

DMG BROADCASTING: TELEVISION

TELETEXT IS BUILDING A STRONG POSITION TO GROW AUDIENCES AS DIGITAL SWITCHOVER APPROACHES.



+86%

Teletext: New Revenue Streams

The launch of Teletext on 4 in Sky and Freeview homes expanded the company's presence on digital TV and paves the way for agreements with other commercial broadcasters.

Teletextholidays.co.uk

During July the teletextholidays.co.uk website increased unique users by 86% year-on-year with over 2 million visitors to the site, confirming its position as the UK's biggest travel marketplace and one of the top three travel sites in the UK.



Peter Williams
Chairman (left)
Mike Stewart
Managing Director (right)

DMG Broadcasting: Television Financial highlights

Turnover

2004: £75m

Operating profit*

2004: £15.6m

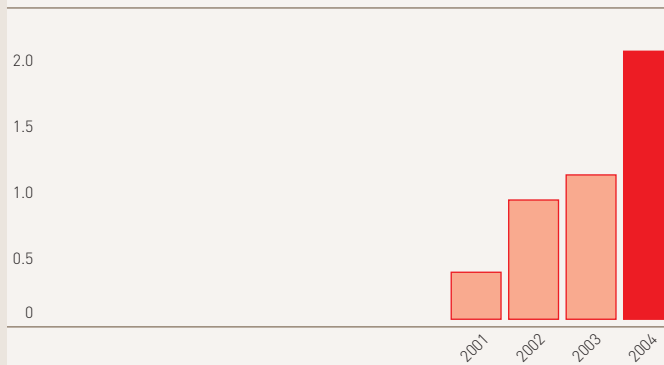
% of Group turnover

2004: 4%

* Adjusted operating profit (before amortisation and impairment of intangible assets)

DMG Broadcasting: Television

Growth in monthly visitors to teletextholidays.co.uk (millions)



Teletext's revenues were broadly flat despite difficult trading conditions in its key market of package holidays, where the industry was down by 8%. Operating profit was held back as the business continued to invest in its future, launching Teletext Holidays TV, Teletext on 4, together with further investment in teletextholidays.co.uk. Excluding these investments, operating profit was up by over 10%. As digital switchover approaches, Teletext is building a strong position to continue to grow audiences and revenues via the web and digital TV.

On the web, teletextholidays.co.uk is routinely attracting over two million unique users and continues to maintain its position within the UK's top three travel web sites. To date the site has

been confined to package holidays. However, investment in the site continues and the company recently launched a new flights channel which will significantly increase its addressable market in the independent travel sector. The channel capitalises on the growing trend for consumers to search online for great value flight deals by providing a unified search function. This allows users to search multiple scheduled, charter and low cost airlines all at the same time, negating the need to visit numerous different web sites.

Teletext on analogue television (available on ITV1, Channel 4 and Five) continues to be popular, with over a third of the UK adult population using the services each week. During the year Teletext expanded its presence in digital homes with its launch of Teletext on 4. This digital text service is now accessible to viewers by pressing the text button when watching any Channel 4 programme on Sky or Freeview platforms. The company is actively pursuing opportunities to expand its digital distribution arrangements with other broadcasters.

The Teletext Holidays brand, which accounts for the majority of the company's revenue, also launched the Teletext Holidays TV channel during the year. The channel is accessible to viewers in Sky homes and provides inspirational travel programming, sitting alongside a digital holidays' text service to offer a marketplace for the best holiday deals. Early viewer response to the new channel has been positive.

Also during the year Teletext's mobile phone information service continued to deliver growth, increasing its distribution of messages to its subscriber base by 20%.

In the year the company completed a detailed review of all service offerings and concluded that some were unlikely to generate the commercial returns required. In particular the decision was taken to close its online news service and curtail its digital cable services.

Independent Television News (ITN), a company in which the Group retains a 20% stake, has performed in line with expectations and the British Pathe archive, for which ITN handles the sales and marketing, continues to deliver a steady revenue stream.

In conclusion, in a difficult market DMG Broadcasting maintained revenue levels while continuing to invest in its core business and develop strategic initiatives on digital television and the web.