

DMG RADIO

DMG RADIO AUSTRALIA MADE AN OPERATING LOSS* OF £4.9 MILLION, A FALL OF £4.5 MILLION ON REVENUE WHICH WAS UP 10% TO £37 MILLION.

PETER WILLIAMS
CHAIRMAN (LEFT)
PAUL THOMPSON
MANAGING DIRECTOR (RIGHT)



FINANCIAL HIGHLIGHTS

REVENUE

£37m

(2005: £34m)

OPERATING LOSS*

£-5m

(2005: £-0.4m)

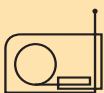
OPERATING MARGIN*

-13%

(2005: -1%)

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

All references to prior year numbers are to figures prepared under IFRS.



FACT:

FOLLOWING ITS ENORMOUSLY SUCCESSFUL LAUNCH IN 2005, NOVA BRISBANE 106.9 BECAME THE MARKET LEADER AND HAS BEEN THE NUMBER ONE STATION IN THE UNDER 40 DEMOGRAPHIC IN EVERY SURVEY SINCE.

2006 marked ten years of operation for DMG Radio Australia, a company which started with the purchase of an Adelaide talk radio station and a handful of regional stations and over this period transformed into a metropolitan radio company boasting the leading national network in the attractive Under 40 market. Whilst losses were expected on the newly launched Vega stations, this was a disappointing year in the context of the company's growth plan.

The key Nova Sydney station had a tough year, partly due to weakness in the Sydney advertising market. However, the completed Nova network was again the leading national network in its target audience of Under 40 in every survey this year, a position it has won in each survey held since the network's completion in April 2005. The network increased its profits over last year.

Nova Brisbane followed its spectacular 2005 launch by being the leading station for Listeners Under 40 in every survey since. After only six months on air, Nova Brisbane became the leading station in the market overall, and has subsequently been the leading station in the Brisbane market in every survey since April 2006. It moved into profit in this, its first full year of operations.

The new Vega FM stations in Sydney and Melbourne were relaunched in the year after the initial launches in August 2005 were unsuccessful. Recent survey results are more encouraging. Vega targets listeners aged 40-54, an audience complementary to that targeted by Nova, and provides the company with valuable access to advertisers outside of the Nova demographic in Australia's two largest markets.

While Vega's first year contribution had a larger negative impact on the result than expected, 2007 revenues from Vega are expected to grow and its losses to fall.

DMG Radio Australia's Adelaide talk station, Five AA, continued upon its 2005 success and has been the Number One station in the all important breakfast shift in every survey of this year.

Outlook

For the first time in DMG Radio's history, there are no acquisitions or station launches on the horizon, and senior executives can focus solely on the execution of the stations' strategic plans. The first target is a return to profitability in the coming year.



THE NOVA NETWORK WAS THE LEADING NATIONAL NETWORK IN ITS TARGET AUDIENCE OF UNDER 40 IN EVERY SURVEY THIS YEAR, A POSITION IT HAS HELD SINCE ITS COMPLETION IN APRIL 2005.

DMG RADIO METROPOLITAN REVENUE (£ MILLION)

