



For Immediate Release

28 August 2009

INTERIM RESULTS FOR THE 26 WEEKS ENDED 30 JUNE 2009

Johnston Press plc, one of the leading community media groups in the UK and Ireland, announces interim results for the 26 weeks ended 30 June 2009.

KEY FINANCIALS

	<u>Before non-recurring items and IAS 21/39</u>			<u>After non-recurring items and IAS21/39</u>		
	2009 26 Weeks £m	2008 26 Weeks £m	Change %	2009 26 Weeks £m	2008 26 Weeks £m	Change %
Revenue	218.6	293.1	-25.4	218.6	293.1	-25.4
Operating profit/(loss)	38.2	81.6	-53.2	(93.6)	(34.5)	n/a
Profit/(loss) before tax	27.5	62.5	-56.1	(94.2)	(53.7)	n/a
Earnings per share	3.15p	10.59p	-70.3	(10.57)p	(15.13)p	n/a

- New finance facilities agreed to cover next 3 years
- Total revenues of £218.6m down 25.4% on the same period in the prior year
- Total advertising revenues down 32.7% on same period in prior year
- Operating profit (pre non-recurring and IAS21/39) of £38.2m representing an operating margin of 17.5%
- Total costs (excluding non-recurring items) down £31.0m (15%) on the same period last year
- £126.0m pre-tax impairment charge against intangibles
- Net debt reduced by £52.8m since start of year
- Advertising revenues stabilising first 8 weeks of 2nd half are 26.1% down year-on-year

OUTLOOK

Chief Executive Officer, John Fry said

"The timing of the economic upturn remains uncertain but advertising revenues are demonstrating greater stability and we expect the cyclical improvement when it comes to more than compensate any ongoing structural change. We will maintain our focus on costs and look to secure additional operating efficiencies during the second half of the year."

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Johnston Press plc

Chief Executive's Half Year Statement

In the first half of 2009, trading has been significantly impacted by the recession in the UK and Republic of Ireland. Notwithstanding this, the business has returned an operating margin of 17.5% in the period, realised cost savings of 15.0% and reduced net debt by £52.8 million to £424.0 million.

Negotiations with our lenders have been completed and have resulted in a revised facility being agreed. This facility provides a stable financial platform, allowing the Group to actively manage through the current cycle.

In the six months to June 2009, the Group reported operating profit before non-recurring items of £38.2 million (2008 £81.6 million) on revenues of £218.6 million (2008 £293.1 million). To mitigate the impact of the decline in revenue, the Group has focused on a series of cost reduction projects, yielding savings of 15% in the first half. As a result, full-time equivalent headcount is down from 6,408 to 5,969. Cost reductions have also been achieved by focusing on improving processes, investing in better systems and centralisation of key functions. This has enabled a better service to customers as well as reducing our costs. Related non-recurring expenses of £5.4 million were incurred.

Despite the difficult advertising environment, the Group has remained strongly cash generative. Net debt has been reduced by £52.8 million to £424.0 million at the half year. Most of the improvement is due to cash generated by the business through a combination of firm cost control, reduced capital expenditure and tight control of debtors. The improvement in the value of the Sterling against the Euro contributed £17.6 million. Most of this improvement has been locked in by reducing the value of our Euro debt from €173.6 million to €48.5 million.

A further impairment charge of £126.0 million has been made at the half year in response to the continued difficult trading environment. Since the beginning of last year, the Group has reduced the carrying value of its publishing titles and goodwill by a total of £543.5 million.

The Company has been in negotiations with its lenders and has reached agreement on a new three-year facility. While the cost of borrowing in the current market has increased considerably, these arrangements allow the Group to actively manage through the current cycle.

Earnings per share before non-recurring items and IAS 21/39 adjustments were 3.15p (2008 10.59p).

No interim dividend has been proposed in the first half of the year.

Business Environment and the Market Place

As the UK (and Republic of Ireland) tipped into recession during the second quarter of 2008, we saw an immediate change in our advertising trends. Advertising became progressively more difficult throughout the year with advertising declines hitting their worst point in January 2009. Since then, we have seen a stabilising trend in the advertising environment with the first quarter down 34.0% and a slight improvement in the second quarter, down 31.4%. As we have now passed the point at which declines started to accelerate in 2008, we expect a reduction in year-on-year declines during the rest of this year.

Recent statistics reported by the Advertising Association show that total UK advertising has decreased by 16.3% during the first quarter of this year. All forms of media were in decline except for digital advertising which grew 1.3%. Regional Press has suffered more than other media due to its reliance on recruitment and property and continuing structural change. Digital advertising continues to take market share from all other media channels though there appears to be a slowing in its rate of growth. As we come out of the recession we expect further losses of share to digital competitors though at a slower rate than before. Display advertising has continued to be more stable, though has also experienced declines this year in line with other advertising.

Refinancing

The 2008 Annual Report referred to a material uncertainty relating to a possible breach of the covenant tests in the Group's finance facilities. It was noted that this risk would be eliminated by either the disposal of the Republic of Ireland business or the refinancing of the finance facilities, but neither was in the control of the Company. It was decided in May that it was not the right decision to dispose of the Irish titles at that time. In March, negotiations commenced with all the Group's lenders with a view to amending the existing facilities or putting in place a new arrangement. At 30 June 2009 all lenders waived certain of the covenant tests that were due at that date, deferring

them until the test date of 31 August 2009. Discussions with all lenders have continued throughout the last period as announced in our press release on 29 June 2009.

A three-year facility amounting to £485 million has been negotiated by way of an override agreement which amends and extends the terms of the current bank facility and loan note agreements until 2012. Of the total facility, £161 million relates to the private placement loan notes. The starting and maximum cash margin in the case of the banks is LIBOR plus 4.15% and, in the case of the loan notes, a note coupon of 9.45%. The interest rates are based on leverage multiples and reduce based on agreed ratchets; the first reduction occurs when the leverage reduces below 4.5 times. Fees are payable based on 1.625% of the total facility and a further 0.875% to the banks for extending the current term of the existing facility. The facility is secured and share warrants over 5% of the Company's share capital have been agreed to be provided to the banks and loan note holders. There is an agreed amortisation schedule of £75 million over the three years on which no make whole payment to the private placement loan notes is applicable.

In addition to the cash margin, a pay-in-kind (PIK) margin will accumulate and is payable at the end of the facility. This margin increases throughout the period of the facility. If, by 15 May 2010, an amount of £85 million or more is repaid, the PIK margin is eliminated throughout the period of the agreement. The PIK margin is also eliminated from the time £85 million has been repaid if this occurs after 15 May 2010. In addition, any funds raised to reduce debt up to 15 May 2010 will not attract any make whole payment.

There are five covenant tests included, the majority of which will be tested quarterly, the first test being on 30 September 2009. The quarterly tests will be net debt to EBITDA, interest cover and debt service cover, together with net worth which will be tested every six months and capital expenditure on an annual basis.

The Board has undertaken a recent and thorough review of the Group's forecasts and associated risks; these forecasts extend for a period beyond one year from the date of approval of these interim financial statements. The extent of this review reflects the uncertain economic outlook and the significant reductions and increased volatility in advertising revenues experienced across the publishing and media sectors, which has continued through the first half of 2009. The forecasts make key assumptions, based on information available to the Directors, around:

- Future advertising revenues, which show a reduction in the level of revenues in the second half of 2009 and early 2010 reflecting the current external economic environment, consistent with current market views on likely advertising revenue trends
- Further cost reduction measures to reflect the reduced revenues in the business
- Interest rates, which are assumed to increase to the new rates under the override agreement with effect from 1 September 2009

After applying reasonable downside scenarios to the Group's forecasts, which extend beyond one year from the date of signing these interim financial statements, the Directors are satisfied that the Group would continue to operate within the covenants determined by the override agreement.

This facility was signed on 28 August 2009. The Board is pleased that this removes the material uncertainties that were outlined in the 2008 Annual Report and Accounts and the Group continues to be a going concern.

Trading Review and Summary Performance

As indicated in the Interim Management Statement published on 13 May 2009, advertising revenues continue to suffer from the effects of the recession. For the 6 months to 30 June 2009 they were down by 32.7% on the same period in 2008. In print they were down by 33.5% and for the first time since the Group separately identified digital revenues as an income stream, they declined by 18.8%. Year-on-year the advertising revenue declines for the first 6 months of 2009 varied significantly across the categories with classified advertising being the most difficult; employment revenues were down by 53.8%, property by 54.2%, motors by 29.3% and other classified by 11.5%. Display revenues, which have historically been more resilient during periods of recession, declined by 16.3%.

Newspaper sales revenues were down 1.9% on the comparable period in the prior year with circulations declining by an average of 7.7% across our daily titles and 7.1% across our weekly titles, being only partially offset by cover price increases. Due to the fall in advertising revenues, circulation revenues now make up 23.1% of total revenues, up from 17.6% in the first half of last year. Contract printing revenues were down 8.6% year-on-year, reflecting reduced volumes and the closure of some publications that we previously printed under contract.

As mentioned above, advertising revenues associated with our digital publishing activities also saw the effect of the current recessionary times. During 2008 we saw rapid growth in the first half (+52.4%) which was followed by slowing growth through the second half of the year. Moving into 2009, we have seen declines in this revenue stream, mainly associated with the employment related categories. For the 6 months to 30 June 2009, digital revenues were down 18.8% year-on-year and the proportion of employment related categories within this declined from 48.1% to 35.8%.

Other revenues also declined, primarily as a result of a reduction in the number of leaflets distributed with our free newspapers. This reduction was down to two principal elements, the first being the economic environment where leaflet revenue would traditionally be closely associated with display revenue, and the second being the reduction in the number of free copies we have distributed. This reduction in free newspaper copies was a deliberate decision based on saving costs and has been targeted in those areas of least value to the advertiser.

Total revenues for the first 6 months of 2009 were £218.6 million, down 25.4% on the same period in 2008.

More detail is included in the next section of this report around the reorganisation and efficiency initiatives taking place throughout the Group, however, it should be noted at this stage that total costs for the first 6 months of 2009 were £180.4 million, down £31.0 million on the same period last year. This represents a 15% reduction despite increases in newsprint costs approaching 20%, which have been offset by tight management of consumption.

Operating profit, before non-recurring items and IAS 21/39 adjustments, for the first 6 months of 2009 was £38.2 million, representing a margin of 17.5%. This is a significant reduction from the margin of 27.9% recorded in the same period last year but, with revenues £74.5 million lower and the majority of our cost base relatively fixed in the short term, a creditable performance.

In terms of non-recurring items, there were two main categories in the first half of the year, the first being reorganisation and redundancy costs. These totalled £5.4 million and were associated, in the main, with the reduction in full-time equivalent headcount of 439 that we saw over the period. These costs will have a pay-back in the remainder of this year and into 2010 as we benefit from the related operating efficiencies. The other main category of non-recurring items was the impairment of our publishing titles. Despite taking a significant impairment of £417.5 million in the year ended 31 December 2008, the Group has taken a further net charge of £126.0 million in the first 6 months of 2009. This impairment has been taken as the trading performance in the first 6 months of this year has continued to be impacted by the depth of the recession. The balance of non-recurring costs, £0.5 million, relates to the aborted disposal of the Republic of Ireland businesses.

Cost Management & Organisational Structure

The challenging trading conditions experienced in the first half of the year heightened focus on the Group's already established practice of evolving the organisation structure in order that benefits of scale can be achieved whilst at the same time improving the local service offered to advertisers and readers.

A major part of this strategy was the implementation of a new IT infrastructure with advertising, editorial and financial systems now on a single data hub serving the whole Group. The project was largely completed in the first half of the year and led to a number of transformational changes to the Group's organisation structure.

These changes, which are part of a continuous improvement plan, are based on the principles of consolidating services in fewer centres whilst keeping news gathering, local advertising interaction and community service at the heart of the markets we serve. A number of telephone call centres have been established, bringing disparate teams into regional units to serve both inbound enquiries and external canvassing. This has led to an improved service for advertisers and better opportunities for our staff to progress their careers by developing their skills. There are currently 20 call centres across the Group's operating divisions.

In a similar way the editorial production process has been streamlined by creating page assembly hubs that serve a cross-section of titles rather than being newspaper specific. This has worked particularly well and has enabled the core skill of newspaper design to be shared across Group companies. It frees editors of the production tasks associated with the newspaper, leaving them to concentrate on the news gathering and community leadership aspects so crucial to local community publishing. In addition, preparatory work has been completed and orders placed for new technology to enable editorial stories to be created in a media neutral way and used for services on the local website, in the local newspaper or accessed by mobile phone. This will enhance the already popular services offered to advertisers, readers and viewers and ensure that related workflow is achieved with optimum efficiency.

Action was also taken during the early part of the year to ensure that advertisement production and publishing administration were aligned to the current level of business activity with production centres consolidated into fewer units. The Print Division improved efficiency further with the main centres in Dinnington and Portsmouth undertaking additional work, making it possible to reduce production shifts in Sunderland and Peterborough.

Reviews have also taken place within finance, HR, training and central services and savings identified and applied. As a consequence of one such review, the Group Head Office has been relocated to the Edinburgh publishing centre.

All of these changes have been made with the customer at the forefront of the decision making process, ensuring the business is fit for purpose in this challenging period and ready to benefit from any improvement in trading.

Digital

Despite the constraints put on the Group by the economic recession, we are continuing to invest in our digital business. A joint venture has been agreed with Daily Mail & General Trust to use their Jobsite software as the core of our digital recruitment offering. This has enabled us to upgrade rapidly the service that we offer to recruitment advertisers including a package of both local and national sites. The new offering has gone live in August.

The Group intends to improve its other classified offerings by working with partners rather than developing its own platforms. This will enable the Group to utilise the best possible solutions to most rapidly reach the market as opposed to the previous approach of in house development. Additionally, work has begun on improvements to our local sites to improve their capability and broaden their offering.

Cash Flow

The effective management of cash and reduction of debt remains a key focus and in the face of the unprecedented falls in advertising revenue, there has been great focus on managing the Company's cash and reducing debt levels. In the first 6 months of 2009, net debt has reduced from £476.8 million to £424.0 million, a reduction of £52.8 million. This reduction has been achieved through tight management of working capital, reduced levels of capital expenditure, cost saving initiatives and some favourable movement in the translation of our Euro denominated debt. Given the desire to remove any future significant impact on translation of our Euro denominated debt, the quantum of this debt has been reduced from €173.6 million at the end of December 2008 to €48.5 million at 30 June 2009.

Business Risks

The principal risks that the business faces were described in detail in the 2008 Annual Report and Accounts. The most significant risk highlighted in those accounts was the liquidity risk associated with the potential breach of our lenders' financial covenants. As described earlier in this review, these risks have been addressed in the short to medium term through the new financing arrangements that have been put in place. Longer term the Group needs to ensure it achieves an optimum capital structure, recognizing the cyclical nature and the structural issues facing our business. These cyclical and structural challenges which affect advertising revenues in particular continue to represent the biggest trading risk. As noted above, we have been proactively managing our cost base in an effort to ensure that the business can continue to deliver acceptable margins, albeit from a lower revenue base.

The cyclical downturn has hit all forms of print advertising and there has also been a significant slow down in digital advertising revenues. We do still expect further migration of revenues from print to digital media but now feel the worst is behind us. The business needs to grow its cross media audience and ensure the content remains compelling to readers and therefore of high value to advertisers. Within the audience there is a risk that the Group's printed titles lose some of their relevance to their target audience especially in an environment where there are numerous alternative ways of consuming the news agenda. Whilst at the local level this is not as pronounced, we still have to compete with the regional activities of the publicly funded BBC digital presence which, because of their funding arrangements and the absence of any requirement to make any sort of financial return, distorts the markets within which they operate through making the charging for news content extremely difficult.

Over the short term the business continues to face risk associated with the economic environment principally in the UK but also in the Republic of Ireland. Should the UK economy fall deeper into recession, this will undoubtedly negatively impact the Group's financial performance.

The risk of growing pension liabilities, as evidenced by the increase in the IAS 19 deficit in the first half, is another challenge for the Group and we continue to work with the Trustees in order to find the best way to address this.

Board Changes

There have been a number of changes to the Board during the last six months. As explained in detail in the Chairman's Statement in the 2008 Annual Report, Simon Waugh resigned from the Board on 30 January 2009 and, at the AGM in April 2009, Roger Parry and Gavin Patterson did not seek re-election. We are grateful to all three for their service to the Group and wish them every success in their future ventures. Ian Russell succeeded Roger Parry as Chairman in March.

In the 2008 Annual Report, we explained that the Nomination Committee were looking to recruit three new independent Non-Executive Directors. Mark Pain was appointed a Non-Executive Director on 1 May 2009 and, with his significant financial experience, was appointed as Chair of the Audit Committee. Mark was most recently Group Finance Director of Barratt Developments plc and is a Non-Executive Director of Punch Taverns plc. On 13 July 2009, Camilla Rhodes was appointed a Non-Executive Director. Camilla is a very experienced media executive who has held a number of senior positions during a 28-year career at News International.

The Nomination Committee is actively engaged in identifying the third addition to the Board and it is hoped that this appointment will be announced before the end of the year. Once this appointment is made, the Board will be properly balanced in accordance with Corporate Governance best practice.

Outlook

The timing of the economic upturn remains uncertain but advertising revenues are demonstrating greater stability and we expect the cyclical improvement when it comes to more than compensate any structural change. We will maintain our focus on costs and look to secure operating efficiencies during the second half of the year.

John Fry

Chief Executive Officer

28 August 2009

Responsibility Statement

We confirm that to the best of our knowledge:

- (a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';
- (b) the Chief Executive's Half Year Statement includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- (c) the Chief Executive's Half Year Statement includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board

John Fry
Chief Executive Officer
28 August 2009

Stuart Paterson
Chief Financial Officer
28 August 2009

Independent Review Report to Johnston Press plc 26 Weeks to 30 June 2009

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the 26 weeks ended 30 June 2009 which comprises the Group Income Statement, Group Statement of Financial Position, Group Statement of Cash Flows, Group Statement of Comprehensive Income, Group Reconciliation of Shareholders' Equity and related notes 1 to 16. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" 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 half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the 26 weeks ended 30 June 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP

Chartered Accountants and Statutory Auditors
Edinburgh, United Kingdom
28 August 2009

Group Income Statement (unaudited)

26 Weeks to 30 June 2009

	Notes	26 weeks to 30.06.09				26 weeks to 30.06.08			52 Weeks
		Before non-recurring items £'000	Non-recurring items £'000	IAS 21/39 £'000	Total £'000	Before non-recurring items £'000	Non-recurring items £'000	Total £'000	to 31.12.08 Total £'000
Revenue	3a	218,604	—	—	218,604	293,059	—	293,059	531,899
Cost of sales		(133,763)	—	—	(133,763)	(153,101)	—	(153,101)	(294,787)
Gross profit		84,841	—	—	84,841	139,958	—	139,958	237,112
Operating expenses	4	(46,619)	(5,849)	—	(52,468)	(58,311)	(1,864)	(60,175)	(125,373)
Impairment of intangibles	4	—	(126,000)	—	(126,000)	—	(109,000)	(109,000)	(417,522)
Intangible adjustment	4	—	—	—	—	—	(5,312)	(5,312)	(93,893)
Total operating expenses		(46,619)	(131,849)	—	(178,468)	(58,311)	(116,176)	(174,487)	(636,788)
Operating profit/(loss)	3	38,222	(131,849)	—	(93,627)	81,647	(116,176)	(34,529)	(399,676)
Investment income	8	57	—	—	57	564	—	564	807
Net finance income on pension assets/liabilities	9a	95	—	—	95	1,809	—	1,809	3,489
Change in fair value of hedges	10	—	—	(23,320)	(23,320)	—	—	—	—
Retranslation of USD debt	12	—	—	15,965	15,965	—	—	—	—
Retranslation of Euro debt	12	—	—	17,592	17,592	—	—	—	—
Finance costs	9b	(10,933)	—	—	(10,933)	(21,530)	—	(21,530)	(33,963)
Share of results of associates		15	—	—	15	36	—	36	85
Profit/(loss) before tax		27,456	(131,849)	10,237	(94,156)	62,526	(116,176)	(53,650)	(429,258)
Tax	5	(7,230)	31,618	2,223	26,611	(17,024)	5,843	(11,181)	63,788
Profit/(loss) for the period		20,226	(100,231)	12,460	(67,545)	45,502	(110,333)	(64,831)	(365,470)
Earnings per share (p)	7								
- Basic		3.15	(15.67)	1.95	(10.57)	10.59	(25.72)	(15.13)	(67.99)
- Diluted		3.15	(15.67)	1.95	(10.57)	10.59	(25.72)	(15.13)	(67.99)

All of the revenue and profit/(loss) above is derived from continuing operations.

Group Statement of Comprehensive Income (unaudited)
26 Weeks to 30 June 2009

	Revaluation Reserve £'000	Hedging and Translation Reserve £'000	Retained Earnings £'000	Total £'000
Loss for the period	—	—	(67,545)	(67,545)
Actuarial loss on defined benefit pension schemes (net of tax)	—	—	(42,395)	(42,395)
Revaluation adjustment	(34)	—	34	—
Exchange differences on translation of foreign operations	—	(16,368)	—	(16,368)
Deferred taxation	—	2,372	—	2,372
Total comprehensive income for the period	(34)	(13,996)	(109,906)	(123,936)

Group Statement of Comprehensive Income (unaudited)
26 Weeks to 30 June 2008

	Revaluation Reserve £'000	Hedging and Translation Reserve £'000	Retained Earnings £'000	Total £'000
Loss for the period	—	—	(64,831)	(64,831)
Actuarial gain on defined benefit pension schemes (net of tax)	—	—	699	699
Revaluation adjustment	(32)	—	32	—
Exchange differences on translation of foreign operations	—	4,788	—	4,788
Change in fair value of financial instruments	—	5,589	—	5,589
Deferred taxation	—	(1,528)	(342)	(1,870)
Total comprehensive income for the period	(32)	8,849	(64,442)	(55,625)

Group Reconciliation of Shareholders' Equity (unaudited)

26 Weeks to 30 June 2009

	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	65,080	502,818	10,064	2,396	(4,412)	26,561	(88,687)	513,820
Total comprehensive income for the period	—	—	—	(34)	—	(13,996)	(109,906)	(123,936)
Recognised directly in equity								
Dividends (note 6)	—	—	—	—	—	—	(76)	(76)
Provision for share-based payments	—	—	(849)	—	—	—	—	(849)
Net change directly in equity	—	—	(849)	—	—	—	(76)	(925)
Total movements	—	—	(849)	(34)	—	(13,996)	(109,982)	(124,861)
Equity at the end of the period	65,080	502,818	9,215	2,362	(4,412)	12,565	(198,669)	388,959

Group Reconciliation of Shareholders' Equity (unaudited)

26 Weeks to 30 June 2008

	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	29,944	332,750	8,679	2,459	(3,435)	8,131	305,247	683,775
Total comprehensive income for the period	—	—	—	(32)	—	8,849	(64,442)	(55,625)
Recognised directly in equity								
Dividends (note 6)	—	—	—	—	—	—	(19,345)	(19,345)
New share capital subscribed	35,136	170,069	—	—	—	—	—	205,205
Provision for share-based payments	—	—	1,203	—	—	—	—	1,203
Net change directly in equity	35,136	170,069	1,203	—	—	—	(19,345)	187,063
Total movements	35,136	170,069	1,203	(32)	—	8,849	(83,787)	131,438
Equity at the end of the period	65,080	502,819	9,882	2,427	(3,435)	16,980	221,460	815,213

Group Statement of Financial Position (unaudited)
At 30 June 2009

	Notes	30.06.09 £'000	30.06.08 £'000	31.12.08 £'000
Non-current assets				
Goodwill	14	864	51,287	864
Other intangible assets	14	916,796	1,354,424	1,057,022
Property, plant and equipment		247,684	273,099	260,498
Available-for-sale investments		2,712	2,712	2,712
Interests in associates		23	75	60
Trade and other receivables		22	2	18
Derivative financial instruments	10	13,729	9,524	36,488
		1,181,830	1,691,123	1,357,662
Current assets				
Inventories		3,830	3,703	6,557
Trade and other receivables	16	143,234	180,326	149,268
Cash and cash equivalents		24,438	30,433	20,135
Derivative financial instruments	10	—	—	303
		171,502	214,462	176,263
Total assets		1,353,332	1,905,585	1,533,925
Current liabilities				
Trade and other payables		52,634	68,327	54,319
Tax liabilities	16	105,248	104,412	99,705
Obligations under finance leases		8	14	13
Retirement benefit obligation	15	5,980	3,100	5,980
Bank overdrafts and loans		4,747	6,767	7,864
Derivative financial instruments	10	3,132	—	—
		171,749	182,620	167,881
Non-current liabilities				
Borrowings		448,976	487,054	510,311
Retirement benefit obligation	15	67,471	5,296	12,231
Derivative financial instruments	10	4,741	15,825	7,615
Deferred tax liabilities		267,574	396,579	318,692
Trade and other payables		2,049	1,427	1,802
Long term provisions		1,813	1,571	1,573
		792,624	907,752	852,224
Total liabilities		964,373	1,090,372	1,020,105
Net assets		388,959	815,213	513,820
Equity				
Share capital		65,080	65,080	65,080
Share premium account		502,818	502,819	502,818
Share-based payments reserve		9,215	9,882	10,064
Revaluation reserve		2,362	2,427	2,396
Own shares		(4,412)	(3,435)	(4,412)
Hedging and translation reserve		12,565	16,980	26,561
Retained earnings		(198,669)	221,460	(88,687)
Total equity		388,959	815,213	513,820

Group Statement of Cash Flows (unaudited)
26 Weeks to 30 June 2009

	Notes	26 Weeks to 30.06.09 £'000	26 Weeks to 30.06.08 £'000	52 Weeks to 31.12.08 £'000
Cash flows from operating activities				
Cash generated from operations	11	47,971	78,993	144,548
Income tax paid		(120)	(7,994)	(17,635)
Net cash from operating activities		47,851	70,999	126,913
Investing activities				
Interest received		54	562	807
Dividends received from associated undertakings		55	2	64
Proceeds on disposal of property, plant and equipment		492	11	1,791
Purchases of property, plant and equipment		(1,027)	(16,441)	(23,221)
Acquisition of businesses		—	(1,529)	(1,530)
Net cash in businesses acquired		—	51	51
Net cash used in investing activities		(426)	(17,344)	(22,038)
Financing activities				
Dividends paid		(76)	(19,345)	(19,419)
Interest paid		(11,707)	(22,135)	(33,053)
Repayment of borrowings		(27,892)	(195,467)	(184,467)
Repayment of senior notes		—	—	(61,644)
Payments under finance leases		(5)	(3)	(4)
Issue of shares		—	42,744	42,744
Net proceeds from rights issue		—	162,461	162,460
Purchase of own shares		—	—	(977)
Decrease in bank overdrafts		(3,442)	(8,947)	(7,850)
Net cash used in financing activities		(43,122)	(40,692)	(102,210)
Net increase in cash and cash equivalents		4,303	12,963	2,665
Cash and cash equivalents at the beginning of period		20,135	17,470	17,470
Cash and cash equivalents at the end of period		24,438	30,433	20,135

Notes to the Interim Financial Information (unaudited)

1. General Information

The condensed financial information for the 26 weeks to 30 June 2009 does not constitute statutory accounts for the purposes of Section 435 of the Companies Act 2006 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 2008 has been produced using extracts from the statutory accounts for this period. Consequently, this does not constitute the statutory information (as defined in section 240 of the Companies Act 1985) for the 52 weeks ended 31 December 2008, which was audited. The statutory accounts for this period have been filed with the Registrar of Companies. The auditors' report was unqualified but drew attention to matters relating to going concern by way of emphasis 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 2009 will be prepared in accordance with International Financial Reporting Standards as adopted for use in the EU ("IFRS"). The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 '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. IFRIC 14 has been taken into consideration in valuing the pension scheme at 30 June 2009 although it has no financial impact.

The Interim Report was approved by the Directors on 28 August 2009 and is being sent to shareholders on the same date. It is also available on the Company's website at www.johnstonpress.co.uk.

2. Accounting Policies

Basis of preparation

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

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executive's Half Year Statement. This statement also includes a summary of the Group's financial position, its cash flows and borrowing facilities.

As discussed in the Chief Executive's Half Year Statement, the Company concluded its discussions with lenders satisfactorily on 28 August 2009 with revised facilities being agreed as at that date. The first covenant testing date under the revised facilities will be on 30 September 2009.

Overall, the Directors believe the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook and the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current committed facilities.

After making reasonable enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the half-yearly condensed financial information.

Basis of accounting

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest audited annual financial statements, except for as described below.

Changes in accounting policy

In the current financial year, the Group has adopted International Financial Reporting Standard 8 "Operating Segments" (IFRS 8) and International Accounting Standard 1 "Presentation of Financial Statements" (revised 2007).

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 "Segment Reporting") required the Group to identify two sets of segments (business and geographical), using a risks and rewards approach, with the Group's systems of internal financial reporting to key management personnel serving only as the starting point for identification of such segments.

Notes to the Interim Financial Information (unaudited) - continued

2. Accounting Policies (continued)

The segmental information required by IAS 34, which is included in note 3 below, is presented in accordance with IFRS 8. The effect of this change in accounting policy is that additional information is disclosed in this Interim Report but there have been no changes to the information previously reported under IAS 14.

IAS 1 (revised) requires the presentation of a Statement of Changes in Equity as a primary statement, separate from the Income Statement and Statement of Comprehensive Income. This approach has previously been adopted by the Group and so there is no change as a result of this aspect of the revised Standard.

Although not a change in accounting policy, on 1 January 2009, the Group elected to de-designate its interest rate and cross currency swaps and has ceased to apply the hedge accounting principles of IAS 39 "Financial Instruments: Recognition and Measurement". The Group now re-measures each derivative at its fair value at the period end date. The resulting gain or loss is recognised in profit or loss immediately. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Critical judgements in applying the Group's accounting policies

In applying the entity's accounting policies, management has made certain judgements in respect of the identification of intangible assets based on forecasts and market analysis. The valuations of intangible assets are reviewed for impairment at each reporting date or more frequently if necessary. These judgements have the most significant effect on the amounts recognised in the Group's annual consolidated financial statements.

Key sources of estimation uncertainty

The significant assumptions concerning the key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year have been consistently applied to all the periods presented and are set out in the Group's annual consolidated financial statements.

Notes to the Interim Financial Information (unaudited) - continued**3. Business Segments**

Information reported to the Group's Chief Executive for the purposes of resource allocation and assessment of segment performance is focused on the two operating segments of Newspaper Publishing (in print and online) and Contract Printing. These are the only two operating segments of the Group and are consistent with the business segments identified under the previous Standard.

a) Segment revenues and results

	Newspaper Publishing 26 weeks to 30.06.09 £'000	Contract Printing 26 weeks to 30.06.09 £'000	Eliminations 26 weeks to 30.06.09 £'000	Group 26 weeks to 30.06.09 £'000
Revenue				
External sales	201,739	16,865	—	218,604
Inter-segment sales	—	33,325	(33,325)	—
Total revenue	201,739	50,190	(33,325)	218,604
Result				
Segment result before non-recurring items	33,911	4,311	—	38,222
Non-recurring items	(131,598)	(251)	—	(131,849)
Net segment result	(97,687)	4,060	—	(93,627)
Investment income				57
Net finance income on pension assets/liabilities				95
Finance costs				(10,933)
Net IAS 21/39 adjustments				10,237
Share of results of associates				15
Loss before tax				(94,156)
Tax				26,611
Loss after tax for the period				(67,545)

Inter-segment sales are charged on an arm's length basis.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in the Group financial statements for the 52 weeks to 31 December 2008. Segment result represents the profit/(loss) earned by each segment without allocation of the share of results of associates, investment income, finance costs (including in relation to pension assets and liabilities) and income tax expense. This is the measure reported to the Group's Chief Executive for the purposes of resource allocation and assessment of segment performance.

The Group, in common with the rest of the publishing industry, is subject to the main holiday periods of Easter, summer and Christmas. Since these periods fall across both half years, the Group's financial results are not usually subject to significant seasonal variations.

Notes to the Interim Financial Information (unaudited) - continued

3. Business Segments (continued)

a) Segment revenues and results (continued)

	Newspaper Publishing 26 weeks to 30.06.08 £'000	Contract Printing 26 weeks to 30.06.08 £'000	Eliminations 26 weeks to 30.06.08 £'000	Group 26 weeks to 30.06.08 £'000	Newspaper Publishing 52 weeks to 31.12.08 £'000	Contract Printing 52 weeks to 31.12.08 £'000	Eliminations 52 weeks to 31.12.08 £'000	Group 52 weeks to 31.12.08 £'000
Revenue								
External sales	274,490	18,569	—	293,059	496,000	35,899	—	531,899
Inter-segment sales	—	39,003	(39,003)	—	—	71,525	(71,525)	—
Total revenue	274,490	57,572	(39,003)	293,059	496,000	107,424	(71,525)	531,899
Result								
Segment result before non- recurring items	76,314	5,333	—	81,647	121,818	6,596	—	128,414
Non-recurring items	(115,264)	(912)	—	(116,176)	(521,090)	(7,000)	—	(528,090)
Net segment result	(38,950)	4,421	—	(34,529)	(399,272)	(404)	—	(399,676)
Investment income				564				807
Net finance income on pension assets/liabilities				1,809				3,489
Finance costs				(21,530)				(33,963)
Share of results of associates				36				85
Loss before tax				(53,650)				(429,258)
Tax				(11,181)				63,788
Loss after tax for the period				(64,831)				(365,470)

b) Segment assets

	30.06.09 £'000	30.06.08 £'000	31.12.08 £'000
Assets			
Newspaper Publishing	1,153,303	1,692,814	1,300,353
Contract Printing	183,588	200,535	194,069
Total segment assets	1,336,891	1,893,349	1,494,422
Unallocated assets	16,441	12,236	39,503
Consolidated total assets	1,353,332	1,905,585	1,533,925

For the purposes of monitoring segment performance and allocating resources between segments, the Group's Chief Executive monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments with the exception of available-for-sale investments and derivative financial instruments.

c) Other segment information

	Newspaper Publishing 30.06.09 £'000	Contract Printing 30.06.09 £'000	Group 30.06.09 £'000	Newspaper Publishing 30.06.08 £'000	Contract Printing 30.06.08 £'000	Group 30.06.08 £'000	Newspaper Publishing 31.12.08 £'000	Contract Printing 31.12.08 £'000	Group 31.12.08 £'000
Additions to property, plant and equipment	447	132	579	7,666	4,060	11,726	12,970	4,751	17,721
Depreciation expense	5,341	6,689	12,030	5,638	6,828	12,466	11,763	20,065	31,828
Net impairment of intangibles	126,000	—	126,000	109,000	—	109,000	417,522	—	417,522

Notes to the Interim Financial Information (unaudited) - continued

4. Non-Recurring Items

Non-recurring items within operating expenses are:

	26 Weeks to 30.06.09 £'000	26 Weeks to 30.06.08 £'000	52 Weeks to 31.12.08 £'000
Restructuring costs of existing businesses	5,369	1,864	9,675
Write down of value of presses in existing businesses	—	—	7,000
Costs relating to aborted disposal of Republic of Ireland businesses	480	—	—
Intangible adjustment	—	5,312	93,893
Impairment of intangibles	126,000	109,000	417,522
Non-recurring items	131,849	116,176	528,090

The Group tests goodwill and publishing titles every six months for impairment by preparing cash flow forecasts derived from the most recent financial forecast for the current financial year. These forecasts are discounted over a 20 year period and compared to the carrying value of the asset. Given the current difficult trading climate and, in particular, the further advertising declines seen in the first quarter of the year, this has resulted in a net impairment of £126.0 million at the end of the period.

A full explanation of the intangible adjustment in prior periods is given in note 5b.

5. Tax

a) The tax (credit)/charge comprises

	26 Weeks to 30.06.09 £'000	26 Weeks to 30.06.08 £'000	52 Weeks to 31.12.08 £'000
Corporation tax	5,761	14,814	19,459
Deferred tax			
(Credit)/charge for period	(32,372)	1,679	2,397
Charge relating to the Finance Act 2008 on abolition of IBA's	—	—	8,249
Non-recurring deferred taxation adjustment relating to the impairment of publishing titles	—	(5,312)	(93,893)
Total tax (credit)/charge	(26,611)	11,181	(63,788)
Reconciliation of tax (credit)/charge			
Standard rate of corporation tax	28%	28.5%	28.5%
Loss before tax at standard corporation tax rate	(26,364)	(15,290)	(122,339)
Tax effect of items that are not deductible or not taxable in determining taxable profit	(669)	25,131	51,679
Tax effect of share of results of associate	(4)	—	(24)
Tax effect of investment income	—	—	(1)
Effect of different tax rates on subsidiaries	1,529	1,287	(1,299)
Other items	(438)	76	—
Non-recurring charge relating to the Finance Act 2008	—	—	8,249
Under provision in prior years	(665)	(23)	(53)
Total tax (credit)/charge	(26,611)	11,181	(63,788)

Notes to the Interim Financial Information (unaudited) - continued

5. Tax (continued)

a) Tax (credit)/charge (continued)

Corporation tax for the interim period is credited at 28.3% (2008: charged at 20.8%).

The basic UK tax rate applied for the 2008 periods of 28.5% was a blended rate due to the tax rate of 30% in effect for the first quarter of 2008, changing to 28% from 1 April 2008 under the 2007 Finance Act. There was no taxation adjustment on the impairment of goodwill.

b) Intangible adjustment

Under IFRS, on acquisition of the publishing titles a deferred tax provision was created with an equal and opposite offset in goodwill. In the prior periods, the non-recurring adjustment to publishing titles was a tax credit related to the deferred tax on the publishing titles in the UK at the rate of 28% and in the Republic of Ireland at the rate of 20%. The adjustment impacted publishing titles instead of goodwill, the original offsetting entry, as IAS 36, 'Impairment of assets' dictates that any impairment must first be allocated to goodwill, regardless of how that balance arose originally. Recording the adjustment resulted in the closing deferred tax position representing the recorded value of publishing titles at the appropriate tax rates in the UK and Republic of Ireland.

There is no equivalent adjustment in the current period as there has been no impairment of goodwill. The deferred tax credit in relation to the impairment of publishing titles in the current period forms part of the deferred tax credit for the period and is the tax on the impairment at the relevant local tax rate. The closing deferred tax position in respect of publishing titles represents the book value at 28% for the UK titles and 25% (increased in 2009) for the Republic of Ireland titles.

6. Dividends

	26 Weeks to 30.06.09 £'000	26 Weeks to 30.06.08 £'000	52 Weeks to 31.12.08 £'000
Amounts recognised as distributions in the period:			
Dividends paid			
Ordinary	—	19,269	19,267
Preference	76	76	152
	76	19,345	19,419
	Pence	Pence	Pence
Dividend paid per share			
Ordinary	—	6.700	6.700
Preference	6.875	6.875	13.75

The Board has decided to pay no interim dividend. There were no dividends proposed but not paid or included in the accounting records in either of the comparative periods shown.

Notes to the Interim Financial Information (unaudited) - continued

7. Earnings Per Share

	26 Weeks to 30.06.09 £'000	26 Weeks to 30.06.08 £'000	52 Weeks to 31.12.08 £'000
Loss for the period	(67,545)	(64,831)	(365,470)
Preference dividend	(76)	(76)	(152)
Loss after tax for basic EPS earnings	(67,621)	(64,907)	(365,622)
Non-recurring items and IAS 21/39 adjustments after tax (notes 4 & 5)	87,771	110,333	437,725
Underlying EPS earnings	20,150	45,426	72,103
Number of shares	000's	000's	000's
Weighted number of ordinary shares for the purpose of basic EPS	639,740	428,856	537,785
Effect of dilutive potential ordinary shares – share options	—	2	1,544
Number of shares – diluted earnings per share	639,740	428,858	539,329

	26 Weeks to 30.06.09 Pence	26 Weeks to 30.06.08 Pence	52 Weeks to 31.12.08 Pence
Earnings per share			
Underlying earnings per share	3.15	10.59	13.41
Non-recurring items and IAS 21/39 adjustments	(13.72)	(25.72)	(81.40)
Earnings per share – basic	(10.57)	(15.13)	(67.99)
Earnings per share – diluted	(10.57)	(15.13)	(67.99)

Underlying figures are presented to show the effect of excluding non-recurring items and IAS 21/39 adjustments from earnings per share.

Diluted earnings per share are presented when a company could be called upon to issue shares that would decrease net profit or increase loss per share. Exercising out of the money options would have the effect of reducing the loss per share; as a result no adjustment has been made in any of the reported periods to the diluted loss per share.

In 2008, the weighted average number of shares increased due to the placing of shares with Usaha Tegas on 30 May 2008 and the 1 for 1 Rights Issue on 23 June 2008.

In all periods, the basic earnings per share has been adversely affected by the non-recurring charges for the impairment of intangible assets. This has no impact on the underlying earnings per share calculation.

8. Investment Income

	26 Weeks to 30.06.09 £'000	26 Weeks to 30.06.08 £'000	52 Weeks to 31.12.08 £'000
Interest on bank deposits	54	562	804
Income from available-for-sale investments	3	2	3
	57	564	807

Notes to the Interim Financial Information (unaudited) - continued**9. Finance Costs****a) Net finance income on pension assets/liabilities**

	26 Weeks to 30.06.09 £'000	26 Weeks to 30.06.08 £'000	52 Weeks to 31.12.08 £'000
Interest on pension liabilities	10,586	11,728	23,321
Expected return on pension assets	(10,681)	(13,537)	(26,810)
Net finance income on pension assets/liabilities	(95)	(1,809)	(3,489)

b) Finance costs

Interest on bank overdrafts and loans	10,493	21,334	33,281
Interest on obligations under finance leases	1	1	1
Amortisation of term debt issue costs	439	195	681
Total finance costs	10,933	21,530	33,963

10. Derivative Financial Instruments

As explained in note 2, the Group de-designated its derivative financial instruments on 1 January 2009 and throughout the current period has applied the fair value method of accounting in accordance with the provisions of IAS 39.

The fair value of the Group's cross-currency and other interest rate swaps is as follows:

	£'000 Assets	£'000 Liabilities
Closing balance at 31 December 2008	36,791	(7,615)
Movement in fair value during the period	(23,062)	(258)
Closing balance at 30 June 2009	13,729	(7,873)
Current	—	(3,132)
Non-current	13,729	(4,741)

Notes to the Interim Financial Information (unaudited) - continued

11. Notes to the Cash Flow Statement

	26 Weeks to 30.06.09 £'000	26 Weeks to 30.06.08 £'000	52 Weeks to 31.12.08 £'000
Operating loss	(93,627)	(34,529)	(399,676)
Adjustment for:			
Intangible adjustment - non-recurring	—	5,312	93,893
Impairment of intangibles - non-recurring	126,000	109,000	417,522
Depreciation of property, plant and equipment	12,030	12,466	31,828
(Credit)/charge for share-based payments	(849)	1,203	1,385
(Profit)/loss on disposal of property, plant and equipment	(253)	103	(730)
Currency differences	(2,182)	1,312	(80)
IAS 19 pension funding	(1,946)	(1,755)	(3,645)
Operating cash flows before movements in working capital	39,173	93,112	140,497
Decrease/(increase) in inventories	2,727	631	(2,012)
Decrease/(increase) in receivables	5,903	(10,617)	22,364
Increase/(decrease) in payables	168	(4,133)	(16,301)
Cash generated by operations	47,971	78,993	144,548

12. Net Debt

	01.01.09 £'000	Cash Flow £'000	Non-cash Changes £'000	30.06.09 £'000
Net debt				
Debts due after one year				
Bank loans	(335,003)	27,892	17,592	(289,519)
2003 10 year senior notes	(101,245)	—	6,801	(94,444)
2006 8 and 10 year senior notes	(74,177)	—	9,164	(65,013)
Term debt issue costs	114	—	(114)	—
	(510,311)	27,892	33,443	(448,976)
Debts due within one year				
Bank overdraft	(8,254)	3,442	—	(4,812)
Finance leases	(13)	5	—	(8)
Term debt issue costs	390	—	(325)	65
	(7,877)	3,447	(325)	(4,755)
Cash and cash equivalents	20,135	4,303	—	24,438
Impact of currency hedges	21,238	—	(15,965)	5,273
Net debt	(476,815)	35,642	17,153	(424,020)

Notes to the Interim Financial Information (unaudited) - continued**12. Net Debt (continued)**

The analysis of net debt is as follows:

	30.06.09 £'000	30.06.08 £'000	31.12.08 £'000
Cash and cash equivalents	24,438	30,433	20,135
Bank overdrafts	(4,812)	(7,157)	(8,254)
Net cash balances	19,626	23,276	11,881
Debt due within one year - term debt issue costs	65	390	390
Debt due after one year	(448,976)	(487,054)	(510,311)
Finance leases	(8)	(14)	(13)
Impact of currency hedge contracted rates	5,273	(20,516)	21,238
Bank loans, loan notes and finance leases	(443,646)	(507,194)	(488,696)
Net debt	(424,020)	(483,918)	(476,815)

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:

	30.06.09 £'000	30.06.08 £'000	31.12.08 £'000
Included in operating expenses	(849)	1,203	1,385

The credit balance in the current period is due to costs charged in prior periods in respect of certain of the Group's schemes being reversed in accordance with the 'true-up' principles of IFRS2, Share Based Payment.

The cumulative provision for share-based payments of £9,215,000 (2008: £9,882,000) is shown as a reserve in the Statement of Financial Position.

Notes to the Interim Financial Information (unaudited) - continued

14. Intangible Assets

	Goodwill £'000	Publishing Titles £'000
Cost		
At 1 January 2009	145,254	1,330,154
Exchange movements	—	(14,226)
At 30 June 2009	145,254	1,315,928
Accumulated impairment losses		
At 1 January 2009	(144,390)	(273,132)
Impairment losses for the period	—	(170,000)
Reversal of past impairment	—	44,000
At 30 June 2009	(144,390)	(399,132)
Carrying amount		
At 30 June 2009	864	916,796
At 31 December 2008	864	1,057,022

The Group tests goodwill and publishing titles every 6 months for impairment, or more frequently if there are indications that they might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. These assumptions have been revised in the current period in light of the continued recession in the UK and Republic of Ireland. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The discount rate applied to future cash flows in the current period is 9.01%. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group has prepared discounted cash flow forecasts in the current period derived from the most recent financial forecasts approved by management for the next year and extrapolated cash flows for 20 years from the date of testing. The long term growth rate used is 1.5% pa. A discounted residual value of 5 times the final year's cashflow is included in the forecast. The present value of the cash flows is then compared to the carrying value of the asset.

Given the continued recession in the UK and Republic of Ireland and the effect on 2009 forecast cash flows, a net impairment charge of £126.0 million, relating entirely to publishing titles, has been recorded in the period. This comprises a further impairment charge of £170.0 million relating to the most recent acquisitions in Scotland, Northern Ireland and the Republic of Ireland, net of reversal of impairment of £44.0 million in relation to the Northwest and South divisions.

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 2008 are outlined in the financial statements to that date. The major assumptions and disclosures for the 26 weeks to 30 June 2009 and the 52 weeks to 31 December 2008 are as follows.

Major assumptions:

	Valuation at 30.06.09	Valuation at 31.12.08
Discount rate	6.3%	6.3%
Expected return on scheme assets	6.7%	6.7%
Expected rate of salary increases	4.0%	3.3%
Future pension increases	3.5%	2.8%
Life expectancy (after 60 years)		
Male	19.5 years	19.5 years
Female	22.4 years	22.4 years
	26 Weeks to 30.06.09	52 Weeks to 31.12.08
	£'000	£'000
Amounts recognised in the Income Statement in respect of defined benefit schemes:		
Current service cost	447	2,904
Interest cost	10,586	23,321
Expected return on scheme assets	(10,681)	(26,810)
	352	(585)
	30.06.09	31.12.08
	£'000	£'000
Amounts included in the Statement of Financial Position:		
Present value of defined benefit obligations	381,292	340,060
Fair value of scheme assets	(307,841)	(321,849)
Total liability recognised in Statement of Financial Position	73,451	18,211
Amount included in current liabilities	(5,980)	(5,980)
Amount included in non-current liabilities	67,471	12,231

16. Tax Assessment

As previously reported the Group has recorded a provision for £80 million, with an equal and opposite offset in debtors, regarding a tax assessment issued against one of the RIM companies acquired by Johnston Press in 2002 in relation to the prior sale of the RIM companies by United Business Media plc (UBM) in 1998. The debtor has been recorded to reflect the terms of the full tax indemnity received by UBM at the time of the acquisition of the RIM Group by Johnston Press.

The position with regard to the tax assessment remains unchanged on the year end with the tax assessment not yet having been finalised. As such, no change has been made to the accounting treatment adopted in prior periods.