

Our focus this year has once more been on organic growth within all of our businesses.



Our strong cash flow and reducing debt places us in a position to acquire attractive and profitable businesses.

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Charles Sinclair
Chief Executive

Lord Rothermere has referred in his statement to our improved profits, despite difficult markets. The financial year started well, but the expectation of war in Iraq resulted in deteriorating conditions early in 2003. Since the war ended, we have seen a gradual improvement, with a marked acceleration in recent weeks.

Our focus this year has once more been on organic growth, with new exhibition launches, extensions of Teletext on to new platforms, the establishment of new radio stations in Australia and the creation of a new terrorism risk analysis model by RMS, to name but a few. The best rewards to DMGT shareholders have historically come from internal developments, with Euromoney being the ultimate example – an investment of some £6,000 ultimately becoming an international business with a market value in excess of £230 million. We shall continue to seek opportunities from within all our businesses.

We have continued to make selective acquisitions where we could see good returns and where this was the best way into a market sector we wished to enter. DMG Information acquired Property and Portfolio Research, a Boston based company that fits neatly alongside our existing property information businesses, and Sitescope, a competitor to DMGI's UK property information business, Landmark. Euromoney bought HedgeFund Intelligence, the leading magazine in this important sector of the financial markets. It hopes to use its experience to take HFI into related media forms.

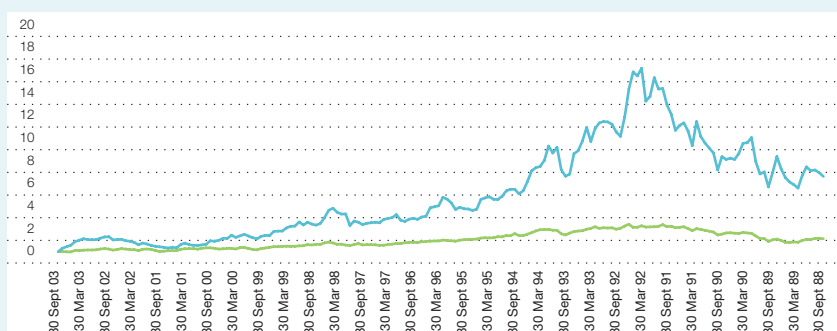
However our total spend on acquisitions has again fallen this year and, as a result, we have been able to reduce our level of debt by almost £50 million. We also took advantage of benign market conditions in June 2003 to launch a new long term Eurobond, raising £175 million and substantially lengthening the maturity of our debt. With our strong cash flow and reducing debt, we are in a position to invest a quite substantial amount in acquisitions, particularly of profitable businesses, without stretching unduly our debt ratios. However this will only happen if we find attractive opportunities.

We are also working on the cost side of our businesses. One development over the last two years has been the creation of a centralised accounting centre for Northcliffe. This operation is now beginning to perform work, such as payroll services, for the UK subsidiaries of other divisions. Similar co-operation is happening in the United States, where, for example, common medical plans have been established. I hope that this trend to shared services continues.

We continue to support our defined benefit pension schemes for our UK newspaper divisions. We still believe that these provide the most appropriate pension provision for this group of employees. Elsewhere in the Group, we operate defined contribution plans, again because we believe them most appropriate.

Inevitably the financial position of our defined benefit schemes has deteriorated over recent years, but they remain in surplus and, importantly, continue to have an excess of cash inflows over cash outflows to finance benefit commitments. The level of our contributions to these schemes has risen with effect from 1st October, 2003, but remains a little below the long term funding rate of the schemes. We are increasingly in a minority in keeping these schemes open to new employees and will continue to monitor the marginal additional risk which this involves.

Charles Sinclair
Chief Executive



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

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