

For Immediate Release

8 March 2006

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2005

Johnston Press plc, one of the leading regional media groups in the UK and Ireland, is pleased to announce record results for the year ended 31 December 2005.

KEY FINANCIALS

	52 weeks 2005 £m	53 weeks 2004 £m	52 weeks 2004 £m
Revenue	520.2	519.3	514.9
Profit before tax	151.4	149.8	
Operating profit			
- before non-recurring items*	180.3	178.4	175.4
	Pence	Pence	% Change
Earnings per share			
- underlying (note 7)	38.62	37.77	+2.3
- basic	37.58	37.41	+0.5
Dividend per share			
- final	5.60	4.80	+16.7
- total	8.40	7.20	+16.7

- Robust profit performance despite significant downturn in recruitment advertising experienced by the industry as a whole.
- Operating margins before non-recurring items achieved new record of 34.7% compared with 34.1% for the comparable 52 weeks of 2004 and 34.4% for the 53 weeks of 2004 - despite newsprint price increase.
- Against a challenging background advertising revenues for the comparable 52 weeks excluding acquisitions reduced by 3.7%.
- Notable year for acquisitions with major advances in both Scotland and Ireland – over 50 new titles.
- Digital publishing activities continued to exhibit strong growth – 288 local or regional websites. Page impressions up by 49%, exceeding 30 million per month with over 2.5 million unique users per month.
- Other organic initiatives continue to extend advertisers' reach with over 50 new publications launched during the year.

* See page 16 for definition

PROSPECTS

Chairman, Roger Parry said:

“In the early weeks of 2006 the advertising market remains challenging with no early signs of recovery. The Group remains committed to improving operating efficiencies and maintaining a tight control of costs.

The Board is delighted with progress made integrating our recent acquisitions and, providing market conditions do not significantly worsen, we are confident that 2006 will again be a year of progress in building our local media franchises.”

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CHAIRMAN'S STATEMENT

In 2005 Johnston Press was able to achieve a robust profit performance despite the significant downturn in recruitment advertising experienced by the industry as a whole. The growth in profit before tax reflects tight cost controls and increased business efficiencies as well as the development of new revenue streams including those from web-based products aimed at local markets. In the face of difficult trading conditions the staff of Johnston Press have shown themselves to be flexible and highly effective. On behalf of shareholders, I would like to congratulate them all on the results they have achieved.

Results

Overall revenues for the year were £520.2 million. This was up only 0.2% on 2004 reflecting the significant downturn in recruitment advertising. Operating profit for 2005 was £177.7 million, flat on a 53 week 2004. Underlying earnings per share were 38.62p, up 2%.

Dividend

The Board proposes a final dividend of 5.6p per share, making a total of 8.4p per share for the year. This compares to 7.2p per share in 2004, an increase of 17%.

Growth in local media

During the year we were successful in making a number of acquisitions of companies which specialise in local publishing. The principal acquisitions were Score Press Ltd, Leinster Leader Ltd, Local Press Ltd and finally The Scotsman Publications Ltd, which did not complete until 4 January 2006 and therefore has not been consolidated into the 2005 results. The process of integrating these businesses into the existing Johnston Press management structure is going well. This means we have acquired more than 50 new print titles in Scotland, Northern Ireland and the Republic of Ireland. The majority of these are weekly publications but they include three notable daily titles, The News Letter in Northern Ireland, The Scotsman and The Edinburgh Evening News, in addition to our first paid-for Sunday title, Scotland on Sunday. These acquisitions bring the total of local weekly and daily newspapers published by Johnston Press to more than 300. In addition we publish many hundreds of other specialist local publications and operate more than 250 websites.

Classified advertising

About half of the Group's income comes from the sale of classified advertising. During 2005, property advertising grew strongly, motors fell marginally but there was a significant reduction in spending by companies and the public sector seeking to recruit staff. On the evidence available to us, we believe that this significant drop in recruitment advertising is cyclical rather than structural. It would appear to reflect government policy in terms of cutting back on local government recruitment and a general slow down in the economy rather than migration of spending to websites. Having said this, however, the Board of Johnston Press does recognise that web-based recruitment advertising is attractive to employers. Accordingly, we are devoting significant management time and resource to the continuing development of our own web-based products. In this context it is very pleasing to note the significant success of our web-based CV matching service. This enables candidates for jobs and providers of employment to match up their respective objectives. Our new revenues from CV matching in 2005 were £1.1 million.

Investment in the business

In addition to developing our web-based publishing, we have continued to demonstrate our commitment to equipping our business with the best available technology. Our new £60 million investment in a triple-width press in Sheffield will be coming on-stream in the third quarter of 2006. The similar installation in Portsmouth at a cost of £50 million will be coming on-stream a year later. At the time of writing, both projects are to schedule and coming in below budget. These new presses will significantly increase our ability to print in colour.

Strategy

Serving local communities through the provision of news, information and entertainment has been at the heart of the Johnston Press culture for more than 150 years. This mission remains the driving principle of the company. Johnston Press is often called a local newspaper publisher but this is increasingly an inaccurate description of what the company really does. It is true that we are primarily focused on local communities rather than national markets but we serve those communities through a wide range of publications, both printed and digital. In many of our markets our portfolio includes a wide range of print publications such as lifestyle guides, property magazines and motoring supplements in addition to our newspapers. All the communities we serve now have our local websites available to them.

Board

Other than the appointments of Mr Danny Cammiade and Mr Les Hinton on 17 March 2005 which I reported last year, there have been no changes to the membership of the Board. It consists of five independent non-executives, two non-executives representing the Johnston family interest, three executives and myself. Each year the Board is subject to an analysis of its own performance. The 2005 performance review suggests the Board continues to function well and it remains compliant with all aspects of the Combined Code.

Prospects

In the early weeks of 2006 the advertising market remains challenging with no early signs of recovery. The Group remains committed to improving operating efficiencies and maintaining a tight control of costs.

The Board is delighted with progress made integrating our recent acquisitions and, providing market conditions do not significantly worsen, we are confident that 2006 will again be a year of progress in building our local media franchises.

ROGER PARRY

Chairman

8 March 2006

CHIEF EXECUTIVE OFFICER'S REVIEW

The trading environment in 2005 proved to be more difficult for the regional press than at any time since the early 1990s. For Johnston Press, this resulted in a reduction in like-for-like advertising revenues of 3.7%. When using the term like-for-like, this excludes all businesses acquired in 2005 and compares the 52 weeks trading in 2005 with the same 52 weeks in 2004. Against this challenging background, compounded by an increase in newsprint prices, it is pleasing to be able to report another set of record results. 2005 was also a notable year for acquisitions with major advances in both Scotland and Ireland. Our digital publishing activities continued to exhibit strong growth, our major capital expenditure programmes remain on track and our ongoing organic growth plans delivered over 50 new publications in the year.

Industry Development

After a period of relative calm since 2002 when we acquired Regional Independent Media Holdings Ltd (RIM), 2005 witnessed a resurgence of industry restructuring with Johnston Press at the forefront of events. These changes have enabled us to build on our consistent strategy of being a leading industry consolidator.

This process has been given renewed focus by the decision in late 2005 of Daily Mail & General Trust plc (DMGT) to explore the possible sale of Northcliffe Newspapers, its regional newspaper subsidiary and one of the big 4 publishers in the sector. Although DMGT ultimately decided to retain Northcliffe, their willingness to consider its disposal suggests that further change may well occur in our sector, providing yet more opportunities for continued targeted growth by Johnston Press in the coming years. We are equally confident that consolidation is the greatest possible safeguard for a healthy regional press and that it will prove to be in the best long-term interests of readers, advertisers, shareholders and the industry itself, including those who work in it.

The changes introduced in the Communications Act 2003 have also helped to simplify the process of consolidation and during 2005 this has enabled Johnston Press to complete transactions which might not have been pursued under the previous regime. Whilst it is too early to form any definitive views, we continue to believe that over time, the regulators will take a broader view of market definition in their assessment of proposed newspaper mergers, thereby easing the process of continued industry consolidation.

Acquisitions

During 2005, the Group announced a total of seven acquisitions, with a total consideration, excluding related costs, of £469m. Of these, the largest and most recent was The Scotsman Publications Limited (TSPL), for £160m, announced on 19 December and completed on 4 January 2006. In addition to its flagship Scotsman title, the company also publishes a paid-for Sunday newspaper, Scotland on Sunday, and covering the Edinburgh and Lothian markets, the Evening News as well as the weekly free Herald & Post series. Its Scotsman.com website is one of Scotland's leading sites registering over 20 million page impressions and 3 million monthly unique users in the most recent ABC audit. In addition to its stable of market leading brands, TSPL represents an excellent geographic fit with our existing weekly newspaper portfolio in Scotland and will provide good opportunities for performance improvement and growth. As with all of the acquisitions made during the year, we expect the acquisition of TSPL, before any non-recurring restructuring costs, to be earnings enhancing in 2006.

On almost as large a scale, on 9 August, we acquired Score Press Limited (Score) from Emap plc for £155m. Score represented the newspaper interests of Scottish Radio Holdings plc (SRH) and the deal was made possible as a result of the acquisition of SRH by Emap. The acquisition involved 35 weekly newspaper titles with 13 in Scotland, 17 in Northern Ireland and 5 in the Republic of Ireland. 28 of the titles are paid-for and 7 are free. The integration of Score's Scottish titles into our existing Scottish business is well advanced and the deal also provided the Group with its first presence on the island of Ireland. The overall performance of Score since acquisition has exceeded our expectations at the time of the deal.

Following the acquisition of Score we were keen to expand our presence in both Northern Ireland and the Republic. This objective was entirely consistent with our acquisitive growth strategy and had the added incentive of becoming a bigger player in the fast growing Republic of Ireland marketplace which has recently experienced double digit advertising revenue growth rates. Two opportunities to meet this objective occurred in rapid succession and the Group was successful in securing these to become a leading publisher of regional and local newspapers both north and south of the border.

The first deal, completed on 4 November, was the acquisition of Local Press Limited (LPL), in which 3i plc was the principal shareholder. In addition to the daily News Letter, LPL also publishes 6 weekly newspapers in Northern Ireland and 3 in the County of Donegal in the Republic. 7 of the titles are paid-for and 3 are free. Combined with Score's Northern Irish titles, the acquisition of LPL gives the Group excellent coverage

across much of the Province and integration opportunities which will improve performance as well as benefiting readers and advertisers.

The acquisition of Leinster Leader (LL), a private company owned by 27 separate shareholders, was completed on 14 December. LL publishes 6 titles, and with the exception of the Limerick Leader which is published 4 times per week, all are paid-for weekly newspapers. Combined with the 5 Score titles, the acquisition of LL gives the Group critical mass in the Republic of Ireland and the opportunity to consolidate the separate operations into an integrated business. There are considerable opportunities for the combined business in this high growth economy, not least from much needed investment in IT systems to improve efficiency and customer service.

Although on a much smaller scale, 3 other acquisitions were also completed during the year. The first was Thorne Gazette on 16 May, a publisher distributing 20,000 free newspapers in an area of South Yorkshire as well as a title for the region's farming community and a visitors' guide for Lincolnshire. The business has already been integrated with our existing activities in the region and its performance has exceeded expectations.

On 3 August, the Group acquired the entire share capital of Best Asian Media Ltd, a company which distributes a fortnightly free newspaper, Asian Life Magazine and EID magazine for the Asian community in the Northwest of England. The previous owners and management have remained with the business and are working on plans to expand its activities through a series of related new launches.

The third small acquisition, announced on 9 December, was Ashwell Associates Ltd, publishers of the paid-for weekly newspapers, The Rutland Times and Bourne Local, as well as Embrace, Your Perfect Day and Your Country, specialist publications focused on the county of Rutland. The business has already been integrated with our Welland Valley Newspapers subsidiary based in Stamford.

We are pleased with the progress made so far in integrating all these acquired businesses.

As a result of these acquisitions, Johnston Press now publishes 301 titles of which 3 are paid-for morning newspapers, 15 are paid-for evenings, 158 are paid-for weeklies, 118 are free weeklies, 2 paid-for Sunday titles and 5 weekly magazines. The total number of copies published per edition stands at 7.1 million with 0.2 million of these being in the Republic of Ireland. Johnston Press is now the second largest regional newspaper publisher in the UK.

Connecting Communities

The Group also continues to pursue its organic growth strategy which recognises the opportunity and need to reach local communities through an increasing array of media channels, especially digital. This strategy is built on the underlying fact that "Life is Local". The publishing rationale of Johnston Press is to be the leading purveyor of news, information and related services to the communities it serves, thereby providing the primary and most effective means for advertisers to reach those communities. Industry research continues to provide strong evidence of consumer behaviour which underpins this approach.

In print, the Group has an active policy of encouraging its local publishing companies to seek opportunities capable of generating new revenue streams. During 2005, this resulted in the launch of well over 50 new publications including 47 community newspapers, 5 monthly lifestyle magazines and, additionally, numerous niche publications. In total, we now publish 58 community newspapers. These are typically monthly free pickup newspapers servicing small communities in rural areas and selected suburbs of larger cities. They contain local 'parish pump' news and allow small local businesses to advertise in a very targeted and cost effective manner.

The continuing growth and development of our digital publishing activities is a vital and central part of our organic growth strategy. We have a total of 288 community websites including those operated by the newly acquired companies. These are an integral component in each of our publishing centres' portfolios, offering users the opportunity to access a vast range of information and to interact with us via the internet and from mobile devices.

Without dismissing the possibility of acquiring an internet business which would complement our local offerings, our approach is primarily dependent on the organic development of digital platforms which build on the strength of our local brands and market position, providing a natural extension to our existing publishing activities. More details of our digital publishing activities are provided in a later section of this report on pages 8 and 9.

In addition to the initiatives outlined above, the Group is also pursuing organic growth opportunities in services which are closely related to our local publishing and newspaper delivery activities. Examples of such areas include leaflet distribution through the Group's dedicated Letterbox Direct subsidiary, promotional coupon offers through Offer Pack which was acquired in 2004, reader holidays, where we promote and provide tailored holidays and events packages, premium line offerings which primarily relate to dating services, local exhibitions and events such as fashion shows and the syndication of our editorial content.

Trading Performance

As indicated above, 2005 was a challenging period with trading becoming more difficult as the year progressed. All advertising revenue percentages in this commentary are shown on a like-for-like basis. After a marginal advertising revenue decline of 1.5% in the first six months, the second half witnessed a fall of 6.0%. We are confident that this advertising downturn, which affected the regional press generally as well as many other sectors of the media, was primarily cyclical in nature reflecting weaker consumer confidence, partly fuelled by a flatter property market and a cutback in recruitment by a number of employers. Only the Northeast of England and Scotland achieved growth with all other markets suffering year-on-year declines.

The greatest shortfall year-on-year was in recruitment advertising which fell by 17.3%, comprising 12.1% in the first half and 23.7% in the second, entirely as a result of reduced volumes. This represents our most volatile advertising category and it followed a similar pattern in the last significant downturn in the early 1990s. The impact was felt across the entire spread of the Group's publishing areas.

Property advertising performed strongly, up 13.7% overall and increasing by 15.9% and 11.3% respectively in the first and second halves. The healthy growth reflected the need for vendors, house-builders in particular, to advertise more heavily in a flatter market. All areas of the country grew, with Scotland the strongest and the South of England weakest.

Motors advertising continued its lacklustre performance with an overall decline of 5.2%, falling in each half by 3.9% and 6.7% respectively. Continued dealer ownership changes and consolidation, coupled with poor car sales, combined to keep performance depressed. Only the Northeast division achieved growth in this category.

The other classified category performed well, growing by 5.5%, 4.1% in the first half and the strong increase of 7.0% in the second fuelled by the need for licensed premises to re-apply for liquor licences following the introduction of new licensing laws.

In the display category, there was an overall decline of 2.4%, made up of 0.6% in the first half and 4.1% in the second. This was despite strong growth in special features as a result of the proactive efforts of our sales teams to stimulate additional revenues. The overall performance reflected tougher conditions on the High Street in all markets, although marginal growth was achieved in the South Midlands.

Given the difficult trading environment and taking into account the increased cost of newsprint, the Group did well to raise operating margins from 34.0% to 34.8% as shown on page 12. This performance reflects the benefits of our continuing programme of investment in modern IT systems to drive efficiency, good control of costs and actions taken to mitigate the increase in the cost of newsprint.

Operating Review

The Group maintains a strong focus on revenue growth initiatives and, as outlined above, this resulted in a record number of new publications during the year. Each is regularly monitored to ensure that it makes a positive contribution to the Group's profitability. Our intranet-based ADS4U database of advertising ideas and creative copy is now firmly embedded as an invaluable tool for all advertising sales staff, assisting the dissemination of best practice around the Group, providing a more professional service to advertisers and helping to generate additional revenues.

Our close working relationship with Mediaforce, the independent national sales-house which represents all Johnston Press titles with national and a number of regional advertising agencies, continues to form an integral part of our sales operations. The recently established creative sales unit within Mediaforce assisted in the capture of new business for Johnston Press from clients such as Baxters and RIAS, as well as winning back clients such as Powerhouse and ATS from other media. National advertising also benefited from General Election advertising from various political parties.

The importance of the Group's continuing programme of investment in new IT systems cannot be overstated in terms of its positive impact on business efficiency and customer service levels. During the year, progress was made in a number of key areas.

Our drive towards common systems made strong advances with the implementation of new advertising front-end systems in the Northwest and new editorial systems in the South and South Midlands. This programme will continue in 2006 with investment planned in Yorkshire, Ireland and Scotland. We are well into the roll-out of a Group-wide newspaper sales system which will be completed during the current year. We have transferred to Thus plc as our infrastructure provider for our wide area network and continued progress has been made in the installation of voice-over IP telephony across the Group which will deliver significant cost savings.

Considerable progress has also been made in automating our customer interfaces, with many estate agents now producing and uploading their content electronically and more advertisers using our internet-based solution to place advertisements with us. The growing extent of IT standardisation across the Group has also enabled us to improve the technical support function with the strengthening of our central help desk in Leeds. All of this investment has allowed the Group to consolidate further a number of pre-press centres including those in the South, East Midlands, the North and Northeast.

Health and safety remains a key area of focus for the Group. Improvements to our monitoring, reporting systems and training have been made during the year. The rolling audit of our systems and procedures by a third party has indicated a further general improvement in adherence to our health and safety procedures. There were 30 reportable accidents in 2005, a small number for a company of our size, and the vast majority were very minor in nature.

During the year, more of our titles celebrated important milestones, notably 150th anniversaries for the Bury Free Press, the Sudbury based Suffolk Free Press and The Southern Reporter in the Borders.

A number of our newspapers and staff were also recognised for their achievements with awards including The Southern Reporter being voted as the Newspaper Society's Scottish weekly "newspaper of the year" for the fourth successive occasion.

Digital Publishing

The growth and development of our digital publishing activities during 2005 has been considerable, reflecting the strong focus which Johnston Press continues to place on this aspect of our business. The Group now has 288 local or regional websites, including those operated by the newly acquired companies, with page impressions having grown by 49%, exceeding 30 million per month and unique users now around 2.5 million per month. Total online revenues increased by 32% to reach £8.3 million, producing a contribution to profit of £5.8 million.

The Group announced in September that it had agreed a £60,000 annual sponsorship of a Chair in Digital Journalism at the University of Central Lancashire (UCLan) for a three year period. Johnston Press's partnership with UCLan, which combines the expertise of one of the top journalism departments in the country with one of the UK's major regional newspaper groups, represents a unique opportunity in the development of new digital applications.

During the year, we increased the size of our development team based in Peterborough by 20% and resource around the Group was also strengthened. We have appointed category managers for each of our jobs, motors and property sites and, in addition, an online editorial content champion. Assisted by those appointments, we are in the process of a further programme of enhancements and upgrades to each of our classified sites with re-launches planned during the course of 2006. In addition, we have launched a project in Preston to act as a test-bed in the development of the "newsroom of the future", in which content will be gathered and disseminated through a variety of print and digital channels in a media-neutral manner.

A number of new services have been developed and launched during 2005. The most successful in revenue terms has been the roll-out of our online CV matching service which is now generating around £30k per week from a database of 6,000 active CVs and over 60,000 registered users. The redesign and re-launch of our local directory service under the Local Pages brand has proved very popular with users and advertisers. The sales of links to electronically formatted versions of newspaper advertisements have generated strong revenue growth.

Our auction site Lot24-7.co.uk was launched at the end of 2005 and will utilise the combination of our newspapers and local websites to create a truly local and differentiated auction service. Our digital offering is also providing users with an increasing range of services with developments in 2005 including a real time news service to mobile phones, greater depth of content within our classified search engines and electronic versions of a number of our printed daily newspapers available by subscription online.

Our continuing investment in advertising front-end systems has also improved the structure and quality of data obtained from our advertisers and, together with a growing database of information on our readers, good progress is being made in the introduction and use of our customer relations management (CRM) programme. This, as with our entire digital publishing development programme, remains central to the Group's overall progress.

Printing

The key developments for our Printing Division during 2005 have been dominated by the major new press projects at Dinnington, near Sheffield, and at Portsmouth. With a total expenditure in excess of £100m and backed by 15-year supply contracts with News International (NI), these represent by far the largest and most exciting press projects in the Group's history. It is pleasing to report that both projects are proceeding to plan in terms of cost and timescale. The Dinnington building is largely complete and equipment is in the course of installation for start-up in the third quarter of 2006. At Portsmouth, demolition work is complete, building work has commenced, the publishing offices refurbished and start-up is planned for 12 months after Dinnington.

At Leeds, a digital inking system has been installed and the refurbishment of the mailroom has begun. At Peterborough, the press is being extended to ensure that we meet the increasing demand for colour. Once completed, this project will allow the press to print 160 pages with every one in colour.

Reflecting the need of all of our titles for high quality colour printing and for the Group to maximise the return on its press investment programme, the Halifax press was closed during 2005 with printing being transferred to Leeds. Plans have also been announced for the closure of our pressrooms in Scarborough, Wakefield and Sheffield, the latter two to take place once the new Dinnington press comes on stream. The acquisitions made during 2005 have also brought additional pressrooms to the Group, in Edinburgh and Forfar in Scotland with two in the Republic of Ireland and three in Northern Ireland.

In view of the increased price of newsprint in 2005, the Group took steps to mitigate the impact on costs including the standardisation of web width to the NI standard. This will also be helpful when the new presses in Dinnington and Portsmouth come on stream in view of the NI contracts. Prices of newsprint for the current year have increased by a similar amount to 2005 and further measures to partially mitigate the effect are already in place.

Circulations

For the year as a whole, circulation revenues increased on a like-for-like basis by 1.8%, the majority of the increase coming in the second half of the year. During 2005, we increased the cover price of over 70% of our paid-for newspapers. This takes no account of The Scotsman and the Leinster Leader Group, which only became part of the Group at the turn of the year.

After seven consecutive years of growth, the total sale of our weekly titles fell in the second half of 2004, a trend which continued in 2005 with reductions of 2.1% and 2.4% in the first and second halves respectively contributing to an overall fall of 2.3%. The more difficult trading environment, with its adverse impact on advertising volumes, is undoubtedly a factor in this decline but, that said, penetration levels remain extremely high and, with relatively static population numbers, it is unrealistic to expect a perpetual increase in the overall sale. The key factor is the high market penetrations being achieved and thereby the unrivalled extent to which advertisers are able to reach local communities with their messages.

The circulation performance of our daily titles remains broadly unchanged with an overall decline over the year of 5.5% comprising 6.5% in the first half and 4.5% in the second. The first half figure was depressed by the final stage in the process of removing bulk sales from our reported ABC figures. All of the daily newspapers we published throughout 2005 achieved 100% actively purchased status. The figures were also adversely affected by steps taken to address the issue of bad debt on our direct delivery sales.

The Group's Daily Newspaper Sales Forum has made good progress in ensuring the adoption of best practice at all centres and in evolving new approaches to address the underlying circulation issues. This includes using the Group's strength to improve our reader offers and promotional activity, publishing our titles earlier in the day to match the shopping habits of our readers and collecting detailed customer data to enable us to tailor our service accordingly. In addition, we have undertaken a number of research projects that have given us a

clearer understanding of our readers' opinions, purchasing habits and expectations for the future. However, behind the disappointing figures, the market penetration of our daily titles remains strong and they continue to deliver good advertiser response levels.

When combined with our local websites, we can offer a significantly increased audience reach to advertisers. We have installed an online market measurement tool which enables us to provide advertisers with an estimate of total market reach after removing those users who are also newspaper readers.

Content

Community involvement remains the cornerstone of the editorial approach for all of our newspaper titles, within a framework which guarantees editors the freedom to edit without management interference. The Corporate Social Responsibility Statement in our Annual Report will provide details of the numerous ways in which our newspapers serve their local communities through campaigns, championing good causes, supporting charitable organisations, leading fundraising efforts, exposing wrong-doing and celebrating success. Quite simply, our newspapers are the voice and conscience of the communities they serve, having a pivotal role in community life. As a Company, we are acutely conscious of the heavy responsibility which our editors bear.

In recognition of the important role of our editors, we have strengthened the Editorial Review Group which has continued to perform a valuable role in supporting editors and encouraging the improvement of standards generally. In addition to their involvement in the appointment of editors, we have extended the use of a "buddying" system for all those newly appointed to the editor's chair.

Our acquisitions during 2005 have brought various new titles to the Group and from an editorial standpoint, high profile newspapers such as The Scotsman, Scotland on Sunday and the News Letter in Northern Ireland. These titles, like the Yorkshire Post, have a more discernable editorial stance than is typical of many of our newspapers and, whilst we are totally committed to the maintenance of the highest editorial standards and investment in good content, we do not intend to alter our editorial policy which leaves content decisions firmly and clearly with each individual editor. In accordance with this, Johnston Press editors are encouraged to vigorously pursue investigative journalism and worthwhile campaigns. In that regard, it is particularly pleasing to note the successful outcome of the long running campaign by The News in Portsmouth to seek a specific Arctic Medal for those men who took part in the Arctic Campaign of World War II.

Organisation and People

2005 has been a particularly challenging year, not only as we have had to manage through a more difficult trading environment but also due to the heavy programme of acquisitions which inevitably places additional burdens on those involved during the negotiations and the subsequent integration process. Our ability to deal with these added pressures is a testament to the strengths and quality of our management and has undoubtedly been assisted by the continuing stability within our Head Office and Senior Management teams.

Following the various acquisitions made during the year and the resultant increase in the size of the Group, we have made several key management appointments and organisational changes. Running our businesses in Northern Ireland and the Republic of Ireland respectively, we welcome Jean Long and Barry Brennan to the Divisional Management team. Jean was the previous Chief Executive of LPL and Barry was Group Marketing Director at Independent News & Media plc. Michael Johnston has relocated from Portsmouth, where he was Managing Director of our South of England division, to Edinburgh to run The Scotsman Publications Limited and the enlarged Scottish division. Michael has been replaced in Portsmouth by Gary Fearon who was previously Managing Director of our Northeast division. We have combined the North division, headquartered in Leeds, with the Sheffield based North Midlands and South Yorkshire division and the Northeast division based in Sunderland, under the leadership of Chris Green. A similar combination of the East and South Midlands divisions, led by Nick Mills, has been made possible by the appointment of Chris Pennock to the role of Group Newspaper Sales and Marketing Director.

We continue to place strong emphasis on skills-based training and management development which has included the introduction of a new Senior Management Development Programme run by Kaizen Training. We have also strengthened our succession planning processes and continue to embrace our commitment to being a caring and responsible employer.

The fact that Johnston Press produced such good results in 2005 against such a difficult trading background speaks volumes for the professionalism, hard work and commitment of all of our staff. I would like to express

my personal thanks to all our staff and I am pleased that the Board has agreed to recognise and reward those efforts by once again permitting all qualifying employees, representing the substantial majority of those we employ, to receive free Johnston Press shares to be granted under the Group's Share Incentive Plan.

TIM BOWDLER

Chief Executive Officer

8 March 2006

FINANCIAL REVIEW

Overview

As described in the Chief Executive Officer's Review, 2005 was a difficult year from a trading point of view, but despite this the Group has produced another set of excellent financial results. There were year-on-year increases in operating margins before non-recurring items and operating profits, notwithstanding the fact that 2004 was a 53 week year. The business continues to generate excellent operating cash flows which more than covered the increased capital expenditure on our new press projects and contributed towards the funding of the acquisitions made in the year. The proposed dividend has been increased by 17% recognising the growth in dividend cover over recent years.

Financial Review

In comparing performance between 2005 and 2004, it should be remembered that 2004 was a 53 week year and, where relevant, in order to help the reader make like-for-like comparisons, we have included performance figures for 52 weeks.

	Total	2005	Existing	52 Weeks	2004	53 Weeks
	£'m	Acquisitions	£'m	£'m	53 rd Week	£'m
		£'m	£'m	£'m	£'m	£'m
Advertising revenues	387.7	10.6	377.1	391.5	3.0	394.5
Newspaper sales	73.6	3.9	69.7	68.5	1.1	69.6
Contract printing	21.1	2.3	18.8	19.1	0.2	19.3
Other revenues	37.8	0.5	37.3	35.8	0.1	35.9
Total revenues	520.2	17.3	502.9	514.9	4.4	519.3
Costs	340.0	12.0	328.0	339.7	1.4	341.1
Operating profit*	180.2	5.3	174.9	175.2	3.0	178.2
Operating margin*	34.6%	30.6%	34.8%	34.0%		34.3%

* pre non-recurring items and associates

Acquisitions

The Group completed a total of 6 acquisitions in the year. In addition, the acquisition of The Scotsman Publications Limited was completed just after the year end on 4 January 2006 and is therefore excluded from these financial results.

These acquisitions included three small transactions which will add to the local operations where they are published but, being relatively small from a Group perspective, they are not analysed separately within this report. These were the acquisitions of the Thorne Gazette, Ashwell Associates (publishers of the Rutland Times and the Bourne Local) and Best Asian Media (publishers of the Asian Leader in Lancashire and the EID Magazine).

The significant acquisitions completed in the year were:

- a) Score Press Limited, acquired from Emap for £155 million debt free on 9 August 2005;
- b) Local Press Limited, acquired from individual shareholders including 3i, Mecon and management for £65 million debt free on 4 November 2005; and
- c) The Leinster Leader Group, acquired again from individual shareholders on 15 December 2005 for €138.6 million debt free.

All of the above acquisitions have been funded out of new debt facilities established during the year.

The acquisitions contributed revenues of £17.3 million in the period and operating profit before non-recurring items of £5.3 million. As the integration of these businesses into the Johnston Press divisional structure only commenced late in the year there were limited non-recurring items incurred in the period. The integration process is expected to be largely completed in the first half of 2006.

Excluding the value of the publishing titles and goodwill, fair value adjustments of £3.0 million have been made to the assets of the acquired businesses. The major adjustments were to write down the value of the property, plant and equipment to reflect consistent accounting treatment with Johnston Press or, where

relevant, current valuations. As well as these write downs, the Group has provided for the acquired businesses' share of the deficits existing on the industry pension schemes in the Republic of Ireland.

Revenues

Advertising revenues for the Group on a like-for-like basis were as follows:

	2005 £'m	2004 £'m	Increase %
Employment	96.9	117.2	(17.3)
Property	63.4	55.7	13.7
Motor	44.8	47.3	(5.2)
Other classified	63.9	60.6	5.5
Total Classified	269.0	280.8	(4.2)
Display	108.1	110.7	(2.4)
	377.1	391.5	(3.7)

The Chief Executive Officer's Review on pages 5 to 11 provides a summary of advertising performance by division.

The table below shows the advertising revenues consolidated into the Group financial statements for the acquired businesses along with the comparatives on a like-for-like basis. Some of the acquired businesses did not record advertising revenues by category but this will change for 2006.

Acquired Businesses

	2005 £'m	2004 £'m	Increase %
Advertising revenues since acquisition	10.6	10.8	(1.9)

The existing businesses experienced advertising revenue declines in the year. This decline was primarily due to weakness in the recruitment category. The acquired businesses performed better and saw advertising revenues decline by a lower percentage mainly as a result of the strong growth currently being experienced in the Republic of Ireland economy being reflected in the advertising environment.

In the existing businesses, the advertising performance deteriorated over the course of the year due to the weakening in consumer confidence, increased unemployment and the strong performance reflected in the comparative figures of the second half of 2004. Other than the Thorne Gazette, all the acquisitions were completed in the second half of 2005 and therefore the acquisitions had no material impact on the first half trading.

The advertising revenues on a like-for-like basis analysed into the 2 half years were:

	Half year to 31 December 26 Weeks			Half year to 30 June 26 Weeks		
	2005 £m	2004 £m	Increase %	2005 £m	2004 £m	Increase %
Employment	40.7	53.3	(23.7)	56.2	63.9	(12.1)
Property	29.9	26.8	11.3	33.5	28.9	15.9
Motors	20.7	22.2	(6.7)	24.1	25.1	(3.9)
Other classified	31.8	29.8	7.0	32.1	30.8	4.1
Total classified	123.1	132.1	(6.8)	145.9	148.7	(1.9)
Display	52.9	55.2	(4.1)	55.2	55.5	(0.6)
Total advertising revenue	176.0	187.3	(6.0)	201.1	204.2	(1.5)

Circulation revenues have increased by 5.7% with both increased cover prices and the acquisitions contributing to the growth. On a like-for-like basis newspaper sales revenues were up by 1.8%, with cover price increases more than offsetting modest declines in copy sales.

Contract print revenues grew by 9.3% with the contribution from the acquired companies offsetting the revenues that were lost from the closure of the Halifax Press and the heatset press at Portsmouth. If the contract printing revenues from the acquired businesses were excluded the decline for 52 weeks was 1.6%.

Other revenues grew primarily on the back of rapidly growing internet based revenues where the new services of CV Matching and Local Pages, along with good upselling of recruitment adverts, were the key drivers.

Margins

With the lack of growth in revenues due to the challenging advertising environment and increased newsprint prices, the control of costs and increased business efficiencies were key operational targets in the year. For the existing businesses the operating margin on a like-for-like basis, as indicated on page 12, improved from 34.0% to 34.8%.

The acquired businesses had a collective margin of 30.6% for the relevant periods of consolidation.

Non-Recurring Items

As has been the practice of the Group over many years, costs or revenues that are material and out of the normal course of operations are highlighted separately in the columnar style Income Statement. These include costs of redundancies following the restructuring of the Group's business or associated with the integration of an acquisition and gains or losses on the disposal of fixed assets. In total this year they amount to £4.3 million, which included the write off of unamortized arrangement fees on the previous bank facilities of £1.7 million, as these were replaced by new facilities to finance the recent acquisitions, and are net of the gain of £0.9 million on the disposal of surplus land in Northampton.

Cash Flow/Net Borrowings

There were several significant cash outflows during the year; these were a one-off payment of £15.0 million to the defined benefit pension schemes as part of a new funding package following the triennial valuation, an increase in capital expenditure as a result of the press projects at Sheffield and Portsmouth and £309 million being the cumulative cost of the acquisitions made in the period. Excluding the one-off payment to the pension scheme, cash generated from operations increased by 1.5%. The Group's net borrowings at 31 December 2005 were £617 million compared to £328 million at the end of 2004.

This increase in net borrowings was made possible by new 5 year facilities put in place in August 2005 and then subsequently extended to encompass the later acquisitions. The new facilities are on a bilateral basis with a smaller number of banks and replace the syndicated facility negotiated in 2002 at the time of the acquisition of Regional Independent Media Holdings Limited.

Financial Investments

With the acquisition of Score Press Limited, the Leinster Leader Group and Local Press Limited, Johnston Press has for the first time an exposure to a currency other than Sterling. To provide a natural hedge and offset to the majority of this exposure, the debt to finance the Leinster Leader Group was drawn down in Euros. Other than this the main financial risk that the Group faces is associated with interest rates.

The Group's policy, as it has been for a number of years, is that borrowings should be arranged at the lowest possible cost and with covenants within which it can comfortably operate. The policy requires that a minimum of 50% of the debt should be hedged against potential movements in interest rates whilst the balance is kept under constant review. At 31 December 2005, £250 million of the debt was hedged or fixed for an average period of 3 years.

Additional hedge agreements were executed early in 2006 to ensure adherence with Group policy. These were a combination of Sterling and Euro hedges.

At the end of each year the Directors review the carrying value of the Group's investments. The shares in Sunderland AFC were disposed of during the year and the Group no longer holds any significant listed investments. The valuation of the unlisted investment in Mirago has, following the Directors' valuation, not changed.

Pension Funds/IAS 19

At 31 December 2005, following a change in the legislation with regard to protected rights, the Group completed the merger of the outstanding deferred and pensioner members in the RIM pension scheme into the Johnston Press Pension Plan.

The pension schemes' triennial valuations were completed during the year and the details will be contained in the Annual Report. To address the deficit the Company, together with the Pension Fund Trustees, have agreed a new funding strategy which included a one-off contribution from the Company of £15 million and increased employee and employer contributions.

Over the year the IAS19 valuation has seen a decrease in the deficit of around £16 million. This decrease has been as a result of the one-off contribution noted above, strong investment returns and increased monthly contributions partially offset by the impact of a reduced discount rate being applied to the scheme's future liabilities.

The Group also carries provisions for unfunded ex-gratia pension arrangements for certain former employees. This liability is subject to annual actuarial valuation and this resulted in no change to the pension provision.

International Financial Reporting Standards (IFRS or IAS)

The results for 2005 are the first we have prepared under IFRS. Under the first time adoption procedures set out in IFRS 1, the Group is required to establish its accounting policies as at 1 January 2005 and apply these retrospectively in the determination of prior period comparatives from 1 January 2005. There are a number of optional exemptions to that principle which will be detailed in our Annual Report.

The significant impacts of IFRS on the 2005 results are as follows:

- a) Under IAS 12 the recognition of a deferred tax liability against the value of publishing titles acquired at 1 January 2005 and certain other assets. This liability reflects the difference between the book value of these assets and their tax written down value which is zero. The Board cannot foresee any circumstance in which this tax would become payable. Acquisitions made since 1 January 2005 will also carry a goodwill valuation equal and opposite to this notional deferred tax liability. The deferred tax liability recognised on 1 January 2005 was £284 million and this has increased by a further £86 million as a consequence of the acquisitions in 2005.
- b) Under IAS 19 the Group has recognised all actuarial gains and losses in relation to employee benefit schemes at the date of transition.
- c) Under IFRS 2 the cost of the Group's share based payment schemes in the year pre-tax was £1.3 million (2004 - £1.1 million).

Share Incentive Plan

The share incentive plan introduced in January 2003 continued to operate in 2005 for all qualifying employees. The plan provides for free shares for those employees based on financial performance targets determined by the Board. Based on the performance in 2005, shares to the value of £0.8 million (2004 - £1.5 million) will be distributed to participating employees based on their contracted hours of employment.

Dividends and Earnings per Share

Earnings per share were 37.58p, marginally ahead of 2004, despite the higher level of non-recurring items in 2005 and the fact that 2004 included an additional week of trading.

Underlying earnings per share increased from 37.77p to 38.62p, an increase of 2.3%.

Subject to approval at the Annual General Meeting on 28 April 2006, the total dividend for the year will be 8.4p, an increase of 16.7%. This level of increase will result in a reduction in the level of dividend cover, which has grown over recent years.

STUART PATERSON

Chief Financial Officer

8 March 2006

Group Income Statement
For the year ended 31 December 2005

		2005			2004		
	Notes	Before non- recurring items £'000	Non- recurring items £'000	Total £'000	Before non- recurring items £'000	Non- recurring items £'000	Total £'000
Revenue		520,154	-	520,154	519,299	-	519,299
Cost of sales		(244,781)	-	(244,781)	(239,722)	-	(239,722)
Gross profit		275,373	-	275,373	279,577	-	279,577
Operating expenses	2	(95,163)	(2,614)	(97,777)	(101,366)	(769)	(102,135)
Share of results of associates		81	-	81	174	-	174
Operating profit		180,291	(2,614)	177,677	178,385	(769)	177,616
Investment income	3	371	-	371	830	(708)	122
Finance costs	4	(25,017)	(1,668)	(26,685)	(27,939)	-	(27,939)
Profit before tax		155,645	(4,282)	151,363	151,276	(1,477)	149,799
Tax	5	(44,857)	1,285	(43,572)	(43,630)	443	(43,187)
Profit for the year		110,788	(2,997)	107,791	107,646	(1,034)	106,612
Earnings per share (p)							
Earnings per share - Basic	7	38.62	1.04	37.58	37.77	0.36	37.41
Earnings per share - Diluted	7	38.38	1.04	37.34	37.43	0.36	37.07

Group Statement of Recognised Income and Expense
For the year ended 31 December 2005

	Revaluation Reserve £'000	Hedging and Translation Reserve £'000	Retained Earnings £'000	Total £'000
Profit for the year	-	-	107,791	107,791
Actuarial loss on defined benefit pension schemes (net of tax)	-	-	(803)	(803)
Revaluation adjustment	(249)	-	249	-
Exchange differences on translation of foreign operations	-	(43)	-	(43)
Change in fair value of financial instruments	-	7,035	-	7,035
Total recognised income and expense	(249)	6,992	107,237	113,980

For the year ended 31 December 2004

Profit for the year	-	-	106,612	106,612
Actuarial loss on defined benefit pension schemes (net of tax)	-	-	(13,091)	(13,091)
Revaluation adjustment	(69)	-	69	-
Total recognised income and expense	(69)	-	93,590	93,521

Group Reconciliation of Shareholders' Equity
For the year ended 31 December 2005

	Share Capital £'000	Share Premium £'000	Share-based Payments Reserve £'000	Revaluation Reserve £'000	Hedging and Translation Reserve £'000	Retained Earnings £'000	Own Shares £'000	Total £'000
Opening balances pre IAS 39 adjustment	29,638	323,670	1,474	2,836	-	38,564	(795)	395,387
IAS 39 adjustment	-	-	-	-	(16,269)	-	-	(16,269)
Revised opening balances	29,638	323,670	1,474	2,836	(16,269)	38,564	(795)	379,118
Total recognised Income and expense	-	-	-	(249)	6,992	107,237	-	113,980
Recognised directly in equity								
Dividends (note 6)	-	-	-	-	-	(21,826)	-	(21,826)
New share capital subscribed	134	3,767	-	-	-	-	-	3,901
Own shares purchased	-	-	-	-	-	-	(567)	(567)
Amount written off	-	-	-	-	-	-	613	613
Provision for share-based payments	-	-	1,296	-	-	-	-	1,296
Net changes directly in equity	134	3,767	1,296	-	-	(21,826)	46	(16,583)
Total movements	134	3,767	1,296	(249)	6,992	85,411	46	97,397
Equity at the end of the year	29,772	327,437	2,770	2,587	(9,277)	123,975	(749)	476,515

For the year ended 31 December 2004

Opening balances	29,505	320,558	419	2,905	-	(36,678)	(470)	316,239
Total recognised Income and expense	-	-	-	(69)	-	93,590	-	93,521
Recognised directly in equity								
Dividends (note 6)	-	-	-	-	-	(18,348)	-	(18,348)
New share capital subscribed	133	3,112	-	-	-	-	-	3,245
Own shares purchased	-	-	-	-	-	-	(791)	(791)
Amounts written off	-	-	-	-	-	-	466	466
Provision for share-based payments	-	-	1,055	-	-	-	-	1,055
Net changes directly in equity	133	3,112	1,055	-	-	(18,348)	(325)	(14,373)
Total movements	133	3,112	1,055	(69)	-	75,242	(325)	79,148
Equity at the end of the year	29,638	323,670	1,474	2,836	-	38,564	(795)	395,387

Group Balance Sheet
At 31 December 2005

	Notes	2005 £'000	2004 £'000
Non-current assets			
Goodwill		101,635	-
Other intangible assets		1,213,186	927,557
Property, plant and equipment		222,178	156,742
Available for sale investments		2,712	2,738
Interests in associates		48	60
Trade and other receivables		893	46
		1,540,652	1,087,143
Current assets			
Inventories		4,861	4,417
Trade and other receivables		70,204	60,114
Cash and cash equivalents		25,114	10,119
		100,179	74,650
Total assets		1,640,831	1,161,793
Current liabilities			
Trade and other payables		73,351	57,492
Tax liabilities		16,854	24,814
Obligations under finance leases		60	16
Retirement benefit obligation		4,350	-
Borrowings	8	47,604	77,210
		142,219	159,532
Non-current liabilities			
Borrowings	8	594,776	260,992
Obligations under finance leases		12	23
Derivative instruments		9,234	-
Retirement benefit obligation		50,839	70,586
Deferred tax liabilities		361,908	270,572
Trade and other payables		2,821	2,987
Long term provisions		2,507	1,714
		1,022,097	606,874
Total liabilities		1,164,316	766,406
Net assets		476,515	395,387
Equity			
Share capital		29,772	29,638
Share premium account		327,437	323,670
Share-based payments reserve		2,770	1,474
Revaluation reserve		2,587	2,836
Own shares		(749)	(795)
Hedging and translation reserve		(9,277)	-
Retained earnings		123,975	38,564
Total equity		476,515	395,387

Group Cash Flow Statement
For the year ended 31 December 2005

	Notes	Year ended 2005 £'000	Year ended 2004 £'000
Cash generated from operations	9	182,055	193,712
Income tax paid		(44,564)	(34,321)
Net cash from operating activities		137,491	159,391
Investing activities			
Interest received		371	848
Dividends received from associated undertakings		91	498
Proceeds on disposal of property, plant and equipment		2,221	1,975
Proceeds on disposal of available for sale investments		28	1,198
Purchases of property, plant and equipment		(63,642)	(24,498)
Acquisition of businesses		(308,356)	-
Net cash in businesses acquired		9,931	-
Net cash used in investing activities		(359,356)	(19,979)
Financing activities			
Dividends paid		(21,826)	(18,348)
Interest paid		(23,955)	(26,455)
Interest paid on finance leases		(15)	(27)
Repayments of borrowings		(157,679)	(93,475)
New borrowings		443,604	-
Arrangement fees on new borrowings		(1,505)	-
Principal payments under finance leases		(16)	(27)
Issue of shares		3,901	3,245
Purchase of own shares		(567)	(791)
Decrease in bank overdrafts		(5,082)	(3,359)
Net cash from/(used in) financing activities		236,860	(139,237)
Net increase in cash and cash equivalents		14,995	175
Cash and cash equivalents at the beginning of the year		10,119	9,944
Cash and cash equivalents at the end of the year		25,114	10,119

Notes to the Financial Information

1 Basis of Preparation

The financial information set out in the announcement does not constitute the Company's statutory financial statements for the years ended 31 December 2005 or 2004. The financial information for the year ended 31 December 2004 is derived from the statutory financial statements for that year which have been delivered to the Registrar of Companies and which have been restated under IFRS. The auditors reported on those financial statements; their report was unqualified and did not contain a statement under s. 237 (2) or (3) Companies Act 1985. The statutory financial statements for the year ended 31 December 2005 will be finalised on the basis of the financial information presented by the Directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

While the financial information included in this preliminary announcement has been computed in accordance with International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs. The Company expects to publish full financial statements that comply with IFRSs in March 2006.

2 Non-Recurring Items

	Year ended 2005 £'000	Year ended 2004 £'000
Restructuring costs of acquired businesses	591	-
Restructuring costs of existing business	2,925	1,835
Profit on sale of investments	-	(1,066)
Profit on sale of property in existing business	(902)	-
	2,614	769

3 Investment Income

	Year ended 2005 £'000	Year ended 2004 £'000
Income from fixed asset investments	265	495
Interest receivable	106	335
	371	830
Non-recurring Impairment of available-for-sale investments	-	(708)
	371	122

4 Finance Costs

	Year ended 2005 £'000	Year ended 2004 £'000
Interest on pension liabilities	16,505	14,969
Expected return on pension assets	(17,026)	(13,997)
	(521)	972
Interest on bank overdrafts and loans	24,553	24,954
Interest on obligations under finance leases	17	27
Amortisation of term debt issue costs	968	1,986
	25,017	27,939
Non-recurring Write off of term debt issue costs on old bank facility repaid	1,668	-
	26,685	27,939

5 Tax

	Year ended 2005 £'000	Year ended 2004 £'000
Current tax	36,806	45,061
Deferred tax	6,766	(1,874)
	43,572	43,187

UK corporation tax is calculated at 30% (2004 – 30%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction.

The tax charge for the year can be reconciled to the profit per the income statement as follows:

	Year ended 2005		Year ended 2004	
	£'000	%	£'000	%
Profit before tax	151,363	100	149,799	100
Tax at 30%	45,409	30	44,940	30
Tax effect of share of results of associate	(24)	-	(52)	-
Tax effect of expenses that are non deductible in determining taxable profit	102	0.1	114	0.1
Tax effect of investment income	(32)	-	(149)	(0.1)
Effect of different tax rates of subsidiaries	(1,004)	(0.7)	-	-
Over provision in prior years	(879)	(0.6)	(1,666)	(1.2)
Tax expense for the year and effective rate	43,572	28.8	43,187	28.8

6 Dividends

	Year ended 2005 £'000	Year ended 2004 £'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2004 of 4.8p (2003 – 4p)	13,695	11,360
Interim dividend for the year ended 31 December 2005 of 2.8p (2004 – 2.4p)	7,979	6,836
Preference Dividends		
13.75% Cumulative Preference Shares	104	104
13.75% “A” Preference Shares	48	48
	21,826	18,348

The proposed dividend to be considered by shareholders at the Annual General Meeting is 5.6p per share making a total for the year of 8.4p. If approved at the Annual General Meeting, the proposed dividend will be paid on 12 May 2006 to ordinary shareholders on the register at 28 April 2006.

7 Earnings per Share

The calculation of earnings per share are based on the following profits and weighted average number of shares:

	Year ended 2005 £'000	Year ended 2004 £'000
Earnings		
Profit for the year	107,791	106,612
Preference dividend	-	(152)
<hr/>		
Earnings for the purposes of basic and diluted earnings per share	107,791	106,460
Non-recurring items (after tax)	2,997	1,034
<hr/>		
Earnings for the purposes of underlying earning per share	110,788	107,494
<hr/>		
	2005 No. of shares	2004 No. of shares
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	285,762,958	284,567,734
Weighted average number of preference shares for the purpose of basic earnings per share	1,105,600	-
<hr/>		
Number of shares for the purposes of basic earnings per share	286,868,558	284,567,734
Effect of dilutive potential ordinary shares: - share options	1,826,349	2,593,694
<hr/>		
Number of shares for the purposes of diluted earnings per share	288,694,907	287,161,428
<hr/>		
Earnings per share (p)		
Basic	37.58	37.41
Underlying	38.62	37.77
Diluted	37.34	37.07

Underlying figures are presented to show the effect of excluding non-recurring items from earnings per share.

8 Borrowings

	2005 £'000	2004 £'000
Bank overdrafts	6,591	11,673
Bank loans	443,604	156,796
Guaranteed loan stock	60,761	39,440
Private placement of 10 year senior notes	132,785	132,785
	643,741	340,694

The borrowings are repayable as follows:

On demand or within one year	47,892	78,566
In the second year	-	113,119
In the third to fifth years inclusive	463,064	16,224
After five years	132,785	132,785
	643,741	340,694
Less amount due for settlement within one year	(47,892)	(78,566)
	595,849	262,128

The borrowings are shown in the balance sheet net of term debt issue costs of £1,361,000 of which £288,000 is deducted from current liabilities (2004 - £2,492,000 of which £1,356,000 is deducted from current liabilities).

The Group's net borrowings are:

Gross borrowings as above	643,741	340,694
Finance leases	72	39
Term debt issue costs	(1,361)	(2,492)
Cash and cash equivalents	(25,114)	(10,119)
	617,338	328,122

9 Notes to Cash Flow Statement

	2005 £'000	2004 £'000
Operating profit	177,677	177,616
Adjustments for:		
Non-recurring items	-	(337)
Depreciation of property, plant and equipment	19,923	19,506
Share of result of associate	(81)	(174)
Currency differences	41	-
Cost of long term incentive plan benefits	613	466
(Profit)/loss on disposal of property, plant and equipment	(891)	285
Profit on sale of investments	-	(1,066)
Movement on pension provision	(16,566)	(300)
	180,716	195,996
Operating cash flows before movements in working capital	180,716	195,996
Decrease/(increase) in inventories	371	(1,456)
Decrease/(increase) in receivables	3,890	(4,805)
(Decrease)/increase in payables	(2,922)	3,977
	182,055	193,712
Cash generated by operations	182,055	193,712

10 Explanation of Transition to IFRS

This is the first year that the Group has presented its financial statements under IFRS. The last financial statements under UK GAAP were for the year ended 31 December 2004 and the date of transition to IFRS was 1 January 2004.

Differences between IFRS and UK GAAP

Dividends - IAS 10, Events After the Balance Sheet Date

Dividends proposed are disclosed but are not recognised as liabilities until they are appropriately approved by the shareholders.

Employee Option and Performance Share Schemes - IFRS 2, Share-based Payments

All transactions within the scope of IFRS 2 are measured based on the fair value of the option or award at grant date and expensed to the Income Statement over the vesting period of the scheme.

Pension Costs - IAS 19, Employee Benefits

Under IAS 19, the pension scheme liability is shown gross of the related deferred tax asset.

Holiday Pay - IAS 19, Employee Benefits

IAS 19 requires the recording of a holiday pay accrual. The holiday year of the Group is the calendar year and no holidays can be carried forward. Consequently, no accrual is required at the year end but an accrual was made at 30 June 2004 and 30 June 2005.

Goodwill - IAS 38, Intangible Assets

Under IAS 38 goodwill is not amortised. Instead it is subject to an annual impairment review.

Associates - IAS 28, Investment in Associates

IFRS requires the share of profit of Associates to be shown post tax (IAS 1). Under UK GAAP this amount is shown before tax with the tax charge included as part of the Group tax charge.

Deferred Tax - IAS 12, Income Taxes

IAS 12 requires a deferred tax liability to be recognised on all temporary timing differences. Under this methodology, a potential liability arises from the value attributed to publishing rights and titles from previous acquisitions, together with any properties that do not qualify for tax allowances. As the Group has elected, under IFRS 1, not to restate prior acquisitions at transition date to an IFRS 3 basis then recognition is against equity reserves rather than against goodwill.

Cash Flow

The cash flow differences between UK GAAP and IFRS are all either movements within a classification (adjustments netting to zero) or presentational. There is no impact on the final cash position nor the movement in the period.

The reconciliation of profit below, together with the explanations of the changes, is provided to facilitate the understanding of changes arising from the adoption of IFRS.

Reconciliation of profit for the year ended 31 December 2004

	UK GAAP in IFRS format £'000	Effect of transition to IFRS £'000	IFRS £'000
Revenue	518,830	469	519,299
Cost of sales	(239,722)	-	(239,722)
Gross Profit	279,108	469	279,577
Operating expenses:			
Non-recurring	(769)	-	(769)
Other	(101,115)	(251)	(101,366)
Share of results of associates	221	(47)	174
Operating profit	177,445	171	177,616
Investment income	-	122	122
Finance costs	(26,845)	(1,094)	(27,939)
Profit before tax	150,600	(801)	149,799
Tax	(43,460)	273	(43,187)
Profit for the period	107,140	(528)	106,612

All the IFRS transitional statements were included in the Group's half year statement to 30 June 2005.

11 Posting to Shareholders and Annual General Meeting

It is planned to post the Annual Report and Accounts to shareholders on Friday 17 March 2006. The Annual General Meeting will take place on Friday 28 April 2006 at noon in the Boardroom, The Caledonian Hilton Hotel, Princes Street, Edinburgh.