

ASSOCIATED NEWSPAPERS

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MANAGING DIRECTOR (LEFT)
LORD ROTHERMERE
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KEY FIGURES

REVENUE

£986m

(2006: £955m)

OPERATING PROFIT*

£83m

(2006: £99m)

OPERATING MARGIN*

8%

(2006: 10%)

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

KEY DEVELOPMENTS: 1_GROWTH IN PRINT ADVERTISING REVENUE 2_FURTHER INCREASES IN MARKET SHARE BY THE MAIL TITLES 3_CLOSE CONTROL OF COSTS 4_SIGNIFICANT GROWTH IN OUR FREE NEWSPAPERS 5_SIGNIFICANT INVESTMENT IN ASSOCIATED NORTHCLIFFE DIGITAL 6_LAUNCH OF MOTORS.CO.UK

The strength of Associated Newspapers' core brands and the diversity of its portfolio of businesses produced a solid performance in revenue terms. The Daily Mail achieved a record operating profit* which was offset by the significant activity in the London evening newspaper market, continued revenue investment in Associated Northcliffe Digital (AND) and a disappointing result from Teletext.

PRINT PUBLICATIONS

Circulation revenues from Associated's newspaper operations increased by 1% to £378 million, with both the Daily Mail and The Mail on Sunday's circulation performing ahead of the market. Costs, excluding newsprint, were held to a year on year increase of less than 3%. Both print and digital advertising grew year on year, resulting in a 5% increase in their combined revenues.

The Daily Mail increased its share of the national daily newspaper market by 0.3% to 20%, which not only represented the highest percentage growth of any national newspaper but also the highest absolute percentage share of the market ever achieved by the Daily Mail. Daily circulation averaged 2,333,000 copies, which was just 1.8% down year on year compared to an overall market decline of 3.1%.

The Mail on Sunday's average circulation was 2,310,000, which was unchanged year on year in a market that fell by 5.3%. This was achieved by the use of innovative promotions and a new Irish edition, developed out of Ireland on Sunday. The world exclusive free Prince CD was the first time a major new studio album had been released free with a newspaper and

produced the highest ever promoted sale. This was followed by the world exclusive premiere of The Riddle, the first new film to be released free with a newspaper. As a consequence, market share increased by 1% against the previous year to a record high of 18.2%. The Mail on Sunday continues to have more ABC1 readers than any other Sunday newspaper, Financial Mail has more readers than any other finance supplement and You magazine is the highest read women's weekly title.

Following the launch into the London market last year of two free afternoon newspapers, London Lite (published by Associated Newspapers) and thelondonpaper (News International), the average daily circulation of the Evening Standard fell to 274,000 copies. This represented a year on year decline of 14.6% but the second half of the year saw an improved performance – in September the actual circulation was up year on year. The unique and innovative Eros cashless loyalty card scheme was launched towards the end of the year and will be supported by a programme to modernise the point of sale presence on the streets of London to reflect the Evening Standard's up-scale positioning. The Evening Standard's companion site, thisislondon.co.uk, enjoyed substantial growth in traffic during the year and was enhanced by the addition of standard.co.uk launched in September. Rigorous cost control has ensured that further significant cost savings were made.

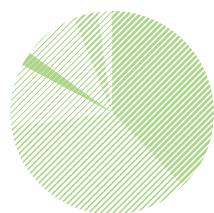
Associated's free newspapers continued to grow significantly. Metro averaged 1,132,000 copies per morning, up 6% year on year and, with the addition of 250,000 copies in September, will show strong distribution

ANALYSIS OF REVENUE (£M)

	2007	2006
CIRCULATION	378	374
ADVERTISING (DISPLAY)	350	332
ADVERTISING (CLASSIFIED)	97	104
OTHER	15	15
PRINT TOTAL	840	825
DIGITAL	86	59
TELEVISION	40	51
CONTRACT PRINT	20	20
	986	955

ANALYSIS OF REVENUE (%)

- PRINT CIRCULATION 38%
- ADVERTISING 35% (Display)
- ADVERTISING 10% (Classified)
- OTHER 2%
- DIGITAL 9%
- TELEVISION 4%
- CONTRACT PRINT 2%



growth through the next twelve months. With a total of 1.36 million copies daily, Metro UK will be the largest free newspaper in the world. Metro's website too enjoyed phenomenal growth with unique users almost doubling to an average of 567,000 per month. London Lite has quickly become the most read evening title in the country, with 745,000 readers daily according to the National Readership Survey, despite its distribution of 400,000 copies per day being almost 100,000 less than the London paper.

7Days in Dubai has seen some disruption to its advertising and distribution during the year and did not meet profit expectations. A review of the cost base of the operation was undertaken, and there have been improvements in revenue and profit performance in the second half.

TELETEXT

Whilst Teletext experienced another challenging year in terms of overall revenue performance, the business continued to progress its strategy of delivering services across digital television, internet and mobile. This included a major branding re-introduction of its products across all platforms supported by an advertising campaign, which focused on Teletext's role in the market as a provider of bite-sized, up-to-the minute information and good value deals for consumers. During the year Teletext continued to develop the Group's online travel properties, with the launch of new niche sites for the UK and luxury markets. On digital television, audiences have continued to grow, with Teletext remaining the leading text service on Freeview, ahead of the BBC and Sky. At the end of the year Teletext Extra was launched, an exciting new service for the Freeview platform, accessible from any channel on this platform via the TV guide button. This is expected to be available in five million boxes by early 2008 and we hope will drive increased usage of Teletext on digital.

Loot had another challenging year, with advertising down 29% and circulation down 16%. Tight control of costs, including reorganisation in many parts of the business, resulted in a 17% reduction in total costs, but for the first time the title made a small loss. A detailed review of the role of this

publishing genre within Associated was announced in July and is continuing. This has resulted in a further impairment of the investment. In May, Buy and Sell, the Irish classified advertising title, was sold.

Associated's total print advertising revenues were up 3% to £447 million. Within that figure, display advertising was up 6% and classified down 7%. Metro and the Daily Mail had excellent years, achieving 9% and 8% growth respectively, with The Mail on Sunday up 3% year on year. The Evening Standard was down 24% in a fiercely competitive market with a reduced circulation and readership. Loot was down 29%. Our largest display category, retail, enjoyed strong growth, being up 18%.

Teletext's television revenues fell by 27%, in part due to the switch of advertisers from Analogue to Digital, despite a significant number of Teletext's customers continuing to use the analogue service.

PRINTING

Formed from a merger of Associated's and Northcliffe's printing operations in 2006, Harmsworth Printing is now responsible for providing printing services to the DMGT group. During 2007 the company reorganised its operations and began a review of the production assets under its control. As expected, following the integration of production management, efficiency savings have already been achieved and further improvements in utilisation are being considered. As a consequence, a consultation process has been initiated for staff at the print centre in Staverton, for which an exceptional restructuring charge has been taken. New investment in printing facilities continued as planned. The new centre at Didcot has been commissioned and the enhancement of the presses at Surrey Quays is due to be completed before Christmas, providing the newspaper titles with full colour in January 2008.

ASSOCIATED NORTHCLIFFE DIGITAL AND showed strong growth from both its existing businesses and via further acquisitions. With over 140 websites reaching more than 25 million monthly unique visitors, AND is one of the leading

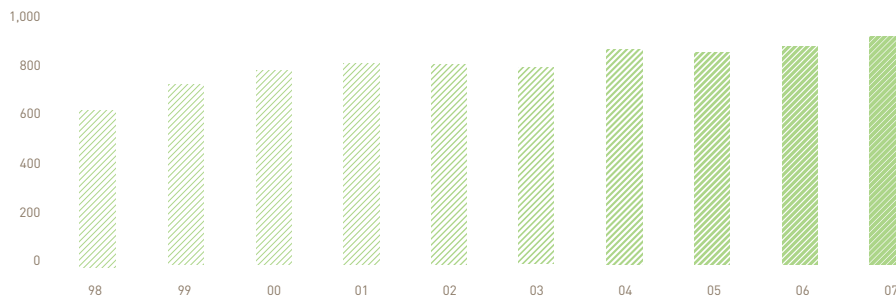
players in the UK digital media industry. Revenue grew by 46% across AND's core classified portals in jobs, property and motors, but profits* fell by £2 million due mainly to significant investment in developing its businesses.

JOBS

Revenues in the Recruitment division increased by 41%. The Jobsite network of sites now comprises over 50 niche and local job boards and has grown ahead of expectations. This year Jobsite launched new niche sites for job hunters, recruitment agencies and corporate clients in the Human Resources and Marketing sectors. In addition, Jobsite partnered with Northcliffe Media and Euromoney to power the recruitment channels of their local/specialist websites. The partnership with Northcliffe Media involves Jobsite powering the regional websites' jobs channels, resulting in a significant increase

in the positions available to job hunters in these areas as well as improved response to advertisers through Jobsite's superior technology. The joint venture with Euromoney saw Jobsite launch Euromoneyijobs.co.uk, providing a market leading online recruitment platform for 14 Euromoney titles. In January, Jobsite launched a new mobile recruitment offering aimed at temporary workers in the construction industry called "LetJoKnow". Through its innovative mobile application, LetJoKnow enables contract tradesmen to find their next job with minimum effort. Consistent with its strategy to build out its niche job boards, Jobsite acquired JobsGroup.net, the leading recruitment advertising business in the engineering sector, at the beginning of August. Previous acquisitions: In-Retail, Top-Consultant, Office Recruit, and Productionbase are all trading as expected. Margins for this sector remain around 30%.

ASSOCIATED NEWSPAPERS REVENUE (€M)

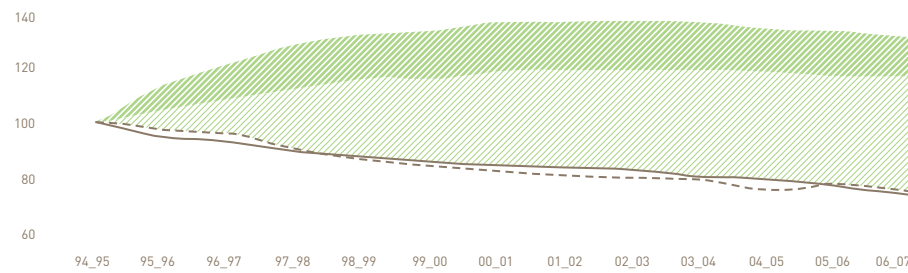


Excluding Teletext and before 2006 Northcliffe's contract print and digital revenues

ASSOCIATED NEWSPAPERS CIRCULATION PERFORMANCE VS THE MARKET TREND 1994/95-2006/07 (%)

- DAILY MAIL +30.3%
- ▨ THE MAIL ON SUNDAY +16.8%
- - - OTHER SUNDAY NATIONALS -25.0%
- OTHER DAILY NATIONALS -25.6%

Source ABC October - September Index (1994/05=100)



OPERATING PROFIT* SPLIT (€M)

	2007	2006
PRINT ACTIVITIES	92	98
DIGITAL ACTIVITIES	11	13
TELEVISION	-4	0
UNALLOCATED COSTS	-16	-12
	83	99

AND KEY FACTS 2003 vs 2007

4 YEARS AGO	
SITES	5
REVENUE (€m p.a.)	6
MARGIN	-ve
STAFF	100
ADVERTISERS	c.100
REACH (UK)	2m



TODAY	
SITES	148
REVENUE (€m p.a.)	€100m†
MARGIN	10%
STAFF	833
ADVERTISERS	15,000
REACH (UK)	9m‡

† Run rate (annualised)
‡ Comscore September 2007



THE COMPLETION OF THE DIDCOT PRINT CENTRE IS THE CORNERSTONE OF THE GROUP'S INVESTMENT IN DELIVERING FULL COLOUR TO THE MAIL TITLES FROM JANUARY 2008. PERFORMANCE AT THE SITE, ALONG WITH THE EXISTING PLANT AT SURREY QUAYS, HAS ENABLED THE GROUP TO INCREASE THE NUMBER OF FLEXOGRAPHIC COPIES PRINTED ACROSS BOTH ITS NATIONAL AND REGIONAL TITLES.

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

PROPERTY

The two key digital property brands continue to strengthen with both Findaproperty.com and Primelocation.com performing in line with our ambitions. Findaproperty and Primelocation grew revenues by a combined 73%. Both sites showed good audience growth and have been successful in expanding their volumes of estate agent branches and UK property listings. Findaproperty has expanded outside its London and South East heartland into Leeds, Manchester and Liverpool, where over the course of this year it achieved a strong market share of agents and property numbers. Findaproperty has also formed an integrated partnership with Northcliffe Media in which its technology powers the regional websites' property channels and the local newspaper teams sell a multi-platform offering. Primelocation has invested in its television branding campaign, which is paying off and has increased the number of agent offices to around 7,000. It has also made excellent progress in developing its data and display sales, as well as overseas property. Margins for this sector remain around 20%.

MOTORS

In January, a newly formed Digital Automotive Division successfully launched www.motors.co.uk, which complements the existing motor dealer inventory management service provided by Autoexposure. As part of its growth strategy, and to enhance dealer services, Complete Automotive Solutions, the provider of the "CloseIt" CRM system to the automotive industry was acquired. The Digital Automotive Division has made significant progress in generating audience growth and securing dealer advertising. The new division has won several high profile distribution arrangements including Yahoo Cars, and is working in partnership with Northcliffe Media by powering all of its regional websites' motors channels and sharing sales resource. This has made motors.co.uk the third largest motors classified listings site in the UK. The Motors division is performing well and there will be further investment in this sector going forward.

DATING

Further investment was made in the dating brands operated through Allegran, i.e.

LoopyLove.com, GirlsDateForFree.com, DreamsDiscovered.com, Pocado.com, DatingforParents.com and QuickFlirt.com. Allegran operates four out of the UK's top ten dating sites and will further improve this position through its strategy of providing niche sites targeted at key consumer lifestyle groups.

UTILITY SWITCHING

Simply Switch, which was acquired in August 2006, has struggled in a market of reducing energy prices and increased competition from energy suppliers resulting in trading being well below expectations. We have therefore written down our investment in Simply Switch.

CENTRAL OPERATIONS

AND's new product development team launched two new products in 2007, the first being a remembrance site called Lasting Tribute, the second being a 'Green' site called Big Green Switch. Lasting Tribute also partners with Northcliffe Media to support its obituary listings.

Excellent progress has been made in handing back responsibility for the newspapers' companion sites to the newspapers' editorial and commercial management. AND will continue to provide services such as network digital sales, technical design and hosting and other specialist services to these sites.

OUTLOOK

Trading projections for the first quarter of the new financial year are encouraging. Thereafter it is difficult to predict. Nevertheless, Associated, with its strong brands, diversified portfolio and further planned back-office efficiencies is well placed. The London market, while still challenging, is improving. When full colour, increased pagination and more flexographic printed copies are available in January 2008, Associated will have new opportunities and a competitive advantage upon which to capitalise. Another strong performance is expected from the digital operations, but revenue investment will continue to be made to grow AND's property and motors sectors in particular. Overall the outlook for the next twelve months is quietly optimistic.

* 28% OF INTERNET USERS AND GROWING



AND'S SITES ARE NOW USED BY 28% OF ALL INTERNET USERS IN THE UK, WITH OVER 9 MILLION UK UNIQUE VISITORS.*

* Comscore September 2007