaluate the quality of our businesses' performance in terms of our most valuable asset, our people. Performance will be measured through turnover, return on investment on people and employee engagement. These metrics will assess the contribution to productivity improvement in our businesses through people.

Outlook

Over the next 12–18 months DMGT will be establishing a Centre of Expertise for HR (Centre). The formation of the Centre is part of a wider reorganisation of Group structure, under Simplicity, and will provide support for all the businesses at DMGT, pooling knowledge that already exists and ensuring all of our businesses have access to it. This means that businesses will be able to access a group of the best experts from across DMGT in a number of key HR areas rather than having to source them individually or to engage external advisers.

The Centre, will specialise in four areas:

- talent & recruitment;
- learning & development; and
- communications & reward.

CR will also form part of the Centre.

Community Champions Awards winners 2016

Team Award – Genscape, Urban League of Louisville

Genscape secured the Team Award due to a project called 'Urban League'. The project aims to support the communities in which Genscape's employees live, work and play. The project accomplished this in three different ways:

- firstly in their use of physical space – when Genscape's lease was up last year, it continued its commitment to disadvantaged urban areas by renovating an abandoned warehouse building. It was a US$4.5 million build out project that was completed by locals, with 66% of the money going to local vendors;
- secondly, through community support – Genscape continuously supports employees who get involved in local associations and volunteering at museums, and it also supports local hospitality vendors by using them for lunches and guest accommodation; and
- finally, Genscape teamed up with the Louisville Urban League to aid human capital in their communities by offering furnishings, supplies and general support.

Merabeth Martin, Director, HR at Genscape commented on winning the award, "It's a huge honour for us and it's something that we're proud of, and it will allow us to continue to support the Urban League in all that they're doing in our community here in Louisville".

Personal Achievement Award – Maria Realf

Maria, who works at YOU Magazine, secured her title as winner of the Personal Achievement Award 2016 as a result of her outstanding efforts in raising awareness of brain tumours.

Maria's younger brother sadly passed away due to a brain tumour two years ago, so she decided to set up a petition calling on the UK government to invest more into research. Brain tumours are the biggest cancer killer of children and young adults under the age of 40, yet receive just 1% of the national spend on research into cancer.

CR CHAMPIONS NETWORK

A network of individuals representing each operating business who meet by video call each quarter to discuss CR at a grassroots level.

The CR Champions share ideas and lessons learnt from CR initiatives they have carried out to share best practice. They promote Group initiatives such as the Community Champions Awards and Green Week.

To find out more about the CR Champions network go to www.dmgt.com/corporate-responsibility

After six months the petition had received over 120,000 signatures, which eventually resulted in a debate at Westminster. Maria's campaign also prompted the first ever inquiry by the House of Commons' Petitions Committee in respect of brain tumours, which found that brain tumour patients and their families have been failed for decades. The Government has now announced plans for a working group of clinicians, charities and officials to discuss how to address the need for more brain tumour research.

"I'd like to say a big thank you to everyone in the company who supported my campaign," Maria said.

Green Week Award – EDR

During their Green Week last year, the Green Team at EDR took on a number of initiatives in order to help raise awareness of environmental issues. They took part in activities such as upcycling, growing a garden on their office patio, a local street clean-up, volunteering to help build a home with recycled wood and energy-efficient appliances, clothes donations and their very own Polar Bear Pass which encouraged employees to pledge to donate US$10 or more, or participate in a green activity and then nominate someone else to do the same. EDR raised US$3,000 through the Polar Bear Pass, and all donations went to the World Wide Fund for Nature to help fight climate change and save the polar bears.

Following their Green Week, EDR have continued their efforts by creating new initiatives such as 'mug madness', where all paper cups in the office were replaced with coffee and water mugs.

Commenting on their win, Roger Caramanica said, "We're thrilled to be recognised for last year's green efforts, and are proud to represent EDR and DMGT in this year's honours."

Video interviews with the winners can be found at www.dmgt.com/corporate-responsibility

COMMUNITY CHAMPIONS AWARDS

In FY 2016 we changed the format of the Community Champions Awards in order to involve as many DMGT employees as possible. The Awards nominations period was extended from two to six months and entries could be for activities that spanned a longer period. A sense of competition between DMGT businesses was encouraged with regular updates about the number of nominations per business.

DMGT COMMUNITY CHAMPIONS AWARDS

The scheme is detailed at www.dmgt.com/corporate-responsibility

Videos of the 2015 Awards ceremonies can be found at www.youtube.com/user/dmgtplc

The Strategic Report was approved by the Board and signed on its behalf by the Finance Director.

By order of the Board

Stephen Daintith
Finance Director

BOARD OF DIRECTORS

The Viscount Rothermere
Chairman
Appointed to the Board: 1995
Appointed Chairman: 1998

Skills and experience:
Lord Rothermere brings significant experience of media and newspapers. He worked at the International Herald Tribune in Paris and the Mirror Group before moving to Northcliffe Newspapers in 1995. In 1997 he became Managing Director of the Evening Standard.
Committee membership:
Investment & Finance, Remuneration & Nominations and Executive.
Other appointments:
Euromoney Institutional Investor PLC Board and Remuneration Committee.

P A Zwillenberg
CEO
Appointed to the Board and CEO: 2016

Skills and experience:
Paul Zwillenberg has over 25 years' experience across the media industry. He has a breadth of experience across DMGT's portfolio and a broad knowledge of the Group, having set up the digital division of dmg media (formerly Associated Newspapers digital) in 1996. Prior to joining DMGT, Paul was the Global Leader Media Sector and Senior Partner and Managing Director at The Boston Consulting Group and before that founded an early interactive media company and launched a European technology services firm.
Committee membership:
Investment & Finance and Executive.
Other appointments: Euromoney Institutional Investor PLC.

S W Daintith
Finance Director
Appointed to the Board and Finance Director: 2011

Skills and experience:
Stephen Daintith provides significant expertise in finance gained through a number of roles. He was COO and CFO of Dow Jones and previously CFO at News International. He held several CEO and CFO positions at British American Tobacco. Stephen is a chartered accountant.
Committee membership:
Investment & Finance, Risk (up to 30 September 2016), and Executive.
Other appointments:
Euromoney Institutional Investor PLC Audit Committee, RMS, Zoopla Property Group Plc and 3i plc.

K J Beatty
Executive Director
Appointed to the Board: 2004

Skills and experience:
Kevin Beatty brings a number of years' media industry experience. He is CEO of dmg media. He was Managing Director of the Scottish Daily Record and Sunday Mail. Kevin has been Managing Director of The Mail on Sunday, the Evening Standard and London Metro, COO of both Associated New Media and Northcliffe Newspapers.
Committee membership:
Executive.
Other appointments:
Newsmedia Association, World Association of Newspapers and News Publishers, PA Group, Regulatory Funding Company, Local World (until 13 November 2015) and Zoopla Property Group Plc (from 1 July 2016).

S Kavan
Executive Director
Appointed to the Board: 2016

Skills and experience:
Suresh Kavan has over 30 years' experience in the B2B information industry holding a variety of positions in sales, marketing, research, technology, product development, business development and general management. Suresh acts as CEO of dmg information, Chairman of dmg events and Chairman of RMS. Previously he was President of the Investment & Advisory group at Thomson Reuters, having joined Thomson Reuters in 2000 from I/B/E/S International, where he was President and CEO.
Committee membership:
Executive.
Other appointments (Group companies): dmg information, dmg events and RMS.

Lady Keswick
Independent Non-Executive Director
Appointed to the Board: 2013

Skills and experience:
Lady Keswick's extensive career is based in public policy and international affairs, particularly in Asia. She is Deputy Chairman of the Centre of Policy Studies and was a Special Policy Adviser to the Rt. Hon. Kenneth Clarke QC MP, working at the Departments for Health, Education and Science, the Home Office and HM Treasury. She previously worked in advertising and journalism. In September 2013, Lady Keswick was elected as Chancellor of the University of Buckingham.

A H Lane
Non-Executive Director
Appointed to the Board: 2013

Skills and experience:
Andrew Lane brings a range of experience of dealing in complex legal and regulatory matters. He is a partner at Forsters LLP and specialises in private client law.
Committee membership:
Investment & Finance, Risk and Audit & Risk (from 1 October 2016).
Other appointments:
Trustee of the Pension Fund of the Royal Agricultural Society of England.

D H Nelson
Non-Executive Director
Appointed to the Board: 2009

Skills and experience:
David Nelson provides the Board and Audit & Risk Committee with relevant financial expertise, gained through a career in accounting. He is Senior Partner at Dixon Wilson, Chartered Accountants, and a Non-Executive Director of a number of family companies. He is an adviser to UK-based families and their businesses, advising on financial and tax matters in the UK and overseas. He is a trustee of a number of substantial UK trusts.
Committee membership:
Investment & Finance, Audit & Risk and Remuneration & Nominations.

Board of Directors

P M Dacre
Executive Director
Appointed to the Board: 1998

Skills and experience:
Paul Dacre brings unparalleled experience of the UK newspaper industry. He joined the Group as US Bureau Chief in 1979. Appointed Editor of the Evening Standard in 1990, he has been Editor of the Daily Mail since 1992 and Editor-in-Chief of Associated Newspapers since 1998, years which saw the launches of Metro and MailOnline, respectively.

F P Balsemão
Independent Non-Executive Director (Portuguese)
Appointed to the Board: 2002

Skills and experience:
Francisco Balsemão provides the Board with insight into international relations, gained through his career as Prime Minister of Portugal and elected member of the State Council. He serves as Chairman of the European Publishers Council and sits on the International Advisory Board of Santander International Group.
Other appointments:
Impresa Group and IMPRESA, SGPS.

N W Berry
Independent Non-Executive Director
Appointed to the Board: 2007

Skills and experience:
Nicholas Berry's global commercial, B2B media ownership and emerging markets experience is of significant value to the Board. He is owner of Mintel International, and Intersport Switzerland Psc and Chairman of Stancroft Trust.
Committee membership:
Investment & Finance, Audit & Risk and Remuneration & Nominations.

J G Hemingway
Non-Executive Director
Appointed to the Board: 1978

Skills and experience:
John Hemingway provides the Board and Committees with expertise of legal matters. He recently surrendered his practising certificate as a solicitor for which he qualified in 1953. After national service in the RAF, John joined Freshfields in the City of London where he was a partner from 1960 to 1974. For more than 40 years, John has specialised in advising a select number of families on the structuring and management of their family resources. This remains his principal activity.
Committee membership:
Investment & Finance and Audit & Risk.

K A H Parry
Independent Non-Executive Director
Appointed to the Board: 2014

Skills and experience:
Kevin Parry is a chartered accountant who brings a broad range of experience and skills to the Board. He serves on a number of listed company boards and has previously been a Non-Executive Director of Schroders plc and Knight Frank LLP. He has extensive experience chairing audit and risk committees and being a member of remuneration and nominations committees. He was Group CEO of Management Consulting Group PLC and the managing partner of KPMG's information, communications and entertainment practice in London.
Committee membership:
Audit & Risk.
Other appointments:
Intermediate Capital Group plc, Nationwide Building Society, Standard Life plc, Royal National Children's Foundation and Homes and Communities Agency.

J H Roizen
Independent Non-Executive Director (American)
Appointed to the Board: 2012

Skills and experience:
Heidi Roizen provides the Board with experience in digital media, entrepreneurial growth and business development in both public and private companies in the US. She teaches entrepreneurship at Stanford University. Heidi was Vice President of Worldwide Developer Relations for Apple Computers, as well as being CEO and co-founder of pioneering consumer software company T Maker.
Committee membership:
Remuneration & Nominations.
Other appointments:
DFJ.

D Trempont
Independent Non-Executive Director (American)
Appointed to the Board: 2011

Skills and experience:
Dominique Trempont brings experience as a Chief Executive Officer, Chairman and Independent Board Director in large multinational high-tech companies and start-ups. He has extensive knowledge of online B2C and B2B markets. He is currently on the board of two US public companies (Real Networks and Energy Recovery Inc.) and one private company (on24), focusing on disruptive innovation and emerging markets.
Committee membership:
Audit & Risk.
Other appointments:
On24, Real Networks and Energy Recovery Inc.

C Chapman
General Counsel & Company Secretary
Claire Chapman acts as Secretary to the Board, Audit & Risk Committee, and Investment & Finance Committee. She is also a member of the Executive Committee. Claire is a qualified solicitor, England and Wales and Attorney, New York.

Martin Morgan and David Dutton each served on the Board for part of the year, until 30 May and 30 June, respectively.

CHAIRMAN'S STATEMENT ON GOVERNANCE

DMGT'S APPROACH TO GOVERNANCE IS DISTINCTIVE, AS WE ARE ABLE TO ADDITIONALLY RELY ON AND UTILISE THE SIGNIFICANT BENEFITS FROM THE FAMILY SHAREHOLDING AND THE LONG-TERM VIEW THAT THIS PERMITS.

The Viscount Rothermere
Chairman

In this section:

Strong governance is essential to the way we operate throughout the Group. It is a key factor in our ability to achieve growth in a profitable, responsible and sustainable manner and in how we maximise shareholder value over the long term. In practice, this means that the Board establishes a framework within which our businesses operate and deliver shareholder value. DMGT's approach to governance is distinctive, as we are able to additionally rely on and utilise the significant benefits from the family shareholding and the long-term view that this permits.

During FY 2016 the Board considered and approved a strategic review of our portfolio as described in the CEO's Strategy Review on pages 10 to 13. The Board is fully supportive of the strategic objectives and of Paul Zwillenberg and his team. Areas of particular focus for the Board include our approach to our portfolio of businesses and their continued growth, as well as divestments, rigorous financial management, balanced capital allocation and managing a strong balance sheet. Additionally the Board has focused on our people agenda and leadership capabilities.

It is vital to have the right composition of Directors and a Committee structure to support the new strategic agenda. In order to be agile and responsive to the needs of the businesses, and maximise effectiveness and the speed of decision-making, DMGT has simplified its governance structure, under Simplicity. The structure adopted from 1 October 2016 is detailed in the diagram on page 45.

I would like to thank John Hemingway and Francisco Balsemão for their contribution to the DMGT Board as they have both confirmed that they will not be standing for re-election at the Annual General Meeting (AGM) in February 2017. I would like to personally thank Francisco for his contributions to the Board over the last 14 years.

John Hemingway has served on the Board for 38 years and has additionally been a Director of, and adviser to, RCL. John has made an immense contribution to the Company, to myself and to my family, including my father. It is hard to summarise how valuable his advice and insights have been over a lengthy period, but I would like to note my sincere thanks to him for his tireless service.

This year we have decided to focus the governance report on the key information for shareholders in order to encourage clear and concise reporting. As a result we have moved more routine information such as our Investor Relations calendar and the Committee responsibilities and Terms of Reference onto our website.

www.dmgt.com/about-us/board-and-governance

The Viscount Rothermere
Chairman

Chairman's Statement on Governance

Committee Structure

The Board Committee structure, approval limits and key processes were analysed as part of a broader project to improve agility and efficiency, and to define the new Executive Committee's role and agenda. The new Committee structure is set out in the diagram below.

New Committee Structure

DMGT Board
Collectively responsible for the long-term success of the Company.

DMGT Board

Executive Committee
The Executive Committee is led by the Chairman and CEO. Its members are the CEOs of the B2B and Consumer divisions, the Finance Director and the General Counsel & Company Secretary. The Executive Committee meets weekly to discuss all aspects of the Group's performance and strategy, particularly performance management, capital allocation and senior talent considerations.

Audit & Risk Committee
The Audit & Risk Committee has responsibility for:
- the Company's financial reporting;
- narrative reporting;
- whistleblowing arrangements;
- internal financial controls;
- the Internal and External audit processes; and
- the signing off of external disclosures.

It also oversees:
- the Group's risk register, risk appetite and tolerance, including as part of the Viability Statement;
- developments in relevant legislation and regulation; and
- the Group's system of internal controls and risk management.

The decision taken to combine the Audit Committee and Risk Committee allows a single Committee to look across the range of financial and non-financial risks which the Group may face, alongside its internal controls.

Remuneration & Nominations Committee
The Remuneration & Nominations Committee ensures that remuneration arrangements support the strategic aims of the business and enable the recruitment, motivation and retention of senior executives in a manner that is aligned to shareholder interests, while also complying with the requirements of regulation. It also reviews the structure and composition of the Board and its Committees, in particular the skills, knowledge and experience of Directors. Time is allocated at each meeting for both Remuneration and Nominations matters, to ensure that all items are adequately addressed. The single Committee (combined in February 2016) approach, with specific time allocations, ensures efficiency in how the Committee operates taking into account the similarity of topics under review.

Investment & Finance Committee
The Investment & Finance Committee evaluates investment opportunities and financing proposals and monitors returns on investments made.

Disclosure Committee
The Disclosure Committee ensures, under delegated authority from the Board, that the Company complies with its disclosure obligations, specifically under the Market Abuse Regulation and related legislation.

Corporate Responsibility
During the course of the year, the Corporate Responsibility (CR) Committee undertook a review of its activities including a survey of a representative sample of employees from across the Group with a view to understanding the Group's CR needs and aims. The results of the survey were positive in that CR activities were strongly welcomed as part of employee engagement. However, in light of these findings, the approach of simplifying how we operate, and to minimise duplication, we have decided that CR activities will form part of the employment proposition workstream, headed up by HR (see Our People and Our Communities on page 38).

Committee and governance changes

The Board approved the following changes for FY 2017:

- reduce the number of committees to: Audit & Risk, Disclosure, Remuneration & Nominations (a change approved and implemented previously), Investment & Finance and Executive (see the diagram above);
- a new cycle of business reviews of the operating companies, to focus on performance, strategy execution and talent; and
- simplify the approval limits structure to improve the process and speed of decision-making, including reviews of the M&A approval process.

Simplicity

Simplicity has looked at our governance and our support functions including finance, HR, business development and legal. We want to embrace the special and individual entrepreneurial business cultures that we have across DMGT, but at the same time, to leverage our scale, particularly in how we support the businesses through our core functions. We have implemented some changes already. This includes the formation of the Executive Committee (see page 51) and the changes to streamline our Board and our Committee structure and operations (see above). Initiatives under this project will evolve and will underpin and support our businesses, allowing them to focus on what they do best – serve our customers and our markets.

As a result of these changes each of the Committees' Terms of Reference have been updated and these can be found on our website.

www.dmgt.com/about-us/board-and-governance

CORPORATE GOVERNANCE

Family shareholding

RCL is a holding company incorporated in Bermuda. The main asset of RCL is its holding of DMGT Ordinary Shares. RCL is owned by a trust (Trust) which is held for the benefit of Lord Rothermere and his immediate family. Both RCL and the Trust are administered in Jersey, in the Channel Islands. The directors of RCL, of which there are seven, included two directors of DMGT during the reporting period: Lord Rothermere and John Hemingway.

RCL has controlled the Company for many years. RCL maintains that the Company should be managed in accordance with high standards of corporate governance for the benefit of all shareholders; this has been the case throughout the period of RCL's control.

RCL has again indicated to the Company that its intentions for the Company's governance are long-term in nature and that it will discuss with the Board of the Company any material change in its intentions. In particular, RCL has confirmed its intention that the Company will:

- continue to observe the Listing Principles in their current form;
- continue to maintain a securities dealing code for certain of its employees;
- continue to observe the UK Corporate Governance Code on a 'comply or explain' basis; and
- have an appropriate number of independent Non-Executive Directors on its Board.

It is also intended by RCL that the Company's independent Directors at the time would take decisions on behalf of the Company in relation to any proposed transaction between the Company and RCL, or between the Company and an associate of RCL, where any such proposed transaction would have been a related party transaction under Chapter 11 of the Listing Rules in its current form.

UK Corporate Governance Code

The UK Corporate Governance Code (Code) is an important part of how we operate. It also allows a 'comply or explain' approach to achieving best governance practice. We have chosen to explain our governance practices if these do not fully meet the principles of the Code. This allows us to recognise our requirements and the benefits of our shareholding structure. Our explanations are set out in the relevant sections of Corporate Governance.

Information required under DTR 7.2.6 is provided on page 84 and forms part of this Report.

Leadership

The Board has a duty to promote the long-term success of the Company for its shareholders. This includes: the review and monitoring of strategic objectives; approval of major acquisitions, disposals and capital expenditure; financial performance; reviewing the effectiveness of the Group's systems of internal controls; governance; risk management; and training and development.

Persons Discharging Management Responsibility

As part of the Company's continuing obligation to ensure compliance with the Listing Rules and related regulations, we have identified that Directors and other senior executives who have regular access to inside information and the power to make managerial decisions affecting the future development and business prospects of the Company are those on the Board and/or Executive Committee.

How the Board operates

There is a schedule of matters reserved to the Board. This details key matters in respect of the Company's management that the Board does not delegate. This can be seen at www.dmgt.com/about-us/board-and-governance. If any Director had any concerns about the way the Board was operating, these would be recorded in the minutes. No such concerns were raised during the reporting period. Day-to-day management of the Company is the responsibility of the Executive Committee and of the executive management of the operating businesses.

Delegation of authority

The Board has delegated certain activities to Board Committees, under formal terms of reference, details of which are set out on pages 51 to 59 and the full Terms of Reference for which can be found on the DMGT website at www.dmgt.com/about-us/board-and-governance.

Division of Chairman and CEO responsibilities

In accordance with the Code, the roles of Chairman and CEO are separate. With the appointment of a new CEO during the year, the respected roles and responsibilities were reviewed to ensure they remain appropriate. The Chairman is responsible for leading the Board and overseeing operations and strategy. The CEO is responsible for the execution of the strategy and the day-to-day management of the Group and is supported by the Executive Committee.

Non-Executive Directors

The Non-Executive Directors, as members of the Board and its Committees, are responsible for ensuring the Company has effective systems of internal controls and risk management and additionally, for monitoring financial performance. All Committee Chairmen report to the Board on Committee activity at each Board meeting.

Senior Independent Director

The Chairman has an interest in all the Ordinary Shares of the Company through the Trust and so there is no need for a Senior Independent Director to represent Ordinary Shareholders. Accordingly the Board has not appointed a Senior Independent Director as recommended under Code principle A.4.1. The Remuneration & Nominations Committee (without the Chairman being present) annually assesses the Chairman's performance. Other Directors consider that they can represent themselves freely to the Chairman. However, when a situation arises that would best be handled by an individual Independent Non-Executive Director, the most appropriate person is appointed by the Board (with or without the Chairman being present, as appropriate).

Independence

The Board has determined that Francisco Balsemão, Nicholas Berry, Lady Keswick, Kevin Parry, Heidi Roizen and Dominique Trempont are independent within the meaning of the Code. Nicholas Berry and Francisco Balsemão have been on the Board for 10 years. The Board has reviewed their independence against the Code, recognising that longevity of service is only one factor to be taken into account. The Board is satisfied that they have continued to demonstrate independence in terms of character and judgement.

David Nelson and Andrew Lane are not considered to be independent within the meaning of the Code, as they are each advisers to the Chairman and to RCL. 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 employees.

The Board believes that its current composition is appropriate taking into account the heritage of the Group, the interests of our operating businesses represented on the Board, and that a good balance is achieved from the Board's Non-Executive Directors in terms of skill and independence. The Board keeps this under review. Less than half of the Board are independent Non-Executive Directors, which is not in line with principle B.1.2 of the Code.

Effectiveness

The Board reviewed its effectiveness within the context of the principles and provisions of Section B of the Code. In addition to its review of independence and the Board evaluation process, discussed separately in the box to the right, the Board discharged its Code duties as follows:

- appointments: the Remuneration & Nominations Committee is responsible for referring potential appointments to the Board for approval and is assisted by the CEO. Further details are in the Remuneration & Nominations Committee Report on page 58;
- time: the time commitment of each Non-Executive Director is set out in his/her Letter of Engagement. Each Letter of Engagement is renewed annually following a review by the Remuneration & Nominations Committee and the shareholder vote at the AGM;
- multiple commitments: the Remuneration & Nominations Committee recognises that Board members may be directors of other companies and that additional experience is likely to enhance discussions at the Board. Details of any additional directorships are on pages 42 and 43. Executive Directors are generally permitted to hold non-executive directorships as long as it does not lead to conflicts of interest or time;
- development and information: on joining, Directors receive a comprehensive, tailored induction programme, which includes time with the General Counsel & Company Secretary, the Executive Directors and a range of senior managers across the Group. During the year, the Board has received updates on key areas of finance and governance as well as areas of the business; and
- re-election: in line with the Code, all Directors are eligible to stand for re-election annually and will do so at the 2017 AGM.

Relations with shareholders

Any concerns raised by shareholders in relation to the Company and its affairs are communicated to the Board through regular briefings. Analyst reports are circulated to the Board. Feedback from meetings held with the executive management, or the Investor Relations team and institutional shareholders, are also communicated to the Board.

The Company's website, www.dmgt.com, provides the latest news, historical financial information, details about forthcoming events for shareholders and analysts, and other information regarding the Group.

Evaluation

In 2016, the Board undertook a review of its own performance and those of its Committees, which built on the results of the 2015 review. The review was conducted through an internal process facilitated by the General Counsel & Company Secretary. A questionnaire was used focusing on the remit and key issues facing the Board. The review focused on a series of specific questions covering areas reserved to the Board. In particular, the Board considered how it was discharging its strategic remit and reviewed key issues facing the Group and its businesses.

Completed questionnaires were submitted and reviewed by the Chairman. A summary of findings was presented to the Board in a manner that did not identify individual specific responses, ensuring that the follow-up discussion with the entire Board was open. The responses showed that the Board welcomed the process and that overall, the Board was happy with the progress during the year and that the Board and its Committees continue to function well.

Actions arising from the evaluation included ensuring that time on the Board agenda was allocated for:

- reviews of major projects and lessons learnt during the year;
- continued review of the composition of the Board through the Remuneration & Nominations Committee;
- continued follow-up on key matters and actions arising at Board meetings; and
- continued reviews of strategy, with close alignment of the Board and the Executive Committee agenda.

Corporate Governance

Board composition and diversity

We have continued to review the composition of the Board during FY 2016 to ensure that we have the right mix of members to contribute effectively to the development of our strategy and how we operate. In addition to Paul Zwillenberg's appointment to the Board on 1 June 2016, to ensure the mix of skills and expertise represented complements our strategic goals, Suresh Kavan, CEO of DMGT's B2B businesses, was appointed to the Board to represent the businesses he is responsible for. As mentioned in the Chairman's Statement on page 2, Martin Morgan and David Dutton retired as Directors during the year. As announced on 2 and 5 December 2016 respectively, Francisco Balsemão and John Hemingway will not seek re-election at the Annual General Meeting in February 2017.

The Board believes that diversity is broader than gender. We consider diversity in its broadest sense in reviewing how the Board operates and its composition. We do not see this as solely a compliance issue and consider that there is a risk that it becomes seen as such. The split of the Group's profits between our US and other businesses, the global nature of our operations and the range of activities undertaken across the Group has been reflected over recent years in our Board appointments. Maintaining this broad range of appropriate skills and experience will continue to be a factor in our Board succession planning. The Board is aware of and takes into account the principles regarding diversity of its senior management. This is considered as part of the senior management appointment process. Further details on our approach are included in the Remuneration & Nominations Committee Report on page 58.

In preparation for Gender Pay Reporting obligations anticipated to be applied from April 2017, we have created a working group of HR and payroll representatives from Group businesses in order to be able to report the necessary data and monitor developments.

DMGT Board – membership

Member	Member for the full period	Meetings held	Meetings attended
Chairman The Viscount Rothermere	Yes	5	5
CEO from 01/06/2016 P A Zwillenberg	No Joined 01/06/2016	2 After 01/06/2016	2
Finance Director S W Daintith	Yes	5	5
Executive Directors			
K J Beatty	Yes	5	4
P M Dacre	Yes	5	5
S Kavan from 01/07/2016	No Joined 01/07/2016	2 After 01/07/2016	2
Non-Executive Directors			
F P Balsemão	Yes	5	5
N W Berry*	Yes	5	3
J G Hemingway*	Yes	5	4
Lady Keswick	Yes	5	5
A H Lane	Yes	5	5
D H Nelson	Yes	5	5
K A H Parry	Yes	5	5
J H Roizen	Yes	5	4
D Trempont	Yes	5	5
Former Board members			
M W H Morgan CEO until 31/05/2016	No Left 31/05/2016	3 Before 31/05/2016	3
D M M Dutton until 30/06/2016	No Left 30/06/2016	3 Before 30/06/2016	3

* Nicholas Berry and John Hemingway were absent from meetings due to ill health.

The Board's focus in 2016

Board members have visited, and received presentations and functional area updates from, DMGT's operating businesses on a rolling basis. During the year, as part of the Directors' ongoing development, these updates were a combination of presentations to the whole Board and smaller groups as deemed appropriate and detailed below.

Portfolio management and strategy

- A strategic review of our portfolio.
- Simplicity.
- Non-Executive Directors David Nelson, Heidi Roizen and Dominique Trempont attended RMS Exceedance in Miami in May 2016.
- Presentations by Euromoney, RMS, Landmark and Xceligent.

Risk management

- The Group's risk appetite for 2017 as part of the Viability Statement approval process.
- With the support of the Risk and Audit Committees, review of principal risks, other key risk areas and performance against risk appetite.

People

- Discussions regarding senior appointments and succession planning.
- Updates on talent management.

Finance and capital

- Assessment and monitoring on a regular basis, performance against agreed financial targets, budget and returns on investment.
- Approval of authority limits and process for investments.
- Assessment and monitoring of approach to pensions and tax policy.

Governance

- Regular updates throughout the year including on the Market Abuse Regulation, the Human Trafficking and Modern Slavery Statement, the Viability Statement as well as from the Committee Chairmen.
- Approval and changes to updated versions of Terms of Reference and matters reserved to the Board.
- Review of the quality of the External Audit.

Board oversight of risk management and internal controls

The Board delegated day-to-day responsibility for internal controls to the Audit Committee, and for risk management to the Risk Committee. Following our review of operational effectiveness (Simplicity) a decision was taken to combine the activities of the Risk Committee and the Audit Committee to enable more collaboration and align with our goal of more agile decision-making. The Board considers the newly formed Audit & Risk Committee possesses the requisite skills and experience to meet its obligations and provide the relevant assurance to the Board, as well as delegating matters to the operating businesses. Operating and investment decisions were delegated to the Investment & Finance Committee. Further details of the activities of these Committees are on pages 51 to 59.

The Board has overall responsibility for establishing, monitoring and maintaining an effective system of risk management and internal controls. This system provides reasonable rather than absolute assurance that the Group's business objectives will be achieved within the risk tolerance levels defined by the Board.

The Group operates on a divisional basis, with each of the divisions having some autonomy regarding the establishment of risk management and internal control systems. Overseeing the divisional structure is a central management team, which reports to the Board. Certain functions are undertaken centrally, including: Group accounting; investor relations; strategy; risk; internal audit; corporate tax; treasury; property; pensions; insurance; senior management reward; senior recruitment; and HR.

The Board has established an ongoing process for identifying, evaluating and managing the principal risks faced by the Company. This system has been in place for the year and up to the date of approval of the financial statements. Monitoring is an ongoing process and principal risks are formally reviewed at half year and year end.

Risk management function

The Group has taken the decision to split the Risk & Assurance function into its constituent elements: Risk, and Internal Audit. The Board believes that this will minimise the self-review threat across our 'three lines of defence' model (see page 50). The Risk function will provide an increased focus on priority risk areas in the new operating model. It is responsible for maintaining the Group risk management process, facilitating change for select risks, evolving our approach to operational compliance, and working with other Group functions. The Risk function sources specialist external expertise to maintain best practice approaches. To enable timely escalation of emerging risks, the Head of Risk reports to the Executive Committee via the General Counsel & Company Secretary and meets with the Chairman of the new Audit & Risk Committee independent of management.

Internal Audit

The Internal Audit function undertakes an agreed programme of independent assurance reviews. The function sources external expertise as required from specialist suppliers. This mix of internal and specialist resource works well in practice. Internal Audit seeks to comply with relevant professional standards, notably those issued by the Institute of Internal Auditors in England and Wales.

Corporate Governance

The Internal Audit Charter (Charter) sets out the purpose and objectives of Internal Audit, bringing a systematic and disciplined approach to the evaluation and improvements in control and governance processes. The Charter strengthens the function's independence and objectivity by means of the function's reporting lines and access to all records, personnel, property and operations of the Group. To ensure his independence from management, the Director of Internal Audit reports directly to the Chairman of the Audit Committee (now Audit & Risk Committee). The Charter confirms the high-level responsibilities of operational management (first line of defence) and ensures that the Internal Audit function undertakes its third line of defence duties, avoiding any first- or second-line duties. The Charter is reviewed annually to take account of changing practices and standards. The Audit Committee (now the Audit & Risk Committee) is satisfied that the provisions of the Charter have been achieved in the year.

The Board formally evaluated the system of risk management and internal control in conjunction with the Risk and Audit Committees (see pages 51 to 57). This evaluation focused on material controls relating to principal risks and entity-level controls, as well as any additional controls and processes required to support the Company's Viability Statement (see page 35). The evaluation also considered any control weaknesses identified by Internal or External Audit, or as a result of incidents of fraud. Controls over the recording of amounts in the Group's consolidated financial statements relating to investments have also been assessed and considered as appropriate.

Euromoney is subject to the requirements of the Code in its own right. As disclosed in its Annual Report, it has in place its own system of internal controls and risk management processes which form part of the Group's overall framework of control.

The Directors have excluded joint ventures and associates, principally Zoopla Property Group Plc, from their assessment of the Group's Code compliance, as DMGT does not have the ability to dictate or modify controls at these entities.

Monitoring and oversight

The Group operates a 'three lines of defence' model. The benefits of the approach are shown in the table below. The Board delegated day-to-day responsibility for internal controls to the Audit Committee, and for risk management to the Risk Committee. From 1 October 2016, these duties are all now delegated to the combined Audit & Risk Committee.

Three lines of defence table

First line of defence	Second line of defence	Third line of defence
Each operating business is responsible for the identification and assessment of risks, understanding the Group's risk return strategy and operating appropriate controls.	Risk, supported as appropriate by other functional areas, particularly legal, tax and finance, reviews the completeness and accuracy of risk assessments, reporting and adequacy of mitigation plans.	Internal Audit provides independent and objective assurance on the robustness of the risk management framework and the effectiveness of internal controls.
Benefits • Ownership and responsibility remains close to the operating businesses and their attendant performance. • Promotes a strong culture of adhering to limits and managing risk exposures in accordance with each business's risk appetite and the regulatory environment. • Promotes a healthy risk culture and long-term approach to risk management.	**Benefits** • Understand aggregated risk positions. • Objective oversight and challenge to the business areas and internal control and risk management framework used in the first line. • Provide ongoing training and support on Group-wide risks to the operating businesses.	**Benefits** • Independent assurance on the system of risk management and internal controls. • Assessment of the appropriateness and effectiveness of internal controls. • Internal Audit provides assurance to the Audit & Risk Committee.

Key features of the risk management and internal controls system
The main features of the system of risk management and internal controls in relation the financial reporting process are described below:

1. Confirmation of key internal controls, and fraud and bribery assessment
Each operating business confirms the operation of key internal controls to Group Finance and Internal Audit annually. The purpose of the assessment is to confirm the operation of a framework of internal controls, including anti-fraud controls, which are expected to be in place in each business unit. These internal controls are intended to provide standards against which the control environments of DMGT's business units can be monitored. An annual fraud and bribery risk assessment is completed simultaneously, detailing risks and mitigating controls. In each case, the Internal Audit team reviews and follows up on these submissions, as appropriate.

2. Review of relevant and timely financial information
Each of the operating businesses and DMGT executive management regularly reviews relevant and timely financial information. This is produced from a financial information system operated across the Group. It is supported by a framework of forecasts as well as annual budgets that are approved at a divisional level by the Executive Committee and confirmed by the Investment & Finance Committee.

3. Senior Accounting Officer sign-off
The Group Finance Director is the Senior Accounting Officer and is required, by HMRC, to certify that the Company, and its subsidiaries, have established and maintained appropriate arrangements to ensure that tax liabilities are calculated accurately in all material respects.

Fair, balanced and understandable

One of the key governance requirements of a group's annual report is for it to be fair, balanced and understandable. The coordination and review of Group-wide input into the Annual Report is a specific project, with defined time frames, which runs alongside the formal audit process undertaken by the External Auditor. The Audit Committee's and the Board's confirmations of satisfaction with the process and the statements being made is underpinned by:

- comprehensive guidance being provided to the operating businesses in respect of each of the requirements for, and each of their contributions to, the Annual Report;
- a verification process in respect of the factual context of the submissions made;
- comprehensive sign-off process by owners of all statements made; and
- comprehensive reviews undertaken at different levels of the Group with the aim of ensuring consistency and overall balance.

As a result of this process, the Audit Committee and the Board are satisfied with the overall fairness, balance and understandabiity of the Annual Report.

Board Committees

All Committees in this section are described as they were prior to the Governance changes made on 1 October 2016.

EXECUTIVE COMMITTEE

The Executive Committee is the key executive management body, responsible for the day-to-day operation of the Group in line with the overall strategic aims set by the Board.

Membership

Members of the Executive Committee attended all meetings, except for cases of annual leave or personal commitments.

The Executive Committee, formed in June 2016, meets weekly. It has a broad remit covering strategy and its execution, and operational performance oversight.

Member	Member for full period
The Viscount Rothermere	Yes
P A Zwillenberg	Yes
S W Dainthith	Yes
K J Beatty	Yes
C Chapman	No Joined 01/10/2016
S Kavan	Yes

Key activities

- Business reviews with all operating businesses at least twice yearly.
- Performance management review and analysis.
- Talent management.
- Review of key investment opportunities and capital allocation decisions.
- Budget approval and tracking against budget.

Governance

Membership of the Committee is designed to represent all key business and functional areas. It ensures that there is appropriate support for and challenge to the operating businesses.

RISK COMMITTEE

Oversight of the risk management process was provided by the Risk Committee during the year.

There is a comprehensive process to review significant business risks to the Group including financial risk, operational risk and compliance risk that could affect or impact the achievement of the Group's strategy and business objectives.

Given the Group's divisional structure, a flexible approach to risk management has been implemented so that each operating business can tailor and adapt its processes to its specific circumstances. This approach, which provides an overarching framework for acceptable risk-taking, has the support of the Executive Committee and the executive management of the operating businesses.

A Group-wide risk assessment process is managed biannually by the new Risk function, reviewing risks to the achievement of business plans in operating businesses. The results are collated and presented to the Risk Committee and an overall Group-wide risk plan is derived from these results. This process assists management in identifying internal and external threats and prioritising responses to them. This identification is aimed at providing the Risk Committee with insight into any material changes and trends in the risk profile and to evaluate whether the system, including reporting and controls, adequately supports the Board in its risk oversight. Principal risks and mitigating actions are set out on pages 28 to 31.

Membership

The Risk Committee has been supported in its activities during the year by the Head of Risk. Membership and meetings are shown below.

Member	Member for the full period	Meetings held	Meetings attended
K A H Parry (Chairman from 01/06/2016)	Yes	4	4
C Chapman	Yes	4	4
S W Daintith	Yes	4	4
A H Lane	Yes	4	3
Former members			
M W H Morgan (Chairman to 31/05/2016)	No Left 31/05/2016	3 Before 31/05/2016	3
D M M Dutton	No Left 30/06/2016	3 Before 30/06/2016	3

Note: All members stood down from this Committee on 30 September 2016. This Committee was then combined with the Audit Committee to form the Audit & Risk Committee. For members of the new Audit & Risk Committee see page 53.

Key activities

- The Risk Committee reviewed the Group's risk management processes and the Group risk register. It received presentations from head office and a selection of the operating businesses on their individual risk registers.
- As part of our drive to improve the Group's governance, risk, and compliance capability, the Risk Committee focuses on a rolling programme of topics:
  - information security is a principal risk, as such each operating business's information security, cyber resilience and implementation of the Group's information security standards was considered at each meeting;
  - a key compliance focus area over the next two years will be responding to the new EU GDPR in the most efficient and effective way, bringing further resilience to our businesses;
  - further activity will be undertaken to refresh core compliance training topics to continue to engage our employees effectively with the compliance agenda; and
  - other specific risk reviews included business continuity, data protection, health and safety, and insurance.

Governance

- The Risk Committee comprised both independent and non-independent Directors contrary to the Code recommendation. This was deemed appropriate given the separation of Risk and Audit activities, the focus on operational in addition to strategic risks, and the oversight provided by the Board.
- The Risk Committee reported to the Board on its operations and the Group's principal risks and uncertainties.
- From 1 October 2016 the combined Audit & Risk Committee will comprise only Non-Executive Directors and three of these are considered by DMGT to be independent.
- Next year's report will be a combined report of the Audit & Risk Committee which will have operated throughout the year ending 30 September 2017.

AUDIT COMMITTEE: CHAIRMAN'S INTRODUCTION

We focus our work on judgemental areas of accounting and auditing in the context of our changing business. In the year ahead, the format of meetings will change substantially as a result of combining the Risk Committee with the Audit Committee.

We added the scrutiny of tax and enhanced our review of the work of external audit during the year. The extension of our work has bedded in well.

The following pages set out the Audit Committee's Report for the financial year. The Report is structured in five parts:

1. summary of how the Committee operates: membership, key responsibilities; and governance as well as effectiveness;
2. review of the year: the significant financial reporting and auditing issues we addressed;
3. internal controls: the assessment of the adequacy of the control framework;
4. Internal Audit: the scope of their work including key reviews; and
5. External Auditor: appointment, independence, effectiveness and objectivity.

During the year, the Audit Committee worked closely with the Risk Committee to cover pertinent topics in the most suitable forum. To avoid duplication, the Risk Committee and the Audit Committee are combined from 1 October 2016. All members of the Audit Committee are Non-Executive Directors and there is continuity of membership in the new Audit & Risk Committee. Andrew Lane, a solicitor, is joining the newly formed Audit & Risk Committee. The Committee continues to be regularly attended by financial and other management to provide reports and context to the Committee.

The Audit Committee approves an annual audit plan that is flexible enough to embrace intra-year changes fluctuations due to changed circumstances, such as acquisitions, disposals, extensive management change etc. In setting the plan, the scope of Internal Audit work is considered for each division (including head office) and takes account of assessments of risk, input from senior management and the Audit Committee, and previous findings. Some audits are undertaken for the Group as a whole. For example, this year there was a Group-wide emphasis on cash collection management, information security, cyber crime, culture and anti-fraud and bribery procedures. Other issues selectively audited included revenue recognition and payroll. Each year, the Audit Committee assesses recommended changes to the annual plan to ensure that total coverage meets its requirements and that the budget and resource levels are adequate.

At each Audit Committee, the Director of Internal Audit addresses key matters which have arisen, focusing on audits with the most significant findings. Additionally, common themes are drawn out so that management can make early enquiries of businesses not recently visited with a view to heading off potential issues.

Throughout the year, there was a range of outcomes from the internal audits. The Audit Committee welcomes the identification of areas for improvement and places higher emphasis on actions taken as a result of review points than on particular findings at the time of review. Whenever deficiencies or opportunities for improvements are identified, the Audit Committee's emphasis is on the appropriateness of the reaction to the identified issue. We look to management to take timely and proportionate steps to eliminate weaknesses and we monitor their adherence to agreed timescales.

Kevin Parry
Chairman

Membership

Member	Member for the full period	Meetings held	Meetings attended
K A H Parry (Chairman)*	Yes	4	4
N W Berry*	Yes	4	3
J G Hemingway	Yes	4	3
A H Lane**	No	0	0
D H Nelson	Yes	4	4
D Trempont*	Yes	4	4

* Independent Director.
** Member of the Audit & Risk Committee from 1 October 2016.

The Committee meets regularly, at least four times a year. All members of the Committee are Non-Executive Directors and the majority are Independent Non-Executive Directors. The Audit Committee members continue to represent the necessary range of financial, risk, control and commercial expertise required to provide an effective level of challenge to management. Kevin Parry is a former senior audit partner, former chief financial officer and chairs two audit committees at financial institutions. David Nelson is the senior partner of an accounting practice. Consequently Kevin Parry and David Nelson continue to be designated for Code purposes as the financial experts with competence in accounting and auditing.

Key activities

- Clarifying the basis of alternative performance measures.
- Challenging management's accounting judgements relating, in particular, to impairments.
- Appointing a new Director of Internal Audit.
- Reviewing and discussing Internal Audit reports to maintain their contribution to improving the control environment.
- Decluttering the Annual Report to improve communications with shareholders.
- Review of Simplicity and associated restructuring costs.

Governance

The integrity of the Group's financial results and internal control systems are important to the Directors and the shareholders. They are particularly important to DMGT because the Group's delegated management style requires reliable measurement of achievements against strategic objectives. Consequently, the Audit Committee encourages and seeks to safeguard high standards of integrity and conduct in financial reporting and internal control. The Audit Committee tests and challenges the results and controls in conjunction with management and the Internal and External Auditors.

The Audit Committee has fulfilled its responsibilities during the year and confirms the Group is in compliance with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014. The Audit Committee is permitted to obtain its own external advice at the Company's expense. No such advice was sought during the year.

John Hemingway and David Nelson are advisers to the Harmsworth family and are not Independent Directors. This is a deviation from Code Principle C.3.1. The Board considers that their membership adds to the deliberations of the Audit Committee and the Audit Committee Chairman confirms there was no conflict of interest during the year. From 1 October 2016, Andrew Lane, who is also an adviser to the Harmsworth family interest, joined the Committee.

The combined Audit & Risk Committee approved new Terms of Reference which applied from 1 October 2016.

How the Committee operates

During the year Audit Committee meetings were scheduled to take place around the time of the Risk Committee meetings and just prior to Board meetings to maximise the efficiency of interactions. Reports are made to each Board meeting on the activities of the Audit Committee, focusing on matters of particular relevance to the Board in the conduct of its work.

The Audit Committee has been supported in its activities during the year by the CEO, Finance Director, Group Financial Controller, Head of Risk, Director of Internal Audit and the General Counsel & Company Secretary. These individuals generally sponsor papers for the Audit Committee, which are typically distributed one week prior to meetings.

The External Auditor is invited to each meeting. The Audit Committee has met regularly and separately with the Finance Director, the External Auditor and Director of Internal Audit, without others being present.

Effectiveness

The Audit Committee reviews its terms of reference and effectiveness annually.

The effectiveness of the Audit Committee has been internally reviewed by its members and by the Board. The review confirmed that the Audit Committee remained effective at meeting its objectives, the principles of the Code and the needs of the Group.

The Audit Committee also assessed the quality of the Internal Audit function during the year without considering it necessary to engage an outside review. The last external review was performed three years ago and it is the Audit Committee's intention to commission an external review in the year ending 30 September 2017. Based on its internal review, the Audit Committee concluded that the function is highly effective.

Review of the year

Summary of meetings in the year

The Audit Committee held four meetings during the year, with the November and May meetings specifically aligned with the full- and half-year results. The Audit Committee works with executive management, External Auditors and the Risk and Internal Audit functions to discuss judgemental issues at an early and relevant opportunity.

This resulted in informed decisions made on the basis of quality papers which provide a thorough understanding of facts and circumstances, and act as a backdrop to insightful discussions.

There was no disagreement over accounting or reporting outcomes with management or the External Auditors during the reporting period.

The Audit Committee has focused its time on financial reporting policies and presentation, the valuation of intangible assets and the External and Internal Audit arrangements and findings.

Over the course of the year the Audit Committee considered and discussed the significant matters relating to financial reporting and accounting, as set out in the table below.

The issue and its significance	Focus of work	Comments and conclusion
Financial reporting The content of the annual and semi-annual reports and trading updates needs to be appropriate, complying with laws and regulation.	We reviewed our approach to the Annual Report to improve its clarity, reduce clutter and avoid immaterial adjustments to operating profit. We specifically reviewed: • all accounting policies for continued appropriateness and consistency of application; • all sections of the Annual Report having particular regard for the Audit Committee's responsibilities for the financial statements; • reports from financial management, Legal, Risk and Internal Audit which confirmed compliance with regulations; and • the financial risks and papers to support the going concern basis of accounting.	To reduce clutter, we continued to reduce notes to avoid immaterial disclosures. A materiality threshold of £5 million has been set for exceptional items unless continuation of activity previously disclosed as exceptional. There were no important changes to accounting policies. Based on our enquiries of management and the external auditors, we concluded the policies were being properly applied. We were satisfied that judgemental matters were explained. We were satisfied that the Group complied with reporting requirements.
Taken as a whole, the Annual Report needs to be fair, balanced and understandable so that it is relevant to readers.	We continued our practice of comparing our Annual Report with those of other relevant companies and asked our External Auditors for improvement recommendations. Drafts of the Annual Report were reviewed by both the Audit Committee and the Board. We used the Executive Directors', the External Auditors' and the Audit Committee's knowledge to determine the overall fairness, balance and understandability of the Report, prior to its final approval by the Board.	We received confirmation that individuals' responsibilities had been fulfilled and confirmed that the overall Report was consistent with the Directors' knowledge. This allowed the Audit Committee and the Board to be satisfied that the Annual Report taken as a whole is fair, balanced and understandable. We were satisfied that the information presented in the Strategic Report was consistent with the performance of the business reported in the financial statements. In particular, we were satisfied that the estimates and quantified risk disclosures in the financial statements are consistent with those identified in the Strategic Report. The Committee concluded that appropriate judgements had been applied in determining the estimates and that sufficient disclosure has been made to allow readers to understand the uncertainties surrounding outcomes. We were satisfied that the Viability Statement should consider a three-year period reflecting both our internal planning cycle and the timescale over which banking facilities are available. We will continue to monitor feedback for future enhancements to the Annual Report.

Corporate Governance

The issue and its significance	Focus of work	Comments and conclusion
Financial reporting continued The Annual Report includes a number of non-GAAP measures. See Note 13 and pages 35 and 36.	In addition to the disclosure of operating profit before and after specified adjustment, other non-GAAP measures (known as alternative performance measures) are disclosed in the Annual Report, e.g. underlying revenue growth; net debt to EBITDA ratio. A seminar was held for management by our Auditors. The Chairman of the Committee attended on behalf of the Audit Committee. We commissioned Internal Audit to review other alternative performance measures to ensure whenever possible that they were third-party sourced or otherwise robustly compiled.	We decided to continue to adjust operating profit for intangible asset amortisation and compensation in the nature of capital payments because they are akin to goodwill which is capitalised. Additional adjustments have been made to exclude the impact of exceptional costs and goodwill. The adjustments assist understanding of the outcome for the reporting period. However, we also determined that communication would be enhanced by avoiding immaterial adjustments and combining similar items. We determined that the published data was of a high quality and helps a shareholder understand progress (particularly in the digital arena). Sources of data are disclosed.
Accounting judgements The Group has capitalised software development costs, other intangible assets and goodwill associated with acquisitions. Goodwill and intangible assets represent 185% (2015 198%) and 94% (2015 92%) respectively of the net assets. The carrying values need to be justified by reference to future economic benefits to the Group (see Notes 21 and 22).	We ensured capitalised costs were separately identifiable and met the relevant accounting standard. We considered whether there have been events triggering an impairment review. Where there was such an event and whenever impairment testing is otherwise required, we reviewed papers prepared by executive management to determine whether an impairment had taken place. We focused on facts, assumptions, methodologies and discount rates. We received input from both operational and financial management and also reviewed relevant external commentaries.	We were satisfied that costs should be capitalised. Our reviews embraced sensitivities to changes in assumptions which allowed us to understand the materiality of conclusions in the context of our financial reporting. We focused on Elite Daily, Genscape, RMS(one) and Xceligent. We were satisfied with the impairments for Indaba, Total Derivatives, Hedge Fund Intelligence and Elite Daily. The Audit Committee noted that the conclusions were sensitive to future outcomes. Some combined downside sensitivities could trigger impairments if they occur in the future.
The Group carries deferred tax assets in respect of brought forward losses and deferred interest that represent 32% (2015 37%) of net assets (see Note 38).	At the year end, the Group recognised deferred tax assets of £169.3 million in respect of brought forward losses and deferred interest.	The assets were recognised following a detailed review of how the brought forward tax losses would be utilised and we were satisfied that changes to tax laws internationally did not adversely impact the carrying value of the total assets.

The issue and its significance	Focus of work	Comments and conclusion
Accounting judgements continued		
The Group actively manages its portfolio of investments and consequently is active in making acquisitions and disposals. Transactions that contain unusual terms and/or innovative structures would require the accounting treatment to be carefully considered. During the year, £29.5 million was incurred on acquisitions and £39.5 million was realised on disposals (see Notes 17 and 18).	The Audit Committee considers carefully judgemental accounting and the carrying value of intangible assets and goodwill to ensure that external audit individually audits material transactions. The Internal Audit team audits all significant acquisitions within 12 months of the relevant acquisition where consideration exceeds £10 million.	The Investment & Finance Committee oversees all acquisition and disposal activity. There are common Committee members and the Audit Committee Chairman receives all the papers of that Committee. We were satisfied with the judgements made.
The Group has multiple sources of revenue ranging from subscriptions to software sales to display advertising. Revenue recognition can be intricate.	We reviewed the accounting policies for revenue recognition and determined their appropriateness. Internal Audit visits all businesses on a rotational basis taking account of changed circumstances and perceived risk. Their work includes the testing of revenue recognition.	One immaterial difference was identified as a result of the review.

Other matters

In addition to the significant matters addressed above, the Audit Committee maintains a rolling agenda of items for its review, including: capital strategy; financial and treasury management; feedback from analysts and investors; reconciliations of reported financial results with management accounts; tax management; and litigation. Nothing of significance arose in respect of those reviews during the year. There was no interaction with the Financial Reporting Council's (FRC) corporate reporting team during the year.

Internal controls

The Audit Committee closely monitored changes in financial management and reviewed the competence and quantity of the financial management resource in discussion with the Finance Director during the year. The Audit Committee was satisfied that the Company was able to fulfil its first line of defence duties and that there is a culture of continuous improvement.

The Audit Committee had oversight responsibility for financial risks and controls. During the year it reviewed the nature of the top financial risks facing the Group, including: foreign exchange and interest rates; liquidity; credit; counterparty and capital management. The Audit Committee concurs with the view of the Risk Committee that the financial risks are not the principal risks that the Group faces. Nevertheless, the Audit Committee places emphasis on the maintenance of high standards for controlling the financial risks and in addition to an annual confirmation from financial officers that the environment has operated effectively, gains independent assurance from internal audits.

Internal Audit

Throughout the year, the Audit Committee ensures the annual plan remains current, taking into account changed risk circumstances. Budgets and resources are adjusted as necessary to ensure they remain adequate.

External Auditors

PricewaterhouseCoopers (PwC) is the External Auditor. Its first audit of DMGT was in respect of the year ended 30 September 2015. The Audit Committee has responsibility for making recommendations to the Board on the reappointment of the External Auditors, for determining its fees and for ensuring its independence of the Group and management. The External Auditors stand for reappointment annually, at each Annual General Meeting, but absent concerns over the quality of their service or opinion, we anticipate retaining PwC as our auditors for at least the next three years.

Auditor independence

The Audit Committee considered the safeguards in place to protect the External Auditor's independence. In particular, the Audit Committee has ensured that the Company's policy on the External Auditor's independence is consistent with the ethical standard set out by the FRC in the UK. PwC reviewed its own independence in line with this criteria and its own ethical guideline standards. PwC confirmed to the Audit Committee that following this review it was satisfied that it had acted in accordance with relevant regulatory and professional requirements and that its objectivity is not compromised.

To ensure no conflicts of independence arising from auditors being responsible for non-audit work, the Audit Committee reviewed and approved an updated policy on non-audit services. The review included consideration of the process to manage the engagement of PwC, regulatory changes and good practice.

The audit fee payable to PwC amounts to £2.7 million. The Audit Committee is satisfied that the fee is commensurate with permitting PwC to provide a quality audit. In addition to the Group's policy, PwC has confirmed that any non-audit work commissioned by the Group is reviewed for compliance with PwC's internal policy on the provision of non-audit services. The total non-audit fees paid to PwC amounted to £0.8 million (2015 £0.9 million) which is within the 70% of audit fees (which applies over a rolling three-year period). The Audit Committee is satisfied that PwC was selected based on individuals' particular expertise, knowledge and experience and that the work did not impair PwC's independence as External Auditors (see Note 5 to the accounts). All non-audit work undertaken by PwC was approved by the Audit Committee unless it was de minimis and not prohibited under our policy.

The Audit Committee, having taken account of PwC's confirmations, is satisfied that PwC is independent of DMGT and its subsidiaries.

Audit quality and materiality

The Audit Committee places great importance on ensuring that there are high standards of quality and effectiveness in the external audit process.

The Audit Committee has reviewed the quality of PwC's audit by way of interviews and completion of a questionnaire by Audit Committee members, by regular attendance at Audit Committees and by financial management. The Audit Committee is satisfied that its requirements were met with some improvement actions in respect of communications being noted.

In addition, the Audit Committee reviewed PwC's scope and approved the external audit plan to ensure that it is consistent with the scope of the external audit engagement and that all commitments made in the audit tender are adhered to. The Audit Committee discussed significant and elevated risk areas that are most likely to give rise to a material financial reporting error or those that are perceived to be of a higher risk and requiring audit emphasis (including those set out in PwC's Report on pages 90 to 95). It considered the audit scope and materiality threshold.

This included the Group-wide risks and local statutory reporting enhanced by desktop reviews for smaller, low-risk entities. 75% of the revenue and 71% adjusted profit was fully audited; 8% of revenue and 8% of adjusted profit was subjected to specific procedures and the balance of revenue and profit was covered by desktop reviews. The audit included visits to smaller businesses. This year's audit included a visit to Hobsons. The FY 2017 audit will include a visit to Genscape.

We have discussed the accuracy of financial reporting (known as materiality) with PwC both as regards accounting errors that will be brought to the Audit Committee's attention, and as regards amounts that would need to be adjusted so that the financial statements give a true and fair view. Errors can arise for many reasons, ranging from deliberate errors (fraud etc.) to good estimates that were made at a point in time that, with the benefit of more time, could have been more accurately measured. Overall audit materiality has been set at £10 million (2015 £11.0 million). This equates to approximately 4% of adjusted pre-tax profit as reported in the income statement. This is within the range that audit opinions are conventionally thought to be reliable. To manage the risk that aggregate uncorrected errors become material, we agreed that audit testing would be performed to a lower materiality threshold of £7.5 million (2015 £8.30 million). PwC has drawn the Audit Committee's attention to all identified uncorrected misstatements greater than £0.5 million. The aggregate net difference between the reported adjusted profit before tax and the Auditor's judgement of net adjusted profit before tax was less than £2.4 million which was significantly less than audit materiality. The gross differences were attributable to various individual components of the income statement. No audit difference was material to any line item in either the income statement or the balance sheet. Accordingly, the Audit Committee did not require any adjustment to be made to the financial statements as a result of the audit differences reported by the Auditor.

As in the prior year we asked PwC to write to us to explain how they would respond to the findings of the Audit Quality Review team of the FRC in its annual review of their firm (in so far as comments are relevant to DMGT). Additionally, the Audit Committee Chairman, Finance Director and Group Financial Controller discussed with PwC in detail the work it carried out on the audit of DMGT's Annual Report. The Audit Committee was satisfied with the specific responses to both sets of enquiries.

PwC has outlined to the Committee the professional development programme applicable to the partners and employees engaged on our audit, have reviewed key judgements taken during the course of the audit, and confirmed the audit complies with their internal independent review procedures. We have reviewed the professional skills, knowledge and scepticism of key members of the audit team including the Group team and partners responsible for the divisional audits.

We have reviewed PwC's transparency report for the year ended 30 June 2015. We have enquired whether the audit of DMGT was subject to either a quality assurance process undertaken internally by PwC or externally by the FRC.

The Audit Committee met in private with PwC at the conclusion of the audit to confirm that they had received a high level of cooperation from management and to receive private feedback on the quality of financial management.

Based on the information currently available which draws on the enquiries outlined above and informal soundings of management, the Audit Committee anticipates it will conclude there has been a robust, high-quality audit for the year ended 30 September 2016 both in respect of PwC's opinion and service. The Committee has consequently recommended that PricewaterhouseCoopers LLP be reappointed as Auditors at the 2017 AGM.

INVESTMENT & FINANCE COMMITTEE

The Investment & Finance Committee evaluates the benefits and risks of investment opportunities and financing proposals up to a value threshold with the Board. The Committee provides regular updates to the Board including monitoring returns on investments made and progress against agreed targets.

Membership

The Investment & Finance Committee has been supported in its activities during the year by the Deputy Finance Director, Director of Strategy Development and the General Counsel & Company Secretary. Membership and meetings are shown below.

Member	Member for the full period	Meetings held	Meetings attended
The Viscount Rothermere (Chairman)	Yes	8	8
P A Zwillenberg	No Joined 01/06/2016	2 After 01/06/2016	2
S W Dainith	Yes	8	8
N W Berry	Yes	8	8
J G Hemingway	Yes	8	7
A H Lane	Yes	8	8
D H Nelson	Yes	8	7
Former members			
M W H Morgan	No Left 31/05/2016	6 Before 31/05/2016	6
D M M Dutton	No Left 30/06/2016	6 Before 30/06/2016	6

Key activities

- Reviewing all acquisitions, disposals and capital expenditure within its remit, including presentations made by operating businesses to request support in line with strategic objectives.
- Reviewing performance against budget and plan including reviewing debt position, tracking performance against the original investment case and assumptions for acquisitions and investments.
- Oversight of the Company's pension scheme planning, including discussions with the various Scheme Trustees and their advisers and the latest triannual valuations.
- Reviewing the Company's dividend planning activities.
- Reviewing and approving the Company's tax strategy.
- Oversight of the Chairman's Fund for Innovation and Growth.
- Oversight of the Company's share buy-back programme.

Governance

- The Investment & Finance Committee reviewed its membership and approved that Lord Rothermere continue as its Chairman.
- The Investment & Finance Committee confirmed that it had complied with its Terms of Reference throughout the year.
- The Investment & Finance Committee reviewed and updated its Terms of Reference to apply with effect from 1 October 2016.

REMUNERATION & NOMINATIONS COMMITTEE

The Remuneration & Nominations Committee meetings are held together. Remuneration items are taken separately to the Nominations items.

In February 2016 the Remuneration and Nominations Committees were combined to take place at the same time. Remuneration items are considered separately from Nominations items and therefore the Remuneration element of the Committee is described within the Remuneration Report on pages 60 to 83. The Nominations element keeps under regular review the structure and composition of the Board and its Committees, particularly the skills, knowledge and experience of the Directors to ensure that these remain aligned with the Group's developing requirements and strategic agenda.

Membership

The Committee has been supported in its activities during the year by the CEO, Group HR Director, and the General Counsel & Company Secretary. Membership and meetings are shown below.

Member	Member for the full period	Meetings held	Meetings attended
The Viscount Rothermere (Chairman)	Yes	9	9
N W Berry	Yes	9	7
D H Nelson	Yes	9	9
J H Roizen	Yes	9	9

Key activities

- Reviewing potential candidates for Board appointments including Paul Zwillenberg and Suresh Kavan.
- Reviewing the Letter of Engagement with each Non-Executive Director to ensure the provisions remain in line with best practice, following shareholder approval at the AGM.
- Re-engaging the service of Non-Executive Directors for a further period of a minimum of one year.
- Reviewing time commitments required by Non-Executive Directors and confirming that it was satisfied that the Directors had met or exceeded the time commitment required.
- In line with the Code, recommending that all Directors stand for re-election at the AGM.
- Discussing Board and Committee composition and longevity of service, and Board independence.
- Reviewing governance activities against best practice.
- Reviewing Francisco Balsemão and John Hemingway's decisions to step down from the Board.

Looking ahead, the Committee's key activities for the forthcoming year are:

- reviewing the composition of the Board to ensure that the right skills and experience to support the Group's strategy are represented;
- reviewing Committee membership to ensure that there is a balance of skills reflected; and
- continuing to review succession planning for the Executive Directors, including the Group Finance Director.

Succession planning

Given the importance of succession planning, in addition to the general Board planning undertaken by the Remuneration & Nominations Committee in addition to review sessions during the year.

Governance

- The Committee confirmed that it had complied with its Terms of Reference throughout the year.
- The Committee paid particular attention to extending the term of any Non-Executive Director that has served a term in excess of six years.
- The Committee reviewed the independence of its Non-Executive Director members and agreed to recommend that Nicholas Berry and Heidi Roizen continued to be considered independent in accordance with the Code provisions.
- The process for appointing Directors depends on which role is being filled. External recruiters, including Egon Zhender, and other methods have been used to identify potential candidates.
- The combined Remuneration & Nominations Committee reviewed and updated its Terms of Reference for application in FY 2017.
- In line with Code principle A.4.2 the Non-Executive Directors met with the Chairman once during the year without the Executive Directors present.
- The Chairman of the Committee is Lord Rothermere and the majority of its members are not considered to be independent under the Code. Although this does not meet Code principle B.2.1, as holder of all the Ordinary Shares of the Company through the Trust, the Board considers that Lord Rothermere's interests are fully aligned with those of other shareholders. Additionally, the Committee is confident that its membership ensures that it carries out all aspects of its role with proper and appropriate regard to long term shareholder interests.

CORPORATE RESPONSIBILITY COMMITTEE

The Corporate Responsibility (CR) Committee considers and recommends the Group's strategy for CR issues. The Committee focuses on the Group's approach to our people, our stakeholders and our environment, to ensure that we have a positive impact on our activities and the communities within which we operate.

Membership

Membership of the CR Committee comprised representatives from all of our operating businesses.

Member	Member for the full period	Meetings held	Meetings attended
C Chapman (Chairman)	Yes	2	2
S W Daintith	Yes	2	2
N Clements	Yes	2	2
A G DiCola	Yes	2	2
C R Jones	Yes	2	1
M Milner	Yes	2	2
G Poss	Yes	2	2
R Spitzer	Yes	2	2
Former members			
P S Collins	No Left 31/05/2016	2 Before 31/05/2016	2
D M M Dutton	No Left 30/06/2016	2 Before 30/06/2016	2

In line with our new governance structure, in 2017 the Committee will no longer meet. For further information about how the matters considered by the CR Committee will be managed in future, see Our People and Our Communities section on page 38.

Key activities

- Reviewing entries for the Community Champions Awards and choosing the winners of each category.
- Reviewing data used to calculate the annual carbon footprint.
- Approval of CR content of the Annual Report.
- Monitoring the progress of the CR Champions network.
- Promoting the Group-wide Green Week initiative to encourage environmental awareness across our businesses and extending this to cover the whole year.

Governance

- The CR Committee reported to the Board about its operation.
- The CR Committee confirmed that it had complied with its Terms of Reference throughout the year.

The Viscount Rothermere
Chairman

REMUNERATION REPORT

SUPPORTING OUR STRATEGY, THE COMMITTEE IS PROPOSING THE ADOPTION OF A NEW LONG-TERM EXECUTIVE INCENTIVE PLAN, WHICH WILL MORE DIRECTLY LINK PAYOUTS TO BUSINESS PERFORMANCE BY AWARDING MANAGEMENT A SHARE OF PROFIT GROWTH, OVER AND ABOVE A MINIMUM THRESHOLD, AFTER DEDUCTING A CHARGE FOR ADDITIONAL CAPITAL.

The Viscount Rothermere
Chairman

In this section:

REMUNERATION POLICY

In accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2013, shareholders are provided with the opportunity to endorse the Company's Remuneration Policy through a binding vote. The current policy was agreed at the Annual General Meeting (AGM) on 4 February 2015 and the policy has been operated, as described, from that date.

It is our intention to present an updated policy for approval at the February 2017 AGM to reflect changes we intend to make to our Annual Bonus and Long-Term Incentive schemes (pages 72 to 83).

The Remuneration Committee believes the new policy will provide a more direct link between pay, performance and the interests of shareholders over the longer term.

Chairman's statement on remuneration

On behalf of the Board, I am pleased to present the Directors' Remuneration Report.

Pay for performance remains key to our remuneration strategy. Our incentive schemes across our business are designed to reward entrepreneurial behaviour and profitable growth. Our focus is on ensuring that performance targets are in line with our long-term strategy and the creation of sustained shareholder value.

Executive Directors' bonus payments for FY 2016

In order to ensure alignment with our Key Performance Indicators, the bonus included a mixture of profit measures (both at the Group and business level) as well as key strategic targets.

In FY 2016, DMGT delivered a resilient performance. Group revenues were stable on an underlying basis and operating profit declined by an underlying 11%. The Group's operating profit margin was 14%. The diversity of DMGT's portfolio by revenue stream, sector and geography has helped protect revenues and profits on a Group basis.

Nevertheless, underlying operating profit growth at RMS and dmg information was not enough to offset declines at dmg media and Euromoney where increased digital investment and challenging financial and commodity market conditions significantly impacted our performance.

The Group's reported results have been positively impacted by the stronger US dollar versus the British pound over the year, partly offset by the disposal of Local World and Wowcher in October 2016. Adjusted profit before tax and earnings per share were down 7% and 6% respectively and dividend per share was up 3%.

Bonuses reflect this overall level of performance. Paul Zwillenberg received an award of 50% of maximum. Paul's award for 2016 was measured solely against financial performance and was prorated for his period of employment. Martin Morgan's bonus included a 20% weighting on delivery of strategic measures, and he received an award of 68% of maximum (prorated for the period of employment). Full details can be found on page 65.

Long-term incentives for FY 2016

2016 was the first year in which awards under the 2012 Long Term Incentive Plan vested. The vesting of the award made in February 2012 is measured against the following priorities:

- growing B2B business;
- investing in strong brands of digital consumer media, particularly MailOnline;
- growing sustainable earnings and dividends; and
- increasing the Company's exposure to growth economies and international opportunities.

We have made significant progress against all of these priorities since 2012 and the Remuneration Committee has determined that the award should vest in full in December 2016.

Additional awards were made in 2016. These awards were measured against the same strategic priorities as awards made in prior years.

For more information see page 68

Our strategic priorities

For more information see page 10

Retirement of Martin Morgan

Martin Morgan retired as DMGT's CEO at the end of May 2016. We are indebted to Martin for his leadership through a period of huge transformation for the business. Martin received a bonus for FY 2016 which was prorated for the period worked. The Remuneration Committee agreed that bonus deferral would not apply to Martin's final bonus award. Full details can be found on page 65.

In recognition of Martin's length of service, his contribution to DMGT's performance over the years, and the significant progress that has already been made towards the achievement of relevant plan targets, the Remuneration Committee agreed to exercise discretion to treat him as a good leaver under the rules of the Long-Term Incentive Plan (LTIP) and the Deferred Bonus Plan. This allows Martin's outstanding awards to vest in full according to the normal vesting dates. His outstanding awards under the Share Incentive Plan are treated in accordance with the rules of that plan. Further details can be found on page 69.

No further share options or awards will be granted to Martin. He will be engaged on a one-year consultancy agreement commencing January 2017 to provide advisory services to the Company at a fee of £30,000 per month.

Retirement of David Dutton

David Dutton retired at the end of June 2016. Over the past 45 years David has been a key figure in the Group's transformation and diversification from a print business into B2B. Further details can be found on page 69.

Resignation of Stephen Daintith

Stephen Daintith has announced his resignation and will leave DMGT in FY 2017. Details of his compensation arrangements will be disclosed at that time.

Appointment of Paul Zwillenberg

Paul Zwillenberg was appointed as DMGT's CEO in June 2016, and details of his compensation arrangements can be found on page 63. His appointment terms are in line with DMGT's Remuneration Policy and include a one-off award of DMGT shares with a value of £750,000 as at 1 June 2016. The award is intended to compensate for the forfeiture of unvested incentives from his previous employer, Boston Consulting Group. We intend to seek shareholder approval for this award at the next AGM, and will make the award in February 2017. The award will vest on 1 June 2019 subject to Paul's continuing employment.

Appointment of Suresh Kavan to the Board

Suresh Kavan, CEO of dmg information and dmg events joined the Board on 1 July 2016. Suresh has been part of our business since 2008 and brings considerable experience to the role. Suresh is based in the United States and his remuneration arrangements reflect the current strategic priorities associated with his role.

Base salary for FY 2017

We regularly review the competitive position of remuneration for the Company's Executive Directors. Base pay increases in the last few years have been modest (2 to 3%) and in line with increases for the general DMGT workforce and the relevant external market (particularly the UK and US). Salaries for FY 2017 were frozen for all Executive Directors and there was a targeted and modest salary increase budget for other employees across the Group.

Incentive arrangements for FY 2017

In 2016 we undertook a comprehensive review of our incentive arrangements across the Group to ensure that they were appropriately aligned to the creation of shareholder value. As a result of that review we intend to make a number of changes to existing incentive arrangements.

Executive Directors' bonus

It is proposed that we broaden the financial metrics used in the Executive Bonus Plan to include revenue and cash flow components in addition to the existing profit metric. The current weighting on strategic objectives will be eliminated for FY 2017.

The Committee believes that this combination of measures will reward participants for delivering sustainable long-term revenue, profit and cash-flow growth. Suresh Kavan who leads dmg information and dmg events and Kevin Beatty who heads up dmg media will have 30% of their bonus evaluated against DMGT performance and the remainder against the performance of their relative businesses.

Paul Zwillenberg's bonus will transition from 50% to 70% of his base salary for on-target performance and the maximum payable for superior performance will increase from 100% to 140% in FY 2017 for his first full financial year as CEO.

Participants will still be required to defer any bonus awarded in excess of target outcome into DMGT equity. Further details can be found on page 65.

Long-term Incentives

In 2015 we started a process of looking at our long-term incentive arrangements across the Group and this has continued in 2016. In order to ensure that as our business evolves we continue to have a strong alignment between our incentives and our priorities, a key focus of 2017 will be the roll-out of the reward strategy for our operating businesses.

Our Strategic Review has highlighted the paramount importance of realising the full revenue, profit and cash flow potential within our existing portfolio, as part of our drive for long-term growth and shareholder value creation. Supporting our strategy, the Committee is proposing the adoption of a new Long-Term Executive Incentive Plan (subject to shareholder approval at the AGM), which will more directly link payouts to business performance by awarding management a share of profit growth, over and above a minimum threshold, after deducting a charge for additional capital. The new Long-Term Executive Incentive Plan provides for exceptional pay in cases of truly exceptional performance, while not over-rewarding average performance.

October to December 2015 (3 meetings)	Agenda items	• FY 2015 outcome of executive bonus schemes. • Approval of LTIP participants and performance conditions. • Approval of Remuneration Report. • Principles of future reward design.
February 2016	Agenda items	• Valuation provider selection. • Review of malus and clawback provisions.
April 2016	Agenda items	• Update on share schemes. • Executive pension allowances and life assurance review. • Operating company incentive plans.
May 2016	Agenda items	• Martin Morgan retirement terms. • Paul Zwillenberg appointment terms.
June 2016	Agenda items	• Paul Zwillenberg 2016 bonus arrangements.
July 2016	Agenda items	• Operating company salary review budgets. • David Dutton retirement terms. • Suresh Kavan appointment terms. • Review of shareholding guidelines
September 2016	Agenda items	• Executive and divisional remuneration strategy. • Review of Committee effectiveness. • Stephen Daintith resignation terms. • Annual salary review.

In recognition of the significant challenge of setting appropriate long-term targets across the diverse and rapidly changing sectors in which we operate, we have taken the decision to move from a five-year to three-year performance period.

The new equity awards will be subject to challenging stretch targets and for this reason the Committee has agreed that the maximum award (subject to performance conditions) should be increased from 100% to 500% of base salary. Awards will only vest at the maximum level if an exceptional level of performance is met resulting in significant value creation for shareholders. Vesting at 500% would be achievable for meeting challenging stretch targets and 100% (on target) for meeting a positive level of performance.

In addition we are introducing enhanced shareholding guidelines for Paul Zwillenberg. Suresh Kavan and Paul Dacre will remain on their current long-term incentive arrangements.

We believe that the new incentive arrangements that we intend to put in place for FY 2017 will help us to drive sustained future success.

The Viscount Rothermere
Chairman

Executive Directors: remuneration at a glance

Corporate performance in FY 2016

Key indicators of corporate performance are shown below:

	2016	2015	Movement
Adjusted profit before tax	**£260m**	£281m	-7%
Dividend per share	**22.0p**	21.4p	+3%
Adjusted earnings per share	**56.0p**	59.7p	-6%
Share price	**£7.45**	£7.54	-1%

FY 2016 Remuneration outcomes for the Executive Directors

The table below summarises the remuneration for the Executive Directors in FY 2016:

	The Viscount Rothermere £000	P A Zwillenberg £000	S W Daintith £000	K J Beatty £000	P M Dacre £000	S Kavan £000	M W H Morgan £000	D M M Dutton £000	Total £000
Salary 2016	837	250	714	744	1,448	221	708	310	**5,232**
Increase with effect from 1 October 2015	2%	–	2%	2%	2%	–	2%	2%	
Bonus (including deferred amounts)	756	126	384	211	–	102	481	92	**2,152**
As a % of salary	90%	50%	54%	28%	–	46%	68%	25%	
Taxable benefits	37	7	16	19	59	4	14	12	**168**
Pension benefits	310	75	214	275	–	1	248	–	**1,123**
LTIP awards vesting in year	–	–	1,017	1,059	–	–	1,433	–	**3,509**
Dividend equivalent payment	–	–	6	10	–	–	–	–	**16**
Total remuneration FY 2016	**1,940**	**458**	**2,351**	**2,318**	**1,507**	**328**	**2,884**	**414**	**12,200**
Total remuneration FY 2015	2,069	–	1,410	1,418	1,475	–	1,944	485	**8,801**

The key elements of remuneration for the Executive Directors

The key elements of remuneration applicable for each Executive Director in FY 2016 are described below:

	Salary	Annual bonus opportunity	Annual bonus deferral	LTIP	Pension	Benefits
The Viscount Rothermere	£837,000 (including Euromoney Board fees)	180% of salary maximum 90% of salary on target	None applies	Does not participate	Allowance of 37% of salary	Car allowance Family medical insurance
P A Zwillenberg	£750,000 £250,000 since FY 2016 appointment	100% of salary maximum 50% of salary on target	Any amount above target deferred into nil cost options for two years	Standard award of 100% of salary vesting after five years	Allowance of 30% of salary	Car allowance Family medical insurance
S W Daintith	£714,000	100% of salary maximum 50% of salary on target	Any amount above target deferred into nil cost options for two years	Standard award of 100% of salary vesting after five years	Allowance of 30% of salary	Car allowance Family medical insurance
K J Beatty	£744,000	60% of salary maximum 30% of salary on target	Any amount above target deferred into nil cost options for two years	Standard award of 100% of salary vesting after five years	Allowance of 37% of salary	Company car allowance Family medical insurance
P M Dacre	£1,448,000	–	–	In 2015 the previous annual salary supplement of £500,000 p.a. was replaced by an annual LTIP award with a value equivalent to 70% of salary vesting after three years		Company car and car allowance Fuel benefit Family medical insurance
S Kavan	US$1,250,000 $312,500 since FY 2016 appointment	150% of salary maximum 100% of salary on target	Any amount above target deferred into nil cost options for two years	Did not participate in 2016 (received an operating business LTI award prior to appointment to the Board)	US 401(k) retirement plan	Medical and life insurance

The key elements of remuneration for the Executive Directors continued

	Salary	Annual bonus opportunity	Annual bonus deferral	LTIP	Pension	Benefits
M W H Morgan	£1,006,000 (including Euromoney Board fees)	100% of salary maximum 50% of salary on target	Any amount above target deferred into nil cost options for two years	Standard award of 100% of salary vesting after five years	Allowance of 37% of salary	Car allowance Family medical insurance
D M M Dutton	£366,000	50% of salary maximum 25% of salary on target	None applies	Does not participate		Personal medical insurance

Martin Morgan retired from the Board on 31 May 2016 and David Dutton retired 30 June 2016. Salary shown in the table on pages 63 and 64 is for the period of service on the Board.

Executive Directors: annual report on remuneration

Annual report on remuneration table 1: Single figure of remuneration paid to Executive Directors – Audited

The table below sets out the single total figure of remuneration and breakdown for each Executive Director in FY 2016 and FY 2015. Details of the calculation of the annual bonus figure for FY 2016 can be found in the section Variable pay awards vesting in FY 2016, on page 65.

	Financial year	Salary and fees[1] £000	Taxable benefits[2] £000	Pension benefits £000	Total fixed £000	Annual bonus[3] £000	Total annual remuneration £000	LTIP[4] £000	Recruitment and other awards[5] £000	Total remuneration £000
The Viscount Rothermere	**2016**	**837**	**37**	**310**	**1,184**	**756**	**1,940**	**–**	**–**	**1,940**
	2015	823	37	304	1,164	905	2,069	–	–	2,069
P A Zwillenberg	**2016**	**250**	**7**	**75**	**332**	**126**	**458**	**–**	**–**	**458**
	2015	–	–	–	–	–	–	–	–	–
S W Daintith	**2016**	**714**	**16**	**214**	**944**	**384**	**1,328**	**1,017**	**6**	**2,351**
	2015	700	16	210	926	461	1,387	–	23	1,410
K J Beatty	**2016**	**744**	**19**	**275**	**1,038**	**211**	**1,249**	**1,059**	**10**	**2,318**
	2015	729	23	270	1,022	309	1,331	–	87	1,418
P M Dacre	**2016**	**1,448**	**59**	**–**	**1,507**	**–**	**1,507**	**–**	**–**	**1,507**
	2015	1,419	56	–	1,475	–	1,475	–	–	1,475
S Kavan	**2016**	**221**	**4**	**1**	**226**	102	**328**	**–**	–	**328**
	2015	–	–	–	–	–	–	–	–	–
M W H Morgan	**2016**	**708**	**14**	**248**	**970**	**481**	**1,451**	**1,433**	**–**	**2,884**
	2015	988	21	365	1,374	570	1,944	–	–	1,944
D M M Dutton	**2016**	**310**	**12**	**–**	**322**	**92**	**414**	**–**	**–**	**414**
	2015	359	16	–	375	110	485	–	–	485
Total	**2016**	**5,232**	**168**	**1,123**	**6,523**	**2,152**	**8,675**	**3,509**	**16**	**12,200**
	2015	5,018	169	1,149	6,336	2,355	8,691	–	110	8,801

Notes
1. Salary shown for Lord Rothermere, Paul Zwillenberg and Martin Morgan includes fees of £30,000, £7,500 and £22,500 p.a. respectively as Directors of Euromoney. Amounts for Martin Morgan and David Dutton also include payment for holiday accrued but not taken at the time of retirement.
2. Taxable benefits comprise car or equivalent allowances which are £34,000 p.a. for Lord Rothermere; £13,500 p.a. for Martin Morgan; £14,000 p.a. for Stephen Daintith; £16,000 for Kevin Beatty; and £14,000 for David Dutton. Paul Dacre has a company car with a taxable value of £30,976 p.a. plus a car allowance of £10,000 p.a. Paul Dacre also received a fuel benefit of £15,470 p.a. All of the Executive Directors received medical benefits with a cost to the Company of approximately £2,500 to £3,000 p.a.
3. The bonuses shown include amounts that will be deferred into shares but do not have any further performance conditions attached. Details of the calculation of the FY 2016 bonus are shown on page 65.
4. Awards made in February 2012 under the 2012 Long-Term Incentive Plan vested in full in December 2016.
5. Under the rules of the deferred bonus plan, participants are entitled to the value of the dividends that they would have received between the award date and the exercise date. In February 2016 Kevin Beatty and Stephen Daintith received cash dividend equivalent payments in relation to their exercise of deferred bonus nil cost option awards.

Executive Directors: annual report on remuneration

Executive Directors: Variable pay awards vesting in FY 2016

Annual report on remuneration table 2.1: Annual bonus weightings, opportunity and outcomes – Audited

The details of the weightings and opportunity relating to the annual bonus paid to Executive Directors for the year ended 30 September 2016 and included in the single figure table 1 on page 64 (opposite) are shown below. The performance measures are a combination of adjusted pre-tax profits and strategic objectives. The resulting bonus amounts are shown in the table below:

	Weightings				Opportunity as a % of salary				
	B2B	Consumer	Overall DMGT	Strategic objectives	Threshold	Target	Maximum	Actual outcome % of salary	Actual outcome £000
The Viscount Rothermere	30%	30%	40%	–	0%	90%	180%	90%	756
P A Zwillenberg	30%	30%	40%	–	0%	50%	100%	50%	126
S W Daintith	30%	20%	30%	20%	0%	50%	100%	54%	384
K J Beatty	0%	70%	0%	30%	0%	30%	60%	28%	211
S Kavan[1]	100%	0%	0%	0%	50%	100%	150%	46%	102
M W H Morgan	30%	20%	30%	20%	0%	50%	100%	68%	481
D M M Dutton	30%	30%	40%	0%	0%	25%	50%	25%	92

Note
1. Suresh Kavan's bonus is weighted against targets specific to dmgi and dmge.

Annual report on remuneration table 2.2: Profit measures

The profit measure is split into three categories and weighted appropriately to the role of the Executive Director (shown in table 2.1). The Board considers the performance targets for the measures to be commercially sensitive as it would disclose information of value to competitors, and they will not be disclosed. The following illustrates performance against targets for the profit measures:

Profit targets	Below 0%	Threshold 0%	Target 100%	Maximum 200%	Outcome as a % of target
B2B					105%
Consumer					89%
Overall DMGT					98%

Annual report on remuneration table 2.3: Strategic objectives

For the Executive Directors shown below with strategic objectives forming part of their bonus, the following illustrates performance against targets:

	Strategic objectives	Below 0%	Threshold 0%	Target 100%	Maximum 200%	Outcome as a % of target
S W Daintith	Portfolio structure and divisional leadership					100%
K J Beatty	Mail Brands and divisional targets					133%
M W H Morgan	Portfolio structure					200%

Annual report on remuneration table 3: Deferred annual bonus

The Committee agreed the following deferral requirements would apply to the annual bonus with no further performance conditions:

	Deferral requirement	Type of deferral	Amount deferred FY 2016 £000	Amount deferred as a % of FY 2016 bonus
The Viscount Rothermere	Nil	None	0	0%
P A Zwillenberg	Amounts above target bonus deferred for two years	Nil cost options	0	0%
S W Daintith[1]	Amounts above target bonus deferred for two years	Nil cost options	0	0%
K J Beatty	Amounts above target bonus deferred for two years	Nil cost options	0	0%
S Kavan	Amounts above target bonus deferred for two years	Nil cost options	0	0%
M W H Morgan	Amounts above target bonus deferred for two years	Nil cost options	0	0%
D M M Dutton	Nil	None	0	0%

Note
1. The Remuneration Committee agreed to waive the requirement for deferral for Martin Morgan and Stephen Daintith.

Executive Directors: annual report on remuneration continued

Executive Directors: Awards made under share schemes

Annual report on remuneration table 4: Nil cost options – Audited

The table below sets out the details of all outstanding awards of nil cost options as part of the deferred bonus plan, including those derived from the Executive Directors' bonuses for FY 2015 that were granted in December 2015 at the closing price on 1 December 2015 of £7.06. Following the exercise of an award, a cash payment with a value equivalent to the sum of all of the dividends declared for the award between the grant date and the date of delivery of the shares is made. No further performance conditions are imposed.

The value of December 2015 awards at issue were £76,908 for Martin Morgan, £110,600 for Stephen Daintith and £90,396 for Kevin Beatty and were based on a 1 December 2015 market closing price of £7.06. There were no deferrals in relation to FY 2016 bonus outcomes.

Award date	Dec 2009	Dec 2010	Dec 2011	Dec 2012	Dec 2012	Dec 2013	Dec 2014	Dec 2015	
Award type	Nil cost options	Nil cost options	Nil cost options	Nil cost options	Nil cost options	Nil cost options	Nil cost options	Nil cost options	
Relating to	2009 Bonus	2010 Bonus	2011 Bonus	2012 Bonus	2012 Bonus	2013 Bonus	2014 Bonus	2015 Bonus	
Exercisable from	Dec 2012	Dec 2013	Dec 2014	Dec 2014	Dec 2015	Dec 2015	Dec 2016	Dec 2017	
Expiry date	Dec 2016	Dec 2017	Dec 2018	Dec 2019	Dec 2019	Dec 2020	Dec 2021	Dec 2022	
Status of awards	Vested	Vested	Vested	Vested	Vested	Vested	Outstanding	Outstanding	
Award price	£4.10	£5.39	£3.98	£5.27	£5.27	£9.16	£8.29	£7.06	
Outstanding awards									**Total outstanding**
The Viscount Rothermere	–	187,581	110,464	–	129,635	–	–	–	**427,680**
S W Daintith	–	–	–	–	–	23,257	2,416	15,666	**41,339**
K J Beatty		34,970	17,069	19,473	–	16,795	25,585	12,804	**126,696**
M W H Morgan	–	77,272	44,215	21,560	–	38,349	4,270	10,893	**196,559**
Total outstanding		**299,823**	**171,748**	**41,033**	**129,635**	**78,401**	**32,271**	**39,363**	**792,274**
Exercised during year									
The Viscount Rothermere	–	–	–	–	–	–	–	–	
S W Daintith	–	–	–	–	–	–	–	–	
K J Beatty	–	–	–	–	–	–	–	–	
M W H Morgan	–	–	–	–	–	–	–	–	
Total exercised									

Shaded columns show options that have vested.

Annual report on remuneration table 5.1: 2010 LTIP award, core award and matching shares – Audited
The table below sets out the details of the 2010 LTIP core awards and matching shares which vest in the year and also those that are due to vest (to the extent that the core award vested) in subsequent years in accordance with the 2001 Plan rules.

No further performance conditions apply, except that the core award and none of the matching awards are realisable until the full award vests. Total values for core and matching awards for the 2010 LTIP award for Martin Morgan are included in the CEO remuneration outcomes table 9 on page 71.

Award date	Dec 2010	Dec 2010	Dec 2010	Dec 2010	Dec 2010		
Award type	Core	Matching	Matching	Matching	Matching		
Relating to	2010 LTIP	2010 LTIP	2010 LTIP	2010 LTIP	2010 LTIP		
Vests	Sep 2013	Dec 2013	Dec 2014	Dec 2015	Dec 2016		
Realisable in	Dec 2016	Dec 2016	Dec 2016	Dec 2016	Dec 2016		
Status of awards	Restricted until Dec 2016	Restricted until Dec 2016	Restricted until Dec 2016	Restricted until Dec 2016	Outstanding		
Outstanding awards						**Total outstanding**	**Value at 30 Sep 2013 (£7.62 per share) £000**
K J Beatty	39,017	19,508	19,508	19,508	19,508	**117,049**	892
M W H Morgan	0	0	0	0	0	**0**	0
Exercised/realised during year						**Total**	
K J Beatty	–	–	–	–	–	**–**	0
M W H Morgan	36,740	18,370	18,370	18,370	18,370	**110,220**	840

Shaded columns show options that have vested.
Martin Morgan exercised the December 2010 LTIP award in July 2016 in accordance with the terms of his termination agreement.

Annual report on remuneration table 5.2: 2009 LTIP award, core award and matching shares – Audited
The table below sets out the details of the 2009 LTIP core awards and matching shares which vest in the year and also those that are due to vest (to the extent that the core award vested) in subsequent years in accordance with the 2001 Plan rules.

No further performance conditions apply, except that the core award and none of the matching awards are realisable until the full award vests.

Award date	Dec 2009	Dec 2009	Dec 2009	Dec 2009	Dec 2009		
Award type	Core	Matching	Matching	Matching	Matching		
Relating to	2009 LTIP	2009 LTIP	2009 LTIP	2009 LTIP	2009 LTIP		
Vests	Sep 2012	Dec 2012	Dec 2013	Dec 2014	Dec 2015		
Realisable in	Dec 2015	Dec 2015	Dec 2015	Dec 2015	Dec 2015		
Status of awards	Vested	Vested	Vested	Vested	Vested		
Outstanding awards						**Total outstanding**	**Value at 30 Sep 2012 (£4.82 per share) £000**
K J Beatty	–	–	–	–	–	–	–
M W H Morgan	–	–	–	–	–	–	–
Exercised/realised during year						**Total**	
K J Beatty	–	–	25,521	25,521	25,521	**76,563**	369
M W H Morgan	69,053	34,527	34,527	34,527	34,527	**207,161**	999

Shaded columns show options that have vested.

Executive Directors: annual report on remuneration continued

Annual report on remuneration table 6: Long-Term Incentive Plans (LTIP) – Audited

All of the outstanding awards subject to performance conditions are summarised in the table below. Awards are made annually in line with policy.

The Board considers that the specific targets relating to the measures for the LTIPs are commercially sensitive and will disclose performance against targets at the time the award vests. Awards made in FY 2016 were based on a 1 December 2015 market closing price of £7.06.

Awards made in February 2012 under the 2012 Long-Term Incentive Plan vested in full during the year based on an evaluation by the Remuneration Committee of the performance against the measures detailed below.

Award name	2009 LTIP[1] core award	2010 LTIP[1] core award	2011 LTIP award	2012 LTIP award	2013 LTIP award	2014 LTIP award	2015 LTIP award	
Award date	Dec 2009	Dec 2010	Feb 2012	Dec 2012	Dec 2013	Dec 2014	Dec 2015[2]	
Performance period ends	Sep 2012	Sep 2013	Oct 2016	Oct 2017	Oct 2018	Oct 2019	Oct 2020	
Standard award as a % of salary	187.5%	187.5%	100%	100%	100%	100%	100%	
Award price	£4.04	£5.59	£4.37	£5.27	£9.16	£8.29	£7.06	
Price at vesting	£4.82	£7.62	£6.95	N/A	N/A	N/A	N/A	
Performance measures	EBITDA; cumulative free cash; net debt/ EBITDA average; and performance against strategic plan	EBITDA; cumulative free cash; investment-grade rating; and performance against strategic plan	• Grow B2B business. • Continue to invest in strong brands of digital consumer media, particularly MailOnline. • Grow sustainable earnings and dividends. • Increase the Company's exposure to growth economies and to international opportunities.					
Status of award	Vested	Vested but restricted until Dec 2016	Vested	Out-standing	Out-standing	Out-standing	Out-standing	
Maximum percentage of face value that could vest	100%	100%	100%	100%	100%	100%	100%	
Estimated[e]/ actual vesting[a]	52.5%[a]	M W H Morgan 37.5%[a] K J Beatty 53.9%[a]	100%[a]	100%[e]	100%[e]	100%[e]	100%[e]	
Outstanding awards								**Total outstanding**
S W Daintith	–	–	146,453	125,085	74,167	84,439	101,133	**531,277**
K J Beatty	–	117,049	152,494	130,246	77,226	87,937	105,382	**670,334**
P M Dacre[3]	–	–	–	–	–	119,819	143,569	**263,388**
S Kavan	–	–	–	–	–	–	–	**–**
M W H Morgan	–	–	206,350	176,243	104,500	118,938	142,493	**748,524**
Total outstanding	**–**	**117,049**	**505,297**	**431,574**	**255,893**	**411,133**	**492,577**	**2,213,523**
Exercised/realised during year								
K J Beatty	76,563	–	–	–	–	–	–	**76,563**
M W H Morgan	207,161	110,220	–	–	–	–	–	**317,381**
Total exercised/ realised during year	**283,724**	**110,220**	**–**	**–**	**–**	**–**	**–**	**393,944**

Shaded columns show options that have vested.

Notes
1. The value of core and matching awards for the 2009 and 2010 LTIPs are shown in tables 5.1 and 5.2 on page 67.
2. The value of the 2015 LTIP awards at issue were £1,006,000 for Martin Morgan, £714,000 for Stephen Daintith, £744,000 for Kevin Beatty and £1,013,600 for Paul Dacre.
3. Paul Dacre's performance measures for awards made from December 2012 onwards are to continue to invest in strong brands of digital consumer media – particularly MailOnline and to ensure the financial sustainability of the Mail Titles and vest three years after award date.

Annual report on remuneration table 7: Executive Directors' accrued entitlements under DMGT Senior Executives' Pension Fund – Audited

The defined benefit scheme is closed for future accrual. It is the Company's policy that annual bonuses, payments under the Executive Bonus Scheme and benefits in kind are not pensionable.

The Company does not make any contributions on behalf of Paul Dacre or David Dutton. Suresh Kavan participates in a US 401(k) retirement plan. No Executive Directors are now accruing further pension in the DMGT Senior Executives' Pension Fund. The normal retirement age under the Fund for this group is 60.

	Defined benefit: Accrued annual benefit as at 30 September 2016 based on normal retirement age £000	Defined benefit: normal retirement age	Defined benefit: Additional value of benefits if early retirement taken	Weighting of pension benefit value as shown in single figure table
The Viscount Rothermere	77	3 Dec 2027	–	Cash allowance: 100%
M W H Morgan	89	16 Feb 2010	N/A	Cash allowance: 100%
K J Beatty[1]	0	–	–	–
P M Dacre	688	14 Nov 2008	N/A	N/A

Note
1. Kevin Beatty transferred his deferred pension to a personal retirement plan in September 2016.

Payments to past Directors

Martin Morgan

After stepping down from the Board on 31 May Martin Morgan received salary £83,833, usual benefits £1,762 and pension allowance of £31,018 for the month of June when he was still employed by the Company for a period of transition.

David Dutton

David Dutton has been engaged on a one-year agreement from the date of his termination (see below) to provide consultancy services at a fee of £35,000 per annum.

Payments for loss of office

Martin Morgan and David Dutton left the Company this year. They have together in their various roles helped to diversify the Group into the B2B sector. Payments for loss of office reflect the transition arrangements that have been put in place.

Martin Morgan

Martin Morgan stepped down from the Board of DMGT and his role as Chief Executive on 31 May 2016. Martin Morgan remained an employee of DMGT until 30 June 2016 during which time he continued to receive salary, benefits and pension allowance. Martin Morgan's notice period was 12 months and ran from 12 January 2016.

1. Termination payments

In accordance with his service contract he received a payment in lieu of notice of £1,110,981 in respect of his salary, pension allowance, bonus (based on an average of the last three years) and car allowance for the period from the termination date to 12 January 2017, being the date on which his notice period will expire. Martin Morgan also continues to be covered under the private medical and life insurance plans for this period.

2. FY 2016 bonus

Under the terms of his service contract and the DMGT bonus plan, Martin Morgan received a bonus for the 2016 financial year, scaled back on a time apportioned basis by reference to the termination date (see page 65).

The Remuneration Committee exercised its discretion and agreed that any bonus awarded would not be deferred into shares.

3. Unvested deferred bonus awards

In accordance with the rules of the plan, share options under the DMGT 2012 Deferred Bonus Plan (the 'DBP') over a total of 15,163 A ordinary non-voting shares in DMGT ('Shares') become exercisable in full on their respective normal vesting dates in 2016 and 2017.

4. Unvested Long-Term Incentive Plan awards

The Remuneration Committee has determined that:

a. In accordance with the rules of the plan an outstanding share award made in 2010 over 110,220 shares under the DMGT 2001 Long-Term Incentive Plan (the '2001 LTIP'), which had already satisfied applicable performance conditions, would vest on the termination date and be realised within 30 days; and

b. Given Martin Morgan's considerable contribution throughout his 27 years of service to DMGT, and the progress that has already been made towards achievement of the relevant performance targets, outstanding share awards under the DMGT 2012 Long-Term Incentive Plan (the '2012 LTIP') over a total of 748,524 Shares will vest on their normal respective vesting dates between December 2016 and December 2020.

5. Vested share options and awards (not yet exercised/realised)

In accordance with the rules of the relevant plan any outstanding share options and awards which have vested and are already exercisable/realisable will remain realisable/exercisable following the termination date.

6. Share Incentive Plan

Entitlements under DMGT's Share Incentive Plan were treated in accordance with the rules of that plan.

7. Consultancy

Martin Morgan will be engaged on a one-year consultancy agreement commencing January 2017 to provide advisory services to the Company at a fee of £30,000 per month.

Executive Directors: annual report on remuneration continued

David Dutton

David Dutton stepped down from the Board of DMGT and left DMGT's employment on 30 June 2016.

1. Termination payments

In accordance with his service contract he received a payment of £415,000 for accrued but untaken holiday and payment in lieu of notice in respect of his salary from the termination date to 30 June 2017, being the date on which his 12-month notice period will expire.

2. FY 2016 bonus

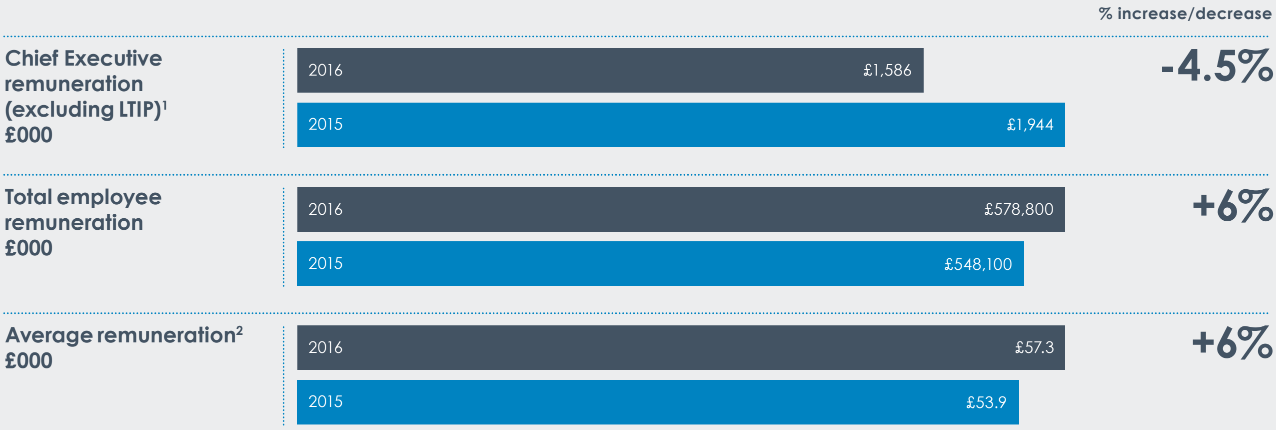
Under the terms of his service contract and the DMGT bonus plan, David Dutton is entitled to a bonus for the 2016 financial year. The amount of the bonus was determined in December 2016 based on achievement against performance targets during the year (see page 65).

3. Share Incentive Plan

Entitlements under DMGT's Share Incentive Plan will be treated in accordance with the rules of that plan.

Annual report on remuneration table 8: Percentage change in remuneration of the Chief Executive

The table below sets out the remuneration delivered to the Chief Executive compared to total employee remuneration.



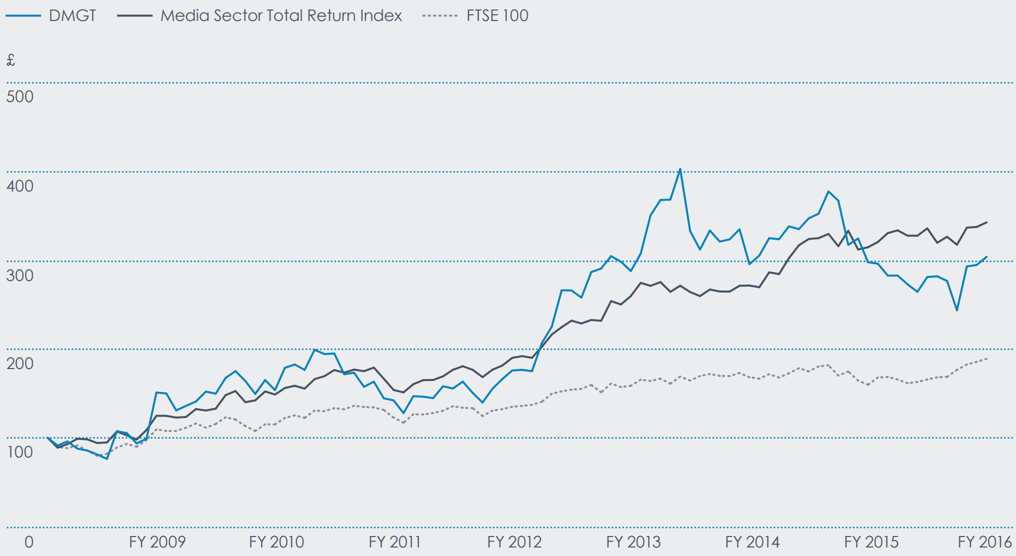
Notes

1. Total employee remuneration includes salaries, wages and incentives, but excludes pension benefits. Reflects Martin Morgan's earnings to 31 May 2016 and Paul Zwillenberg's earnings from 1 June 2016.
2. The change in average employee remuneration is partly due to movement in the US$ exchange rate.

Annual report on remuneration chart 1: Comparison of overall performance and remuneration of the CEO

The chart compares the Company's TSR with the Media Sector Total Return Index and the FTSE 100 Index over the past eight financial years, assuming an initial investment of £100.

The Company is a constituent of the Media Sector Total Return Index and, accordingly, this is considered to be the most appropriate comparison to demonstrate the Company's relative performance.



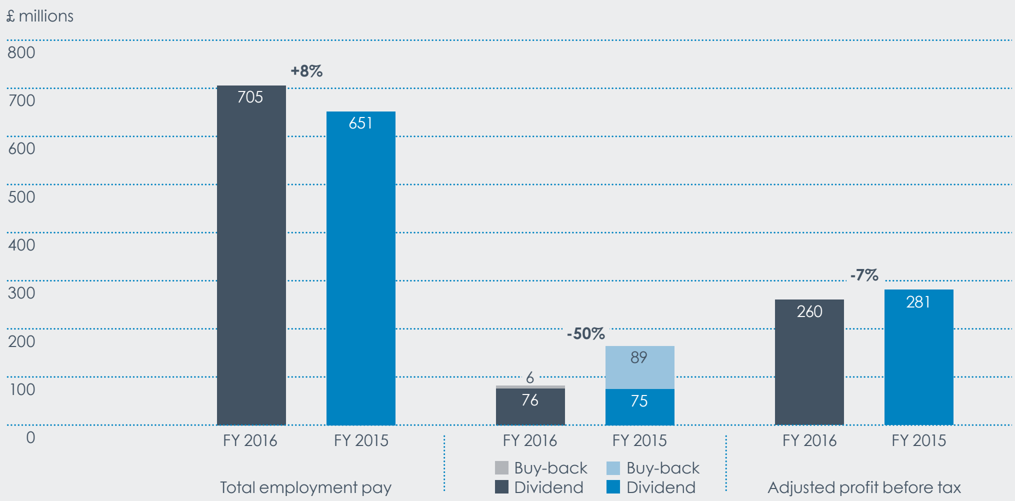
Annual report on remuneration table 9: Chief Executive remuneration outcomes FY 2009 to FY 2016

Financial year ending	FY 2009[1] £000	FY 2010[2] £000	FY 2011[3] £000	FY 2012[4] £000	FY 2013[5] £000	FY 2014[6] £000	FY 2015[7] £000	FY 2016[8] £000
Total remuneration (single figure)	2,312	2,961	1,722	2,809	2,949	2,021	1,944	**3,342**
Annual variable pay (% maximum)	63%	98%	40%	63%	88%	54%	58%	**63%**
LTIP achieved (% maximum)	0%	25%	25%/100%	52.5%	37.5%	40%	–	**100%**

Notes
1. In FY 2009 maximum bonus opportunity was 200% of salary. No LTIP awards were made in that year or vested in that year. Maximum bonus opportunity was 100% of salary in all other years.
2. In FY 2010 the price on 31 December 2009 (£4.14) is used for the 2003 LTIP award which vested 75% out of a maximum 300% in December 2009.
3. Two awards vested in FY 2011. The price on 31 December 2010 (£5.72) is used for the 2004 award which vested 75% out of a maximum 300% in December 2010. The price on 30 September 2011 (£3.68) is used for the 2008 transition award which vested 100% in September 2011.
4. In FY 2012 the price on 30 September 2012 (£4.82) is used for the 2009 award which vested 52.5% out of a maximum 100% in September 2012.
5. In FY 2013 the price on 30 September 2013 (£7.62) is used for the 2010 award which vested 37.5% out of a maximum 100% in September 2013 and the 2006 award lapsed.
6. In FY 2014 the price on realisation on 23 June 2014 (£8.31) is used for the 2007 award which vested at 120% out of a maximum 300% in December 2013.
7. No LTIP vested in FY 2015.
8. Awards made to Martin Morgan in February 2012 under the 2012 Long-Term Incentive Plan vested in full during the year. The average share price for the last of quarter of FY 2016 is used (£6.95). The single figure shown combines the period of his service to 31 May 2016 and his successor Paul Zwillenberg from 1 June 2016. It does not include the value of Martin's termination payments, see page 69.

Annual report on remuneration chart 2: Relative importance of spend on pay in the financial year

The chart sets out the relative importance of spend on pay in the financial year.



Directors' Remuneration Policy

This part of the report sets out the Company's policy for the remuneration of Directors (Policy). The Company's Directors' Remuneration Policy was last approved by shareholders at the AGM on 4 February 2015. The Committee has taken the opportunity to review the Policy and is satisfied that, subject to some amendments, it remains appropriate.

A summary of the key changes proposed to the Policy is set out in the notes on page 76.

The revised Policy, as set out on pages 72 to 83, is intended to apply for a three-year period from the date of the 2017 AGM, subject to a binding shareholder vote at that meeting, after which it will be available to view at www.dmgt.com. The Committee will continue to review the Policy on an annual basis.

Policy overview

The Committee aims to structure remuneration packages which motivate and retain Directors, and drive the right behaviours. 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. Our approach is to align base salary with reference to market levels of pay and to ensure that a significant part of executive pay is variable and linked to the success of the Company.

The CEO's Strategy Review has highlighted the paramount importance of realising the full revenue, profit and cash flow potential within our existing portfolio, as part of our drive for long-term growth and shareholder value creation. Supporting our strategy, the Committee is proposing the adoption of a new Long-Term Executive Incentive Plan (subject to shareholder approval at the AGM), which will directly link payouts to business performance by awarding management a share of profit growth, over and above a minimum threshold, after deducting a charge for additional capital. The new Long-Term Executive Incentive Plan provides for exceptional pay in cases of truly exceptional performance, while not over-rewarding average performance.

The Committee regularly reviews remuneration structures to ensure they are aligned to business strategy. The Policy incorporates a degree of flexibility to allow the Committee to manage remuneration over the next three years.

Policy applied to Executive Directors

Purpose and link to strategy	Operation	Opportunity	Performance metrics
Base salary			
To recruit, retain and reflect responsibilities of the Executive Directors and be competitive with peer companies.	The basic salary for each Executive Director is reviewed annually for the following year taking into account contractual agreements, general economic and market conditions and the level of increases made across the Group as a whole. Given the location of the Company's principal operations, a particular focus is put on US and UK market conditions. Benchmarking based on media and other relevant companies is performed periodically and the Committee's intention is to apply judgement in evaluating market data.	Annual increases are normally in line with average UK and US-based employees, subject to particular circumstances, such as changes in roles, responsibilities or organisation, or as the Committee determines otherwise based on factors listed under 'Operation'. The maximum salary level for each Executive Director is set at a level the Committee considers appropriate taking account of the individual's skills, experience and performance, and the external environment. Current salary levels are set out on page 63.	Not performance related.
Pension			
To recruit, retain and reflect responsibilities of the Executive Directors and be competitive with peer companies.	Executive Directors may participate in a defined contribution pension scheme or may receive a cash allowance in lieu of pension contribution. Any contributions paid to the Company pension scheme will be offset from the cash allowance.	For executives who participated in the defined benefit scheme the pension allowance has been set at a higher level (up to 37%). 30% for new recruits.	Not performance related.

Purpose and link to strategy	Operation	Opportunity	Performance metrics
Benefits			
To recruit, retain and reflect responsibilities of the Executive Directors and be competitive with peer companies.	Benefits typically include cash allowances and non-cash benefits such as medical and car benefits. Where appropriate, the Committee may also offer allowances for relocation or other benefits where it concludes that it is in the interest of the Company to do so, having regard to the particular circumstances and to market practice. Allowances do not form part of pensionable earnings. Executives are also eligible to participate in the DMGT SharePurchase+ plan, an all-employee Share Incentive Plan, on the same basis as other employees.	Benefits may vary by role and individual circumstances. The cost of benefits changes periodically and may be determined by outside providers.	Not performance related.
Annual bonus			
To focus Executive Directors on the delivery of financial performance and strategic objectives which create value for the Company and shareholders. To reward individual contribution to the success of the Company.	The annual bonus is based on in-year performance against financial and strategic objectives: • up to 100% of total bonus opportunity is based on financial performance at corporate and business unit level; and • a proportion of total bonus opportunity may be based on performance against strategic non-financial objectives. The bonus weightings applied for each of the Executive Directors may vary from time to time and may include financial measures and targets relating to their specific business. The weightings that apply to the bonus may vary if the Committee determines that it is appropriate in order to achieve the strategic aims of the business. Performance is measured separately for each item as shown in tables 2.2 and 2.3 on page 65. Annual incentive payments do not form part of pensionable earnings. Annual bonus plans are discretionary and the Committee reserves the right to make adjustments to payments up or down if it believes that exceptional circumstances warrant doing so. Bonuses are subject to malus prior to payment, and to clawback for two years after payment, in circumstances including a material misstatement in results, an error in calculating/assessing satisfaction of any condition, the participant causing material reputational damage to any member of the Group or serious misconduct by the participant causing loss to any member of the Group.	Maximum opportunity is as follows: • for Lord Rothermere, 180% of salary; • for Paul Zwillenberg, 140% of salary • for Kevin Beatty, 60% of salary; and • for Suresh Kavan, 150% of salary. Paul Dacre does not participate in the annual bonus plan. The maximum level for new recruits will not exceed 200% of salary. The achievement of stretch targets results in maximum payout. On-target bonus is normally 50% of maximum. There is normally no payout for performance below threshold. Payout between threshold and target is on a straight-line basis. The performance range sets a balance between upside opportunity and downside risk and is normally based on targets in accordance with the annual budget.	Bonuses are subject to the achievement of financial measures set prior to grant by the Committee. Measures currently include profit, revenue and cash flow targets and may be varied from year to year. The selection and weighting of performance measures takes into account the strategic objectives and business priorities for the year. The weightings that were applied to the FY 2016 bonus targets are as reported in table 2.2 and 2.3 on page 65. The Board considers the specific targets and relative weightings for each measure to be commercially sensitive and they will not be disclosed. Performance against targets in the year that bonus awards are made will be disclosed along with the relevant weightings in the Annual Report following the payment.

Policy applied to Executive Directors continued

Purpose and link to strategy	Operation	Opportunity	Performance metrics
Bonus deferral To provide an element of retention and align Executive Directors' interests with those of shareholders.	Awards are delivered through a grant of nil cost options. A proportion of some Executive Directors' annual bonus is deferred for a period of two years. Annual bonus deferral requirements are reported in detail in table 3 on page 65. Following the exercise of an option, a cash payment with a value equivalent to the sum of all of the dividends declared for the award between the grant date and the date of delivery of the shares will be made. Clawback of vested and unvested awards is possible in the event of material misstatement of information or misconduct.	All Executive Directors (with the exception of Lord Rothermere) are required to defer any above-target annual bonus into nil cost options for two years.	No further performance conditions are imposed. This is reflective of market practice.
Long-term incentives To focus Executive Directors on the delivery of strategic priorities creating sustainable long-term value for the Company and shareholders, thereby aligning Executive Directors' interests with the interests of the Company and shareholders. Specifically, the key objective is to incentivise Executive Directors to grow Company profits in an appropriate manner. Please see the notes to this table for further details about the link between the Executive Incentive Plan (EIP) and the Group's strategic goals.	Subject to shareholder approval at the AGM, the Company will adopt a new long-term incentive plan known as the DMGT Long-Term Executive Incentive Plan 2017 which will be used to grant long-term incentive awards to Executive Directors. The 2012 Long-Term Incentive Plan (2012 LTIP) will currently continue to be used for long-term incentive awards made to Suresh Kavan and Paul Dacre. There will be an annual grant of awards, which may be in the form of conditional share awards, options, restricted shares or cash at the discretion of the Committee. Awards may vest at the end of a performance period of a minimum duration of three years, subject to achievement of performance targets and continued service. In exceptional cases (e.g. recruitment) awards may be made without performance conditions if the Committee considers this appropriate. Awards will typically be paid out in shares, calculated by reference to the share price as at the date of grant, in order to ensure further alignment of the Executive Directors' interests with those of shareholders. The Committee may determine that awards will alternatively be settled in cash if it considers this appropriate. Awards may be granted on terms that the value of any dividends paid to Shareholders on their shares in the period between the date of grant and the date of vesting (or exercise) is paid to the individual following the end of that period.	In order to incentivise and allow the potential to appropriately reward Executive Directors for truly exceptional performance, the maximum annual value of shares at grant and which can vest is capped at 500% for each Executive Director. On-target performance typically warrants one-third vesting, in order to ensure that higher levels of payouts are only delivered in return for truly exceptional performance. For the moment Suresh Kavan and Paul Dacre will remain on their existing arrangements with a maximum award of 150% and 70% respectively. On-target vesting for Suresh Kavan currently warrants two-thirds vesting. On-target vesting for Paul Dacre currently warrants full vesting. Performance below threshold results in zero payout.	The Committee may set different performance measures, in terms of type of measure and the weighting given to each measure, for awards granted on different dates, provided the Committee considers that such measures are aligned with the Company's strategic goals and with the interests of its shareholders. Performance conditions may also be set on an individual basis to reflect a particular individual's role. The performance measures are designed to reflect progress towards the achievement of key strategic goals which may vary from year to year. For awards granted to Executive Directors under the EIP, current performance measures link awards to cumulative growth in Group profits over a minimum growth threshold, subject to fair adjustment for any change in capital usage. The minimum growth threshold feature is designed to ensure that the awards are appropriately challenging and Executive Directors are not rewarded unless they achieve a minimum performance threshold. The capital charge/credit feature is designed to ensure that Executive Directors use capital efficiently over the long term, by requiring higher profits to be made if more capital is used.

Purpose and link to strategy	Operation	Opportunity	Performance metrics
Long-term incentives continued	The Committee has discretion, within the rules of the EIP and the 2012 LTIP, to make adjustments taking into account exceptional factors that distort underlying business performance, such as (for example) material M&A activity. EIP awards are subject to malus prior to vesting, and to clawback for three years after vesting, in circumstances including a material misstatement in results, an error in calculating/assessing satisfaction of any condition, the participant causing material reputational damage to any member of the Group or serious misconduct by the participant causing loss to any member of the Group. Awards under the 2012 LTIP are subject to clawback (whether vested or unvested) in the event of material misstatement of information or misconduct. All awards are subject to the rules of the plan (as may be amended from time to time in accordance with the rules) and any other terms and conditions applicable to the awards as the Committee may determine.		For Suresh Kavan, performance is currently measured by reference to growth in revenue and profit for the dmgi and dmge businesses. For Paul Dacre performance is currently measured against the delivery of strategic objectives for the Mail titles. The Committee sets the applicable performance targets prior to or at the time of the grant of awards in accordance with its strategic planning. The Board considers the specific performance targets for each measure and the relative performance measure weightings to be commercially sensitive. Performance against targets and the relative weightings will be disclosed at the time the awards vest.
Shareholding requirement To align the interests of Executive Directors and shareholders.	Executive Directors are encouraged to build up a substantial shareholding in the Company. Shares which have been awarded subject to satisfaction of performance measures are not included in the calculation of the value of the Executive Director's shareholding. Hedging by Executive Directors of any shares held in the Company is prohibited.	The Committee recommends a minimum shareholding of 500% of base salary for the CEO and the Chairman, and 150% for all other Executive Directors. Suresh Kavan has a guideline of 250%. There is no time frame over which the guidelines should be met.	Not performance related.

Policy applied to Non-Executive Directors

Non-Executive Directors' fees and benefits To pay Non-Executive Director fees and allowances which are reflective of responsibilities and to be competitive with peer companies.	Non-Executive Directors' fees and allowances are payable in cash and reviewed regularly. An annual base fee is paid to the Non-Executive Directors, with additional fees paid for additional responsibilities such as chairing a Board Committee, membership of various sub-committees or leading a project. The Board as a whole considers and approves the fees of the Non-Executive Directors. In addition, a travel allowance is payable to Non-Executive Directors.	Current fee levels are set out on page 83. A travel allowance is payable of £4,000 for travel involving between five and 10 hours and £10,000 for travel involving more than 10 hours.	Not performance related.

Remuneration Report

Notes to the policy table

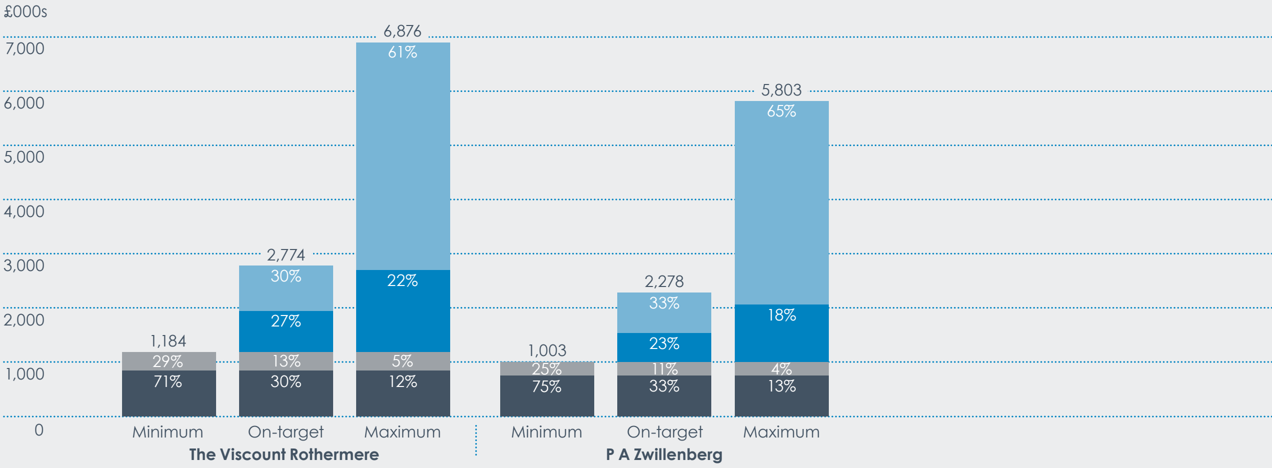
1. Benefits
   - The DMGT all-employee SharePurchase+ plan does not operate performance conditions.
2. Annual bonus performance measures and targets
   - The Committee has selected the following financial performance measures for determination of annual bonuses for 2017: profit; revenue; and cash flow to provide a balanced reflection of the performance of the business. Targets are against the budget.
   - Divisional business heads may have part of the bonus based on divisional performance and part based on Group performance.
   - The performance targets and measures are determined annually by the Committee and may change from year to year.
   - The performance required for maximum payout is set at a stretch performance level that is above the level of the Company's forecasts. If performance is in line with the forecast then typically an on-target level of the annual bonus would be paid.
3. Long-term incentive performance measures and targets
   - In 2017 we plan to introduce a new long-term incentive scheme (EIP) which is intended to:
     - provide a more direct link between pay and performance – with the opportunity for exceptional levels of reward linked to truly exceptional business performance;
     - hold participants to account for the efficient use of capital and delivery of profitable growth; and
     - ensure the Executive Directors are aligned to the delivery of overall Group performance and the long-term interests of the Group and shareholders.
   - Long-term incentive awards granted under the EIP will be subject to the achievement of financial measures set prior to grant (except in exceptional circumstances, e.g. recruitment, where they may be granted without performance conditions if the Committee considers this appropriate). The EIP will initially be used to award management (with the exception of Suresh Kavan and Paul Dacre) a share of profit growth above threshold and after charges for extra capital. Current performance measures for awards made to Suresh Kavan and Paul Dacre relate to their specific businesses.
   - Incentives will be awarded annually and will run over a minimum period of three years.
   - Grants will be made in shares to ensure further alignment with shareholder interests.
   - At the end of the performance period the nominal share of profit will be calculated and will determine the proportion of shares which vest from the original award (if any).
   - The performance targets and measures are determined annually by the Committee and disclosed in the Annual Report on Remuneration at the time of vesting.
4. Key changes made to the Policy
   - Pension:
     As an alternative (or in addition) to receiving a cash allowance in lieu of pension contribution, Executive Directors may participate in a defined contribution pension scheme.
   - Annual bonus:
     The financial measures used in determining annual bonuses will initially be profit, revenue and cash flow. These will usually be measured by reference to the Company's performance but, in some cases, will also be measured by reference to the performance of specific divisions within the Group. Previously, bonuses were subject to the achievement of profit targets for B2B, Consumer and DMGT overall.
   - Long-term incentives:
     - Subject to shareholder approval at the AGM, the Company will adopt the EIP. The Committee considers that the EIP will be a more effective means of achieving the objectives outlined in note 3 to the policy table above.
     - The 2012 LTIP will continue to be used for long-term incentive awards for Suresh Kavan and Paul Dacre given their divisional roles as leaders of businesses.
     - The EIP will be used both for normal long-term incentive arrangements (i.e. annual grants) and for one-off awards on the recruitment of new executives (see further the 'Approach to recruitment remuneration' on page 79).
     - The Chairman is no longer expressly excluded from participating and it is expected that he will participate in future awards.
     - Performance targets for awards granted under the new EIP will be more stretching than those for awards granted under the 2012 LTIP and, in order to provide a stronger incentive to achieve truly exceptional performance, the maximum value of awards which may be granted under the EIP has been increased. Under the previous Policy, a maximum award of up to 300% of salary was permitted in exceptional circumstances. Under the new Policy, awards may be made of up to 500% of base salary (except that, for Executive Directors who continue to receive awards under the 2012 LTIP under this Policy, awards will be subject to the maximum specified in the rules of the 2012 LTIP, being 300% of salary). However, payout on EIP awards for on-target performance has been calibrated to be in line with amounts which would have been paid out under the 2012 LTIP for on-target performance. Under the new EIP, on-target performance will typically result in a pay-out of one-fifth of the value of the award.
     - Performance periods have been decreased from five years to three years.
     - The circumstances in which awards granted under the EIP could be adjusted or clawed back will be broader than under the 2012 LTIP, as summarised in the table above.
   - Shareholding requirement:
     This remains at 150% of base salary for most Executive Directors but has been increased from 150% to 500% for the Chairman and the CEO. Suresh Kavan remains at 250%.

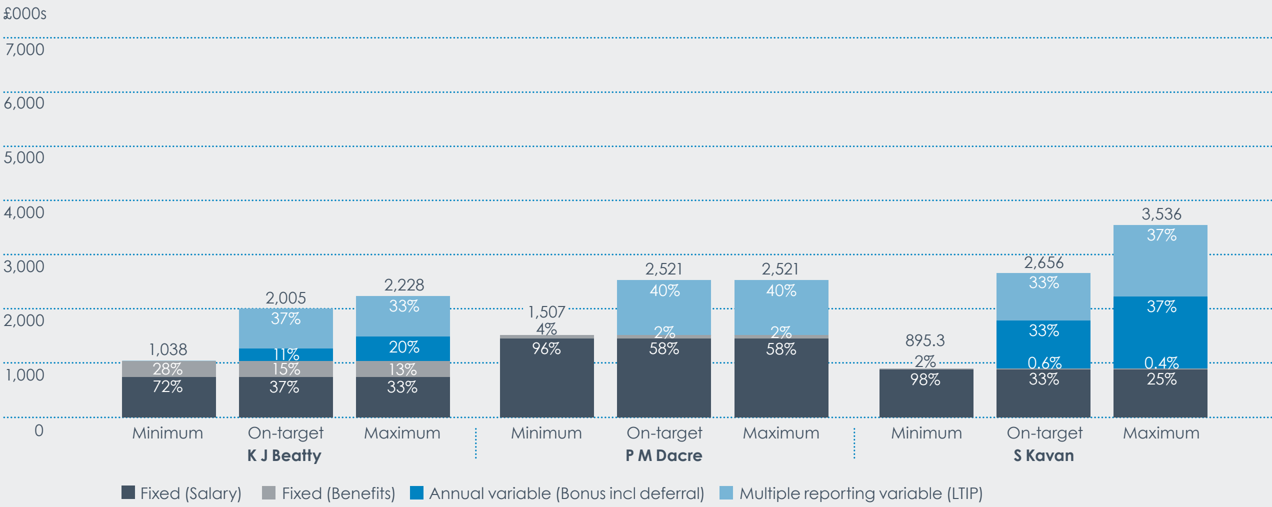
The Committee considers that the changes described above will increase the alignment between the interests of the Executive Directors and those of shareholders.

5. Differences in remuneration policy for all employees
   - Base salary:
     Base salary increases elsewhere in the Group are set at a business level, taking into account economic factors, competitive market rates, roles, skills, experience and individual performance. The change in wages and salaries for the Company as a whole is reported in chart 2 on page 71.
   - Pension:
     - Employees in the UK are auto-enrolled into the Company defined contribution pension scheme. There are a number of schemes in operation, all of which offer levels of employer matching contributions.
     - Employees in the US are typically offered 401(k) retirement plans.
   - Benefits:
     Allowances and benefits for employees reflect the local labour market in which they are based.
   - Annual bonus:
     - Many employees participate in some form of cash-based annual incentive, bonus or commission plan.
     - The annual incentive plan for the Executive Directors forms the basis of the annual incentive plan for the head office Executives. Plans across the Group are designed and tailored for each business, with the purpose of incentivising the achievement of their annual targets.
   - Bonus deferral:
     Most annual incentive plans around the Group do not include a requirement for deferral.
   - Long-term incentives:
     - The EIP for the Executive Directors forms the basis of annual awards for the head office Executives.
     - Plans for Executives in other businesses across the Group are considered and approved by the Committee. Plans are designed to be appropriate to the stage of development of the business and to incentivise the achievement of the mid- to long-term strategic aims of the business in which they operate.
   - Shareholding requirement:
     There is no shareholding requirement for employees below Executive Director level.

Pay scenario charts

Policy report chart 1: Illustrations of application of Executive Directors' remuneration policy
The elements of remuneration have been categorised into three components: (i) Fixed; (ii) Annual variable; and (iii) Multiple reporting period variable, which are set out in the future policy table below:





Notes
Potential reward opportunities illustrated above are based on this Policy, applied to the latest known base salaries and incentive opportunities.

Minimum in the graphs above is fixed remuneration only (salary, pension and benefits). On-target assumes that the standard long-term incentive award and target bonus have been awarded as stated in the policy table.

Maximum assumes that the standard long-term incentive award and the maximum bonus have been awarded as stated in the policy table.

Share awards valued at share price at date of award. No allowance is made for potential share price changes. Future share price changes form a key part of the remuneration linkage to performance and alignment of long-term shareholder returns.

Amounts for Suresh Kavan are converted from US dollars at $1.42 = £1.

External appointments
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.

Legacy arrangements
For the avoidance of doubt, in approving this Policy, authority is given to the Company to honour any commitments entered into with current or former Directors prior to the approval and implementation of this Policy (such as payment of pensions or the vesting/exercise of past share awards), provided that such commitments complied with any Remuneration Policy in effect at the time they were given.

Consideration of pay and employment conditions elsewhere across the Group
The Committee considers pay and employment conditions elsewhere in the Group when making decisions on remuneration matters affecting the Directors. The Committee receives a report annually on the salary budget for each business. The Committee makes reference, where appropriate, to pay and employment conditions elsewhere in the Group (whilst remaining aware of the variety of jurisdictions and markets in which it operates) when determining annual salary increases and to external evidence of remuneration levels in other companies.

The Committee makes reference to data provided by and advice sought from internal and external advisers when making decisions on remuneration matters affecting the Directors. It does not specifically consult with employees over the effectiveness and appropriateness of the Remuneration Policy and framework.

Consideration of shareholder views
The Committee receives annual updates on the views and best practices of shareholders and their representative bodies and, notwithstanding the Company shareholder structure, takes these into account. The Committee seeks the views of shareholders on matters of remuneration that it thinks shareholders are interested in. An example of this was the adoption of the 2012 LTIP, when major shareholders were consulted.

Policy implementation – Executive Directors FY 2017

Executive Directors' basic fees and salary	There are no intentions to increase base salaries for Executive Directors during FY 2017 other than to increase Paul Zwillenberg's bonus potential to 140% maximum 70% on target.
Executive Directors' pension	No change to prior year. Pension allowances are reported in the single figure table 1 on page 64 with further details in the Pension entitlements and cash allowances section in table 7 on page 69.
Benefits in kind	No change to policy since prior year. Allowances and benefits for FY 2016 are reported in detail in the notes to the single figure table 1 on page 64.
Executive Directors' annual bonus	Annual bonus payments for FY 2016 are reported in detail in tables 2.1, 2.2, 2,3. Paul Zwillenberg's bonus potential will be 70% on target and 140% at maximum. Bonus potential for other Executive Directors will not change. Awards in FY 2017 will not include strategic objectives and will be measured against Group level revenue, profit and cash flow targets. In addition to Group level performance, Suresh Kavan and Kevin Beatty will be measured on the performance of their respective divisions against the same metrics (weighting 30% Group, 70% Divisional).
Bonus deferral	There were no nil cost option awards made under the plan for FY 2016. The cash amounts that apply for the FY 2016 bonus are shown in table 2.1 on page 65. Bonus deferral requirements for FY 2017 remain as stated in table 3 on page 65.
Executive Directors' long term incentive	A new Long Term Executive Incentive Plan (subject to shareholder approval at the AGM), will be introduced in FY 2017 which will directly link pay-outs to business performance by awarding management a share of profit growth, over and above a minimum threshold, after deducting a charge for additional capital. The new Long Term Executive Incentive Plan provides for exceptional pay in cases of truly exceptional performance, while not over-rewarding average performance. Further details of the applicable performance criteria are included in the policy table. Individual award amounts will be determined at the time of the award and will be subject to the performance conditions outlined in the new policy. In addition, subject to approval, the Chairman will be eligible to participate in the long term incentive plan. Stephen Daintith will not receive a long-term incentive award in FY 2017. Suresh Kavan and Paul Dacre will remain on their existing long-term incentive arrangements under the 2012 Long Term Incentive Plan. Suresh Kavan receives an award of DMGT equity equivalent to 150% of salary subject to three year performance against revenue and profit targets for RMS, dmgi and dmge. Outstanding awards will continue to vest according to the Rules of the Plans they were awarded under. Details of outstanding awards and their status are shown in detail in table 6 on page 68.
Executive Directors' service contracts	No changes to service contracts are planned for FY 2017 other than to increase Paul Zwillenberg's bonus potential to 140% maximum, 70% on-target.

External appointments	The Company allows its Executive Directors to take a very limited number of outside directorships. Individuals retain the payments from such services since these appointments are not expected to impinge on their principal employment. Martin Morgan was appointed to the Board of the City of London Investment Trust on 1 March 2012 and received a fee of £20,287 in FY 2016.
Executive Directors' shareholding guidelines	For FY 2017 the guideline will increase to 500% of base salary for Lord Rothermere and Paul Zwillenberg. All others will remain unchanged at 150% of base salary, except for Suresh Kavan who will remain unchanged at 250% of base salary. Directors' interests are reported in detail in table 10 on page 80.
Executive Directors' pension	Pension allowances for any new Executive Director will be limited to a maximum of 30%. Pension allowances are reported in the single figure table 1 on page 64 with further details in the Pension entitlements and cash allowances section in table 7 on page 69.
Recruitment Award	In accordance with the terms of his recruitment Paul Zwillenberg will receive a one-off award of DMGT shares with a value of £750,000 as at 1 June 2016, which will vest subject to his continuing employment on 1 June 2019.
Exit Payments	Stephen Daintith is expected to leave the Company during FY 2017. Details of his exit arrangements will be disclosed at that time.

Policy implementation – Non-Executive Directors FY 2017

Non-Executive Directors' fees	No changes to fees were made during FY 2016. The actual fees paid to Non-Executive Directors in FY 2016 are shown in table 14. There is currently no intention to increase fees or allowances in FY 2017 but fees may be reviewed within the policy terms.

Approach to recruitment remuneration

When appointing or recruiting a new Executive Director from outside the Company, the Committee will normally aim to set remuneration at a level which is consistent with the remuneration policy in place for other Executive Directors and in particular the Executive Director who previously filled the relevant role, although it is recognised that, in order to secure the best candidate for a role, the Company may need to pay a new Executive Director more than it pays its existing Executive Directors. Pre-existing contractual agreements for internal candidates may be maintained on promotion to an Executive Director role.

The Committee may make use of any of the below components in the remuneration package.

Component	Approach	Maximum annual grant level
Base salary	Base salary will be determined by reference to the individual's role and responsibilities, location of employment, and the salary paid to the previous incumbent.	Not applicable.
Pension	The appointed Executive Director will be eligible to participate in the Group's defined contribution pension plan and/or receive a cash pension allowance.	30% of base salary.
Benefits	New appointments may be eligible to receive benefits in line with the Policy for current Executive Directors as well as benefits relating to relocation such as (but not limited to) cost of living, housing and tax equalisation support.	Not applicable.
Annual bonus	The appointed Executive Director will be eligible to participate in the Company's annual bonus plan in accordance with the Policy for current Executive Directors and may be required to defer some or all of any bonus granted in accordance with the Policy.	200% of base salary.
Long-term incentives	The appointed Executive Director will be eligible to participate in the Executive Incentive Plan in accordance with the Policy for current Executive Directors, save that the Committee may provide that an initial award under EIP (within the salary multiple limits on page 74) is subject to a requirement of continued service over a specified period, rather than the usual performance conditions.	500% of base salary.
Replacement awards	If in joining DMGT a new Executive Director would forfeit any existing award under variable remuneration arrangements with a previous employer, the Committee will consider on a case-by-case basis what replacement awards (if any) are reasonably necessary to facilitate that individual's recruitment, taking into account all relevant factors such as performance achieved or likely to be achieved, the proportion of the performance period remaining and the form of the award due to be forfeited.	Not applicable.

Annual report on remuneration: Directors' shareholdings

Annual report on remuneration table 10: Statement of Directors' shareholding and share interests – Audited

The number of shares of the Company in which current Directors or their families had a beneficial interest and details of long-term incentive (LTI) interests as at 30 September 2016 are set out in the table below. The shareholding guideline for Executive Directors is currently 1.5x (150%) of salary. The value as a multiple of salary has been calculated using the 30 September 2016 share price of £7.45.

Beneficial							
As at 30 September 2016	Ordinary	A Ordinary Non-Voting	LTI interests not subject to performance conditions[1]	Value (as a multiple of salary)[2]	Guideline met	LTI interests subject to performance conditions[3]	Total outstanding interests[4]
The Viscount Rothermere	19,890,364[5]	61,531,183	427,680	728.5	Yes	–	427,680
P Zwillenberg	–	5,058	0	0.1	No	–	–
S W Daintith	–	1,426	41,339	0.4	No	531,277	572,616
K J Beatty	–	96,038	126,696	2.2	Yes	670,334	797,030
P M Dacre	–	–	–	–	No	263,388	263,388
S Kavan	–	271,624	700,000	6.3	Yes	320,942	1,070,942
M W H Morgan	–	1,062,376	196,559	9.3	Yes	748,524	945,083
D M M Dutton	–	282,950	–	5.8	Yes	–	–
J G Hemingway	–	200,000	–	–	n/a	–	–
K A H Parry	–	5,711	–	–	n/a	–	–
	19,890,364	**63,456,313**	**1,492,274**			**2,534,465**	**4,076,739**
Non-beneficial							
The Viscount Rothermere	–	4,880,000					
J G Hemingway	–	14,500					
D H Nelson	–	212,611					
	–	**5,107,111**					
Total Directors' interests	**19,890,364**	**68,563,424**					
Less duplications	–	(5,752,611)					
	19,890,364	**62,810,813**					

Notes
1. The LTI interests not subject to performance conditions are the nil cost options awarded as the bonus deferral; full details can be found in table 4 on page 66.
2. The value as a multiple of salary includes LTI interests not subject to performance conditions.
3. The LTI interests subject to performance conditions are detailed in table 6 on page 68 and include those shares which have vested but are not realisable as well as those that are outstanding. The figure also includes all of the matching shares that were awarded under the 2009 and 2010 LTIP awards. Details of these awards are in tables 5.1 and 5.2 on page 67. Awards show for S Kavan were made in December 2015 before he joined the Board.
4. Total outstanding interests are the sum of the LTI interests (both subject to and not subject to performance conditions) and options subject to performance conditions.
5. The Company has been notified that under Sections 793 and 824 of the Companies Act 2006, Lord Rothermere was deemed to have been interested as a shareholder in 19,890,364 Ordinary Shares at 30 September 2016.

At 30 September 2016, Lord Rothermere was beneficially interested in 756,700 Ordinary Shares of Rothermere Continuation Limited, the Company's ultimate holding company.

The figures in the table above include shares purchased by participants in the DMGT 2010 Share Incentive Plan. For Paul Zwillenberg, Martin Morgan, Stephen Daintith, Kevin Beatty and David Dutton, purchase of shares were made between 30 September 2016 and 30 November 2016. These purchases increased the beneficial holdings of these Executive Directors by 17 shares for Martin Morgan and David Dutton, 32 shares for Stephen Daintith and Kevin Beatty and 58 shares for Paul Zwillenberg.

Annual report on remuneration table 11: Directors' interests in Euromoney – Audited

Executive Directors' beneficial shareholdings in Euromoney were as follows:

	30 Sep 2016
The Viscount Rothermere	0
M W H Morgan	7,532
Total Directors' interests	**7,532**

Disclosable transactions by the Group under IAS 24, Related Party Disclosures, are set out in Note 45 on pages 175 and 176. 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.

Annual report on remuneration table 12: Voting at general meeting

The table below shows the advisory vote on the 2016 Remuneration Report and the binding vote on future policy at the February 2016 AGM. The Committee consults with major shareholders prior to any major changes.

	Votes for	%	Votes against	%	Abstentions	%
Remuneration Report	19,890,364	100%	–	0%	–	0%

Annual report on remuneration: Remuneration Committee role and activities

Annual report on remuneration table 13: Remuneration Committee attendance

	Member for the year	Meetings held	Meetings attended
The Viscount Rothermere	Yes	9	9
N W Berry	Yes	9	7
D H Nelson	Yes	9	9
H Roizen	Yes	9	9

Note
Lord Rothermere does not attend any part of a meeting while matters affecting his own remuneration are discussed.

Remuneration Committee role and activities

The Committee's responsibilities include:

- Group remuneration policy; and
- setting the remuneration, benefits and terms and conditions of employment of the Company's Executive Directors and other senior executives.

The Committee's terms of reference are available on the Company's website. The Committee is chaired by Lord Rothermere with Committee members Nicholas Berry, David Nelson and Heidi Roizen.

The UK Corporate Governance Code (the Code) recommends that a remuneration committee should be composed entirely of independent non-executive directors. The Board considers that, as the beneficiary of the Company's largest shareholder, Lord Rothermere's interests are fully aligned with those of other shareholders. The Committee is confident that its make-up ensures that it carries out all aspects of its role with proper and appropriate regard to long-term shareholders' interests and that this alignment is, in fact, stronger as a direct consequence of its membership. The Non-Executive Directors meet regularly and independently outside of the formal meetings.

The Committee spends a large portion of its time reviewing the remuneration and incentive plans of businesses which are diverse both in geography and sector. There are a variety of incentive plans requiring significant consideration and oversight, which are designed to reflect each business type and stage of development, the market it operates in and aims to incentivisation of the delivery of its strategic plan. The Committee's objective is to combine the necessary attention to short-term financial performance, through annual bonus plans, with a stronger focus on the fundamentals that drive long-term growth, through long-term incentive schemes.

In September 2016, the Committee conducted a formal review of its effectiveness and concluded that it had fulfilled its remit and had been effective in the year.

Risk and reward

During the year, the Committee reviewed and confirmed that the plans in operation throughout the Group did not incentivise excessive risk and, in particular, that the remuneration incentives in the Company are compatible with its risk policies and systems.

Executive Directors' service contracts

The Executive Directors are employed under service contracts, the principal terms of which are summarised below.

Executive Director	Position	Effective date of contract	Employer	Notice period (by either party)	Compensation on termination by employer without notice or cause
The Viscount Rothermere	Chairman	17 October 1994	Daily Mail and General Trust plc	3 months	Basic salary, benefits, pension entitlement and, as appropriate, a prorated bonus payment for the notice period.
P Zwillenberg	CEO	1 June 2016	Daily Mail and General Holdings Limited	12 months	Basic salary, pension allowance, car allowance and cash equivalent value of other benefits for the notice period. Compensation is subject to mitigation if the Director obtains an alternative remunerated position.
K J Beatty	Executive Director	19 May 2002	Associated Newspapers Limited	12 months	Basic salary, benefits, pension entitlement and, as appropriate, a prorated bonus payment for the notice period.
P M Dacre	Executive Director	13 July 1998	Associated Newspapers Limited	12 months	Basic salary, benefits, pension entitlement and, as appropriate, a prorated bonus payment for the notice period.
S Kavan	Executive Director	24 June 2008	DMG Information Inc.	12 months	Basic salary, benefits, accelerated vesting of long-term incentives for the notice period. Pro-rated bonus for fiscal year in which termination occurs.

Non-Executive Directors' appointment

The Non-Executive Directors are appointed for specified terms under the Company's Articles of Association and are subject to re-election by ordinary shareholders at the AGM following appointment. The Non-Executive Directors are subject to annual re-election at the AGM. Each appointment can be terminated before the end of the one-year period with no notice or fees due. The dates of each Non-Executive Director's original appointment and latest reappointment are set out below:

Non-Executive Director	Appointment commencement date	Latest reappointment date
F P Balsemão	27 November 2002	10 February 2016
N W Berry	7 February 2007	10 February 2016
J G Hemingway	14 February 1978	10 February 2016
Lady Keswick	23 September 2013	10 February 2016
A H Lane	6 February 2013	10 February 2016
D H Nelson	1 July 2009	10 February 2016
K A H Parry	22 May 2014	10 February 2016
H Roizen	26 September 2012	10 February 2016
D Trempont	9 February 2011	10 February 2016

Directors' service contracts/letters of appointment are available for inspection at DMGT's registered office.

Exit payment policy

The Company normally sets the notice period of Executive Directors as 12 months, but may decide to vary this in circumstances it deems appropriate.

On termination, the Company will normally make a payment in lieu of notice (PILON) which is equal to the aggregate of: the basic salary at the date of termination for the applicable notice period; the pension allowance over the relevant period; the cost to the Company of providing all other benefits (excluding pension allowance and bonus) or a sum equal to the amount of benefits as specified in the Company's most recent Annual Report; and a bonus payment calculated in accordance with the service contract of the Director. The treatment of awards under the Company's Long-Term Incentive Plans on termination will be in accordance with the rules of the Plan and, where appropriate, at the discretion of the Committee.

The Company may pay the PILON either as a lump sum or in equal monthly instalments from the date on which the employment terminates until the end of the relevant period. If alternative employment (paid above a pre-agreed rate) is commenced, for each month that instalments of the PILON remain payable, the amounts, in aggregate (excluding the pension payment), may be reduced by half of one month's basic salary in excess of the pre-agreed rate.

In the event that a participant's employment is terminated, treatment of outstanding awards under the Group's incentive plans will be determined based on the relevant plan rules, which are summarised below:

Incentive plan	Treatment of awards
DMGT SharePurchase+	All leavers have to exit DMGT SharePurchase+ and either sell or transfer their shares. If identified as a 'Good Leaver', under the rules of DMGT SharePurchase+, no tax or National Insurance Contributions are paid.
Annual bonus	If identified as a 'Good Leaver' for the purposes of the bonus, the Committee may determine that the leaver's contribution was significant in early or high achievement of targets, in which case, it may decide to make a payment which is equivalent of up to a full year bonus.
Deferred bonus plan	If identified as a 'Good Leaver' under the deferred bonus plan rules (including those identified at the discretion of the Committee), outstanding awards shall vest in full on the normal vesting date or on such earlier date as the Committee may determine.
Long-term incentive plans (both the 2012 LTIP and the new Executive Incentive Plan, assuming that the rules of the new EIP are approved at the AGM)	If identified as a 'Good Leaver' under the rules (including those identified at the discretion of the Committee), outstanding awards will vest, either on the normal vesting date or on such earlier date as the Committee may determine, to the extent determined by the Committee taking into account the performance conditions, the proportion of the performance period which has elapsed at the date of termination and any other factors it considers appropriate. If, in the judgement of the Committee, greater progress towards achievement of targets has been made as a result of the performance of the leaver, it may, at its absolute discretion, decide to vest up to 100% of the outstanding award.

The Committee may make payments it considers reasonable in settlement of potential legal claims, e.g. unfair dismissal or where agreed under a settlement agreement. This may include an entitlement to compensation in respect of their statutory rights under employment protection legislation and such reasonable reimbursement of fees for legal and/or tax advice in connection with such agreements and/or costs of outplacement services.

Where an Executive Director is a 'Good Leaver', the Committee reserves the discretion to approve any or all of the following additional benefits:

- continuation of private health insurance or life assurance for a period of time following termination;
- use of business premises for a period after termination;
- retention of IT equipment by the Executive Director; and/or
- use of a company car and/or driver for a period after termination.

Non-Executive Directors: annual report on remuneration

Annual report on remuneration table 14: Single figure of remuneration paid to Non-Executive Directors – Audited
The table below sets out the single total figure of remuneration for each Non-Executive Director in 2015 and 2016. There is a basic Non-Executive Director fee of £35,000 p.a. Additional fees are paid for membership and chairmanship of sub-committees and subsidiary boards.

Travel allowances of £4,000 are paid for travel involving between five and 10 hours and £10,000 for meetings involving more than 10 hours' travel.

	2015			2016		
	Fees £000	Travel allowance £000	Total £000	Fees £000	Travel allowance £000	Total £000
F P Balsemão	39	4	43	**37**	**4**	**41**
N W Berry	100	0	100	**98**	**–**	**98**
J G Hemingway	78	4	82	**76**	**4**	**80**
Lady Keswick	35	4	39	**35**	**4**	**39**
A H Lane	66	4	70	**78**	**–**	**78**
D H Nelson	142	14	156	**195**	**4**	**199**
K A H Parry	88	4	92	**123**	**4**	**127**
H Roizen[1]	110	34	144	**99**	**48**	**147**
D Trempont[1]	148	34	182	**87**	**48**	**135**
Total	806	102	908	**828**	**116**	**944**

Note
1. During the year Heidi Roizen was a member of the MailOnline advisory board. Fees shown above include the fees and travel allowances for Board participation. Travel allowances with the exception of Heidi Roizen and Dominique Trempont relate to the September 2015 Board meeting in New York which were paid in October 2015. Amounts for David Nelson, Heidi Roizen, Andrew Lane and Dominique Trempont include project fees.

Annual report on remuneration

Annual report on remuneration table 15: Advice to the Remuneration Committee
In 2015 Willis Towers Watson was appointed as DMGT's primary remuneration adviser. This decision was made based on Willis Towers Watson's global capabilities, independence and expertise. They also supported management with reward related advice for employees below Board level.

In 2016 we worked with Kepler (part of Mercer) to benchmark our executive team and to provide input into the design of our long-term incentives. They were appointed on the basis of their expertise.

Grant Thornton (appointed for RMS) and Greenhill Associates also provided advice in relation to valuation of subsidiaries for the purpose of long-term incentive schemes. Both firms have extensive capabilities in conducting independent valuations.

Fees paid to advisers to the Committee in relation to remuneration advice are shown below.

Adviser	Fees in relation to remuneration advice £000
Grant Thornton (fixed fee)	10
Greenhill (fixed fee)	459
Kepler (fixed fee)	35
Willis Towers Watson (time spent)	56

This report covers the reporting period to 30 September 2016 and has been prepared in accordance with the relevant requirements of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 (the Regulations) and of the Listing Rules of the Financial Services Authority. As required by the Regulations, a separate resolution to approve the policy and implementation reports will be proposed at the Company's AGM.

Audited information

The tables in the Annual Report on remuneration that have been subject to audit are clearly identified.

STATUTORY INFORMATION

Directors' Report

Other statutory information

Required information can be found in the Strategic Report on pages 2 to 41, which is incorporated into this Report by reference. Information on the environment, employees, community and social issues is given in the Our People and Our Communities section on pages 38 to 41.

In accordance with the UK Financial Conduct Authority's Listing Rules (LR 9.8.4C), the information to be included in the Annual Report, where applicable, under LR 9.8.4, is set out in the Governance section, with the exception of details of transactions with controlling shareholders (if any) which are set out in Note 45.

Forward-looking statements

This Annual Report contains certain forward-looking statements with respect to 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 those 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.

Tangible fixed assets and investments

The Company's subsidiaries are set out on page 178. Changes to the Group's tangible fixed assets and investments during the year are set out in Notes 23 to 26. There was no material difference in value between the book value and the market value of the Group's land and buildings.

Directors

The names of the Directors, plus brief biographical details are given on pages 42 and 43. Directors held office throughout the year with the exception of Martin Morgan, David Dutton, Paul Zwillenberg and Suresh Kavan. In accordance with the UK Corporate Governance Code, all existing Directors will stand for re-election at the Annual General Meeting (AGM) on 8 February 2017. John Hemingway and Francisco Balsemão will not seek re-election. Paul Zwillenberg and Suresh Kavan will stand for election at the AGM.

Principal activities

A description of the principal activities of the Group and likely future developments and important events occurring since the end of the year are given in the Strategic Report on pages 2 to 41.

Results and dividends

The profit after taxation of the Group amounted to £214million. After excluding the £10 million element attributable to non-controlling interests, the Group profit for the year attributable to owners of the Company amounted to £204 million. The Board recommends a final dividend of 15.3 pence per share. If approved at the 2017 AGM, the final dividend will be paid on 10 February 2017 to shareholders registered in the books of the Company at the close of business on 9 December 2016. Together with the interim dividend of 6.7 pence per share paid on 1 July 2016, this makes a total dividend for the year of 22.0 pence per share (2015 21.4 pence).

Directors' interests

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 60.

Employee Benefit Trust

The Executive Directors of the Company, together with other employees of the Group, are potential beneficiaries of the DMGT Employee Benefit Trust (Employee Trust) and, as such, are deemed to be interested in any A Shares held by the Employee Trust. At 30 September 2016, the Employee Trust's shareholding totalled 4,887,935 A Shares.

Between 30 September 2016 and 9 December 2016 the Employee Trust transferred no A Shares to satisfy the exercise of awards under employee share plans.

Significant shareholdings

As at 9 December 2016, the Company had been notified of the following significant interests of the issued Ordinary Shares:

Rothermere Continuation Limited	100%

The Board regards holdings in the Company's securities of greater than 15% to be significant. There are no significant holdings in the Company's A Shares other than those shown in the Remuneration Report on page 60.

Share capital

The Company has two classes of shares. Its total share capital is comprised of 5% Ordinary Shares and 95% A Shares. Full details of the Company's share capital are given in Note 39.

Holders of Ordinary and A Shares are entitled to receive the Company's Annual Report. Holders of Ordinary Shares are entitled to attend and speak at General Meetings and to appoint proxies and exercise voting rights.

During the year, the Company transferred £1.4 million shares out of Treasury, representing 0.4% of called-up A Shares, in order to satisfy incentive schemes. The Company held 9,887,935 shares in Treasury and the DMGT Employee Benefit Trust with a nominal value of £1.2 million at 30 September 2016. The maximum number of shares held in Treasury and by the DMGT Employee Benefit Trust during the year was 9,888,111, which had a nominal value of £1.2 million. The Company also purchased £3.5 million shares for holding in Treasury having a nominal value of £0.4 million in order to match obligations under various incentive plans. The consideration paid for these shares was £23.8 million. Excluding the share buy-back programmes, shares purchased during the year represented 1.0% of the called-up A Share capital as at 30 September 2016.

On 9 December 2016 the Company held 5,000,000 Treasury Shares.

Details of allotments of share capital which arose solely from the exercise of options are given at Note 38.

Authority to purchase shares

At the Company's AGM on 10 February 2016, the Company was authorised to make market purchases of up to 34,201,672 A Shares representing approximately 10% of the total number of A Shares in issue. During the period from 8 December 2015 to 30 September 2016, under the share buy-back programme, the Company purchased nil shares into Treasury, at a total cost of £nil (see Note 38).

Statutory Information

External Auditor and disclosure of information to the External Auditor
So far as the Directors are aware, there is no relevant audit information of which the Company's External Auditor is unaware. The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's External Auditor is aware of that information.

The Company's External Auditor PwC has indicated its willingness to serve and, in accordance with Section 489 of the Companies Act 2006, a resolution proposing the reappointment of PwC will be put to the AGM on 8 February 2017.

Directors' indemnity
A qualifying third-party indemnity (QTPI), as permitted by the Company's Articles of Association and Sections 232 and 234 of the Companies Act 2006, has been granted by the Company to each of the Directors of the Company. Under the provisions of the QTPI, the Company undertakes to indemnify each Director against liability to third parties (excluding criminal and regulatory penalties) and to pay Directors' defence costs as incurred, provided that they are reimbursed to the Company if the Director is found guilty or, in an action brought by the Company, judgment is given against the Director.

Going concern
A full description of the Group's business activities, financial position, cash flows, liquidity position, committed facilities and borrowing position, together with the factors likely to affect its future development and performance, is set out in the Strategic Report, particularly the Financial Review on pages 32 to 37 and in the Notes to the accounts on page 102.

The Group has significant financial resources and the Directors, having reviewed the Group's operating budgets, investment plans and financing arrangements, have assessed the future funding requirements of the Group and compared this to the level of committed facilities and cash resources. The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future. Accordingly, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the Annual Report.

Viability Statement
A Viability Statement in respect of the Company can be found on page 35.

Modern Slavery Act Transparency Statement
In accordance with the Modern Slavery Act 2015 our Modern Slavery Act Transparency Statement can be found on the DMGT website.

www.dmgt.com/modern-slavery-act-transparency-statement

Directors' responsibilities
The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law, the Directors have prepared the Group Financial Statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and the parent Company Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRS as adopted by the European Union and applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and parent Company Financial Statements respectively; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the International Accounting Standards Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. Each of the Directors confirms that, to the best of his/her knowledge:

- the Group Financial Statements, which have been prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Strategic Report contained on pages 2 to 41 includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Statutory Information

Relationship agreements
Daily Mail and General Trust plc entered into a Relationship Deed with Euromoney Institutional Investor PLC on 16 July 2014, and Zoopla Property Group Plc on 5 June 2014, in each case in accordance with the Listing Rules and have acted in accordance with the terms of the Deeds since execution.

Charitable and political donations
The Company made charitable donations of £1.3 million during the period. In the prior year, the Company donated £1.2 million. No political donations were made during the period.

Principal risk factors
These risks and how they are being managed or mitigated are shown on pages 28 to 31. The Directors have reviewed the Group's principal risks including those that would threaten the Group's business model, future performance, solvency or liquidity.

Events after the balance sheet date of 9 December 2016
Details are provided in Note 46.

Material contracts
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 42 as regards ink and printing, where arrangements are in place until 2018 and 2024 respectively in order to obtain competitive prices and to secure supplies.

As regards the Group's principal commodity requirements, newsprint, arrangements are made biannually 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 light of its strategy to create a diversified international portfolio of businesses, the Group is not dependent on any supplier of other commodities for its revenue or any particular customer. Distribution arrangements are in place to ensure the delivery of newspapers to retail outlets.

Creditor payment policy
The Company has no trade creditors (2015 nil). The Group is responsible for agreeing the terms and conditions, including terms of payment, under which business transactions with the Group's suppliers are conducted. Whilst the Group does not follow any single external code or standard, in line with Group policy, payments to suppliers are made in accordance with agreed terms and conditions.

Employees
Details in respect of employees are in the Our People and Our Communities section on pages 38 and 41.

Human rights
The Company believes that our exposure to the associated risks in the context of human rights frameworks is minimal. DMGT does not have a specific human rights policy but has a number of policies that cover areas such as health and safety, bribery and corruption, and a questionnaire for evaluating whether new suppliers are ethical and lawful.

Group policies
The Company upholds equal opportunities and does not discriminate. DMGT's businesses are required to follow DMGT policies that safeguard the welfare of our employees. These include policies on equal opportunities, anti-bribery, entertainment and gifts, information security, share dealing, and health and safety, in addition to our Code of Conduct. We have an active and rolling training programme to reinforce compliance and to ensure there is a high level of awareness of the Company's standards.

Gender breakdown of our employees
The table below sets out the gender breakdown of our employees. Our aim is to promote equality and diversity in accordance with our Group Code of Conduct.

	Male		Female	
	At 30 September 2016			
Board Directors	13		2	
Individuals reporting to the Group CEO or divisional CEOs*	72		12	
All employees*	5,806	57%	4,435	43%

* Excluding Executive Board Directors.

Carbon footprint
The Company's most significant environmental impact comes from the printing plants in our consumer media businesses. The majority of the Company's newspapers are now produced at plants designed to be as efficient as possible; this reduces energy usage, vehicle movements and the volume of waste generated. There is also a considerable effort to maximise the volume of waste recycled including newsprint waste, water and heat recovery.

The Company is, and has for many years been, committed to comprehensive and transparent reporting of its environmental performance. The Company has collected CO_2 emissions data from each of its businesses. This data is collated and independently reviewed by environmental consultancy ICF International, which calculates the Group's emissions following the Greenhouse Gas Protocol. The Group's carbon footprint can be seen in the table below.

Carbon footprint
The table below shows the evolution of our carbon footprint since 2012:

	Tonnes of CO_2e			tCO_2e/£million revenue
Year	Scope 1: Combustion of fuel and operation of facilities	Scope 2: Electricity, heat, steam and cooling purchased for own use	Scope 3: Business travel and outsourced delivery	Total scope 1, 2 & 3 emissions/revenue
2012	11,400	36,300	24,900	41.6
2013	11,000	32,200	26,800	39.9
2014	8,000	27,800	26,600	33.5
2015	6,300	24,800	22,400	28.5
2016	**5,900**	**23,000**	**21,200**	**25.6**

Statutory Information

Articles of Association
The appointment and replacement of Directors is governed by the Company's Articles of Association. Any changes to the Articles of Association must be approved by the shareholders in accordance with the legislation in force from time to time.

The Directors have authority to issue and allot A Shares pursuant to Article 9 of the Articles of Association and shareholder authority is requested at each AGM. The Directors have authority to make market purchases of A Shares. This authority is also renewed annually at the AGM.

Conflicts of interest
The Articles of Association permit the Board to authorise a conflict of interest in respect of any matter which would otherwise involve a Director breaching his duty under the Companies Act 2006 to avoid conflicts of interest.

When authorising a conflict of interest the Board must do so without the conflicting Director counting as part of the quorum. In the event that the Board considers it appropriate, the conflicted Director may be permitted to participate in the debate, but will neither be permitted to vote nor count in the quorum when the decision is being agreed. The Directors are aware that it is their responsibility to inform the Board of any potential conflicts as soon as possible. Procedures are in place to facilitate disclosure. The Board reviews its position on conflicts of interest annually and at such other times as are appropriate.

Change of control
The Company is not party to any significant agreements that would take effect, alter or terminate upon a change of control of the Company following a takeover bid. However, certain of the Group's third-party funding arrangements would terminate upon a change of control of the Company.

The Company does not have agreements with any Director or employee providing compensation for loss of office or employment that occurs because of a takeover bid, except for provisions in the rules of the Company's share schemes which may result in options or awards granted to employees vesting on a takeover.

Transactions with Directors
No transaction, arrangement or agreement required to be disclosed in terms of the Companies Act 2006 and IAS 24 'Related Parties', was outstanding at 30 September 2016, nor was entered into during the year for any Director and/or connected person except as detailed in Note 45 (2015 none).

Annual General Meeting
The Annual General Meeting will be held at 9.00 am on Wednesday 8 February 2017 at Northcliffe House, 2 Derry Street, London W8 5TT. The resolutions to be put to the meeting are set out on page 89. A notice of meeting will be issued to the holders of Ordinary Shares and their nominees only. Only Ordinary Shareholders will be entitled to attend.

A resolution to reappoint the Group's External Auditor PricewaterhouseCoopers LLP, will be proposed at the 2017 AGM.

By order of the Board

Claire Chapman
General Counsel & Company Secretary

ANNUAL GENERAL MEETING 2017: RESOLUTIONS

The Company's Annual General Meeting (AGM) will be held at 9.00 am on 8 February 2017. Only the holders of Ordinary Shares are entitled to attend and vote. For information, below are the resolutions that will be put to the Ordinary Shareholders at the AGM. The results will be posted on the Company's website following the meeting in the usual way.

As ordinary business

Report and Accounts

1. To receive the Directors' Report, the Accounts and the Auditor's Report for the financial year ended 30 September 2016.

Remuneration Report

2. To receive and approve the Directors' Remuneration Report (other than the part containing the Directors' Remuneration Policy) as set out on pages 60 to 83 of the Annual Report for the financial year ended 30 September 2016, in accordance with Section 439 of the Companies Act 2006.

Remuneration Policy

3. To receive and approve the Directors' Remuneration Policy (contained in the Directors' Remuneration Report) as set out on pages 72 to 83 of the Annual Report for the financial year ended 30 September 2016, in accordance with section 439A of the Companies Act 2006.

Daily Mail and General Trust Long-Term Incentive Plan

4. To approve the adoption of the proposed Daily Mail and General Trust Long-Term Executive Incentive Plan 2017.

Dividend

5. To declare a final dividend on the Ordinary and A Ordinary Non-Voting Shares (A Shares).

Directors

6. To re-elect the Viscount Rothermere, Mr Beatty, Mr Dacre, Mr Dainthith*, Mr Berry, Lady Keswick, Mr Lane, Mr Nelson, Mr Parry, Ms Roizen and Mr Trempont as Directors.

7. To elect Mr Zwillenberg and Mr Kavan as Directors.

Auditor

8. To reappoint PricewaterhouseCoopers LLP as External Auditor.

9. To authorise the Directors to determine the External Auditor's remuneration.

As special business

10. That the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 693(3) of the Act) on the London Stock Exchange of up to:

    (a) aggregate of 34,201,672 A Shares of 12.5 pence each in its share capital at not more than the lower of 5% above the average of the middle market quotation taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date of purchase and £18.75 per share and at not less than 12.5 pence per share (in each case exclusive of expenses);

    (b) and that the authority conferred by this Resolution shall expire on the date of the AGM next held after the passing of this Resolution (except in relation to the purchase of shares the contract for which was concluded before such date and which would or might be executed wholly or partly after such date); and

    (c) that upon the passing of this Resolution, the Resolution passed as Resolution 8 at the AGM on 10 February 2016 shall be of no further force or effect.

As ordinary business

11. That the Directors be generally and unconditionally authorised pursuant to Section 551 of the Act to:

    (a) allot A Shares in the Company, and to grant rights to subscribe for or to convert any security into A Shares in the Company up to an aggregate nominal amount of £2,137,604 for a period expiring (unless previously renewed, varied or revoked by the Company in a general meeting) at the next AGM of the Company after the date on which this Resolution is passed or on 8 May 2017 whichever is the earlier; and

    (b) make an offer or agreement which would or might require A Shares to be allotted, or rights to subscribe for or convert any security into A Shares to be granted, after expiry of this authority and the Directors may allot A Shares and grant rights in pursuance of that offer or agreement as if this authority had not expired.

As special business

12. That the Directors be generally empowered pursuant to Section 570 and Section 573 of the Act to allot A Shares or grant rights to subscribe for or to convert any security into A Shares, for cash, pursuant to the authority conferred by Resolution 11 and/or where the allotment is treated as an allotment of such securities under Section 560(3) of the Act, as if Section 561(1) of the Act did not apply to the allotment. This power:

    (a) expires (unless previously renewed, varied or revoked by the Company in a general meeting) at the next AGM of the Company after the date on which this Resolution is passed or on 8 May 2017, whichever is the earlier, but the Company may make an offer or agreement which would or might require such securities to be allotted after expiry of this power and the Directors may allot such securities in pursuance of that offer or agreement as if this power had not expired; and

    (b) shall be limited to the allotment of such securities for cash up to an aggregate nominal amount of £2,137,604.

Notice

13. That a general meeting other than an AGM may be called on not less than 14 clear days' notice.

* As announced on 22 September 2016, Stephen Dainthith has resigned from DMGT. Subject to his leaving date being confirmed he may decide not to seek re-election at the AGM.

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

Report on the financial statements

Our opinion

In our opinion:

- Daily Mail and General Trust plc's Group financial statements and parent company financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2016 and of the Group's profit and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Consolidated Income Statement for the year ended 30 September 2016;
- the Consolidated Statement of Comprehensive Income for the year ended 30 September 2016;
- the Consolidated Statement of Changes in Equity as at 30 September 2016;
- the Consolidated Statement of Financial Position as at 30 September 2016;
- the Consolidated Cash Flow Statement for the year ended 30 September 2016;
- the Company Statement of Financial Position as at 30 September 2016;
- the Company Statement of Changes in Equity for the year then ended; and
- the Notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the Notes to the Financial Statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the Group financial statements is IFRSs as adopted by the European Union, and applicable law. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice), and applicable law.

Our audit approach

Overview

Materiality

- Overall Group materiality: £10 million which represents approximately 4% of adjusted profit before tax.

Audit scope

- Of the Group's five trading reporting divisions, we identified dmg media and Euromoney which in our view required full scope audits due to their size. In addition we obtain full scope audit opinions for the RMS and dmg events divisions.
- For dmg information we scoped our audit at a business level, and identified six businesses over which we performed either a full scope audit or specified audit procedures on certain balances or transactions.
- We used local teams in the US, Canada, and Dubai to perform those full scope audits or specified procedures relating to the relevant overseas businesses within RMS, Euromoney, dmg information and dmg events divisions. The Group audit team held regular meetings with these locations, and visited the US, to ensure sufficient involvement and oversight of the work of these local teams and to make sure that we had a full and comprehensive understanding of the results of their work – particularly insofar as it related to the identified areas of focus.

Areas of focus

- Impairment of intangible assets and goodwill.
- Accounting for acquisitions and disposals.
- Presentation of adjusted profit, including restructuring costs.
- Capitalisation of development costs.
- Accounting for deferred taxation and uncertain tax positions.

Independent Auditors' Report to the Members of Daily Mail and General Trust plc

The scope of our audit and our areas of focus
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)').

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as 'areas of focus' in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
Impairment of intangible assets and goodwill Refer to the Audit Committee report on pages 52 to 57 and to Notes 21 and 22 in the Consolidated Financial Statements. The Group had £981.6 million of goodwill and a further £499.2 million of intangible assets on the balance sheet at 30 September 2016. The carrying values of goodwill and intangibles are contingent on future cash flows of the underlying CGUs and there is a risk that if these cash flows do not meet the Directors' expectations that the assets will be impaired. We focused our testing on those CGUs where headroom was limited or where the Directors had identified an impairment. Impairment charges of £53.6 million have been taken in the year principally in relation to Indaba, Elite Daily, Hedge Fund Intelligence and Total Derivatives. The Directors' impairment reviews also identified limited headroom in Genscape, Xceligent and RMS(one).	As part of our audit of the Directors' impairment reviews (for both goodwill and intangibles) we evaluated future cash flow forecasts, and the process by which they were drawn up, including comparing them to the latest Board-approved budgets and management's five-year plans, and testing the underlying calculations. For the impairment assessment of goodwill and intangibles we tested all key assumptions, including: • revenue and profit assumptions included within budgets and future forecasts, by considering the historical accuracy of budgets against actual results; • key assumptions for long-term growth rates in the forecasts by comparing them to historical results, economic and industry forecasts, and comparable companies; • the discount rate by comparing the cost of capital for the Group with comparable organisations, and assessed the specific risk premium applied to the business in question; and • the Directors' potential bias through performance of our own sensitivity analysis on key assumptions particularly those driving underlying cash flows. We engaged our valuation specialists to assist us in evaluating the appropriateness of key market-related assumptions in management's valuation models, including discount and long term growth rates. In addition, with regards to RMS(one) we met with relevant directors, sales staff and external consultants to obtain corroborative evidence of expected pricing packages and client uptake and to understand the product development roadmap. We performed our own sensitivity analysis to understand the impact of reasonable changes in the key assumptions on the available headroom. In addition, with regards to Genscape and Xceligent, we reviewed the implied earnings multiples and compared these against comparable companies. We considered the need for additional sensitivity disclosures for CGUs with limited headroom as required by IAS 36 'Impairment of assets' and we agree with the Directors' decision to provide these additional disclosures for Genscape and Xceligent. As a result of our work, we determined that the impairment charge recognised in 2016 was appropriate. For those assets where the Directors determined that no impairment was required and that no additional sensitivity disclosures were necessary, we found that these judgements were supported by reasonable assumptions that would require significant downside changes before any additional material impairment was necessary.

Independent Auditors' Report to the Members of Daily Mail and General Trust plc

Area of focus	How our audit addressed the area of focus
Accounting for acquisitions and disposals Refer to the Audit Committee report on pages 52 to 57 and to Notes 17 and 18 in the Consolidated Financial Statements. The Group continues to make significant investment in business acquisitions. During the year the Group made a number of acquisitions including ETSOS, Instant Services and FastMarkets, with consideration of £75.3 million. IFRS 3 'Business Combinations' (IFRS 3) requires the fair value of consideration paid to be allocated firstly to the fair value of net assets acquired, then to the fair value of separately identifiable intangible assets and finally to goodwill, which involves a number of estimates and judgements. The Group continues to dispose of stakes in subsidiaries, including Local World, Wowcher and Gulf Publishing Company Inc in the current year. We focused our work on the more material acquisitions and disposals during the year.	We read the minutes of the Investment and Finance Committee and enquired of the Directors to identify acquisition and disposals during the year. For all material and complex transactions we obtained and read the sale and purchase agreements ('SPAs') and obtained and audited management's detailed accounting papers. In testing acquisitions during the year we: • assessed the appropriateness of the Directors' identification of intangible assets acquired by reviewing the SPAs to identify any assets listed, considered the assets based on those in comparative companies and comparing the ratio of the value of goodwill acquired to the intangible assets to comparable transactions; • obtained the Directors' calculation of the fair value of intangible assets acquired, and corroborated the appropriateness of the assumptions over levels of customer attrition, useful economic lives and forecast cash flows to external benchmarks, historical performance and the acquisition plans; and • verified the fair value of consideration paid of acquisitions, including any deferred or contingent element, to cash transactions and the SPAs. For disposals we agreed the assets and liabilities and the consideration received to the SPAs and cash receipts. Where, in our reading of SPAs, we identified clauses which give rise to future obligations, we assessed the recognition and fair value of assets or liabilities arising from these as well as their commercial substance. Based on the procedures performed, we concluded that the accounting for acquisitions and disposals was appropriate and in line with the requirements of IAS 28 'Investments in Associates and Joint Ventures' (IAS 28) and IFRS3.
Presentation of adjusted profit, including restructuring costs Refer to the Audit Committee report on pages 52 to 57 and to Note 13 in the Consolidated Financial Statements. The Group presents adjusted profit before taxation to enable users of the financial statements to gain a better understanding of the underlying results. Current year exceptional charges relating to restructuring initiatives are material and have been treated as exceptional with regards to their disclosure. These charges relate predominantly to severance costs and consulting fees. The classification of items as non-trading or exceptional is an area of judgement and the appropriateness and consistency of the presentation of adjusted measures of performance are attracting increasing levels of scrutiny from the financial reporting regulators.	We have considered the appropriateness of the adjustments made to statutory profit before taxation to derive adjusted profit before tax. We have understood the rationale for classifying items as exceptional or non-trading and considered whether this is reasonable and consistent, in that it includes items that both increase and decrease the adjusted profit measure, and are in accordance with the Group's accounting policy. We have additionally considered the completeness of items classified as exceptional with regards to severance and consulting fees incurred in the normal course of business. In particular we considered the appropriateness of those costs determined to be exceptional, specifically the restructuring initiatives relating to severance costs and consulting fees. We: • verified severance costs and confirmed that these reflect permanent reductions in head count and where not settled are supported by appropriate evidence that these redundancies were sufficiently communicated prior to year end; and • considered the nature and scope of the consulting engagements and confirmed the fees classified as exceptional were sufficiently linked to the Group restructuring initiatives. We have also audited the reconciliation of adjusted profit to statutory profit in Note 13, and agreed all material adjustments to underlying accounting records and our audit work performed over other balances. We have determined that this rationale for including or excluding items from adjusted profit has been consistently applied across gains and losses, and provides a balanced view of the performance of the Group. We considered the need for enhanced disclosures for the accounting policy in respect of alternative performance measures as well as clear reconciliations of these measures to their statutory counterparts. We agree with the improved disclosures made by the Directors.

Independent Auditors' Report to the Members of Daily Mail and General Trust plc

Area of focus	How our audit addressed the area of focus
Capitalisation of development costs Refer to the Audit Committee report on pages 52 to 57 and to Note 22 in the Consolidated Financial Statements. In the year ended 30 September 2016 £58.3 million of internal costs were capitalised in relation to projects undertaken by the Group, primarily relating to the development of new computer software within the dmg information and RMS businesses. IAS 38 'Intangible assets' ('IAS 38') requires that the Group demonstrates that internal costs satisfy certain requirements to qualify for capitalisation some of which require the application of judgement. Our testing focused on the requirements that the Group has the ability to reliably measure the expenditure attributable to the intangible and that the Group has the intention and the ability to complete the asset.	We tested a sample of the internal costs capitalised in the year to determine whether they meet the criteria of IAS 38, agreeing the costs selected to supporting evidence. Where these capitalised costs related to time spent by staff developing intangible assets, we also: • agreed that these salary costs were directly attributable to the creation of the asset; • agreed the salary costs capitalised to payroll records; and • verified time spent and the associated allocations to individual projects to timesheets or other supporting evidence. Based on our testing, we determined that the Directors were able to reliably measure project costs. We considered the Directors' intention and ability to complete the project by obtaining and assessing the business cases and current budgets for material intangible asset additions. We also assessed the consistency of the application of the Group's accounting policy across costs capitalised in the different operating divisions. We found that the Group's accounting policy for capitalisation of intangible assets was in accordance with the requirements of with IAS 38 and had been consistently applied.
Accounting for deferred taxation and uncertain tax positions Refer to the Audit Committee report on pages 52 to 57 and to Note 38 in the Consolidated Financial Statements. The recognition of deferred tax assets in respect of trading and non-trading tax losses in the Group is an area of focus due to the quantum of the losses and the requirement to make estimates of future taxable profits in determining the valuation of deferred tax assets. In addition the Group has some provisions for uncertain tax positions relating to both historical and current tax arrangements. The recognition and measurement of these items in the financial statements is judgemental, and we focused on the Directors' forecasts of future profits against which to utilise accumulated losses, and the technical interpretation of taxation law in respect to transactions giving rise to deferred tax assets and uncertain tax positions.	We involved our in-house tax specialists in our testing of the appropriateness of the estimates and judgements taken in relation to deferred taxation and in respect of uncertain tax positions recognised in the financial statements. In assessing the likelihood of the Group being able to generate sufficient future taxable profits against which to offset accumulated losses, we considered: • key inputs to the calculation including revenue and profit assumptions, in line with our work over the carrying value of goodwill and intangible assets; and • the Directors' ability to accurately forecast future profits. In understanding and evaluating the Directors' technical interpretation of tax law in respect of specific transactions that gave rise to deferred tax assets and uncertain tax positions we considered: • third-party tax advice received by the Group; • the status of recent and current tax authority audits and enquiries; • the outturn of previous claims; • judgemental positions taken in tax returns and current year estimates; and • developments in the tax environment. From the evidence obtained, we consider the valuation of deferred tax assets and provisions for uncertain tax positions recognised to be supportable and the level of provisioning to be acceptable in the context of the Group financial statements.

Independent Auditors' Report to the Members of Daily Mail and General Trust plc

How we tailored the audit scope
We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of head office and five trading reporting divisions: RMS; dmg media; dmg information; dmg events; and Euromoney. As each of these prepares a sub-consolidation, we considered each of these to be a separate component, with the exception of dmg information. While there are consolidated results for dmg information, each business is run separately and management primarily reviews the performance of the individual businesses rather than the division as a whole. As such we scoped our audit of dmg information at a business level.

Of the five divisions we identified two, dmg media and Euromoney, which in our view required an audit of their complete financial information due to their size. In order to obtain sufficient and appropriate audit evidence over the Group as a whole we also instructed component teams to complete full scope audits of the RMS and dmg events divisions.

Within dmg information we identified two UK businesses, SearchFlow Ltd and Landmark Information Group Ltd, for which we perform accelerated statutory audits to align with the Group audit timetable. For three US businesses for which statutory audits are not required (Trepp LLC; Environmental Data Resources Inc; and Genscape Inc), we conducted specified procedures over higher risk financial statement line items, including revenue, the accounting for acquisitions and disposals, capitalised development spend and impairment of goodwill and intangibles. In addition we performed a full scope audit of Hobsons Inc this year.

For the audit of Zoopla Property Group Plc we rely on an audit opinion from Deloitte LLP, who are Zoopla's auditors, and performed additional procedures to calculate the Group's share of these results.

Taken together, the components where we performed audit work accounted for 83% of Group revenue and 71% of absolute adjusted profit before taxation.

We sent detailed instructions to all component audit teams, which included communication of the areas of focus above and other required communications. In addition, regular meetings were held with the UK and overseas audit teams and members of the Group audit team visited our US and UK component audit teams.

This, together with additional procedures performed at the Group level (including audit procedures over material head office entities, tax and consolidation adjustments), gave us the evidence we needed for our opinion on the Group financial statements as a whole.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Group materiality	£10 million (2015 £11 million).
How we determined it	Approximately 4% of adjusted profit before tax.
Rationale for benchmark applied	The Group is profit oriented. Adjusted profit before taxation is the adjusted performance measure that is reported to investors and shareholders and is the measure which the Directors consider best represents the performance of the Group. Due to the inherent judgement in classification of certain items as non-trading, we have applied a 4% rule of thumb, which is lower than the 5% suggested by ISAs (UK&I) for the audit of profit-oriented entities.
Component materiality	For each component in our audit scope, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £1.2 million and £7 million.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.5 million (2015 £0.5 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern
The Directors have voluntarily complied with Listing Rule 9.8.6(R)(3)(a) of the Financial Conduct Authority and provided a statement in relation to going concern, set out on page 85, required for companies with a premium listing on the London Stock Exchange.

The Directors have requested that we review the statement on going concern as if the parent Company were a premium listed company. We have nothing to report having performed our review.

The Directors have chosen to voluntarily report how they have applied the UK Corporate Governance Code (Code) as if the parent Company were a premium listed company. Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the Directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Group and parent Company have adequate resources to remain in operation, and that the Directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and parent Company's ability to continue as a going concern.

Independent Auditors' Report to the Members of Daily Mail and General Trust plc

Other required reporting

Consistency of other information

Companies Act 2006 reporting

In our opinion, the information given in the Strategic Report and the Statutory Information for the financial year for which the financial statements are prepared is consistent with the financial statements.

ISAs (UK & Ireland) reporting

As a result of the Directors' voluntary reporting on how they have applied the Code, under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

• information in the Annual Report is: – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and parent Company acquired in the course of performing our audit; or – otherwise misleading.	We have no exceptions to report.
• the statement given by the Directors on page 51, in accordance with provision C.1.1 of the Code, that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's and parent Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and parent Company acquired in the course of performing our audit.	We have no exceptions to report.
• the section of the Annual Report on page 53, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report.

The Directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

As a result of the Directors' voluntary reporting on how they have applied the Code, under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

• the Directors' confirmation on page 28 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.	We have nothing material to add or to draw attention to.
• the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.	We have nothing material to add or to draw attention to.
• the Directors' explanation on page 35 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report – Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent Auditors' Report to the Members of Daily Mail and General Trust plc

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Neil Grimes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
9 December 2016

CONSOLIDATED INCOME STATEMENT

For the year ended 30 September 2016

	Note	Year ended 30 September 2016 £m	Year ended 30 September 2015 £m
CONTINUING OPERATIONS			
Revenue	3	**1,917.3**	1,842.7
Adjusted operating profit	3	**277.0**	287.0
Exceptional operating costs, impairment of internally generated and acquired computer software, property, plant and equipment and investment property	3	**(54.7)**	(22.5)
Amortisation and impairment of acquired intangible assets arising on business combinations and impairment of goodwill	3, 21, 22	**(95.9)**	(57.7)
Operating profit before share of results of joint ventures and associates	4	**126.4**	206.8
Share of results of joint ventures and associates	7	**3.0**	11.3
Total operating profit		**129.4**	218.1
Other gains and losses	8	**137.9**	82.4
Profit before investment revenue, net finance costs and tax		**267.3**	300.5
Investment revenue	9	**2.5**	4.0
Net finance costs	10	**(22.9)**	(88.4)
Profit before tax		**246.9**	216.1
Tax	11	**(32.7)**	(20.8)
Profit after tax from continuing operations		**214.2**	195.3
DISCONTINUED OPERATIONS	19		
Profit from discontinued operations		**–**	50.0
PROFIT FOR THE YEAR		**214.2**	245.3
Attributable to:			
Owners of the Company	40	**204.2**	216.6
Non-controlling interests*	41	**10.0**	28.7
Profit for the year		**214.2**	245.3
Earnings per share	14		
From continuing operations			
Basic		**57.8p**	46.2p
Diluted		**56.4p**	45.4p
From discontinued operations			
Basic		**–**	13.9p
Diluted		**–**	13.6p
From continuing and discontinued operations			
Basic		**57.8p**	60.1p
Diluted		**56.4p**	59.0p
Adjusted earnings per share			
Basic		**56.0p**	59.7p
Diluted		**54.7p**	58.7p

* All attributable to continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2016

	Note	Year ended 30 September 2016 £m	Year ended 30 September 2015 £m
Profit for the year		**214.2**	245.3
Items that will not be reclassified to Consolidated Income Statement			
Actuarial (loss)/gain on defined benefit pension schemes	36, 40, 41	**(114.7)**	10.3
Losses on hedges of net investments in foreign operations of non-controlling interests	41	**(14.0)**	(2.8)
Foreign exchange differences on translation of foreign operations of non-controlling interests	41	**31.2**	7.5
Tax relating to items that will not be reclassified to Consolidated Income Statement		**6.4**	(2.1)
Total items that will not be reclassified to Consolidated Income Statement		**(91.1)**	12.9
Items that may be reclassified subsequently to Consolidated Income Statement			
Losses on hedges of net investments in foreign operations	40	**(72.9)**	(18.6)
Cash flow hedges:			
Losses arising during the year	40, 41	**(5.2)**	(5.0)
Transfer of (gain)/loss on cash flow hedges from translation reserve to Consolidated Income Statement	40, 41	**(2.1)**	1.3
Translation reserves recycled to Consolidated Income Statement on disposals	18, 40, 41	**(0.6)**	(2.1)
Foreign exchange differences on translation of foreign operations	40	**116.0**	20.0
Tax relating to derivative financial instruments		**1.4**	0.6
Total items that may be reclassified subsequently to Consolidated Income Statement		**36.6**	(3.8)
Other comprehensive (expense)/income for the year		**(54.5)**	9.1
Total comprehensive income for the year		**159.7**	254.4
Attributable to:			
Owners of the Company		**136.9**	221.4
Non-controlling interests		**22.8**	33.0
		159.7	254.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2016

	Note	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Own shares £m	Translation reserve £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
At 30 September 2014		**49.2**	**17.8**	**1.1**	**(219.1)**	**(22.7)**	**446.5**	**272.8**	**117.8**	**390.6**
Profit for the year	40,41	–	–	–	–	–	216.6	216.6	28.7	245.3
Other comprehensive income/(expense) for the year	40,41	–	–	–	–	(3.2)	8.0	4.8	4.3	9.1
Total comprehensive income/(expense) for the year		–	–	–	–	(3.2)	224.6	221.4	33.0	254.4
Cancellation of A Ordinary Shares	40	(3.8)	–	3.8	217.2		(217.2)	–	–	–
Issue of share capital	41	–	–	–	–	–	–	–	0.8	0.8
Dividends	12, 40	–	–	–	–	–	(75.0)	(75.0)	(9.8)	(84.8)
Own shares acquired in the year	39, 40	–	–	–	(127.1)	–	–	(127.1)	–	(127.1)
Movement in financial liability for closed period purchases	37, 40, 46	–	–	–	20.0	–	–	20.0	–	20.0
Own shares transferred on exercise of share options	40	–	–	–	32.7	–	–	32.7	–	32.7
Exercise of acquisition put option commitments	40	–	–	–	–	–	0.7	0.7	(0.7)	–
Other transactions with non-controlling interests	41	–	–	–	–	–	–	–	(0.6)	(0.6)
Adjustment to equity following increased stake in controlled entity	40	–	–	–	–	–	(5.9)	(5.9)	5.9	–
Adjustment to equity following decreased stake in controlled entity	40	–	–	–	–	–	(0.2)	(0.2)	0.2	–
Credit to equity for share-based payments	40	–	–	–	–	–	17.9	17.9	(0.6)	17.3
Settlement of exercised share options of subsidiaries	40	–	–	–	–	–	(33.5)	(33.5)	–	(33.5)
Initial recording of put options granted to non-controlling interests in subsidiaries	40	–	–	–	–	–	(20.5)	(20.5)	–	(20.5)
Non-controlling interest recognised on acquisition	40,41	–	–	–	–	–	–	–	9.1	9.1
Deferred tax on other items recognised in equity	38, 40,41	–	–	–	–	–	1.6	1.6	(0.2)	1.4
At 30 September 2015		**45.4**	**17.8**	**4.9**	**(76.3)**	**(25.9)**	**339.0**	**304.9**	**154.9**	**459.8**
Profit for the year	40,41	–	–	–	–	–	204.2	204.2	10.0	214.2
Other comprehensive (expense)/income for the year	40,41	–	–	–	–	37.8	(105.1)	(67.3)	12.8	(54.5)
Total comprehensive income for the year		–	–	–	–	37.8	99.1	136.9	22.8	159.7
Cancellation of A Ordinary Shares	40	(0.1)	–	0.1	6.5	–	(6.5)	–	–	–
Issue of share capital	41	–	–	–	–	–	–	–	0.3	0.3
Dividends	12, 40	–	–	–	–	–	(76.4)	(76.4)	(12.7)	(89.1)
Own shares acquired in the year	39, 40	–	–	–	(29.8)	–	–	(29.8)	–	(29.8)
Own shares transferred on exercise of share options	40	–	–	–	10.9	–	–	10.9	–	10.9
Exercise of acquisition put option commitments	40	–	–	–	–	–	(0.3)	(0.3)	–	(0.3)
Other transactions with non-controlling interests		–	–	–	–	–	–	–	0.2	0.2
Adjustment to equity following increased stake in controlled entity	40	–	–	–	–	–	(4.9)	(4.9)	4.9	–
Adjustment to equity following decreased stake in controlled entity	40	–	–	–	–	–	(0.2)	(0.2)	0.2	–
Credit to equity for share-based payments	40	–	–	–	–	–	15.8	15.8	0.2	16.0
Settlement of exercised share options of subsidiaries	40	–	–	–	–	–	(12.1)	(12.1)	–	(12.1)
Initial recording of put options granted to non-controlling interests in subsidiary undertakings	40	–	–	–	–	–	(0.5)	(0.5)	(0.2)	(0.7)
Non-controlling interest recognised on acquisition	40,41	–	–	–	–	–	–	–	7.6	7.6
Corporation tax on share-based payments	40	–	–	–	–	–	5.4	5.4	–	5.4
Deferred tax on other items recognised in equity	38, 40, 41	–	–	–	–	–	1.4	1.4	–	1.4
At 30 September 2016		**45.3**	**17.8**	**5.0**	**(88.7)**	**11.9**	**359.8**	**351.1**	**178.2**	**529.3**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2016

	Note	At 30 September 2016 £m	At 30 September 2015 £m
ASSETS			
Non-current assets			
Goodwill	21	**981.6**	908.7
Other intangible assets	22	**499.2**	423.9
Property, plant and equipment	23	**176.1**	181.1
Investments in joint ventures	25	**4.8**	1.3
Investments in associates	25	**145.3**	141.9
Available-for-sale investments	26	**15.8**	13.8
Trade and other receivables	28	**18.7**	11.6
Other financial assets	29	**21.0**	3.6
Derivative financial assets	35	**28.3**	19.7
Retirement benefit assets	36	**40.1**	27.7
Deferred tax assets	38	**177.4**	168.1
		2,108.3	1,901.4
Current assets			
Inventories	27	**30.8**	31.4
Trade and other receivables	28	**346.2**	322.2
Current tax receivable	32	**15.6**	7.4
Other financial assets	29	**17.1**	–
Derivative financial assets	35	**0.4**	1.3
Cash and cash equivalents	30	**25.7**	31.6
Total assets of businesses held-for-sale	20	**5.0**	28.7
		440.8	422.6
Total assets		**2,549.1**	2,324.0
LIABILITIES			
Current liabilities			
Trade and other payables	31	**(756.2)**	(699.3)
Current tax payable	32	**(27.0)**	(18.9)
Acquisition put option commitments	33	**(18.5)**	–
Borrowings	34	**(11.0)**	(3.4)
Derivative financial liabilities	35	**(11.5)**	(5.3)
Provisions	37	**(54.4)**	(53.2)
Total liabilities of businesses held-for-sale	20	**(5.5)**	(5.7)
		(884.1)	(785.8)
Non-current liabilities			
Trade and other payables	31	**(5.7)**	(4.2)
Acquisition put option commitments	33	**(26.3)**	(51.2)
Borrowings	34	**(693.7)**	(727.1)
Derivative financial liabilities	35	**(47.3)**	(23.8)
Retirement benefit obligations	36	**(286.1)**	(187.0)
Provisions	37	**(52.8)**	(61.0)
Deferred tax liabilities	38	**(23.8)**	(24.1)
		(1,135.7)	(1,078.4)
Total liabilities		**(2,019.8)**	(1,864.2)
Net assets		**529.3**	459.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2016

	Note	At 30 September 2016 £m	At 30 September 2015 £m
SHAREHOLDERS' EQUITY			
Called-up share capital	39	**45.3**	45.4
Share premium account	40	**17.8**	17.8
Share capital		**63.1**	63.2
Capital redemption reserve	40	**5.0**	4.9
Own shares	40	**(88.7)**	(76.3)
Translation reserve	40	**11.9**	(25.9)
Retained earnings	40	**359.8**	339.0
Equity attributable to owners of the Company		**351.1**	304.9
Non-controlling interests	41	**178.2**	154.9
		529.3	459.8

The financial statements of DMGT plc (Company number 184594) on pages 96 to 184 were approved by the Directors and authorised for issue on 9 December 2016. They were signed on their behalf by:

The Viscount Rothermere
P A Zwillenberg
Directors

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 September 2016

	Note	Year ended 30 September 2016 £m	Year ended 30 September 2015 £m
Cash generated by operations	15	**261.0**	281.3
Taxation paid		**(29.7)**	(25.0)
Taxation received		**0.8**	3.4
Net cash from operating activities		**232.1**	259.7
Investing activities			
Interest received		**1.6**	1.0
Dividends received from joint ventures and associates	25	**5.3**	26.6
Dividends received from available-for-sale investments	9	**–**	3.1
Purchase of property, plant and equipment	23	**(27.2)**	(28.7)
Expenditure on internally generated intangible fixed assets	22	**(58.3)**	(53.1)
Expenditure on other intangible assets	22	**(3.0)**	(3.4)
Purchase of available-for-sale investments	26	**(1.6)**	(11.3)
Proceeds on disposal of property, plant and equipment and investment property		**1.5**	19.0
Proceeds on disposal of available-for-sale investments		**0.1**	–
Purchase of subsidiaries	17	**(29.5)**	(95.0)
Settlements and collateral payments on treasury derivatives		**(40.4)**	(8.5)
Purchase of option over equity instrument	35	**(6.5)**	–
Investment in joint ventures and associates	25	**(4.7)**	(14.9)
Loans advanced to joint ventures and associates		**(0.2)**	(2.5)
Loans to joint ventures and associates repaid		**1.2**	–
Proceeds on disposal of businesses	18	**39.5**	113.4
Proceeds on disposal of joint ventures and associates	8, 25	**72.0**	10.1
Proceeds from redemption of preference share capital	18	**14.4**	–
Net cash used in investing activities		**(35.8)**	(44.2)
Financing activities			
Purchase of additional interests in controlled entities	17	**(0.2)**	(0.2)
Equity dividends paid	12, 40	**(76.4)**	(75.0)
Dividends paid to non-controlling interests	41	**(12.7)**	(9.8)
Issue of shares by Group companies to non-controlling interests	41	**0.3**	0.8
Purchase of own shares	40	**(29.8)**	(127.1)
Net payment on settlement of subsidiary share options		**(1.2)**	(0.7)
Interest paid		**(33.9)**	(40.9)
Premium on redemption of bonds	10	**–**	(39.9)
Bonds redeemed	10	**–**	(153.2)
Loan notes repaid	16	**(0.5)**	(0.5)
Repayments of obligations under finance lease agreements	16	**(0.2)**	–
Inception of finance leases	16	**0.6**	–
(Decrease)/increase in bank borrowings	16	**(60.6)**	234.3
Net cash used in financing activities		**(214.6)**	(212.2)
Net (decrease)/increase in cash and cash equivalents	16	**(18.3)**	3.3
Cash and cash equivalents at beginning of year	30	**31.5**	29.0
Exchange profit/(loss) on cash and cash equivalents	16	**4.3**	(0.8)
Net cash and cash equivalents at end of year	30	**17.5**	31.5

NOTES TO THE ACCOUNTS

1 Basis of preparation

DMGT plc is a company incorporated and domiciled in the United Kingdom. The address of the registered office is Northcliffe House, 2 Derry Street, London W8 5TT.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and related IFRS IC interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRS.

These financial statements have been prepared for the year ended 30 September 2016.

Other than the Daily Mail, The Mail on Sunday, Metro and Wowcher businesses, the Group prepares accounts for a year ending on 30 September. The Daily Mail, The Mail on Sunday, Metro and Wowcher businesses prepare financial statements for a 52- or 53- week financial period ending on a Sunday near to the end of September and do not prepare additional financial statements corresponding to the Group's financial year for consolidation purposes as it would be impracticable to do so. The Group considers whether there have been any significant transactions or events between the end of the financial year of these businesses and the end of the Group's financial year and makes any material adjustments as appropriate.

The significant accounting policies used in preparing this information are set out in Note 2.

The Group's 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 certain financial instruments which are held at fair value through profit or loss.

All amounts presented have been rounded to the nearest £0.1 million.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Financial Review and the Strategic Report.

As highlighted in Notes 34 and 35 to the Accounts, the Company has long-term financing in the form of bonds and meets its day-to-day working capital requirements through bank facilities which expire in March 2019. The Board's forecasts and projections, after taking account of reasonably possible changes in trading performance, show that the Group is expected to operate within the terms of its current facilities. Accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements.

2 Significant accounting policies

The following new and amended IFRSs have been adopted during the year:

Amendment to IAS 19, Defined Benefit Plans: Employee Contributions

Annual improvements 2010–2012 cycles

- Amendments to IFRS 2, Share-based Payments
- Amendments to IFRS 3, Business Combinations, Accounting for contingent consideration in a business combination
- Amendments to IFRS 8, Operating Segments
- Amendments to IFRS 13, Fair Value Measurement
- Amendments to IAS 16, Property, Plant and Equipment
- Amendments to IAS 24, Related Party Disclosures
- Amendments to IAS 38, Intangible Assets

Annual improvements 2011–2013 cycles

- Amendments to IFRS 1, First-time Adoption of International Financial Reporting Standards
- Amendments to IFRS 3, Business Combinations
- Amendments to IFRS 13, Fair Value Measurement
- Amendments to IAS 40, Investment Property

The above amendments have not had any significant impact on the Group's financial statements.

The Group has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for the Group's accounting periods beginning on or after 1 October 2016. These new pronouncements are listed below:

- Amendments to IFRS 11, Accounting for Acquisitions of Interests in Joint Operations (effective 1 January 2016)
- Amendments to IAS 16 and IAS 38, Clarification of Acceptable Methods of Depreciation and Amortisation (effective 1 January 2016)
- Amendments to IFRS 10 and IAS 28, Accounting for the sale or contribution of assets between an investor and its associate or joint venture (effective 1 January 2016)*
- Amendment to IAS 1, disclosure initiative (effective 1 January 2016)
- Annual improvements 2012 – 2014 (effective 1 January 2016)

- Amendment to IAS 7, Statement of cash flows (effective 1 January 2017)*
- Amendment to IAS 12, Recognition of deferred tax assets for unrealised losses (effective 1 January 2017)*
- IFRS 15, Revenue from Contracts with Customers (effective 1 January 2018)
- IFRS 9, Financial Instruments (effective 1 January 2018)
- IFRS 16, Leases (effective 1 January 2019)*

* Not yet endorsed for use in the EU.

Other than IFRS 15 and IFRS 16, the adoption of these standards, amendments and interpretations is not expected to have a material impact on the Group's financial statements. The Directors are in the process of evaluating the impact of these standards.

Business combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of fair values of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in the Consolidated Income Statement as incurred.

Where the consideration for an acquisition includes any asset or liability resulting from a contingent arrangement, this is measured at its discounted fair value on the acquisition date. Subsequent changes in such fair values are adjusted through the Consolidated Income Statement in Financing. All other changes in the fair value of contingent consideration classified as an asset or liability are measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss. Changes in the fair value of contingent consideration classified as equity are not recognised.

Put options granted to non-controlling interests are recorded at present value as a reduction in equity on initial recognition, as the arrangement represents a transaction with equity holders. Changes in value after initial recognition are recorded in the Consolidated Income Statement in Financing.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the date of the acquisition that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is a maximum of one year.

Business combinations achieved in stages

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the date the Group attains control and the resulting gain or loss is recognised in the Consolidated Income Statement. Amounts arising from interests in the acquiree prior to the acquisition date that were recognised in other comprehensive income are reclassified to the Consolidated Income Statement where such treatment would be appropriate if the interest were disposed of.

Purchases and sales of shares in a controlled entity

Where the Group's interest in a controlled entity increases, the non-controlling interests' share of net assets, excluding any allocation of goodwill, is transferred to retained earnings. Any difference between the cost of the additional interest and the existing carrying value of the non-controlling interests' share of net assets is recorded in retained earnings.

Where the Group's interest in a controlled entity decreases, but the Group retains control, the share of net assets disposed, excluding any allocation of goodwill, is transferred to the non-controlling interests. Any difference between the proceeds of the disposal and the existing carrying value of the net assets or liabilities transferred to the non-controlling interests is recorded in retained earnings.

Disposal of controlling interests where non-controlling interest retained

Where the Group disposes of a controlling interest but retains a non-controlling interest in the business, the Group accounts for the disposal of a subsidiary and the subsequent acquisition of a joint venture, associate or available-for-sale investment at fair value on initial recognition. On disposal of a subsidiary all amounts deferred in equity are recycled to the Consolidated Income Statement.

Contingent consideration receivable

Where the consideration for a disposal includes consideration resulting from a contingent arrangement, the contingent consideration receivable is discounted to its fair value, with any subsequent movement in fair value being recorded in the Consolidated Income Statement in Financing.

Discontinued operations

The Group presents the results from discontinued operations separately from those of continuing operations. An operation is classed as discontinued if it has been, or is in the process of being disposed and represents either a separate major line of business or a geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or exit a major geographical area of operations.

2 Significant accounting policies continued

Assets and liabilities of businesses held-for-sale

An asset or disposal group is classified as held-for-sale if its carrying amount is intended to be recovered principally through sale rather than continuing use, is available for immediate sale and is highly probable that the sale will be completed within 12 months of classification as held-for-sale. Assets classified as held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment is recognised in the Consolidated Income Statement and is first allocated to the goodwill associated with the disposal group and then to the remaining assets and liabilities on a pro rata basis. No further depreciation or amortisation is charged on non-current assets classified as held-for-sale from the date of classification.

Accounting for subsidiaries

A subsidiary is an entity controlled by the Group. Control is achieved where the Group has power over an investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the returns.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date control is obtained or up to the date control is relinquished, 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.

Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein, either at fair value or at the non-controlling interests' share of the net assets of the subsidiary, on a case-by-case basis. The total comprehensive income of a subsidiary is apportioned between the Group and the non-controlling interest, even if it results in a deficit balance for the non-controlling interest.

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.

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 Statement of Financial Position at 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 into sterling using exchange rates prevailing on the period end 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 Consolidated 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 period end date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the period end 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 Consolidated 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 4 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.

Goodwill and intangible assets

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. Negative goodwill arising on an acquisition is recognised directly in the Consolidated 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 period end 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 Consolidated Income Statement on disposal.

Impairment of goodwill

The Group tests goodwill annually for impairment, or more frequently if there are indicators that goodwill might be impaired. The Group has no other intangible assets with indefinite lives.

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 (CGUs). If the recoverable amount of the CGU 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, prorated 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.

When testing for impairment, the recoverable amounts for all of the Group's CGUs are measured at the higher of value in use or fair value less costs to sell. Value in use is calculated by discounting future expected cash flows. These calculations use cash flow projections based on Board-approved budgets and projections which reflect management's current experience and future expectations of the markets in which the CGU operates. Risk-adjusted pre-tax discount rates used by the Group in its impairment tests range from 11.25% to 25.0% (2015 11.9% to 19.2%) with the choice of rates depending on the risks specific to that CGU. The Directors' estimate of the Group's weighted average cost of capital is 8.0% (2015 9.5%). The cash flow projections consist of Board-approved budgets for the following year, together with forecasts for up to five additional years and nominal long-term growth rates beyond these periods. The nominal long-term growth rates range between 1.0% and 5.0% (2015 2.0% and 7.0%) and vary with management's view of the CGU's market position and maturity of the relevant market, and do not exceed the long-term average growth rate for the market in which the CGU operates.

An impairment loss recognised for goodwill is charged immediately in the Consolidated Income Statement and is not subsequently reversed.

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, such development expenditure is charged to the Consolidated Income Statement in the period in which it is incurred.

Licences

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.

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 intangible assets.

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 programs are recognised as an expense as 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 Consolidated 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, mastheads and titles	5 – 30 years
Brands	3 – 20 years
Market- and customer-related databases and customer relationships	3 – 20 years
Computer software	2 – 5 years

Amortisation of intangibles not arising on business combinations is included within operating profit in the Income Statement.

2 Significant accounting policies continued

Impairment of intangible assets

At each period end date, reviews are carried out of the carrying amounts of tangible and intangible assets and goodwill to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount, which is the higher of value in use and fair value less costs to sell, of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, value in use estimates are made based on the cash flows of the CGU to which the asset belongs.

If the recoverable amount of an asset or CGU is estimated to be less than its net carrying amount, the net carrying amount of the asset or CGU is reduced to its recoverable amount. Impairment losses are recognised immediately in the Consolidated Income Statement.

The Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognised in prior periods, for an asset other than goodwill, may no longer exist or may have decreased. If any such indication exists, the Group estimates the recoverable amount of that asset. In assessing whether there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased, the Group considers, as a minimum, the following indications:

(a) whether the asset's market value has increased significantly during the period;

(b) whether any significant changes with a favourable effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which the asset is dedicated; and

(c) whether market interest rates or other market rates of return on investments have decreased during the period, and those decreases are likely to affect the discount rate used in calculating the asset's value in use and increase the asset's recoverable amount materially.

Property, plant and equipment

Land and buildings held for use are stated in the Consolidated Statement of Financial Position 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.

Plant 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 Consolidated 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	

Investment property

The Group transfers property from property, plant and equipment to investment property when owner occupation ends. Investment properties are stated in the Consolidated Statement of Financial Position at their cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is charged so as to write off the cost of these assets, using the straight-line method, over their estimated useful lives as follows:

Freehold buildings and long leasehold properties	50 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 method in the dmg media segment for newsprint and the first in first out method for all other inventories.

Exhibitions, training and event costs
Directly attributable costs relating to future exhibitions, training and events are deferred within work in progress and measured at the lower of cost and net realisable value. These costs are charged to the Consolidated Income Statement when the exhibition, training or event takes place.

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 Consolidated Statement of Financial Position to the extent that future economic benefit is virtually certain and can be measured reliably. These are recognised in the Consolidated Income Statement on publication.

Marketing costs
Marketing and promotional costs are charged to the Consolidated Income Statement in the period in which they are incurred.

Cash and cash equivalents
Cash and cash equivalents shown in the Consolidated Statement of Financial Position 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 Consolidated Cash Flow Statement, cash and cash equivalents are as defined above, net of bank overdrafts.

Revenue
Revenue is stated at the fair value of consideration, net of value added tax, trade discounts and commission where applicable and is recognised using methods appropriate for the Group's businesses.

Where revenue contracts have multiple elements (such as software licences, data subscriptions and support), all aspects of the transaction are considered to determine whether these elements can be separately identified. Where transaction elements can be separately identified and revenue can be allocated between them on a fair and reliable basis, revenue for each element is accounted for according to the relevant policy below. Where transaction elements cannot be separately identified, revenue is recognised over the contract period.

The dmg media segment enters into agreements with advertising agencies and certain clients, which are subject to a minimum spend and typically include a commitment to deliver rebates to the agency or client based on the level of agency spend over the contract period.

The principal revenue recognition policies, as applied by the Group's major businesses, are as follows:

- 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 the publication or report;
- advertising revenue is recognised on issue of the publication or over the period of the online campaign;
- contract print revenue is recognised on completion of the print contract;
- exhibitions, training and events revenues are recognised over the period of the event;
- software revenue is recognised on delivery of the software or the technology or over a period of time where the transaction is a licence (the licence term). If support is unable to be separately identified from hosting and revenue is unable to be allocated on a fair and reliable basis, support revenue is recognised over the licence term. Commissions paid to acquire software and services contracts are capitalised in prepayments and recognised over the term of the contract;
- support revenue associated with software licences and subscriptions is recognised over the term of the support contract; and
- long-term contract revenue is recognised using the percentage of completion method according to the percentage of work completed at the period end date.

Adjusted measures
The Group presents adjusted operating profit and adjusted profit before tax by making adjustments for costs and profits which management believe to be significant by virtue of their size, nature or incidence or which have a distortive effect on current year earnings.

Such items would include, but are not limited to, costs associated with business combinations, gains and losses on the disposal of businesses, finance costs relating to premia on bond buy-backs, fair value movements, exceptional operating costs, impairment of goodwill, and amortisation and impairment of intangible assets arising on business combinations.

Exceptional operating costs include reorganisation costs and similar items of a significant and a non-recurring nature.

In addition the Group presents an adjusted profit after tax measure by making adjustments for certain tax charges and credits which management believe to be significant by virtue of their size, nature or incidence or which have a distortive effect.

The Group uses these adjusted measures to evaluate performance and as a method to provide shareholders with clear and consistent reporting.

See Note 13 for a reconciliation of profit before tax to adjusted profit before and after tax and page 115 for a reconciliation of operating profit to adjusted operating profit.

2 Significant accounting policies continued

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.

EBITDA

The Group discloses EBITDA, being adjusted operating profit before depreciation of property, plant and equipment and investment property. EBITDA is broadly used by analysts, rating agencies, investors and the Group's banks as part of their assessment of the Group's performance. A reconciliation of EBITDA from operating profit is shown in Note 15 and the ratio of net debt to EBITDA is disclosed in Note 35.

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 Consolidated Statement of Financial Position 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 Consolidated Income Statement.

Rentals payable under operating leases are charged to the Consolidated 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, Borrowing Costs, all borrowing costs are recognised in the Consolidated 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 Consolidated Income Statement using the effective interest method.

Retirement benefits

Pension scheme assets are measured at market value at the period end 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 Consolidated Statement of Financial Position. Actuarial gains and losses arising in the year are taken to the Consolidated Statement of Comprehensive Income. 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 Consolidated 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 Consolidated Income Statement within net finance costs.

The Group's contributions to defined contribution pension plans are charged to the Consolidated Income Statement as they fall due.

Taxation

Income tax expense represents the sum of current tax 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 Consolidated 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 period end date.

Current tax assets and liabilities are set off and stated net in the Consolidated Statement of Financial Position when there is a legally enforceable right to 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, joint ventures and associates 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 period end date, and is reduced or increased as appropriate 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, or it becomes probable that sufficient taxable profits will be available.

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 period end date, and is not discounted.

Deferred tax assets and liabilities are set off 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 Consolidated 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.

Actual tax liabilities or refunds may differ from those anticipated due to changes in tax legislation, differing interpretations of tax legislation and uncertainties surrounding the application of tax legislation. In situations where uncertainties exist, provision is made for contingent tax liabilities and assets when it is more likely than not that there will be a cash impact. These provisions are made for each uncertainty individually on the basis of management judgement following consideration of the available relevant information. The measurement basis adopted represents the best predictor of the resolution of the uncertainty which is usually based on the most likely cash outflow. The Company reviews the adequacy of these provisions at the end of each reporting period and adjusts them based on changing facts and circumstances.

Financial instruments

Financial assets and financial liabilities are recognised on the Consolidated Statement of Financial Position 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 Consolidated Statement of Financial Position 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 derecognised 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 fair value through profit or loss 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. Unlisted securities are recorded at cost less provision for impairment, as since there is no active market upon which they are traded, their fair values cannot be reliably measured. The recoverable amount is determined by discounting future cash flows to present value using market interest rates.

2 Significant accounting policies continued

Financial liabilities and equity instruments

Trade payables
Trade payables are non-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 transaction costs.

Derecognition

The Group derecognises a financial asset, or a portion of a financial asset, from the Consolidated Statement of Financial Position where the contractual rights to cash flows from the asset have expired, or have been transferred, usually by sale, and with them either substantially all the risks and rewards of the asset or significant risks and rewards, along with the unconditional ability to sell or pledge the asset.

Financial liabilities are derecognised when the liability has been settled, has expired or has been extinguished.

Derivative financial instruments and hedge accounting

Derivative financial instruments are used to manage exposure to market risks. The principal derivative instruments used by the Group are foreign currency swaps, interest rate swaps, foreign exchange forward contracts and options. The Group does not hold or issue derivative financial instruments for trading or speculative purposes.

Changes in the fair value of derivative instruments which do not qualify for hedge accounting are recognised immediately in the Consolidated Income Statement.

Where the derivative instruments do qualify for hedge accounting, the following treatments are applied:

Fair value hedges
Changes in the fair value of the hedging instrument are recognised in the Consolidated Income Statement for the year together with the changes in the fair value of the hedged item due to the hedged risk, to the extent the hedge 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
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 Consolidated 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 Consolidated Income Statement in the same period in which the hedged item affects the Consolidated 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 Consolidated Income Statement for the period.

Net investment hedges
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 Consolidated Income Statement for 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 Consolidated Income Statement on disposal of the foreign operation.

NOTES TO THE ACCOUNTS

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 period end date, and are discounted to present value where the effect is material.

Onerous contract provisions are recognised for losses on contracts where the forecast costs of fulfilling the contract throughout the contract period exceed the forecast income receivable. The provision is calculated based on cash flows to the end of the contract. Vacant property provisions are recognised when the Group has committed to a course of action that will result in the property becoming vacant.

Share-based payments
The Group issues equity-settled and cash-settled share-based payments to certain Directors and 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.

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 period end date for cash-settled share-based payments.

Investment in own shares
Treasury shares
Where the Company purchases its equity share capital as Treasury Shares, the consideration paid, including any directly attributable incremental costs (net of income taxes) is recorded as a deduction from shareholders' equity until such shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is recognised in equity, with any difference between the proceeds from the sale and the original cost being taken to retained earnings.

Employee Benefit Trust
The Company has established an Employee Benefit Trust (EBT) for the purpose of purchasing shares in order to satisfy outstanding share options and potential awards under long-term incentive plans. The assets of the EBT comprise shares in DMGT plc and cash balances. The EBT is administered by independent trustees and its assets are held separately from those of the Group. The Group bears the major risks and rewards of the assets held by the EBT until the shares vest unconditionally with employees. The Group recognises the assets and liabilities of the EBT in the consolidated financial statements and shares held by the EBT are recorded at cost as a deduction from shareholders' equity. Consideration received for the sale of shares held by the EBT is recognised in equity, with any difference between the proceeds from the sale and the original cost being taken to retained earnings.

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 have made the following judgements concerning the amounts recognised in the consolidated financial statements:

Forecasting
The Group prepares medium-term forecasts based on Board-approved budgets and three-year outlooks. These are used to support judgements made in the preparation of the Group's financial statements including the recognition of deferred tax assets in different jurisdictions, the Group's going concern assessment and for the purposes of impairment reviews. Longer term forecasts use long-term growth rates applicable to the relevant businesses.

Impairment of goodwill and intangible assets
Determining whether goodwill and intangible or other assets are impaired or whether a reversal of an impairment should be recorded requires a comparison of the balance sheet carrying value with the recoverable amount of the asset or CGU. The recoverable amount is the higher of the value in use and fair value less costs to sell.

The value in use calculation requires management to estimate the future cash flows expected to arise from the asset or CGU and calculate the net present value of these cash flows using a suitable discount rate. A key area of judgement is deciding the long-term growth rate and the operating cash flows of the applicable businesses and the discount rate applied to those cash flows (Note 21). The carrying amount of goodwill and intangible assets at the year end was £1,480.8 million (2015 £1,332.6 million) after a net impairment charge of £53.6 million (2015 £18.5 million) was recognised during the year (Notes 21 and 22).

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. Determining the fair value of assets, liabilities and contingent liabilities acquired requires significant estimates and assumptions, including assumptions with respect to cash flows and unprovided liabilities and commitments, including in respect to tax, to be used. The Group recognises intangible assets acquired as part of a business combination at fair value 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.

2 Significant accounting policies continued

Contingent consideration and put options payable

Estimates are required in respect of the amount of contingent consideration and put options payable on acquisitions, 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 and put options likely to become payable at each period end date, the major assumption being the level of future profits of the acquired business. The Group has made a provision for outstanding contingent consideration amounting to £52.6 million (2015 £54.3 million) and put options payable amounting to £44.8 million (2015 £51.2 million).

Contingent consideration receivable

Estimates are required in respect of the amount of contingent consideration receivable on disposals, which is determined according to formulae agreed at the time of the disposal and is normally related to the future earnings of the disposed business. The Directors review the amount of contingent consideration likely to be receivable at each period end date, the major assumption being the level of future profits of the disposed business. The Group has outstanding contingent consideration receivable amounting to £1.4 million (2015 £2.3 million). During the year the Group received £nil (2015 £0.2 million) of previously unrecognised contingent consideration.

Adjusted measures

The Group presents adjusted operating profit and adjusted profit before tax by making adjustments for costs and profits which management believe to be significant by virtue of their size, nature or incidence or which have a distortive effect on current year earnings.

Such items would include, but are not limited to, costs associated with business combinations, gains and losses on the disposal of businesses, finance costs relating to premia on bond buy-backs, fair value movements, exceptional operating costs, impairment of goodwill, and amortisation and impairment of intangible assets arising on business combinations.

Exceptional operating costs include reorganisation costs and similar items of a significant and a non-recurring nature.

In addition the Group presents an adjusted profit after tax measure by making adjustments for certain tax charges and credits which management believe to be significant by virtue of their size, nature or incidence or which have a distortive effect.

The Group uses these adjusted measures to evaluate performance and as a method to provide shareholders with clear and consistent reporting.

See Note 13 for a reconciliation of profit before tax to adjusted profit before and after tax and page 36 for a reconciliation of operating profit to adjusted operating 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 performs a true-up of the estimate of the number of shares that are expected to vest; this is dependent on the anticipated number of leavers. See Note 43 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 accounts for unresolved issues based on its best estimate of the final outcome, 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. As described above, the Group makes estimates regarding the recoverability of deferred tax assets relating to losses based on forecasts of future taxable profits which are, by their nature, uncertain.

The two key tax risk areas the Group faces are: (1) challenges by tax authorities where arrangements that have been adopted on the basis of professional advice are challenged by tax authorities, which may lead to a cash outflow or reduction in deferred tax assets; and (2) changes of law that impact the Group's ability to carry forward and utilise tax attributes recognised as deferred tax assets.

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, 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 Consolidated Income Statement and the amounts of actuarial gains and losses recognised in the Consolidated Statement of Changes in Equity. The carrying amount of the retirement benefit obligation at 30 September 2016 was a deficit of £246.0 million (2015 £159.3 million). Further details are given in Note 36.

3 Segment analysis

The Group's business activities are split into five operating divisions: RMS; dmg information; dmg events; Euromoney; and dmg media. These divisions are the basis on which information is reported to the Group's Chief Operating Decision Maker, which has been determined to be the Group Board. The segment result is the measure used for the purposes of resource allocation and assessment and represents profit earned by each segment, including share of results from joint ventures and associates but before exceptional operating costs, amortisation of acquired intangible assets arising on business combinations, impairment charges, other gains and losses, net finance costs and taxation.

Details of the types of products and services from which each segment derives its revenues are included within the Strategic Report.

The accounting policies applied in preparing the management information for each of the reportable segments are the same as the Group's accounting policies described in Note 2.

Year ended 30 September 2016	Note	Total external revenue £m	Segment operating profit £m	Less operating profit/(loss) of joint ventures and associates £m	Adjusted operating profit £m
RMS		205.0	35.5	(0.5)	36.0
dmg information		498.2	76.3	(0.3)	76.6
dmg events		105.4	29.0	–	29.0
Euromoney		403.1	104.3	4.3	100.0
dmg media		705.6	96.4	19.4	77.0
		1,917.3	341.5	22.9	318.6
Corporate costs	(i)				(41.6)
Adjusted operating profit					277.0
Exceptional operating costs, impairment of internally generated and acquired computer software, property, plant and equipment and investment property					(54.7)
Impairment of goodwill and acquired intangible assets arising on business combinations	21, 22				(53.6)
Amortisation of acquired intangible assets arising on business combinations	22				(42.3)
Operating profit before share of results of joint ventures and associates					126.4
Share of results of joint ventures and associates	7				3.0
Total operating profit					129.4
Other gains and losses	8				137.9
Profit before investment revenue, net finance costs and tax					267.3
Investment revenue	9				2.5
Net finance costs	10				(22.9)
Profit before tax					246.9
Tax	11				(32.7)
Profit for the year					214.2

(i) Included within corporate costs is a credit of £0.9 million which adjusts the pensions charge recorded in each operating segment from a cash rate to the net service cost in accordance with IAS 19 (Revised), Employee Benefits.

3 Segment analysis continued

An analysis of the amortisation and impairment of goodwill and intangible assets, exceptional operating costs and impairment of property, plant and equipment and investment property by segment is as follows:

Year ended 30 September 2016	Amortisation of intangible assets not arising on business combinations (Note 22) £m	Amortisation of intangible assets arising on business combinations (Note 22) £m	Impairment of goodwill and intangible assets arising on business combinations (Notes 21, 22) £m	Exceptional operating costs £m	Impairment of property, plant and equipment and investment property (Notes 23, 24) £m
RMS	(6.2)	–	–	(2.7)	–
dmg information	(13.3)	(23.7)	–	(5.7)	–
dmg events	–	(0.7)	–	(0.9)	–
Euromoney	(3.7)	(17.6)	(28.7)	(12.9)	–
dmg media	(4.4)	(0.3)	(24.9)	(23.6)	(0.2)
	(27.6)	(42.3)	(53.6)	(45.8)	(0.2)
Corporate costs	–	–	–	(8.7)	–
Continuing operations	(27.6)	(42.3)	(53.6)	(54.5)	(0.2)

In Euromoney the impairment charge includes £12.9 million relating to Indaba, £8.2 million to Total Derivatives, £5.9 million to Hedge Fund Intelligence and £1.7 million to Euromoney Indices (Note 21) reflecting the challenging market conditions in the energy and financial sectors and weakness in the commodity markets.

In dmg media the impairment charge of £24.9 million relates to Elite Daily (Note 21) following continued poor performance in that business.

The Group's tax charge includes a related credit of £2.8 million in respect of impairment of goodwill and intangible assets.

The Group's exceptional operating costs are analysed as follows:

	Severance costs £m	Consultancy charges £m	Other restructuring costs £m	Supplier entering voluntary administration £m	Overseas sales tax (i) £m	Legal fees (i) £m	Contingent consideration required to be shown as remuneration £m	Total £m
RMS	(2.7)	–	–	–	–	–	–	(2.7)
dmg information	(4.4)	(0.9)	(0.4)	–	–	–	–	(5.7)
dmg events	(0.5)	–	(0.4)	–	–	–	–	(0.9)
Euromoney	(3.3)	(0.3)	–	–	(7.9)	(1.4)	–	(12.9)
dmg media	(9.8)	(4.5)	(1.2)	(5.1)	–	–	(3.0)	(23.6)
Corporate costs	(4.1)	(4.5)	–	–	–	(0.1)	–	(8.7)
	(24.8)	(10.2)	(2.0)	(5.1)	(7.9)	(1.5)	(3.0)	(54.5)

The Group's tax charge includes a related credit of £15.0 million in relation to these exceptional operating costs.

(i) In the Euromoney segment the provision for overseas sales tax of £7.9 million relates to a claim by tax authorities in the US which is being challenged. Exceptional legal fees in Euromoney relate to a legal dispute with the previous owners of Centre for Investor Education.

An analysis of the depreciation of property, plant and equipment and investment property, research costs, investment revenue, and net finance costs by segment is as follows:

Year ended 30 September 2016	Depreciation of property, plant and equipment and investment property (Notes 23, 24) £m	Research costs £m	Investment revenue (Note 9) £m	Net finance (Note 10) £m
RMS	(6.6)	(28.7)	0.2	–
dmg information	(9.5)	(7.2)	0.2	27.0
dmg events	(0.5)	–	–	–
Euromoney	(2.8)	(8.3)	0.3	(1.1)
dmg media	(16.8)	(1.8)	1.8	(3.5)
	(36.2)	(46.0)	2.5	22.4
Corporate costs	–	–	–	(45.3)
Continuing operations	(36.2)	(46.0)	2.5	(22.9)

Year ended 30 September 2015	Note	External revenue £m	Inter-segment revenue £m	Total revenue £m	Segment operating profit £m	Less operating profit/(loss) of joint ventures and associates £m	Adjusted operating profit £m
RMS		186.7	0.8	187.5	26.2	(0.3)	26.5
dmg information		429.9	–	429.9	74.4	(0.2)	74.6
dmg events		94.5	–	94.5	20.2	–	20.2
Euromoney		403.4	–	403.4	110.6	3.9	106.7
dmg media		730.9	–	730.9	125.2	29.1	96.1
		1,845.4	0.8	1,846.2	356.6	32.5	324.1
Corporate costs	(i)						(36.0)
Discontinued operations	19, (ii)	(2.7)					(1.1)
		1,842.7					
Adjusted operating profit							287.0
Exceptional operating costs, impairment of internally generated and acquired computer software, property, plant and equipment and investment property							(22.5)
Impairment of goodwill and acquired intangible assets arising on business combinations	21, 22						(18.5)
Amortisation of acquired intangible assets arising on business combinations	22						(39.2)
Operating profit before share of results of joint ventures and associates							206.8
Share of results of joint ventures and associates	7						11.3
Total operating profit							218.1
Other gains and losses	8						82.4
Profit before investment revenue, net finance costs and tax							300.5
Investment revenue	9						4.0
Net finance costs	10						(88.4)
Profit before tax							216.1
Tax	11						(20.8)
Profit from discontinued operations	19						50.0
Profit for the year							245.3

(i) Included within corporate costs is a credit of £1.3 million which adjusts the pensions charge recorded in each operating segment from a cash rate to the net service cost in accordance with IAS 19 (Revised), Employee Benefits.

(ii) Revenue and adjusted operating profit relating to the discontinued operations of dmg media's digital recruitment businesses have been deducted in order to reconcile total segment result to Group profit before tax from continuing operations.

An analysis of the amortisation and impairment of goodwill and intangible assets, exceptional operating costs and impairment of property, plant and equipment and investment property by segment is as follows:

Year ended 30 September 2015	Amortisation of intangible assets not arising on business combinations (Note 22) £m	Amortisation of intangible assets arising on business combinations (Note 22) £m	Impairment of goodwill and intangible assets arising on business combinations (Notes 21, 22) £m	Exceptional operating costs £m	Impairment of property, plant and equipment and investment property (Notes 23, 24) £m
RMS	(5.8)	–	–	–	–
dmg information	(10.4)	(18.6)	–	–	–
dmg events	–	(2.1)	–	–	–
Euromoney	(2.7)	(17.9)	(18.5)	(3.2)	–
dmg media	(4.3)	(0.6)	–	(17.7)	(1.6)
Continuing operations	(23.2)	(39.2)	(18.5)	(20.9)	(1.6)

The Group's tax charge includes a related credit of £7.0 million in relation to these items.

3 Segment analysis continued

In Euromoney exceptional operating costs comprise restructuring and other exceptional costs following the reorganisation of certain businesses, office move costs and CIE legal costs. The impairment charge of £18.5 million relates to HedgeFund Intelligence, CIE and Indaba.

In the dmg media segment exceptional costs comprise £8.6 million severance, £4.5 million consultancy costs, office move costs of £3.9 million and £0.7 million relating to contingent consideration required to be treated as remuneration.

An analysis of the depreciation of property, plant and equipment and investment property, research costs, investment revenue, and net finance costs by segment is as follows:

Year ended 30 September 2015	Depreciation of property, plant and equipment and investment property (Notes 23, 24) £m	Research costs £m	Investment revenue (Note 9) £m	Net finance costs (Note 10) £m
RMS	(6.2)	(49.6)	0.2	–
dmg information	(8.4)	(3.6)	0.2	(0.6)
dmg events	(0.6)	(0.1)	0.1	–
Euromoney	(2.6)	(11.2)	0.4	1.3
dmg media	(15.1)	(1.7)	–	(1.4)
	(32.9)	(66.2)	0.9	(0.7)
Corporate costs	(0.1)	–	3.1	(87.7)
Continuing operations	(33.0)	(66.2)	4.0	(88.4)

The Group's revenue comprises sales excluding value added tax, less discounts and commission where applicable and is analysed as follows:

	Year ended 30 September 2016 Total and continuing operations £m	Year ended 30 September 2015 Total £m	Year ended 30 September 2015 Discontinued operations (Note 19) £m	Year ended 30 September 2015 Inter-segment £m	Year ended 30 September 2015 Continuing operations £m
Print advertising	**247.9**	281.0	–	–	281.0
Digital advertising	**131.6**	134.4	(2.7)	–	131.7
Circulation	**314.7**	312.2	–	–	312.2
Subscriptions	**623.2**	561.9	–	(0.8)	561.1
Events, conferences and training	**233.9**	224.2	–	–	224.2
Transactions and other	**366.0**	332.5	–	–	332.5
	1,917.3	1,846.2	(2.7)	(0.8)	1,842.7

Investment revenue is shown in Note 9 and finance income in Note 10.

By geographic area

The majority of the Group's operations are located in the United Kingdom, North America, Rest of Europe, and Australia.

The 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.

	Year ended 30 September 2016 Total and continuing operations £m	Year ended 30 September 2015 Total £m	Year ended 30 September 2015 Discontinued operations (Note 19) £m	Year ended 30 September 2015 Continuing operations £m
UK	**1,023.0**	1,048.5	(2.7)	1,045.8
North America	**714.9**	632.1	–	632.1
Rest of Europe	**47.6**	39.2	–	39.2
Australia	**17.5**	16.8	–	16.8
Rest of the World	**114.3**	108.8	–	108.8
	1,917.3	1,845.4	(2.7)	1,842.7

The analysis below is based on the geographic location of customers in these regions.

	Year ended 30 September 2016 Total and continuing operations £m	Year ended 30 September 2015 Total £m	Year ended 30 September 2015 Discontinued operations (Note 19) £m	Year ended 30 September 2015 Continuing operations £m
UK	**891.2**	932.2	(2.7)	929.5
North America	**638.0**	563.4	–	563.4
Rest of Europe	**193.0**	165.8	–	165.8
Australia	**24.2**	24.0	–	24.0
Rest of the World	**170.9**	160.0	–	160.0
	1,917.3	1,845.4	(2.7)	1,842.7

The closing net book value of goodwill, intangible assets, property, plant and equipment and investment property is analysed by geographic area as follows:

	Closing net book value of goodwill (Note 21) 2016 £m	Closing net book value of goodwill (Note 21) 2015 £m	Closing net book value of intangible assets (Note 22) 2016 £m	Closing net book value of intangible assets (Note 22) 2015 £m	Closing net book value of property, plant and equipment (Note 23) 2016 £m	Closing net book value of property, plant and equipment (Note 23) 2015 £m
UK	**234.4**	248.7	**122.5**	121.0	**132.8**	143.1
North America	**687.7**	627.9	**345.4**	286.5	**36.6**	32.6
Rest of Europe	**30.2**	8.7	**25.0**	11.7	**3.8**	3.3
Australia	**5.1**	3.8	**1.3**	1.3	**0.7**	0.4
Rest of the World	**24.2**	19.6	**5.0**	3.4	**2.2**	1.7
	981.6	908.7	**499.2**	423.9	**176.1**	181.1

The additions to non-current assets are analysed as follows:

	Goodwill (Note 21) Year ended 30 September 2016 £m	Goodwill (Note 21) Year ended 30 September 2015 £m	Intangible assets (Note 22) Year ended 30 September 2016 £m	Intangible assets (Note 22) Year ended 30 September 2015 £m	Property, plant and equipment (Note 23) Year ended 30 September 2016 £m	Property, plant and equipment (Note 23) Year ended 30 September 2015 £m
RMS	**–**	–	**14.1**	24.7	**2.2**	3.1
dmg information	**24.2**	121.0	**66.4**	73.7	**11.2**	9.9
dmg events	**1.6**	0.4	**1.3**	0.6	**0.4**	0.6
Euromoney	**8.9**	–	**14.0**	1.8	**3.8**	6.5
dmg media	**4.4**	18.7	**5.5**	10.9	**9.9**	8.9
	39.1	140.1	**101.3**	111.7	**27.5**	29.0

4 Operating profit analysis

Operating profit before the share of results of joint ventures and associates is further analysed as follows:

	Note	Year ended 30 September 2016 Total and continuing operations £m	Year ended 30 September 2015 Total £m	Year ended 30 September 2015 Discontinued operations (Note 19) £m	Year ended 30 September 2015 Continuing operations £m
Revenue		**1,917.3**	1,845.4	2.7	1,842.7
(Decrease)/increase in stocks of finished goods and work in progress		**(0.9)**	9.2	–	9.2
Raw materials, consumables and direct event costs		**(317.2)**	(311.6)	–	(311.6)
Inventories recognised as an expense in the year		**(318.1)**	(302.4)	–	(302.4)
Staff costs		**(682.0)**	(641.1)	(0.6)	(640.5)
Impairment of goodwill and intangible assets	21, 22	**(53.6)**	(18.5)	–	(18.5)
Amortisation of intangible assets arising on business combinations	22	**(42.3)**	(39.2)	–	(39.2)
Amortisation of internally generated and acquired computer software	22	**(27.6)**	(23.2)	–	(23.2)
Promotion and marketing costs		**(59.2)**	(60.6)	(0.5)	(60.1)
Editorial and production costs		**(117.3)**	(114.2)	–	(114.2)
Distribution and transportation costs		**(40.4)**	(43.1)	–	(43.1)
Royalties and similar charges		**(79.5)**	(77.1)	–	(77.1)
Depreciation of property, plant and equipment and investment property	23, 24	**(36.2)**	(33.0)	–	(33.0)
Impairment of property, plant and equipment and investment property	23, 24	**(0.2)**	(1.6)	–	(1.6)
Rental of property		**(23.2)**	(21.8)	–	(21.8)
Other property costs		**(36.6)**	(34.9)	–	(34.9)
Rental of plant and equipment		**(28.4)**	(26.2)	–	(26.2)
Foreign exchange translation differences		**2.7**	(0.7)	–	(0.7)
Other expenses		**(249.0)**	(199.9)	(0.5)	(199.4)
Operating profit		**126.4**	207.9	1.1	206.8

5 Auditor's remuneration

	Year ended 30 September 2016 £m	Year ended 30 September 2015 £m
Fees payable to the Company's Auditor for the audit of the Company's annual accounts	**0.2**	0.3
Fees payable to the Company's Auditor and its associates for the audit of the Company's subsidiaries pursuant to legislation	**2.5**	1.9
Audit services provided to all Group companies	**2.7**	2.2
Audit-related assurance services	**0.3**	0.4
Services relating to tax compliance	**0.1**	–
Services relating to tax advisory	**0.1**	0.2
Services relating to corporate finance transactions	**0.1**	0.1
Other non-audit services	**0.2**	0.2
	0.8	0.9
Total remuneration	**3.5**	3.1

6 Employees

The average monthly number of persons employed by the Group including Directors is analysed as follows:

	Year ended 30 September 2016 Number	Year ended 30 September 2015 Number
RMS	**1,106**	1,104
dmg information	**3,591**	3,427
dmg events	**342**	396
Euromoney	**2,262**	2,322
dmg media	**2,734**	2,836
DMGT Board and head office	**73**	77
	10,108	10,162

Total staff costs comprised:

	Note	Year ended 30 September 2016 £m	Year ended 30 September 2015 £m
Wages and salaries		**604.6**	559.4
Share-based payments	43	**16.6**	16.8
Social security costs		**59.5**	56.7
Pension costs	36	**15.3**	18.3
		696.0	651.2

7 Share of results of joint ventures and associates

	Note	Year ended 30 September 2016 £m	Year ended 30 September 2015 £m
Share of adjusted operating profits from operations of joint ventures		**0.5**	0.3
Share of adjusted operating profits from operations of associates	(i)	**22.4**	32.2
Share of profits before exceptional operating costs, amortisation, impairment of goodwill, interest and tax		**22.9**	32.5
Share of exceptional operating costs of associates		**(3.5)**	(4.2)
Share of amortisation of intangibles arising on business combinations of joint ventures		**–**	(0.1)
Share of amortisation of intangibles arising on business combinations of associates		**(9.2)**	(8.4)
Share of associates' interest payable		**(3.2)**	(2.3)
Share of joint ventures' tax	11, 13	**(0.3)**	(0.3)
Share of associates' tax	11, 13	**(2.2)**	(4.2)
Impairment of carrying value of joint ventures	13, 25, (ii)	**(0.1)**	(1.7)
Impairment of carrying value of associates	13, 25, (iii)	**(1.4)**	–
Share of results of joint ventures and associates		**3.0**	11.3
Share of results from operations of joint ventures		**0.2**	(0.1)
Share of results from operations of associates		**4.3**	13.1
Impairment of carrying value of joint ventures	13, 25, (ii)	**(0.1)**	(1.7)
Impairment of carrying value of associates	13, 25, (iii)	**(1.4)**	–
Share of results of joint ventures and associates		**3.0**	11.3

(i) Share of adjusted operating profits from associates includes £21.4 million (2015 £14.0 million) from the Group's interest in Zoopla Plc and £nil (2015 £16.8 million) from the Group's interest in Local World in the dmg media segment.

(ii) Represents a write-down in the carrying value of Mail Today Newspapers Pte Ltd in the dmg media segment. In the prior year this represented a write-down in the carrying value of Artirix Ltd in the dmg media segment.

(iii) Represents a write-down in the carrying value of Spaceway Storage Services UK Ltd in the dmg media segment.

8 Other gains and losses

	Note	Year ended 30 September 2016 £m	Year ended 30 September 2015 £m
Profit on disposal of available-for-sale investments	13, (i)	–	45.2
Impairment of available-for-sale assets	13, 26	–	(1.0)
Profit on disposal of property, plant and equipment	13	**0.5**	3.1
Profit on disposal of businesses	13, 18, (ii)	**73.5**	6.5
Recycled cumulative translation differences	13, 18, 40, 41, (ii)	**0.6**	2.1
Gain on change in control	13, (iii)	**13.5**	19.8
Profit on disposal of joint ventures and associates	13, (iv)	**49.8**	6.7
		137.9	82.4

There is a tax charge of £3.5 million in relation to these other gains and losses (2015 £nil).

(i) In the prior year this principally relates to a £45.5 million profit on disposal of Capital DATA Ltd within the Euromoney segment.

(ii) Principally relates to a £60.5 million profit on disposal of Wowcher Ltd in the dmg media segment, £5.3 million profit on sale of Gulf Publishing and £1.7 million profit on sale of The Petroleum Economist both in the Euromoney segment. In the prior year this principally relates to a £7.6 million profit on disposal of Lewtan in the dmg information segment, together with a £2.5 million profit on disposal of various newsletter publications and website services titles within the Euromoney segment, inclusive of recycled cumulative translation differences.

(iii) During the current period, the Group increased its interests in Dailymail.com Australia Pty Ltd in the dmg media segment and Instant Services AG, The Petrochemical Standard Inc. and Ochresoft Technologies Ltd, in the dmg information segment and obtained control. In the prior year the Group increased its interests in Petrotranz Inc, Commodity Vectors Ltd and TreppPort LLC within the dmg information segment and obtained control. In accordance with IFRS 3, Business Combinations, the difference between the fair value of these investments and their carrying value at the date control passed to the Group is treated as a gain during the relevant period.

(iv) Principally relates to the disposal of the Group's 38.7% equity stake in Local World Holdings Ltd, held by the dmg media segment. In the prior year this principally relates to a £2.9 million profit on disposal of Capital NET Ltd within the Euromoney segment, £2.2 million profit on disposal of 1.38% of the Group's holding in Zoopla Plc in the dmg media segment and £1.4 million profit on disposal of Cougar Software Pty Ltd in the dmg information segment.

9 Investment revenue

	Note	Year ended 30 September 2016 £m	Year ended 30 September 2015 £m
Dividend income – Press Association	(i)	–	3.1
Interest receivable from short-term deposits		**0.7**	0.9
Interest receivable on loan notes		**1.8**	–
		2.5	4.0

(i) Distributions in the prior year followed the Press Association's disposal of its investment in MeteoGroup.

10 Net finance costs

	Note	Year ended 30 September 2016 £m	Year ended 30 September 2015 £m
Interest, arrangement and commitment fees payable on bonds, bank loans and loan notes		**(38.0)**	(35.9)
Premium on bond redemption	13, (i)	**–**	(39.9)
Loss on derivatives, or portions thereof, not designated for hedge accounting		**(1.5)**	(2.4)
Finance charge on defined benefit pension schemes	13, 36	**(4.6)**	(6.8)
Change in fair value of derivative hedge of bond	16	**2.3**	2.1
Change in fair value of hedged portion of bond	16	**(2.3)**	(2.1)
Finance charge on discounting of contingent consideration payable	37, (ii)	**(0.1)**	(0.6)
Fair value movement of undesignated financial instruments	13	**(5.4)**	(4.9)
Fair value movement of contingent consideration receivable	13	**–**	(1.9)
Fair value movement of contingent consideration payable	13	**–**	(0.4)
Finance costs		**(49.6)**	(92.8)
Finance income on discounting of contingent consideration receivable	(ii)	**–**	0.2
Fair value movement of contingent consideration payable	13, 37, (ii)	**12.3**	–
Change in present value of acquisition put options	13, 35	**14.4**	4.2
Finance income		**26.7**	4.4
Net finance costs		**(22.9)**	(88.4)

(i) In the prior year the Company announced its invitation to holders of its outstanding £165.0 million 2021 bonds and its outstanding £349.7 million 2018 bonds to tender their bonds for purchase by the Company for cash. On 30 September 2014 the Company announced the results and cash price payable of validly tendered 2018 and 2021 bonds. The total cash price payable by the Company amounted to £193.1 million, including a premium of £39.9 million, which was paid on 1 October 2014.

(ii) The fair value movement of contingent consideration arises from the requirement of IFRS 3, Business Combinations, to measure such consideration at fair value with changes in fair value taken to the Income Statement.

The finance income/charge on the discounting of contingent consideration arises from the unwinding of the discount following the requirement under IFRS 3, Business Combinations, to record contingent consideration at fair value using a discounted cash flow approach.

11 Tax

	Note	Year ended 30 September 2016 £m	Year ended 30 September 2015 £m
The charge on the profit for the period consists of:			
UK tax			
Corporation tax at 20% (2015 20.5%)		**(0.6)**	(4.6)
Adjustments in respect of prior years		**(1.9)**	(1.1)
		(2.5)	(5.7)
Overseas tax			
Corporation tax		**(33.0)**	(25.1)
Adjustments in respect of prior years		**0.8**	3.3
		(32.2)	(21.8)
Total current tax		**(34.7)**	(27.5)
Deferred tax	38		
Origination and reversals of temporary differences		**(12.0)**	5.9
Adjustments in respect of prior years		**14.0**	0.8
Total deferred tax		**2.0**	6.7
Total tax charge		**(32.7)**	(20.8)

A deferred tax credit of £6.4 million (2015 £2.1 million charge) relating to the actuarial movement on defined benefit pension schemes and a deferred tax credit of £1.4 million (2015 £0.6 million) relating to derivative financial instruments were recognised directly in the Consolidated Statement of Comprehensive Income. A deferred tax credit of £1.4 million (2015 £1.4 million) and a current tax credit of £5.4 million (2015 £nil) was recognised directly in equity (Notes 40 and 41).

11 Tax continued

Legislation was passed in November 2015 to reduce the UK corporation tax rate from 20.0% to 19.0% from 1 April 2017. A further 2.0% reduction was enacted in September 2016. As a result of this change, UK deferred tax balances have been remeasured at 17.0% as this is the tax rate that will apply on reversal unless the timing difference is expected to reverse before April 2020, in which case the appropriate tax rate has been used.

The tax charge for the year is lower than the standard rate of corporation tax in the UK of 20.0% (2015 20.5%) representing the weighted average annual corporate tax rate for the full financial year. The differences are explained below:

	Note	Year ended 30 September 2016 £m	Year ended 30 September 2015 £m
Profit on ordinary activities before tax – continuing operations		**246.9**	216.1
Profit before tax – discontinued operations		**–**	50.0
Total profit before tax		**246.9**	266.1
Tax on profit on ordinary activities at the standard rate		**(49.4)**	(54.6)
Effect of:			
Amortisation and impairment of goodwill and intangible assets		**(7.9)**	(1.0)
Other expenses not deductible for tax purposes		**(0.1)**	(0.9)
Additional items deductible for tax purposes		**17.0**	15.3
Derecognition of previously recognised deferred tax assets		**(30.2)**	(4.4)
Effect of overseas tax rates		**(0.9)**	(6.4)
Effect of associates tax		**0.9**	2.9
Unrecognised tax losses utilised		**0.1**	4.3
Write off/disposal of subsidiaries		**25.5**	20.9
Effect of change in tax rate		**(2.4)**	(0.2)
Adjustment in respect of prior years		**12.9**	3.0
Other		**1.8**	0.3
Total tax charge on the profit for the year	13	**(32.7)**	(20.8)

The net prior year credit of £12.9 million (2015 £3.0 million) arose largely from a reassessment of the level of tax provisions required and a reassessment of temporary differences.

Additional items deductible for tax purposes of £17.0 million primarily relate to financing arrangements that result in asymmetrical tax treatments in the territories involved. These are expected to recur in the short term.

Adjusted tax on profits before amortisation and impairment of intangible assets, restructuring costs and non-recurring items (adjusted tax charge) amounted to a charge of £37.4 million (2015 £41.4 million) and the resulting rate is 14.4% (2015 14.8%). The differences between the tax charge and the adjusted tax charge are shown in the reconciliation below:

	Note	Year ended 30 September 2016 £m	Year ended 30 September 2015 £m
Total tax charge on the profit for the year		**(32.7)**	(20.8)
Share of tax in joint ventures and associates	7	**(2.5)**	(4.5)
Deferred tax on intangible assets		**(12.0)**	(8.4)
Reassessment of temporary differences		**24.0**	4.4
Tax on other adjusting items		**(14.2)**	(12.1)
Adjusted tax charge on the profit for the year	13	**(37.4)**	(41.4)

In calculating the adjusted tax rate, the group excludes the potential future impact of the deferred tax effects of intangible assets (other than internally generated and acquired computer software), as the Group prefers to give users of its accounts a view of the tax charge based on the current status of such items. Deferred tax would only ever crystallise on a sale of the relevant businesses, which is not anticipated at the current time, and such a sale, being an exceptional item, would result in an exceptional tax impact.

Reassessment of temporary differences includes a net charge of £31.4 million (2015 £4.4 million) relating to the derecognition of deferred interest and overseas tax losses and a credit of £9.7 million (2015 £nil) relating to the reassessment of other temporary differences which are treated as exceptional due to their distortive impact on the Group's adjusted tax charge.

12 Dividends paid

	Year ended 30 September 2016 Pence per share	Year ended 30 September 2016 £m	Year ended 30 September 2015 Pence per share	Year ended 30 September 2015 £m
Amounts recognisable as distributions to equity holders in the year				
Ordinary Shares – final dividend for the year ended 30 September 2015	**14.9**	**3.0**	–	–
A Ordinary Non-Voting Shares – final dividend for the year ended 30 September 2015	**14.9**	**49.7**	–	–
Ordinary Shares – final dividend for the year ended 30 September 2014	**–**	**–**	14.2	2.8
A Ordinary Non-Voting Shares – final dividend for the year ended 30 September 2014	**–**	**–**	14.2	48.9
		52.7		51.7
Ordinary Shares – interim dividend for the year ended 30 September 2016	**6.7**	**1.3**	–	–
A Ordinary Non-Voting Shares – interim dividend for the year ended 30 September 2016	**6.7**	**22.4**	–	–
Ordinary Shares – interim dividend for the year ended 30 September 2015	**–**	**–**	6.5	1.3
A Ordinary Non-Voting Shares – interim dividend for the year ended 30 September 2015	**–**	**–**	6.5	22.0
		23.7		23.3
		76.4		75.0

The Board has declared a final dividend of 15.3 pence per Ordinary/A Ordinary Non-Voting Share (2015 14.9 pence) which will absorb an estimated £55.4 million (2015 £52.9 million) of shareholders' equity for which no liability has been recognised in these financial statements. It will be paid on 10 February 2017 to shareholders on the register at the close of business on 9 December 2016.

13 Adjusted profit

	Note	Year ended 30 September 2016 £m	Year ended 30 September 2015 £m
Profit before tax – continuing operations	3	**246.9**	216.1
Profit before tax – discontinued operations	19	**–**	1.1
Adjust for:			
Amortisation of intangible assets in Group profit from operations, including joint ventures and associates, arising on business combinations	3, 7	**51.5**	47.7
Impairment of goodwill and intangible assets arising on business combinations	3	**53.6**	18.5
Exceptional operating costs, impairment of internally generated and acquired computer software, property, plant and equipment and investment property	3	**54.7**	22.5
Share of exceptional operating costs of joint ventures and associates	7	**3.5**	4.2
Impairment of carrying value of joint ventures and associates	7	**1.5**	1.7
Other gains and losses:			
Profit on disposal of available-for-sale investments	8	**–**	(45.2)
Impairment of available-for-sale assets	8	**–**	1.0
Profit on disposal of property, plant and equipment	8	**(0.5)**	(3.1)
Profit on disposal of businesses, joint ventures, associates, change of control and recycled cumulative translation differences	8	**(137.4)**	(35.1)
Investment revenue:			
Dividend income – Press Association	9	**–**	(3.1)
Finance costs:			
Premium on bond redemption	10	**–**	39.9
Finance charge on defined benefit pension schemes	10	**4.6**	6.8
Fair value movements	10, (i)	**(21.3)**	3.0
Tax:			
Share of tax in joint ventures and associates	7, 11	**2.5**	4.5
Adjusted profit before tax and non-controlling interests		**259.6**	280.5
Total tax charge on the profit for the year	11	**(32.7)**	(20.8)
Adjust for:			
Share of tax in joint ventures and associates	7	**(2.5)**	(4.5)
Deferred tax on intangible assets	11	**(12.0)**	(8.4)
Reassessment of temporary differences	11	**24.0**	4.4
Tax on other adjusting items		**(14.2)**	(12.1)
Non-controlling interests	(ii)	**(24.4)**	(23.6)
Adjusted profit after taxation and non-controlling interests		**197.8**	215.5

(i) Fair value movements include movements on undesignated financial instruments, contingent consideration payable and receivable and change in value of acquisition put options.

(ii) The adjusted non-controlling interests' share of profits for the year of £24.4 million (2015 £23.6 million) is stated after eliminating a charge of £14.4 million (2015 credit £5.1 million), being the non-controlling interests' share of adjusting items.

14 Earnings per share

Basic earnings per share of 57.8 pence (2015 60.1 pence) and diluted earnings per share of 56.4 pence (2015 59.0 pence) are calculated in accordance with IAS 33, Earnings per share, on Group profit for the financial year of £204.2 million (2015 £166.6 million) as adjusted for the effect of dilutive Ordinary Shares of £0.9 million (2015 £0.3 million), earnings from discontinued operations of £nil (2015 £50.0 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 56.0 pence (2015 59.7 pence) are calculated on profit for continuing and discontinued operations before exceptional operating costs, impairment of goodwill and intangible assets, amortisation of intangible assets arising on business combinations, other gains and losses and exceptional financing costs after taxation and non-controlling interests associated with those profits, of £197.8 million (2015 £215.5 million), as set out in Note 13 above, and on the basic weighted average number of Ordinary Shares in issue during the year.

Basic and diluted earnings per share

	Year ended 30 September 2016 Diluted earnings £m	Year ended 30 September 2015 Diluted earnings £m	Year ended 30 September 2016 Basic earnings £m	Year ended 30 September 2015 Basic earnings £m
Earnings from continuing operations	**204.2**	166.6	**204.2**	166.6
Effect of dilutive Ordinary Shares	**(0.9)**	(0.3)	**–**	–
Earnings from discontinued operations	**–**	50.0	**–**	50.0
	203.3	216.3	**204.2**	216.6
Adjusted earnings from continuing and discontinued operations	**197.8**	215.5	**197.8**	215.5
Effect of dilutive Ordinary Shares	**(0.9)**	(0.3)	**–**	–
	196.9	215.2	**197.8**	215.5

	Year ended 30 September 2016 Diluted pence per share	Year ended 30 September 2015 Diluted pence per share	Year ended 30 September 2016 Basic pence per share	Year ended 30 September 2015 Basic pence per share
Earnings per share from continuing operations	**56.6**	45.5	**57.8**	46.2
Effect of dilutive Ordinary Shares	**(0.2)**	(0.1)	**–**	–
Earnings per share from discontinued operations	**–**	13.6	**–**	13.9
Earnings per share from continuing and discontinued operations	**56.4**	59.0	**57.8**	60.1
Adjusted earnings per share from continuing and discontinued operations	**54.9**	58.8	**56.0**	59.7
Effect of dilutive Ordinary Shares	**(0.2)**	(0.1)	**–**	–
Adjusted earnings per share from continuing and discontinued operations	**54.7**	58.7	**56.0**	59.7

The weighted average number of Ordinary Shares in issue during the year for the purpose of these calculations is as follows:

	Year ended 30 September 2016 Number m	Year ended 30 September 2015 Number m
Number of Ordinary Shares in issue	**362.4**	372.4
Own shares held	**(9.0)**	(11.6)
Basic earnings per share denominator	**353.4**	360.8
Effect of dilutive share options	**7.2**	5.7
Dilutive earnings per share denominator	**360.6**	366.5

15 EBITDA and cash generated by operations

	Note	Year ended 30 September 2016 £m	Year ended 30 September 2015 £m
Continuing operations			
Adjusted operating profit	3	**277.0**	287.0
Non-exceptional depreciation charge	3, 19	**36.2**	33.0
Amortisation of internally generated and acquired computer software	3, 22	**27.6**	23.2
Operating profits from joint ventures and associates	7	**22.9**	32.5
Discontinued operations			
Adjusted operating profit		**–**	1.1
EBITDA		**363.7**	376.8
Adjustments for:			
Share-based payments		**16.0**	17.3
Loss on disposal of property, plant and equipment		**0.4**	1.6
Pension charge less than cash contributions	3	**(0.9)**	(1.3)
Share of profits from joint ventures and associates	7	**(22.9)**	(32.5)
Exceptional operating costs	3	**(54.5)**	(20.9)
Decrease/(increase) in inventories		**4.2**	(8.1)
Increase in trade and other receivables		**(11.2)**	(19.7)
Increase in trade and other payables		**2.6**	18.8
Decrease in provisions		**(2.4)**	(2.6)
Additional payments into pension schemes		**(34.0)**	(48.1)
Cash generated by operations		**261.0**	281.3

16 Analysis of net debt

	Note	At 30 September 2015 £m	Cash flow £m	Fair value hedging adjustments (Note 10) £m	On acquisition of subsidiaries (Note 17) £m	Foreign exchange movements £m	Other non-cash movements (i) £m	At 30 September 2016 £m
Cash and cash equivalents	30	32.2	(11.3)	–	–	4.8	–	**25.7**
Bank overdrafts	30, 34	(0.7)	(7.0)	–	–	(0.5)	–	**(8.2)**
Net cash and cash equivalents		31.5	(18.3)	–	–	4.3	–	**17.5**
Debt due within one year								
Loan notes	34	(2.5)	0.5	–	–	(0.4)	–	**(2.4)**
Finance lease obligations	34	(0.2)	0.1	–	(0.2)	–	(0.1)	**(0.4)**
Debt due after one year								
Bonds	34	(420.2)	–	(2.3)	–	–	(2.8)	**(425.3)**
Bank loans	34	(306.7)	60.6	–	–	(21.6)	–	**(267.7)**
Finance lease obligations	34	(0.2)	0.1	–	–	(0.1)	(0.5)	**(0.7)**
Net debt before effect of derivatives		(698.3)	43.0	(2.3)	(0.2)	(17.8)	(3.4)	**(679.0)**
Effect of derivatives on debt	(ii)	(3.2)	26.1	2.3	–	(42.0)	–	**(16.8)**
Collateral deposits	29	–	14.1	–	–	–	3.0	**17.1**
Net debt		(701.5)	83.2	–	(0.2)	(59.8)	(0.4)	**(678.7)**

The net cash outflow of £18.3 million (2015 £3.3 million) includes a cash outflow of £26.1 million (2015 £20.0 million) in respect of operating exceptional items.

(i) Other non-cash movements comprise the unwinding of bond issue discount amounting to £2.5 million (2015 £2.2 million), amortisation of bond issue costs of £0.3 million (2015 £0.3 million), accrued collateral payments of £3.0 million (2015 £nil) together with the inception of new finance leases of £0.6 million (2015 £nil).

(ii) The effect of derivatives on debt is the net currency gain or loss on derivatives entered into with the intention of economically converting the currency borrowings into an alternative currency.

17 Summary of the effects of acquisitions

On 1 October 2015, the dmg information segment acquired the entire share capital of Estate Technical Solutions Ltd (ETSOS) for total consideration of £12.9 million. ETSOS is a UK-based property search company, primarily delivering residential and commercial property information to legal professionals.

ETSOS contributed £11.6 million to the Group's revenue, £0.7 million to the Group's operating profit and £0.5 million to the Group's profit after tax for the period between the date of acquisition and 30 September 2016.

On 23 December 2015, the dmg information segment acquired assets from Par Framework Inc (PAR) for total consideration of £4.7 million. PAR is a is a provider of analytics-as-a-service to improve higher education student retention and graduation rates.

PAR contributed £0.8 million to the Group's revenue, a loss of £0.6 million to the Group's operating profit and a loss of £0.6 million to the Group's profit after tax for the period between the date of acquisition and 30 September 2016.

If the acquisition had been completed on the first day of the financial period, PAR would have contributed £1.1 million to the Group's revenue, a loss of £0.6 million to the Group's operating profit and a loss of £0.6 million to the Group's adjusted profit after tax.

On 29 February 2016, the dmg events segment acquired the entire share capital of Exhibition Management Services Pty Ltd (EMS) for total consideration of £2.5 million. EMS operates a number of annual and biennial shows including SAITEX, a generalist trade show and Africa Big 7, a food and food services show, both of which are run annually in Johannesburg.

EMS contributed £2.2 million to the Group's revenue, £0.6 million to the Group's operating profit and £0.4 million to the Group's profit after tax for the period between the date of acquisition and 30 September 2016.

If the acquisition had been completed on the first day of the financial period, EMS would have contributed £2.2 million to the Group's revenue, a profit of £0.4 million to the Group's operating profit and a profit of £0.3 million to the Group's adjusted profit after tax.

On 1 April 2016, the dmg information segment acquired a controlling interest in Instant Services AG (ISAG) a provider of property inspection services.

ISAG contributed £6.8 million to the Group's revenue (including £5.0 million to Group companies), £1.0 million to the Group's operating profit and £0.7 million to the Group's profit after tax for the period between the date of acquisition and 30 September 2016.

If the acquisition had been completed on the first day of the financial period, ISAG would have contributed £14.0 million to the Group's revenue, £1.9 million to the Group's operating profit and £1.6 million to the Group's adjusted profit after tax.

On 14 June 2016, the dmg information segment acquired the entire share capital of GP Energy Management, LLC (GP) for consideration of £5.6 million. GP is a multifaceted energy services company which provides energy management solutions including demand forecasts, customisable reporting and analytics.

GP contributed £0.7 million to the Group's revenue, a loss of £0.1 million to the Group's operating profit and a loss of £0.1 million to the Group's profit after tax for the period between the date of acquisition and 30 September 2016.

If the acquisition had been completed on the first day of the financial period, GP would have contributed £2.7 million to the Group's revenue, a loss of £0.2 million to the Group's operating profit and a loss of £0.1 million to the Group's adjusted profit after tax.

On 2 September 2016, the Euromoney segment acquired the entire share capital of FastMarkets (FM) for total consideration of £13.8 million. FM is a leading provider of real-time metals market information.

FM contributed £0.4 million to the Group's revenue, £24,000 to the Group's operating profit and £19,000 to the Group's profit after tax for the period between the date of acquisition and 30 September 2016.

If the acquisition had been completed on the first day of the financial period, FM would have contributed £4.5 million to the Group's revenue, £0.1 million to the Group's operating profit and £0.1 million to the Group's adjusted profit after tax.

Provisional fair value of net assets acquired with all acquisitions:

	Note	ETSOS £m	PAR £m	EMS £m	ISAG £m	GP £m	FM £m	Other £m	Total £m
Goodwill	21, (i)	7.0	1.9	1.6	16.1	1.0	7.2	4.3	39.1
Intangible assets	22	6.3	3.8	1.2	9.9	4.2	10.1	4.5	40.0
Property, plant and equipment	23	–	–	–	–	–	–	0.3	0.3
Inventories		–	–	0.1	–	–	–	–	0.1
Trade and other receivables	(ii)	1.3	0.2	0.3	1.5	0.4	0.8	2.1	6.6
Cash and cash equivalents		0.9	–	1.5	3.0	0.1	0.7	2.0	8.2
Trade and other payables		(1.1)	(1.2)	(1.9)	(1.5)	(0.1)	(3.3)	(10.8)	(19.9)
Finance lease obligations	16	–	–	–	–	–	–	(0.2)	(0.2)
Corporation tax		(0.1)	–	–	–	–	–	–	(0.1)
Provisions	37	–	–	–	–	–	–	(0.1)	(0.1)
Deferred tax	38	(1.4)	–	(0.3)	(3.0)	–	(1.7)	(0.4)	(6.8)
Net assets acquired		**12.9**	**4.7**	**2.5**	**26.0**	**5.6**	**13.8**	**1.7**	**67.2**
Non-controlling interest share of net assets acquired	41, (iii)	–	–	–	(7.1)	–	–	(0.5)	(7.6)
Group share of net assets acquired		**12.9**	**4.7**	**2.5**	**18.9**	**5.6**	**13.8**	**1.2**	**59.6**

Cost of acquisitions:

	Note	£m	£m	£m	£m	£m	£m	£m	Total £m
Cash paid in current year		12.8	2.8	2.2	–	3.3	13.3	3.0	37.4
Fair value of investment in associate on acquisition of control	(iv)	–	–	–	–	–	–	1.5	1.5
Fair value of investment in joint venture on acquisition of control	(v)	–	–	–	18.9	–	–	–	18.9
Contingent consideration	37, (vi)	0.1	1.9	0.3	–	2.3	0.5	0.2	5.3
Working capital adjustment		–	–	–	–	–	–	(3.5)	(3.5)
Total consideration at fair value		**12.9**	**4.7**	**2.5**	**18.9**	**5.6**	**13.8**	**1.2**	**59.6**

(i) The amount of goodwill which is deductible for the purposes of calculating the Group's tax charge is £nil.

Goodwill arising on these 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.

(ii) The fair value of trade and other receivables includes trade receivables with a fair value of £4.9 million. The gross contractual amount of trade receivables due is £4.9 million, of which £nil is expected to be uncollectable.

(iii) The non-controlling interest arising during the period relates to the acquisition of Instant Services AG and Ochresoft Technologies Limited in the dmg information segment and World Bulk Wine Exhibition S.L. in the Euromoney segment. The value of the non-controlling interest was measured using the share of net assets acquired method.

(iv) During the period the Group increased its interest in Ochresoft Technologies Limited and The Petrochemical Standard Inc held by the dmg information segment and World Bulk Wine Exhibition S.L in the Euromoney segment, and obtained control.

(v) During the period the Group increased its interest in ISAG held by the dmg information segment and obtained control.

(vi) The contingent consideration recognised during the period is based on future business valuations and profit multiples and has been estimated using available data forecasts. It is expected to fall due as follows: £1.2 million within one year; £0.8 million between one and two years; and £3.3 million between two and five years.

The estimated range of undiscounted outcomes for contingent consideration relating to acquisitions in the year is £nil to £21.9 million. Certain contingent consideration arrangements are not capped since they are based on future business performance.

The contingent consideration has been discounted back to current values in accordance with IFRS 3, Business Combinations.

17 Summary of the effects of acquisitions continued

A summary of other notable acquisitions completed during the year is as follows:

Name of acquisition	Segment	% voting rights acquired	Date of acquisition	Business description	Consideration £m	Intangible assets acquired £m	Goodwill arising £m
The Petrochemical Standard Inc	dmg information	100.0	October 2015	Global petrochemical market price reporting agency	0.2	–	–
Ochresoft Technologies Ltd	dmg information	30.0	April 2016	Provider of workflow software for solicitors performing residential property transactions within England and Wales and probate workflow	0.7	1.9	1.0
Codean Ltd	dmg information	Assets only	May 2016	Provides a web-based, interactive software and data platform to structure investments, and enables investors to analyse and track their portfolios	0.7	0.7	–
Weft Inc	dmg information	Assets only	June 2016	Tracks public, private and proprietary data sets to enable global supply chain optimisation for manufacturers, freight forwarders and shipping lines	0.6	0.3	0.3
World Bulk Wine Exhibition S.L.	Euromoney	100.0	June 2016	Event for the commercialisation of bulk wine	0.9	0.7	0.4
Reinsurance Security (Consultancy).Co.UK Ltd	Euromoney	100.0	August 2016	High-value counterparty risk market insurance	1.7	0.8	1.3

All of the companies acquired during the period contributed £28.1 million to the Group's revenue and a loss of £2.8 million to the Group's profit after tax for the period between the date of acquisition and 30 September 2016.

Acquisition-related costs, amounting to £1.0 million, are charged against profits for the period in the Consolidated Income Statement.

If all acquisitions had been completed on the first day of the period, Group revenues for the period would have been £1,936.4 million and Group profit attributable to equity holders of the parent would have been a profit of £204.6 million. This information takes into account the amortisation of acquired intangible assets 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 period.

Purchase of additional shares in controlled entities

	Year ended 30 September 2016 £m	Year ended 30 September 2015 £m
Cash consideration	**0.2**	0.2

During the year, the Group acquired additional shares in controlled entities amounting to £0.2 million (2015 £0.2 million). Under the Group's accounting policy for the acquisition of shares in controlled entities, no adjustment has been recorded to the fair value of assets and liabilities already held on the Consolidated Statement of Financial Position. The difference between the cost of the additional shares and the carrying value of the non-controlling interests' share of net assets is adjusted in retained earnings. The adjustment to retained earnings in the year was a charge of £nil (2015 £5.9 million).

Reconciliation to purchase of subsidiaries as shown in the Consolidated Cash Flow Statement

	Note	Year ended 30 September 2016 £m	Year ended 30 September 2015 £m
Cash consideration		**37.4**	85.5
Cash paid to settle contingent consideration in respect of acquisitions	37	**0.3**	15.1
Cash and cash equivalents acquired with subsidiaries		**(8.2)**	(5.6)
Purchase of subsidiaries		**29.5**	95.0

Cash paid to settle contingent consideration in respect of acquisitions includes £nil (2015 £11.6 million) within the Euromoney segment, £0.3 million (2015 £3.3 million) within the dmg information segment and £nil (2015 £0.2 million) within the dmg events segment.

The businesses acquired during the year absorbed £5.5 million of the Group's net operating cash flows, had £nil attributable to investing activities and £nil attributable to financing activities.

18 Summary of the effects of disposals

On 26 November 2015 the dmg media segment disposed of 96.1% of the ordinary share capital of Wowcher Ltd (Wowcher), to a newly formed company, Excalibur Bidco Ltd. The Group received cash consideration of £27.3 million, together with a 23.9% shareholding in the new company and £20.5 million 10.0% loan notes in Excalibur Debtco Ltd.

On 19 April 2016, the Euromoney segment disposed of 100% of the ordinary share capital of Gulf Publishing Company Inc (Gulf) and The Petroleum Economist (PE), part of the business publishing division, for total cash consideration £11.1 million.

The net (liabilities)/assets disposed were as follows:

	Note	Wowcher £m	Gulf £m	PE £m	Other £m	Total £m
Goodwill	21	–	5.0	0.2	–	5.2
Intangible assets	22	1.0	–	–	0.2	1.2
Property, plant and equipment	23	0.6	–	–	–	0.6
Trade and other receivables		7.1	1.0	0.3	1.1	9.5
Trade and other payables		(14.0)	(0.9)	(0.9)	(3.6)	(19.4)
Provisions	37	(0.9)	–	–	–	(0.9)
Deferred tax	38	0.4	–	–	–	0.4
Net (liabilities)/assets disposed		**(5.8)**	**5.1**	**(0.4)**	**(2.3)**	**(3.4)**
Profit on sale of businesses including recycled cumulative exchange differences	8	60.5	5.3	1.7	6.6	74.1
		54.7	**10.4**	**1.3**	**4.3**	**70.7**
Satisfied by:						
Cash received		27.3	9.8	1.3	1.5	39.9
Deferred consideration		–	0.3	0.1	–	0.4
Fair value of investment in joint venture		–	–	–	2.8	2.8
Fair value of investment in associate		0.1	–	–	–	0.1
Loan notes issued by associate		20.5	–	–	–	20.5
Directly attributable costs paid		–	(0.3)	(0.1)	–	(0.4)
Working capital adjustment		6.8	–	–	–	6.8
Recycled cumulative translation differences	40, 41	–	0.6	–	–	0.6
		54.7	**10.4**	**1.3**	**4.3**	**70.7**

During the period Wowcher generated £0.2 million of the Group's net operating cash flows, paid £nil in respect of investing activities and paid £nil in respect of financing activities.

During the period Gulf generated £0.3 million of the Group's net operating cash flows, paid £nil in respect of investing activities and paid £nil in respect of financing activities.

During the period PE absorbed £0.7 million of the Group's net operating cash flows, paid £nil in respect of investing activities and paid £nil in respect of financing activities.

In addition, the Group's interest in Euromoney was diluted during the period by 0.03% (2015 0.05%). Under the Group's accounting policy for the disposal of shares in controlled entities, no adjustment has been recorded to the fair value of assets and liabilities already held on the Condensed Consolidated Statement of Financial Position. The difference between the Group's share of net assets before and after this dilution is adjusted in retained earnings. The adjustment to retained earnings in the period was a charge of £0.2 million (2015 £0.2 million).

18 Summary of the effects of disposals continued

Reconciliation to disposal of businesses as shown in the Consolidated Cash Flow Statement:

	Year ended 30 September 2016 £m	Year ended 30 September 2015 £m
Cash consideration net of disposal costs	**39.5**	117.8
Cash and cash equivalents disposed with subsidiaries	–	(4.4)
Proceeds on disposal of businesses	**39.5**	113.4

The Group's tax charge includes £2.9 million in relation to these disposals.

All of the businesses disposed of during the period absorbed £0.1 million (2015 generated £3.9 million) of the Group's net operating cash flows, had £nil attributable to investing activities and £nil attributable to financing activities.

Proceeds from redemption of preference share capital

During the period the Group received £14.4 million relating to preference share capital following the prior year sale of Capital DATA Ltd in the Euromoney segment.

19 Discontinued operations

On 31 October 2014, Jobsite, the Group's remaining digital recruitment asset, was sold for consideration of £92.1 million. The results of Jobsite up to the point of disposal are included in discontinued operations for the prior period.

The Group's Consolidated Income Statement includes the following results from these discontinued operations:

	Note	Year ended 30 September 2016 £m	Year ended 30 September 2015 £m
Revenue	3	–	2.7
Expenses		–	(1.6)
Total operating profit		–	1.1
Tax charge	11	–	–
Profit after tax attributable to discontinued operations		–	1.1
Profit on disposal of discontinued operations	13, 18	–	48.9
Profit attributable to discontinued operations		–	50.0

In the prior period, cash flows associated with discontinued operations comprise operating cash flows of £2.2 million, investing cash flows of £nil and financing cash flows of £nil.

20 Total assets and liabilities of businesses held-for-sale

At 30 September 2016, the assets and liabilities held-for-sale principally relate to Euromoney Indices, HedgeFund Intelligence and the assets of II Searches, all within the Euromoney segment. The main classes of assets and liabilities comprising the operations classified as held-for-sale are set out in the table below. These assets and liabilities are recorded at their fair value with all losses taken to the Consolidated Income Statement.

In the prior year, the assets and liabilities held for sale represent the remaining Digital Marketing assets of the dmg events segment and the Group's associate investment in Local World Holdings Ltd in the dmg media segment.

	Note	At 30 September 2016 £m	At 30 September 2015 £m
Goodwill	21	**4.0**	0.3
Intangible assets	22	**0.3**	–
Property, plant and equipment	23	–	0.1
Interests in associates	25	–	24.6
Inventories	27	–	0.6
Trade and other receivables	28	**0.7**	2.5
Cash and cash equivalents	30	–	0.6
Total assets associated with businesses held-for-sale		**5.0**	28.7
Trade and other payables	31	**(5.5)**	(5.4)
Provisions	37	–	(0.3)
Total liabilities associated with businesses held-for-sale		**(5.5)**	(5.7)
Net (liabilities)/assets of the disposal group		**(0.5)**	23.0

21 Goodwill

	Note	Goodwill £m
Cost		
At 30 September 2014		817.3
Additions		140.1
Adjustment to previous year estimate of contingent consideration		(0.5)
Disposals		(18.9)
Exchange adjustment		28.3
At 30 September 2015		966.3
Additions	17	39.1
Disposals	18	(7.1)
Classified as held-for-sale	20	(14.7)
Exchange adjustment		90.3
At 30 September 2016		**1,073.9**

	Note	Goodwill £m
Accumulated impairment losses		
At 30 September 2014		52.7
Impairment	3	18.5
Disposals		(14.3)
Exchange adjustment		0.7
At 30 September 2015		57.6
Impairment	3	46.8
Disposals	18	(1.9)
Classified as held-for-sale	20	(10.7)
Exchange adjustment		0.5
At 30 September 2016		**92.3**
Net book value – 2014		764.6
Net book value – 2015		908.7
Net book value – 2016		**981.6**

Goodwill impairment losses recognised in the year amounted to £46.8 million (2015 £18.5 million).

The Group's policy on impairment of goodwill is set out in Note 2.

Further disclosures, in accordance with paragraph 134 of IAS 36, Impairment of assets, are provided where the Group holds an individual goodwill item relating to a cash-generating unit (CGU) that is significant. The Group considers this to be the case when the goodwill carrying value of the individual CGU is 15.0% or more of the Group's total carrying value of goodwill.

Using this criteria the only significant items of goodwill included in the net book value above relate to BCA Research Inc (BCA), a business within Metal Bulletin plc in the Euromoney segment and Genscape Inc (Genscape) in the dmg information segment.

BCA goodwill has a carrying value of £177.7 million (2015 £153.0 million) together with intangible assets with a carrying value of £51.8 million (2015 £50.8 million). The recoverable amount of BCA has been determined using a value in use calculation in line with IAS 36. The methodology applied to the value in use calculations reflects past experience and external sources of information including:

(i) cash flows for the business for the following year derived from budgets for 2017. The Directors believe these to be reasonably achievable;

(ii) subsequent cash flows for three additional years increased in line with growth expectations of the business;

(iii) cash flows beyond the four-year period extrapolated using a long-term nominal growth rate of 1.60%; and

(iv) a pre-tax discount rate of 13.7%.

The key underlying assumptions relevant in determining the cash flows for BCA include continued revenue growth from the investment of new research and digital products.

Using the above methodology the recoverable amount exceeded the total carrying value by £175.8 million (2015 £150.3 million). For this business the Directors performed a sensitivity analysis on the total carrying value of the CGU. For the recoverable amount to be equal to the carrying value the discount rate would need to increase by 10.0% to 23.7% (2015 increase by 10.2% to 22.7%), the long-term growth rate would need to decline by 16.0% from 1.6% to -14.4% (2015 decline by 29.1% from 2.0% to -27.1%) or the CGU would need to miss budget by 43.4% (2015 44.5%).

21 Goodwill continued

Genscape goodwill has a carrying value of £196.3 million (2015 £170.0 million) together with intangible assets with a carrying value of £97.3 million (2015 £73.3 million). The recoverable amount of Genscape has been determined using a value in use calculation in line with IAS 36. The methodology applied to the value in use calculations reflects past experience and external sources of information including:

(i) cash flows for the business for the following year derived from budgets for 2017. The Directors believe these to be reasonably achievable;

(ii) subsequent cash flows for four additional years increased in line with growth expectations of the business;

(iii) cash flows beyond the five-year period extrapolated using a long-term nominal growth rate of 3.0%; and

(iv) a pre-tax discount rate of 20.0%.

The key underlying assumptions relevant in determining the cash flows for Genscape include the acquisition of several investment-stage businesses that are dilutive to near-term profits, and continued investment in both organic product development and its sales teams to drive revenue growth.

Using the above methodology the recoverable amount exceeded the total carrying value by £10.3 million (2015 £34.9 million). For this business the Directors performed a sensitivity analysis on the total carrying value of the CGU. For the recoverable amount to be equal to the carrying value the discount rate would need to increase by 0.26% to 20.26% (2015 increase by 0.99% to 20.16%), the long-term growth rate would need to decline by 0.35% from 3.0% to 2.65% (2015 decline by 1.38% from 3.0% to 1.62%) or the CGU would need to miss budget by 3.2% (2015 44.8%).

For the other CGUs, IAS 36 provides that, if there is any reasonably possible change to a key assumption that would cause the CGU's carrying amount to exceed its recoverable amount, further disclosures are required.

The Group has therefore provided additional disclosures for its investments in Ned Davis Research Inc (NDR), a business within the Euromoney segment and Xceligent Inc (Xceligent), a business within the dmg information segment.

NDR goodwill has a carrying value of £44.6 million (2015 £68.2 million) together with intangible assets with a carrying value of £25.9 million (2015 £25.5 million). The recoverable amount of NDR has been determined using a value in use calculation in line with IAS 36. The methodology applied to the value in use calculations reflects past experience and external sources of information including:

(i) cash flows for the business for the following year derived from budgets for 2017. The Directors believe these to be reasonably achievable;

(ii) subsequent cash flows for three additional years increased in line with growth expectations of the business;

(iii) cash flows beyond the four-year period extrapolated using a long-term nominal growth rate of 1.60%; and

(iv) a pre-tax discount rate of 14.40%.

The key underlying assumptions relevant in determining the cash flows for NDR include investment plans for key growth initiatives including a new product structure with unbundled pricing around data, application and other premium services, and the expansion of international presence in Europe and Asia Pacific.

Using the above methodology the recoverable amount exceeded the total carrying value by £15.8 million (2015 £16.1 million). For this business the Directors performed a sensitivity analysis on the total carrying value of the CGU. For the recoverable amount to be equal to the carrying value the discount rate would need to increase by 3.0% to 17.4% (2015 increase by 3.2% to 16.2%), the long-term growth rate would need to decline by 5.0% from 1.6% to -3.4% (2015 decline by 29.1% from 1.6% to -27.1%) or the CGU would need to miss budget by 16.7% (2015 19.2%).

Xceligent goodwill has a carrying value of £12.0 million (2015 £9.4 million) together with intangible assets with a carrying value of £17.4 million (2015 £9.5 million). The recoverable amount of Xceligent has been determined using a value in use calculation in line with IAS 36. The methodology applied to the value in use calculations reflects past experience and external sources of information including:

(i) cash flows for the business for the following year derived from budgets for 2017. The Directors believe these to be reasonably achievable;

(ii) subsequent cash flows for eight additional years increased in line with growth expectations of the business;

(iii) cash flows beyond the five-year period extrapolated using a long-term nominal growth rate of 3.0%; and

(iv) a pre-tax discount rate of 25.0%.

The key underlying assumptions relevant in determining the five year cash flows for Xceligent include the successful launch of the new customer platform in 2017 and the timing and pricing of new markets along with achievement of existing market pricing.

Using the above methodology the recoverable amount exceeded the total carrying value by £36.3 million (2015 £5.4 million). For this business the Directors performed a sensitivity analysis on the total carrying value of the CGU. For the recoverable amount to be equal to the carrying value the discount rate would need to increase by 5.7% to 30.5% (2015 decline by 1.05% to 20.25%), the long-term growth rate would need to decline by 9.21% from 3.0% to -6.21% (2015 decline by 1.86% from 3.0% to 1.14%) or the CGU would need to beat budget by 52.7% (2015 7.3%).

The impairment charge is analysed by major CGU as follows:

CGU	Segment	Goodwill impairment £m	Intangible asset impairment £m	Recoverable amount £m	2016 discount rate %	2015 discount rate %	Reason for impairment charge
Elite Daily	dmg media	19.8	5.1	–	15.0%	12.9%	Deterioration in trading conditions
Indaba	Euromoney	12.9	–	17.9	15.4%	13.5%	Challenging market conditions and the depreciation of the South African rand
Total Derivatives	Euromoney	8.2	–	0.6	12.0%	12.9%	Deterioration in trading conditions
HedgeFund Intelligence	Euromoney	5.9	–	4.0	12.0%	12.9%	Classified as held for sale. Goodwill has been valued at fair value less cost to sell.
Euromoney Indices	Euromoney	–	1.7	0.3	12.0%	12.9%	Classified as held for sale. Intangible assets have been valued at fair value less cost to sell.
Total		**46.8**	**6.8**	**22.8**			

Recoverable amounts have been determined using value in use calculations for all of the above CGUs.

22 Other intangible assets

	Note	Publishing rights, mastheads and titles £m	Brands £m	Market- and customer-related databases and customer relationships £m	Computer software (i) £m	Other £m	Total £m
Cost							
At 30 September 2014		248.3	103.4	205.2	277.1	7.4	841.4
Analysis reclassifications		(0.2)	0.5	(1.8)	(1.4)	2.9	–
Additions from business combinations		–	6.3	17.1	31.9	(0.1)	55.2
Other additions		–	–	–	3.4	–	3.4
Internally generated		–	–	–	53.1	–	53.1
Disposals		(1.3)	(30.0)	(8.1)	(2.1)	(0.4)	(41.9)
Exchange adjustment		7.8	3.9	6.7	14.2	0.6	33.2
At 30 September 2015		254.6	84.1	219.1	376.2	10.4	944.4
Additions from business combinations	17	1.9	5.9	24.2	8.0	–	40.0
Other additions		–	–	–	3.0	–	3.0
Internally generated	(i)	–	–	–	58.3	–	58.3
Disposals	18	–	(0.1)	–	(5.0)	–	(5.1)
Classified as held-for-sale	20	–	–	(3.4)	–	(1.2)	(4.6)
Exchange adjustment		18.6	9.4	20.4	52.1	2.0	102.5
At 30 September 2016		**275.1**	**99.3**	**260.3**	**492.6**	**11.2**	**1,138.5**

22 Other intangible assets continued

	Note	Publishing rights, mastheads and titles £m	Brands £m	Market- and customer-related databases and customer relationships £m	Computer software (i) £m	Other £m	Total £m
Accumulated amortisation							
At 30 September 2014		163.8	64.2	99.6	150.2	2.9	480.7
Analysis reclassifications		5.8	(5.6)	(0.2)	(0.5)	0.5	–
Charge for the year		7.7	7.3	16.7	29.8	0.9	62.4
Disposals		(1.3)	(29.8)	(7.9)	(1.0)	(0.3)	(40.3)
Exchange adjustment		3.5	2.6	4.2	7.3	0.1	17.7
At 30 September 2015		179.5	38.7	112.4	185.8	4.1	520.5
Charge for the year	3	8.3	5.4	18.9	36.7	0.6	69.9
Impairment	3	–	5.2	0.6	–	1.0	6.8
Disposals	18	–	–	–	(3.9)	–	(3.9)
Classified as held-for-sale	20	–	–	(3.1)	–	(1.2)	(4.3)
Exchange adjustment		9.6	5.2	11.1	23.5	0.9	50.3
At 30 September 2016		**197.4**	**54.5**	**139.9**	**242.1**	**5.4**	**639.3**
Net book value – 2014		84.5	39.2	105.6	126.9	4.5	360.7
Net book value – 2015		75.1	45.4	106.7	190.4	6.3	423.9
Net book value – 2016		**77.7**	**44.8**	**120.4**	**250.5**	**5.8**	**499.2**

(i) Computer software includes purchased and internally generated intangible assets, not forming part of a business combination, as follows:

	£m
Cost	
At 30 September 2014	246.9
Additions	56.5
Disposals	(0.3)
Exchange adjustment	12.7
At 30 September 2015	315.8
Additions	61.3
Disposals	(5.0)
Exchange adjustment	42.7
At 30 September 2016	**414.8**
Accumulated amortisation	
At 30 September 2014	137.3
Charge for the year	23.2
Disposals	(0.5)
Exchange adjustment	6.6
At 30 September 2015	166.6
Charge for the year	27.6
Disposals	(3.9)
Exchange adjustment	20.2
At 30 September 2016	**210.5**
Net book value – 2014	109.6
Net book value – 2015	149.2
Net book value – 2016	**204.3**

The following table analyses intangible assets in the course of construction included in the internally generated intangibles above, on which no amortisation has been charged in the year since they have not been brought into use.

	£m
Cost	
At 30 September 2014	53.9
Additions	36.8
Projects completed	(9.4)
Exchange adjustment	5.4
At 30 September 2015	86.7
Additions	29.1
Projects completed	(78.0)
Exchange adjustment	2.6
At 30 September 2016	**40.4**

The Group's most significant individual internally developed intangible asset is RMS(one). The development of RMS(one) was completed during the period and the asset was transferred out of the assets in the course of construction category and amortisation commenced. The RMS(one) intangible asset has a carrying value of £89.1 million (2015 £67.5 million) which has been assessed for recoverability using a value in use calculation in line with IAS 36, Impairment of assets. The methodology applied to the value in use calculations reflects past experience and external sources of information including:

(i) budget and forecast data which the Directors believe to be reasonably achievable;

(ii) cash flows over six years post launch;

(iii) the rate at which core clients start to use the RMS(one) platform;

(iv) a pre-tax discount rate of 17.4%; and

(v) average annual growth rates of 9–13% in the core underlying business.

Using the above methodology the recoverable amount exceeded the carrying value and accordingly no impairment charge was recorded in the year.

It is possible that outcomes within the next financial year could be different from the assumptions used above which may result in a reduction in the carrying value of the asset.

The methodologies applied to the Group's CGUs when testing for impairment and details of the above impairment charge are set out in Note 2.

The carrying values of the Group's larger intangible assets are further analysed as follows:

	Segment	At 30 September 2016 Carrying value £m	At 30 September 2015 Carrying value £m	At 30 September 2016 Remaining amortisation period Years	At 30 September 2015 Remaining amortisation period Years
RMS(one)	RMS	**89.1**	67.5	**5.8**	n/a
BCA mastheads	Euromoney	**46.0**	43.5	**19.8**	20.8
DIIG customer relationships	dmg information	**26.5**	30.2	**8.0**	9.0
Ned Davis Research Group customer relationships	Euromoney	**18.7**	18.4	**6.8**	7.8
Locus Energy proprietary technology platform	dmg information	**13.6**	13.0	**9.0**	10.0
Indaba brand	Euromoney	**12.9**	13.6	**18.0**	19.0
Metal Bulletin mastheads	Euromoney	**12.1**	13.4	**19.8**	20.8
Genscape intellectual property	dmg information	**11.3**	10.7	**9.5**	10.5
Associated Mediabase software	dmg media	**10.7**	13.9	**0.7**	1.7
Instant Services customer relationships	dmg information	**9.6**	n/a	**9.5**	n/a

23 Property, plant and equipment

	Note	Freehold properties £m	Long leasehold properties £m	Short leasehold properties £m	Plant and equipment £m	Total £m
Cost						
At 30 September 2014		65.3	5.7	40.7	286.6	398.3
Owned by subsidiaries acquired		–	–	–	0.3	0.3
Additions		–	0.1	3.5	25.1	28.7
Disposals		(6.4)	(2.6)	(10.3)	(21.2)	(40.5)
Classified as held-for-sale	20	–	–	–	(0.1)	(0.1)
Owned by subsidiaries disposed		–	–	–	(0.7)	(0.7)
Reclassifications		–	(2.5)	2.5	–	–
Exchange adjustment		–	0.1	1.5	6.1	7.7
At 30 September 2015		58.9	0.8	37.9	296.1	393.7
Owned by subsidiaries acquired	17	–	–	–	0.3	0.3
Additions		–	0.7	1.3	25.2	27.2
Disposals		–	–	–	(6.9)	(6.9)
Owned by subsidiaries disposed	18	–	–	–	(1.1)	(1.1)
Reclassifications		(1.0)	–	–	1.0	–
Exchange adjustment		–	0.2	3.5	21.0	24.7
At 30 September 2016		**57.9**	**1.7**	**42.7**	**335.6**	**437.9**

	Note	Freehold properties £m	Long leasehold properties £m	Short leasehold properties £m	Plant and equipment £m	Total £m
Accumulated depreciation and impairment						
At 30 September 2014		12.8	1.2	22.5	164.1	200.6
Charge for the year	3	1.8	0.1	2.8	28.2	32.9
Impairment		–	–	–	1.6	1.6
Disposals		(0.6)	(0.5)	(6.9)	(19.2)	(27.2)
Owned by subsidiaries disposed		–	–	–	(0.4)	(0.4)
Reclassifications		–	(0.5)	0.5	–	–
Exchange adjustment		–	0.1	0.8	4.2	5.1
At 30 September 2015		14.0	0.4	19.7	178.5	212.6
Charge for the year	3	1.8	0.1	3.2	31.1	36.2
Impairment	3	–	–	–	0.2	0.2
Disposals		–	–	–	(5.4)	(5.4)
Owned by subsidiaries disposed	18	–	–	–	(0.5)	(0.5)
Reclassifications		(1.6)	–	–	1.6	–
Exchange adjustment		–	0.2	2.3	16.2	18.7
At 30 September 2016		**14.2**	**0.7**	**25.2**	**221.7**	**261.8**
Net book value – 2014		52.5	4.5	18.2	122.5	197.7
Net book value – 2015		44.9	0.4	18.2	117.6	181.1
Net book value – 2016		**43.7**	**1.0**	**17.5**	**113.9**	**176.1**

24 Investment property

	Freehold properties £m
Cost	
At 30 September 2014	25.6
Disposals	(25.1)
At 30 September 2015	0.5
Disposals	(0.5)
At 30 September 2016	–

	Note	Freehold properties £m
Accumulated depreciation and impairment		
At 30 September 2014		21.3
Disposals		(20.9)
Charge for the year	3	0.1
At 30 September 2015		0.5
Disposals		(0.5)
At 30 September 2016		–
Net book value – 2014		4.3
Net book value – 2015		–
Net book value – 2016		–

The fair value of the Group's investment properties in the prior year was £0.3 million. This was arrived at by reference to market evidence for similar properties and was carried out by an officer of the Group's property department. Property rental income earned by the Group from its investment properties amounted to £nil (2015 £0.2 million). Direct operating expenses arising on the investment properties in the year amounted to £nil (2015 £0.5 million).

25 Investments in joint ventures and associates

	Note	Cost of shares £m	Share of post-acquisition retained reserves £m	Total £m
Joint ventures				
At 30 September 2014		11.2	(10.7)	0.5
Reanalysis		1.8	(1.8)	–
Additions – cash		2.1	–	2.1
Impairment	7	(1.7)	–	(1.7)
Share of retained reserves		–	(0.1)	(0.1)
Dividends received	(i)	–	(0.1)	(0.1)
Reclassification from other debtors		1.0	–	1.0
Transfer to investment in subsidiaries		(1.9)	1.5	(0.4)
Exchange adjustment		0.1	(0.1)	–
At 30 September 2015		12.6	(11.3)	1.3
Additions – cash		0.3	–	0.3
Additions – non-cash	(ii)	2.8	–	2.8
Disposals		–	2.1	2.1
Share of retained reserves	7	–	0.2	0.2
Impairment	7	(0.1)	–	(0.1)
Reclassification from other debtors		2.4	(3.4)	(1.0)
Transfer to investment in subsidiaries	17 (iii)	–	(1.4)	(1.4)
Exchange adjustment		1.7	(1.1)	0.6
At 30 September 2016		**19.7**	**(14.9)**	**4.8**

(i) The Group received dividends in the prior year from Point X Ltd in the dmg information segment.

(ii) During the year, the dmg information segment disposed of the assets of Enrolment Management Services in exchange for a 50% interest in Knowlura, Inc.

(iii) During the year the Group increased its interest in Instant Services AG, held by the dmg information segment and obtained control.

25 Investments in joint ventures and associates continued

Summary aggregated financial information for the Group's joint ventures, extracted on a 100% basis from the joint ventures' own financial information is set out below:

Year ended 30 September 2016	Revenue £m	Operating profit/(loss) £m	Total expenses £m	Profit/(loss) for the year £m	Other comprehensive income £m	Total comprehensive income/ (expense) £m
dmg information	**19.7**	**2.1**	**(18.3)**	**1.4**	**–**	**1.4**
Euromoney	**0.1**	**(0.1)**	**(0.2)**	**(0.1)**	**–**	**(0.1)**
	19.8	**2.0**	**(18.5)**	**1.3**	**–**	**1.3**

At 30 September 2016	Non-current assets £m	Current assets £m	Total assets £m	Current and total liabilities £m	Net assets/ (liabilities) £m
dmg information	**6.1**	**4.7**	**10.8**	**(2.7)**	**8.1**
Euromoney	**–**	**–**	**–**	**(0.1)**	**(0.1)**
	6.1	**4.7**	**10.8**	**(2.8)**	**8.0**

Year ended 30 September 2015	Revenue £m	Operating profit/(loss) £m	Total expenses £m	Profit/(loss) for the year £m	Other comprehensive income £m	Total comprehensive income £m
dmg information	33.5	4.1	(30.8)	2.7	–	2.7
dmg media	6.8	(2.1)	(9.4)	(2.6)	–	(2.6)
	40.3	2.0	(40.2)	0.1	–	0.1

At 30 September 2015	Non-current assets £m	Current assets £m	Total assets £m	Current liabilities £m	Non-current liabilities £m	Total liabilities £m	Net assets/ (liabilities) £m
dmg information	8.4	18.1	26.5	(11.2)	(11.9)	(23.1)	3.4
dmg media	1.7	3.0	4.7	(10.7)	(2.1)	(12.8)	(8.1)
	10.1	21.1	31.2	(21.9)	(14.0)	(35.9)	(4.7)

At 30 September 2016 the Group's joint ventures had capital commitments amounting to £nil (2015 £nil). There were no material contingent assets (2015 none).

Information on principal joint ventures:

	Segment	Principal activity	Year ended	Description of holding	Group interest %
Unlisted					
Mail Today Newspapers Pte Ltd (incorporated and operating in India)	dmg media	Publisher of classified publications	30 September 2016	Ordinary	26.00
The Sanborn Map Company Inc (incorporated and operating in the US)	dmg information	Photogrammetric mapping and GIS data conversion	30 September 2016	Preferred stock	49.00
Knowlura Inc (incorporated and operating in the US)	dmg information	Provider of online educational services	30 September 2016	Common	50.00

	Note	Cost of shares £m	Share of post-acquisition retained reserves £m	Total £m
Associates				
At 30 September 2014		148.9	(10.3)	138.6
Additions – cash		12.8	–	12.8
Additions – non-cash		32.0	–	32.0
Share of retained reserves		–	13.1	13.1
Dividends received	(i)	–	(26.5)	(26.5)
Transfer to investment in subsidiaries		(4.2)	–	(4.2)
Transfer from available-for-sale investments	(iii)	1.1	2.1	3.2
Disposals		(4.1)	0.7	(3.4)
Classified as held-for-sale	20	(25.0)	0.4	(24.6)
Exchange adjustment		0.8	0.1	0.9
At 30 September 2015		162.3	(20.4)	141.9
Reanalysis		(3.6)	3.6	–
Additions – cash		4.4	–	4.4
Additions – non-cash		0.1	–	0.1
Share of retained reserves	7	–	4.3	4.3
Dividends received	(i)	–	(5.3)	(5.3)
Impairment	7	(1.4)	–	(1.4)
Transfer to investment in subsidiaries	17 (ii)	(3.8)	1.7	(2.1)
Exchange adjustment		3.4	–	3.4
At 30 September 2016		**161.4**	**(16.1)**	**145.3**

The cumulative unrecognised share of losses of the Group's associates principally comprises £14.7 million (2015 £13.2 million) in relation to the Group's investment in Independent Television News Ltd.

Joint ventures and associates have been accounted for under the equity method using unaudited financial information to 30 September 2016. Net assets amounting to £nil (2015 £24.6 million) within the dmg media segment are held-for-sale.

(i) Dividends received in the current and prior year principally relate to the Group's investments in Zoopla (2016 £5.2million, 2015 £2.7 million) and Local World (2016 £nil, 2015 £23.2 million) in the dmg media segment.

(ii) During the year the Group increased its interest in Ochresoft Technologies Ltd, held by the dmg information segment, and World Bulk Wine Exhibition S.L., held by the Euromoney segment, and obtained control.

(iii) During the prior year, the Group acquired an additional interest in WellAware Holdings Inc (WellAware), taking its overall holding to 8.2%. By virtue of the Group's board representation and shareholder rights the Group now has significant influence over WellAware and has treated this investment as an associate.

25 Investments in joint ventures and associates continued

Summary aggregated financial information for the Group's associates, extracted on a 100% basis from the associates' own financial information is set out below:

Year ended 30 September 2016	Revenue £m	Operating profit/ (loss) £m	Total expenses £m	Profit/(loss) for the year £m	Other comprehensive income £m	Total comprehensive (expense)/ income £m
RMS	3.6	(0.9)	(5.4)	(1.8)	–	(1.8)
dmg information	35.8	(12.1)	(49.7)	(13.9)	–	(13.9)
dmg events	0.9	–	(0.9)	–	–	–
Euromoney	105.9	0.7	(115.4)	(9.5)	–	(9.5)
dmg media	300.3	50.2	(263.3)	37.0	–	37.0
	446.5	37.9	(434.7)	11.8	–	11.8

At 30 September 2016	Non-current assets £m	Current assets £m	Total assets £m	Current liabilities £m	Non-current liabilities £m	Total liabilities £m	Net assets £m
RMS	3.4	8.3	11.7	(1.1)	(3.1)	(4.2)	7.5
dmg information	12.5	52.3	64.8	(24.4)	(6.7)	(31.1)	33.7
dmg events	–	0.5	0.5	(0.2)	–	(0.2)	0.3
Euromoney	505.4	58.6	564.0	(280.1)	(5.3)	(285.4)	278.6
dmg media	328.6	86.2	414.8	(106.9)	(238.8)	(345.7)	69.1
	849.9	205.9	1,055.8	(412.7)	(253.9)	(666.6)	389.2

Year ended 30 September 2015	Revenue £m	Operating profit/ (loss) £m	Total expenses £m	Profit/(loss) for the year £m	Other comprehensive income £m	Total comprehensive income/ (expense) £m
RMS	3.5	(1.1)	(4.6)	(1.1)	–	(1.1)
dmg information	28.5	(15.1)	(44.2)	(15.7)	–	(15.7)
dmg events	1.3	0.1	(1.2)	0.1	–	0.1
Euromoney	75.4	4.4	(79.8)	(4.4)	–	(4.4)
dmg media	345.6	69.9	(364.9)	(19.3)	(16.8)	(36.1)
	454.3	58.2	(494.7)	(40.4)	(16.8)	(57.2)

At 30 September 2015	Non-current assets £m	Current assets £m	Total assets £m	Current liabilities £m	Non-current liabilities £m	Total liabilities £m	Net assets £m
RMS	6.0	2.2	8.2	(0.8)	–	(0.8)	7.4
dmg information	8.8	53.0	61.8	(21.7)	(25.5)	(47.2)	14.6
dmg events	0.3	–	0.3	(0.1)	(0.2)	(0.3)	–
Euromoney	485.1	25.8	510.9	(259.0)	(7.5)	(266.5)	244.4
dmg media	326.7	134.8	461.5	(93.5)	(203.0)	(296.5)	165.0
	826.9	215.8	1,042.7	(375.1)	(236.2)	(611.3)	431.4

At 30 September 2016 the Group's associates had capital commitments amounting to £nil (2015 £nil). There were no material contingent liabilities (2015 none).

Information on principal associates:

	Segment	Note	Principal activity	Year ended	Description of holding	Group interest %
Unlisted						
Zoopla Property Group Plc (incorporated and operating in the UK)	dmg media	(i)	Online property portal	30 September 2016	Ordinary	31.32
Real Capital Analytics Inc (incorporated and operating in the US)	dmg information		Provider of real estate information	30 September 2016	Preferred stock	39.73
Independent Television News Ltd (incorporated and operating in the UK)	dmg media		Independent TV news provider	31 December 2015	Ordinary	20.00
Praedicat Inc (incorporated and operating in the US)	RMS		Provision of catastrophe risk analytics	30 September 2016	Preferred stock	29.60
Diamond Topco Ltd (Dealogic) (incorporated and operating in the UK)	Euromoney		Provision of data and analytics, market intelligence and capital markets software solutions to investment banks	31 December 2015	Ordinary	15.50

(i) The market value of the Group's investment in Zoopla at 30 September 2016 was £426.0 million (2015 £273.6 million).

The Group does not have the power to control the majority of shareholder voting rights nor the board of directors. With an effective interest of 31.32% the Group has treated this investment as an associated undertaking.

Summary financial information for Zoopla, extracted on a 100% basis from Zoopla's own financial statements, for the year to September 2016 is set out below:

	£m
Revenue	197.7
Depreciation and amortisation	(11.2)
Profit from continuing operations	49.7
Interest income	0.1
Interest expense	(3.6)
Tax charge	(9.5)
Post-tax profit from operations	36.7
Other comprehensive income	–
Total comprehensive income	36.7

	£m
Non-current assets	333.0
Cash and cash equivalents	3.4
Other current assets	36.6
Total assets	373.0
Current liabilities	(68.1)
Non-current liabilities	(162.7)
Total liabilities	(230.8)
Net assets	142.2

Group interest (31.32%)	44.5
Goodwill and intangibles carrying value	41.8
Group carrying value	86.3

26 Available-for-sale investments

	Note	Unlisted £m
At 30 September 2014		6.8
Additions		11.3
Disposals		(0.3)
Transfer to investment in associates		(3.2)
Impairment charge	8	(1.0)
Exchange adjustment		0.2
At 30 September 2015		13.8
Additions		1.6
Disposals		(0.1)
Exchange adjustment		0.5
At 30 September 2016		**15.8**

The investments above represent 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. Since there is no active market upon which they are traded, unlisted securities are recorded at cost less provision for impairment, as their fair values cannot be reliably measured.

Available-for-sale investments are analysed as follows:

	Note	At 30 September 2016 £m	At 30 September 2015 £m
Unlisted			
Zanbato Inc	(i)	**3.5**	3.5
Estimize Inc	(ii)	**2.3**	2.3
Taboola.com Ltd	(iii)	**2.0**	2.0
CompStak Inc	(iv)	**0.5**	0.5
Propstack Services Private Ltd	(v)	**1.4**	0.6
Pascal Metrics Inc	(vi)	**1.5**	1.3
Pharmacy 2U Ltd	(vii)	**0.5**	–
Cue Ball Capital LLC	(viii)	**1.1**	1.1
Yopa Property Ltd	(ix)	**0.5**	–
Brit Media Inc	(x)	**1.5**	1.4
Other		**1.0**	1.1
		15.8	13.8

(i) Zanbato Inc offers a technology platform which connects institutional investors with alternative investment opportunities.

(ii) Estimize Inc is an open financial estimates platform which aggregates fundamental estimates from independent analysts, private investors and students.

(iii) Taboola.com Ltd provides a content marketing platform that provides a web widget to content creators on their website to show contents that include relevant links within the site and from other publishers.

(iv) CompStak Inc provides commercial real estate information to brokers, appraisers, researchers, landlords, lenders and investors.

(v) Propstack Services Private Ltd provides commercial real estate information to its clients in India.

(vi) Pascal Metrics Inc is used by healthcare organisations, including hospitals, to improve patient safety and clinical reliability by measuring and using workforce and clinical data.

(vii) Pharmacy 2U Ltd is the holding company for ChemistDirect, an online pharmacy-led health and beauty retailer.

(viii) Cue Ball Capital LLC is a venture capital and private equity firm specialising in seed/start-ups, early-stage, mid-venture, growth equity scale-ups, and buyout investments.

(ix) Yopa Property Ltd provides an online estate agency service.

(x) Brit Media Inc owns and operates an online media and e-commerce platform that provides tools to teach, inspire and enable creativity among women and girls.

Information on principal available-for-sale investments, taken from the latest published accounts is as follows:

	Note	Class of holding	Group interest %
Evening Standard Ltd (incorporated and operating in the UK)	(i)	Ordinary	24.9
Press Association Ltd (incorporated and operating in the UK)		Ordinary	15.6
Nazca IT Solutions B.V. (incorporated and operating in the Netherlands)		Ordinary	15.0
Tigerbeat Media LLC (incorporated and operating in the US)		B Preferred	12.8
PropStack Services Ltd (incorporated and operating in India)		Ordinary	12.5
Estimize Inc (incorporated and operating in the US)		Ordinary	10.0
Financial Network Analytics Ltd (incorporated and operating in the UK)		Ordinary	10.0
Zanbato Inc (incorporated and operating in the US)		Ordinary	9.9
Pharmacy 2U Ltd (incorporated and operating in the UK)		A Preferred	5.0
Pascal Metrics Inc (incorporated and operating in the US)		Ordinary	4.3
Upstream Consulting (incorporated and operating in the US)		Ordinary	3.6
Cue Ball Capital LP (incorporated and operating in the US)		Limited Partner	2.5
CompStak (incorporated and operating in the US)		Ordinary	2.0
Yopa Property Ltd (incorporated and operating in the UK)		Ordinary	1.7
Brit Media Inc (incorporated and operating in the US)		Ordinary	1.6
Taboola.com Ltd (incorporated and operating in the US)		Ordinary	0.4

(i) The Group has no board representation and no influence over the day-to-day management of the Evening Standard Ltd. Accordingly the Group has treated this investment as an available-for-sale investment.

Currency analysis of available-for-sale investments:

	At 30 September 2016 £m	At 30 September 2015 £m
Sterling	**10.9**	10.0
US dollar	**4.7**	3.5
Euro	**0.2**	0.3
	15.8	13.8

Interest analysis of available-for-sale investments:

	At 30 September 2016 £m	At 30 September 2015 £m
Non-interest bearing	**15.8**	13.8

27 Inventories

	Note	At 30 September 2016 £m	At 30 September 2015 £m
Raw materials and consumables		**7.0**	7.3
Work in progress		**20.8**	23.6
Finished goods		**3.0**	1.1
		30.8	32.0
Classified as held-for-sale	20	**–**	(0.6)
		30.8	31.4

28 Trade and other receivables

	Note	At 30 September 2016 £m	At 30 September 2015 £m
Current assets			
Trade receivables		**245.9**	209.2
Allowance for doubtful debts		**(16.1)**	(14.6)
		229.8	194.6
Prepayments and accrued income		**90.8**	85.7
Other receivables		**26.3**	44.4
		346.9	324.7
Classified as held-for-sale	20	**(0.7)**	(2.5)
		346.2	322.2
Non-current assets			
Trade receivables		**8.0**	2.5
		8.0	2.5
Prepayments and accrued income		**3.4**	4.5
Other receivables		**7.3**	4.6
		18.7	11.6
		364.9	333.8

Movement in the allowance for doubtful debts:

	At 30 September 2016 £m	At 30 September 2015 £m
At start of year	**(14.6)**	(12.8)
Impairment losses recognised	**(8.7)**	(8.3)
Amounts written off as uncollectable	**5.1**	3.1
Amounts recovered during the year	**3.7**	3.6
Owned by subsidiaries disposed	**0.1**	0.2
Exchange adjustment	**(1.7)**	(0.4)
At end of year	**(16.1)**	(14.6)

In determining the allowance for doubtful debts the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the period end date.

Ageing of impaired trade receivables:

	At 30 September 2016 £m	At 30 September 2015 £m
0 – 30 days	**1.8**	1.7
31 – 60 days	**0.6**	0.6
61 – 90 days	**1.3**	2.3
91 – 120 days	**0.8**	2.6
121+ days	**11.6**	7.4
Total	**16.1**	14.6

Included in the Group's trade receivables are debtors with a carrying value of £85.8 million (2015 £84.0 million) which are past due at 30 September 2016 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:

	At 30 September 2016 £m	At 30 September 2015 £m
1 – 30 days overdue	**35.6**	36.5
31 – 60 days overdue	**18.0**	18.2
61 – 90 days overdue	**12.0**	6.3
91+ days overdue	**20.2**	23.0
Total	**85.8**	84.0

The carrying amount of trade and other receivables approximates to their fair value.

29 Other financial assets

	Note	At 30 September 2016 £m	At 30 September 2015 £m
Current assets			
Collateral	16, (i)	**17.1**	–
		17.1	–
Non-current assets			
Loans to associates and joint ventures		**21.0**	3.6
		21.0	3.6

(i) The Group deposits collateral with counterparties with whom it has entered into a credit support annex to the ISDA (International Swaps and Derivatives Association) Master Agreement. This represents cash that cannot be readily used in operations.

30 Cash and cash equivalents

	Note	At 30 September 2016 £m	At 30 September 2015 £m
Cash and cash equivalents		**25.7**	32.2
Classified as held-for-sale	20	**–**	(0.6)
		25.7	31.6
Cash and cash equivalents		**25.7**	32.2
Unsecured bank overdrafts	34	**(8.2)**	(0.7)
Cash and cash equivalents in the cash flow statement	16	**17.5**	31.5
Analysis of cash and cash equivalents by currency:			
Sterling		**2.4**	4.5
US dollar		**2.3**	2.7
Australian dollar		**0.3**	0.1
Canadian dollar		**0.8**	4.5
Euro		**3.9**	6.0
Other		**16.0**	13.8
		25.7	31.6
Analysis of cash and cash equivalents by interest type:			
Floating rate interest		**25.7**	31.6

The carrying amount of cash and cash equivalents equates to their fair values.

31 Trade and other payables

	Note	At 30 September 2016 £m	At 30 September 2015 £m
Current liabilities			
Trade payables		**67.9**	66.8
Interest payable		**14.7**	14.2
Other taxation and social security		**17.8**	21.5
Other creditors		**34.1**	45.0
Accruals		**253.0**	232.2
Deferred income		**374.2**	325.0
		761.7	704.7
Classified as held-for-sale	20	**(5.5)**	(5.4)
		756.2	699.3
Non-current liabilities			
Other creditors		**5.7**	4.2
		761.9	703.5

The carrying amount of trade and other payables approximates to their fair value.

32 Current tax

	At 30 September 2016 £m	At 30 September 2015 £m
Corporation tax payable	**27.0**	18.9
Corporation tax receivable	**(15.6)**	(7.4)
	11.4	11.5

33 Acquisition put option commitments

	At 30 September 2016 £m	At 30 September 2015 £m
Current	**18.5**	–
Non-current	**26.3**	51.2
	44.8	51.2

The carrying amount of put option commitments approximates to their fair value.

34 Borrowings

The Group's borrowings are unsecured and are analysed as follows:

	Overdrafts £m	Bank loans £m	Bonds £m	Loan notes £m	Finance leases £m	Total £m
At 30 September 2016						
Within one year	**8.2**	**–**	**–**	**2.4**	**0.4**	**11.0**
Between one and two years	**–**	**–**	**–**	**–**	**0.1**	**0.1**
Between two and five years	**–**	**267.7**	**223.6**	**–**	**0.6**	**491.9**
Over five years	**–**	**–**	**201.7**	**–**	**–**	**201.7**
	–	**267.7**	**425.3**	**–**	**0.7**	**693.7**
	8.2	**267.7**	**425.3**	**2.4**	**1.1**	**704.7**
At 30 September 2015						
Within one year	0.7	–	–	2.5	0.2	3.4
Between one and two years	–	–	–	–	0.1	0.1
Between two and five years	–	306.7	211.7	–	0.1	518.5
Over five years	–	–	208.5	–	–	208.5
	–	306.7	420.2	–	0.2	727.1
	0.7	306.7	420.2	2.5	0.4	730.5

The Group's borrowings are analysed by currency and interest rate type as follows:

	Sterling £m	US dollar £m	Total £m
At 30 September 2016			
Fixed rate interest	**425.3**	**1.1**	**426.4**
Floating rate interest	**98.9**	**179.4**	**278.3**
	524.2	**180.5**	**704.7**
At 30 September 2015			
Fixed rate interest	420.2	0.4	420.6
Floating rate interest	133.6	176.3	309.9
	553.8	176.7	730.5

The Group's borrowings, analysed by currency and interest rate type, adjusting the principal borrowed and interest rate type by the notional amount of interest rate swaps and by the notional amount of currency derivatives, are as follows:

	Sterling £m	US dollar £m	Total £m
At 30 September 2016			
Fixed rate interest	**231.9**	**345.2**	**577.1**
Floating rate interest	**36.0**	**91.6**	**127.6**
	267.9	**436.8**	**704.7**
At 30 September 2015			
Fixed rate interest	250.0	289.7	539.7
Floating rate interest	143.4	47.4	190.8
	393.4	337.1	730.5

Committed borrowing facilities

The Group's bank loans bear interest charged at LIBOR plus a margin. The margin varies by bank and is based on the Group's ratio of net debt to EBITDA or the Group's credit rating. Each committed bank facility contains covenants based on a maximum 3.75 times net debt to EBITDA ratio and a minimum interest cover ratio of 3.0 times. EBITDA for these purposes is defined as the aggregate of the Group's consolidated operating profit including 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, and the ratio is shown in Note 35. These covenants were met at the relevant test dates during the year.

The Group's total committed bank facilities amount to £624.2 million. Of these facilities £195.0 million are denominated in sterling and £429.2 million (US$558.0 million) are denominated in US dollars. Drawings are permitted in all major currencies.

The Group's committed bank facilities and their maturity dates are as follows:

	At 30 September 2016 £m	At 30 September 2015 £m
Expiring in more than two years but not more than three years	**624.2**	–
Expiring in more than three years but not more than four years	**–**	564.5
Total bank facilities	**624.2**	564.5

The following undrawn committed borrowing facilities were available to the Group in respect of which all conditions precedent had been met:

	At 30 September 2016 £m	At 30 September 2015 £m
Expiring in more than two years but not more than three years	**366.5**	–
Expiring in more than three years but not more than four years	**–**	278.2
Total undrawn committed bank facilities	**366.5**	278.2

The Group has issued standby letters of credit of £3.8 million (2015 £2.2 million).

34 Borrowings continued

Bonds

The nominal, carrying and fair values of the Group's bonds and the coupons payable are as follows:

Maturity	Coupon %	At 30 September 2016 Fair value £m	At 30 September 2015 Fair value £m	At 30 September 2016 Carrying value £m	At 30 September 2015 Carrying value £m	At 30 September 2016 Nominal value £m	At 30 September 2015 Nominal value £m
2018	5.75	**237.4**	240.6	**214.1**	211.7	**218.5**	218.5
2021	10.00	**9.6**	9.6	**9.5**	10.3	**7.2**	7.2
2027	6.375	**251.5**	240.0	**201.7**	198.2	**200.0**	200.0
		498.5	490.2	**425.3**	420.2	**425.7**	425.7

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 £1.2 million (2015 £1.5 million) and the unamortised premia £6.8 million (2015 £9.3 million).

The fair value of the Group's bonds have been calculated on the basis of quoted market rates.

Further details of the Group's borrowing arrangements are set out in the Financial Review.

Loan notes

The Group has issued loan notes which attract interest at rates which range between approximately 6.0% to LIBID minus 1.0%. 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.

35 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 Review.

Capital risk management

The Group manages its capital, defined as equity shareholders' funds and net borrowings, to ensure that all 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 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 are 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 on a non-recourse basis to the Company.

Whilst the Group's internal target of a 12-month rolling net debt to EBITDA ratio of no greater than 2.0 times at any point, the limit imposed by its bank covenants is no greater than 3.75 times measured in March and September. The bank covenant ratio uses the average exchange rate in the calculation of net debt. The resultant net debt to EBITDA ratio is 1.77 times (2015 1.84 times). Using a closing rate basis for the valuation of net debt, the ratio was 1.87 times (2015 1.86 times).

Cash and liquidity risk management

The Group monitors its cash balances to ensure that sufficient resources are available to meet operational requirements as they fall due. Short-term money market deposits are used to manage liquidity while maximising the rate of return on cash resources, giving due consideration to credit risk. A detailed maturity analysis of both derivative and non-derivative financial instruments are analysed in the table on page 154 of this Note.

Market risk management

The Group's primary market risks are interest rate fluctuations and exchange rate movements.

Interest rate risk management

The limit imposed by the Group's bank covenants is at least 3.0 times EBITDA to net interest. The actual ratio for the year was 9.4 times (2015 10.1 times).

Group debt is largely comprised of floating rate sterling (GBP) and US dollar (USD) bank borrowings and fixed GBP bond debt.

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 rate exposures fixed with the balance floating.

This is achieved by issuing fixed rate GBP 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.

To meet policy the Group:

- swaps a portion of its fixed GBP bond debt into GBP floating debt using interest rate swaps;
- swaps a portion of its fixed GBP bond debt into USD fixed bond debt by using cross currency fixed to fixed swaps;
- buys USD caps to fix its USD debt; and
- enters forward contracts, selling USD and buying GBP to swap its GBP floating rate debt into USD floating rate debt.

The derivatives in place to meet Group policy are as follows:

(i) Fixed to floating interest rate 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. The notional value of these interest rate swaps amounts to £73.9 million (2015 £73.9 million) with the Group paying floating rates of between 0.38% and 1.05% (2015 0.56% and 0.91%).

(ii) Fixed to floating interest rate swaps which are not designated as hedging instruments; changes in the fair value of the swaps are recognised in the income statement. The notional value of these interest rate swaps amounts to US$67.0 million (2015 US$67.0 million) with the Group receiving floating USD interest at rates of between 0.35% and 0.86% (2015 0.23% and 0.28 %).

(iii) Cross currency fixed to fixed interest rate swaps. The notional value of these cross currency swaps amounts to £96.3 million/US$155.0 million (2015 £96.3 million/US$155 million) resulting in the Group paying fixed USD interest at rates of between 5.56 % and 6.99% (2015 5.56% and 6.99%).

(iv) The Group also had a number of outstanding interest rate caps. These amounted to US$225.0 million notional (2015 US$225.0 million) at rates of between 1.00% and 2.75% (2015 1.00% and 2.75%).

Derivative financial instruments are measured at fair value at the date the derivatives are entered into and are subsequently remeasured to fair value at each reporting date. The fair value is determined by using market rates of interest and exchange as at 30 September 2016 and the use of established estimation techniques such as discounted cash flow and option valuation models. 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 segment 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 39 days (2015 38 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 historical 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.

The maximum exposure to credit risk from trade and other receivables at the reporting date is the amount of each class disclosed in the table on page 152.

35 Financial instruments and risk management continued

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.

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 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 or £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.

The maximum exposure to credit risk from derivative assets and cash and cash equivalents at the reporting date is the amount of each class disclosed in the table on page 152.

Derivative financial instruments and hedge accounting

The Group designates certain derivatives as:

(i) hedges of the change in 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 interest rate swaps to convert a proportion of its fixed rate debt to floating rates in order to hedge the interest rate risk.

Gains and losses on the borrowings and related derivatives designated as fair value hedges included in the Consolidated Income Statement for the year ended 30 September 2016 were:

	At 30 September 2014 £m	Fair value movement gain/(loss) £m	At 30 September 2015 £m	Fair value movement gain/(loss) £m	At 30 September 2016 £m
Sterling interest rate swaps	3.1	2.1	5.2	2.3	**7.5**
Sterling debt	(3.1)	(2.1)	(5.2)	(2.3)	**(7.5)**
Total	–	–	–	–	**–**

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.

All cash flow hedges were effective throughout the year ended 30 September 2016. All amounts deferred in equity at the year end are expected to impact the Consolidated Income Statement in the next 18 months when the related cash flows are expected to occur.

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.

All net investment hedges were effective throughout the year ended 30 September 2016.

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	Derivatives not qualifying for hedge accounting £m	Option over equity instrument (i) £m	Derivative financial assets £m
At 30 September 2016					
Within one year	**–**	**0.4**	**–**	**–**	**0.4**
Between two and five years	**4.4**	**–**	**0.4**	**7.1**	**11.9**
Over five years	**16.4**	**–**	**–**	**–**	**16.4**
	20.8	**–**	**0.4**	**7.1**	**28.3**
	20.8	**0.4**	**0.4**	**7.1**	**28.7**
At 30 September 2015					
Within one year	–	1.3	–	–	1.3
Between two and five years	2.5	–	0.3	–	2.8
Over five years	16.1	–	0.8	–	16.9
	18.6	–	1.1	–	19.7
	18.6	1.3	1.1	–	21.0

(i) During the period the dmg information segment purchased an option to acquire an 18.7% equity instrument in Axiometrics LLC. The option does not represent an equity interest since dmg information is not entitled to any economic benefits associated with this option.

The option has been recognised as a derivative asset and recorded at a fair value of £7.1 million. Changes in the fair value of this instrument will be recognised in the Consolidated Income Statement in Financing.

Derivative financial liabilities:

	Cash flow hedges £m	Net investment hedges £m	Derivatives not qualifying for hedge accounting £m	Derivative financial liabilities £m
At 30 September 2016				
Within one year	**(9.7)**	**(1.8)**	**–**	**(11.5)**
Between one and two years	**(0.8)**	**–**	**–**	**(0.8)**
Between two and five years	**–**	**(6.9)**	**–**	**(6.9)**
Over five years	**–**	**(16.1)**	**(23.5)**	**(39.6)**
	(0.8)	**(23.0)**	**(23.5)**	**(47.3)**
	(10.5)	**(24.8)**	**(23.5)**	**(58.8)**
At 30 September 2015				
Within one year	(3.3)	(2.0)	–	(5.3)
Between one and two years	(0.7)	–	–	(0.7)
Between two and five years	–	(2.2)	–	(2.2)
Over five years	–	(2.7)	(18.2)	(20.9)
	(0.7)	(4.9)	(18.2)	(23.8)
	(4.0)	(6.9)	(18.2)	(29.1)

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 30 September 2016 it is estimated that an increase of 1.0% in interest rates would have decreased the Group's finance costs by £4.6 million (2015 £3.5 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 30 September 2016 it is estimated that a decrease of 1.0% in interest rates would have increased the Group's finance costs by £3.8 million (2015 £4.6 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.

35 Financial instruments and risk management continued

At 30 September 2016 it is estimated that a 10.0% strengthening of sterling against the US dollar would have decreased the net loss taken to equity by £50.8 million (2015 £42.4 million) and decreased the net loss taken to income by £2.1 million (2015 increased the net loss by £0.1 million). A 10.0% weakening of sterling against the US dollar would have increased the net loss taken to equity by £60.5 million (2015 £51.7 million) and increased the net loss taken to income by £2.6 million (2015 £2.3 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.

At 30 September 2016 it is estimated that an increase of 1.0% in the rate used to discount the expected gross value of payments would lead to a decrease in the present value of acquisition put option commitments of £1.0 million (2015 £1.6 million).

At 30 September 2016 it is estimated that a decrease of 1.0% in the rate used to discount the expected gross value of payments would lead to an increase in the present value of acquisition put option commitments of £1.0 million (2015 £1.4 million).

The carrying amounts and gains and losses on financial instruments are as follows:

	At 30 September 2016 Carrying amount £m	Year ended 30 September 2016 (Loss)/gain to income £m	Year ended 30 September 2016 (Loss)/gain to equity £m	At 30 September 2015 Carrying amount £m	Year ended 30 September 2015 (Loss)/gain to income £m	Year ended 30 September 2015 Gain/(loss) to equity £m
Investments	**15.8**	**–**	**0.5**	13.8	2.1	0.2
Available-for-sale investments	**15.8**	**–**	**0.5**	13.8	2.1	0.2
Trade receivables	**237.1**	**(0.1)**	**21.4**	194.9	1.6	7.1
Other receivables	**32.2**	**–**	**11.5**	46.5	–	1.5
Other financial assets	**38.1**	**1.8**	**–**	3.6	–	–
Cash and cash equivalents	**25.7**	**0.7**	**4.8**	31.6	0.9	(0.8)
Loans and receivables	**333.1**	**2.4**	**37.7**	276.6	2.5	7.8
Option over equity instrument	**7.1**	**–**	**–**	–	–	–
Contingent consideration	**1.4**	**–**	**0.1**	2.3	(1.7)	0.2
Assets at fair value through profit or loss	**8.5**	**–**	**0.1**	2.3	(1.7)	0.2
Interest rate swaps	**20.8**	**5.8**	**–**	18.6	5.4	–
Forward foreign currency contracts	**0.4**	**–**	**(5.2)**	1.3	–	(5.0)
Derivative assets in effective hedging relationships	**21.2**	**5.8**	**(5.2)**	19.9	5.4	(5.0)
Interest rate caps	**0.4**	**(0.7)**	**–**	1.1	(2.4)	–
Derivative assets not designated as hedging instruments	**0.4**	**(0.7)**	**–**	1.1	(2.4)	–
Trade payables	**(62.4)**	**–**	**(2.6)**	(66.5)	–	(0.5)
Bank overdrafts	**(8.2)**	**(0.1)**	**(0.5)**	(0.7)	–	–
Bonds	**(425.3)**	**(31.1)**	**–**	(420.2)	(70.6)	–
Bank loans	**(267.7)**	**(9.3)**	**(21.6)**	(306.7)	(7.8)	(12.5)
Loan notes	**(2.4)**	**(0.1)**	**(0.4)**	(2.5)	(0.1)	(0.1)
Amounts payable under finance leases	**(1.1)**	**(0.1)**	**(0.1)**	(0.4)	(0.1)	–
Liabilities at amortised cost	**(767.1)**	**(40.7)**	**(25.2)**	(797.0)	(78.6)	(13.1)
Contingent consideration	**(52.6)**	**12.2**	**(7.5)**	(54.3)	(1.0)	(1.5)
Liabilities at fair value through profit or loss	**(52.6)**	**12.2**	**(7.5)**	(54.3)	(1.0)	(1.5)
Fixed to fixed cross currency swaps	**(23.0)**	**(0.6)**	**(18.1)**	(4.9)	(0.2)	(7.0)
Forward foreign currency contracts	**(12.3)**	**(0.8)**	**(27.4)**	(6.0)	0.1	(4.3)
Derivative liabilities in effective hedging relationships	**(35.3)**	**(1.4)**	**(45.5)**	(10.9)	(0.1)	(11.3)
Acquisition put option commitments	**(44.8)**	**14.4**	**(7.5)**	(51.2)	4.2	(0.8)
Interest rate swaps	**(23.5)**	**(7.9)**	**–**	(18.2)	(7.4)	–
Derivative liabilities not designated as hedging instruments	**(68.3)**	**6.5**	**(7.5)**	(69.4)	(3.2)	(0.8)
Total for financial instruments	**(544.3)**	**(15.9)**	**(52.6)**	(617.9)	(77.0)	(23.5)

Reconciliation of net loss taken to equity:

	Note	Year ended 30 September 2016 £m	Year ended 30 September 2015 £m
Change in fair value of hedging derivatives	40, 41	**(52.6)**	(23.5)
Other losses on translation of investments in foreign operations		**(43.4)**	(8.8)
Translation of financial instruments of overseas operations		**(1.8)**	(7.2)
Transfer of (gain)/loss on cash flow hedges from fair value reserves to Consolidated Income Statement	40, 41	**(2.1)**	1.3
Total loss on financial instruments to equity		**(99.9)**	(38.2)

Reconciliation of loss taken through income to net finance costs:

	Note	Year ended 30 September 2016 £m	Year ended 30 September 2015 £m
Total loss on financial instruments to income		**(15.9)**	(77.0)
Add back:			
Impairment of trade receivables	28	**0.1**	(1.6)
Impairment of available-for-sale assets	8	**–**	1.0
Dividend income	9	**–**	(3.1)
Interest receivable	9	**(2.5)**	(0.9)
Interest on pension scheme liabilities less expected return on pension scheme assets	10	**(4.6)**	(6.8)
Net finance costs	10	**(22.9)**	(88.4)

Reconciliation of amounts due under finance lease agreements:

At 30 September 2016	Due in less than one year £m	Due between one and five years £m	Total £m
Present value of future minimum lease payments	**(0.4)**	**(0.7)**	**(1.1)**

At 30 September 2015	Due in less than one year £m	Due between one and five years £m	Total £m
Present value of future minimum lease payments	(0.2)	(0.2)	(0.4)

35 Financial instruments and risk management continued

The remaining undiscounted contractual liabilities and their maturities are as follows:

	Within one year £m	Between one and two years £m	Between two and five years £m	Between five and ten years £m	Between ten and fifteen years £m	Total £m
At 30 September 2016						
Trade payables	**(62.4)**	**–**	**–**	**–**	**–**	**(62.4)**
Bank loans	**–**	**–**	**(278.2)**	**–**	**–**	**(278.2)**
Bank overdrafts	**(8.4)**	**–**	**–**	**–**	**–**	**(8.4)**
Bonds	**(26.0)**	**(26.0)**	**(268.1)**	**(63.8)**	**(209.2)**	**(593.1)**
Loan notes	**(2.4)**	**–**	**–**	**–**	**–**	**(2.4)**
Finance leases	**(0.4)**	**(0.1)**	**(0.6)**	**–**	**–**	**(1.1)**
Contingent consideration	**(9.3)**	**(5.0)**	**(38.5)**	**–**	**–**	**(52.8)**
Acquisition put option commitments	**(18.5)**	**–**	**(35.4)**	**–**	**–**	**(53.9)**
Interest rate swaps	**(2.5)**	**(2.5)**	**(7.6)**	**(12.6)**	**(1.9)**	**(27.1)**
Currency swaps	**(7.4)**	**(7.4)**	**(48.1)**	**(28.5)**	**(92.7)**	**(184.1)**
Forward contracts	**(210.0)**	**(22.1)**	**–**	**–**	**–**	**(232.1)**
	(347.3)	**(63.1)**	**(676.5)**	**(104.9)**	**(303.8)**	**(1,495.6)**
At 30 September 2015						
Trade payables	(66.5)	–	–	–	–	(66.5)
Bank loans	–	–	(322.0)	–	–	(322.0)
Bank overdrafts	(0.7)	–	–	–	–	(0.7)
Bonds	(26.0)	(26.0)	(273.8)	(71.3)	(222.1)	(619.2)
Loan notes	(2.6)	–	–	–	–	(2.6)
Finance leases	(0.2)	(0.1)	(0.1)	–	–	(0.4)
Contingent consideration	(5.2)	(7.6)	(43.8)	(0.1)	–	(56.7)
Acquisition put option commitments	–	(31.2)	(11.6)	(12.6)	–	(55.4)
Interest rate swaps	(2.5)	(2.6)	(7.6)	(12.6)	(4.4)	(29.7)
Currency swaps	(6.4)	(6.4)	(42.9)	(24.5)	(84.7)	(164.9)
Forward contracts	(128.2)	(32.4)	–	–	–	(160.6)
	(238.3)	(106.3)	(701.8)	(121.1)	(311.2)	(1,478.7)

Included in the maturity table above are interest rate swaps with a notional value of US$67.0 million (2015 US$67.0 million) and currency swaps with a notional value of US$90.0 million (2015 US$90.0 million) with mutual break clauses at fair value every five years.

Reconciliation of undiscounted liabilities to amounts on the Consolidated Statement of Financial Position:

	Undiscounted value of financial liabilities £m	Interest £m	Unamortised issue costs £m	Discount/ premium on issue £m	Discounting and mark to market adjustments £m	Undiscounted value of financial asset £m	Total £m
At 30 September 2016							
Trade payables	**(62.4)**	**–**	**–**	**–**	**–**	**–**	**(62.4)**
Bank loans	**(278.2)**	**10.5**	**–**	**–**	**–**	**–**	**(267.7)**
Bank overdrafts	**(8.4)**	**0.2**	**–**	**–**	**–**	**–**	**(8.2)**
Bonds	**(593.1)**	**167.3**	**1.2**	**6.8**	**(7.5)**	**–**	**(425.3)**
Loan notes	**(2.4)**	**–**	**–**	**–**	**–**	**–**	**(2.4)**
Finance leases	**(1.1)**	**–**	**–**	**–**	**–**	**–**	**(1.1)**
Contingent consideration	**(52.8)**	**–**	**–**	**–**	**0.2**	**–**	**(52.6)**
Acquisition put option commitments	**(53.9)**	**–**	**–**	**–**	**9.1**	**–**	**(44.8)**
Interest rate swaps	**(27.1)**	**27.1**	**–**	**–**	**(23.5)**	**–**	**(23.5)**
Fixed to fixed cross currency swaps	**(184.1)**	**18.8**	**–**	**–**	**(6.6)**	**148.9**	**(23.0)**
Forward foreign currency contracts	**(232.1)**	**–**	**–**	**–**	**0.6**	**219.2**	**(12.3)**
	(1,495.6)	**223.9**	**1.2**	**6.8**	**(27.7)**	**368.1**	**(923.3)**
At 30 September 2015							
Trade payables	(66.5)	–	–	–	–	–	(66.5)
Bank loans	(322.0)	15.3	–	–	–	–	(306.7)
Bank overdrafts	(0.7)	–	–	–	–	–	(0.7)
Bonds	(619.2)	193.5	1.5	9.3	(5.3)	–	(420.2)
Loan notes	(2.6)	0.1	–	–	–	–	(2.5)
Finance leases	(0.4)	–	–	–	–	–	(0.4)
Contingent consideration	(56.7)	–	–	–	2.4	–	(54.3)
Acquisition put option commitments	(55.4)	–	–	–	4.2	–	(51.2)
Interest rate swaps	(29.7)	29.7	–	–	(18.2)	–	(18.2)
Fixed to fixed cross currency swaps	(164.9)	3.7	–	–	1.4	154.9	(4.9)
Forward foreign currency contracts	(160.6)	–	–	–	(1.2)	155.8	(6.0)
	(1,478.7)	242.3	1.5	9.3	(16.7)	310.7	(931.6)

Valuation techniques and assumptions applied for the purpose of measuring fair value

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 30 September 2016	Note	Level 1 £m	Level 2 (i) £m	Level 3 (ii) £m	Total £m
Financial assets					
Available-for-sale financial assets	26	**–**	**–**	**15.8**	**15.8**
Fair value through profit and loss					
Derivative instruments not designated in hedge accounting relationships		**–**	**0.4**	**–**	**0.4**
Option over equity instrument		**–**	**–**	**7.1**	**7.1**
Provision for contingent consideration receivable		**–**	**–**	**1.4**	**1.4**
Derivative instruments in designated hedge accounting relationships		**–**	**21.2**	**–**	**21.2**
		–	**21.6**	**24.3**	**45.9**
Financial liabilities					
Fair value through profit and loss					
Derivative instruments not designated in hedge accounting relationships		**–**	**(23.5)**	**–**	**(23.5)**
Provision for contingent consideration payable	37	**–**	**–**	**(52.6)**	**(52.6)**
Derivative instruments in designated hedge accounting relationships		**–**	**(35.3)**	**–**	**(35.3)**
		–	**(58.8)**	**(52.6)**	**(111.4)**

35 Financial instruments and risk management continued

At 30 September 2015	Note	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets					
Available-for-sale financial assets	26	–	–	13.8	13.8
Fair value through profit and loss					
Derivative instruments not designated in hedge accounting relationships		–	1.1	–	1.1
Provision for contingent consideration receivable		–	–	2.3	2.3
Derivative instruments in designated hedge accounting relationships		–	19.9	–	19.9
		–	21.0	16.1	37.1
Financial liabilities					
Fair value through profit and loss					
Derivative instruments not designated in hedge accounting relationships		–	(18.2)	–	(18.2)
Provision for contingent consideration payable	37	–	–	(54.3)	(54.3)
Derivative instruments in designated hedge accounting relationships		–	(10.9)	–	(10.9)
		–	(29.1)	(54.3)	(83.4)

There were no transfers between categories in the period.

(i) The fair value of derivative instruments is determined using market rates of interest and exchange, and established estimation techniques such as discounted cash flow and option valuation models.

(ii) Available-for-sale financial assets are recorded at cost less provision for impairment, as since there is no active market upon which they are traded their fair values cannot be reliably measured. The recoverable amount is determined by discounting future cash flows to present value using market interest rates.

Contingent consideration is valued based on the future profitability of the businesses to which the contingent consideration relates, discounted at market rates of interest.

Reconciliation of level 3 fair value measurement of financial liabilities:

	Note	£m
At 30 September 2014		(20.2)
Cash paid to settle contingent consideration in respect of acquisitions		15.1
Change in fair value of contingent consideration in income		(0.4)
Finance charge on discounting of contingent consideration		(0.6)
Additions to contingent consideration		(48.0)
Contingent consideration owned by subsidiaries disposed		0.8
Adjustment to goodwill		0.5
Exchange adjustment		(1.5)
At 30 September 2015		(54.3)
Cash paid to settle contingent consideration in respect of acquisitions	37	0.3
Change in fair value of contingent consideration in income	10	12.3
Finance charge on discounting of contingent consideration	10	(0.1)
Additions to contingent consideration	37	(5.3)
Reclassification of amounts held in escrow		2.0
Exchange adjustment		(7.5)
At 30 September 2016		**(52.6)**

The key inputs into the significant level 3 financial liabilities are the future profitability of the businesses to which the contingent consideration relate and the discount rate. The estimated range of possible outcomes for the fair value of these liabilities is £2.2 million to £311.3 million (2015 £1.4 million to £355.5 million).

The reduction in fair value of contingent consideration of £12.3 million (2015 £0.4 million increase) and finance charge on discounting of contingent consideration of £0.1 million (2015 £0.6 million) were charged/credited to the income statement under the fair value movement of contingent consideration payable and the finance charge on discounting of contingent consideration payable lines under net finance costs (Note 10).

A one percentage point increase or decrease in the growth rate used in estimating the expected profits results in the contingent consideration liability at 30 September 2016 increasing or decreasing by £0.5 million and £0.6 million respectively (2015 £0.5 million and £0.5 million), with the corresponding change to the value at 30 September 2016 charged or credited to the income statement in future periods.

The rates used to discount contingent consideration range from 0.0% to 1.3% (2015 0.3% to 3.0%). A one percentage point increase or decrease in the discount rate used to discount the expected gross value of payments results in the liability at 30 September 2016 decreasing or increasing by £1.1 million and £0.3 million respectively (2015 £1.7 million and £1.7 million), with the corresponding change to the value at 30 September 2016 charged or credited to the income statement in future periods.

36 Retirement benefit obligations

The Group operates a number of pension schemes under which contributions are paid by the employer and employees. The total net pension costs of the Group for the year ended 30 September 2016 were £19.9 million (2015 £25.2 million).

The schemes include a number of defined contribution pension arrangements, in addition to funded defined benefit pension arrangements. Only one defined benefit scheme, The Metal Bulletin Pension Scheme, in the Euromoney segment, remains open to future accrual. The defined benefit schemes in the UK, together with some defined contribution plans, are administered by trustees or trustee companies.

In compliance with the Pension Act 2008, the Group commenced automatic enrolment of relevant employees into defined contribution pension plans from September 2013. This process was completed during the period.

Defined benefit schemes

Background

The Company operates two main defined benefit schemes, the Harmsworth Pension Scheme (HPS) and the Senior Executive Pension Scheme (SEPF), both of which are now closed to new entrants and to further accrual.

Full actuarial valuations of the defined benefit schemes are carried out triennially by the scheme actuary. Prior to its closure to future accrual on 1 January 2016, the Group made annual contributions of 12.0% or 18.0% of members' basic pay (depending on membership section) to HPS. Following the results of the latest triennial valuation as at 31 March 2016, the Company agreed a Recovery Plan involving a series of annual funding payments, of £13.0 million on 5 October 2016 to 2018, £16.2 million on 5 October 2019 to 2025 and £76.2 million on 5 October 2026. The Company considers that these contribution rates are sufficient to eliminate the deficit over the agreed period. This Recovery Plan will be reviewed at the next triennial funding valuation of the main schemes due to be completed with an effective date of 31 March 2019.

The Company has agreed with the trustees, that should it make any permanent reductions in the Company's capital, including share buy-backs, it will make additional contributions to the schemes amounting to 20% of the capital reduction. Contributions of £3.5 million relating to this agreement were made in the year to 30 September 2016.

Limited Partnership investment vehicle

HPS owns a beneficial interest in a Limited Partnership investment vehicle (LP). The LP has been designed to facilitate payments of £10.8 million as part of the deficit funding payments described above over the period to 2026. In addition, the LP is required to make a final payment to the scheme of £149.9 million, or the funding deficit within the scheme on an ongoing actuarial valuation basis, at the end of the period to 2026 if this is less. The Recovery Plan above assumes £60.0 million of the £149.9 million final payment is required. For funding purposes, HPS's interest in the LP is treated as an asset of the scheme and reduces the actuarial deficit within the scheme. However, under IAS 19, Employee benefits, the LP is not included as an asset of the scheme and therefore is not included in the disclosures below.

The figures in this note are based on calculations using membership data as at 30 September 2016 along with asset valuations and cash flow information from the schemes for the year to 30 September 2016.

A reconciliation of the net pension obligation reported in the Consolidated Statement of Financial Position is shown in the following table:

	At 30 September 2016 Schemes in surplus £m	At 30 September 2016 Schemes in deficit £m	At 30 September 2016 Total £m	At 30 September 2015 Schemes in surplus £m	At 30 September 2015 Schemes in deficit £m	At 30 September 2015 Total £m
Present value of defined benefit obligation	**(296.8)**	**(2,702.1)**	**(2,998.9)**	(255.2)	(2,182.2)	(2,437.4)
Assets at fair value	**336.9**	**2,416.0**	**2,752.9**	282.9	1,995.2	2,278.1
(Deficit)/surplus reported in the Consolidated Statement of Financial Position	**40.1**	**(286.1)**	**(246.0)**	27.7	(187.0)	(159.3)

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 Statement of Financial Position. Having taken account of the rules of the schemes, the Company considers that recognition of surpluses in the schemes on its Statement of Financial Position would be in accordance with the interpretations of IFRIC 14.

The deficit for the year, set out above, excludes a related deferred tax asset of £42.8 million (2015 £31.8 million).

36 Retirement benefit obligations continued

A reconciliation of the present value of the defined benefit obligation is shown in the following table:

	Note	Year ended 30 September 2016 £m	Year ended 30 September 2015 £m
Defined benefit obligation at start of year		**(2,437.4)**	(2,381.9)
Current service cost		**(1.7)**	(6.6)
Current service cost in respect of salary sacrifice		**(0.6)**	(2.6)
Interest cost		**(88.3)**	(93.4)
Member contributions		**–**	(0.2)
Net benefit payments		**104.0**	94.3
Actuarial gain/(loss) as a result of:			
– changes in financial assumptions	40, 41	**(720.3)**	(55.4)
– changes in demographic assumptions	40, 41	**27.4**	58.7
– membership experience	40, 41	**118.0**	(50.3)
Defined benefit obligation at end of year		**(2,998.9)**	(2,437.4)

A reconciliation of the fair value of assets is shown in the following table:

	Note	Year ended 30 September 2016 £m	Year ended 30 September 2015 £m
Fair value of assets at start of year		**2,278.1**	2,170.1
Interest income on scheme assets		**83.7**	86.6
Company contributions		**34.9**	61.1
Member contributions		**–**	0.1
Net benefit payments		**(104.0)**	(94.3)
Return on plan assets, excluding amounts included in interest income on scheme assets	40, 41	**460.2**	54.5
Fair value of assets at end of year		**2,752.9**	2,278.1

The fair value of the assets are categorised as follows:

	Equities (i)	Bonds/Credit	LDI (ii)	Property	Other assets	Total
At 30 September 2016						
Quoted (£m)	**788.3**	**97.6**	**–**	**–**	**57.4**	**943.3**
Unquoted (£m)	**393.7**	**475.9**	**617.0**	**320.7**	**2.3**	**1,809.6**
% of assets held	**42.94**	**20.83**	**22.41**	**11.65**	**2.17**	**100.00**
At 30 September 2015						
Quoted (£m)	870.0	336.6	–	–	49.9	1,256.5
Unquoted (£m)	434.0	296.1	–	286.1	5.4	1,021.6
% of assets held	57.24	27.77	0.00	12.56	2.43	100.00

(i) Equities include hedge funds and infrastructure funds.

(ii) During the year HPS and SEPF invested in Liability Driven Investment funds (LDI) that hedge approximately 50% of the scheme's inflation and discount rate risks.

The value of employer-related assets held on behalf of the schemes at 30 September 2016 was £nil (0% of assets), (2015 £13.4 million, 0.6% of assets).

The main financial assumptions are shown in the following table:

	Year ended 30 September 2016 %	Year ended 30 September 2015 %
Price inflation	**2.95**	2.95
Salary increases	**2.50**	2.80
Pension increases	**2.80**	2.80
Discount rate	**2.15**	3.70

NOTES TO THE ACCOUNTS

The discount rate for both scheme liabilities and the fair value of scheme assets reflects yields at the year-end date on high-quality corporate bonds and are based on a cash flow-based yield curve, calculating a single equivalent discount rate reflecting the average duration of the schemes' liabilities, rounded to the nearest 0.05% p.a. This methodology incorporates bonds given an AA rating from at least two of the main four rating agencies (Standard and Poors, Moody's, Fitch and DBRS).

RPI inflation is derived in a similar way to the discount rate but with reference to the Bank of England spot curve at the duration of the schemes' weighted averaged duration with an appropriate allowance for inflation risk premium (0.30% p.a.), rounded to the nearest 0.05% p.a. In previous years this was derived from the annualised Bank of England spot curve at the duration of the schemes' weighted averaged duration with an appropriate allowance for an inflation risk premium, rounded to the nearest 0.05 % p.a.

Mortality assumptions take account of scheme experience, and also allow for further improvements in life expectancy based on the Continuous Mortality Investigation (CMI) projections but with a long-term rate of improvement in future mortality rates of 1.25% p.a. Allowance is made for the extent to which employees have chosen to commute part of their pension for cash at retirement.

The average duration of the defined benefit obligation at the end of the year is approximately 20 years (2015 17 years).

The table below illustrates examples of the assumed average life expectancies from age 60 for the principal schemes:

	Year ended 30 September 2016 Future life expectancy from age 60 (years)	Year ended 30 September 2015 Future life expectancy from age 60 (years)
For a current 60-year-old male member of the scheme	**26.5**	26.7
For a current 60-year-old female member of the scheme	**28.6**	28.5
For a current 50-year-old male member of the scheme	**27.2**	27.3
For a current 50-year-old female member of the scheme	**29.8**	29.6

The amounts charged to the Consolidated Income Statement relating to the Group's defined benefit schemes, based on the above assumptions are shown in the following table:

	Note	Year ended 30 September 2016 £m	Year ended 30 September 2015 £m
Current service cost		**(1.7)**	(6.6)
Current service cost in respect of salary sacrifice		**(0.6)**	(2.6)
Charge to operating profit		**(2.3)**	(9.2)
Finance cost	10	**(4.6)**	(6.8)
Total charge to the Consolidated Income Statement		**(6.9)**	(16.0)

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 principal assumptions used above:

		Year ended 30 September 2016 £m	Year ended 30 September 2015 £m
Mortality			
Change in pension obligation at 30 September 2016 from a one-year increase in life expectancy	+/-	**89.4**	64.0
Change in pension cost from a one-year increase	+/-	**1.9**	2.4
Inflation rate			
Change in pension obligation at 30 September 2016 from a 0.1% p.a. increase	+/-	**54.1**	34.0
Change in pension cost from a 0.1% p.a. increase	+/-	**1.1**	1.3
Discount rate			
Change in pension obligation at 30 September 2016 from a 0.1% p.a. decrease	+/-	**61.7**	40.0
Change in pension cost from a 0.1% p.a. decrease	+/-	**1.0**	1.4

36 Retirement benefit obligations continued

There are significant risks in connection with running defined benefit schemes, and the key risks are highlighted below:

Inflation rate risk

A significant proportion of the defined benefit obligation is linked to inflation, therefore increased inflation will result in a higher pension obligation. The trustees have sought to acquire certain assets with exposure to inflationary uplifts in order to negate a proportion of this risk, including the LDI investment funds which reduce this risk by 50.0%.

Life expectancy risk

The present value of the defined benefit obligation is calculated with reference to the best estimate of the mortality of scheme members. An increase in assumed life expectancy will result in an increase in the defined benefit obligation. Regular reviews of mortality experience are performed to ensure life expectancy assumptions remain appropriate.

Investment risk

This is a measure of the uncertainty that the return on the schemes' assets meet the return necessary to fund pension obligations. The schemes hold a significant proportion of equities, but during the period have been reallocating some of these investments into credit and property investments which exhibit lower volatility of return and the LDI investments.

Discount rate risk

The present value of the defined benefit obligation is calculated using a discount rate set with reference to high-quality corporate bond yields. A decrease in corporate bond yields will increase the present value of the defined benefit obligation, although this will be partially offset by the LDI investment funds which reduce the gilt rate risk by 50.0% and an increase in the value of corporate bonds held by the schemes.

Amounts recognised in the Consolidated Statement of Comprehensive Income (SOCI) are shown in the following table:

	Year ended 30 September 2016 £m	Year ended 30 September 2015 £m
Actuarial (loss)/gain recognised in SOCI	**(114.7)**	10.3
Cumulative actuarial loss recognised in SOCI at beginning of year	**(36.7)**	(47.0)
Cumulative actuarial loss recognised in SOCI at end of year	**(151.4)**	(36.7)

A history of experience gains and losses is shown in the following table:

	At 30 September 2016 £m	At 30 September 2015 £m	At 30 September 2014 £m	At 30 September 2013 £m	At 3 October 2012 £m
Present value of defined benefit obligation	**(2,998.9)**	(2,437.4)	(2,381.9)	(2,169.7)	(2,089.0)
Fair value of scheme assets	**2,752.9**	2,278.1	2,170.1	1,962.0	1,764.6
Combined deficit in schemes	**(246.0)**	(159.3)	(211.8)	(207.7)	(324.4)
Experience adjustments on defined benefit obligation	**(574.9)**	(47.0)	(195.7)	(73.8)	(137.8)
Experience adjustments on fair value of scheme assets	**460.2**	54.5	145.8	168.1	99.6

The Group expects to contribute approximately £13.0 million to the schemes during the year to 30 September 2017 including the deficit funding payments described above.

UK defined contribution plans

The Group has introduced a number of PensionSaver Group personal pension plans that have replaced the trust-based defined contribution pension plans previously offered to employees. These plans create a consistent pensions savings vehicle across all Group segments. The benefits for all members of the trust-based plans have been transferred to individual policies held in the member's own name and the scheme is now wound up. Insured death benefits previously held under this trust have already been transferred to a new trust-based arrangement specifically for life assurance purposes.

The aggregate value of the Group personal pension plans was £105.4 million (2015 £71.8 million) at the year end. The pension cost attributable to these plans during the year amounted to £14.0 million (2015 £6.3 million).

Overseas pension plans

Overseas subsidiaries of certain Group segments operate defined contribution retirement benefit plans, primarily in North America and Australia. The pension cost attributable to these plans during the year amounts to £4.2 million (2015 £4.6 million).

37 Provisions

	Note	Contract discounts and rebates £m	Coupon discount £m	Onerous leases £m	Reorganisation costs £m	Contingent consideration £m	Legal £m	Other (i) £m	Total £m
Current liabilities									
At 30 September 2014		26.2	1.8	2.4	3.2	13.7	4.0	31.2	82.5
Additions		–	–	–	–	4.8	–	–	4.8
Charged during year		26.6	5.0	0.1	2.1	–	1.8	2.2	37.8
Movement in financial liability for closed period purchases		–	–	–	–	–	–	(20.0)	(20.0)
Utilised during year		(27.2)	(5.8)	(1.9)	(0.9)	–	(2.4)	(1.9)	(40.1)
Disposal during year		–	–	–	–	–	–	(0.1)	(0.1)
Owned by subsidiaries disposed		–	–	–	–	(0.8)	–	–	(0.8)
Transfer from non-current liabilities		–	–	1.2	0.5	1.0	–	(0.5)	2.2
Contingent consideration paid		–	–	–	–	(14.7)	–	–	(14.7)
Notional interest on contingent consideration		–	–	–	–	0.4	–	–	0.4
Adjustment to goodwill/contingent consideration		–	–	–	–	(0.3)	–	–	(0.3)
Fair value adjustment to contingent consideration		–	–	–	–	0.8	–	–	0.8
Exchange adjustment		–	–	–	–	0.3	–	0.4	0.7
At 30 September 2015		25.6	1.0	1.8	4.9	5.2	3.4	11.3	53.2
Owned by subsidiaries acquired	17	–	–	–	–	–	–	0.1	0.1
Additions	17	–	–	–	–	1.3	–	–	1.3
Charged during year		17.6	–	–	5.0	–	4.6	3.6	30.8
Utilised during year		(22.4)	(0.4)	(0.8)	(4.9)	–	(3.2)	(1.5)	(33.2)
Owned by subsidiaries disposed	18	–	–	–	–	–	–	(0.9)	(0.9)
Transfer (to)/from non-current liabilities		–	–	0.5	–	1.8	–	(0.8)	1.5
Reclassification of amounts held in escrow		–	–	–	–	(2.0)	–	–	(2.0)
Contingent consideration paid	17	–	–	–	–	(0.3)	–	–	(0.3)
Fair value adjustment to contingent consideration	10	–	–	–	–	2.2	–	–	2.2
Exchange adjustment		0.1	–	–	0.1	1.1	–	0.4	1.7
At 30 September 2016		**20.9**	**0.6**	**1.5**	**5.1**	**9.3**	**4.8**	**12.2**	**54.4**
Non-current liabilities									
At 30 September 2014		–	–	11.1	–	6.5	–	4.4	22.0
Additions		–	–	–	–	43.2	–	–	43.2
Charged during year		–	–	(1.8)	0.1	–	–	(0.5)	(2.2)
Utilised during year		–	–	(0.2)	–	–	–	(0.1)	(0.3)
Transfer to current liabilities		–	–	(1.2)	–	(1.0)	–	–	(2.2)
Contingent consideration paid		–	–	–	–	(0.4)	–	–	(0.4)
Notional interest on contingent consideration		–	–	–	–	0.2	–	–	0.2
Adjustment to goodwill/contingent consideration		–	–	–	–	(0.2)	–	–	(0.2)
Fair value adjustment to contingent consideration		–	–	–	–	(0.4)	–	–	(0.4)
Exchange adjustment		–	–	–	–	1.2	–	0.1	1.3
At 30 September 2015		–	–	7.9	0.1	49.1	–	3.9	61.0
Additions	17	–	–	–	–	4.0	–	–	4.0
Charged during year		–	–	–	–	–	–	0.7	0.7
Utilised during year		–	–	(3.4)	(0.1)	–	–	(0.1)	(3.6)
Transfer (to)/from current liabilities		–	–	(0.5)	–	(1.8)	–	0.8	(1.5)
Notional interest on contingent consideration	10	–	–	–	–	0.1	–	–	0.1
Fair value adjustment to contingent consideration	10	–	–	–	–	(14.5)	–	–	(14.5)
Exchange adjustment		–	–	0.1	–	6.4	–	0.1	6.6
At 30 September 2016		**–**	**–**	**4.1**	**–**	**43.3**	**–**	**5.4**	**52.8**

(i) Other current provisions principally comprise dilapidation provisions of £2.1 million (2015 £1.8 million), provisions for the future funding of a joint venture of £1.3 million (2015 £1.2 million), provisions for VAT of £1.1 million (2015 £1.5 million), provisions for potential claims from customers of £0.2 million (2015 £0.7 million), gratuity provisions of £2.1 million (2015 £1.4 million), sales ledger provisions of £0.2 million (2015 £0.2 million), national insurance provisions of £0.2 million (2015 £0.1 million), property provisions of £1.0 million (2015 £nil) and loyalty programme provisions of £3.3 million (2015 £3.5 million).

37 Provisions continued

Other non-current provisions principally comprise dilapidation provisions of £3.8 million (2015 £2.5 million), a provision for amounts payable to the Newspaper Society following cessation of membership on the disposal of Northcliffe Newspapers Limited in 2012 of £0.8 million (2015 £0.9 million) and provisions for remuneration following business combinations of £0.4 million (2015 £0.3 million).

The maturity profile of the Group's contingent consideration provision is as follows:

	At 30 September 2016 £m	At 30 September 2015 £m
Expiring in one year or less	**9.3**	5.2
Expiring between one and two years	**5.1**	7.5
Expiring between two and five years	**38.2**	41.6
	52.6	54.3

The contingent consideration is based on future business valuations and profit multiples and has been estimated using available data forecasts. The estimated range of undiscounted outcomes for contingent consideration relating to acquisitions in the year is £nil to £21.9 million. Certain contingent consideration arrangements are not capped since they are based on future business performance.

38 Deferred taxation

	Note	Accelerated capital allowances £m	Goodwill and intangible assets £m	Share-based payments £m	Deferred interest £m	Trading losses and tax credits £m	Pension scheme deficit £m	Other £m	Total £m
Disclosed within non-current liabilities		(0.5)	(30.5)	0.9	0.4	2.1	1.0	5.4	(21.2)
Disclosed within non-current assets		21.5	(61.7)	9.0	124.4	27.6	51.3	8.3	180.4
At 30 September 2014		21.0	(92.2)	9.9	124.8	29.7	52.3	13.7	159.2
Credit/(charge) to income	11	10.4	(9.4)	2.7	16.9	(5.1)	(7.1)	(1.7)	6.7
(Charge)/credit to equity	40, 41	–	–	1.4	–	–	(2.1)	0.6	(0.1)
Owned by subsidiaries acquired		–	(19.4)	–	–	–	–	–	(19.4)
Owned by subsidiaries sold		–	(3.1)	–	–	–	–	0.1	(3.0)
Exchange adjustment		–	(5.1)	0.4	5.8	(0.4)	–	(0.1)	0.6
At 30 September 2015		31.4	(129.2)	14.4	147.5	24.2	43.1	12.6	144.0
Disclosed within non-current liabilities		(0.2)	(38.1)	–	2.9	4.8	0.4	6.1	(24.1)
Disclosed within non-current assets		31.6	(91.1)	14.4	144.6	19.4	42.7	6.5	168.1
Credit/(charge) to income	11, (i)	6.8	(5.5)	0.1	(28.8)	9.2	1.3	18.9	2.0
Credit to equity	40, 41	–	–	1.4	–	–	6.4	1.4	9.2
Owned by subsidiaries acquired	17	–	(6.8)	–	–	–	–	–	(6.8)
Owned by subsidiaries sold	18	(0.2)	–	–	–	–	–	(0.2)	(0.4)
Exchange adjustment		1.0	(14.5)	1.4	12.2	5.0	–	0.5	5.6
At 30 September 2016		**39.0**	**(156.0)**	**17.3**	**130.9**	**38.4**	**50.8**	**33.2**	**153.6**
Disclosed within non-current liabilities		**–**	**(23.9)**	**–**	**–**	**0.3**	**–**	**(0.2)**	**(23.8)**
Disclosed within non-current assets		**39.0**	**(132.1)**	**17.3**	**130.9**	**38.1**	**50.8**	**33.4**	**177.4**
At 30 September 2016		**39.0**	**(156.0)**	**17.3**	**130.9**	**38.4**	**50.8**	**33.2**	**153.6**

(i) All attributable to continuing operations.

The net deferred tax asset disclosed in the Consolidated Statement of Financial Position in respect of deferred interest, tax losses and tax credits is analysed as follows:

	At 30 September 2016 £m	At 30 September 2015 £m
UK	**55.2**	64.6
Rest of Europe	**1.5**	1.6
North America	**101.6**	97.1
Australia	**11.0**	8.4
	169.3	171.7

These losses 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 £21.1 million (2015 £6.3 million) have expiry dates between 2017 and 2035.

Included within other deferred tax are deferred tax assets of £1.7 million (2015 £0.3 million) in respect of financial instruments. The £1.4 million credit to equity (2015 £0.6 million) relates entirely to financial instruments.

There is an unrecognised deferred tax asset of £72.2 million (2015 £74.3 million) which relates to revenue losses and £34.3 million (2015 £nil) which relates to deferred interest 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 £131.2 million (2015 £133.0 million). Of these assets £42.7 million (2015 £28.1million) have expiry dates between 2022 and 2036.

No deferred tax liability is recognised on temporary differences of £321.5 million (2015 £281.0 million) relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. The temporary differences at 30 September 2016 represent only the unremitted earnings of those overseas subsidiaries where remittance to the UK of those earnings may still result in a tax liability, principally as a result of dividend withholding taxes levied by the overseas tax jurisdictions in which these subsidiaries operate.

39 Called-up share capital

	Allotted, issued and fully paid At 30 September 2016 £m	Allotted, issued and fully paid At 30 September 2015 £m
Ordinary Shares of 12.5 pence each	**2.5**	2.5
A Ordinary Non-Voting Shares of 12.5 pence each	**42.8**	42.9
	45.3	45.4

	Allotted, issued and fully paid At 30 September 2016 Number of shares	Allotted, issued and fully paid At 30 September 2015 Number of shares
Ordinary Shares	**19,890,364**	19,890,364
A Ordinary Non-Voting Shares	**342,204,470**	343,066,342
	362,094,834	362,956,706

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.

A reconciliation of the movements in the number of shares during the year is provided below:

	Ordinary Shares	A Ordinary Non-Voting Shares
At 30 September 2014	19,890,364	373,966,557
Shares cancelled	–	(30,900,215)
At 30 September 2015	19,890,364	343,066,342
Shares cancelled	–	(861,872)
At 30 September 2016	**19,890,364**	**342,204,470**

40 Reserves

	Note	Year ended 30 September 2016 £m	Year ended 30 September 2015 £m
Share premium account			
At start and end of year		**17.8**	17.8
Capital redemption reserve			
At start of year		**4.9**	1.1
On cancellation of A Ordinary Non-Voting Shares		**0.1**	3.8
At end of year		**5.0**	4.9
Own shares			
At start of year		**(76.3)**	(219.1)
Purchase of DMGT shares	39, (i)	**(29.8)**	(127.1)
Own shares released on vesting of share options	(ii)	**10.9**	32.7
Movement in financial liability for closed period purchases	37, 46	**–**	20.0
On cancellation of A Ordinary Non-Voting Shares	(iii)	**6.5**	217.2
At end of year		**(88.7)**	(76.3)

The Group's investment in its own shares represents shares held in treasury or shares held by an employee benefit trust to satisfy incentive schemes.

(i) The Company purchased 3.5 million A Ordinary Non-Voting Shares having a nominal value of £0.4 million to match obligations under incentive plans. The consideration paid for these shares was £23.8 million.

The Company also purchased 0.9 million A Ordinary Non-Voting Shares having a nominal value of £0.1 million as part of a share buy-back programme. The consideration paid for these shares was £6.1 million.

Shares repurchased during the year represented 0.3% of the called-up A Ordinary Non-Voting Share capital at 30 September 2016.

(ii) During the year the Company utilised 1.4 million A Ordinary Non-Voting Shares in order to satisfy incentive schemes. This represented 0.4% of the called-up A Ordinary Non-Voting Share capital at 30 September 2016.

(iii) During the year the Company cancelled 0.9 million A Ordinary Non-Voting shares held in treasury.

At 30 September 2016, this investment comprised 5,000,000 A Ordinary Non-Voting Shares (2015 5,000,000 shares) held in treasury and 4,887,935 A Ordinary Non-Voting Shares (2015 2,690,766 shares) held in the Employee Benefit Trust. The market value of the Treasury Shares at 30 September 2016 was £37.2 million (2015 £37.7 million) and the market value of the shares held in the Employee Benefit Trust at 30 September 2016 was £36.4 million (2015 £20.3 million).

The Employee Benefit Trust is independently managed and purchases shares in order to satisfy outstanding share options and potential awards under long-term incentive plans.

At 30 September 2016 options were outstanding under the terms of the Company's 1997 and 2006 Executive Share Option Schemes, together with nil cost options, over a total of 2,319,888 A Ordinary Non-Voting Shares (2015 1,674,579 shares).

	Note	Year ended 30 September 2016 £m	Year ended 30 September 2015 £m
Translation reserve			
At start of year		**(25.9)**	(22.7)
Foreign exchange differences on translation of foreign operations		**116.0**	20.0
Translation reserves recycled to Consolidated Income Statement on disposals	8, 18	**(0.4)**	(2.1)
Transfer of loss on cash flow hedges from translation reserve to Consolidated Income Statement		**(1.4)**	0.9
Change in fair value of cash flow hedges		**(3.5)**	(3.4)
Loss on hedges of net investments in foreign operations		**(72.9)**	(18.6)
At end of year		**11.9**	(25.9)

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	Year ended 30 September 2016 £m	Year ended 30 September 2015 £m
Retained earnings			
At start of year		**339.0**	446.5
Profit for the year		**204.2**	216.6
Dividends paid	12	**(76.4)**	(75.0)
Actuarial (loss)/gain on defined benefit pension schemes	36	**(112.0)**	9.5
Credit to equity for share-based payments		**15.8**	17.9
Settlement of exercised share options of subsidiaries		**(12.1)**	(33.5)
Initial recording of put options granted to non-controlling interests in subsidiary undertakings	(i)	**(0.5)**	(20.5)
Exercise of acquisition put option commitments		**(0.3)**	0.7
Cancellation of shares held in treasury		**(6.5)**	(217.2)
Adjustment to equity following increased stake in controlled entity		**(4.9)**	(5.9)
Adjustment to equity following decreased stake in controlled entity		**(0.2)**	(0.2)
Corporation tax on share-based payments		**5.4**	–
Deferred tax on actuarial movement	38	**5.9**	(1.9)
Deferred tax on financial instruments	38	**1.0**	0.4
Deferred tax on other items recognised directly in equity	38	**1.4**	1.6
At end of year		**359.8**	339.0
At end of year – total reserves		**305.8**	259.5

(i) £0.5 million (2015 £20.5 million) representing the present value of written put options granted to non-controlling interests in the year has been recorded as a reduction in equity on initial recognition, as the arrangement represents a transaction with equity holders. Changes in value after initial recognition are recorded in the Consolidated Income Statement.

41 Non-controlling interests

	Note	Year ended 30 September 2016 £m	Year ended 30 September 2015 £m
At start of year		**154.9**	117.8
Share of profit for the year		**10.0**	28.7
Dividends paid		**(12.7)**	(9.8)
Shares issued		**0.3**	0.8
Non-controlling interests arising from business combinations	17	**7.6**	9.1
Loss on hedges of net investments in foreign operations		**(14.0)**	(2.8)
Transfer of loss on cash flow hedges to Consolidated Income Statement		**(0.7)**	0.4
Change in fair value of cash flow hedges		**(1.7)**	(1.6)
Foreign exchange differences on translation of foreign operations		**31.2**	7.5
Actuarial (loss)/gain on defined benefit pension schemes	36	**(2.7)**	0.8
Exercise of acquisition put option commitments		**–**	(0.7)
Credit to equity for share-based payments		**0.2**	(0.6)
Deferred tax on actuarial movement	38	**0.5**	(0.2)
Deferred tax on financial instruments	38	**0.4**	0.2
Deferred tax on other items recognised directly in equity	38	**–**	(0.2)
Adjustment to non-controlling interest following decreased stake in controlled entity		**0.2**	0.2
Adjustment to non-controlling interest following increased stake in controlled entity		**4.9**	5.9
Other transactions with non-controlling interests		**0.2**	(0.6)
Initial recording of put options granted to non-controlling interests in subsidiaries		**(0.2)**	–
Recycled to Consolidated Income Statement on disposals	8, 18	**(0.2)**	–
At end of year		**178.2**	154.9

41 Non-controlling interests continued

Set out below is summarised financial information of Euromoney Institutional Investor PLC (Euromoney) which has a 32.2% (2015 32.1%) non-controlling interest that is material to the Group. The summarised financial information is extracted on a 100% basis from Euromoney's own financial statements as at 30 September 2016.

Euromoney is listed on the London Stock Exchange and is a leading international B2B media group focused primarily on the international finance, metals and commodities sectors.

	2016 £m	2015 £m
Revenue	**403.1**	403.4
Operating profit before share of results of joint ventures and associates	**47.5**	123.1
Share of results of joint ventures and associates	**(1.8)**	(0.4)
Interest income	**0.7**	5.1
Interest expense	**(2.4)**	(4.6)
Tax	**(12.9)**	(17.6)
Profit after tax	**31.1**	105.6
Other comprehensive income	**31.1**	14.4
Total comprehensive income	**62.2**	120.0

	2016 £m	2015 £m
Non-current assets	**601.9**	579.1
Cash and cash equivalents	**10.6**	8.9
Other current assets	**159.7**	101.2
Total assets	**772.2**	689.2
Current liabilities	**(249.4)**	(205.1)
Non-current liabilities	**(45.3)**	(39.2)
Total liabilities	**(294.7)**	(244.3)
Net assets	**477.5**	444.9

For the year ended 30 September 2016, the movement in the non-controlling interest in Euromoney is as follows:

	2016 £m	2015 £m
Opening balance	**147.1**	119.6
Shares issued	**0.3**	0.5
Share of profit for the year	**10.3**	33.8
Dividends paid	**(9.9)**	(9.8)
Adjustment to non-controlling interest following decreased stake in controlled entity	**0.2**	0.2
Other transactions with non-controlling interests	**9.6**	3.6
Exercise of acquisition put option commitments	**–**	(1.1)
Exchange adjustment	**1.3**	0.3
Closing balance	**158.9**	147.1

42 Commitments and contingent liabilities

Commitments

	At 30 September 2016 £m	At 30 September 2015 £m
Property, plant and equipment		
Contracted but not provided in the financial statements	–	0.1

At 30 September 2016 the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	At 30 September 2016 Properties £m	At 30 September 2015 Properties £m	At 30 September 2016 Plant and equipment £m	At 30 September 2015 Plant and equipment £m
Within one year	**32.2**	32.4	**6.3**	8.2
Between one and two years	**26.2**	25.8	**1.4**	3.5
Between two and five years	**63.9**	63.7	**1.8**	0.7
After five years	**22.1**	30.3	–	–
	144.4	152.2	**9.5**	12.4

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, security of tenure and lease terms against the risk of entering into excessively long or onerous arrangements.

Of the Group's rented properties, the most significant commitments relate to the DMGT head office premises at 2 Derry Street, London W8 5TT, where the lease expires in December 2022, Euromoney's head office premises at 4 and 8 Bouverie Street, London which expires in May 2029 and of the RMS head office at 7575 Gateway Blvd, Newark, California which expires in December 2020.

Future payments under non-cancellable agreements made to secure venues for future events and exhibitions are separately disclosed below.

	At 30 September 2016 £m	At 30 September 2015 £m
Within one year	**13.1**	10.5
Between one and two years	–	6.4
Between two and five years	–	0.3
	13.1	17.2

The Group entered into arrangements with its ink suppliers to obtain ink for the period to September 2018 at competitive prices and to secure supply. At the year end, the commitment to purchase ink over this period was £31.1 million (2015 £42.0 million).

The Group has entered into agreements with certain printers for periods up to 2024 at competitive prices and to secure supply. At the year end, the commitment to purchase printing capacity over this period was £49.2 million (2015 £54.2 million).

During the year the Group entered into a number of arrangements with Microsoft to provide cloud infrastructure to the RMS segment until June 2019. At the year end the commitment under this agreement was £11.6 million (2015 £nil).

Contingent liabilities

The Group has issued standby letters of credit of £3.8 million (2015 £2.2 million).

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 were issued in Malaysia against the Company and three of its employees in respect of an article published in one of the Company's magazines, International Commercial Litigation, in November 1995. The writs were served on the Company on 22 October 1996. Two of these writs have been discontinued. The total outstanding amount claimed on the two remaining writs is Malaysian ringgit 82.9 million (£15.4 million). No provision has been made for these claims in these financial statements as the Directors do not believe the Company has any material liability in respect of these writs.

43 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 10 years from 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.

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 7 November 2002 that had not vested by 1 January 2005.

The charge to the Consolidated Income Statement is as follows:

Segment	Scheme	Note	Year ended 30 September 2016 £m	Year ended 30 September 2015 £m
DMGT Board and head office	Executive Share Option Scheme		**0.2**	0.3
	Executive Bonuses		**–**	0.1
	Long-Term Incentive Plan		**7.0**	2.2
RMS	Option Plan		**4.6**	13.4
Euromoney	SAYE and Recruitment Award/CAP Award		**0.7**	(2.0)
	Cash-settled options		**0.5**	(0.5)
dmg information	Option Plan		**1.7**	2.0
dmg media	Long-Term Incentive Plan		**1.9**	1.3
Social security costs			**3.2**	0.5
		6	**19.8**	17.3

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, expected volatility has been estimated, based upon relevant historical data in respect of the DMGT A Ordinary Non-Voting 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 reprice any of its outstanding options during the year.

Further details of the Group's significant schemes are set out below:

DMGT 2006 ESOS

Under the DMGT 2006 ESOS, each award of options has a maximum life of 10 years. The maximum award limit is 100% of salary in any year in normal circumstances and 200% of salary in exceptional circumstances. Awards will not normally vest until three years after the award and the performance conditions have been met. No options were outstanding to Directors during the year.

	Year ended 30 September 2016 Number of share options	Year ended 30 September 2016 Weighted average exercise price £	Year ended 30 September 2015 Number of share options	Year ended 30 September 2015 Weighted average exercise price £
Outstanding at 1 October 2015	**921,668**	**5.90**	1,459,052	4.71
Granted during the year	**795,000**	**6.93**	133,566	8.29
Forfeited during the year	**(60,000)**	**8.12**	–	–
Exercised during the year	**(69,054)**	**5.23**	(670,950)	4.14
Expired during the year	**(60,000)**	**6.98**	–	–
Outstanding at 30 September 2016	**1,527,614**	**6.34**	921,668	5.90
Exercisable at 30 September 2016	**550,579**	**4.65**	421,383	5.02
Exercisable at 1 October 2015	**421,383**	**5.02**	857,333	4.62

The aggregate of the estimated fair values of the options granted during the year is £0.2 million (2015 £0.2 million).

The options outstanding at 30 September 2016 had a weighted average remaining contractual life of 5.8 years (2015 5.6 years).

NOTES TO THE ACCOUNTS

The inputs into the Black-Scholes model are as follows:

Date of grant	27 November 2006	17 December 2007	24 November 2008	26 January 2009	14 December 2009	6 December 2010
Market value of shares at date of grant (£)	6.88	5.05	2.50	2.53	4.04	5.39
Option price (£)	6.88	5.05	2.50	2.53	4.04	5.39
Number of share options outstanding	52,476	46,000	27,000	27,887	82,768	77,198
Term of option (years)	10.00	10.00	10.00	10.00	10.00	10.00
Assumed period of exercise after vesting (years)	7.00	7.00	7.00	7.00	7.00	7.00
Exercise price (£)	6.88	5.05	2.50	2.53	4.04	5.39
Risk-free rate (%)	4.30	4.30	3.00	3.00	3.00	2.00
Expected dividend yield (%)	1.90	2.84	5.89	5.81	3.64	2.97
Volatility (%)	20.00	20.00	40.00	40.00	40.00	30.00
Fair value per option (£)	1.51	1.18	0.56	0.56	1.13	1.22

Date of grant	5 December 2011	27 June 2012	17 December 2012	9 December 2013	10 December 2014	14 December 2015
Market value of shares at date of grant (£)	3.98	3.91	5.27	9.16	8.10	7.06
Option price (£)	3.98	3.91	5.27	9.16	8.29	7.06
Number of share options outstanding	28,000	100,000	109,250	83,469	118,566	75,000
Term of option (years)	10.00	10.00	10.00	10.00	10.00	5.00
Assumed period of exercise after vesting (years)	7.00	7.00	7.00	5.00	5.00	5.00
Exercise price (£)	3.98	3.91	5.27	9.16	8.29	7.06
Risk-free rate (%)	1.50	1.00	1.00	1.50	1.08	1.19
Expected dividend yield (%)	4.27	4.43	3.42	2.00	2.77	3.26
Volatility (%)	30.00	30.00	30.00	25.00	25.70	25.10
Fair value per option (£)	0.71	0.70	0.98	1.69	1.31	0.93

Date of grant	22 December 2015	22 December 2015	22 December 2015
Market value of shares at date of grant (£)	7.06	7.06	7.06
Option price (£)	7.06	7.06	7.06
Number of share options outstanding	233,334	233,333	233,333
Term of option (years)	3.00	4.00	5.00
Assumed period of exercise after vesting (years)	2.00	2.00	2.00
Exercise price (£)	7.06	7.06	7.06
Risk-free rate (%)	0.77	0.96	1.19
Expected dividend yield (%)	3.26	3.26	3.26
Volatility (%)	24.10	24.00	25.10
Fair value per option (£)	0.81	0.90	1.04

43 Share-based payments continued

Nil cost options under the DMGT Executive Bonus Scheme

Since December 2009 a portion of the bonus earned by Executive Directors under the Executive Bonus Scheme has been deferred into shares in the form of nil cost options. These options are to the value of the equity portion of the bonus and are fully expensed in the year in which they are earned. Further details are shown in the Remuneration Report.

	Year ended 30 September 2016 Number of share options	Year ended 30 September 2016 Weighted average exercise price £	Year ended 30 September 2015 Number of share options	Year ended 30 September 2015 Weighted average exercise price £
Outstanding at 1 October 2015	**752,911**	**–**	863,625	–
Granted during the year	**39,363**	**–**	32,271	–
Exercised during the year	**–**	**–**	(142,985)	–
Outstanding at 30 September 2016	**792,274**	**–**	752,911	–
Exercisable at 30 September 2016	**735,803**	**–**	512,604	–
Exercisable at 1 October 2015	**512,604**	**–**	396,019	–

The aggregate of the estimated fair values of the awards granted during the year is £nil (2015 £nil).

The awards outstanding at 30 September 2016 had a weighted average remaining contractual life of 2.3 years (2015 3.1 years).

DMGT Long-Term Incentive Plan

Details of the terms and conditions relating to this scheme are set out in the Remuneration Report.

	Year ended 30 September 2016 Number of share options	Year ended 30 September 2016 Weighted average exercise price £	Year ended 30 September 2015 Number of share options	Year ended 30 September 2015 Weighted average exercise price £
Outstanding at 1 October 2015	**2,801,711**	**6.08**	2,273,571	5.41
Granted during the year	**1,212,733**	**6.71**	612,703	8.29
Forfeited during the year	**(21,858)**	**7.32**	–	–
Exercised during the year	**(470,860)**	**4.51**	(84,563)	4.07
Outstanding at 30 September 2016	**3,521,726**	**6.50**	2,801,711	6.08
Exercisable at 30 September 2016	**–**	**–**	111,110	4.04
Exercisable at 1 October 2015	**111,110**	**4.04**	–	–

The aggregate of the estimated fair values of the awards granted during the year is £8.1 million (2015 £5.0 million).

The awards outstanding at 30 September 2016 had a weighted average remaining contractual life of 1.8 years (2015 1.9 years).

Options under the DMGT Long-Term Incentive Scheme

The inputs into the Black-Scholes model are as follows:

Date of grant	20 December 2010	20 December 2010	20 December 2010	20 December 2010	20 December 2010
Market value of shares at date of grant (£)	5.59	5.59	5.59	5.59	5.59
Option price (£)	5.59	5.59	5.59	5.59	5.59
Number of share options outstanding	45,583	22,791	22,791	22,791	22,791
Term of option (years)	2.78	3.00	4.00	5.00	6.00
Assumed period of exercise after vesting (years)	Nil	Nil	Nil	Nil	Nil
Exercise price (£)	Nil	Nil	Nil	Nil	Nil
Risk-free rate (%)	3.00	3.00	3.00	3.00	2.00
Expected dividend yield (%)	2.86	2.86	2.86	2.86	2.86
Volatility (%)	30.00	30.00	30.00	30.00	30.00
Fair value per option (£)	5.59	5.59	5.59	5.59	5.59

Date of grant	13 February 2012	10 December 2012	9 December 2013	22 December 2014	22 December 2014
Market value of shares at date of grant (£)	4.37	5.27	9.16	8.11	8.11
Option price (£)	4.37	5.27	9.16	8.11	8.11
Number of share options outstanding	643,614	585,699	345,680	215,133	391,638
Term of option (years)	5.00	5.00	5.00	5.00	3.00
Assumed period of exercise after vesting (years)	Nil	Nil	Nil	Nil	Nil
Exercise price (£)	Nil	Nil	Nil	Nil	Nil
Risk-free rate (%)	1.00	1.00	1.50	1.08	0.65
Expected dividend yield (%)	Nil	Nil	Nil	Nil	Nil
Volatility (%)	30.00	30.00	25.00	25.70	24.10
Fair value per option (£)	4.37	5.27	9.07	8.11	8.11

Date of grant	14 December 2015	14 December 2015	14 December 2015	14 December 2015
Market value of shares at date of grant (£)	6.71	6.71	6.71	6.71
Option price (£)	6.71	6.71	6.71	6.71
Number of share options outstanding	63,711	213,531	519,387	406,586
Term of option (years)	1.00	2.00	3.00	4.00
Assumed period of exercise after vesting (years)	Nil	Nil	Nil	Nil
Exercise price (£)	Nil	Nil	Nil	Nil
Risk-free rate (%)	0.77	0.58	0.77	0.77
Expected dividend yield (%)	Nil	Nil	Nil	Nil
Volatility (%)	24.00	26.00	24.00	24.00
Fair value per option (£)	6.71	6.71	6.71	6.71

RMS option plan

RMS options are granted at market value. The options become exercisable after a four-year vesting period and lapse ten years and five years from grant date under the 2001 and 2005 option plans respectively. The stock issued under the plan is subject to put or call options where DMGT has the right to settle in DMGT A Ordinary Non-Voting Shares or cash. The option plan classification changed from a cash-settled plan in June 2005 to an equity-settled plans following this change of settlement feature of stock issued under the plan. After 30 September 2011 options under the 2001 and 2005 plans were no longer awarded.

During the year ended 30 September 2011 RMS introduced the Executive Incentive Plan (EIP) and the Long-Term Incentive Plan (LTIP). Under the EIP options and Restricted Stock Units (RSU) were awarded to senior management. Under the LTIP RSUs were awarded to key employees. The options and RSUs were granted at market value under both plans. The options vest based on the conditions of time and company performance at three and five years from date of grant. The options lapse after seven years from grant date. The RSUs under both plans vest annually over three years.

A 2014 Equity Award Plan (the Plan) was introduced during the year ended 30 September 2014. Under the Plan options and RSUs, both time and performance based, are granted to employees who are deemed to be in a position to contribute to the long-term success of RMS.

The RSU expense is determined by the fair market value of RMS stock at the date of grant. The expense is amortised using an accelerated method. Under this method the RSUs are equally allocated to each of the three annual vesting components and the related expense is amortised over 12, 24, and 36 months respectively.

In November 2014, RMS approved an option exchange programme allowing RMS option holders to exchange their existing out-of-the-money options for new options with a strike price of US$40.0 or RSUs where eligible.

In 2015 RMS introduced the 2015 stock option plan which was adopted in January 2016. Options granted under this plan vest on satisfaction of two conditions: a four-year service period; the occurrence of an initial public offering of RMS or an event in which the Group ceases to hold at least 50% of the voting rights of RMS.

43 Share-based payments continued

	Year ended 30 September 2016 Number of share options	Year ended 30 September 2016 Weighted average exercise price US$	Year ended 30 September 2015 Restated Number of share options	Year ended 30 September 2015 Restated Weighted average exercise price US$
Outstanding at 1 October 2015	**2,040,920**	**10.05**	8,194,192	11.78
Granted during the year	**11,539,810**	**9.04**	2,143,436	10.00
Forfeited during the year	**(626,380)**	**9.33**	(8,264,076)	12.83
Exercised during the year	**–**	**–**	(25,128)	3.83
Expired during the year	**–**	**–**	(7,504)	4.15
Outstanding at 30 September 2016	**12,954,350**	**9.18**	2,040,920	10.05
Exercisable at 30 September 2016	**1,537,824**	**10.03**	1,297,024	10.04
Exercisable at 1 October 2015	**5,188,096**	**10.04**	2,901,144	11.53

The weighted average share price at the date of exercise for share options exercised during the year was US$nil (2015 US$15.53).

The options outstanding at 30 September 2016 had a weighted average remaining contractual life of 8.5 years (2015 6.1 years).

The comparatives have been amended in the above table to reflect a four for one stock split which occurred during the year.

The inputs into the Black-Scholes model are as follows:

Date of grant	During 2014	During 2015	During 2016
Market value of shares at date of grant (US$)	14.59	10.00	9.04
Option price (US$)	14.59	10.00	9.04
Number of share options outstanding	16,000	1,840,540	11,097,810
Term of option (years)	7.00	7.00	10.00
Assumed period of exercise after vesting (years)	3–6	4–5	6.00
Exercise price (US$)	14.59	10.00	9.04
Risk-free rate (%)	1.25	1.25	1.10
Expected dividend yield (%)	2.91	3.63	0.00
Volatility (%)	28.81	25.63	25.60
Fair value per option (US$)	2.70	1.44	2.58

Expected volatility was determined by calculating the historical volatility of comparable companies.

RMS RSU awards

	Year ended 30 September 2016 Number of RSUs	Year ended 30 September 2016 Weighted average exercise price US$	Year ended 30 September 2015 Restated Number of RSUs	Year ended 30 September 2015 Restated Weighted average exercise price US$
Outstanding at 1 October 2015	**2,736,768**	**–**	**2,806,164**	–
Granted during the year	**78,192**	**–**	**2,946,236**	–
Forfeited during the year	**(355,556)**	**–**	**–**	–
Exercised during the year	**(1,053,048)**	**–**	**(1,119,036)**	–
Expired during the year	**–**		**(1,896,596)**	
Outstanding at 30 September 2016	**1,406,356**	**–**	**2,736,768**	–
Exercisable at 30 September 2016	**–**	**–**	**16,750**	–
Exercisable at 1 October 2015	**16,750**	**–**	**–**	–

The weighted average share price at the date of exercise for RSUs exercised during the year was US$9.61 (2015 US$10.00).

The number of RSUs in 2015 have been amended in the above table to reflect a four for one stock split which occurred during the year.

Euromoney Capital Appreciation Plan 2014 (CAP 2014)

The CAP 2014 was approved by Euromoney's shareholders on 30 January 2014 as a replacement for CAP 2010. Each CAP 2014 award comprises two equal instalments: an option to subscribe for Ordinary Shares of 0.25 pence each in Euromoney for nil consideration; and a right to receive a cash payment. The value of the awards is linked directly to the growth in profits over the performance period. The award pool comprises a maximum of 3.5 million Euromoney shares and cash of £7.6 million, limiting the cost of the scheme to £41.0 million over its life. Awards will vest in three equal tranches, subject to the performance conditions and lapse to the extent unexercised by 30 September 2023.

	Year ended 30 September 2016 Number of share options	Year ended 30 September 2016 Weighted average exercise price £	Year ended 30 September 2015 Number of share options	Year ended 30 September 2015 Weighted average exercise price £
Outstanding at 1 October 2015 and 30 September 2016	**2,097,363**	**0.0025**	2,097,363	0.0025
Exercisable at 30 September 2016	**–**	**–**	–	–
Exercisable at 1 October 2015	**–**	**–**	–	–

The options outstanding at 30 September 2016 had a weighted average remaining contractual life of 6.81 years (2015 8.01 years).

The aggregate of the estimated fair values of the options granted during the year is £nil (2015 £nil).

The inputs into the Black-Scholes model are as follows:

Date of grant	20 June 2014	20 June 2014	20 June 2014
Market value of shares at date of grant (£)	11.16	11.16	11.16
Option price (pence)	0.25	0.25	0.25
Number of share options outstanding	140,412	832,998	1,123,953
Term of option (years)	9.28	9.28	9.28
Assumed period of exercise after vesting (years)	4.00	5.00	6.00
Exercise price (pence)	0.25	0.25	0.25
Risk-free rate (%)	1.50	1.90	2.30
Expected dividend yield (%)	8.43	8.43	8.43
Fair value per option (£)	9.89	9.57	9.19

The CAP 2014 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. 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.

Euromoney Share Option Plan (CSOP 2014)

The CSOP 2014 was approved by Euromoney's shareholders on 30 January 2014. Each CSOP 2014 option enables each UK participant to purchase up to 2,688 shares and each Canadian participant to purchase up to 8,963 shares in Euromoney at a price of £11.15 per share, the market value at the date of grant. The options vested and became exercisable at the same time as the corresponding share award under the CAP 2014. The CSOP 2014 has the same performance criteria as that of the CAP 2014. The number of CSOP 2014 awards that vest proportionally reduced the number of shares that vest under the CAP 2014. The CSOP 2014 is effectively a delivery mechanism for part of the CAP 2014 award. The CSOP 2014 options have an exercise price of £11.15 which will be satisfied by a funding award mechanism which is in place and results in a net gain on these options being delivered in the equivalent number of shares to participants as if the same gain had been delivered using the CAP 2014 options. The amount of the funding award will depend on the Euromoney share price at the date of exercise.

	Year ended 30 September 2016 Number of share options	Year ended 30 September 2016 Weighted average exercise price £	Year ended 30 September 2015 Number of share options	Year ended 30 September 2015 Weighted average exercise price £
Outstanding at 1 October 2015 and 30 September 2016	**517,031**	**0.0025**	517,031	0.0025
Exercisable at 30 September 2016	**–**	**–**	–	–
Exercisable at 1 October 2015	**–**	**–**	–	–

The options outstanding at 30 September 2016 had a weighted average remaining contractual life of 6.81 years (2015 8.01 years).

The aggregate of the estimated fair values of the options granted during the year is £nil (2015 £nil).

43 Share-based payments continued

The inputs into the Black-Scholes model are as follows:

Date of grant	20 June 2014
Market value of shares at date of grant (£)	11.16
Option price (£)	11.16
Number of share options outstanding	517,031
Term of option (years)	9.28
Assumed period of exercise after vesting (years)	4.0
Exercise price (£)	11.16
Risk-free rate (%)	1.50
Expected dividend yield (%)	8.43
Fair value per option (£)	9.89

Euromoney Capital Appreciation Plan 2010 (CAP 2010)

The CAP 2010 executive share option scheme was approved by Euromoney shareholders on 21 January 2010. Each CAP 2010 award comprises two equal elements: an option to subscribe for Ordinary Shares of 0.25 pence each in Euromoney at an exercise price of 0.25 pence per Ordinary Share; and a right to receive a cash payment.

The award pool comprised 3,500,992 Euromoney Ordinary Shares with an option value of £15.0 million and cash of £15.0 million, limiting the total accounting cost to £30.0 million over its life.

The awards will vest in two equal tranches. The first tranche of awards became exercisable in February 2013 on satisfaction of the primary performance condition in 2012. The second tranche became exercisable in February 2014 in which the primary performance condition was again satisfied. The vesting of the second tranche is subject to an additional performance condition, applicable for the vesting of the second tranche of awards, which requires the profits of each business in the subsequent vesting period be at least 75% of that achieved in the year the first tranche of awards became exercisable. The options lapse to the extent unexercised by 30 September 2020.

The number of options received under the share award of CAP 2010 is reduced by the number of options vesting with participants from the 2010 Euromoney Share Option Plan.

The CAP 2010 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. 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.

	Year ended 30 September 2016 Number of share options	Year ended 30 September 2016 Weighted average exercise price £	Year ended 30 September 2015 Number of share options	Year ended 30 September 2015 Weighted average exercise price £
Outstanding at 1 October 2015	**40,933**	**0.0025**	55,421	0.0025
Forfeited during the year	**(3,664)**	**0.0025**	–	–
Exercised during the year	**(21,743)**	**0.0025**	(6,599)	0.0025
Expired during the year	**–**	**–**	(7,889)	0.0025
Outstanding at 30 September 2016	**15,526**	**0.0025**	40,933	0.0025
Exercisable at 30 September 2016	**–**	**–**	40,933	0.0025
Exercisable at 1 October 2015	**40,933**	**0.0025**	55,421	0.0025

The weighted average share price at the date of exercise for share options exercised during the year was £9.68 (2015 £10.47).

The options outstanding at 30 September 2016 had a weighted average remaining contractual life of 4.0 years (2015 5.0 years).

The aggregate of the estimated fair values of the options granted during the year is £nil (2015 £nil).

NOTES TO THE ACCOUNTS

The inputs into the Black-Scholes model are as follows:

Date of grant	30 March 2010
Market value of shares at date of grant (£)	5.01
Option price (pence)	0.25
Number of share options outstanding	15,526
Term of option (years)	10.00
Assumed period of exercise after vesting (years)	5.00
Exercise price (pence)	0.25
Risk-free rate (%)	2.75
Expected dividend yield (%)	7.00
Fair value per option (£)	4.20

Cash-settled options
Euromoney has a liability in respect of the CAP 2010 scheme classified by IFRS 2 as cash settled. The total carrying value at 30 September 2016 included in the Consolidated Statement of Financial Position is a liability of £0.5 million (2015 £0.1 million). Options with an intrinsic value of £nil (2015 £nil) had vested but are not yet exercised.

44 Ultimate holding company
The Company's immediate parent Company is Rothermere Continuation Limited (RCL), a company incorporated in Bermuda.

Daily Mail and General Trust plc and Euromoney Institutional Investor PLC are the only companies in the Group to prepare consolidated financial statements.

45 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
RCL is a holding company incorporated in Bermuda. The main asset of RCL is its 100% holding of DMGT Ordinary Shares. RCL has controlled the Company for many years and as such is its immediate parent Company. RCL is owned by a trust (the Trust) which is held for the benefit of Viscount Rothermere and his immediate family. The Trust represents the ultimate controlling party of the Company. Both RCL and the Trust are administered in Jersey, in the Channel Islands. RCL and its directors, the Trust and its beneficiaries are related parties of the Company.

Transactions with Directors
During the prior year, in an arm's length transaction, Euromoney sold a property to Mintel Ltd for consideration of £2.3 million. Nicholas Berry, a Director of DMGT plc, owns 97.0% of Mintel Ltd through a family holding.

There were no other material transactions with Directors of the Company during the year, 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 in aggregate in the audited part of the Directors' Remuneration Report.

Transactions with joint ventures and associates
Details of the Group's principal joint ventures and associates are set out in Note 25.

Associated Newspapers Ltd (ANL) has a 33.3% (2015 33.3%) shareholding in Fortune Green Ltd, an associate. During the year, the Group provided computer and office services of £nil (2015 £0.1 million). The amount due from Fortune Green Ltd at 30 September 2016 was £nil (2015 £nil) after writing off £nil (2015 £0.3 million) following closure of the business during the year.

Daily Mail and General Holdings Ltd (DMGH) previously held a 38.7% shareholding in Local World Holdings Ltd (Local World) which was sold to Trinity Mirror plc on 13 November 2015 for £73.0 million net of transaction costs. During the period prior to disposal, the Group provided printing and newspaper services of £1.5 million (2015 £18.2 million) to Local World and the amounts paid to Local World in respect of receivables, collected on their behalf and revenue shares amounted to £7.1 million (2015 £52.0 million). The net amount due by the Group to Local World at 30 September 2016 was £nil (2015 £2.0 million). During the period prior to disposal, Local World were charged £nil (2015 £0.6 million) by the Group for rent and service charges in relation to leasehold properties. During the period prior to disposal the Group received dividends of £nil (2015 £23.2 million) from Local World.

During the year, Landmark Information Group Ltd (Landmark) charged management fees of £0.3 million (2015 £0.3 million) to Point X Ltd, a joint venture, and recharged costs of £0.1 million (2015 £0.1 million). Point X Ltd received royalty income from Landmark of £0.1 million (2015 £nil). The amount due from Point X Ltd to Landmark at 30 September 2016 was £nil (2015 £0.1 million).

Trepp Inc. has a 15.1% (2015 18.8%) interest and loan note receivable of £nil (2015 £0.3 million) in Mercatus Inc, an associate. During the period Mercatus Inc issued additional share capital and the loan note receivable was converted into equity.

On 1 April 2016, DMGI Land and Property Europe Ltd (LPE Ltd) received an option to purchase the remaining shares in Ochresoft Technologies Ltd (OTL), an associate in which LPE previously held a 30.0% interest (2015 30.0%) and the Group gained control. At 30 September 2016 OTL had a loan balance of £nil (2015 £0.6 million).

45 Related party transactions continued

Decision Insight Information Group (UK) Ltd (DIIG UK) has a 50.0% (2015 50.0%) interest in Decision First Ltd (DF), a joint venture. During the year, DIIG UK recharged costs to DF amounting to £0.2 million (2015 £0.2 million).

On-Geo GmbH (On-Geo) has a 50.0% (2015 50.0%) interest in HypoPort On-Geo GmbH (HypoPort), a joint venture. During the year, HypoPort made purchases from On-Geo amounting to £8.4 million (2015 £4.9 million). At 30 September 2016, £1.8 million (2015 £1.0 million) was owed by HypoPort to On-Geo.

On-Geo previously had a 50.0% (2015 50.0%) interest in Instant Service GmbH (ISAG), a joint venture. On 1 April 2016 the Group received an option to purchase the remaining shares in ISAG and the Group gained control. During the period to 1 April 2016 ISAG received revenues from On-Geo amounting to £5.8 million (2015 £9.6 million) and was recharged costs from On-Geo amounting to £0.1 million (2015 £0.2 million).

Hobsons Inc acquired a 50.0% stake in Knowlura, a joint venture, following the sale of Enrolment Management Solutions. Hobsons Inc is obligated to fund Knowlura's working capital up to US$1.0 million (£0.8 million). Interest is charged at 6.0% on the outstanding amount. No amounts were outstanding at 30 September 2016 (2015 £nil). A deferred revenue balance payable by Knowlura of £0.4 million was recognised as part of the sale and remains outstanding at 30 September 2016.

On 26 November 2015 DMG Media Investments Ltd acquired a 23.9% stake in Excalibur Holdco Ltd (Excalibur), an associate. During the year, services provided to Excalibur amounted to £1.5 million (2015 £nil). At 30 September 2016 amounts due from Excalibur amounted to £1.1 million (2015 £nil), together with loan notes of £20.5 million (2015 £nil). The loan notes carry a coupon of 10% and £1.8 million (2015 £nil) was due from Excalibur at 30 September 2016 in relation to this coupon.

ANL holds a 50.0% (2015 50.0%) shareholding in Artirix Ltd (Artirix), a joint venture. During the year the Group provided services totalling £0.1 million (2015 £0.1 million) to Artirix, with £nil (2015 £nil) remaining due at 30 September 2016.

The Group has a 31.3% (2015 31.3%) shareholding in Zoopla Property Group Plc (Zoopla), an associate. During the year, the Group received dividends of £5.2 million (2015 £2.7 million) from Zoopla.

AN Mauritius Ltd has a 26.0% (2015 26.0%) interest in Mail Today Newspapers Pte Ltd, a joint venture. During the year, additional share capital of £0.1 million (2015 £0.1 million) was invested in Mail Today Newspapers Pte Ltd.

ANL has a 50.0% (2015 50.0%) shareholding in Northprint Manchester Ltd, a joint venture. The net amount due to ANL of £5.8 million (2015 £5.8 million) has been fully provided.

ANL had a 50.0% (2015 50.0%) interest in Daily Mail.com Australia Pty Ltd (Mail Online Australia), a joint venture. In January 2016 ANL acquired the remaining 50.0% in Mail Online Australia. During the period prior to acquisition ANL provided services amounting to £0.9 million (2015 £0.8 million). At 30 September 2016, amounts owed from Mail Online Australia amounted to £nil (2015 £1.6 million).

DMG US Holdings Inc. has a 45.0% (2015 45.0%) shareholding in Truffle Pig LLC, an associate. A £0.2 million (2015 £nil) loan advanced by DMG US Holdings Inc. during the year remains outstanding at 30 September 2016.

Mail Media Inc. has a 50.0% (2015 50.0%) shareholding in Daily Mail On Air LLC, a joint venture. A £0.2 million loan (2015 £nil) advanced by Mail Media Inc. remains outstanding at 30 September 2016.

During the year the Group received a dividend of £nil (2015 £0.1 million) from Capital NET Ltd, an associate. The Group disposed of its investment in Capital NET Ltd during the prior year.

Other related party disclosures

During the prior year RCL received a payment of £52,200 relating to legal fees incurred in respect of Zoopla's acquisition of uSwitch and a payment of £10,000 in relation to an Australian tax enquiry.

During the prior year Lady Rothermere received a payment of £0.1 million relating to consultancy services provided during the refurbishment of Northcliffe House.

Under an agreement to guarantee the income generated from certain property assets held by the Harmsworth Pension Scheme which were purchased from the Group during a prior period, the Group was charged for rent and service charges in relation to the current year amounting to £1.1 million (2015 £1.2 million). At 30 September 2016, the Harmsworth Pension Scheme was owed £0.4 million (2015 £0.1 million) by the Group.

At 30 September 2016 the Group owed £0.8 million (2015 £0.8 million) to the pension schemes which it operates. This amount comprised employees' and employer's contributions in respect of September 2016 payrolls which were paid to the pension schemes in October 2016.

The Group recharges its principal pension schemes with costs of investment management fees. The total amount recharged during the year was £0.1 million (2015 £0.5 million).

Contributions made during the year to the Group's retirement benefit plans are set out in Note 36, along with details of the Group's future funding commitments.

In July 2012, the Group entered into a contingent asset partnership whereby a £150.0 million loan note, guaranteed by the Company, was used to commit funding of £10.8 million p.a. to the Harmsworth Pension Scheme. Interest payable to DMG Pensions Partnership LP in the year amounted to £11.1 million (2015 £11.1 million).

46 Post balance sheet events

Disposals

Following a post year-end evaluation dmg media has entered into a period of consultation with a view to closing its print site in Didcot.

The consultation process is expected to be complete by the end of December 2016. Should the site be closed, costs associated with the closure are estimated to be in the region of £47.0 million.

On 8 December 2016 the Group announced its intention to reduce its holding in Euromoney Institutional Investor PLC (Euromoney) to approximately 49% by a sale of approximately 32.3 million shares in Euromoney.

The sale is to comprise two parts: (i) a placing and (ii) a buy-back by Euromoney and subsequent cancellation of the bought back shares. The effect of the sale will be to reduce DMGT's holding from 67.9% of Euromoney's issued share capital to approximately 49% when Euromoney will cease to be a subsidiary and will be accounted for as an associate.

47 Subsidiaries exempt from audit

The following UK subsidiaries will take advantage of the audit exemption set out within Section 479A of the Companies Act 2006 for the year ending 30 September 2016:

Subsidiary name	Company registration number	Subsidiary name	Company registration number
A&N International Media Ltd	04147978	DMG Business Media Ltd	02823743
Associated London Distribution Ltd	03961514	DMG Charles Ltd	04211684
EX ERH Ltd	05910261	DMG Investment Holdings Ltd	03263138
Northcliffe Media Ltd	03403993	DMG Minor Investments Ltd	04228751
DMG Information Ltd	03708142	DMG Plymouth Ltd	09198500
DMG Angex Ltd	02302189	DMGRH Finance Ltd	03191181
DMG Events International Ltd	04118004	DMGZ Ltd	00272225
DMG Events Ltd	01150306	Harmsworth Royalties Ltd	04219212
CTF Asset Finance Ltd	03178533	Kensington Finance Ltd	03960683
Daily Mail International Ltd	01966438	Kensington US Holdings Ltd	06320636
Derry Street Investments Ltd	04485760	Ralph US Holdings	06341444
DMG Asset Finance Ltd	05528329	Young Street Holdings Ltd	04485808
DMG Atlantic Ltd	04521108		

The Directors of Daily Mail and General Trust plc have confirmed that the Company will provide a guarantee under Section 479C in relation to the subsidiaries listed above.

No dormant subsidiaries have taken the exemption from preparing individual accounts by virtue of Section 394A of the Companies Act 2006.

No dormant subsidiaries have taken the exemption from filing with the registrar individual accounts by virtue of Section 448A of the Companies Act 2006.

The following UK subsidiaries will take advantage of the audit exemption set out within Section 480 of the Companies Act 2006, exemption from audit for dormant companies for the year ending 30 September 2016:

Subsidiary name	Company registration number	Subsidiary name	Company registration number
Associated Newspapers (USA) Ltd	03016861	The PSA Group Ltd	03480282
Associated Newspapers (Ireland) Holdings Ltd	04042170	Bath News & Media	03215208
Daily Mail Ltd	01160542	Central Independent News and Media Ltd	03015855
Derby Telegraph Media Group Ltd	00218661	Conveyancing Searches Ltd	05063368
EX TTH Ltd	04282263	Cornwall & Devon Media Ltd	00348987
Grimsby & Scunthorpe Media Group Ltd	02642787	Courier Media Group Ltd	00101944
Harmsworth Printing (Stoke) Ltd	04148861	Express & Echo News & Media Ltd	00070992
Mail Life Financial Services Ltd	01063950	Gloucestershire Media Ltd	00163659
North Cornwall Post & Diary Ltd	04865549	Leicester Mercury Media Group Ltd	00226937
Rentalsystems.com Ltd	04404934	Northcliffe Trustees Ltd	03394992
The Mail on Sunday Ltd	01160545	South West Media Group Ltd	00210591
Richards Gray Holdings Ltd	05778231	South West Wales Media Ltd	00120013
DKA Ltd	SC292312	The Conveyancing Report Agency Ltd	04666668
Lee & Co (Belfast) Ltd	NI028688	The Western Gazette Co Ltd	00022796
Property Search Agency Ltd	02027265	ABF1 Ltd	02386168
Propertyflow Ltd	05155901	ABF2 Ltd	03101837
Richards Gray Ltd	03209331	Euromoney ESOP Trustee Ltd	02662861
The Conveyancing Channel Ltd	04149551	Euromoney Guarantee Ltd	08871434
Legal Media Group Ltd	04252163		

48 Full list of Group undertakings

Subsidiary name	Note	Country of incorporation or registration	Classes of shares held	% shareholding (% held directly by parent)
A&N International Media Ltd		UK	Ordinary	100
A&N Media Finance Services Ltd		UK	Ordinary	100
ABF1 Ltd		UK	Ordinary	67.9
ABF2 Ltd		UK	Ordinary	67.9
Adhesion Asia Ltd		Hong Kong	Ordinary	67.9
Adhesion Group SA		France	Ordinary	67.9
AgRisk Ltd		UK	Ordinary	100
AN Mauritius Ltd		Mauritius	Ordinary	100
Apply Yourself Inc		USA	Common	100
Argyll Environmental Ltd		UK	Ordinary	100
Asia Business Forum (Singapore) Pte Ltd		Singapore	Ordinary	67.9
Asia Business Forum (Thailand) Ltd		Thailand	Ordinary, Preference	67.9
Asia Business Forum SDN.BHD		Malaysia	Ordinary	67.9
Asia Risk Centre Pte Ltd		Singapore	Ordinary	100
Asia Risk Centre, Inc		USA	Ordinary	100
Associated London Distribution Ltd		UK	Ordinary	100
Associated Metro Holdings Ltd	(i)	Jersey	Ordinary	100
Associated Newspapers (Ireland) Holdings Ltd		UK	Ordinary	100
Associated Newspapers (Ireland) Ltd		Ireland	Ordinary	100
Associated Newspapers (USA) Ltd		UK	Ordinary	100
Associated Newspapers Ltd		UK	Ordinary	100
Associated Newspapers North America, Inc		USA	Common, Preference, Series A	100
AVMGE GmbH		Germany	Ordinary	89.9
AY Software Services Inc		USA	Common	100
Bath News & Media		UK	Ordinary	100
BCA Research Inc		Canada	Ordinary	67.9
Benchmark Financials Ltd		Colombia	Ordinary	67.9
BPR Associados Ltda		Colombia	Ordinary	67.9
BPR Benchmark Ltda		Colombia	Ordinary	67.9
BPR Holdings Ltd		Colombia	Ordinary	67.9
Bright Milestone Ltd		Hong Kong	Ordinary	67.9
Brixspan, LLC		USA	Ordinary	56.4
BSG (USA), Inc		USA	Common	100
BuildFax Inc		USA	Common, Series A, B, C, D, E, G Preferred Stock	90.0
Business Forum Group Holdings Ltd		Thailand	Ordinary	67.9
Catchpole Communications FZ-LLC		Dubai	Ordinary	100
CEIC Data – Internet Securities Japan K.K.		Japan	Ordinary	67.9
CEIC Data (SG) Pte Ltd		Singapore	Ordinary	67.9
CEIC Data (Shanghai) Co Ltd		China	Ordinary	67.9
CEIC Data (Thailand) Co Ltd		Thailand	Ordinary	67.9
CEIC Data Co Ltd		Hong Kong	Ordinary	67.9
CEIC Data Korea Ltd		Korea	Ordinary	67.9
CEIC Holdings Ltd		Hong Kong	Ordinary	67.9
CEICdata.com (Malaysia) Sdn Bhd		Malaysia	Ordinary	67.9
Central Independent News and Media Ltd		UK	Ordinary	100
Centre For Investor Education (UK) Ltd		UK	Ordinary	50.9
Centre For Investor Education Pty Ltd		Australia	Ordinary	50.9
Commodity Vectors (Ireland) Ltd		Ireland	Ordinary	100
Commodity Vectors Ltd		UK	Ordinary	100
Company Information Direct Ltd		Ireland	Ordinary	100
Conveyancing Searches Ltd		UK	Ordinary	100
Cornwall & Devon Media Ltd		UK	Ordinary	100
Courier Media Group Ltd		UK	Ordinary	100
CTF Asset Finance Ltd		UK	Ordinary	100
Dailymail.com Australia Pty Ltd		Australia	Ordinary	50%
Daily Mail and General Holdings Ltd	*	UK	Ordinary	100

NOTES TO THE ACCOUNTS

Subsidiary name	Note	Country of incorporation or registration	Classes of shares held	% shareholding (% held directly by parent)
Daily Mail and General Investments Ltd		UK	Ordinary	100
Daily Mail and General Trust plc		UK	Ordinary and A Ordinary Non-voting	N/A
Daily Mail International Ltd		UK	Ordinary	100
Daily Mail Ltd		UK	Ordinary	100
David Kirk & Associates (Leven) Ltd		UK	Ordinary	100
Decision Insight Hub Ltd		UK	Ordinary	100
Decision Insight Information Group (Europe) Ltd		UK	Ordinary	100
Decision Insight Information Group (Ireland) Ltd		Ireland	Ordinary	100
Decision Insight Information Group (UK) Ltd		UK	Ordinary	100
Decision Insight Packco Ltd		UK	Ordinary	100
Derby Telegraph Media Group Ltd		UK	Ordinary	100
Derry Street Investments Ltd		UK	Ordinary	100
Digital H20 Inc		USA	Common	100
DKA Ltd		UK	Ordinary	100
DMG Angex Ltd		UK	Ordinary	100
DMG Asset Finance Ltd		UK	Ordinary	100
DMG Atlantic Ltd		UK	Ordinary	100
DMG Business Media Ltd		UK	Ordinary	100
DMG Charles Ltd		UK	Ordinary, Preference	100
DMG Comet Sarl		Luxembourg	Ordinary	100
DMG Comet Sarl US branch		USA	Ordinary	100
DMG Conference & Exhibition Services (Shanghai) Ltd		China	Ordinary	100
DMG Consolidated Holdings Pty Ltd		Australia	Ordinary	100
DMG Events Ltd		UK	A Ordinary	100
DMG Events Pty Ltd		Australia	Ordinary	100
DMG Exhibition Management Services (PTY) Ltd		South Africa	Ordinary	100
DMG Guernsey Ltd	(ii)	Guernsey	Ordinary	100
DMG Hobsons Pty Ltd		Australia	Ordinary	100
DMG Holdings (Iceland) ehf	(ii)	Iceland	Ordinary, A Ordinary	100
DMG India Private Ltd		India	Ordinary	100
DMG Information Asia Pacific Pte Ltd		Singapore	Ordinary	100
DMG Information Holdings Inc		USA	Common	100
DMG Information Hong Kong Company Ltd		Hong Kong	Ordinary	100
DMG Information Inc		USA	Common, Series A	100
DMG Information Ltd		UK	Ordinary	100
DMG Information US Inc		USA	Common	100
DMG Investment Holdings Ltd		UK	Ordinary	100
DMG Ireland Holdings Ltd		Ireland	Ordinary	100
DMG Loanco Ltd		UK	Ordinary	100
DMG Media Investments Ltd		UK	Ordinary	100
DMG Media Ltd		UK	Ordinary	100
DMG Minor Investments Ltd		UK	Ordinary	100
DMG Nederland BV		Netherlands	Ordinary	100
DMG Oceans Ltd		UK	Ordinary	100
DMG Plymouth Ltd		UK	Ordinary	100
DMG Radio Australia Partnership		Australia	Partnership Units	100
DMG US Holdings Inc		USA	Common	100
DMG US Investments Inc		USA	Common	100
DMG US, L.P.		USA	Series A Partnership, Series B Partnership	100
DMG World Media Abu Dhabi Ltd	(i)	Jersey	Ordinary	100
DMG World Media Dubai (2006) Ltd	(i)	Jersey	Ordinary	100
DMGB Ltd		UK	Ordinary	100
dmgi Land & Property Europe Ltd		UK	Ordinary	100
DMGRH Finance Ltd		UK	Ordinary	100
DMGZ Ltd		UK	Ordinary	100
EDR Landmark Management Services Ltd		UK	Ordinary	100
EI Cap II LLC		USA	Membership Interests	100
EII (Ventures) Ltd		UK	Ordinary	67.9

48 Full list of Group undertakings continued

Subsidiary name	Note	Country of incorporation or registration	Classes of shares held	% shareholding (% held directly by parent)
EII Holdings Inc		USA	Common, Preference	67.9
EII US Inc		USA	Common	67.9
EIMN LLC		USA	Ordinary	67.9
Elite Daily, Inc		USA	Ordinary	100
Energy Fundamentals GmbH		Switzerland	Ordinary	100
Energytics Inc		USA	Common	100
Ensura Ltd		UK	Ordinary	100
Enva Power Inc		USA	Common	100
Environmental Data Resources, Inc		USA	Common	100
Epropertydata.com LLC		USA	Membership Interests	81.0
Estate Technical Solutions Ltd		UK	Ordinary	100
Euromoney (Singapore) Pte Ltd		Singapore	Ordinary	67.9
Euromoney Canada Ltd		UK	Ordinary	67.9
Euromoney Charles Ltd		UK	Ordinary	100
Euromoney Consortium 2 Ltd		UK	Ordinary	67.9
Euromoney Consortium Ltd		UK	Ordinary, Preference	100
Euromoney Employee Share Trust		Jersey	Ordinary	67.9
Euromoney ESOP Trustee Ltd		UK	Ordinary	67.9
Euromoney Global Ltd		UK	Ordinary	67.9
Euromoney Guarantee Ltd		UK	Ordinary Limited Guarantee	67.9
Euromoney Holdings US Inc		USA	Ordinary	67.9
Euromoney Institutional Investor (Jersey) Ltd	(iii)	Jersey	Ordinary	67.9
Euromoney Institutional Investor PLC		UK	Ordinary	67.9
Euromoney Jersey Ltd	(ii)	Jersey	Ordinary	67.9
Euromoney Luxembourg S.a r.l.		Luxembourg	Ordinary	67.9
Euromoney Luxembourg S.a.r.l US branch		USA	Ordinary	67.9
Euromoney Partnership LLP		UK	Ordinary	67.9
Euromoney Polska SP Zoo		Poland	Ordinary	67.9
Euromoney Publications (Jersey) Ltd		Jersey	Ordinary	67.9
Euromoney Services Inc		USA	Ordinary	67.9
Euromoney Trading Ltd		UK	Ordinary	67.9
Euromoney Training Inc		USA	Ordinary	67.9
Eve 3 Ltd	* (ii)	Jersey	Ordinary	100
Eve 4 Ltd	*	Jersey	Ordinary	100
EX ERH Ltd		UK	Ordinary	100
EX TTH Ltd		UK	Ordinary	100
Excido Pty Ltd (D)		Australia	Ordinary	100
Express & Echo News & Media Ltd		UK	Ordinary	100
Fantfoot Ltd		UK	Ordinary	67.9
FastMarkets Inc.		USA	Common Stock	67.9
FastMarkets Ltd		UK	Ordinary	67.9
FastMarkets Pte Ltd		Singapore	Ordinary	67.9
First Search Mid West LLC		USA	Ordinary A	100
First Search Technology Corporation		USA	Ordinary, Ordinary A	100
Fortress Digital Holdings, Inc		USA	Ordinary	100
Fortress Digital, LLC		USA	Ordinary	56.4
Genscape Asia, Inc		USA	Common	100
Genscape Belgium SA		Belgium	Ordinary	100
Genscape Czech Republic sro		Czech Republic	Ordinary	100
Genscape France		France	Ordinary	100
Genscape Germany GmbH		Germany	Ordinary	100
Genscape Iberia SL		Spain	Ordinary	100
Genscape Inc		USA	Common	100
Genscape Intangible Holding Inc		USA	Common	100
Genscape International Inc		USA	Common	100
Genscape Italy		Italy	Ordinary	100
Genscape Japan, K.K.		Japan	Ordinary	100

Subsidiary name	Note	Country of incorporation or registration	Classes of shares held	% shareholding (% held directly by parent)
Genscape Natural Gas Inc		USA	Common	100
Genscape Netherlands		Netherlands	Ordinary	100
Genscape Poland SA		Poland	Ordinary	100
Genscape Slovakia		Slovakia	Ordinary	100
Genscape UK Ltd		UK	Ordinary	100
GGA Pte Ltd		Singapore	Ordinary	67.9
Glenprint Ltd		UK	Ordinary	67.9
Global Commodities Group S.a.r.l.		Switzerland	Ordinary	67.9
Gloucestershire Media Ltd		UK	Ordinary	100
GP Energy Management, LLC		USA	Membership units	100
Gridfit, LLC		USA	Membership units	100
Grimsby & Scunthorpe Media Group Ltd		UK	Ordinary	100
GSquared, LLC		USA	Membership Interests	59.0
Harmsworth Printing (Didcot) Ltd		UK	Ordinary	100
Harmsworth Printing (Stoke) Ltd		UK	Ordinary	100
Harmsworth Printing Ltd		UK	Ordinary	100
Harmsworth Quays Printing Ltd		UK	Ordinary	100
Harmsworth Royalties Ltd		UK	Ordinary	100
Hobsons Asia SDN BHD		Malaysia	Ordinary	100
Hobsons Australia Pty Ltd		Australia	Ordinary	100
Hobsons Inc		USA	Common	100
Hobsons PLC		UK	Ordinary	100
Inframation GmbH		Germany	Ordinary, Preference	100
Insider Publishing Ltd		UK	Ordinary	67.9
Instant Services GmbH		Germany	Ordinary	49.9
Institutional Investor LLC		USA	Ordinary	67.9
Institutional Investor Networks UK Ltd		UK	Ordinary	67.9
Internet Data Services (I) Pvt Ltd		India	Ordinary	67.9
Internet Securities Hong Kong Ltd		Hong Kong	Ordinary	67.9
Internet Securities (BVI) Ltd		Colombia	Ordinary	67.9
Internet Securities Argentina S.A.		Argentina	Ordinary	67.9
Internet Securities Brazil Ltda		Brazil	Ordinary	67.9
Internet Securities Bulgaria EOOD		Bulgaria	Ordinary	67.9
Internet Securities Colombia Ltd		Colombia	Ordinary	67.9
Internet Securities de Chile Ltda		Chile	Ordinary	67.9
Internet Securities de Mexico SDeRLdeCV		Mexico	Ordinary	67.9
Internet Securities Egypt Ltd		Egypt	Ordinary	67.9
Internet Securities Inc		USA	Ordinary	67.9
Internet Securities Istanbul Bilgo Merkezi LD STI		Turkey	Ordinary	67.9
Internet Securities Ltd		UK	Ordinary	67.9
Internet Securities Shanghai Ltd		China	Ordinary	67.9
Ireland on Sunday Ltd		Ireland	Ordinary	100
Justice for Sgt Blackman Ltd		UK	Limited by Guarantee	
Karnes Research Company LLC		USA	Membership Interests	70.0
Kensington Finance Ltd		UK	Ordinary	100
Kensington US Holdings Ltd		UK	Ordinary	100
KWG Inc		USA	Common	56.4
Landmark Analytics Ltd		UK	Ordinary	100
Landmark FAS Ltd		UK	Ordinary	100
Landmark Information Group Ltd		UK	Ordinary, Ordinary A, Redeemable Preference	100
Landmark International Holdings Ltd		UK	Ordinary	100
Latin American Financial Publications Inc		USA	Ordinary	67.9
Lawlink (UK) Ltd		UK	Ordinary	100
Lawlink Ltd		Ireland	Ordinary	100
Lee & Co (Belfast) Ltd		UK	Ordinary	100
Legal Media Group Ltd		UK	Ordinary	67.9
Leicester Mercury Media Group Ltd		UK	Ordinary	100
Locus Energy Inc		USA	Common	100

48 Full list of Group undertakings continued

Subsidiary name	Note	Country of incorporation or registration	Classes of shares held	% shareholding (% held directly by parent)
Mail Life Financial Services Ltd		UK	Ordinary	100
Mail Media Inc		USA	Ordinary	100
Metal Bulletin Holdings, LLC		USA	Ordinary	67.9
Microdot, LLC		USA	Ordinary A	100
Millar & Bryce Ltd		UK	Ordinary	100
Mistview Holdings Ltd		Ireland	Ordinary	100
Naviance Education Information consulting (Nanjing) Co Ltd		China	Registered Capital	100
Naviance, Inc		USA	Common	100
Ned Davis Research Inc		USA	Ordinary	57.4
Northcliffe Media Ltd		UK	Ordinary	100
Northcliffe Trustees Ltd		UK	Ordinary A, Ordinary B	100
On-Geo GmbH		Germany	Ordinary	89.9
The Petrochemical Standard (Singapore) Pte Ltd		Singapore	Ordinary	100
Petrotranz Holdings Inc		Canada	Ordinary	100
Petrotranz Inc		Canada	Ordinary	100
Pipeline & Energy Expo, LLC		USA	Common	50.4
Power Supply, LLC		USA	Class A membership units	100
Property Search Agency Ltd		UK	Ordinary	100
Propertyflow Ltd		UK	Ordinary	100
Quest End Computer Services Ltd		UK	Ordinary	100
Ralph US Holdings		UK	Ordinary	100
Real Data Insights, LLC		USA	Ordinary	56.4
Redquince Ltd		UK	Ordinary	67.9
Reflex Publishing ME FZ LLC		Dubai	Ordinary	100
Reinsurance Security (Consultancy).co.uk Ltd		UK	Ordinary	67.9
Rental Systems.com Ltd		UK	Ordinary, Preference	100
Richards Gray Holdings Ltd		UK	Ordinary	100
Richards Gray Ltd		UK	Ordinary	100
Risk Management Solutions (Bermuda) Ltd		Bermuda	Ordinary	98.0
Risk Management Solutions Inc		USA	Common	98.0
Risk Management Solutions Ltd		UK	Ordinary	98.0
Risk Management Solutions Ltd (China)		China	Common	98.0
RMS Japan KK		Japan	Ordinary	98.0
RMS Risk Management Solutions India Pte Ltd		India	Ordinary Voting	100
RMS Technologies Ltd		UK	Ordinary	100
RMS Worldwide, Inc		USA	Common	98.0
Rochford Brady Legal Services Ltd		Ireland	Ordinary	100
Rochford Brady Online Services Ltd		Ireland	Ordinary	100
SearchFlow Ltd		UK	Ordinary	100
Siatka Ltd		UK	Ordinary A, Ordinary B	100
Softec Immobilicense Software GmbH		Germany	Ordinary	100
South West Media Group Ltd		UK	Ordinary	100
South West Wales Media Ltd		UK	Ordinary	100
Starfish Retention Solutions Inc		USA	Common	100
Steel First Ltd		UK	Ordinary A	67.9
Stennent Website Plc		Ireland	Ordinary	71.0
Storas Holdings Pte Ltd		Singapore	Ordinary	67.9
The Conveyancing Channel Ltd		UK	Ordinary	100
The Conveyancing Report Agency Ltd		UK	Ordinary	100
The Mail on Sunday Ltd		UK	Ordinary	100
The Petrochemical Standard, Inc		USA	Ordinary	100
The PSA Group Ltd		UK	Ordinary	100
The Sanborn Library, LLC		USA	Membership Interests	100
The Western Gazette Co Ltd		UK	Ordinary	100
Tipall Ltd		UK	Ordinary	67.9
Title Media (IOS) Ltd		Ireland	Ordinary	100

NOTES TO THE ACCOUNTS

Subsidiary name	Note	Country of incorporation or registration	Classes of shares held	% shareholding (% held directly by parent)
Title Media Ltd		Ireland	Ordinary, Ordinary A, B, C, D, E, F	100
Trepp Holdings Inc		USA	Common	100
Trepp LLC		USA	Membership Interests	100
Trepp Ltd		UK	Ordinary	100
Trepp Port LLC		USA	Ordinary	51.0
Trepp UK Ltd		UK	Ordinary	100
TTI Technologies LLC		USA	Ordinary	67.9
Vesseltracker.com GmbH		Germany	Ordinary	100
Watervale Ltd		UK	Ordinary	100
Web2 d.o.o.		Serbia	Ordinary	51.0
World Bulk Wine Exhibition S.L		Spain	Ordinary	57.0
Xceligent Inc		USA	Common, Series A Preferred	70.0
Young Street Holdings Ltd		UK	Ordinary	100

All subsidiaries are included in the consolidated financial statements of the Group.

* Direct investment held by the parent Company Daily Mail and General Trust plc (DMGT). All other subsidiaries are held indirectly through subsidiaries of DMGT.

(i) Principal place of business in the UAE.

(ii) Principal place of business in the UK.

(iii) Principal place of business in Hong Kong.

Joint venture name	Address of principal place of business	Financial year end	% capital included in consolidation
Artirix Ltd	Northcliffe House, 2 Derry Street, London W8 5TT	30 September	50.0
Daily Mail On-Air LLC	137 N. Larchmont Blvd, 705, Los Angeles, CA United States		50.0
Decision First Ltd	Cardinal House, 9 Manor Road, Leeds, West Yorkshire LS11 9AH	31 December	50.0
EIIZ Discovery LLC	225 Park Avenue. South, New York	30 September	50.0
Excalibur Holdco Ltd	Wowcher Towers, 12–27 Swan Yard, London N1 1SD	2 October	23.9
Hypoport On-Geo GmbH	Klosterstr. 71, 10179 Berlin, Germany	31 December	50.0
Independent Television News Ltd	20 Grays Inn Road, London WC1X 8XZ	31 December	20.0
Institutional Investor Zanbato Ltd	8 Bouverie Street, London EC4Y 8AX	30 September	50.0
Knowlura, Inc	2711 Centerville Road, Suite 400, Wilmington, DE 19808	30 September	50.0
Living Social Europe Ltd	Wowcher Towers, 12–27 Swan Yard, London N1 1SD	30 September	23.9
Living Social Ltd	Wowcher Towers, 12–27 Swan Yard, London N1 1SD	30 September	23.9
Mail Today Newspapers Pte Ltd	F-26, Connaught Place, New Delhi – 110 001, India	30 September	26.0
Northcliffe Print Manchester	Kings Place, 90 York Way, London N1P 2AP	31 March	50.0
Point X Ltd	5–7 Abbey Court, Eagle Way, Exeter, Devon EX2 7HY	31 March	50.0
Sanborn Colorado Government LLC	1935 Jamboree Drive, Suite 100, Colorado Springs, Colorado, 80920 USA	31 December	49.0
Sanostro Institutional AG	Allmendstrasse 140, 8041 Zurich, Switzerland	30 September	50.0
The Sanborn Map Company Inc	160 Greentree Drive, Suite 101, Dover DE 19904 United States	31 December	49.0
This is Essex Ltd	Loud Water Mill, Station Road, High Wycombe, Buckinghamshire HP10 9TY	30 September	50.0

The Group has joint control over all of the joint ventures listed above because key operating decisions require the unanimous consent of the Group and the other investor(s).

48 Full list of Group undertakings continued

Associate name	Country of incorporation or registration	Classes of shares held	% shareholding
Axiometrics Inc	USA	Class A membership units	18.7
Carspring Ltd	UK	Series A1	25.0
Clipper Data LLC	USA	Ordinary	14.1
Diamond Topco Ltd (Dealogic)	UK	Ordinary	15.5
Eatfirst UK Ltd	UK	Ordinary	25.0
Funcent DMG Information Technology Hong Kong Company Ltd	Hong Kong	Ordinary	12.1
Global Events Partners Ltd	UK	Ordinary	15.0
iProf Learning Solutions India Pte Ltd	India	Ordinary	10.0
Liases Foras Real Estate Rating and Research Private Ltd	India	Equity Share, Series A Compulsory, Cumulative Convertible Preference Shares	28.5
Mercatus Inc	USA	Ordinary	15.1
North Cornwall Post & Diary Ltd	UK	Ordinary	25.0
Ochresoft Technologies Ltd	UK	Deferred, Ordinary, Ordinary A, Preference	30.0
OYO RMS	Japan	Ordinary	19.6
Praedicat, Inc	USA	Preference	29.6
Real Capital Analytics, Inc	USA	Common Preference shares	39.7
RLTO Ltd	UK	Ordinary	20.0
Skymet Weather Services Private Ltd	India	Ordinary	20.8
Social Metrix SA	Argentina	Ordinary	34.7
Spaceways Storage Services UK Ltd	UK	Ordinary	25.0
Truffle Pig LLC	USA	Common Units	45.0
WellAware Holdings Inc	USA	Preference	8.1
Wellington Weekly News Ltd	UK	Ordinary	20.0
Whereoware LLC	USA	Membership Interests	19.5
Zipjet Ltd	UK	Ordinary	25.0
Zoopla Property Group Plc	UK	Ordinary	31.3

Investment name	Country of incorporation or registration	Classes of shares held	% shareholding
Agriculture Geospatial Coalition, LLC	USA	Membership interests	16.7
Baoshu Information Technology (Shenzhen) Co Ltd	China	Ordinary	12.1
Brit Media Inc	USA	Ordinary	1.6
Chemd Holdings Ltd	UK	A Preferred	5.0
Compstak Inc	USA	Common	2.0
Cue Ball Capital LP	USA	Partnership Units	2.5
Estimize,Inc	USA	Ordinary	10.0
ES London Ltd	UK	Ordinary	30.0
Evening Standard Ltd	UK	Ordinary, Ordinary Non-voting	24.9
Financial Network Analytics Ltd	UK	Ordinary A	10.0
JEGI Internet Economy Partners, L.P.	USA	Membership Interests	17.0
KCI/Sanborn Joint Venture Partnership, LLC	USA	Membership Interests	23.0
National RE/Sources LLC	USA	Membership Interests	2
Nazca IT Solutions BV	Netherlands	Ordinary	15.0
Pascal Metrics Inc	USA	Ordinary	4.3
Pembroke Holdings, L.L.C	USA	Membership Interests	10.0
Pharmacy 2u Ltd	UK	Ordinary	1.0
Press Association Ltd	UK	Ordinary	15.6
Propstack Services Private Ltd	India	Ordinary	9
Shanghai Maili Marine Technology Co Ltd	China	Registered Capital	20.0
Taboola.com Ltd	Israel	Ordinary	0.4
TigerBeat Media LLC	USA	Membership Interests	12.8
Upstream Group Inc	USA	Ordinary	3.6
Workana LLC	Argentina	Membership Interests	5.2
Yopa Property Ltd	UK	Ordinary	1.7
XAP Corporation	USA	Common	19.4
Zanbato Inc	USA	Ordinary	9.9

FIVE-YEAR FINANCIAL SUMMARY

Consolidated Income Statement

	Audited 52 weeks ended 30 September 2012 £m	Audited 52 weeks ended 30 September 2013 £m	Audited 52 weeks ended 30 September 2014 £m	Audited year ended 30 September 2015 £m	Audited year ended 30 September 2016 £m
Revenue	1,688.0	1,674.2	1,811.2	1,842.7	**1,917.3**
Adjusted operating profit	263.0	280.3	296.2	287.0	**277.0**
Exceptional operating costs, impairment of internally generated and acquired computer software, property, plant and equipment and investment property, amortisation and impairment of acquired intangible assets arising on business combinations and impairment of goodwill	(127.4)	(66.8)	(112.2)	(80.2)	**(150.6)**
Operating profit before share of results from joint ventures and associates	135.6	213.5	184.0	206.8	**126.4**
Share of results of joint ventures and associates	(1.8)	5.3	14.3	11.3	**3.0**
Total operating profit	133.8	218.8	198.3	218.1	**129.4**
Other gains and losses	114.4	27.6	138.9	82.4	**137.9**
Profit before investment revenue, net finance costs and tax	248.2	246.4	337.2	300.5	**267.3**
Investment revenue	2.3	3.1	10.1	4.0	**2.5**
Net finance costs	(79.1)	(71.0)	(80.3)	(88.4)	**(22.9)**
Profit before tax	171.4	178.5	267.0	216.1	**246.9**
Tax	26.1	(34.2)	(18.3)	(20.8)	**(32.7)**
Profit for the year after tax	197.5	144.3	248.7	195.3	**214.2**
Discontinued operations	59.8	43.7	34.3	50.0	**–**
Equity interests of minority shareholders	(22.7)	(23.4)	(20.1)	(28.7)	**(10.0)**
Profit for the year	234.6	164.6	262.9	216.6	**204.2**
Adjusted profit before tax and non-controlling interests	246.9	266.6	291.1	280.5	**259.6**
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	378.3	374.4	391.1	376.8	**363.7**
Adjusted profit after taxation and non-controlling interests	181.5	188.2	207.4	215.5	**197.8**
Earnings per share					
Number of shares for basic	382.8	377.5	372.4	360.8	**353.4**
Number of shares for diluted	393.7	386.8	378.2	366.5	**360.6**
Profit effect of dilutive shares	(0.6)	(0.3)	(0.7)	(0.3)	**(0.9)**
From continuing operations					
Basic	45.7p	32.1p	61.4p	46.2p	**57.8p**
Diluted	44.2p	31.2p	60.2p	45.4p	**56.4p**
From discontinued operations					
Basic	15.6p	11.5p	9.2p	13.9p	**0.0p**
Diluted	15.2p	11.3p	9.1p	13.6p	**0.0p**
From continuing and discontinued operations					
Basic	61.3p	43.6p	70.6p	60.1p	**57.8p**
Diluted	59.4p	42.5p	69.3p	59.0p	**56.4p**
Adjusted earnings per share					
Basic	47.4p	49.9p	55.7p	59.7p	**56.0p**
Diluted	45.9p	48.5p	54.6p	58.7p	**54.7p**

Five-year Financial Summary

Consolidated Cash Flow Statement

	Audited 52 weeks ended 30 September 2012 £m	Audited 52 weeks ended 30 September 2013 £m	Audited 52 weeks ended 30 September 2014 £m	Audited year ended 30 September 2015 £m	Audited year ended 30 September 2016 £m
Net cash inflow from operating activities	254.0	347.2	218.4	259.7	**232.1**
Investing activities	(12.1)	(87.7)	26.0	(44.2)	**(35.8)**
Financing activities	(304.7)	(277.5)	(302.7)	(212.2)	**(214.6)**
Net (decrease)/increase in cash and cash equivalents	(62.8)	(18.0)	(58.3)	3.3	**(18.3)**
Cash and cash equivalents at beginning of year	171.7	107.3	88.5	29.0	**31.5**
Exchange gain/(loss) on cash and cash equivalents	(1.6)	(0.8)	(1.2)	(0.8)	**4.3**
Cash and cash equivalents at end of year	107.3	88.5	29.0	31.5	**17.5**
Net (decrease)/increase in cash and cash equivalents	(62.8)	(18.0)	(58.3)	3.3	**(18.3)**
Cash inflow/(outflow) from change in debt and finance leases	126.2	17.8	31.3	(86.9)	**101.5**
Change in net debt from cash flows	63.4	(0.2)	(27.0)	(83.6)	**83.2**
Loan notes issued and loans arising from acquisitions	–	–	(3.0)	–	**(0.2)**
Other non-cash items	43.2	40.2	0.2	(15.1)	**(60.2)**
Decrease/(increase) in net debt in the year	106.6	40.0	(29.8)	(98.7)	**22.8**
Net debt at beginning of year	(719.6)	(613.0)	(573.0)	(602.8)	**(701.5)**
Net debt at end of year	(613.0)	(573.0)	(602.8)	(701.5)	**(678.7)**

Consolidated Statement of Financial Position

	At 30 September 2012 £m	At 30 September 2013 £m	At 30 September 2014 £m	At 30 September 2015 £m	At 30 September 2016 £m
Goodwill and intangible assets	968.5	1,056.8	1,125.3	1,332.6	**1,480.8**
Tangible assets	244.9	214.0	202.0	181.1	**176.1**
Fixed asset investments	150.3	188.3	145.9	157.0	**165.9**
Other non-current assets	243.9	203.3	213.6	230.7	**285.5**
Fixed assets	1,607.6	1,662.4	1,686.8	1,901.4	**2,108.3**
Net current liabilities	(268.0)	(338.9)	(511.1)	(363.2)	**(443.3)**
Long-term liabilities	(1,087.9)	(986.8)	(785.1)	(1,078.4)	**(1,135.7)**
Net assets	251.7	336.7	390.6	459.8	**529.3**
Shareholders' equity					
Called-up share capital	49.1	49.2	49.2	45.4	**45.3**
Share premium account	13.5	16.3	17.8	17.8	**17.8**
Other reserves	(75.3)	(152.5)	(240.7)	(97.3)	**(71.8)**
Minority interests	95.3	113.6	117.8	154.9	**178.2**
Retained earnings	169.1	310.1	446.5	339.0	**359.8**
Total equity	251.7	336.7	390.6	459.8	**529.3**

Shareholder information

	2012	2013	2014	2015	2016
Dividend per share*	18.00p	19.20p	20.40p	21.40p	**22.00p**
Price of A Ordinary Non-Voting Shares:					
Lowest	£3.48	£4.51	£6.99	£6.99	**£5.71**
Highest	£4.97	£8.35	£10.74	£9.90	**£7.90**

* Represents the dividends declared by the Directors in respect of the above years.

COMPANY STATEMENT OF FINANCIAL POSITION

At 30 September 2016

	Note	At 30 September 2016 £m	At 30 September 2015 £m
ASSETS			
Fixed assets			
Shares in Group undertakings	4	**3,109.5**	2,643.2
Available-for-sale investments	5	**1.8**	1.8
Trade and other debtors	6	**643.3**	452.9
		3,754.6	3,097.9
Current assets			
Trade and other debtors	6	**165.8**	132.8
Cash at bank and in hand	7	**0.1**	0.1
Deferred tax	11	**5.1**	6.8
		171.0	139.7
Total assets		**3,925.6**	3,237.6
LIABILITIES			
Creditors: amounts falling due within one year			
Trade and other creditors	8	**(251.5)**	(280.5)
Bank loans and overdrafts	8	**(3.3)**	(2.7)
		(254.8)	(283.2)
Creditors: amounts falling due after more than one year			
Trade and other creditors	9	**(8.9)**	(9.2)
Bank loans and overdrafts	9	**(693.0)**	(726.9)
Derivative financial liabilities	9	**(46.5)**	(23.1)
Provisions for liabilities	10	**–**	(0.5)
		(748.4)	(759.7)
Total liabilities		**(1,003.2)**	(1,042.9)
Net assets		**2,922.4**	2,194.7
SHAREHOLDERS' EQUITY			
Called-up share capital		**45.3**	45.4
Share premium account	12	**17.8**	17.8
Share capital		**63.1**	63.2
Reserve for own shares	12	**(74.6)**	(61.6)
Capital redemption reserve	13	**5.2**	5.1
Profit and loss account	14	**2,928.7**	2,188.0
		2,922.4	2,194.7

The accounts on pages 187 to 194 were approved by the Directors and authorised for issue on 9 December 2016. They were signed on their behalf by:

The Viscount Rothermere
P A Zwillenberg
Directors

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2016

	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Reserve for own shares £m	Profit and loss account £m	Total £m
At 30 September 2014	49.2	17.8	1.3	(204.4)	2,046.5	1,910.4
Profit and total comprehensive income for the year	–	–	–	–	430.6	430.6
Cancellation of A Ordinary Shares	(3.8)	–	3.8	217.2	(217.2)	–
Dividends paid	–	–	–	–	(75.0)	(75.0)
Credit to equity for share-based payments	–	–	–	–	2.3	2.3
Deferred tax on share-based payments	–	–	–	–	(0.3)	(0.3)
Own shares acquired in the year	–	–	–	(127.1)	–	(127.1)
Movement in financial liability for closed period purchases	–	–	–	20.0	–	20.0
Own shares released on vesting of share options	–	–	–	32.7	1.1	33.8
At 30 September 2015	45.4	17.8	5.1	(61.6)	2,188.0	2,194.7
Profit and total comprehensive income for the year	–	–	–	–	820.1	820.1
Cancellation of A Ordinary Shares	(0.1)	–	0.1	6.5	(6.5)	–
Dividends paid	–	–	–	–	(76.4)	(76.4)
Credit to equity for share-based payments	–	–	–	–	5.4	5.4
Deferred tax on share-based payments	–	–	–	–	(0.6)	(0.6)
Own shares acquired in the year	–	–	–	(29.8)	–	(29.8)
Own shares released on vesting of share options	–	–	–	10.3	(1.3)	9.0
At 30 September 2016	**45.3**	**17.8**	**5.2**	**(74.6)**	**2,928.7**	**2,922.4**

NOTES TO THE COMPANY STATEMENT OF FINANCIAL PERFORMANCE

1 Basis of preparation

The financial statements of Daily Mail and General Trust plc have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006. The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. See Note 2 for further detail.

Profit for the financial year

As permitted by Section 408 of the Companies Act 2006, a separate profit and loss account for the Company has not been included in these accounts. The Company's profit after tax for the year was £820.0 million (2015 £430.5 million).

Impact of amendments to accounting standards

None of the standards, interpretations and amendments effective for the first time from 1 October 2015 have had a material effect on the financial statements. The impact of the conversion to FRS 101 is disclosed in Note 16.

The Company has applied the exemption available under FRS 101 in relation to paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued and is not yet effective).

2 Significant accounting policies

Foreign exchange

Transactions in currencies other than the Company's reporting 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 profit and loss account for the year.

Available-for-sale investments

Available-for-sale investments are stated at cost, less any provision for impairment, where appropriate.

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. 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. Deferred tax is not discounted.

Financial instruments disclosures

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.

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 non-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 of the carrying value 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.

2 Significant accounting policies continued

Derivative financial instruments and hedge accounting

The Company's activities expose it to the financial risks of changes in foreign exchange rates and interest rates. The Company uses various derivative financial instruments to manage its exposure to these risks.

The use of financial derivatives is set out in Note 35 of the Group's Annual Report. 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.

Financial instruments – disclosures

The Company has taken advantage of the exemption provided in IFRS 7, Financial Instruments: Disclosures, and included disclosures relating to financial instruments in Note 35 of the Group's Annual Report.

Cash flow statement

The Company has utilised the exemptions provided under IAS 7, Statement of Cash Flows, and has not presented a cash flow statement. A consolidated cash flow statement has been presented in the Group's Annual Report on page 101.

Related party transactions

The Company has taken advantage of the exemptions of IAS 24, Related Party Disclosures, and included disclosures relating to related parties in Note 45 of the Group's Annual Report.

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 43 of the Group's Annual Report.

Further information can be found in Note 36 of the Group's Annual Report.

3 Employees

	2016 Number	2015 Number
Average number of persons employed by the Company including Directors:	**27**	18

	2016 £m	2015 £m
Total staff costs comprised:		
Wages and salaries	**7.7**	8.5
Share-based payments	**3.8**	2.2
Social security costs	**1.2**	2.2
Pension costs	**0.1**	0.1
	12.8	13.0

The remuneration of the Directors of the Company during the year is disclosed in the Remuneration Report of the Group's Annual Report.

4 Shares in Group undertakings (listed on pages 177 to 184)

	Cost £m	Provision £m	Net book value £m
At 30 September 2015	2,827.2	(184.0)	2,643.2
Additions	644.3	–	644.3
Disposals	(178.0)	–	(178.0)
At 30 September 2016	**3,293.5**	**(184.0)**	**3,109.5**

Analysis of movements in the year:	**Additions**	**Disposals**
DMGB Ltd	463.2	–
DMGZ Ltd	178.0	(178.0)
Daily Mail and General Holdings Ltd	3.1	–
	644.3	**(178.0)**

NOTES TO THE COMPANY STATEMENT OF FINANCIAL PERFORMANCE

5 Available-for-sale investments

	Cost £m	Provision £m	Net book value £m
At 30 September 2015 and 30 September 2016	1.8	–	1.8

6 Trade and other debtors

	2016 £m	2015 £m
Amounts falling due after more than one year:		
Amounts owed by Group undertakings	**605.4**	434.3
Other financial assets	**17.1**	–
Derivative financial assets	**20.8**	18.6
	643.3	452.9

Included within amounts owed by Group undertakings is an amount owed by a subsidiary company, DMGB Ltd, totalling £455.4 million. The principal loan amount of £455.4 million bears interest of 4.0% p.a. and is repayable on 31 March 2023.

Also included within this balance is an amount owed by a subsidiary company, Northcliffe Media Holdings Ltd, of £150.0 million. The loan bears interest of 6.3% p.a. and is repayable on 30 September 2018.

	2016 £m	2015 £m
Amounts falling due within one year:		
Amounts owed by Group undertakings	**144.6**	102.3
Prepayments and accrued income	**7.7**	8.0
Other receivables	**3.4**	3.6
Corporation tax	**10.1**	18.9
	165.8	132.8

7 Cash at bank and in hand

	2016 £m	2015 £m
Cash at bank and in hand	**0.1**	0.1

8 Trade and other creditors falling due within one year

	Note	2016 £m	2015 £m
Bank overdrafts		**3.3**	2.7
Interest payable		**14.2**	14.2
Amounts owing to Group undertakings	(i)	**225.3**	259.1
Accruals and deferred income		**11.9**	7.1
Other payables		**0.1**	0.1
		254.8	283.2

(i) Amounts owing to Group undertakings are repayable on demand and bear interest of UK bank base rate plus 0.5%.

9 Trade and other creditors falling due after more than one year

	2016 £m	2015 £m
5.75% Bonds 2018	**214.1**	211.7
10.00% Bonds 2021	**9.5**	10.3
6.375% Bonds 2027	**201.7**	198.2
Bank loans	**267.7**	306.7
Amounts owing to Group undertakings	**8.9**	9.2
Derivative financial liabilities	**46.5**	23.1
	748.4	759.2

The nominal values of the bonds are as follows:

	2016 £m	2015 £m
5.75% Bonds 2018	**218.5**	218.5
10.00% Bonds 2021	**7.2**	7.2
6.375% Bonds 2027	**200.0**	200.0
	425.7	425.7

The Company'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 £1.2 million (2015 £1.5 million) and the unamortised premia amounts to £6.8 million (2015 £9.3 million).

Details of the fair value of the Company's bonds are set out in Note 34 of the Group's Annual Report.

The bonds are subject to fair value hedging using derivatives as set out in Note 35 of the Group's Annual Report. Consequently, their carrying value is also adjusted to take into account the effects of this hedging activity.

The book value of the Company's other borrowings equates to fair value.

The interest rate charged on the Company's bank loans during the year ranged as follows:

	2016 High	2016 Low	2015 High	2015 Low
Sterling	**2.19%**	**1.02%**	2.26%	1.38%
US dollar	**2.16%**	**0.90%**	2.02%	0.87%

The maturity profile of the Company's borrowings over one year is as follows:

	Bonds £m	Bank loans £m	Owed to Group undertakings £m	Derivative financial liabilities £m	Total £m
2016					
Between two and five years	**223.6**	**267.7**	**8.9**	**6.9**	**507.1**
Over five years	**201.7**	**–**	**–**	**39.6**	**241.3**
	425.3	**267.7**	**8.9**	**46.5**	**748.4**
2015					
Between two and five years	211.7	306.7	9.2	2.2	529.8
Over five years	208.5	–	–	20.9	229.4
	420.2	306.7	9.2	23.1	759.2

NOTES TO THE COMPANY STATEMENT OF FINANCIAL PERFORMANCE

10 Provisions for liabilities

	2016 £m	2015 £m
Other provisions	–	0.5
	–	0.5
Movements on other provisions were as follows:		
At 30 September 2015	0.5	20.5
Utilised during year	(0.5)	(20.0)
At 30 September 2016	–	0.5

11 Deferred tax

	2016 £m	2015 £m
Other timing differences	5.1	6.8

Movements on the deferred tax asset were as follows:

	2016 £m	2015 £m
At start of year	6.8	5.3
Share-based payments	(0.6)	(0.3)
Tax credit for the year	(1.1)	1.8
At end of year	5.1	6.8

In the opinion of the Directors, it is more likely than not that the Company will be able to recover the deferred tax asset against suitable future taxable profits generated by its subsidiary undertakings.

12 Capital and reserves

Share premium account

	2016 £m	2015 £m
At start and end of year	17.8	17.8

Own shares

	Note	2016 £m	2015 £m
At start of year		(61.6)	(204.4)
Additions		(29.8)	(127.1)
Own shares released on vesting of share options		10.3	32.7
Movement in financial liability for closed period purchases	10	–	20.0
Own shares cancelled		6.5	217.2
At end of year		(74.6)	(61.6)

The Company's investment in its own shares are shares held in treasury or shares held by an employee benefit trust to satisfy incentive schemes. At 30 September 2016, this investment comprised the cost of 5,000,000 A Ordinary Non-Voting Shares (2015 5,000,000) held in treasury and 4,887,935 A Ordinary Non-Voting Shares (2015 2,690,766) held in the employee benefit trust. The market value of the Treasury Shares at 30 September 2016 was £37.2 million (2015 £37.7 million) and the market value of the shares held in the employee benefit trust at 30 September 2016 was £36.4 million (2015 £20.3 million).

The employee benefit trust is independently managed and has purchased shares in order to satisfy outstanding share options and potential awards under the long-term incentive plan.

The Treasury Shares are considered to be a realised loss for the purposes of calculating distributable reserves.

NOTES TO THE COMPANY STATEMENT OF FINANCIAL PERFORMANCE

13 Capital redemption reserve

	£m
At start of year	5.1
On cancellation of A Ordinary Non-Voting Shares	0.1
At end of year	**5.2**

14 Profit and loss account

	£m
At start of year	2,188.0
Net profit for the year	820.1
Dividends paid	(76.4)
On cancellation of A Ordinary Non-Voting Shares	(6.5)
Other movements on share option schemes	3.5
At end of year	**2,928.7**

Total reserves – 2015	2,149.3
Total reserves – 2016	**2,877.1**

The Directors estimate that £1,422.0 million of the Company's profit and loss account reserve is not distributable (2015 £1,422.0 million).

15 Contingent liabilities

At 30 September 2016 the Company had guaranteed subsidiaries' outstanding derivatives which had a mark to market liability valuation of £11.9 million (2015 £4.7 million) and letters of credit with a principal value of £3.8 million (2015 £2.2 million). The Company is the guarantor of a loan note amounting to £150.0 million (2015 £150.0 million) in respect of the contingent asset partnership referred to in Note 45 of the Group's Annual Report.

16 First time adoption of FRS 101

This is the first year which the Company has prepared its financial statements under FRS 101. The previous financial statements for the year ended 30 September 2015 were prepared under old UK GAAP. The date of transition to FRS 101 for the Company is 1 October 2014.

The impact of the changes in accounting policies as a result of the transition from old UK GAAP as previously reported and FRS 101 were immaterial so none of the prior year balances have been restated.

17 Ultimate holding company

The Company's immediate parent Company is Rothermere Continuation Limited (RCL), a company incorporated in Bermuda.

Ultimate controlling party

RCL is a holding company incorporated in Bermuda. The main asset of RCL is its 100% holding of DMGT Ordinary Shares. RCL has controlled the Company for many years and as such is its immediate parent Company. RCL is owned by a trust (the Trust) which is held for the benefit of Viscount Rothermere and his immediate family. The Trust represents the ultimate controlling party of the Company. Both RCL and the Trust are administered in Jersey, in the Channel Islands.

18 Post balance sheet events

Details of the Company's post balance sheet events can be found within Note 46 of the Group's Annual Report.

SHAREHOLDER INFORMATION

Company Secretary and Registered Office

Claire Chapman
Northcliffe House
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E-mail: enquiries@dmgt.com
England Registered Number: 184594

Website

The Group has a website (www.dmgt.com) which gives information on the Company and its operating subsidiaries and provides details of significant Group announcements.

Financial calendar 2017

26 January	Trading update
8 February	Annual General Meeting
10 February	Payment of final dividend
31 March	Payment of interest on loan notes
31 March	Half year end
25 May	Half yearly financial report released
1 June	Interim ex-dividend date
2 June	Interim record date
30 June	Payment of interim dividend
27 July	Trading update
28 September	Full-year pre-close trading update
30 September	Year end
2 October	Payment of interest on loan notes
30 November	Preliminary announcement of annual results
7 December	Ex-dividend date
8 December	Record date

Capital gains tax

The market value of both the Ordinary and A Ordinary Non-Voting Shares (A Shares) in the Company on 31 March 1982 (adjusted for the 1994 bonus issue of A 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 Limited or changes of address should be directed to Equiniti, the Company's Registrars, at the address set out on the following page.

Electronic communications

Equiniti operates Shareview, a free online service which enables shareholders to check their shareholdings and other related information and to register to receive notification by email of the release of the Annual Report. It also offers practical help on matters such as transferring shares or updating contact 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 website to those shareholders who have registered.

Low-cost share dealing service

Equiniti provides a simple low-cost dealing service for the Company's A Shares, details of which are available at www.shareview.co.uk/dealing or by calling +44 (0) 3456 037 037. Details of this and other low-cost dealing services can be found on the Company's website at www.dmgt.com.

Share price information

The current price of the Company's A Shares can be found on the home page of the Company's website at www.dmgt.com.

Shareholder Information

Eurobond paying agent
The principal paying agent for the Company's 10% Bonds due 2021 and the 6.375% Bonds due 2027 is Deutsche Trustee Company Limited, Winchester House, 1 Great Winchester St, London EC2N 2DB. The principal paying agent for the Company's 5.75% Bonds due 2018 is HSBC Trustee (CI) Limited, HSBC House, Esplanade, Jersey, Channel Islands JE1 1GT. Enquiries should be directed to John Donegan, Group Financial Controller, who can be contacted on +44 (0)20 3615 2917, and whose email address is john.donegan@dmgt.com.

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 Adam Webster. The investor relations email address is investor.relations@dmgt.com.

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, ShareGift can be contacted by visiting their website at www.sharegift.org or by writing to ShareGift, 17 Carlton House Terrace, London SW1Y 5AH.

Shareholdings at 30 September 2016

Ordinary Shares

Balance ranges	Total number of holdings	Percentage of holders	Total number of shares	Percentage issued capital
1–1,000	0	0.00%	0	0.00%
1,001–5,000	0	0.00%	0	0.00%
5,001–10,000	0	0.00%	0	0.00%
10,001–20,000	0	0.00%	0	0.00%
20,001–50,000	0	0.00%	0	0.00%
50,001–100,000	0	0.00%	0	0.00%
100,001–500,000	0	0.00%	0	0.00%
500,001 and over	3	100.00%	19,890,364	100.00%
Totals	**3**	**100.00%**	**19,890,364**	**100.00%**

A Shares

Balance ranges	Total number of holdings	Percentage of holders	Total number of shares	Percentage issued capital
1–1,000	870	43.41%	313,883	0.09%
1,001–5,000	520	25.95%	1,321,575	0.39%
5,001–10,000	203	10.13%	1,471,459	0.43%
10,001–20,000	128	6.39%	1,826,785	0.53%
20,001–50,000	81	4.04%	2,613,943	0.76%
50,001–100,000	48	2.40%	33,86,398	0.99%
100,001–500,000	91	4.54%	21,098,736	6.17%
500,001 and over	63	3.14%	310,171,691	90.64%
Totals	**2,004**	**100.00%**	**342,204,470**	**100.00%**

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Visit www.dmgt.com to see what is happening across our business and the marketplaces in which we operate.

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