

Chief Executive's Review

On the following pages you will find a detailed review of the past year's activities of each of the Group's divisions. As the Chairman has said in his statement, it has been a challenging year, but one in which the resilience of the Group as a whole has been demonstrated.



Charles Sinclair
Chief Executive

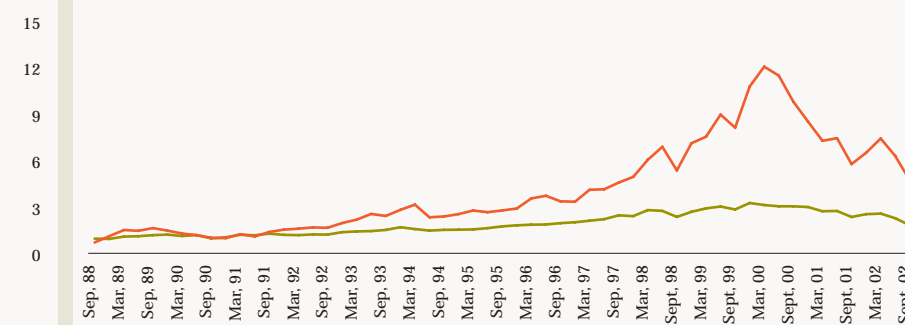
Despite reporting profits higher this year than last, our share price has not escaped the general weakness in the world's stock markets. As you can see from the graph above, the DMGT 'A' Ordinary Non-Voting share price is currently around 5% lower than this time last year, following a fall of 28% the previous year. The media sector has performed substantially worse than the broader market, as it has fallen from its "dot.com" inspired highs achieved early in 2000. It is some consolation that the DMGT share price has modestly outperformed the media sector over that period and, as you can see from the graphs on pages 40 and 44 continues to outperform the market substantially over longer periods.

Over the last five years, DMGT has invested substantial amounts of money in establishing new business divisions, as well as strengthening our core newspaper operations. It has been good to see these beginning to pay dividends as with the profit improvement from our exhibition business, dmg world media, and the business-to-business operations of DMG Information.

As I indicated last year, the pace of making acquisitions has slowed significantly, with the total amount spent reduced to £119 million. The only substantial transactions have been the purchase of Loot in October 2001, a business which fits well with our other London titles, and the repurchase, in exchange

Performance of DMGT 'A' relative to FT All-Share Index

■ DMGT 'A' (monthly closing price)
■ Relative



for debt owed to us, of the 25% of DMG Radio Australia we did not already own. Other transactions have been relatively small and designed to augment our existing businesses. Generally we are finding that the prices asked for good media assets are not reducing in line with stock markets, so we have to look hard for value.

As regards the disposal of non-core assets, we have been able to take advantage of strong property markets to sell a number of properties that were surplus to requirements.

It seems appropriate for me to refer to the much publicised issue of pensions. More employers have chosen to close defined benefit schemes and to offer defined contribution schemes to their employees. We aim to offer what we believe to be the most appropriate form of pension benefit to our employees, be that defined benefit or defined contribution. We have had an actuarial valuation of our defined benefit schemes carried out during the year and reviewed as at September 2002; this showed the schemes remaining in surplus and not requiring any increase in contributions.

We have also been required to undertake a valuation under the rules set by the new accounting standard, FRS 17 and, in common with most defined benefit schemes, ours showed a substantial deficit as at September 2002. This is only for accounting purposes and has no impact on the funding of our

schemes. Importantly, our schemes have more cash coming in from contributions and investment income than is being paid out in benefits, and so there is no need to sell assets at what we hope are today's depressed prices. We have no plans to close any of our pension schemes.

Over the next 12 months, we will continue to invest in our businesses and to look for suitable acquisitions to strengthen them. We are quite comfortable with our current level of debt, but in the current uncertain trading environment, would not wish to see a substantial weakening of our debt ratios. We are also likely to see the passing of the new Communications Act, which will open up new possibilities for us.

I hope that you find the reviews interesting and informative.

Charles Sinclair
Chief Executive

24 hours

Every day we make a difference, serving the local customer worldwide.



7.00am Devon
James has finished milking his dairy herd. Over breakfast, he reads articles of importance to his business in today's Western Morning News – the market reports, prices and weather forecasts.
(Northcliffe Newspapers)

2:00pm Hong Kong
Convenient 24/7 access to extensive emerging markets business intelligence is paramount for this investment company to ensure a quick decision – buy or sell.
(Euromoney)



7:30pm London
Alan and Elaine, in the comfort of their home, explore Teletext's holiday pages for their family's next summer break – sun, sea and fun for the kids.
(Broadcasting – DMG Broadcasting)

6:00pm Melbourne
Amanda gets to the gym on time, avoiding the rush hour traffic congestion through listening to Nova 100's regular traffic reports.
(Broadcasting – DMG Radio)

7:30am Brighton
Mr. Baird has his Daily Mail delivered, ensuring he has the day's news as he leaves for work. Part of the Daily Mail's circulation of 2.4 million.
(Associated Newspapers)



11:00am Bermuda
Philip with his RMS Account Manager discuss the analysis of his business's exposure to catastrophe risk using RMS local catastrophe models and information.
(DMG Information)



5:00pm Toronto
Lee gives his home a fresh look, inspired by the exhibitions at North America's National Home Show.
(DMG World Media)