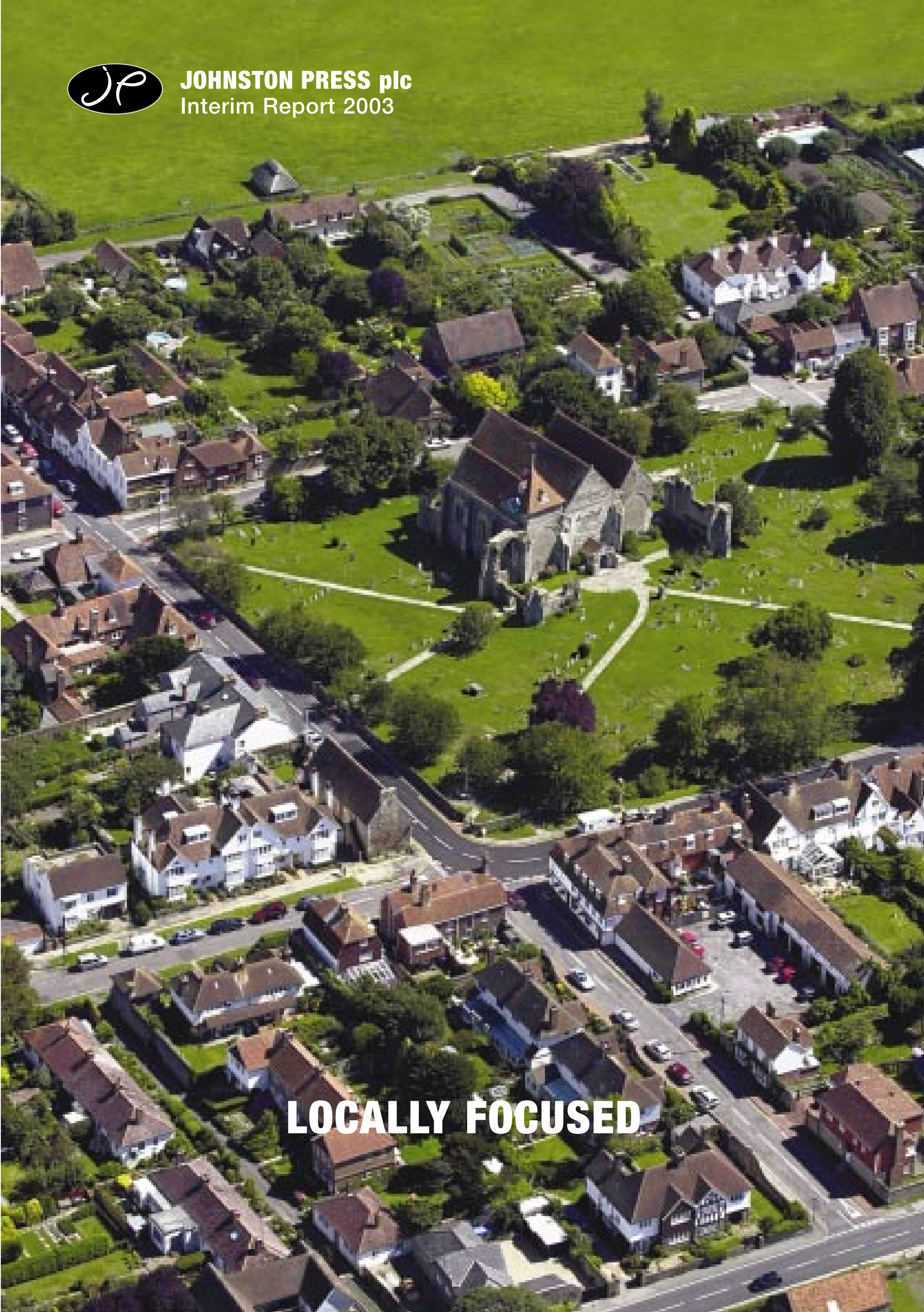

JOHNSTON PRESS plc
Interim Report 2003

LOCALLY FOCUSED

DELIVERING VALUE

Our philosophy has always been that 'LIFE IS LOCAL'.

Johnston Press is the only quoted UK newspaper publishing group that solely focuses on local and regional markets.

DIRECTORS

R G Parry (Chairman)
T J Bowdler
S R Paterson
Sir Harry Roche
P E B Cawdron
F P M Johnston, CBE
H C M Johnston
Lord Gordon of Strathblane, CBE
M A King - appointed 25 April 2003
S J Waugh - appointed 25 April 2003

SECRETARY

P R Cooper, ACA

FINANCIAL CALENDAR

August: Interim Results
November: Payment of Interim Dividend

Web Site: http://www.johnstonpress.co.uk

Registered Number 15382

CHIEF EXECUTIVE'S HALF YEAR STATEMENT

Johnston Press has continued to perform well through the six months to 30 June 2003. During the period, advertising revenues continued to grow modestly, costs remained well controlled and the benefits from the integration of Regional Independent Media (RIM) exceeded expectations.

Operating profit before operating exceptionals increased by 35% to £84.1 million and excluding RIM, which was acquired on 12 April 2002, grew by 7%. As the acquisition resulted in higher borrowings throughout the period, the interest charge increased by 27% to £16.7 million leaving profit before tax at £66.7 million, up 51%.

Headline earnings per share rose from 14.26p to 16.82p, an increase of 18%. The interim ordinary dividend payable on 7 November 2003 will be 2p per share, an increase of 11%.

TRADING REVIEW

For the period under review, advertising revenue for the enlarged group increased on a like-for-like basis by 3.0%. Yields were ahead in every category, in part reflecting the continued benefits of our recent investment in increased colour printing capability. Market conditions continued to vary across the country, particularly in the case of job advertising, with conditions in the north generally remaining better than those further south.

Advertising volumes on a like-for-like basis were up by 1.6%, primarily due to growth of 11.9% in property advertising, the lowest yielding category. Despite this change in the advertising mix, average yield across all categories increased by 1.4%. The growth in property volumes reflected a general slowdown in the rate of house price increases, which in turn, fuelled the need for vendors to advertise more frequently.

All classified categories grew revenue on a like-for-like basis over the six months although, apart from property advertising, the increases were modest. Display advertising declined by 1.7%, with business at the local level being flat and national agency business falling back, a reflection of macro-economic uncertainty exacerbated by the Iraqi conflict. In contrast, consumer confidence, under-pinned by low interest rates and continued low unemployment, generally remained positive in our various local markets and provided the foundation for the modest overall growth in advertising revenues across the Group.

The operating profit margin in the period, pre-operating exceptionals, increased from 32.1% to 33.8% with every publishing division improving its performance. Within that overall picture, the operating margins of the Johnston Press Group prior to the RIM acquisition increased from 33.4% to 34.5% and for the RIM companies from 26.8% to 32.6%. Performance in the northern half of England was particularly strong against the previous year.

The Printing Division has also had a better period as the newly installed and upgraded presses began to perform to expectations. In overall terms, like-for-like operating profit increased by 14% from £1.7 million to £2.0 million, reflecting the additional volumes now being processed through the division as well as the improved operational performance.

The detailed review of the RIM printing facilities, which led to the closure of the Harrogate press, has also resulted in a decision to invest at the two remaining print centres. At Leeds, we are installing a new print tower to increase colour availability and we have also introduced computer-to-plate technology. At Sheffield, we have decided to build a new press centre on a greenfield site to support the local publishing operations at an anticipated cost in excess of £40 million. Expenditure on this project will be phased over the period 2004 to 2006 by which time it is expected to be fully on line, resulting in the closure of the existing press.

Weekly circulations have increased again by 1.1%, now into their seventh successive year of growth. Whilst circulations of our daily titles fell by 3.3%, this was in part due to further reductions in bulk sales, especially for some of the RIM titles. We remain confident that progress is being made in addressing the declining evening sale and early indications suggest some improvement in the second half. Circulation revenues from our daily titles were 0.6% ahead on a like-for-like basis reflecting our concentration on the full price trade sale.

We now have 145 local websites which extend and complement our local newspaper publishing activities. The RIM electronic media activities have been fully integrated into the Johnston Press model and in the half year we saw a positive financial contribution of £1.1 million from the Group's activities in this area. Considerable advances have been made in further developing the content and functionality of our sites and page impressions continue to grow, up 43% on last year, on a like-for-like basis.

During the period, considerable progress has been made with the continuing integration of RIM. Initiatives to rationalise various support functions at the local and regional level are well advanced and are expected to deliver ongoing cost savings. Against a stated target saving of £9 million in 2003, we are already confident of achieving in excess of £10 million. We continue to be delighted with the performance of RIM and with the overall quality and potential of the business.

BORROWINGS

The Group continues to generate strong cash flow and this has facilitated a reduction in net debt as at 30 June 2003 to £463 million, some £94 million lower than at this time last year. The seasonal nature of the business resulted in an increased working capital requirement at the half year of £9.3 million, predominantly due to trade debtors, which traditionally reverses at the year-end.

On 7 January 2003, the Group re-financed £133 million of its bank debt with a private placement of £60 million and US $115 million Senior Notes with a 10 year term.
The £100 million 364 day facility within the bank debt was repaid and cancelled, together with an additional voluntary repayment of £33 million.

In view of the funding position of our two defined benefit pension schemes, the Group has committed to pay an additional £12.6 million one-off contribution. It will be paid in the second half and will have no material impact on the profit and loss account. This ensures that the MFR of both funds will be in excess of 90%.

BOARD

During the period, we strengthened the Board with the appointment of two new non-executive directors. With considerable experience in consumer-facing organisations, both are already making a very valuable contribution.

Martina King, aged 42, is Managing Director, Country Operations Europe, at Yahoo! UK Ltd, having joined in 1999 as Managing Director, UK & Ireland. Her wealth of media sector experience also includes seven years at Capital Radio, the last three of which were as Managing Director, preceded by 10 years at The Guardian in a variety of advertisement display sales roles culminating in Display Sales Manager between 1991 and 1993.

Simon Waugh, aged 45, is Deputy Managing Director of British Gas having joined Centrica plc as Group Director of Marketing in 1997, a role which he still retains. Operationally he is responsible for all key customer-facing divisions covering sales, marketing, customer service and call centres. Simon was previously Managing Director of SAGA Services Ltd after four years with Lloyds Abbey Life Group, initially as Commercial Director and latterly as Deputy Managing Director of Lloyds Bank Insurance Services. His early career was spent at American Express where he became UK Sales and Marketing Director.

OUTLOOK

We have made a satisfactory start to the second half. Costs remain under close control and we continue to enjoy the benefits of the integration of the RIM businesses. Although we see no early prospect of a significant improvement in overall market conditions, we anticipate continued modest advertising revenue growth and remain confident that the outcome for the year will reflect good progress.

T J BOWDLER
27 August 2003

INDEPENDENT REVIEW REPORT TO JOHNSTON PRESS PLC

26 Weeks to 30 June 2003

INTRODUCTION

We have been instructed by the company to review the financial information for the 26 weeks to 30 June 2003 which comprises the profit and loss account, the balance sheet, the cash flow statement and related notes 1 to 11. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

DIRECTORS' RESPONSIBILITIES

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

REVIEW WORK PERFORMED

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom auditing standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

REVIEW CONCLUSION

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the 26 weeks to 30 June 2003.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP
Chartered Accountants, Edinburgh
27 August 2003

GROUP PROFIT AND LOSS ACCOUNT

26 Weeks to 30 June 2003	Notes	26 weeks to 30.6.03 £'000	26 weeks to 30.6.02 £'000	52 weeks to 31.12.02 £'000
Turnover	2	**248,456**	193,564	428,394
Operating profit before operating exceptionals		**84,069**	62,131	131,217
Operating exceptionals	4	**(882)**	(1,125)	(1,747)
Operating profit	3	**83,187**	61,006	129,470
Share of associates' operating profit		**231**	204	401
Exceptional items	4	**—**	(3,732)	(4,438)
Profit on ordinary activities before interest and taxation		**83,418**	57,478	125,433
Net interest	5	**(16,719)**	(13,206)	(32,708)
Profit on ordinary activities before taxation		**66,699**	44,272	92,725
Taxation on profit on ordinary activities	6	**(19,834)**	(13,006)	(26,861)
Profit for the financial period		**46,865**	31,266	65,864
Dividends	7	**(5,740)**	(5,177)	(15,464)
Retained profit for period		**41,125**	26,089	50,400
Earnings per Share	11			
Headline		**16.82p**	14.26p	26.75p
Headline diluted		**16.72p**	14.17p	26.61p
Basic		**16.51p**	12.49p	24.65p
Basic diluted		**16.42p**	12.41p	24.52p

GROUP BALANCE SHEET

At 30 June 2003	Notes	At 30.6.03 £'000	At 30.6.02 £'000	At 31.12.02 £'000
Fixed Assets				
Intangible		**927,557**	932,567	927,557
Tangible		**153,812**	163,782	154,084
Investments		**4,908**	5,050	5,195
		1,086,277	1,101,399	1,086,836
Current Assets				
Stocks		**2,219**	2,885	2,703
Debtors: due within one year		**74,202**	72,771	54,645
due after more than one year		**6,704**	6,556	7,062
Cash at bank and in hand	9	**7,176**	11,859	10,735
		90,301	94,071	75,145
Creditors: amounts falling due within one year		**(134,454)**	(138,413)	(121,973)
Net current liabilities		**(44,153)**	(44,342)	(46,828)
Total assets less current liabilities		**1,042,124**	1,057,057	1,040,008
Creditors: amounts falling due after more than one year		**(426,983)**	(518,116)	(472,559)
Provisions for liabilities and charges		**(12,070)**	(3,277)	(5,952)
Net assets		**603,071**	535,664	561,497
Capital and Reserves				
Called-up share capital	8	**29,463**	29,363	29,445
Reserves		**573,608**	506,301	532,052
Shareholders' funds	10	**603,071**	535,664	561,497

The Interim Report was approved by the Board of Directors on 27 August 2003.

GROUP CASH FLOW STATEMENT

26 Weeks to 30 June 2003	26 weeks to 30.6.03 £'000	26 weeks to 30.6.02 £'000	52 weeks to 31.12.02 £'000
Operating profit	**83,187**	61,006	129,470
Exceptional items	**(536)**	(3,456)	(4,976)
Depreciation	**8,397**	7,725	16,718
Development grant amortisation	**—**	—	(14)
Amount written off employee share option trust	**147**	—	111
(Profit)/loss on sale of fixed assets	**(7)**	111	81
(Increase)/decrease in working capital	**(9,306)**	900	10,361
Decrease in unfunded pension provision	**—**	—	(294)
Net cash inflow from operating activities	**81,882**	66,286	151,457
Income from fixed asset investments	**811**	1,016	1,158
Net interest paid	**(15,955)**	(11,933)	(27,627)
Preference dividends paid	**(76)**	(76)	(152)
Term debt issue costs	**—**	(6,845)	(6,845)
Returns on investment and servicing of finance	**(15,220)**	(17,838)	(33,466)
Taxation	**(7,732)**	(8,108)	(17,713)
Purchase of tangible fixed assets	**(9,211)**	(8,329)	(15,741)
Sale of tangible fixed assets	**51**	1,137	2,165
Sale of investment	**—**	2	1
Purchase of investments	**(238)**	—	(643)
Capital expenditure and financial investment	**(9,398)**	(7,190)	(14,218)
Purchase of businesses and subsidiary undertakings	**—**	(573,537)	(573,330)
Sale of businesses and subsidiary undertakings	**608**	225	5,604
Acquisitions and disposals	**608**	(573,312)	(567,726)
Equity dividends paid	**(10,195)**	(6,559)	(11,654)
Net cash inflow/(outflow) before financing	**39,945**	(546,721)	(493,320)
Issue of ordinary share capital	**449**	221,665	223,145
(Repayment of)/additional loan capital - net (note 9)	**(52,147)**	325,370	274,480
Finance leases	**(11)**	(31)	(43)
Financing	**(51,709)**	547,004	497,582
(Decrease)/increase in net cash	**(11,764)**	283	4,262

NOTES

26 Weeks to 30 June 2003

1. Basis of Preparation

The Interim Reports for the six months ended 30 June 2003 and 30 June 2002 are unaudited, but have been prepared on the basis of accounting policies expected to be adopted in the annual accounts for the year ending 31 December 2003. These are consistent with those set out in the audited accounts for the year ended 31 December 2002. The results for the year ended 31 December 2002 are an abridged version of the Company's full accounts, which carried an unqualified auditors' report and which have been filed with the Registrar of Companies.

The Group continues to apply the provisions of FRS10 in respect of the valuation of intangible fixed assets. In the assessment of the value of publishing titles, shown as intangible assets, it has been decided that these should not be depreciated since they have an indefinite life, and impairment tests, in accordance with FRS11, support this treatment.

2. Turnover

	26 weeks to 30.6.03 £'000	26 weeks to 30.6.02 £'000	52 weeks to 31.12.02 £'000
Turnover represents:			
Newspapers and contract printing			
Continuing operations	**248,456**	192,717	426,815
Discontinued operations	**—**	847	1,579
Total turnover	**248,456**	193,564	428,394

3. Operating Profit

	26 weeks to 30.6.03 £'000	26 weeks to 30.6.02 £'000	52 weeks to 31.12.02 £'000
Operating profit represents:			
Newspapers and contract printing			
Continuing operations	**83,187**	60,927	129,236
Discontinued operations	**—**	79	234
Total operating profit	**83,187**	61,006	129,470

NOTES Continued

4. Exceptional Items

	26 weeks to 30.6.03 £'000	26 weeks to 30.6.02 £'000	52 weeks to 31.12.02 £'000
Fundamental reorganisation following acquisition of new titles	**—**	3,732	4,438

£882,000 of operating exceptional items relating to other redundancy and restructuring costs are included within operating profit (26 weeks to 30 June 2002 - £1,125,000).

5. Net Interest

	26 weeks to 30.6.03 £'000	26 weeks to 30.6.02 £'000	52 weeks to 31.12.02 £'000
Net interest paid	**16,354**	11,750	30,901
Exceptional cost of writing off term debt issue costs of previous bank facility	**—**	1,456	1,456
Provision for impairment of investment in Mirago	**365**	—	351
	16,719	13,206	32,708

6. Taxation

The taxation charge for the six months to 30 June 2003 has been provided on the basis of the estimated effective tax rate for the year to 31 December 2003. The charge for the six months to 30 June 2003 includes a tax credit of £374,000 (26 weeks to 30 June 2002 - £1,893,000) in respect of the exceptional items in notes 4 and 5.

7. Dividends

	26 weeks to 30.6.03 £'000	26 weeks to 30.6.02 £'000	52 weeks to 31.12.02 £'000
Preference	**76**	76	152
Ordinary	**5,664**	5,101	15,312
	5,740	5,177	15,464

The interim ordinary dividend of 2p per share (2002 – 1.8p) is payable on 7 November 2003 to shareholders on the register at close of business on 17 October 2003.

8. Share Capital

	At 30.6.03 000's	At 30.6.02 000's	At 31.12.02 000's
Ordinary shares of 10p each	**283,574**	282,575	283,389
13.75% Cumulative Preference shares of £1 each	**756**	756	756
13.75% "A" Preference shares of £1 each	**350**	350	350

The increase from 31 December 2002 in the number of Ordinary shares arose from the exercise of 184,578 share options under the Group's Sharesave and Executive Share Option Schemes.

9. Analysis of Net Debt

	31 December 2002 £'000	Cash flow £'000	Other non-cash changes £'000	30 June 2003 £'000
Cash at bank and in hand	10,735	(3,559)	—	**7,176**
Overdrafts	(3,212)	(8,205)	—	**(11,417)**
Increase/(decrease) in net cash	7,523	(11,764)	—	**(4,241)**
Bank loans	(472,630)	184,296	—	**(288,334)**
Senior notes	—	(132,785)	—	**(132,785)**
Loan stock	(43,473)	636	—	**(42,837)**
Finance leases	(90)	11	—	**(79)**
Term debt issue costs	5,828	—	(675)	**5,153**
Net debt	(502,842)	40,394	(675)	**(463,123)**
Interest Cover (excluding exceptional items)	4.3 times			**5.2 times**

Of the £7,176,000 cash at bank and in hand, £1,645,000 is held on deposit to guarantee the 1999/2006 Loan Stock interest for one year.

NOTES Continued

10. Reconciliation of Movements in Shareholders' Funds

	26 weeks to 30.6.03 £'000	26 weeks to 30.6.02 £'000	52 weeks to 31.12.02 £'000
Profit for the financial period	**46,865**	31,266	65,864
Dividends	**(5,740)**	(5,177)	(15,464)
Other recognised gains and losses (net)	**—**	(99)	(57)
Share issues (net)	**449**	221,665	223,145
Net increase in shareholders' funds	**41,574**	247,655	273,488
Opening shareholders' funds	**561,497**	288,009	288,009
Closing shareholders' funds	**603,071**	535,664	561,497

11. Earnings per Share

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

	Headline		Basic/Diluted	
	June 2003 £'000	June 2002 £'000	**June 2003 £'000**	June 2002 £'000
Profit for the financial period	**46,865**	31,266	**46,865**	31,266
Exceptional items (notes 4 and 5)	**1,247**	6,313	**—**	—
Tax effect of exceptional items	**(374)**	(1,893)	**—**	—
Preference dividend	**(76)**	(76)	**(76)**	(76)
	47,662	35,610	**46,789**	31,190

	June 2003 No. of shares	June 2002 No. of shares
Weighted average number of shares		
For headline/basic earnings per share	**283,423,426**	249,768,704
Exercise of share options	**1,597,148**	1,472,856
For diluted earnings per share	**285,020,574**	251,241,560

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

DIVISIONAL STRUCTURE

Newspaper Publishing

Johnston Newspapers (Scotland)
Johnston (Falkirk) Ltd
Strachan & Livingston Ltd
The Tweeddale Press Group Ltd
Isle of Man Newspapers Ltd
Johnston Newspapers (Northeast)
Northeast Press Ltd
Johnston Newspapers (North)
Yorkshire Post Newspapers Ltd
The Halifax Courier Ltd
Yorkshire Weekly Newspaper Group Ltd
Yorkshire Regional Newspapers Ltd
Ackrill Newspapers Ltd
The Reporter Ltd
Johnston Newspapers (Northwest)
Lancashire Evening Post Ltd
Blackpool Gazette & Herald Ltd
Lancashire Publications Ltd
East Lancashire Newspapers Ltd
Lancaster & Morecambe Newspapers Ltd
Johnston Newspapers (North Midlands/South Yorkshire)
Sheffield Newspapers Ltd
Wilfred Edmunds Ltd
North Notts Newspapers Ltd
South Yorkshire Newspapers Ltd
Johnston Newspapers (East Midlands)
East Midlands Newspapers Ltd
Welland Valley Newspapers Ltd
Lincolnshire Newspapers
Anglia Newspapers Ltd
Johnston Newspapers (South Midlands)
Northamptonshire Newspapers Ltd
Premier Newspapers Ltd
Central Counties Newspapers Ltd
Heart of England Newspapers
Bedfordshire Newspapers Ltd
Johnston Newspapers (South)
Portsmouth Publishing & Printing Ltd
TR Beckett Ltd
Sussex Newspapers Ltd

Web Printing

Peterboro' Web Ltd
Northampton Web Ltd
Hartlepool Web
Sunderland Web
Portsmouth Web
Leeds Web
Sheffield Web

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