

**DMGT****Group interim results for the half year ended 2<sup>nd</sup> April, 2006.**

	Adjusted results*			Statutory results		
	2006	2005+	Change	2006	2005+	Change
Revenue	<b>£1,083 m</b>	£1,061 m	+2%	<b>£1,083 m</b>	£1,061 m	+2%
Operating profit	<b>£121.5 m</b>	£119.9 m	+1%	<b>£76.0 m</b>	£108.4 m	-30%
Profit before tax	<b>£108.7 m</b>	£101.6 m	+7%	<b>£184.8 m</b>	£95.9 m	+93%
Earnings per share	<b>17.8 p</b>	17.4 p	+2%	<b>38.2 p</b>	17.0 p	+125%
Dividend per share				<b>4.05 p</b>	3.75 p	+8%

- **Robust results in difficult trading conditions for our consumer businesses.**
- **Good progress on regional newspaper restructuring.**
- **Encouraging growth in non-newspaper businesses.**

\*(before amortisation and impairment of intangible assets including software amortisation, restructuring costs and non-recurring items; see Consolidated Income Statement and reconciliation in Note 8).

+ All references to prior period numbers are to figures prepared under International Financial Reporting Standards (IFRS) in place of UK Generally Accepted Accounting Principles (UK GAAP).

A webcast of the Interim Results presentation to City analysts will be available for viewing from 9.30 a.m. on 25<sup>th</sup> May, 2006 at <http://www.dmgt.co.uk>.

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## Summary

The Group made an adjusted profit before tax\* of £108.7 million for the six months to 2<sup>nd</sup> April, 2006, an increase of 7% compared with the equivalent figure for the previous year.

This result reflects a good trading performance particularly from our business to business and fast expanding digital activities. Consumer advertising revenues have been depressed and our newspaper divisions have been reducing costs to protect their profits.

The Group's results have been produced for the first time in accordance with International Financial Reporting Standards; the prior interim period's results have been restated, reducing adjusted profit before tax\* by £13 million.

Statutory profit before tax for the period is £184.8 million, up 93% on last year due to the inclusion of profits on disposal of businesses.

## Outlook

The Group's business-facing divisions continue to see strong growth in revenues and are finding new opportunities to expand their activities profitably. We expect these businesses to produce a good result for the year.

At Associated Newspapers, circulation figures are solid and we are seeing some modest improvement in the display advertising market for our national titles, but not in their classified advertising. We are encouraged by the progress being made on the further restructuring of Northcliffe, but there is little sign of an advertising recovery in regional newspaper titles. Nevertheless, we still hope to achieve modest progress for the full financial year compared to last year.

## National Newspapers and related activities

Associated Newspapers' operating profit\*, compared to the first half of 2005, was down by £4.9 million to £39.1 million on revenues down £29 million to £459 million. These results include those of the newspaper operations, Associated's digital activities and also the operations of Teletext which is now reported within this division.

Circulation revenues for the period from Associated's newspaper operations were broadly unchanged at £180 million, compared with £181 million in the prior period. The *Daily Mail* continued to increase its share of the national newspaper market and on 24<sup>th</sup> April 2006, it increased its Monday to Friday cover price by 5 pence, the first such increase for nearly five years. *The Mail on Sunday* performed in line with the market for the six-month period to March 2006. The *Evening Standard* again reduced the year-on-year decline in its paid-for circulation. *Metro's* distribution continued to average over one million copies and increased by 10% in March as a result of new franchises in Liverpool and Cardiff. *Metro* was launched in Dublin as a joint venture in December 2005.

Display advertising revenues fell by 9% to £175 million due to lower volumes. Classified advertising fell by 9% to £53 million. The advertising market remains volatile and very short term, but there have been some recent signs of a slight recovery in display advertising. Combining March and April (chosen to eliminate the effect of Easter being in April this year and March last year), newspaper display revenue was up 0.4% year on year and we expect May also to show some year on year growth.

Margins on Associated's titles have improved slightly despite a newsprint price increase from 1 January. Pension costs have fallen, partly as a result of a restructuring of benefits last year. The *Evening Standard* in particular has significantly reduced its cost base.

\*References to operating profit in the narrative above are to adjusted operating profit (before amortisation and impairment of intangible assets including software amortisation, restructuring costs and non-recurring items); see note 2.

+ All references to prior period numbers are to figures prepared under IFRS in place of UK GAAP.

Associated's digital operations including Jobsite, Find a Property and Prime Location, increased their revenues by 53% to £21 million. Excluding the effect of acquisitions made since the first half of last year, revenues increased by 26%. The property website, primelocation.com, which was acquired in January, is trading well. Allegran, which operates a portfolio of dating web sites, and DMR, operating carsource.co.uk, were acquired towards the end of the period.

Revenues from Associated's television-related activities, including Teletext, fell by 16% to £25 million. Advertising revenue from Teletext's analogue services fell by 23% year on year, but revenues from its digital services rose by 50%. In May, Teletext accepted retrospective revised licence terms from the Independent Television Commission, the benefit of which has been reflected in these results.

### **Regional newspapers and related activities**

Northcliffe's operating profit\* fell by £0.8 million to £39.1 million on revenue which was down 4% to £247 million.

Circulation revenues of £49 million were unchanged from the same period last year. In the July to December 2005 ABC period, Northcliffe morning and evening daily titles declined less than industry average circulation figures.

Advertising revenues in the UK fell by 6.4% (7.5% if adjusted for the effects of a later Easter this year). Excluding recruitment revenues, which declined by 14%, advertising revenues were 3% lower. Property (up 7%) continued to grow, but motors fell by 14%. Revenues from digital publishing were 20% above those of the same period last year.

For the four months to April 2006, (excluding Aberdeen Journals which was sold on 2nd April), UK advertising revenues were down 8.5%. By category, property was up 7%; recruitment and motors were each down by 18%, although the rate of decline in recruitment revenues has slowed somewhat.

UK publishing costs in the period were 5% lower than in the previous period, despite suffering a newsprint price increase and significantly higher energy costs.

### **Northcliffe UK restructuring**

The extended Aim Higher programme of organisational and structural improvements continues. Annualised cost reductions from the programme are currently running at around £28 million. Staff numbers have fallen from around 6,800 (excluding Aberdeen Journals) in June 2005 to around 5,950 at the end of April 2006. We are confident of achieving our announced target of £45 million cost reduction by the end of September 2007.

At the end of March, we announced that Northcliffe would be reorganised on a regional basis and would collaborate more closely with Associated in some areas. The new structure has been put in place, organising Northcliffe into six regions. This has resulted in a number of management departures and a reduction in the size of Northcliffe's London office. Combined printing and digital operations have already been established.

A restructuring charge of £14.8 million has been taken which includes the costs for the second phase of Northcliffe's reorganisation programme, together with the professional costs of the strategic review of the business.

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+ All references to prior period numbers are to figures prepared under IFRS in place of UK GAAP.

### **Information publishing**

DMG Information increased its operating profit\* by £9.9 million to £24.1 million on revenues up 26% to £154 million.

The business to business division grew its revenues by 33% to £104 million and operating profit\* rose by £10.0 million (52%) to £29.2 million. The main contributors to this strong performance were Risk Management Solutions, Environmental Data Resources, Trepp and Landmark, with the latter benefiting from a resurgent UK residential market. Each business is seeing strong demand for broadening product portfolios and was able to improve margins, despite continued investment in new initiatives. Trepp, serving the buoyant commercial mortgage-backed securities market, has had a particularly strong first half.

Within the careers division, the seasonal first half losses were at a similar level to last year. However, forward bookings are higher which should convert into improved profits in the second half year. Revenues increased by 14% with Hobsons up 17%, where the US business in particular grew well, and Study Group up 14%.

### **Financial publishing**

Euromoney Institutional Investor increased its operating profit\* by £0.1 million to £15.0 million on revenues up 18% to £103 million. This result was achieved despite charging £2.3 million for the cost of its capital appreciation plan which was implemented in the second half of the prior year. Excluding this cost, underlying operating profit\* rose by 17%.

Revenue for the first half exceeded £100 million for the first time and strong organic growth helped drive record underlying operating profits. Encouragingly, all divisions increased operating profits\* and subscription revenues grew at their highest rate for some time. As last year, revenue growth came predominantly from the event businesses, with only limited growth in advertising. These positive trends have continued into the third quarter.

### **Exhibitions**

dmg world media's operating profit\* rose by £0.3 million to £17.0 million on revenues up 11% to £100 million. It saw the same divergence in results as the Group overall, with several of its consumer events struggling, but its business shows performing strongly. The home and garden shows had a tough period with operating profits\* down by 23%. Attendances at the *Daily Mail Ideal Home Show* were 10% lower than the previous year, but attendees generally stayed longer and spent more than expected.

Within the other sectors, operating profits\* rose significantly with particularly good performances from *Palm Beach 3*, the contemporary art, sculpture and photography show, and *SurfExpo* in Florida, from *Index* (which was not held in the previous financial year) and *Big 5* in Dubai, and particularly from AdTech's online marketing show and conference in New York.

\*References to operating profit in the narrative above are to adjusted operating profit (before amortisation and impairment of intangible assets including software amortisation, restructuring costs and non-recurring items); see note 2.

+ All references to prior period numbers are to figures prepared under IFRS in place of UK GAAP.

### **Broadcasting**

Broadcasting now comprises purely the operations of DMG Radio in Australia. It made an operating loss\* of £1.9 million, a fall of £2.6 million on revenue which was up 23% to £20 million despite a slowing radio advertising market. The fall was due to the launch costs and start-up losses of the new *Vega* radio stations in Sydney and Melbourne, offset partly by improving results from the newest Nova stations in Brisbane and Adelaide. The *Vega* launches have been disappointing, with audiences slow to build, and changes are currently being implemented.

The Nova stations were again number one in the five main cities in the 18-24 age group in the most recent survey, as well as being the leading national network in its target market of listeners under 40. The Brisbane *Nova*, launched only in April 2005, has already become the leading station in the city.

### **Joint ventures and associates**

The Group's share of the results\* of its joint ventures and associates (after tax) fell by £1.5 million to £2.2 million due mainly to the absence of a contribution from GWR Group plc (which merged into GCap Media plc in May 2005 and is now held as a trade investment).

### **Other income statement items**

The charge for amortisation of intangible assets increased by £9.4 million to £21.9 million and an impairment charge was made of £7.8 million.

Other gains and losses of £132.1 million arose principally from the £122 million profit on sale of Aberdeen Journals. They also included defined benefit pension scheme finance income of £10.0 million, an increase of £5.3 million.

Investment revenue, chiefly interest on deposits, increased by £4.8 million to £14.2 million. Finance costs, mainly interest payable on loans and bonds, rose by £3.1 million to £39.2 million.

After removing the effect of amortisation and impairment, restructuring costs and significant non-recurring items, the adjusted tax rate for the interim period is 31.9% (2005: 28.5%). The 2006 interim tax rate is higher than that of the prior period as 2005 marked the final period when prior year US tax losses were recognised in the income statement.

The 2006 full year tax rate is expected to be slightly higher than the interim tax rate due to the timing of when profits arise in various jurisdictions. The actual amount of tax paid is not affected by these changes.

\*References to operating profit or loss in the narrative above are to adjusted operating profit or loss (before amortisation and impairment of intangible assets including software amortisation, restructuring costs and non-recurring items); see note 2.

\*References to share of the results of joint ventures and associates in the narrative above are to adjusted share of the results of joint ventures and associates (before amortisation and impairment of intangible assets); see note 3.

+ All references to prior period numbers are to figures prepared under IFRS in place of UK GAAP.

**Net debt**

Net debt at the end of the period was £765 million, a reduction of £2 million since the year end. Operating cash flows and disposal proceeds of £126 million were offset mainly by acquisitions of £127 million and capital expenditure of £51 million, principally Associated's new plant at Didcot.

The principal acquisitions during the period were three digital businesses bought by Associated, Prime Location, Allegran and DMR, for a total upfront cost of £80 million. There were also payments of deferred consideration totalling £33 million. Disposals of investments and businesses arose principally from the sale of Aberdeen Journals on 2nd April, 2006.

Since the period end, DMG Information has completed the acquisition of Genscape, a US business providing information and publications on the power industry, for \$130 million (£71 million).

**IFRS**

DMGT's IFRS 2005 unaudited interim and full year audited primary statements for the year ended 2<sup>nd</sup> October, 2005, together with its new accounting policies under IFRS, are available in full on the Company's website, [dmgmt.co.uk](http://dmgmt.co.uk). As previously reported, the main differences are in respect of employment benefits (pensions), share-based payments, goodwill, dividends and deferred tax.

**Dividend**

The Board has declared an interim dividend of 4.05 pence per Ordinary 'A' Ordinary Non-Voting share (2005 3.75 pence) which will be paid on 7<sup>th</sup> July, 2006 to shareholders on the register at the close of business on 9<sup>th</sup> June, 2006.

**The Viscount Rothermere  
Chairman**

Daily Mail and General Trust plc  
Consolidated Income Statement

		Unaudited Half year ended 2 <sup>nd</sup> April 2006	Unaudited Half year ended 3 <sup>rd</sup> April 2005	Audited Year ended 2 <sup>nd</sup> October 2005
		£m	£m	£m
	Notes			
<b>Continuing operations</b>				
Revenue	2	1,083.0	1,060.5	2,136.3
<b>Operating profit before restructuring and strategic review costs</b>	2	<b>92.3</b>	108.4	239.5
Restructuring and strategic review costs	2	(16.3)	-	(13.9)
Group operating profit	2	76.0	108.4	225.6
Share of results of joint ventures and associates	3	1.7	2.3	(1.6)
<b>Total operating profit</b>		<b>77.7</b>	110.7	224.0
Investment revenue	4	14.2	9.4	19.1
Other gains and losses	5	132.1	11.9	24.7
Finance costs	6	(39.2)	(36.1)	(70.3)
<b>Profit before tax</b>		<b>184.8</b>	95.9	197.5
Tax	7	(30.7)	(25.1)	(42.1)
<b>Profit for the period from continuing operations</b>		<b>154.1</b>	70.8	155.4
<b>Attributable to :</b>				
Equity holders of the parent		150.9	67.5	142.1
Minority interests		3.2	3.3	13.3
		<b>154.1</b>	70.8	155.4
Basic earnings per share		38.2p	17.0p	35.9p
Diluted earnings per share		38.1p	17.0p	35.8p

**Daily Mail and General Trust plc**  
**Consolidated Statement of Recognised Income and Expense**

	Unaudited 2 <sup>nd</sup> April 2006	Unaudited 3 <sup>rd</sup> April 2005	Audited 2 <sup>nd</sup> October 2005
	£m	£m	£m
Profit for the period	154.1	70.8	155.4
Foreign exchange translation differences	(8.0)	12.8	11.9
Actuarial gains on defined benefit pension schemes	125.3	22.3	17.6
Fair value movements on available for sale investments	(19.5)	-	-
Put option arising on acquisition of subsidiary	(15.8)	-	-
Deferred tax on actuarial movement	(37.5)	(1.5)	(7.2)
Tax on other items recognised directly in equity	(10.3)	(4.8)	4.8
<b>Total recognised income and expense for the period</b>	<b>188.3</b>	<b>99.6</b>	<b>182.5</b>
<b>Attributable to :</b>			
Equity shareholders	183.7	93.1	168.6
Minority interests	4.6	6.5	13.9
	<b>188.3</b>	<b>99.6</b>	<b>182.5</b>
Transition adjustment on adoption of IAS 39	(9.0)	-	-

**Shareholders' equity reconciliation**

	Unaudited 2 <sup>nd</sup> April 2006	Unaudited 3 <sup>rd</sup> April 2005	Audited 2 <sup>nd</sup> October 2005
	£m	£m	£m
Total recognised income and expense for the period	188.3	99.6	182.5
Dividend	(32.6)	(30.0)	(44.9)
Dividend paid to minority	(8.7)	(4.8)	(5.7)
Issue of share capital	1.3	0.5	1.0
Increase in shares held in treasury	2.2	(7.3)	(14.4)
Reclassification of share option scheme	-	-	50.8
Other movements on share option schemes	(23.8)	2.4	5.5
Movement in minorities	4.1	2.5	(4.0)
	<b>130.8</b>	<b>62.9</b>	<b>170.8</b>
Shareholders equity at the beginning of the period	355.9	185.1	185.1
Transition adjustment on adoption of IAS 39	(9.0)	-	-
Shareholders' equity at the end of the period	<b>477.7</b>	<b>248.0</b>	<b>355.9</b>

**Daily Mail and General Trust plc**  
**Consolidated Cash Flow Statement**

	Unaudited 2 <sup>nd</sup> April 2006	Unaudited 3 <sup>rd</sup> April 2005	Audited 2 <sup>nd</sup> October 2005
Notes	£m	£m	£m
Group operating profit	76.0	108.4	225.6
Adjustments for:			
Share based payments	5.4	4.5	10.6
Depreciation	33.3	33.9	71.1
Amortisation of intangible assets	21.4	11.1	28.7
Impairment of goodwill	7.8	1.1	5.3
(Profit)/loss on disposal of fixed assets	(0.7)	-	0.3
Operating cash flows before movements in working capital	143.2	159.0	341.6
Decrease / (increase) in inventories	3.2	(0.4)	(1.9)
(Increase) / decrease in trade and other receivables	1.6	7.2	(38.0)
(Decrease) / increase in trade and other payables	(11.6)	(7.4)	57.1
Cash generated by operations	136.4	158.4	358.8
Taxation paid	(11.1)	(8.4)	(44.6)
Taxation inflow	2.6	1.4	9.0
<b>Net cash from operating activities</b>	<b>127.9</b>	<b>151.4</b>	<b>323.2</b>
<b>Cash flows from investing activities</b>			
Interest received	11.5	6.6	17.7
Interest paid	(44.8)	(37.7)	(68.7)
Dividends received from joint ventures and associates	4.6	3.9	6.8
Interest element of finance lease rental payments	-	(0.9)	(2.0)
Dividends received from other investments	1.0	-	2.6
Dividends paid to minority shareholders	(8.7)	(4.8)	(5.7)
Purchase of tangible fixed assets	(51.2)	(35.8)	(94.5)
Purchase of investments	-	-	(0.4)
Disposal of tangible fixed assets	4.5	4.1	6.2
Disposal of investments	1.2	6.6	16.0
Purchase of businesses	(127.0)	(60.1)	(102.7)
Investments in joint ventures and associates	(10.3)	(24.6)	(29.7)
Disposal of businesses	125.5	8.2	15.7
<b>Net cash used in investing activities</b>	<b>(93.7)</b>	<b>(134.5)</b>	<b>(238.7)</b>
<b>Financing activities</b>			
Equity dividends paid	(32.7)	(30.0)	(44.9)
Issue of share capital	1.4	0.5	1.0
Issue of shares by Group companies to minority interests	0.7	0.9	3.2
Purchase of own shares	(9.4)	(7.8)	(15.4)
Repurchase of bonds	-	-	-
Loan notes repaid	(0.6)	(1.9)	(87.7)
Increase in other borrowings	96.0	76.2	100.4
Treasury hedging activities	9.5	7.6	(3.3)
Capital element of finance lease rental payments	(14.2)	(5.5)	(5.4)
<b>Net cash from / (used in) financing activities</b>	<b>50.7</b>	<b>40.0</b>	<b>(52.1)</b>
<b>Net increase in cash and cash equivalents</b>	<b>84.9</b>	<b>56.9</b>	<b>32.4</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>124.2</b>	<b>91.4</b>	<b>91.4</b>
Exchange gain / (loss) on cash and cash equivalents	0.3	(1.1)	0.4
<b>Cash and cash equivalents at end of period</b>	<b>209.4</b>	<b>147.2</b>	<b>124.2</b>

