

DMGT

Daily Mail and General Trust plc ('DMGT')

Group audited preliminary results for the year ended 30th September, 2007.

	Adjusted results*			Statutory results		
	2007	2006	Change	2007	2006	Change
Revenue	£2,235 m	£2,176 m	+3%	£2,235 m	£2,176 m	+3%
Operating profit	£322 m	£300 m	+7%	£159 m	£150 m	+6%
Profit before tax	£288 m	£260 m	+11%	£142 m	£311 m	-54%
Earnings per share	49.3 p	46.4 p	+6%	27.3 p	60.8 p	-55%
Dividend per share				14.35 p	13.05 p	+10%

*(before exceptional items and amortisation and impairment of intangible assets; see Consolidated Income Statement and reconciliation in Note 8).

- **Another year of record profits*, due to strong growth in our business-to-business operations.**
- **Excellent results from DMG Information and Euromoney Institutional Investor.**
- **Continued out-performance of the market by our key newspaper titles in both circulation and advertising revenues.**
- **A revitalised Northcliffe local media division which has integrated online and print media and improved margins despite flat revenues.**
- **Strong cash generation across the Group, with 99% of profits* converted into cash, despite expenditure on our newly completed Didcot printworks.**
- **Dividend increased by 10%; compound growth of 10% over last ten years maintained.**

The Viscount Rothermere, Chairman, said

“Over the past decade our strategy has been to sustain and invest in our core UK newspaper businesses and to use the surplus cash flow and leverage of the Group to acquire or develop high growth media businesses unaffected by the UK’s advertising market and regulatory regimes. As a result of this strategy, over 50% of our operating profits* are now derived other than from newspaper publishing.

“This strategy of investing for the long term growth of the business has resulted in another record year, generating a premium return for shareholders. It demonstrates the benefit of our diversified portfolio of market-leading business and consumer products.”

Summary

Group revenue for the period was £2,235 million compared with £2,176 million for the prior year, representing growth of 3%. Adjusted profits* before tax were £288 million, up 11% on the equivalent figure for last year. Operating profit* was up 7% to £322 million, with operating margin improved from 13.8% to 14.4%. 53% of this year's operating profit* was generated other than by the Group's print newspaper titles, up from 47% last year.

Associated produced a solid performance benefiting from the strength of its core brands and diversity of businesses. The Mail titles and our range of London newspapers have shown improved circulation. Print advertising has performed well with display outperforming classified categories, and retail, our largest category, up 18%. Our digital businesses grew revenue by 46% across their classified portals. Teletext was disappointing but has made progress in developing its digital, online and mobile services.

Northcliffe, our local media division, had a good year across its developed UK market. Its position as an integrated local media publisher, combined with its business improvement programme, has produced a good profit performance despite flat revenues. Its emerging Central European operations, where we also have a combined print and on-line strategy, continues to perform strongly, delivering organic profit growth of 19%.

Our business to business divisions produced a strong performance, reflecting continued new investment and competitive market positions. DMG Information (DMGI) had a good year, confirming its position as an independent provider of essential information, analytics and insight to customers in chosen niche markets. Risk Management Solutions ('RMS') had another excellent year and nearly all DMGI's businesses grew underlying revenues by more than 15%.

Euromoney Institutional Investor had an excellent year, with strong organic growth and the first contribution from Metal Bulletin, the Group's largest ever acquisition. DMG World Media's results were driven by the strong performance of its B2B exhibitions, more than offsetting falls within the UK consumer and Western US gift shows. DMG Radio made progress in a competitive radio landscape and despite tough advertising markets earlier in the year.

Outlook

The new financial year has started well for the Group.

The Mail titles are enjoying good circulation figures, showing modest year on year growth, and are seeing strong demand from retail advertisers. The London market, while still challenging, is improving for Associated. The greater availability of colour and potentially lower newsprint prices from January 2008 will create new opportunities and a competitive advantage on which to capitalise. Our local media titles are continuing to see improving advertising revenues in the key recruitment category, while property advertising is now broadly flat year on year. Northcliffe, as an integrated provider of local media services, is well positioned for 2008 and beyond.

Our business to business divisions continue to perform well. The prospects for DMGI remain encouraging, given its strong business model and new product development. RMS continues to perform strongly. Despite the continuation of uncertainties in the credit markets and a slowdown in the property market, DMGI's businesses continue to see good levels of activity. Euromoney, now with much greater reliance on high quality subscription products, is seeing continued growth in its markets. DMG World Media continues to perform well within its B2B sector and our Australian radio business is showing encouraging signs of improvement.

Overall the strength of the Group's portfolio of market leading business and consumer media businesses makes the Board optimistic of achieving another year of steady growth in earnings, provided that the UK economy does not deteriorate substantially.

Divisional Review

Associated Newspapers

	2007	2006	Movement
	£m	£m	%
Revenue	986	955	+3%
Operating profit*	83	99	-16%
Operating margin*	8%	10%	

The strength of Associated Newspapers' core brands and the diversity of its portfolio produced a solid performance in revenue terms. The Daily Mail achieved a record operating profit which was offset by the significant activity in the London evening newspaper market, continued revenue investment in Associated Northcliffe Digital (AND) and a disappointing result from Teletext.

Associated Newspapers

Circulation revenues from Associated's newspaper operations increased by 1% to £378 million. The circulation of the Daily Mail fell by just 1.8%, whilst that of The Mail on Sunday was unchanged. Both titles continued to outperform the national newspaper market. The circulation of the Evening Standard fell by 15%, but saw an improved performance in the second half of the year. London Lite has quickly become the most read evening title in the country, with 745,000 readers daily. Metro averaged 1.1 million copies per morning, up 6% year on year. Costs, excluding newsprint, were held to a year on year increase of less than 3%.

Total advertising revenues increased by 8%. Print advertising revenues were up 3% to £447 million. Total display advertising was up by 6% to £350 million. By sector, all categories were up, with the exception of motors and financial. Retail, our largest category, increased by 18%. Classified advertising fell by 7% to £97 million.

The new centre at Didcot has been commissioned and the enhancement of the presses at Surrey Quays are near completion. These will enable Associated's titles to be produced with full colour, increased pagination and more flexographic printed copies from January 2008, providing Associated with new opportunities and a competitive advantage upon which to capitalise.

Associated Northcliffe Digital

AND showed strong growth from both its existing businesses and via further acquisitions. Revenue grew by 46% to £86 million across its core classified portals in jobs (Jobsite), property (Findaproperty and Primelocation) and motors (Motors.co.uk). The Jobsite network has grown ahead of expectations and our Property sites have been successful in expanding their volumes of estate agent branches and property listings. Launched in January and complementing our existing motor dealer inventory management service by Autoexposure, Motors.co.uk is now the third largest motors classified listings site in the UK. As a result of continued revenue investment in AND, operating profit* fell by £2 million. We are anticipating that this investment will continue at a similar rate in the coming year.

Teletext

Teletext made an operating loss* of £4 million on revenues which fell by 20% to £41 million. Progress was made in its strategy of delivering services across digital television, internet and mobile markets. At the end of the year Teletext Extra was launched, an exciting new service for the Freeview platform, accessible from any channel on this platform via the TV guide button. This is expected to be available on 5 million boxes by early 2008 and we hope will drive increased usage of Teletext on digital.

Northcliffe Media

	2007	2006	Movement
	£m	£m	%
Revenue	447	455	-2%
Operating profit*	93	89	+4%
Operating margin*	21%	20%	

Our local media businesses had a good year with underlying operating profits growing by 9%, despite flat revenues. UK digital revenues are up by 77% and overall divisional margins are improving. Operational cash generation has been strong and we are continuing to invest in revenue generation. Northcliffe Media has been revitalised as an integrated provider of local media services.

UK

Excluding the results of acquisitions and disposals, UK operating profits* rose by £4.4 million (6%) to £83.5 million. On a similar basis, revenues of £376 million were in line with last year, while costs declined by almost £10 million due to the business improvement programme. This achieved its targeted annual savings of £45 million and caused a slight improvement in our operating margin to 21%. The titles in the South of England acquired in July are rapidly being integrated into Northcliffe and are performing in line with expectations.

On a like for like basis, UK advertising revenues fell by £2 million (0.7%) mainly due to weak performances from the motors and retail categories. Motors declined by 10% due to a combination of migration to online advertising and the continuing consolidation of dealerships. Northcliffe is addressing online migration, working successfully with AND through motors.co.uk. Retail revenues fell by 6% but showed an improving trend by the third quarter. Recruitment advertising trended downwards for the first half of the year (falling by 3%) but this reversed in the second half (increasing by 6%) to give an overall increase of nearly 2%. Property advertising was the star performer, growing by 7% on the back of a buoyant housing market and continued improvements in our print and on-line offering.

UK circulation revenues of £76 million fell by 1%. In the January to June 2007 ABC period, Northcliffe's daily evening titles, which represent 70% of our circulation revenues, outperformed their peer group, with circulation down by 5.4%, (which was slightly better than the industry performance for this category). Disappointingly, our weeklies were down by 5.2%, behind the industry average. We have invested in both editorial resource and marketing support to improve our performance in this area.

Central Europe

Northcliffe grew its profits* in Central Europe by 53% to £6.9 million, including organic growth of 19%. In Hungary, our two regional titles, Kisalföld and Délmagyarország, both performed well, as did our classified titles. Online, Profesia launched jobs boards into Hungary and the Czech Republic. The acquisition of the market leading Croatian jobs board, MojPasao, is progressing very well. Our motors websites, Autó Bazar and Hasznaltauto, make us the number one for online vehicles. We are now focusing on the online market for property.

DMG Information

	2007	2006	Movement
	£m	£m	%
Revenue	293	345	-15%
Operating profit*	71	68	+4%
Operating margin*	24%	20%	

DMG Information had an excellent year with a strong financial performance and a wide range of developments in the business that have further enhanced our position as an independent provider of essential information, analytics and insight to customers in our chosen niche markets. On a like for like basis, adjusting to exclude acquisitions and disposals made in the second half of 2006, and using constant exchange rates, revenues increased by 17% to £293 million and operating profit* by 11%. Operating margins improved significantly due to the sale of Study Group in the prior year and are in line with our stated strategy and expectations.

Insurance & Financial

Operating profit* from DMGI's insurance and financial division rose by £4 million or 14% to £35 million on revenues up 20% to £110 million, driven again by the strength of Risk Management Solutions ('RMS'), which makes up more than half of this division. RMS is pursuing an aggressive strategy of increasing geographic coverage of its models, widening the number of perils covered and providing enhanced analytical and data related services to its clients. Trepp and Lewtan also had an outstanding year. The level of new issuance in the commercial mortgage-backed securities market, served by Trepp, was at record levels, although the tightening of the U.S. credit markets in the late summer is expected to cause a slowdown in activity. Lewtan saw good growth in products and services to both the issuers and investors in asset-backed securities. Although there is now a significant amount of turmoil in financial markets, our financial information businesses continue to see good levels of activity and demand for their services.

Property

Operating profit* from the property division rose by £4 million or 16% to £29 million on revenue up 20% to £106 million. Landmark had an exceptional year with underlying revenues growing by 18%. In the U.K. housing market, transaction volumes remained robust and this, together with increasing market penetration, fuelled strong growth. This was combined with continuing growth in sales of electronic mapping and environmental reports to participants in a commercial property market that was buoyant throughout the year. In the U.S., Environmental Data Resources also showed pleasing growth despite relatively flat commercial property transaction volumes. In particular EDR continued to grow its sales to commercial property lenders.

Other B2B

Operating profit* from DMGI's other business information companies rose by £3 million to £11 million on revenue up 25% to £76 million. Genscape grew sales satisfactorily and continued to research and launch new products. In the U.S. the company launched a natural gas monitoring service covering Texas, while in Europe it continued to expand geographic coverage for the electricity market. Hobsons had an outstanding year with strong sales and profit growth in Europe, Australia and the U.S.

DMGI continued to make bolt-on acquisitions. In the property division Landmark acquired Quest, EDR acquired Parcel and a minority investment was made in Real Capital Analytics. Hobsons acquired Naviance and AY Solutions both in the U.S.

Euromoney Institutional Investor

	2007	2006	Movement
	£m	£m	%
Revenue	305	221	+38%
Operating profit*	68	39	+74%
Operating margin*	22%	18%	

Euromoney announced its preliminary results last week. It had an exceptional year, increasing its operating profit* by £29 million. This result includes a first contribution from the Metal Bulletin businesses and is stated after charging an additional £5.7 million for its management incentive scheme, the CAP.

These results reflect the continued success of Euromoney's strategy to drive profit growth and build a more robust subscription-driven business. Revenue and profit* growth were achieved across all divisions; subscription revenues increased sharply and now account for more than a third of its revenues; the performance of Metal Bulletin has surpassed that projected at the time of acquisition.

Euromoney's operating margin* improved sharply and all divisions achieved strong organic growth, based on: subscription revenues for both print and electronic products continuing to show double digit growth; advertising revenues increasing at the highest rate for some time; a successful strategy for growing existing events complemented by the launch of new events; continuing strong volume growth in the training businesses; and the benefit of earlier investment in marketing and new products. The problems in global credit markets, which began in early August, did not affect Euromoney's profits* in the final quarter of the year.

DMG World Media

	2007	2006	Movement
	£m	£m	%
Revenue	164	163	+1%
Operating profit*	27	24	+12%
Operating margin*	17%	15%	

DMG World Media had a good year, driven by a strong performance within B2B, its largest division, offsetting falls within UK consumer events and the Western US gift shows. Margins have increased to 17% due to this change in mix.

Business to business ('B2B')

B2B's revenues and profits* were up 32% and 54% respectively. ad:tech expanded rapidly by launching new products in Europe and Asia. Evanta made excellent progress with five new launches of its successful series of executive summits for CIOs. Revenues and profits from the Technology sector and Oil & Gas portfolio increased substantially, with profits* from the non-annual Gastech and ADIPEC shows growing by 75% and 14% respectively over the last time they were held.

Business to Retail ('B2R')

The newly created B2R division (including George Little Management) serving a number of retail sectors in North America including gift, home decor and sport & leisure, had a mixed year. SurfExpo had two excellent shows with attendance and space sales at record levels and profits* up by 24%. The New York International Gift Fair and the Canadian gift shows performed well with revenue up slightly on last year. However, trading has been more difficult for a number of the regional gift markets. Overall, profits* from the division were up 3%.

Business to Consumer ('B2C')

In the B2C division, the North American Home Interest sector had one of its strongest years on record, with profits* up 13%. The Art & Antiques businesses also performed well with profits* up a healthy 11%. The UK consumer business, however, performed poorly with revenues down by 9% and leaving profits* from business to consumer down overall by 26%.

DMG Radio Australia

	2007	2006	Movement
	£m	£m	%
Revenue	40	37	+6%
Operating profit*	(4)	(5)	-
Operating margin*	-9%	-13%	

DMG Radio Australia made progress in the year and all Nova stations are now profitable* despite the highly competitive radio landscape and the soft Sydney advertising market in the first half. However, we are seeing encouraging signs with the business moving into profit in the later months of the year driven by stronger growth in market share.

Network performance

Metropolitan revenues grew 8.5%, outpacing the overall metropolitan radio revenue market which grew a little under 6%. This masked considerable variation across the states, with Sydney tough, but Brisbane and Perth particularly buoyant.

The Nova network maintained its position as the leading national radio network in its target market of listeners under 40 and the key Nova Sydney station completed the year with its fifth consecutive survey increase to finish with a market share of listeners 17% higher than at the same time in 2006.

Vega also achieved strong growth in its ratings performance across the year, finishing with a 3.8% share of the Sydney market and a 3.6% share of the Melbourne market, compared with shares of 1.7% and 1.8% respectively for the corresponding period in the prior year. Given its increasing share of its target 39-54 age demographic, it is now beginning to gain acceptance by the key agency advertisers.

Other income statement items

• Net financing costs

Dividend income fell by £2 million due mainly to a lower distribution by GCap Media plc and to the absence of a dividend from Reuters Group plc resulting from the sale of the Group's remaining interest last year.

Net interest payable (excluding dividend income and deemed finance charges, principally on deferred consideration, but including interest receivable) fell by £16 million to £48 million. Higher interest income from swap premia more than offset the impact of increased interest rates payable on higher average net debt.

The Group's interest cover, calculated as the ratio of adjusted profits* before interest and depreciation (EBITDA) to net interest payable, was 8.1 times this year, up from 7.8 in 2006 and above the Group's current target of six times. The Group's ratio of year end net debt to EBITDA was 2.4 times.

Other items

The Group's share of the results* of its joint ventures and associates fell by £2 million to £7 million. The elimination of Northcliffe's digital associates and an improvement in the performance of DMG Radio Australia's joint ventures was more than offset by RMS's Japanese associate becoming a subsidiary and a lower contribution from ITN.

The Group has charged £28 million as exceptional operating costs. This charge comprised reorganisation costs within Northcliffe, Associated, Euromoney and DMG World Media.

The charge for amortisation of intangible assets rose by £31 million to £82 million, primarily due to the acquisition of Metal Bulletin which counted for £16 million of the increase. The Group has also made an impairment charge of £53 million, principally relating to a number of consumer and gift shows, its investment in Simply Switch and an additional impairment in respect of Loot.

The Group recorded other gains and losses of £36 million, compared to £189 million last year. This comprised mainly an exceptional profit of £42 million on the deemed disposal of a portion of our holding in Euromoney which issued new shares as part of its funding of the acquisition of Metal Bulletin. This gain was offset partly by a charge of £24 million, relating to our investment in GCap Media plc, charged to reserves in previous years, but now required to be recognised through the Income Statement in accordance with IAS 39.

The Group recorded £10.3 million of foreign exchange losses on hedges of intra-group financing. This foreign exchange loss is excluded from adjusted profit because an equal and opposite credit is excluded from the adjusted tax charge. In addition the £4.7 million foreign exchange loss on intra group financing, premium on repurchase of bonds and the change in fair value of put options are also excluded from adjusted profits.

• Taxation

After allowing for the effect of exceptional and other items that are not expected to recur, the underlying tax rate rose to 26.3% from 23.9% due mainly to a higher proportion of profits coming from the United States, with no more accounting benefit from unrecognised US tax losses. Over the next few years the adjusted rate is expected to continue to increase to around 30%.

Exceptional tax amounted to a net credit of £55 million, including the £10.3 million tax credit on exchange differences on intra-group financings.

Pensions

The Group's defined benefit pension schemes have moved from a deficit of £151 million last year end to a surplus of £81 million as at 30th September 2007 (calculated in accordance with IAS 19). This change is primarily due to investment returns and is despite a significant strengthening of mortality assumptions.

Net debt and cash flow

Net debt rose during the year from £738 million to £950 million. This increase was due mainly to the acquisition of Metal Bulletin, £165 million of which was funded by debt. Total acquisition spend of £389 million, capital expenditure of £72 million, taxation and interest of £98 million and dividends and share repurchases totalling £94 million were offset partly by operating cash flows of £391 million and disposals of investments and businesses of £55 million.

Cash generation was strong across the Group, with 99% of profits* converted into cash.

The Company continues to review opportunities to repurchase its own 'A' Ordinary Non-Voting shares, where appropriate, in accordance with the resolution passed at its AGM in February.

Dividend

The Board is recommending payment on the issued Ordinary and 'A' Ordinary Non-Voting shares of the Company of a final dividend of 9.90 pence per share for the year ended 30th September, 2007 (2006 9.00 pence). This will make a total for the year of 14.35 pence (2006 13.05 pence per share), up 10% on last year and creating 10% compound dividend growth over the past ten years. The final dividend will be paid on 8th February 2008 to shareholders on the register at close of business on 30th November 2007.

The Viscount Rothermere Chairman

*References to operating profit or loss or share of the results of joint ventures and associates in the narrative above are to adjusted operating profit or loss or adjusted share of the results of joint ventures and associates before amortisation and impairment of intangible assets and exceptional items); see notes 2 and 3.

For further information

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Analysts' presentation and webcast

A presentation of the Preliminary Results will be given to investors and analysts at 9.30 a.m. on 21st November, 2007 at the offices of JP Morgan Cazenove, 20 Moorgate, London, EC2R 6DA. There will also be a live webcast available on our website: <http://www.dmgmt.co.uk>.

Next trading update

The Group's next formal announcement of financial information is likely to be made around the time of the Company's Annual General Meeting in early February 2008. This will be its first interim management statement, required to be released to a regulatory information service under the new Companies Act 2006.

Consolidated Income Statement

for the year ended 30th September, 2007

	2007 Total £m	2006 Total £m
Continuing operations		
Revenue	2,235.1	2,176.0
Operating profit before exceptional operating costs and amortisation and impairment of goodwill and intangible assets	322.4	300.4
Exceptional operating costs	(28.1)	(41.1)
Amortisation and impairment of goodwill and intangible assets	(134.9)	(109.8)
Operating profit before share of results of joint ventures and associates	159.4	149.5
Share of results of joint ventures and associates	1.8	5.6
Total operating profit	161.2	155.1
Other gains and losses	35.7	188.6
Profit before net finance costs and tax	196.9	343.7
Investment income	7.0	7.1
Finance costs	(61.8)	(39.3)
Net finance costs	(54.8)	(32.2)
Profit before tax	142.1	311.5
Tax	(20.3)	(60.0)
Profit after tax from continuing operations	121.8	251.5
Discontinued operations		
Profit for the period from discontinued operations	0.5	–
Profit for the year	122.3	251.5
Attributable to:		
Equity shareholders	107.0	239.8
Minority interests	15.3	11.7
Profit for the year	122.3	251.5
Earnings per share		
From continuing operations		
Basic	27.3p	60.8p
Diluted	27.1p	60.7p
From discontinued operations		
Basic	0.1p	0.0p
Diluted	0.1p	0.0p
From continuing and discontinued operations		
Basic	27.4p	60.8p
Diluted	27.2p	60.7p

Consolidated statement of recognised income and expense

for the year ended 30th September, 2007

	2007	2006
	£m	£m
Profit for the year	122.3	251.5
Foreign exchange differences on translation of foreign operations	1.8	(21.9)
Fair value movements on available for sale investments	0.2	(26.7)
Change in value of hedges recorded in equity	19.8	11.3
Actuarial gains on defined benefit pension schemes	207.1	34.6
Current tax on items recognised in equity	0.3	(0.3)
Deferred tax on actuarial movement	(60.9)	(10.4)
Deferred tax on other items recognised directly in equity	1.2	3.1
Net income recognised directly in equity	291.8	241.2
Transfers		
Impairment of GCap Media plc recognised in income statement	24.4	–
Translation reserves recycled to income statement on disposals	(0.1)	–
Transfer of gain on cash flow hedges from fair value reserves to income statement	(2.7)	–
Transfer to income statement on disposal of available for sale assets	–	(15.7)
Transfers	21.6	(15.7)
Total recognised income and expense for the year	313.4	225.5
Attributable to :		
Equity shareholders	296.0	213.8
Minority interests	17.4	11.7
Total recognised income and expense for the year	313.4	225.5

Reconciliation of movements in equity for the year ended 30th September, 2007

	2007	2006
	£m	£m
Total recognised income and expense for the year	313.4	225.5
Dividends paid	(53.2)	(48.6)
Issue of share capital	2.7	1.4
Shares purchased to be held in treasury	(32.8)	(32.4)
Initial recording of put options granted to minority interests in subsidiaries	(18.5)	(11.7)
Exercise of acquisition option commitments	7.2	–
Movement in losses attributable to minorities which are borne by Group	5.4	–
Other transactions with minorities	11.2	(5.7)
Settlement of exercised share options of subsidiary	(13.2)	(25.3)
Credit to equity for share based payments	18.1	11.6
Own shares released on vesting of share options	4.9	9.3
Total movement in equity for the year	245.2	124.1
Equity at the beginning of year	475.3	351.2
Equity at the end of year	720.5	475.3

Consolidated Cash Flow Statement

for the year ended 30th September, 2007

	2007	2006
	£m	£m
Operating profit - continuing	159.4	149.5
Operating profit - discontinued	0.8	-
Adjustments for:		
Share based payments	18.1	11.6
Depreciation	59.0	70.6
Impairment of property, plant and equipment	6.0	-
Non-exceptional profit on disposal of property, plant and equipment	-	-
Amortisation of intangible assets	82.2	50.6
Impairment of goodwill and intangible assets	52.7	59.2
Operating cash flows before movements in working capital	378.2	341.5
Decrease/(increase) in inventories	5.9	(5.4)
Increase in trade and other receivables	(64.2)	(13.6)
Increase in trade and other payables	59.8	47.0
Decrease in provisions	3.4	1.9
Cash generated by operations	383.1	371.4
Taxation paid	(43.8)	(29.1)
Taxation received	-	8.5
Net cash from operating activities before payment into pension scheme	339.3	350.8
Payment into Group pension scheme following sale of Aberdeen Journals in 2006	(25.9)	-
Net cash inflow from operating activities	313.4	350.8
Investing activities		
Interest received	5.7	3.5
Dividends received from joint ventures and associates	6.6	7.0
Dividends received from available for sale investments	1.5	3.8
Purchase of property, plant and equipment	(72.2)	(117.5)
Purchase of available for sale investments	(0.6)	(21.6)
Proceeds on disposal of property, plant and equipment	5.3	19.1
Proceeds on disposal of investments	2.1	28.6
Purchase of subsidiaries	(312.3)	(293.4)
Internally generated intangible fixed assets	(14.0)	(10.5)
Treasury hedging activities	32.8	5.3
Investment in joint ventures and associates	(14.5)	(13.7)
Loans to joint ventures and associates repaid	5.0	-
Proceeds on disposal of subsidiaries	37.0	186.5
Proceeds on disposal of associates	1.1	-
Net cash used in investing activities	(316.5)	(202.9)
Financing activities		
Equity dividends paid	(52.6)	(48.6)
Dividends paid to minority interests	(8.9)	(7.7)
Issue of share capital	2.7	1.4
Issue of shares by Group companies to minority interests	0.5	2.2
Purchase of own shares	(32.8)	(31.0)
Settlement of subsidiary share option plan	(8.7)	(6.4)
Interest paid	(56.6)	(50.1)
Interest element of finance lease rental payments	-	(0.1)
Capital element of finance lease rental payments	-	(7.2)
Proceeds on issue of bond	197.8	-
Premium on repurchase of bonds	(2.6)	-
Bonds redeemed	(9.4)	-
Loan notes repaid	(2.8)	(2.1)
Repayment of other borrowings	(54.7)	(23.7)
Net cash used in financing activities	(28.1)	(173.3)
Net decrease in cash and cash equivalents	(31.2)	(25.4)
Cash and cash equivalents at beginning of year	96.1	124.0
Exchange loss on cash and cash equivalents	(0.9)	(2.5)
Net cash and cash equivalents at end of year	64.0	96.1

Consolidated Balance Sheet

as at 30th September, 2007

	2007	2006 (restated *)
	£m	£m
ASSETS		
Non-current assets		
Goodwill	887.4	675.5
Other intangible assets	592.9	449.4
Property, plant and equipment	520.7	513.7
Investments		
Joint ventures	19.2	18.9
Associates	64.7	68.1
	83.9	87.0
Available for sale investments	52.3	73.2
Deferred tax assets	8.0	15.7
Derivative financial assets	14.4	12.4
Trade and other receivables	4.8	4.6
Pension benefit obligations	82.0	-
	2,246.2	1,831.5
Current assets		
Inventories	25.5	31.3
Trade and other receivables	429.5	363.0
Derivative financial assets	16.1	26.9
Cash and cash equivalents	70.4	97.3
	541.5	518.5
Total assets	2,787.7	2,350.0
LIABILITIES		
Current liabilities		
Trade and other payables	(621.0)	(536.2)
Current tax payable	(157.4)	(168.5)
Acquisition put option commitments	(21.8)	-
Other financial liabilities	(43.2)	(12.3)
Derivative financial liabilities	(4.8)	(2.9)
Provisions	(22.7)	(46.2)
	(870.9)	(766.1)
Non-current liabilities		
Acquisition put option commitments	(18.8)	(32.7)
Other financial liabilities	(982.7)	(832.0)
Pension benefit obligations	(1.4)	(151.3)
Derivative financial liabilities	(8.1)	(1.6)
Provisions	(49.0)	(47.1)
Deferred tax liabilities	(135.6)	(42.3)
Other non-current liabilities	(0.7)	(1.6)
	(1,196.3)	(1,108.6)
Total liabilities	(2,067.2)	(1,874.7)
Net assets	720.5	475.3
SHAREHOLDERS' EQUITY		
Called up share capital	49.4	50.2
Share premium account	12.4	9.7
Share capital	61.8	59.9
Capital redemption reserve	0.8	-
Revaluation reserve	46.0	46.5
Shares held in treasury	(44.4)	(63.1)
Translation reserve	27.0	8.2
Retained earnings	601.7	423.8
Equity shareholders' funds	692.9	475.3
Equity minority interests	27.6	-
	720.5	475.3

Approved by the Board on 20th November, 2007.

Notes

1 The Group's Annual report and consolidated accounts have been prepared under International Financial Reporting Standards (IFRS).

The information contained in this preliminary announcement for the year ended 30 September, 2007 does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985 but has been extracted from those accounts. The statutory financial statements for the year ended 1st October, 2006 have been filed with the Registrar of Companies and those for the year ended 30 September, 2007 will be filed following the Group's Annual General Meeting. The auditors' report on those accounts was unqualified and did not contain statements under section 237(2) or 237(3) of the Companies Act 1985. Whilst the financial information included in this preliminary announcement has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The Group expects to publish its full IFRS financial statements for the year ended 30th September, 2007 on 9th January, 2008.

The accounting policies, presentation and methods of computation set out in the Group's 2006 Annual Report have been followed in the preparation of the Group's 2007 financial statements, except as follows: Derivative assets and liabilities have been reclassified in the balance sheet to non-current assets and liabilities from current assets and liabilities where the maturity of these contracts is greater than 12 months from the balance sheet date. This has resulted in an increase in non-current assets amounting to £12.4 million and an increase in non-current liabilities amounting to £2.9 million together with a decrease in current assets amounting to £12.4 million and a decrease in current liabilities amounting to £2.9 million.

In addition the following new standards, amendments to standards and interpretation are mandatory for the year ending 30th September, 2007, were adopted in the group's 2007 interim report, and have been adopted but have had no impact on the 2007 group financial statements:

- Amendments to IAS 39 Financial Instruments: Recognition and Measurement (1st January, 2006)
- IFRIC 4 Determining Whether an Arrangement Contains a Lease (1st January, 2006)
- IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies (1st March, 2006)
- IFRIC 8 Scope of IFRS 2 (1st May, 2006)
- IFRIC 9 Reassessment of Embedded Derivatives (1st June, 2006)

The following new interpretations have been issued which are not applicable to the group since they are only effective for the group's accounting periods beginning on or after 1st October 2007. These are also not expected to have a material impact on the group financial statements:

- IFRIC 10 Interim Financial Reporting and Impairment (applicable for the group from 1st October, 2007)
- IFRIC 11 IFRS2 Group and Treasury Share Transactions (1st January, 2008)
- IFRIC 12 Service Concession Agreements (1st January, 2008)
- IFRIC 13 Customer Loyalty Programmes (1st July, 2008)
- IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (1st January, 2008)

2 Segmental analysis

For management purposes, the Group's business activities are split into six operating divisions - National newspapers, Local media, Business information, Euromoney Institutional Investor, Exhibitions and Radio. These divisions are the basis on which the Group reports its primary segment information.

Analysis of revenue by activity

	2007	2006 (restated)*
	£m	£m
National newspapers and related activities	986.2	955.0
Local media	447.1	454.8
Business information	292.7	345.1
Euromoney Institutional Investor	305.2	220.5
Exhibitions and related activities	164.1	163.2
Radio	39.8	37.4
	2,235.1	2,176.0

Analysis of revenue by geographic origin

	2007	2006
	£m	£m
UK	1,655.9	1,627.0
Rest of Europe	58.9	62.2
North America	404.5	361.1
Australia	52.1	84.1
Rest of the World	63.7	41.6
Revenue - continuing operations	2,235.1	2,176.0

In the prior year revenue from local media included £15.8 million from Aberdeen Journals Limited. Revenue from business information comprised £255.6 million from business information and £89.5 million from Study Group.

Analysis of profit from operations before exceptional operating costs, amortisation and impairment charges, by activity

	2007	2006 (restated)*
	£m	£m
National newspapers and related activities	83.3	99.5
Local media	92.5	88.9
Business information	70.6	68.0
Euromoney Institutional Investor	68.4	39.1
Exhibitions and related activities	27.0	24.4
Radio	(3.7)	(4.9)
Unallocated central costs	(15.7)	(14.6)
	322.4	300.4
Exceptional operating costs	(28.1)	(41.1)
Amortisation of goodwill and intangible assets	(82.2)	(50.6)
Impairment of goodwill and intangible assets	(52.7)	(59.2)
Adjusted Group operating profit	159.4	149.5

In the prior year operating profit before exceptional operating costs and amortisation and goodwill and intangible assets from local media included £15.8 million from Aberdeen Journals Limited whilst profits of business information and careers comprised £68.0 million from continuing businesses and £4.1 million from Study Group, offset by unallocated central costs of £4.1 million.

Exceptional operating costs comprise reorganisation costs of £13.3 million within national newspapers and related activities, £6.0 million within local media, £5.9 million within Euromoney Institutional Investor and £2.9 million within exhibitions and related activities.

* Following a merger in the prior year of Associated's printing arm with the Northcliffe Press to form Harmsworth Printing and their digital operations to form Associated Northcliffe Digital, the prior year revenues and operating profits of The Northcliffe Press and the local media digital operations have been restated to include them all within national newspapers.

Profit from operations is analysed further by segment as follows:

Analysis of profit from operations after exceptional operating costs, amortisation and impairment charges, by activity

	2007	2006
	£m	£m
National newspapers and related activities	17.1	57.9
Local media	70.3	47.4
Business information	62.6	60.8
Euromoney Institutional Investor	44.7	36.4
Exhibitions and related activities	(3.2)	(0.7)
Radio	(16.4)	(37.7)
Unallocated central costs	(15.7)	(14.6)
Adjusted Group operating profit	159.4	149.5

3 Share of results of joint ventures and associates

	2007	2006
	£m	£m
Share of profits from operations of joint ventures	2.3	2.2
Share of joint ventures other gains and losses	0.6	-
Share of profits from operations of associates	3.7	6.5
Before amortisation, impairment of goodwill, interest and tax	6.6	8.7
Share of amortisation of intangibles of joint ventures	(0.6)	(0.9)
Share of amortisation of intangibles of associates	(3.2)	-
Impairment of goodwill of associates	-	(0.6)
Amortisation of goodwill of associates	-	-
Share of associates' interest payable	-	0.2
Share of joint ventures' tax	(1.0)	(1.0)
Share of associates' tax	-	(0.8)
	1.8	5.6
Share of results from operations of joint ventures	1.3	0.3
Share of results from operations of associates	0.5	5.3
Share of associates' loss on sale of businesses	-	-
	1.8	5.6

4 Other gains and losses

	2007	2006
	£m	£m
Profit on sale of trading investments	0.7	17.0
Profit on sale of tangible fixed assets	1.2	9.0
Impairment of available for sale assets	-	(13.0)
Profit on sale of businesses	15.2	174.8
Recycle impairment loss of Gcap Media plc	(24.4)	-
Profit on sale and deemed disposal of subsidiaries	42.4	-
Profit on sale and deemed disposal of joint ventures and associates	0.6	0.8
	35.7	188.6

The profit on sale of businesses mainly comprises £11.6 million profit on sale of Buy and Sell by the national newspapers division together with £1.8 million profit on sale of Raven Fox by Euromoney Institutional Investor.

The profit on deemed disposal of subsidiaries arose following Euromoney's issue of £65.0 million new share capital to the shareholders of Metal bulletin, thereby reducing the Group's interest in Euromoney.

In the prior year the profit on sale of businesses mainly comprises £106.7 million profit on sale of Aberdeen Journals Limited and £68.1 million profit on sale of Study Group Limited.

The profit on sale of trading investments occurred on the disposal of shares in Reuters Group plc.

5 Investment revenue

	2007	2006
	£m	£m
Available for sale investments		
Reuters Group plc	-	0.5
The Press Association Limited	0.2	0.4
AMI	0.3	-
Gcap media plc	1.0	-
Trading investments	-	-
GCap Media plc	-	2.3
Interest receivable on short-term deposits	5.5	3.9
	7.0	7.1

6 Finance costs

	2007	2006
	£m	£m
Interest payable on loans and bonds	(67.4)	(61.5)
Interest payable on finance leases	-	(0.1)
Change in fair value of derivatives not designated for hedge accounting	(0.3)	0.4
Premium on repurchase of bonds	(2.6)	-
Tax equalisation swap income	15.6	27.7
Foreign exchange loss on intra group financing	(4.7)	(2.2)
Premium on purchase of options	(3.4)	-
Change in fair value of put options	3.8	(0.9)
Change in fair value of derivative hedge of bond	(3.0)	(2.3)
Change in fair value of hedged portion of bond	3.0	2.3
Finance charge on discounting of deferred consideration	(2.8)	(2.7)
	(61.8)	(39.3)

Tax equalisation swap income comprises £10.3 million (2006 £17.1 million) of income from hedges on intra group financing and £3.1 million (2006 £7.7 million) of foreign exchange gains on these instruments plus exchange losses on related intra group financing of £4.7 million (2006 £nil). The £3.1 million gain (2006 £7.7 million) on hedges of intra group financing is excluded from adjusted profit as it is equal to an additional tax charge (see note 9). Exchange losses on intra group financing are excluded from adjusted profit.

The finance charge on the discounting of deferred consideration arose from the requirement under IFRS 3 Business Combinations to discount deferred consideration back to current values.

7 Taxation charge

The tax charge for the year amounted to £20.3 million (2006 £60.0 million) which included a charge of £18.8 million (2006 £14.1 million) in respect of overseas tax. The adjusted tax on profits before amortisation and impairment of intangible assets, exceptional items and significant non-recurring items, amounted to £75.9 million (2006 £62.0 million), and the resulting rate is 26.3 % (2006 23.9%). There was a tax credit of £55.6 million (2006 £2.0 million) relating to exceptional items.

8 Adjusted earnings per share

Adjusted earnings per share are calculated on profit before amortisation and impairment of intangible assets and exceptional items, after charging the taxation and minority interests associated with those profits, of £192.5 million (2006 £182.9 million), as set out below, and on the weighted average number of ordinary shares in issue during the period. The weighted average number of shares amounted to 390.3 million (2006 394.5 million). As in previous years, adjusted earnings per share have been disclosed since the Directors consider that this alternative measure gives a more comparable indication of the Group's underlying trading performance.

Adjusted profit (before amortisation and impairment of intangible assets and exceptional items)

	2007 £m	2006 £m
Profit before tax continuing	142.1	311.5
Profit before tax discontinued	0.8	-
Add back:	-	-
Amortisation of intangible assets in Group and in joint ventures and associates	86.0	51.5
Impairment of goodwill and intangible assets in Group and in associates	52.7	59.8
Exceptional operating costs	28.1	41.1
Profit on sale of tangible fixed assets	(1.9)	(26.0)
Profit on sale of businesses	(15.2)	(174.8)
Loss/(profit) on sale and deemed disposal of subsidiaries	(42.4)	-
Loss/(profit) on sale and deemed disposal of joint ventures and associates	(0.6)	(0.8)
Share of associates' loss on sale of businesses	(0.6)	-
Impairment of available for sale assets	24.4	13.0
Foreign exchange (gains)/losses on tax equalisation swaps and associated intra group balances	15.0	(15.6)
Change in fair value of short life options	-	-
Change in fair value of put options	(3.8)	-
Premium on repurchase of bonds	2.6	-
Share of taxation in joint ventures and associates	1.0	-
Profit before exceptional operating costs and amortisation and impairment of goodwill and intangible assets and taxation	288.2	259.7
Taxation charge	(75.9)	(62.0)
Interest of minority shareholders	(19.8)	(14.8)
Adjusted profit after tax	192.5	182.9

9 Analysis of net debt

	2007 £m	2006 £m
Net debt at start	(738.2)	(767.0)
Cash flow	(162.8)	11.2
Issued on acquisition of subsidiaries	-	(0.5)
Arising with acquisitions	(34.1)	(3.2)
Sold on disposals	-	7.0
Foreign exchange movements	2.4	13.6
Other non-cash movements	(17.7)	0.7
Net debt at year end	(950.4)	(738.2)
Analysed as :		
Cash and cash equivalents	70.4	97.3
Bank overdrafts	(6.4)	(1.2)
Net cash and cash equivalents	64.0	96.1
Debt due within one year	(36.8)	(11.1)
Debt due more than one year	-	-
Bonds	(838.5)	(653.9)
Loans	(139.1)	(169.3)
Net debt at year end	(950.4)	(738.2)

10 This preliminary announcement was approved by the Board on 20th November, 2007.

Highlights of this announcement will be advertised on 22nd November, 2007 in the Evening Standard, on the 23rd November in the Daily Mail, Metro, Western Morning News and the Western Daily Press and on the 25th November in The Mail on Sunday. It is expected that the Annual Report and Accounts will be posted to shareholders on or before 9th January, 2008.