

CHAIRMAN'S STATEMENT

Results

I am pleased to announce further progress for the Group in 2001. Operating profits before amortisation of goodwill were up 8.0% at £26.1m (2000 – £24.2m) on turnover up 10.3% at £144.0m (2000 – £130.6m). Pre-tax profits were down 2.7% at £25.5m (2000 – £26.2m) partly because of a reduced special dividend from the Press Association. Adjusted earnings per share were up 6% at 118p (2000 – 111p). Profit margins on our newspaper publishing interests remained just over 22%.[¶]

Operating cash flow of £29.5m was again satisfactory at 125% of group operating profit but net funds reduced to £17.9m (2000 – £25.9m) reflecting acquisitions of £16.6m and the £7.8m spent on cancelling the preference shares.[¶]

Dividend

The Board is recommending a final dividend of 17.6p (2000 – 16p) per ordinary share. This makes a total for 2001 of 26.4p (2000 – 24p) an increase of 10%. The dividend increase reflects our confidence in the prospects for the Group and our strong balance sheet. Shareholders will receive this dividend, if approved, as the first interim dividend of Archant Limited.[¶]

Highlights

Detailed reports follow from the Chief Executive and the Finance Director, but I would draw attention to a number of highlights, not least the two Extraordinary General Meetings at which shareholders overwhelmingly supported proposals to cancel the preference shares, and to restructure the group and rename it Archant. The re-branding, which involved an enormous amount of detailed

work by all the management – and in particular Peter Swallow who led the implementation and John Ellison our Company Secretary – has been completed successfully.[¶]

The East London and Essex-based *Recorder* series and the Hertfordshire-based titles saw big increases in revenue and margins. The *Romford Recorder* and *Ham & High* in particular saw circulation increases in excess of 5%.

Eastern Daily Press developments include further improvements in *EDP Norfolk* and the introduction of *EDP Sunday* included in the Saturday paper. *EDP24* was voted the best regional web site of the year by the Newspaper Society. The *Evening News* was successfully re-launched with renewed focus on campaigning and community issues. Norwich Print Centre was the first in the UK to adopt the latest computer-to-plate thermal imaging technology.[¶]

The *East Anglian Daily Times*, voted Daily Newspaper of the Year for the south-east and east region in the BT media awards, has been redesigned to meet the demands of a changing market in Suffolk. We have put in hand a £1.5m investment in colour printing capacity at Ipswich.[¶]

We acquired county magazines in Cheshire, Lancashire and Yorkshire, and additionally *Cotswold Life*. We have successfully launched *Photography Monthly*.[¶]

Staff and Board

We have devoted much effort during the year to redefining and communicating our core values of innovation, openness, quality and commitment. With consultants we have developed our management appraisal and development schemes. We have a creative and enthusiastic staff who



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Richard Jewson Chairman

are our strength and future, and I pay tribute to them.[¶]

Richard Copeman and Ivan Lockett retired from the Board in September after 21 and 10 years service respectively. They have each made a distinctive contribution to the Board and I am delighted to express our thanks to them.[¶]

We are pleased to welcome Simon Copeman and Anita Frew as Non-Executive Directors. You will find biographical details on page 14 of this report.[¶]

On 15 March we announced that, following Peter Strong's decision to retire, we have recruited John Fry to succeed him. The contribution Peter has made to the Group in his five years with us is enormous. The business is larger, more diverse and more profitable and has strengthened management at all levels. It has been as much a pleasure

for me as Chairman to have him as a colleague as it is to pay him this tribute. John Fry, who joins us in June, will bring a keen intelligence and a broad experience with him and we look forward to working with him.[¶]

Outlook

The economic outlook remains uncertain but if the economy recovers as the year unfolds we expect to make further progress. We shall be helped by newsprint prices which have been fixed below last year's levels.[¶]

The management has no shortage of ideas for pushing the Group forward and for using technology to increase efficiency and levels of customer service. We remain alert to opportunities where we can use our financial strength to make acquisitions when we find opportunities to create value for shareholders.[¶]

ARCHANT }

ARCHANT } REGIONAL

ARCHANT } LIFESTYLE

ARCHANT } PRINT