

**RESULTS FOR THE YEAR ENDED 31 DECEMBER 2000**

Johnston Press plc, one of the UK's leading regional newspaper publishers, is pleased to announce record results for the year ended 31 December 2000.

**KEY FINANCIALS**

	2000	1999	% Change
Operating profit (£m)	83.9	65.9	+27.3
Profit before tax and exceptionals (£m)	66.5	55.1	+20.9
Profit before tax (£m)	65.5	49.8	+31.4
Earnings per share:			
- headline (p)	23.29	19.20	+21.3
- basic (p)	22.91	17.16	+33.5
Dividend			
- interim (p)	1.50	1.25	
- final (p)	3.00	2.75	
- total (p)	4.50	4.00	+12.5
Interest cover	4.5x	5.5x	

**HIGHLIGHTS**

- Continued progress throughout the Group
- Like for like advertising revenues up 7% - strongest category being recruitment
- Like for like operating margins further increased to 29% (1999:27%)
- Recently acquired titles performed well, reflecting successful integration
- Continuing investment programme to upgrade printing facilities progressing well

**OUTLOOK**

Fred Johnston, who after 27 years as Chairman is shortly to be succeeded by Roger Parry, said:

*"The current year for Johnston Press has begun well, despite a transatlantic economic slowdown and problems in parts of the technology sector .....*

*There is still a North/South economic divide, particularly as far as advertising revenue is concerned, but our newspapers continue to do well in all parts of the country and our websites are attracting increased business. The omens for the first half of 2001 still look good.*

*..... In my 27 years as Chairman, I have been fortunate enough to participate in many profound changes and to see Johnston Press developing enormously. I would like to pay tribute to all my colleagues, past and present, at every level in the Company, and to say that as I step down from the Chair, I see opportunities for the future which could be even more exciting for Johnston Press than those in the past."*

Chief Executive, Tim Bowdler, continued:

*"..... Despite the prevailing economic background of increased uncertainty, results to date have exceeded expectations and encourage our current view that 2001 will be another satisfactory year."*

**Tim Bowdler, Chief Executive or**

**Marco Chiappelli, Finance Director: 020 7466 5000 (today) or 0131 225 3361(thereafter)**

**Richard Oldworth/Richard Darby Buchanan Communications: 020 7466 5000**

## CHAIRMAN'S STATEMENT

Aided by a national economy which remained generally buoyant in 2000, the company again achieved significant profit growth during the year. Though the continuing rise in classified advertising revenues slowed slightly in the second half, Johnston Press is nevertheless able to report another set of heartening results and profits at the upper end of market expectations.

Trading was particularly strong in the southern half of the country where a further fall in unemployment helped to boost job advertising. These favourable trading conditions have continued and our trading results in the current year so far have been encouraging.

### Trading Results

Operating profit was £83.9 million, a 27% increase on the figures for 1999. The profit on ordinary activities before exceptionals and taxation was £66.5 million, compared to £55 million in the previous year.

Headline earnings per share, before exceptionals, rose from 19.20p to 23.29p per ordinary share, an increase of 21%. The directors are recommending a final dividend of 3.00p to the Annual General Meeting on 27 April 2001, payable on 18 May 2001. This will make a total ordinary dividend of 4.50p for the year, compared to 4.00p in 1999, an increase of 12.5%.

### Trading Activities

The publishing of local newspapers remains overwhelmingly the Group's most important activity, together with associated printing activities. However, the Company continues to develop its new media interests and we now have 74 websites, all closely related to our newspaper interests. It is anticipated that our rapidly growing involvement in this area will approach break even during the course of the current year.

Our Printing Division, which is primarily engaged in producing our own newspapers also has a number of outside contracts. In order to meet growing demands for colour, a considerable capital expenditure programme is under way with substantial press extensions in Northampton, Peterborough, and additional investment in Halifax, Scarborough, Falkirk and the Isle of Man. Major new presses are also on order for Peterborough and Portsmouth.

### Acquisitions

As reported at the half-year, the Company acquired fourteen newspaper titles in Lincolnshire, Nottinghamshire and South Yorkshire from Southnews plc in June 2000. This has been followed in the current year by the acquisition of four more titles in Lincolnshire, this time from Mortons of Horncastle Ltd. These should fit well with our other interests in the area.

Shareholders will be aware that the Company decided not to pursue our interest in News Communications & Media plc as the Company considered that at the price required, the acquisition would not have delivered shareholder value.

In November we received clearance from the Secretary of State to acquire the newspaper titles of Regional Independent Media plc, which are mainly in Lancashire and Yorkshire. We have had discussions with Gannett (UK) Ltd and Guardian Media Group plc with a view to co-operating in this venture. The current owners are, we believe, considering the alternative options available to them.

### Chairmanship

This is my twenty-eighth annual Chairman's Statement and, as I reported last year, I shall be retiring from the Chair of the Company at the AGM on 27 April. As has already been announced, the Board will appoint Mr Roger Parry, who has been a non-executive director for the last four years, to succeed me as Chairman. Mr Parry who is Chief Executive of Clear Channel International, is 47 and has spent the bulk of his career in advertising and the media. He also

worked for seven years as a radio and television reporter, presenter and producer and spent three years as a consultant with McKinsey & Co.

I have accepted an invitation to remain on the Board as a non-executive director and will continue to retain my interest in the Company.

**Prospects**

The current year for Johnston Press has begun well, despite a transatlantic economic slowdown and problems in parts of the technology sector. I have pointed out that the rate of advertising growth in the second-half of 2000 was slower than in the early months of that year, but we have seen little evidence of any economic deterioration in our markets.

There are, of course, some adverse factors. The price of newsprint has risen significantly and there have been further job losses in some manufacturing sectors. However, there has been good news too, for example, the announcement that the Nissan car plant at Sunderland has a secure future is bound to be helpful to our newspaper interests in the Northeast.

A year ago, we seemed set to face a number of interest rate increases. This has not happened and rates are now beginning to fall. This should also be helpful. There is still a North/South economic divide, particularly as far as advertising revenue is concerned, but our newspapers continue to do well in all parts of the country and our websites are attracting increased business. The omens for the first half of 2001 still look good.

As far as the future of our industry is concerned, we continue to take the view that the regional and local newspaper publishing industry will experience further ownership changes. This continuing trend should present interesting opportunities to us. Although seemingly with no sense of urgency, the Government has signalled the possibility of reform of the competition regulations which were designed more than a quarter of a century ago for totally different circumstances. Certainly, the DTI has recently taken a more pragmatic line and may, at last, be recognising that the media has changed greatly from the days of the Fair Trading Act 1973.

In my twenty-seven years as Chairman, I have been fortunate enough to participate in many profound changes and to see Johnston Press developing enormously. I would like to pay tribute to all my colleagues, past and present, at every level in the Company, and to say that as I step down from the Chair, I see opportunities for the future which could be even more exciting than those in the past.

**F P M Johnston CBE**

Chairman

21 March 2001

## CHIEF EXECUTIVE'S REVIEW

Strong advertising growth, subdued newsprint prices, and continued progress throughout the Group combined to make 2000 another excellent year for Johnston Press. Recently acquired titles, most notably those of Portsmouth & Sunderland Newspapers, performed well, reflecting their successful integration. Further positive progress was made in the implementation of the Group's new media strategy, which has now become an essential and integral part of our publishing operations. The continuing investment programme to upgrade the Group's printing facilities is progressing well and will produce significant further benefits in the current year.

The interests of Johnston Press remain clearly focused on local newspaper and digital publishing together with related printing activities. Our consistent strategy continues to be the pursuit of growth in the regional press through a combination of organic and acquisitive means. During the year, we completed the acquisition of a number of newspaper titles in Lincolnshire, Nottinghamshire and South Yorkshire from Southnews plc. These titles fitted well with our existing publishing assets in that part of the country, a position which has been further strengthened with the purchase of the Lincolnshire-based titles of Mortons Media Limited in early 2001. The Scottish Borders titles of The Tweeddale Press Ltd, acquired at the end of 1999, have been successfully integrated into our Scottish Division which was further strengthened with the acquisition of a free newspaper title in East Glasgow in early 2001.

We confidently expect further ownership changes and ongoing consolidation in the regional press, a process in which we intend to continue to play an active part. We anticipate new opportunities to acquire independently-owned newspaper titles and we also believe that larger scale acquisitive growth remains a realistic prospect. In addition, there could be some rationalisation of publishing assets between the larger industry players, especially as the process of consolidation continues. Our application to acquire the titles of Regional Independent Media Holdings Ltd received regulatory clearance in November 2000 when we announced an intention to co-operate with Gannett (UK) Ltd and Guardian Media Group plc, who had both received similar clearance, in an attempt to purchase the business. Although progress has been disappointing, we remain confident that our approach represents a very credible option should a sale of the company be contemplated.

Notwithstanding our expectation of further industry consolidation, the extent and speed of this will to some extent be dependent upon the regulatory constraints under which we operate. The Government's recently published Communications White Paper was encouraging with its suggestion of 'a lighter touch approach' to newspaper mergers and also in its general views on cross-media ownership controls. However, the White Paper was short on detail and we are closely involved in industry efforts to see broad intentions translated into detailed legislative change which addresses our concerns.

### **New Media**

As the year progressed, market perceptions of the value and potential of internet-related activities changed radically. The approach of Johnston Press, which is to focus on the provision of on-line information and services to its local markets, has from the outset been at a level which is commensurate with both the size of the Group and the extent of the opportunity. As such, the scale of our development programme continues unchanged in the belief that it remains an essential component of our future publishing activities. That said, our detailed plans are frequently reviewed in the light of the rapid changes which are a feature of the digital environment.

We now have 74 local web sites which cover all of our major markets, offering a strong combination of local news, sport, information guides, business directories and classified advertising services. The development of content and revenue generation of these sites is driven at a local level, whilst the centre provides a common infrastructure and manages Group deals. The result of our activities has been that page impressions have grown from 325,000 to over one million per week, putting us in the leading local position in the vast majority of markets in which we compete.

Internet revenue growth will continue to be a strong focus in 2001 as we train more advertising staff in selling techniques and gain experience of what works most effectively for our customers. Having seen a deficit from our new media activities of approximately £1 million in 2000, the expectation is to be much closer to break-even in the current year.

During 2001 all Johnston Press centres will launch improved internet sites, building on their local market developments and making full use of the latest database technology. These sites will further evolve the 'life is local' philosophy, whilst fully utilising the advantages of a Group-wide database. To complement this development, a number of local classified databases are being installed throughout the company, enabling the dynamic population of local web content. Classified channels, including Motors, Jobs & Property, will be updated on a daily basis. This development, along with real time mobile telephony integration, will bring a number of new revenue opportunities.

Since the announcement of our mid-year strategic investment of £3.5 million in Mirago plc ([www.mirago.co.uk](http://www.mirago.co.uk)), the localised internet search service has now been developed and tested in our Portsmouth centre and will be rolled out across the Group. Search results can be ordered based upon the location of the person using the search engine, meaning that a simple local search will provide many more useful results than hitherto. Over 2,500 local searches were registered in the first week at our Portsmouth centre.

### **Trading Review**

Advertising revenues for the Group as a whole in 2000 were 7% ahead of the previous year on a like-for-like basis. The first half was stronger than the second though both witnessed good growth. Recruitment advertising, reflecting low unemployment and generally favourable economic conditions, was the strongest category showing a 23% improvement over 1999. Changing work patterns, which have resulted in a trend of reducing average job tenure, also help to sustain a healthy market in job advertising. Property advertising was satisfactory with a 5% increase, but the growth of display advertising, which tends to reflect High Street activity, was more modest as it was for the other classified category. Relatively high turnover levels of advertising sales staff have undoubtedly been a factor in the lacklustre outcome for local display advertising and this is being addressed throughout the Group as part of a concerted programme to improve staff retention in 2001. Indeed, we have already seen evidence of better performance where greater stability has been achieved. Motors advertising, adversely affected by the long running investigation into European pricing, saw a marginal reduction year on year.

Operating margins for the Group were once again ahead of the previous year, increasing by two percentage points to 29% on a like-for-like basis. On a comparable basis, every one of our publishing divisions succeeded in increasing operating profit over its 1999 result, reflecting not only the helpful market conditions which generally prevailed through the year, but also the strong focus throughout the Group on seeking continuing improvements and efficiencies in all areas of the business.

### **Publishing**

Despite less buoyant market conditions than further south, the Scottish companies performed well with further steady growth over the previous year. Job advertising, as elsewhere, was strong but property advertising was much weaker than in other markets. The Falkirk press extension completed in 1999 proved beneficial, especially in Fife where the introduction of full colour has been very positive. To capitalise on the growing demand for colour, a further press extension is planned for 2001. The Tweeddale Press had an excellent first year, exceeding expectations by a substantial margin. Isle of Man Newspapers also produced another healthy advance in profit, reflecting a strong advertising market and in part the benefits of recent investment in the press.

In its first full year with the Group, Northeast Press, the northern part of Portsmouth & Sunderland Newspapers, faced arguably the toughest market conditions throughout the Group. Although healthy, the growth in job advertising was weaker than elsewhere and all other classified

categories experienced marginal declines. Growth in display advertising was minimal. Against this background, the company exercised excellent control over costs to achieve a hard won advance over the previous year. In what is a challenging marketplace, there are hopes that the positive decision on the future of the Nissan plant will give the area a much needed confidence boost.

The picture in the North of England Division, which operates throughout much of Yorkshire, was variable. Apart from job advertising, all categories were weak with display being particularly disappointing. Halifax continued to experience difficult market conditions, reflecting a tough local economy, especially in the retail sector. The Doncaster and Scarborough based companies achieved only very modest revenue growth, but more encouragingly Wakefield-based Yorkshire Weekly Newspaper Group saw revenues increase at around the average rate for the Group. The continued improvement in the profit margins at Scarborough-based Yorkshire Regional Newspapers was especially pleasing with the company now approaching the Group average, having been barely profitable when acquired in 1996.

Advertising revenues grew at a satisfactory rate in the North Midlands Division with surprising strength in the Mansfield market where unemployment remains well above the national average. All categories saw growth with job advertising again the strongest. Operating margins in this division were fractionally below 1999 due entirely to the closure of the Chesterfield press and the transfer of printing to other Group print centres. However, the resulting improvement in colour quality and the increase in its availability have proved very beneficial. Four Counties Newspapers, acquired in mid-2000 from Southnews plc, was quickly integrated into North Notts Newspapers during the second half and will greatly strengthen our position in Worksop and surrounding markets.

Anglia Newspapers was the star performer in a strong overall performance from the East Midlands Division. Its advertising revenue growth showed one of the best advances throughout the Group, with Stamford-based Welland Valley Newspapers not far behind. The division enjoyed particularly robust property advertising growth and East Midlands Newspapers, based in Peterborough, witnessed exceptionally good national display advertising, reflecting strong retail activity. For Welland Valley Newspapers, it has been a particularly eventful period with the mid-year acquisition of the Lincolnshire Standard Group from Southnews plc and the early 2001 acquisition of four paid-for titles in Lincolnshire from Mortons Media Ltd. The newly-acquired titles fit extremely well with those previously published by Welland Valley Newspapers and provide the basis for a greatly strengthened position across their markets.

The South Midlands Division was again one of the strongest performers of the Group with all four companies seeing advertising revenues grow faster than the overall Group average. Only motors advertising was disappointing due in part to dealer closures. Amongst good results from all companies in the division, it was particularly satisfying to note the continued margin improvement at Bedfordshire Newspapers which is rapidly approaching levels achieved elsewhere in the Group, having been loss-making on its acquisition in 1996. The economy of the entire region continues to be generally buoyant with towns like Milton Keynes offering excellent growth potential.

Led by a truly excellent performance from the recently acquired Portsmouth centre, the entire south coast operation produced a strong advance over the previous period. In all three companies, operating margins showed significant growth with Portsmouth substantially exceeding expectations at the time of acquisition. All advertising categories were well ahead apart from local display which was the only real disappointment. The process of integration following the Portsmouth acquisition continues apace and 2001 will see a restructuring of our entire south coast publishing operations to reflect better local market needs, whilst enabling a further improvement in operating efficiencies.

### **Printing**

Considerable progress has been made with the ongoing programme to upgrade our printing facilities. The major overhaul and extension of the double-width press at Peterborough is almost complete and will provide increased capability and substantially more colour. A decision has also

been made to replace the ageing single width press at Peterborough with a new single width press which is scheduled for completion in early 2002. Substantial progress has also been made at Northampton where a similar major extension should be fully commissioned later this year. At both of these centres, we are also upgrading our inserting capacity. Smaller projects to increase our colour capability further will be completed this year at Falkirk, Isle of Man Newspapers, Halifax and Scarborough.

Press investments continue to be the major part of our capital expenditure programme, resulting in total Group capital expenditure of £20 million in 2000, with forecasts of £28 million and £15 million for 2001 and 2002 respectively.

We have for some time been reviewing our south coast printing operations which encompass press rooms at Burgess Hill and Portsmouth. In view of the need to invest in greater colour capacity and due to changes in the contract print market, we have announced proposals for the closure of the Burgess Hill press room coupled with the expansion of facilities at Portsmouth with the installation of a new single width press with the capability of printing colour on every page. Consultations will take place with all affected employees as there are expected to be some job losses. If the project proceeds as proposed, the whole exercise should be completed by mid-2002. It will involve exceptional reorganisation costs of approximately £5 million but will result in significant ongoing savings and considerable operational benefits.

During 2000, despite the disruption caused by the major projects at Peterborough and Northampton, the Printing Division performed well, significantly exceeding profit expectations. Although turnover was marginally below budget, partly as a result of the need to subcontract some group titles temporarily during the press alterations, costs were well controlled.

#### **Other Revenues**

Throughout the Group, emphasis continues to be placed on organic revenue growth and amongst the successes in this area, leaflet revenues grew by a substantial margin during the year. A number of new launches took place during 2000 including several advertising only publications, upmarket lifestyle magazines and a new weekly paid-for newspaper in Whitby. At the same time, we continue to strive for further efficiencies and improvements in the way in which we run the business. We have recently completed the installation of a wide area network which has the capability of allowing newspapers from any publishing centre to be electronically transmitted to any press throughout the Group. A Group-wide intranet will very soon be fully commissioned and will permit greatly increased efficiency in communications around the Company. During the year, we consolidated accounting operations into a single Group Accounting Centre at Peterborough with resultant savings. In all companies, the focus on tight operating procedures continues, partly driven by an ongoing programme of capital expenditure in IT systems and related hardware.

Another success story is the continued growth of weekly circulations which were ahead for the eighth consecutive ABC period, in the half-year to December 2000 increasing by 1%, significantly better than the industry average. The relative importance of weekly paid-for titles to Johnston Press is a key factor in our performance, with a total of 85 representing almost half of the newspapers published by the Group. Weekly paid-for circulations account for approximately 1.2 million copies per week compared with an aggregate of 300,000 copies per day for our nine evening titles. Evening newspaper circulations continue to present the regional press with a considerable challenge, and our average sale declined in line with overall industry performance by approximately 3% in the period. However, this figure would have been significantly better but for our continued policy of reducing bulk sales and the temporary disruption caused by major press extension projects. Bulk sales are an essential marketing tool but now represent only 3% of our total evening sale; with their exclusion, evening circulations for the Group declined by just 1.7%. Much work has been done during the year to improve the content and quality of our evening titles and we remain hopeful of seeing an improvement in circulations. During the year, we covered a number of important stories, perhaps most notably the Matlock Mercury's successful campaign, led by editor Don Hale, for the release of Stephen Downing after 27 years in prison. Amongst other important coverage there were the Paulsgrove estate anti-paedophile riots in Portsmouth, the

sinking of the Solway Harvester off the Isle of Man and a number of spectacular flood stories. Throughout our markets, Johnston Press titles have led numerous campaigns in support of important local initiatives.

### **People**

Further strides have been made in the area of training, recognising the importance of our most valuable resource, the people we employ. To strengthen our training programmes for journalists, we have appointed a senior editor to head that activity. During the year, we put a record number of advertising staff through our in-house advertising sales training programmes and we have further improved the quality of these courses, an essential part of the series of measures we are taking to combat high sales staff turnover. A range of senior staff participate in the Johnston Press senior management development programme and during the year a number successfully completed the course with several going on to more senior positions within the Group.

Freddy Johnston steps down as Chairman on 27 April at the AGM. It is remarkable to reflect that the turnover of the Company when he joined almost 40 years ago was a mere £100,000. Freddy has combined his immense contribution to the Group with a style and charm which have made him a legend in the industry and a privilege to work with. We are fortunate that he will continue on the board and that we have such a strong successor in Roger Parry.

### **Board Change**

Nicholas Rudd-Jones, who joined the Board last May in the role of Group Managing Director – Publishing, has resigned by mutual agreement. He will be leaving the Group with effect from 31 March 2001. An announcement concerning ongoing management responsibilities will be made shortly.

### **Outlook**

In some quarters, the prospects for regional newspaper publishing in 2001 are viewed with considerable caution. Rising newsprint prices and a forecast tightening of advertising markets are cited as the principal reasons for concern. For Johnston Press, newsprint accounts for just 14% of total costs and, though an average 12% increase is unwelcome, it is manageable in the context of our overall operations. The early signs for advertising revenues remain encouraging with growth at a similar level to the second half of 2000, led again by strong job advertising. Despite the prevailing economic background of increased uncertainty, results to date have exceeded expectations and encourage our current view that 2001 will be another satisfactory year.

### **Tim Bowdler**

Chief Executive  
21 March 2001

**GROUP PROFIT AND LOSS ACCOUNT**

Year to 31 December 2000		2000			1999
	Notes	Before Exceptional items £'000	Exceptional items £'000	Total £'000	Total £'000
Turnover					
Existing operations		288,764	-	288,764	239,873
Acquisitions		3,410	-	3,410	-
Continuing operations		292,174	-	292,174	239,873
Discontinued operations		-	-	-	2,691
Total turnover	1	292,174	-	292,174	242,564
Cost of sales		(150,643)	-	(150,643)	(130,217)
Gross profit		141,531	-	141,531	112,347
Other operating expenses (net)		(56,547)	(1,088)	(57,635)	(46,433)
Operating profit	2	84,984	(1,088)	83,896	65,914
Existing operations		84,498	(732)	83,766	65,807
Acquisitions		486	(356)	130	-
Continuing operations		84,984	(1,088)	83,896	65,807
Discontinued operations		-	-	-	107
Operating profit		84,984	(1,088)	83,896	65,914
Share of associates' operating profit		380	-	380	310
Exceptional items	3	85,364	(1,088)	84,276	66,224
		-	-	-	(5,230)
Profit on ordinary activities before interest and taxation		85,364	(1,088)	84,276	60,994
Net interest		(18,819)	-	(18,819)	(11,160)
Profit on ordinary activities before taxation		66,545	(1,088)	65,457	49,834
Taxation on profit on ordinary activities		(19,643)	321	(19,322)	(15,272)
Profit for the financial year		46,902	(767)	46,135	34,562
Dividends on equity and non-equity shares		(9,202)	-	(9,202)	(8,171)
Retained profit for year		37,700	(767)	36,933	26,391
Earnings per share	4				
Headline		23.29p			19.20p
Headline diluted		23.14p			19.08p
Basic				22.91p	17.16p
Diluted				22.76p	17.06p

**GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

Year to 31 December 2000	<b>2000</b> <b>£'000</b>	1999 £'000
Profit for the financial year	<b>46,135</b>	34,562
Revaluation (deficit)/surplus	<b>(77)</b>	167
<hr/>		
Total recognised gains and losses for the financial year	<b>46,058</b>	34,729

**GROUP RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

Year to 31 December 2000	<b>2000</b> <b>£'000</b>	1999 £'000
Profit for the financial year	<b>46,135</b>	34,562
Dividends	<b>(9,202)</b>	(8,171)
Other recognised gains and losses relating to the year (net)	<b>(77)</b>	167
Goodwill written back on disposal	-	1,329
New share capital subscribed, including share premium	<b>1,037</b>	16
<hr/>		
Net increase in shareholders' funds	<b>37,893</b>	27,903
Opening shareholders' funds	<b>212,840</b>	184,937
<hr/>		
Closing shareholders' funds	<b>250,733</b>	212,840

**GROUP NOTE OF HISTORICAL COST PROFITS AND LOSSES**

Year to 31 December 2000	<b>2000</b> <b>£'000</b>	1999 £'000
Reported profit on ordinary activities before taxation	<b>65,457</b>	49,834
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<b>92</b>	94
<hr/>		
Historical cost profit on ordinary activities before taxation	<b>65,549</b>	49,928
<hr/>		
Historical cost profit for the year retained after taxation and dividends	<b>37,025</b>	26,485

**GROUP BALANCE SHEET**

As at 31 December 2000	<b>2000</b> <b>£'000</b>	1999 £'000
Fixed assets		
Intangible	<b>419,483</b>	403,440
Tangible	<b>102,495</b>	91,846
Investments	<b>5,224</b>	1,821
	<b>527,202</b>	497,107
Current assets		
Stocks	<b>2,966</b>	2,232
Debtors - due within one year	<b>36,375</b>	37,207
- due after more than one year	<b>3,181</b>	2,549
Cash at bank and in hand	<b>9,147</b>	11,853
	<b>51,669</b>	53,841
Creditors: amounts falling due within one year	<b>(78,054)</b>	(71,512)
Net current liabilities	<b>(26,385)</b>	(17,671)
Total assets less current liabilities	<b>500,817</b>	479,436
Creditors: amounts falling due after more than one year	<b>(242,429)</b>	(260,790)
Provisions for liabilities and charges	<b>(7,655)</b>	(5,806)
Net assets	<b>250,733</b>	212,840
Capital and reserves		
Called-up share capital		
Equity	<b>20,111</b>	20,048
Non-equity	<b>1,106</b>	1,106
	<b>21,217</b>	21,154
Reserves	<b>229,516</b>	191,686
Capital employed	<b>250,733</b>	212,840

The accounts were approved by the Board of Directors on 21 March 2001.

**GROUP CASH FLOW STATEMENT**

Year to 31 December 2000	<b>2000</b> <b>£'000</b>	1999 £'000
Net cash inflow from operating activities	<b>92,954</b>	68,595
Returns on investments and servicing of finance	<b>(18,643)</b>	(11,888)
Taxation	<b>(22,937)</b>	(19,226)
Capital expenditure and financial investment	<b>(23,405)</b>	(9,026)
Acquisitions and disposals	<b>(16,088)</b>	(148,120)
Equity dividends paid	<b>(8,529)</b>	(7,217)
Cash inflow/(outflow) before management of liquid resources and financing	<b>3,352</b>	(126,882)
Financing	<b>(6,058)</b>	129,761
<b>(Decrease)/increase in cash in the year</b>	<b>(2,706)</b>	2,879

**NOTES****1. Turnover /Net Assets Analysis**

	Turnover		Net Assets	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
By activity				
Continuing operations				
Newspapers and contract printing				
Existing operations	288,764	239,873	250,642	212,840
Acquisitions	3,410	—	91	—
<b>Total continuing operations</b>	<b>292,174</b>	<b>239,873</b>	<b>250,733</b>	<b>212,840</b>
Discontinued operations				
Wholesale stationery	—	2,691	—	—
<b>Total</b>	<b>292,174</b>	<b>242,564</b>	<b>250,733</b>	<b>212,840</b>

Turnover for newspapers relates to a 52-week period ended 31 December 2000 and for 53 weeks to 31 December 1999.

**2. Operating Profit**

	2000 £'000	1999 £'000
By activity		
Continuing operations		
Newspapers and contract printing		
Existing operations	83,766	65,807
Acquisitions	130	—
<b>Total continuing operations</b>	<b>83,896</b>	<b>65,807</b>
Discontinued operations		
Wholesale stationery	—	107
<b>Total</b>	<b>83,896</b>	<b>65,914</b>

**3. Exceptional Items Reported after Operating Profit**

	2000 £'000	1999 £'000
Loss on sale of businesses	—	(680)
Closure of Web Offset presses at Chesterfield and Kirkcaldy	—	(988)
Fundamental reorganisation of production, accounting and distribution departments following acquisition of new titles	—	(3,562)
<b>Total</b>	<b>—</b>	<b>(5,230)</b>

The aggregate effect of the exceptional items on the amount charged to the Profit and Loss Account for taxation was to reduce the charge in 1999 by £1,157,000.

#### 4. Earnings per Share

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

	Headline		Basic/Diluted	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Profit for the financial year	<b>46,135</b>	34,562	<b>46,135</b>	34,562
Exceptional items	<b>1,088</b>	5,230	—	—
Tax effect of exceptional items	<b>(321)</b>	(1,157)	—	—
Preference dividends	<b>(152)</b>	(152)	<b>(152)</b>	(152)
	<b>46,750</b>	38,483	<b>45,983</b>	34,410

  

	2000	1999
	No. of shares	No of shares
Weighted average number of shares		
For headline/basic earnings per share	<b>200,688,330</b>	200,480,483
Exercise of share options	<b>1,312,015</b>	1,180,286
For diluted earnings per share	<b>202,000,345</b>	201,660,769

Headline figures are presented to show the effect of excluding exceptional items from earnings per share.

#### 5. Statutory Accounts

The above financial information is extracted from the Company's statutory accounts for the years ended 31 December 1999 and 31 December 2000. The accounts for the year ended 31 December 1999 have been filed and those for the year ended 31 December 2000 will be filed with the Registrar of Companies. The Company's auditors, Arthur Andersen gave unqualified reports on the accounts for both those periods and the reports did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.

#### 6. Financial Statements and Annual General Meeting

Audited financial statements and the annual report will be posted to shareholders on 21 March 2001. The Annual General Meeting will be held on 27 April 2001.