Chairman's statement

Results
I am pleased to announce that in 2002 the Group produced another good set of results. Operating profits before amortisation, impairment and exceptional items were up 5.8 per cent at £27.7m (2001 – £26.1m) on turnover up 1.6 per cent, at £146.2m (2001 – £144.0m). However, pre-tax profits were 4.4 per cent down, at £24.4m (2001 – £25.5m), largely because of the effects of amortisation and impairment of intangible assets, reorganisation and additional pension costs. Adjusted earnings per share were up 4.8 per cent, at 123.4p (2001 – 117.8p). Profit margins on our newspaper publishing interests increased to 22.9 per cent (2001 – 22.5 per cent).

Operating cash flow of £31.5m was again satisfactory, at 143 per cent (2001 – 125 per cent) of operating profit, and net funds increased to £31.2m (2001 – £17.9m).

Dividend
The Board is recommending a final dividend of 18.6p (2001 – 17.6p) per ordinary share. This makes a total for 2002 of 27.8p (2001 – 26.4p), an increase of 5.3 per cent. The proposed dividend increase reflects the Board's confidence in the prospects for the Group and our strong balance sheet.

Highlights
Detailed reports follow from the Chief Executive and the Finance Director, but I would like to draw attention to a number of highlights.

At the EGM in October shareholders overwhelmingly supported proposals to increase the borrowing powers of the Company, which will allow your Board to use the competitive advantage of our private status through our ability to react quickly to acquisition opportunities.

The year has seen some outstanding performances from individual parts of the business, and we have made real progress building our magazine activities.

The programme within the Group to seek out publishing opportunities as an extension to our existing operations has led to a large number of new launches, including *Let's Talk*, a magazine for the over-50s in Norfolk, which has achieved average monthly sales of 28,000 copies, and *Total Digital Photography*, which has consolidated our position in the photographic magazine market.

During the year we acquired *Berkshire Life*, *Hampshire Life*, *Kent Life*, *Surrey Life* and *Sussex Life*, as well as *Living France*.

We also invested €1m for a stake of just over 20 per cent in *Dublin Daily News*, which launched on 11 March 2003.

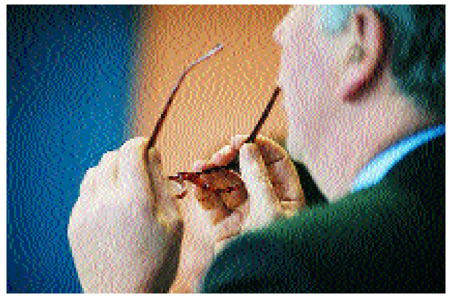
As always, the successes of our teams are highlighted by a wide range of awards from the industry, including Evening Newspaper of the Year to the *Evening Star*, and Front Page of the Year to the *Eastern Daily Press*.

Staff and Board
These results, of course, reflect the efforts of our staff. We continue to place emphasis on our core values of innovation, openness, quality and commitment, and to provide training and development to encourage everyone to realise their full potential.

The year has seen a number of changes at senior management level. In May, Peter Strong retired as Chief Executive after five very successful years. The profits of the Group almost quadrupled over that period and Peter greatly strengthened the management and the spread of the business. He was a delightful colleague and we wish him well. John Fry succeeded him and brings a fresh analysis and perspective to our affairs.

Chris Lawrence resigned as Finance Director in the autumn and is succeeded by Adrian Jeakings, who came to us from The Stationery Office. Tom Stevenson left in April after almost 20 years sterling service with the Group. I am grateful to Chris and Tom for the contribution they have made. Since the year end Dr Farine Clarke has succeeded Alan Lewis as Managing Director of Archant Specialist.

Pensions
In my statement accompanying the interim results I drew attention to the difficulties faced by pension funds. Shareholders will know that these have increased as investment returns continue to deteriorate. These financial statements reflect additional contributions of



"The year has seen some outstanding performances from individual parts of the business, and we have made real progress building our magazine activities"

Richard Jewson Chairman

£1.7m which the Group has made, or provided for, in respect of its pension schemes.

The Board has worked with its advisers and with the trustees of the schemes to establish a way forward which seeks to maintain the core benefits being offered, whilst balancing the interests of all parties – employees, pensioners and shareholders. Our pension schemes have been carefully reviewed and, although we have announced changes to certain elements of scheme design, we believe that we will be able to continue to provide pension benefits which compare well with industry generally.

Governance
The Group has, in recent years, complied with the great majority of the 'Combined Code', as if Archant were a quoted company.

Although the detailed requirements placed on quoted companies, shortly to be extended to accommodate the Higgs report on non-executive directors and the Smith report on audit committees, become ever more burdensome, we acknowledge the importance of the Group continuing to adhere to high standards of governance and risk management. Accordingly, we will, having due regard to the size and nature of our Group, review these and other developments as they are adopted by the Financial Reporting Council.

Outlook
The Group has made an encouraging start to 2003, but, in the light of the current security, political and economic uncertainties, it is impossible to predict how the year as a whole will turn out.

What we do know is that the management has a wide range of initiatives in hand, both for revenue generation and improvements in efficiency, that should continue to strengthen the Group.

If economic conditions continue to deteriorate, we might expect investment opportunities to emerge at attractive prices. We have considerable financial strength and an experienced and capable management. These are ingredients which should enable us to create value for shareholders.