DMGT

DAILY MAIL AND GENERAL TRUST PLC
ANNUAL REPORT
2nd October, 2011

2011

User guide

ANNUAL REPORT 2011

THIS INTERACTIVE PDF ALLOWS YOU TO FIND INFORMATION AND NAVIGATE AROUND THIS DOCUMENT EASILY. IT ALSO LINKS YOU TO USEFUL INFORMATION ON THE WEB THAT IS NOT PART OF THE ANNUAL REPORT.

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LINKS

Dynamic links within the text are indicated when the user roll over hyperlinks and the mouse cursor changes to a pointed hand.

FINANCIAL HIGHLIGHTS

Revenue
£1,990m (+1%)
'10
'11

Adjusted operating profit*
£286m (-5%)
'10†
'11

Adjusted profit before tax*
£237m (+3%)
'10†
'11

Statutory profit before tax
£125m (-15%)
'10
'11

Adjusted earnings per share
47.0p (+2%)
'10†
'11

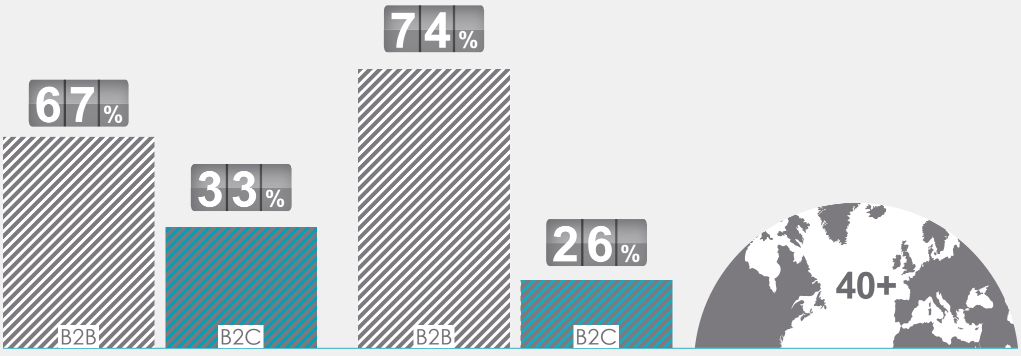
Dividend per share
17.0p (+6%)
'10
'11

BUSINESS HIGHLIGHTS

% OF DIGITAL REVENUE

TOTAL NUMBER OF EMPLOYEES

PROFIT SPLIT BY B2B AND B2C



FIND OUT MORE ABOUT OUR 'REAL-TIME' INFORMATION

Visit dmgt.com to see what is happening across our business and the marketplaces in which we operate. Scan the QR code to the left to see how we are empowering people through information.

* Before exceptional items, impairment and amortisation of intangible assets arising on business contributions; see Consolidated Income Statement on page 80 and reconciliation in Note 13 to the Accounts.

† Restated for the change of presentation of amortisation of internally generated and acquired software as a charge against adjusted profits.

DMGT.COM

DMGT's corporate website features an interactive data dashboard which displays a selection of real-time information from around the Group.

Businesses

dmgt.com/businesses
RMS
dmg::information
dmg::events
Euromoney
A&N Media

Corporate responsibility

dmgt.com/corporate-responsibility
Community
Environment
Carbon footprint
Employees
Audience
Financial markets

Investor relations

dmgt.com/investor-relations
Reports and presentations
Financial announcements
Financial calendar
Analyst consensus
Shareholder services
Five-year financial summary
Fixed income investors
Contacts for investors

Media centre

dmgt.com/media-centre
News releases
Download centre

Corporate brochure

Take a look at our corporate brochure for a snapshot of our core strategic messaging and key success stories from around our business.

INTRODUCTION

DMGT IS AN INTERNATIONAL MEDIA AND INFORMATION GROUP BRINGING TOGETHER COMPANIES IN THE BUSINESS-TO-BUSINESS AND CONSUMER SECTORS.

WE EMPOWER PEOPLE THROUGH INFORMATION. WE PROVIDE TOPICAL, RELEVANT CONTENT ON MULTIPLE PLATFORMS FOR A WIDE RANGE OF AUDIENCES. WE DEVELOP PROFESSIONAL AND SOCIAL NETWORKS AND COMMUNITIES.

EACH OF OUR COMPANIES IS DIFFERENT. MANY ARE MARKET LEADERS. WE REGARD DIVERSITY AS A SOURCE OF STRENGTH AND PROMOTE AUTONOMY AND ENTREPRENEURIALISM WITHIN OUR BUSINESSES.

IN 2011 WE EXTENDED OUR GEOGRAPHIC FOOTPRINT, MOVED FURTHER INTO THE DIGITAL SPACE AND STRENGTHENED OUR BALANCE SHEET. DMGT IS EMERGING AS A LEANER, STRONGER, MORE FOCUSED GROUP.

The essential read

OVERVIEW OF THE BUSINESS

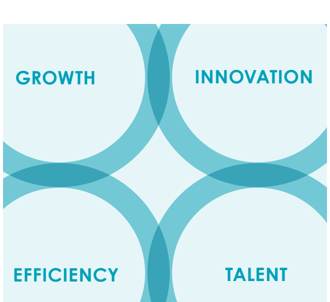
pg2-3

The breadth of DMGT's businesses makes for a highly resilient organisation. We focus on safeguarding performance and generating long-term growth.

REPORT SUMMARY

pg4-5

- How our business works
- Our strategic pillars
- Our vision and values
- Market overview



OUR BUSINESS DIVISIONS

pg6-7

- RMS
- dmg::information
- dmg::events
- Euromoney Institutional Investor
- A&N Media

OVERVIEW OF THE YEAR

pg8-9

The Group launched new products, invested in talent and improved the quality of its portfolio.

CONTENTS

At a glance

OVERVIEW OF BUSINESS

DMGT is an international Group quoted on the London Stock Exchange. It brings together a portfolio of businesses operating in traditional media, information and digital markets. DMGT companies provide essential news and knowledge resources to professional and consumer audiences around the globe.

The Group's heritage is in news and the printed word – through the Daily Mail, The Mail on Sunday, local and regional newspapers. But there's much more to our story.

It's more than 20 years since we took the decision to diversify the business and reduce our reliance on UK advertising markets. It was a pivotal moment.

DMGT in 2011 has over 12,000 employees. It controls a growing portfolio of profitable digital businesses. B2B operations account for nearly 50% of total revenue. Profitability has increased five-fold, with more than 50% of profits now earned in North America.

We are expanding our capabilities, extending our geographic footprint and strengthening our balance sheet.

A CONTENT-LED GROUP

We've built and acquired many different kinds of companies to develop the Group, but there is always one common thread. Each depends for its prosperity on connecting people with valuable, content-rich information.

With our roots in news, we understand what makes great content. We invest in companies that generate high-quality, hard-to replicate content and distribute it to people and businesses when they need it, in the way that they want it.

Customers want real-time, relevant information wherever they happen to be. We're developing apps, building platforms and improving the mobile user experience.

Our customers are also co-creators. They contribute reviews and feedback. They form online communities. In the professional sphere, they want to debate industry issues and analyse real-time data.

We're engaging with communities in various ways. We are building audiences on multiple platforms by acting as a trusted partner. We stage global conferences and exhibitions. We manage social and professional online networks. And we deliver compelling content.

DISTRIBUTED DECISION-MAKING

We don't micro-manage. We devolve operating decisions as much as possible. Strong financial management skills and systems at Group level allow us to monitor performance and underlying risk. This, allied to a transparent reporting culture, provides effective control and gives us the confidence to let our businesses follow their own paths to growth.

Our hands-off management style appeals to talented entrepreneurs. We focus on giving them the right kind of backing, motivating them and rewarding initiative.

OUR STRUCTURE

DMGT is publicly listed on the London Stock Exchange. The founding family retains a significant interest and, in the person of our Chairman, executive control.

Our overriding aim is to maximise performance for all shareholders. Our family control status makes that easier to achieve. Public listing adds rigour – it imposes market disciplines and promotes best practice. Committed, family ownership adds flexibility and greater scope to generate long-term value.

ACTING RESPONSIBLY

As a Group we've always been committed to sustainable, long-term performance.

Managing our businesses and brands responsibly, valuing our own people and respecting the communities we serve are essential for our own continued success. From this common starting point each of our business units develops corporate responsibility policies to suit its distinctive conditions.

BUILDING ON SUCCESS

We take a portfolio approach to management. We invest for the long term in businesses that meet our financial and strategic criteria. Equally, where existing holdings no longer meet our strategic and financial requirements, we will divest.

Ours is a growth agenda. We are consistently looking to build on and extend our market-leading positions. We are generating shareholder value and strengthening our balance sheet by progressively enhancing the quality of our assets.

DMGT continues to evolve. It is developing into a global growth company with sustainable earnings, a consistently growing dividend and an increasing exposure to high-growth markets.

OUR HERITAGE

1896

DAILY MAIL FOUNDED
Brothers Alfred and Harold Harmsworth edit, produce and oversee the launch of the Daily Mail.

1902

RECORD CIRCULATION
Daily Mail becomes the first newspaper with a circulation of over a million.

1922

DMGT FOUNDED
DMGT is established to manage the family's newspaper interests.

1929

ESMOND HARMSWORTH APPOINTED DMGT CHAIRMAN

1932

LONDON STOCK EXCHANGE FLOTATION
DMGT is listed on the London Stock Exchange.

1969

EUROMONEY FOUNDED
Euromoney Magazine is launched as a business-to-business magazine focused primarily on the international finance sector.

At a glance

OVERVIEW OF BUSINESS

1978

THE THIRD VISCOUNT ROTHERMERE APPOINTED DMGT CHAIRMAN

1988

DMG EVENTS ESTABLISHED
dmg::events is formed (under a different name) to manage and develop a portfolio of events assets.

1990

DMG INFORMATION FOUNDED
dmg::information is formed (under a different name) to manage and develop a portfolio of business-to-business information companies.

1998

THE FOURTH VISCOUNT ROTHERMERE APPOINTED DMGT CHAIRMAN

1998

RMS JOINS DMGT
DMGT acquires Risk Management Solutions, a fast-growing business in the emerging catastrophe risk modelling sector.

2006

EUROMONEY ACQUIRES METAL BULLETIN
Euromoney acquires Metal Bulletin, the industry-leading intelligence service for metals and steel professionals.

DMGT

DMGT, a multi-media company, has been empowering people through information for over a century. Its diverse portfolio of market-leading companies operates through five key business units. The Group delivers high-quality content, information, analytics and events 24 hours a day, 365 days a year.

MANAGEMENT TEAM

Lord Rothermere
Chairman

Martin Morgan
Chief Executive

Stephen Daintith
Finance Director

RMS

The world's leading producer of models, services, expertise and data solutions for the quantification and management of catastrophe risk.

Pg 24

MANAGEMENT TEAM

Martin Morgan
Chairman

Hemant Shah
President & Chief Executive

dmg :: information

A global, market-leading provider of business-to-business (B2B) information in sectors including property, finance, energy, environmental and education.

Pg 26

MANAGEMENT TEAM

David Dutton
Chairman

Suresh Kavan
Chief Executive

dmg :: events

A leading supplier of face-to-face business information, staging global events for the energy, technology, construction and interiors industries.

Pg 28

MANAGEMENT TEAM

Suresh Kavan
Chairman & Chief Executive

Galen Poss
Chief Operating Officer

Euromoney Institutional Investor PLC

A business-to-business media group focusing mainly on international finance, metals and commodities. It publishes trade publications, data and research, both online and in print. It runs conferences, seminars and training courses.

Pg 29

MANAGEMENT TEAM

Padraic Fallon
Chairman

Richard Ensor
Managing Director

A&N MEDIA

An international publisher with an unrivalled print and digital portfolio, comprising Associated Newspapers, Northcliffe Media, digital only businesses and A&N International Media.

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MANAGEMENT TEAM

Lord Rothermere
Chairman,
Associated Newspapers

Paul Dacre
Editor in Chief,
Associated Newspapers

Kevin Beatty
Chief Executive, A&N Media

Steve Auckland
Managing Director,
Northcliffe Media

At a glance

REPORT SUMMARY

DMGT is a long-term owner of a diverse range of high-quality media and information assets in both the business-to-business (B2B) and consumer sectors. We build sustainable and growing revenue streams by providing useful content, information, analytics and events 24 hours a day, 365 days a year.

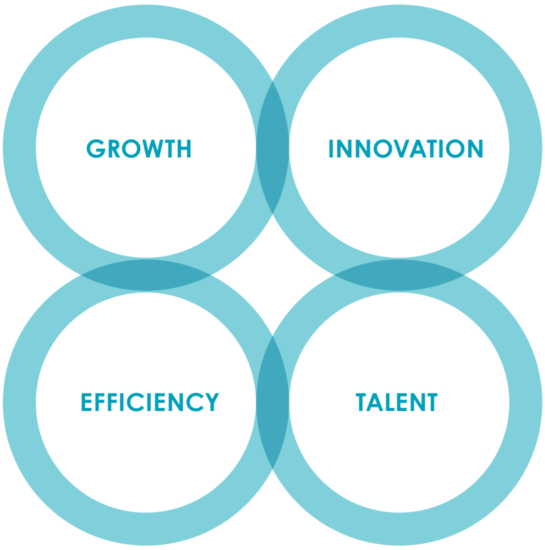
OUR STRATEGIC AMBITION – TO BECOME A GLOBAL GROWTH COMPANY

WE HAVE THREE STRATEGIC PRIORITIES

1. GROWING OUR BUSINESS-TO-BUSINESS COMPANIES
2. SUPPORTING OUR NEWSPAPERS AND INVESTING IN DIGITAL CONSUMER MEDIA
3. DIVERSIFYING INTERNATIONALLY INTO HIGH GROWTH MARKETS

HOW WE ENABLE OUR STRATEGY

WE FOCUS ON GROWTH. WE FAVOUR INNOVATIVE SOLUTIONS. WE MAKE CERTAIN THAT EVERY BUSINESS IN OUR PORTFOLIO IS OPERATING EFFICIENTLY. WE SUPPORT AND PROMOTE TALENT.



DMGT's core objective is continually to improve the quality of its portfolio of assets, thus enhancing its overall share rating. We are progressively transforming DMGT into a global growth company.

We have identified three strategic priorities in pursuit of this objective. Firstly, we are growing our B2B businesses. Secondly, in consumer sectors we support our newspapers and invest in digital media. Thirdly, we are diversifying internationally into high-growth markets.

Four strategic pillars inform our approach: growth, innovation, efficiency and talent.

Our businesses are managed to achieve sustainable growth. We invest in growth potential and focus on high-growth sectors.

Innovation is a key discipline. We invest in product development and new technology. We promote agility and resilience by encouraging a problem-solving, can-do culture across the Group.

The Group allocates capital efficiently according to clear investment criteria. We subject all of our assets and potential investments to regular, rigorous analysis. We maintain strong financial discipline.

We back talent. Our decentralised management style encourages initiative. We reward success with performance-related incentives.

OUR VISION & VALUES

We are building a global growth company to deliver sustainable earnings and dividend growth over the long term. Our distinctive values help us to pursue growth, while remaining agile and keeping a firm grip on performance.

Long-term view
DMGT is a permanent capital company. We invest in companies and business models that will generate value through sustained growth over the long term.

Empowering people
We're here to help people get things done. Within the Group, we back talent. In our markets, we equip our customers with relevant, topical information.

Customer focused
We take our cue from our customers. Our decentralised structure ensures that the people making the big decisions are close to their markets.

Integrity and quality of content
High-quality content makes our companies distinctive. We aim to deliver relevant, reliable and topical information that's hard to find elsewhere.

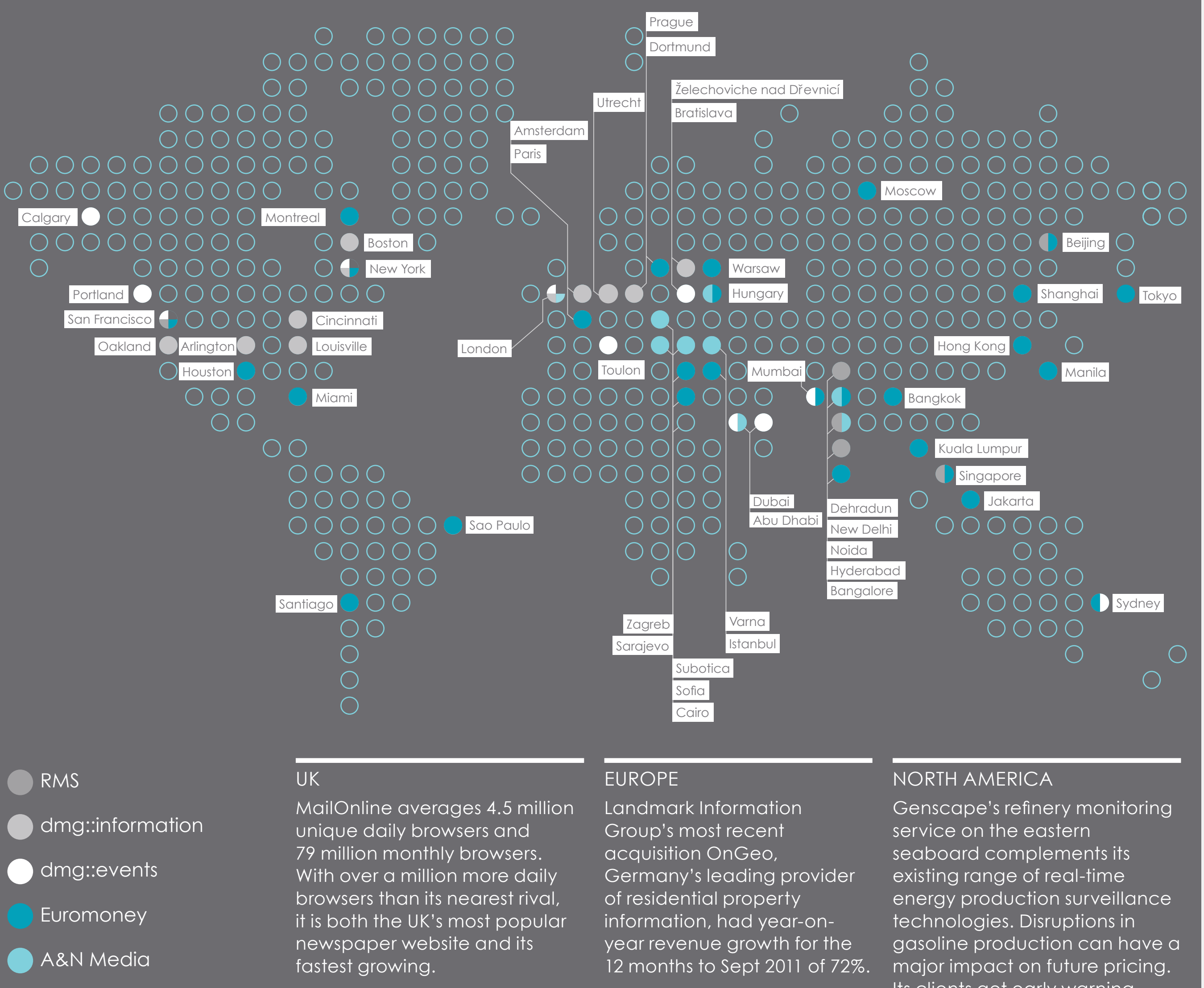
Creative, adaptable and innovative
We've built a successful international Group by challenging the status quo. We rely on insight and agility and see change as an opportunity.

At a glance

REPORT SUMMARY

OUR WORLD

Across the globe our distinctive international businesses are addressing a broad range of client concerns with compelling, high-quality content.



UK

MailOnline averages 4.5 million unique daily browsers and 79 million monthly browsers. With over a million more daily browsers than its nearest rival, it is both the UK's most popular newspaper website and its fastest growing.

EUROPE

Landmark Information Group's most recent acquisition OnGeo, Germany's leading provider of residential property information, had year-on-year revenue growth for the 12 months to Sept 2011 of 72%.

NORTH AMERICA

Genscape's refinery monitoring service on the eastern seaboard complements its existing range of real-time energy production surveillance technologies. Disruptions in gasoline production can have a major impact on future pricing. Its clients get early warning.

ASIA

Euromoney Institutional Investor has direct access to more than 1.6 million contacts across the region, with both existing customers and new prospects. This substantial tailor-made audience provides an ongoing marketing resource for it to grow revenues.

MIDDLE EAST

Following an award-winning conference in Jeddah, dmg::events has launched a series of shows in the relatively untapped Saudi market.

AUSTRALIA

Hobsons is working in partnership with leading Australian universities to recruit the best students to their academic programmes.

At a glance

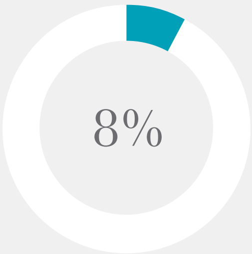
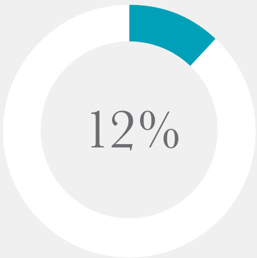
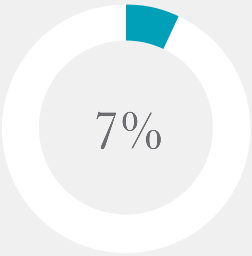
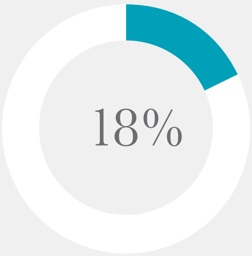
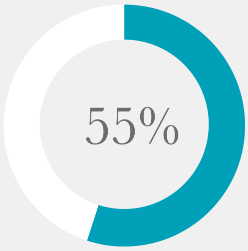
BUSINESS DIVISIONS

DIVISIONAL ACTIVITIES	PRINCIPAL BRANDS AND PRODUCTS
RMS® 7575 Gateway Boulevard Newark CA 94560, US Tel 001 510 505 2500 www.dmgt.com/businesses/rms	RMS®
dmg :: information 3 Stamford Landing Suite 400, 46 Southfield Ave Stamford, Connecticut CT 06902, US Tel 001 203 973 2940 www.dmgt.com/businesses/dmg-information	Landmark® Information Group; EDR®; hobsons empowering education professionals; LEWTAN™; Trepp®; GENSCAPE
dmg :: events 3 Stamford Landing Suite 400, 46 Southfield Ave Stamford, Connecticut CT 06902, US Tel 001 203 973 2940 www.dmgt.com/businesses/dmg-events	The Big 5 International Building & Construction Show – Your passion. Your industry.; 2012 Global Petroleum Show; ad:tech; Evanta; Gastech
Euromoney Institutional Investor PLC Nestor House Playhouse Yard London EC4V 5EX England Tel 0044 20 7779 8888 www.dmgt.com/businesses/euromoney	EUROMONEY; Institutional Investor; MetalBulletin; BCA Research; ISI Emerging Markets – A Euromoney Institutional Investor Company; Ned Davis Research Group
A&N MEDIA Northcliffe House 2 Derry Street London W8 5TT England Tel 0044 20 7938 6000 www.dmgt.com/businesses/an-media	Daily Mail; MailOnline; Metro; jobsite.co.uk – our job is searching for your job; FindaProperty.com; northcliffemedia; wowcher.co.uk; The Mail on Sunday; 7DAYS




At a glance

BUSINESS DIVISIONS

OVERVIEW	FINANCIAL HIGHLIGHTS	PERCENTAGE OF GROUP REVENUE
RMS is the world's leading provider of products, services and expertise for the quantification and management of catastrophe risk. For 20 years RMS has applied models, analytics, data and multi-disciplinary knowledge to the management of insurance risk associated with perils such as earthquakes, hurricanes, windstorms and terrorist attacks. Hundreds of leading insurers, reinsurers, trading companies, and other financial institutions rely on RMS models and analytics to make better risk management decisions. Headquartered in Newark, California, RMS serves the global financial markets from offices in the US, UK, Bermuda, Switzerland, India, Japan and China.	930 Employees £159m Revenue £47m Operating profit	
dmg::information is the Group's business information division, providing business-to-business information to the property, financial, energy, and educational recruitment markets. Headquartered in Connecticut, USA, dmg::information derives the majority of revenues from businesses located in the US with the UK and Australia representing the other significant geographic markets.	1,517 Employees £238m Revenue £47m Operating profit	
dmg::events is the Group's business-to-business exhibition and conferences division, operating 27 exhibitions and two conference businesses with events held in 11 countries. dmg::events' activities extend across 11 countries including the US, UK, Canada and the United Arab Emirates.	369 Employees £132m Revenue £39m Operating profit	
Euromoney Institutional Investor PLC is listed on the London Stock Exchange and is a member of the FTSE 250 share index. It is a leading international business-to-business media group focused primarily on the international finance, metals and commodities sectors. It publishes more than 70 titles in both print and on-line format including Euromoney, Institutional Investor and Metal Bulletin, and is a leading provider of electronic research and data under the BCA Research, Ned Davis Research and ISI Emerging Markets brands. It also runs an extensive portfolio of conferences, seminars and training courses for financial markets. The Group's main offices are located in London, New York, Montreal and Hong Kong and more than a third of its revenues are derived from emerging markets.	2,266 Employees £363m Revenue £93m Operating profit	
Associated Newspapers is the Group's national newspaper division which is also responsible for running the Group's newspaper companion digital sites; jobs, property, travel and motors digital businesses; and international operations in Central Europe. Through Harmsworth Printing it provides printing services to A&N Media. Through its digital businesses A&N Media reaches an estimated 42% of all UK internet users. Northcliffe Media is one of the largest local media organisations in the UK, operating from 17 publishing centres operating in the North East, Midlands, South West and South East English regions and in parts of South Wales. Northcliffe publishes 90 publications in the UK, including 13 paid-for daily titles, two free daily titles, 25 paid-for weeklies, 2 weekly classified titles, 18 monthly magazines and 29 free weekly newspapers (including hybrids). Northcliffe's network of local Thisis websites attracted 5.0 million unique users with 49 million page impressions in September 2011. Its Local People sites attracted 625,000 unique users with 2.8 million page impressions in September 2011.	6,873 Employees 4,342 (Associated) 2,531 (Northcliffe) £1,098m Revenue £93m Operating profit	

At a glance

OVERVIEW OF THE YEAR

Q1 *Oct'10 – Dec'10*

ADIPEC 2010

Abu Dhabi's biennial event is the largest oil and gas show outside North America. Visitor numbers are up 63%. Online registrations top 45,000. Over 4,000 delegates and 1,500 exhibitors from 91 countries attend.

EUROMONEY GROWTH

Institutional Investor

Euromoney Institutional Investor's first quarter revenues are up 20% at £86 million. Growth rates match a strong second half of 2010 for most revenue categories. In the subscriptions business growth is accelerating.

METRO EXTENDS DISTRIBUTION

Daily distribution figures for the daily free newspaper rise by 4% to 1,385,000 in November 2010.

DMG EVENTS APPOINTMENT

Galen Poss joins dmg::events in the newly created role of Chief Operating Officer.

Q1 revenue is £497m, up an underlying 5%† on Q1 2010.

National advertising grows despite bad December weather.

Good growth from B2B businesses.

Q2 *Jan'11 – Mar'11*

LEWTAN LAUNCHES NEW ABSNET SITE

ABSNet is the leading source for surveillance data, analytics, software and content for asset-backed securities. New features on the relaunched ABSNet website reflect changed market dynamics in the wake of the 2008 credit crisis.

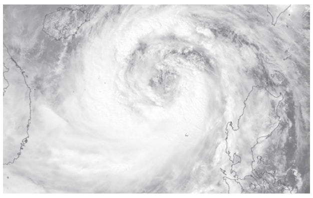
25TH GASTECH

The must-attend international conference and exhibition for the LNG, LPG and natural gas industries is held in Amsterdam.

PRINTING AT THURROCK

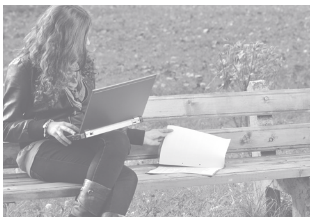
A&N Media announces a £50 million four year investment to relocate South London printing at a green-field site in Thurrock. The new plant's upgraded flexo printing presses will print full-colour 128-page Daily Mails and 160-page Mail on Sundays.

RMS MODELS LONGEVITY BOND



RMS analytics underpin pricing for the first ever longevity bond. The security transfers $50 million of longevity risk to the capital markets. RMS's innovative process model applies techniques used for catastrophe risk. It explains the methodology to Standard and Poor's to get the bond rated.

COLLEGE CONFIDENTIAL APP



Hobsons launches a free College Confidential mobile app for iPhone and Android. Registered users can access discussion forums and college search on the move. It attracts over 50,000 downloads over the next eight months.

NORTHCLIFFE MEDIA APPOINTMENT

Steve Auckland, formerly MD of Metro, becomes MD of Northcliffe Media.

DMGT APPOINTMENT

Stephen Daintith joins DMGT at the beginning of January. He becomes Finance Director in March.

Solid first-half performance. Group operating profit* up 8%.

B2B profit* up 10%, UK consumer media profits* up 5%.

Group operating margin* up to 15%.

* Before exceptional items, impairment of goodwill and intangible assets, and amortisation of intangible assets arising on business combinations.

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

At a glance

OVERVIEW OF THE YEAR

Q3 *Apr'11 – Jun'11*

MAIL REWARDS CLUB

Mail REWARDS CLUB

The Daily Mail and The Mail on Sunday launch their biggest-ever reader rewards programme. Readers register unique numbers for shopping vouchers at Tesco, Boots, John Lewis, WH Smith and Argos, free meals from Pizza Express, BP petrol and cinema tickets. The scheme attracts new readers and signs up 600,000 members.

RMS CHINA TYPHOON MODEL

The RMS China Typhoon Model analyses typhoon-related flood risk in mainland China and Hong Kong. The new tool complements the RMS China Earthquake Model. Companies can now quantify the risk of both typhoon and earthquake events in their region.

LANDMARK GREEN IT AWARDS

The market leader in property-related environmental risk information and digital mapping services hosts its second annual Green IT Awards event at London Zoo. The awards showcase organisations and technologies improving environmental performance in the IT industry.

THISIS NETWORK RELAUNCH

Northcliffe Digital relaunches the 26 regional Thisis websites with comprehensive local content, intuitive navigation and more social features.

Q3 revenue £495m, up 2%† on Q3 2010.

Continued good underlying growth from our B2B businesses.

Weaker national advertising revenues, reflecting the fragile UK consumer economy.

Q4 *Jul'11 – Sep'11*

THE MAIL ON SUNDAY IS TOP SUNDAY PAPER

Following the demise of The News of the World, The Mail on Sunday quickly establishes itself as the market leader in the Sundays sector.

MAILONLINE IS UK'S MOST POPULAR NEWS SITE

MailOnline's 1.7 million unique UK daily visitors in September is 51% up on 2010. It equates to a 37% share (Hitwise). Globally, 4.1 million unique users visit MailOnline daily in the same month. It is the world's second most popular English language news website.

EUROMONEY ACQUIRES NED DAVIS RESEARCH

US-based Ned Davis Research Group produces digital data, financial models and charts. Clients receive commentaries and independent intelligence for their asset allocation strategies.

SANBORN DISPOSAL

dmg::information sells geospatial information business Sanborn to its management. A strategic review had identified its primary business as non-core.

RMSI DISPOSAL

RMS sells RMSI, its Indian geographic information services division. It retains RMS India, with its centre of excellence and data and software support operations.

SALE OF GEORGE LITTLE MANAGEMENT

GLM is a profitable niche business, but non-core to the dmg::events portfolio. Following a strategic review DMGT sells for a total consideration of $173m.

Strong underlying growth from B2B businesses.

Difficult consumer conditions.

Continued focus on operational efficiency and portfolio management.

Further reduction in net debt.

CHAIRMAN'S STATEMENT

The Viscount Rothermere
Chairman

This year more than ever, my father's decision to diversify DMGT has proved to have been a masterful move.

BUSINESS

I am pleased to report a solid set of results, driven by a strong performance from our international B2B companies. These results were achieved despite the impact on our UK consumer businesses from sharply higher newsprint prices and a weaker advertising environment.

We have continued to refine our portfolio to optimise our talent and financial resources. In September we sold George Little Management, as part of our continuing drive to improve returns and in July we made our first significant acquisition for several years, backing Euromoney in its purchase of an initial 85% interest of Ned Davis Research Group. DMGT is strong both operationally and financially. Our debt has fallen further through strong operating cash flow and disposals, leaving us well placed to weather the uncertainties of the current Eurozone climate. We continue to build value and to grow revenues and profits.

CONTINUED GROWTH IN B2B

I again hail my father's decision to diversify the DMGT portfolio. This year it has proved a masterful move. The percentage of operating profit derived from B2B is now 74% of the total (up from 67% last year) and continues to strengthen. A couple of highlights: RMS continues to lead their sector and this year they launched their new North America Hurricane and Europe Windstorm models that supply seamless coverage across 15 countries. dmg::events has expanded its presence in Saudi Arabia. Euromoney remains the game-changer in their industry: in August Singapore Mercantile Exchange launched the world's first globally tradable iron ore futures contract, based on Euromoney's MBIO index.

Meanwhile, our newspaper division remains resilient. In a difficult twelve months, the Daily Mail produced the strongest circulation performance of all national daily newspapers despite having increased its cover price. The Mail on Sunday became the largest-selling national Sunday newspaper following the closure of The News of the World. A revamped Metro is distributing a record number of copies, producing record advertising revenue and record profits.

MailOnline is now a global name and is set, I believe, to become the world's most popular English language newspaper website. In October 2011, it recorded 79 million unique visits of which 25.7 million were in America where, with the opening of a New York office, we have expanded our operations. Meanwhile, MailOnline's iPhone app is showing very exciting growth in both visitors and revenue.

At Northcliffe, the future of four of our smallest dailies has been safeguarded by launching them as weeklies. This has resulted in a 50% increase in circulation with earnings totalling almost as much as was produced by the daily papers they replaced. My colleagues across the consumer businesses share my determination to see more such progress and innovation across all our titles.

CHAIRMAN'S STATEMENT

PRESS FREEDOM

The criminality at The News of the World has cast a shadow over the whole of the newspaper industry and, I believe, poses a greater threat to press freedom than has existed at any time in my life. Press freedom, of course, also demands ethical and responsible journalism – something, I know, the Editor-in-Chief of Associated Newspapers is committed to. In the ensuing battle over press regulation (which I firmly believe should result in a strengthened version of self-regulation) it is important not to forget that, but for a free press, many scandals in recent years, including MPs' expenses and phone hacking, would not have been exposed. For my part, I continue to highlight the Company's commitment to the importance of that freedom and the public's right to know – something that my family has been dedicated to for over a hundred years and which I passionately believe is a cornerstone of democracy.

DIGITAL

Digital evolution continues in our B2B as well as B2C companies. In A&N Media there have been more than 2.9 million downloads of their mobile apps and more than 11% of Jobsite traffic comes via mobile. Our digital innovations go from strength to strength at Hobsons where this year they launched the College Confidential mobile app. Over 50,000 downloads in the first eight months impressively reinforces Hobsons' status as the most popular online college discussion forum. In our B2B portfolio, Quest, part of the Landmark Information Group, is revolutionising the speed and efficiency of mortgage valuations with its new tablet technology. And RMS remains at the vanguard of digital progression, boasting some of the most sophisticated software in the sector. These are just a few of our exciting digital initiatives.

INNOVATION AND TECHNOLOGY

Innovation and the deployment of new technology are the key pillars of DMGT's exciting future. Supporting this, A&N Media hosted its inaugural technology summer school at Cambridge University. Delegates finished the week proposing ways that we might invest in innovation. Management teams across the Group are considering all suggestions. This forms part of a wider initiative whereby we are investing in, supporting and promoting innovative ideas and innovative people. Innovation and technology will provide the focal point for discussion at the Chairman's Conference 2012 and the resulting ideas will be spread across the Group. We have launched DMGT Chatter, a business networking and collaboration tool, which is transforming the way our talented employees can share ideas with colleagues across the Group.

OUR PEOPLE, OUR CULTURE

Selecting and retaining the best talent is something we can ensure. At RMS we have revolutionised the recruitment process, using video content and engaging explanations about prospective positions with a live chat function answering candidates' questions on a real-time basis. Using this outstanding technology will help us to attract outstanding talent.

The Nominations Committee already considers the benefits of diversity, including gender, when suggesting Board appointments. The appointment of women is one issue. Of equal importance is the representation of women in positions elsewhere within our businesses. As a major international employer, we are pleased that below Board level women account for a significant portion of our workforce – in some businesses, for more than half of our staff, including senior leadership positions.

The year has seen changes on the Board. In January, we welcomed Stephen Daintith, our new Finance Director to the Company and in February, we were fortunate to be joined on the Board by Dominique Trempont, whose appointment has brought considerable technology and international experience to it. In March we said goodbye to Peter Williams, our Finance Director since 1991. Charles Dunstone has indicated that he will not stand for re-election to the Board at the AGM in February. He has provided us with sound advice over his ten years as an independent non-executive Director. I shall miss him.

At DMGT, we believe that our people are our future. We have the right people to make that future a success.

The Viscount Rothermere
Chairman

But for a free press, many recent scandals would not have been exposed.

Innovation and new technology are key to our future.

CHIEF EXECUTIVE'S REVIEW

Martin Morgan
Chief Executive

OUR STRATEGIC AMBITION – TO BECOME A GLOBAL GROWTH COMPANY

WE HAVE THREE STRATEGIC PRIORITIES

1. Growing our business-to-business companies
2. Supporting our newspapers and investing in digital consumer media
3. Diversifying internationally into high growth markets

INTRODUCTION

This Business Review outlines the main operational and financial factors underpinning the development, performance and position of the Group as well as those likely to affect performance over the coming year, illustrating this with key performance indicators.

My Chief Executive's Review sets out the nature, objectives and strategy of the Group. A business review of the performance of each of our operating divisions follows on pages 24 to 37. A Financial and Treasury Review is given on pages 38 to 43 and the principal risks and uncertainties the Group faces are set out on pages 50 to 53 of the Directors' Report.

DMGT's Philosophy

DMGT is a multi-media and information company providing essential news, entertainment and information services in both the business to business (B2B) and consumer sectors. We operate in many different markets, in many countries, each with its own competitive and regulatory requirements.

It has been DMGT's philosophy for many years to take advantage of its shareholding structure and to invest with a long-term perspective to generate value. Our particular ownership structure, with control maintained by the founding family, has proved itself throughout our long history to be a successful business model in the media and information industry. It is this ownership structure that affords us a longer-term perspective and that is at the heart of our philosophy.

We are committed to remaining diversified across both the B2B and consumer media sectors in order to give us a breadth of opportunities and to spread risk. Our B2B arm is made up of Risk Management Solutions (RMS), dmg::information, dmg::events and Euromoney Institutional Investor. Our consumer media activities comprise within A&N Media Mail Newspapers, our digital-only businesses, our free newspaper division, principally Metro, and Northcliffe Media. We also own 50% of dmg Radio Australia, a joint venture.

Strategy

The overarching strategy for the Group is to remain the owner of high quality, sustainable, market-leading media and information assets across both the B2B and consumer sectors and to improve DMGT's overall share rating. Our intention is for DMGT to become a truly global growth company with sustainable earnings and

Our structure, as a publicly listed company controlled by its founding family, provides a successful business model for the media and information industry.

Business Review

CHIEF EXECUTIVE'S REVIEW

dividend growth, with an increasing exposure to growth economies and international opportunities.

Last year I stated that our strategy is underpinned by five guiding tasks, which are still all relevant today, but this year I have added a sixth, and that is technology innovation.

The first is to enhance focus by concentrating our management and investment on a subset of businesses where we see the closest alignment between opportunities and growth, and which fit with our investment criteria.

Secondly, we have been strengthening our balance sheet in order to maintain financial flexibility so that we are able to take advantage of opportunities as they arise.

The third key priority has been to reduce pension liabilities.

The fourth is applying consistent investment criteria. This requires being highly disciplined both in regularly assessing our current businesses and in the way we assess all future investments, resulting in a clear capital allocation process. There is a preparedness to sell as well as to buy on a timely basis.

The fifth is building on DMGT's distinct values and management philosophy. We remain committed to a decentralised operating structure with a small central team in order to nurture innovation and an entrepreneurial mind set. We have been raising the bar on talent by being committed to attracting and retaining the best people in order to optimise our management philosophy and to meet our global growth ambitions. Our work on talent remains critical in order to have the entrepreneurially minded people who can drive the revenue line and our strategic ambitions.

The sixth task, to which we are dedicating increased attention, is ensuring that we are making the necessary changes to embrace new technologies to meet changing customer needs and to improve efficiency and to lower costs.

Progress in year

We have made good progress in pursuit of our strategy over the last twelve months. We have narrowed further the range of companies DMGT operates to concentrate financial and talent resources where growth opportunities are greatest. We have repaired our balance sheet by achieving a high profit to cash conversion, through active portfolio management and by extending our bank facilities out to 2016. We have focused strongly on operational efficiency throughout the Group. We have negotiated a medium-term funding arrangement with the pension fund trustees and have made inroads towards curtailing our pension liabilities. We are looking at ways of reducing the schemes' volatility. We have applied our clearly articulated set of criteria for making investments. We have elevated the priority given to talent and launched a new leadership programme. We have improved communication both internally and externally. We are developing a long-term plan for international growth as part of our ambition to create a truly global company and we invested additional resources to execute against this plan. Finally, we are pursuing a number of DMGT Group-wide initiatives in the technology area.

My summary of this year's progress should be seen as a testament to our unwavering commitment to the strategy we set out last year.

DMGT Operational Model

DMGT's approach to managing the Group's companies has not changed: we continue to adopt a decentralised structure. We take a considerable amount of comfort in the fact that we know all our companies are run by chief executives with expert knowledge of the markets in which they operate. We have continued to nurture operational autonomy with strong incentives based on performance, whilst retaining central control over surplus capital and its reinvestment.

Maintaining this approach is of the upmost importance to me and my colleagues. The benefits are numerous and enabled us to respond rapidly to the economic downturn. At DMGT we realise that if you want to survive in this sector, you must be able to react quickly and efficiently to the rapidly changing media world. Autonomous management keeps decision-making close to the customer. Real innovation comes from having a customer focus. Our decentralised model provides a fertile environment for innovative people and, in turn, a positive breeding ground for innovative ideas.

At Group level, the Investment and Finance Committee works alongside the DMGT Leadership Team, making decisions on investment and capital allocation, acting independently from the divisions, and overseeing Group strategy development. The Leadership Team comprises all the divisional company leaders, together with the DMGT executive. Its remit is to focus on developing DMGT Group-wide longer-term strategy, on furthering cross-Group co-operation when and where this makes sense, and to guide policy on cross-divisional matters, for example Group leadership courses, communications, international expansion and aspects of technical capability. It does not replace the decision making and accountability structures in place through our decentralised operating structure.

> We are developing DMGT into a truly global growth company, with sustainable earnings, consistent dividend growth and increasing exposure to high growth economies.

> Our decentralised model provides a fertile environment for innovative people and a positive breeding ground for innovative ideas.

CHIEF EXECUTIVE'S REVIEW continued

On compensation, we do not apply a 'one size fits all' policy. This is a big strength, reflecting the value of the decentralised model. A series of templates has been created. Local incentive plans are in place and the Remuneration Committee takes care to ensure that compensation is aligned with the particular circumstances of each business.

Information sharing and technology

We recognise that our future is largely digital, whether it be in the consumer or in B2B markets, and we are uniquely placed to take key learnings and experience from one to inform the other. Accordingly, we have encouraged the sharing of more information regarding technological developments across the Group, particularly regarding new product development and entering new markets. We launched DMGT Chatter, which already serves as an excellent pan-Group idea sharing tool. We have made more use of the services of Bill Raduchel, our technology expert, to advise us at Group level during the year. Last year I reported that since technology defines our businesses, driving the presentation of content, we had carried out a study of technology systems and what our future requirements would be. During the year we started taking actions based on this analysis. A further example of information sharing is in the establishment this year of an energy forum, under the guidance of David Dutton, which has gained excellent traction by putting executives from dmg::information, dmg::events and Euromoney together to exchange ideas.

Active portfolio management

When I became Chief Executive in 2008, I recognised the need to focus on a narrower range of activities in order to concentrate human resources and financial capital where the most potential for long-term growth and value creation existed. I stated that we would remain active managers of our portfolio of businesses and apply our investment criteria vigorously in determining where to allocate capital. At the same time we would maintain our long-term perspective and rate of internal investment to drive organic growth.

The investment criteria that I identified were to focus on having businesses which operate in attractive growth markets. Such businesses should have products or services that are highly innovative and highly valued, ones which customers repeat buy. We have a strong bias towards market leaders. Businesses with these characteristics will not only grow but be high margin, cash generative and produce a high return on capital. We are also focused on capturing and retaining entrepreneurial management and we give preference to businesses which can benefit from DMGT's long-term perspective.

We have fully adopted these investment criteria both in new investments and in the management of currently owned businesses. In keeping with this approach, we have further refocused the portfolio with a range of disposals and reorganisations.

As well as maintaining our focus on organic growth and on nurturing our existing businesses, we have also made a significant acquisition in July, backing Euromoney in its acquisition of an 85% interest in Ned Davis Research Group, the US-based provider of independent financial research to institutional investors. We are keen on bolt-on acquisitions to strengthen the competitive position of our businesses: and dmg information have made a further attractive acquisition, that of On-Geo for Landmark which has now been combined with its Inframation business to give Landmark a market leading position in the German market.

We have also made a number of disposals of businesses which had become non-core. These were RMSI, the Indian-based geographic information services division of Risk Management Solutions, Sanborn, dmg::information's business serving the geospatial market in the USA, and dmg::events' US retail-focused events managed by George Little Management (GLM). We also disposed of dmg::information's stake in CoStar Group, Inc, acquired in exchange for Property & Portfolio Research in July 2009. Combined with our strong operating cash flow generation, this has reduced our debt significantly. We are now in a good position to make further acquisitions, but will continue our policy to prioritise a programme of selective smaller scale deals which we can develop and which can benefit from our longer-term perspective. We will continue to divest on a periodic basis where our track record over recent years is good.

Review of the year

DMGT has delivered a solid set of results. Our international B2B companies have again increased their revenues and adjusted profits, reflecting the strength of their market positions. Our UK consumer businesses have proved resilient in the face of weak consumer advertising, particularly in the third quarter, and taken together with higher newsprint prices, resulted in profits being down sharply for the year. There has been a strong focus on operational efficiency throughout the Group and we have sought further cost savings, particularly through the decision to relocate our Surrey Quays printing operation to a green-field site in Thurrock, Essex.

Notwithstanding the fact that operating profit fell by 5% and operating margin from 15% to

> We are embracing new technologies to meet changing customer needs and improve efficiency.

> Our energy forum has gained excellent traction. It's bringing together executives to exchange ideas.

Business Review

CHIEF EXECUTIVE'S REVIEW continued

14%, our debt has fallen significantly. We have beaten our debt: ebitda target range of 2 to 2.5 times and have eliminated bank debt. We now have cash on deposit. We have maintained our rate of investment in new products and services during the year.

DMGT has always been a first mover in the media and information industry. Our results demonstrate once again the success of the decision to diversify and move away from a dependence on UK newspapers. But at the same time our national newspapers have strengthened further their market-leading positions. We are experiencing growth in our newer consumer digital business and in our strong grouping of B2B sector companies.

Business to Business Summary

I am pleased to report that our B2B operations achieved good growth in the year. They reported combined revenues of £892 million, 8% higher than last year, with an underlying increase of 10%. Operating profit was up by 4%. The underlying increase, including adjusting for an additional charge for Euromoney's management incentive scheme, was 14%. The overall B2B margin was 25%.

Risk Management Solutions

RMS had a solid year of revenue and profit growth. Revenues increased by 4% on a reported basis, with an underlying increase of 11%. Operating profit rose by 6% in spite of the inclusion of RMSI's £4 million loss up until its disposal in August; underlying profit grew by 21%. Subscriptions continued to grow well, with a renewal rate of approximately 95%.

RMS has multiple growth drivers. Whilst continuing to focus primarily on in its core commercial catastrophe modelling business, it is aiming to establish itself as a platform solution provider, beginning a significant development programme on a new software platform, which is expected to generate future, multi-year revenue growth, as explained on page 24. The company also made good progress in addressing opportunities to model additional risk categories, mostly in the area of life and health.

dmg::information

dmg::information had a good year, with reported revenue up 3%. Underlying revenues grew by 7%, which is a good performance given the economic backdrop. Operating profits were unchanged, but with an underlying increase of 9% year-on-year.

dmg::information's strategy remains focused on investing in those companies within the existing portfolio which operate in an attractive sector and have the combination of attractive business models, strong market positions, growth potential and good management. Its ambition to invest in must-have, high-growth, innovative business information companies remains unchanged, as does its remit to diversify DMGT by sector, by business model and by geography.

dmg::events

dmg::events had a very good year with both underlying revenues and underlying profits increasing by 14%. The strong momentum that started in the latter half of 2010 has continued through the past year due to exhibitions and events being late-cycle media. The reported revenues and profits benefited from two of our large biennial shows taking place in the year. The sale of GLM was completed in September.

The remediation phase has been completed by 'right-sizing' the portfolio and reinvesting in the ongoing events. The business is now moving into its third phase of sustainable, profitable growth. This will involve continued portfolio management, the driving of new launches by building off the big shows in Energy and the Middle East. With respect to the latter, there have been several new launches including new shows in Saudi Arabia and organic investment. The Ad:Tech business in digital marketing is growing strongly as is Evanta in executive conferences. dmg events will also look to make selected targeted small acquisitions.

Euromoney Institutional Investor

Euromoney's operating profit was up 9%, before its capital appreciation plan (CAP) expenses, maintaining its impressive recent history of profits growth, illustrated on page 30.

These results confirm the value of Euromoney's strategy to build a more resilient and better focused business by increasing the proportion of revenues derived from subscription products. With subscriptions now accounting for nearly a half of total revenues. A predominantly publishing driven business has been transformed to one with significant activities in electronic information and database services.

Euromoney has outperformed expectations, allowing management to shift its focus to positioning the business for growth, both from existing products as markets recover, and from investment in technology and new products.

Euromoney's performance and its shift into more subscription and digital activity and its global reach mean that the Board regards it as core to DMGT's own strategic global growth ambitions.

Euromoney's separate listing on the London Stock Exchange has enabled it to introduce incentive plans which have motivated management to grow the company significantly over recent years. We remain a supportive shareholder, fully backing its management's expansion

DMGT has always been a first mover in the media and information industry.

Business Review

CHIEF EXECUTIVE'S REVIEW continued

strategy. We have maintained our equity interest at around 67% and are taking opportunities to increase it, as they arise.

Consumer media

At A&N Media, the testing economic conditions adversely affected both Northcliffe's classified revenues and the Mail titles' display advertising revenues. Combined revenues were £1,098 million, an underlying decrease of 2% and a fall of 4% on a reported basis. Together with discounted cover price-related marketing activity for The Mail on Sunday, and a further increase in the price of newsprint, this meant that operating profits decreased by 20%. The pursuit of cost efficiencies in shared back office functions and service centres continued during the year. A&N Media's underlying margin fell from 11% to 8%. Headcount reduced by 740 (10%).

A drive for efficiency has delivered a leaner and more robust base on which to grow. Alongside this, investment continues in new and emerging business models, particularly MailOnline which is key to future growth, and A&N Media Enterprises, which sells products and services directly to customers.

Consumers are increasingly adopting new mobile devices to access digitally delivered news, entertainment and information. Advertising is following this trend, moving away from printed press. But the growth in the number of 55+ aged newspaper readers has softened the readership decline for the Daily Mail which continues to outperform the market. MailOnline grew rapidly and increased its global reach, positioning us well to capture share of digital advertising.

Associated Newspapers

The Mail titles, despite operating in a sector in long-term decline, is and will be a core business for many years to come and will continue to offer real growth opportunities, by building off the strength of the brand, for example, through MailOnline which has significant growth opportunities ahead of it.

Content has been at the heart of our success at Associated and we continue to invest in editorial quality. The graph on page 35 shows that our actions are delivering success with circulation relatively stable and market share rising. This was due in part to the success of the Mail Rewards Club initiative.

Our national free morning newspaper, Metro, increased its distribution and advertising volumes. It extended into new advertising categories and reported record profits. It also grew its digital offering.

Mail Digital made further progress this year, recording a 63% improvement in revenue. Traffic to its primary website, MailOnline, increased significantly, largely through its targeting of the US market. We opened an office in New York, alongside that in Los Angeles, aimed at increasing US content, audience and thereby driving US advertising sales. This has contributed towards a 62% year-on-year increase in US daily unique visitors in October 2011.

On a global basis, MailOnline became the world's second most visited English language newspaper website. It is differentiated in the UK from the Mail newspapers by its particular treatment of news and entertainment, which appeals to a younger demographic, the majority of whom do not buy a Mail newspaper. An iPad version was launched in April, alongside our iPhone and iPod Touch versions. We see digital publishing as a growth opportunity, and a means of extending the Mail brand. Whilst MailOnline is growing audience we expect to retain our policy of free access. Our approach to distribution channels and pricing remains flexible.

Digital-only businesses

Our digital-only verticals in the jobs, property, motors and travel markets increased underlying revenues by 5%. The recruitment and property sectors both grew strongly, offset by challenging markets in motors and travel. In October 2011, A&N Media agreed to merge the online property business of its Digital Property Group with Zoopla Limited. This merger will create a genuine opportunity to challenge the dominant market leader in the online property sector. We believe that the combination of our respective digital property assets will benefit both consumers and clients. Under the proposed merger, A&N Media will retain a 55% interest in the newly merged entity. The completion of the merger is subject to competition authority clearance.

Northcliffe Media

Northcliffe's titles continued to be affected by weak advertising markets, with total revenues down by 10%. In March, we appointed Steve Auckland, formerly Managing Director of Metro to be responsible for Northcliffe's print publishing, with Roland Bryan running the local digital operations including the Local People business. A programme to extract further efficiencies and reduce costs was initiated including a re-organisation and simplification of the management structure. A review of the portfolio was carried out resulting in a rationalisation of the number of free newspapers published and the creation of one recruitment call centre for the whole business. Where profitable we are switching some daily titles to weekly publications and four such changes were made successfully. In Hull, Nottingham and Bristol new publishers have been appointed to enable these centres better to adapt to their individual market circumstances.

Investment continues in new and emerging business models, particularly MailOnline.

Business Review

CHIEF EXECUTIVE'S REVIEW continued

New advertising packages and sales campaigns have been introduced to improve revenue growth.

The much-mooted talk of potential consolidation within the regional newspaper industry has not yet come about. Whilst we can see benefits from consolidation, the Board has decided not to put further capital into the regional newspaper industry because of the more certain potential of other opportunities for investment. We remain committed to the continuing transformation of Northcliffe because we believe there will always be a demand for local news and information. Our attempt to safeguard the future of some of Northcliffe's titles in Kent by selling them to the Kent Messenger Group was thwarted by the Office of Fair Trading which referred the sales to the Competition Commission for further investigation causing the acquirer to withdraw. We believe it is now imperative that changes are made to allow the industry to consolidate in a way that can safeguard its future.

A&N International Media

Whilst print advertising declined, circulation and digital revenues both grew, as did the audience visiting our digital businesses. Headcount has been reduced and significant savings made.

Summary

The Group's B2B companies increased their overall profit by 4%, which was offset by the profits of A&N Media being down 20%. As a consequence, 74% of this year's operating profit was generated from the Group's B2B operations and 26% from consumer, compared to 67% and 33% last year. A significant part of our operations and more than half of the Group's operating profits again derived from outside the UK, which also has the effect of reducing the Group's exposure to media regulation.

We have again demonstrated the benefits of our diversified international portfolio of market-leading businesses.

Our priorities

The environment in which we operate remains unsettled, just as it was this time last year. In light of our performance, we continue to apply the same priorities. We remain disciplined about our approach to costs and acquisitions, whilst continuing to work on building a pipeline of new innovative products, and in growing a target list of attractive bolt-on acquisitions. Given the significant prevailing economic uncertainties, we will run the Group with the utmost prudence.

At our first Investor Day in March 2009, I stated that our aim for DMGT was to be a modern company of tomorrow, not a legacy company of the past. We have a much sounder platform today than we did then on which to execute this objective, due to the management actions taken right across the Group, and from the recovery in a number of key markets. Therefore our strategy remains unchanged.

Whilst we believe print is far from dead, our growth lies in digital media in both consumer and in B2B, and we are increasingly focused on doing what is needed to excel in the digital world.

We envisage DMGT becoming a more global and faster growing company. We plan to be nimble, bold and decisive in order to realise this vision. Our objective is to ensure profitable sustainable growth over the long term.

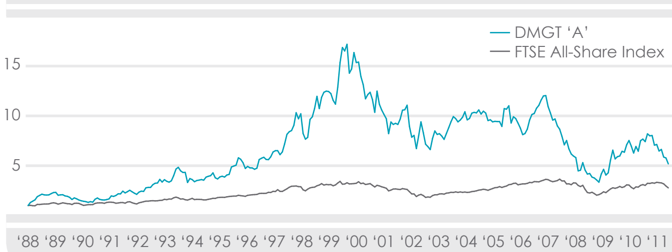
Share price performance

Our share performance remains important to us as an indicator as to whether our strategy is understood and appreciated by institutional investors.

The price of our widely traded 'A' Ordinary Non-Voting Shares has again been volatile, despite stock lending of the shares reducing significantly below 5% of the free float. The share price started the financial year at £5.26, rising to a high of £5.95 at the start of February. The shares fell as low as £3.43 in September, due largely to external factors outside our control, before closing the year at £3.63.

As explained in last year's Business Review, as a consequence of a decision by FTSE, in response to the Financial Services Authority's Policy Notice in February 2010, to adopt listing classifications for determining the weighting of share classes in their indices, DMGT's weighting in the UK Index Series will fall from 75% to 0% when our 'A' shares are redesignated by the FSA as having a standard listing on 31st May, 2012. DMGT will remain a premium listed company, following this change, by virtue of its Ordinary shares. Pure index funds tend to hold only around 5% of our 'A' shares.

Performance of DMGT 'A' and FTSE All-Share index relative to values at 30th September, 1988



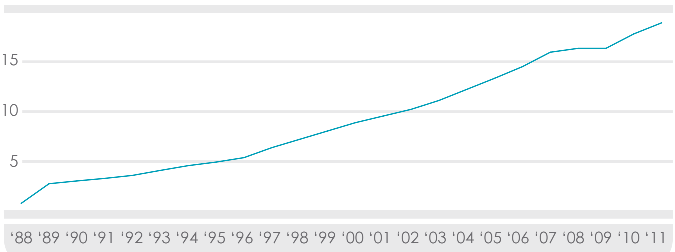
Investor Day

18th April 2012

Business Review

CHIEF EXECUTIVE'S REVIEW continued

DMGT dividend history for the period 1988 – 2011 (pence)



Capital structure

The Company has not made a capital call on its shareholders since 1933. Capital growth is funded by long-term debt and by retained earnings. Since the late 1980s, our strategy has been to seek to raise the dividend in real terms and since 2002, the Board's policy has been to target a real rate of growth in the dividend in the region of 5% to 7% on the basis of the Directors' confidence in the Group's long-term financial health.

Whilst maintaining its policy of seeking to increase the dividend in real terms over the economic cycle, the Board has declared a final dividend up 6%, making an increase of 6% for the year. As shown above, the compound dividend growth over the last 23 years is 10% in nominal terms, which is an increase of 7% in real terms.

As we now have surplus cash, we will look to buy back any available bonds, especially those due for repayment in March 2013, at the right price. On 30th September, we repurchased £25 million of our Bonds due 2018. Share buy backs are not currently attractive, given our strategy to grow the business, the scarcity of available capital and our desire to regain investment grade status. They will be considered, however, at the time any major acquisition is contemplated. We envisage repaying our 2013 Bonds from our cash resources. Containing and eventually eliminating significant liability risk and volatility from our pension schemes remains a high priority.

By the year end, we had eliminated bank debt and have £328 million of unused bank facilities. Having comfortably stayed within our debt: ebitda limit of 2.4 times by achieving a ratio of 1.99 times, we will continue to manage the ratio down through strong cash flow generation, in order to create more capacity to satisfy attractive acquisition and investment opportunities.

Whilst we can run the Group without having to raise new finance, we will want to do so in order to sustain the Group's long-term growth ambitions. Therefore regaining investment grade status remains an important objective.

Resources

The Group's main resources are its brands, reputation, the market-leading position of its major businesses and above all its people. I realise that the skills required of leaders in our industry ten years ago are not the same today. Superior business performance starts with superior people. We cannot capitalise on the future unless we invest in the talent of today, in the leaders of tomorrow. It is my overriding priority to ensure that we continue to attract and promote the very best talent and reward talent suitably in line with shareholders' interests.

Our commitment to raising the bar on talent is continuing and increasingly effective, applying human capital where growth prospects are best. Two DMGT-wide executive training courses were held and talent reviews are taking root in every business.

We made several further key appointments in order to populate the Group with new superior talent, from both within and outside the Group. At Group level, Stephen Daintith joined us in January, succeeding Peter Williams as Finance Director at the end of March. We hired Galen Poss in December 2010 to the newly created role of Chief Operating Officer of dmg::events.

Communications

We continue our commitment to raise the profile of DMGT and communicate the quality, performance and prospects of the Group, both internally and externally. We have increased the regularity and consistency of our communications. Our Investor Day in March was positively received. We are planning a further Investor Day to be held in London on 18th April, 2012.

A variety of approaches to staff communications exist within the Group, as explained in our CR report. In September, we launched a business collaboration tool called Chatter, which encourages staff to share ideas and enables communication on a Group-wide basis.

Stakeholder relationships and Corporate Responsibility

Across the Group we take corporate responsibility (CR) seriously and it permeates our outlook on the environment, the way we treat our employees, our customers and suppliers, as well as on local community issues.

Business Review

CHIEF EXECUTIVE'S REVIEW continued

DMGT companies are combining innovation and business knowledge to further corporate responsibility issues. Metro's inaugural four-day EcoVelocity event at Battersea Power station in London is a case in point. The event focused on low-carbon motoring and showcased the latest low emission vehicles from leading manufacturers.

We recognise that our businesses have an impact on the environment, be that through our printing operations, offices, transport or other activities. We are truly committed to ensuring that, where possible, our impact on the environment is minimised.

The greatest impact we make arises from our printing operations. Here, I am pleased to say that we have been diligent in measuring and reducing waste in our usage of materials, and through our analysis of our carbon footprint, monitoring and improving our efficiency in the use of energy.

We started to measure our footprint in 2006 and the graph shown below illustrates that the Group's emissions have fallen steadily since then.

At Harmsworth Quays, our largest printing plant, and Northcliffe House, the Company's headquarters and the London base of Associated Newspapers, Northcliffe Media and dmg::events, we maintained the key international environmental standard ISO 14001.

Community involvement is integral to the way we run our company, as is its importance to the personal motivation of our employees. We donate money, time and in-kind donations such as advertising space, and staff participate in a huge range of activities, including fundraising, organising events and acting as trustees to charitable initiatives.

Over the last six months there has been a considerable amount of public discussion about the conduct and regulation of the press and the launch of the Leveson Inquiry. At DMGT, our journalists have for a number of years received regular training and communications on the PCC Code of Practice (which forbids telephone hacking), the Data Protection Act and, most recently, on the UK Bribery Act. Furthermore, it is a condition of employment (and is written into employment contracts) that our journalists comply with the PCC Code and the Data Protection Act and now includes compliance with the Bribery Act, following its introduction on 1st July. Any breach of the Code or the law is a serious disciplinary matter that results in immediate dismissal. Thus the tone from the top and culture at Associated Newspapers has always made it clear that compliance in these areas is non-negotiable.

There have been comments in the media on the Mail titles' use of 'inquiry agents'. In the 2006 'What Price Privacy' report, the Information Commissioner expressed concerns about the widespread use of 'inquiry agents' by many organisations. It would seem that, for the most part, it related to the tracing of individuals. Following this report, the Associated Newspapers Editor-in-Chief, banned the use of 'inquiry agents'.

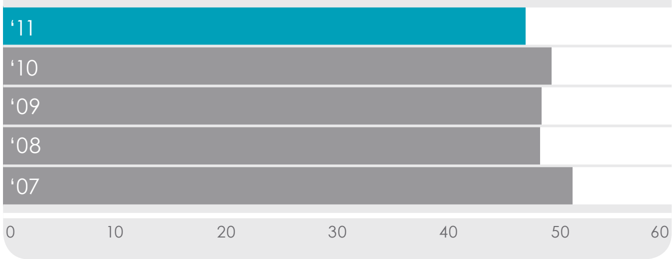
In the context of these measures, the Editor-in-Chief, Paul Dacre, was able to inform a Parliamentary Committee in July that he had never countenanced hacking or blagging and the Daily Mail has never published a story that he knew, either at the time or subsequently, was based on a hacked message or any other source of material that had been obtained unlawfully.

In August, the Risk Committee and Paul Dacre initiated an internal review of editorial policy and process. This review was conducted by the Head of Editorial Legal Services. It considered editorial policies, ethics, training, communications and payments. This was a routine assessment which was seen as a sensible step to reconfirm and give comfort that appropriate policies and procedures exist over our editorial practices. The review was discussed by the Risk Committee of the Board, as explained in the Risk Committee section of the Corporate Governance Report on pages 59 and 60.

A further important part of our overall culture and control environment is the DMGT Code of Conduct, which we require all our staff to follow. This was updated, particularly in light of the Bribery Act, and re-communicated to all staff in July.

For more detailed information on our CR activities, please see the CR Report on pages 44 to 47.

CO_2 efficiency (Emissions per revenue – tCO_2/£m revenue)



Business Review

CHIEF EXECUTIVE'S REVIEW continued

DMGT and our Employees

The number of employees fell by 2,590 from 14,592 at the beginning of the year to 12,002 at the year end, a decrease of 18%. Of this reduction, 2,253 was due to disposals, principally within RMS's India operations. Excluding acquisitions and disposals and with a continued focus on cost reduction, the number of employees fell by 472 in the year. Within this number there was a fall within A&N Media of 740 (10%), mainly due to further job losses at Northcliffe Media of 601 people (19%), while the principal increases were from the acquisitions of Ned Davis Research and On-Geo .

The Company attaches great importance to a clear understanding of personal financial issues by its employees, a view which led to the development by DMGT Pensions of an online workplace financial information website (www.timeformoney.co.uk) in the prior year. It is early days for this innovative facility but there are interesting possibilities for this application in supporting broader financial communications to employees by the Group.

In the first quarter of 2012, we plan to relaunch our share incentive plan, DMGT SharePurchase+, which is available to all eligible UK staff to give them the opportunity to own the Company's shares, so that they can benefit if we are successful in meeting our financial objectives.

DMGT has been operating defined benefit pension schemes, primarily in its newspaper businesses, for a long time and has a reputation for the quality of pension provision. However, the cost of providing this benefit continues to rise as people are expected to live longer and, more recently, as turmoil in financial markets has reduced expected investment returns.

In addition, regulatory changes introduced to protect pensioners make it less attractive to use defined benefit pension provision as a form of remuneration.

Given the value of the Company's defined benefit pension commitments compared to the current market valuation of the Group, this cost needs to be controlled to ensure the financial health of the Company and these pension schemes. So, having previously closed its defined benefit schemes to new employees, the Board introduced a series of measures during the year to help secure the financial health of these plans into the future. These were communicated to relevant staff in December 2010 and introduced, following consultation, on 1st April. All members of the schemes retain benefits accrued to that date which are increased in line with the Retail Price Index up to 5%. From 1st April onwards, the link to final salary has been broken and they earn a cash credit on the basis of their current year's salary which increases in line with the Consumer Price index.

All new employees of A&N Media are now being offered a defined contribution pension plan, which has brought this division into line with our other newer and more internationally focused divisions where we have long believed this type of pension plan to be more appropriate.

Outlook

We have entered our new financial year with our businesses performing well and in line with our expectations. We expect underlying growth in revenue and profit to be delivered by all our B2B companies, A&N Media's progress will be primarily dependent on the advertising environment which remains volatile and difficult, and on cost reduction. As referred to earlier the degree of economic uncertainty, especially in Europe, makes forecasting especially difficult and may well negatively impact our current expectations.

RMS has started the year strongly with a solid sales pipeline and a range of significant development programmes, including its new software platform. RMS expects to achieve revenue growth in the mid-to-high single digits and maintain margins of around 30%.

dmg::information expects to drive continued solid organic growth, due to the strength of market positions and through new product initiatives. Growth would be enhanced by any sustained improvements in the economic environment, particularly for our property and financial businesses. Overall, dmg::information expects to achieve high single digit revenue growth and to maintain operating margins at around 20%.

At dmg::events, the positive momentum experienced through 2011 has continued into the autumn, with bookings for key events showing positive trends. The reported results for 2011/12 will be affected by the disposal of GLM and by only one of our three major biennial shows taking place. On an underlying basis, and fuelled by our launch plans, revenue growth is expected to continue in the high single digits, with margins of around 20%.

Our growth lies in digital media in both in B2B and consumer. We are increasingly focused on doing what is needed to excel in the digital world.

Business Review

CHIEF EXECUTIVE'S REVIEW continued

For Euromoney, despite the continuing volatility and uncertainty in financial markets, the broad outlook for the first quarter of the new financial year is reasonably positive. Euromoney expects the trading environment after that to be more challenging and, as usual at this time, forward revenue visibility beyond the first quarter is limited other than for subscriptions. For 2011/12, it expects to achieve mid-single digit revenue growth and to maintain operating margin (before its CAP charges).

Within A&N Media, national advertising revenue at Associated in the first eight weeks of the new year was down 2% on last year, with continued limited visibility on future trends. Circulation revenues will be boosted by the full year impact of the Monday to Friday cover price rise for the Daily Mail in July 2011 and that for the Saturday edition in October 2011. Overall, Associated expects to achieve low single digit revenue growth due in part to the Olympics and margins in the region of 10%, with cost efficiency helping to protect profitability. We expect revenues from our digital products, especially MailOnline, to grow rapidly.

Northcliffe is going through a substantial change programme and will benefit from the full-year flow through of cost saving initiatives actioned in the previous six months. Advertising revenues have continued to track the year-on-year trends experienced in 2010/11 with a decline of 7% on a like-for-like basis last year in the first eight weeks of the new financial year (10% on a reported basis). The first quarter and outlook for the year as a whole are not expected to improve on this trend. Cost reduction initiatives will continue and margins are expected to be stable. Northcliffe is now focused on building new revenue opportunities from its print and digital products.

It is not a coincidence that much of this year's Business Review echoes that of last year. It is entirely intentional and demonstrates our unwavering commitment to the long-term strategic objectives I laid out on becoming Chief Executive. For the Group as a whole, that strategy remains focused on our key pillars: investing in innovation, achieving greater efficiency, nurturing talent and driving growth. With these factors in mind, all of our businesses will continue to invest in order to secure future growth and ensure that their financial and talent resources are appropriately managed. My colleagues and I remain confident that DMGT is well placed for 2012 and beyond.

Martin Morgan
Chief Executive

These adjusted results are stated before exceptional items, impairment of goodwill and intangible assets, and amortisation of intangible assets arising on business combinations. Other than revenue and operating profit, these adjusted results are for total operations, including those treated as discontinued.

Underlying revenue or profit is revenue or profit on a like-for-like basis, adjusted for acquisitions, disposals, closures and non-annual events made in the current and prior year and at constant exchange rates. For RMS, underlying percentage movements exclude RMSI, for dmg::information Sanborn and for Euromoney Ned Davis Research. For dmg::events, the comparison is between events held in the year and the same events held the previous time. For A&N Media, the underlying percentage movements exclude London Lite, the discontinued television activities of Teletext, the digital dating and data businesses, the Slovakian print production companies and the disposal and closure of titles within Northcliffe.

Adjusted operating profit, the adjusted tax charge and adjusted earnings per share for the prior year have been restated for the change of presentation of amortisation of internally generated and acquired computer software as a charge against adjusted operating profit. For the prior year, £17 million has been reclassified as a charge against adjusted operating profit.

Percentages are calculated on actual numbers to one decimal place.

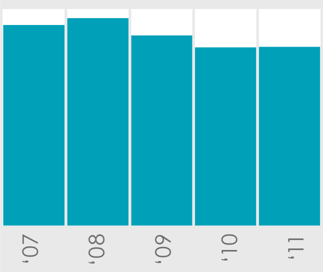
All references to profit or margin in this Business Review are to adjusted profit or margin, except where reference is made to statutory profit.

Business Review

KPIs AT A GLANCE

Taken together, these key performance indicators assist management in assessing the Group's progress. They are used to benchmark our success in implementing DMGT's global growth strategy.

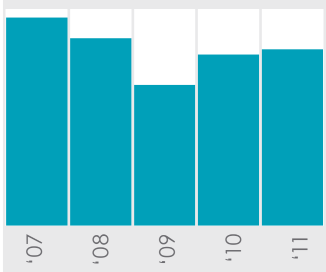
Group revenue



2011
£1,990m
2010 £1,968m

GROUP REVENUE
DMGT's strategy emphasises growth for each of its businesses. Management targets sustained growth in Group revenue.

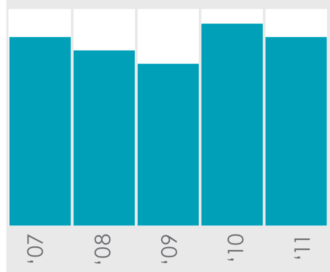
Group adjusted profit before tax



2011
£237m
2010 £230m

GROUP ADJUSTED PROFIT BEFORE TAX
As a portfolio-based Group, DMGT periodically buys and sells businesses. This KPI monitors the Group's adjusted operating profitability.

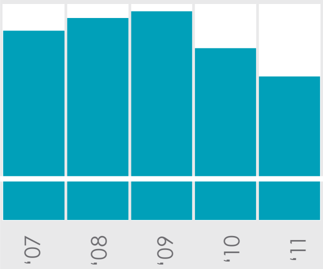
Operating margin %



2011
14%
2010 15%

OPERATING MARGIN %
DMGT's investment criteria emphasise profitable, high growth sectors. In the long term, increasing adjusted operating margin indicates an improvement in the quality of its business assets.

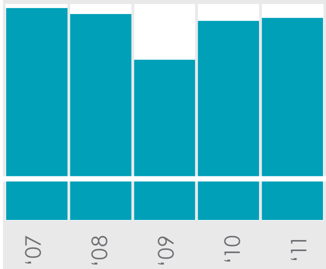
Net debt



2011
£719m
2010 £862m

NET DEBT
Management aims to regain DMGT's investment grade status by reducing debt. Keeping net debt:EBITDA between 1.5 and 2 times improves M&A flexibility.

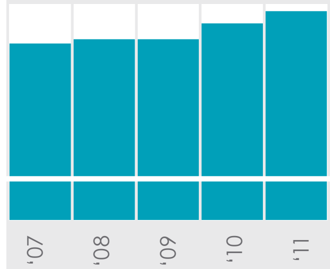
Earnings per share



2011
47.0p
2010 46.3p

EARNINGS PER SHARE
Management seeks above average growth in adjusted earnings per share to maximise overall returns for its owners.

Dividend per share



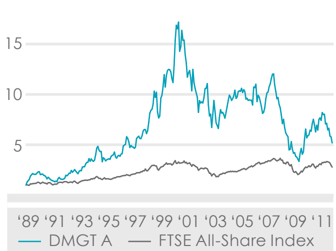
2011
17.0p
2010 16.0p

DIVIDEND PER SHARE
The Board's policy is to maintain dividend growth in real terms every year.

Business Review

KPIs AT A GLANCE

Performance of DMGT 'A' and FTSE All-Share index relative to values at 30th September, 1988



2011

2.9% p.a.

2010 4.4% p.a.

SHARE PRICE VS FTSE ALL SHARE INDEX

Management monitors the DMGT share price against the FTSE All Share Index to assess the Group's relative performance against other UK companies.

B2B share of operating profit

B2B
Consumer

2011

74%

2010 67%

B2B SHARE OF OPERATING PROFIT

The growth and profitability of its business divisions are key components of DMGT's strategy. This KPI tracks the proportion of operating profit attributable to B2B activities.

North American share of operating profit

North America
Rest of world

2011

51%

2010 46%

NORTH AMERICA SHARE OF OPERATING PROFIT

DMGT is committed to maintaining a significant, sustainable presence in North America markets. This KPI allows management to monitor the relative profitability of its North American units.

International share of revenues

International
UK

2011

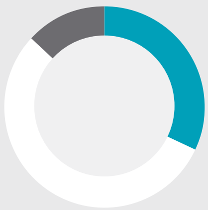
35%

2010 34%

INTERNATIONAL SHARE OF REVENUES

This measures the proportion of revenue generated outside the UK. DMGT's long-term strategic objective is to develop into a global growth company. The KPI measures DMGT's success in internationalising the business.

Digital share of revenues



Digital
Print
Events, Conferences and training

2011

32%

2010 31%

DIGITAL SHARE OF REVENUES

We expect digital activities to account for the majority of DMGT's future growth. This KPI tracks the rate at which the Group is monetising its digital content.

Subscription share of B2B revenues

Subscriptions
Other

2011

21%

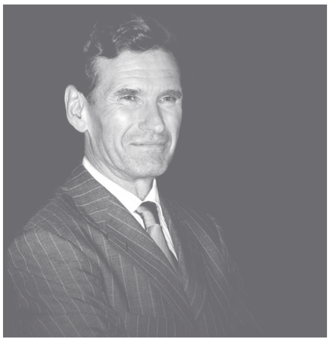
2010 19%

SUBSCRIPTION SHARE OF B2B REVENUES

Subscription-based B2B revenue is a more stable and less cyclical revenue source than advertising. It is also a good proxy for monitoring growth in B2B digital revenues. This KPI tracks the Group's ability to generate high-quality, digital B2B earnings.

The Group uses adjusted measures of profit for its KPIs, as defined on page 21.

RISK MANAGEMENT SOLUTIONS



Martin Morgan
Chairman

Hemant Shah
President and Chief Executive

KEY FIGURES

£159m
Revenue
(2010: £153m)

£47m
Operating profit
(2010: £45m – restated)

30%
Operating margin
(2010: 30%)

SUMMARY

RMS had a solid year of revenue and profit growth, while increasing its investment programme that is expected to generate future, multi-year revenue growth. Excluding RMSI, revenues increased 11% and operating profits by 21%, somewhat assisted by an increase in capitalisation of software development expense, which is expected to continue into the new financial year and beyond. RMS's margins were maintained despite the inclusion of RMSI until the sale of its non-core elements in August. RMSI moved from being marginally profitable to making a loss of £4 million in the period and had become non-core, given the significant growth opportunities for RMS in its core insurance markets.

MARKET ENVIRONMENT

2011 was a very active year for catastrophes worldwide, including, among other events, the Japan earthquake and subsequent tsunami. Industry-wide catastrophe losses were considerable, with impacts on capital positions, ratings, and pricing for RMS's clients and for the industry as a whole. Insurers and reinsurers continued to make progress adapting to Solvency II requirements in Europe, and RMS clients began the adoption of its version 11 model releases for North American Hurricane and European Windstorm. While capital markets activity was somewhat muted as compared to prior years, there was increased interest in the life and pensions space, which RMS participated in actively, as a complement to traditional property/casualty capital markets business.

STRATEGIC FOCUS

RMS's primary strategic focus continues to be its new platform, which is designed to provide complete solutions for its clients across the re/insurance value chain, including access to sophisticated models, an ability to integrate those models into enterprise-wide business processes, and analytics to help clients make better decisions. Clients seek upstream capability to acquire and manage high-quality exposure data, and downstream capability to open and interpret the models, and then apply these insights to deliver targeted decision support for underwriting, pricing and managing their business.

RMS underwent a significant development effort on its new software platform, begun in 2010, and is working towards a version 1 release in early 2014 to deliver the full range of new capabilities and solutions to its global client base.

In the meantime, RMS continues to pursue selected growth areas in its Core modelling business, as well as in its Data, Life and Capital Markets initiatives.

Business Review

RISK MANAGEMENT SOLUTIONS

SEGMENT BUSINESS PERFORMANCE

CORE BUSINESS

RMS continues to focus primarily on the commercial catastrophe modelling business, which includes modelling of natural hazards risks such as earthquake, hurricane and flood, as well as terrorism risk and risk from pandemic diseases. Its primary market is the global property and casualty re/insurance industry, where it currently serves over 350 customers in 30 countries around the world. Products and services are developed and delivered through the activity of approximately 930 RMS employees in North America, Europe, India, Japan and China.

RMS models are deeply embedded in risk decision-making processes throughout the re/insurance vertical, including insurance companies, insurance and reinsurance brokers, reinsurers and the capital markets.

During 2011, RMS released substantial updates to two of its core peril models, Atlantic Hurricane and European Windstorm, which reflected the incorporation of significant new hazard and loss data, as well as advances in research and technology since the models were last updated.

DATA SOLUTIONS

RMS continues to expand 'upstream' from its models to provide its clients with data and data management solutions. In 2011, RMS completed additional sales of its Data Quality Toolkit, a product which integrates client business rules with RMS analytics to ensure that data is complete, consistent, accurate and fit for purpose. RMS is currently assessing the future Data product roadmap to align it with the planned rollout of additional capabilities on its new software platform.

CAPITAL MARKETS/LIFERISKS

The capital markets experienced a relatively less robust year in terms of issuance, and RMS participated in fewer transactions than in previous years, as the release timeframe for its version 11 Hurricane and Windstorm models prevented RMS from engaging the market for certain periods of the year. RMS continues to see potential growth opportunities in the Life and Pensions space, and in the capital markets for that sector, and has dedicated additional resources to this potential opportunity.

OUTLOOK

RMS has started the new financial year strongly with a solid sales pipeline and a range of significant development programmes.

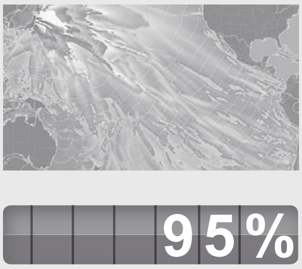
KEY DEVELOPMENTS

Revenues increased by 4% with consistent operating margins.

Operating profit increased by 6%.

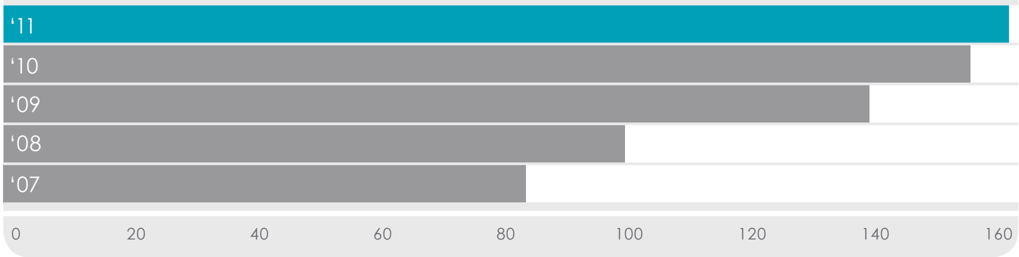
RMS's investment programme was increased.

SUBSCRIPTION RENEWAL RATE FOR RMS



KPIs

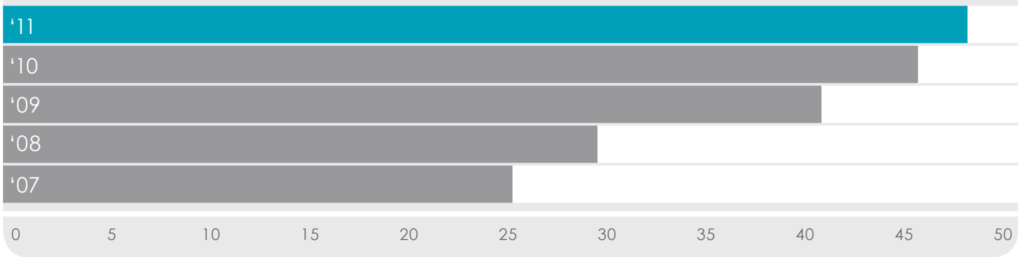
Risk Management Solutions revenue (£m)



Commentary

RMS continued its growth record. Comparative numbers were affected by the sale of the non-core elements of RMS without which underlying revenues increased by 11%.

Risk Management Solutions operating profit (£m)



Commentary

RMS continued its growth record. Underlying profits rose by 21%.

Business Review

DMG INFORMATION

David Dutton
Chairman

Suresh Kavan
Chief Executive Officer

KEY FIGURES

£238m
Revenue
(2010: £231m)

£47m
Operating profit
(2010: £47m – restated)

20%
Operating margin
(2010: 20%)

SUMMARY

dmg::information's Profits were unchanged at £47 million in a year where we continued to see only slight, and at times fragile, recovery in the markets our businesses serve.

Reported revenue increased by 3% to £238 million. Underlying revenues grew by 7%, a good performance given the economic backdrop. Underlying operating profits grew by 9% year-on-year.

PROPERTY INFORMATION

	2011 £m	2010 £m	Movement %
Revenue	89	83	+8%
Operating Profit	21	20	+6%

Operating profit from the property information companies increased by 6% with revenues up 8%.

In the US our market-leading provider of environmental information, Environmental Data Resources ('EDR'), continues to operate in a fragile commercial real estate market. Despite the challenging conditions both revenues and profits increased as the company continued to deepen its market penetration and enhance product offerings to embed them more into customers workflows.

Landmark Information Group also increased both revenues and operating profits. Landmark provides information and services to both the residential and commercial property markets in the UK. This robust performance was particularly pleasing as market activity levels in both remain significantly below the historic norm, with for example UK residential housing transaction volumes in 2011 being approximately half of the historic norm. Landmark has successfully expanded its product range, increasingly serving the lenders in addition to solicitors and consultants. In June we completed the acquisition of On-Geo in Germany and, through combining the On-Geo and Inframation businesses, Landmark now enjoys a market leading position in the German market.

dmg::information's investment in BUILDERadius, an early-stage property information business, has progressed satisfactorily.

OTHER MARKETS

	2011 £m	2010 £m	Movement %
Revenue			
Continuing	132	126	+5%
Discontinued	16	22	-28%
Total	148	148	–
Operating Profit	30	31	-3%

The other markets served by dmg::information's non-property companies are financial, education and energy which in aggregate account for 60% of underlying revenues.

Sanborn, operating in the geospatial market, was sold in September to management with dmg::information retaining a non-controlling interest in the company.

In total, underlying revenue across the financial, education and energy markets was up 8%.

Business Review

DMG INFORMATION

In the financial information market, Trepp is the market leader of information to the Commercial Mortgage-Backed Securities ('CMBS') market. The market place has been particularly volatile during the year; the fundamentals have improved and as a consequence spreads on bonds have narrowed leading to speculative investors, seeking a high yield, exiting the market. At the same time new issuance remains muted and longer-term investors are holding off on rebuilding their activity. Fortunately, the need for Trepp analysis and insight continues to grow. Trepp has also expanded its product offerings, largely offsetting the difficult near-term market environment.

Lewtan, offering products to both investors and issuers in the Asset-Backed securities market, released a major upgrade of its core ABSNet product in the year and saw good growth following the launch of its ABSNet Loan product line. The market conditions remained challenging for its products and services focused at the issuer of securities and in particular revenues from one major client declining impacted overall performance.

Hobsons, our education information business, increased underlying revenues by 17% and margins improved slightly as we benefit from the operating leverage. Hobsons provides products to education professionals to assist in the preparation, recruitment, management and advancement of students and continues to increase its market share. Approximately 75% of Hobsons' revenue is generated in the US with the balance in the UK and Australia. The US high school division, Naviance, again grew particularly strongly in the year.

The energy trading markets, served by Genscape, remained turbulent. Genscape grew modestly with an expanding product range, in particular from the new launches providing information on the oil market.

OUTLOOK

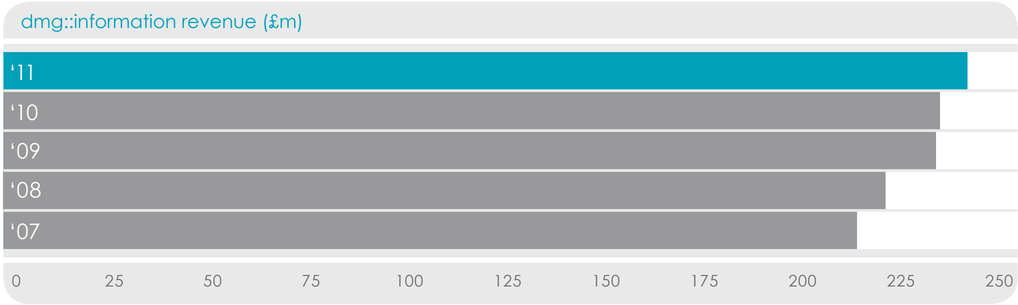
dmg::information expects to drive continued solid organic growth, due to the strength of its market positions and through new launch initiatives.

KEY DEVELOPMENTS

Underlying operating profit increased by 9%. Margins remained stable.

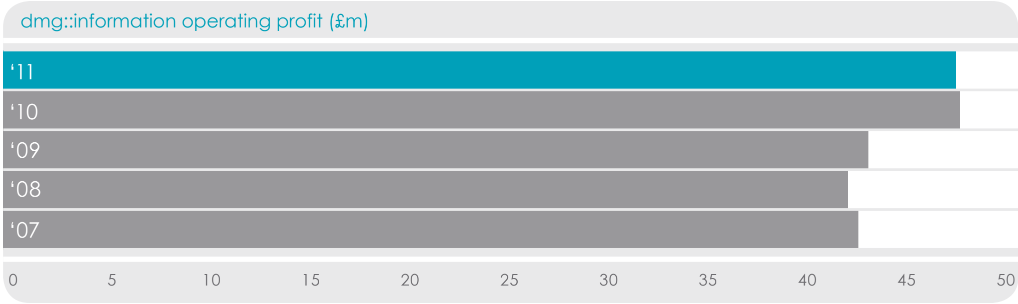
HOBSONS REVENUES GENERATED IN THE US

KPIs



Commentary

dmg::information continued its impressive growth record. Reported revenues rose by 3%, an underlying increase of 7%.



Commentary

dmg::information maintained its operating profits, but with an underlying increase of 9%.

Business Review

DMG EVENTS

Suresh Kavan
Chairman and
Chief Executive Officer

Galen Poss
Chief Operating Officer

KEY FIGURES

£132m
Revenue
(2010: £110m)

£39m
Operating profit
(2010: £30m)

29%
Operating margin
(2010: 27%)

SUMMARY

dmg::events had a good year with both underlying revenues and underlying profits increasing by 14%. The strong momentum that started in the latter half of 2010 has continued through the past year due to exhibitions and events being a late-cycle media.

The reported revenues and profits benefited from two of our large biennial shows taking place in the year and were up 20% to £132 million and up 28% to £39 million respectively. Both Gastech and ADIPEC were held during 2010/11, while only one large biennial event, the Global Petroleum Show, occurred in 2009/10.

The sale of George Little Management ('GLM'), our business serving the retail (Gift, Surf & Jewellery) markets, including the bi-annual New York International Gift Fair, was completed in September for total consideration of £108 million. GLM reported operating profits for the year of £16 million on revenues of £45 million.

dmg::events is now organised into four operating units, covering the sectors Energy, Leadership Conferences, Digital Marketing and a regional unit in the Middle East.

In the Energy sector, the Gastech event, held in Amsterdam, generated revenues 31% higher than the previous show and was a huge success. The next event is scheduled to be held in London in October 2012 after the London Olympics and will fall into our 2012/13 financial year.

Although the economic uncertainties in the Middle East have presented challenges our Middle East operating unit was able to increase both revenues and profits. The Big 5 show in Dubai, which is our largest individual event, was similar in scale to prior years and ADIPEC, a large biennial show held in Abu Dhabi, increased significantly in both revenue and Profit terms.

New launches are playing an increasing role in the dmg::events division and, during the year, the Big 5 franchise was successfully expanded with a launch in Saudi Arabia. Further launches are planned for next year in both the Energy and Middle East operating units.

Evanta, our leadership conferences brand, also expanded aggressively with revenues growing by 42% with regional events throughout the US targeted at Chief Information Officers and at finance and human resource professionals.

Finally, our digital marketing unit, where the main events are operated under the Ad:tech brand grew revenues by 19%, fuelled by growth of the established events in both London and New York and a successful launch in Tokyo.

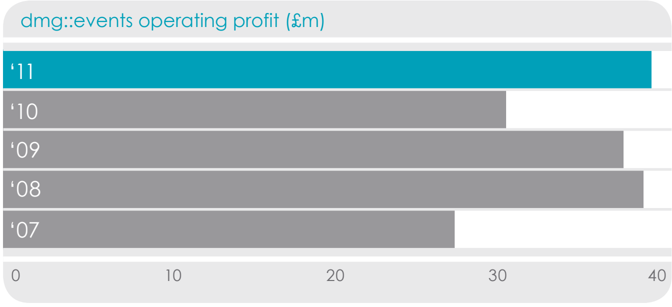
OUTLOOK

For 2011/12, dmg::events expects to achieve high single digit underlying revenue growth. The reported results will be affected by the disposal of GLM and by the absence of Gastech and ADIPEC. Only one of our three major biennial shows will be taking place, the Global Petroleum Show in June 2012. As a consequence, dmg::events expects a low single digit decline in reported revenues (excluding GLM) with operating margin of around 20%.

ATTENDEES AT ADIPEC 2010

45,597

KPIs



Commentary
dmg::events reported record profits, driven by the strong performance of its biennial and annual events.

KEY DEVELOPMENTS

Underlying revenue increased by 14%.

Margins improved by 2% to 29%.

Business Review

EUROMONEY INSTITUTIONAL INVESTOR

Padraic Fallon
Chairman

Richard Ensor
Managing Director

KEY FIGURES

£363m
Revenue
(2010: £330m)

£93m
Operating profit
(2010: £96m)

26%
Operating margin
(2010: 29%)

SUMMARY

Euromoney achieved an operating profit of £93 million on revenues up 10% to £363 million. This operating performance is stated after deducting a charge for its management incentive scheme, the CAP, £12 million higher than last year including an additional accelerated CAP expense of £7 million due to the earlier than expected achievement of its profit target. Underlying revenue growth was 12% and underlying profits were up 11%. This revenue growth, combined with tight control of headcount, helped Euromoney maintain its margin before the CAP in spite of significant investment in new products and technology.

STRATEGY

Euromoney continued its ambitious programme of investing in new technology and content delivery platforms, particularly for the mobile user, and in new digital information products, as part of its migration to a global online information business. In addition, it undertook a substantial investment programme at two of its most important electronic information businesses, BCA Research and CEIC Data, with a view to building rapidly the quality and coverage of their products and expanding their global sales resources.

In August it completed the acquisition of Ned Davis Research (NDR). NDR produces data, financial models, charts and independent market commentary to help clients execute their asset allocation strategies. All of its content is published online and the acquisition is expected to increase the proportion of Euromoney's revenues derived from subscriptions to more than 50% for the first time. Euromoney intends to apply a similar investment strategy to NDR as it has done so successfully with its other independent research business, BCA Research, and build a range of new international products and drive revenue growth through an expanded global sales team. The early signs of trading at NDR are encouraging.

TRADING REVIEW

Underlying subscription revenues, which account for nearly half Euromoney's revenue, increased at a rate of 11%, an underlying increase of 14%. This double digit subscription growth continues to be generated by its premium online research and data services such as BCA Research and CEIC Data, contrasting with the lower growth rates of the traditional print publishing businesses.

The quality of Euromoney's event portfolio was demonstrated by a 20% growth in sponsorship revenues. The event businesses have been a key driver of Euromoney's strong recovery over the two years since the global credit crisis. Revenues broadly comprise an equal mix of both sponsorship and paying delegates, and the growth in the year reflects the success of Euromoney's strategy of building large, must-attend annual events in niche markets, and continually investing to grow these events while adding new, smaller events as markets improve. The recent market uncertainty has had limited impact on Euromoney's event businesses, while delegate bookings for training courses have held up well.

KEY DEVELOPMENTS

Underlying revenue increased by 12%.

Acquisition of Ned Davis Research.

REVENUES DERIVED FROM EUROMONEY SUBSCRIPTIONS

47%

Business Review

EUROMONEY INSTITUTIONAL INVESTOR continued

FINANCIAL PUBLISHING

Revenues, approximately 50% of which are advertising-related, increased by 5% to £84 million. Advertising revenues came under pressure towards the end of the year, but the increased investment in digital publishing has contributed to an increasing proportion of advertising revenues from online rather than print, and a strong performance from products less dependent on advertising such as Euro Week and Institutional Investor Research.

BUSINESS PUBLISHING

Euromoney's activities outside finance cover a number of sectors including metals, commodities, energy, telecoms and law, with only 35% of revenues derived from advertising. Revenues increased by 7% to £60 million, but margin dropped by 2 percentage points due to the impact of investment in digital publishing, particularly in businesses such as Metal Bulletin and legal publishing.

TRAINING

This division predominantly serves the global financial sector with a strong focus on emerging markets. After a slow start to the calendar year, due partly to the political unrest in the Middle East, delegate bookings improved from June and the division finished the year strongly. Training revenues for the year increased by 9% to £33 million and adjusted margin was maintained at 24%.

CONFERENCES AND SEMINARS

Revenues comprise both sponsorship and paying delegates and increased by 12% to £86 million. Margin was unchanged at 31%. Growth has come across all sectors but in particular from those outside finance such as metals, coal and telecoms which have a higher emerging market exposure.

RESEARCH AND DATA

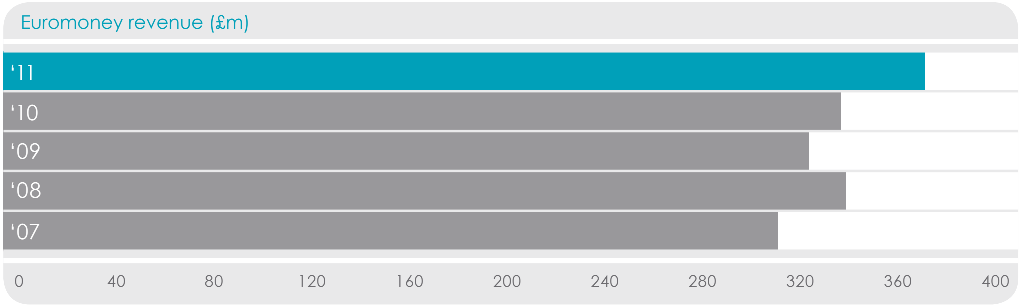
Revenues are predominantly derived from subscriptions and increased by 16% to £104 million. Margin fell by one percentage point to 41% reflecting the investment programme at BCA Research and CEIC Data.

OUTLOOK

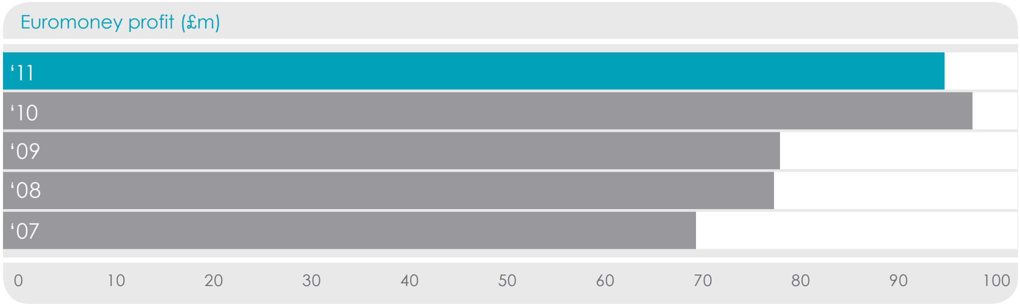
2012 promises to be more challenging and, as usual, forward revenue visibility beyond the first quarter is limited other than for subscriptions. Euromoney plans to continue its programme of investing in the digital transformation of its publishing businesses, and in improving the quality of the product and expanding the sales resources of its research and data businesses including the recently acquired Ned Davis Research.

It is well prepared for the challenging markets ahead and in a stronger position than it was at the start of the last financial crisis, and will continue to pursue its successful strategy of investing in new products, digital publishing and selective acquisitions to drive further long-term growth.

KPIs



Commentary
Euromoney grew its revenues by 10% in 2010/11.



Commentary
Underlying revenue growth and tight control of headcount drove a strong profits performance despite an additional charge of £12 million for Euromoney's CAP.

Business Review

A&N MEDIA

Kevin Beatty
Chief Executive, A&N Media

KEY FIGURES

£1,098m
Revenue
(2010: £1,144m)

£93m
Operating profit
(2010: £116m – restated)

8%
Operating margin
(2010: 10%)

A&N MEDIA

The A&N Media business portfolio has evolved significantly over the last three years and is now very much focused on leading positions in the markets in which it operates.

A drive for efficiency has delivered a leaner and more robust base on which to grow. Alongside this, investment continues in new and emerging business models (Local People, Wowcher and Mail Digital), which have the potential to be strong profit contributors. The removal of an executive level supporting the former Associated Northcliffe Digital central function towards the end of 2009/10 has put digital very much at the heart of the business, as well as reducing central costs.

The pursuit of cost efficiencies in shared back office functions and service centres to support the development of the individual businesses continued during 2011 with sizeable savings delivered through print operations, finance shared services, technology and the strengthening of analytical support through the integration of strategy with customer insight.

MARKET AND COMPETITIVE POSITIONING

Consumer media consumption has rapidly changed in recent years and will continue to do so as digital channels (fixed and mobile) continue to take share.

The complex and rapidly changing competitive landscape across consumer media makes the competitor set for A&N Media increasingly complex. The boundaries where our businesses operate and compete has extended over the last three years as we enter new adjacent markets, begin to utilise new channels/ devices (mobile, TV, online, print) and operate with a mixture of different business models (e.g. subscription, advertiser funded, consumer pays).

2011 PERFORMANCE

Revenues for the year were £1,098 million, an underlying decrease of £22 million or 2%, though 4% lower on a reported basis, reflecting that some underperforming business activity was discontinued. The testing economic conditions adversely affected Northcliffe's classified revenues and the Mail titles' display advertising revenues and a further hike in the price of newsprint, led to its underlying operating profits decreasing by £32 million (-26%) to £93 million. A&N Media's margins fell from 10% to 8%. Headcount reduced by 740 (10%) during the year.

All underlying year-on-year comparisons are on a like-for-like basis, excluding discontinued operations.

Business Review

A&N MEDIA – ASSOCIATED NEWSPAPERS

Lord Rothermere
Chairman, Associated Newspapers

Paul Dacre
Editor in Chief, Associated Newspapers

Kevin Beatty
Chief Executive, A&N Media

KEY FIGURES

£862m
Revenue
(2010: £883m)

£76m
Operating profit
(2010: £89m – restated)

9%
Operating margin
(2010: 10%)

After a strong first quarter, challenging economic conditions affected the second and, in particular, the third quarter, with an improvement seen towards the end of the year. Total revenues were down £21 million or 2%, due mainly to the impact of closed or sold businesses and lower display revenues from the two Mail titles. Improved revenues were seen from Metro, MailOnline and the recruitment and property digital businesses, resulting in total underlying revenues of £858 million, marginally ahead of last year. Total underlying advertising revenues of £442 million were unchanged from last year.

Due to the reported fall in revenues and the increased price of newsprint, operating profit for the year fell by £13 million to £76 million. Continued control of costs, in particular reduced promotional activity and staff cost savings in part helped mitigate these adverse variances, but operating margins were down 1% to 9%. An exceptional operating charge of £42 million (£19 million of which was non-cash) was made for restructuring and closure costs, the largest portion relating to print site restructuring and closures.

UK NEWSPAPER OPERATIONS

Underlying circulation revenues fell by 2% to £343 million although this was in part a result of temporary price discounting by The Mail on Sunday in an initiative to attract new readers following the closure of The News of the World in July. Underlying advertising revenues were 2% lower at £340 million, a strong performance by Metro and MailOnline in particular offset by lower display revenues on both Mail titles. Our two largest categories, retail and travel saw revenues decline by 5% and 6% respectively, but there was a 2% growth in total from other categories. Underlying print advertising revenues declined by 4% this year, but underlying digital revenue from the newspaper titles' companion sites increased by 56% to £19 million. After a difficult third quarter, which saw advertising 10% lower than the prior year, the final quarter saw revenues only 1% lower, with September marginally ahead of the prior year.

Business Review

A&N MEDIA – ASSOCIATED NEWSPAPERS

MAIL NEWSPAPERS

The Daily Mail increased its share of the national daily newspaper market by 0.5% to 21%, a new record, during a year which saw the weekday cover price increased by 5p to 55p in July. Daily circulation averaged 2,070,000 copies, which was only 2.4% down year-on-year compared to a contraction in the overall market, excluding the Daily Mail, of 5.5%.

The Mail on Sunday's average circulation for the year rose by 0.01% to 1,989,000 copies, compared to a fall in the national Sunday market of 10.3%, excluding The Mail on Sunday, and partly reflected gains in sale following closure of The News of the World in July. The Mail on Sunday's share of the total market increased by 1.7% to a new high of 20.7%, and it firmly established itself as the market leader during the last quarter of the year.

In May the national titles launched a new promotional initiative, the Mail Rewards Club, with the twin objectives of building sales more efficiently and the retention of existing readers. This has helped to attract new readers and to date, 600,000 members have registered.

Despite the further significant rise in newsprint prices, the cost base of the two national titles was again reduced through savings in other areas, most notably promotional cost efficiencies and lower production charges.

MAILONLINE

Mail Digital made further progress this year, recording a 65% improvement in revenue. Traffic to its primary website, MailOnline, increased significantly, largely through its targeting of the US market. This has contributed towards a 62% year-on-year increase in US daily unique visitors in October 2011.

On a global basis, MailOnline became the world's second largest English language online newspaper. We see digital publishing as a growth opportunity, and a means of extending the Mail brand.

FREE NEWSPAPERS

The Free Newspaper business had another strong year. Revenue growth of over £10 million or 14% and good cost control resulted in record profits. In November 2010, Metro increased its daily distribution by 4% to 1,385,000 copies. Total costs rose due to increased print runs, newsprint prices, larger paginations due to advertising volumes and higher distribution charges. Traffic to Metro.co.uk saw strong growth during the year, up 47% to an average of 4.4 million UK unique visitors per month in September, with global visitors growing by 55% to a record 8.6 million in the same month. Digital revenue grew by 33% in the year.

KEY DEVELOPMENTS

Market share of national titles increased again.

Strong growth in MailOnline visitors and revenue.

Profits lower due to display advertising and higher newsprint prices.

Costs in line with last year excluding newsprint.

Metro records highest ever operating profits.

Strong growth in digital audience and revenues across the newspaper companion sites as well as the recruitment and property digital businesses.

Business Review

A&N MEDIA – ASSOCIATED NEWSPAPERS continued

MAIL TODAY, INDIA

Mail Today, the Delhi-based daily newspaper, in which Associated holds a 26% interest, though still loss-making, has grown revenues by over 50% year-on-year in the last six months (advertising up 48%, circulation up 91%). The relationship with our partners will be the foundation to extend MailOnline's presence in this market.

PRINTING

During the year, plans to relocate the Group's print operations from Surrey Quays to a new site in Thurrock were announced. The process is on track and significant cost savings have already been made as print operations are streamlined in advance of the transition.

DIGITAL OPERATIONS

Underlying revenue (excluding closures and disposals) from the portfolio of digital companies was up 5% year-on-year to £84 million. Recruitment and property sectors both grew strongly, offset by challenging markets in the motors and travel sectors. The digital only businesses profit of £6 million fell marginally on prior year levels. The benefit of the closure of loss making businesses last year helped to improve margin. This was despite continuing to invest in products and marketing across all the digital businesses, as well as supporting the international expansion of our recruitment business.

RECRUITMENT

Revenues grew by 15% in the year. The flagship recruitment portal, Jobsite, maintained its commitment to invest in brand building with multiple TV campaigns, resulting in record traffic (up 19% year-on-year in September) and uploaded CVs. In addition, the number of customers in September was 10% higher than a year ago. Vacancy volumes grew strongly throughout the year, with the number advertised in September being 18% higher than the previous year. Considerable strategic investment was maintained in rolling out the international expansion plans for some of the key specialist recruitment activities. Broadbean, a leading multi-poster of vacancies and tracking information for recruiters, has continued to expand its interests in both the US and Europe. Oilcareers, a leading job-board in the energy sector, has, following on from its expansion into the US, recently launched into the Canadian, Middle East and Australian markets.

PROPERTY

The Digital Property Group ('DPG') incorporating FindaProperty.com, Primelocation.com and Globrix.com, continues to provide a distinct and differentiated offering, delivering substantial value to our customers through increased buyer leads, seller instructions and up-sell services. Revenues grew by 15% in a very depressed property market. Substantial increases in marketing spend resulted in a drop in operating margins to 13%, from 17% last year. This growth in promotional spend helped DPG increase the number of UK estate agent branches using its services by 20% to over 12,600. In September, 8.9 million home searches used DPG's websites, a 17% increase on last year. In October 2011 A&N Media announced it had agreed to merge its digital property business with that of Zoopla to provide a real alternative to Rightmove, the dominant player in this market.

TRAVEL

The travel business operates as an aggregator in the travel sector, under two brands, Teletext Holidays, in the late booking 'package' market, and Villarenters, in the self-catering rental market. This business has suffered markedly due to the pressures on consumer spending, with the number of bookings over the key summer period (June–August) 8% lower than last year. In December, Teletext Holidays ceased broadcasting on the analogue TV service and in January it outsourced its retail operation.

Revenues were 41% lower than last year. Excluding the revenues from Analogue and the Retail operation that closed in January, the underlying decline was 10%. Substantial investment was made in marketing the Teletext Holidays brand during the year, to rebalance the customer demographic from an ageing consumer to one more representative of UK holiday buyers. Holiday searches on the site increased by 24% reflecting the desire to seek late available holidays, despite the economy.

MOTORS

The UK's automotive sector had a very tough year, the effects of which have been felt in our Motors digital business. Revenues were down 10% year-on-year. However, the company's underlying growth continued with dealer numbers up 4% and the number of vehicle listed increasing by 5% over the year. The business also extended its reach through partnerships with regional newspaper groups, adding Archant, NWN Media and Scottish Provincial Press to its existing five partnerships.

YEAR-ON-YEAR INCREASE IN US DAILY UNIQUE VISITORS TO MAILONLINE

62%

Business Review

A&N MEDIA – ASSOCIATED NEWSPAPERS continued

CENTRAL & EASTERN EUROPE

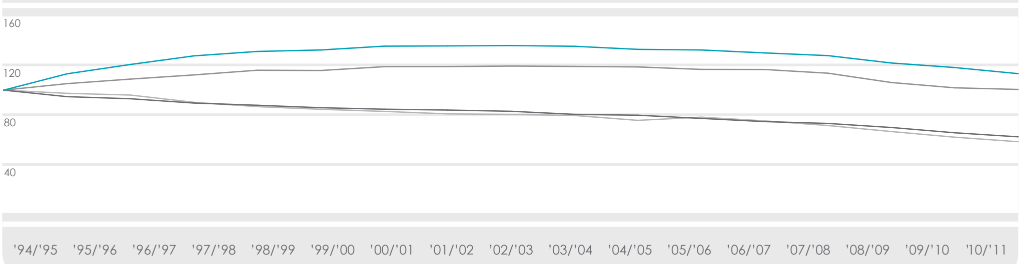
A&N International's operating profits grew by £0.4 million to £3.7 million on revenues down 10% to £30 million. Underlying profits were in line with the prior year, with print advertising revenues declining by 13%, but circulation and digital revenues growing by 1% and 10% respectively. Contract printing revenues have also grown strongly. Headcount has been reduced and significant cost savings were made. The year-on-year decline in print revenues slowed towards the end of the year. The performance of digital revenues has improved.

OUTLOOK

For 2011/12, Associated expects to achieve low single digit revenue growth, due in part to the positive impact of the Olympics.

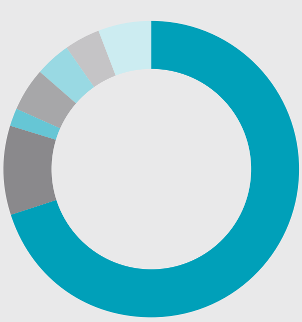
KPIs

Associated Newspapers Circulation performance v market trend 1994/95 – 2010/11



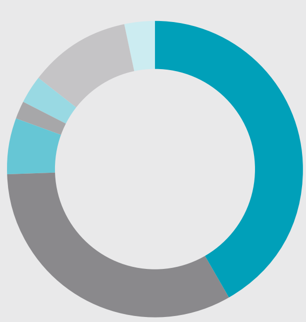
Daily Mail +13.4% — Mail on Sunday +0.6% — Other Daily Nationals -38.0% — Other Daily Nationals -38.0%

Revenue (%)



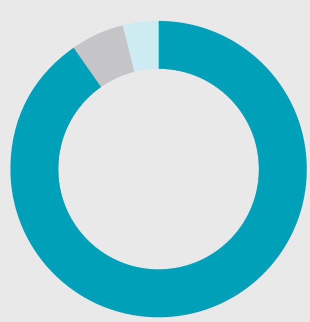
	2011 £m	2010 £m	Change %
Daily Mail / The Mail on Sunday	608	637	(4%)
Metro	82	72	+14%
MailOnline	16	10	+65%
Jobsite	39	33	+16%
The Digital Property Group	30	26	+16%
International	30	29	+3%
Other (motors, travel, others)	53	48	+10%
Closures	4	28	–
Total	862	883	(2%)

UK revenue by source (%)



	%	2011 £m	2010 £m
Circulation	41%	343	351
Advertising – display	32%	270	283
Advertising – classified	6%	51	52
Digital	2%	19	12
Other	4%	31	23
Newspaper operations	85%	714	721
Digital only businesses	11%	89	95
Discon-tinued	0%	–	9
Contract print	4%	29	25
Total	100%	832	850

ANL operating profit (%)



	2011 £m	2010 £m
UK Newspaper operations	94	120
Digital only businesses	6	6
International	4	3
Discontinued operations	–	(8)
Discontinued and other costs	(28)	(32)
Total	76	89

Business Review

A&N MEDIA – NORTHCLIFFE MEDIA

Kevin Beatty
Chairman, Northcliffe Media

Steve Auckland
Managing Director, Northcliffe Media

Northcliffe's titles continued to be affected by weak advertising markets. The recruitment and notices' categories were affected by low private sector demand and Government budget cuts. The company continued its restructuring and process innovation and delivered year-on-year underlying cost savings of £15 million or 7%. Restructuring costs of £11 million (all cash) are treated as exceptional items this year. Total headcount reduced by a further 19%, or 602 people.

NEWSPAPER SALES

Reported newspaper sales revenues fell by 8% or £4 million. On a like-for-like basis (excluding a change in accounting treatment for distribution costs), revenues were down 2%. Cover price increases were implemented across the majority of titles where prices had historically been below the Industry average.

Our weekly paid-for portfolio continues to perform ahead of the industry average. For the January to June 2011 ABC period, circulation was down 4.7%, outperforming the average of the top four regional publishers which were down 6.3%.

For the January to June 2011 ABC period, circulation of the dailies was down 8.2% compared with an average decline of 7.2% experienced by the top four regional publishers. Three daily paid for titles, in Exeter, Torquay and Scunthorpe, have converted to weeklies with sales significantly ahead of the best performing day (when in daily format). In October 2011, the daily title In Lincoln also converted to a weekly.

During the financial year, Northcliffe sold seven titles (in Forest of Dean, Hereford, Shrewsbury, Leek and Uttoxeter) and closed a further 10 free titles.

ADVERTISING

After a more modest 6% year-on-year decline in the first quarter, reported advertising trends have remained consistent at -12% in quarter 2, -10% in quarters 3 and 4, resulting in a 10% full year decline year-on-year. Excluding the title disposals noted above, advertising revenues are down 9% for the year.

The increase in unemployment levels is showing no signs of slowing. Budget cut announcements have, as expected, had a heavy impact on our private and public sector recruitment spend. Recruitment revenues fell by 29%. In response to the challenge in the recruitment category, Northcliffe has restructured its rate and advertising package structure to help improve its position in this very competitive market place.

In the property category, revenues fell by 5%, a reflection of the tough property market where the level of mortgage approvals fell by 5% on the previous year.

Motors advertising was down 8% in 2011 as the level of private new car registrations was well down on last year.

Retail advertising, Northcliffe's largest category in 2011, fell by 3% in the full year. UK Retail sales statistics continue to show little or no year-on-year underlying sales growth.

All the other advertising categories combined fell 7%.

KEY FIGURES

£236m
Revenue
(2010: £261m)

£17m
Operating profit
(2010: £27m)

7%
Operating margin
(2010: 10%)

KEY DEVELOPMENTS

Underlying decline in UK revenues of £25m (7%).

Continuing weak economic climate and UK Government austerity measures affect key advertising categories.

Restructuring activities delivered underlying year-on-year cost savings of £15m.

Portfolio changes strengthen our market position – four paid for daily titles converted to weekly publication.

Sale of titles in Leek, Forest of Dean, Hereford, Uttoxeter and Shrewsbury.

Investment continues to improve the quality of titles and platforms.

Business Review

A&N MEDIA – NORTHCLIFFE MEDIA

NORTHCLIFFE DIGITAL

The Northcliffe Digital strategy is to diversify from a proposition focused on local news to sites which have a wider range of local content and greater commercial opportunities for our small and medium-sized enterprise (SME) customers. To achieve this the Thisis network has been relaunched on a new platform which includes a far greater range of commercial opportunities for our advertisers and potential for user generated content creation.

The Northcliffe Digital audience has continued to grow. Unique users across the Thisis and Localpeople networks reached 5.3m in September, a growth of 13% versus last year. Most importantly both user contributions and commercial response increased sharply. Over 100,000 pieces of content were created by users in September 2011, an increase of 46% year-on-year. Page views of the business directory product, the core of the suite of products sold to SMEs by Northcliffe Digital, increased 80% year-on-year with a growth of 92% in number of tracked calls to advertisers. For the full year revenues generated from business directory listings increased 54% year-on-year. The portfolio of LocalPeople sites (aimed at communities of up to 60,000 people) reached 160 by September.

The strength of our digital offering and continued audience growth has enabled revenue increases in all of our key categories, apart from recruitment (down 17%) and notices (down 12%), where market pressures were universally felt – revenues from other categories were up 6% in total. Digital revenues not associated with a print sale grew to account for 36% of business in September, up 105% year-on-year.

COSTS

Northcliffe has continued to drive down operational costs. These have reduced by £15 million or 7% compared to the same period last year.

Staff costs fell by £8 million or 9% as headcount was reduced by 602 or 19% since September 2010. Greater efficiency has been delivered across all departments.

Production and distribution costs have reduced by £9 million or 17%. Some savings were as a consequence of lower activity levels. However, more significant reductions have been made through further rationalisation of the product portfolio, product format and distribution changes.

During the year, Northcliffe dismantled its regional operating structure, divided the business between print and digital activities and changed the senior management team structure. Steve Auckland, formerly managing director of Metro, was appointed MD of Northcliffe's print publishing business and three new MDs were appointed to businesses in Hull, Leicester and Bristol. There have also been a number of editorial changes. Roland Bryan leads the digital businesses.

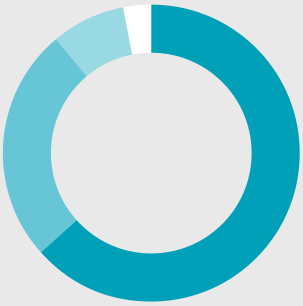
OUTLOOK

For 2011/12, Northcliffe expects a continuation of its current underlying revenue trends which track those experienced for 2010/11.

NUMBER OF LOCAL PEOPLE SITES

KPIs

Revenue analysis



	2011 £m	2010 £m	%
Advertising – in print	151	169	64%
Circulation	60	65	25%
Digital	18	19	8%
Other	7	8	3%
	236	261	

Business Review

FINANCIAL AND TREASURY REVIEW

Stephen Daintith
Finance Director

KEY FIGURES

+1%
Revenue

-5%
Operating profit

+2%
Earnings per share

The purpose of this review is to outline key aspects of the Group's performance over the last year and of its financial position.

ACCOUNTS

This Financial and Treasury Review focuses principally on the adjusted results* to give a more comparable indication of the Group's underlying business performance. All year-on-year comparisons are on a like-for-like basis after adjusting the prior year results for the change of presentation of amortisation of internally generated and acquired computer software as a charge against adjusted operating profit.

A discussion of restructuring and impairment charges and other items included in the statutory results is set out after the divisional performance review and in the segmental note. In the prior year statutory results, the Group's radio division is shown within discontinued operations for the period to 16th December, 2009. The adjusted results are summarised on the right:

Adjusted results	2011 £m	2010 £m	Change
Revenue	**1,990**	1,968	**+1%**
Operating profit	**286**	300	**-5%**
Income from joint ventures and associates	5	2	
Net finance costs	(54)	(75)	
Discontinued operations	–	3	
Profit before tax	**237**	230	**+3%**
Tax charge	(35)	(31)	
Minority interest	(22)	(21)	
Group profit	**180**	178	**+1%**
Adjusted earnings per share	**47.0p**	46.3p	**+2%**

Adjusted Profit before tax rose by 3% to £237 million, benefiting from reduced net finance costs.

KEY HIGHLIGHTS

- Good B2B performance with revenues up 8% and profits up 4%.
- Challenging year for consumer businesses leading to reduced profits, down 20%.
- Underlying Group operating profit and operating margin unchanged.
- Net debt to EBITDA ratio of 1.99 times, with net debt down £143m to £719m.
- Dividend increased by 6%.

*See definition on page 21.

Business Review

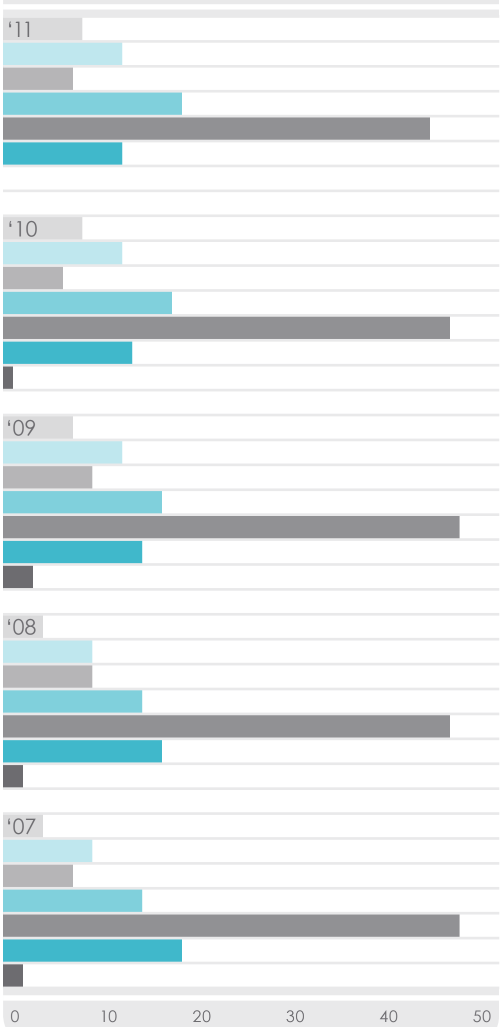
FINANCIAL AND TREASURY REVIEW

REVENUE

Group revenue for the year was £1,990 million compared with £1,968 million for the prior year, an increase of 1% on a reported basis and an underlying increase of 3%. Revenues from the B2B group totalled £892 million, 8% higher than last year, with an underlying increase of 10%. A&N Media's revenues for the year were £1,098 million, an underlying decrease of 2%, though 4% lower on a reported basis, reflecting that some underperforming business activity was discontinued in the prior year. The testing economic conditions adversely affected Northcliffe's classified revenues and the Mail titles' display advertising revenues.

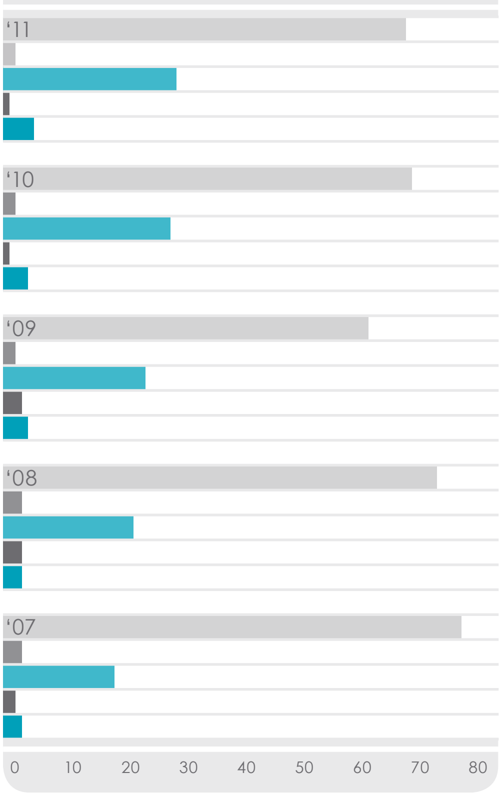
The analysis of revenue by activity, illustrated in graph 1, shows that the percentage of total revenue from consumer media has fallen slightly this year and is now 55%, down from 66% in 2007. Graph 2 shows the geographic split of revenue. This shows that 65% of total revenue by source was generated by UK businesses, compared with 74% in 2007.

Graph 1 Revenue by activity (%)



Risk Management Solutions
dmg::information
dmg::events
Northcliffe Media
Euromoney Institutional Investor
Associated Newspapers
dmg Radio Australia

Graph 2 Revenue by geographical area (%)

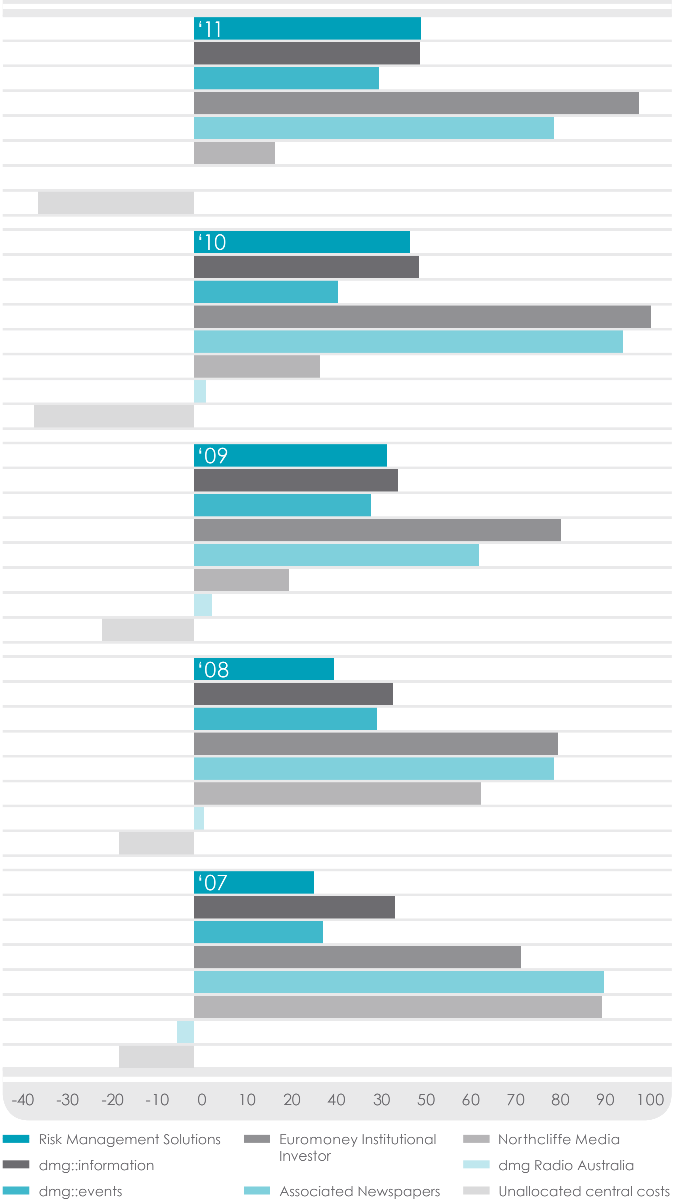


Rest of the World
Australia
North America
Rest of Europe
UK

Business Review

FINANCIAL AND TREASURY REVIEW continued

Graph 3 Operating profit by activity (%)



OPERATING PROFIT

Operating profit was down by £14 million or 5% on the equivalent figure for the prior year at £286 million, but flat on an underlying basis. Overall operating margin fell from 14% to 15% due to a slight deterioration in our consumer businesses. Underlying margin was unchanged at 16%.

Operating profit is stated before charging £53 million as exceptional operating costs, principally within A&N Media. This charge includes reorganisation costs of £29 million, accelerated depreciation of property, plant and equipment of £15 million, principally relating to the proposed move to Thurrock and impairments of fixed assets of £9 million.

The charge for amortisation of intangible assets fell by £12 million to £43 million. The Group also made a charge for the impairment of intangible assets of £24 million, largely relating to A&N Media.

The analysis of operating profit by activity is shown in graph 3. This shows that 74% of this year's operating profit was generated from the Group's B2B operations and 26% from consumer, compared to 50% and 50% in 2007. These percentages have been calculated after allocating Head Office costs of £33 million on the basis of revenues. More than half of the Group's operating profits were again derived from outside the UK with 51% coming from the US.

The Group's B2B companies increased their overall profit* by £8 million or 4%, despite an additional charge of £12 million for Euromoney's CAP. The underlying increase was 14%. The largest increase was by dmg::events (£9 million). There were increases also at RMS (£2 million).The average sterling: US dollar exchange rate for the year was £1: $1.61 (against £1:$1.56 last year).

Within consumer media, the profits of A&N Media declined by £23 million or 20%. Underlying margins* fell from 10% to 8%. At Associated Newspapers, operating profit fell by £13 million or 15% to £76 million due to the fall in revenues and to the increased price of newsprint. Continued control of costs, in particular reduced promotional activity and staff cost savings in part helped mitigate these adverse variances, but operating margins were down 1% to 9%.

Northcliffe's profits fell by £10 million or 37% to £17 million as its titles continued to be affected by weak advertising markets. The company continued its restructuring and process innovation and delivered year-on-year underlying cost savings of £18 million or 8%.

As explained last year, we have restated our adjusted results for the change of presentation of amortisation of internally generated and acquired computer software as a charge against adjusted operating profit. For the prior year, £17 million has been reclassified as a charge against adjusted operating profit.

Business Review

FINANCIAL AND TREASURY REVIEW continued

NET FINANCING COSTS

	2011 £m	2010 £m	Movement %
Net interest payable and similar charges	(69)	(74)	+6%
Pension finance item	12	(2)	
Investment Income	3	1	
Total	(54)	(75)	+28%

JOINT VENTURES AND ASSOCIATES

The Group's share of the adjusted results of its joint ventures and associates rose by £2 million to £5 million. It includes income from dmg Radio Australia, offset by our share of the losses of Mail Today, the Delhi-based daily newspaper.

NET FINANCING COSTS

As the table shows, net interest payable and similar charges (including deemed finance charges and interest receivable) fell by £5 million to £69 million due to lower average debt and management of the debt portfolio.

There was a £14 million movement in the pension finance item due to the lower pension fund deficit arising from a growth in assets and higher discount rate used. Other investment revenue rose by £2 million due largely to dividends from an internet investment fund.

OTHER INCOME STATEMENT ITEMS

The Group recorded other net gains on disposal of businesses and investments of £15 million, compared to £0.1 million last year. This comprised exceptional gains on the sale of businesses and investments. These include RMSI, the Indian-based geographic information services division of RMS, Sanborn, GLM, and dmg::information's stake in CoStar Group, Inc. Profit attributable to operations treated as discontinued amounted to £nil (2010 £33 million).

RESULT BEFORE TAX

The statutory profit before tax for the year was £125 million, after charging £112 million of amortisation charges and impairment losses and £113 million of net exceptional charges.

TAXATION

The adjusted tax charge of £35 million (2010 £31 million as restated) is stated after adjusting for the effect of exceptional items. The adjusted tax rate for the year rose to 15.0% from 13.6% in the 2010 full year, largely due to a change in the mix of chargeable profits. The continued low rate reflects tax reductions from tax-efficient financing and tax deductible amortisation in the USA that are expected to be in place for the next few years.

There were net exceptional tax credits of £38 million, arising on operating exceptional costs, the accelerated depreciation of property and equipment and the recognition of tax losses.

PROFIT AFTER TAX

Adjusted Group Profit after tax and minority interests was up 1% to £180 million. Statutory profit was £112 million, down from £178 million, due to higher exceptional charges and lower tax credits in the current year.

PENSIONS

The Group's defined benefit pension schemes provide retirement benefits for UK staff, largely in A&N Media. These schemes are closed to new employees. The deficit in these schemes rose from £271 million at the beginning of the year to £336 million at 2nd October, 2011 (calculated in accordance with IAS 19). This change is primarily due to lower return achieved on the schemes' investments.

In June, the Company formally reached agreement with the Trustees on funding arrangements as part of the process associated with the triennial actuarial valuation of the main schemes as at 31st March, 2010. The deficit recovery plan will lead to payments of £37 million in October 2011, £36 million in October 2012, £23 million in October 2013, £21 million in October 2014 and £17 million in October for each of the following nine years. The Company has also entered into an additional funding agreement with the trustees that will supplement these amounts by payments between £5 million and £10 million calculated annually but payable shortly after the 2016, 2019 and 2022 triennial valuations of the main schemes, subject to those schemes then being in deficit by an amount greater than the payment due. These funding agreements will be revisited after the next actuarial valuation as at 31st March, 2013.

Having previously closed its defined benefit schemes to new employees, the Board introduced a series of measures during the year to help secure the financial health of these plans into the future. All new employees of A&N Media are now being offered a defined contribution

Business Review

FINANCIAL AND TREASURY REVIEW continued

pension plan, which has brought this division into line with our other newer and more internationally focused divisions where we have long believed in this type of pension plan.

CASH FLOW AND NET DEBT

Net debt has fallen by £143 million during the year from £862 million to £719 million as the Group has remained focused on reduction of debt.

Graph 4 illustrates the movement in net debt and shows the Group's sources of free cash flows and use of those funds during the year. The Group generated operating cash flows of £325 million and disposal proceeds of £125 million. These funded acquisitions of £96 million, taxation of £47 million, interest of £69 million, pension funding of £11 million and dividends totalling £70 million. Operating cash flows are stated after capital expenditure of £56 million.

In general, the Group's profits are converted rapidly into cash and cash generation was strong across the Group, with 114% of profits converted into cash, before allowing for exceptional operating costs.

Graph 5 shows the movement in the Group's ratio of year end net debt to EBITDA since 2006. By the 2011 year end it was 1.99 times, well within the Group's internal limit of 2.4 times and comfortably within the requirements of the Group's bank covenants. During the year, the Group continued to act to increase profitability and reduce cash outflows, in particular by reducing acquisition activity. The Group's corporate credit ratings are BBB- from Fitch, and BB+ from Standard & Poor's due largely to the latter's view on the weakness of newspapers and concerns that the Group did not reduce dividends during the credit crunch.

The Group's principal debt remains in long-term bonds. At the year end, the Group had £832 million of Bonds due for repayment in 2013, 2018, 2021 and 2027. The Group acquired £25 million 5.75% Bonds 2018 prior to year end and will consider acquiring further bonds where financially sensible. In April, the Group raised approximately £300 million of new bank facilities for a five-year period to April 2016 with only minor changes to basic financial covenants. These were available at the year end, together with £90 million of existing facilities maturing in September 2013. Consequently, the Group has sufficient committed debt facilities to meet its foreseeable requirements. It had unutilised committed facilities of £328 million at the year end and surplus cash of £172 million.

OTHER FINANCING

The Company acquired 2.3 million 'A' Ordinary Shares in Treasury for £12 million, using 2.2 million of them, valued at £11 million, to provide shares under various incentive plans. Following these transfers, DMGT has 382.9 million shares in issue, together with 9.7 million 'A' Ordinary Shares held in Treasury to meet further obligations that may arise.

DMGT took its share of dividends from Euromoney in the form of a scrip. It is the Board's intention also to take Euromoney's forthcoming final dividend in the scrip form. In November 2011, DMGT increased its interest in Euromoney to 67.4%. These actions were taken in order to enable it to offset the dilutive effect of the vesting of Euromoney's CAP.

TREASURY POLICIES

DMGT aims to have sufficient liquidity to meet both operational and capital cash flows and to impose the minimum cash constraints on the management and operation of the Group. Financial instruments, including derivatives, are used by the Group in order to manage the principal financial risks that arise in the course of business. These risks are liquidity or funding risk, foreign exchange risk, interest rate risk and counterparty risk. The instruments are used within the parameters set by the Investment & Finance Committee of the Board, and are not traded for a profit. The Group's priority is to address the economic impact of financial risks using the most efficient or appropriate approach. This may result in IFRS accounting volatility. Full details of treasury policies are on pages 135 to 138.

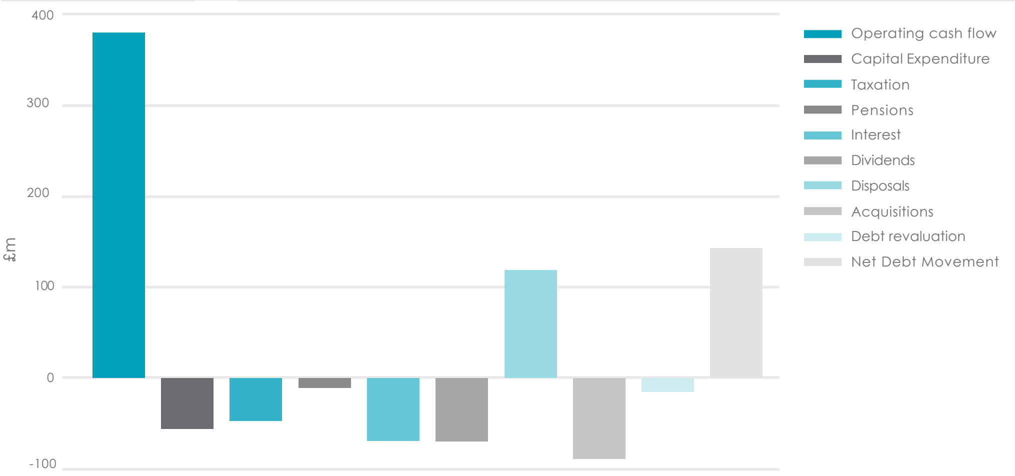
OVERVIEW

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

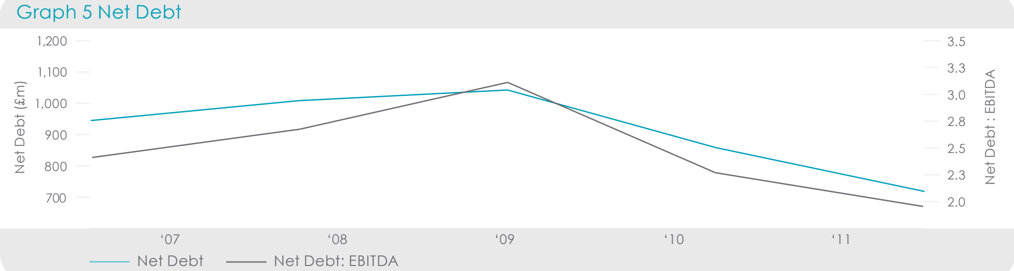
Business Review

FINANCIAL AND TREASURY REVIEW continued

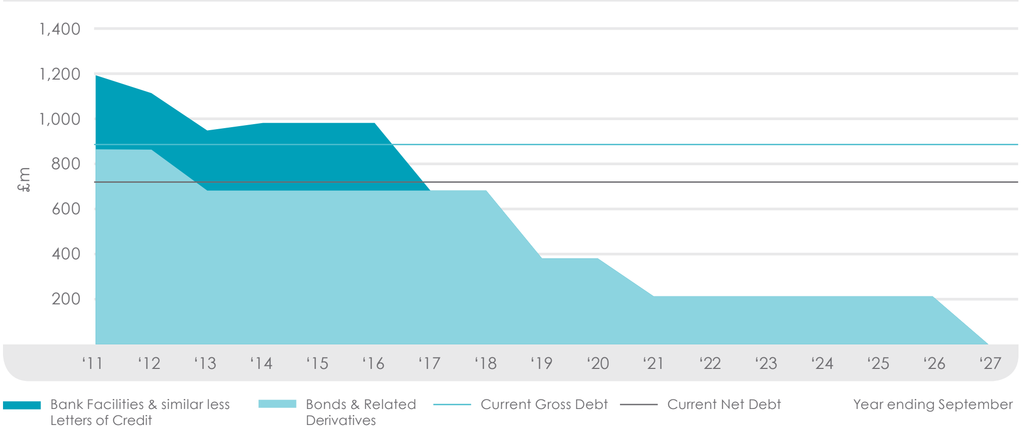
Graph 4 Net Debt Movement



Graph 5 Net Debt



Graph 6 Available borrowing sources (£m)



CAPITAL RISK MANAGEMENT

The Group's strategy for capital risk management is set out in Note 32 to the Accounts.

GOING CONCERN

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

Stephen Daintith
Finance Director

DMGT CORPORATE RESPONSIBILITY

David Dutton
Chairman, Corporate Responsibility Committee

The issue for us is not whether to pursue corporate responsibility (CR), but how best to achieve it.

Corporate responsibility and sustainability are intimately interconnected. Businesses that take CR seriously are often better run, more efficient and more resilient.

OUR APPROACH

As a Group we've always been committed to sustainable, long-term performance. It's an approach that has served us well.

Managing our businesses and brands responsibly, valuing our own people and respecting the communities we serve are the essential pre-requisites for our own success.

The people that run our businesses have considerable autonomy, but we expect each of them to act responsibly and in the long-term interests of the Group.

Multiple CR campaigns are more effective than a single unified programme

We manage a portfolio of very diverse businesses. As such, a one-size-fits-all CR policy would be counter-productive.

Each of our businesses operates in particular conditions. They understand their own markets. They are best placed to define and promote their own CR objectives.

Smart, highly-skilled people run these companies. They are used to acting independently. At Group level we typically help them most by backing their judgement.

We aim to equip our people with the knowledge, the resources, the training and, crucially, the permission to take effective action. We try not to be prescriptive in our approach.

Our various businesses have evolved CR strategies to fit their distinct cultures and underlying objectives.

Euromoney Institutional Investor controls multiple companies and has people all over the world. Every year it selects a single charity to support. All of its employees get to vote on the most deserving cause. This democratic process promotes fund raising and is a valuable binding agent for the company.

Volunteering and giving something back are important cultural building blocks at Hobsons. The company has worked locally and globally for many years to support schools.

A&N Media has different priorities. Its newspapers want to forge connections with their respective readerships. At Associated Newspapers the emphasis is on national issues that resonate with readers. For the Northcliffe titles, it makes strategic sense to engage with local initiatives.

HIGHLIGHTS

- Group CO_2 emissions are now at 93,100 tonnes a year, a reduction of 5% since 2010 and of 18% since 2007.
- Nearly £1.4m donated to various charities during the year.
- Over £2m in free advertising space given by Associated Newspapers titles.

DMGT CORPORATE RESPONSIBILITY

Our approach to CR reflects our decentralised management philosophy

Our Corporate Responsibility Committee reports directly to the Board. The Committee doesn't formulate CR policy. We act in an advisory rather than an executive capacity.

Our remit is to monitor environmental, waste, sustainability, employee, customer, supplier and community practices across DMGT. Committee members include interested parties with relevant Group-wide responsibilities and senior nominees from our five main business units. I have Board level responsibility.

We exchange experiences and record performance. We act as a sounding board and a forum for ideas. We discuss ways to improve and build on what's already been achieved.

We've invested heavily in communications infrastructure over the past two years to improve our ability to swap stories and spread best practice.

We are reinforcing the link between sustainability and long-term performance

We are committed to sustainable practices across the Group. Our primary responsibility is to protect the long-term viability of our own businesses. Our attitude to sustainability helps us stay relevant in a changing world.

CR activities support our strategic objectives in the following ways:

- They help attract and retain talent. For all our staff, especially younger recruits, taking on wider responsibilities adds to our appeal. Most people look for more from their workplace than mere bottom-line efficiency. They want to enjoy their work, spend time with friends and for their actions to have a positive influence. Our CR activities promote a feel-good factor about the business that engages and motivates our people.
- They encourage stronger links with key constituencies and communities. In a networked world, content providers succeed by staying at the heart of their communities. This is more likely when we're not just responding to demand, but sharing customer concerns. CR initiatives, particularly those that engage supply chain partners, instil a sense of common purpose.

Looking ahead, we will carry on promoting best practice and continue to build on the improvements we have already made across the Group.

David Dutton
Chairman, Corporate Responsibility Committee

Detailed here is a summary of CR activities in 2011. A dedicated CR section can be found on www.dmgt.com where further information is updated regularly.

PROPORTION OF NEWSPRINT SUSTAINABLY SOURCED

100%

ENVIRONMENT

For the fourth year in succession we have collected CO_2 emissions data from each of our five operating companies. The data is collated and independently verified by the environmental audit consultancy, ICF International.

We are committed to comprehensive, transparent reporting of our environmental performance. DMGT has been a signatory to the international Carbon Disclosure Project (CDP) since 2008. This year we integrated our carbon data collection process with our financial reporting. This has streamlined administration and improved data reliability.

We have elected not to apply for re-certification with the Carbon Trust Standard in 2012. Previously the administrative costs of complying with the Standard were offset by certain tax advantages, but these have now been withdrawn. We are researching alternatives. We continue to focus on the CDP and on reducing our carbon footprint.

Despite an increase in economic activity our carbon footprint continued to shrink in 2011. CO_2 emissions stood at 93,100 tCO_2 (97,300 tCO_2 2010), an 18% decrease against our 2007 baseline (114,100 tCO_2).

In 2007 we set ourselves the target of reducing overall emissions by at least 10% by 2012. Having achieved our goal two years ahead of schedule we are building on those gains. We are consulting with our business units before setting new Group-wide emissions targets.

DMGT CORPORATE RESPONSIBILITY continued

We are working hard to reduce environmental impacts across the Group.

DMGT's headquarters at Northcliffe House, also the London base of Associated Newspapers, Northcliffe Media and dmg::events, retains the prized ISO 14001 international environmental standard.

This year we announced a three-year plan to transfer our London printing production from the ISO 14001-accredited Harmsworth Quays to a green field site in Thurrock. The Thurrock facility will set even higher standards for performance, environmental efficiency and waste minimisation.

Euromoney Institutional Investor continued its programme of reducing operational hours for the main plant systems in its buildings. At RMS server virtualisation technology is improving performance, using physical servers and power consumption more efficiently, and reducing manufacturing waste.

Where commercial imperatives constrain the ability to reduce emissions, our businesses are adopting other carbon-saving measures.

International travel is unavoidable for dmg::events executives. The London office has signed a five-year deal with the UK Forestry Commission-backed Heart of England Forest Project to plant and maintain a 20-acre broadleaf wood in the UK. During their lifetimes these additional trees will capture at least 3,100 tonnes of CO_2, well over five times the London team's annual air travel emissions.

As a content-led business, perhaps the biggest environmental contribution we can make is by promoting the green agenda.

Metro's inaugural four-day EcoVelocity event, at Battersea Power station in London during September, advanced the cause of low-carbon motoring. The event showcased the latest low emission vehicles from leading manufacturers.

Landmark Information Group's Green IT Awards event is now in its second year. The awards reward the technologies and organisations doing most to improve the IT industry's environmental performance.

The Exeter Express and Echo underlined its green credentials by winning the Environmental Initiative of the Year for the second year running at the 2011 Newspaper Awards. Its Green Team Project is a simple and effective campaign run with the local council that engages schools by awarding points for completing green tasks.

WASTE

We have identified waste minimisation as a particular area of focus. Reducing waste is not only environmentally desirable it makes good business sense.

Newsprint production waste, the most significant element of waste arising from our activities, again reduced this year. We work closely with our paper suppliers to raise the proportion of recycled stock we use without compromising quality.

We have identified three high impact areas – paper, water and ink. In each we continue to make progress across the supply chain.

Our office-based divisions have limited direct environmental impact. We recycle paper in all our global offices. Where the infrastructure supports it we embrace other recycling initiatives. Plastic, glass, metals, toner cartridges, mobile phones and IT equipment are all being recycled.

Following a successful collaboration between A&N Media and the Waste to Wonder charity last year, we have extended our recycling programme for redundant office furniture to other businesses across the Group.

EMPLOYEES

The Group has policies in place on equal opportunities, whistleblowing, health and safety and the environment.

As an equal opportunities employer we believe it is important for our staff to feel a connection between their values and their work.

We aim to promote an inspiring, healthy and inclusive work environment in all our businesses. In 2011 the Hobsons Cincinatti Headquarters was voted best workplace in its region.

Internally, we communicate using multiple channels, including DMGT Connect, our intranet site, and DMGT Chatter, our business collaborative working platform.

DMGT Chatter launched this year. Its use is helping to accelerate the exchange of ideas. The CR group, one of the first to make use of the service, now runs regular, scheduled online chats and conference calls.

ENGAGING WITH COMMUNITIES

Employees

We encourage all our people to engage with stakeholder communities and get involved with charitable projects. Each business approaches this in its own way.

Euromoney Institutional Investor's employees vote for a single project each year. In 2011 they are raising money to provide clean water and sanitation in Kechene, Ethiopia. Some £250,000–£300,000 will be contributed through staff fundraising, from the business's charity budget and by clients.

NUMBER OF HOURS VOLUNTEERED BY EDR STAFF AT CAMP RISING SUN

272

DMGT CORPORATE RESPONSIBILITY continued

EDR identifies a range of causes, focusing primarily on cancer and child-centred charities. It has set up schemes that make it easy for employees to volunteer and give back to their community. Every single EDR employee got involved in the programme in 2011.

Three of dmg::events-Digital Marketing's employees were diagnosed with cancer this year. This became the stimulus for a series of fund-raisers for cancer charities. In New York staff joined the Bowling for Breast Cancer event. In San Francisco they took on the Livestrong long-distance cycling challenge in aid of the Lance Armstrong foundation. Also in California, iMedia employees joined a Light The Night walk for the Leukemia and Lymphona Society.

The devastating consequences of the tsunami in Japan moved RMS staff to action. A month-long, employee initiated campaign raised over $44,000. When a tragic accident took the lives of four miners in Swansea Valley, close to where South West Wales Media employees live and work, the South Wales Evening Post was among the first to contribute to a fund for the families. It continued the campaign to achieve the £200,000 target.

A&N Media staff are encouraged to raise funds with match-funded support for the charity of their choice. Despite difficult economic conditions in 2011 total donations rose by over a third to £116,000 (£77,000 2010).

Customers and suppliers

We often link up with supply chain partners to further a deserving cause. One of the more significant examples this year was at the Euromoney Awards for Excellence dinner in September. This event, now in its twentieth year, is the most prestigious in the financial markets calendar. Over 500 bankers from all over the world attended. At a charity auction held that evening, some very generous customers raised £597,000 for the Little Rock School in the Kibera slum in Nairobi, enough to guarantee the school's future and build an orphanage nearby.

But the scale of the donation is only part of the story. A&N Media has been joining forces with suppliers and customers to make a difference on a wide range of projects. Mail Classified for instance collaborated with Dubai Tourism to raise £1,700 in a charity raffle for the 'Just a Drop' clean water campaign. YOU Magazine works with Clarins on a major annual award scheme. The Clarins Most Dynamisante Woman of the Year award recognises an exceptional British woman working for underprivileged or sick children with a £30,000 award for her charity.

Communities

In a long-standing partnership with the charity Plan, Hobsons employees raise funds to help build schools in some of the world's poorest countries. Previous projects have been in Namibia, Nicaragua, Malaysia, Guatemala, Laos, Kenya, Vietnam, Bolivia, and Ghana. This year employees visited Rwanda to witness construction of another new primary school.

Jobsite UK is helping children locally. Employees give time to assist in schools close to its Havant headquarters. It also runs a football mentoring scheme alongside Portsmouth FC.

Youth is also a priority at DMGT HQ. It supports the Prince's Trust, which last year helped 44,000 young people get back in work or education.

Metro has built a 3.3 million readership by forging close links with the cities it serves. When riots erupted in England over the summer the paper wanted to reach out to affected companies. It offered them free advertising space and design services. The initiative soon extended to other titles. Associated Newspapers as a whole donated over £2 million worth of advertising space in the aftermath of the riots.

A&N Media is proud to have made a donation to the Team 2012 Fundraising Appeal, supporting Britain's athletes on their journey to success. The company is also encouraging homegrown talent with journalism scholarships, an MA in journalism at the University of Kent, the Catch-22 internship scheme and with a Journalism Diversity Fund.

RAISED BY RMS STAFF FOR VICTIMS OF THE JAPANESE TSUNAMI IN A MONTH

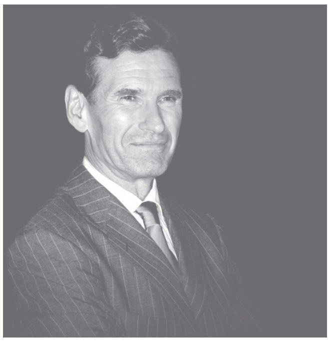
$44,000

Directors' Report

BOARD OF DIRECTORS AND SECRETARY

The Viscount Rothermere †‡x
Chairman
(aged 44)

Lord Rothermere was appointed to the Board in 1995 and appointed Chairman in 1998, having joined the Group in 1994. He is a non-executive director of Euromoney Institutional Investor plc.



M W H Morgan x§
Chief Executive
(aged 61)

Martin Morgan was appointed to the Board as Chief Executive in October 2008, having joined the Group in 1989. He was previously chief executive of dmg information. He is a non-executive director of Euromoney Institutional Investor plc.

S W Daintith †‡x
Finance Director
(aged 47)

Stephen Daintith was appointed to the Board as Group Finance Director in March 2011, having joined the Company in January. He has previously held senior financial positions at Dow Jones, News International and British American Tobacco.

J G Hemingway †‡x
Non-Executive Director
(aged 80)

John Hemingway was appointed to the Board in 1978. He was for many years a practising solicitor.

D M M Dutton x §
Executive Director
(aged 69)

David Dutton was appointed to the Board in 1997. He is Chairman of dmg::information and advises the Group on property matters and is Chairman of the Corporate Responsibility Committee.

P M Dacre
Executive Director
(aged 63)

Paul Dacre was appointed to the Board in 1998, having joined the Group in 1979. He has been Editor of the Daily Mail since 1992 and Editor-in-Chief of Associated Newspapers since 1998.

P M Fallon
Executive Director
(Irish; aged 65)

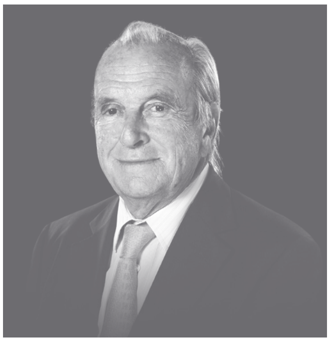
Padraic Fallon was appointed to the Board in 1999. He is Chairman of Euromoney Institutional Investor plc. He joined Euromoney in 1974 as editor and was managing director from 1985 to 1992.

C W Dunstone
Independent Non-Executive Director (aged 47)

Charles Dunstone was appointed to the Board in 2001. He is founder and Chairman of the Carphone Warehouse Group plc and of TalkTalk Telecom Group plc. He is not seeking re-election at the Annual General Meeting in February 2012.

Directors' Report

BOARD OF DIRECTORS AND SECRETARY



F P Balsemão †
Independent Non-Executive Director (Portuguese; aged 74)

Francisco Balsemão was appointed to the Board in 2002. He is Chairman and Chief Executive of IMPRESA, S.G.P.S, Chairman of the European Publishers Council and a former prime minister of Portugal.

T S Gillespie
Non-Executive Director (Canadian; aged 73)

Tom Gillespie was appointed to the Board in 2004. He is a former senior partner of Ogilvy Renault and has advised the Group on legal matters in Canada for many years.

D J Verey, CBE *§
Independent Non-Executive Director (aged 60)

David Verey was appointed to the Board in 2004 and Chairman of the Audit Committee in 2009. He is lead non-executive director at the Department of Culture, Media and Sport and senior advisor to Lazard, London.

K J Beatty
Executive Director (aged 54)

Kevin Beatty was appointed to the Board in 2004, having joined the Group in 1996. He is Chief Executive of A&N Media.

N W Berry *‡
Independent Non-Executive Director (aged 69)

Nicholas Berry was appointed to the Board in 2007. He is Chairman of Stancroft Trust with wide experience in media and investment in emerging markets.

D H Nelson, ACA *‡ x
Non-Executive Director (aged 48)

David Nelson was appointed to the Board in July 2009. He is senior partner of Dixon Wilson, Chartered Accountants.

D Trempont
Independent Non-Executive Director (aged 57)

Dominique Trempont was appointed to the Board in February 2011. He is on the board of three US public companies with strategic focus on disruptive technologies, emerging markets and Asia.

N D Jennings, FCA
Secretary (aged 52)

Nicholas Jennings was appointed Company Secretary in 1999, having joined the Group in 1988. He is also responsible for investor relations.

*** Member of the Audit Committee**
† Member of the Nominations Committee
‡ Member of the Remuneration Committee
x Member of the Investment and Finance Committee
§ Member of the Risk Committee

DIRECTORS' REPORT

The Directors present their Report and Accounts for the year ended 2nd October, 2011.

ACTIVITIES

The principal activities of the Group are set out on pages 6 and 7 of this Annual Report.

The analysis of revenue and operating profit for the years ended 2nd October, 2011 and 3rd October, 2010 are included as Note 3 to the Consolidated Income Statement.

BUSINESS REVIEW

The information that fulfils the Companies Act requirements of the business review is included in the Business Review on pages 12 to 43. This includes a review of the development of the business of the Group during the year, of its position at the end of the year and of likely future developments in its business. Details of the principal risks and uncertainties facing the Group are set out below.

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

1) FAILURE TO RESPOND EFFECTIVELY TO CHANGES IN OUR KEY MARKETS

The way in which our businesses deliver information to customers and the types of information provided are subject to constant change. This can result in structural market changes that have the potential to redefine or eliminate current markets served by our businesses. Technological innovations such as tablet and other mobile devices, cloud computing and the proliferation of social media impact all of our businesses. Our products and services, and their means of delivery, are also affected by competitor activity and changing customer behaviour.

POTENTIAL IMPACT	MITIGATION
The impact is both positive and negative. Failure to identify and respond to changes in the key markets in which the Group operates increases the risk of being left behind by both competitors and our customers with a resultant direct impact on Group results. The transition from traditional publishing and print advertising to online and mobile products is an example of the challenges faced by the Group. This affects a number of businesses including Euromoney and Associated Newspapers, but can be seen most acutely in Northcliffe. Conversely, new technologies and cloud solutions present opportunities for the Group. A good example of this is RMS which through its new software solution project will offer clients improvements in data management, automation and operating efficiencies.	The Group's strategy of diversification and its willingness to take a long-term view enables it to react to these challenges and opportunities when they arise. The autonomous culture of the Group encourages an entrepreneurial approach to the development of new opportunities in response to these threats. This is overseen by the DMGT senior management team. In particular, internet strategies, including mobile solutions, have been developed for each of the main segments of advertising revenue and as such, the print and online businesses are working closely together to maximise the synergies that exist between these two formats. As far as possible, each division manages its costs in line with changes to revenue. An example of this is the significant reductions to the cost base within Northcliffe.

2) EXPOSURE TO CHANGES IN THE ECONOMY

A significant (although decreasing) proportion of the Group's revenue (especially in the UK newspaper divisions) is derived from advertising which is impacted by fluctuations in the wider economy. A similar, although reduced, effect has been seen in group businesses that rely on non-advertising revenues, especially in the financial and property markets.

POTENTIAL IMPACT	MITIGATION
Advertising revenues have been heavily affected by the downturn in the global economy in the last three years. A continued recession, or a downturn in the economy or market sectors served by the Group, gives rise to a risk of not achieving forecast results.	Experience has demonstrated that the long-term strategy of diversifying the Group's portfolio into business information and subscription revenue streams, along with investment in strong brands, makes the Group's results both more strategically and commercially robust. As noted above, each division manages its cost base as far as possible in line with changes to revenue.

DIRECTORS' REPORT

3) COMPLIANCE WITH LAWS AND REGULATIONS

Group businesses are subject to legislation and regulation in the jurisdictions in which they operate. The key laws and regulations that impact the Group cover areas such as bribery and corruption, competition, data protection, privacy (including e-privacy), health and safety and employment law. Additionally, specific regulations from the Press Complaints Commission and the Audit Bureau of Circulation apply to the newspaper divisions.

The Group generates a significant amount of its revenue from publishing, be it newspapers, magazines, trade journals or information and data published online. As a result, there is an inherent risk of error which, in some instances, may give rise to claims for libel.

The recent high profile events in the UK newspaper industry and the accusations of illegal news gathering practices have raised questions over press regulation, media ownership and relationships between the press, police and politicians. The Board has received assurances from the Editor-in-Chief that, so far as he is aware, such practices have not, and do not take place within Associated Newspapers. However, the Leveson Inquiry, which began on 14th November and will conclude by September 2012, is considering as part of its remit, the regulation of the industry.

POTENTIAL IMPACT	MITIGATION
A breach of legislation or regulations could have a significant impact on the Group both in terms additional costs, management time and reputational damage. Equally, the management time and cost of defending libel cases can be significant. Increasing regulation of the newspaper industry could limit our editorial output and have a corresponding commercial impact on the business.	Compliance with laws and regulations is taken seriously throughout the Group. The DMGT Code of Conduct (and supporting policies) sets out appropriate standards of business behaviour and highlights the key legal and regulatory issues affecting group businesses. Divisional and local management are responsible for compliance with applicable local laws and regulations, overseen by the Risk Committee. All of our publications have controls in place, including legal review, to approve content that that may carry a libel risk. Journalists have received communications and training on the PCC Code, Data Protection and the Bribery Act. Controls are also in place surrounding compliance with the Audit Bureau of Circulation's regulations and other regulatory bodies to which we adhere.

4) PENSION SCHEME SHORTFALLS

Although closed to new employees in 2009, we continue to operate defined benefit (DB) pension schemes for our newspaper divisions and certain senior executives. The triennial valuation, agreed formally with the Trustees in June 2011, identified deficits in the schemes, a primary cause of which is the lower bond yields driven largely by Quantitative Easing measures. A new funding arrangement has since been agreed with the trustees of the schemes under which the company will provide a series of funding payments aimed at reducing the deficit in the main DB scheme over the next thirteen years.

POTENTIAL IMPACT	MITIGATION
Reported earnings may be adversely affected by changes in our pension costs and funding requirements due to lower than expected investment returns or changes made to the risk profile of our investment portfolio.	Measures to mitigate the risks that impact the company's balance sheet are under continuous review by the Group and there is an ongoing dialogue with the trustees of the pension schemes. A joint group, the Risk Management Committee, regularly reviews proposals that could achieve this aim. Recent amendments to the scheme have reduced the longevity risk exposure by arranging for future accruals to be taken as cash or transferred at retirement to an insurance company to provide an annuity.

5) SUCCESSFULLY MANAGING CHANGE PROJECTS

At any given time there is a number of active capital and IT projects underway around the Group. The two most significant change projects currently are RMS's new software solution project and A&N Media's new print site at Thurrock. Further details on both these projects are given in the business review section.

POTENTIAL IMPACT	MITIGATION
If a project is successful, it delivers improvements in product offerings, efficiency gains and cost savings. There is, however, a risk of increased costs or lost revenues as a result of delays, unforeseen problems, loss of access to systems and data or production and delivery issues.	Every active capital project around the Group is subject to a rigorous planning process involving all key stakeholders. Significant capital projects are approved by the Investment and Finance Committee. Ongoing project management is in place to ensure that plans are delivered to timetable and specification. All key projects are monitored by the local board to ensure that risks and opportunities are managed throughout the process.

DIRECTORS' REPORT continued

6) DATA INTEGRITY, AVAILABILITY AND SECURITY

The quality and availability of the information products that DMGT businesses provide their clients is key to their success. This is true for many businesses in the Group, most notably within dmg::information and Euromoney.

Information security has always been a key focus across DMGT. However, changing technology, mobile working, cloud based technologies, the consumerisation of IT and the growing use of social media create opportunities but is also a threat to information security and the protection of our data, and that of our customers.

POTENTIAL IMPACT	MITIGATION
Any challenge to the integrity of information within a DMGT product could damage the reputation of that business resulting in lost revenue and potentially increased costs of remediation. A similar impact would be felt if a product was unavailable for a period of time. An information security incident resulting in the loss, theft, corruption, inappropriate use or unavailability of sensitive information held by the Group could lead to operational and regulatory challenges, and could impact on financial results. Inadequate disclosure of information security breaches could have a significant reputational impact on the Group.	Every DMGT business understands that quality and availability of data is key to the reputation and ongoing success of the Group. Quality controls including rigorous checks, review and restricted access to amend and publish exist in every business with information products. Availability is managed through detailed and tested business continuity plans. Information security risks are managed locally by the individual businesses, with support from divisional management and DMGT Risk & Assurance. The Risk Committee monitors and oversees information security and data protection risks and controls around the Group. Businesses are expected to comply with the information security policy and minimum baseline standards.

7) IMPACT OF A MAJOR DISASTER OR OUTBREAK OF DISEASE

There is a risk of disruption of Group operations as a result of a major disaster, outbreak of disease or other external threat. The Group's operations are geographically diversified which limits the impact of any given incident. The largest locations are Northcliffe House and Harmsworth Quays in London, Euromoney's offices in London and New York, and RMS's headquarters in California. Northcliffe House is the Group's headquarters as well as housing Associated Newspapers and some businesses within dmg::events. Harmsworth Quays is A&N Media's main printing centre and a contingency location for Northcliffe House.

The events and training businesses within dmg::events and Euromoney rely to some extent on the confidence in, and ability of, delegates and speakers to travel internationally.

POTENTIAL IMPACT	MITIGATION
A major incident (particularly in a key location) could affect the operations of the business at that location and impact their ability to produce or deliver its products, which could reduce the demand for them or increase costs. Any disaster which significantly affects the wider environment or the infrastructure in an area in which the Group operates could adversely impact Group results. Significant disruptions to, or reductions in, international travel for an extended period of time could lead to multiple events and training courses being postponed or cancelled which could have an impact on the Group's performance.	Business continuity plans, which are tested regularly, are in place across all business. Contingency planning is in place in the events businesses and virtual event alternatives are being developed. Where appropriate, cancellation insurance is taken out.

8) RELIANCE ON KEY MANAGEMENT AND STAFF RETENTION

DMGT is reliant on the talented and successful management and staff across all of its businesses. Many businesses and products are dependent upon specialist, technical expertise.

POTENTIAL IMPACT	MITIGATION
The inability to recruit and retain talented people could impact the Group's ability to maintain its performance and deliver growth. When key staff leave or retire, there is a risk that knowledge or competitive advantage is lost.	The DMGT Human Resources Director works with divisional and executive management across the Group on a formal approach to talent management and succession planning. This includes payment of competitive rewards, employee performance and turnover monitoring and a variety of approaches to staff communication. Succession planning and long-term incentive plans are in place for senior management.

DIRECTORS' REPORT continued

9) COMMERCIAL RELATIONSHIPS, INCLUDING VOLATILITY OF NEWSPRINT PRICES

The Group is reliant on a number of commercial relationships with key customers, suppliers and third parties. The most significant of these relationships is with the newsprint suppliers. Other key examples include large advertising agencies and major retailers in A&N Media, key venues and agents in dmg::events and Euromoney, and data providers in dmg::information.

Newsprint continues to represent a significant proportion of our costs and prices are subject to volatility arising from variations in supply and demand.

POTENTIAL IMPACT	MITIGATION
The loss of, or damage to, any key commercial relationship could have a material impact on the Group's ability to produce and deliver its products. An increase in newsprint prices would impact the cost base of A&N Media.	Significant time and resources are dedicated to managing and developing these relationships to ensure they continue to operate satisfactorily. The Group's newsprint requirements are managed by a dedicated newsprint buying team and monitored by the board of Harmsworth Printing. Where possible, long-term arrangements are agreed with suppliers to limit the potential for volatility.

10) ACQUISITION AND DISPOSAL RISK

As well as launching and building new businesses, an integral part of the Group's strategy has, and will continue to be, the acquisition (and successful integration) of businesses that expand expertise whilst supporting existing products. The strategy also results in the disposal of businesses that no longer fit the Group's investment criteria.

POTENTIAL IMPACT	MITIGATION
Failure to identify acquisition targets could result in an opportunity cost to the business. Equally, an unsuccessful integration of acquired subsidiaries, or an acquired business that fails to generate the expected returns, could result in the underperformance of the Group or impairment losses. This could also divert management time from other operational matters. Our ability to achieve optimal value from disposals as well as the failure to realise other anticipated benefits of a disposal could also impact financial results.	The majority of acquisitions are in related markets and are smaller businesses with a high potential for growth. This reduces the risk from any one acquisition. Acquisitions are approved by the Investment and Finance Committee and managed by divisional and local management with oversight from the centre. Detailed due diligence is performed by internal teams and external advisors on all potential acquisitions. The retention of key employees in the acquired business is often required as part of the purchase. Board level monitoring is performed post-acquisition. Disposals, including the decision to divest, are overseen by the Board and by the director of Strategy Development.

11) TREASURY OPERATIONS

The Group Treasury function is responsible for executing treasury policy which seeks to manage the Group's funding, liquidity and treasury derivatives risks. More specifically, these include currency exchange rate fluctuations, interest rate risks, counterparty risk and liquidity and debt levels. These risks are described in more detail in Note 32 to the Financial Statements.

POTENTIAL IMPACT	MITIGATION
If the treasury policy does not adequately mitigate the financial risks summarised above or is not correctly executed, it could result in unforeseen derivative losses or higher than expected finance costs. The Treasury Function undertakes high value transactions hence there is an inherent high risk of payment fraud or error having an adverse impact on Group results.	The Investment and Finance Committee is responsible for reviewing and approving Group Treasury policies which are executed by the Group Treasury department, overseen by the Deputy Finance director. Segregation of duties and authorisation limits are in place for all payments made. The Treasury Function is subject to an annual internal audit.

12) UNFORESEEN TAX LIABILITIES

The Group's operations are global and therefore earnings are subject to taxation at differing rates across a number of jurisdictions. Whilst endeavouring to manage the Group's tax affairs in an efficient manner, there will always be a certain level of uncertainty when provisioning for tax liabilities due to an ever more complex international tax environment.

POTENTIAL IMPACT	MITIGATION
Changing tax laws could increase tax liabilities and have an adverse impact on financial results. Due to the diverse and global nature of the Group, internal or external factors could give rise to unplanned tax liabilities.	The team of in-house specialists, in conjunction with divisional management and external experts, review all tax arrangements within the Group and keep abreast of changing legislation.

DIRECTORS' REPORT continued

FORWARD-LOOKING STATEMENT

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

RESULTS AND DIVIDENDS

The profit after taxation of the Group amounted to £128 million. After charging minority interests of £16 million, the Group profit for the year amounted to £112 million.

An interim dividend of 5.3 pence per share was paid on the Ordinary and 'A' Ordinary Non-Voting Shares and the Directors recommend that a final dividend of 11.7 pence per share be paid on 10th February, 2012 making 17.0 pence per share for the year (2010 16.0 pence).

DIRECTORS

Biographical details of the Directors of the Company at 2nd December, 2011 are set out on page 37. Messrs Trempont and Daintith were appointed to the Board on 9th February, 2011 and 28th March, 2011 respectively. Mr Williams retired from the Board on 25th March, 2011. All other Directors remained unchanged during the year.

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 77.

In accordance with the UK Corporate Governance Code, each Director offers himself for re-election at the Annual General Meeting on 8th February, 2012, other than Mr Dunstone. The Directors would like to thank Mr Dunstone for his invaluable contribution to the Board.

TANGIBLE FIXED ASSETS AND INVESTMENTS

The Company's principal subsidiaries are set out on pages 168 and 169.

Changes in the Group's tangible fixed assets and investments during the year are set out in Notes 21, 22 and 23. There was no material difference between the book value and market value of the Group's land and buildings.

POST BALANCE SHEET EVENTS

On 14th October, 2011, A&N Media announced that it had agreed to merge the online property business of its Digital Property Group with those of Zoopla Limited. On 22nd November, 2011, the Group increased its equity interest in Euromoney by 1% through market purchases at a cost of £10 million.

SHARE CAPITAL

Details of allotments of share capital during the year, which arose solely from the exercise of options, are given in Note 36.

At the Annual General Meeting on 9th February 2011, the Company was granted the authority to purchase up to 10% of its own shares.

During the year, the Company transferred 2,114,900 shares out of Treasury, representing 0.57% of called up 'A' Ordinary Non-Voting Shares, in order to satisfy incentive schemes.

The Company also purchased 2,340,214 'A' Ordinary Non-Voting Shares for holding in Treasury, having a nominal value of £292,527 in order to match obligations under various incentive plans. The consideration paid for these shares was £11.7 million. Shares purchased during the year represented 0.63% of the called up 'A' Ordinary Non–Voting Share capital at 2nd October, 2011.

The Company has two classes of share capital. Its total share capital comprises 5% of Ordinary shares and 95% of 'A' Ordinary Non-Voting Shares. Full details of the Company's share capital are given in Note 36.

EMPLOYEES

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

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

INFORMATION ABOUT PERSONS WITH WHOM THE COMPANY HAS CONTRACTUAL OR OTHER ARRANGEMENTS ESSENTIAL TO THE COMPANY'S BUSINESS

Group companies undertake business with a range of customers and suppliers. There is no dependence on any particular contractual arrangement, other than those disclosed in Note 39 to the Accounts as regards ink and printing, where arrangements are in place until 2015 and 2022 respectively to obtain competitive prices and to secure supplies.

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

POLICY ON PAYMENT OF SUPPLIERS

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

The Company had no trade creditors at the year end date.

The Group's average payment period, calculated on the basis of year-end trade creditors, is 70 days (2010 66 days), although this is dependent on the year-end date and cannot therefore be regarded as meaningful.

DONATIONS

Charitable donations made by the Group in the year amounted to £1,392,000 (2010 £860,000). This excludes the cost of publicity, often provided free of charge by the Group's titles, and funds raised by them, further details on which are given in the Corporate Responsibility Report on pages 44 to 47 of this Annual Report. No political donations were made by the Group.

DIRECTORS' REPORT continued

SUBSTANTIAL SHAREHOLDINGS

On 2nd December, 2011 the following were interested in more than 3% of the issued Ordinary Shares:

Rothermere Continuation Limited	59.9%
Codan Trust Company Ltd and Codan Trustees (BVI) Ltd (trustees of the Esmond Harmsworth 1998 Family Settlement)	29.3%

The Board regards holdings in the Company's securities of greater than 15% as being significant. There are no significant holdings in the Company's 'A' Ordinary Non-Voting Shares, other than those shown in the Remuneration Report on page 77.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual 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 are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent Company financial statements, the Directors are required to:

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

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company 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 corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Business Review, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

AUDITORS

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

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

ANNUAL GENERAL MEETING

The AGM of the Company will be held on 8th February, 2012 at 9.00 a.m. at the Kensington Roof Gardens, 99 Kensington High Street, London W8. Details of all resolutions, including those to be put as special business, are set out in the enclosed circular to shareholders.

CORPORATE GOVERNANCE

The following pages 56 to 61 on Corporate Governance also form part of this Directors' Report.

By Order of the Board

N D Jennings, FCA
Secretary
2nd December, 2011

CORPORATE GOVERNANCE

The Company is committed to high standards of corporate governance. The paragraphs below and in the Remuneration Report on pages 62 to 78 describe how the Board has applied the principles set out in the UK Corporate Governance Code ('the Code').

The Code, issued by the Financial Reporting Council in May 2010, is part of the Listing Rules and applied to the Company throughout the year.

The Company has substantially complied with the provisions of the Code throughout the year, except where the Board has determined that they are inappropriate to the particular circumstances of the Company. The areas in which the Company has not applied the Code during the year essentially arise from the composition of the Board and are summarised in the table below:

In addition, the Chairman was not independent on appointment (Code provision A3.1). Whilst a formal review of each Director's training requirements was not undertaken, Directors are encouraged to keep up to date and are provided with regular communications to enable them to do so.

THE BOARD

The Company is headed by a Board which comprises a balance of seven executive Directors, including the Chairman and Chief Executive, and eight non-executive Directors. Biographical details of each of the Directors are set out on page 48 and 49. The Board was refreshed in the

Provision	Area	Details of non-compliance and mitigating circumstances
A4.1	Composition of the Board	The Board has not identified a senior independent non-executive Director since it believes that to identify such an individual is potentially divisive to a unitary body, as this Board is, and disruptive to the role of the Chairman.
A4.2	Board Evaluation	The non-executive Directors did not meet as a group without the Chairman since his performance was assessed by the Remuneration Committee (without the Chairman being present).
B1.1	Composition of the Board	Less than half of the Board are independent non-executive Directors. The Board believes that its current composition is appropriate and that a good balance is achieved from its non-executive Directors in terms of skill and independence.
B2.1	Composition of the Nominations Committee	Independent non-executive Directors do not comprise a majority of the Committee's members since Mr Balsemão is the only independent non-executive Director appointed. Nevertheless, the Board believes that the Committee operates well.
B6.2	Board Evaluation	The Board has determined to continue to conduct evaluation internally by means of a questionnaire, rather than through contracting external consultants every three years. The process is refreshed regularly and has proved valuable in driving the Board's agenda.
C3.1	Composition of the Audit Committee	The Committee included two independent non-executive Directors rather than three as set out in the Code. The Nominations Committee will take this into account at the time of the next Board appointment. The Board believes that the Committee operates independently and benefits from the skill and experience of its current composition.
D1.5	Service contracts and compensation	The service contracts of Messrs Morgan and Dacre exceeded the one year recommended in the Code during the year. However, both will reduce to one year over the next twelve months, as explained in the Remuneration Report on page 78.
D2.1	Composition of the Remuneration Committee	The Committee comprises one independent non-executive Director, rather than two as set out in the Code, as explained on page 63 of the Remuneration Report.

CORPORATE GOVERNANCE

year with the appointment of two new Directors including a new Finance Director and Independent Director.

BOARD MEETINGS

The Board normally meets five times a year and at such other times as are necessary. It discusses and approves the Group's strategy. In addition, the Board receives reports and recommendations from time to time on any matter, which it considers significant to the Group. Most meetings include a presentation on one of the Group's divisions or on specific topics. During the year, presentations included digital developments within A&N Media, a talent review, a presentation on technology and a study of the future of advertising.

The Board met six times during the 2010/11 financial year, which were attended by all Directors, except that Mr Fallon was unable to attend two of them and Messrs Dacre, Dunstone, Balsemão and Beatty were each unable to attend one of them. Individual attendance by Directors is set out below.

MATTERS RESERVED FOR THE BOARD

The Board's specific responsibilities are set out in a schedule of matters reserved to the Board which is published on the Company's website at www.dmgt.co.uk/corporate governance.

These are summarised below:

- Board and Committee appointments;
- The approval of financial statements and all information sent to shareholders;
- The setting of dividends;
- The setting of fees payable to Directors;
- Approval of major acquisitions and disposals and capital expenditure; and
- Review of Group pension Schemes.

Other matters addressed by the Board are:

- Approval of the Group's strategy.
- Approval of the Group's annual budget.
- Ensuring maintenance of a sound system of internal control and risk management.

CHAIRMAN AND CHIEF EXECUTIVE

The division of responsibilities between the Executive Chairman and the Chief Executive is understood and works well. The Chairman's role is to lead the Board and oversee the Company's operations and strategy at a specific meeting and is updated on progress at each meeting by the Chief Executive. The Chief Executive's role is to manage the Company, develop strategy and ensure its successful implementation.

	Number of meetings eligible to attend	Number of meetings attended
Executive Directors		
The Viscount Rothermere	6	6
M W H Morgan	6	6
S W Daintith	2	2
D M M Dutton	6	6
P M Dacre	6	5
P M Fallon	6	4
K J Beatty	6	5
J P Williams	4	4
Non-executive (non-independent) Directors		
J G Hemingway	6	6
T S Gillespie	6	6
D H Nelson	6	6
Independent non-executive Directors		
C W Dunstone	6	5
F P Balsemão	6	5
D J Verey	6	6
N W Berry	6	6
D Trempont	4	4

The Board believes that five non-executive Directors may be considered to be independent under the Code, namely Messrs Dunstone, Balsemão, Verey, Berry and Trempont.

Messrs Hemingway and Gillespie are not regarded by the Board as independent under the Code because they have advised the Company over many years; nor is Mr Nelson because he is an advisor to the Chairman. Nevertheless, the Board believes that these non-executive Directors make an important contribution to its deliberations and have invaluable experience of the Company, its business and its staff. Although Messrs Dunstone and Balsemao have been non-executive Directors for more than nine years, both have continued to demonstrate independence in terms of character and judgement.

INFORMATION AND PROFESSIONAL DEVELOPMENT

Procedures have been established to ensure that the Board receives timely and appropriate information both for its meetings and regularly between meetings. All Directors are offered such training as is considered necessary, both on appointment and at any subsequent time. Both Mr Daintith and Mr Trempont were provided with induction on appointment, including meetings with senior management across the Group. There is an agreed procedure for Directors to take independent professional advice at the Company's expense, if necessary.

ELECTION AND RE-ELECTION

The Company's Articles of Association require that a Director appointed by the Board must stand for election at the next Annual General Meeting. Thereafter all Directors are subject to re-election at least every three years. The Board has decided, however, to adopt the provision in the Code that all Directors should seek annual re-election.

The Company's Articles were last amended by a special resolution of Ordinary shareholders in February 2010 in accordance with the Companies Act 2006.

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

BOARD EVALUATION

The Board has undertaken its annual evaluation of its own performance and that of its individual Directors. It reviewed its performance by reference to the schedule of matters reserved for it. The evaluation process took the form of a questionnaire sent to each Director, seeking their views on the handling of strategy by the Board; the structure of Board meetings, quality of papers and communications; areas of operations presented; balance of skills; consideration of Directors' views; and solicited other comments. The Chairman reported the consensus view on performance to the Board at its meeting in October 2011, enabling it to conclude that it had been effective in the year under review. No changes to procedures were judged necessary.

BOARD COMMITTEES

The Board has established Nominations, Remuneration, Audit, Risk and Corporate Responsibility Committees with mandates to deal with specific aspects of its business. The remits of these committees are published on the Company's website at www.dmgt.com. Details of the membership of these committees are given on pages 48 and 49 and 58 to 60. Each committee reports to the Board at every regular meeting. In October 2011, the Board carried out a review of the performance of its committees and concluded that they had been effective in the year.

CORPORATE GOVERNANCE continued

INVESTMENT AND FINANCE COMMITTEE

Operating decisions are delegated to the Investment and Finance Committee which determines all matters relating to the Group's financial affairs.

The Investment and Finance Committee works alongside the DMGT Leadership Team with the objective of improving investment decision making and Group strategy development. The Committee comprises the Viscount Rothermere (its chairman) and Messrs Morgan, Daintith, Dutton, Hemingway and Nelson. Mr Daintith succeeded Mr Williams in March. The Deputy Finance Director, Mr Perry, is secretary to the Committee. The director of strategy development, Ms FitzGerald, attends meetings at the invitation of the Committee. It held eight meetings during the year which were attended by all of its members, except by Mr Hemingway in June and September.

VALUE CREATION AND STRATEGY

The basis on which the Company generates value over the longer term and the strategy for delivering its objectives are set out in the Chief Executive's Review on pages 12 to 21.

COMPANY SECRETARY

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

NOMINATIONS COMMITTEE

The Nominations Committee comprises three Directors: the Viscount Rothermere (its chairman), Mr Hemingway and Mr Balsemão. Mr Perry, is secretary to the Committee. The Chief Executive and the HR director attend most meetings at the invitation of the Committee.

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

	Number of meetings eligible to attend	Number of meetings attended
The Viscount Rothermere	3	3
J G Hemingway	3	3
F P Balsemão	3	3

The Committee reviews the structure, size and composition of the Board and makes recommendations to the Board on any changes. During the year it nominated Mr Trempont to the Board as a new independent non-executive Director. It determined from its search of international, including female, candidates centred in the US with a strong technology background, that Mr Trempont's experience made him the preferred candidate. Dominique Trempont is based in Menlo Park, California, and is an executive and board member in large multinational high tech companies and start ups.

His appointment has brought considerable technology and international experience to the Board, widening further the range of insights and perspectives brought to its deliberations.

External advice was taken, but advertising was not required in this instance.

The Committee considered the benefits of diversity, including gender, during this search as recommended by the Code. In May it considered the Davies Report, published in February, on how to increase the number of women on the Board.

It subsequently reviewed the Company's statement on gender diversity. It agreed to re-evaluate its search criteria. Whilst supportive of the Davies recommendation, which is a focused aspiration, the Committee's view is that the diversity discussion is broader than gender. It is about ensuring that there is an appropriate range and balance of skills, experience and background on the Board. Achieving this balance is a key determinant of any new Board appointment we make.

The Committee continued to review succession planning for both executive and non-executive Directors. It also formally nominated Mr Daintith to the Board as Finance Director in succession to Mr Williams, as explained in last year's Annual Report.

RELATIONS WITH SHAREHOLDERS

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

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

All shareholders are welcome to attend the Annual General Meeting, of which 20 working days' notice is given, where they have the opportunity to speak to Directors.

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

INTERNAL CONTROLS AND MANAGEMENT OF RISK

The Board has overall responsibility for the Group's system of internal control. This system is designed to provide reasonable assurance over the safeguarding of assets and shareholders' investment and the reliability of financial information. Any such system can, however, provide only reasonable, and not absolute, assurance of these matters. The Group operates on a divisional basis with each of the divisions described on pages 6 and 7 of the Annual Report having considerable autonomy as regards its operation and establishment of control systems. Overseeing the divisional structure is a central management responsible to the Board. Certain functions are undertaken centrally, notably newsprint buying, insurance, treasury, tax, pensions, and risk and assurance (including internal audit).

The Directors confirm that they have reviewed the effectiveness of the Group's system of internal control for the period up to the date of the approval of the Accounts. The Board has not identified any significant failings or weaknesses during this review.

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

1) Operations of the Audit Committee

The Audit Committee, on behalf of the Board, has responsibility for the review of internal financial controls. It fulfils its remit by:

- considering a summary of Group internal audit reports and such individual reports as it sees fit, management's response to any recommendations and the progress of any required actions.
- reviewing a summary of letters to management prepared by the Group's

CORPORATE GOVERNANCE continued

- external auditors following their audit procedures.
- considering significant financial reporting issues and approving any changes to Group accounting policies, which are set centrally.

2) Risk & Assurance

DMGT Risk & Assurance carries out internal audit activities for the Audit Committee across the Group. It has a direct reporting line to the Audit Committee and operates under its internal audit charter which covers: its purpose and objective; its authority and scope; independence issues; standards of professional practice; performance monitoring; planning; and reporting.

An annual plan is developed each year using a risk focused approach and considering every part of the Group's operations. Input is received from divisional and executive management, the Audit Committee, external auditors, and with reference to past reviews and key risks. The Audit Committee approve the internal audit plan for the forthcoming year in September. Any necessary changes to the plan during the year are agreed with the Chairman of the Audit Committee.

Risk & Assurance schedule, plan and complete internal audit reviews in accordance with the annual plan across the year; working closely with local and divisional management to determine a detailed scope of each review. Audit findings are categorised according to their significance and the overall control environment is rated for each review. Audit findings are cleared at the completion of the fieldwork and a formal report is issued which includes agreed actions and the timescale for remediation of control weaknesses identified. Regular follow up of audit points is completed by Risk & Assurance to ensure that management actions are completed within the timeframes agreed.

The department also coordinates with a number of the divisions who undertake internal controls assurance reviews within their divisions.

In addition to the schedule of reviews set out in the annual plan, an annual fraud risk assessment is completed by each key business in the Group detailing fraud risks and mitigating controls. Where mitigating controls are not identified, Risk & Assurance follow up with divisional management to ensure that these controls are subsequently implemented. All divisions are required to notify Risk & Assurance of any fraud incidents identified. This allows action to be taken where it is felt that control weaknesses may exist.

The Head of Risk & Assurance meets regularly with the Audit Committee chairman and, at each Audit Committee meeting, reports on the internal audit activity across the Group, including progress against completion of the annual plan, a summary of the findings of assurance reviews undertaken both by internal audit and by divisional teams and the results of follow up reviews.

3) Confirmation of Key Internal Controls

In 2011, the Finance Director implemented new internal controls and financial reporting checklists (replacing the existing year end checklist). Operating businesses within the Group are required to confirm their compliance with key internal financial controls to the Group Accounting department annually which, in turn, reports to the Finance Director. Risk & Assurance review these submissions and follow up on exceptions as appropriate. Risk & Assurance will complete a short audit at each sizeable business location around the Group to validate these key controls in 2012.

4) Risk Committee

The Risk Committee oversees the quality and formality of risk management processes across the Group by embedding the DMGT risk management model into the operating divisions. The remit and operation of the Risk Committee are described in more detail below.

5) Review of relevant and timely financial information

Divisional and executive Boards regularly review relevant and timely financial information that is produced from the management information systems operated across the Group. This is supported by a framework of rolling 12-month forecasts as well as annual budgets that are approved at a divisional level by the Investment and Finance Committee. During the year, the Finance Director implemented a new format for the management accounts, known as the GRID. This standardises the information and presentation across divisions and includes some additional information thus enabling better variance analysis of actual results versus budget, forecast and prior year.

6) Operations of the Investment and Finance Committee

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

RISK COMMITTEE

The oversight and management of significant risks around the Group is undertaken by the Risk Committee and it accords with the Turnbull Guidance on internal control, appended to the Code.

The Committee comprises Messrs Morgan, its chairman, Daintith, Dutton, Verey, Kass, the legal director of A&N Media and Mr Page, its deputy finance director. Mr Daintith succeeded Mr Williams as a member in March. Mr Verey provides a non-executive perspective to the review of risk management processes within the Group, as well as providing a direct link to the Audit Committee.

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

	Number of meetings eligible to attend	Number of meetings attended
M W H Morgan	4	4
S W Daintith	3	3
D M M Dutton	4	4
H Kass	4	4
D J Verey	4	4
M J Page	4	4
J P Williams	2	2

The Head of Risk & Assurance, Mr Ashby is Secretary to the Committee.

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

The Committee oversees the quality and formality of risk management processes across the Group by embedding the DMGT risk management model into the operating divisions. The Committee considers the Group risk register (a consolidation of divisional and central function risk registers with Group-wide risks overlaid) annually. In addition, the

CORPORATE GOVERNANCE continued

Committee reviews specific risks and monitors developments in relevant legislation and regulation to consider the impact these might have on the Group and on its system of internal control. This year the Committee's main focus was on the UK Bribery Act and implementation of the Group's compliance programme. This included an update to the Group's Code of Conduct and whistle blowing policy; issuance of a number of new employee policies and a training programme for the 2,000 staff with roles potentially impacted by the new Act. Other topics considered by the Risk Committee included: key risks (and their management) for two major capital projects; health and safety, fraud (as part of the annual fraud risk assessment), data protection; information security; and business continuity and disaster recovery planning Members of the Risk Committee also maintain direct links with each of the main divisions through attendance of divisional board meetings as directors of these boards.

Editorial Process Review

During the year the Risk Committee and the Editor-in-Chief initiated an internal review of Editorial Processes. This was performed by the Head of Editorial Legal Services under the direction of, and reporting, initially, to the Editor-in-Chief. The completed report was then presented to the Risk Committee. The scope included processes and controls to support compliance with the PCC code, the Data Protection Act and the Bribery Act, including: editorial policies (and the policy over the use of 'inquiry agents'); ethics; training; communications; and payments in Mail Newspapers.

The Committee concluded that the report provided comfort over the processes and controls to support compliance with the PCC code, the Data Protection Act and the Bribery Act. Further, the degree of regular communications from editorial management to staff on these matters over the past five years was encouraging. The report also included a number of recommendations for process improvements that are now being implemented.

The Committee reports to the Board after each of its meetings to assist the Board in its determination of the overall effectiveness of the system of internal control and risk management.

AUDIT COMMITTEE

The Audit Committee, on behalf of the Board, has responsibility for the review of financial risk management and of internal financial controls, as these directly relate to the quality of financial reporting. In addition, the Committee is mandated to:

- review all public financial statements of the Company and of the Group, including the half year and annual financial statements, before such statements are submitted to the Board;
- consider any appointment of external auditors to Group companies, to review audit fees and to consider any questions of resignation or dismissal of auditors;
- monitor and review the resources and effectiveness of internal audit (including approval of the appointment and removal of the Head of Risk & Assurance);
- agree the internal audit programme for the forthcoming year; and
- to consider a summary of Group internal audit reports and such individual reports as the Committee sees fit and corresponding management responses to any recommendations, and to monitor the progress of any required actions.

The Committee monitors the financial reporting process and the Group's statutory annual audit. It also considers significant financial reporting issues, approves any changes to Group accounting policies and reviews a summary of recommendation letters to management prepared by the Group's external auditors following their audit procedures.

The Committee comprises four non-executive Directors: Messrs Verey, its chairman, Hemingway, Berry and Nelson. The Code recommends that an audit committee should comprise at least three members, all of whom should be independent non-executive Directors. Only Messrs Verey and Berry are considered to be independent under the Code. Nevertheless, the Board believes that the Committee operates independently. Members' qualifications are set out in their biographies on pages 48 and 49. The Board is satisfied that Mr Nelson, senior partner of a firm of chartered accountants, and Mr Verey, the Committee chairman, have recent and relevant financial experience. The Company Secretary, Mr Jennings, also a Chartered Accountant, is secretary to the Committee.

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

	Number of meetings eligible to attend	Number of meetings attended
D J Verey	4	4
J G Hemingway	4	4
N W Berry	4	4
D H Nelson	4	4

The Finance Director attended all meetings and the Chief Executive two meetings by invitation.

The Committee has implemented the procedures set out in the updated Guidance on audit committees, published by the Financial Reporting Council in December 2010, which are within its control. It reviews the Group's policy on whistle blowing.

In addition, the Committee has primary responsibility for making a recommendation to the Board on the appointment, reappointment and removal of the external auditors, together with approval of their remuneration. As part of its role in ensuring the effectiveness of the audit process, the Committee also undertakes an annual assessment of the qualifications, expertise and resources of the external auditors.

The appointment of Deloitte LLP as the Group's external auditors (incumbents since the last audit tender in 2001) is kept under annual review, and, if satisfactory, the Committee will recommend the reappointment of the audit firm. The appointment of Deloitte followed a formal tender process undertaken in 2001 and, rather than adopting a policy on tendering frequency, the annual review of the effectiveness of the external audit is supplemented by a periodic comprehensive reassessment by the Committee. The last such reassessment was performed in 2008/09, as with many suppliers, when having received assurances on the continued quality of the audit, the Committee determined to recommend the reappointment of the incumbent firm. As the appointment of the auditors is for one year only, being subject to annual approval at the Company's AGM, there is no contractual commitment to the current audit firm and, as such, the Committee may undertake an audit tender at any time at its discretion.

In performing its review, the Committee evaluated the adequacy of the audit firm's key processes and controls in certain key areas including, but not limited to:

- arrangements for ensuring independence and objectivity, including the rotation of key audit partners;
- appropriateness of the planned audit scope and its

CORPORATE GOVERNANCE continued

execution;
- the robustness and perceptiveness of the auditors in their handling of the key accounting and audit judgements; and
- the quality of their reporting.

Procedures exist to monitor the independence of the external auditors and include a policy on employment of former audit principals. During the year, the Committee reviewed its policy on the provision of non-audit services in with the light of the Ethical Standard, issued by the Auditing Practices Board in December 2010.

REVISED POLICY ON NON-AUDIT FEES

The Audit Committee considers services under the three headings, set out in the Ethical Standard.

SERVICES WHERE THREATS TO DELOITTE'S INDEPENDENCE ARE CONSIDERED LOW

The first category comprises pre-approved services where threats to Deloitte's independence are considered low, typically where the engagement is routine in nature and the fee immaterial in the context of the total annual Group audit fee. In addition such pre-approved services include those which are audit-related, as defined by the APB Ethical Standard. Services which may fall in this category include the review of the Half Yearly Report, reporting on regulatory returns and accountancy advice.

SERVICES WHERE THERE COULD BE A PERCEIVED THREAT TO INDEPENDENCE

The second category is services where there could be a perceived threat to independence for which approval is required before they are undertaken. Non-audit services in these areas are considered by the Committee on an individual basis and are put out to tender where the amounts in question are significant. Non-audit services in this category would include those with a contingent fee arrangement. In these areas, the choice of firm is determined on the basis of professional expertise and competitiveness.

SERVICES WHERE THERE IS A REAL THREAT TO INDEPENDENCE

The third category is services where there is a real threat to independence and from which the external auditors are therefore excluded. These services are specifically prohibited by the APB Ethical Standard and comprise:

- internal audit and IT services where the external auditor would place significant reliance as part of its audit work;
- valuation and tax services and litigation support where the respective valuation, calculations or estimation of the likely outcome would have a material effect on the financial statements;
- any services where the auditor would undertake the role of management or take on the role of advocate; and
- contingent fee arrangements where the outcome is dependent on a future or contemporary audit judgment relating to a material matter in the financial statements or on a new or uncertain tax law interpretation.

In addition to considering the non-audit fees to be incurred, the Committee also considers both the nature of the services to be performed and the safeguards required to maintain independence.

In July, it approved the appointment of Deloitte to carry out part of an IT project for A&N Media, designed to improve business confidence in its information security and risk management which had the potential to exceed the £100,000 limit in the Committee's policy on non-audit fees. Deloitte were appointed on merit. The project is not one on which they would need to place significant reliance as part of their audit.

Non-audit fees payable to Deloitte LLP in 2010/11 amounted to £0.6 million, compared to £1.2 million the previous year.

During the year, the Committee received reports from management on litigation matters, investor relations messages, preparations for the Bribery Act, on analyst and media reaction to the Group's 2010 preliminary announcement and Annual Report, on going concern and on developments in international financial reporting standards.

The Committee also reviewed the annual internal audit plan, summaries of reports received and reviewed the effectiveness and resources of the Group's internal audit function. In September, it carried out an annual review of its terms of reference and of its effectiveness and concluded that it did not need to recommend to the Board any substantive changes to its remit or operations. In September, the Board conducted its own review of the Committee's performance and confirmed that the Committee had fulfilled its obligations and been effective in the year under review.

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

D J Verey
Audit Committee Chairman

On behalf of the Board

N D Jennings, FCA
Secretary
2nd December, 2011

REMUNERATION REPORT

The Viscount Rothermere
Chairman

THE STRUCTURE OF THIS REPORT IS AS FOLLOWS

The Remuneration Committee reviews the design and operation of its incentive arrangements for senior executives on an ongoing basis to ensure the right balance between fair rewards for executives and the delivery of strong business performance for shareholders. The Committee firmly believes that a high calibre management team should be supported by incentive arrangements that create real focus on the fundamentals that drive long-term growth whilst also ensuring the necessary attention to annual delivery of profit, cash and the Company's key performance indicators.

REVIEW OF 2010/11

We have been operating in a challenging trading environment and executive Directors' remuneration for the current financial year reflected this:

- Although the Board considers the performance of the Group in 2010/11 satisfactory, annual bonus payments for 2010/11 were slightly below the target levels;
- The latest forecast outcomes for the LTIP awards made in December 2009 and 2010 indicate outcomes also to be slightly below target levels;
- The LTIP award granted in 2004 vested in 2011 at 75% of the initial award, which reflected the performance of DMGT over the seven-year performance period. During this period DMGT's Total Shareholder Return (TSR) was ranked 5th out of 12 comparator companies;
- The 2005 LTIP has already vested;
- Neither the 2006 nor the 2007 LTIP is currently in a vesting position;
- Whilst the 2008 LTIP transition award vested in full, the incentive award did not vest.

FUTURE POLICY FOR CHIEF EXECUTIVE AND FINANCE DIRECTOR

Following a detailed review of reward policy, the Committee intends to strengthen the alignment between the interests of the executives and shareholders. The Committee also wishes to ensure that executive compensation is not overly complex.

The main changes are to increase the performance measurement period under a new long-term incentive plan from three to five years and for 2011/12 to reduce the size of the annual LTIP award from the current 187.5% of salary to 100% of salary for both the Chief Executive and Finance Director. In order to balance these changes, we propose to introduce a simpler and more focused set of performance criteria linked to achievement of strategic goals. These goals will replace the four separate performance measures that applied to 2009 and 2010 LTIP awards. Awards will in future only vest after five years rather than the current phased vesting scale between three and six years. Awards will receive dividend equivalents on vesting, which is now regarded as best practice.

We are also changing the annual bonus plan for these individuals to improve the focus on key strategic goals. In future a portion of the bonus will depend on achieving or progress towards such goals in the year: for 2011/12 this will be 20% of the bonus.

At the same time, we are making minor changes to the way such bonuses are paid. Any bonus earned up to 50% of salary, will be paid in cash and any amounts above this will be paid in shares deferred for two years. Their maximum bonus remains at 100% of salary.

The Company's strategic plans and specific targets are of course commercially sensitive, and of interest to competitors. I trust that fellow shareholders will understand why these cannot therefore be disclosed at this stage. Future Remuneration Reports will provide you with further information at the end of the period over which the relevant incentive plan has operated.

These changes, when combined with the current share ownership of our Chief Executive, will further strengthen the alignment of his rewards with the interests of shareholders.

I hope our shareholders will agree that our new approach combines the necessary attention to short-term performance with a focus on the fundamentals that drive long-term value.

My own remuneration will continue to follow the approach adopted in 2009.

REMUNERATION REPORT

SUBSIDIARY PLANS

The Committee also spends considerable time reviewing the incentive plans of our main subsidiaries. Developing the right incentives is a key part of ensuring we have the right entrepreneurial culture and growth strategies in our various businesses. Total incentive compensation costs in our subsidiaries have the potential far to outweigh the amounts paid to executive Directors.

All of our work is aimed at ensuring the sustainability and long-term success of our Company, DMGT.

This report 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 resolution to approve the report will be proposed at the Company's AGM.

1. THE REMUNERATION COMMITTEE

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

The members of the Committee are the Viscount Rothermere, its chairman, Mr Berry and Mr Nelson. The UK Corporate Governance Code ('the Code') recommends that a remuneration committee should be composed entirely of independent non-executive directors. The Board considers it appropriate that the Viscount Rothermere, as the Company's largest shareholder, is a member of the Committee. He always leaves meetings in advance of any discussion of his own remuneration. While Mr Nelson is not considered to be independent under the Code, the Board does consider him to act independently as regards remuneration issues.

The Committee met seven times during the year, five of which were regular meetings. All meetings were attended by all serving members, except that the Viscount Rothermere did not attend any part of one meeting, when matters affecting his own remuneration were discussed. Individual attendance by members is set out below:

	Number of meetings eligible to attend	Number of meetings attended
The Viscount Rothermere	7	6
N W Berry	7	7
D H Nelson	7	7

The Finance Director, Mr Dainthith, replaced Mr Williams as secretary to the Committee in March.

The Committee seeks the recommendations of the Chief Executive, as regards the remuneration of the other executive Directors and of other senior executives. He usually attends meetings of the Committee by invitation. It also seeks input from the Finance Director, regarding financial performance and other issues, from the HR director and from the Company Secretary. No executive is present when his own remuneration is being discussed.

The Committee makes reference, where appropriate, to pay and employment conditions elsewhere in the Group, especially when determining annual salary increases, and to external evidence of remuneration levels in other companies, particularly in the media field. It also makes reference to advice sought from external advisors. During the year such advice was received from MM&K and Phil Wills Associates Ltd. MM&K provided market data and gave advice on best practice. MM&K were appointed by the Committee. MM&K also provided the Company with advice on share schemes and other matters. Phil Wills Associates were was appointed by management and provided remuneration advice to the Committee.

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

2. REMUNERATION POLICY – EXECUTIVE DIRECTORS

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

The Company encourages Directors to own shares in the Company and executive Directors have a target of a minimum shareholding of 1.5 times their salary, to be built up over a suitable period. The design of the incentive plans encourages executive Directors to achieve this goal which aligns their interests with those of shareholders.

The shares held and valued at 2nd October, 2011 as a multiple of salary were:

	Value of shares held at 2nd October, 2011 £m	Salary multiple at 2nd October, 2011 £m
The Viscount Rothermere	343	470
P M Fallon*	3.7	20
M W H Morgan	3.4	3.8
S W Daintith	–	–
D M M Dutton	1.0	3.1
P M Dacre	0.5	0.3
K J Beatty	0.2	0.3

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

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

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

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

(i) Basic fees and salary;
(ii) Annual performance-related bonuses;
(iii) Long-term performance-related incentive arrangements – through membership of the Group's LTIP;
(iv) Share options – grants are no longer made, other than in exceptional circumstances;
(v) Pension entitlements/cash allowances – in lieu of pension allowances under the DMGT Senior Executives Pension Fund ('SEPF') or AN PensionSaver, DMGT's defined contribution scheme; and
(vi) Other benefits.

In setting the remuneration of the executive Directors other than Mr Fallon, the Committee takes note of the remuneration increases being given around the Group. Further details on Mr Fallon are given on page 64.

REMUNERATION REPORT continued

The following tables summarise which executive Directors are eligible for which of the main components of remuneration.

	Salary	Bonus	Deferred Bonus	LTIP	Options	Pension allowance	Euromoney profit sharing
The Viscount Rothermere (Note i.)	Yes	Yes	Yes	No	No	Yes	No
M W H Morgan (ii)	Yes	Yes	Yes	Yes	No	Yes	No
S W Daintith (iii)	Yes	Yes	Yes	Yes	No	Yes	No
D M M Dutton (iv)	Yes	Yes	Yes	Yes	No	No	No
P M Dacre (v)	Yes	No	No	No	No	No	No
K J Beatty (vi)	Yes	Yes	Yes	Yes	No	Yes	No
P M Fallon (vii)	Yes	No	No	No	No	Yes	Yes
J P Williams (viii)	Yes	Yes	Yes	No	No	Yes	No

Notes

(i) The Chairman's substantial shareholding in the Company provides an alignment with long-term shareholders that is not the case in most other companies. Consequently, in 2009 the Committee, without the Viscount Rothermere present, decided that with effect from 1st October, 2009, the Chairman would not receive any future LTIP awards, but as partial compensation would be entitled to a maximum annual cash bonus of 50% salary, and a deferred annual bonus paid in shares of at most 150% salary, which would not vest until a further three years. The Committee reserves the right to vary the proportions paid in shares and cash. The Committee believes this approach is both simple and transparent and provides a strong alignment with other shareholders over the long term.

(ii) The Chief Executive participates in the DMGT Executive Bonus Scheme, with a maximum payment of 100% of salary and receives awards under the DMGT LTIP.

(iii) Mr Daintith participates in the DMGT Executive Bonus Scheme (with his award pro-rated for the nine months since his appointment) with a maximum payment of 100% of salary. He received an award of DMGT 'A' shares, valued at £100,000 at his date of appointment, with the performance condition being that he is employed three years later. He will receive future awards under the LTIP.

(iv) Mr Dutton is entitled to receive an annual bonus, based on achievements during the year.

(v) The Committee decided in the previous year that it was in all stakeholders' interests to recognise the contribution and to retain the services of Mr Dacre in his current role. The Committee decided that Mr Dacre be paid an additional £500,000 for each full year that he continues working until he is 65. Mr Dacre, who is 63, will not participate in any bonus or other long-term incentive scheme.

(vi) Mr Beatty is also eligible to receive an LTIP award and participates in an annual bonus scheme, with a maximum payment of 60% of salary, based on his division's results.

(vii) In the case of Mr Fallon, the Committee considers that his remuneration as executive chairman of Euromoney, a separately listed company, should be set by the remuneration committee of that company. The report on this is set out in Euromoney's Annual Report.

(viii) Mr Williams participated in a bonus scheme for 2010/11 up until retirement from the Company, but did not receive further awards under the DMGT LTIP. Mr Williams retained fees of £9,375 (2010 £12,500) from his outside non-executive directorships.

The Committee also reviews the Chief Executive's recommendations for the remuneration packages of other senior executives, except those in Euromoney, and oversees the bonus arrangements established in each division, including long-term incentive arrangements. These are designed individually to reflect the targets and objectives of each division.

Non-executive Directorships

The Company allows its executive Directors to take a very limited number of outside directorships. Individuals retain the payments received from such services since these appointments are not expected to impinge on their principal employment.

REMUNERATION REPORT continued

3. REMUNERATION – NON-EXECUTIVE DIRECTORS

The remuneration of non-executive Directors is determined by the Board. A base fee is paid for Board membership and fees are paid for membership of Board committees ranging from £4,000 per annum to £25,000 per annum. No fee is paid for chairing a committee, except that the Audit Committee chairman receives a fee of £25,000. From 1st October, 2010 the fee for the Remuneration Committee membership was increased to £12,000 and members of the Investment and Finance Committee, which replaced previous committees and subsidiary boards, receive £25,000 p.a. An increase in the base fee from £30,000 to £35,000 per annum is being made for the 2011/12 financial year, the first such increase for five years.

4. 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 DMGT are compatible with its risk policies and systems.

Audited information

5. DIRECTORS' AGGREGATE REMUNERATION

The total amounts of the remuneration and other benefits of the Directors of the Company for the years ended 2nd October, 2011 and 3rd October, 2010 are shown opposite for Directors:

	2011 £000	2010 £000
Aggregate emoluments	13,243	13,228
Gains on exercise of share options	567	219
Amounts receivable under long-term incentive schemes*	1,825	470
Sums paid to third parties for Directors' services	146	156
	15,781	14,073

*The amounts receivable under long-term incentive schemes were in respect of relisations of awards made in 2004, 2008 and 2009 and reflect performance over those periods to 2011.

6. DIRECTORS' EMOLUMENTS

The emoluments of the Directors are shown below:

	2011 Fees and Salary (Note i) £000	2011 Annual Cash Allowances (Note ii) £000	2011 Benefits in kind (Note iii) £000	2011 Bonus/ Profit share (Note iv) £000	2011 Total £000	2010 Total £000	2011 Pension Contributions £000	2010 Pension Contributions £000
The Viscount Rothermere	729	293	2	147	1,171	1,308	–	–
M W H Morgan (Note ii)	876	28	2	176	1,082	1,290	315	315
S W Daintith	480	155	1	96	732	–	–	–
D M M Dutton	318	–	1	75	394	460	–	–
P M Dacre (Note ii)	1,690	10	25	–	1,725	2,785	–	–
P M Fallon	223	14	8	5,137	5,382	4,887	–	–
K J Beatty	647	244	17	68	976	1,069	–	–
J G Hemingway	69	–	–	–	69	79	–	–
C W Dunstone	30	–	–	–	30	30	–	–
F P Balsemão	34	–	–	–	34	34	–	–
T S Gillespie	30	–	–	–	30	30	–	–
D J Verey	63	–	–	–	63	63	–	–
N W Berry	52	–	–	–	52	48	–	–
D H Nelson	77	–	–	–	77	77	–	–
D Trempont	31	12	–	–	43	–	–	–
J P Williams	520	185	2	822	1,529	1,224	–	–
	5,869	941	58	6,521	13,389	13,384	315	315
2010 Total	5,333	929	57	7,065	13,384			

REMUNERATION REPORT continued

i) Basic fees and salary

Basic salaries are set by the Committee and reviewed annually. The figures for fees and salary for the Viscount Rothermere and Messrs Morgan and Fallon include fees as directors of Euromoney. For non-executive Directors they also include Committee fees, where applicable.

ii) Cash allowances

Annual cash allowances include an allowance paid to each of the Viscount Rothermere and Messrs Williams and Beatty, in lieu of continued membership of the DMGT Senior Executives Pension Fund. Mr Dacre was paid a similar allowance until December 2009. Until January 2010, he also received an allowance instead of the Company providing Central London accommodation. Mr Daintith is paid an allowance as an alternative to membership of the company's defined contribution pension scheme, AN PensionSaver.

During the prior year, the allowances of Mr Dacre were bought out for a payment of £973,500. Under the terms of his contract, Mr Morgan was due to receive an annual housing allowance as part of his relocation from the USA which was also bought out during the previous years for an additional payment of £880,000. The table above includes, for the prior year, the allowances paid up to the buy out date, but not the buy out payments to Messrs Morgan and Dacre.

The Viscount Rothermere, Mr Morgan and Mr Daintith also receive a cash allowance instead of having a company car, as did Mr Williams prior to his retirement. Further relocation costs of £10,000 were also paid on behalf of Mr Morgan during the year.

Mr Trempont receives a travel allowance for each Board meeting he attends in London.

iii) Benefits in kind

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

iv) Annual performance-related bonuses

The Viscount Rothermere, Mr Morgan, Mr Daintith and Mr Beatty are members of the DMGT Executive Bonus Scheme ('the Scheme') which was approved by Ordinary shareholders in February 2003. The bonus is paid in a combination of cash and either 'A' Ordinary Non-Voting Shares, which must be retained for at least three years, or nil-cost options in DMGT, which cannot be exercised for at least three years. Mr Morgan and Mr Daintith may choose the proportion of the bonus which is to be deferred in the form of shares or options, but must defer at least 50%.

The maximum annual bonus payable to the Viscount Rothermere is 200% of salary, for Mr Morgan 100% and Mr Daintith 75% (being pro-rated for nine months). For 2010/11, the Committee targeted the bonus against adjusted pre-tax profits, but with a requirement of a trading cash flow conversion rate of 96% or more, below which it was tapered down to nil, if below 90%. Mr Williams was also eligible for a bonus but no LTIP award: the maximum bonus was 150% (being 200% pro-rated for the nine months he was employed in the year).

The Group adjusted profit before tax for the year ended 2nd October, 2011 (before amortisation and impairment of intangible assets and exceptional items) was slightly below target. This resulted in a (profit-linked) bonus of 80.4% of salary being earned by the Viscount Rothermere, 40.2% by Mr Morgan and Mr Daintith and 60.3% by Mr Williams. For Lord Rothermere, a quarter is payable in cash and three quarters will be deferred into shares in the form of nil price options. Mr Williams was also paid a discretionary bonus of £417,000, based on his long and distinguished service to the Group. For Messrs Morgan and Daintith, half of this bonus is payable in cash and half will be deferred into shares in the form of nil price options. For Mr Williams, all will be paid in cash. The cash component of the bonus is shown in the table on page 65.

Mr Beatty's bonus is based on the performance of A&N Media. The maximum bonus he could earn is 60% of salary. Half of this bonus is payable in cash and half will be deferred into shares in the form of nil price options. The cash component of this bonus is shown in the table on page 65.

Mr Dutton received a bonus of £75,000, payable in cash, in recognition of his performance and that of the Company's.

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

v) Pension contributions

Pension contributions were made on behalf of Mr Morgan in lieu of continued membership of the DMGT Senior Executives Pension Fund, as explained on page 76.

7. LONG-TERM PERFORMANCE-RELATED INCENTIVE ARRANGEMENTS

The 2008 Daily Mail and General Trust Long-Term Incentive Plan (2008 LTIP), is designed to align the interests of participants and shareholders. Further, the 2008 LTIP will only provide rewards for participants if the Company achieves stretching performance targets.

These Award levels have been set to take account of the current remuneration strategy. The Committee's intention is to continue to monitor market practice and will consider the appropriate targets in relation to each year's Awards. It will

REMUNERATION REPORT continued

therefore ensure that Award levels are competitive and motivational to the Executives concerned and acceptable to shareholders. The Committee intends to operate the LTIP annually.

The 2008 LTIP is supervised by the Committee and is operated in conjunction with an employee discretionary trust (the 'Trust'). The Trust will acquire 'A' Ordinary Non-Voting Shares in the Company ('shares') to satisfy awards under the LTIP, or Treasury shares will be used.

The expected value of an Award of 62.5% of salary (which was the maximum award that has been made in 2008, 2009 and 2010) has been calculated by PwC as 68% of salary using a Monte Carlo valuation model using assumptions based on their historical analysis which do not indicate a forecast of management of expected outcomes for DMGT.

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

2001 to 2007 LTIP awards

From 2001 to 2007, Executives were invited to commit shares in the Company at a market price and receive a matching award under the LTIP. If a participant holds the committed shares for five years, he will be eligible to receive matching shares on a sliding scale. Such Awards under the LTIP are subject to performance conditions, which will determine whether, and to what extent, shares under awards will vest. The performance conditions relate to the TSR of the Company initially over a five-year period against a peer group of UK and overseas companies determined by the Committee. TSR is the aggregate of share price growth and dividends paid (assuming that such dividends are reinvested in shares during the five-year period), and is commonly adopted as a measure of comparative performance. These performance conditions were chosen by the Committee in order to incentivise the Executives to increase long-term shareholder value. Individuals were given six months to make commitments in order to allow for them to make purchases of shares, where appropriate. Once an individual agreed to commit shares which were owned by him or by his close family, the Trustee of the Trust decided whether to make an award of an equal number of shares to those committed.

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

'A' Ordinary Non-Voting Shares in award	At start of year	Awarded during year	Vested during year	Lapsed during year (Note i)	At end of year	Award Price £	Date of Award	End of initial performance period
The Viscount Rothermere	38,681	–	(29,011)	(9,670)	–	7.04	15-Sep-04	31-Dec-08
	36,250	–	–	–	36,250	7.88	28-Jul-06	31-Dec-10
	43,926	–	–	–	43,926	7.17	4-Jul-07	31-Dec-11
	118,857	–	(29,011)	(9,670)	80,176			
M W H Morgan	15,462	–	(11,596)	(3,866)	–	7.04	28-Sep-04	31-Dec-08
	17,766	–	–	–	17,766	7.88	28-Aug-06	31-Dec-10
	17,500	–	–	–	17,500	7.17	26-Feb-07	31-Dec-11
	50,728	–	(11,596)	(3,866)	35,266			
P M Dacre	32,974	–	(24,730)	(8,244)	–	7.04	14-Oct-04	31-Dec-08
D M M Dutton	25,587	–	(19,190)	(6,397)	–	7.04	15-Sep-04	31-Dec-08
	16,142	–	–	–	16,142	7.88	26-Sep-06	31-Dec-10
	18,807	–	–	–	18,807	7.17	20-Jun-07	31-Dec-11
	60,536	–	(19,190)	(6,397)	34,949			
K J Beatty	13,119	–	(9,839)	(3,280)	–	7.04	15-Sep-04	31-Dec-08
J P Williams	36,149	–	(27,112)	(9,037)	–	7.04	15-Sep-04	31-Dec-08
	34,124	–	–	–	34,124	7.88	28-Jul-06	31-Dec-10
	40,313	–	–	(40,313)	–	7.17	13-Mar-07	30-Jun-11
	110,586	–	(27,112)	(49,350)	34,124			
	386,800	–	(121,478)	(80,807)	184,515			

REMUNERATION REPORT continued

(i) On 1st January, 2011, the awards made in 2004, the realisation of which participants had elected to delay until that date, vested as to 75%. Each participant elected to realise his award (net of a deduction for income tax and employee national insurance contributions) which was made on 10th February at the prevailing share price of £5.77, and each of them retained all of the shares awarded. This gave rise to respective gains of £167,389, £156,438, £142,696, £110,726, £66,908 and £56,770 by the Viscount Rothermere and Messrs Morgan, Williams, Dacre, Dutton and Beatty which are included within amounts receivable under long-term incentive schemes in the table of Directors' Emoluments on page 65.

The award made to Mr Williams in 2007 lapsed when he left the Company as the performance condition was not achieved.

(ii) All participants elected to delay the realisation of their 2006 awards for a further two years until 31st December, 2012.

Comparator groups and TSR ranking conditions

	Included in comparator peer group		
Company	For awards made in 2004	For awards made in 2006	For awards made in 2007
Emap plc	Y(1)	Y(1)	Y(2)
Independent News & Media plc	Y	Y	Y
Reed Elsevier plc	Y	Y	Y
stv group plc	Y		
News Corporation plc	Y	Y	Y
Thomson Reuters Corporation	Y	Y	Y
Trinity Mirror plc	Y	Y	Y
United Business Media plc	Y	Y	Y
Gannet Co. Inc	Y		
New York Times Co	Y		
Tribune Co	Y(3)		
Reuters Group plc		Y(2)	Y(4)
Informa plc		Y	Y
McGraw-Hill Companies Inc		Y	Y
Pearson plc	Y	Y	
Washington Post Co		Y	Y
Johnston Press plc			Y

Note 1 from 2008 replaced by Johnston Press plc

Note 2 from 2008 replaced by New York Times

Note 3 from 2008 replaced by Washington Post Co

Note 4 removed in 2008

In 2008, three comparators, Tribune Co, EMAP plc and Reuters Group plc were taken over. The Committee determined to substitute these companies with those set out in the tables above from the date of completion of their takeovers. For 2007, Reuters Group plc was removed from the comparator group and the scale recalibrated as shown in the table on page 69.

At the end of the five-year performance period, participants may elect either to realise their awards at that time or to extend the performance period to seven years. If they elect to extend the performance period, the level of committed shares must be maintained throughout the extended period. At the end of the seven-year performance period, the Company's TSR performance will be measured.

REMUNERATION REPORT continued

TSR Ranking within list of comparator companies	% of award capable of realisation after 5 years For awards made in 2001 – 05	For awards made in 2006	For awards made in 2007
First	200%	200%	200%
Second	100%	150%	150%
Third	100%	100%	100%
Fourth	50%	80%	75%
Fifth	50%	60%	50%
Sixth	50%	40%	25%
Seventh	50%	20%	0%
Below seventh	0%	0%	0%

TSR Ranking within list of comparator companies	% of award capable of realisation after 7 years For awards made in 2001 – 05	For awards made in 2006	For awards made in 2007
First	300%	300%	300%
Second	150%	225%	225%
Third	150%	150%	150%
Fourth	75%	120%	112.5%
Fifth	75%	90%	75%
Sixth	75%	60%	37.5%
Seventh	75%	30%	0%
Below seventh	0%	0%	0%

Performance to date

Year of award	Initial performance period	Position at 2nd October, 2011
2006	1st Jan, 2006 to 31st Dec, 2010	Ninth
2007	1st Jan, 2007 to 31st Dec, 2011	Eighth

DMGT's TSR ranking for the awards made in 2004, for which the performance period was 1st January, 2004 to 31st December, 2010 was fifth place.

DMGT's TSR ranking for the awards made in 2006, during their initial performance period of 1st January, 2006 to 31st December, 2010 was eighth place.

For the award made to Mr Williams in 2007, DMGT's TSR ranking during their performance period of 1st January, 2007 to 30th June, 2011 was seventh place and so the award lapsed.

Graphs

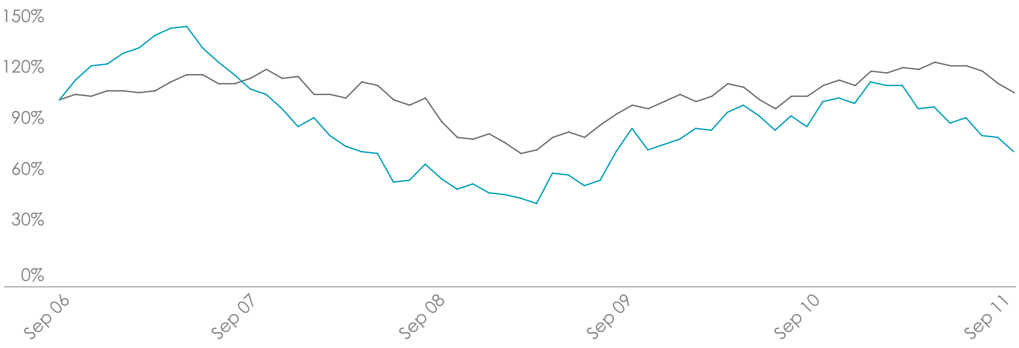
Graphs of DMGT's performance against each of its comparators for each of these periods are set out on page 71. These graphs have been plotted using the relative rankings of each comparator at the end of each month. As such, they are approximations to the actual rankings under the rules, which are calculated using a two-month average for the starting point and for each subsequent month. This can give different results between the table above and the graphs.

The graphs on page 70 compare the DMGT total shareholder return with that of the FTSE 100 index and of the media index over a period of five years, as required by the Regulations. As a constituent of the FTSE 100 from 1999 to 2006 and during 2007 and as a constituent of the media index throughout the period, the Directors regard both indices as the most appropriate indices for purposes of comparison of the Group's performance. Additional graphs on that page illustrate performance over a 25 year period for which data is available.

The graphs on pages 70 and 71 are unaudited.

REMUNERATION REPORT continued

Total Shareholder Return: DMGT vs FTSE 100 2006-2011 -32%

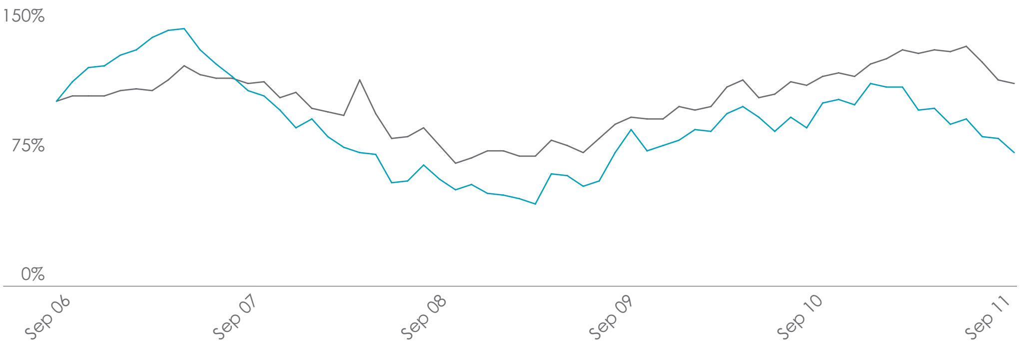


Key
DMGT 'A' TSR
FTSE 100 TSR

Total Shareholder Return: DMGT vs FTSE 100 1986-2011 +60%

Key
DMGT 'A' TSR
FTSE 100 TSR

Total Shareholder Return: DMGT vs Media Sector 2006-2011 -36%



Key
DMGT 'A' TSR
Media sector TSR

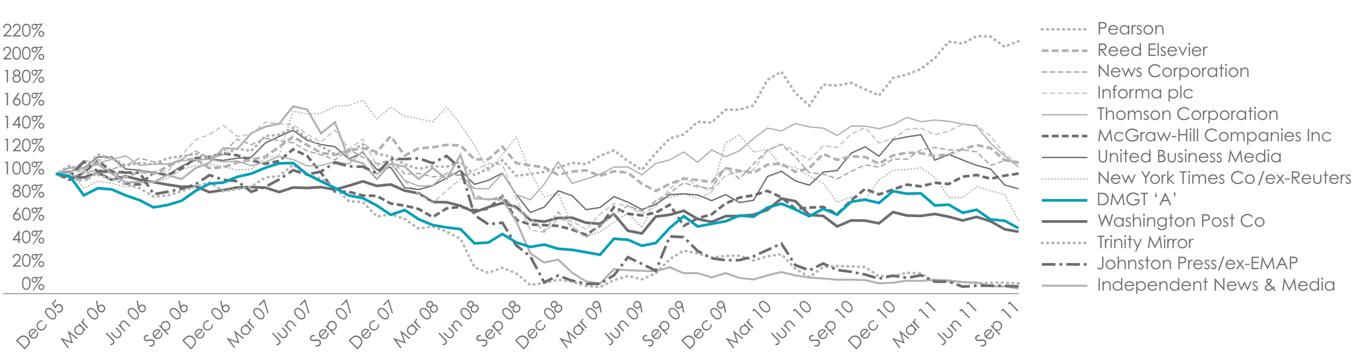
REMUNERATION REPORT continued

Total Shareholder Return: DMGT vs Media Sector 1986-2011 +92%

Key

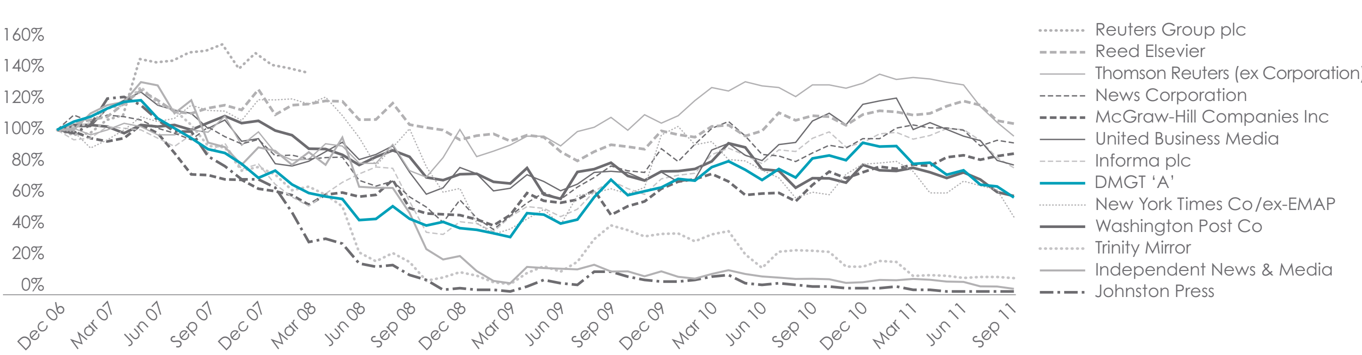
Total Shareholder Return: DMGT vs Media Comparators 2006-2011 9th position

Key



Total Shareholder Return: DMGT vs Media Comparators 2007-2011 8th position

Key



REMUNERATION REPORT continued

Description of how the 2011 LTIP works

Following a revision to the Scheme in 2008, LTIPs awarded subsequently comprise either Core Awards, Matching Awards or Transition Awards.

The normal maximum Core Award to an executive is 62.5% of salary annually, and the maximum Matching Award is two times the number of Shares that vest under the Core Award.

The vesting level of both the Core Awards and Matching Awards is determined by performance over the initial three year performance period. The vesting profile of Matching Awards is designed to achieve retention of executives, and encourages long-term shareholding.

Core Awards will vest under normal circumstances after three years.

The employee would then receive Matching Awards of Shares equivalent to 50% of the vested Core Award which will vest at the end of three, four, five and six years from the date of Award, so long as he continues to hold the Shares in the Core Award.

Thus, if the participant continues to be employed by the Company six years after the Award was granted, the employee could receive a maximum of Shares, valued at the Award date, of 187.5% of salary. He would have to wait six years to be able to receive this maximum.

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

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

2007/08 LTIP awards

The first Core Awards were made in March 2008.

The proportion of the Shares that vest will depend on Earnings Per Share (EPS) performance over the three year performance period.

As these Core and Matching Awards were not capable of vesting in full until 2014, the Committee also made 'Transition Awards' in 2008.

The Transition Awards made in 2008 vested to the executives because they were still employed in the Company three years after the Award, i.e. 19th March, 2011. There were no post-grant performance conditions attached to the Transition Awards. Transition Awards did not benefit from any linked Matching Awards.

2008/09

No Awards were made in 2008/9 because the Committee decided to set a special bonus incentive instead in the light of the challenges faced by the Group due to the prevailing economic environment. In December 2009, the Committee granted a core incentive award.

2009/10 LTIP awards

The proportion of the Shares that vest will depend for the December 2009 award on performance against four equally weighted measures – EBITA, Free Cash Flow, Net debt/EBITDA and Performance against the Group's Strategic Plan. In the case of Mr Beatty, the fourth part of his LTIP performance target is based on his divisional results.

2010/11 LTIP awards

The Committee agreed in December 2010 that LTIP awards would be made, with appropriately stretching performance targets linked to the business strategy with four equally weighted measures – EBITA, Free Cash Flow, Debt Rating and Performance against the Group's Strategic Plan. In the case of Mr Beatty, his 2010/11 LTIP performance target is based on his divisional Strategic Plan.

Policy for 2011/12 LTIP awards

The policy for future LTIP awards is that awards will be made with appropriately stretching performance targets linked to the achievement of strategic goals. This is described in the circular to shareholders, seeking approval at the AGM for a new 2012 LTIP, which accompanies this Annual Report.

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

'A' Ordinary Non-Voting Shares in award Core awards	At start of year	Awarded during year	Vested during Year	Lapsed during year	At end of year	Award Price £	Date of Award	End of performance period
M W H Morgan	131,530	–	–	–	131,500	4.039	14-Dec-09	30-Sep-12
	–	97,974	–	–	97,974	5.585	20-Dec-10	29-Sep-13
	131,530	97,974	–	–	229,504			
K J Beatty	97,224	–	–	–	97,224	4.039	14-Dec-09	30-Sep-12
	–	72,403	–	–	72,403	5.585	20-Dec-10	29-Sep-13
	97,224	72,403	–	–	169,627			
J P Williams	99,050	–	(57,779)	(41,271)	–	4.039	14-Dec-09	30-Jun-11
	327,804	170,377	(57,779)	(41,271)	399,131			

REMUNERATION REPORT continued

'A' Ordinary Non-Voting Shares in Transition awards	At start of year	Awarded during year	Vested during year	Lapsed during year	At end of year	Award Price £	Date of Award	End of performance period
The Viscount Rothermere	46,973	–	(46,973)	–	–	4.265	19-Mar-08	19-Mar-11
M W H Morgan	22,934	–	(22,934)	–	–	4.265	19-Mar-08	19-Mar-11
D M M Dutton	21,102	–	(21,102)	–	–	4.265	19-Mar-08	19-Mar-11
K J Beatty	42,907	–	(42,907)	–	–	4.265	19-Mar-08	19-Mar-11
J P Williams	43,716	–	(43,716)	–	–	4.265	19-Mar-08	19-Mar-11
	177,632	–	(177,632)	–	–			

On 19th March, 2011, the transition awards made in 2008 vested. Each participating Director realised his award (net of a deduction for income tax and employee national insurance) which was made on 30th March at the prevailing share price of £4.958, and each of them retained all of the shares awarded. This gave rise to respective gains of £232,894, £113,710, £216,746, £104,624 and £212,729 by the Viscount Rothermere and Messrs Morgan, Williams, Dutton and Beatty which are included within amounts receivable under long-term incentive schemes in the table of Directors' Emoluments on page 65.

Recruitment Award

On 1st January, 2011, Mr Daintith was made an award under the LTIP, prior to his appointment as a Director, as explained on page 64 under the scheme as follows:

'A' Ordinary Non-Voting Shares in award Transition awards	At start of year 2010	Awarded during year	Vested during year	Lapsed during year	At end of year 2011	Award Price £	Date of Award	End of performance period
S W Daintith	–	17,421	–	–	17,421	5.74	1-Jan-11	1-Jan-14

8. SHARE OPTIONS

1997 Executive Share Option Scheme: options were granted under this Scheme prior to 2006. Options granted do not normally vest until three years after the award and two performance conditions have been met. The first condition is that, in respect of four out of six consecutive monthly calculation dates (which start in the 30th month following the date of grant of a particular option), the total shareholder return (TSR) of the Company must exceed that of the FTSE 100 index. Secondly, there must be real growth in earnings per share ('eps') over a period of three consecutive financial years.

The status of both performance conditions on share options outstanding during the year is as follows:

1997 Scheme	Exercise price	TSR condition (performance to date v. FTSE100)	EPS condition	Status
Dec 00	8.34	met	met	not vested; lapsed
Jul 01	7.25	met	met	vested
Dec 01	6.45	met	met	vested
Dec 02	5.73	-92%	met	not vested
Dec 03	6.08	-73%	met	not vested
Dec 04	7.24	-69%	met	not vested

2006 Executive Share Option Scheme: under the 2006 Scheme, 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 to Directors and persons discharging managerial responsibility 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 under this scheme.

REMUNERATION REPORT continued

Options to acquire 'A' Ordinary Non-Voting Shares in the Company

The table below sets out options, outstanding during the year, granted under the DMGT 1997 Executive Share Option Scheme from December 1999 to December 2004. All options were granted at market value at the date of grant and none required any payment. They are not normally exercisable before the third anniversary of the date of grant and, in all circumstances, lapse if not exercised within 10 years. No Directors' options had their terms and conditions varied during the year.

'A' Ordinary Non-Voting Shares in the Company	At start of year	Granted during year	Exercised during year	Lapsed during year	At end of year	Exercise Price £		Normal date from which exercisable	Expiry date
The Viscount Rothermere	30,000	–	–	(30,000)	–	8.34	*	18-Dec-03	18-Dec-10
	30,000	–	–	–	30,000	6.45	*	14-Dec-04	14-Dec-11
	50,000	–	–	–	50,000	5.73		16-Dec-05	16-Dec-12
	40,000	–	–	–	40,000	6.08		8-Dec-06	8-Dec-13
	60,000	–	–	–	60,000	7.24		6-Dec-07	6-Dec-14
	210,000	–	–	(30,000)	180,000				
M W H Morgan	15,000	–	–	(15,000)	–	8.34	*	18-Dec-03	18-Dec-10
	10,000	–	–	–	10,000	6.45	*	14-Dec-04	14-Dec-11
	20,000	–	–	–	20,000	5.73		16-Dec-05	16-Dec-12
	20,000	–	–	–	20,000	6.08		8-Dec-06	8-Dec-13
	20,000	–	–	–	20,000	7.24		6-Dec-07	6-Dec-14
	85,000	–	–	(15,000)	70,000				
D M M Dutton	20,000	–	–	(20,000)	–	8.34	*	18-Dec-03	18-Dec-10
	25,000	–	–	–	25,000	5.73		16-Dec-05	16-Dec-12
	35,000	–	–	–	35,000	6.08		8-Dec-06	8-Dec-13
	40,000	–	–	–	40,000	7.24		6-Dec-07	6-Dec-14
	120,000	–	–	(20,000)	100,000				
P M Dacre	25,000	–	–	(25,000)	–	8.34	*	18-Dec-03	18-Dec-10
	60,000	–	–	(60,000)	–	7.25	*	11-Jul-04	11-Jul-11
	60,000	–	–	–	60,000	6.45	*	14-Dec-04	14-Dec-11
	100,000	–	–	–	100,000	5.73		16-Dec-05	16-Dec-12
	50,000	–	–	–	50,000	6.08		8-Dec-06	8-Dec-13
	80,000	–	–	–	80,000	7.24		6-Dec-07	6-Dec-14
	375,000	–	–	(85,000)	290,000				
K J Beatty	10,000	–	–	(10,000)	–	8.34	*	18-Dec-03	18-Dec-10
	15,000	–	–	–	15,000	6.45	*	14-Dec-04	14-Dec-11
	20,000	–	–	–	20,000	5.73		16-Dec-05	16-Dec-12
	20,000	–	–	–	20,000	6.08		8-Dec-06	8-Dec-13
	30,000	–	–	–	30,000	7.24		6-Dec-07	6-Dec-14
	95,000	–	–	(10,000)	85,000				
J P Williams	20,000	–	–	(20,000)	–	8.34	*	18-Dec-03	18-Dec-10
	30,000	–	–	–	30,000	6.45	*	14-Dec-04	14-Dec-11
	50,000	–	–	–	50,000	5.73		16-Dec-05	31-Dec-11
	50,000	–	–	–	50,000	6.08		8-Dec-06	31-Dec-11
	60,000	–	–	–	60,000	7.24		6-Dec-07	31-Dec-11
	210,000	–	–	(20,000)	190,000				
	1,095,000	–	–	(180,000)	915,000				

* vested

REMUNERATION REPORT continued

9. DEFERRED BONUS SCHEME

Details of outstanding nil-cost options granted under the DMGT Executive Bonus Scheme are set out below:

'A' Ordinary Non-Voting Shares in the Company	At start of year	Granted during year	Exercised during year	Lapsed during year	At end of year	Exercise Price £	Normal date from which exercisable	Expiry date
The Viscount Rothermere	105,306	–	–	–	105,306	0.00	7-Dec-12	7-Dec-16
	–	187,581	–	–	187,581	0.00	6-Dec-13	6-Dec-17
	105,306	187,581	–	–	292,887			
M W H Morgan	130,140	–	–	–	130,140	0.00	7-Dec-12	7-Dec-16
	–	77,272	–	–	77,272	0.00	6-Dec-13	6-Dec-17
	130,140	77,272	–	–	207,412			
K J Beatty	96,196	–	–	–	96,196	0.00	7-Dec-12	7-Dec-16
	–	34,970	–	–	34,970	0.00	6-Dec-13	6-Dec-17
	96,196	34,970	–	–	131,166			
J P Williams	98,003	–	(98,003)	–	–	0.00	7-Dec-12	31-Dec-11
	–	58,190	(58,190)	–	–	0.00	6-Dec-13	31-Dec-11
	98,003	58,190	(156,193)	–	–			
	429,645	358,013	(156,193)	–	631,465			

The nil-cost options granted during the year were earned by the Directors in the prior year. After the date of approval of this Report, the nil-cost options earned in the current year, explained on page 66, will be granted.

On 30th September, 2011, Mr Williams exercised his 156,193 nil cost options when the share price was £3.631. This resulted in a deemed gain of £567,000 which is included in the analysis of Directors' remuneration on page 65.

There were 5,399,633 options outstanding under all the schemes at the end of the year. This represents 1.41% of the Company's total issued share capital (excluding treasury shares).

The mid-market price of the 'A' Ordinary Non-Voting Shares was £3.631 at 2nd October, 2011 and £5.255 at 3rd October, 2010. It ranged from £3.465 to £5.95 during the year.

10. PENSIONS ENTITLEMENTS AND CASH ALLOWANCES

The Group operates a two-tier defined benefit pension scheme for senior employees (including most of the Company's executive Directors), details of which are given on page 76. It is the Company's policy that annual bonuses, payments under the Executive Bonus Scheme and benefits in kind are not pensionable.

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

Individual executive Directors were affected very differently by these changes and for some it was not tax-efficient to accrue further pension for service from 6th April, 2006. However, it is for individual Directors to decide when to opt out of the scheme, in which case a cash allowance is paid. Cash allowances paid in lieu of pensions are shown on page 65.

Under the prescribed transitional arrangements their accrued pension at that date has remained linked to increases in pensionable earnings. However, from the date of the first salary increase awarded on or after 1st April, 2011, this salary link is replaced by a link to the annual increase in the Retail Prices Index. This change is entirely consistent with that applied to all other employees participating in the Group's defined benefit pension schemes. They will continue to be eligible for death in service benefits.

REMUNERATION REPORT continued

Accrued entitlements under the DMGT Senior Executives Pension Fund

Director	Age at 2nd October, 2011 Years	Accrued Pension Entitlement at 3rd October, 2010 £000	Inflation-ary increase £000	Real increase in accrued pension £000	Accrued Entitlement at 2nd October, 2011 £000	Transfer value as at 3rd October, 2010 £000	Member's Contribu-tions £000	Transfer value of real increase in accrued pension net of member's contributions £000	Other Changes to transfer value £000	Transfer value as at 2nd October, 2011 £000
The Viscount Rothermere	43	66	2	2	70	777	–	27	101	905
M W H Morgan	61	76	2	–	78	1,908	–	–	130	2,038
P M Dacre	62	583	18	4	605	13,977	–	111	791	14,879
K J Beatty	53	91	4	(2)	93	1,665	–	(2)	217	1,880
J P Williams	58	333	10	(2)	341	7,457	–	(51)	232	7,638

Accrued benefits under the Harmsworth Pension Scheme

Director	Age at 2nd October, 2011 Years	Accrued Pension Entitlement at 3rd October, 2010 £000	Inflation-ary increase £000	Real increase in accrued pension £000	Accrued Entitlement at 2nd October, 2011 £000	Transfer value as at 3rd October, 2010 £000	Transfer value of real increase in accrued pension net of member's contributions £000	Other Changes to transfer value £000	Transfer value as at 2nd October, 2011 £000
P M Fallon	65	10	1	–	11	184	–	18	202

Notes to Directors' Pension Entitlements

(i) 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 For each Director, the accrued entitlement at 2nd October, 2011 represents the annual pension that is expected to be payable on eventual retirement, based on the salary of each Director at this date and pensionable service accrued to 5th April, 2006 or subsequent date of opting out of the Fund. A spouse's/dependant's pension equal to two thirds of the Director's pension is incorporated and the Director can elect to receive the pension from age 50, subject to a discount if retirement takes place before 60. The pension, when in payment, will receive annual increases in line with inflation, which may be limited when inflation exceeds 3% per annum.

(ii) All transfer values have been calculated on the basis of actuarial advice in accordance with UK legislation. The transfer values of the accrued entitlement represent the value of assets that the pension scheme would need to transfer to another pension provider on transferring the scheme's liability in respect of the Directors' pension benefits.

(iii) Mr Fallon's pension benefit in the above table relates to a deferred pension in the Harmsworth Pension Scheme for pensionable service between 1st April, 1978 and 1st April, 1986. This benefit has been increased for payment after Normal Retirement Age. Neither the Group nor Mr Fallon makes any further contributions to this scheme.

(iv) Mr Morgan began to take his pension benefits, including a lump sum payment, on 20th March, 2010. Mr Morgan's pension benefit in the above table relates to a pension in the DMGT Senior Executive Pensions Fund for pensionable service between 8th May, 1989 and 31st August, 2000, when he transferred to the U.S. In addition, Mr Morgan has the following pension arrangements:

- A US deferred compensation plan, which is held in a rabbi trust. This provides a defined contribution cash benefit with a defined benefit pension underpin in respect of the period 1st September, 2000 to 30th September, 2008.
- An employer financed retirement benefits scheme (EFRBS) in respect of service from 1st October, 2008 operated on behalf of the Company under an offshore trust located in Jersey.

(v) Mr Dacre began to take his pension benefits on 14th November, 2008.

(vi) Mr Williams retired from the Company on 30th June, 2011 and immediately took his benefits, including a lump sum payment. His accrued entitlement and transfer value have been calculated as at this date and not at 2nd October, 2011.

(vii) Mr Daintith is paid an allowance in lieu of membership of a Company pension scheme.

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

REMUNERATION REPORT continued

11. DIRECTORS' INTERESTS IN DMGT PLC (AUDITED INFORMATION)

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

Holdings of 12.5 pence Ordinary and 'A' Ordinary Non-Voting Shares in Daily Mail and General Trust plc	Note	At 2nd October 2011 Ordinary	At 2nd October 2011 'A' Ordinary Non-Voting	At 3rd October, 2010 Ordinary	At 3rd October, 2010 'A' Ordinary Non-Voting
Beneficial					
The Viscount Rothermere	i, ii	11,903,132	75,134,502	11,903,132	76,007,244
M W H Morgan	i, ii	764	927,731	764	910,499
S W Daintith	i, ii	–	2,346	–	– *
J G Hemingway		–	200,000	–	200,000
D M M Dutton	i	–	269,305	–	249,244
P M Dacre	i	–	138,068	–	125,950
P M Fallon		4,000	41,860	–	41,550
C W Dunstone		–	13,800	–	13,800
F P Balsemão		–	–	–	–
T S Gillespie		–	7,500	–	7,500
D J Verey		6,500	15,000	6,500	15,000
K J Beatty	i	–	54,205	–	27,997
N W Berry		–	–	–	–
D H Nelson		–	–	–	–
D Trempont		–	–	–	– *
		11,914,396	76,804,317	11,910,396	77,598,784
Non-Beneficial					
The Viscount Rothermere		639,208	5,540,000	639,208	5,540,000
J G Hemingway		4,000	5,550,000	4,000	5,540,000
D H Nelson		–	212,611	–	212,611
		643,208	11,302,611	643,208	11,292,611
Total Directors' interests		12,557,604	88,106,928	12,553,604	88,891,395
Less: duplications		(4,000)	(5,752,611)	(4,000)	(5,752,611)
		12,553,604	82,354,317	12,549,604	83,138,784

*as at date of appointment

(i) The figures in the table above include 'A' shares committed by executives under the LTIP, details of which are set out on page 61.

(ii) The figures in the table above include 'A' shares awarded to executives under the DMGT Executive Bonus Scheme. For the Viscount Rothermere, none of these shares were subject to restrictions, explained on page 60, at 2nd October, 2011. The comparable figure at 3rd October, 2010 was 17,140.

For Mr Morgan, 35,266 of these 'A' shares were subject to restrictions, explained on page 56, at 2nd October, 2011. The comparable figure at 3rd October, 2010 was 867,303 including 816,575 earned during his time as chief executive of DMG Information.

(iii) The Company has been notified that, under sections 793 and 824 of the Companies Act 2006, each of the Viscount Rothermere, Mr Hemingway and Mr Gillespie were deemed to have been interested as shareholders in 12,542,340 Ordinary shares at 2nd October, 2011 and at 3rd October, 2010, and that on 28th November, 2011 their interest had reduced to 11,903,132 Ordinary shares.

(iv) At 2nd October, 2011 and at 3rd October, 2010, the Viscount Rothermere was beneficially interested in 756,700 ordinary shares of Rothermere Continuation Limited, the Company's ultimate holding company.

(v) The Viscount Rothermere was beneficially interested in 68 ordinary shares in Associated Newspapers North America Inc. at 2nd October, 2011 and 3rd October, 2010, representing 3% of that company's share capital.

Directors' interests in Euromoney

Directors' beneficial shareholdings in Euromoney were as follows:

	At 2nd October, 2011	At 3rd October, 2010
The Viscount Rothermere	23,899	23,393
M W H Morgan	7,532	7,532
P M Fallon	625,250	625,250
	656,681	656,175

In addition, Mr Fallon holds options to subscribe for new shares in Euromoney issued under Euromoney's Save as You Earn Scheme 2009 as follows:

	At 2nd October, 2011	At 3rd October, 2010
At £1.87 between 1st February and 1st August, 2012	5,133	5,133

REMUNERATION REPORT continued

The mid-market price of Euromoney's shares was £6.15 at 2nd October, 2011 and £6.075 at 3rd October, 2010. It ranged from £5.23 to £7.37 during the year.

The figures in the table on page 69 include 'A' shares purchased by participants in the DMGT 2010 Share Incentive Plan. For Messrs Morgan, Daintith, Dutton, Fallon and Beatty, purchases of shares were made between 2nd October, 2011 and 2nd December, 2011. These purchases increased the beneficial holdings of these Directors to 927,794, 2,410, 269,369, 41,924 and 54,268 shares respectively.

On 28th November, 2011, the Viscount Rothermere ceased to be non-beneficially interested in 639,208 Ordinary shares.

All other shareholdings were unchanged at 2nd December, 2011.

12. SERVICE CONTRACT ARRANGEMENTS

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

The Chairman and Messrs Williams, Dutton, Fallon and Beatty have contracts of up to one year in duration. Mr Morgan has a contract which is currently for one year and three months, but will reduce to one year on 1st October, 2012. Mr Dacre had a rolling two-year contract which reduced to one year on 14th November, 2011 and will reduce further on 14th November, 2012 to the residual term until his sixty-fifth birthday on 14th November, 2013.

Details of these service contracts are set out below

	Date of Contract	Notice Period	Company with whom contracted
The Viscount Rothermere	17th Oct, 94	1 month	DMGT
M W H Morgan	1st Oct, 08	1 year 3 months	DMGT
S W Daintith	1st Jan, 11	1 year	DMGT
D M M Dutton	27th Nov, 02	1 year	DMGT
P M Dacre	13th July, 98	1 year	DMGT
P M Fallon	2nd June, 86	1 year	Euromoney
K J Beatty	19th May, 02	1 year	Associated

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

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

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

Appointments and re-election

All Directors will be standing for re-election at the forthcoming Annual General Meeting, other than Mr Dunstone.

Non-executive Directors are appointed for specified terms and under the Company's Articles of Association are subject to re-election by Ordinary shareholders at the Annual General Meeting following appointment, and thereafter at least every three years. The Board has adopted the provision in the Code that they be subject to annual re-election. Each appointment can be terminated before the end of the one year period, with no notice or fees due. The dates of the appointment or subsequent re-appointment of the non-executive Directors are set out below:

	Date of appointment/ re-appointment
C W Dunstone	9th Feb, 2011
J G Hemingway	9th Feb, 2011
F P Balsemão	9th Feb, 2011
N W Berry	9th Feb, 2011
T S Gillespie	9th Feb, 2011
D H Nelson	9th Feb, 2011
D J Verey	9th Feb, 2011
D Trempont	9th Feb, 2011

Other related party transactions

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

Disclosable transactions by the Group under IAS 24, Related Party Disclosures, are set out in Note 42. There have been no other disclosable transactions by the Company and its subsidiaries with directors of Group companies and with substantial shareholders since the publication of the last Annual Report.

On behalf of the Board

Rothermere

Chairman
2nd December, 2011

Financial Statements

INDEPENDENT AUDITORS' REPORT

to the Members of Daily Mail and General Trust plc

We have audited the Group financial statements of Daily Mail and General Trust plc for the year ended 2nd October, 2011 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Consolidated Cash Flow Statement, and the related Notes 1 to 43. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the Group 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 Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 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.

Opinion on financial statements

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 2nd October, 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement contained within the Financial and Treasury Review in relation to going concern;
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Other matter

We have reported separately on the parent Company financial statements of Daily Mail and General Trust plc for the year ended 2nd October, 2011 and on the information in the Directors' Remuneration Report that is described as having been audited.

Simon Letts
(Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants
and Statutory Auditors

London, United Kingdom

2nd December, 2011

Financial Statements

CONSOLIDATED INCOME STATEMENT

for the 52 weeks ending 2nd October, 2011

	Note	52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 Restated (Note 2) £m
Continuing operations			
Revenue	3	1,989.8	1,968.0
Operating profit before exceptional operating costs and amortisation and impairment of goodwill and acquired intangible assets	3	286.3	300.7
Exceptional operating costs, impairment of internally generated and acquired computer software, investment property and property, plant and equipment	3	(52.7)	(39.0)
Amortisation and impairment of goodwill and acquired intangible assets arising on business combinations	3, 18,19	(66.9)	(34.2)
Operating profit before share of results of joint ventures and associates	3, 4	166.7	227.5
Share of results of joint ventures and associates	3, 7	(2.4)	(5.3)
Total operating profit		164.3	222.2
Other gains and losses	8	14.8	0.1
Profit before net finance costs and tax		179.1	222.3
Investment revenue	9	17.1	1.4
Finance costs	10	(71.7)	(77.4)
Net finance costs		(54.6)	(76.0)
Profit before tax		124.5	146.3
Tax	11	3.0	39.6
Profit after tax from continuing operations		127.5	185.9
Discontinued operations			
Profit from discontinued operations	26	–	33.1
Profit for the period		127.5	219.0
Attributable to:			
Owners of the company	37	111.6	199.8
Non-controlling interests*	38	15.9	19.2
Profit for the period		127.5	219.0
Earnings per share	14		
From continuing operations			
Basic		29.2p	43.5p
Diluted		29.1p	43.5p
From discontinued operations			
Basic		0.0p	8.6p
Diluted		0.0p	8.6p
From continuing and discontinued operations			
Basic		29.2p	52.1p
Diluted		29.1p	52.1p
Adjusted earnings per share			
Basic		47.0p	46.3p
Diluted		46.9p	46.3p

*All attributable to continuing operations

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 52 weeks ending 2nd October, 2011

	Note	52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 £m
Profit for the period		127.5	219.0
Fair value movements on available-for-sale investments	37	4.6	2.9
Revaluation reserves recycled to Consolidated Income Statement on disposals		(8.5)	–
Losses on hedges of net investments in foreign operations	37, 38	(17.1)	(3.6)
Cash flow hedges:			
(Losses)/gains arising during the period	37, 38	(1.2)	0.7
Transfer of loss on cash flow hedges from translation reserve to Consolidated Income Statement	37, 38	6.8	4.3
Translation reserves recycled to Consolidated Income Statement on disposals	37	(21.6)	(39.1)
Foreign exchange differences on translation of foreign operations	37, 38	10.6	14.3
Actuarial (loss)/gain on defined benefit pension schemes	33, 37, 38	(89.6)	146.9
Other comprehensive (expense)/income before tax		(116.0)	126.4
Tax relating to components of other comprehensive (expense)/income	37, 38	15.8	(44.5)
Other comprehensive (expense)/income for the period		(100.2)	81.9
Total comprehensive income for the period		27.3	300.9
Attributable to:			
Owners of the Company		8.2	279.2
Non-controlling interests		19.1	21.7
		27.3	300.9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 52 weeks ending 2nd October, 2011

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Revaluation reserve £m	Shares held in treasury £m	Translation reserve £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
At 4th October, 2009	49.1	12.4	1.1	4.1	(46.8)	9.8	(164.0)	(134.3)	46.8	(87.5)
Profit for the period	–	–	–	–	–	–	199.8	199.8	19.2	219.0
Other comprehensive income/(loss) for the period	–	–	–	2.9	–	(26.1)	102.6	79.4	2.5	81.9
Total comprehensive income/(loss) for the period	–	–	–	2.9	–	(26.1)	302.4	279.2	21.7	300.9
Issue of share capital	–	0.1	–	–	–	–	–	0.1	4.1	4.2
Dividends	–	–	–	–	–	–	(57.1)	(57.1)	(6.6)	(63.7)
Own shares acquired in the period	–	–	–	–	(12.3)	–	–	(12.3)	–	(12.3)
Own shares released on vesting of share options	–	–	–	–	14.1	–	–	14.1	–	14.1
Exercise of acquisition put option commitments	–	–	–	–	–	–	1.3	1.3	(1.3)	–
Adjustment to equity following increased stake in controlled entity	–	–	–	–	–	–	10.0	10.0	(10.0)	–
Adjustment to equity following decreased stake in controlled entity	–	–	–	–	–	–	(2.3)	(2.3)	2.3	–
Credit to equity for equity settled share-based payments	–	–	–	–	–	–	16.2	16.2	0.7	16.9
Settlement of exercised share options of subsidiaries	–	–	–	–	–	–	(9.3)	(9.3)	–	(9.3)
Corporation tax on share-based payments	–	–	–	–	–	–	0.5	0.5	–	0.5
Deferred tax on share-based payment transactions	–	–	–	–	–	–	(0.3)	(0.3)	(0.3)	(0.6)
At 3rd October, 2010	49.1	12.5	1.1	7.0	(45.0)	(16.3)	97.4	105.8	57.4	163.2
Profit for the period	–	–	–	–	–	–	111.6	111.6	15.9	127.5
Other comprehensive income for the period	–	–	–	(3.9)	–	(26.0)	(73.5)	(103.4)	3.2	(100.2)
Total comprehensive income for the period	–	–	–	(3.9)	–	(26.0)	38.1	8.2	19.1	27.3
Cancellation of 'A' Ordinary Shares	–	–	–	–	–	–	–	–	–	–
Issue of share capital	–	0.2	–	–	–	–	–	0.2	1.9	2.1
Dividends	–	–	–	–	–	–	(62.4)	(62.4)	(7.8)	(70.2)
Own shares acquired in the period	–	–	–	–	(11.7)	–	–	(11.7)	–	(11.7)
Own shares released on vesting of share options	–	–	–	–	10.4	–	–	10.4	–	10.4
Fair value adjustment to contingent consideration	–	–	–	0.2	–	–	–	0.2	–	0.2
Adjustment to equity following increased stake in controlled entity	–	–	–	–	–	–	(5.5)	(5.5)	4.3	(1.2)
Adjustment to equity following decreased stake in controlled entity	–	–	–	–	–	–	0.5	0.5	(0.5)	–
Credit to equity for equity settled share-based payments	–	–	–	–	–	–	16.9	16.9	2.7	19.6
Settlement of exercised share options of subsidiaries	–	–	–	–	–	–	(12.7)	(12.7)	–	(12.7)
Initial recording of put options granted to non-controlling interests in subsidiaries	–	–	–	–	–	–	(7.1)	(7.1)	(3.2)	(10.3)
Non-controlling interest recognised on acquisition	–	–	–	–	–	–	–	–	6.0	6.0
Deferred tax on other items recognised in equity	–	–	–	–	–	–	1.4	1.4	0.4	1.8
At 2nd October, 2011	49.1	12.7	1.1	3.3	(46.3)	(42.3)	66.6	44.2	80.3	124.5

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 2nd October, 2011

	Note	At 2nd October, 2011 £m	At 3rd October, 2010 £m	At 4th October, 2009 £m
Assets				
Non-current assets				
Goodwill	18	747.0	735.8	734.2
Other intangible assets	19	288.2	377.9	460.9
Property, plant and equipment	20	305.4	366.2	440.4
Investment property	21	21.6	11.6	–
Investments in joint ventures	22	16.3	20.4	16.8
Investments in associates	22	13.0	12.7	11.3
Available-for-sale investments	23	4.2	23.2	18.1
Trade and other receivables	25	47.0	27.9	11.7
Derivative financial assets	32	8.6	8.7	5.5
Deferred tax assets	35	191.1	151.3	164.6
		1,642.4	1,735.7	1,863.5
Current assets				
Inventories	24	23.1	27.5	23.6
Trade and other receivables	25	356.9	368.9	377.5
Current tax receivable	29	9.1	0.9	12.8
Derivative financial assets	32	1.1	2.3	17.9
Cash and cash equivalents	27	174.3	65.7	47.4
		564.5	465.3	479.2
Total assets		2,206.9	2,201.0	2,342.7
Liabilities				
Current liabilities				
Trade and other payables	28	(654.2)	(632.1)	(640.1)
Current tax payable	29	(53.2)	(69.4)	(97.0)
Acquisition put option commitments	30	(1.1)	(1.1)	(11.2)
Borrowings	31	(29.3)	(14.3)	(20.5)
Derivative financial liabilities	32	(5.9)	(6.6)	(9.5)
Provisions	34	(49.7)	(37.7)	(38.7)
		(793.4)	(761.2)	(817.0)
Non-current liabilities				
Trade and other payables	28	(11.9)	(1.5)	(0.6)
Acquisition put option commitments	30	(10.7)	–	(0.7)
Borrowings	31	(832.0)	(870.6)	(1,040.7)
Derivative financial liabilities	32	(60.9)	(79.8)	(82.2)
Retirement benefit obligations	33	(336.2)	(271.4)	(430.4)
Provisions	34	(13.5)	(27.6)	(34.4)
Deferred tax liabilities	35	(23.8)	(25.7)	(24.2)
		(1,289.0)	(1,276.6)	(1,613.2)
Total liabilities		(2,082.4)	(2,037.8)	(2,430.2)
Net assets		124.5	163.2	(87.5)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

at 2nd October, 2011

	Note	At 2nd October, 2011 £m	At 3rd October, 2010 £m	At 4th October, 2009 £m
Shareholders' equity				
Called up share capital	36	49.1	49.1	49.1
Share premium account	37	12.7	12.5	12.4
Share capital		61.8	61.6	61.5
Capital redemption reserve	37	1.1	1.1	1.1
Revaluation reserve	37	3.3	7.0	4.1
Shares held in treasury	37	(46.3)	(45.0)	(46.8)
Translation reserve	37	(42.3)	(16.3)	9.8
Retained earnings	37	66.6	97.4	(164.0)
Equity attributable to owners of the Company		44.2	105.8	(134.3)
Non-controlling interests	38	80.3	57.4	46.8
		124.5	163.2	(87.5)

The financial statements of DMGT plc (Company number 184594) on pages 80 to 169 were approved by the Directors and authorised for issue on 2nd December, 2011. They were signed on their behalf by:

Rothermere
MWH Morgan
Directors

Financial Statements

CONSOLIDATED CASH FLOW STATEMENT

for the 52 weeks ending 2nd October, 2011

	Note	52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 £m
Operating profit before share of results of joint ventures and associates – continuing operations	3	166.7	227.5
Operating profit before share of results of joint ventures and associates – discontinued operations	26	–	0.7
Adjustments for:			
Share-based payments	40	19.7	16.9
Pension curtailments	3,33	–	(9.5)
Pension charge (less than)/in excess of cash contributions	3	(1.9)	4.0
Depreciation	3,20	62.7	50.8
Impairment of internally generated and acquired computer software, property, plant and equipment and investment property	3,20	8.6	26.3
Impairment of goodwill and impairment charge/(reversal) of intangible assets arising on business combinations	3,18,19	24.4	(19.9)
Amortisation on internally generated and acquired computer software		18.4	16.5
Amortisation of intangible assets arising on business combinations	3,19	42.5	55.9
Operating cash flows before movements in working capital		341.1	369.2
Decrease/(increase) in inventories		2.0	(3.8)
Increase in trade and other receivables		(23.6)	(8.6)
Increase/(decrease) in trade and other payables		52.7	(7.7)
Increase in provisions		4.1	1.5
Additional payment into pension schemes		(11.0)	(7.7)
Cash generated by operations		365.3	342.9
Taxation paid		(48.6)	(27.7)
Taxation received		1.9	19.2
Net cash from operating activities		318.6	334.4
Investing activities			
Interest received		2.0	0.9
Dividends received from joint ventures and associates	22	15.6	3.7
Dividends received from available-for-sale investments		2.9	0.6
Purchase of property, plant and equipment		(33.0)	(35.2)
Expenditure on internally generated intangible fixed assets	19	(23.2)	(16.8)
Purchase of available-for-sale investments	23	(0.1)	(1.4)
Proceeds on disposal of property, plant and equipment		3.2	4.2
Proceeds on disposal of available-for-sale investments		23.0	0.1
Purchase of subsidiaries	16	(81.3)	(18.3)
Purchase of additional interests in controlled entities	16	(2.7)	(12.8)
Treasury derivative activities		(25.3)	11.9
Investment in joint ventures and associates	22	(10.1)	(6.1)
Loans advanced to joint ventures and associates		–	(2.3)
Loans to joint ventures and associates repaid		0.6	65.0
Proceeds on disposal of businesses	17	94.8	8.5
Proceeds on disposal of joint ventures and associates		0.1	0.1
Net cash (used in)/generated by investing activities		(33.5)	2.1

Financial Statements

CONSOLIDATED CASH FLOW STATEMENT continued

for the 52 weeks ending 2nd October, 2011

	Note	52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 £m
Financing activities			
Equity dividends paid	12, 37	(62.4)	(57.1)
Dividends paid to non-controlling interests	38	(7.8)	(6.6)
Issue of share capital	36, 37	0.2	0.1
Issue of shares by Group companies to non-controlling interests	38	1.9	4.1
Purchase of own shares	37	(11.7)	(12.3)
Net (payment)/receipt on exercise/settlement of subsidiary share options	40	(2.0)	4.8
Interest paid		(68.5)	(66.8)
Bond issue costs	15	–	(0.4)
Loan notes repaid	15	(4.0)	(8.5)
Repayments of obligations under hire purchase agreements	15	(20.3)	(4.7)
Decrease in bank borrowings	15	(3.1)	(172.4)
Net cash used in financing activities		(177.7)	(319.8)
Net increase in cash and cash equivalents	15	107.4	16.7
Cash and cash equivalents at beginning of period	15, 27	64.3	46.9
Exchange gain on cash and cash equivalents	15	–	0.7
Net cash and cash equivalents at end of period	15, 27	171.7	64.3

Financial Statements

SIGNIFICANT ACCOUNTING POLICIES

1 BASIS OF PREPARATION

DMGT is a company incorporated in the United Kingdom. The address of the registered office is given on page 181.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board 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 52 weeks ending 2nd October, 2011 (2010 52 weeks ending 3rd October, 2010). The Group and its national and local media divisions, prepare financial statements for a 52 or 53 week financial period ending on a Sunday near to the end of September.

The Group's remaining divisions prepare financial statements for a financial year to 30th 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 the other divisions 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.

These financial statements have been prepared in accordance with the accounting policies set out in the 2010 Annual Report and Accounts, with the exception of the change in accounting policy described below and as amended by the new accounting standards set out below.

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

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 and Treasury review on pages 38 to 43, the Business Review on pages 12 to 37 and the Directors' report on pages 50 to 55. The Group's funding arrangements, together with details of undrawn bank facilities, are disclosed in Notes 31 and 32.

As highlighted in Notes 31 and 32 to the financial statements, the Company has long-term financing in the form of Eurobonds and meets its day-to-day working capital requirements through bank facilities which expire in two to four years. The current economic conditions create uncertainty particularly over the future performance of those parts of the business that derive a significant proportion of revenue from advertising. The Board's forecasts and projections, after taking account of reasonably possible changes in trading performance, show that the Company is expected to operate within the terms of its current facilities. After making enquiries, the Directors have a reasonable expectation that the Group will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES

Change in accounting policy

The Group no longer adds back to its adjusted results the amortisation charged on internally generated and acquired computer software unless it was recognised as part of the accounting for a business combination. The effect of this change in accounting policy is an additional post tax charge of £17.6 million (2010 £14.0 million, 2009 £10.5 million) in arriving at adjusted profit.

Change in presentation

As reported in November 2010, the central European operations of the local media segment now report directly to the national media segment and the presentation of the results from these segments has been aligned accordingly. The impact of this change is to increase revenue in the national media segment and decrease revenue in the local media segment by £29.9 million (2010 £33.1 million, 2009 £43.4 million) and to increase the segment result of the national media segment and decrease the segment result of the local media segment by £4.2 million (2010 £3.6 million, 2009 £4.7 million).

Impact of new accounting standards

Standards not affecting the reported results or the financial position:

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in the financial statements but may impact the accounting for future transactions and arrangements:

- IFRS 2 (2009) Group Cash-settled Share-based Payment Transactions

SIGNIFICANT ACCOUNTING POLICIES continued

Amendments to IFRS 2 clarify that an entity which receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the Group settles the transaction, and no matter whether the transaction is settled in shares or cash. The Standard is effective for periods beginning on or after 1st January, 2010 and is applied retrospectively. The amendment does not affect the reported results nor the financial position.

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

If a debtor issues equity instruments to a creditor to extinguish all or part of a financial liability, those equity instruments are 'consideration paid' and should be measured at fair value or fair value of the financial liability, whichever is more reliably determined. Any difference between the carrying value of the financial liability extinguished and the initial measurement of the equity instrument is included in the entity's profit and loss for the period. This interpretation does not affect the reported results nor the financial position.

- Amendment to IAS 32 Financial Instruments Presentation.

This amendment has no impact on the Group's financial statements.

- Improvements to IFRSs 2009 (various amendments).

Improvements to IFRSs 2009 included various amendments some of which were required to be adopted in the prior year. In the current year, the remaining amendments have been adopted. None of those amendments affect the reported results nor the financial position

- Improvements to IFRSs 2010 (relating to IFRS 3 and IAS 27). None of these amendments affect the reported results nor the reported financial position.

At the date of authorisation of the combined financial information, the following Standards and Interpretations, which have not been applied in the combined financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU). Other than IAS 19 Employee Benefits, which will change the presentation and measurement of pensions in the Consolidated Income Statement and Consolidated Statement of Financial Position, their adoption is not expected to have a significant impact on the amounts reported in the financial statements but may impact the accounting for future transactions and arrangements:

- Amendments to IAS 1 Presentation of Items of Other Comprehensive Income
- IAS 19 Employee Benefits
- IFRS 13 Fair Value Measurement
- IFRS 12 Disclosures of Interests in other entities
- IFRS 11 joint Arrangements
- IFRS 10 Consolidated Financial Statements
- IAS 28 Investments in Associates and Joint Ventures
- IAS 27 Separate Financial Statements
- Amendments to IAS 12 Deferred Tax: Recovery of Underlying Assets
- Amendments to IFRS 7 Disclosures – Transfers of Financial Assets
- IFRS 9 Financial Instruments
- IAS 24 Related Party Disclosures
- Improvements to IFRSs 2010
- Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement

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 applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted through the Consolidated Income Statement. All other changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

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

SIGNIFICANT ACCOUNTING POLICIES continued

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 interest. 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 asset at fair value on initial recognition. On disposal of a subsidiary all amounts deferred in equity are recycled to the Consolidated Income Statement.

Business combinations occurring prior to 4th October, 2009

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

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

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

Purchase and sale of shares in a controlled entity occurring prior to 4th October, 2009

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

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

Accounting for subsidiaries

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

The results of subsidiaries acquired or disposed of during the year are included in the 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

Financial Statements

SIGNIFICANT ACCOUNTING POLICIES continued

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. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination. Losses attributable to non-controlling interests in excess of the non-controlling interest's share in equity are allocated against the interests of the Group except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover such losses. When the subsidiary subsequently reports profits, the non-controlling interest does not participate until the Group has recovered all of the losses of the non-controlling interest it previously reported.

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 in 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 a cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture and associate, less any impairment in the value of investment. Losses of joint ventures and associates in excess of the of the Group's interest in that joint venture or associate are not recognised. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate.

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

Foreign currencies

For the purpose of presenting consolidated financial statements, the assets and liabilities of entities with a functional currency other than Sterling are translated to 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 4th October, 2004, the date of transition to IFRS, were reset to £nil and will be excluded from the determination of any subsequent profit or loss on disposal.

Intangible assets

Goodwill

Goodwill and intangible assets acquired arising on the acquisition of an entity

SIGNIFICANT ACCOUNTING POLICIES continued

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.

Goodwill arising before the date of transition to IFRS, on 4th October, 2004, has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

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. Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

Impairment of goodwill

The Group tests goodwill annually for impairment, or more frequently if there are indicators that goodwill might be impaired. Intangible assets are tested separately from goodwill only where impairment indicators exist. The Group has no intangible assets with indefinite lives

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 cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit, pro-rated on the basis of the carrying amount of each asset in the unit, but subject to not reducing any asset below its recoverable amount. An impairment loss recognised for goodwill is not reversed in a subsequent period.

When testing for impairment, the recoverable amounts for all of the Group's CGUs are measured at the higher of value in use and 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 management approved budgets and projections which reflect management's current experience and future expectations of the markets in which the CGU operates. Risk adjusted discount rates used by the Group in its impairment tests range from 8.5% to 10.0% post tax (9.2% to 10.7% pre tax) (2010 8.5% to 11.5% post tax, 9.3% to 12.3% pre tax), the choice of rates depending on the market and maturity of the CGU. The Group's estimate of the weighted average cost of capital has not changed significantly from the previous year. The projections consist of Board approved budgets for the following year, three year plans and growth rates beyond this period. The long-term growth rates range between -3.0% and +3.0% (2010 0.0% and 3.0%) and vary with management's view of the CGU's market position, maturity of the relevant market and do not exceed the long-term average growth rate for the market in which it operates.

Any impairment is recognised 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, development expenditure is charged to the Consolidated Income Statement in the period in which it incurred.

Licences

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

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

SIGNIFICANT ACCOUNTING POLICIES continued

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

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

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

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

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

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, titles and exhibitions	5 – 30 years
Radio licences	20 years
Brands	3 – 20 years
Market and customer-related databases	3 – 20 years
Customer relationships	3 – 20 years
Computer software licences	2 – 5 years

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 cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its net carrying amount, the net carrying amount of the asset or cash-generating unit 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.

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

Assets held under finance leases are depreciated over their expected useful lives on

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SIGNIFICANT ACCOUNTING POLICIES continued

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 (AVCO) method in the national and local media divisions and the First In First Out (FIFO) method in the remaining divisions.

Pre-publication costs

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

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

Group revenue comprises revenue of the Company and its subsidiary undertakings. 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), the Company considers all aspects of the transaction 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 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 publication or report.
- Advertising revenue is recognised on issue of publication, over the period of the online campaign or on the date of broadcast.
- Contract print revenue is recognised on completion of the print contract.
- Exhibitions, training and events revenues are recognised over the period of the event.
- Software licence revenue is recognised on delivery of the software licence or over the period of the contract if support is unable to be separately identified and revenue allocated on a fair and reliable basis.
- Support revenue associated with software licences and subscriptions is recognised over the term of the support contract.
- Long-term contract revenue is recognised under the percentage of completion method according to the percentage of work completed at the period end date.

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SIGNIFICANT ACCOUNTING POLICIES continued

Operating profit before exceptional operating costs and amortisation and impairment of goodwill and acquired intangible assets

The Group discloses as operating profit, profit before exceptional operating costs, impairment of goodwill and intangible assets, amortisation of acquired intangible assets arising on business combinations, share of results from associates and joint ventures, other gains and losses, investment income and finance costs, but after amortisation of internally generated and acquired computer software. The Directors believe that this measure is useful to readers as it shows the results of the Group's operations before contribution from joint ventures and associates and because it excludes one-off gains and losses on disposal of businesses, properties and similar items of a non-recurring nature.

Other gains and losses

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

Leasing

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

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments as determined at the inception of the lease. The corresponding liability to the lessor is included in the 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 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

As permitted by IFRS 1, First-time adoption of International Financial Reporting Standards, the Group elected to recognise all cumulative actuarial gains and losses in the pension schemes operated by the Group at 4th October, 2004 the date of transition to IFRS. 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 Statement of Consolidated 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.

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

SIGNIFICANT ACCOUNTING POLICIES continued

the contributions payable for the period.

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 the current tax payable and deferred tax for the year.

The current tax payable or recoverable is based on the taxable profit for the year. Taxable profit differs from profit as reported in the 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 offset 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 and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

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

Tax is charged or credited to the 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.

Financial instruments

Financial assets and financial liabilities are recognised on the Statement of Consolidated 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 de-recognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are measured at fair value, including transaction costs.

Investments are classified as either held-for-trading or available-for-sale. Where securities are held-for-trading purposes, gains and losses arising from changes in fair value are included in net profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are

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SIGNIFICANT ACCOUNTING POLICIES continued

recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

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

Financial liabilities and equity instruments

Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

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

Capital market and bank borrowings

Interest-bearing loans and overdrafts are initially measured at fair value (which is equal to net proceeds at inception), and are subsequently measured at amortised cost, using the effective interest rate method. A portion of the Group's bonds are subject to fair value hedge accounting as explained below and this portion is adjusted for the movement in the hedged risk to the extent that 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.

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.

Share-based payments

The Group issues equity-settled and cash-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

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.

The Group has applied the requirements of IFRS 2, share-based payments to all equity instruments granted after 7th September, 2002 but not fully vested at 4th October, 2004 the date of transition to IFRS.

Critical accounting judgements and key sources of estimation uncertainty

In addition to the judgement taken by management in selecting and applying the accounting policies set out above, management has made the following judgements concerning the amounts recognised in the consolidated financial statements:

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 assets are impaired or whether a reversal of an impairment of intangible assets should be recorded requires an estimation of the value in use of the relevant cash-generating units. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and compare the net present value of these cash flows using a suitable discount rate to determine if any impairment has occurred. A key area of judgement is deciding the long-term growth rate of the applicable businesses and the discount rate applied to those cash flows (Note 18). The carrying amount of goodwill and intangible assets at the period end date was £1,035.2 million (2010 £1,113.7 million,

SIGNIFICANT ACCOUNTING POLICIES continued

2009 £1,195.1 million) after a net impairment charge of £24.4 million (2010 reversal of £19.9 million, 2009 charge £346.6 million) was recognised during the year (Notes 18 and 19).

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, are often used. The Group recognises intangible assets acquired as part of a business combination at fair values at the date of the acquisition. The determination of these fair values is based upon management's judgement and includes assumptions on the timing and amount of future cash flows generated by the assets and the selection of an appropriate discount rate. Additionally, management must estimate the expected useful economic lives of intangible assets and charge amortisation on these assets accordingly.

Contingent consideration payable
Estimates are required in respect of the amount of contingent consideration 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 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 outstanding contingent consideration payable amounting to £11.8 million (2010 £17.8 million, 2009 £23.5 million).

Contingent consideration payable is discounted to its fair value in accordance with applicable International Financial Reporting Standards. For acquisitions completed prior to 4th October, 2009, the difference between the fair value of these liabilities and the actual amounts payable is charged to the Consolidated Income Statement as notional finance costs with remeasurement of the liability being recorded against goodwill. For acquisitions completed in the current period, movements in the fair value of these liabilities are recorded in the Consolidated Income Statement in Financing.

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 £1.6 million (2010 £4.9 million, 2009 £nil).

Contingent consideration receivable is discounted to its fair value in accordance with applicable International Financial Reporting Standards. For disposals completed prior to 4th October, 2009, the difference between the fair value of these liabilities and the actual amounts payable is charged to the Consolidated Income Statement as notional finance costs with remeasurement of the liability being recorded against goodwill. For acquisitions completed in the current period, movements in the fair value of these liabilities are recorded in the Consolidated Income Statement in Financing.

Adjusted profit
The Group presents adjusted earnings by making adjustments for costs and profits which management believe to be exceptional in nature by virtue of their size or incidence or have a distortive effect on current year earnings. Such items would include costs associated with business combinations, one off gains and losses on disposal of businesses, properties and similar items of a non-recurring nature together with reorganisation costs and similar charges, tax and by adding back impairment of goodwill and amortisation and impairment of intangible assets arising on business combinations. See Note 13 for a reconciliation of profit before tax to adjusted profit.

Share-based payments
The Group makes share-based payments to certain employees. These payments are measured at their estimated fair value at the date of grant, calculated using an appropriate option pricing model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of the number of shares that will eventually vest. The key assumptions used in calculating the fair value of the options are the discount rate, the Group's share price volatility, dividend yield, risk-free rate of return, and expected option lives. Management regularly perform a true-up of the estimate of the number of shares that are expected to vest, this is dependent on the anticipated number of leavers. See Note 40 for further details.

SIGNIFICANT ACCOUNTING POLICIES continued

Taxation

Being a multinational Group with tax affairs in many geographic locations inherently leads to a highly complex tax structure which makes the degree of estimation and judgement more challenging. The resolution of issues is not always within the control of the Group and is often dependent on the efficiency of legal processes. Such issues can take several years to resolve. The Group takes a conservative view of unresolved issues, however, the inherent uncertainty regarding these items means that the eventual resolution could differ significantly from the accounting estimates and, therefore, impact the Group's results and future cash flows. As described above, the Group makes estimates regarding the recoverability of tax assets relating to losses based on forecasts of future taxable profits which are, by their nature, uncertain.

Retirement benefit obligations

The cost of defined benefit pension plans is determined using actuarial valuations prepared by the Group's actuaries. This involves making certain assumptions concerning discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The assumptions and the resulting estimates are reviewed annually and, when appropriate, changes are made which affect the actuarial valuations and, hence, the amount of retirement benefit expense recognised in the Consolidated Income Statement and the amounts of actuarial gains and losses recognised in the Statement of Changes in Equity. The carrying amount of the retirement benefit obligation at 2nd October, 2011 was a deficit of £336.2 million (2010 £271.4 million, 2009 £430.4 million). Further details are given in Note 33.

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NOTES TO THE CONSOLIDATED INCOME STATEMENT

3 SEGMENT ANALYSIS

The Group's business activities are split into seven operating divisions: RMS, business information, events, Euromoney, national media, local media and radio. These divisions are the basis on which information is reported to 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 and 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 business review on pages 12 to 37.

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.

Inter-segment sales are charged at prevailing market prices other than the sale of newsprint and related services from the national media to the local media division which is at cost to the Group plus a margin where relevant. The amount of newsprint sold between segments during the year amounted to £23.6 million (2010 £22.0 million).

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NOTES TO THE CONSOLIDATED INCOME STATEMENT continued

3 SEGMENT ANALYSIS continued

52 weeks ending 2nd October, 2011	Note	External revenue £m	Inter-segment revenue £m	Total revenue £m	Segment result £m	Less operating profit of joint ventures and associates £m	Operating profit before exceptional operating costs and amortisation and impairment of goodwill and acquired intangible assets £m
RMS		158.7	1.2	159.9	47.5	–	47.5
Business information		237.5	0.3	237.8	47.0	0.1	46.9
Events		132.1	–	132.1	38.8	–	38.8
Euromoney		363.1	–	363.1	93.4	0.5	92.9
National media		862.3	38.8	901.1	73.4	(2.4)	75.8
Local media		236.1	0.2	236.3	16.9	–	16.9
Radio		–	–	–	6.7	6.7	–
		1,989.8	40.5	2,030.3	323.7	4.9	318.8
Corporate costs							(32.5)
Operating profit before exceptional operating costs and amortisation and impairment of goodwill and acquired intangible assets							286.3
Exceptional operating costs, impairment of internally generated and acquired computer software, investment property and property, plant and equipment							(52.7)
Impairment of goodwill and intangible assets	18, 19, 26						(24.4)
Amortisation of acquired intangible assets arising on business combinations	19, 26						(42.5)
Operating profit before share of results of joint ventures and associates							166.7
Share of result of joint ventures and associates	7						(2.4)
Total operating profit							164.3
Other gains and losses	8						14.8
Profit before net finance costs and tax							179.1
Investment revenue	9						17.1
Finance costs	10						(71.7)
Profit before tax							124.5
Tax	11						3.0
Profit for the period							127.5

Operating profit before exceptional operating costs and amortisation and impairment of goodwill and intangible assets within the national media division comprised £103.7 million from newspapers, a loss of £0.9 million from digital and unallocated divisional central costs of £27.0 million.

Included within corporate costs is a credit of £1.9 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, Employee benefits.

NOTES TO THE CONSOLIDATED INCOME STATEMENT
continued

3 SEGMENT ANALYSIS continued

An analysis of the amortisation and impairment of goodwill and intangible assets, depreciation and impairment of property, plant and equipment, exceptional operating costs, investment income and finance costs by segment is as follows:

52 weeks ending 2nd October, 2011	Amortisation of intangible assets not arising on business combinations (Note 19) £m	Amortisation of intangible assets arising on business combinations (Note 19) £m	Impairment of goodwill and intangible assets (Note 18,19) £m	Exceptional operating costs, impairment of investment property and impairment of property, plant and equipment £m	Exceptional depreciation of property, plant and equipment (Note 20) £m	Depreciation of property, plant and equipment and investment property (Note 20,21) £m	Investment revenue (Note 9) £m	Finance costs (Note 10) £m
RMS	(1.9)	–	–	–	–	(5.3)	0.2	–
Business information	(7.0)	(7.5)	–	(1.3)	–	(6.8)	–	(0.2)
Events	–	(11.7)	–	0.9	–	(0.7)	1.3	–
Euromoney	(0.3)	(13.1)	(0.1)	(3.2)	–	(2.7)	0.3	(2.9)
National media	(9.2)	(9.4)	(10.6)	(16.9)	(14.8)	(23.9)	0.2	(2.2)
Local media	–	(0.8)	(13.7)	(10.4)	(0.3)	(3.5)	–	–
	(18.4)	(42.5)	(24.4)	(30.9)	(15.1)	(42.9)	2.0	(5.3)
Corporate costs	–	–	–	(6.7)	–	(4.7)	15.1	(66.4)
Group total	(18.4)	(42.5)	(24.4)	(37.6)	(15.1)	(47.6)	17.1	(71.7)

The Group's exceptional operating costs represent closure and reorganisation costs in the national and local media segments amounting to £24.9 million. In Euromoney, restructuring costs amount to £2.6 million following the closure and reorganisation of underperforming businesses, £1.0 million relates to the acquisition of Ned Davis Research Group offset by an exceptional credit of £0.4 million following the successful resolution of a US legal dispute. Included in corporate costs is an impairment charge of £6.7 million relating to investment property. The Group's tax charge includes a related credit of £12.2 million in relation to these items.

NOTES TO THE CONSOLIDATED INCOME STATEMENT
continued

3 SEGMENT ANALYSIS continued

52 weeks ending 3rd October, 2010	Note	External revenue £m	Inter-segment revenue £m	Total revenue £m	Segment result £m	Less operating profit of joint ventures and associates £m	Operating profit before exceptional operating costs and amortisation and impairment of goodwill and acquired intangible assets £m
RMS		152.6	1.6	154.2	45.0	–	45.0
Business information		230.8	1.6	232.4	47.3	0.1	47.2
Events		110.5	–	110.5	30.1	–	30.1
Euromoney		330.0	–	330.0	96.1	0.4	95.7
National media		883.0	63.4	946.4	87.4	(1.9)	89.3
Local media		261.1	1.3	262.4	26.9	–	26.9
Radio		15.9	–	15.9	5.9	3.4	2.5
		1,983.9	67.9	2,051.8	338.7	2.0	336.7
Corporate costs							(33.5)
Discontinued operations	26, (i)	(15.9)					(2.5)
		1,968.0					
Operating profit before exceptional operating costs and amortisation and impairment of goodwill and acquired intangible assets							300.7
Exceptional operating costs, impairment of internally generated and acquired computer software, investment property and property, plant and equipment							(39.0)
Impairment of goodwill and intangible assets	18, 19						20.2
Amortisation of acquired intangible assets arising on business combinations	19						(54.4)
Operating profit before share of results of joint ventures and associates							227.5
Share of results of joint ventures and associates	7						(5.3)
Total operating profit							222.2
Other gains	8						0.1
Profit before net finance costs and tax							222.3
Investment revenue	9						1.4
Finance costs	10						(77.4)
Profit before tax							146.3
Tax	11						39.6
Profit from discontinued operations	26						33.1
Profit for the period							219.0

(i) Revenue and Group profit before exceptional operating costs and amortisation and impairment of goodwill and intangible assets relating to the discontinued operations of Radio has been deducted in order to reconcile to Group profit before tax from continuing operations.

Operating profit before exceptional operating costs and amortisation and impairment of goodwill and intangible assets within the national media division comprised £124.0 million from newspapers, £6.0 million from digital offset by unallocated divisional central costs of £34.8 million.

Operating profit before exceptional operating costs and amortisation and impairment of goodwill and intangible assets within the national media division included £3.2 million from operations in central Europe.

Included within corporate costs is a charge of £4.0 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, Employee benefits.

Financial Statements

NOTES TO THE CONSOLIDATED INCOME STATEMENT
continued

3 SEGMENT ANALYSIS continued

An analysis of the amortisation and impairment of goodwill and intangible assets, depreciation and impairment of property, plant and equipment, exceptional operating costs, investment income and finance costs by segment is as follows:

52 weeks ending 3rd October, 2011	Amortisation of intangible assets not arising on business combinations (Note 19) £m	Amortisation of intangible assets arising on business combinations (Note 19) £m	Impairment of goodwill and intangible assets (Note 18,19) £m	Exceptional operating costs £m	Impairment of investment property and impairment of property, plant and equipment (Note 20,21) £m	Depreciation of property, plant and equipment (Note 20) £m	Investment revenue (Note 9) £m	Finance costs (Note 10) £m
RMS	(2.0)	–	–	–	–	(3.9)	0.2	–
Business information	(5.6)	(7.8)	–	(0.6)	–	(7.6)	–	(0.5)
Events	–	(12.6)	26.8	(0.8)	–	(1.3)	0.3	–
Euromoney	(0.2)	(14.6)	(1.8)	1.8	(0.2)	(2.5)	0.2	(1.6)
National media	(8.7)	(17.6)	(4.7)	(10.4)	(9.8)	(16.1)	0.1	(2.4)
Local media	–	(1.6)	–	(5.7)	(9.1)	(17.2)	–	–
Radio	–	(1.7)	(0.4)	–	–	(0.6)	–	–
	(16.5)	(55.9)	19.9	(15.7)	(19.1)	(49.2)	0.8	(4.5)
Corporate costs	–	–	–	3.0	(7.2)	(1.6)	0.6	(72.9)
	(16.5)	(55.9)	19.9	(12.7)	(26.3)	(50.8)	1.4	(77.4)
Relating to discontinued operations	–	1.5	0.3	–	–	0.6	–	–
Group total	(16.5)	(54.4)	20.2	(12.7)	(26.3)	(50.2)	1.4	(77.4)

The Group's exceptional operating costs represent closure and reorganisation costs in business information, events, national media and local media amounting to £17.3 million offset by a net credit of £3.0 million in corporate costs comprising restructuring costs of £6.5 million less a pension curtailment gain of £9.5 million. In Euromoney the exceptional operating income is represented by restructuring charges of £0.6 million following further reductions in headcount and an exceptional credit of £2.2 million following the successful resolution of a US legal dispute. The Group's tax charge includes a related credit of £4.2 million in relation to these items.

The Group's revenue comprises sales excluding value added tax, less discounts and commission where applicable and is analysed as follows:

	52 weeks ending 2nd October, 2011 Total £m	52 weeks ending 2nd October, 2011 Discontinued operations (Note 26) £m	52 weeks ending 2nd October, 2011 Inter-segment £m	52 weeks ending 2nd October, 2011 Continuing operations £m	52 weeks ending 3rd October, 2010 Total £m	52 weeks ending 3rd October, 2010 Discontinued operations (Note 26) £m	52 weeks ending 3rd October, 2010 Inter-segment £m	52 weeks ending 3rd October, 2010 Continuing operations £m
Sale of goods	576.7	–	–	576.7	587.9	–	–	587.9
Rendering of services	1,453.6	–	(40.5)	1,413.1	1,463.9	(15.9)	(67.9)	1,380.1
	2,030.3	–	(40.5)	1,989.8	2,051.8	(15.9)	(67.9)	1,968.0

The Group includes circulation and subscriptions revenue within sales of goods, the remainder of the Group's revenue, excluding investment revenue is included within rendering of services. Investment revenue is shown in Note 9.

By geographic area

The majority of the Group's operations are located in the United Kingdom, the rest of Europe, North America and Australia.

The geographic analysis overleaf is based on the location of companies in these regions. Export sales and related profits are included in the areas from which those sales are made. Revenue in each geographic market in which customers are located is not disclosed as there is no material difference between the two.

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NOTES TO THE CONSOLIDATED INCOME STATEMENT
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3 SEGMENT ANALYSIS continued

Revenue is analysed by geographic area as follows:

	52 weeks ending 2nd October, 2011 Total £m	52 weeks ending 2nd October, 2011 Discontinued operations (Note 26) £m	52 weeks ending 2nd October, 2011 Continuing operations £m	52 weeks ending 3rd October, 2010 Total £m	52 weeks ending 3rd October, 2010 Discontinued operations (Note 26) £m	52 weeks ending 3rd October, 2010 Continuing operations £m
UK	1,288.6	–	1,288.6	1,305.2	–	1,305.2
Rest of Europe	42.6	–	42.6	46.8	–	46.8
North America	555.3	–	555.3	527.7	–	527.7
Australia	11.9	–	11.9	26.3	(15.9)	10.4
Rest of the World	91.4	–	91.4	77.9	–	77.9
	1,989.8	–	1,989.8	1,983.9	(15.9)	1,968.0

The closing net book value of goodwill, intangible assets, plant and equipment and investment property is analysed by geographic area as follows:

	Closing net book value of goodwill 2011 (Note 18) £m	Closing net book value of goodwill 2010 (Note 18) £m	Closing net book value of goodwill 2009 (Note 18) £m	Closing net book value of intangible assets 2011 (Note 19) £m	Closing net book value of intangible assets 2010 (Note 19) £m	Closing net book value of intangible assets 2009 (Note 19) £m
UK	259.0	275.2	294.4	76.3	96.6	114.3
Rest of Europe	10.5	7.1	3.9	4.7	4.8	15.2
North America	457.2	433.4	413.4	199.8	267.1	263.3
Australia	1.5	1.5	1.9	0.8	0.8	57.2
Rest of the World	18.8	18.6	20.6	6.6	8.6	10.9
	747.0	735.8	734.2	288.2	377.9	460.9

	Closing net book value of property, plant and equipment 2011 (Note 20) £m	Closing net book value of property, plant and equipment 2010 (Note 20) £m	Closing net book value of property, plant and equipment 2009 (Note 20) £m	Closing net book value of investment property 2011 (Note 21) £m	Closing net book value of investment property 2010 (Note 21) £m	Closing net book value of investment property 2009 (Note 21) £m
UK	258.3	311.8	374.9	21.6	11.6	–
Rest of Europe	14.8	17.3	19.9	–	–	–
North America	30.1	31.2	25.2	–	–	–
Australia	0.2	0.3	15.6	–	–	–
Rest of the World	2.0	5.6	4.8	–	–	–
	305.4	366.2	440.4	21.6	11.6	–

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NOTES TO THE CONSOLIDATED INCOME STATEMENT
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The additions to non-current assets are analysed as follows:

	Goodwill 52 weeks ending 2nd October, 2011 (Note 18) £m	Goodwill 52 weeks ending 3rd October, 2010 (Note 18) £m	Goodwill 53 weeks ending 4th October, 2009 £m	Other intangible assets 52 weeks ending 2nd October, 2011 (Note 18) £m	Other intangible assets 52 weeks ending 3rd October, 2010 (Note 18) £m	Other intangible assets 53 weeks ending 4th October, 2009 £m
RMS	–	–	–	5.2	0.5	1.1
Business information	6.6	2.1	–	11.3	8.2	9.0
Events	–	0.2	–	0.3	0.4	1.6
Euromoney	34.8	4.3	18.9	38.2	3.7	1.4
National media	–	5.4	5.7	9.4	12.2	12.6
Local media	–	–	0.8	–	–	0.7
Radio	–	–	–	–	0.1	0.3
	41.4	12.0	25.4	64.4	25.1	26.7

	Property, plant and equipment 52 weeks ending 2nd October, 2011 (Note 20) £m	Property, plant and equipment 52 weeks ending 3rd October, 2010 (Note 20) £m	Property, plant and equipment 53 weeks ending 4th October, 2009 £m	Investment property 52 weeks ending 2nd October, 2011 (Note 21) £m	Investment property 2010 52 weeks ending 3rd October, 2010 (Note 21) £m	Investment property 53 weeks ending 4th October, 2009 £m
RMS	9.7	11.7	5.4	–	–	–
Business information	7.4	7.2	7.2	–	–	–
Events	0.6	0.5	1.1	–	–	–
Euromoney	3.5	3.2	1.3	–	–	–
National media	10.7	8.1	12.3	–	–	–
Local media	1.4	3.2	14.9	–	–	–
Radio	–	0.7	0.8	–	–	–
Corporate costs	1.1	1.5	0.1	31.2	18.9	–
	34.4	36.1	43.1	31.2	18.9	–

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NOTES TO THE CONSOLIDATED INCOME STATEMENT
continued

4 OPERATING PROFIT ANALYSIS

Operating profit before the share of results of joint ventures and associates is further analysed as follows:

	Note	52 weeks ending 2nd October, 2011 Total £m	52 weeks ending 2nd October, 2011 Discontinued operations (Note 26) £m	52 weeks ending 2nd October, 2011 Continuing £m	52 weeks ending 3rd October, 2010 Total £m	52 weeks ending 3rd October, 2010 Discontinued operations (Note 26) £m	52 weeks ending 3rd October, 2010 Continuing operations £m
Revenue		1,989.8	–	1,989.8	1,983.9	15.9	1,968.0
Decrease in stocks of finished goods and work in progress		(3.7)	–	(3.7)	(2.4)	–	(2.4)
Raw materials and consumables		(236.2)	–	(236.2)	(284.4)	–	(284.4)
Inventories recognised as an expense in the period		(239.9)	–	(239.9)	(286.8)	–	(286.8)
Staff costs	6	(716.9)	–	(716.9)	(694.5)	(7.9)	(686.6)
Pension scheme curtailments	33	–	–	–	9.5	–	9.5
Impairment of goodwill and impairment (charge)/reversal of intangible assets	18, 19	(24.4)	–	(24.4)	19.9	(0.3)	20.2
Amortisation of intangible assets	19	(42.5)	–	(42.5)	(55.9)	(1.5)	(54.4)
Amortisation of internally generated and acquired computer software	19	(18.4)	–	(18.4)	(16.5)	–	(16.5)
Promotion and marketing costs		(105.6)	–	(105.6)	(115.0)	–	(115.0)
Venue and delegate costs		(78.3)	–	(78.3)	(69.9)	–	(69.9)
Editorial and production costs		(149.4)	–	(149.4)	(76.8)	–	(76.8)
Distribution and transportation costs		(70.5)	–	(70.5)	(71.6)	–	(71.6)
Royalties and similar charges		(54.4)	–	(54.4)	(52.3)	–	(52.3)
Depreciation of property, plant and equipment and investment property	20, 21	(62.7)	–	(62.7)	(50.8)	(0.6)	(50.2)
Impairment of property, plant and equipment and investment property	20, 21	(8.6)	–	(8.6)	(26.3)	–	(26.3)
Rental of property		(22.4)	–	(22.4)	(23.2)	–	(23.2)
Other property costs		(41.5)	–	(41.5)	(46.8)	–	(46.8)
Rental of plant and equipment		(12.5)	–	(12.5)	(7.2)	–	(7.2)
Foreign exchange translation differences		1.4	–	1.4	(0.5)	–	(0.5)
Other expenses		(176.5)	–	(176.5)	(191.0)	(4.9)	(186.1)
		166.7	–	166.7	228.2	0.7	227.5

NOTES TO THE CONSOLIDATED INCOME STATEMENT
continued

5 AUDITORS' REMUNERATION

The total remuneration of the Group's auditors, Deloitte, and its associates is analysed as follows:

	52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 £m
Fees payable to the Company's auditors for the audit of the Company's annual accounts	0.5	0.4
Fees payable to the Company's auditors and their associates for the audit of the Company's subsidiaries pursuant to legislation	1.9	1.9
Audit services provided to all Group companies	2.4	2.3
Other services pursuant to legislation	0.3	0.3
Services relating to taxation	0.1	0.5
Services relating to corporate finance transactions	0.2	0.2
Information technology services	0.1	–
Other non-audit services	0.1	0.3
	0.8	1.3
Total remuneration	3.2	3.6

Fees payable to the Company's auditors and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

6 EMPLOYEES

The average number of persons employed by the Group including Directors is analysed as follows:

	52 weeks ending 2nd October, 2011 Number	52 weeks ending 3rd October, 2010 Number
RMS	3,594	2,008
Business information	1,733	1,623
Events	401	393
Euromoney	2,199	2,040
National media	4,378	4,153
Local media	2,787	3,817
Radio	–	152
Group operations	65	62
	15,157	14,248

Total staff costs comprised:

	Note	52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 £m
Wages and salaries		618.3	595.4
Share-based payment	40	19.4	15.7
Social security costs		51.3	48.4
Pension costs	33, (i)	27.9	35.0
		716.9	694.5

(i) Pension costs are stated before curtailment gains and expected return on pension scheme assets less interest on pension scheme liabilities.

NOTES TO THE CONSOLIDATED INCOME STATEMENT
continued

7 SHARE OF RESULTS OF JOINT VENTURES AND ASSOCIATES

	Note	52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 £m
Share of profits from operations of joint ventures		4.4	1.9
Share of profits from operations of associates		0.5	0.1
Share of profits before amortisation, impairment of goodwill, interest and tax		4.9	2.0
Share of amortisation of intangibles of joint ventures		(3.4)	(2.4)
Share of amortisation of intangibles of associates		(0.3)	(0.3)
Share of joint ventures' interest payable		(1.7)	(1.0)
Share of joint ventures' tax		(1.3)	(0.7)
Share of associates' tax		–	(0.1)
Adjustment to carrying value of joint venture on acquisition		3.0	–
Impairment of carrying value of joint venture	22, (i)	(3.2)	(1.2)
Impairment of carrying value of associate	22, (ii)	(0.4)	(1.6)
		(2.4)	(5.3)
Share of results from operations of joint ventures		(2.0)	(2.2)
Share of results from operations of associates		0.2	(0.3)
Adjustment to carrying value of joint venture on acquisition		3.0	–
Impairment of carrying value of joint ventures	22, (i)	(3.2)	(1.2)
Impairment of carrying value of associates	22, (ii)	(0.4)	(1.6)
		(2.4)	(5.3)

(i) Represents a write down in the carrying value of the Group's investment in Mail Today Newspapers Pvt. Limited (£0.2 million) and The Sanborn Map Company (£3.0 million).

(ii) In the prior period this represented a write down in the carrying value of the Group's investment in InfoStud, Fortune Green Limited and Inview Interactive Limited.

8 OTHER GAINS AND LOSSES

	Note	52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 £m
Profit on disposal of available-for-sale investments	(i)	8.6	–
Impairment of available-for-sale assets	23	(0.2)	–
Profit on disposal of property, plant and equipment		0.6	–
Profit on disposal of businesses	17, (ii)	5.7	0.4
Profit/(loss) on disposal of joint ventures and associates		0.1	(0.3)
		14.8	0.1

(i) Represents the profit on disposal of the Group's interest in CoStar, Inc.

(ii) Represents a £23.3 million profit on sale of George Little Management, LLC and £0.8 million profit on disposal of various exhibition businesses in the events segment together with a loss of £10.7 million following the sale of 51.0% of The Sanborn Map Company in the business information segment, a profit of £1.7 million from the sale of businesses in the local media segment and a loss of £9.5 million on the sale of RMSI in the RMS segment. In the prior period, the profit on disposal of businesses mainly comprises the profit on disposal of various exhibition businesses in the events segment.

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NOTES TO THE CONSOLIDATED INCOME STATEMENT
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9 INVESTMENT REVENUE

	Note	52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 £m
Expected return on defined benefit pension scheme assets less interest on defined benefit pension scheme liabilities	33	12.3	–
Dividend income		2.9	0.6
Interest receivable from short-term deposits		1.9	0.8
		17.1	1.4

10 FINANCE COSTS

	Note	52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 £m
Interest, arrangement and commitment fees payable on bonds, bank loans and loan notes		(70.8)	(72.8)
Interest on defined benefit pension scheme liabilities less expected return on defined benefit pension scheme assets	33	–	(2.2)
Change in fair value of derivative hedge of bond		0.1	3.8
Change in fair value of hedged portion of bond		(0.1)	(3.8)
Profit/(loss) on derivatives, or portions thereof, not designated for hedge accounting		1.7	(0.4)
Finance charge on discounting of contingent consideration	34	(0.4)	(0.7)
Fair value movement of contingent consideration	34	(1.7)	–
Change in fair value of acquisition put options		(0.5)	(1.3)
		(71.7)	(77.4)

The finance charge on the discounting of contingent consideration arises from the requirement under IFRS 3 (2004), Business Combinations, to record contingent consideration at fair value using a discounted cash flow approach.

11 TAX

	Note	52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 £m
The (charge)/credit on the profit for the period consists of:			
UK tax			
Corporation tax at 27.0% (2010 28.0%)		(2.4)	(6.3)
Adjustments in respect of prior periods		0.4	32.3
		(2.0)	26.0
Overseas tax			
Corporation tax		(19.3)	(21.7)
Adjustments in respect of prior periods		(0.9)	3.6
Total current tax		(22.2)	7.9
Deferred tax			
Origination and reversals of timing differences		18.2	(0.5)
Adjustments in respect of prior periods		7.0	32.2
Total deferred tax		25.2	31.7
		3.0	39.6
Discontinued operations	26	–	(1.4)
		3.0	38.2

Being a multinational Group with tax affairs in many geographic locations inherently leads to a highly complex tax structure. The tax charge is reviewed and measured on a Group total basis only.

A current tax credit of £nil (2010 £0.6 million) and a deferred tax credit of £17.7 million (2010 £45.2 million) was recognised directly in equity (Note 37).

NOTES TO THE CONSOLIDATED INCOME STATEMENT continued

11 TAX continued

The tax charge for the year is lower than the standard rate of corporation tax in the UK of 27.0% (2010 28.0%) representing the weighted average annual corporate tax rate for the full financial year. The differences are explained below:

	52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 £m
Profit on ordinary activities before tax – continuing	124.5	146.3
Profit before tax – discontinued operations	–	34.5
Total profit before tax	124.5	180.8
Tax on profit on ordinary activities at the standard rate	(33.6)	(50.6)
Effect of:		
Amortisation and Impairment of goodwill and intangible assets	(3.0)	(3.8)
Other expenses not deductible for tax purposes	(8.2)	(7.7)
Additional items deductible for tax purposes	22.8	22.9
Recognition of previously unrecognised deferred tax assets	18.6	20.2
Effect of overseas tax rates	7.4	(10.1)
Effect of associates' tax	(0.5)	(0.5)
Tax losses unrelieved	(9.0)	(0.7)
Write off/disposal of subsidiaries	1.6	(2.0)
Adjustment in respect of prior years	6.5	67.6
Other	0.4	2.9
Total tax credit on the profit for the period	3.0	38.2

The net prior year credit of £6.5 million (2010 £67.6 million), which includes a charge of £nil (2010 £0.5 million) relating to discontinued operations, arose largely from a reassessment of prior year capital allowance claims.

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 £35.5 million (2010 £31.2 million) and the resulting rate is 15.0% (2010 13.7%). The differences between the tax credit and the adjusted tax charge are shown in the reconciliation below:

	52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 Restated (Note 2) £m
Total tax credit on the profit for the period	3.0	38.2
Deferred tax on intangible assets and goodwill	(0.9)	11.4
Agreement of open issues with tax authorities	1.0	(46.2)
Tax on other exceptional items	(38.7)	(34.6)
Adjusted tax charge on the profit for the period	(35.6)	(31.2)

In calculating the adjusted tax rate, the Group excludes the potential future deferred tax effects of intangible assets and goodwill (other than internally generated and acquired computer software) as it prefers to give the users of its accounts a view of the tax charge based on the current status of such items.

Tax on other exceptional items includes a credit of £29.6 million (2010 £30.4 million) relating to the recognition of further UK tax losses and other temporary differences which are treated as exceptional due to their material impact on the Group's adjusted tax charge.

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NOTES TO THE CONSOLIDATED INCOME STATEMENT
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12 DIVIDENDS PAID

	52 weeks ending 2nd October, 2011 Pence per share	52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 Pence per share	52 weeks ending 3rd October, 2010 £m
Amounts recognisable as distributions to equity holders in the period				
Ordinary Shares – final dividend for the year ended 3rd October, 2010	11.0	2.0	–	–
'A' Ordinary Non-Voting Shares – final dividend for the year ended 3rd October, 2010	11.0	40.1	–	–
Ordinary Shares – final dividend for the year ended 4th October, 2009	–	–	9.90	2.0
'A' Ordinary Non-Voting Shares – final dividend for the year ended 4th October, 2009	–	–	9.90	35.9
		42.1		37.9
Ordinary Shares – interim dividend for the year ending 2nd October, 2011	5.3	1.1	–	–
'A' Ordinary Non-Voting Shares – interim dividend for the year ending 2nd October, 2011	5.3	19.2	–	–
Ordinary Shares – interim dividend for the year ended 3rd October, 2010	–	–	5.00	1.0
'A' Ordinary Non-Voting Shares – interim dividend for the year ended 3rd October, 2010	–	–	5.00	18.2
		20.3		19.2
	16.3	62.4	14.90	57.1

The Board has declared a final dividend of 11.7p per Ordinary / 'A' Ordinary Non-Voting Share (2010 11.0p) which will absorb an estimated £44.8 million of shareholders' funds for which no liability has been recognised in these financial statements. It will be paid on 10th February, 2012 to shareholders on the register at the close of business on 2nd December, 2011.

NOTES TO THE CONSOLIDATED INCOME STATEMENT continued

13 ADJUSTED PROFIT

	Note	52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 Restated (Note 2) £m
Profit before tax – continuing operations		124.5	146.3
Profit before tax – discontinued operations	26	–	1.3
Profit on disposal of discontinued operations	26	–	33.2
Add back:			
Amortisation of intangible assets in Group profit from operations and in joint ventures and associates arising on business combinations	3, 7	46.2	58.6
Impairment of goodwill and intangible assets arising on business combinations	3	24.4	(19.9)
Exceptional operating costs, impairment of internally generated and acquired computer software, investment property and] property, plant and equipment	3	52.7	39.0
Impairment of carrying value of joint ventures net of fair value adjustment on acquisition	7	0.2	1.2
Impairment of carrying value of associates	7	0.4	1.6
Other gains and losses:			
Profit on disposal of available-for-sale investments	8	(8.6)	–
Profit on disposal of property, plant and equipment	8	(0.6)	–
Profit on disposal of businesses	8	(5.7)	(0.4)
Impairment of available-for-sale assets	8	0.2	–
(Profit)/loss on disposal of joint ventures and associates	8	(0.1)	0.3
Finance costs:			
Change in fair value of acquisition put options	10	0.5	1.3
Fair value movement of contingent consideration	10	1.7	–
Tax:			
Share of tax in joint ventures and associates	7	1.3	0.8
Profit from discontinued operations			
Profit on disposal of discontinued operations	26	–	(33.2)
Adjusted profit before tax and non-controlling interests		237.1	230.1
Total tax credit on the profit for the period	11	3.0	38.2
Adjust for:			
Deferred tax on intangible assets and goodwill	11	(0.9)	11.4
Agreed open issues with tax authorities	11	1.0	(46.2)
Tax on other exceptional items	11	(38.7)	(34.6)
Non-controlling interests		(21.8)	(21.1)
Adjusted profit after taxation and non-controlling interests		179.7	177.8

The adjusted non-controlling interests share of profits for the period of £21.8 million (2010 £21.1 million) is stated after eliminating a credit of £6.0 million (2010 £1.9 million), being the non-controlling interests share of adjusting items.

14 EARNINGS PER SHARE

Basic earnings per share of 29.2p (2010 52.1p) and diluted earnings per share of 29.1p (2010 52.1p) are calculated, in accordance with IAS 33, Earnings per share, on Group profit for the financial period of £111.6 million (2010 £199.8 million) and on the weighted average number of Ordinary Shares in issue during the period, 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 47.0p (2010 50.0p) 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 £179.7 million (2010 £177.8 million), as set out in Note 13 above, and on the basic weighted average number of Ordinary Shares in issue during the period.

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NOTES TO THE CONSOLIDATED INCOME STATEMENT
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14 EARNINGS PER SHARE continued

Basic and diluted earnings per share

	52 weeks ending 2nd October, 2011 Diluted pence per share	52 weeks ending 3rd October, 2010 Diluted pence per share	52 weeks ending 2nd October, 2011 Basic pence per share	52 weeks ending 3rd October, 2010 Basic pence per share
Earnings per share from continuing operations	29.1	43.5	29.2	43.5
Adjustment to include earnings of discontinued operations	–	8.6	–	8.6
Basic earnings per share from continuing and discontinued operations	29.1	52.1	29.2	52.1

Adjusted earnings per share

	52 weeks ending 2nd October, 2011 Diluted pence per share	52 weeks ending 3rd October, 2010 Restated (Note 2) Diluted pence per share	52 weeks ending 2nd October, 2011 Basic pence per share	52 weeks ending 3rd October, 2010 Restated (Note 2) Basic pence per share
Profit before tax – continuing operations	32.5	38.2	32.5	38.2
Profit before tax – discontinued operations	–	0.3	–	0.3
Profit on disposal of discontinued operations	–	8.7	–	8.7
Add back:				
Amortisation of intangible assets in Group profit from operations and in joint ventures and associates arising on business combinations	12.1	15.2	12.1	15.2
Impairment of goodwill and intangible assets arising on business combinations	6.4	(5.2)	6.4	(5.2)
Exceptional operating costs, impairment of internally generated and acquired computer software, investment property and property, plant and equipment	13.7	10.2	13.8	10.2
Impairment of carrying value of joint ventures net of fair value adjustment on acquisition	0.1	0.3	0.1	0.3
Impairment of carrying value of associate	0.1	0.4	0.1	0.4
Other gains and losses:				
Profit on disposal of available-for-sale investments	(2.2)	–	(2.2)	–
Profit on disposal of property, plant and equipment	(0.2)	0.0	(0.2)	0.0
Profit on disposal of businesses	(1.5)	(0.1)	(1.5)	(0.1)
Impairment of available-for-sale assets	0.1	0.0	0.1	0.0
(Profit)/loss on disposal of joint ventures and associates	–	0.1	–	0.1
Finance costs:				
Change in fair value of acquisition put options	0.1	0.3	0.1	0.3
Fair value movement of contingent consideration	0.4	–	0.4	–
Tax:				
Share of tax in joint ventures and associates	0.3	0.2	0.3	0.2
Profit from discontinued operations				
Profit on disposal of discontinued operations	–	(8.7)	–	(8.7)
Adjusted profit before tax and non-controlling interests	61.9	59.9	62.0	59.9
Total tax credit on the profit for the period	0.8	10.0	0.8	10.0
Adjust for:				
Deferred tax on intangible assets and goodwill	(0.2)	3.0	(0.2)	3.0
Agreed open issues with tax authorities	0.3	(12.1)	0.3	(12.1)
Tax on other exceptional items	(10.2)	(9.0)	(10.2)	(9.0)
Non-controlling interests	(5.7)	(5.5)	(5.7)	(5.5)
Adjusted profit after taxation and non-controlling interests	46.9	46.3	47.0	46.3

NOTES TO THE CONSOLIDATED CASHFLOW STATEMENT

14 EARNINGS PER SHARE continued

The weighted average number of Ordinary Shares in issue during the period for the purpose of these calculations is as follows:

	52 weeks ending 2nd October, 2011 Number m	52 weeks ending 3rd October, 2010 Number m
Number of Ordinary Shares in issue	392.6	392.6
Shares held in Treasury	(9.8)	(9.6)
Basic earnings per share denominator	382.8	383.0
Effect of dilutive share options	0.5	0.7
Dilutive earnings per share denominator	383.3	383.7

15 ANALYSIS OF NET DEBT

	Note	At 3rd October, 2010 £m	Cash flow £m	Fair value hedging adjustments £m	Foreign exchange movements £m	Other non-cash movements £m	At 2nd October, 2011 £m
Cash and cash equivalents	27	65.7	108.6	–	–	–	174.3
Bank overdrafts	31	(1.4)	(1.2)	–	–	–	(2.6)
Net cash and cash equivalents		64.3	107.4	–	–	–	171.7
Debt due within one year							
Bank loans	31	(0.5)	0.5	–	–	–	–
Other financial liabilities	(i)	–	–	–	–	(23.4)	(23.4)
Loan notes	31	(7.3)	4.0	–	–	–	(3.3)
Hire purchase obligations	31	(5.1)	5.1	–	–	–	–
Debt due after one year							
Bonds	31	(853.2)	–	(0.1)	–	21.3	(832.0)
Bank loans	31	(2.2)	2.6	–	–	(0.4)	–
Hire purchase obligations	31	(15.2)	15.2	–	–	–	–
Net debt before effect of derivatives		(819.2)	134.8	(0.1)	–	(2.5)	(687.0)
Effect of derivatives on bank debt	(ii)	(42.8)	(25.5)	0.1	35.6	–	(32.6)
Net debt		(862.0)	109.3	–	35.6	(2.5)	(719.6)

(i) During the period the Group bought back £25.0 million nominal of 2018 bonds which had a carrying value of £23.4 million. The settlement of this liability occurred following the year end and as such this short-term obligation has been included in debt due within one year.

(ii) The effect of derivatives on bank debt is the net currency gain or loss on derivatives entered into with the intention of economically converting the currency of drawn debt to an alternative currency.

Other non-cash movements in respect of bonds comprises the unwinding of premium of £1.6 million (2010 £3.2 million) offset by the amortisation of issue costs of £0.5 million (2010 £0.5 million) together with a transfer to other financial liabilities of £23.4 million (2010 £nil).

Other non-cash movements in respect of bank loans comprises accrued interest of £0.4 million (2010 £1.6 million).

The net cash inflow of £107.4 million includes a cash outflow of £16.5 million in respect of operating exceptional items.

NOTES TO THE CONSOLIDATED CASHFLOW STATEMENT

16 SUMMARY OF THE EFFECTS OF ACQUISITIONS

In July, 2011 the Group acquired 84.99% of the equity share capital of Ned Davis Research Group (NDR).

The remaining interest in NDR is subject to a put and call option under an earn-out agreement, in two equal instalments, based on the profits of NDR for the years to 31st December, 2012 and 2013. The total discounted amount that the Group expects to pay under this option agreement is US$15.7 million (£10.1 million). The maximum amount payable for 100% of NDR is US$173.0 million (£111.0 million).

Provisional fair value of net assets acquired with Ned Davis Research Group:

	Book value £m	Accounting policy alignments £m	Provisional fair value adjustments £m	Provisional fair value £m
Goodwill	–	–	34.3	34.3
Intangible assets	–	–	37.7	37.7
Property, plant and equipment	2.9	(1.4)	–	1.5
Trade and other receivables	0.6	2.6	–	3.2
Cash and cash equivalents	3.7	–	–	3.7
Trade creditors and other payables	(2.1)	(4.1)	–	(6.2)
Net assets acquired	5.1	(2.9)	72.0	74.2
Change in fair value of cash flow hedges				(6.0)
Group share of net assets acquired				68.2

Cost of acquisitions:

	Non-cash £m	Cash paid in current period £m	Total £m
Contingent consideration	1.1	–	1.1
Receivable from non-controlling interest	(1.4)	–	(1.4)
Cash (US$ 112.0 million)	–	68.5	68.5
Total consideration at fair value	(0.3)	68.5	68.2

NDR contributed £4.6 million to the Group's revenue, £1.2 million to the Group's operating profit and £0.5 million to the Group's profit before tax for the period between the date of acquisition and 30th September, 2011. In addition, acquisition related costs of £1.0 million and restructuring costs of £0.9 million were incurred and recognised as an exceptional item in the Consolidated Income Statement.

If the above acquisition had been completed on the first day of the financial year, NDR would have contributed £25.3 million to the Group's revenue for the year and £5.0 million to the Group's profit before tax for the year (excluding the exceptional costs above).

A summary of the notable acquisitions completed during the period were as follows:

	Segment	% voting rights acquired	Date of acquisition	Business description	Consideration paid	Intangible fixed assets acquired	Goodwill arising
Ned Davis Research Group	Euromoney	84.99%	July, 2011	Provider of financial research	68.5	37.7	34.3
On-Geo	Business information	100%	June, 2011	German property information provider	4.9	1.5	3.4

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NOTES TO THE CONSOLIDATED CASHFLOW STATEMENT continued

16 SUMMARY OF THE EFFECTS OF ACQUISITIONS continued

Provisional fair value of net assets acquired with all acquisitions:

	Note	Book value £m	Accounting policy alignments £m	Provisional fair value adjustments £m	Provisional fair value £m
Goodwill	18, (i)	–	–	41.4	41.4
Intangible assets	19	–	–	41.2	41.2
Property, plant and equipment	20	3.0	(1.4)	–	1.6
Trade and other receivables		0.5	2.6	–	3.1
Cash and cash equivalents		4.8	–	–	4.8
Trade creditors and other payables		(5.3)	(4.1)	–	(9.4)
Deferred tax	35	–		(0.8)	(0.8)
Net assets acquired		3.0	(2.9)	81.8	81.9
Non-controlling interest share of net assets required	38				(6.0)
Group share of net assets acquired					75.9

Cost of acquisitions:

	Note	Non-cash £m	Cash paid in current period £m	Total £m
Contingent consideration	(ii)	3.2	–	3.2
Receivable from non-controlling interest		(1.4)	–	(1.4)
Cash		–	74.1	74.1
Total consideration at fair value		1.8	74.1	75.9

(i) The amount of goodwill which is deductible for the purposes of calculating the Group's tax charge amounts to £39.5 million.

(ii) The contingent consideration is based on future business valuations and profit multiples and has been estimated on an acquisition by acquisition basis using available data forecasts. The range of undiscounted outcomes for contingent consideration relating to acquisitions in the year is £7.4 million to £25.0 million. Certain contingent consideration arrangements are not capped since they are based on future business performance (Note 34).

Directly attributable costs in relation to the above acquisitions amounted to £1.0 million.

The contingent consideration has been discounted back to current values in accordance with IFRS 3, Business Combinations. In each case, the Group has used acquisition accounting to account for the purchase.

If all acquisitions had been completed on the first day of the financial period, Group revenues for the period would have been £2,017.0 million and Group profit attributable to equity holders of the parent would have been £134.0 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 financial period.

Total loss attributable to equity holders of the parent since the date of acquisition for companies acquired during the period amounted to £0.8 million.

Goodwill arising on the acquisitions is principally attributable to the anticipated profitability relating to the distribution of the Group's products in new and existing markets and anticipated operating synergies from the business combinations.

Purchase of additional shares in controlled entities:

	52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 £m
Cash consideration excluding acquisition expenses	2.7	12.8

During the period, the Group acquired additional shares in controlled entities amounting to £2.7 million (2010 £12.8 million). In addition, the Group opted to receive a scrip dividend from Euromoney Institutional Investor PLC (Euromoney) amounting to £14.2 million (2010 £10.7 million) thereby acquiring a further 0.5 % (2010 0.9 %) of the issued Ordinary Share capital of Euromoney. 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 period was a charge of £4.3 million (2010 £2.8 million).

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NOTES TO THE CONSOLIDATED CASHFLOW STATEMENT continued

16 SUMMARY OF THE EFFECTS OF ACQUISITIONS continued

Reconciliation to purchase of subsidiaries as shown in the Consolidated Cash Flow Statement:

	Note	52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 £m
Cash consideration excluding acquisition expenses	16	74.1	13.5
Cash paid to settle contingent consideration in respect of acquisitions	34	12.0	6.3
Cash and cash equivalents acquired with subsidiaries	16	(4.8)	(1.5)
Purchase of subsidiaries		81.3	18.3

Cash paid in respect of contingent consideration relating to prior year acquisitions includes £6.0 million within Business information, £2.4 million within Euromoney and £3.6 million within National media.

The businesses acquired during the year absorbed £0.6 million to the Group's net operating cash flows, £nil attributable to investing and £nil attributable to financing activities.

17 SUMMARY OF THE EFFECTS OF DISPOSALS

In September 2011 the Group sold its interest in George Little Management (GLM) – an organiser of trade exhibitions in the events segment.

The net assets disposed were as follows:

	£m
Goodwill	12.9
Intangible assets	89.2
Property, plant and equipment	0.4
Interests in joint ventures	0.3
Inventories	2.4
Trade and other receivables	10.0
Trade and other payables	(16.4)
Deferred tax	2.6
Net assets disposed	101.4
Profit on sale of businesses	23.3
	124.7
Satisfied by:	
Cash received	95.9
Interest-bearing loan note	11.8
Recycled cumulative translation differences	19.5
Directly attributable costs	(2.5)
	124.7

During the period GLM generated £16.7 million of the Group's net operating cash flows, paid £nil in respect of investing activities and paid £nil in respect of financing activities.

A summary of all principal disposals is as follows:

Name of disposal	Segment	Date of disposal	Disposal proceeds £m
GLM	Events	September, 2011	107.7
Sanborn	Business Information	September, 2011	6.1
RMSI	RMS	August, 2011	1.8

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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

17 SUMMARY OF THE EFFECTS OF DISPOSALS continued

The impact of all disposals of businesses on net assets was:

	Note	£m
Goodwill	18	18.9
Intangible assets	19	89.4
Property, plant and equipment	20	10.3
Interests in joint ventures		0.3
Inventories		2.4
Trade and other receivables		34.0
Cash at bank and in hand		3.4
Trade and other payables		(25.9)
Deferred tax	35	(0.2)
Net assets disposed		132.6
Profit on disposal of businesses	8	5.7
		138 .3

	Note	£m
Satisfied by:		
Cash received		101.0
Interest-bearing loan note		12.6
Investment in The Sanborn Map Company	22	5.9
Recycled cumulative translation differences	37	21.6
Directly attributable costs		(2.8)
		138.3

Reconciliation to disposal of businesses as shown in the Consolidated Cash Flow Statement:

	52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 £m
Cash consideration net of disposal costs	98.2	11.6
Cash and cash equivalents disposed with subsidiaries	(3.4)	(3.1)
Proceeds on disposal of businesses	94.8	8.5

The Group's tax charge includes a charge of £3.1 million (2010 £nil) in relation to these disposals.

In addition, the Group's interest in Euromoney was diluted during the period by 0.29% (2010 1.65%). 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 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 credit of £0.5 million (2010 charge £2.3 million).

All of the businesses disposed of during the year generated £14.0 million of the Group's net operating cash flows, had £nil attributable to investing and £nil attributable to financing activities.

18 GOODWILL

	Note	Goodwill £m
Cost		
At 4th October, 2009		1,069.6
Additions		12.0
Adjustment to previous year estimate of contingent consideration	34	(4.7)
Disposals		(21.6)
Adjustment in respect of prior period acquisition		–
Exchange adjustment		4.2
At 3rd October, 2010		1,059.5
Additions	16	41.4
Adjustment to previous year estimate of contingent consideration	34	0.8
Disposals	17	(105.3)
Exchange adjustment		3.5
At 2nd October, 2011		999.9

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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

18 GOODWILL continued

	Note	Goodwill £m
Accumulated impairment losses		
At 4th October, 2009		335.4
Impairment	3	3.2
Disposals	17	(15.3)
Exchange adjustment		0.4
At 3rd October, 2010		323.7
Impairment	3	18.3
Disposals	17	(86.4)
Exchange adjustment		(2.7)
At 2nd October, 2011		252.9
Net book value – 2009		734.2
Net book value – 2010		735.8
Net book value – 2011		747.0

Goodwill impairment losses recognised in the year were £18.3 million (2010 £3.2 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 CGU that is significant, which the Group considers to be 15.0% of the total net book value, in comparison with the Group's total carrying value of goodwill.

The only significant item of goodwill included in the net book value above relates to BCA, a business within Metal Bulletin, which has a carrying value of £148.4 million (2010 £146.7 million, 2009 £144.6 million) together with intangible assets with a carrying value of £71.8 million (2010 £78.0 million, 2009 £84.1 million). The carrying value 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) Forecasts by the business based on cash flows derived from budgets for 2011. The Directors believe these to be reasonably achievable.

(ii) Subsequent cash flows for one additional year increased in line with growth expectations of the business.

(iii) A discount rate of 8.5% and

(iv) Long-term nominal growth rates of 3.0%.

Using the above methodology the recoverable amount exceeded the total carrying value by £84.0 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 then the discount rate would need to be increased by 3.8% or the long-term growth rate would need to be reduced by 4.0%.

The carrying values of the Group's significant items of goodwill in relation to material business combinations, which the Group considers to be those which have a purchase consideration in excess of £100.0 million, are further analysed as follows:

	Metal Bulletin plc £m
Cost	
At 4th October, 2009	200.4
Exchange adjustment	2.2
At 3rd October, 2010	202.6
Exchange adjustment	1.7
At 2nd October, 2011	204.3

	Metal Bulletin plc £m
Accumulated impairment losses	
At 4th October, 2009, 3rd October, 2010 and 2nd October, 2011	2.8
Net book value – 2009	197.6
Net book value – 2010	199.8
Net book value – 2011	201.5

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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

18 GOODWILL continued

The impairment (reversal)/charge is analysed by major CGU as follows:

CGU	Segment	Goodwill impairment £m	Intangible asset impairment £m	2011 Discount rate %	2010 Discount rate %	Reason for impairment charge
Venue magazine	Local media	1.0	–	9.5%	11.0%	Reduced outlook
Bristol News and Media titles	Local media	7.2	–	9.5%	11.0%	Reduced outlook
East Surrey and Sussex News titles	Local media	–	2.4	10.0%	11.5%	Loss-making business
Nottingham Post Group titles	Local media	–	3.0	10.0%	11.5%	Loss-making business
Motors.co.uk	National media	9.2	0.5	10.0%	10.0%	Loss-making business
Other		0.9	0.2			
Total		18.3	6.1			

Recoverable amounts have been determined using value in use calculations for all of the above CGUs.

19 OTHER INTANGIBLE ASSETS

	Note	Publishing rights and titles £m	Radio licences £m	Brands £m	Customer related databases £m	Computer software (Note i) £m	Other £m	Total £m
Cost								
At 4th October, 2009		446.4	274.7	297.3	127.8	82.4	13.2	1,241.8
Analysis reclassifications		0.6	–	0.9	5.8	(6.1)	(1.2)	–
Additions		–	0.1	0.6	6.7	0.3	0.6	8.3
Internally generated		–	–	–	–	16.8	–	16.8
Disposals		(23.1)	(291.1)	(23.8)	(1.0)	(5.9)	(0.6)	(345.5)
Transfer from property, plant and equipment	20	–	–	–	–	–	0.5	0.5
Exchange adjustment		1.4	16.3	1.4	(0.1)	1.1	(0.5)	19.6
At 3rd October, 2010		425.3	–	276.4	139.2	88.6	12.0	941.5
Analysis reclassifications		–	–	(8.5)	(0.5)	13.2	(4.2)	–
Additions	16	7.3	–	0.5	29.1	4.3	–	41.2
Internally generated	(i)	–	–	–	–	23.2	–	23.2
Disposals	17	–	–	(114.5)	(0.2)	(5.1)	(4.5)	(124.3)
Exchange adjustment		0.7	–	(0.5)	2.2	0.7	–	3.1
At 2nd October, 2011		433.3	–	153.4	169.8	124.9	3.3	884.7

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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

19 OTHER INTANGIBLE ASSETS continued

	Note	Publishing rights and titles £m	Radio licences £m	Brands £m	Customer-related databases £m	Computer software (Note i) £m	Other £m	Total £m
Accumulated amortisation								
At 4th October, 2009		298.4	218.8	137.1	80.3	37.6	8.7	780.9
Analysis reclassifications		(0.4)	–	8.8	(1.2)	(3.0)	(4.2)	0.0
Charge for the year		16.7	1.5	25.4	12.0	15.5	1.3	72.4
Impairment	3	1.4	–	(29.5)	–	0.7	4.3	(23.1)
Disposals		(21.0)	(233.3)	(20.5)	(0.9)	(4.2)	(0.5)	(280.4)
Transfer from property, plant and equipment	20	–	–	–	–	–	0.3	0.3
Exchange adjustment		(0.6)	13.0	0.4	(0.2)	0.3	0.6	13.5
At 3rd October, 2010		294.5	–	121.7	90.0	46.9	10.5	563.6
Analysis reclassifications		–	–	(1.7)	(0.3)	9.1	(7.1)	–
Charge for the year		13.5	–	16.2	10.4	19.8	1.0	60.9
Impairment	3, 18	3.1	–	–	2.4	0.6	–	6.1
Disposals	17	–	–	(27.2)	(0.2)	(4.9)	(2.6)	(34.9)
Exchange adjustment		(0.1)	–	0.4	0.1	0.5	(0.1)	0.8
At 2nd October, 2011		311.0	–	109.4	102.4	72.0	1.7	596.5
Net book value – 2009		148.0	55.9	160.2	47.5	44.8	4.5	460.9
Net book value – 2010		130.8	–	154.7	49.2	41.7	1.5	377.9
Net book value – 2011		122.3	–	44.0	67.4	52.9	1.6	288.2

(i) Computer software includes internally generated intangible assets, not forming part of a business combination, as follows:

	£m
Cost	
At 4th October, 2009	73.6
Additions	16.8
Disposals	(5.2)
Transfer	0.6
Exchange adjustment	0.6
At 3rd October, 2010	86.4
Additions	23.2
Disposals	(5.1)
Analysis reclassification	(0.6)
Exchange adjustment	0.8
At 2nd October, 2011	104.7
Accumulated amortisation	
At 4th October, 2009	28.1
Charge for the year	16.5
Impairment	0.7
Disposals	(3.5)
Transfer	0.2
Exchange adjustment	0.5
At 3rd October, 2010	42.5
Analysis reclassification	(0.1)
Charge for the year	18.4
Impairment	0.6
Disposals	(4.8)
Exchange adjustment	0.4
At 2nd October, 2011	57.0
Net book value – 2009	45.5
Net book value – 2010	43.9
Net book value – 2011	47.7

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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

19 OTHER INTANGIBLE ASSETS continued

The methodologies applied to the Group's cash-generating units (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 2nd October, 2011 Carrying value £m	At 3rd October, 2010 Carrying value £m	At 4th October, 2009 Carrying value £m	At 2nd October, 2011 Remaining amortisation period Years	At 3rd October, 2010 Remaining amortisation period Years	At 4th October, 2009 Remaining amortisation period Years
BCA mastheads	Euromoney	59.4	63.9	67.3	24.8	25.8	26.8
NDR customer relationships	Euromoney	25.6	–	–	11.8	–	–
Metal Bulletin mastheads	Euromoney	22.8	24.5	26.4	24.8	25.8	26.8
Genscape intellectual property	Business information	21.9	23.1	24.4	14.5	15.5	16.5
Associated Mediabase software	National media	20.7	21.4	21.6	4.9	3.8	0.9
BCA customer relationships	Euromoney	12.2	13.9	16.8	10.4	11.4	12.4
Evanta brand	Events	11.4	12.3	13.4	9.8	10.8	11.8
Quest customer relationships	Business information	8.9	13.9	16.8	6.0	7.0	8.0
Hobsons database	Business information	10.0	10.2	7.8	1.0	1.0	1.0
New York International Gift Fair brand	Events	–	86.6	66.1	–	17.0	18.0

20 PROPERTY, PLANT AND EQUIPMENT

	Note	Freehold properties £m	Long leasehold properties £m	Short leasehold properties £m	Plant and equipment £m	Total £m
Cost						
At 4th October, 2009		148.8	71.1	63.7	636.4	920.0
Owned by subsidiaries acquired		–	–	–	0.1	0.1
Additions		0.9	0.1	7.5	27.5	36.0
Disposals		(16.5)	(0.1)	(1.2)	(32.7)	(50.5)
Owned by subsidiaries disposed		(0.2)	–	(12.2)	(22.6)	(35.0)
Transfers to intangible fixed assets	19	–	–	–	(0.5)	(0.5)
Transfers to investment property	21	(18.9)	–	–	–	(18.9)
Reclassifications		(1.1)	(0.6)	0.4	1.3	–
Exchange adjustment		(0.5)	0.2	0.8	0.1	0.6
At 3rd October, 2010		112.5	70.7	59.0	609.6	851.8
Owned by subsidiaries acquired	16	–	0.5	–	1.1	1.6
Additions		0.7	–	4.3	27.8	32.8
Disposals		(2.3)	–	(2.9)	(65.9)	(71.1)
Owned by subsidiaries disposed	17	–	(2.3)	(0.4)	(22.9)	(25.6)
Transfers to investment property	21	(31.2)	–	–	–	(31.2)
Reclassifications		(0.5)	(0.1)	(0.4)	1.0	–
Exchange adjustment		(0.5)	–	0.3	(1.0)	(1.2)
At 2nd October, 2011		78.7	68.8	59.9	549.7	757.1

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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

20 PROPERTY, PLANT AND EQUIPMENT continued

	Note	Freehold properties £m	Long leasehold properties £m	Short leasehold properties £m	Plant and equipment £m	Total £m
Accumulated depreciation and impairment						
At 4th October, 2009		33.2	32.4	40.0	374.0	479.6
Charge for the year	3	2.7	1.8	3.9	42.4	50.8
Impairment		11.6	–	0.2	11.9	23.7
Disposals		(16.5)	(0.1)	(1.1)	(28.7)	(46.4)
Owned by subsidiaries disposed		–	–	(5.0)	(12.9)	(17.9)
Transfers to intangible fixed assets	19	–	–	–	(0.3)	(0.3)
Transfers to investment property	21	(4.7)	–	–	–	(4.7)
Reclassifications		(0.7)	(0.5)	0.5	0.7	–
Exchange adjustment		(0.1)	0.1	0.4	0.4	0.8
At 3rd October, 2010		25.5	33.7	38.9	387.5	485.6
Charge for the year	3	2.5	1.2	3.8	39.7	47.2
Accelerated charge		–	–	–	15.1	15.1
Impairment	(ii)	5.4	–	–	1.9	7.3
Disposals		(1.0)	–	(2.9)	(64.7)	(68.6)
Owned by subsidiaries disposed	17	–	(0.6)	(0.4)	(14.3)	(15.3)
Transfers to investment property	21	(19.4)	–	–	–	(19.4)
Reclassifications		(0.1)	–	–	0.1	–
Exchange adjustment		(0.1)	–	0.1	(0.2)	(0.2)
At 2nd October, 2011		12.8	34.3	39.5	365.1	451.7
Net book value – 2009		115.6	38.7	23.7	262.4	440.4
Net book value – 2010		87.0	37.0	20.1	222.1	366.2
Net book value – 2011		65.9	34.5	20.4	184.6	305.4

(i) Represents a reduction in the useful economic life of print assets in the national media segment following the Group's decision to relocate its Surrey Quays South London print facility to a new site in Thurrock, Essex. The change in estimate of the useful economic life will also result in accelerated depreciation estimated to be £14.0 million in the period to 30th September, 2012 and £14.0 million in the period to 29th September, 2013.

(ii) Included within exceptional operating costs is an impairment charge of £7.3 million (2010 £23.7 million) in relation to property, plant and equipment. Of this charge £1.9 million relates to computer equipment in the national media segment (2010 £16.8 million related to printing equipment within the national media segment relating to assets considered obsolete). In addition, £5.4 million relates to properties held centrally following a review of the Group's property portfolio.

Included within property, plant and equipment are assets held under hire purchase agreements with a net book value of £nil (2010 £34.4 million) relating to the Group's colour press operation.

The following table analyses assets in the course of construction included in property, plant and equipment above:

	Note	Long leasehold properties £m	Short leasehold properties £m	Plant and equipment £m	Total £m
Assets in the course of construction					
Cost and net book value					
At 4th October, 2009		0.2	1.4	7.4	9.0
Projects completed	(i)	–	(1.4)	(6.0)	(7.4)
Additions		–	1.2	0.2	1.4
At 3rd October, 2010		0.2	1.2	1.6	3.0
Owned by subsidiaries disposed		(0.1)	–	–	(0.1)
Projects completed		–	–	(0.4)	(0.4)
At 2nd October, 2011		0.1	1.2	1.2	2.5

(i) The projects completed during the prior year mainly relate to the Group's new colour printing facility which became available for use during the prior period.

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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

21 INVESTMENT PROPERTY

	Note	Freehold properties £m
Cost		
At 4th October, 2009		–
Transfers from property, plant and equipment	20	18.9
At 3rd October, 2010		18.9
Transfers from property, plant and equipment	20	31.2
Disposals		(0.3)
At 2nd October, 2011		49.8

	Note	Freehold properties £m
Accumulated depreciation and impairment		
At 4th October, 2009		–
Transfers from property, plant and equipment	20	4.7
Impairment	3	2.6
At 3rd October, 2010		7.3
Transfers from property, plant and equipment	20	19.4
Charge for the year		0.4
Disposals		(0.2)
Impairment	3	1.3
At 2nd October, 2011		28.2
Net book value – 2009		–
Net book value – 2010		11.6
Net book value – 2011		21.6

During the year a number of the Group's freehold properties ceased to be owner occupied and became subject to letting activity. In accordance with the Group's accounting policy these properties have been transferred out of property, plant and equipment and into investment property at net book value.

The fair value of the Group's investment properties as at 2nd October, 2011 was £25.0 million (2010 £11.6 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 £0.5 (2010 £nil). Direct operating expenses arising on the investment properties in the period amounted to £0.1 million (2010 £nil). The leases have an expiry date of between two and three years.

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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

22 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

	Note	Cost of shares £m	Share of post-acquisition retained reserves £m	Total Restated (Note 2) £m
Joint Ventures				
At 4th October, 2009		29.2	(12.4)	16.8
Additions – cash		2.1	–	2.1
Additions – non cash		21.7	–	21.7
Disposals		(21.9)	5.0	(16.9)
Share of retained reserves		–	(5.0)	(5.0)
Provision against carrying value	7	(1.2)	–	(1.2)
Transfer to investment in subsidiaries		0.1	–	0.1
Exchange adjustment		2.6	0.2	2.8
At 3rd October, 2010		32.6	(12.2)	20.4
Additions – cash		6.4	–	6.4
Additions – non cash	17	5.9	–	5.9
Adjustment to carrying value on acquisition		–	3.0	3.0
Share of retained reserves		–	(2.0)	(2.0)
Dividends received		–	(14.9)	(14.9)
Provision against carrying value	7	(0.2)	(3.0)	(3.2)
Transfer to investment in subsidiaries		–	(0.1)	(0.1)
Exchange adjustment		0.6	0.2	0.8
At 2nd October, 2011		45.3	(29.0)	16.3

Summary aggregated financial information for the Group's joint ventures, extracted on a 100% basis from the joint ventures' own financial information as at 2nd October, 2011 is set out below:

	52 weeks ending 2nd October, 2011 Revenue £m	52 weeks ending 2nd October, 2011 Operating profit/(loss) £m	52 weeks ending 2nd October, 2011 Total expenses £m	52 weeks ending 2nd October, 2011 Profit/(loss) for the period £m
Business information	2.6	0.4	(2.1)	0.5
National media	7.3	(8.9)	(16.3)	(9.0)
Radio	74.8	0.8	(76.6)	(1.8)
	84.7	(7.7)	(95.0)	(10.3)

	At 2nd October, 2011 Non-current assets £m	At 2nd October, 2011 Current assets £m	At 2nd October, 2011 Current liabilities £m	At 2nd October, 2011 Non-current liabilities £m	At 2nd October, 2011 Net assets/ (liabilities) £m
Business information	1.5	2.7	(0.3)	(0.8)	3.1
National media	0.6	5.4	(4.8)	(6.5)	(5.3)
Radio	89.3	21.3	(75.3)	(12.5)	22.8
	91.4	29.4	(80.4)	(19.8)	20.6

	52 weeks ending 3rd October, 2010 Revenue £m	52 weeks ending 3rd October, 2010 Operating profit/(loss) £m	52 weeks ending 3rd October, 2010 Total expenses £m	52 weeks ending 3rd October, 2010 Profit/(loss) for the period £m
Business information	1.1	0.3	(0.8)	0.3
National media	4.9	(7.2)	(13.0)	(8.1)
Radio	54.3	2.6	(58.0)	(3.7)
	60.3	(4.3)	(71.8)	(11.5)

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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

22 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES continued

	At 3rd October, 2010 Non-current assets £m	At 3rd October, 2010 Current assets £m	At 3rd October, 2010 Current liabilities £m	At 3rd October, 2010 Non-current liabilities £m	At 3rd October, 2010 Net assets/ (liabilities) £m
Business information	–	1.0	(0.3)	(1.4)	(0.7)
National media	0.2	4.5	(4.7)	(7.1)	(7.1)
Radio	96.1	23.4	(15.6)	(55.5)	48.4
	96.3	28.9	(20.6)	(64.0)	40.6

	53 weeks ending 4th October, 2009 Revenue £m	53 weeks ending 4th October, 2009 Operating profit/(loss) £m	53 weeks ending 4th October, 2009 Total expenses £m	53 weeks ending 4th October, 2009 Profit/(loss) for the period £m
Business information	1.1	0.3	(0.8)	0.3
Events	2.1	(0.1)	(2.2)	(0.1)
National media	1.6	(8.5)	(10.1)	(8.5)
Local media	2.3	1.0	(1.5)	0.8
Radio	16.5	4.6	(14.0)	2.5
	23.6	(2.7)	(28.6)	(5.0)

	At 4th October, 2009 Non-current assets £m	At 4th October, 2009 Current assets £m	At 4th October, 2009 Current liabilities £m	At 4th October, 2009 Non-current liabilities £m	At 4th October, 2009 Net assets/ (liabilities) £m
Business information	–	0.6	(0.2)	(1.4)	(1.0)
Events	–	1.8	(1.3)	–	0.5
National media	0.7	1.7	(3.2)	–	(0.8)
Local media	0.2	1.0	(0.1)	–	1.1
Radio	48.2	18.3	(2.8)	(23.5)	40.2
	49.1	23.4	(7.6)	(24.9)	40.0

At 2nd October, 2011 the Group's joint ventures had capital commitments amounting to £0.1 million (2010 £0.9 million, 2009 £nil). There were no material contingent liabilities (2010 None, 2009 None).

Information on principal joint ventures from the latest available accounts:

		Principal activity	Year ended	Description of holding	Group interest %
Unlisted					
Mail Today Newspapers Pvt. Limited	Incorporated and operating in India	Publisher of classified publications	30th September, 2011	Ordinary	26.0%
The Sanborn Map Company, Inc.	Incorporated and operating in the US	Photogrammetric mapping and GIS data conversion	30th September, 2011	Preferred stock	49.0%
TreppPort	Incorporated and operating in the US	Data analysis for CRE related exposure	30th September, 2011	Ordinary	50.0%
DMG Radio Investment Limited	Incorporated in the UK and operating in Australia	Independent radio operator	30th September, 2011	Ordinary	50.0%

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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

22 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES continued

	Note	Cost of shares £m	Share of post acquisition retained reserves £m	Total £m
Associates				
At 4th October, 2009		30.1	(18.8)	11.3
Additions – cash		4.0	–	4.0
Share of retained reserves		–	(0.5)	(0.5)
Provision against carrying value		(1.6)	–	(1.6)
Disposals		(0.3)	–	(0.3)
Exchange adjustment		–	(0.2)	(0.2)
At 3rd October, 2010		32.2	(19.5)	12.7
Additions – cash		0.9	–	0.9
Share of retained reserves		–	0.1	0.1
Dividends received		–	(0.7)	(0.7)
Provision against carrying value	7	(0.4)	0.1	(0.3)
Exchange adjustment		0.1	0.2	0.3
At 2nd October, 2011		32.8	(19.8)	13.0

The unrecognised share of losses of the Group's associates principally comprises £5.8 million (2010 £6.2 million) in relation to Independent Television News Limited (ITN) which reduced by £0.4 million in the period (2010 increased by £6.2 million) and £6.3 million (2010 £5.0 million) in relation to the Evening Standard of which £1.3 million (2010 £5.0 million) arose in the period.

Summary aggregated financial information for the Group's associates, extracted on a 100% basis from the associates' own financial information is set out below:

	52 weeks ending 2nd October, 2011 Revenue £m	52 weeks ending 2nd October, 2011 Operating profit/(loss) £m	52 weeks ending 2nd October, 2011 Profit/(loss) for the period £m
RMS	1.1	0.1	–
Business information	8.4	(1.0)	(1.0)
Euromoney	1.9	0.8	0.6
National media	103.5	(5.6)	(2.8)
	114.9	(5.7)	(3.2)

	52 weeks ending 3rd October, 2010 Revenue £m	52 weeks ending 3rd October, 2010 Operating profit/(loss) £m	52 weeks ending 3rd October, 2010 Profit/(loss) for the period £m
RMS	0.9	(17.2)	(0.2)
Business information	6.4	(3.7)	(3.7)
Euromoney	2.0	0.8	0.6
National media	69.7	(15.2)	(21.9)
Local media	3.7	0.2	0.2
	82.7	(35.1)	(25.0)

	53 weeks ending 4th October, 2009 Revenue £m	53 weeks ending 4th October, 2009 Operating profit/(loss) £m	53 weeks ending 4th October, 2009 Profit/(loss) for the period £m
RMS	1.1	(7.3)	(0.2)
Business information	7.3	(1.0)	(1.1)
Euromoney	2.0	0.7	0.5
National media	130.6	(31.5)	(33.3)
Local media	4.0	0.2	0.2
	145.0	(38.9)	(33.9)

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

22 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 accounts is set out below:

At 2nd October, 2011	Non-current assets £m	Current assets £m	Total assets £m	Current liabilities £m	Non-current liabilities £m	Total liabilities £m	Net assets/ (liabilities) £m
RMS	0.1	3.9	4.0	(0.1)	–	(0.1)	3.9
Business information	1.8	6.4	8.2	(8.1)	(7.4)	(15.5)	(7.3)
Euromoney	–	0.6	0.6	(0.2)	–	(0.2)	0.4
National media	15.5	42.4	57.9	(42.9)	(91.4)	(134.3)	(76.4)
	17.4	53.3	70.7	(51.3)	(98.8)	(150.1)	(79.4)

At 3rd October, 2010	Non-current assets £m	Current assets £m	Total assets £m	Current liabilities £m	Non-current liabilities £m	Total liabilities £m	Net assets/ (liabilities) £m
RMS	0.1	3.6	3.7	(0.1)	–	(0.1)	3.6
Business information	1.1	4.1	5.2	(5.3)	–	(5.3)	(0.1)
Euromoney	–	0.6	0.6	(0.1)	–	(0.1)	0.5
National media	16.1	43.7	59.8	(39.4)	(96.6)	(136.0)	(76.2)
Local media	1.0	0.7	1.7	(0.2)	–	(0.2)	1.5
	18.3	52.7	71.0	(45.1)	(96.6)	(141.7)	(70.7)

At 4th October, 2009	Non-current assets £m	Current assets £m	Total assets £m	Current liabilities £m	Non-current liabilities £m	Total liabilities £m	Net assets/ (liabilities) £m
RMS	0.1	3.5	3.6	(0.1)	–	(0.1)	3.5
Business information	1.8	3.4	5.2	(4.5)	(0.2)	(4.7)	0.5
Euromoney	–	1.0	1.0	–	–	–	1.0
National media	20.5	46.8	67.3	(46.4)	(67.7)	(114.1)	(46.8)
Local media	1.3	1.0	2.3	(0.4)	–	(0.4)	1.9
	23.7	55.7	79.4	(51.4)	(67.9)	(119.3)	(39.9)

At 2nd October, 2011 the Group's associates had capital commitments amounting to £3.8 million (2010 £3.0 million, 2009 £nil). There were no material contingent liabilities (2010 none, 2009 none).

Information on principal associates from the latest available accounts is as follows:

		Principal activity	Year ended	Description of holding	Group interest %
Unlisted					
ITN	Incorporated and operating in the UK	Independent TV news provider	31st December, 2010	Ordinary	20.0%
Real Capital Analytics, Inc.	Incorporated and operating in the US	Provider of real estate information	30th September, 2011	Preferred stock	30.0%
Builderadius, Inc.	Incorporated and operating in the US	Provider of real estate information	31st December, 2010	Preferred stock	43.06%

Joint ventures and associates have been accounted for under the equity method using unaudited accounts to 2nd October, 2011.

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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

23 NON-CURRENT ASSETS – AVAILABLE-FOR-SALE INVESTMENTS

	Note	Listed £m	Unlisted £m	Total £m
At 4th October, 2009		15.1	3.0	18.1
Additions		–	1.4	1.4
Fair value movement in the year	37	2.8	0.1	2.9
Exchange adjustment		0.1	0.7	0.8
At 3rd October, 2010		18.0	5.2	23.2
Additions		–	0.1	0.1
Disposals		(22.1)	(1.2)	(23.3)
Impairment charge	8	–	(0.2)	(0.2)
Fair value movement in the year	37	4.5	0.1	4.6
Exchange adjustment		(0.4)	0.2	(0.2)
At 2nd October, 2011		–	4.2	4.2

The investments above represent listed equity securities and unlisted securities, which are recorded as non-current assets unless they are expected to be sold within one year, in which case they are recorded as current assets. The investments in listed securities have no fixed maturity or coupon rate and the fair value of these investments is based on quoted market prices. Since there is no active market upon which they are traded, other unlisted equity securities are recorded at cost less provision for impairment, as their fair values cannot be reliably measured.

Available-for-sale investments are analysed as follows:

	At 2nd October, 2011 £m	At 3rd October, 2010 £m	At 4th October, 2009 £m
Listed			
CoStar, Inc.	–	17.7	14.9
Other	–	0.3	0.2
	–	18.0	15.1
Unlisted			
Other	4.2	5.2	3.0
	4.2	5.2	3.0

During the period the Group sold its 2.8% common stock investment in CoStar, Inc. – a company incorporated in the US and operating in the US and the UK.

Information on principal available-for-sale investments, taken from the latest published accounts is as follows:

	Class of holding	Group interest %
The Press Association Limited (incorporated and operating in the UK)	Ordinary	15.6%
Spot Runner, Inc. (incorporated and operating in the US)	Common stock	5.3%

Currency analysis of available-for-sale investments is as follows:

	At 2nd October, 2011 £m	At 3rd October, 2010 £m	At 4th October, 2009 £m
Sterling	1.4	1.5	2.1
US dollar	2.5	21.0	14.8
Australian dollar	0.1	0.2	1.2
Canadian dollar	–	0.3	–
Euro	0.2	–	–
Other	–	0.2	–
	4.2	23.2	18.1

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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

23 NON-CURRENT ASSETS – AVAILABLE-FOR-SALE INVESTMENTS continued

Interest analysis of available-for-sale investments is as follows:

	At 2nd October, 2011 £m	At 3rd October, 2010 £m	At 4th October, 2009 £m
Non-interest bearing	4.2	23.2	18.1

24 INVENTORIES

	At 2nd October, 2011 £m	At 3rd October, 2010 £m	At 4th October, 2009 £m
Raw materials and consumables	11.7	13.9	13.8
Work in progress	11.4	13.6	9.6
Finished goods	–	–	0.2
	23.1	27.5	23.6

25 TRADE AND OTHER RECEIVABLES

	At 2nd October, 2011 £m	At 3rd October, 2010 £m	At 4th October, 2009 £m
Current assets			
Trade receivables	254.9	262.7	305.8
Allowance for doubtful debts	(27.6)	(29.1)	(33.1)
	227.3	233.6	272.7
Prepayments and accrued income	113.3	106.8	81.4
Other debtors	16.3	28.5	23.4
	356.9	368.9	377.5
Non-current assets			
Trade receivables	–	0.5	1.0
Prepayments and accrued income	21.0	14.1	0.1
Other debtors	26.0	13.3	10.6
	47.0	27.9	11.7
	403.9	396.8	389.2

Movement in the allowance for doubtful debts:

	At 2nd October, 2011 £m	At 3rd October, 2010 £m	At 4th October, 2009 £m
At start of period	(29.1)	(33.1)	(17.7)
Impairment losses recognised	(7.4)	(8.6)	(23.2)
Amounts written off as uncollectible	5.1	6.2	6.7
Amounts recovered during the year	3.6	4.2	1.7
Owned by subsidiaries disposed	0.4	2.0	0.2
Exchange adjustment	(0.2)	0.2	(0.8)
At end of period	(27.6)	(29.1)	(33.1)

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

25 NON-CURRENT ASSETS – AVAILABLE-FOR-SALE INVESTMENTS continued

Ageing of impaired trade receivables:

	At 2nd October, 2011 £m	At 3rd October, 2010 £m	At 4th October, 2009 £m
31 - 60 days	0.4	1.7	3.0
61 - 90 days	2.1	2.0	1.8
91 - 120 days	1.0	2.1	2.3
121+ days	22.0	20.7	10.9
Total	25.5	26.5	18.0

Included in the Group's trade receivables are debtors with a carrying value of £77.2 million (2010 £59.8 million, 2009 £92.7 million) which are past due as at 2nd October, 2011 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 2nd October, 2011 £m	At 3rd October, 2010 £m	At 4th October, 2009 £m
1 - 30 days overdue	36.0	29.4	53.6
31 - 60 days overdue	18.8	11.7	22.8
61 - 90 days overdue	7.8	9.0	6.4
91 + days overdue	14.6	9.7	9.9
Total	77.2	59.8	92.7

The carrying amount of trade and other receivables approximates their fair value.

26 DISCONTINUED OPERATIONS

In December 2009, the Group sold a 50.0% interest in dmg radio Australia to Illyria Radio Investments Limited (Illyria). As required by IFRS 3 (2008) this transaction was accounted for as a disposal of dmg radio Australia and the subsequent acquisition of a 50.0% interest in the jointly controlled business. As part of this transaction Illyria invested A$37.5 million of equity which corresponded with the acquisition fair value of the Group's 50.0% stake. In addition, both the Group and Illyria subscribed A$15.0 million each in redeemable preference shares at the time of the transaction. As a result of the funding and borrowings established during the transaction, a balance of A$112.5 million owed to the Group was repaid. Since the Group has joint control over the management of this business, the Group's remaining 50.0% interest has been accounted for as a joint venture. The revenue of the Radio segment was £38.4 million from 17th December, 2009 to 3rd October, 2010. There was no inter-segment revenue for this segment.

The Group's Consolidated Income Statement includes the following results from discontinued operations:

	Note	52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 £m
Revenue	3	–	15.9
Expenses		–	(12.8)
Depreciation		–	(0.6)
Operating profit before exceptional operating costs and amortisation and impairment of goodwill and intangible assets	3	–	2.5
Impairment of goodwill and intangible assets	3	–	(0.3)
Amortisation of intangible assets	3	–	(1.5)
Operating profit before share of results of joint ventures and associates		–	0.7
Share of results of joint ventures and associates		–	0.6
Profit before net finance costs and tax		–	1.3
Tax	11	–	(1.4)
Loss after tax attributable to discontinued operations		–	(0.1)
Profit on disposal of discontinued operations	17	–	33.2
Profit attributable to discontinued operations		–	33.1

There was no tax associated with the profit on disposal of discontinued operations.
Cash flows associated with discontinued operations comprises operating cash flows of £nil (2010 £0.7 million), investing cash flows of £nil (2010 £nil) and financing cash flows of £nil (2010 £nil).

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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

27 CASH AND CASH EQUIVALENTS

	Note	At 2nd October, 2011 £m	At 3rd October, 2010 £m	At 4th October, 2009 £m
Cash and cash equivalents		174.3	65.7	47.4
Unsecured bank overdrafts	31	(2.6)	(1.4)	(0.5)
Cash and cash equivalents in the cash flow statement	15	171.7	64.3	46.9
Analysis of cash and cash equivalents by currency:				
Sterling		152.7	41.1	26.2
US dollar		6.8	9.3	2.6
Australian dollar		–	–	1.1
Canadian dollar		1.2	1.6	1.6
Euro		5.4	0.3	2.6
Other		8.2	13.4	13.3
		174.3	65.7	47.4
Analysis of cash and cash equivalents by interest type:				
Floating rate interest		174.3	65.7	47.4

The fair values of cash and cash equivalents equate to their book values.

28 TRADE AND OTHER PAYABLES

	At 2nd October, 2011 £m	At 3rd October, 2010 £m	At 4th October, 2009 £m
Current liabilities			
Trade payables	66.4	70.1	84.7
Interest payable	33.9	34.2	32.5
Other taxation and social security	32.6	29.0	28.0
Other creditors	31.2	46.0	56.7
Accruals	234.9	212.4	229.6
Deferred income	255.2	240.4	208.6
	654.2	632.1	640.1
Non-current liabilities			
Other creditors	11.9	1.5	0.6
	666.1	633.6	640.7

The carrying amount of trade and other payables approximates their fair value.

29 CURRENT TAX

	At 2nd October, 2011 £m	At 3rd October, 2010 £m	At 4th October, 2009 £m
Corporation tax payable	53.2	69.4	97.0
Corporation tax receivable	(9.1)	(0.9)	(12.8)
	44.1	68.5	84.2

30 ACQUISITION PUT OPTION COMMITMENTS

	At 2nd October, 2011 £m	At 3rd October, 2010 £m	At 4th October, 2009 £m
Current	1.1	1.1	11.2
Non-current	10.7	–	0.7
	11.8	1.1	11.9

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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

31 BORROWINGS

The Group's borrowings are unsecured and are analysed as follows:

	Overdrafts £m	Bank loans £m	Other borrowings £m	Bonds £m	Loan notes £m	Hire purchase £m	Total £m
At 2nd October, 2011							
Within one year	2.6	–	23.4	–	3.3	–	29.3
Between one and two years	–	–	–	–	–	–	–
Between two and five years	–	–	–	158.3	–	–	158.3
Over five years	–	–	–	673.7	–	–	673.7
	–	–	–	832.0	–	–	832.0
	2.6	–	23.4	832.0	3.3	–	861.3
At 3rd October, 2010							
Within one year	1.4	0.5	–	–	7.3	5.1	14.3
Between one and two years	–	–	–	–	–	8.3	8.3
Between two and five years	–	2.2	–	159.9	–	6.9	169.0
Over five years	–	–	–	693.3	–	–	693.3
	–	2.2	–	853.2	–	15.2	870.6
	1.4	2.7	–	853.2	7.3	20.3	884.9
At 4th October, 2009							
Within one year	0.5	0.5	–	–	14.8	4.7	20.5
Between one and two years	–	43.2	–	–	–	5.1	48.3
Between two and five years	–	130.1	–	303.4	–	8.3	441.8
Over five years	–	–	–	543.7	–	6.9	550.6
	–	173.3	–	847.1	–	20.3	1,040.7
	0.5	173.8	–	847.1	14.8	25.0	1,061.2

The Group's borrowings are analysed by currency and interest rate type as follows:

	Sterling £m	US dollar £m	Australian dollar £m	Other £m	Total £m
At 2nd October, 2011					
Fixed rate interest	832.0	–	–	–	832.0
Floating rate interest	28.4	0.1	0.8	–	29.3
	860.4	0.1	0.8	–	861.3
At 3rd October, 2010					
Fixed rate interest	873.5	–	–	–	873.5
Floating rate interest	7.3	3.1	0.5	0.5	11.4
	880.8	3.1	0.5	0.5	884.9
At 4th October, 2009					
Fixed rate interest	872.1	–	–	–	872.1
Floating rate interest	120.6	68.0	–	0.5	189.1
	992.7	68.0	–	0.5	1,061.2

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

31 BORROWINGS continued

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	Australian dollar £m	Other £m	Total £m
At 2nd October, 2011					
Analysed as:					
Fixed rate interest	556.2	256.5	8.5	–	821.2
Floating rate interest	(195.2)	234.5	0.8	–	40.1
Non-interest bearing	–	–	–	–	–
	361.0	491.0	9.3	–	861.3
At 3rd October, 2010					
Analysed as:					
Fixed rate interest	562.4	338.4	12.3	–	913.1
Floating rate interest	(121.8)	143.8	0.5	0.5	23.0
Non-interest bearing	–	–	–	–	–
	440.6	482.2	12.8	0.5	936.1
At 4th October, 2009					
Analysed as:					
Fixed rate interest	550.8	336.6	24.5	–	911.9
Floating rate interest	(36.3)	204.2	16.4	0.5	184.8
Non-interest bearing	–	–	–	–	–
	514.5	540.8	40.9	0.5	1,096.7

Committed borrowing facilities

The Group's bank loans bear interest charged at LIBOR plus a margin based on the Group's ratio of net debt to EBITDA. Additionally each facility contains a covenant based on a minimum interest cover ratio. EBITDA for these purposes is defined as the aggregate of the Group's consolidated operating profit before share of results of joint ventures and associates before deducting depreciation, amortisation and impairment of goodwill, intangible and tangible assets, before exceptional items and before interest and finance charges. These covenants were met at the relevant test dates during the period.

During the period the Group renewed certain bank facilities for a further five year term. The new facilities amount to £300.0 million and are denominated in sterling and US dollars. The terms of the new facilities are substantially the same as those of the existing facilities other than the net debt: EBITDA ratio is capped at 3.75 times. The Group also has access to £90.0 million of facilities, £30.0 million of which mature in December, 2012 and £60.0 million which mature in September, 2013.

The Group's facilities and their maturity dates are as follows:

	At 2nd October, 2011 £m	At 3rd October, 2010 £m	At 4th October, 2009 £m
Expiring in one year or less	–	180.0	–
Expiring in more than one year but not more than two years	90.0	–	180.0
Expiring in more than two years but not more than three years	–	240.0	–
Expiring in more than three years but not more than four years	–	–	240.0
Expiring in more than four years but not more than five years	300.0	–	–
Total bank facilities	390.0	420.0	420.0

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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

31 BORROWINGS continued

The following undrawn committed borrowing facilities were available to the Group in respect of which all conditions precedent had been met:

	At 2nd October, 2011 £m	At 3rd October, 2010 £m	At 4th October, 2009 £m
Expiring in one year or less	–	153.6	–
Expiring in more than one year but not more than two years	36.4	–	105.7
Expiring in more than two years but not more than three years	–	201.6	–
Expiring in more than three years but not more than four years	–	–	98.2
Expiring in more than five years but not more than six years	291.1	–	–
Total undrawn committed bank facilities	327.5	355.2	203.9

Bonds

The nominal, carrying and fair values of the Group's bonds and the coupons payable are as follows:

Maturity	Coupon %	At 2nd October, 2011 Fair value £m	At 3rd October, 2010 Fair value £m	At 4th October, 2009 Fair value £m	At 2nd October, 2011 Carrying value £m	At 3rd October, 2010 Carrying value £m	At 4th October, 2009 Carrying value £m	At 2nd October, 2011 Nominal value £m	At 3rd October, 2010 Nominal value £m	At 4th October, 2009 Nominal value £m
2013	7.50	162.3	166.0	283.5	158.3	159.9	303.4	156.5	156.5	300.0
2018	5.75	307.6	337.1	143.5	304.1	324.4	175.9	324.7	349.7	175.0
2021	10.00	188.0	197.1	159.0	171.1	170.9	169.9	156.4	156.4	156.4
2027	6.375	177.5	180.2	150.0	198.5	198.0	197.9	200.0	200.0	200.0
		835.4	880.4	736.0	832.0	853.2	847.1	837.6	862.6	831.4

The Group's bonds have been adjusted from their nominal values to take account of the premia, direct issue costs, discounts and movements in hedged risks. The issue costs, premia and discounts are being amortised over the expected lives of the bonds using the effective interest method. The unamortised issue costs amount to £3.8 million (2010 £4.5 million, 2009 £3.1 million), the unamortised premia £10.5 million (2010 £13.6 million, 2009 £13.9 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 and Treasury Review on pages 38 to 43.

Loan notes

The Group has issued loan notes which attract interest at rates of approximately LIBID 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.

32 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.

Capital risk management

The Group manages its capital, defined as equity shareholders' funds and net borrowings, to ensure that entities in the Group are able to continue as going concerns for the foreseeable future.

Debt management

The Group borrows on an unsecured basis and arranges its debt to ensure an appropriate maturity profile. The Group's principal sources of funding are the long-term sterling bond market and committed bank facilities. The Group is mindful of its credit rating, currently BB and ensures it has sufficient committed bank facilities in order to meet short-term business requirements, after taking into account the Group's holding of cash and cash equivalents together with any distribution restrictions which exist. The Group aims to maximise the term and flexibility of indebtedness and retain headroom in the form of undrawn committed bank facilities of approximately £100.0 million. Additionally, the Group arranges its currency borrowings in order that they are in proportion to the ratio of earnings in that particular currency to total Group earnings.

The Directors consider that the Group's bond issuances together with its bank facilities will be sufficient to cover the likely medium-term cash requirements of the Group.

Associates, joint ventures and other investments in general arrange and maintain their own financing and funding requirements. In all cases such financing is non-recourse to the Company.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

The Group's interim internal target of Net Debt to EBITDA cover is 2.0 to 2.5 times whilst the limit imposed by its bank covenants is no greater than four times. The actual ratio for the year was 1.99 times (2010 2.31 times, 2009 2.99 times). On a bank covenant basis the ratio uses average exchange rate in the calculation of net debt. The resultant Net Debt to EBITDA ratio is 1.96 times.

Cash and liquidity risk management

The Group monitors cash balances and ensures that sufficient resources are available to meet entities operational requirements. Short-term money market deposits are used to manage liquidity whilst maximising the rate of return on cash resources, giving due consideration to credit risk.

Market risk management

The Group's primary market risks are interest rate fluctuations and exchange rate movements.

Interest rate risk management

The limit imposed by the Group's bank covenants is at least three times EBITDA to net interest. The actual ratio for the year was 6.36 times (2010 4.91 times, 2009 4.45 times).

The Group's interest rate exposure management policy is aimed at reducing the exposure of the consolidated businesses to changes in interest rates. Group policy is to have 70% to 80% of interest exposures fixed with the balance floating. This is achieved by issuing fixed rate sterling bond debt and entering into derivative contracts that economically swap fixed rate interest into floating rate. Derivatives are used to hedge or reduce the risks of interest rate and exchange rate movements and are not entered into unless such risks exist. The derivatives in place to meet Group policy are as follows:

(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 Consolidated Income Statement. These interest rate swaps amount to £75.0 million (2010 £75.0 million, 2009 £75.0 million) with the Group paying floating rates of between 1.24% and 1.61% (2010 1.24% and 3.60%, 2009 1.99% and 6.03%).

(ii) Cross currency fixed to fixed interest rate swaps. These amounted to £192.3 million / US$355.0 million (2010 £227.6 million / US$435.0 million 2009 £227.6 million / US$ 435.0 million) resulting in the Group paying fixed US dollar interest at rates of between 4.40% and 6.07% (2010 4.40% and 6.07%, 2009 4.40% and 6.07%), £8.5 million / AUS$20.0 million (2010 £8.5 million / AUS$20.0 million, 2009 £18.8 million / AUS$45.0 million) with the Group paying fixed Australian dollar interest at 6.22% (2010 6.15% and 6.22%, 2009 6.15% and 6.22%).

(iii) The Group also had a number of outstanding interest rate caps. These amounted to US$100.0 million notional (2010 US$100.0 million, 2009 US$100.0 million) at a rate of 6.00% (2010 6.00%, 2009 6.00%).

The fair values of interest rate swaps, interest rate caps and forward foreign exchange contracts represent the replacement costs calculated using market rates of interest and exchange at 2nd October, 2011. The fair value of long-term borrowings has been calculated by discounting expected future cash flows at market rates.

Foreign exchange rate risk management

Translation exposures arise on the earnings and net assets of business operations in entities with functional currencies other than that of the parent company. The net asset exposures are economically hedged, to a significant extent, by a policy of denominating borrowings in currencies where significant translation exposures exist, most notably US dollars.

The Group also designates currency swaps and forward contracts as net investment hedges, hedging the Group's overseas investments.

Credit risk management

The Group's principal credit risk relates to its trade and other receivables and non-performance by counterparties to financial instrument contracts.

Trade and other receivables

The Group's customer base is diversified geographically and by division with customers generally of a good financial standing. Before accepting any new customers, the Group assesses the potential customers' credit quality and sets credit limits by customer. The average credit period is 42 days (2010 44 days, 2009 48 days). The Group considers the credit risk of trade receivables to be low, although the Group remains vigilant in the current economic climate. The Group reserves the right to charge interest on overdue receivables, although the Group does not hold collateral over any trade receivable balances. The Group makes an allowance for bad and doubtful debts specific to individual debts. This provision is reviewed regularly in conjunction with a detailed analysis of historic payment profiles and past default experience.

The Group's receivables are stated net of allowances for doubtful debts and allowances for impairment are made where appropriate.

Institutional counterparty risk

The Group seeks to limit interest rate and foreign exchange risks, described above, by the use of financial instruments. As a result, credit risk arises from the potential non-performance by the counterparties to those financial instruments, which are unsecured. The amount of this credit risk is normally restricted to the amounts of any hedge gain and not the principal amount being hedged. The Group also has a credit exposure to counterparties for the full principal amount of cash and cash equivalents. Group policy is to have no more than £20.0 million deposited (or at risk) with any AA counterparty, £10.0 million for A rated counterparties.

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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Credit risk is controlled by monitoring the credit quality of these counterparties, principally licensed commercial banks and investment banks with strong long-term credit ratings, and of the amounts outstanding with each of them. The Group has no significant concentration of risk with exposure spread over a large number of counterparties and customers.

The credit risk on short-term deposits and derivative financial instruments is considered low since the counterparties are banks with high credit ratings. Group policy is to have no more than £20.0 million deposited (or at risk) with any AA counterparty, £10.0 million for A rated counterparties. The Group has no significant concentration of risk with exposure spread over a large number of counterparties and customers.

At the period end date the Group considers its maximum exposure to credit risk to be as follows:

	At 2nd October, 2011 £m	At 3rd October, 2010 £m	At 4th October, 2009 £m
Expiring in one year or less			
Trade and other receivables	243.6	262.1	296.1
Bank deposits	174.3	65.7	47.4
Derivative financial instruments	1.1	2.3	17.9
Expiring in more than one year			
Trade and other receivables	26.0	13.8	11.6
Derivative financial instruments	8.6	8.7	5.5
	453.6	352.6	378.5

Derivative financial instruments and hedge accounting

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 data and the use of established estimation techniques such as discounted cash flow and option valuation models. The Group designates certain derivatives as:

(i) Hedges of the change of fair value of recognised assets and liabilities ('fair value hedges'); or

(ii) Hedges of highly probable forecast transactions ('cash flow hedges'); or

(iii) Hedges of net investment in foreign operations ('net investment hedges')

To qualify for hedge accounting, each individual hedging relationship must be expected to be effective, be designated and documented at its inception and throughout the life of the hedge relationship.

Fair value hedges

The Group's policy is to use interest rate swaps to convert a proportion of its fixed rate debt to floating rates in order to hedge the interest rate risk with changes in fair value of the hedging instrument recognised in the income statement for the period together with the changes in the fair value of the hedged item due to the hedged risk, to the extent the hedge is effective. When the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting, hedge accounting is discontinued.

Gains and losses on the borrowings and related derivatives designated as fair value hedges included in the Consolidated Income Statement for the year ended 2nd October, 2011 were:

	At 4th September, 2009 £m	Fair value movement gain/(loss) £m	At 3rd October, 2010 £m	Fair value movement gain/(loss) £m	At 2nd October, 2011 £m
Sterling interest rate swaps	4.4	3.8	8.2	0.1	8.3
Sterling debt	(4.4)	(3.8)	(8.2)	(0.1)	(8.3)
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.

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.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

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.

All cash flow hedges were effective throughout the year ended 2nd October, 2011. 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.

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.

All net investment hedges were effective throughout the year ended 2nd October, 2011.

Derivatives not qualifying for hedge accounting

Derivatives not qualifying for hedge accounting represent forward contracts which provide a gain or loss equivalent to income tax payable or receivable on foreign exchange gains or losses incurred when intra Group balances are translated to the closing rate at the year end. These contracts (Tax Equalisation Swaps) are marked to market with the movement in fair value taken to income. Tax Equalisation Swaps are not capable of being designated as hedging instruments under IAS 39.

The Group's derivative financial instruments, other than acquisition option commitments, and their maturity profiles are summarised as follows:

Derivative financial assets:

	Fair value hedges £m	Cash flow hedges £m	Net investment hedges £m	Derivatives not qualifying for hedge accounting £m	Derivative financial assets £m
At 2nd October, 2011					
Within one year	–	1.1	–	–	1.1
Between one and two years	1.9	0.2	–	–	2.1
Over five years	6.5	–	–	–	6.5
	8.4	0.2	–	–	8.6
	8.4	1.3	–	–	9.7
At 3rd October, 2010					
Within one year	–	1.8	0.3	0.2	2.3
Between one and two years	–	0.4	–	–	0.4
Between two and five years	2.8	–	–	0.1	2.9
Over five years	5.4	–	–	–	5.4
	8.2	0.4	–	0.1	8.7
	8.2	2.2	0.3	0.3	11.0
At 4th October, 2009					
Within one year	–	0.6	17.3	–	17.9
Between one and two years	–	0.5	–	–	0.5
Between two and five years	2.0	–	–	0.6	2.6
More than five years	2.4	–	–	–	2.4
	4.4	0.5	–	0.6	5.5
	4.4	1.1	17.3	0.6	23.4

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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Derivative financial liabilities:

	Fair value hedges £m	Cash flow hedges £m	Net investment hedges £m	Derivatives not qualifying for hedge accounting £m	Derivative financial liabilities £m
At 2nd October, 2011					
Within one year	–	(4.7)	(0.8)	(0.4)	(5.9)
Between one and two years	–	(0.7)	(22.8)	–	(23.5)
Over five years	–	–	(37.4)	–	(37.4)
	–	(0.7)	(60.2)	–	(60.9)
	–	(5.4)	(61.0)	(0.4)	(66.8)
At 3rd October, 2010					
Within one year	–	(6.4)	(0.1)	(0.1)	(6.6)
Between one and two years	–	(3.7)	–	–	(3.7)
Between two and five years	–	–	(30.4)	–	(30.4)
Over five years	–	–	(45.7)	–	(45.7)
	–	(3.7)	(76.1)	–	(79.8)
	–	(10.1)	(76.2)	(0.1)	(86.4)
At 4th October, 2009					
Within one year	(3.6)	(5.0)	(0.9)	–	(9.5)
Between one and two years	(1.2)	(7.5)	–	–	(8.7)
Between two and five years	–	–	(31.7)	–	(31.7)
Over five years	–	–	(41.8)	–	(41.8)
	(1.2)	(7.5)	(73.5)	–	(82.2)
	(4.8)	(12.5)	(74.4)	–	(91.7)

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 2nd October, 2011, it is estimated that an increase of 1.0% in interest rates would have increased the Group's finance costs by £1.1 million (2010 £1.0 million, 2009 £3.7 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 2nd October, 2011, it is estimated that a decrease of 1.0% in interest rates would have decreased the Group's finance costs by £1.3 million (2010 £1.0 million, 2009 £4.0 million). There would have been no effect on amounts recognised directly in equity. This sensitivity has been calculated by applying the interest rate change to the Group's variable rate borrowings, net of any interest rate swaps, as at the year end date.

At 2nd October, 2011, it is estimated that a 10.0% strengthening of sterling against the US dollar would have reduced the net loss taken to equity by £55.6 million (2010 £51.1 million, 2009 £51.4 million) and increased the net loss taken to income by £nil (2010 £nil, 2009 £nil). A 10.0% weakening of sterling against the US dollar would have increased the net loss taken to equity by £64.0 million (2010 £62.4 million, 2009 £63.8 million) and decreased the net loss taken to income by £nil (2010 £nil, 2009 £nil). This sensitivity has been calculated by applying the foreign exchange change to the Group's financial instruments which are affected by changes in foreign exchange rates.

At 2nd October, 2011, 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 fair value of acquisition put option commitments of £0.2 million (2010 £nil, 2009 £nil).

At 2nd October, 2011, 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 fair value of acquisition put option commitments of £0.2 million (2010 £nil, 2009 £nil).

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

The carrying amounts and gains and losses on financial instruments are as follows:

	At 2nd October, 2011 Carrying amount £m	52 weeks ending 2nd October, 2011 Gain/(loss) to income £m	52 weeks ending 2nd October, 2011 Gain/(loss) to equity £m	At 3rd October 2010 Carrying amount £m	52 weeks ending 3rd October, 2010 Gain/(loss) to income £m	52 weeks ending 3rd October, 2010 Gain/(loss) to equity £m	At 4th October 2009 Carrying amount £m	53 weeks ending 4th October, 2009 Gain/(loss) to income £m	53 weeks ending 4th October, 2009 Gain/(loss) to equity £m
Investments	4.2	2.7	4.4	23.2	0.6	2.9	18.1	(8.5)	3.0
Available-for-sale	4.2	2.7	4.4	23.2	0.6	2.9	18.1	(8.5)	3.0
Trade receivables	227.3	1.5	1.1	234.1	1.8	2.4	273.7	(15.4)	26.2
Other debtors	42.3	–	–	41.8	–	–	34.0	–	–
Cash and deposits	174.3	1.9	–	65.7	0.8	2.1	47.4	2.0	6.5
Loans and receivables	443.9	3.4	1.1	341.6	2.6	4.5	355.1	(13.4)	32.7
Interest rate swaps	8.4	2.3	–	8.2	5.9	–	4.4	4.4	–
Fixed to fixed cross currency swaps	–	–	–	–	–	–	–	–	13.6
Forward foreign currency contracts	1.3	0.2	2.0	2.5	–	5.2	18.4	(1.0)	49.7
Derivative assets in effective hedging relationships	9.7	2.5	2.0	10.7	5.9	5.2	22.8	3.4	63.3
Forward foreign currency contracts	–	–	–	–	–	–	–	4.4	–
Forward foreign currency options	–	–	–	–	–	–	–	1.1	–
Interest rate caps	–	–	–	0.3	(0.3)	–	0.6	–	–
Derivative assets not designated as hedging instruments	–	–	–	0.3	(0.3)	–	0.6	5.5	–
Trade payables	(66.4)	–	(3.6)	(70.1)	–	(2.8)	(84.7)	–	–
Bank overdrafts	(2.6)	–	–	(1.4)	(0.2)	(1.4)	(0.5)	(0.2)	(0.4)
Bonds	(832.0)	(63.4)	–	(853.2)	(66.8)	–	(847.1)	(69.9)	–
Bank loans	–	(5.3)		(2.7)	(6.1)	0.3	(173.8)	(15.5)	(22.7)
Loan notes	(3.3)	(0.1)	–	(7.3)	(0.2)	–	(14.8)	(1.0)	(0.8)
Amounts payable under hire purchase contracts	–	(1.7)	–	(20.3)	(1.6)	–	(25.0)	–	–
Liabilities at amortised cost	(904.3)	(70.5)	(3.6)	(955.0)	(74.9)	(3.9)	(1,145.9)	(86.6)	(23.9)
Interest rate swaps	–	–	–	–	–	–	(0.3)	5.0	–
Fixed to fixed cross currency swaps	(60.3)	(2.6)	(6.0)	(76.2)	(3.8)	(2.6)	(73.5)	(3.9)	(60.7)
Forward foreign currency contracts	(6.1)	1.5	(7.5)	(10.1)	–	(1.2)	(17.9)	(7.1)	(45.7)
Derivative liabilities in effective hedging relationships	(66.4)	(1.1)	(13.5)	(86.3)	(3.8)	(3.8)	(91.7)	(6.0)	(106.4)
Acquisition put option commitments	(11.8)	(0.5)	–	(1.1)	(1.3)	–	(11.9)	(1.8)	–
Forward foreign currency contracts	(0.4)	–	–	(0.1)	(0.1)	–	–	(31.4)	–
Derivative liabilities not designated as hedging instruments	(12.2)	(0.5)	–	(1.2)	(1.4)	–	(11.9)	(33.2)	–
Total for financial instruments	(525.1)	(63.5)	(9.6)	(666.7)	(71.3)	4.9	(852.9)	(138.8)	(31.3)

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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Reconciliation of net gain or loss taken to equity:

	Note	52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 £m	53 weeks ending 4th October, 2009 £m
Change in fair value of hedging derivatives	37	(18.3)	(2.9)	(46.4)
Fair value movement in available-for-sale assets	37	4.6	2.9	1.4
Translation of financial instruments of overseas operations		(2.7)	0.6	10.2
Transfer of gain on cash flow hedges from fair value reserves to Consolidated Income Statement	37	6.8	4.3	3.5
Total loss on financial instruments to equity		(9.6)	4.9	(31.3)

Reconciliation of net gain or loss taken through income to net finance costs:

	Note	52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 £m	53 weeks ending 4th October, 2009 £m
Total loss on financial instruments to income		(63.5)	(71.3)	(138.8)
Add back:				
Impairment of trade receivables	25	(1.5)	(1.8)	15.4
Investment impairment	8	0.2	–	8.7
Investment income	9	(2.9)	(0.6)	(0.2)
Bank interest receivable	9	(1.9)	(0.8)	(2.0)
Finance charge on discounting of contingent consideration	10	(0.4)	(0.7)	(1.7)
Interest on pension scheme liabilities less expected return on pension scheme assets	10	–	(2.2)	4.8
Fair value movement of contingent consideration	10	(1.7)	–	–
Net finance costs	10	(71.7)	(77.4)	(113.8)

Reconciliation of amounts due under hire purchase agreements:

	Total £m	Due in less than one year £m	Due between one and five years £m	Due in more than five years £m
At 2nd October, 2011				
Future minimum lease payments	–	–	–	–
Future finance charges	–	–	–	–
Present value of minimum lease payments	–	–	–	–

	Total £m	Due in less than one year £m	Due between one and five years £m	Due in more than five years £m
At 3rd October, 2010				
Future minimum lease payments	(24.3)	(6.3)	(12.9)	(5.1)
Future finance charges	4.0	1.2	2.4	0.4
Present value of minimum lease payments	(20.3)	(5.1)	(10.5)	(4.7)

	Total £m	Due in less than one year £m	Due between one and five years £m	Due in more than five years £m
At 4th October, 2009				
Future minimum lease payments	(30.6)	(6.3)	(16.5)	(7.8)
Future finance charges	5.6	1.6	3.2	0.8
Present value of minimum lease payments	(25.0)	(4.7)	(13.3)	(7.0)

The above hire purchase agreements related to certain of the Group's colour print assets.

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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

The remaining undiscounted contractual liabilities and their maturities are as follows:

	Trade payables £m	Hire purchase £m	Interest rate swaps £m	Currency swaps £m	Forward contracts £m	Bonds £m	Bank loans and overdrafts £m	Loan notes £m	Total £m
At 2nd October, 2011									
Within one year	(66.4)	–	–	(13.4)	(367.5)	(58.4)	(2.6)	(3.3)	(511.6)
Between one and two years	–	–	–	(126.0)	(16.2)	(209.3)	–	–	(351.5)
Between two and five years	–	–	–	(22.7)	–	(141.2)	–	–	(163.9)
Between five and 10 years	–	–	–	(37.8)	–	(656.4)	–	–	(694.2)
Between 10 and 15 years	–	–	–	(37.8)	–	(63.8)	–	–	(101.6)
Between 15 and 20 years	–	–	–	(130.8)	–	(209.2)	–	–	(340.0)
	–	–	–	(355.1)	(16.2)	(1,279.9)	–	–	(1,651.2)
	(66.4)	–	–	(368.5)	(383.7)	(1,338.3)	(2.6)	(3.3)	(2,162.8)
At 3rd October, 2010									
Within one year	(70.1)	(6.3)	–	(15.5)	(105.6)	(60.2)	(1.9)	(7.4)	(267.0)
Between one and two years	–	(6.3)	–	(15.5)	(40.3)	(60.2)	–	–	(122.3)
Between two and five years	–	(6.6)	–	(190.5)	–	(307.8)	(2.3)	–	(507.2)
Between five and 10 years	–	(5.1)	–	(37.3)	–	(555.7)	–	–	(598.1)
Between 10 and 15 years	–	–	–	(37.3)	–	(228.3)	–	–	(265.6)
Between 15 and 20 years	–	–	–	(136.4)	–	(222.0)	–	–	(358.4)
	–	(18.0)	–	(417.0)	(40.3)	(1,374.0)	(2.3)	–	(1,851.6)
	(70.1)	(24.3)	–	(432.5)	(145.9)	(1,434.2)	(4.2)	(7.4)	(2,118.6)
At 4th October, 2009									
Within one year	(84.7)	(6.3)	(0.3)	(16.2)	(146.4)	(61.0)	(1.0)	(14.9)	(330.8)
Between one and two years	–	(6.3)	–	(29.1)	(48.0)	(61.0)	(44.7)	–	(189.1)
Between two and five years	–	(10.4)	–	(196.1)	(29.1)	(448.8)	(137.8)	–	(822.2)
Between five and 10 years	–	(7.6)	–	(37.0)	–	(359.1)	–	–	(403.7)
Between 10 and 15 years	–	–	–	(37.0)	–	(244.0)	–	–	(281.0)
Between 15 and 20 years	–	–	–	(143.1)	–	(234.7)	–	–	(377.8)
	–	(24.3)	–	(442.3)	(77.1)	(1,347.6)	(182.5)	–	(2,073.8)
	(84.7)	(30.6)	(0.3)	(458.5)	(223.5)	(1,408.6)	(183.5)	(14.9)	(2,404.6)

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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Reconciliation of undiscounted liabilities to amounts on the Statement of Consolidated Financial Position:

	Undis-counted value of financial liabilities £m	Interest £m	Unamortised issue costs £m	Discount/ Premium on issue £m	Mark to market adjustments £m	Effect of discounting £m	Undis-counted value of financial asset £m	Total £m
At 2nd October, 2011								
Within one year	(511.6)	58.4	0.5	1.6	(8.8)	3.2	371.9	(84.8)
Between one and two years	(351.5)	52.8	0.4	1.7	–	0.2	118.6	(177.8)
Between two and five years	(163.9)	141.2	1.3	6.3	–	4.2	18.4	7.5
Between five and 10 years	(694.2)	175.3	1.3	0.4	–	7.0	30.7	(479.5)
Between 10 and 15 years	(101.6)	63.8	0.2	0.5	–	7.0	30.8	0.7
Between 15 and 20 years	(340.0)	9.2	0.1	0.1	–	(17.5)	110.9	(237.2)
	(1,651.2)	442.3	3.3	9.0	–	0.9	309.4	(886.3)
	(2,162.8)	500.7	3.8	10.6	(8.8)	4.1	681.3	(971.1)
Analysed as follows:								
Trade payables	(66.4)	–	–	–	–	–	–	(66.4)
Bank overdrafts	(2.6)	–	–	–	–	–	–	(2.6)
Loan notes	(3.3)	–	–	–	–	–	–	(3.3)
Bonds	(1,338.3)	500.7	3.8	10.6	(8.8)	–	–	(832.0)
Fixed to fixed cross currency swaps	(368.5)	–	–	–	–	3.6	304.6	(60.3)
Forward foreign currency contracts	(383.7)	–	–	–	–	0.5	376.7	(6.5)
	(2,162.8)	500.7	3.8	10.6	(8.8)	4.1	681.3	(971.1)
At 3rd October, 2010								
Within one year	(267.0)	61.6	0.5	1.6	(8.8)	3.1	111.5	(97.5)
Between one and two years	(122.3)	61.1	0.5	1.8	–	3.2	48.9	(6.8)
Between two and five years	(507.2)	152.9	1.3	6.3	–	3.2	156.9	(186.6)
Between five and 10 years	(598.1)	206.4	1.8	4.1	–	10.1	27.2	(348.5)
Between 10 and 15 years	(265.6)	71.9	0.3	(0.4)	–	10.1	27.2	(156.5)
Between 15 and 20 years	(358.4)	22.0	0.1	0.2	–	(17.8)	108.4	(245.5)
	(1,851.6)	514.3	4.0	12.0	–	8.8	368.6	(943.9)
	(2,118.6)	575.9	4.5	13.6	(8.8)	11.9	480.1	(1,041.4)
Analysed as follows:								
Trade payables	(70.1)	–	–	–	–	–	–	(70.1)
Cash flow	(1.4)	–	–	–	–	–	–	(1.4)
Loan notes	(7.4)	0.1	–	–	–	–	–	(7.3)
Bank loans	(2.8)	0.1	–	–	–	–	–	(2.7)
Hire purchase	(24.3)	4.0	–	–	–	–	–	(20.3)
Bonds	(1,434.2)	571.7	4.5	13.6	(8.8)	–	–	(853.2)
Fixed to fixed cross currency swaps	(432.5)	–	–	–	–	12.4	343.9	(76.2)
Forward foreign currency contracts	(145.9)	–	–	–	–	(0.5)	136.2	(10.2)
	(2,118.6)	575.9	4.5	13.6	(8.8)	11.9	480.1	(1,041.4)

Financial Statements

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

	Undis-counted value of financial liabilities £m	Interest £m	Unamortised issue costs £m	Discount/ Premium on issue £m	Mark to market adjustments £m	Effect of discounting £m	Undis-counted value of financial asset £m	Total £m
At 4th October, 2009								
Within one year	(330.8)	62.6	0.3	(1.2)	(4.8)	(2.5)	156.0	(120.4)
Between one and two years	(189.1)	63.6	0.4	(1.3)	–	(1.7)	70.1	(58.0)
Between two and five years	(822.2)	158.7	0.8	(3.6)	–	0.2	193.3	(472.8)
Between five and 10 years	(403.7)	184.9	1.0	(6.3)	–	9.7	27.3	(187.1)
Between 10 and 15 years	(281.0)	87.6	0.4	(2.2)	–	9.9	27.1	(158.2)
Between 15 and 20 years	(377.8)	34.7	0.2	0.6	–	(12.6)	113.8	(241.1)
	(2,073.8)	529.5	2.8	(12.8)	–	5.5	431.6	(1,117.2)
	(2,404.6)	592.1	3.1	(14.0)	(4.8)	3.0	587.6	(1,237.6)
Analysed as follows:								
Trade payables	(84.7)	–	–	–	–	–	–	(84.7)
Bank overdrafts	(0.5)	–	–	–	–	–	–	(0.5)
Loan notes	(14.9)	0.1	–	–	–	–	–	(14.8)
Bank loans	(183.0)	9.2	–	–	–	–	–	(173.8)
Hire purchase	(30.6)	5.6	–	–	–	–	–	(25.0)
Bonds	(1,408.6)	577.2	3.1	(14.0)	(4.8)	–	–	(847.1)
Interest rate swaps	(0.3)	–	–	–	–	–	–	(0.3)
Fixed to fixed cross currency swaps	(458.5)	–	–	–	–	18.1	366.9	(73.5)
Forward foreign currency contracts	(223.5)	–	–	–	–	(15.1)	220.7	(17.9)
	(2,404.6)	592.1	3.1	(14.0)	(4.8)	3.0	587.6	(1,237.6)

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 process (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).

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
At 2nd October, 2011				
Financial assets				
Available for sale financial assets	2.0	–	2.2	4.2
Derivative instruments in designated hedge accounting relationships	–	9.7	–	9.7
	2.0	9.7	2.2	13.9
Financial liabilities				
Acquisition put options	–	–	(11.8)	(11.8)
Derivative instruments in designated hedge accounting relationships	–	(66.8)	–	(66.8)
	–	(66.8)	(11.8)	(78.6)

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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
At 3rd October, 2010				
Financial assets				
Available-for-sale financial assets	19.7	–	3.5	23.2
Derivative instruments in designated hedge accounting relationships	–	11.0	–	11.0
	19.7	11.0	3.5	34.2
Financial liabilities				
Acquisition put options	–	–	(1.1)	(1.1)
Derivative instruments in designated hedge accounting relationships	–	(86.4)	–	(86.4)
	–	(86.4)	(1.1)	(87.5)

There were no transfers between categories in the period.

Reconciliation of level 3 fair value measurement of financial liabilities:

	Note	£m
At 3rd October, 2010		(1.1)
Change in fair value of acquisition put option commitments in income		(0.5)
Settlements		(10.2)
At 2nd October, 2011	30	(11.8)

The key input into the significant level 3 financial liabilities is the future profitability of the businesses to which the acquisition put options relate. The range of possible outcomes for the fair value of these options is £nil to £39.2 million.

33 RETIREMENT BENEFITS

The Group operates a number of pension schemes covering most major Group companies under which contributions are paid by the employer and employees.

The schemes include funded defined benefit pension arrangements, providing service-related benefits in addition to a number of defined contribution pension arrangements. The defined benefit schemes in the UK and some defined contribution plans are administered by trustees or trustee companies and are closed to new employees.

The Group has been progressively introducing a number of PensionSaver group personal pension plans to provide a consistent pensions saving vehicle across all Group divisions. These plans have replaced the trust-based defined contribution arrangements which are now in the final stages of being wound up.

The assets of all the pension schemes and plans are held independently from the Group's finances.

The total net pension costs of the Group for the year ended 2nd October, 2011 were £16.5 million (2010 £27.7 million).

On 16th June, 2011 an amendment to the International Accounting Standard 19 – Employee Benefits (IAS19) was issued which will be effective from 1st January, 2013. The principal effect on these financial statements if the amended IAS19 had been applied to the year ended 2nd October, 2011 would have been an increase to Finance Costs as reported in the Consolidated Income Statement of £25.1 million (2010 £22.5 million) with a corresponding decrease in the actuarial loss reported within Cumulative actuarial (loss)/gain in the Consolidated Statement of Comprehensive Income (SOCI).

Defined Benefit Schemes

With effect from 1st April, 2011 the benefit design of the Harmsworth Pension Scheme changed significantly to align with the Company's objective of controlling risk and cost going forward. On the same date the Scheme also ceased to be contracted-out of the State Second Pension. The Scheme continues to operate on a defined benefit basis but total benefits are no longer linked to final salary. These changes do not affect benefit entitlements accrued by members prior to 1st April, 2011. Benefits accrued up to 31st March, 2011 are protected on a final salary basis, but they have been de-linked from pensionable salary. This part of a member's benefit will instead be increased in line with the retail price index (RPI), capped at 5%.

From 1st April, 2011 benefits are accrued on a cash basis rather than a pension basis with members building up a retirement account (a cash balance which is used to buy an annuity from an insurance company at retirement). The accumulated retirement account is calculated on a Career Average Revalued Earnings (CARE) basis using pensionable pay history.

The Company communicated these changes through a formal employee consultation process that ended in February 2011.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

33 RETIREMENT BENEFITS continued

The reduction in accrued liabilities following the statutory change to indexation of post-1988 GMP (Guaranteed Minimum Pension) increases is £19.2 million. These statutory increases previously related to RPI will in future be increased in line with the consumer prices index (CPI).

The Scheme was closed to new employees with effect from 1st October, 2009 and will fully close to new entrants on 31st March, 2012. Full actuarial valuations of the defined benefit schemes are carried out triennially by the actuary. The latest valuation as at 31st March, 2010, was signed on 30th June, 2011 along with a new schedule of contributions. In view of the closure of the Scheme to new entrants, it was agreed to use a control period, over which the future contribution rate is assessed, equal to the average working lifetime of the active membership, known as the attained age method. The valuation as at 31 March, 2010 and the funding basis arising from it makes allowance for the scheme changes described above.

The rates of normal cash contributions paid by the Company to the principal scheme under the two schedules of contributions in force during the year were 18.0% of members' scheme salaries (2010 18.0 %) for the six-month period to 31st March, 2011 (with employees contributing either 5.0% or 7.5% depending on which section of the scheme they are in), followed by six months' from 1st April, 2011 of the equivalent of 10.0% of members' basic salary for the 'Standard' section (with members contributing 4%) and 15.0% of members' basic salary for the 'Plus' section (with members contributing 6.0%). As a part of funding agreements with the trustees of the main schemes the Company has agreed Recovery Plans involving a series of annual funding payments amounting to £265.9 million over a period to end on 5th October, 2023. The first of these payments amounting to £36.7 million was made post year end on 5th October, 2011. The normal and deficit funding payments described above are subject to review following subsequent actuarial valuations.

The funding strategy agreed with the trustee of the principal schemes in connection with the 2007 valuation made allowance for assumed future investment returns on the Scheme's assets of 3.3% p.a. above price inflation, compared with the real return of some 2.6% p.a. implicit within the calculation of the Technical Provisions (i.e. the value of the Scheme's benefit liabilities). The Company agreed with the Trustees that this margin would be covered by a contingent asset and the Company put in place letters of credit of an amount sufficient to cover any potential shortfall in this additional investment return arising prior to the 2010 triennial valuation. As at 2nd October, 2011, the letters of credit (which are due to expire on 31 March, 2012) had a value of £53.6 million (2010 £54.5 million).

At 2nd October, 2011, the defined benefit obligation to the Group relating to the DMGT AVC Plan (the Plan), as measured for the purposes of this disclosure under the requirements of IAS19, was £60.0 million (2010 £61.8 million). The assets of the Plan were £47.3 million (2010 £52.1 million), producing a deficit of £12.7 million (2010 £9.7 million deficit). The Plan is closed to further member contributions.

The last triennial valuation of the Plan showed that the combined accumulated assets as at 31st March, 2008 represented 100.0% of the Plan's Technical Provisions in respect of past service benefits. As at 31st March, 2010 the funding position of the Plan measured on a Technical Provisions basis stood at 92.0%. Recent quarterly updates provided to the Trustees indicate that the funding position has since deteriorated in common with most other defined benefit plans. The Group has not been required to make contribution payments in respect of the Plan. The next actuarial valuation of the Plan is due to take place as at 31st March, 2011 with the results not expected until 2012.

Members of the defined benefit schemes are able to make additional voluntary contributions (AVCs) into unit-linked funds held within each scheme. No benefit obligation arises to the Group from these AVCs and the related unit-linked AVC assets have been excluded from the scheme assets reported below.

The figures in this note are based on calculations using membership data as at 30th September, 2011 along with asset valuations and cash flow information from the schemes for the year to 2nd October, 2011.

A reconciliation of the net pension obligation reported in the Consolidated Statement of Financial Position is as follows:

	At 2nd October, 2011 £m	At 3rd October, 2010 £m	At 4th October, 2009 £m
Present value of defined benefit obligation	(1,921.1)	(1,878.2)	(1,901.8)
Assets at fair value	1,584.9	1,606.8	1,471.4
Deficit reported in the Consolidated Statement of Financial Position	(336.2)	(271.4)	(430.4)

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 fact that the Schemes remain open to new accrual, and the current and anticipated levels of service cost and cash contributions, the Company considers that recognition of surpluses in the Schemes on its Statement of Financial Position is in accordance with the interpretations of IFRIC 14. In 2011, 2010 and 2009 all Schemes were in deficit.

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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

33 RETIREMENT BENEFITS continued

The deficit for the year, set out above, excludes a related deferred tax asset of £83.6 million (2010 £73.3 million, 2009 £120.5 million).

A reconciliation of the present value of the defined benefit obligation is shown as follows:

	52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 £m	53 weeks ending 4th October, 2009 £m
Defined benefit obligation at start of year	(1,878.2)	(1,901.8)	(1,621.0)
Service cost	(17.2)	(23.8)	(24.7)
Service cost in respect of salary sacrifice	(5.5)	(6.4)	(5.4)
Interest cost	(91.7)	(101.4)	(111.4)
Past service cost	–	–	(1.0)
Settlement/curtailment	–	9.5	27.4
Member contributions	(0.2)	(1.2)	(3.4)
Benefit payments	87.1	89.4	94.3
Actuarial (gain)/loss as a result of:			
changes in assumptions	32.5	(104.0)	(281.3)
membership experience	(47.9)	161.5	24.7
Defined benefit obligation at the end of year	(1,921.1)	(1,878.2)	(1,901.8)

A reconciliation of the fair value of assets is shown as follows:

	At 2nd October, 2011 £m	At 3rd October, 2010 £m	At 4th October, 2009 £m
Fair value of assets at start of year	1,606.8	1,471.4	1,582.7
Expected return on assets	104.1	99.2	116.2
Company contributions	35.2	35.0	31.3
Member contributions	0.2	1.2	3.4
Benefit payments	(87.1)	(89.4)	(94.3)
Actuarial movement	(74.3)	89.4	(167.9)
Fair value of assets at end of year	1,584.9	1,606.8	1,471.4

The fair value of the assets held by the pension schemes and the long-term expected rate of return on each class of assets are shown as follows:

	Equities	Bonds	Property	Other assets	Total
At 2nd October, 2011					
Value (£ million)*	849.2	562.3	157.3	16.1	1,584.9
Percentage of assets held (%)	53.60	35.50	9.90	1.00	100.00
Long-term rate of return expected at 2nd October, 2011 (%)	8.30	4.30	6.80	4.30	6.70
At 3rd October, 2010					
Value (£ million)*	883.6	519.7	156.1	47.4	1,606.8
Percentage of assets held (%)	55.00	32.30	9.70	3.00	100.00
Long-term rate of return expected at 3rd October, 2010 (%)	7.90	4.40	7.00	4.40	6.60
At 4th October, 2009					
Value (£ million)*	827.8	487.2	103.1	53.3	1,471.4
Percentage of assets held (%)	56.30	33.10	7.00	3.60	100.00
Long-term rate of return expected at 4th October, 2009 (%)	8.30	4.60	6.60	4.60	7.00

*Equities include hedge funds and infrastructure funds that have the same long-term expected rate of return.

The trust deed of each of the Schemes explicitly prohibits investment of the Scheme assets in employer-related investments, apart from those required in order that a passively managed UK equity portfolio can be utilised by the Trustees. The value of DMGT 'A' Ordinary Non-Voting Shares held by pooled fund managers on behalf of the Schemes at 2nd October, 2011 was £0.1 million (2010 £0.1 million, 2009 £0.1 million).

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

33 RETIREMENT BENEFITS continued

The assumption for the expected overall rate of return on assets is a weighted average of the expected returns for each asset class based on the proportion of assets held in each class at the beginning of the year. The expected return on bonds has been selected having regard to gross redemption yields at the start of the year. The expected returns on equities and property are based on a combination of estimated risk premiums over Government bond yields, the gross redemption yields on bonds, and consensus economic forecasts for future returns.

The actual return on Plan assets was £29.7 million (2010 return of £188.6 million, 2009 loss of £51.7 million) representing the expected return plus the associated actuarial gain or loss during the year.

The main financial assumptions are shown as follows:

	52 weeks ending 2nd October, 2011 %	52 weeks ending 3rd October, 2010 %	53 weeks ending 4th October, 2009 %
Price inflation	3.00	3.10	3.10
Salary increases	2.90	2.90	3.00
Pension increases	2.90	2.90	3.00
Discount rate for scheme liabilities	5.20	5.00	5.40
Expected overall rate of return on assets	6.70	6.60	7.00

The discount rate for Scheme liabilities reflects yields at the period end date on high quality corporate bonds. The assumption for salary growth has been adjusted to take account of the limit on the extent to which expected future pay increases will count towards pension accrued and being earned in the Schemes. All assumptions were selected after taking actuarial advice.

Mortality assumptions take account of Scheme experience, and also allow for further improvements in life expectancy based on 'medium cohort' projections but with a minimum rate of reduction in mortality rates in future of 1.0% per annum. Allowance is made for the extent to which employees have chosen to commute part of their pension for cash at retirement and for the proportion of members with dependants at retirement eligible for a pension.

The table below illustrates examples of the assumed average life expectancies from age 60 for the principal Schemes:

	52 weeks ending 2nd October, 2011 Future life expectancy from age 60 (years)	52 weeks ending 3rd October, 2010 Future life expectancy from age 60 (years)	53 weeks ending 4th October, 2009 Future life expectancy from age 60 (years)
For a current 60-year old male member of the scheme	27.0	25.8	25.6
For a current 60-year old female member of the scheme	28.8	27.7	28.2
For a current 50-year old male member of the scheme	28.6	26.9	26.7
For a current 50-year old female member of the scheme	30.3	28.3	29.2

The amounts charged to the Consolidated Income Statement based on the above assumptions are shown as follows:

	52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 £m
Service cost	(17.2)	(23.8)
Service cost in respect of salary sacrifice	(5.5)	(6.4)
Settlement/curtailment	–	9.5
Charge to operating profit	(22.7)	(20.7)
Interest cost	(91.8)	(101.4)
Expected return on assets	104.1	99.2
Credit/(charge) to net Finance costs	12.3	(2.2)
Total net charge to the Consolidated Income Statement	(10.4)	(22.9)

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

33 RETIREMENT BENEFITS continued

Pension costs and the size of any pension surplus or deficit are sensitive to the assumptions adopted. The table below indicates the effect from changes in the principal assumptions used above:

		52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 £m	53 weeks ending 4th October, 2009 £m
Mortality				
Change in pension obligation at 2nd October, 2011 from a one year change in life expectancy	+/-	71.0	57.6	59.6
Change in pension cost from a one year change	+/-	4.1	3.9	4.0
Salary Increases				
Change in pension obligation at 2nd October, 2011 from a 0.25% change	+/-	–	0.1	1.9
Change in pension cost from a 0.25 % change	+/-	0.1	0.1	0.1
Discount Rate				
Change in pension obligation at 2nd October, 2011 from a 0.10% change	+/-	31.0	31.9	35.0
Change in pension cost from a 0.10 % change	+/-	0.1	0.7	0.8

Amounts recognised in the Consolidated Statement of Comprehensive Income (SOCI) are shown as follows:

	52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 £m	53 weeks ending 4th October, 2009 £m
Actuarial (loss)/gain recognised in SOCI	(89.6)	146.9	(424.5)
Total loss recognised in SOCI	(89.6)	146.9	(424.5)
Cumulative actuarial (loss)/gain recognised in SOCI at beginning of period	(131.2)	(278.1)	146.4
Cumulative actuarial loss recognised in SOCI at end of period	(220.8)	(131.2)	(278.1)

A history of experience gains and losses is shown in the following table:

	At 2nd October, 2011 £m	At 3rd October, 2010 £m	At 4th October, 2009 £m	At 28th September, 2008 £m	At 30th September, 2007 £m
Present value of defined benefit obligation	(1,921.1)	(1,878.2)	(1,901.8)	(1,621.0)	(1,830.1)
Fair value of Scheme assets	1,584.9	1,606.8	1,471.4	1,582.7	1,682.4
Impact of asset ceiling in AVC Plan (from 2006)	–	–	–	(2.9)	(3.6)
Combined deficit in schemes	(336.2)	(271.4)	(430.4)	(41.2)	(151.3)
Experience adjustments on defined benefit obligation	(15.4)	57.5	(256.6)	233.2	(43.0)
Experience adjustments on fair value of Scheme assets	(74.3)	89.4	(167.9)	(351.0)	77.6

The Group expects to contribute approximately £56.5 million to the Schemes during the 2012 financial year 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 divisions.

The aggregate value of the Group personal pension plans and the remaining trust-based defined contribution pension plans was £39.8 million (2010 £39.1 million, 2009 £29.6 million) at the year end. The pension cost attributable to these plans during the year amounted to £3.4 million (2010 £2.6 million, 2009 £1.1 million).

Overseas pension plans

Overseas subsidiaries of certain Group divisions operate defined contribution retirement benefit plans, primarily in North America and Australia. The pension cost attributable to these plans during the year amounts to £2.7 million (2010 £2.2 million, 2009 £1.4 million).

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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

33 RETIREMENT BENEFITS continued

Pension arrangements for executives

The Group operates a contributory defined benefit scheme for senior executives (including some executive Directors), details of which are included in the above disclosures. However, no executive Directors accrued further pension during the year.

Stakeholder pension

DMGT provides access to a stakeholder pension plan for relevant employees who are not eligible for the other pension schemes operated by the Group.

34 PROVISIONS

	Note	Contract discount	Coupon discount £m	Onerous leases £m	Reorganis-ation costs £m	Contingent consider-ation £m	Legal £m	Other (Note ii) £m	Total £m
Current liabilities									
At 4th October, 2009		2.8	1.8	8.1	7.2	6.3	4.3	8.2	38.7
Additions		–	–	–	–	0.9	–	–	0.9
Charged during year		11.7	5.5	0.2	3.3	–	3.5	3.1	27.3
Utilised during year		(6.0)	(5.4)	(5.2)	(8.6)	–	(2.7)	(1.0)	(28.9)
Disposal during the year		–	–	–	–	–	–	(3.0)	(3.0)
Transfer from non-current liabilities		–	–	–	–	7.0	–	(3.0)	4.0
Reclassification from accruals		3.0	–	1.1	5.4	–	–	–	9.5
Contingent consideration paid		–	–	–	–	(6.3)	–	–	(6.3)
Notional interest on contingent consideration		–	–	–	–	0.2	–	–	0.2
Adjustment to goodwill / contingent consideration	18	–	–	–	–	(4.8)	–	–	(4.8)
Exchange adjustment		0.1	–	–	–	–	(0.1)	0.1	0.1
At 3rd October, 2010		11.6	1.9	4.2	7.3	3.3	5.0	4.4	37.7
Additions	16	–	–	–	–	1.1	–	–	1.1
Charged during year		3.7	1.4	0.1	12.7	–	0.4	1.5	19.8
Utilised during year		(2.4)	(1.5)	(3.8)	(4.4)	–	–	(1.4)	(13.5)
Transfer from non-current liabilities		–	–	0.8	–	10.3	–	–	11.1
Contingent consideration paid	16	–	–	–	–	(8.4)	–	–	(8.4)
Notional interest on contingent consideration	10	–	–	–	–	0.3	–	–	0.3
Adjustment to goodwill / contingent consideration	18, (i)	–	–	–	–	(0.1)	–	–	(0.1)
Fair value adjustment to contingent consideration	10	–	–	–	–	1.8	–	–	1.8
Exchange adjustment		–	–	–	–	(0.1)	–	–	(0.1)
At 2nd October, 2011		12.9	1.8	1.3	15.6	8.2	5.4	4.5	49.7

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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

	Note	Onerous leases £m	Reorganis-ation costs £m	Contingent consider-ation £m	Legal £m	Other (Note ii) £m	Total £m
Non-current liabilities							
At 4th October, 2009		6.6	7.5	17.2	1.0	2.1	34.4
Additions		–	–	4.0	–	–	4.0
Charged during year		(4.2)	–	–	(0.9)	0.5	(4.6)
Utilised during year		–	–	–	–	(0.1)	(0.1)
Owned by subsidiaries disposed		–	–	–	–	(0.7)	(0.7)
Transfer to current liabilities		–	–	(7.0)	–	–	(7.0)
Reclassification from accruals		1.2	–	–	–	–	1.2
Notional interest on contingent consideration		–	–	0.5	–	–	0.5
Adjustment to goodwill / contingent consideration	18	–	–	0.1	–	–	0.1
Exchange adjustment		–	–	(0.3)	(0.1)	0.2	(0.2)
At 3rd October, 2010		3.6	7.5	14.5	–	2.0	27.6
Additions	16	–	–	2.1	–	–	2.1
Charged during year		0.3	–	–	–	1.1	1.4
Utilised during year		(0.2)	(3.6)	–	–	–	(3.8)
Transfer to current liabilities		(0.8)	–	(10.3)	–	–	(11.1)
Contingent consideration paid	16	–	–	(3.6)	–	–	(3.6)
Notional interest on contingent consideration	10	–	–	0.1	–	–	0.1
Adjustment to goodwill / contingent consideration	18, (i)	–	–	0.9	–	–	0.9
Fair value adjustment to contingent consideration	10	–	–	(0.1)	–	–	(0.1)
At 2nd October, 2011		2.9	3.9	3.6	–	3.1	13.5

(i) The adjustment to goodwill/contingent consideration relates to prior period acquisitions only.

(ii) Other current provisions principally of dilapidation provisions of £0.4 million (2010 £0.3 million, 2009 £0.1 million) and provisions for national insurance of £0.4 million (2010 £0.7 million, 2009 £nil). Other non-current provisions principally of dilapidation provisions of £1.6 million (2010 £1.6 million, 2009 £1.7 million) and provisions for national insurance of £1.1 million (2010 £nil, 2009 £nil).

The Group's coupon discount and redundancy and reorganisation provisions are all expected to be utilised within the next 12 months. The lease provisions are dependent on the terms of the lease whilst the timing of cash flows for legal disputes have been split using Directors' best estimates.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

34 PROVISIONS continued

The uncertainties surrounding and the nature of the Group's contingent consideration provisions are disclosed in critical accounting judgements and key sources of estimation uncertainty (Note 2). The maturity profile of the Group's contingent consideration provision is as follows:

	At 2nd October, 2011 £m	At 3rd October, 2010 £m	At 4th October, 2009 £m
Expiring in one year or less	8.2	3.3	6.3
Expiring between one and two years	0.4	11.9	6.1
Expiring between two and five years	3.2	2.6	11.1
	11.8	17.8	23.5

The contingent consideration is based on future business valuations and profit multiples and has been estimated on an acquisition by acquisition basis using available data forecasts. The range of undiscounted outcomes for contingent consideration is £7.4 million to £25.0 million. Certain contingent consideration arrangements are not capped since they are based on future business performance.

35 DEFERRED TAXATION

	Note	Accel-erated capital allowances £m	Goodwill and intangible assets £m	Revaluation and roll over gains £m	UK capital losses £m	Trading losses and tax credits £m	Pension scheme deficit £m	Other £m	Total £m
Disclosed within non-current liabilities		–	23.1	–	–	–	–	1.1	24.2
Disclosed within non-current assets		42.6	31.2	(9.4)	(15.0)	(79.3)	(120.5)	(14.2)	(164.6)
At 4th October, 2009		42.6	54.3	(9.4)	(15.0)	(79.3)	(120.5)	(13.1)	(140.4)
(Credit)/charge to income		(18.2)	10.8	–	(11.2)	(10.7)	3.2	(4.0)	(30.1)
(Credit)/charge to income due to change in tax rate		(1.5)	(0.4)	–	0.5	0.7	(0.5)	0.1	(1.1)
(Credit)/charge to equity		–	–	0.5	–	–	39.7	–	40.2
Credit to equity due to change in tax rate		–	–	–	–	–	4.8	–	4.8
Owned by subsidiaries acquired		–	2.1	–	–	–	–	–	2.1
Owned by subsidiaries sold		–	(1.5)	–	–	–	–	1.4	(0.1)
Exchange adjustment		–	(0.6)	–	–	(0.6)	–	0.2	(1.0)
At 3rd October, 2010		22.9	64.7	(8.9)	(25.7)	(89.9)	(73.3)	(15.4)	(125.6)
Disclosed within non-current liabilities		–	25.4	–	–	–	–	0.3	25.7
Disclosed within non-current assets		22.9	39.3	(8.9)	(25.7)	(89.9)	(73.3)	(15.7)	(151.3)
(Credit)/charge to income	11	(11.5)	2.5	(7.1)	(13.0)	–	6.7	(3.9)	(26.3)
Charge/(credit) to income due to change in tax rate	11	(1.7)	(0.5)	0.1	1.9	2.3	(1.2)	0.2	1.1
Credit to equity	37,38	–	–	(0.2)	–	–	(22.4)	(1.6)	(24.2)
Charge to equity due to change in tax rate	37,38	–	–	–	–	–	6.6	–	6.6
Owned by subsidiaries acquired	16	–	0.8	–	–	–	–	–	0.8
Owned by subsidiaries sold	17	(2.1)	1.9	–	–	–	–	–	(0.2)
Exchange adjustment		–	0.6	–	–	(1.0)	–	0.9	0.5
At 2nd October, 2011		7.6	70.0	(16.1)	(36.8)	(88.6)	(83.6)	(19.8)	(167.3)
Disclosed within non-current liabilities		–	27.8	(3.5)	–	(0.8)	–	0.3	23.8
Disclosed within non-current assets		7.6	42.2	(12.6)	(36.8)	(87.8)	(83.6)	(20.1)	(191.1)
At 2nd October, 2011		7.6	70.0	(16.1)	(36.8)	(88.6)	(83.6)	(19.8)	(167.3)

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

35 DEFERRED TAXATION continued

The Group has reanalysed the deferred tax balances above from that presented in the prior period to allow users of the Report and Accounts to obtain a better understanding of the Group's deferred tax balances.

The deferred tax assets disclosed in the Consolidated Statement of Financial Position in respect of tax losses and tax credits are analysed as follows:

	At 2nd October, 2011 £m	At 3rd October, 2010 £m	At 4th October, 2009 £m
UK	19.4	31.1	18.3
North America	62.4	55.1	59.1
Australia	6.8	3.7	1.9
	88.6	89.9	79.3

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, £45.0 million will expire between 2018 and 2027. The remaining assets have no expiry date.

Included in the credit to income of £25.2 million (2010 £31.2 million, 2009 £68.7 million) is £nil (2010 £0.5 million, 2009 £15.4 million) relating to discontinued operations.

Included in Other deferred tax are deferred tax assets of £5.3 million (2010 £3.6 million, 2009 £4.9 million) in respect of financial instruments and £3.2 million (2010 £3.4 million, 2009 £4.9 million) in respect of capital losses and deferred tax liabilities of £3.2 million (2010 £6.6 million, 2009 £5.6 million) in respect of revaluations and rolled over gains. The £1.7 million credit to equity (2010 £nil, 2009 £nil) relates entirely to financial instruments.

There is an unrecognised deferred tax asset of £72.9 million (2010 £89.2 million, 2009 £68.0 million) which relates to revenue losses where there is insufficient certainty that these losses will be utilised in the foreseeable future. Of these assets £19.6 million will expire between 2018 and 2030. The remaining assets have no expiry date. There is an additional unprovided deferred tax asset relating to capital losses carried forward of £63.1 million (2010 £42.2 million, 2009 £23.6 million).

No deferred tax liability is recognised on temporary differences of £79.8 million (2010 £68.2 million, 2009 £52.9 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 2nd October, 2011 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 a dividend withholding taxes levied by the overseas tax jurisdictions in which these subsidiaries operate.

The UK Government has announced a future decrease in the UK corporation tax rate from 26.0% to 23.0% over the next three years. The impact of these proposed rate changes would be to reduce the UK deferred tax assets included within non-current assets from £128.6 million to £118.3 million if they were all to reverse at 23.0%.

36 CALLED UP SHARE CAPITAL

	Allotted, issued and fully paid At 2nd October, 2011 £m	Allotted, issued and fully paid At 3rd October, 2010 £m	Allotted, issued and fully paid At 4th October, 2009 £m
Ordinary Shares of 12.5 pence each	2.5	2.5	2.5
'A' Ordinary Non-Voting Shares of 12.5 pence each	46.6	46.6	46.6
	49.1	49.1	49.1

	Allotted, issued and fully paid At 2nd October, 2011 Number of shares	Allotted, issued and fully paid At 3rd October, 2010 Number of shares	Allotted, issued and fully paid At 4th October, 2009 Number of shares
Ordinary Shares	19,886,472	19,886,472	19,886,472
'A' Ordinary Non-Voting Shares	372,774,648	372,696,648	372,696,648
	392,661,120	392,583,120	392,583,120

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.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

36 CALLED UP SHARE CAPITAL continued

During the year the Company disposed of 2,189,854 'A' Ordinary Non-Voting Shares, in order to satisfy incentive schemes. This represented 0.59% of the called up 'A' Ordinary Non-Voting Share capital at 2nd October, 2011.

The Company also purchased 2,340,214 'A' Ordinary Non-Voting Shares having a nominal value of £292,527 to match obligations under incentive plans. The consideration paid for these shares was £11.7 million. Shares repurchased during the period represented 0.63% of the called up 'A' Ordinary Non-Voting share capital at 2nd October, 2011.

At 2nd October, 2011 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 5,399,633 (2010 5,557,567, 2009 6,380,067) 'A' Ordinary Non-Voting Shares.

37 RESERVES

	Note	52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 £m
Share premium account			
At beginning of period		12.5	12.4
Issue of shares		0.2	0.1
At end of period		12.7	12.5
Capital redemption reserve			
At beginning and end of period		1.1	1.1
Revaluation reserve			
At beginning of period		7.0	4.1
Fair value movement in available-for-sale assets	23	4.6	2.9
Fair value adjustment to contingent consideration		0.2	–
Transfer to Consolidated Income Statement on sale of Sanborn	(i)	(8.5)	–
At end of period		3.3	7.0

The revaluation reserve arose on the revaluation of the Group's available-for-sale investments. It includes £3.3 million (2010 £3.7 million, 2009 £3.7 million) in relation to historic property valuations originally recorded under UK GAAP. These properties are no longer held at fair value but the historic revaluation amount will remain in the revaluation reserve until the properties are sold.

(i) The revaluation reserves recycled to the Consolidated Income Statement on disposals relates to the Group's sale of its 2.8% interest in CoStar, Inc.

	52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 £m
Shares held in treasury		
At beginning of period	(45.0)	(46.8)
Purchase of own shares	(11.7)	(12.3)
Own shares released on vesting of share options	10.4	14.1
At end of period	(46.3)	(45.0)

The Group's investment in its own shares is classified within shareholders' funds as shares held in treasury. At 2nd October, 2011, this investment comprised the cost of 9,728,174 'A' Ordinary Non-Voting Shares (2010 9,577,814 shares, 2009 9,657,228 shares). The market value of these shares at 2nd October, 2011 was £35.3 million (2010 £50.3 million, 2009 £42.4 million).

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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

37 RESERVES continued

	Note	52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 £m
Translation reserve			
At beginning of period		(16.3)	9.8
Foreign exchange differences on translation of foreign operations		7.5	12.0
Translation reserves recycled to Consolidated Income Statement on disposals	17	(21.6)	(39.1)
Transfer of loss on cash flow hedges from translation reserve to Consolidated Income Statement		4.1	4.3
Change in fair value of cash flow hedges		(0.8)	0.7
Losses on hedges of net investments in foreign operations		(15.2)	(4.0)
At end of period		(42.3)	(16.3)

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	52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 £m
Retained earnings			
At beginning of period		97.4	(164.0)
Net profit for the period		111.6	199.8
Dividends paid	12	(62.4)	(57.1)
Actuarial (loss)/gain on defined benefit pension schemes	33	(89.3)	147.5
Credit to equity for share-based payments	40	16.9	16.2
Settlement of exercised share options of subsidiaries		(12.7)	(9.3)
Initial recording of put options granted to non-controlling interests in subsidiaries	(i)	(7.1)	–
Exercise of acquisition put option commitments		–	1.3
Adjustment to equity following increased stake in controlled entity		(5.5)	10.0
Adjustment to equity following decreased stake in controlled entity		0.5	(2.3)
Current tax on items recognised in equity		–	0.5
Deferred tax on actuarial movement	35	15.8	(44.9)
Deferred tax on other items recognised directly in equity	35	1.4	(0.3)
At end of period		66.6	97.4
At end of period – Total Reserves		(4.9)	56.7

(i) £7.1 million (2010 £nil, 2009 £nil) representing the fair 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 fair value after initial recognition are recorded in the Consolidated Income Statement.

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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

38 NON-CONTROLLING INTERESTS

	Note	52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 £m
At beginning of period		57.4	46.8
Share of profit for the period		15.9	19.2
Dividends paid		(7.8)	(6.6)
Shares issued		1.9	4.1
Non-controlling interests arising from business combinations	16	6.0	–
(Loss)/gain on hedges of net investments in foreign operations		(1.9)	0.4
Transfer of loss on cash flow hedges to Consolidated Income Statement		2.7	–
Change in fair value of cash flow hedges		(0.4)	–
Foreign exchange differences on translation of foreign operations		3.1	2.3
Actuarial loss on defined benefit pension schemes	33	(0.3)	(0.6)
Exercise of acquisition put option commitments		–	(1.3)
Credit to equity for share-based payments	40	2.7	0.7
Deferred tax on actuarial movement	35	–	0.4
Deferred tax on other items recognised directly in equity	35	0.4	(0.3)
Deemed disposal		(0.5)	2.3
Step acquisition		4.3	(10.0)
Initial recording of put options granted to non-controlling interest in subsidiaries		(3.2)	–
At end of period		80.3	57.4

39 COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

	At 2nd October, 2011 £m	At 3rd October, 2010 £m	At 4th October, 2009 £m
Property, plant and equipment			
Contracted but not provided in the financial statements	17.4	–	0.2

At 2nd October, 2011 the Group had outstanding capital commitments relating to the construction of a new printing operation in Thurrock, Essex.

At 2nd October, 2011 the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	At 2nd October, 2011 Properties £m	At 3rd October, 2010 Properties £m	At 4th October, 2009 Properties £m	At 2nd October, 2011 Plant and equipment £m	At 3rd October, 2010 Plant and equipment £m	At 4th October, 2009 Plant and equipment £m
Within one year	28.2	25.6	33.1	7.3	3.7	4.6
Between one and two years	24.8	22.3	22.9	5.8	2.4	3.4
Between two and five years	59.7	55.7	58.4	7.1	2.7	3.1
After five years	74.9	71.5	64.2	–	–	–
	187.6	175.1	178.6	20.2	8.8	11.1

The Group's most significant leasing arrangements relate to rented properties. The Group negotiates lease contracts according to the Group's needs with a view to balancing stability and security of tenure and lease terms with the risk of entering into excessively long or onerous arrangements. Of the Group's rented properties, the most significant commitment relates to the head office premises at 2 Derry Street, London W8 5TT. This lease expires on 25th December, 2022.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

39 COMMITMENTS AND CONTINGENT LIABILITIES continued

Commitments in relation to properties as at 3rd October, 2010 have been restated to exclude future payments under non-cancellable agreements made to secure venues for future events and exhibitions which are separately disclosed below.

	At 2nd October, 2011 £m	At 3rd October, 2010 £m	At 4th October, 2009 £m
Within one year	10.3	9.7	9.0
Between one and two years	2.4	2.6	5.9
Between two and five years	0.2	1.7	6.1
After five years	–	0.1	–
	12.9	14.1	21.0

The Group entered into arrangements with its ink suppliers to obtain ink for the period to September 2015 at competitive prices and to secure supply. At the year end, the commitment to purchase ink over this period was £91.2 million (2010 £109.6 million, 2009 £130.5 million).

The Group has entered into agreements with certain printers for periods up to 2022 at competitive prices and to secure supply. At the year end, the commitment to purchase printing capacity over this period was £100.5 million (2010 £130.8 million, 2009 £141.9 million).

Contingent liabilities

As set out in Note 33 the Group has issued stand by letters of credit in favour of the Trustees of the Group's defined benefit pension fund amounting to £53.6 million (2010 £54.5 million, 2009 £37.8 million) together with other guarantees of £9.3 million (2010 £8.1 million, 2009 £5.3 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 22nd October, 1996. Two of these writs have been discontinued. The total outstanding amount claimed on the two remaining writs is Malaysian Ringgits 82.0 million (£16.5 million) (2010 Malaysian Ringgits 82.0 million £14.8 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.

40 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 at a price equivalent to the market value of the respective shares at the date of grant. Details of the performance conditions relating to the DMGT Schemes are explained in the Remuneration Report on pages 66 and 69.

For equity-settled share-based payment transactions, IFRS 2 applies to grants of shares, share options or other equity instruments made after 7th November, 2002 that had not vested by 1st January, 2005. The charge to the Consolidated Income Statement arising from the most significant Schemes is as follows:

Division	Scheme	52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 £m	53 weeks ending 4th October, 2009 £m
DMGT	Executive Share Option Scheme	–	0.6	0.3
	Executive Bonuses	0.9	1.9	1.4
	Long-Term Incentive Plan	1.2	1.5	0.9
RMS		7.3	6.9	6.9
Euromoney	Capital Appreciation Plan	8.1	2.0	3.1
Others – principally Business information		1.9	2.8	1.3
		19.4	15.7	13.9

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 overleaf. With respect to all Schemes, the share price volatility has been estimated, based upon relevant historic data in respect of the DMGT 'A' Ordinary Share prices. Expedited volatility has been estimated, based upon relevant historic data in respect of the DMGT 'A' Ordinary share price. The expected life used in the model has been adjusted, based on managements best estimate, for the effects of non-transferability. The Group did not reprice any of its outstanding options during the year.

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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

40 SHARE-BASED PAYMENTS continued

Further details of the Group's schemes are set out below:

DMGT 1997 Executive Share Option Scheme

Details of the terms and conditions relating to this scheme are set out in the Remuneration Report on page 74.

	52 weeks ending 2nd October, 2011 Number of share options	52 weeks ending 2nd October, 2011 Weighted average exercise price £	52 weeks ending 3rd October, 2010 Number of share options	52 weeks ending 3rd October, 2010 Weighted average exercise price £	53 weeks ending 4th October, 2009 Number of share options	53 weeks ending 4th October, 2009 Weighted average exercise price £
Outstanding at 3rd October, 2010	1,815,807	6.43	2,172,807	6.43	2,316,245	6.43
Forfeited during the year	(78,062)	6.38	(357,000)	6.43	–	–
Exercised during the year	–	–	–	–	(138,500)	6.38
Expired during the year	–	–	–	–	(4,938)	6.08
Outstanding at 2nd October, 2011	1,737,745	6.43	1,815,807	6.43	2,172,807	6.43
Exercisable at 2nd October, 2011	–	–	–	–	–	–
Exercisable at 3rd October, 2010	–	–	–	–	–	–

No share options were granted or exercised during the year.

The options outstanding at 2nd October, 2011 had a weighted average remaining contractual life of 4.4 years (2010 5.3 years, 2009 5.8 years).

Options under the DMGT 1997 Executive Share Option Scheme

The inputs into the Black-Scholes model for options, granted since 7th November, 2002, are as follows:

Date of grant	16th December, 2002	2nd January, 2003	8th December, 2003	6th December, 2004
Market value of shares at date of grant (£)	5.73	5.82	6.08	7.24
Option price (£)	5.73	5.82	6.08	7.24
Number of share options outstanding	478,795	32,000	539,242	687,708
Term of option (years)	10.00	10.00	10.00	10.00
Assumed period of exercise after vesting (years)	6.50	6.50	6.50	6.50
Exercise price (£)	5.73	5.82	6.08	7.24
Risk-free rate (%)	5.00	5.00	4.80	4.50
Change in fair value of cash flow hedges	1.61	1.58	1.65	1.52
Volatility (%)	20.00	20.00	20.00	20.00
Fair value per option (£)	1.35	1.37	1.43	1.70

DMGT 2006 Executive Share Option Scheme

Details of the terms and conditions relating to this scheme are set out in the Remuneration Report on page 74.

	52 weeks ending 2nd October, 2011 Number of share options	52 weeks ending 2nd October, 2011 Weighted average exercise price £	52 weeks ending 3rd October, 2010 Number of share options	52 weeks ending 3rd October, 2010 Weighted average exercise price £	53 weeks ending 4th October, 2009 Number of share options	53 weeks ending 4th October, 2009 Weighted average exercise price £
Outstanding at 3rd October, 2010	2,571,960	4.74	2,931,954	5.43	2,953,500	6.33
Granted during the year	266,000	5.39	491,427	4.04	610,000	2.51
Forfeited during the year	(48,000)	3.56	(30,000)	2.50	(163,500)	6.39
Exercised during the year	(221,703)	5.62	(333,500)	6.80	–	–
Expired during the year	(174,183)	5.05	(487,921)	6.88	(468,046)	6.97
Outstanding at 2nd October, 2011	2,394,074	4.73	2,571,960	4.74	2,931,954	5.43
Exercisable at 2nd October, 2011	1,100,647	5.97	838,579	6.47	551,000	–
Exercisable at 3rd October, 2010	838,579	6.47	551,000	6.83	–	–

Options were forfeited by leavers during the period.

The options outstanding at 2nd October, 2011 had a weighted average remaining contractual life of 6.8 years (2010 7.4 years, 2009 7.8 years).

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

40 SHARE-BASED PAYMENTS continued

The aggregate of the estimated fair values of the options granted during the year is £0.3 million (2010 £0.6 million, 2009 £0.3 million).

The inputs into the Black-Scholes model are as follows:

Date of grant	31st March, 2006	5th July, 2006	27th November, 2006	17th December, 2007	27th May, 2008	9th June, 2008
Market value of shares at date of grant (£)	6.98	6.11	6.88	5.05	4.02	3.82
Option price (£)	6.98	6.11	6.88	5.05	4.02	3.82
Number of share options outstanding	274,376	73,000	307,500	310,771	35,000	100,000
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 (£)	6.98	6.11	6.88	5.05	4.02	3.82
Risk-free rate (%)	4.50	4.80	4.30	4.30	4.30	4.30
Expected dividend yield (%)	1.72	2.01	1.90	2.84	3.66	3.85
Volatility (%)	20.00	20.00	20.00	20.00	20.00	30.00
Fair value per option (£)	1.53	1.44	1.51	1.18	0.92	0.85

Date of grant	24th November, 2008	26th January, 2009	26th December, 2009	6th December, 2010
Market value of shares at date of grant (£)	2.50	2.53	4.04	5.39
Option price (£)	2.50	2.53	4.04	5.39
Number of share options outstanding	253,000	283,000	491,427	266,000
Term of option (years)	10.00	10.00	10.00	10.00
Assumed period of exercise after vesting (years)	7.00	7.00	7.00	7.00
Exercise price (£)	2.50	2.53	4.04	7.00
Risk-free rate (%)	3.00	3.00	3.00	3.00
Expected dividend yield (%)	5.89	5.81	3.64	2.29
Volatility (%)	40.00	40.00	40.00	30.00
Fair value per option (£)	0.56	0.56	1.13	1.22

Nil-Cost Options under the DMGT Executive Bonus Scheme

Since December 2009, half of the Executive Bonus paid to the Executive Directors has been deferred into shares in the form of nil-cost options which cannot be exercised for at least three years. 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. A portion of the bonus earned by Directors under the Scheme in the current year will also be deferred into shares in the form of nil-cost options. The cash portion of the bonus is included in the remuneration table on page 65 of the Remuneration Report. The total bonus is calculated in accordance with the Scheme rules, as set out on page 65 of the Remuneration Report.

	52 weeks ending 2nd October, 2011 Number of share options	52 weeks ending 2nd October, 2011 Weighted average exercise price £	52 weeks ending 3rd October, 2010 Number of share options	52 weeks ending 3rd October, 2010 Weighted average exercise price £	53 weeks ending 4th October, 2009 Number of share options	53 weeks ending 4th October, 2009 Weighted average exercise price £
Outstanding at 3rd October, 2010	429,625	–	–	–	–	–
Granted during the year	678,013	–	429,625	–	–	–
Exercised during the year	(156,193)	–	–	–	–	–
Outstanding at 2nd October, 2011	951,445		429,625	–	–	–
Exercisable at 2nd October, 2011	–	–	–	–	–	–
Exercisable at 3rd October, 2010	–	–	–	–	–	–

No share options expired or were forfeited during the year.

631,465 of these outstanding options are grants to Directors, as shown in the Remuneration Report. In addition a grant of 320,000 options was made to a senior executive, other than a Director, during the year which will vest in September 2012.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

40 SHARE-BASED PAYMENTS continued

DMGT Long-Term Incentive Plan

Details of the terms and conditions relating to this scheme are set out in the Remuneration Report.

	52 weeks ending 2nd October, 2011 Number of share options	52 weeks ending 2nd October, 2011 Weighted average exercise price £	52 weeks ending 3rd October, 2010 Number of share options	52 weeks ending 3rd October, 2010 Weighted average exercise price £	53 weeks ending 4th October, 2009 Number of share options	53 weeks ending 4th October, 2009 Weighted average exercise price £
Outstanding at 3rd October, 2010	1,637,225	4.92	1,200,516	5.76	1,260,287	5.82
Granted during the year	595,695	5.59	1,031,709	4.04	–	–
Exercised during the year	(356,890)	5.17	(131,493)	6.52	(29,886)	7.04
Expired during the year	(320,177)	4.81	(463,507)	4.70	(29,885)	7.04
Outstanding at 2nd October, 2011	1,555,853	5.14	1,637,225	4.92	1,200,516	5.76
Exercisable at 2nd October, 2011	–	–	–	–	–	–
Exercisable at 3rd October, 2010	–	–	–	–	–	–

No share awards were forfeited during the year.

The awards outstanding at 2nd October, 2011 had a weighted average remaining contractual life of 2.3 years (2010 2.6 years, 2009 1.6 years).

The aggregate of the estimated fair values of the awards made during the year is £7.5 million (2010 £4.2 million, 2009 £nil).

Options under the DMGT Long-Term Incentive Scheme

The inputs into the Black-Scholes model are as follows:

Date of grant	1st January, 2006	1st January, 2007	19th December, 2009	19th December, 2009	19th December, 2009
Market value of shares at date of grant (£)	7.88	7.17	4.04	4.04	4.04
Option price (£)	7.88	7.17	4.04	4.04	4.04
Number of share options outstanding	111,261	114,338	244,853	122,427	122,427
Term of option (years)	5.00	5.00	2.80	3.00	4.00
Assumed period of exercise after vesting (years)	–	–	–	–	–
Exercise price (£)	Nil	Nil	Nil	Nil	Nil
Risk-free rate (%)	4.50	4.30	3.00	3.00	3.00
Expected dividend yield (%)	1.52	1.82	3.64	3.64	3.64
Volatility (%)	20.00	20.00	40.00	40.00	40.00
Fair value per option (£)	5.99	5.45	4.04	4.04	4.04

Date of grant	19th December, 2009	19th December, 2009	20th December, 2010	20th December, 2010	20th December, 2010
Market value of shares at date of grant (£)	4.04	4.04	5.59	5.59	5.59
Option price (£)	4.04	4.04	5.59	5.59	5.59
Number of share options outstanding	122,427	122,427	192,758	96,379	96,379
Term of option (years)	5.00	6.00	2.78	3.00	4.00
Assumed period of exercise after vesting (years)	–	–	–	–	–
Exercise price (£)	Nil	Nil	Nil	Nil	Nil
Risk-free rate (%)	3.00	3.00	3.00	3.00	3.00
Expected dividend yield (%)	3.64	3.64	2.86	2.86	2.97
Volatility (%)	40.00	40.00	30.00	30.00	30.00
Fair value per option (£)	4.04	4.04	5.59	5.59	5.59

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

40 SHARE-BASED PAYMENTS continued

Date of grant	20th December, 2010	20th December, 2010	1st January, 2011
Market value of shares at date of grant (£)	5.59	5.59	5.74
Option price (£)	5.59	5.59	5.74
Number of share options outstanding	96,379	96,379	17,421
Term of option (years)	5.00	6.01	3.00
Assumed period of exercise after vesting (years)	–	–	–
Exercise price (£)	Nil	Nil	Nil
Risk-free rate (%)	3.00	3.00	3.00
Expected dividend yield (%)	2.86	2.86	2.79
Volatility (%)	30.00	30.00	30.00
Fair value per option (£)	5.59	5.59	5.74

RMS options plan

RMS options were granted at market value. The options become exercisable after a four year vesting period and lapse after five years and five years from grant date under the 2001 and 2005 option plan respectively. Previously, the stock issued under the plan was subject to a nine month holding period, which has been subsequently removed during 2007. The stock issued under the plan is subject to put or call options where DMGT has the right to settle in DMGT 'A' Ordinary shares or cash. The options plan classification changed from a cash settled plan in June 2005 to an equity settled plan following this change of settlement feature of stock issued under the plan. After 30th September, 2011 options under the 2001 and 2005 plan will no longer be awarded.

During fiscal year 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.

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.

	52 weeks ending 2nd October, 2011 Number of share options	52 weeks ending 2nd October, 2011 Weighted average exercise price US$	52 weeks ending 3rd October, 2010 Number of share options	52 weeks ending 3rd October, 2010 Weighted average exercise price US$	53 weeks ending 4th October, 2009 Number of share options	53 weeks ending 4th October, 2009 Weighted average exercise price US$
Outstanding at 3rd October, 2010	3,878,417	43.52	3,003,397	42.12	2,796,530	36.64
Granted during the year	1,569,073	46.89	1,156,877	45.25	1,256,992	47.74
Forfeited during the year	(244,079)	46.66	(81,521)	45.87	(288,633)	43.64
Exercised during the year	(633,121)	36.89	(200,336)	29.63	(761,492)	30.96
Outstanding at 2nd October, 2011	4,570,290	45.67	3,878,417	43.52	3,003,397	42.12
Exercisable at 2nd October, 2011	2,265,976	44.71	1,763,341	40.78	1,015,951	35.64
Exercisable at 3rd October, 2010	1,763,341	40.78	1,015,951	35.64	888,803	28.60

The weighted average share price at the date of exercise for share options exercised during the year was US$46.89 (2010 US$45.25, 2009 US$47.81).

The options outstanding at 2nd October, 2011 had a weighted average exercise price of US$45.67 (2010 US$43.52, 2009 US$42.12) and a weighted average remaining contractual life of 4.06 years (2010 5.05 years, 2009 5.1 years).

The aggregate of the estimated fair values of the options granted during the year is US$15.3 million (2010 US$11.6 million, 2009 US$10.7 million).

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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

40 SHARE-BASED PAYMENTS continued

RMS options plan continued

The inputs into the Black-Scholes model are as follows:

Date of grant	During 2001	During 2002	During 2003	During 2004	During 2005	During 2006
Market value of shares at date of grant (US$)	5.26	4.81	5.56	9.13	16.61	29.78
Option price (US$)	5.26	4.81	5.56	9.13	16.61	29.78
Number of share options outstanding	7,646	3,283	37,894	46,822	87,783	728,958
Term of option (years)	–	0.67	1.67	2.67	3.67	4.27
Assumed period of exercise after vesting (years)	6-9	6-9	6-9	6-9	6-9	6-9
Exercise price (US$)	5.26	4.81	5.56	9.13	16.61	29.78
Risk-free rate (%)	4.00	4.00	4.00	4.00	4.00	4.00
Expected dividend yield (%)	2.00	2.00	2.00	2.00	2.00	2.00
Volatility (%)	35.00	35.00	35.00	35.00	35.00	35.00
Fair value per option (US$)	22.22	22.43	21.38	17.91	12.53	8.57

Date of grant	During 2007	During 2008	During 2009	During 2010	During 2011
Market value of shares at date of grant (US$)	36.39	45.43	47.81	45.25	46.89
Option price (US$)	36.39	45.43	47.81	45.25	46.89
Number of share options outstanding	800,629	979,515	1,117,023	1,058,024	1,467,562
Term of option (years)	3.80	3.80	3.80	3.80	4.30
Assumed period of exercise after vesting (years)	6-9	6-9	6-9	6-9	6-9
Exercise price (US$)	36.39	45.43	47.81	45.25	46.89
Risk-free rate (%)	4.67	4.10	2.20	1.78	2.27
Expected dividend yield (%)	2.00	2.00	2.50	2.63	3.05
Volatility (%)	35.00	29.00	29.32	36.58	33.00
Fair value per option (US$)	10.29	10.69	9.59	10.93	10.08

Expected volatility was determined by calculating the historical volatility of comparable companies.

Euromoney Capital Appreciation Plan 2010 (CAP 2010)

The CAP 2010 executive share option scheme was approved by shareholders on 21st January, 2010. Each CAP 2010 award comprises two equal elements – an option to subscribe for Ordinary Shares of 0.25p each in the Company at an exercise price of 0.25p per Ordinary Share, and a right to receive a cash payment. The awards will vest in two equal tranches. The first tranche of awards will become exercisable on satisfaction of the primary performance condition, but no earlier than February 2013 and lapse to the extent unexercised by 30th September, 2020. The second tranche of awards becomes exercisable in the February following a subsequent financial year in which adjusted pre-tax profits of the Euromoney Group again equal or exceed £100.0 million (increased to £105.0 million following the acquisition of NDR), but no earlier than February, 2014. The second tranche only vests on satisfaction of the primary performance condition and an additional performance condition. The number of options received under the share award of the CAP 2010 is reduced by the number of options vesting with participants from the 2010 Company Share Option Plan (see opposite). The primary performance condition was achieved in the 2011 financial year, two years earlier than expected, when adjusted pre-tax profits were £101.3 million. However, the internal rules of the plan prevent the awards vesting more than one year early so although the primary condition has been achieved the award pool will be allocated between the holders of outstanding awards by reference to their contribution to the growth in profits of the Group from the 2009 base year to the profits achieved in the 2012 financial year and these awards are expected to become exercisable in February, 2013.

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.

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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

40 SHARE-BASED PAYMENTS continued

	52 weeks ending 2nd October, 2011 Number of share options	52 weeks ending 2nd October, 2011 Weighted average exercise price £	52 weeks ending 3rd October, 2010 Number of share options	52 weeks ending 3rd October, 2010 Weighted average exercise price £	53 weeks ending 4th October, 2009 Number of share options	53 weeks ending 4th October, 2009 Weighted average exercise price £
Outstanding at 3rd October, 2010	2,719,801	0.0025	–	–	–	–
Granted during the year	–	–	2,719,801	0.0025	–	–
Outstanding at 2nd October, 2011	2,719,801	0.0025	2,719,801	0.0025	–	–
Exercisable at 2nd October, 2011	–	–	–	–	–	–
Exercisable at 3rd October, 2011	–	–	–	–	–	–

The weighted average share price at the date of exercise for share options exercised during the year was £nil (2010 £nil, 2009 £nil).

The options outstanding at 2nd October, 2011 had a weighted average exercise price of £0.0025 (2010 £0.0025, 2009 £0.0025) and a weighted average remaining contractual life of 9.0 years (2010 10.0 years, 2009 nil years).

The aggregate of the estimated fair values of the options granted during the year is £nil million (2009 £11.6 million, 2009 £nil).

The inputs into the Black-Scholes model are as follows:

Date of grant	30th March, 2010	30th March, 2010
Market value of shares at date of grant (p)	501.00	501.00
Option price (p)	0.25	0.25
Number of share options outstanding	969,305	1,750,496
Term of option (years)	10.00	10.00
Assumed period of exercise after vesting (years)	4.00	5.00
Exercise price (p)	0.25	0.25
Risk-free rate (%)	2.28	2.75
Expected dividend yield (%)	7.00	7.00
Fair value per option (p)	4.37	4.20

Company Share Option Plan (CSOP 2010)

In parallel with the CAP 2010, the shareholders approved the CSOP 2010 UK and Canada at the AGM on 21st January, 2010. The CSOP 2010 UK was approved by HM Revenue and Customs on 21st June, 2010 and granted on 28th June, 2010. The CSOP 2010 UK option enables each participant to purchase up to 4,972 shares in the Company at a price of £6.03 per share, the market value at the date of grant. The options will vest and become exercisable at the same time as the corresponding share award under the CAP 2010 providing the CSOP option is in the money at that time and does not vest before 28th June, 2013. The CSOP 2010 Canada, granted on 30th March, 2010, enables each participant to purchase up to 19,960 shares in the Company at a price of £5.01 per share, the market value at the date of grant. No option may vest after the date falling three months after the preliminary announcement of the results for the financial year ended 30th September, 2019 and the option shall lapse to the extent unvested at the time. The CSOP has the same performance criteria as that of the CAP 2010 as set out above. The number of CSOP 2010 awards that vest proportionally reduce the number of shares that vest under the CAP 2010, the CSOP is effectively a delivery mechanism for part of the CAP 2010 award. The CSOP 2010 option exercise price of £6.03 (UK) and £5.01 (Canada) will be satisfied by a funding award mechanism and results in the same net gain on the CSOP options (calculated as the market price of the Company's shares at the date of exercise less the exercise price multiplied by the number of options exercised) delivered in the equivalent number of shares to participants as if the award had been delivered using £0.0025 CAP options.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

40 SHARE-BASED PAYMENTS continued

	52 weeks ending 2nd October, 2011 Number of share options	52 weeks ending 2nd October, 2011 Weighted average exercise price £	52 weeks ending 3rd October, 2010 Number of share options	52 weeks ending 3rd October, 2010 Weighted average exercise price £	53 weeks ending 4th October, 2009 Number of share options	53 weeks ending 4th October, 2009 Weighted average exercise price £
Outstanding at 3rd October, 2010	781,191	5.7200	–	–	–	–
Granted during the year	–	–	781,191	5.7200	–	–
Outstanding at 2nd October, 2011	781,191	5.7200	781,191	5.7200	–	–
Exercisable at 2nd October, 2011	–	–	–	–	–	–
Exercisable at 3rd October, 2010	–	–	–	–	–	–

The weighted average share price at the date of exercise for share options exercised during the year was £nil (2010 £nil, 2009 £nil). The options outstanding at 2nd October, 2011 had a weighted average exercise price of £5.72 (2010 £5.72, 2009 £nil) and a weighted average remaining contractual life of 8.38 years (2010 9.38 years, 2009 nil years).

The aggregate of the estimated fair values of the options granted during the year is £nil million (2010 £3.4 million, 2009 £nil).

The inputs into the Black-Scholes model are as follows:

Date of grant	28th June, 2010	30th March, 2010
Market value of shares at date of grant (p)	603.34	501.00
Option price (p)*	603.34	501.00
Number of share options outstanding	541,671	239,520
Term of option (years)	9.38	9.38
Assumed period of exercise after vesting (years)	3.00	3.00
Exercise price (p)	603.34	501.00
Risk-free rate (%)	2.28%	2.28%
Expected dividend yield (%)	7.00%	7.00%
Fair value per option (p)	437.00	437.00

The number of CSOP 2010 awards that vest proportionally reduce the number of shares that vest under the CAP 2010, the CSOP is effectively a delivery mechanism for part of the CAP 2010 award. The CSOP 2010 options have an exercise price of £6.03[1], which will be satisfied by a funding award mechanism which results in the same net gain[2] on these options delivered in the equivalent number of shares to participants as if the same award had been delivered using £0.0025 CAP options. The amount of the funding award will depend on the Company's share price at the date of exercise. Because of the above and the other direct links between the CSOP 2010 and the CAP 2010, including the identical performance criteria, IFRS 2 – Share-based Payments combines the two plans and treats them as one plan (vesting in two tranches). As such the long-term incentive expense recognised in the year for the CSOP 2010 and CAP 2010 options (including the charge in relation to the cash element) was £15.9 million (2010 £3.9 million).

1. Exercise price of Canadian CSOP is £5.01.

2. Net gain on the CSOP options is the market price of the Company's shares at the date of exercise less the exercise price (£6.031) multiplied by the number of options exercised.

*Exercise price excludes the effect of the funding award.

Cash-settled options

Euromoney has liabilities in respect of three share option schemes that are classified by IFRS 2 – Share-based Payments as cash settled. These consists of the cash element of the CAP 2010 scheme, options held by employees over new equity shares in Internet Securities Inc., a subsidiary of the Group, and, from 2011, options held by employees over equity shares in Structured Retail Products Limited (previously Arete Consulting Limited), a subsidiary of the Group. The total carrying value at 30th September, 2011 included in the Statement of Financial Position is a liability of £10.3 million (2010: £2.1 million). Of these schemes, options with an intrinsic value of £7,000 (2010: £36,000) had vested but are not yet exercised.

The Euromoney Capital Appreciation Plan 2004 (CAP 2004)

The CAP 2004 executive share option scheme was approved by shareholders on 1st February, 2005. Each of the CAP awards comprises an option to subscribe for Ordinary Shares of 0.25p each in the Company for an exercise price of 0.25p per Ordinary Share. The awards become exercisable on satisfaction of certain performance conditions and lapse to the extent unexercised on 30th September, 2014. The initial performance condition was achieved in the financial year 2007 and the option pool (a maximum of 7.5 million shares) was allocated between the holders of outstanding awards. One third of the awards vested immediately.

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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

40 SHARE-BASED PAYMENTS continued

The primary performance target was achieved again in 2008 and, after applying the additional performance condition, 2,241,269 options from the second tranche of options vested in February 2009. The primary performance target was also achieved in 2009 and 1,521,498 options (including a true-up adjustment of 5,654) for the third (final) tranche of options in 2009 vested in February 2010. The additional performance condition was applied again to profits for the 2010 financial year for those individual participants where the additional performance conditions for the second and final tranches had not been met and 303,321 options vested in February, 2011. For individual participants' businesses where the additional performance conditions for the second and final tranche have not been met, the vesting is deferred until the profits are at least 75% of that achieved in 2007 but no later than by reference to the year ending 30th September, 2012. The Directors estimate 334,997 of options will vest in February 2012 following satisfaction of the additional performance test.

The CAP options were valued using a fair value model that adjusted the share price at the date of the grant for the net present value of expected future dividend streams up to the date of the expected exercise.

	52 weeks ending 2nd October, 2011 Number of share options	52 weeks ending 2nd October, 2011 Weighted average exercise price £	52 weeks ending 3rd October, 2010 Number of share options	52 weeks ending 3rd October, 2010 Weighted average exercise price £	53 weeks ending 4th October, 2009 Number of share options	53 weeks ending 4th October, 2009 Weighted average exercise price £
Outstanding at 3rd October, 2010	335,606	0.0025	1,754,937	0.0025	2,690,780	0.0025
Granted during the year	334,997	0.0025	308,975	0.0025	1,262,767	0.0025
Forfeited during the year	–	–	(815)	0.0025	–	–
Exercised during the year	(313,765)	7.2700	(1,727,491)	4.7300	(2,198,610)	1.8600
Expired during the year	(5,010)	0.0025	–	–	–	–
Outstanding at 2nd October, 2011	351,828	0.0025	335,606	0.0025	1,754,937	0.0025
Exercisable at 2nd October, 2011	351,828	0.0025	335,606	0.0025	1,754,937	0.0025
Exercisable at 3rd October, 2010	335,606	0.0025	1,754,937	0.0025	2,690,780	0.0025

The weighted average share price at the date of exercise for share options exercised during the year was £7.27 (2010 £4.73, 2009 £1.86).

The options outstanding at 2nd October, 2011 had a weighted average exercise price of £0.0025 (2010 £0.0025, 2009 £0.0025) and a weighted average remaining contractual life of 3.0 years (2010 4.0 years, 2009 5.0 years).

The aggregate of the estimated fair values of the options granted during the year is £1.0 million (2010 £0.9 million, 2009 £3.5 million).

The inputs into the Black-Scholes model are as follows:

Date of grant	Tranche 1 20th June, 2005	Tranche 2 20th June, 2005	Tranche 3 20th June, 2005
Market value of shares at date of grant (p)	401.00	401.00	401.00
Option price (p)	0.25	0.25	0.25
Number of share options outstanding	421	58,375	293,032
Term of option (years)	10.00	10.00	10.00
Assumed period of exercise after vesting (years)	3.28	4.53	5.53
Exercise price (p)	0.25	0.25	0.25
Risk-free rate (%)	5.00	5.00	5.00
Dividend growth (%)	8.44	8.44	8.44
Fair value per option (p)	328.00	302.00	282.00

41 ULTIMATE HOLDING COMPANY

The Company's ultimate holding company and immediate parent company is Rothermere Continuation Limited, a company incorporated in Bermuda.

42 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.

The following transactions and arrangements are those which are considered to have had a material effect on the financial performance and position of the Group for the period.

Ultimate Controlling Party

The Company's ultimate controlling party is the Viscount Rothermere, the Company's Chairman. Transactions relating to the remuneration and shareholdings of the Viscount Rothermere are given in the Remuneration Report.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

Transactions with Directors

There were no 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 below in aggregate for each of the categories specified in IAS 24. Further information about the individual Directors' remuneration is provided in the Directors' Remuneration Report on pages 64 to 65.

	52 weeks ending 2nd October, 2011 £m	52 weeks ending 3rd October, 2010 £m
Short-term employee benefits	6.9	6.3
Other long-term benefits	6.5	7.1
Share-based payments	2.0	2.9
Post employment benefits	0.3	0.3
	15.7	16.6

There were no termination charges in 2011 or 2010.

Transactions with joint ventures and associates

Details of the Group's principal joint ventures and associates are set out in Note 22.

Associated Newspapers Limited has a 33.3% (2010 33.3%, 2009 45.0%) shareholding in Fortune Green Limited. During the period the Group received revenue for newsprint, computer and office services of £0.5 million (2010 £0.5 million, 2009 £0.9 million). The amount due from Fortune Green Limited at 2nd October, 2011 was £0.2 million (2010 £0.1 million, 2009 £0.2 million).

Associated Newspapers Limited has a 12.5% (2010 12.5%, 2009 12.5%) share in the Newspapers Licensing Agency (NLA) from which royalty revenue of £3.1 million was received (2010 £2.9 million, 2009 £2.5 million), and £0.4 million due at year end. Commissions paid on this revenue total £0.6 million (2010 £0.6 million, 2009 £0.3 million). The amount due from the NLA at 2nd October, 2011 was £nil (2010 £0.1 million, 2009 £0.1 million). Interest-bearing loans of £0.4 million are due to Associated Newspapers from NLA at 2nd October, 2011.

Daily Mail and General Holdings Limited has a 15.6% (2010 15.6%, 2009 15.8%) shareholding in The Press Association. During the period the Group received services amounting to £3.7 million (2010 £3.5 million, 2009 £1.3 million) and the net amount due from the Press Association as at 2nd October, 2011 was £0.1 million (2010 £0.2 million, 2009 £33,000).

The Group has a 24.9% (2010 24.9%, 2009 24.9%) shareholding in the Evening Standard. During the year, the Group has received revenue of £28.0 million (2010 £25.6 million, 2009 £5.6 million) and incurred charges of £9.4 million (2010 £9.3 million, 2009 £13.3 million). The net amount due to the Group at 2nd October, 2011 was £8.1 million (2010 £2.3 million, 2009 £1.0 million).

During the period the Group received a dividend of £0.3 million (2010 £0.3 million, 2009 £nil) from Hasznaltauto kft a joint venture.

During the period, Landmark Information Group Limited (Landmark) charged management fees of £0.3 million (2010 £0.3 million, 2009 £0.3 million) to Point X Limited, and recharged costs of £0.1 million (2010 £0.1 million, 2009 £0.1 million). Point X Limited received royalty income from Landmark of £0.1 million (2010 £0.1 million, 2009 £0.1 million) and the amount owed to Landmark at 2nd October, 2011 was £0.3 million (2010 £5,200, 2009 £39,000).

On 31st August, 2011 Trepp and Rockport PA, LLC made an investment in TreppPort, LLC as a joint venture. Both companies hold equal voting and distribution rights, and a 50% shareholding each in the joint venture. During the period, Trepp and Rockport made cash contributions of £0.6 million and £0.1 million respectively to TreppPort LLC.

During the period RMS paid a royalty of £0.3 million to Sanborn Map Company for the use of geospatial maps. The amount RMS owed to Sanborn Map Company at 2nd October, 2011 was £nil.

Associated Newspapers Limited also has a 50.0% shareholding in Globrix Limited (Globrix) and 50.0% shareholding in Artirix Limited (Artirix). During the period, the Group recharged £0.2 million staff costs to Globrix (2010 £nil, 2009 £nil) and Globrix recharged the Group £0.6 million (2010 £nil, 2009 £nil) for website development costs. At 3rd April, 2011 Globrix owed £1.1 million to Artirix (2010 £nil, 2009 £nil) and £0.2 million to various A&N Media companies (2010 £31,000, 2009 £nil), and £nil was due from Artirix (2010 £18,000, 2009 £nil) to Globrix.

During the period, Artirix received revenues of £0.6 million from Globrix (2010 £nil, 2009 £nil). At 2nd October, 2011 Artirix owed £1.9 million to various A&N Media companies (2010 £nil) and £nil to Globrix (2010 £18,000, 2009 £nil).

Other related party disclosures

At 2nd October, 2011, the Group owed £1.2 million (2010 £3.3 million, 2009 £1.6 million) to the pension schemes which it operates. This amount comprised employees' and employer's contributions in respect of September 2011 payrolls which were paid to the pension schemes in October 2011.

The Group recharges its principal pension schemes with costs of investment management fees. The total amount recharged during the year was £1.7 million (2010 £0.7 million, 2009 £0.7 million).

Contributions made during the year to the Group's retirement benefit plans are set out in Note 33, along with details of the Group's future funding commitments.

43 POST BALANCE SHEET EVENTS

On October 14th, 2011 the Company announced that it had agreed to merge the online property business of its Digital Property Group (DPG), which includes FindaProperty.com and Primelocation.com, with those of Zoopla Limited (Zoopla) operator of Zoopla.co.uk. Zoopla is a privately-owned company which has venture capital interests as its largest shareholders. Under the proposed merger, the Group will retain a 55% interest in the newly merged entity.

Since the period end the Group has increased its investment in Euromoney Institutional investor PLC by 1.0% for a cash consideration of £10.0 million and acquired a 100% interest in Intelliworks, Inc. for a cash consideration of £8.3 million (US$13.3 million).

On November 29th, 2011 the Group announced a tender offer by inviting (subject to certain offer restrictions) holders of its outstanding £300.0 million 7.50 % bonds due in 2013 (ISIN XS0109428705) to tender some or all of their bonds for purchase by the Company up to a maximum aggregate principal amount of £75.0 million.

PRINCIPAL SUBSIDIARIES

Principal subsidiary	Activity
Central activities	
Daily Mail and General Investments plc*	Financing company
Daily Mail and General Holdings Limited*	Holding company
Daily Mail International Limited	Holding company
DMG Investment Holdings Limited	Holding company
DMGRH Finance Limited	Financing company
Associated Newspapers North America, Inc. (96.9%)	Holding company
*The remaining shares in Associated Newspapers North America, Inc are owned by Rothermere Continuation Limited	
RMS	
Risk Management Solutions, Inc. (98.0%) (Incorporated and operating in the USA)	Provider of risk management information on natural and other related perils
dmg::information	
DMG Information, Inc. (Incorporated in the USA)	Holding company
Trepp, LLC (Incorporated and operating in the USA)	Provider of commercial mortgage-backed securities and real estate information
Lewtan Technologies, Inc. (Incorporated and operating in the USA)	Provider of asset-backed securities information
Environmental Data Resources, Inc. (Incorporated and operating in the USA)	Provider of geographically based real estate information services
Landmark Information Group Limited	Provider of property and mapping information
Genscape, Inc. (98.1%) (Incorporated and operating in the USA)	Provider of real time power supply and other energy information
Hobsons, Inc. (Incorporated and operating in the USA)	Careers and education information publishing and services
dmg::events	
dmg::events (UK) Limited	Trade publishing and exhibition management
dmg::events (Canada), Inc (Incorporated and operating in Canada)	Organisers of trade exhibitions and events
dmg::events (USA), Inc. (96.9%) (Incorporated and operating in USA)	Organisers of trade exhibitions and events
DMG World Media Dubai (2006) Limited (Incorporated in Jersey; managed and operating in Dubai)	Organisers of trade exhibitions and events
Euromoney	
Euromoney Institutional Investor PLC (67.5%)	Publishing, training and events
BCA Research, Inc. (67.5%) (Incorporated and operating in Canada)	Information services
Euromoney Institutional Investor (Jersey) Limited (67.5%) (Incorporated in Jersey; operating in Hong Kong)	Publishing
HedgeFund Intelligence Limited (67.5%)	Publishing
Information Management Network, Inc. (67.5%) (Incorporated and operating in the USA)	Conferences
Institutional Investor, Inc. (67.5%) (Incorporated and operating in the USA)	Publishing
Internet Securities, Inc. (66.3%) (Incorporated and operating in the USA)	Information services
Metal Bulletin Limited (67.5%)	Publishing and event management
Ned Davies Research, Inc. (67.5%)	Information services

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PRINCIPAL SUBSIDIARIES

A&N Media	
Associated Newspapers	
A&N Media Limited	Holding company
Associated Newspapers Limited	Publication of the Daily Mail, The Mail on Sunday and Metro
Digital Property Group Limited	Provision of internet property services
Jobsite (UK) Worldwide Limited	Provision of internet recruitment services
Harmsworth Printing (Didcot) Limited	Printing of newspapers
Harmsworth Printing (Stoke) Limited	Printing of newspapers
Harmsworth Printing Limited	Printing of newspapers
Motors.co.uk Limited	Provision of internet classified car services
Harmsworth Quays Printing Limited	Printing of newspapers
Lapcom Kft (Managed, incorporated and operating in Hungary)	Publication of newspapers in Gyor and Szeged, Hungary
Teletext Limited	Provision of internet services such as holidays, motors and games
Northcliffe Media	
Northcliffe Media Limited	Holding company of local media group

(i) Unless stated otherwise the whole of the Ordinary Share capital of subsidiary undertakings is held directly by Daily Mail and General Trust plc (where marked *) or indirectly by one of the Company's subsidiaries.

(ii) All subsidiaries, except where indicated, operate principally within the United Kingdom.

(iii) All principal subsidiaries have been included in the Group accounts.

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FIVE YEAR FINANCIAL SUMMARY

CONSOLIDATED INCOME STATEMENT

	2007 (restated Note 2) £m	2008 (restated Note 2) £m	2009 (restated Note 2) £m	2010 (restated Note 2) £m	2011 £m
Revenue	2,235.1	2,311.7	2,062.4	1,968.0	1,989.8
Operating profit before exceptional operating costs and amortisation and impairment of goodwill and acquired intangible assets	292.7	307.2	257.0	300.7	286.3
Exceptional operating costs, impairment of internally generated and acquired computer software, investment property and property, plant and equipment and amortisation and impairment of goodwill and acquired intangible assets arising on business combinations	(155.0)	(280.2)	(418.2)	(73.2)	(119.6)
Operating profit/(loss) before share of results from joint ventures and associates	137.7	27.0	(161.2)	227.5	166.7
Share of results of joint ventures and associates	1.8	3.5	(9.2)	(5.3)	(2.4)
Total operating profit/(loss)	139.5	30.5	(170.4)	222.2	164.3
Other gains and losses	35.7	27.7	(23.5)	0.1	14.8
Profit/(loss) before net finance costs and tax	175.2	58.2	(193.9)	222.3	179.1
Net finance costs	(33.1)	(99.3)	(106.8)	(76.0)	(54.6)
Profit/(loss) before tax	142.1	(41.1)	(300.7)	146.3	124.5
Tax	(20.3)	84.7	80.3	39.6	3.0
Profit/(loss) for the year after tax	121.8	43.6	(220.4)	185.9	127.5
Discontinued operations	0.5	0.2	(85.0)	33.1	–
Equity interests of minority shareholders	(15.3)	(16.8)	2.0	(19.2)	(15.9)
Profit/(loss) for the year	107.0	27.0	(303.4)	199.8	111.6
Adjusted profit before tax and non-controlling interests	280.2	252.1	188.7	230.1	237.1
Basic earnings/(loss) per share	27.4p	0.1p	(79.8)p	52.1p	29.2p
Diluted earnings/(loss) per share	27.2p	(0.1)p	(79.8)p	52.1p	29.1p
Adjusted earnings per share (before amortisation and impairment of intangible assets and exceptional items)	47.5p	46.8p	34.4p	46.3p	46.9p
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	389.8	380.5	338.6	373.7	360.1
Adjusted profit after taxation and non-controlling interests	185.3	176.8	130.2	177.8	179.7

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FIVE YEAR FINANCIAL SUMMARY

CONSOLIDATED CASH FLOW STATEMENT

	2007 £m	2008 £m	2009 £m	2010 £m	2011 £m
Net cash inflow from operating activities	313.4	354.9	283.8	334.4	318.6
Investing activities	(316.5)	(144.4)	(140.0)	2.1	(33.5)
Financing activities	(28.1)	(235.4)	(147.3)	(319.8)	(177.7)
Net increase/(decrease) in cash and cash equivalents	(31.2)	(24.9)	(3.5)	16.7	107.4
Cash and cash equivalents at beginning of year	96.1	64.0	44.3	46.9	64.3
Exchange gain/(loss) on cash and cash equivalents	(0.9)	5.2	6.1	0.7	–
Cash and cash equivalents at end of year	64.0	44.3	46.9	64.3	171.7
Net increase/(decrease) in cash and cash equivalents	(31.2)	(24.9)	(3.5)	16.7	107.4
Cash outflow/(inflow) from change in debt and hire purchase finance	(131.6)	(20.6)	23.5	174.2	1.9
Change in net debt from cash flows	(162.8)	(45.5)	20.0	190.9	109.3
Loan notes issued and loans arising from acquisitions	(34.1)	–	–	(1.0)	–
Other non-cash items	(15.3)	(18.7)	(54.0)	(3.3)	33.1
Decrease/(increase) in net debt in the year	(212.2)	(64.2)	(34.0)	186.6	142.4
Net debt at beginning of year	(738.2)	(950.4)	(1,014.6)	(1,048.6)	(862.0)
Net debt at end of year	(950.4)	(1,014.6)	(1,048.6)	(862.0)	(719.6)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2007 (restated Note 2) £m	2008 (restated Note 2) £m	2009 (restated Note 2) £m	2010 £m	2011 £m
Goodwill and intangible assets	1,480.1	1,503.5	1,195.1	1,113.7	1,035.2
Tangible assets	520.7	501.9	440.4	377.8	327.0
Fixed asset investments	122.7	37.7	46.2	56.3	33.5
Other non current assets	122.7	49.0	181.8	187.9	246.7
Fixed assets	2,246.2	2,092.1	1,863.5	1,735.7	1,642.4
Net current liabilities	(329.4)	(342.7)	(337.8)	(295.9)	(228.9)
Long-term liabilities	(1,196.3)	(1,200.8)	(1,613.2)	(1,276.6)	(1,289.0)
Net assets	720.5	548.6	(87.5)	163.2	124.5
Shareholders' equity					
Called-up share capital	49.4	49.1	49.1	49.1	49.1
Share premium account	12.4	12.4	12.4	12.5	12.7
Revaluation reserve	46.0	39.5	4.1	7.0	3.3
Other reserves	(16.6)	(70.2)	(35.9)	(60.2)	(87.5)
Minority interests	27.6	38.7	46.8	57.4	80.3
Retained earnings	601.7	479.1	(164.0)	97.4	66.6
Total equity	720.5	548.6	(87.5)	163.2	124.5

Shareholder information

	2007	2008	2009	2010	2011
Dividend per share*	14.35p	14.70p	14.70p	16.00p	16.30p
Price of 'A' Ordinary Non-Voting Shares:					
Lowest	£6.00	£2.59	£2.11	£3.90	£3.47
Highest	£8.65	£6.77	£4.61	£5.33	£5.95

*Represents the dividends declared by the Directors in respect of the above years.

Financial Statements

INDEPENDENT AUDITORS' REPORT

to the Members of Daily Mail and General Trust plc

We have audited the parent Company financial statements of Daily Mail and General Trust plc for the year ended 2nd October, 2011 which comprise the Balance Sheet, and the related Notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the parent Company 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 parent Company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 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.

Opinion on financial statements

In our opinion the parent Company financial statements:

- give a true and fair view of the state of the parent Company's affairs as at 2nd October, 2011;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent Company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Group financial statements of Daily Mail and General Trust plc for the year ended 2nd October, 2011.

Simon Letts (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors

London, United Kingdom

2nd December, 2011

Financial Statements

COMPANY BALANCE SHEET

at 2nd October, 2011

	Note	At 2nd October, 2011 £m	At 3rd October, 2010 £m
Fixed assets			
Intangible fixed assets	4	–	47.9
Tangible fixed assets	5	0.5	0.5
Investments:			
Group undertakings	6	2,016.5	1,839.6
Other investments	7	–	0.3
		2,016.5	1,839.9
Current assets			
Debtors – amounts falling due within one year	8	37.9	54.1
Cash and cash equivalents		120.1	–
Deferred tax assets	13	2.8	1.9
Creditors			
Amounts falling due within one year	10	(661.1)	(216.4)
Net current liabilities		(500.3)	(160.4)
Total assets less current liabilities		1,516.7	1,727.9
Creditors			
Amounts falling due after more than one year	11	(892.3)	(931.6)
Provisions for liabilities	12	(0.5)	(0.6)
Net assets		623.9	795.7
Capital and reserves			
Called-up share capital		49.1	49.1
Share premium account	14	12.7	12.5
Shares held in treasury	14	(46.3)	(45.0)
Capital redemption reserve	15	1.1	1.1
Profit and loss account	16	607.3	778.0
Equity shareholders' funds		623.9	795.7

The accounts on pages 173 to 180 were approved by the Directors and authorised for issue on 2nd December, 2011. They were signed on their behalf by:

Rothermere
MWH Morgan
Directors

NOTES TO THE COMPANY BALANCE SHEET – UK GAAP

1 BASIS OF PREPARATION

The separate financial statements of the Company are prepared under the historical cost convention, modified to include the revaluation to fair value of certain financial instruments as described below, in accordance with the Companies Act 2006 and UK Generally Accepted Accounting Principles (UK GAAP). The following paragraphs describe the main accounting policies under UK GAAP, which have been applied consistently in both the current and prior year.

Profit for the financial year

As permitted by section 480 of the Companies Act 2006, a separate profit and loss account for the Company has not been included in these accounts. The Company's loss after tax for the year, calculated on a UK GAAP basis, was £108.8 million (2010 profit £142.0 million).

Impact of amendments to accounting standards

In the current year certain minor amendments to UK financial reporting standards were issued by the UK Accounting Standards Board. The adoption of these amendments has not had any impact on the Company's accounting policies.

2 SIGNIFICANT ACCOUNTING POLICIES

Intangible fixed assets

Intangible assets principally comprise purchased trademarks and are capitalised and amortised through the profit and loss account over the lower of their useful economic lives and a period of 20 years.

The Company tests intangible assets at the end of the first financial year after acquisition and where there is any indication of impairment, or more frequently if there are indicators that the intangible assets might be impaired. When testing for impairment, the recoverable amounts for all the Company's income generating units (IGUs) are measured at their value in use by discounting future expected cash flows. These calculations use cash flow projections based on management approved budgets and projections which reflect management's current experience and future expectations of the markets in which the IGU operates.

Tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life. Some of the Company's tangible fixed assets are artworks with a residual value at least equal to cost and therefore no depreciation has been applied in either the current or prior period on the basis that any change would not be material.

Foreign exchange

Transactions in currencies other than the entity'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 income statement for the period.

Investments

Investments in subsidiaries are stated at cost, less any provision for impairment, where appropriate.

Other investments are classified as either held for trading or available-for-sale and are measured at either fair value or at cost less provision for impairment where fair value cannot be reliably determined.

Where investments are classified as held for trading, 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 investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period. Impairment charges are recorded in the profit and loss account when they occur.

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

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

NOTES TO THE COMPANY BALANCE SHEET – UK GAAP

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 not interest bearing and are stated at their nominal value.

– Capital market and bank borrowings
Interest-bearing loans and overdrafts are initially measured at fair value (which is equal to net proceeds at inception), and are subsequently measured at amortised cost, using the effective interest rate method. A portion of the Company's bonds are subject to fair value hedge accounting and this portion 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 Group are recorded at the proceeds received, net of direct issue costs.

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

Derivative financial instruments and hedge accounting

The Company'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 governed by the Group's policies, which are set out on pages 38 and 43 of the Financial and Treasury Review and approved by the Board of Directors, which provide written principles on the use of financial derivatives consistent with the Company's risk management strategy. The Company does not use derivative financial instruments for speculative purposes.

The Company does not apply hedge accounting except for fair value hedges. Gains and losses arising on derivatives that form part of net investment hedge or cash flow hedge relationships in the consolidated financial statements are recorded in the profit and loss account in the Company.

Financial instruments – disclosures

The Company has taken advantage of the exemption provided in FRS 29, Financial Instruments: Disclosures which states that disclosure in respect of financial instruments is not required in parent company financial statements where such disclosures are included in publicly available consolidated financial statements.

Cash flow statement

The Company has utilised the exemptions provided under FRS 1 (Revised) and has not presented a cash flow statement. A consolidated cash flow statement has been presented in the Group's Annual Report.

Related party transactions

The Company has taken advantage of the exemptions of FRS 8 which states that disclosure of related party transactions is not required in the parent company financial statements when those statements are presented together with its consolidated financial statements.

Share-based payments

The Company operates the Group's LTIP and other Group share-based payment schemes, details of which can be found in Note 40 of the Group's Annual Report.

Financial Statements

NOTES TO THE COMPANY BALANCE SHEET – UK GAAP continued

2 SIGNIFICANT ACCOUNTING POLICIES continued

Retirement benefits

The Company contributes to defined benefit and defined contribution pension Schemes on behalf of its employees. These are managed on a Group basis and so the Company is unable to identify its share of the underlying assets and liabilities in the defined benefit Scheme in which it participates on a consistent and reasonable basis. The Scheme is operated on an aggregate basis with no segregation of the assets to individual participating employers and, therefore, the same contribution rate is charged to all participating employers; the contribution rate charged to each employer being affected by the experience of the Scheme as a whole. The Scheme is therefore accounted for as a defined contribution scheme by the Company. This means that the pension charge reported in these financial statements is the same as the cash contributions due in the period.

Details of the financial position and key valuation assumptions of these Schemes can be found in Note 33 of the Group's Annual Report.

3 EMPLOYEES

	2011 Number	2010 Number
Average number of persons employed by the Company including Directors	10	10
Total staff costs comprised:	2011 £m	2010 £m
Wages and salaries	4.7	9.2
Share-based payments	1.7	1.4
Social security costs	1.0	1.3
Pension costs	0.3	1.0
	7.7	12.9

The remuneration of the Directors of the Company during the year are disclosed in the Remuneration Report on pages 62 to 78 of the Group Annual Report and Accounts.

4 INTANGIBLE ASSETS

	Trademarks £m
Cost	
At 3rd October, 2010	136.0
Additions	–
Disposals	(136.0)
At 2nd October, 2011	–
Accumulated amortisation and impairment	
At 3rd October, 2010	88.1
Charge for the year	3.2
Impairment	–
Disposals	(91.3)
At 2nd October, 2011	–
Net book value – 2010	47.9
Net book value – 2011	–

5 TANGIBLE FIXED ASSETS

	Fixtures, fittings and artwork £m
Cost	
At 3rd October, 2010, and at 2nd October, 2011	0.7
Accumulated depreciation	
At 3rd October 2010, and at 2nd October, 2011	0.2
Net book value – 2010	0.5
Net book value – 2011	0.5

Financial Statements

NOTES TO THE COMPANY BALANCE SHEET – UK GAAP continued

6 INVESTMENTS IN GROUP UNDERTAKINGS (AS LISTED ON PAGES 168 TO 169)

	Cost £m	Provision £m	Net book value £m
At 3rd October, 2010	1,934.1	(94.5)	1,839.6
Additions	185.1	(8.1)	177.0
Disposals	(0.1)	–	(0.1)
At 2nd October, 2011	2,119.1	(102.6)	2,016.5

7 OTHER INVESTMENTS

	Cost £m	Provision £m	Net book value £m
At 3rd October, 2010	1.5	(1.2)	0.3
Disposals	(1.5)	1.2	(0.3)
At 2nd October, 2011	–	–	–

Disposals of other investments comprised the Company's investment in shares of Thomson Reuters and the disposal of shares in Jegi Internet Economy Partners, LP.

8 DEBTORS

	2011 £m	2010 £m
Amounts falling due within one year		
Amounts owed by Group undertakings	7.9	7.5
Prepayments and accrued income	–	2.3
Other debtors	0.2	0.1
Corporation tax	20.6	34.0
Derivative financial assets	9.2	10.2
	37.9	54.1

The Company's corporation tax debtor represents amounts due from subsidiaries for Group relief.

9 CASH AND CASH EQUIVALENTS

	2011 £m	2010 £m
Cash and cash equivalents	120.1	–

10 CREDITORS – DUE WITHIN ONE YEAR

	2011 £m	2010 £m
Bank overdrafts	1.9	3.7
Loan notes	1.5	1.9
Interest payable	34.1	34.3
Amounts owing to Group undertakings	594.5	173.7
Accruals and deferred income	4.2	2.8
Other borrowings	24.5	–
Derivative financial liabilities	0.4	–
	661.1	216.4

Loan notes attract interest at approximately LIBOR minus 0.5% and were issued as part of the consideration for various acquisitions. The loan notes are repayable at the option of the loan note holder.

Amounts owing to subsidiary undertakings are repayable on demand and bear interest of UK bank base rate plus 0.5%.

Financial Statements

NOTES TO THE COMPANY BALANCE SHEET – UK GAAP continued

11 CREDITORS – DUE AFTER MORE THAN ONE YEAR

	2011 £m	2010 £m
7.50% Bonds 2013	158.3	159.9
5.75% Bonds 2018	304.1	324.4
10.00% Bonds 2021	171.1	170.9
6.375% Bonds 2027	198.5	198.0
Bank loans	–	2.2
Derivative financial liabilities	60.3	76.2
	892.3	931.6

The nominal values of the bonds are as follows:

	2011 £m	2010 £m
7.50% Bonds 2013	156.5	156.5
5.75% Bonds 2018	349.7	349.7
10.00% Bonds 2021	156.4	156.4
6.375% Bonds 2027	200.0	200.0
	862.6	862.6

The Company's bonds have been adjusted from their nominal values to offset the premia paid on settlement or redemption, direct issue costs and discounts. The issue costs, premia and discounts are being amortised over the expected lives of the bonds using the effective interest method. The unamortised issue costs amount to £3.5 million (2010 £4.5 million), the unamortised premia £12.0 million (2010 £13.6 million).

Details of the fair value of the Company's bonds are set out in Note 31 of the Group's Annual Report and Accounts.

The bonds are subject to fair value hedging using derivatives as set out in Note 32 of the Group's Annual Report and Accounts. Consequently, their carrying value is also adjusted to take into account the affects of this hedging activity.

The book value of the Company's other borrowings equates to fair value.

The interest rates charged on the Company's borrowings in the year ranged as follows:

	2011 High	2011 Low	2010 High	2010 Low
Sterling	2.17%	1.38%	2.53%	1.41%
US dollar	1.78%	1.05%	2.09%	1.11%

The maturity profile of the Company's borrowings is as follows:

	Overdrafts £m	Bank loans £m	Other Borrowings £m	Bonds £m	Loan notes £m	Total £m
2010						
Within one year	3.7	–	–	–	1.9	5.6
Between one and two years	–	–	–	–	–	–
Between two and five years	–	2.2	–	159.9	–	162.1
Over five years	–	–	–	693.3	–	693.3
	–	2.2	–	853.2	–	855.4
	3.7	2.2	–	853.2	1.9	861.0
2011						
Within one year	1.9	–	23.4	–	1.5	26.8
Between one and two years	–	–	–	–	–	–
Between two and five years	–	–	–	160.0	–	160.0
Over five years	–	–	–	672.0	–	672.0
	–	–	–	832.0	–	832.0
	1.9	–	23.4	832.0	1.5	858.8

Financial Statements

NOTES TO THE COMPANY BALANCE SHEET – UK GAAP continued

12 PROVISIONS FOR LIABILITIES

	2011 £m	2010 £m
Deferred taxation	–	–
Other provisions	0.5	0.6
	0.5	0.6
Movements on other provisions were as follows:		
At 3rd October, 2010	0.6	0.6
Utilised during year	(0.1)	–
At 2nd October, 2011	0.5	0.6

13 DEFERRED TAXATION

	2011 £m	2010 £m
Other timing differences	2.8	1.9

Movements on the deferred taxation asset were as follows:

	2011 £m	2010 £m
At 3rd October, 2010	1.9	0.6
LTIP credit to reserves	0.5	0.3
Net credit to profit and loss account	0.4	1.0
At 2nd October, 2011	2.8	1.9

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.

14 RESERVES

Share premium account

	2011 £m	2010 £m
At 3rd October, 2010	12.5	12.4
Issued on shares	0.2	0.1
At 2nd October, 2011	12.7	12.5

Shares held in treasury

	2011 £m	2010 £m
At 3rd October, 2010	(45.0)	(46.8)
Additions	(11.7)	(12.3)
Own shares released on vesting of share options	10.4	14.1
At 2nd October, 2011	(46.3)	(45.0)

The Group's investment in its own shares is classified within shareholders' funds as shares held in treasury. At 2nd October, 2011, this investment comprised the cost of 9,728,174 'A' Ordinary Non-Voting Shares (2010 9,577,814 shares). The market value of these shares at 2nd October, 2011 was £35.3 million (2010 £50.3 million). The treasury shares are considered to be a realised loss for the purposes of calculating distributable reserves.

Details of the Company's share capital can be found within Note 36 of the Group's Annual Report and Accounts.

Financial Statements

NOTES TO THE COMPANY BALANCE SHEET – UK GAAP continued

15 CAPITAL REDEMPTION RESERVE

	£m
At 3rd October, 2010 and at 2nd October, 2011	1.1

16 PROFIT AND LOSS ACCOUNT

	£m
At 3rd October, 2010	778.0
Net profit for the year	(109.8)
Dividends paid	(62.4)
Other movements on share option schemes	1.5
At 2nd October, 2011	607.3
Total reserves – 2010	746.6
Total reserves – 2011	574.8

The Company estimates that £607.3 million of the Company's profit and loss account reserve is not distributable (2010 £586.9 million).

17 CONTINGENT LIABILITIES

At 2nd October, 2011 the Company had guaranteed a subsidiary's outstanding derivatives which have a mark to market liability valuation of £3.9 million (2010 £7.8 million) and letters of credit with a principal value of £9.3 million (2010 £8.1 million). The Company has also issued stand by letters of credit in favour of the Trustees of the Group's defined benefit pension fund amounting to £53.6 million (2010 £54.5 million).

18 CONTROLLING PARTY

The Company's ultimate controlling party is the Viscount Rothermere, the Company's Chairman. Transactions relating to the remuneration and shareholdings of the Viscount Rothermere are given in the Remuneration Report.

19 POST BALANCE SHEET EVENTS

On November 29th, 2011 the Company announced a tender offer by inviting (subject to certain offer restrictions) holders of its outstanding £300.0 million 7.50 % bonds due 2013 (ISIN XS0109428705) to tender some or all of their bonds for purchase by the Company up to a maximum aggregate principal amount of £75.0 million.

Financial Statements

SHAREHOLDER INFORMATION

COMPANY SECRETARY AND REGISTERED OFFICE

N D Jennings, FCA.
Northcliffe House
2 Derry Street
London
W8 5TT
England

Registered Number: 184594

WEBSITE

The Group has an internet web site which gives information on the Company and its operating subsidiaries and provides details of significant Group announcements. It also has a site giving details of job opportunities within the Group.

THE ADDRESSES ARE:

www.dmgt.co.uk
www.dmgtjobs.com

FINANCIAL CALENDAR 2012 (PROVISIONAL)

12th January	Annual Report and Corporate Brochure published
8th February	Interim Management Statement
8th February	Annual General Meeting
10th February	Payment of final dividend
31st March	Payment of interest on loan notes
1st April	Half year end
24th May	Half Yearly Financial Report released
30th May	Interim ex-dividend date
1st June	Interim record date
6th July	Payment of interim dividend
24th July	Interim Management Statement
30th September	Payment of interest on loan notes
30th September	Year End
22nd November	Preliminary announcement of annual results
28th November	Ex-dividend date
30th November	Record date

CAPITAL GAINS TAX

The market value of both the Ordinary and 'A' Ordinary Non-Voting Shares in the Company on 31st March, 1982 (adjusted for the 1994 bonus issue of 'A' Ordinary Non-Voting Shares and for the four–for–one share split in 2000) was 9.75 pence.

REGISTRARS

All enquiries regarding shareholdings, dividends, lost share certificates, loan notes in the Company and in Daily Mail and General Investments plc, or changes of address should be directed to Equiniti, the Company's Registrars, at the address set out on page 182.

ELECTRONIC COMMUNICATIONS

Equiniti operate Shareview, a free online service which enables shareholders with internet access to check their shareholdings and other related information and to register to receive notification by email of the release of the Annual Report. It also offers practical help on matters such as transferring shares or updating your own details. Shareholders may register for the service at www.shareview.co.uk.

This report is available electronically on the Company's website which contains a link to Shareview to enable shareholders to register for electronic mailings. Notification by email has been given of the availability of this Annual Report on the Company's website to those shareholders who have registered.

LOW COST SHARE DEALING SERVICE

Equiniti provide a simple low cost dealing service for Ordinary and 'A' Ordinary Non-Voting Shares details of which are available at www.shareview.co.uk/dealing or by calling 08456 037 037.

Details of this and other low cost dealing services can be found on the Company's website at www.dmgt.co.uk/investor-relations.

LOAN NOTES

Loan notes issued by the Company are repayable in whole or in part at the option of loan note holders every six months. Loan note holders requiring repayment should complete the redemption section on the back of their loan note and send it to reach the Registrars by 28th February or 31st August for repayments on 31st March or 30th September respectively.

SHARE PRICE INFORMATION

The current price of the Company's Ordinary and 'A' Ordinary Non-Voting Shares can be found on the homepage of the Company's website at www.dmgt.co.uk. A graph, illustrating the historical performance of the 'A' shares, is shown on page 17.

Financial Statements

SHAREHOLDER INFORMATION continued

EUROBOND PAYING AGENT

The principal paying agent for the Company's 7.5% Bonds due 2013, 10% Bonds due 2021 and the 6.375% Bonds due 2027 is Deutsche Bank AG London, Winchester House, 1 Great Winchester St, London EC2N 2DB. The principal paying agent for the Company's 5.75% Bonds due 2018 is HSBC Bank plc, Corporate Trust and Loan Agency, 8 Canada Square, London E14 5HQ. Enquiries should be directed to John Donegan, Group Financial Controller, who can be contacted on 020 7938 6627, and whose e-mail address is john.donegan@dmgt.co.uk.

CREST

Shareholders have the choice either of holding their shares in electronic form in an account on the CREST system or in the physical form of share certificates.

INVESTOR RELATIONS

Investor relations are the responsibility of Nicholas Jennings, Company Secretary, whose office is responsible for distribution of the Annual Report. He is assisted by Fran Sallas. The investor relations' e-mail address is investor.relations@dmgt.co.uk.

SHAREGIFT

In the UK, DMGT supports ShareGift, which is administered by the Orr Mackintosh Foundation (registered charity number 1052686) and which operates a charity share donation scheme for shareholders wishing to give small holdings of shares to benefit charitable causes. It may be especially useful for those who wish to dispose of a small parcel of shares which would cost more to sell than they are worth. There are no capital gains tax implications (i.e. no gain or loss) on gifts of shares to charity and it is also possible to obtain income tax relief. If you would like to use ShareGift or receive more information about the scheme, they can be contacted by visiting their website at www.sharegift.org or by writing to ShareGift, 17 Carlton House Terrace, London, SW1Y 5AH.

ADVISERS

STOCKBROKERS

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Credit Suisse Securities (Europe) Limited
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Telephone: 020 7936 3000

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SHAREHOLDINGS AT 2ND OCTOBER, 2011

ORDINARY SHARES

Range of holdings	Number of shareholders	%	Shares	%
1-1,000	479	73.35	174,781	0.88
1,001-5,000	134	20.52	292,205	1.47
5,001-10,000	11	1.68	76,486	0.38
10,001-20,000	9	1.38	135,747	0.68
20,001-50,000	6	0.92	167,906	0.84
50,001-100,000	5	0.77	371,460	1.87
100,001-500,000	6	0.92	929,724	4.68
500,001 & over	3	0.46	17,738,163	89.20
	653	100.00	19,886,472	100.00

'A' ORDINARY NON-VOTING SHARES

Range of holdings	Number of shareholders	%	Shares	%
1-1,000	900	39.22	353,607	0.09
1,001-5,000	564	24.58	1,438,809	0.40
5,001-10,000	267	11.63	1,942,257	0.52
10,001-20,000	169	7.36	2,355,216	0.63
20,001-50,000	114	4.97	3,554,489	0.95
50,001-100,000	53	2.31	3,582,612	0.96
100,001-500,000	132	5.75	30,415,268	8.16
500,001 & over	96	4.18	329,132,390	88.29
	2,295	100.00	372,774,648	100.00

Financial Statements

NOTES

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