



For Immediate Release

29 August 2007

INTERIM RESULTS FOR THE TWENTY SIX WEEKS ENDED 30 JUNE 2007

Johnston Press plc, one of the leading community media groups in the UK and Ireland, announces interim results for the twenty six weeks ended 30 June 2007.

KEY POINTS

	<u>Before non-recurring items</u>			<u>After non-recurring items</u>		
	2007 26 Weeks £m	2006 26 Weeks £m	% change	2007 26 Weeks £m	2006 26 Weeks £m	% change
Revenue	312.8	312.2	0.1	312.8	312.2	0.1
Operating Profit	96.7	101.6	-4.8	88.0	99.4	-11.5
Profit after tax	55.1	58.7	-6.1	73.2	57.1	28.2
Earnings per share	19.12p	20.44p	-6.5	25.40p	19.88p	27.8
Interim Dividend per share	3.3p	3.1p	6.5	3.3p	3.1p	6.5

Because of the extent of the adjustments relating to the change in the rate of Corporation Tax from 30% to 28% and the way in which we are required to reflect these in the Income Statement under International Accounting Standards, the highlights below relate to the before non-recurring figures above.

- Operating profit was 4.8% lower at £96.7m on turnover very slightly ahead at £312.8m.
- Operating margin of 30.9% (2006:32.6%) achieved against background of continued, though slowing, decline in advertising revenues, a further modest increase in newsprint prices and increased investment in digital publishing.
- Overall advertising revenues down 1.5%.
- Rate of decline in UK print-based advertising reduced from 9.2% to 2.9%.
- Digital revenues continued strong growth with rise of 33.5%. Unique users grew 31% to 7.9 million per month and page impressions were 40% ahead at 76.2 million per month.
- Advertising revenue in the Republic of Ireland grew 10.0%.
- UK newspaper sales revenues marginally up by 0.5%.
- Focus on building new revenue streams in both print and especially digital channels, whilst containing costs through continued improvements in operating efficiencies.
- “Newsroom of the future” roll-out completed ahead of plan.
- Greatly enhanced “Jobs Today” site relaunched with heavy advertising and promotional support.
- Increased printing revenues from new Dinnington press.

OUTLOOK

Chief Executive, Tim Bowdler, said:

“The month of July has seen a continuation of the improving month-on-month advertising trends in the UK. Costs remain under good control and new publishing initiatives, especially in the digital area, continue to produce strong growth, albeit from a small base. These factors, coupled with a reported first half profit before non-recurring items being marginally ahead of City expectations, lead us to anticipate a satisfactory outcome for the year as a whole”.

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Chief Executive's Half Year Statement

In the six months to 30 June 2007, the Group recorded an operating profit before non-recurring items of £96.7 million (2006 £101.6 million). This represented an operating margin of 30.9% (2006 32.6%) and was achieved against a background of a continued, though slowing, decline in advertising revenues, a further modest increase in newsprint prices and increased investment in our digital publishing activities.

During the period, the Group's focus has been on building new revenue streams in both print and especially digital channels, whilst containing costs through continued improvements in operating efficiencies. The latter was assisted by our investment programmes in common IT systems and the benefits arising from our major new printing plant at Dinnington in South Yorkshire.

The trading results for 2007 were impacted by the additional digital investment of £2.5 million referred to above and in the 2006 Annual Report. A further equivalent amount will be invested in the second half of 2007.

Net debt at 30 June 2007 was £733.1 million (June 2006 £770.4 million), a reduction of £13.3 million since the start of the year despite the £11.2 million cost of acquiring the Archant Ltd titles in Scotland. Finance costs for the period were £23.0 million (2006 £21.5 million), reflecting the fact that reduced average net debt levels were more than offset by the effect of increased interest rates. Interest cover was 4.4 times.

Non-recurring items within operating expenses in the period were £3.1 million (2006 £2.2 million). These costs were related to actions we have taken to fundamentally restructure the business for the future and include the closure of old presses in Falkirk, Peterhead and Portsmouth and of pre-press departments in Falkirk, Chesterfield and Scarborough. There was also a reduction in goodwill of £5.7 million related to a tax adjustment of an equal and opposite amount and this is explained later in this statement. After taking account of this technical IFRS adjustment, the resultant profit before tax was £67.5 million (2006 £79.8 million). Profit before tax and non-recurring items was £76.3 million (2006 £82.0 million).

Underlying earnings per share, excluding non-recurring items, were 19.12p (2006 20.44p), a reduction of 6.5%. The interim ordinary dividend payable on 2 November 2007 will be 3.3p (2006 3.1p), an increase of 6.5%.

In his recent Budget, the Chancellor reduced the rate of UK Corporation Tax to 28% effective from April 2008. The impact of this reduction has been reflected in the deferred taxation provision where the timing differences are unlikely to reverse before April next year.

Trading Review

In this trading review the advertising statistics are like-for-like, excluding the eight titles acquired from Archant Ltd and Farm Week, which was sold in December 2006.

Overall advertising revenues declined by 1.5% in the period with digital revenues continuing to grow strongly, up 33.5%. UK total print-based advertising for the six months fell by 2.9%. The rate of decline has diminished considerably when compared with the comparative period in 2006 for which the figure was a fall of 9.2%. Encouragingly, though largely due to weaker comparatives, relative month-to-month performance improved progressively through the half-year with June suffering a reduction of just 1.3%. Advertising revenue in the Republic of Ireland increased by 10.0%.

Property advertising, which increased by 6.8%, was the only category to exhibit growth, continuing its strong run since 2002. Whilst employment advertising fell by 4.3%, this represented a considerable improvement over the comparable period when a 21.5% decline was reported. Although also showing a diminishing rate of decline, motors advertising remained the weakest performing category with a reduction of 8.4%. The "others" category fell marginally by 2.0% but within this segment of our advertising, entertainments, private announcements and public notices all produced growth.

The decline of 6.5% in display advertising was primarily the result of continued weakness in local markets, although national display advertising also reduced, albeit at a lesser rate. Our focus on increasing the number and quality of Group-wide advertising platforms did result in new display revenues, an example being a dedicated supplement covering the smoking ban in England which attracted support from the Central Office of Information and the NHS.

UK newspaper sales revenues increased marginally by 0.5% with selective cover price increases more than compensating for reduced circulations. The greatest declines were again experienced by our daily titles with both daily and weekly sectors experiencing similar reductions to recent prior periods. Some encouragement can be gleaned from the improving trends experienced in the latter stages of the half-year though in part this reflects poor comparative sales in the equivalent period in 2006 due to the Football World Cup. With a decline of 1.8%, the (Belfast) Newsletter, where we appointed a new editor during 2006, was our best performing daily title, closely followed by the Sunderland Echo with a reduction of 2.3%, benefiting from the success of the local football club.

Our strategy of launching new print publications to layer our markets, thereby extending audience reach, continued throughout the first half and included the launch of 68 community newsletters in both urban and rural areas.

Digital Publishing

We have continued to make excellent progress in our digital publishing operations which also play an essential part in achieving our objective of reaching a growing audience in all our local communities. Unique users in the first half grew by 31% to 7.9 million per month and page impressions were 40% ahead at 76.2 million per month, a performance which has enabled us to maintain the strong revenue growth mentioned earlier. The significant expansion of our digital operations has progressed according to plan with increased resources having been committed to both the commercial and development areas. This included the recruitment of a senior manager with strong commercial internet experience to head our digital sales initiatives and the deployment of our national on-line sales force from a new London office. Having been greatly enhanced, our Jobs Today site has been relaunched with the support of a heavy advertising and promotional campaign. The roll-out of our “newsroom of the future” project to all of our daily and larger weekly centres has been completed ahead of plan and has been critical to delivering the substantial growth which we have achieved in our on-line audience. The roll-out has been supported by an extensive training programme for our editors and journalists run in conjunction with the University of Central Lancashire.

Non-Recurring Tax Items

The non-recurring tax credit shown in the Income Statement has 3 components. The first is the tax credit of £0.9 million in relation to the non-recurring items in operating expenses detailed above.

The second element is in relation to the deferred tax balance created under the transitional arrangements in place during the implementation of IFRS and IAS 12 in particular. This required that deferred tax be provided against the carrying value of our publishing titles at 1 January 2005 with the offset being against retained earnings. As the tax rate has been reduced by 2% to 28% this notional deferred tax liability, which the Board can still not foresee any circumstance under which it might become payable, requires to be restated. The impact of this represents the vast majority of the credit to the tax charge of £20.3 million, the remainder relating to other timing differences. The original adjustment in relation to publishing titles was taken against reserves. However, IAS 12 requires this reversal to flow through the Income Statement.

The third element relates to the deferred tax booked on acquisitions made after 1 January 2005. Under the effect of IAS rules, the equal and opposite offset to the notional deferred tax was to create an intangible goodwill asset. All logic and base accounting principles would dictate that any reduction in the deferred tax balance because of the tax rate change should be mirrored in a reduction in the associated goodwill. However, the rules of IAS 12 require that this release is also flowed through the Income Statement, the impact being a credit of £5.7 million. This leaves the Group with an unmatched goodwill balance, which was only created by the booking of the deferred tax, and we have no option but to write this off as a £5.7 million charge against operating profit. Although this might appear to be inconsistent with accepted accounting principles and practice, we had no alternative but to book the entries noted above in strict compliance with the rules based standard.

Capital Investment

Good progress has also been made in our ongoing programme to introduce common IT systems throughout the business. By the end of the second half, this should have been substantially completed. In the Printing Division, the new Dinnington press has performed ahead of expectations, providing us with a full half-year of contributions from third party customers more than offsetting the lost third party revenues at the older presses closed in the second half of last year. Progress at Portsmouth, where we are installing a similar press, remains on schedule and within budget with an expectation of it contributing to the Group's results in the second half.

Acquisitions

The integration of recently acquired businesses also remains on track. The Scottish weekly newspapers, acquired from Archant Limited earlier this year, have already been absorbed within our larger Scottish publishing division with consolidation of printing and back-room functions well advanced. The Scotsman Publications Limited in Edinburgh is now firmly established as the operational hub of our Scottish division with common advertising and production systems now in place. In Northern Ireland, similar systems changes have been fully introduced and the Newsletter has benefited from a new superbly located Belfast City Centre office, which was officially opened by Tony Blair shortly before he stood down as Prime Minister. The management team in the Republic of Ireland has been further strengthened and preparations for the introduction of new IT systems are at an advanced stage.

Outlook

The month of July has seen a continuation of the improving month-on-month advertising trends in the UK. Costs remain under good control and new publishing initiatives, especially in the digital area, continue to produce strong growth, albeit from a small base. These factors, coupled with a reported first half profit before non-recurring items being marginally ahead of City expectations, lead us to anticipate a satisfactory outcome for the year as a whole.

Tim Bowdler

Chief Executive Officer

29 August 2007

**Independent Review Report to Johnston Press plc
26 Weeks to 30 June 2007**

We have been instructed by the company to review the condensed financial information for the twenty six weeks to 30 June 2007 which comprise the Group Income Statement, Group Balance Sheet, Group Cash Flow Statement, Group Statement of Recognised Income and Expense, Group Reconciliation of Shareholders' Equity and related notes 1 to 17. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the condensed 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 and the requirements of International Accounting Standard 34, "Interim Financial Reporting" 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. Accordingly, the interim report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

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 International Standards on Auditing (UK and Ireland) 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 condensed financial information as presented for the twenty six weeks to 30 June 2007.

Deloitte & Touche LLP
Chartered Accountants
Edinburgh, United Kingdom
29 August 2007

Group Income Statement (unaudited)
26 Weeks to 30 June 2007

	Notes	26 weeks to 30.06.07			26 weeks to 30.06.06			52 Weeks to 31.12.06
		Before Non - recurring items £'000	Non- recurring items £'000	Total £'000	Before Non- recurring items £'000	Non- recurring items £'000	Total £'000	Total £'000
Revenue	3a	312,782	—	312,782	312,245	—	312,245	602,221
Cost of sales		(156,717)	—	(156,717)	(151,618)	—	(151,618)	(304,806)
Gross profit		156,065	—	156,065	160,627	—	160,627	297,415
Operating expenses	3d/4	(59,319)	(3,096)	(62,415)	(58,988)	(2,237)	(61,225)	(125,785)
Goodwill adjustment	5b	—	(5,669)	(5,669)	—	—	—	—
Operating profit	3	96,746	(8,765)	87,981	101,639	(2,237)	99,402	171,630
Investment income	8	249	—	249	405	—	405	583
Net finance income on pension assets/liabilities	9a	2,234	—	2,234	1,472	—	1,472	3,382
Finance costs	9b	(22,955)	—	(22,955)	(21,521)	—	(21,521)	(44,101)
Share of results of associates		38	—	38	26	—	26	60
Profit before tax		76,312	(8,765)	67,547	82,021	(2,237)	79,784	131,554
Tax	5	(21,177)	26,858	5,681	(23,277)	637	(22,640)	(35,899)
Profit for the period		55,135	18,093	73,228	58,744	(1,600)	57,144	95,655
Earnings per share (p)	7							
- Basic		19.12	6.28	25.40	20.44	(0.56)	19.88	33.24
- Diluted		19.09	6.27	25.36	20.36	(0.56)	19.80	33.13

All of the revenue and profit above is derived from continuing operations.

Group Balance Sheet (unaudited)
At 30 June 2007

	Notes	30.6.07 £'000	Restated (note 10) 30.6.06 £'000	31.12.06 £'000
Non-current assets				
Goodwill	14	127,464	130,351	130,271
Other intangible assets	14	1,363,682	1,356,833	1,353,462
Property, plant and equipment		281,612	258,902	268,342
Available-for-sale investments		2,712	2,712	2,712
Interests in associates		1	44	33
Trade and other receivables		466	436	467
		1,775,937	1,749,278	1,755,287
Current assets				
Inventories		4,260	3,973	5,776
Trade and other receivables		100,124	93,217	81,877
Cash and cash equivalents		25,693	24,991	24,636
		130,077	122,181	112,289
Total assets		1,906,014	1,871,459	1,867,576
Current liabilities				
Trade and other payables		81,288	71,020	73,670
Tax liabilities		14,479	21,472	7,993
Obligations under finance leases		4	29	5
Retirement benefit obligation	15	4,548	4,350	4,272
Bank overdrafts and loans		10,696	8,799	1,894
		111,015	105,670	87,834
Non-current liabilities				
Borrowings		727,022	779,373	751,149
Obligations under finance leases		—	5	—
Retirement benefit obligation	15	2,458	54,455	41,167
Derivative instruments	10	11,416	9,110	11,539
Deferred tax liabilities		393,155	388,919	399,174
Trade and other payables		1,963	2,370	431
Long term provisions		2,419	2,455	2,469
		1,138,433	1,236,687	1,205,929
Total liabilities		1,249,448	1,342,357	1,293,763
Net assets		656,566	529,102	573,813
Equity				
Share capital		29,917	29,852	29,893
Share premium account		332,040	330,018	331,289
Share-based payments reserve		4,072	3,464	4,265
Revaluation reserve		2,110	2,555	2,522
Own shares		(1,239)	(509)	(1,628)
Hedging and translation reserve		6,781	(1,281)	4,112
Retained earnings		282,885	165,003	203,360
Total equity		656,566	529,102	573,813

Group Cash Flow Statement (unaudited)
26 Weeks to 30 June 2007

	Notes	26 Weeks to 30.6.07 £'000	26 Weeks to 30.6.06 £'000	52 Weeks to 31.12.06 £'000
Cash flows from operating activities				
Cash generated from operations	11	94,640	88,196	187,140
Income tax paid		(10,855)	(16,415)	(37,489)
Net cash from operating activities		83,785	71,781	149,651
Investing activities				
Interest received		249	405	583
Dividends received from associated undertakings		70	30	75
Proceeds on disposal of property, plant and equipment		829	3,077	8,738
Proceeds on disposal of business		—	—	3,277
Purchases of property, plant and equipment		(19,013)	(32,391)	(65,040)
Acquisition of businesses		(11,413)	(165,818)	(165,535)
Net cash in businesses acquired		1	5,225	5,225
Net cash used in investing activities		(29,277)	(189,472)	(212,677)
Financing activities				
Dividends paid		(17,894)	(16,148)	(25,113)
Interest paid		(23,892)	(21,699)	(42,918)
Interest paid on finance leases		(1)	(14)	(15)
Repayments of borrowings		(21,240)	(38,352)	(29,685)
New borrowings		—	194,761	163,043
Arrangement fees on new borrowings		—	(548)	(548)
Principal payments under finance leases		(1)	(38)	(52)
Issue of shares		775	2,661	3,973
Purchase of own shares		—	—	(1,665)
Increase/(decrease) in bank overdrafts		8,802	(3,055)	(4,472)
Net cash (received from)/used in financing activities		(53,451)	117,568	62,548
Net increase/(decrease) in cash and cash equivalents		1,057	(123)	(478)
Cash and cash equivalents at the beginning of period		24,636	25,114	25,114
Cash and cash equivalents at the end of period		25,693	24,991	24,636

Group Statement of Recognised Income and Expense (unaudited)
26 Weeks to 30 June 2007

	Revaluation Reserve £'000	Hedging and Translation Reserve £'000	Retained Earnings £'000	Total £'000
Profit for the period	—	—	73,228	73,228
Actuarial gain on defined benefit pension schemes (net of tax)	—	—	23,099	23,099
Revaluation adjustment	(412)	—	412	—
Exchange differences on translation of foreign operations	—	231	—	231
Change in fair value of financial instruments (note 10)	—	3,205	—	3,205
Deferred taxation	—	(961)	—	(961)
Change in deferred tax rate to 28%	—	194	(297)	(103)
Total recognised income and expense	(412)	2,669	96,442	98,699

Group Statement of Recognised Income and Expense (unaudited)
26 Weeks to 30 June 2006

	Revaluation Reserve £'000	Hedging and Translation Reserve £'000	Retained Earnings £'000	Total £'000
Profit for the period	—	—	57,144	57,144
Revaluation adjustment	(32)	—	32	—
Exchange differences on translation of foreign operations	—	117	—	117
Change in fair value of financial instruments (note 10)	—	2,749	—	2,749
Deferred taxation	—	(825)	—	(825)
Total recognised income and expense	(32)	2,041	57,176	59,185

Group Reconciliation of Shareholders' Equity (unaudited)
26 Weeks to 30 June 2007

	Share Capital £'000	Share Premium £'000	Share- Based Payments Reserve £'000	Revaluation Reserve £'000	Own Shares £'000	Hedging and Translation Reserve £'000	Retained Earnings £'000	Total £'000
Opening balances	29,893	331,289	4,265	2,522	(1,628)	4,112	203,360	573,813
Total recognised income and expense	—	—	—	(412)	—	2,669	96,442	98,699
Recognised directly in equity								
Dividends - note 6	—	—	—	—	—	—	(17,894)	(17,894)
New share capital subscribed	24	751	—	—	—	—	—	775
Own shares written off	—	—	—	—	389	—	—	389
Exercise of share-based payments	—	—	(977)	—	—	—	977	—
Provision for share-based payments	—	—	784	—	—	—	—	784
Net change directly in equity	24	751	(193)	—	389	—	(16,917)	(15,946)
Total movements	24	751	(193)	(412)	389	2,669	79,525	82,753
Equity at the end of the period	29,917	332,040	4,072	2,110	(1,239)	6,781	282,885	656,566

Group Reconciliation of Shareholders' Equity (unaudited)
26 Weeks to 30 June 2006

	Share Capital £'000	Share Premium £'000	Share- Based Payments Reserve £'000	Revaluation Reserve £'000	Own Shares £'000	Hedging and Translation Reserve £'000	Retained Earnings £'000	Total £'000
Opening balances	29,772	327,437	2,770	2,587	(749)	(3,322)	123,975	482,470
Total recognised income and expense	—	—	—	(32)	—	2,041	57,176	59,185
Recognised directly in equity								
Dividends - note 6	—	—	—	—	—	—	(16,148)	(16,148)
New share capital subscribed	80	2,581	—	—	—	—	—	2,661
Own shares written off	—	—	—	—	240	—	—	240
Provision for share-based payments	—	—	694	—	—	—	—	694
Net change directly in equity	80	2,581	694	—	240	—	(16,148)	(12,553)
Total movements	80	2,581	694	(32)	240	2,041	41,028	46,632
Equity at the end of the period	29,852	330,018	3,464	2,555	(509)	(1,281)	165,003	529,102

Notes to the Interim Financial Information (unaudited)

1. Basis of Preparation

The condensed financial information for the 26 weeks to 30 June 2007 does not constitute statutory accounts for the purposes of Section 240 of the Companies Act 1985 and has not been audited. No statutory accounts for the period have been delivered to the Registrar of Companies.

The condensed financial information in respect of the 52 weeks ended 31 December 2006 has been produced using extracts from the statutory accounts for this period. Consequently, this does not constitute the statutory information for the 52 weeks ended 31 December 2006 which was audited. The statutory accounts for this period have been filed with the Registrar of Companies. The auditors' report on these accounts was unqualified and did not contain a statement under Sections 237 (2) or (3) of the Companies Act 1985.

The next annual financial statements of the Group to 31 December 2007 will be prepared in accordance with International Financial Reporting Standards as adopted for use in the EU ("IFRS"). The Company has elected to comply early with IAS 34 on Interim Financial Reporting. This Interim Report has been prepared in accordance with the recognition and measurement criteria of IFRS and the disclosure requirements of the Listing Rules. The auditors have reviewed this Interim Report and their report is set out on page 5.

The Interim Report was approved by the directors on 29 August 2007 and is being sent to shareholders on the same date. It is also available on the Company's website at www.johnstonpress.co.uk.

The interim financial information has been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments.

2. Accounting Policies

The accounting policies used in the preparation of the financial information for the 26 weeks to 30 June 2007 have been consistently applied to all the periods presented and are set out in full in the Group's financial statements for the 52 weeks to 31 December 2006. A copy of these financial statements is available from the Company's registered office at 53 Manor Place, Edinburgh EH3 7EG.

Notes to the Interim Financial Information (unaudited) – continued

3. Business Segments

For management purposes the Group has two business segments, newspaper publishing (in print and online) and contract printing.

The business operates in two geographical segments which are the United Kingdom and the Republic of Ireland. Revenue and the carrying value of assets in the Republic of Ireland are less than 10 per cent of the Group total in the current period and so have not been disclosed separately.

On 23 April 2007 the Group acquired the Scottish newspaper operations of Archant Limited. The trading results for the 10 weeks to 30 June 2007 are not material to the Group's results and therefore they have not been disclosed separately.

a) Revenue

An analysis of the Group's revenue is as follows:

	26 Weeks to 30.6.07 £'000	26 Weeks to 30.6.06 £'000	52 Weeks to 31.12.06 £'000
Newspaper publishing	296,534	299,349	576,141
Contract printing	16,248	12,896	26,080
Revenue sub total	312,782	312,245	602,221
Investment income	249	405	583
Total revenue	313,031	312,650	602,804

The contract printing revenue excludes inter group revenue of £43.3 million in the 26 weeks to 30 June 2007, £35.4 million in the 26 weeks to 30 June 2006 and £60.0 million in the 52 weeks to 31 December 2006.

b) Operating profit before non-recurring items and interests in associates

An analysis is as follows:

	26 Weeks to 30.6.07 £'000	26 Weeks to 30.6.06 £'000	52 Weeks to 31.12.06 £'000
Newspaper publishing	91,989	98,355	180,841
Contract printing	4,757	3,284	5,932
	96,746	101,639	186,773

c) Operating profit

An analysis of the Group's operating profit is as follows:

	26 Weeks to 30.6.07 £'000	26 Weeks to 30.6.06 £'000	52 Weeks to 31.12.06 £'000
Newspaper publishing	84,621	96,407	177,494
Contract printing	3,360	2,995	(5,864)
Operating profit	87,981	99,402	171,630

**Notes to the Interim Financial Information
(unaudited) – continued**

3. Business Segments (continued)

d) Operating expenses	26 Weeks to 30.6.07 £'000	26 Weeks to 30.6.06 £'000	52 Weeks to 31.12.06 £'000
Distribution costs	22,537	22,614	45,580
Administrative expenses before non-recurring	36,782	36,374	65,062
	59,319	58,988	110,642
Non-recurring administrative expenses	3,096	2,237	15,143
	62,415	61,225	125,785

4. Non-Recurring Items

Non-recurring items within operating expenses are:

	26 Weeks to 30.6.07 £'000	26 Weeks to 30.6.06 £'000	52 Weeks to 31.12.06 £'000
Restructuring costs of			
Existing businesses	3,096	1,682	6,717
Newly acquired businesses	—	2,029	2,109
Write down of value of presses in existing businesses	—	—	9,000
Profit on sale of freehold land and buildings	—	(1,474)	(2,683)
Non-recurring items	3,096	2,237	15,143

**Notes to the Interim Financial Information
(unaudited) – continued**

5. Tax

a) The tax (credit)/charge comprises

	26 Weeks to 30.6.07 £'000	26 Weeks to 30.6.06 £'000	52 Weeks to 31.12.06 £'000
Corporation tax	17,357	21,124	28,528
Deferred tax			
Charge for year	2,891	1,516	7,371
Credit relating to change in tax rate on titles held on adoption of IFRS and other timing differences	(20,260)	—	—
Credit relating to change in tax rate on titles acquired since 1 January 2005	(5,669)	—	—
Total tax (credit)/charge	(5,681)	22,640	35,899

Reconciliation of tax (credit)/charge

Standard rate of corporation tax	30%	30%	30%
Profit before tax at standard corporation tax rate	20,264	23,935	39,466
Tax effect of items that are not deductible or not taxable in determining taxable profit	97	100	137
Tax effect of share of results of associate	—	(11)	(18)
Gain on sale of properties rolled over	—	—	(805)
Effect of different tax rates on subsidiaries	(1,430)	(1,086)	(2,677)
Change in tax rate to 28% net of goodwill adjustment	(24,228)	—	—
Other items	(437)	(314)	(24)
Over/(under) provision in prior years	53	16	(180)
Total tax (credit)/charge	(5,681)	22,640	35,899

Corporation tax for the interim period is credited at 8.4% (2006: charge 28.4%). Full tax computations have been prepared for the 26 weeks to 30 June 2007 and the amount above reflects a credit of £25,929,000 relating to the Finance Act changes in reducing the corporation tax rate to 28% effective from April 2008. The tax rate for the 26 weeks to 30 June 2006 represented the best estimate of the weighted average annual corporation tax rate expected for the full 2006 financial year.

b) Goodwill adjustment

Following the reduction in the Corporation Tax rate in the 2007 Finance Act referred to above, the related goodwill that was created solely on recognition of the deferred tax liability on titles acquired since 1 January 2005 has been adjusted. The reduction in goodwill is £5,669,000 being the equal and opposite offset to the deferred tax credit noted above. This adjustment in no way reflects any reduction in the underlying value of the Group's trading assets.

**Notes to the Interim Financial Information
(unaudited) – continued**

6. Dividends

	26 Weeks to 30.6.07 £'000	26 Weeks to 30.6.06 £'000	52 Weeks to 31.12.06 £'000
Amounts recognised as distributions in the period:			
Dividends paid			
Ordinary	17,818	16,072	24,961
Preference	76	76	152
	17,894	16,148	25,113
	Pence	Pence	Pence
Dividend paid per share			
Ordinary	6.200	5.600	8.700
Preference	6.875	6.875	13.750
	£'000	£'000	£'000
Dividend proposed but not paid or included in the accounting records	9,486	8,911	17,848
	Pence	Pence	Pence
Dividend proposed per share	3.3	3.1	6.2

The interim ordinary dividend of 3.3p per share (2006: 3.1p) is payable on 2 November 2007 to shareholders on the register at close of business on 12 October 2007.

7. Earnings Per Share

	26 Weeks to 30.6.07 £'000	26 Weeks to 30.6.06 £'000	52 Weeks to 31.12.06 £'000
Profit for the period	73,228	57,144	95,655
Preference dividend	(76)	(76)	(152)
Profit after tax for basic EPS earnings	73,152	57,068	95,503
Non-recurring items (after tax) – see note 4 & 5	(18,093)	1,600	9,838
Underlying EPS earnings	55,059	58,668	105,341
Number of shares	000's	000's	000's
Weighted number of ordinary shares for the purpose of basic EPS	288,000	287,057	287,328
Effect of dilutive potential ordinary shares – share options	454	1,166	954
Number of shares – diluted earnings per share	288,454	288,223	288,282

**Notes to the Interim Financial Information
(unaudited) – continued**

7. Earnings Per Share (continued)

	26 Weeks to 30.6.07 Pence	26 Weeks to 30.6.06 Pence	52 Weeks to 31.12.06 Pence
Earnings per share			
Underlying earnings per share	19.12	20.44	36.66
Non-recurring items	6.28	(0.56)	(3.42)
<hr/>			
Earnings per share – basic	25.40	19.88	33.24
<hr/>			
Earnings per share – diluted	25.36	19.80	33.13

In the current period earnings per share has benefited from the reduction of 2% in the rate of corporation tax within the 2007 Finance Act. The UK deferred tax provision has been reduced by 2% and, in line with IFRS, the majority of this impact requires to be reflected in the Income Statement because it refers to the deferred tax on the value of the Group's publishing titles. The tax charge has been reduced by £25,929,000 as a consequence. This has no impact on the underlying EPS calculation.

8. Investment Income

	26 Weeks to 30.6.07 £'000	26 Weeks to 30.6.06 £'000	52 Weeks to 31.12.06 £'000
Interest on bank deposits	203	327	504
Income from available-for-sale investments	46	78	79
<hr/>			
	249	405	583

9. Finance Costs

a) Net finance income on pension assets/liabilities

	26 Weeks to 30.6.07 £'000	26 Weeks to 30.6.06 £'000	52 Weeks to 31.12.06 £'000
Interest on pension liabilities	10,701	7,350	19,217
Expected return on pension assets	(12,935)	(8,822)	(22,599)
<hr/>			
Net finance income on pension assets/liabilities	(2,234)	(1,472)	(3,382)

b) Finance costs

Interest on bank overdrafts and loans	22,759	21,347	43,752
Interest on obligations under finance leases	1	14	15
Amortisation of term debt issue costs	195	160	334
<hr/>			
Total finance costs	22,955	21,521	44,101

Notes to the Interim Financial Information (unaudited) – continued

10. Derivative Financial Instruments

The Group has applied hedge accounting in accordance with the provisions of IAS 39.

The fair value of the Group's financial instruments is as follows:

	30.6.07
	£'000
	Liabilities
Cross-currency and other interest rate swaps	
Closing balance at 31 December 2006	11,539
Movement in fair value during the period including exchange movements	(123)
<hr/>	
Closing balance at 30 June 2007	11,416
<hr/>	
Current	—
Non-current	11,416
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In the period to 30 June 2006 the dollar denominated senior notes were translated at the hedge contracted rate. The opening balances for these senior notes and the related hedging translation reserve have been restated at the applicable period end rate. There is no impact on net income reported in the prior period.

11. Notes to the Cash Flow Statement

	26 Weeks to	26 Weeks to	52 Weeks to
	30.6.07	30.6.06	31.12.06
	£'000	£'000	£'000
Operating profit	87,981	99,402	171,630
Adjustment for:			
Goodwill adjustment - non-recurring	5,669	—	—
Depreciation of property, plant and equipment	11,515	10,011	29,785
Cost of LTIP benefits	1,173	240	2,281
Profit on disposal of property, plant and equipment	(87)	(1,583)	(3,175)
Currency differences	444	94	(328)
IAS 19 pension funding	(150)	(944)	(1,652)
Decrease/(increase) in inventories	1,546	1,652	(151)
Increase in receivables	(17,362)	(16,735)	(5,405)
Decrease/(increase) in payables	3,911	(3,941)	(5,845)
<hr/>			
Cash generated from operations	94,640	88,196	187,140
<hr/>			

**Notes to the Interim Financial Information
(unaudited) – continued**

12. Net Debt

	1.1.07 £'000	Cash Flow £'000	Non-cash Changes £'000	30.6.07 £'000
Net debt				
Debts due after one year				
Bank loans	(546,408)	21,240	—	(525,168)
Loan notes	(8,101)	—	—	(8,101)
Senior notes	(197,819)	—	3,082	(194,737)
Term debt issue costs	1,179	—	(195)	984
	(751,149)	21,240	2,887	(727,022)
Debts due within one year				
Bank overdraft	(2,119)	(8,802)	—	(10,921)
Loan notes	(171)	—	—	(171)
Finance leases	(5)	1	—	(4)
Term debt issue costs	396	—	—	396
	(1,899)	(8,801)	—	(10,700)
Cash and cash equivalents	24,636	1,057	—	25,693
Impact of currency hedges	(18,009)	—	(3,082)	(21,091)
Net debt	(746,421)	13,496	(195)	(733,120)

The analysis of net debt is as follows:

	30.6.07 £'000	Restated (note 10) 30.6.06 £'000	31.12.06 £'000
Cash and cash equivalents	25,693	24,991	24,636
Bank overdrafts	(10,921)	(3,536)	(2,119)
Net cash balances	14,772	21,455	22,517
Debt due within one year	225	(5,263)	225
Debt due after one year	(727,022)	(779,373)	(751,149)
Finance leases	(4)	(34)	(5)
Fair value of currency hedges	(21,091)	(7,174)	(18,009)
Bank loans, loan notes and finance leases	(747,892)	(791,844)	(768,938)
Net debt	(733,120)	(770,389)	(746,421)

Notes to the Interim Financial Information (unaudited) – continued

13. Share-Based Payments

The Group issues share-based benefits to employees. These share-based payments have been measured at their fair value at the date of grant and the fair value of expected shares is being expensed to the Income Statement on a straight-line basis over the vesting period. Fair value has been measured using the Black Scholes model and adjusted to reflect the most likely share vesting and exercise pattern. The impact on the accounting periods has been:

	30.6.07 £'000	30.6.06 £'000	31.12.06 £'000
Included in operating expenses	784	694	1,495

The cumulative provision for share-based payments of £4,072,000 (2006: £3,464,000) is shown as a reserve on the Balance Sheet.

14. Acquisition

On 23 April 2007, the Group acquired eight weekly newspaper titles in Scotland from Archant Limited for a cash consideration of £11,205,000. This transaction has been accounted for by the purchase method of accounting.

The net assets acquired, and the goodwill arising, are as follows:

	Book Value £'000	Fair Value Adjustments £'000	Fair Value £'000
Goodwill	—	2,862	2,862
Publishing titles	—	10,220	10,220
Property, plant and equipment	111	392	503
Inventories	59	(29)	30
Trade and other receivables	901	(17)	884
Cash and cash equivalents	1	—	1
Trade and other payables	(102)	(189)	(291)
Taxation	—	76	76
Deferred tax liability on publishing titles	—	(2,862)	(2,862)
	970	10,453	
Total consideration			11,423

**Notes to the Interim Financial Information
(unaudited) – continued**

14. Acquisition (continued)

	£'000
Satisfied by:	
Cash	11,205
Directly attributable costs	218
	<hr/> 11,423
Net cash flows arising on consolidation	
Cash consideration	11,413
Cash and cash equivalents acquired	(1)
Net cash outflow arising on completion	<hr/> 11,412

The resultant impact of this acquisition on goodwill and other intangible assets is as follows:

	Goodwill £'000	Publishing Titles £'000
Cost		
At 1 January 2007	130,271	1,353,462
Acquisition	2,862	10,220
Non-recurring adjustment - see note 5b	(5,669)	—
	<hr/> 127,464	<hr/> 1,363,682
At 30 June 2007		
Accumulated impairment losses		
At 1 January 2007 and 30 June 2007	—	—
	<hr/>	<hr/>
Carrying amount		
At 30 June 2007	<hr/> 127,464	<hr/> 1,363,682
At 31 December 2006	<hr/> 130,271	<hr/> 1,353,462

**Notes to the Interim Financial Information
(unaudited) – continued**

15. Retirement Benefit Obligation

The valuation of the Group's pension scheme is updated at the end of each accounting year and at the half year. Full details of the valuation at 31 December 2006 are outlined in the financial statements to that date. The major assumptions and disclosures for the 26 weeks to 30 June 2007 and the 52 weeks to 31 December 2006 are as follows.

Major assumptions:	Valuation at 30.06.07	Valuation at 31.12.06
Discount rate	5.8%	5.1%
Expected return on scheme assets	6.9%	6.9%
Expected rate of salary increases	4.1%	3.8%
Future pension increases	3.1%	2.8%
Life expectancy		
Male	18.1 years	18.1 years
Female	21.0 years	21.0 years
	26 Weeks to 30.06.07 £'000	52 Weeks to 31.12.06 £'000
Amounts recognised in the Income Statement in respect of defined benefit schemes:		
Current service cost	2,274	5,194
Interest cost	10,701	19,217
Expected return on scheme assets	(12,935)	(22,599)
	40	1,812
	30.06.07 £'000	31.12.06 £'000
Amounts included in the balance sheet:		
Present value of defined benefit obligations	393,739	420,913
Fair value of scheme assets	(386,733)	(375,474)
Total liability recognised in balance sheet	7,006	45,439
Amount included in current liabilities	(4,548)	(4,272)
Amount included in non-current liabilities	2,458	41,167

**Notes to the Interim Financial Information
(unaudited) – continued**

16. Post Balance Sheet Event

On 15 August 2007 the Group disposed of Best Asian Media Limited, although it retains the rights to the publishing titles of that business. This will ensure a future income stream from the revenues associated with those titles. There will be a loss on disposal as a result which will be reflected in the accounts for the year to 31 December 2007.

17. Contingent Liability

In March 2004, HMRC issued a tax assessment for £86 million against one of the RIM Group companies Johnston Press acquired in 2002. With interest the potential liability now exceeds £100 million. The assessment relates to the sale of the RIM companies by United Business Media Plc (UBM) in 1998. At a Special Commissioner's hearing in 2006, the Chairman ruled in favour of HMRC. This decision was appealed to the High Court and in March of this year the Judge upheld the decision of the Special Commissioner. An appeal has been lodged with the Court of Appeal and this will be heard in the Spring of 2008. The Group understands UBM remains confident of an eventual successful outcome and no provision has been made in these financial statements. In the event of proven liability the Group holds a full tax indemnity from UBM.