CORPORATE GOVERNANCE

The Company is committed to high standards of corporate governance. The paragraphs below and in the Remuneration Report on pages 29 to 40 describe how the Board has applied the principles set out in the Combined Code ('the Code') issued by the Financial Services Authority in July 2003. The Code is part of the listing rules and applied to the Company for the first time throughout the year.

The Company has substantially complied with the provisions of the Code, except where the Board has determined that they are inappropriate to the particular circumstances of the Company, as explained below and in the Remuneration Report.

The Board
The Company is headed by a Board which comprises a good 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 24. The Board has been progressively refreshed in recent years with several appointments, including three new independent Directors.

The Board meets regularly four times a year and at such other times as are necessary. It approves the Group's strategy which is proposed and executed by the executive Directors. Its 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.

The Board met four times during the 2004/05 financial year. Individual attendance by Directors is set out below:

	Number of meetings held	Number of meetings attended
The Viscount Rothermere	4	4
C J F Sinclair	4	4
J P Williams	4	4
D M M Dutton	4	4
P M Dacre	4	4
P M Fallon	4	4
K J Beatty *	2	2
J G Hemingway	4	4
S M Gray	4	4
I G Park	4	4
F P Lowy	4	1
C W Dunstone	4	4
F P Balsemão	4	3
T S Gillespie	4	4
D J Verey	4	4
K Schwab†	1	1

* Appointed on 1st December, 2004
† Resigned on 1st December, 2004

The Board has not, as required by the Code, identified a senior independent non-executive Director since it believes that to identify such an individual is potentially divisive to a unitary body, as the Board is, and disruptive to the role of the Chairman.

The division of responsibilities between the Executive Chairman and the Chief Executive is understood and works well, given the individuals' long-standing appointments, as set out on page 24. Hence it has not needed to be set out in writing, nor agreed by the Board.

The Board believes that four non-executive Directors may be considered to be independent under the Code, namely Messrs Lowy, Dunstone, Balsemão and Verey. This represents less than the half of the Board recommended by the Code. Although Mr Lowy has been a non-executive Director for longer than nine years, he has continued to demonstrate his independence in terms of character and judgement. Being based in Sydney, Australia, Mr Lowy finds it difficult to attend Board meetings. However, he provides his views on Board papers for each meeting and meets with executive Directors when he is in London or when they are in Sydney.

Messrs Hemingway, Gray 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 Park due to his having been chairman of Northcliffe Newspapers within the last five years. 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.

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. 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 every three years. Under the Companies Act, a Director is also required to stand for re-election when he first reaches the age of 70. In 2000, the Remuneration Committee agreed the objective that Directors over the age of 75 years should not seek re-election. The Board has chosen not to adopt the additional provision in the Code that non-executive Directors, who have served for more than nine years, should be subject to annual re-election since the existing practice, which complies with Company law and with the Articles, works well.

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 a formal and rigorous 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 from the Chairman to each Director, seeking their views on such matters as involvement in strategy, the structure of the Board meetings and communications, and the effectiveness of the Company's Committee structure. Where feasible, individual meetings were held with Directors. The Chairman reported the consensus view on performance to the Board at its meeting in October 2005, enabling it to conclude that it had been effective in the year under review.

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).

Board Committees
The Board has established Nominations, Remuneration, Audit and Risk Committees with mandates to deal with specific aspects of its business. The remits of these committees are published on the Company's website. Details of the membership of these

committees are given on page 24. Each committee reports to the Board at every regular meeting. In October 2005, the Board carried out a review of the performance of its committees and concluded that they had been effective in the year.

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, which was established as a separate committee in 2003, met three times during the year and all meetings were attended by all serving Directors. The members of the Committee are the Viscount Rothermere, its chairman, Mr Hemingway and Mr Balsemão. Only Mr Balsemão is an independent non-executive Director, whereas the Code recommends that a majority of members of the Committee should be independent. Nevertheless the Board believes that the Committee operates well. The Deputy Finance Director, Mr Perry, is secretary to the Committee.

The Committee reviews the structure, size and composition of the Board and makes recommendations to the Board with regard to any changes. During the year it nominated Mr Beatty as an executive Director. This Director and others were identified as suitable candidates, and neither external advice nor advertising was required in these instances.

The Committee continued to review succession planning for both executive and non-executive Directors. It has also assessed the most appropriate method of evaluating Directors' performance.

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, Ireland, Continental Europe and the U.S.

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

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

Partly 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 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 Group operates on a divisional basis with each of the divisions described at the front 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 internal audit.

The Board has overall responsibility for the Group's system of internal control. This system is designed to provide reasonable assurance of 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 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 delegated responsibility for the evaluation of the benefits and risks of investment opportunities and financing proposals to an executive committee, the Finance Committee. Above certain defined levels, however, the Board must approve programmes relating to acquisition and divestment proposals and capital expenditure. The process for the management of significant risks is undertaken by the Risk Committee, which was established in 2000, and it accords with the Turnbull Guidance on internal control, appended to the Code.

Risk Committee
Whilst the ultimate responsibility for the system of internal control and the review of its effectiveness resides with the Board, the Risk Committee assists the Board by giving assurance on risk management issues and processes. The Risk Committee is chaired by Mr Sinclair, the Chief Executive. Its other members are the Viscount Rothermere, Messrs Williams, Gray and Dutton and the legal director of the Group's largest subsidiary. Mr Gray 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 three times during the year. Since the year end, the Internal Audit Manager, Mr Page, has taken on the role of Secretary to the Committee in order better to align its activity with that of the Audit Committee by ensuring a closer link between risk identification and the audit review of the controls that mitigate these risks.

The Risk Committee considers reports prepared by central management, by each of the divisions of the Group and by central functions, on an annual basis. These reports identify business risks for the Group as a whole and within the divisions and assess the controls in place to manage those risks. The Committee operates a rotational programme of presentations by the divisions on specific risk management issues, as well as identifying topics for consideration across the Group. This year a significant focus of the Committee has been business continuity and disaster recovery planning. The Committee also monitors developments in relevant legislation and regulations to consider the impact these might have on the Group and on its system of internal control.

Members of the Risk Committee also maintain direct links with each of the main divisions through attendance at divisional board meetings as directors of these boards. The Committee reports to the Board at each of its meetings on the results of these processes to enable the Board to determine the overall effectiveness of the system of internal control and risk management more widely.

Audit Committee
The Audit Committee, which has been in existence since 1989, comprises four non-executive directors: Messrs Gray (its chairman), Hemingway, Park and Verey. The Code recommends that an audit committee should comprise at least three members, all of whom should be independent non-executive Directors. Only Mr Verey is 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 page 24. The Board is satisfied that Mr Gray, formerly senior partner of a firm of chartered accountants, has recent and relevant financial experience. The Secretary, Mr Jennings, 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 Directors, except that Mr Hemingway was unable to attend one of them.

The Committee has implemented the procedures set out in the Smith Guidance to the Code which are within its control. It has a policy on whistle blowing. Procedures exist to monitor the independence of the external auditors and include a policy on employment of former audit principals. There is also a policy on the provision of non-audit services with which the Group's head office and each division complies. The choice of firm is normally determined on the basis of professional expertise and competitiveness. The Group may engage the external auditors to perform audit-related work, accountancy advice and corporate tax services. Non-audit services in other areas are decided on their merits and are put out to tender where the amounts in question are significant. The external auditors are excluded from the following areas: where they are auditing their own work; where a mutuality of interest is created; or where the external auditor would be put in the role of advocate for the Company.

Non-audit fees payable to Deloitte & Touche LLP ('Deloitte') in 2005 amounted to £2.0 million, compared to £3.3 million the previous year, reflecting the continuing extent of corporate tax advice given and the appointment of Deloitte on merit as lead consultant on Northcliffe's cost reduction project. Since Deloitte's appointment in 2001, non-audit fees have been on average lower than audit fees.

In September, the Audit Committee 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 changes to its remit or operations. In October 2005, the Board conducted its own review of the Committee's performance and agreed that the Committee had been effective in the year under review.

The Audit Committee, on behalf of the Board, has responsibility for the review of financial risk management and of internal financial controls during the year, as these directly relate to the quality of financial reporting. In addition, the Committee reviews a summary of letters to management prepared by the Group's external auditors following their audit procedures, considers significant financial reporting issues and approves any changes to Group accounting policies, which are set centrally. During the year, the Committee received reports from the Group Accountant on the progress being made to enable the Group to implement international accounting standards in the year to 1st October, 2006 and on the requirements of the new statutory Operating and Financial Review which may be required to be adopted in next year's Annual Report. Apart from these specific responsibilities, the Committee is mandated to review all announcements of results issued by the Group and to consider the appointment of external auditors and to review their remuneration.

The central internal audit function carries out its activities across the Group. There is an internal audit charter which covers the purposes and objectives of the Group's internal audit function, its authority and scope; independence issues; standards of professional practice and performance monitoring; planning and reporting; and the expectations of divisional management. Following each review, a formal report is issued to divisional management with the audit findings and, where appropriate, management's response. At each Audit Committee meeting, the Internal Audit Manager reports on the internal audit activity completed, including an overview of the work done, a summary of the control assessments and any major issues or findings. In September, the Committee monitored and reviewed the resources and performance of the internal audit function, together with its plan for the forthcoming year. It approved the plan and confirmed that the internal audit function had been effective in the year under review.

The Group does not maintain common detailed accounting or operations manuals because of the diverse operations carried out by its divisions. Where applicable, divisions maintain their own manuals. A number of the divisions also undertake regular control review work as part of their control process.

As a consequence of the Group's risk management process, the Board has taken the view that control processes in place remain adequate.

One of the Group's subsidiaries, 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. The joint ventures and associates of the Group are not included in the Group's system of internal control described above.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR THE PREPARATION OF ACCOUNTS

The Directors are required by U.K. company law to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the profit or loss, total recognised gains and losses and cash flows of the Group for that period.

The Directors confirm that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgements and estimates have been made in the preparation of the Accounts for the year ended 2nd October, 2005. The Directors also confirm that applicable accounting standards have been followed and that it is appropriate that the Accounts have been prepared on the going concern basis.

The Directors are responsible for keeping proper accounting records, for the system of internal control, for safeguarding the assets of the Company and of the Group and for taking reasonable steps to prevent and detect fraud and other irregularities.

On behalf of the Board

N D Jennings, FCA
Secretary
29th November, 2005