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Archant Annual Report 2008

Archant Limited
Annual report 2008

Chairman's statement

Archant has not been immune from the significantly deteriorating trading environment experienced by all media in 2008, and to which I drew attention in the 2007 Chairman's statement.

RICHARD JEWSON, CHAIRMAN

Results

The 2008 interim statement foreshadowed a period of significant difficulty in the regional press, with both cyclical downturn and structural changes impacting the sector. Since then the 'credit crunch' has arrived and conditions have worsened markedly.

Group turnover was down 9.6% at £175.1m (2007: £193.8m). Revenue for newspapers and print fell 12.3%, in part reflecting the sale of the Scottish titles in 2007, and magazine and contract publishing revenue fell 2.9%. Group operating profit before amortisation and exceptional items decreased by £8.3m (27.2%) to £22.2m (2007: £30.5m) whilst profits from ongoing operations fell 27.1% to £22.0m (2007: £30.2m). Newspapers were worst affected with operating profits falling 32.6% to £16.2m.

Group pre-tax loss was £25.2m (2007: loss £8.1m), after charging non-recurring exceptional items of £4.0m (2007: £0.9m), mainly in relation to costs of redundancy, property exit costs and certain accelerated equipment write-offs, as we restructured in response to the downturn, and an impairment charge of £33.6m reflecting a reduction in the carrying values of certain of our acquired newspaper and magazine titles. The impairment charge, which has no cash impact, reflects the deterioration in underlying title performances as the economy weakened. Further details are given in the Financial review.

Adjusted EPS at 105.1p per share were down 24.9% from 140.0p per share in 2007.

Operating cash flow remained strong at £26.4m (2007: £33.0m). In consequence, after capital expenditure and other investments of £9.9m, net debt reduced by £2.3m to £34.6m.

Dividend

The Board proposes that a final dividend of 13.7p (2007: 27.4p) per ordinary share be paid. This, together with the interim dividend of 12.7p (2007:12.7p), represents a total dividend for the year of 26.4p per share (2007: 40.1p), a decrease of 34% compared to 2007. In considering the level of dividend the Board has to balance short-term benefits to shareholders, with their longer-term interest to keep the Company secure in these extraordinary times.

The Board recognises the importance of the dividend to shareholders, but will have to consider the level of dividends in the current year in the light of developing circumstances.

Highlights

Detailed reports follow from the Chief Executive and the Finance Director which describe ongoing progress in the market positioning of the business, against a background of consolidation, cash preservation and cost reduction.

Newspapers

Emphasis has been on addressing the cost base of the Group by seeking efficiency savings through restructuring and standardisation of processes across the Group, including the merger of pre-press for Norfolk and Suffolk and rationalisation of local offices. These activities have led to a headcount reduction of 9.9% over the year. Property advertising was down 31.0% reflecting the property market, contributing to an overall reduction of 13.5% in advertising revenues.

Digital classifieds and on-line

We have been successful in achieving a number of key aims in the year which saw significant audience growth. Classified sites average unique visitors per month were up 45%, with *homes24* up 266% and *jobs24* up 83%. Developments in *jobs24* include improvements to uploading CVs and CV matching which proved attractive both to job seekers and employers. Total digital revenues increased by 51% in the year with newspaper branded and on-line display advertising revenues increasing 80%.

Family notices, enabling customers the opportunity to extend the life of their notices above those in the printed product and enabling personal messages to be uploaded, has attracted over 6,000 visitors per week from a standing start in November 2008.

Print

The Thorpe press extension project progressed well, enabling an early transfer of print from Ipswich with the nightshift ceasing in late 2008 and all printing ceasing at the end of February 2009. We are now successfully sourcing plates and ink from China and Korea respectively, with cost savings which go some way to mitigate increases in newsprint costs.

Magazines

In November 2008, we brought Archant's magazine and contract publishing businesses under one management structure, with Johnny Hustler as Managing Director. The overriding objective for Magazines is to share best practice and processes to deliver rich content to carefully targeted audiences, be they communities of interest or geography. Total magazine turnover of £53.5m, of which £1.1m came from acquisitions in the year, fell 2.9% against 2007. Operating profit, including acquisitions in the year, decreased 17.9% to £5.8m.

During the year we acquired four titles under the Compass brand and a further five smaller titles in central England. Significant emphasis was placed on growing subscription revenues which were up 8.2% on the year.

Specialist more than doubled its profits in the year, assisted by a reduction in overheads following the closure of the Chelsea office and integration of functions into the Cheltenham office.

Dialogue continued to develop its business, delivering high levels of customer service, extending the range of services provided to customers and increasing profits by just under 12%.

Staff and Board

This has been a challenging year for our staff and the Board is grateful to them for the way in which they have responded. As previously advised, John Fry resigned as Chief Executive from 31 October to take up the position of Chief Executive of Johnston Press. John made a significant contribution to the development of the

"We continue to invest in software and training to put us in the best possible position to exploit the strong franchises we have in news and advertising"

Group over the six years he was with us, and we wish him well. Adrian Jeakings succeeded him as Chief Executive and Brian McCarthy followed as Finance Director. It is tribute to the strength in depth of our management team that these senior appointments have been made internally.

It is good to report again a number of industry awards. Archant won 10 awards at the EDF Energy East of England Media Awards including *The Evening Star* for Daily Newspaper of the Year which followed on from its success at the Press Gazette's Regional Press Awards as Newspaper of the Year with a circulation less than 40,000. We claimed a hat-trick of awards at the Newspaper Society's Circulation, Editorial and Promotion Awards: *Weston & Somerset Mercury*: Gold in the Community Newspaper of the Year, *Ham & High*: Gold for its First Readers Edition in the Content or Platform Promotion of the Year and *Willesden & Brent Times*: Gold for its Justice for Dad campaign. We also won 12 awards at the Newspaper Society Weekly Newspaper Awards including *Hunts Post* – top honours: Free Weekly Newspaper of the Year – Eastern Region.

Additionally our Print centre is to be congratulated on achieving the externally assessed ISO 9001:2000 Standard (Quality Management System), ISO 14001:2004 Standard (Environmental Management System), and BS OHSAS 18001:2007 Standard (Health and Safety Management System).

Pensions

There is a full note regarding our pension funds in the financial statements. The actuarial valuation as at 1 January 2008 showed an £8.0m deficit (up from £6.6m in 2005). Since the valuation date, asset values have significantly deteriorated with the general decline in investment markets. The Company has agreed an additional £1.45m per annum recovery plan with the pension scheme Trustees to meet past service liabilities and also increased employer contributions to meet ongoing benefit accrual. The financial statements at the year end show an FRS 17 deficit at £25.9m net (£35.9m gross) significantly up from £6.2m net (£8.6m gross) at 31 December 2007 principally due to reduced asset values in the period, down from £138.7m to £111.5m. Our intention remains to meet accumulated commitments in full, but we remain cautious regarding long-term liabilities and exercise restraint over discretionary areas. Active membership of the Defined Benefit section of the Scheme continues to decline so reducing the rate of growth of liabilities, and the Board continues to keep the matter under review.

Shareholders

Some 152,000 shares were traded on the matched bargain facility in the year at prices which fell from £8.75 to £4.00 – lagging the media sector downturn, albeit the sector has underperformed markets generally.

We continue our programme of communication with shareholders which we greatly value. The Annual General Meeting this year will be held at the Assembly Rooms in central Norwich, and will include proposals to amend the Articles of Association to reflect the 2006 Companies Act regarding conflicts of interest. I hope to see many of you there.

Outlook

Your Board remains extremely cautious about the economic outlook for the UK and expects the difficult conditions which have deteriorated throughout the last few months to continue for 2009 and beyond. It is impossible to know the timing and extent of any recovery and difficult to foresee the shape and scale of our industry in the years ahead.

While on the one hand we are taking all possible steps to mitigate the revenue shortfalls by improving the efficiency of the business, on the other hand we continue to invest in software and training to put us in the best possible position to exploit the strong franchises we have in news and advertising via the internet as well as print. Our success in doing this will be the foundation of a return to growth when conditions improve.

Chief Executive's report

Revenue and operating profit from ongoing operations before impairment and exceptionals declined by 9.2% and 27.1% respectively during 2008 as the economy decelerated into recession.

ADRIAN JEAKINGS, CHIEF EXECUTIVE

MOST OF THE revenue decline was due to lower advertising volumes with the decline intensifying in the second half of the year. Cost saving initiatives contributed to a reduction of £9.4m in expenses for ongoing operations but resulted in £4.0m restructuring costs. These initiatives will generate further savings in 2009. Net debt at the end of the year at £34.6m was £2.3m lower than at the end of 2007 despite the abnormally high capital expenditure from the investment in printing equipment at Thorpe. The Group continued to invest in its digital activities and revenue grew by 51.1% during the year despite the downturn in the economy whilst our on-line audience grew by more than 45%.

The deterioration in the economy and falls in the financial markets have resulted in an impairment charge of £33.6m in the year and an increase of £19.7m in the deficit of our defined benefit pension scheme on the balance sheet to £25.9m. Neither of these movements, which are explained in more detail in the Financial review have any direct impact on cash.

Newspapers and print

Archant's newspapers, in common with most regional newspapers in the UK, all suffered severe declines in advertising volumes during 2008. The long anticipated collapse of the housing market began at the end of 2007 impacting property advertising from the beginning of 2008. The rate of decline accelerated in the second quarter of 2008 before flattening out in the fourth quarter. Negative sentiment, driven by the stagnant property market and successive banking crises, resulted in an expectation of lower retail sales and higher unemployment during the second half of 2008. This in turn led to an increase in the rate of decline in other advertising categories which has continued into 2009.

We have responded to the downturn in revenues by reducing costs and increasing the emphasis on new revenue initiatives, mainly on-line. Costs were down 6.5% over the year for the ongoing business and 8.9% in the second half. Wherever possible, these cost reductions have been achieved by improving productivity or reducing purchase prices. Examples of successful projects include the merging of Norfolk and Suffolk pre-press departments into a single organisation based in Prospect House in Norwich and the migration of all our divisions to a single version of our order booking and production management software systems. These initiatives will generate additional savings in 2009.

Focus on digital audience and revenue growth continued during 2008 and revenue growth of 46.4% was achieved despite the difficulties experienced in print advertising. Most of the growth was in on-line display advertising with slower growth in classified advertising than in previous years. An average of 1.6 million people visited our newspaper websites every month in 2008, an increase of 43.5% over 2007. Particular emphasis was placed on the development of our classified advertising sites during the year resulting in increases of 82.6% and 266.1% in visitors to *jobs24* and *homes24* whilst the number of properties advertised at any point on *homes24* increased by 86,000 to just under 150,000 by the end of the year. New developments during the year included a new on-line service for family announcements and on-line business directories. The family announcements service was launched with a technology partner at the end of the year and is expected to make a significant contribution to 2009's digital revenue. It will enable friends and relatives to make their own contribution to any announcement on-line by adding comments and pictures.

The expansion of our printing facilities at Thorpe continued during the year and is now nearing completion. The expansion will increase the number of towers at Thorpe by six to ten using second hand equipment from *The Guardian* and will also increase the number of folders by one to four. The entire press control system has been upgraded at the same time and new plate making equipment has been sourced from Kodak. The new plate makers will increase capacity and improve image quality whilst reducing ink consumption. Once operational, the new facilities will allow us to print all of our newspapers in full colour at Thorpe and as a result the Ipswich printing facility will close. The expansion has been completed without any major interruption to production and we would like to thank all of the staff at Print for their contribution to the success of the project, in particular

“Wherever possible, cost saving actions are designed to improve productivity and minimise any potential damage to our long-term success”

the printers in Ipswich who have maintained a high level of service despite the impending closure. Capital expenditure of £5.5m was incurred during the year as part of this project.

Magazines and contract publishing

Revenue and operating profit for our magazine businesses were down 2.9% and 17.9% respectively with a marked difference in performance between the first and second halves of the year.

The management of the magazine businesses was re-organised during the year resulting in significant cost savings. As part of these changes Johnny Hustler became Managing Director of all three divisions and integrated finance and circulation functions were created.

Advertising revenue at Archant Life, our biggest magazine division, was significantly affected by the downturn in the economy. The impact came later than in the newspapers and later in London than in the rest of the country. Property advertising decline towards the end of the year was comparable with the decline in the newspapers whilst the decline in display, though material, was lower than in the newspapers.

The Compass portfolio of free monthly magazines on the south coast was acquired in February 2008 and contributed £1.1m revenue and £0.2m operating profit to the Group's results in 2008. Whilst these titles are published in geographical areas already covered by existing Life magazines, there is very little overlap between readers or advertisers.

A number of new titles were launched during the year including *North East Life* which has already achieved breakeven and generated paid sales of over 5,000 copies a month. Audience growth has also been an area of focus at Life with innovative marketing generating an increase of 8.2% in subscription sales revenue despite the economic downturn and stiff competition from other publishers, particularly in the North. The on-line audience has not been neglected and the average number of monthly visitors to Life websites has grown by 89% over the year whilst on-line revenue grew by 52%.

2008 was a year of significant change for Archant Specialist. The portfolio of titles was rationalised, refocusing on core specialist publishing, whilst the cost base was reduced and the Chelsea office closed. The revenue proved less susceptible to the economic downturn than at other divisions and, together with the cost savings, resulted in operating profit more than doubling.

Archant Dialogue managed to win sufficient new business to more than offset the impact of the economic downturn and achieved a 12% increase in operating profit. New clients included The Whisky Shop, Park Royal Partnership and the National Governors' Association.

Outlook

The economy is not improving and current expectations are for a long, deep recession. The rate of underlying advertising volume decline increased in January to 35.7% in newspapers and 24.4% in magazines. The first weeks of February, whilst marginally better than January, are still worse than the fourth quarter of 2008. It is not clear when these declines will stop or when growth will return. There are some brave commentators who have predicted that the recovery will start before the end of 2009, however we do not believe that this will happen. We have therefore initiated further cost saving actions and accelerated those already underway. These actions will inevitably result in a further reduction in our workforce. Wherever possible they are designed to improve productivity and minimise any potential damage to our long -term success. At the same time we have increased the focus and investment in new initiatives to develop new revenue sources.

Financial review 2008

In a challenging year, like-for-like revenue fell by 9.2% and operating profit by 27.1%, with the second half notably weaker than the first. Cost savings of £9.4m resulted in a 5.8% reduction in costs in the year.

BRIAN MCCARTHY, FINANCE DIRECTOR

REVENUE AT £175.1M (2007: £193.8m) was £18.7m (9.6%) lower than 2007. Revenue from ongoing operations (i.e. excluding acquisitions and disposals) was down £17.6m (9.2%) with a fall of £14.9m (10.9%) in newspapers and printing and £2.7m (4.9%) in magazines and contract publishing. Operating profit before amortisation and impairment of intangible assets and exceptional costs fell by £8.3m (27.2%) to £22.2m (2007: £30.5m).

The impact of the recession on operating results, the paucity of merger and acquisition activity in the sector, and the negative view of stock markets on the value of media businesses have had a further negative effect on the valuation of businesses acquired in the past. The resulting impairment charge of £33.6m (2007: £30.0m) has no cash impact.

Exceptional items at £4.0m (2007: £0.9m) were £3.1m higher than last year due to higher restructuring costs relating to redundancy costs, property exit and relocation costs and the accelerated write off of printing equipment rendered redundant with the planned closure of the Ipswich plant in early 2009.

Interest payable at £2.2m was £0.8m lower than 2007 due to lower average net debt and reductions in LIBOR rates. There was a £0.1m profit and loss credit (2007: £0.4m credit) under the FRS 17 accounting standard, arising from the expected return on pension scheme assets relative to the interest charge on scheme liabilities.

Profit before exceptional items and impairment and tax at £15.1m (2007: profit £21.9m) was £6.8m (31.0%) lower than last year. The pre-impairment tax charge was £4.1m (2007: £7.6m) resulting in an effective tax rate of 48.3% (2007: 34.5%). The loss after charging impairment and tax was £24.1m (2007: loss £10.2m). Adjusted earnings per share, which reflect the underlying performance of the business, were down 34.9p (24.9%) at 105.1p whilst basic earnings per share fell by 100.1p to (172.5p).

Net debt at the end of the year was £34.6m (2007: £36.9m) after acquisitions, capital expenditure and other investments of £9.9m.

Summary of divisional operating results

The revenue and operating profit before amortisation and exceptional items were:

	Turnover 2008	Turnover 2007	Operating profit 2008	Operating profit 2007
	£m	£m	£m	£m
Newspapers & printing	121 6	136.5	16.2	23.8
Magazines & contract publishing	53 5	55.1	5.8	7.1
Discontinued operations	-	2.2	-	0.3
Common costs	-	-	0.1	(0.7)
	175 1	193.8	22.1	30.5

Newspapers and printing

Trading conditions for UK regional newspapers worsened during 2008 with revenues and profits in the second half of the year notably worse than the first half. Whilst declines in property had begun in the latter quarter of 2007, other classified categories started to fall in mid year as the credit crunch turned into full-blown recession. Digital revenue continued to grow strongly, both in on-line classified advertising, particularly in the recruitment sector, and a substantial improvement in revenue from digital display advertising across the full suite of newspaper websites.

During the year like-for-like newspaper and printing revenues fell by £14.9m (10.9%) to £121.6m (2007: £136.5m); advertising, circulation and contract print revenues each failed to achieve 2007 levels.

Advertising revenue fell in all major categories during the year with the second half of the year substantially worse than the first. With the decline in the property market accelerating during the year, property advertising recorded a fall of 44.3% in the second half, having been 19.4% down in the first half. Recruitment revenue fell by 27.9% in the second half compared to 2.6% in the first half as unemployment rates grew and the confidence of employers to recruit fell.

Advertising year-on-year

	Full year	1st half	2nd half
Recruitment	(14.4%)	(2.6%)	(27.9%)
Property	(31.0%)	(19.4%)	(44.3%)
Motors	(15.6%)	(11 1%)	(20.7%)
Other classified	1.7%	0.7%	2.8%
Display	(7.1%)	(2.7%)	(11.4%)
leaflets & other	(6.7%)	(2.2%)	(11.0%)
All advertising	(13.5%)	(6.8%)	(20.7%)

Like-for-like circulation volumes for paid-for newspapers declined by 5.9% over the year, mainly due to a difficult period for evening titles and changes in paid-for distribution models in London. Circulation revenue from newspapers overall was also down by 2.8% on 2007, with price increases offsetting circulation declines in many cases.

Operating costs at £105.4m (2007: £114.6m) were down £9.2m (8.1%), mainly as a result of lower paginations, reductions in newsprint and ink prices and headcount reductions. Operating costs excluding the Scottish titles sold in 2007 fell by £7.3m (6.5%) to £112.7m.

Like-for-like operating profit was down 31.8% at £16.2m (2007: £23.8m).

Magazines and contract publishing

The three operating businesses in the magazine and contract publishing division were brought under common management during the year. Revenues and profits were impacted by the slow property market with revenues of £53.5m (2007: £55.1m) down £1.6m (2.9%) and operating profit lower by £1.3m (17.9%) at £5.8m.

Archant Life acquired a number of titles during the year including Compass Magazines, a series of free-distribution lifestyle magazines distributed door-to-door in the suburbs, towns and villages around Bournemouth and Southampton. These titles strengthen Archant Life's free magazine portfolio. The acquisitions added £1.1m of revenue and £0.2m of profits.

Archant Life's revenues declined 6.9% on a like-for-like basis in 2008, although the decline is wholly accounted for by the difficult property market, with other revenues up 1.6%. Like-for-like operating profits declined by 32.9%.

Archant Specialist revenues were down 2.4%, following the cancellation of loss making publishing contracts. Underlying revenues were up 1.7% with circulation revenues up 2.1%. A major restructuring has reduced the overhead base in the business which helped more than double Archant Specialist's operating profits.

Archant Dialogue continued to make progress during the year and recorded strong profit growth.

Digital activity

Revenue from on-line activities increased by 51.1% to £3.8m (2007: £2.5m), mainly driven by revenue from *jobs24* and display advertising sales. The key non-financial measures of on-line activity, unique visitors and page impressions, increased by 45.4% and 40.6% respectively with more than 1.8 million people on average visiting Archant websites every month.

Impairment of newspaper and magazine intangible assets

The Group is required to review the carrying value of all its intangible assets annually, to determine whether either events or changes in circumstances indicate that the carrying value may not be recoverable. The carrying value is assessed by a number of measures including multiples of turnover and profits of similar assets when they are sold, and discounting the future values of the relevant businesses, in line with accounting standards. Few comparable regional newspaper assets have changed hands in 2008, and as such there is no evidence to support multiples in line with long-term averages. Furthermore, the stock market has continued to take a negative view of regional newspaper shares during 2008 with the share prices of quoted companies falling to their lowest levels for many years.

Archant newspaper intangible assets had a carrying value at 31 December 2008, pre-impairment, of £67.2m, of which £53.7m relates to titles in London. These titles were acquired from HCN in 1998, INM in 2003 and Highbury House in 2005. The carrying value for the London newspaper titles is no longer supported by their underlying P&L performance based both on recent transaction multiples for newspaper titles and on a discounted cash flow basis as required by accounting standards. In addition, the carrying value of elements of the Herts portfolio, which also formed part of the HCN acquisition in 1998, have underperformed in the year and an impairment charge has also been applied to these titles. A charge of £30.3m has therefore been made during the year for impairment of these newspaper titles. A further charge of £3.3m has been made in respect of magazines.

The impairment charge has no cash impact; however it does reduce reserves, which were £83.5m at the end of 2008 before the impairment charge. The Group's annual dividend payment at its current level is more than adequately covered by the profits generated from normal trading, and distributable reserves after the impairment charge are £45.3m, which represents more than 10 years of dividends based on the proposed 2008 dividend payment.

Financial review 2008

Associated companies
During the year the Group made a further £215,000 investment (2007: £296,000) in its associate, a publishing company operating in the UK. Archant's share of the associate's losses fell by £157,000 to £158,000 owing to improved performance in its business. An amount of £500,000 has been shown as investment in associates to recognise a potential liability for amounts claimed as owing by Archant in respect of its investment in The Dublin Daily News Limited, an Irish company in which Archant had a share and which went into liquidation in 2003. This has been impaired in full. Archant is vigorously defending the claim made against it.

Exceptional items
Exceptional costs (excluding impairment) were £4.0m (2007: £0.9m) as a result of the additional costs of the restructuring including an amount of £0.5m in respect of accelerated costs of writing down the assets at the Ipswich print works, which are due to close early in 2009.

Taxation
The financial statements include a tax credit of £1.1m (2007: charge £2.1m). The pre-impairment effective rate of taxation for the year was 48.3% (2007: 34.5%), and the effective standard rate of tax was 28.5% (2007 30.0%). The 2008 pre-impairment effective rate was higher than the standard rate due primarily to amortisation of intangible assets that is not deductible for tax purposes (16.3%). Whilst the non-deductible amortisation is broadly comparable to 2007, the impact on the effective tax rate is more pronounced due to the lower level of pre-impairment profits. The 2008 effective rate is higher than that for 2007 due to the differing impacts of non-deductible impairment (16.3% in 2008, but only 7.6% in 2007) and a one-off deferred tax credit in 2007 (1.2%).

Earnings per share
Basic earnings per share fell by 100.1p (138%) to (172.5p) and adjusted earnings per share fell by 34.9p (24.9%) to 105.1p. Adjusted earnings per share are intended to be a better indicator of the underlying performance of the business and the difference between basic and adjusted earnings per share is explained in more detail in Note 11 to the financial statements.

Dividends and dividend cover
It is proposed that the final dividend should be halved to 13.7p, making a total dividend for the year of 26.4p. At this level the dividend would be covered 4.0 times (2007: 3.5 times) by adjusted earnings per share.

Net debt and cash flow
The Group continues to be cash generative and operating cash flow at £26.4m (2007: £33.0m) was £6.7m lower than in 2007 mainly due to reduced profit. Profit conversion (pre-impairment) into cash was strong again at 237% (2007: 157%).

Net debt at the end of the year was £34.6m (2007: £36.9m). Movements in net debt are summarised below:

	2008 £m	2007 £m
Operating cash flow	26.4	33.0
Interest paid	(2.1)	(3.0)
Tax paid	(5.4)	(7.5)
Dividends paid	(5.6)	(5.4)
Cash flow before acquisitions and capital expenditure	13.3	17.1
Capital expenditure	(7.8)	(4.7)
Sale of fixed assets	0.2	-
Sale of Scottish operations	-	10.6
Acquisitions and investment in associate	(2.4)	(3.0)
EBT share transactions	(1.0)	(2.1)
Decrease in net debt	2.3	17.9

The net debt above includes the £2.1m Employee Benefit Trust overdraft, which is guaranteed by the Group (2007: £2.5m).

Capital expenditure
Capital expenditure during the year was £7.8m (2007: £4.7m) of which £5.5m was for printing equipment for the extension to the Thorpe print works which will increase capacity by two thirds. This will consolidate all of Archant's newspaper printing into a single plant at Thorpe and is on track for completion early in 2009.

Pension scheme
The triennial actuarial valuation completed in 2008 indicated that liabilities of the Group's pension scheme of £148.6m were under-funded by £8.0m as at 1 January 2008. The Group made cash contributions totalling £0.75m towards the reduction of this deficit in 2008. The deficit shown in the balance sheet was determined using the FRS 17 accounting standard, which the Group adopted in 2005. Under this standard, the defined benefit scheme service cost in the profit and loss account has decreased by £0.2m to £2.2m and the deficit shown on the balance sheet has increased by £19.7m, from £6.2m to £25.9m. An amount of £10.8m of the increase (before deferred taxation) relates to a change in assumptions on mortality rates to those used in the 2008 actuarial valuation. As the liabilities of the pension scheme are expected to fall due over a period of more than 50 years and the deficit is close to one year's operating profit before amortisation, the deficit is not considered onerous.

New accounting standards and policies
No new accounting standards were adopted during 2008.

Treasury management, associated risks and uncertainties
The Group derives its funding from share capital, retained profits, bank borrowing and the issue of loan notes.

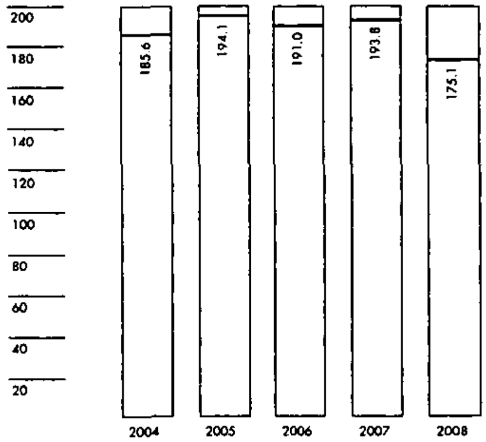
The main risks that the Group faces from its treasury activities are liquidity risk and interest rate risk. The Group's activities are primarily in the UK and there is minimal foreign currency risk. The Group's treasury objective is to minimise borrowing costs and maximise returns on funds subject to short-term liquidity requirements.

Cash is managed centrally with surplus balances invested in money market funds. The Group has secured a £55.0m five-year revolving advances facility and a £5.0m overdraft facility from the Royal Bank of Scotland at competitive rates of interest. The Group has a £5.0m overdraft facility from Barclays Bank and acts as guarantor for the Employee Benefit Trust's £3.5m overdraft facility, which is also provided by Barclays Bank. The Royal Bank of Scotland five-year revolving advances facility falls due to be replaced in December 2009 and amounts drawn have been classified as current liabilities in the 2008 balance sheet.

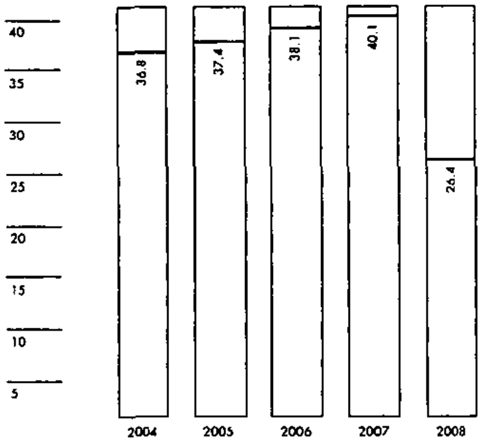
The Company has started to review refinancing options and, as further described in the Report of the directors, the directors are of the opinion that the financial statements should be prepared on a going concern basis.

Net assets
Net assets on 1 January 2008 were £105.2m. The loss for the year was £24.1m, which was transferred to reserves. Other movements included a reduction of £20.0m arising from the FRS 17 Retirement Benefits accounting standard and dividend payments of £5.6m. Net assets at the end of the year were £55.0m.

Group turnover £m

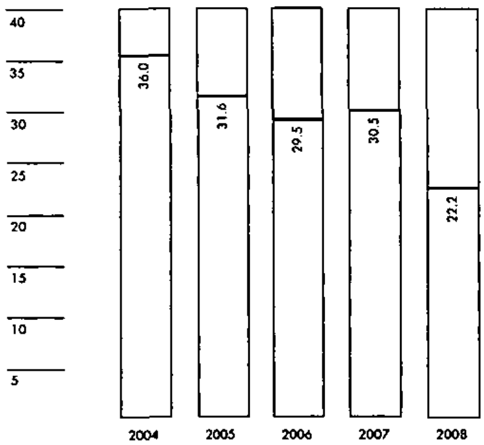


Dividend declared per ordinary share pence per share



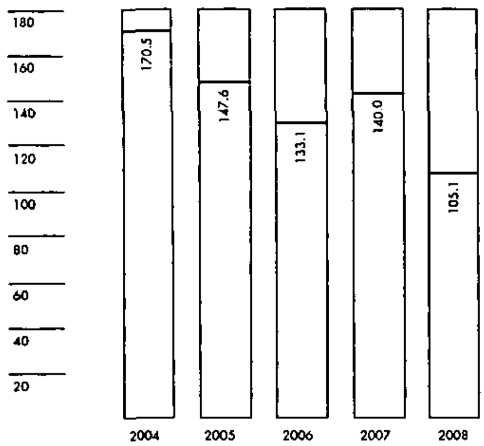
*proposed

Group operating profit* £m



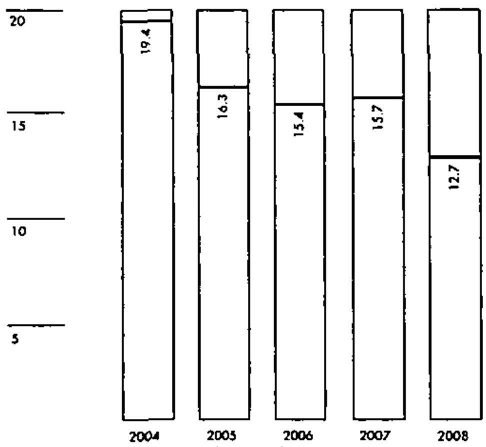
* before amortisation, impairment and exceptional items

Adjusted earnings per share* pence per share



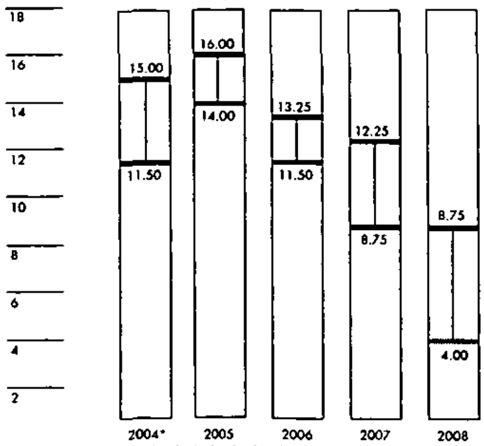
* before amortisation, impairment and exceptional items

Group operating margin* %



* before amortisation, impairment and exceptional items

Share price range £ low/high



* Shares were repurchased under the buy-back at £20.00 per share on 8 December 2004

RW JEWSON *Chairman,* Non-executive **R N**

Richard Jewson, 64, joined the board of Eastern Counties Newspapers Group Limited (ECNG) in 1982 as a non-executive director and became Chairman in 1996.

After running Jewson, the timber and building merchant, for 12 years, Richard held the position of Managing Director, and then Chairman, of its holding company, Meyer International Plc, until he retired in 1993. Subsequently he was Chairman of Savills Plc for 10 years and Deputy Chairman of owg plc.

Richard is currently a director of Temple Bar Investment Trust Plc, Clean Energy Brazil plc, Grafton Group plc, Raven Russia Limited and a number of unquoted companies.

Richard is HM Lord Lieutenant of Norfolk.

Richard chairs the remuneration and nominations committees.

AD JEAKINGS *Chief Executive* **N P**

Adrian Jeakings, 50, joined the Board as Finance Director in October 2002 and became Chief Executive in November 2008.

Adrian is a Fellow of the Chartered Institute of Management Accountants and was Group Finance Director of The Stationery Office before joining Archant. He is a graduate of Imperial College, London and worked briefly as an engineer before training as an accountant at BICC plc. After qualifying, he joined the instrumentation division of Schlumberger, where he was Finance Director of a number of business units based in France. Before joining The Stationery Office he was Director – Finance Europe for Dun & Bradstreet Inc.

Adrian is a governor of Norwich School and a member of the Audit Committee of the University of East Anglia.

BG McCARTHY *Finance Director* **P**

Brian McCarthy, 46, joined the Board as Finance Director in November 2008.

Brian is a Fellow of the Institute of Chartered Accountants in Ireland, having trained with Arthur Andersen in Dublin and Cambridge, and joined Archant in January 2004 as Finance Director of Archant Regional. Previously Brian worked as Finance Director of an environmental company and prior to that he held a series of senior finance roles in the English Language Division of Pearson Education.

Note:
The directors and secretary of ECNG were appointed to those offices in Archant Limited in connection with the Scheme of Arrangement under which Archant Limited succeeded ECNG as parent of the Group.

R Member of the Remuneration Committee
A Member of the Audit Committee
N Member of the Nominations Committee
P Member of the Pensions Committee

CP GRAF CBE Non-executive

Philip Graf, 62, was appointed a non-executive director of Archant in January 2006. Formerly the Chief Executive of Trinity Mirror Group, Philip was also a director of the Press Association for four years and has served on the boards of a number of quoted companies during the past 17 years. He is a former Chairman of the Press Standards Board of Finance and of the Broadband Stakeholder Group – the advisory group to the Government on the promotion of broadband services.

In 2003 Philip was made a CBE for Services to Regional Newspapers. Philip is currently Deputy Chairman of Ofcom and a partner in Praesta Partners, an executive coaching firm. He is also Vice Chairman of Crisis, the homeless charity.

JF DE MOLLER Non-executive **R A N**

June de Moller, 61, joined the board of ECNG as a non-executive director in May 1999.

June was Managing Director of Carlton Communications Plc from 1993 to 1999, having joined the board of Carlton in 1983.

Formerly a director of Cookson Group Plc, BT plc and J Sainsbury Plc, June is currently a non-executive director of Derwent London Plc, Temple Bar Investment Trust plc and Aldeburgh Music.

June is a member of the Council of the University of East Anglia.

PJC TROUGHTON *Vice-Chairman,* Non-executive **R A N**

Peter Troughton, 60, joined the board of ECNG as a non-executive director in 1991, having served on the boards of East Anglian Daily Times Company Limited and Community Media Limited since 1984.

Peter graduated from Cambridge and served in HM Diplomatic Service, before joining WHSmith Group plc, where he became Managing Director News Division and later, as a director of the main board, Managing Director Retailing. He left in 1995 to become Deputy Chairman of Rothschild Asset Management until 1999. He is a director of J Rothschild Services Ltd and other private companies. He is a non-executive director of Lowland Investment Company plc. A former trustee of the National Gallery, he was appointed a Trustee of the Royal Collection in 2007. He is Chairman of the Council of the University of Bath.

Peter chairs the audit committee.

SC COPEMAN Non-executive **A**

Simon Copeman, 42, joined the board of ECNG in October 2001 as a non-executive director, having previously been a member of the ECNG Newspapers board.

Since 1990 Simon has held a variety of general management, Six Sigma and sales and marketing positions with 3M UK plc and is currently their Acquisition & Alliance Manager.

JAE HUSTLER *Director*

Johnny Hustler, 53, managing director of Archant Lifestyle with responsibility for Archant's three magazine businesses, joined the Board in January 2008, having served as a director of a number of other Archant companies including East Anglian Daily Times Company Limited, Eastern Counties Newspapers and Archant Regional Limited during 21 years of service with the Group.

After graduating from Leeds University, Johnny went to Unilever and started his media career with Anglia Television in 1983, then joining the East Anglian Daily Times in 1987. In 1995 he moved to ECN in Norwich as Marketing Director, after which he served in a number of senior commercial roles before launching Archant Life, of which he remains a director, in 2001.

Johnny is a past UK and European Director of the International Newspaper Marketing Association and is currently a director of the Periodical Publishers Association Limited.

REJ WYATT Non-executive **R A**

Richard Wyatt, 49, was appointed a non-executive director of Archant in April 2005.

Richard is Chairman of Loudwater Investment Partners Limited.

Richard is currently a member of the Regulatory Decisions Committee of the FSA, and formerly Managing Director of Schroder Securities. During the course of the year Richard left the board of Panmure Gordon & Co plc.

Richard, who is a law graduate, is a trustee of Aldeburgh Music and a director of The Suffolk Foundation.

JO ELLISON *Company Secretary*

John Ellison, 57, was appointed Company Secretary of ECNG in February 1996.

→ Growing and maintaining audiences is at the heart of Archant. Delivering what those audiences want, through the medium they choose, has been the focus of innovative teams right across the business.

→ With its unique mix of websites, regional newspapers and magazines, Archant is well-placed to adapt to the changing needs of the communities it serves. And, despite a worsening economy, Archant has continued to invest in its people and its products.

→ During 2008, Archant was able to provide valuable platforms for its advertisers, giving them access to targeted audiences through all its media channels.

→ Digital audiences continued to increase, with Archant's portfolio of websites attracting an average of 1.8 million unique visitors every month during 2008 – a 45 per cent increase on 2007. Digital revenues grew by more than 50 per cent year-on-year.

→ Powerful brands and innovative thinking have enabled Archant to develop new web-based products, target them accurately and promote them effectively.

→ Over the next 15 pages you will discover how Archant's people rose to the challenges of 2008.

"The local element differentiates the '24' sites from the national players"
PETER SWALLOW, DIGITAL DIRECTOR

A multimedia campaign was launched for *jobs24* with a 'look local' message

Digital gathers pace

During 2008, Archant's ambition to develop a local digital business gathered pace, with significant increases in on-line audiences and revenue, as Digital Director Peter Swallow explains

"In total, more than 1.7 million people used *homes24* during 2008 – impressive growth in the current property market"
TIM YOUNGMAN, HEAD OF DIGITAL MARKETING FOR ARCHANT REGIONAL

IN 2008, ARCHANT increased the number of people visiting its websites as well as the revenue generated from on-line advertising. Several new services were also launched to extend Archant's on-line relationship with consumers and local businesses.

"Significant progress was made on our classified sites, which are designed to help local consumers buy a house, find a job or buy a car," explains Peter. "All three experienced rapid growth in audience with *homes24* bucking the national trend of declining traffic in response to a faltering housing market – during the second half of the year audience levels were rapidly increasing week by week, reaching 275,000 per month by the end of the year."

A combination of external promotion, partnering with other sites, increased search engine visibility and promoting the *homes24* brand through Archant's newspapers led to this impressive growth. "In September, an extensive multimedia campaign for our jobs site was also launched, which had a core message of 'look local at *jobs24*' – this really encapsulated the whole essence of our localness."

The local element differentiates the '24' sites from the national players. The growth was equally impressive with *jobs24*, with hundreds placing their CV on the site every week. "Further development of the local theme across all our classified sites through editorial content, interactivity and more choice for the consumer will be a focus in 2009."

The programme of site development continued through the year, strengthening the sites. They are now more visible in search engines such as *Google*; they remain at the forefront of functionality with features like enhanced mapping, which includes satellite imagery; and our sales teams can now sell display advertisements to local advertisers on the homepages of *jobs24* and *homes24*. "Giving our advertisers more information on how their advertisement is performing is of significant benefit to them, and we launched a new management information system for *homes24* at the close of the year. Among other useful information, sales people will be able to tell estate agents how many times a property has been viewed in detail, and how many people have emailed their office for more information. All this information helps *homes24* to become a preferred business partner."

There were also significant gains in local display advertising across the regional newspaper business, with increased sales of banners and skyscrapers on websites. "Local advertisers are now beginning to see the value of targeted on-line audiences and our newspaper sites are best placed to offer truly local customers," adds Peter.

Display revenues were given a further boost during the year with the launch of a local classified directory service on all Archant's newspaper sites. "These directories give consumers a wide choice of local trades and services within defined areas that complement the readership of our newspapers."

The introduction of a new display advertising management system called Helios also allowed more imaginative ways for local businesses to reach their customers through Archant's on-line newspapers, whether this is through targeting a particular time of the day or a specific section within a site. The system gives the advertiser information on how their advertisement is performing. This really reinforces the relationship between Archant and the advertiser.

"Towards the end of the year a new service was launched that enabled all our family notices to be placed on-line. The new service allows readers to engage with a family notice through one of our newspaper sites. They are able to add extra comments and pictures on any of the personalised pages, no matter where they live."

Over time, this service will build into an archive of many hundreds of thousands of notices that will be available on-line for the future. Peter concludes: "This engagement with readers was not possible before the advent of the web, but now regional newspapers are able to further develop their relationship with the communities they have served for so many years."

Archant continues to serve communities through multimedia

Innovative promotion of *drive24*

ATTRACTING NEW AUDIENCES

During 2008, it was the principal aim of Head of Digital Marketing for Archant Regional, Tim Youngman, to expand the audiences of Archant's homes, jobs and motors websites, focusing on a new audience of non-newspaper readers.

To achieve this, the sites were marketed at key times of the year through different above-the-line media channels. "Our newspapers were at the core, using the brand message 'look local at...'," explains Tim. "We also used digital marketing techniques, such as making the sites more visible to search engines, linking with other partner sites, e-mail marketing and the use of *Google* pay-per-click ads."

As a result, *homes24* saw a 266 per cent increase in the number of people visiting the site during the year. The audience in December 2008 was more than five times greater than December 2007. "In total, more than 1.7 million people used *homes24* during 2008 – impressive growth in the current property market."

This growth was also mirrored at *jobs24*, which saw more than 1.4 million people looking at more than 33.8 million pages during the year, as well as *drive24* – Archant's motors site – which achieved a 61 per cent increase in monthly visitor numbers.

"We have achieved tremendous audience growth in difficult market conditions and have managed to establish these sites as the websites of choice in our local markets," concludes Tim.

On-line advertising

HELIOS, A NEW software platform that significantly improves the way in which digital advertisements are delivered across Archant's regional and classified websites, was rolled out in 2008.

This new advert-serving technology, which is also used by other major media organisations, provides greater control and better targeting of digital display advertisements.

Advertisements can now be sold by time and date and even target users' own interests by using keywords. For example, sport advertisements can be delivered directly against sport content. It also allows a greater range of digital advertisements, including video and expanding banners, to be served up to the websites.

The new system makes it much simpler for production teams to manage Archant's expanding digital sales activity and provides better reporting, including instantly flagging up advertising availability on each site.

As a result, local sales teams have greater control over selling on to single sites or across multiple sites, and can provide advertisers with a growing number of digital advertising options.

Helios also delivers improved management information, including recording how many website users have clicked on advertisements, which gives better feedback to customers and highlights the value of Archant's websites and digital services. "Helios is a very powerful piece of software that has done far more than just send digital advertisements to our websites," says Archant Norfolk Publishing Production Manager, Kevin Shelcott. "It has enabled designers to explore new on-line features by introducing expandable banners and video; sales staff to have up-to-date information on inventory availability; and it provides customers with performance and delivery information. Its introduction has greatly helped us to achieve the integrated approach we now have to selling, designing and delivering internet advertising."

LEADING THE WAY

When Weston-super-Mare's Grand Pier was destroyed by fire at the height of the tourist season, Judi Kisiel's team pulled out all the stops to make sure it led the news agenda on-line and in print – and then took on the roles of newspaper deliverers!

It was Judi herself who spotted smoke coming from the pier while on her way to work at 7am on Monday July 28. She contacted the pier's owners and organised her team's coverage, which was led by news editor Simon Angear.

Web editor Clare Hayes made sure the story was on-line within minutes, beating all other news organisations. The *Mercury's* on-line coverage continued to lead the way over the coming days, and saw its unique visitor numbers soar 54 per cent to 35,000 year-on-year.

When the week's edition of the *Weston & Somerset Mercury* was published, it carried 23 pages of in-depth and exclusive coverage. "When the paper came out on Thursday morning everyone in the team put on newspaper delivery bags to sell copies to the visitors who had flocked to see the remains of the pier," says Judi.

"The team took the pictures, shot the video, provided the first and best web coverage, wrote 23 pages for the newspaper edition, and then went out and sold the paper – that must be a first!"

STARS IN THE EAST

The quality of Archant's newspapers and staff was confirmed once again at the 2008 EDF Energy East of England Media Awards, held in January 2009.

The Ipswich *Evening Star* was crowned Daily Newspaper of the Year. "The *Evening Star* is bright, alive and dynamic and now reaching its biggest combined audience in a generation," said the panel of judges. "The results are down to campaigning and power-packed journalism that gets the title known both locally and further afield." The *Evening Star*'s Jonathan Elsey secured Designer of the Year, making it a double celebration.

Stacia Briggs' sharp and witty columns in Norwich's *Evening News* won her Columnist of the Year while Sam Williams was named Business Journalist of the Year for his series of scoops and exclusives featured in the paper.

The *Eastern Daily Press*' Chris Lakey was named Sports Journalist of the Year. Chris was described by the judging panel as being "head and shoulders above his contemporaries, producing work of the highest quality."

Jon Welch from the *Eastern Daily Press* was named Environmental Journalist of the Year and was praised for the way he has led the national and international media on important issues.

Norfolk's *Pink'un* was named Website of the Year. The website's lively community-centred coverage of Norwich City FC and King's Lynn FC attracted more than 87,000 unique visitors in December 2008.

The *Lowestoft Journal*, edited by Russell Cook, scooped Front Page of the Year for its poignant 'Heartbreak' following Lowestoft Town's incredible cup journey to Wembley last year.

Working together

BUILDING STRONG RELATIONSHIPS with major advertisers provides clear long-term benefits for both the advertiser and Archant.

A perfect example of this at work is the relationship between Archant Norfolk and Bennetts, the consumer electronics and electricals retailer.

Despite the economic downturn, sales at Bennetts' Hi Tech show at the Norfolk Showground in October 2008 increased by 15 per cent – "and the crowds were fantastic", says Dean Adams, Marketing and Purchasing Director at Bennetts.

Dean recognises the role Archant publications played in this success: "We have always grown the business in a downturn because we've been very proactive and driven the business through clever marketing. That's why Archant has always come to us when they've wanted to try something new. They know we will be open to new ideas and innovations. You've got to be adventurous in business – that's how we have built the Hi Tech show to be the largest consumer show of its type in the UK."

The Hi Tech show, now entering its 16th year, brings the leading consumer electronics manufacturers into Norfolk and also enables Bennetts to promote the local charities it supports.

Archant Norfolk General Sales Manager Gary Attfield believes that close relationships with advertisers such as Bennetts allows his team to fully understand their needs. "What comes out of a long-standing relationship with a customer is honesty, trust and openness. Naturally, media cost is an important consideration. However, those discussions are consolidated in annual negotiations so we can then plan to maximise the amount of time we spend on delivering impact for Bennetts and reaching audiences."

Bennetts doesn't turn to Archant just for promotion opportunities, adds Dean. "The guys we deal with at Archant are knowledgeable about the local trading arena and we look to them for advice. All advertisers can benefit from that – you can't get too much wisdom."

"Archant knows we will be open to new ideas and innovations"
DEAN ADAMS, MARKETING AND PURCHASING DIRECTOR, BENNETTS

Train to Gain

A TOTAL OF 50 staff at Archant Accounting Services (AAS) have been brushing up on their computer skills to complete an ITQ qualification – the National Vocational Qualification for IT users.

The qualification, at NVQ Level 2, demonstrates staff competence in the use of IT in the workplace and is free to Archant through government funding via Train to Gain and the Learning Skills Council.

Participants are able to work at their own pace to complete their studies, which are expected to take around six months to complete.

AAS director Nigel Connor said: "We had identified the need for IT training that could make a real difference to the way we work every day. This initiative represented a fantastic opportunity for both the individuals concerned and Archant.

"Not only have the individuals improved their skills and gained qualifications, but they will be able to apply those skills in ways that will continue to improve the service AAS delivers. It is great to have such a win-win project."

GOING GREEN

Hundreds of non-league football clubs in eastern England, and thousands of passionate supporters, are turning to *Green'Un24* for their sporting updates. During the second half of 2008, the number of unique visitors per month to the site increased from around 3,000 to around 50,000, viewing more than 400,000 pages.

Originally, a much-loved Ipswich Saturday evening football paper, the *Green'Un* was transformed into two products – a Monday supplement in *The Evening Star* and the updated website, *Green'Un24*.

The site features in-depth reports on Ipswich Town and Colchester United football clubs, but its focus is on football's grassroots. "The strength of the old *Green'Un* lay in its non-league coverage," says *Evening Star* Editor Nigel Pickover. "We decided early on that this would be an area that could potentially attract a large audience."

The site also has a function where clubs can add their own profiles and news. Colin Wallington, manager of Ridgeons Premier Division club Tiptree United, looks at the website virtually every day: "It's the only format available that tells you what is happening right across the area," he says.

Other features include a 'Love Non-League' section that taps into the clubs' community spirit. The site's on-line broadcasts – *Green'Un TV* – enable fans to read the managers' facial expressions as well as their words.

Nigel sees opportunities for a healthy revenue stream from sponsorships and advertisements on the site. He praised the launch team for the new *Green'Un* era, Archant Suffolk's Head of Sport Peter Blythe and *Green'Un* project leader Mike Bacon, for their "outstanding work and dedication".

Hand distribution of the *Bromley Times* in the evening is proving a very effective 'route to market'

Five routes to market

Increasing readership that will exceed advertisers' expectations has been the goal of Archant London. Its 'five routes to market' distribution strategy has certainly delivered

GETTING A PRODUCT to readers that will deliver a response to advertisers is the philosophy behind Archant London's new 'five routes to market' distribution strategy to increase readership – hand distribution; door-to-door; pick-up bins at key locations; via retailers; and by the web and email.

"Being innovative and entrepreneurial has enabled us to win new readers in an extremely tough market," explains Archant London's Head of Circulation, Steve Fenton. Hand distribution is seeing impressive results. Commuters arriving into stations in Kent late in the evening are being handed copies of Archant's newspapers as they step off the trains. "Giving newspapers to people on their way home ensures they are taken home for reading rather than being abandoned or binned in the office if they were given out in the morning," says Enzo Testa, Managing Director of Archant London. "They remain in the home for a number of days where they tend to be read by other members of the family or household."

There are other advantages to hand distribution. By wearing high-visibility jackets, the distributors increase awareness of the brand. Distributors also interact with readers. The transport companies are happy, they don't have to clear up thousands of abandoned newspapers, and there are none of the wasted copies in the stations that you find with pick-up bins.

"Rapid-fire hand distribution in the midst of a crowded station, a weekly market or shopping mall is also a lot cheaper than door-to-door distribution," adds Enzo.

In a town like Gravesend, door-to-door distribution reaches more than 80 per cent of the houses. Archant also distributes the *Gravesend Reporter* through pick-up bins at key locations, hand distributes copies and maintains a *Gravesend Reporter* website.

Retailers had been selling around 5,500 copies of the paper before the introduction of hand distribution. They are still selling over 5,000, achieved by Archant lowering the cover price and improving the terms for retailers. From an advertiser's point of view, total distribution has risen from a little over 5,000 to 20,000 and the hand distributors have heightened awareness of the brand.

The web and email is the fifth route to market. "Around 15,000 digital copies of the *Docklands* newspaper are being delivered by email every week," says Steve Fenton. "That number is growing rapidly."

This distribution method was tested using the *Docklands* because it is such a Wi-Fi-educated city audience, adds Enzo. "We will now look to roll that model out for our other titles."

The advantages, he says, are that it costs virtually nothing to increase the circulation of the electronic edition, it is extremely convenient for the reader to flick through at their desk, and it delivers large amounts of data from the readership. It is also possible to gain feedback on what they are choosing to read.

"It's a strategy that is winning new readers in a tough market," Steve concludes.

ROYAL VISIT TO BREWERY

The Prince of Wales and the Duchess of Cornwall gave the Royal seal of approval to the UK's first eco-friendly beer in July 2008. Backing a Suffolk brewery's attempts to reduce its carbon footprint, the couple sipped the ale in the upmarket seaside resort of Southwold. *Eastern Daily Press* photographer Nick Butcher made sure he was in the right place at the right time to capture the shot: "I knew that they would be sampling beer at the end of the tour of the Adnams brewery – I knew this would be the best picture of the day. With a bit of luck and pre-planned judgment I managed to get in a very good spot – I was very close to the both of them, no more than 1.5 metres – this is very unusual when taking pictures of Royalty. It is a combination of the angle and the expression on the couple's faces that made the picture."

Flexibility in print

Investing in new technologies will result in greater flexibility at Archant's print centre

INTERNATIONAL INK

Archant Print has moved into the international sourcing of ink and printing plates – and reduced its ink and plate costs by around 20 per cent at the same time.

The business' expenditure in these areas is around £1.5 million per year, explains Archant Print Managing Director, Nick Schiller. "There are just three major suppliers of plates and two major and one minor supplier of printing ink in Europe. We decided to look further afield to try to find more competitive suppliers. We found good suppliers of printing plates in China and we sourced ink from Korea."

In fact, the Korean inks are of such high quality Archant Print has negotiated and signed a distribution agreement to act as exclusive distributor in the UK and Ireland.

After tests on a competitor's presses, Archant Print signed its first ink sales agreement in early January 2009.

SIGNIFICANT INVESTMENT AT Archant's Thorpe Print Centre in 2008 will increase capacity by a massive 65 per cent. "Last year we were doing open-heart surgery at Thorpe," says Archant Print Managing Director, Nick Schiller, "casting huge concrete slabs, installing 88-tonne press towers in 22-tonne sections and changing the whole control system."

The new presses were purchased from *The Guardian*'s Trafford Park print centre in Manchester following its move to a different newspaper format. "Buying second-hand halved the investment required," adds Nick. "As well as additional presses, the very latest generation of Kodak plate-makers has been introduced to improve efficiency."

Thorpe's new press will allow a change in paper usage, resulting in a reduction of almost five per cent in paper, ink and plate costs. "All products can now be produced in 100 per cent full colour," says Nick.

Once the installation is completed in May 2009, Archant will have a single print plant that provides greater flexibility and resilience than the two it operated previously.

"The downside is that around 30 of our people are losing their jobs at Ipswich," Nick adds. "The team at Ipswich have known about this for nearly two years. This year we awarded them Team of the Year in the Archant team awards because of their dedication. They are a credit to themselves, professionally, and to the company."

Pursuit of quality

Archant's magazine businesses – Life, Specialist and Dialogue – all came together under one umbrella, Archant Lifestyle, during 2008

ARCHANT'S MAGAZINE STRATEGY was reinforced during 2008 by the continued growth in paid-for sales of its county titles, and the strong uplift of the number of pre-paid subscription copies, which grew by 47 per cent across the year. Pre-paid subscription copies now represent a third of total copy sales.

"While our circulations bucked the trend seen by most of the industry, revenue and profit at Archant Life have not remained immune from economic slowdown," explains Archant Lifestyle Managing Director, Johnny Hustler, "with the ailing property market being chiefly responsible for pausing our run of rapid growth."

However, despite the tougher marketplace, Archant Life's development work has not stopped. "Our objective to have a county magazine in every county remains the same," says Johnny, "and 2008 saw considerable advances towards that goal with new launches in the north-east, Wiltshire, Nottinghamshire, Northamptonshire and Buckinghamshire. *North East Life* was launched in the autumn of 2008, covering Northumberland and County Durham. "This magazine has proved to be the fastest-growing title yet with a circulation of more than 5,000 paid copies being achieved within six months of launch," explains Johnny.

In addition, Archant acquired four free magazine titles in Bournemouth and Southampton as well as launching another free magazine, *Living North*, in north London.

Against the backdrop of this programme of development, the timing of the credit crunch has been particularly unwelcome. "We see it as a matter of pushing the 'pause' button temporarily," says Johnny. "We will not withdraw completely from any of our recently developed markets, but we will make prudent reductions in the frequency of publication of some of the younger titles until the economy improves and we re-engage with our plans for growth."

2008 also saw Archant's three magazine businesses – Life, Specialist and Dialogue – move closer together under common management. During the course of this restructuring, Miller Hogg, who first worked for Archant in the mid-'90s and rejoined the business recently to run the French titles, was promoted to take charge of all Archant's national specialist titles.

It was Miller who led the restructuring of Specialist, closing its Chelsea office, and successfully relocating the business to facilities that Archant Life already occupied in Cheltenham. This resulted in a reduction in costs and the doubling of profits year-on-year while recruiting some exciting new skill into the business.

Archant Dialogue has also become closer to Archant Life. Dialogue is a full-service media partner to member organisations, such as the Harley Owners Group and British Eventing, and large businesses such as Saab and Anglian Home Improvements. As well as producing beautiful magazines and highly effective digital services, its core skill is in customer service.

"We feel there are many existing customers of Archant Life and Specialist who could benefit from Dialogue's approach and expertise. By integrating their management teams more closely these leads have more chance of turning into business," says Johnny.

"At Dialogue, Bob Crawley and his team have been helping Life's editors for some while, and I expect that influence now to go further afield. I would like to be able to provide the sort of customer service that is fuelling Dialogue's growth across our portfolio."

Our three magazine businesses target very different sectors yet all have a number of important things in common, and at the top of this list would be their pursuit of top-class quality.

"Whether distributed to a mailing list, through the letterbox, by email, on subscription or through the newsstand at Tesco, all three businesses share an over-riding objective – to delight and thrill a well-targeted audience with fantastic content in a beautiful, glossy package."

"At the end of the day, of course advertising revenue is vital, and we are blessed with great advertising sales people. But even the most ambitious salesman would admit that while anyone can sell the first advertisement, you won't sell numbers two, three and four unless the advertiser gets response – and that's all about audience."

Subscribing to success

Total circulation of Archant's Life titles grew by more than five per cent in 2008 and subscriptions to the magazines grew by 47 per cent. "We have grown the audience every year since Life started," says Nick Jones, Director of Audience Growth. "2008 was a fantastic year for our subscription marketing strategies," he says. "Some competitors have been reducing their cover prices. We decided not to do that, but to make it very obvious to our readers that you could get the magazine for less if you took 12 issues on subscription."

"We applied the lessons we have learned in our subscriptions research. On our three Life titles in the north we doubled subscriptions. Overall we are increasing the proportion of subscriptions in the total readership. At the same time we are increasing reader frequency. Our research tells us that non-subscribers usually only purchase a magazine three or four times a year."

Life has a team of circulation managers and a field force dedicated to increasing magazine sales. "That contact with the frontline is a major advantage," says Nick.

Around 12 per cent of sales are through direct supply to non-traditional retailers such as garden centres and tea shops – the aim is to have the magazines for sale wherever Life's target group are to be found.

Direct contact with major retailers is allowing the team to innovate and to use its scale and success in the interests of other Archant titles. For instance Marks & Spencer is now selling more than 10,000 Life magazines in its stores. Nick's team has used M&S's confidence in Archant to increase its listings of *English Homes* and *English Gardens*. Boots is also selling a number of Life county titles in their stores.

Nick and his team have worked hard throughout the year to secure special magazine point-of-sale positions.

"Where we get our magazines in supermarkets on stands away from the normal range, we increase sales by hundreds of per cent," says Nick. "At one Waitrose store we are selling nearly 1,000 copies of *Cotswold Life* each month. We don't believe that there is another outlet in the UK that is selling that number of copies of one particular magazine."

Life on-line

Archant Life added new services to its websites designed to add value for users and to generate additional revenues.

Many of Archant Life's websites now host a readers' shop where customers can order carefully chosen products on-line. The products match the interests of Life magazine readers and many are locally sourced.

Items that can be purchased via the websites include books, food and drink, homeware, gardening equipment and clothing.

Local producers and service providers can also film three- to four-minute video advertisements for the Life county websites.

Video advertisements being shown on the sites include hotels, specialist meat companies and organic food producers. Three pricing structures are offered to suit all types of businesses.

"There is obviously a huge revenue potential from the video directory concept," says Mary Willis, Digital Development Manager for Archant Life. "It also provides our advertisers with a great service through a trusted brand."

French connection

ARCHANT TOOK OVER the UK's biggest French travel and property show at Olympia in 2008 and as a result of innovative use of the internet increased attendance from 8,000 to 27,000.

David Storrar, Head of Exhibitions and Events, explains: "The success of the France Show was down to our highly innovative promotion of the event on-line. We knew there was a massive potential audience – two million Britons travel to France each year."

The marketing team targeted high-traffic, special-interest websites, blogs and forums on French culture, food, wine and property. As the tickets were free, they promoted them on freebie websites and advertised them on search engines.

"It was fundamental that we got the website right," says David. The France Show site attracted 55,000 unique visitors and 47 per cent of them registered for tickets, resulting in 27,000 attendees.

"It shows our status as market leader at a time when people have to make choices on where to spend their money," adds David. "They have the evidence that if they spend any money on the France sector it should be with us, because we deliver."

Synergy at Specialist

The Archant Specialist restructure restored loss-making titles to profit, strengthened the Cheltenham operation and promoted joined-up thinking across the division

AT THE END of 2007, Chelsea-based Archant titles *English Garden, English Home* and *Heritage* were losing money. "They were selling 150,000 magazines, many of those on subscription, the magazines also had strong advertising but the cost base was simply too high," says Specialist Managing Director Miller Hogg.

"Merging the Chelsea and Cheltenham operations made clear strategic sense," says Miller. Both the English and French magazine portfolios focused on travel destinations, property and lifestyle. The Chelsea and Cheltenham titles had built up strong subscription bases in North America; combined, they would sell 130,000 copies into that market.

Adding the Chelsea magazines would almost double the editorial staff working on national titles at Cheltenham, providing greater staff flexibility. Cheltenham had the space to accommodate the Chelsea titles and, if needed, there was a pool of professionals working for other media groups within easy reach.

That recruitment pool was needed. It soon became obvious that virtually none of the staff in Chelsea would contemplate a move out of London. "We started with a blank sheet of paper and had to recruit a full editorial staff for three national titles," says Miller.

Recruiting new editorial teams enabled Miller to group personalities he thought would work well together. A buddying system in Cheltenham mixed the old and the new to speed up the settling-in period.

"Every element involved in the project and every target we set ourselves we met or exceeded," says Miller.

"The influx into Cheltenham has boosted morale there, and another major advantage has been 'joined-up thinking'," he adds.

Specialist can now approach major retailers with one voice. Specialist trade exhibitions such as the France Show can be promoted simultaneously in a wide range of sister titles. Successful market tests, white-label websites or editorial innovations can be more rapidly shared and rolled out.

A Christmas subscription campaign, drawing on best practice from across Archant Life and Archant Specialist, proved extremely successful.

Diving in

Specialist magazines provide a platform for well-targeted advertising. During 2008, Archant Specialist capitalised on the market for diving, through *Sport Diver*...

THE AIM OF any specialist magazine is to create an exciting read for active participants. During 2008, Archant Specialist increased its advertising revenues from diving publications by 23 per cent. It boosted audience numbers through carefully planned promotions on *Sport Diver*, launching a new entry-level diving magazine, *Go Diving*, as well as revitalised annual publications.

Go Diving, a direct-mail publication launched in April, is sent to everyone in the UK who takes a diving taster course. The magazine encourages them to sign up for a full diving course and gives advertisers a chance to put themselves in front of those who are new to diving.

The new title broadens Archant Specialist's coverage of the diving world. The long-established *Sport Diver* magazine, with a circulation of 9,000, is targeted at all levels of diver. During a three-month promotional campaign, *Sport Diver* increased its newsstand sales by more than 15 per cent year-on-year.

The magazine's ability to increase sales at a time when competitors' circulations are in decline has encouraged WHSmith to increase the number of stores that offer *Sport Diver* by 43 per cent to more than 400.

An annual guide to dive sites was renamed '100 Dives To Do Before You Die'. That caught the imagination of advertisers, generating record revenues.

"Our strength in the dive market is that we are very creative and we keep in close touch with clients' needs," says Publisher Tina Cronin.

PICTURE PERFECT

Professional Photographer magazine increased its circulation by almost 10 per cent during 2008 to more than 12,300 per month. Subscriptions increased, as did newsstand sales in a crowded market.

The magazine has an audience of commercial photographers, which is good news for advertisers, as confirmed in a reader survey. Commercial photographers spend more and spend differently to their amateur counterparts.

Good editorial, such as *Professional Photographer*'s review of the work of Bob Carlos Clarke in August, had helped push newsstand sales up dramatically. Promotions helped build on the advantage. "A good issue from a competitor magazine can tempt some readers away. Good promotions are important in smoothing out the ups and downs," says Andy Rice, Publisher.

Improved communications and co-ordination between the editorial and commercial teams was important in the successes of 2008. In the December issue, for example, Sony were advertising the launch of a new camera; *Professional Photographer* reviewed the camera and shot the cover image with it, delivering for both advertisers and readers.

Digital Dialogue

A new digital unit at Archant Dialogue has seen the team create powerful on-line products to complement the high-quality print products it produces for its clients

ARCHANT DIALOGUE CONTINUED its strong development during 2008 with revenues and profits up year-on-year and margins of 22 per cent at the very top end of the customer publishing industry.

One of the keystones in the year was the decision to set up a new digital content creation unit to provide strong internet solutions for its growing list of clients.

"Our business is simply creating great content and delivering it with flair to targeted audiences via different channels on behalf of our clients," said Dialogue Managing Director, Bob Crawley.

Dialogue had a very good reputation for producing fantastic print products, but had not proactively ventured into the on-line world. That all changed at the beginning of the year when the Dialogue team created a proposal for Harley-Davidson to produce a series of digital communications.

"One of the real strengths of our team is its ability to learn new skills quickly," said Bob. "We had little experience in this arena, but within a matter of weeks had created bespoke content, sourced delivery systems and created a powerful new-look e-newsletter for Harley-Davidson, which is now sent to tens of thousands of customers every month."

Dialogue's Digital Content Editor, Tom Smith, said: "We now produce a range of highly effective monthly and quarterly e-communications for different divisions of Harley-Davidson, in the UK and across Europe."

A series of email templates has been developed that allows different types of marketing messages to be delivered. All this activity is closely monitored in terms of open rates and response rates, and reported back to clients to enable them to understand the effectiveness of their e-communications.

Tom also oversees the creation of digital editions of magazines for a growing number of clients. "A number of our clients have really embraced the page-turning digital editions and see them as a key part of their communications activity." The team now creates digital editions for Harley-Davidson, Océ, The Whisky Shop, Anglian Home Improvements and Royal Ascot.

Dialogue has also moved into providing and managing website content. Again, working with Harley-Davidson, the team has created photo gallery websites for events across Europe.

"We see digital simply as another way of delivering the fantastic content that we create. It works in tandem with the more traditional print mediums, but will undoubtedly become increasingly important for our clients," adds Bob.

NEW CONTRACTS

Equestrian, whisky, and more motorcycling were added to the Dialogue mix during 2008 to provide an increasingly broad base of business.

"Constantly winning new business is vital to the continued success of the business," says Editorial Director Zoë Francis. "The team has to devote a large amount of time and expertise to ensure every pitch we make is of the highest standard."

"Dialogue prides itself on getting a real understanding of potential clients' businesses, even before we start working with them," she adds.

Working closely with colleagues at Archant Life, Dialogue was successful in winning the contract to produce the official magazine for British Eventing. The team is responsible for the entire publishing process, including selling advertising.

Towards the end of the year The Whisky Shop, which operates 13 independent retail outlets across the UK, approached Dialogue to produce a trial consumer magazine in the run-up to Christmas. The resulting 36-page magazine was a huge success and Dialogue will now produce two issues in 2009.

Building on the contract won in 2007 to produce the multi-language European editions of the Harley Owners Group (HOG) magazine, the Dialogue team picked up the contract to produce the Canadian version, working directly with the HOG team in Canada.

Dialogue's Art Director, Nick Paul, was involved in redesigning a number of magazines in the Group, including *Yorkshire Life* and *Cheshire Life*. He also worked with a launch team to create *North East Life*. Nick also ran front cover workshops for Life's Midlands division.

Reaping the rewards

Once again, 2008 saw many Archant employees and products take home well-deserved national awards. Here are just a few...

The campaigning style of Archant Suffolk's **Evening Star** has brought home top marks yet again, winning it Britain's Daily Newspaper of the Year in the category of a circulation of less than 40,000 at the Press Gazette Regional Press Awards. It is the second year running the *Star* has won this and other accolades. It was described by judges as "ballsy from front to back".

Editor Nigel Pickover said: "We are thrilled to have been recognised. We fight for the people of the Ipswich region day and night, using bright and dynamic multimedia methods, and challenge those in authority when things are mishandled and when no one else speaks up."

In another major triumph, journalist **Jonathan Elsey** was declared Designer of the Year. Meanwhile, Archant London's **East London Advertiser** picked up Weekly Newspaper of the Year with **Ted Jeory** bringing home Reporter of the Year, despite having been in the business for just a handful of years.

Finally **Spencer Griffiths**, who worked on Archant London's *Ilford Reporter*, was crowned Photographer of the Year (weekly). The Best Weekly title went to the **East London Advertiser**. Editor Malcolm Starbrook said its award was down to the efforts of a "dedicated and highly talented bunch of journalists who care passionately about what they do and the paper they are writing."

Archant publications scooped a hat-trick of golden accolades at the Newspaper Society's Circulation, Editorial and Promotions Awards. Archant South West's **Weston & Somerset Mercury** achieved gold in the Community Newspaper of the Year – Weekly Paid-for Newspapers. Archant London's **Ham&High** was also awarded gold for its First Readers' Edition in the Content or Platform Promotion of the Year – All Regional Paid-for Newspapers class. Archant London proved it has what it takes to come up with cracking splashes after receiving a clean sweep of awards for Scoop of the Year in a national awards competition.

Gold went to the **Willesden & Brent Times** for its Justice for Dad campaign after **Jenny Engstrom** led a campaign for the release of an innocent man detained at Guantanamo Bay.

The judges commented that the scoop had been "the result of two years' work and the building of confidence with his family. Jenny deserves all the credit she gets for the hours of dedication she put into the campaign and for landing the exclusive while reporters from nationals were left baying at the family's door."

Silver went to the **East London Advertiser** after **Ted Jeory** uncovered the story that First Solution, a Tower Hamlets-based multi-million-pound money transfer company, was trading while knowingly insolvent. Bronze went to the **Romford Recorder** for its maternity crisis story.

Ed Davey (above) has proved himself to be one of the smartest trainee reporters in the country. Ed won the national prize for the Best Newspaper Practice Paper in the annual NCTJ National Certificate exams. He works on the *Islington Gazette* and *Camden Gazette* in Hornsey. Chief Executive for the NCTJ Joanne Butcher said: "103 journalists sat the Newspaper Practice exam in July and his work was judged to be the best in the country."

Archant Awards 2008

This year's Archant awards saw many members of staff recognised for their outstanding achievements during 2008. The ceremony was once again held in London.

Airgun magazines, Archant team of the year 2008

GOING FOR GOLD

Many Archant staff put in a great deal of time and effort to raise funds for a wealth of good causes. Archant Gold is the Company's way of acknowledging these tremendous efforts. In order to show Archant's commitment to them and the causes they support, the Company doubles, up to £3,000, any amount raised. And, in 2008, there was a lot of supporting to do!

Donations to charities amounted to £21,935 in 2008, as Archant employees took part in a range of events for charity, and then applied to the Company to double the amount raised. Colleagues have been running, swimming, baking, singing, cycling and walking (some at night).

Just a few of the gold stars are:

A Merchandiser for Archant Life, **Clare Hall**, at *Berkshire Life*, organised a carol concert for the Alexander Devine Children's Cancer Trust to build a children's hospice in Berkshire and raised a magnificent £1,052.

Welwyn and Hatfield Times and *Herts Advertiser* Editor **Terry Mitchinson** did two sponsored 14-mile walks organised by the Rotary Clubs, one for the Herts Air Ambulance and the other for the Rotary Clubs of Hatfield and Welwyn Garden City. He raised £1,219 and £85 respectively.

Archant London recruitment team leader **Mary Ross** completed a 5km run for the Hydro Active Women's Challenge 2007 and raised £117.

Archant *Royston Crow* reporter **Joanne Jarvis** fulfilled a life-long ambition and raised vital funds for a local hospice with a 10,000-foot skydive. Joanne, from Archant Herts & Cambs, took part in the Isabel Hospice's 25th anniversary when it set up a fund-raising programme in the hope of raising £3.3 million.

Jo Barnes joined the 18 others to do the skydive. Jo, a planner and also from Herts & Cambs, said: "It was the best thing I have ever done, it took me all day to come back down to earth."

The pair raised £415 and £400 for the charity, Enhance Herts.

Archant London Telesales employee **Sonia James** joined 'Walk in the Park' to raise £343 for Diabetes UK after her friend's son was diagnosed with Type 1 diabetes.

Report and financial statements

for the year ended 31 December 2008

Registered office
Prospect House
Rouen Road
Norwich NR1 1RE

Auditors
Ernst & Young LLP
Cambridge

The directors present their report and the audited financial statements of the Group for the year ended 31 December 2008.

Results

The results for the year ended 31 December 2008 are set out in the Group profit and loss account on page 48.

The loss after taxation of the Group for the year was £24,098,000 (2007: loss £10,169,000).

Dividends

The directors recommend a final dividend of 13.7p per share in respect of 2008.

With the interim dividend of 12.7p per share paid on 1 October 2008, this will make a total dividend of 26.4p per share for the year.

Assuming approval of the recommended final dividend, the cost of dividends for 2008 is:

	£000
Interim	1,778
Proposed final	1,910
Total	3,688

The proposed final dividend will, if approved, be paid on 7 May 2009 to shareholders appearing on the register of members as at 9 April 2009.

Activities and review of business developments

The principal activity of the Company throughout the year has been to act as the holding company of the Archant group of companies.

The principal activities of the Group throughout the year were, and continue to be, publishing newspapers and magazines both in print and online, and printing newspapers.

A review of the year and of the Group's prospects is set out in the Chairman's statement on page 4, the Chief Executive's report on page 6 and the Financial review on page 8, each of which are deemed to be incorporated herein.

Principal risks and uncertainties

There is an ongoing process for the identification, evaluation and management of the significant risks faced by the Group. This is described in the Internal Control section on page 34.

The principal risks and uncertainties are operational and financing risks. The key operational risks are the organisational structure and retention of key people, loss of advertising revenues, circulation decline, loss of key suppliers, potential increases in the pensions deficit and business continuity. Each such risk is being managed to mitigate any adverse impact on the Group. The financing risks faced by the Group are described in the Treasury management, associated risks and uncertainties section of the Financial review.

Key performance indicators (KPI's)

The key financial and non-financial performance indicators for the Group include revenue, operating profit, operating margin, advertising volumes, circulation volumes, and digital unique users. The Group seeks to target performance in line with or ahead of competitors.

Details of the Group's performance against the relevant KPI's for each division are included in the respective sections of the Financial review.

Directors

Those who are currently directors, and who served as a director throughout the year, were:

RW Jewson
SC Copeman
JF de Moller
CP Graf
JAE Hustler (appointed 1 January 2008)
AD Jeakings
PJC Troughton
REJ Wyatt

Mr BG McCarthy was appointed a director of the Company on 1 November 2008 and, having been appointed since the last Annual General Meeting, will, in accordance with the Company's Articles of Association, and with the recommendation of the Board for his reappointment, offer himself for election at the forthcoming Annual General Meeting.

Mr JA Fry resigned as a director of the Company with effect from the close of business on 31 October 2008.

The interests in the shares of the Company of the directors serving at the year end are disclosed in the Directors' remuneration report on page 37.

Share capital

There were no movements in the issued share capital of the Company during the year.

Corporate governance

The Company is not bound by the provisions of "The Combined Code: Principles of Good Governance and Code of Best Practice", but the Board remains committed to maintaining high standards of corporate governance.

(a) Board composition and appointment

The Board currently comprises nine directors, six of whom, including the Chairman and Vice-Chairman, are non-executive.

The directors have sought to ensure that the composition of the Board is such that the skills and expertise present in the board room, whether derived from technical knowledge or practical experience, are those necessary for the Board to manage the Company effectively.

The Articles of Association of the Company require that at each Annual General Meeting of the Company the number of directors most nearly equating to one third (disregarding those appointed by the Board since the previous Annual General Meeting) retire by rotation.

(b) Role and operation of the Board

While the Board as a whole is responsible to shareholders for the proper management of the Group, it has established the audit, nominations, pensions and remuneration committees as "standing" committees with particular responsibilities, and other committees are established from time to time to deal with specific matters.

The terms of reference of the audit, nominations and remuneration committees are set, and subject to periodic review, by the Board. The Board has also established a formal schedule of matters that it has determined should be decided upon only by the Board. In particular, the Board determines the Group's strategy, approves the Group's business plan and budget, monitors the Group's financial performance, determines the Group's funding strategy and reports to shareholders. The Board also retains responsibility for determining, within the confines of the Company's Articles of Association, the remuneration of the non-executive directors, save that the Chairman's fee is determined by the remuneration committee meeting in his absence.

Meetings of the Board are minuted, as are those of the committees of the Board, and all such minutes are considered and agreed at a later meeting of the relevant body, usually the meeting next following that to which they relate. Directors are free to request that their specific views are recorded in those minutes and, in addition to them having access to the advice and services of the Company Secretary, a procedure exists whereby directors may take external advice at the expense of the Company in respect of matters of concern to them in their role as a director of the Company.

The Company Secretary has responsibility for ensuring that Board procedures are followed.

The roles of the Chairman and Chief Executive are separate and the division of responsibilities has been formally set out.

In addition to the six meetings of the Board scheduled at the beginning of the year, there were meetings of the standing committees of the Board in 2008. Additionally, the Board met, either in full or via other duly constituted committees, to consider specific matters on a number of other occasions in the year.

The Chairman meets from time to time with the other non-executive directors in the absence of the executive directors, usually on an informal basis.

(c) Board committees

The composition of the standing committees of the Board is set out on pages 12 and 13, together with directors' biographical details.

The Board has sought to appoint to the standing committees those of their number who, together, it considers to have the most appropriate skills to enable the committee to carry out those functions allotted to it.

(i) Audit

The terms of reference of the audit committee, which were reviewed in 2008, assign to the committee responsibility for:

- reviewing the integrity of the Company's financial statements, including the consistency of the application of, and changes to, accounting policies;
- considering and making recommendations to the Board in relation to the appointment, reappointment and removal of the Company's auditors;
- overseeing the selection process for new auditors;
- periodically assessing the independence and objectivity of the Company's external auditors;
- reviewing and approving the annual audit plan and agreeing the audit fee;
- reviewing the effectiveness of the audit;
- keeping under review the effectiveness of the Company's internal controls and risk management systems;

as well as a number of other matters.

(ii) Nominations

The terms of reference of the nominations committee, which were reviewed in 2008, include a requirement that, in respect of each proposed appointment to the Board, the committee evaluate the balance of skills, knowledge and experience on the Board, and, in the light of that evaluation, prepare a description of the role and capabilities required for a particular appointment.

The committee is charged with identifying suitable candidates for appointment to the Board and with keeping under review the time commitments of the non-executive directors with a view to ensuring that those so appointed have sufficient time to properly discharge their duties in relation to the Company.

The terms of reference of the committee also require it to keep under review the leadership needs of the organisation, to give full consideration to succession planning for directors and other senior executives and, in consultation with the Chairmen of those committees, to make recommendations to the Board concerning the composition of the audit and remuneration committees.

(iii) Remuneration

The terms of reference of the remuneration committee, which were reviewed in 2008, provide that the committee is responsible for determining and agreeing with the Board the framework or broad policy for the remuneration (including pension arrangements) and, in consultation with the Chairman and/or Chief Executive as appropriate, determining the total individual remuneration package (including pensions, bonuses, incentive payments and share awards) of certain senior executives. The senior executives concerned are the Chief Executive, who is not consulted in relation to his own remuneration, his direct reports, the Chairman, the executive directors of the Company and the Company Secretary. The committee is also responsible for approving the terms of any agreement relating to the termination of the employment of such executives.

The terms of reference of the committee also require it to review the design of all share incentive schemes and long-term incentive plans and the design of, and targets for, any performance-related pay schemes.

(iv) Pensions

The pensions committee monitors the performance of the Group's pension scheme and makes recommendations in respect of the Group's pension arrangements against the background of current circumstances and anticipated developments.

(d) Board's relations with shareholders

Communication with shareholders is undertaken principally through the Annual Report, the Interim Statement and at the Annual General Meeting.

There is also a programme of meetings between directors and major shareholders.

The Chairman and Vice-Chairman remain willing, subject to issues of commercial confidentiality, to discuss with any shareholder, irrespective of the size of their holding, matters of concern to them in relation to the affairs of the Group.

(e) Internal control

The directors are responsible for the system of internal control in the Company and its subsidiaries and for reviewing its effectiveness.

The control structure and procedures adopted are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement, errors, losses or fraud.

The Board reviewed the effectiveness of all material controls, including financial, operational, compliance and risk management in 2008.

The Group has a formal procedure for identifying, evaluating and managing such significant risks as the Group faces.

Each operating unit prepares a risk matrix annually. The matrix details risks that it is thought could prevent the achievement of the strategic objectives of that business unit and assesses the likelihood of their occurrence. The measures in place, and proposed, in respect of the monitoring and management of each such risk are documented. This information is reviewed with the Group Finance Director. Thereafter, senior management reviews the risks to the Group as a whole, focusing in particular on those factors that could impact upon achievement of the Group's strategy.

The outcome of the risk review process is summarised and reported upon annually to the audit committee, to whom responsibility for such annual review has been delegated by the Board.

Procedures have been implemented to monitor the systems for safeguarding assets against unauthorised use; for maintaining proper accounting records; and for ensuring the reliability of financial information within the business.

The key elements of internal control that have been established, and that were in operation throughout 2008 (and up to, and including, the date of this report), are:

- Authority to manage the Company's operating subsidiaries is delegated, subject to certain constraints determined by the Board, to the board of the company concerned. Each of the principal operating subsidiaries holds regular board meetings that are attended by senior executives of the Group. Other matters of significance are reported where required;
- Annual financial and operational budgets and quarterly forecasts are prepared by operational subsidiaries and reviewed and approved by senior executives of the Group and, on a consolidated basis, by the Board;
- Monthly management reports and accounts are prepared by all operating units and include comparisons to budget and prior year. Significant variances are highlighted and investigated;
- Formal procedures are used to assess material investments and capital projects and appropriate due diligence is carried out if a corporate acquisition is proposed;
- The audit committee reviews the effectiveness of the financial control systems and reports to the Board areas of concern.

(f) Operation of the audit committee

The audit committee met on four occasions in 2008.

The committee reviewed the 2007 Financial Statements and the 2008 Interim Statement prior to their publication.

The committee met with the auditors in 2008 to discuss the audit in respect of the year ended 31 December 2007, matters of relevance to the 2007 Financial Statements and the proposals for the conduct of the audit in respect of 2008.

Other matters considered by the committee during 2008 included the Group's corporate governance mechanisms, the annual review of operational risk and a report in relation to the Group's insurances.

(g) Internal audit

The audit committee considers periodically whether the introduction of an internal audit function would strengthen the control environment to the extent necessary to justify the additional costs and the impact on the operation of the business that such a function would entail.

In the light of the scale and structure of the Group and the control environment in place, the Board does not currently consider that the introduction of an internal audit function would materially benefit the Group.

(h) Non-audit fees paid to external auditors and auditor independence

The audit committee has an ongoing responsibility for monitoring the independence of the Company's auditors.

In the light of the substantial knowledge that the Company's auditors, Ernst & Young LLP ("Ernst & Young"), have built up of the Company and its affairs, the considerable level of technical expertise that they can make available to the Company and the cost-effectiveness and efficiency of obtaining that expertise from a party who already has a detailed knowledge of the Group, the Board has not placed any restriction on the use by the Group of Ernst & Young in respect of non-audit matters.

Accordingly, during 2008, Ernst & Young advised the Group in relation to tax compliance and potential acquisitions and disposals, as well as assisting in the provision of circulation certification to industry audit bodies.

In accordance with auditing standards, Ernst & Young has advised the Company in writing that the firm is independent within the meaning of regulatory and professional requirements and that the objectivity of the audit engagement partner and audit staff is not impaired. Having reviewed that opinion, the Board is of the opinion that the continuing provision to the Group by Ernst & Young of both audit and non-audit services has not compromised the independence of the auditors in relation to their audit of the affairs of the Company and the Group in respect of 2008.

Sums payable to Ernst & Young in relation to the 2008 audit were £158,000 and in relation to non-audit services provided in the year were £134,000.

(i) Operation of the nominations committee

The nominations committee met on two occasions in 2008.

During the course of the year the committee considered the appointment of a successor to John Fry as Chief Executive, following his resignation, and the appointment of a new Finance Director following the appointment of Adrian Jeakings to the position of Chief Executive. Additionally, the committee considered the renewal of contracts of three non-executive directors and agreed the directors to stand for election and re-election at the 2009 Annual General Meeting. The committee also considered the extent to which it had complied with its terms of reference.

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing those financial statements in accordance with applicable law and Generally Accepted Accounting Practice the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Group will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy the financial position of the Group at any time and that enable them to ensure that the financial statements comply with the Companies Act 1985 ("the Act"). They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors

The directors who were members of the Board at the time of approving this report are detailed on page 32. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- to the best of their knowledge and belief, there is no information relevant to the preparation of this report of which the Company's auditors are unaware; and
- they have taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Financial instruments

The Group's financial risk management objectives and policies are discussed in the Treasury management, associated risks and uncertainties section of the Financial review on page 8.

Going concern

The directors believe that the Group has adequate resources and, as set out in Note 1 to the financial statements on page 52, will have available to it sufficient future funding to enable it to continue in operational existence for the foreseeable future. Accordingly the directors have continued to adopt the going concern basis in preparing the accompanying financial statements.

Report of the directors

Employees

The Group continued to provide employees with information about the Group throughout 2008 and to encourage staff involvement. In addition to local initiatives, methods of communication have included *Network*, the Group's bi-monthly in-house magazine, which is made available in both printed and on-line versions. *Network* is supported by an on-line news service, which is updated at least weekly via Archant's intranet.

John Fry undertook a series of presentations during 2008, to which all employees were invited. Those attending were briefed on the Group's performance, new developments, the Group's plans and other matters of relevance to employees.

During 2008 the Company made a further invitation under the Archant Share Incentive Plan ("SIP") to eligible employees.

In compliance with the relevant legislation, the Group recognises Unite the Union at its Thorpe and Ipswich Print Centres and the National Union of Journalists in respect of relevant staff of Archant Norfolk and at Archant London's *Hackney Gazette*, *East London Advertiser* and *Hampstead & Highgate Express* series. Such recognition provides for an annual joint review by management and the relevant union of pay, hours and holidays of staff in the relevant bargaining unit.

The Group's Information and Consultation Framework Constitution aims to provide a means of informing and consulting with employees, through their elected representatives, on a regular basis so that their views can be taken into account in making decisions that may affect their interests. A training programme is offered to staff-elected representatives.

Consultation also takes place on matters such as health and safety and pensions. Certain trustees of the Group's pension scheme are employees of the Group nominated and elected by members of the relevant scheme.

A forum comprising human resources managers and other staff with related responsibilities meets regularly and has the promotion of best human resources practice around the Group as one of its goals.

Although it is recognised that such a policy can only be implemented within the constraints imposed by relevant legislation, it is the Group's policy that discrimination on such grounds as the gender, race, ethnic origin, sexual orientation, disability, nationality, age, marital status, or religious belief of applicants for employment and employees is not acceptable. As a result, the Group seeks to ensure that decisions on employment, including recruitment, training, development, promotion and pay, are based on the individual's ability to do the job and on his or her experience and skills. Accordingly, disabled people are dealt with in such respects on the same basis as able-bodied applicants and employees. If a person becomes disabled while an employee every practical effort is made to make such reasonable adjustments as may be necessary to enable the individual concerned to continue in employment with the Group.

Supplier payment policy

Each of the companies in the Group negotiates appropriate terms and conditions for its transactions with suppliers and it is the Group's policy that payments are made in accordance with those terms and conditions.

At 31 December 2008 the Group held 23 days' purchases outstanding in trade creditors (2007: 20 days).

At 31 December 2008 the Company held nil days' purchases outstanding in trade creditors (2007: nil days).

Donations

The Group has three principal means of offering financial support to worthy causes:

- Through its Archant Gold programme it matches sums raised by the efforts of employees for their chosen causes;
- By matching at a given percentage sums donated to charity by employees using the Charities Aid Foundation payroll giving facility (also known as "GAYE" or "Give As You Earn") – the Company also pays all administration costs associated with this means of charitable giving; and
- By direct donations.

Donations made by the Group for charitable purposes during 2008 totalled £93,000 (2007: £102,000).

In addition, the Group, through its publications, encourages readers to support a number of worthy causes, resulting in substantial sums being raised.

Qualifying third-party indemnity provisions

It has been the practice of the Company to indemnify its directors in accordance with the Company's Articles of Association and to the maximum extent permitted by law. Indemnities which constitute qualifying third-party indemnity provisions as defined by Section 234 of the Companies Act 2006 have been in place throughout the year and as at the date of this report remain in force. The Company has agreed under such indemnities to indemnify the directors, in accordance with the Company's Articles of Association, in respect of liabilities that may attach to them in their capacity as directors of the Company or of associated companies.

Auditors

The Company's auditors, Ernst & Young LLP, have indicated their willingness to continue in office and, in accordance with section 485 of the Companies Act 2006, a resolution proposing their reappointment will be put to the members at the forthcoming Annual General Meeting.

Annual General Meeting

Notice of an Annual General Meeting of the Company to be held on 30 April 2009 is set out on page 89.

By order of the Board

JO Ellison
Secretary
6 March 2009

Remuneration committee

The remuneration committee is chaired by Richard Jewson, who is both the Chairman and a non-executive director of the Company.

In addition to Richard Jewson, June de Moller, Peter Troughton and Richard Wyatt served as members of the committee throughout the year.

Each member of the committee during the year was a non-executive director of the Company.

During the year the remuneration committee used the services of Kepler Associates ("Kepler") in relation to the benchmarking of directors' pay and benefit levels against a peer group of media companies. Kepler has no other connection with the Company.

The committee met on six occasions in 2008.

Policy on remuneration of executive directors

The remuneration committee determines an overall remuneration package for each executive director of the Company, with the intention of attracting and retaining high-quality executives capable of enabling the Group to achieve its objectives.

In determining the elements of those packages the remuneration committee pays particular attention to remuneration levels in the industry. In addition, the remuneration committee takes advice from external remuneration and other consultants where it considers it appropriate to do so.

The main elements of the remuneration packages of the executive directors of the Company are:

(a) Basic salary

Basic salary is subject to annual review by the remuneration committee with reference to such external data as the committee considers relevant.

(b) Annual bonus (non-pensionable)

Each of the executive directors of the Company participates in an annual bonus scheme. The payment of any such bonus is dependent in part upon the extent to which certain financial targets of the Group are met, or exceeded, in relation to a single year. Payment of the balance depends on the extent to which the director achieves, or exceeds, personal goals in the year in question.

Such targets and goals are determined by the remuneration committee in relation to each director at the beginning of the financial year in respect of which they apply.

Any such bonus is paid in the financial year following that to which it relates.

(c) Long-term incentive plans

The Company operates a shareholder-approved long-term incentive plan, which is designed to align closely the interests of participating senior managers with those of shareholders by setting performance targets measured over a three-year period for each plan cycle.

Following shareholder approval at the Annual General Meeting held on 20 April 2006, a new long-term incentive plan was introduced. The Archant 2006 Long Term Incentive Plan ("the 2006 LTIP"), superseded the Archant 2002 Long Term Incentive Plan ("the 2002 LTIP") for performance periods beginning on or after 1 January 2007. Notional awards made under the 2002 LTIP prior to 31 December 2006 are unaffected by the introduction of the 2006 LTIP.

(i) The 2002 LTIP

Under the 2002 LTIP, under which notional awards remained outstanding throughout 2008, the remuneration committee notionally allocated shares in the Company to senior managers, including executive directors, and, when doing so, the committee stipulated those performance conditions that it would expect to be met over a specified period of three consecutive financial years before it would normally consider recommending a final award. Such three-year plan cycles conclude with the financial period immediately prior to that in which any decision regarding a recommendation in respect of a final award is to be made.

The level of final awards (which, like notional awards, are discretionary, and recommended by the remuneration committee to the 2002 LTIP trustee ("the Trustee")) is dependent upon the performance of the Group over the relevant three-year plan cycle. The targets set under the 2002 LTIP (which adopted as their measure of performance the Group's adjusted earnings per share aggregated over a period of three years) have been set at levels designed to encourage the achievement of aggressive growth targets in line with corporate goals.

In respect of notional awards made under the 2002 LTIP in 2002 and subsequent years, the remuneration committee decided that any recommendation that it may make regarding a final award would be that such shares, if any, as were the subject of a final award would be released in their entirety at the end of the three-year plan cycle.

The rules of the 2002 LTIP set out certain discretions that may be exercised by the Trustee if a participant leaves the employment of the Group prior to the end of a plan cycle in respect of which they have been given a notional award.

(ii) The 2006 LTIP

Under the 2006 LTIP, under which restricted awards remained outstanding throughout 2008 and remain outstanding at the date hereof, the remuneration committee, or the trustee of the Archant 2002 Employee Share Trust acting in consultation with the remuneration committee, awards shares in the Company to senior managers, including executive directors. The rules of the 2006 LTIP stipulate the conditions that must be met and/or the circumstances that must arise in order for those restrictions to be lifted. Any restricted shares that do not meet the conditions within the specified timeframe are forfeited.

The conditions referred to in the rules are conditions based on the financial performance of the Group over a plan cycle of at least three years beginning with the financial period of the Company in which the restricted award is made or the immediately following period. As was the case with awards under the 2002 LTIP, the Group's adjusted earnings per share aggregated over a period of three years has been adopted as the measure of performance in respect of the awards made under the 2006 LTIP.

The rules of the 2006 LTIP set out the limited circumstances in which restrictions may be lifted prior to the expiry of the performance period.

(d) Employee share schemes

During 2003 the Company introduced, pursuant to the approval previously given by shareholders, an HM Revenue & Customs ("HMRC") approved share incentive plan ("the SIP"). Executive directors, insofar as they are eligible employees within the meaning of the rules of the SIP, are entitled to participate in the SIP on the same basis as other eligible employees. More information concerning their participation in the SIP is set out on page 43. At the 2008 Annual General Meeting shareholder approval was given to extend the life of the SIP until January 2012.

(e) HMRC approved pension

Each of the executive directors is a member of the Archant Pension & Life Assurance Scheme ("the Scheme") and, subject to the eligibility at the time of joining, is either a member of the Defined Benefit Section or the Defined Contribution Section.

Adrian Jeakings and Johnny Hustler are members of the Senior Management Defined Benefit Section of the Scheme, and Brian McCarthy is a member of the Senior Management Defined Contribution Section of the Scheme (further information is given in Note 33 to the financial statements).

(i) Defined Benefit Section

Each such director contributes a percentage of his pensionable salary (up to the "earnings cap" if relevant) to the Defined Benefit Section and the Company makes such further contributions as are determined actuarially to be necessary in order to enable the Defined Benefit Section to meet its obligations to the director and their dependants.

Subject to the rules of the Defined Benefit Section ("the Rules"), the Defined Benefit Section pays a pension of up to one-thirtieth (or, in the case of a director whose potential service before reaching their normal retirement age is more than 20 years, such smaller fraction as would result in them achieving a pension of two-thirds) of the participant's final earnings for each year of pensionable service.

The Defined Benefit section is contracted-out of the Second State Pension.

Final pensionable earnings are defined in the Rules and are restricted for participants who joined the Defined Benefit Section after 31 May 1989. Prior to 6 April 2006 ("A Day") that restriction was the statutory "earnings cap". With effect from A Day, when the statutory "earnings cap" on pensionable earnings was replaced with the "lifetime limit", the Rules were amended to substitute a scheme-specific "earnings cap" for the statutory "earnings cap". The scheme-specific "earnings cap" broadly replicates, in relation to participants who, but for its demise, would have been subject to the statutory "earnings cap", its statutory predecessor.

Executive directors who retire at their normal retirement age can, subject to not exceeding the maximum benefits laid down by HMRC, achieve a maximum pension of two-thirds of their final pensionable earnings (or, if relevant and lower, the applicable "earnings cap") after 20 years' service.

For the executive directors the Scheme has taken out a life insurance policy under which a lump sum of four times salary is payable on death in service.

In the case of a death in service, a spouse's pension is payable equal to 50 per cent of the participant's prospective pension based on their then current pensionable earnings and calculated on the assumption that they would have retired at their normal retirement age.

At the discretion of the Company, participants in the Defined Benefit Section retiring early on the grounds of permanent total incapacity may receive an immediate pension based on their then current pensionable earnings and calculated on the assumption that they would have retired at their normal retirement age. At the discretion of the Company, participants in the Defined Benefit Section retiring early on the grounds of permanent partial incapacity may receive an immediate pension based on pensionable service to the date of ill-health retirement.

The Rules provide, in the case of all members, that pensions earned before April 1997 may receive discretionary increases once in payment. Similarly, and in compliance with the relevant legislation, the Rules provide, in the case of all members, that pensions earned from April 1997 onwards are guaranteed to increase in line with price inflation, subject to a maximum annual increase of five per cent.

(ii) Defined Contribution Section
Each such director who is a member of the Defined Contribution Section of the Scheme contributes a percentage of pensionable salary in the range 2 - 7 per cent, and the Company agrees an appropriate rate at which to match each member's contributions.

The Defined Contribution section is contracted-in to the Second State Pension.

Additionally the Company makes payments to the Scheme of 2.0 per cent of pensionable salary (which reduces to 1.4 per cent of pensionable salary with effect from 1 January 2009 following the completion of the 2008 actuarial valuation) in respect of insured death benefits, expenses and benefit guarantees.

The Defined Contribution Section provides a pension at retirement based on the value of the member's fund, including investment returns, the type of annuity chosen and annuity rates in place at that time.

The Scheme has taken out a life assurance policy under which a lump sum of four times basic salary is payable on the death in service of an executive director who is a member of the Defined Contribution Section, together with an additional insured sum of three times basic salary paid into the member's pension fund to purchase a spouse's or dependant's pension.

The Company has taken out an insurance policy to provide Group Disability Insurance ("GDI") for members of the Defined Contribution section of the Scheme, designed to provide an income if the member is unable to work due to long-term incapacity. The GDI provides an income of two- thirds of basic salary less the single person's state incapacity benefit, with an escalation rate of 3 per cent per annum, for a maximum of five years. During the period of the GDI claim, the Company continues to pay into the member's pension fund based on their pre-disability salary and the contribution rate selected prior to their incapacity.

If by the end of the five-year period the member has not returned to work an early retirement may be granted. In such eventuality, the value of the member's fund would be increased so that the annuity purchased would be equivalent to that which the member's fund would purchase for a member aged 65 retiring at that time.

(f) Other pension provision
Where, prior to A Day, a director in the Defined Benefit Section with pensionable earnings in excess of the statutory "earnings cap" participated in the Scheme and was subject to the statutory "earnings cap", the Company would generally agree to make alternative arrangements in respect of that excess.

Where a director with an accrued pension entitlement in excess of the lifetime limit participates in the Defined Benefit Section, the Company is likely to agree to make alternative arrangements in respect of that excess, although such circumstances have not yet arisen.

(g) Other benefits
In common with those other senior executives of the Group who have elected not to have the use of a car provided to them by the Group, any such executive director is paid an annual cash sum as determined by the committee in lieu of such provision.

Each of the executive directors may elect to have the Company make the benefits of private health insurance available for themselves and, if they so choose, their spouse and/or children.

The Company contributes to the relocation costs of directors where it considers this to be necessary to procure their services, or where it is necessary for an existing director to change their place of residence in order to enable them better to meet the needs of the business.

Policy on remuneration of non-executive directors

Subject to the restrictions contained in the Articles of Association of the Company ("the Articles"), the fees of non-executive directors are determined by the Board (including the Chairman, but excluding the other non-executive directors) in the light of such external advice as the Board considers it appropriate to take and recommendations made to it by the Chairman and Chief Executive. The Chairman's fee is determined by the remuneration committee in his absence.

Service contracts

(a) Executive directors

It is the policy of the Company that contracts with executive directors should continue until age 65, subject to earlier termination by either party on 12 months' notice in writing, save where the agreement may be terminated summarily for a significant and/or specified breach.

The remuneration committee recognises, however, that circumstances arise from time to time where it is appropriate for there to be a longer initial period of notice and/or for contractual termination payments to include pension contributions and/or other benefits.

(b) Non-executive directors

It is the policy of the Company to engage non-executive directors on fixed-term contracts for periods of three years. Such contracts, which are generally renewable, are, however, subject to termination on one month's notice, or three months' notice in the case of the Chairman.

Directors' emoluments

	Salary/fees	Performance-related bonus	Other benefits	Total	
	2008	2008	2008	2008	2007
	£000	£000	£000	£000	£000
RW Jewson	107	-	-	107	103
SC Copeman	25	-	-	25	24
JA Fry[1]	251	94	13	358	496
CP Graf	25	-	-	25	24
JAE Hustler[2]	133	25	10	168	-
AD Jeakings[3,4]	200	59	12	271	283
BG McCarthy[5]	27	4	2	33	-
JF de Moller	25	-	-	25	24
PJC Troughton	29	-	-	29	28
REJ Wyatt	25	-	-	25	24
Total	847	182	37	1,066	1,006

[1] JA Fry resigned from the board on 31 October 2008. Remuneration is only disclosed for the period of his appointment.
[2] JAE Hustler was appointed to the board on 1 January 2008. Remuneration is only disclosed for the period from his appointment.
[3] Highest paid serving director as at 31 December 2008.
[4] Appointed as Chief Executive on 1 November 2008.
[5] BG McCarthy was appointed to the board on 1 November 2008. Remuneration is only disclosed for the period from his appointment.

Adrian Jeakings receives no remuneration in relation to acting as a governor of Norwich School, a director of Norwich School Limited or as a member of the Audit Committee of the University of East Anglia.

Directors' accrued pension entitlements

John Fry, Adrian Jeakings and Johnny Hustler were the only directors who were members of the Group's Defined Benefit Section of the Scheme during 2008.

Johnny Hustler was appointed as a director on 1 January 2008. John Fry resigned as a director on 31 October 2008 and left pensionable service on 31 December 2008, whilst Adrian Jeakings was a member for the duration of the year.

In accordance with the Regulations, the following table shows the members' contributions, the increase in accrued entitlement during the period and the accrued entitlement at the end of the period:

	Age at 31 December 2008	Accrued pension at 31 December 2007 £000	Real increase in accrued pension £000	Inflation £000	Increase in accrued pension in the period £000	Accrued pension at 31 December 2008 £000
JA Fry	52	53	16	2	18	71
AD Jeakings	50	20	4	1	5	25
JAE Hustler	53	68	5	3	8	76

The following table sets out the transfer value of the directors' accrued benefits under the scheme, calculated in a manner determined by the Trustee of the Scheme having taken advice from the Scheme Actuary:

	Transfer value 31 December 2007 £000	Value of real increase in accrued pension net of contributions £000	Other changes to transfer value £000	Increase in transfer value in the period net of contributions £000	Contributions £000	Transfer value 31 December 2008 £000
JA Fry	689	198	93	291	21	1,001
AD Jeakings	226	41	44	85	8	319
JAE Hustler	655	46	138	184	9	848

The transfer values disclosed above do not represent a sum paid or payable to the individual director, but they represent a potential liability of the pension scheme. The above figures exclude AVCs.

Brian McCarthy was appointed as a director on 1 November 2008 and is a member of the Group's Defined Contribution section of the Scheme. The company contributed £4,667 to Brian McCarthy's defined contribution pension fund since his appointment to the Board.

The statutory basis of limiting the favourable tax treatment afforded to pension arrangements was changed on A Day, since when all active members have contributed seven per cent of their pensionable earnings up to the Scheme's "earnings cap". John Fry contributed to the Scheme seven per cent of his entire pensionable earnings throughout the year.

Adrian Jeakings is a member of the Senior Management Defined Benefit Section of the Scheme and did not commence pensionable service prior to the introduction, in June 1989, of the statutory pensionable salary "earnings cap". As he has, since A Day, been subject to the scheme-specific "earnings cap" in respect of such membership (and was subject to the statutory "earnings cap" prior to A Day), the Company has undertaken, in lieu of any alternative pension provision in respect of his pensionable earnings above those caps, to pay to Adrian Jeakings a non-pensionable salary supplement equal to 25 per cent of such earnings.

Johnny Hustler is a member of the Senior Management Defined Benefit Section of Scheme and, having been a member prior to 31 May 1989 was not subject to the statutory "earnings cap", and is not subject to the scheme-specific "earnings cap" but is subject to the "lifetime limit".

Brian McCarthy is a member of the Senior Management Defined Contribution Section of the Scheme and contributes a percentage of his pensionable salary within the range of 2 - 7 per cent, which in Brian McCarthy's case is matched by the Company at a rate of 2.5 times his contribution rate.

Contributions made (or accrued for) by the Company in respect of 2008 in relation to directors of the Company in respect of pension arrangements other than the Scheme were, in respect of Adrian Jeakings £20,900 (2007: £17,000).

Directors' interests in shares

The Company is no longer required to maintain a Register of Directors' Interests. On the basis of information provided by those concerned and otherwise available to it, the Company believes that the interests in the shares of the Company of those individuals who were directors at the year end were as follows:

	20p ordinary shares at 1 January 2008 or date of appointment	20p ordinary shares at 31 December 2008
RW Jewson	35,194	35,194
SC Copeman	57,222 24,500[1,2]	57,222 24,500[1,2]
CP Graf	1,000	1,000
JAE Hustler[4]	8,826 4,000[3]	8,826 10,000[3]
AD Jeakings[4]	21,602 10,350[3]	21,602 24,750[3]
BG McCarthy[4]	4,728 3,250[3]	4,728 7,500[3]
JF de Moller	10,000	10,000
PJC Troughton	91,755 509,930[1]	91,755 509,930[1]
REJ Wyatt	10,000	10,000

[1] Non-beneficial.

[2] Joint with others.

[3] Restricted shares awarded under 2006 LTIP (see page 44) and subject to risk of forfeiture.

[4] The director was invited to participate in the SIP on the same basis as other eligible employees. As a result, the director has obtained, and as at 31 December 2008 retained, the awards of shares under the SIP, as shown on page 43.

Date of Award	6 October 2003	17 June 2004	28 June 2005	31 May 2006	30 May 2007	30 May 2008
Price paid for Partnership shares (pence per share)	1000	1250	1500	1325	1150	800
AD Jeakings						
Partnership shares	-	6	5	5	6	9
Matching shares	-	12	10	10	12	18
Free shares	-	22	19	22	25	36
Total	-	40	34	37	43	63
BG McCarthy						
Partnership shares	-	-	5	5	6	9
Matching shares	-	-	10	10	12	18
Free shares	-	-	19	22	25	36
Total	-	-	34	37	43	63
JAE Hustler						
Partnership shares	7	6	5	5	6	-
Matching shares	14	12	10	10	12	-
Free shares	28	22	19	22	25	36
Total	49	40	34	37	43	36
Total	49	80	102	111	129	162

All such shares, none of which are included in the numbers set out in the principal table, are currently held by the SIP trustee pursuant to the rules of the SIP and, save in the case of the Partnership shares, are subject to forfeiture in certain circumstances.

No sum was paid or payable in respect of the Matching shares or the Free shares.

As far as the Company is aware, none of the directors of the Company at 31 December 2008 had any interests in any shares in the Company or any of its subsidiaries at 1 January 2008, 31 December 2008 or 6 March 2009 save as disclosed above and in the section on page 44 headed 'Long-term incentive plan'.

Options and invitations to subscribe held by directors

As far as the Company is aware no director had options outstanding over any share in the Company at any time during 2008 and none has been granted any option over any such share since the end of that year.

Long-term incentive plan

Notional awards of shares made under the 2002 LTIP to those individuals who were directors of the Company at any time during the year and that remained outstanding at any time during the year were as follows:

	Cycle ending 31 Dec	Date of notional award	Market price at time of notional award	Notional awards held at 1 Jan 2008[1]	Finally awarded during year[2]	Lapsed during the year[2]	Notional awards outstanding at 31 Dec 2008	Total market price of final awards	Date of final awards
			Pence per share	Number of 20p ordinary shares	Number of 20p ordinary shares	Number of 20p ordinary shares	Number of 20p ordinary shares	£000	
JA Fry	2007	14.1.05	1500	12,000	-	12,000	-	-	-
	2008	20.1.06	1325	13,500	-	-	13,500	-	-
AD Jeakings	2007	14.1.05	1500	7,000	-	7,000	-	-	-
	2008	20.1.06	1325	7,850	-	-	7,850	-	-
JAE Hustler[3]	2007	14.1.05	1500	3,000	-	3,000	-	-	-
	2008	20.1.06	1325	3,300	-	-	3,300	-	-
BG McCarthy[3]	2007	14.1.05	1500	2,300	-	2,300	-	-	-
	2008	20.1.06	1325	2,500	-	-	2,500	-	-
Total				51,450	-	24,300	27,150	-	-

[1] An explanation of the 2002 LTIP is set out on page 37. The making of a notional award under the 2002 LTIP confers no rights on the recipient of such award, whether in respect of the shares the subject of the notional award, or otherwise.

[2] Rights in respect of the shares the subject of a notional award are not obtained by a participant until the trustee (which retains full discretion), acting in the light of the recommendations of the remuneration committee, makes a final award.

[3] All awards held by JAE Hustler and BG McCarthy were granted prior to being appointed as an executive director.

Awards of restricted shares made under the 2006 LTIP to those individuals who were directors of the Company at any time during the year and which remained outstanding at any time during the year were as follows:

	Cycle ending 31 Dec	Date of award	Market price at time of award	Awards held at 1 Jan 2008	Awarded during the year	Vested during the year	Awards outstanding at 31 Dec 2008
			Pence per share	Number of 20p ordinary shares	Number of 20p ordinary shares	Number of 20p ordinary shares	Number of 20p ordinary shares
JA Fry	2009	10.1.07	1150	17,600	-	-	17,600
	2010	17.01.08	875	-	24,425	-	24,425
AD Jeakings	2009	10.1.07	1150	10,350	-	-	10,350
	2010	17.01.08	875	-	14,400	-	14,400
JAE Hustler[1]	2009	10.1.07	1150	4,000	-	-	4,000
	2010	17.01.08	875	-	6,000	-	6,000
BG McCarthy[2]	2009	10.1.07	1150	3,250	-	-	3,250
	2010	17.01.08	875	-	4,250	-	4,250

[1] All awards held by JAE Hustler, with the exception of that made on 17.1.08 were granted prior to being appointed as an executive director.

[2] All awards held by BG McCarthy were granted prior to being appointed as an executive director.

Where reference is made in this document to market price at a date prior to 8 June 2004 this is the price which, at the relevant time, the Board had indicated it was willing to offer for sale shares which a shareholder had asked it to offer for sale pursuant to Article 39 of the Articles. Where reference is made in this document to market price at a date on or after 8 June 2004 this is the price at which shares had most recently then been sold and purchased (there is no bid-offer spread) via the matched bargain facility operated in respect of shares in the Company. Any values of shares in Archant referred to in this document have been calculated solely by reference to such prices.

Approved by the Board and signed on its behalf by

RW Jewson
Chairman
6 March 2009

Independent auditor's report to the members of Archant Limited

We have audited the group and parent company financial statements (the "financial statements") of Archant Limited for the year ended 31 December 2008 which comprise the Group profit and loss account, the Group statement of total recognised gains and losses, the Group reconciliation of movements in shareholders' funds, the Group and Company balance sheets, the Group statement of cash flows and the related notes 1 to 33. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the directors is consistent with the financial statements. The information given in the Report of the directors includes that specific information presented in the Chairman's statement, the Chief Executive's report and the Financial review that is cross referred from the Activities and review of business developments section of the Report of the directors.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only of the Directors' remuneration report, the Chairman's statement, the Chief Executive's report and the Financial review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the parent company's affairs as at 31 December 2008 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the directors is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Cambridge
6 March 2009

Group profit and loss account

for the year ended 31 December 2008

	Notes	2008 £000	2007 £000
Turnover			
Continuing operations			
Ongoing operations		174,035	191,603
Acquisitions		1,080	-
Discontinued operations		-	2,180
Group turnover	2	175,115	193,783
Operating profit before amortisation and exceptional items			
Continuing operations			
Ongoing operations		21,990	30,178
Acquisitions		172	-
Discontinued operations		-	273
		22,162	30,451
Amortisation of goodwill and other intangible assets		(7,067)	(8,560)
Impairment of intangible assets	4	(33,615)	(30,000)
Exceptional items	4	(3,972)	(932)
Group operating loss	2,3	(22,492)	(9,041)
Ongoing operations		(22,485)	(9,314)
Acquisitions		(7)	-
Discontinued operations		-	273
Share of operating results in associate		(158)	(315)
Impairment of goodwill in associate	4	(500)	-
Total operating loss: Group and share of associate		(23,150)	(9,356)
Profit on disposal of discontinued operations	4	-	3,757
Income from investments	6	60	102
Interest payable	7	(2,206)	(3,022)
Other finance credit	33	81	405
Loss from ordinary activities before taxation		(25,215)	(8,114)
Tax on loss from ordinary activities	8	(1,117)	2,055
Loss from ordinary activities after taxation		(24,098)	(10,169)
Earnings per share – Basic	11	(172.5p)	(72.4p)
Continuing operations	11	(172.5p)	(91.5p)
Diluted	11	(169.3p)	(71.2p)
Adjusted	11	105.1p	140.0p

Group statement of total recognised gains and losses
for the year ended 31 December 2008

	Notes	2008 £000	2007 £000
Loss for the year excluding share of results of associate		(23,440)	(9,854)
Share of operating results in associate		(158)	(315)
Impairment of goodwill in associate		(500)	-
Difference between actual and expected return on pension scheme assets	33	(27,097)	(1,100)
Experience gains arising on pension scheme liabilities	33	5,055	-
Effects of changes in assumptions underlying the present value of pension scheme liabilities	33	(5,687)	9,413
Deferred tax asset associated with movement on pension scheme deficits		7,750	(2,494)
Change in deferred tax asset on pension scheme deficit arising from change in the rate of corporation tax		-	(153)
Total recognised gains and losses relating to the year		(44,077)	(4,503)

Group reconciliation of movements in shareholders' funds
for the year ended 31 December 2008

	Notes	2008 £000	2007 £000
Opening shareholders' funds		105,174	110,202
Total recognised gains and losses		(44,077)	(4,503)
Dividends	10	(5,608)	(5,412)
Purchases of own shares		(1,088)	(2,092)
Awards of own shares under the LTIP and SIP		1,077	1,469
Loss on award of own shares		(518)	(217)
Proceeds for SIP Partnership shares		83	-
Goodwill reinstated on disposal of discontinued operations		-	5,727
Total movements in the year		(50,131)	(5,028)
Closing shareholders' funds		55,043	105,174

as at 31 December 2008

	Notes	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Fixed assets					
Intangible assets	12	77,907	116,456	-	-
Tangible assets	13	40,092	37,931	5	9
Investments	14	1,915	1,861	88,764	88,771
		119,914	156,248	88,769	88,780
Current assets					
Stocks	15	1,757	1,319	-	-
Debtors	16	28,182	29,090	279,242	294,756
Cash at bank and in hand	17	1,437	1,766	68	-
		31,376	32,175	279,310	294,756
Creditors – amounts falling due within one year	18	65,968	38,177	39,116	4,283
Net current (liabilities)/assets		(34,592)	(6,002)	240,194	290,473
Total assets less current liabilities		85,322	150,246	328,963	379,253
Creditors – amounts falling due after more than one year	19	1,613	36,613	286,402	335,310
Provisions for liabilities	22	2,808	2,268	864	1,187
Net assets excluding pension scheme liability		80,901	111,365	41,697	42,756
Pension scheme liability	33	25,858	6,191	-	-
Net assets including pension scheme liability		55,043	105,174	41,697	42,756
Capital and reserves					
Called-up share capital	23	2,860	2,860	2,860	2,860
Share premium account	24	2,300	2,300	2,300	2,300
Revaluation reserve	24	309	326	-	-
Other reserves	24	4,308	4,236	(3,411)	(3,483)
Profit and loss account	24	45,266	95,452	39,948	41,079
Shareholders' funds		55,043	105,174	41,697	42,756

RW Jewson
Chairman

BG McCarthy
Finance Director

6 March 2009

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for the year ended 31 December 2008

	Notes	2008 £000	2007 £000
Cash flow from operating activities	26	26,363	32,988
Returns on investments and servicing of finance	27	(2,136)	(2,918)
Taxation		(5,338)	(7,525)
Capital expenditure and financial investment	27	(7,593)	(4,692)
Acquisitions and disposals	27	(2,348)	7,534
Equity dividends paid	10	(5,608)	(5,412)
Cash inflow before use of liquid resources and financing		3,340	19,975
Financing	27	(3,244)	(20,375)
Increase/(decrease) in cash	28	96	(400)

Reconciliation of net cash flow to movement in net debt (Note 28)

	2008 £000	2007 £000
Increase/(decrease) in cash	96	(400)
Cash flow from decrease in loans	1,000	18,000
Repayment of loan notes	1,237	274
Amortisation of loan issue costs	(10)	(2)
Cash outflow from lease financing	2	9
Change in net debt resulting from cash flows	2,325	17,881
Net debt at 1 January	(36,946)	(54,827)
Net debt at 31 December	(34,621)	(36,946)

for the year ended 31 December 2008

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention modified by the revaluation of certain freehold and leasehold properties, and in accordance with UK Generally Accepted Accounting Practice.

The Group's business activities, together with the risks likely to affect its future development, performance and position are set out in the Activities and review of business developments on page 32. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial review on pages 8 to 11. In addition Note 25 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

As highlighted in Note 25 to the financial statements, the Group meets its day to day working capital requirements through two overdraft facilities which are both repayable on demand, and a five-year revolving advances facility which expires in December 2009. The current economic conditions create uncertainty particularly over the level of demand for the Group's products and the availability of bank finance in the foreseeable future.

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 facilities. The Group will open renewal negotiations with the banks in due course and has at this stage not sought any written commitment that the facilities will be renewed. However, the Group has held discussions with its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms.

After making 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 annual report and financial statements.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings drawn up to 31 December each year. No profit and loss account is presented for the Company, as permitted by section 230 of the Companies Act 1985.

Entities, other than subsidiary undertakings, in which the Group has a participating interest and over whose operating and financial policies the Group exercises a significant influence are treated as associates. In the Group financial statements associates are accounted for using the equity method.

Intangible fixed assets

(a) Newspaper titles

On the acquisition of a business the cost of investment is allocated between net tangible assets, goodwill and newspaper titles on a fair value basis. The fair value of newspaper titles is assessed by the directors at the date of acquisition, supported by a comparative view of similar transactions within the newspaper industry.

Newspaper titles are amortised on a straight line basis over their estimated useful lives, subject to a maximum of 20 years.

The carrying value of newspaper titles is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Newspaper titles created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

Newspaper titles acquired prior to 31 December 1997 were classified as goodwill and written off directly to reserves.

(b) Magazine titles

Magazine titles acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition, subject to the constraint that, unless the asset has a readily ascertainable market value, the fair value is limited to an amount that does not create or increase any negative goodwill arising on the acquisition.

Magazine titles are amortised on a straight line basis over their estimated useful lives, subject to a maximum of 20 years.

The carrying value of magazine titles is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Magazine titles created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

Notes to the financial statements
for the year ended 31 December 2008

1. Accounting policies (continued)

(c) Goodwill

Goodwill arising on acquisitions prior to 31 December 1997 was set off directly against reserves and has not been reinstated on implementation of FRS 10.

Goodwill arising on acquisitions since 1 January 1998 is capitalised, classified as an asset on the balance sheet, and amortised on a straight line basis over its useful economic life, subject to a maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves is taken into account in determining the profit or loss on sale or closure.

Tangible fixed assets
Freehold properties are carried at their frozen 1996 valuations, as permitted by FRS 15 "Tangible Fixed Assets", as adjusted for subsequent additions, disposals, depreciation and impairment, if any.

All other assets are stated at cost less accumulated depreciation and impairment (if any). Such cost includes the cost of refurbishing or replacing part of an asset when that cost is incurred, provided that the recognition criteria are met.

Freehold land is not depreciated. Depreciation and amortisation is provided on all other assets on a straight line basis estimated to write off the cost or valuation of those assets, less their estimated residual values, over their useful lives at the following rates:

Freehold buildings		2%
Leasehold buildings	- Long	2%
	- Short	Period of lease
Plant, equipment and vehicles		Between 7% and 33%

Website development costs
Costs incurred in the development and maintenance of websites are expensed as incurred, and are only capitalised if the criteria specified in UITF 29 "Website development costs" are met.

Leases
Assets acquired under finance leases are capitalised in the balance sheet and depreciated over the shorter of their respective lease terms and the estimated useful lives of the assets.

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

Stocks
Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition.

Raw materials, consumables and goods for resale are stated at purchase cost on a first-in, first-out basis.

Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only when the replacement assets are sold;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Provisions
Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

1. Accounting policies (continued)

Pensions
The defined-benefit pension scheme operated by the Group requires contributions to be made to separately administered funds. The pension contributions are assessed in accordance with the advice of qualified actuaries.

Under FRS 17, pension scheme assets are measured using fair values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term to that of the liability.

Each pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full, net of deferred tax, and presented on the face of the balance sheet. The movement in the scheme surplus or deficit is split between operating and financing items in the profit and loss account and the Group statement of total recognised gains and losses.

The full service cost of the pension provision is charged to operating costs. The net impact of the unwinding of the discount rate on scheme liabilities and the expected return on the scheme assets is charged or credited to other finance costs.

Any difference between the expected return on assets and that actually achieved is charged through the Group statement of total recognised gains and losses. Similarly, any differences that arise from experience or assumption changes are charged through the Group statement of total recognised gains and losses.

The Group operates a defined-contribution pension scheme, which is open to eligible employees. The Group's contributions are charged to the profit and loss account in the year in which they are payable.

Additionally, the Group contributes to a number of personal pension plans for certain employees who are not participants in one of the Group's pension schemes.

The Group also makes provision for the capital value of unfunded pensions to certain current and former employees in accordance with independent actuarial advice.

Foreign currency transactions
Transactions in foreign currencies are recorded at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. All exchange differences are taken to the profit and loss account.

The trading results of foreign subsidiary undertakings are translated into sterling at average rates for the year. Differences on exchange arising from the re-translation of the opening net investment in subsidiaries and from the translation of the results of those undertakings at average rates are reported in the Group statement of total recognised gains and losses. All other exchange differences are taken to the profit and loss account.

Revenue recognition
Turnover, which is stated net of trade discounts, value added tax and other sales related taxes, is recognised as follows:
- Newspapers – advertising and circulation revenues are recognised on issue of the publication.
- Magazines – advertising revenues are recognised on issue of the publication. Revenues from news-trade sales are recognised on issue of the publication, after allowance for returned copies.
- Subscription revenues are recognised over the periods to which the subscriptions relate.
- Printing – revenues for printing newspapers for third parties are recognised on delivery of the publication.
- Contract publishing – revenues from contract publishing undertaken for third parties are recognised on delivery of the publication.
- Other revenues are recognised when the goods or services have been supplied or provided to the customer, and there is a contractual obligation for the customer to pay for those goods or services.

1. Accounting policies (continued)

Share-based payment transactions

The Group operates two schemes which result in eligible employees (including executive directors) of the Group receiving part of their remuneration in the form of shares in the Company ("equity-settled transactions").

(a) Long Term Incentive Plan

The trustees of the 2002 Long Term Incentive Plan ('the 2002 LTIP') have made notional awards to senior executives, usually at the beginning of a three year plan cycle. At the end of the cycle (or earlier in certain circumstances) such trustees may make a final award in respect of some or all of the shares concerned. No interest in shares is created or passes to a participant until the making of a final award, which is discretionary and dependent upon the achievement of performance targets initially set at the commencement of the relevant plan cycle.

The trustees ('the Trustees') of the 2006 Long Term Incentive Plan ('the 2006 LTIP') have made, and may make, awards to senior executives, usually at the beginning of a three year plan cycle, over Archant shares. Such shares, the beneficial interest in which passes to the participant at the time of the award, are subject to restrictions which lift if certain conditions are fulfilled and/or certain circumstances arise. Those conditions include performance conditions generally measured over a three year plan cycle. If the conditions are met and/or the circumstances arise the restrictions lift and the shares vest in the participant absolutely.

The cost of such equity-settled transactions is measured by reference to the fair value of the shares concerned at the date of the notional or restricted award (being the price at which shares in the Company have most recently traded through the matched bargain facility) and is recognised over the period during which the performance conditions are to be fulfilled ('performance period'). The cumulative expense recognised for such equity-settled transactions at each reporting date reflects the proportion of the performance period which has elapsed and the number of the shares the subject of, in the case of the 2002 LTIP, notional or, in the case of the 2006 LTIP, restricted awards which, at that reporting date, the directors of the Company believe, based on the best available estimate, would, in the case of the 2002 LTIP, be the subject of a final award were the Trustee to exercise its discretion to make such an award and, in the case of the 2006 LTIP, vest.

(b) Share Incentive Plan

The Group operates an HMRC-approved Share Incentive Plan (SIP) under which eligible employees may be invited from time to time to apply to have a sum, the maximum amount of which is determined by the Board, deducted from their pay to enable the SIP trustee ('the SIP Trustee') to purchase shares ('Partnership Shares") in the Company on their behalf, and may be awarded further shares, either conditional on the purchase of Partnership Shares ('Matching Shares') and/or unconditionally ('Free Shares').

The Company funds the SIP Trustee to purchase shares at the time that the SIP Trustee needs to purchase or subscribe for shares to meet its commitment to hold Matching Shares and Free Shares on behalf of participants in accordance with the rules of the SIP (the Rules) and at other times during the year in anticipation of such commitments arising. The shares so acquired are valued by reference to the price at which shares in the Company have most recently traded through the matched bargain facility. The value of Matching and Free Shares awarded is recognised in the profit and loss account in the year that the award is made. The SIP Trustee also acquires, without cost, shares as a result of their forfeiture by SIP participants in accordance with the Rules.

The Group also has an employee benefit trust (EBT) the primary activity of which is to acquire shares for later use in relation to the aforementioned plans. Shares held by the EBT, the LTIP Trustees and the SIP Trustee (but excluding shares held on behalf of participants in the SIP) are treated as own shares held and are presented in the balance sheet as a deduction from equity.

Financial instruments

Financial assets and liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

The Group's activities expose it primarily to the financial risks of changes in interest rates and exchange rates. Currently, the Group does not use derivative financial instruments to minimise exposure to those financial risks.

Notes to the financial statements

for the year ended 31 December 2008

2. Segmental analysis

Turnover	2008 £000 Newspapers and printing	2008 £000 Magazines and contract publishing	2008 £000 Total	2007 £000 Newspapers and printing	2007 £000 Magazines and contract publishing	2007 £000 Total
Ongoing operations	121,638	52,397	174,035	136,533	55,070	191,603
Acquisitions	-	1,080	1,080	-	-	-
Discontinued operations	-	-	-	2,180	-	2,180
	121,638	53,477	175,115	138,713	55,070	193,783

Group operating profit/(loss)	2008 £000 Newspapers and printing	2008 £000 Magazines and contract publishing	2008 £000 Total	2007 £000 Newspapers and printing	2007 £000 Magazines and contract publishing	2007 £000 Total
Ongoing operations	16,230	5,668	21,898	23,793	7,110	30,903
Acquisitions	-	172	172	-	-	-
Discontinued operations	-	-	-	273	-	273
	16,230	5,840	22,070	24,066	7,110	31,176
Common costs			92			(725)
Amortisation of intangible assets			(7,067)			(8,560)
Impairment of intangible assets (Note 4)			(33,615)			(30,000)
Exceptional items (Note 4)			(3,972)			(932)
			(22,492)			(9,041)

The British Connection, Inc. had magazine sales in the United States of America equivalent to £1,532,000 (2007: £1,588,000) and suffered an operating loss equivalent to £145,000 (2007: loss £26,000). All other operations are carried out in the United Kingdom.

The Group's magazines had combined export sales of:

Turnover by destination	2008 £000	2007 £000
Europe	718	779
USA	1,893	1,938
Rest of the world	182	275
	2,793	2,992

All other sales were made in the United Kingdom.

Four free distribution magazines on the south coast of England were acquired on 22 February 2008, three county food titles in the Home Counties were acquired on 4 April 2008 and two county titles in the Home Counties were acquired on 2 July 2008.

All other segments of the business have continued throughout 2008.

2. Segmental analysis (continued)

Net assets	2008 £000	2007 £000
Newspapers and printing	52,754	102,476
Magazines and contract publishing	40,463	46,079
	93,217	148,555
Central net liabilities	(38,174)	(43,381)
	55,043	105,174

Central net liabilities comprise certain bank loans and overdrafts, loan notes payable, taxation and certain unallocated current liabilities, less bank and cash balances and certain unallocated fixed and current assets.

3. Group operating loss

	Ongoing operations £000	Acquisitions £000	Total 2008 £000	Ongoing operations £000	Disposals £000	Total 2007 £000
Turnover	174,035	1,080	175,115	191,603	2,180	193,783
Operating costs						
Change in stocks of finished goods and goods for resale	(3)	-	(3)	49	-	49
Raw materials and consumables	11,403	339	11,742	16,223	373	16,596
Staff costs (Note 5)	66,939	253	67,192	71,247	870	72,117
Depreciation and impairment of tangible fixed assets	5,445	-	5,445	5,051	8	5,059
Amortisation of intangible assets	6,888	179	7,067	8,560	-	8,560
Losses less profits on disposal of tangible fixed assets	24	-	24	(6)	-	(6)
Profits on disposal of fixed asset investments	(35)	-	(35)	-	-	-
Rental of property	2,156	19	2,175	2,245	36	2,281
Rental of plant and equipment	2,519	-	2,519	2,547	21	2,568
Auditors' remuneration:						
Group audit	158	-	158	158	-	158
Tax compliance	66	-	66	104	-	104
Other services	66	-	66	36	-	36
Other operating charges	63,307	297	63,604	63,771	599	64,370
	158,933	1,087	160,020	169,985	1,907	171,892
Impairment of intangible assets	33,615	-	33,615	30,000	-	30,000
Exceptional costs	3,972	-	3,972	932	-	932
Operating loss	(22,485)	(7)	(22,492)	(9,314)	273	(9,041)

Costs of a further £2,000 (2007: £6,000) were incurred in respect of auditors' remuneration for non-audit services and were capitalised as part of the cost of acquisitions during the year.

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for the year ended 31 December 2008

4. Exceptional items

	Cash flow impact		Profit and loss account	
	2008	2007	2008	2007
	£000	£000	£000	£000
Recognised in arriving at operating loss				
Impairment of intangible assets	-	-	(33,615)	(30,000)
Restructuring costs	(2,645)	(988)	(3,495)	(932)
Impairment of tangible fixed assets	-	-	(477)	-
Impairment of goodwill in associate	-	-	(500)	-
	(2,645)	(988)	(38,087)	(30,932)
Recognised below operating loss				
Profit on disposal of discontinued operations	-	10,567	-	3,757
Total exceptional items	(2,645)	9,579	(38,087)	(27,175)

Impairment of intangible assets

An impairment review of the carrying values of the Group's newspaper titles, magazine titles and goodwill, undertaken in accordance with FRS 10, indicated that an impairment charge was required. The impairment reduces the carrying values of the Regional newspapers in London and Hertfordshire by £32,915,000 (2007: Regional newspapers in London £30,000,000) and the carrying value of the magazine titles published by the Life Midlands division by £700,000 (2007: £nil).

Restructuring costs

The restructuring costs arise from redundancies and related property exit and relocation costs resulting from a number of initiatives to improve the productivity of the operating divisions.

Impairment of tangible fixed assets

The Ipswich Print Centre will close in 2009 when the Thorpe extension project is completed. The charge for impairment reduces the net book value of the plant and machinery at Ipswich to their estimated residual value at 31 December 2008.

Impairment of goodwill in associate

In July 2003 The Dublin Daily News Limited ("DDN"), a newspaper publishing company based in Dublin in which the Group had taken a 20% holding, ceased trading.

The Company has received a statement of claim dated 8 February 2008 from the liquidator of DDN seeking judgement in the sum of approximately Euros 500,000 plus costs in relation to non-cash consideration for the issue to the Company of shares in DDN. The Company is vigorously defending the claim, but after taking further legal advice has considered it prudent to make provision for what it believes to be a fair and reasonable settlement. As DDN is in liquidation, the goodwill arising on the potential additional cost of investment arising from the claim has been impaired.

Profit on disposal of discontinued operations

On 23 April 2007 the Group completed the disposal of its Scottish newspaper operations, generating a profit of £3,757,000 which has been recognised as a profit on disposal of discontinued operations below operating profit.

All exceptional items recognised in arriving at operating profit arise from the continuing operations of the Group. The item recognised below operating profit in 2007 arises from discontinued operations.

The effect on the taxation charge for the year of the exceptional items recognised below operating profit is disclosed in Note 8(a).

In addition, the tax charge for the year ended 31 December 2007 in Note 8(a) includes an exceptional deferred tax adjustment in respect of prior years of £1,026,000. This arose from a change in tax legislation on Industrial Buildings Allowances, as a result of which timing differences accounted for within deferred tax are no longer subject to balancing allowances or charges, and are now treated as permanent differences. Consequently, the associated deferred tax provision was released.

5. Directors and staff and their pay and benefits

Average monthly number of staff	Group 2008	Group 2007	Company 2008	Company 2007
Newspapers and printing	1,842	2,037	-	-
Magazines	565	562	-	-
Group head office	22	24	22	24
	2,429	2,623	22	24
Full-time equivalents	2,215	2,377	21	23

Pay and benefits	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Wages and salaries	57,742	60,657	1,408	1,799
Social security costs	5,568	5,835	172	149
Other pension costs	4,146	4,415	247	224
	67,456	70,907	1,827	2,172
Expense of/(credit for) share-based payments	(264)	1,210	(303)	137
	67,192	72,117	1,524	2,309

The average monthly number of staff shown above for the Group head office includes six (2007: six) non-executive directors of the Company.

Directors' emoluments and other benefits are disclosed in the Remuneration Report on page 37.

6. Income from investments

	2008 £000	2007 £000
Interest and dividends received:		
Listed investments	43	5
Unlisted investments	-	46
Interest on bank and other short-term deposits	17	51
	60	102

7. Interest payable

	2008 £000	2007 £000
Bank overdrafts and loans	2,165	2,931
Loan notes	29	81
Amortisation of loan issue costs	10	2
Other interest	2	8
	2,206	3,022

8. Tax on loss from ordinary activities

(a) Tax on loss from ordinary activities

The taxation (credit)/charge is made up as follows:

	Note	2008 £000	2007 £000
Current tax:			
UK corporation tax		4,205	8,540
Tax overprovided in previous years		(801)	(402)
Current tax on loss from ordinary activities	8(b)	3,404	8,138
Deferred tax:			
Origination and reversal of timing differences		642	249
Origination and reversal of pension scheme timing differences		102	198
Exceptional adjustment arising from change in legislation on Industrial Buildings Allowances		-	(1,026)
Exceptional deferred tax credit arising from impairment of intangible assets		(5,262)	(5,893)
Other adjustments in respect of prior years		(93)	260
Adjustment arising from change in rate of corporation tax		90	129
Total deferred tax		(4,521)	(6,083)
Tax on loss from ordinary activities		(1,117)	2,055

The tax effect in the profit and loss account relating to the exceptional item recognised below operating profit in 2007 (Note 4) is a charge of £1,258,000.

The effective tax rate is as follows:

	2008 £000	2008 %	2007 £000	2007 %
Tax charge and effective tax rate before impairment of intangible assets	4,055	48.3	7,555	34.5
Impact of impairment of intangible assets on tax charge and effective tax rate	(5,262)	(44.6)	(5,893)	(64.1)
Adjustment arising from change in rate of corporation tax	90	0.7	393	4.3
Tax (credit)/charge and effective tax rate after impairment of intangible assets	(1,117)	4.4	2,055	(25.3)

8. Tax on loss from ordinary activities (continued)

(b) Factors affecting tax charge

The tax assessed on the loss from ordinary activities for the year is higher (2007: higher) than the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are reconciled below:

	Note	2008 £000	2007 £000
Loss from ordinary activities before tax		(25,215)	(8,114)
Loss from ordinary activities multiplied by standard rate of corporation tax in the UK		(7,186)	(2,434)
Expenses not deductible for tax purposes		553	447
Ineligible amortisation of goodwill and intangible assets		1,369	1,726
Ineligible impairment of intangible assets		4,348	3,107
Impairment of goodwill in associate		143	-
Decelerated capital allowances – eligible impairment of intangible assets		5,232	5,893
Non-taxable income		(12)	(15)
Adjustment to accounting profits for capital gains		(2)	139
(Accelerated)/decelerated capital allowances		(92)	30
Other timing differences		(148)	(353)
Tax overprovided in previous years		(801)	(402)
Total current tax	8(a)	3,404	8,138

(c) Factors that may affect future tax charges

No provision has been made for deferred taxation where potentially taxable gains have been rolled over into replacement assets. Such gains would become taxable only if the assets were sold without it being possible to claim rollover relief. The amount not provided is £404,000 (2007: £404,000). It is not envisaged that any tax will become payable in this respect in the foreseeable future.

The Group has tax losses arising in the UK of approximately £1,500,000 (2007: £1,800,000) that are available indefinitely for offset against future taxable profits of those companies and magazine portfolios in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, and they have arisen in subsidiaries and magazine portfolios that continue to incur losses.

The market value of the Group's listed investments and the directors' valuation of the Group's unlisted investments are in excess of their book values as disclosed in Note 14. If they were sold at those values there would be a liability to tax of a maximum of £428,000 (2007: £840,000) on the capital gain arising from the sale.

(d) Deferred taxation asset

The deferred taxation included in the balance sheet is as follows:

		Group		Company	
	Note	2008 £000	2007 £000	2008 £000	2007 £000
Included in debtors due after more than one year	16	6,476	1,853	20	4

8. Tax on loss from ordinary activities (continued)

The movements in the amounts recognised for deferred tax are as follows:

	Group £000	Company £000
At 31 December 2007	1,853	4
Arising during the year	(642)	16
Exceptional adjustment arising from impairment of intangible assets	5,262	-
Adjustments in respect of prior years	93	-
Arising on change in rate of corporation tax	(90)	-
At 31 December 2008	6,476	20

Deferred taxation recognised in the financial statements and the amounts not provided are as follows:

	Group				Company			
	Recognised		Not provided		Recognised		Not provided	
	2008 £000	2007 £000	2008 £000	2007 £000	2008 £000	2007 £000	2008 £000	2007 £000
Depreciation in advance of capital allowances	5,588	1,417	-	-	3	2	-	-
Capital gains rolled over, less capital losses carried forward	-	-	(322)	(351)	-	-	-	-
Other timing differences	888	436	-	-	17	2	-	-
	6,476	1,853	(322)	(351)	20	4	-	-

The above tables do not include deferred taxation in respect of the FRS 17 pensions deficit (see Note 33).

Notes to the financial statements
for the year ended 31 December 2008

9. Profit attributable to members of the parent company

The profit dealt with in the financial statements of the parent company was £4,995,000 (2007: £6,735,000).

10. Dividends

	2008 £000	2007 £000
Declared and paid during the year:		
Equity dividends on ordinary shares:		
Final dividend for 2007: 27.4p (2006: 25.7p)	3,830	3,629
Interim dividend for 2008: 12.7p (2007: 12.7p)	1,778	1,783
	5,608	5,412
Proposed for approval at the Annual General Meeting and not recognised as a liability at 31 December:		
Equity dividends on ordinary shares:		
Final dividend for 2008: 13.7p (2007: 27.4p)	1,910	3,834

There are no dividends accrued as liabilities at either year end.

The rules of the 2006 LTIP provide that whilst shares are held by participants in the 2006 LTIP subject to restrictions no dividend shall be payable on such shares and the trustees of the Archant Employee Benefit Trust and the Archant 2002 Long Term Incentive Plan Trust ("the Employee Trusts") have each waived the dividends payable on shares that they hold in the Company and have agreed to waive future such dividends.

11. (Loss)/earnings per ordinary share

The calculation of basic loss per ordinary share is based on losses of £24,098,000 (2007: losses £10,169,000) and on 13,973,000 (2007: 14,055,000) ordinary shares, being the weighted average number of shares in issue during the year, excluding the shares held by the Employee Trusts, and the restricted shares issued under the 2006 LTIP.

The diluted earnings per share is based on losses for the year of £24,098,000 (2007: losses £10,169,000) as above, and on 14,237,000 (2007: 14,290,000) ordinary shares, calculated as follows:

	2008 '000	2007 '000
Basic weighted average number of shares	13,973	14,055
Dilutive potential ordinary shares:		
Shares contingently issuable under the 2002 LTIP	49	136
Restricted shares issued under the 2006 LTIP	215	99
	14,237	14,290

As in previous years, adjusted earnings per share has also been disclosed as the directors consider that this alternative measure gives a more comparable indication of the Group's underlying trading performance.

The adjusted earnings per share has been calculated by using the losses attributable to shareholders, adjusted as follows:

	2008 £000	2008 Pence per share	2007 £000	2007 Pence per share
Loss attributable to shareholders/loss per share	(24,098)	(172.5)	(10,169)	(72.4)
Exceptional items	3,972	28.4	932	6.6
Amortisation of goodwill and other intangible assets	7,067	50.6	8,560	60.9
Impairment of intangible assets	33,615	240.6	30,000	213.5
Impairment of goodwill in associate	500	3.6	-	-
Gain on disposal of discontinued operations	-	-	(3,757)	(26.7)
Tax impact of exceptional items	(1,204)	(8.6)	(363)	(2.6)
Tax on gain on disposal of discontinued operations	-	-	1,258	9.0
Exceptional deferred tax adjustment arising from change in legislation	-	-	(1,026)	(7.3)
Exceptional deferred tax on impairment of intangible assets	(5,262)	(37.7)	(5,893)	(41.9)
Deferred tax adjustment arising on change in rate of corporation tax	90	0.7	129	0.9
Adjusted earnings per share	14,680	105.1	19,671	140.0

12. Intangible fixed assets

Group	Films £000	Newspaper titles £000	Magazine titles £000	Goodwill £000	Total £000
Cost:					
At 31 December 2007	4,100	109,103	57,095	6,629	176,927
Acquisition of businesses	-	-	2,133	-	2,133
At 31 December 2008	4,100	109,103	59,228	6,629	179,060
Amortisation:					
At 31 December 2007	2,487	40,910	13,808	3,266	60,471
Provided during the year	-	3,782	3,011	274	7,067
Impairment	-	30,300	3,315	-	33,615
At 31 December 2008	2,487	74,992	20,134	3,540	101,153
Net book value:					
At 31 December 2008	1,613	34,111	39,094	3,089	77,907
At 31 December 2007	1,613	68,193	43,287	3,363	116,456

Goodwill arising on the acquisition of subsidiary undertakings is being amortised evenly over the directors' estimate of its useful economic life, subject to a maximum of 20 years.

Newspaper titles are amortised evenly over the directors' estimates of their useful economic lives, subject to a maximum of 20 years.

Magazine titles are amortised evenly over the directors' estimates of their useful economic lives, subject to a maximum of 20 years.

The Group owns the copyright and physical material of two films. Films are carried at estimated net realisable value, calculated as the minimum value of future royalties receivable. The carrying value is matched by interest free loans, secured on the films and repayable out of film receipts up to 14 December 2013.

The carrying values of all intangible assets are reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying values may not be recoverable.

Impairment of intangible assets

The Group determines whether intangible assets are impaired at least on an annual basis. This requires an estimation of the "value in use" of the cash-generating units to which the intangible assets are allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying value of the newspaper titles and associated magazines published by the Regional London and Regional Hertfordshire business units before any impairment charge was £67,209,000. The recoverable amounts of the cash-generating units have been determined as £34,294,000 giving rise to an impairment charge of £32,915,000 (2007: Regional London impairment charge £30,000,000). In addition, the carrying value of the magazines published by the Life Midlands division before any impairment charge was £1,723,000. The recoverable amount of the cash-generating unit has been determined as £1,023,000 giving rise to an impairment charge of £700,000. The recoverable amounts have been based on a value in use calculation using cash flow projections based on financial budgets for 2009 and projections over a five-year period approved by the Board. The discount rate applied to cash flow projections is 8% (2007: 9%).

13. Tangible fixed assets

Group	Assets in course of construction £000	Freehold land and buildings £000	Leasehold buildings £000	Plant, equipment and vehicles £000	Total £000
Cost or valuation:					
At 31 December 2007	1,431	16,572	1,270	52,377	71,650
Additions	5,806	-	272	1,703	7,781
Disposals	-	(146)	-	(6,007)	(6,153)
At 31 December 2008	**7,237**	**16,426**	**1,542**	**48,073**	**73,278**
Depreciation:					
At 31 December 2007	-	2,747	336	30,636	33,719
Charge for year	-	323	281	4,298	4,902
Impairment	-	-	-	543	543
Disposals	-	(46)	-	(5,932)	(5,978)
At 31 December 2008	**-**	**3,024**	**617**	**29,545**	**33,186**
Net book value:					
At 31 December 2008	**7,237**	**13,402**	**925**	**18,528**	**40,092**
At 31 December 2007	1,431	13,825	934	21,741	37,931

Included in freehold land and buildings is land valued at £3,408,000 (2007: £3,438,000), which is not depreciated.

Company	Plant, equipment and vehicles £000	Total £000
Cost:		
At 31 December 2007	30	30
Disposals	(20)	(20)
At 31 December 2008	**10**	**10**
Depreciation:		
At 31 December 2007	21	21
Charge for the year	4	4
Disposals	(20)	(20)
At 31 December 2008	**5**	**5**
Net book value:		
At 31 December 2008	**5**	**5**
At 31 December 2007	9	9

13. Tangible fixed assets (continued)

The cost or valuation of land and buildings at 31 December 2008 comprises:

Group	Freehold £000	Leasehold Long £000	Leasehold Short £000
At valuation – 1996	12,388	126	-
At cost	4,038	-	1,416
	16,426	126	1,416

After taking appropriate professional advice from Ernest Webster FRICS, chartered surveyor, the directors revalued the Group's freehold and long leasehold properties at 31 December 1996. Certain Group properties identified as potential disposals were valued at open market value. The remaining Group properties were valued at open market value for existing use. Subsequent additions are shown at cost.

The historical cost of freehold and leasehold land and buildings is as follows:

Group	Freehold 2008 £000	Freehold 2007 £000	Leasehold 2008 £000	Leasehold 2007 £000
Cost	15,761	15,850	1,550	1,279
Aggregate depreciation	4,079	3,874	619	341

Depreciation on freehold and leasehold properties for the year has been based on the 1996 revalued amounts. Based on cost the consolidated charge would have been lower by £8,000 (2007: £9,000).

14. Investments

Group	2008 £000	2007 £000
Associates (a)	1,872	1,815
Other fixed asset investments (b)	43	46
	1,915	1,861

(a) Associates

	Share of net tangible liabilities £000	Goodwill £000	Total £000
At 31 December 2007	(2,011)	3,826	1,815
Investments in the year	(645)	1,360	715
Share of results retained by associate	(158)	-	(158)
Impairment of goodwill in associate	-	(500)	(500)
At 31 December 2008	(2,814)	4,686	1,872

The Group has an investment of 39.3%, on a fully-diluted basis, in a company engaged in publishing within the UK.

In July 2003 The Dublin Daily News Limited ("DDN"), a newspaper publishing company based in Dublin in which the Group had taken a 20% holding, ceased trading.

As disclosed in Notes 4 and 31, the Company has made provision for a claim received from the liquidator of DDN in relation to non-cash consideration for the issue to the Company of shares in DDN. The Company is vigorously defending the claim, but after taking further legal advice has considered it prudent to make provision for what it believes to be a fair and reasonable settlement.

As DDN is in liquidation, the goodwill arising on the potential additional cost of investment arising from the claim has been impaired.

(b) Other fixed asset investments

Group	Listed £000	Unlisted £000	Total £000
Cost:			
At 31 December 2007	11	60	71
Additions	4	-	4
Disposals	(7)	-	(7)
At 31 December 2008	8	60	68
Provisions:			
At 31 December 2007 and 2008	-	25	25
Net book value:			
At 31 December 2008	8	35	43
At 31 December 2007	11	35	46

14. Investments (continued)

Company	Subsidiary undertakings £000	Listed £000	Unlisted £000	Total £000
Cost:				
At 31 December 2007	88,725	11	60	88,796
Additions	1	4	-	5
Disposals	(5)	(7)	-	(12)
At 31 December 2008	88,721	8	60	88,789
Provisions:				
At 31 December 2007 and 2008	-	-	25	25
Net book value:				
At 31 December 2008	88,721	8	35	88,764
At 31 December 2007	88,725	11	35	88,771

The market value of the listed investments at 31 December 2008 was £28,000 (2007: £147,000) for both the Group and the Company. Unlisted investments, which consist entirely of equity share capital, are valued by the directors at £1,544,000 (2007: £2,902,000) for the Group and the Company.

In arriving at market or directors' valuations, no provision has been made for taxation which would be chargeable, amounting to a maximum of £428,000 (2007: £840,000), in the event of disposals at these values.

The Company's principal trading subsidiary undertakings, all of which are unlisted companies, are set out below. All such subsidiary undertakings are wholly owned, and with the exception of The British Connection, Inc., which is incorporated in the United States of America, are incorporated in England.

Those companies in which the equity is held by a subsidiary undertaking are marked with an asterisk.

Company	Activity
Subsidiary undertakings	
Archant Regional Limited*	Newspaper publishing
Archant Print Limited*	Printing
Archant Life Limited*	Magazine publishing
Archant Specialist Limited*	Magazine publishing
Archant Dialogue Limited*	Contract publishing
The British Connection, Inc.*	Magazine distribution
East Anglian Daily Times Company Limited*	Plant and machinery leasing
Archant Properties Limited*	Property
Archant Holdings Limited	Holding company
Archant Lifestyle Plc*	Holding company

14. Investments (continued)

The Group's acquisitions during the year were:

Date of acquisition	Assets acquired
22 February 2008	Four free distribution magazines on the south coast of England
04 April 2008	Three county food magazines in Northamptonshire, Buckinghamshire and Bedfordshire
02 July 2008	Buckinghamshire Life magazine
02 July 2008	Northamptonshire Life magazine

The aggregate consideration for the acquisition of these titles was £2,133,000, which was satisfied in cash.

15. Stocks

	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Raw materials	1,729	1,294	-	-
Finished goods and goods for resale	28	25	-	-
	1,757	1,319	-	-

16. Debtors

	Note	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Due within one year:					
Trade debtors		17,535	22,716	-	-
Amounts owed by subsidiary undertakings		-	-	507	1,503
Other debtors		1,447	1,049	-	-
Prepayments and accrued income		2,720	3,468	130	156
Corporation tax recoverable		-	-	716	850
		21,702	27,233	1,353	2,509
Due after more than one year:					
Amounts owed by subsidiary undertakings		-	-	277,869	292,243
Other debtors		4	4	-	-
Deferred tax asset	8(d)	6,476	1,853	20	4
		6,480	1,857	277,889	292,247
Total debtors		28,182	29,090	279,242	294,756

An amount of £1,132,000 which was included in prepayments due after more than one year at 31 December 2007 for both the Group and the Company has been reclassified as "own shares held" in Note 24, to more accurately present the nature of the payments.

Notes to the financial statements
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17. Cash at bank and in hand

	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Cash at bank and in hand	1,437	1,766	68	-

18. Creditors: amounts falling due within one year

	Notes	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Bank loans and overdrafts	20	36,058	2,483	38,051	3,224
Trade creditors		5,740	5,200	-	-
Loan notes payable	21	-	1,227	-	-
Finance lease obligations		-	2	-	-
Amounts owed to subsidiary undertakings		-	-	405	22
Corporation tax		7,456	9,390	-	-
Tax and social security		2,560	3,821	-	-
Other creditors		1,988	2,389	-	-
Accruals and deferred income		8,344	9,915	660	1,037
Subscriptions in advance		3,822	3,750	-	-
		65,968	38,177	39,116	4,283

19. Creditors: amounts falling due after more than one year

	Note	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Bank loans and facilities	20	-	35,000	-	35,000
Loans – film finance		1,613	1,613	-	-
Amounts owed to subsidiary undertakings		-	-	286,402	300,310
		1,613	36,613	286,402	335,310

The loans relating to film finance are interest free and repayable out of film receipts prior to 14 December 2013. They are secured by charges on the copyright and physical material relating to two films owned by the Group and shown under that heading in intangible fixed assets.

All other liabilities mature between two and five years.

20. Bank loans, overdrafts and facilities

The bank loans, overdrafts and facilities comprise:

Amounts falling due within one year

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Bank overdrafts	-	32	1,993	773
Five-year revolving advances facility	34,000	-	34,000	-
Employee Benefit Trust overdraft	2,058	2,451	2,058	2,451
	36,058	2,483	38,051	3,224

Amounts falling due after more than one year

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Five-year revolving advances facility	-	35,000	-	35,000

Interest is payable on the bank overdrafts of the Group (when utilised), including that of the EBT, at one per cent above the base rates of each lender.

The overdraft of the EBT is guaranteed by the Company and the bank overdrafts of the Group are, to the extent utilised, secured by cross guarantees from certain companies in the Group.

Interest is payable on sums drawn down under the revolving advances facilitiy at LIBOR plus the bank's margin of 0.50% per annum. The five-year revolving advances facility is for a maximum amount of £55,000,000 and there is a 0.15% per annum non-utilisation fee for amounts that remain undrawn from time to time.

The termination date for the five-year revolving advances facility falls in December 2009. Provided that the Company continues to comply with the conditions of the facility, the Company has the right to draw down sums up to the amount of the facility for periods ending on or before the termination date.

Sums drawn down under the revolving advances facility are secured by cross guarantees from certain companies in the Group.

The Group also had a 364-day revolving advances facility for a maximum amount of £45,000,000 which was extended to 15 May 2008, but was not extended or renewed from that date.

21. Loan notes payable

Loan notes payable comprise:

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Archant Lifestyle Plc Loan Notes 2008	-	1,237	-	-
Less issue costs	-	(10)	-	-
	-	1,227	-	-

The Archant Lifestyle Plc loan notes were floating rate, guaranteed, unsecured loan notes 2008, and were redeemed on 26 May 2008, together with interest accrued to that date. The interest had been payable half yearly on 30 June and 31 December at a rate of 1% below the LIBOR rate of Barclays Bank PLC on the first business day in the period. The loan notes were guaranteed by Barclays Bank PLC at a cost to the Group of 0.45% per annum.

22. Provisions for liabilities

The movements in provisions are as follows:

Group	Dilapidations and onerous leases £000	Long term incentive plan £000	Other provisions £000	Total £000
At 31 December 2007	1,027	1,187	54	2,268
Arising during the year	513	-	1,020	1,533
Released	(48)	(823)	(54)	(925)
Utilised	(68)	-	-	(68)
At 31 December 2008	1,424	364	1,020	2,808

Company	Dilapidations and onerous leases £000	Long term incentive plan £000	Other provisions £000	Total £000
At 31 December 2007	-	1,187	-	1,187
Arising during the year	-	-	500	500
Released	-	(823)	-	(823)
At 31 December 2008	-	364	500	864

Provisions for dilapidations are made in accordance with independent professional advice. Provisions for onerous leases are made where the properties concerned are vacant or sub-let at less than full rental, and are based on assumptions about the Group's ability to sub-let the properties through to lease expiry, or to exit the leases early. The timing of the settlement of these obligations is dependent on the termination of the various leases. If the leases run to expiry, these obligations will be settled up to 2036.

The Long Term Incentive Plan (LTIP) provision is calculated to provide for the cost of share awards over each three-year LTIP plan cycle. The provision is measured by reference to the number of years that have elapsed in each plan cycle and the most recent view of performance against the growth targets set at the commencement of each plan cycle. It is expected that these liabilities will be settled within three years of the balance sheet date.

Other provisions comprise the anticipated closure costs for the Ipswich Print Centre of £520,000, which is expected to be settled within one year, and the provision for amounts potentially payable under a claim against the Company from the liquidator of The Dublin Daily News Limited of £500,000, as disclosed in Note 4, which is being vigorously defended.

23. Called-up share capital

	Authorised 2008 £000	Authorised 2007 £000	Allotted, called-up and fully paid 2008 £000	Allotted, called-up and fully paid 2007 £000
Ordinary shares of 20p each 14,298,169 issued (2007 – 14,298,169 issued)	3,650	3,650	2,860	2,860

Archant 2002 Long Term Incentive Plan Trust (2002 LTIP)

Notional awards under the 2002 LTIP were outstanding over 48,650 (2007: 136,270) shares at the year end. Final awards may be made in respect of up to that number of shares depending upon the Group's performance measured over the performance cycle relevant to such awards. Such awards are discretionary. Insofar as the trustee of the 2002 LTIP does not hold at the relevant time sufficient issued shares in respect of any final awards it may decide to make, the Company may issue new shares to the trustee to enable it to satisfy such final awards.

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24. Movements on reserves

	Group £000	Company £000
Share premium		
At 31 December 2007 and 2008	2,300	2,300
Revaluation reserve		
At 31 December 2007	326	-
Transfer to profit and loss account	(17)	-
At 31 December 2008	309	-
Other reserves		
(a) Special reserve		
At 31 December 2007 and 2008	2,350	-
(b) Capital reserve		
At 31 December 2007 and 2008	5,369	-
(c) Own shares held		
At 31 December 2007	(3,483)	(3,483)
Purchase of own shares	(1,088)	(1,088)
Proceeds for Partnership shares in SIP	83	83
Share awards under the LTIP and SIP	559	559
Loss on award of own shares	518	518
At 31 December 2008	(3,411)	(3,411)
Total other reserves		
At 31 December 2008	4,308	(3,411)
At 31 December 2007	4,236	(3,483)
Profit and loss account		
At 31 December 2007	95,452	41,079
(Loss)/profit from ordinary activities after taxation	(24,098)	4,995
Equity dividends paid	(5,608)	(5,608)
Other net recognised gains and losses in the year – net movement in pension scheme deficit	(19,979)	-
Loss on award of own shares	(518)	(518)
Transfer from revaluation reserve	17	-
At 31 December 2008	45,266	39,948
Total reserves		
At 31 December 2008	52,183	38,837
At 31 December 2007	102,314	39,896

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for the year ended 31 December 2008

24. Movements on reserves (continued)

The special reserve was created in 2001 on the cancellation of the preference shares in Eastern Counties Newspapers Group Limited (now Archant Regional Limited) ("ECNG") to protect the creditors of ECNG at the date of cancellation. The special reserve can be released to distributable reserves when all of the creditors of the Company at the date of cancellation have been satisfied.

The capital reserve comprises the balance of the share premium account in the former holding company on 1 March 2002.

Own shares held comprise shares held by the trustees of the Employee Benefit Trust, the Long Term Incentive Plan Trust and the Share Incentive Plan Trust other than shares being held as a bare trustee. Own shares held comprised 278,566 shares with a nominal value of 20p each, acquired at an average cost of £8.18 each (2007: 296,595 shares at £11.74). Purchases of shares in the Company by the EBT have been funded by a bank overdraft guaranteed by the Company and purchases by the LTIP and SIP have been funded by cash contributions from the Company and its subsidiaries. The trusts provide sources of shares for use in connection with the Archant Share Incentive Plan and the Archant Long Term Incentive Plan.

An amount of £1,132,000 which was included in prepayments due after more than one year at 31 December 2007 for both the Group and the Company has been reclassified as "own shares held" to more accurately reflect the nature of the payments.

The right to receive dividends on the shares held by participants subject to the rules of the 2006 LTIP is precluded by the rules of the 2006 LTIP and the right to receive dividends on other shares held by the trusts (other than the Share Incentive Plan Trust) has been waived by the trustee. All expenses incurred by the trusts are settled directly by the Company, and charged in the financial statements as incurred.

The cumulative amount of goodwill written off to the profit and loss account at 31 December 2008 in the consolidated financial statements is £8,032,000 (2007: £8,032,000).

25. Financial instruments and related disclosures

Details of the Group's treasury policies and strategies are included in the Financial Review on page 8 and in Note 1.

Financial risk management

Financial risk factors
The Group's principal financial risks are liquidity risk and interest rate risk. The Group has limited exposure to foreign exchange risk, credit risk and price risk.

The Board retain responsibility for the agreement of the terms of any new or renewed borrowing facilities.

The Group's treasury objective is to minimise borrowing costs and maximise returns on funds, subject to short term liquidity requirements.

Foreign exchange risk
The Group has a subsidiary undertaking in the United States of America, which is limited in scale and largely self-financing. Therefore the Group has no foreign currency borrowings to hedge the foreign currency investment. The Group has limited exposure to foreign exchange risks with respect to transactions in US dollars and the Euro. Due to the low exposure to currency risk, the Group does not use forward exchange contracts.

Interest rate risk
The Group has both interest bearing assets and interest bearing liabilities. The Group's interest bearing assets comprise bank deposits for temporary surplus funds held in bank accounts outside of the Group's principal day-to-day banking facility. The Group's interest bearing liabilities are all at variable rates and are managed centrally. The Group has not used interest rate swaps.

Credit risk
The Group has no significant concentrations of credit risk. The Group has implemented policies that require, where appropriate, credit checks on potential customers before sales commence.

25. Financial instruments and related disclosures (continued)

Liquidity risk

Liquidity risk results from having insufficient financial resources to meet day-to-day fluctuations in working capital and cash flow. Ultimate responsibility for liquidity risk management rests with the Board. The Group manages liquidity risk by maintaining adequate reserves, by regularly monitoring forecast and actual cash flows and by maintaining a mixture of long-term and short-term committed facilities that are designed to ensure the Group has sufficient available funds for operations and planned expansions. The Group has facilities available totalling £65m comprising the five-year facility in the amount of £55m and two overdraft facilities each of £5m. The Group's two overdraft facilities are repayable on demand, and the five-year facility expires in December 2009. £31m of these facilities remained undrawn at the year end and the Group considers that it should be able to operate within the level of its current facilities. The Group will open renewal negotiations with the banks in due course and has at this stage not sought any written commitment that the facilities will be renewed. However, the Group has held discussions with its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms.

Price risk

The Group negotiates prices for newsprint annually in advance. The Group has limited exposure to equity securities price risk on investments held by the Group.

The carrying values of the Group's financial instruments (which exclude short-term debtors and creditors) at 31 December are set out below:

Interest rate risk profile of financial assets

The financial assets of the Group include bank balances and deposits denominated in US dollars and Euros totalling £431,000 (2007: £449,000). The remaining financial assets of the Group are denominated in sterling. As at 31 December the interest rate profile of the financial assets of the Group was as follows:

	Total £000	Fixed-rate financial assets £000	Floating-rate financial assets £000	Financial assets on which no interest is earned £000
2008				
Fixed asset investments	43	-	-	43
Cash at bank and in hand	1,437	-	-	1,437
	1,480	-	-	1,480
2007				
Fixed asset investments	46	-	-	46
Cash at bank and in hand	1,766	-	332	1,434
	1,812	-	332	1,480

25. Financial instruments and related disclosures (continued)

Interest rate risk profile of financial liabilities

As at 31 December the interest rate profile of the financial liabilities of the Group, all of which were denominated in sterling, was as follows:

	Total £000	Fixed-rate financial liabilities £000	Floating-rate financial liabilities £000	Financial liabilities on which no interest is paid £000
2008				
Bank loans and overdrafts	36,058	-	36,058	-
Loans for film finance	1,613	-	-	1,613
Provisions	2,808	-	-	2,808
	40,479	-	36,058	4,421
2007				
Bank loans and overdrafts	37,483	-	37,483	-
Loan notes payable	1,227	-	1,227	-
Finance leases	2	2	-	-
Loans for film finance	1,613	-	-	1,613
Provisions	2,268	-	-	2,268
	42,593	2	38,710	3,881

Maturity of financial liabilities

The maturity profile of the Group's financial liabilities at 31 December was as follows:

	2008 £000	2007 £000
In one year or less, or on demand	37,223	3,742
In more than one year, but not more than two	685	35,734
In more than two years, but not more than five	151	523
In more than five years	2,420	2,594
	40,479	42,593

Borrowing facilities

The Group has various borrowing facilities available to it. The undrawn committed facilities available at 31 December, in respect of which all conditions precedent had been met at that date, were as follows:

	2008 £000	2007 £000
Expiring in one year or less	31,000	55,000
In more than one year, but not more than two	-	20,000
	31,000	75,000

25. Financial instruments and related disclosures (continued)

Fair value of financial assets and financial liabilities

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments:

	Carrying value		Fair value	
	2008	2007	2008	2007
	£000	£000	£000	£000
Financial assets				
Fixed asset investments	43	46	1,572	3,049
Cash at bank and in hand	1,437	1,766	1,437	1,766
Financial liabilities				
Bank overdrafts	(2,058)	(2,483)	(2,058)	(2,483)
Loans for film finance	(1,613)	(1,613)	(1,613)	(1,613)
Provisions	(2,808)	(2,268)	(2,808)	(2,268)
Interest-bearing loans and borrowings				
Floating-rate borrowings	(34,000)	(36,227)	(34,000)	(36,227)
Obligations under finance leases	-	(2)	-	(2)

26. Reconciliation of operating loss to operating cash flows

	2008	2007
	£000	£000
Operating loss	(22,492)	(9,041)
Depreciation and impairment of tangible fixed assets	5,445	5,059
Amortisation of intangible fixed assets	7,067	8,560
Impairment of intangible fixed assets	33,615	30,000
Loss/(profit) on disposals of tangible fixed assets	24	(6)
Profit on disposal of fixed asset investment	(34)	-
Profit and loss (credit)/charge for share-based payment	(264)	1,210
(Increase)/decrease in stocks	(438)	109
Decrease/(increase) in debtors	4,499	(700)
Decrease in creditors	(1,589)	(1,444)
Movements in provisions	863	(502)
Payment against provisions	(136)	(67)
Adjustment for FRS 17 pension funding	(197)	(190)
Cash flow from operating activities	26,363	32,988

27. Analysis of cash flows for headings netted in the cash flow statement

	Notes	2008 £000	2007 £000
Returns on investments and servicing of finance			
Interest received		17	51
Dividends received		43	51
Interest paid		(2,196)	(3,020)
		(2,136)	(2,918)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(7,781)	(4,728)
Purchase of fixed asset investments		(4)	-
Sale of fixed asset investments		41	-
Sale of tangible fixed assets		151	36
		(7,593)	(4,692)
Acquisitions and disposals			
Investments in associate	14	(215)	(296)
Acquisitions of businesses	14	(2,133)	(3,866)
Bank balance acquired with businesses	14	-	1,129
Disposal of discontinued operations	4	-	10,567
		(2,348)	7,534
Financing			
Repayment of loan notes		(1,237)	(274)
Repayment of loan under bank revolving credit facility		(1,000)	(18,000)
Capital element of finance lease rental payments		(2)	(9)
Purchase of own shares		(1,088)	(2,092)
Proceeds for SIP Partnership shares		83	-
		(3,244)	(20,375)

28. Analysis of net debt

	At 1 January 2008 £000	Cash flow £000	Other non-cash changes £000	At 31 December 2008 £000
Cash at bank and in hand	1,766	(329)	-	1,437
Bank overdrafts	(32)	32	-	-
EBT overdraft	(2,451)	393	-	(2,058)
Bank and cash balances	(717)	96	-	(621)
Bank loans	(35,000)	1,000	-	(34,000)
Loan notes	(1,237)	1,237	-	-
Loan issue costs	10	-	(10)	-
Finance leases	(2)	2	-	-
Total	(36,946)	2,335	(10)	(34,621)

29. Capital commitments

Approved future capital expenditure at 31 December for which no provision has been made in these financial statements amounted to:

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Contracted for but not provided	962	4,863	-	-

30. Commitments under operating leases

At 31 December annual commitments under non-cancellable operating leases were as follows:

	Land and buildings		Plant, equipment and vehicles	
	2008	2007	2008	2007
Group	£000	£000	£000	£000
Operating leases which expire:				
Within one year	293	154	327	397
Within two to five years	1,399	1,024	1,634	2,065
Over five years	356	703	-	3
	2,048	1,881	1,961	2,465

31. Contingent liabilities

In July 2003 The Dublin Daily News Limited ("DDN"), a newspaper publishing company based in Dublin in which the Group had taken a 20% holding, ceased trading.

The Company has received a statement of claim dated 8 February 2008 from the liquidator of DDN seeking judgement in the sum of approximately Euros 500,000 plus costs in relation to non-cash consideration for the issue to the Company of shares in DDN. The Company is vigorously defending the claim, but after taking further legal advice has considered it prudent to make provision for what it believes to be a fair and reasonable settlement.

32. Related party transactions

Archant Print Limited printed newspapers with a sales value of £657,000 (2007: £946,000), on an arms length basis, for the Group's associate engaged in publishing within the UK disclosed at Note 14. At 31 December 2008, £191,000 (2007: £326,000) of the amounts invoiced remained outstanding.

33. Pension schemes

The principal pension scheme operated by the Group is the Archant Pension & Life Assurance Scheme ("the PLAS"), a hybrid scheme with a defined benefit section ("the PLAS DBS") which includes a senior management section ("the PLAS SMS") and a defined contribution section ("the PLAS DCS").

The Group also pays ex gratia pensions on an unfunded basis to certain former employees and their dependents and, accordingly, provides for this liability in the financial statements. The provisions for unfunded pension liabilities have been made in accordance with actuarial advice.

Defined contribution section

The group provides retirement benefits to approximately 41% of current employees through the defined contribution scheme. For the PLAS DCS the pension cost represents contributions payable by the Group to this section, the Group matching members' contributions (which are permitted in the range of 2% to 7% of pensionable earnings) on a 1:1 basis, except in the case of certain senior managers, where the employer's contribution is at enhanced multiples.

Additionally, the Group made payments to the PLAS DCS equal to 2.0% (2007: 2.0%) of pensionable earnings in respect of insured death benefits, expenses and benefit guarantees.

Contributions paid in the year	2008 £000	2007 £000
Charged in the profit and loss account	1,823	1,796
December 2008 contributions paid in January 2009	(256)	-
December 2007 contributions paid in January 2008	157	(157)
December 2006 contributions paid in January 2007	-	148
Contributions paid in the year	1,724	1,787

Defined benefit section

The pension scheme assets are held in a separate trustee-administered fund to meet long-term pension liabilities to past and present employees. The trustees of the fund are required to act in the best interest of the fund's beneficiaries. The manner of appointment of trustees to the fund is determined by the scheme's trust documentation. The group has a policy that at least one-third of all trustees should be nominated by members of the fund, including at least one member by current pensioners.

The Group provides retirement benefits to some of its former and approximately 13% of current employees through defined benefit schemes. The level of retirement benefit is based principally on pensionable salary earned in the last three years of employment.

The liabilities of the defined benefit scheme are measured by discounting the best estimate of future cash flows to be paid out by the scheme using the projected unit method. This amount is reflected in the deficit in the balance sheet. The projected unit method is an accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. The accumulated benefit obligation is an actuarial measure of the present value of benefits for service already rendered but differs from the projected unit method in that it includes no assumption for future salary increases. At the balance sheet date the accumulated benefit obligation was £110.4m (2007: £111.6m).

An alternative method of valuation to the projected unit method is a solvency basis, often estimated using the cost of buying out benefits at the balance sheet date with a suitable insurer. This amount represents the amount that would be required to settle the scheme liabilities at the balance sheet date rather than the Group continuing to fund the on-going liabilities of the scheme. The Group estimates the amount required to settle the scheme's liabilities at the balance sheet date is £110m (2007: £80m).

33. Pension schemes (continued)

The most recently completed triennial actuarial valuation was carried out as at 1 January 2008 by an independent actuary for the trustees of the scheme. The financial assumptions adopted that have the most significant effect on the valuation were:

	%
Annual rate of increase in:	
Prices	3.1
Salaries	4.0
Pensions in payment	3.0
Investment return – Pre-retirement	6.5
– Post-retirement	5.3

At the time of the actuarial valuation the assets of the scheme, which are held separately from those of the Group, were:

Market value of the scheme's assets	£140,600,000
Actuarial value as a proportion of accrued benefit	94.6%

The valuation showed a deficit of £8,025,000, a funding level of 94.6%.

Contributions to the defined benefit section are determined with the advice of independent actuaries, using the projected unit method.

Contribution rates for final salary pensions as a percentage of pensionable earnings, which are determined on the basis of the most recent actuarial valuation, were:

	PLAS DBS		PLAS SMS	
	Member %	Company %	Member %	Company %
From 1 July 2006	7.0	16.6	7.0	34.1
From 1 January 2009	7.0	17.3	7.0	41.8

To address the underlying deficit the Company paid an additional £750,000 of cash into the PLAS in 2008 (2007: £750,000). Following the actuarial valuation as at 1 January 2008, the Company has agreed to pay a shortfall correction additional contribution of at least £1,450,000 per annum for the years 2009 to 2015 inclusive.

In 2003 the Group decided that future increases to the discretionary element of pensions in payment (i.e. that for pre-April 1997 service other than, in respect of participants over state retirement age, the Guaranteed Minimum Pension element of any such pension) would be funded either by the Company or out of fund surpluses. The Company made no such payments during the year (2007: £nil).

Following the actuarial valuation as at 1 January 2008 the Group has agreed the following funding objectives with the Trustees:

1. To return the on-going funding level of the scheme to 100% of the projected past service liabilities within a period of eight years from the valuation as at 1 January 2008.

2 To maintain funding at least at this level once the funding level of the scheme is 100% of the projected past service liabilities.

The Group and the trustees monitor the funding level on a quarterly basis. The next triennial valuation is due to be completed as at 1 January 2011. The deficit and regular contributions will be recalculated as part of this valuation.

The levels of contributions are based on the current service costs and the expected future cash flows of the defined benefit scheme. The Group estimates the present value of the duration of scheme liabilities on average fall due over 16 years.

33. Pension schemes (continued)

The benefits payable by the scheme are expected to increase steadily over the next 30 to 35 years as active and deferred members reach retirement. After that the benefits payable should drop off markedly as mortality rates increase.

On 16 January 2009 the Company entered into a Deed of Guarantee ("the Guarantee") with the Trustees of the Pension & Life Assurance Scheme ("the Scheme") whereby the Company guaranteed the punctual performance of all obligations under the Scheme of the Scheme's Participating Employers. Demands under the Guarantee are subject to a cap equal to the defaulting Participating Employer's share of the Scheme's deficit on the ongoing, scheme-specific funding basis, as calculated by the Scheme actuary. The Guarantee also indemnifies the Trustees against any loss or liability suffered if any payment obligation under the Guarantee is, or becomes, unenforceable. The Guarantee will remain in place until the Scheme becomes fully funded on the scheme-specific funding basis, as advised by the Scheme actuary. The Trustees undertook to take the Guarantee into consideration when setting the period of the Scheme's deficit recovery plan, following the 1 January 2008 actuarial valuation, and setting the Scheme's investment strategy.

Pension disclosure under FRS 17

The following information shows the results of the Group's pension scheme in the UK.

A full actuarial valuation was carried out for the PLAS as at 1 January 2008.

The actuarial valuation has been updated to 31 December 2008 by an independent actuary. The amounts shown at 31 December were measured in accordance with FRS 17.

Assumptions

The major assumptions used by the actuary in updating the valuation were:

	2008 %	2007 %	2006 %
Rate of increase in salaries	4.00	4.65	4.37
Rate of increase in deferred pensions	2.80	3.40	3.12
Rate of increase of pensions in payment for post April 1997 service	2.80	3.40	3.12
Discount rate	5.76	5.82	5.12
Inflation	2.80	3.40	3.12
Expected long-term rate of return:			
Equities	6.40	7.00	7.00
Bonds and gilts	5.40	5.40	4.70
Other	2.00	5.50	5.00

An investigation of the scheme's mortality experience over the past three years was carried out as part of the actuarial valuation at 1 January 2008. The current assumed life expectations on retirement at age 65 are:

	2008 years	2007 years
Retiring today		
Males	22.1	17.6
Females	24.7	20.7
Retiring in 20 years		
Males	24.9	20.3
Females	26.6	23.3

33. Pension schemes (continued)

Sensitivity analysis of the principal assumptions used to measure scheme liabilities
The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 0.25%	Decrease by 4%
Rate of inflation	Increase by 0.25%	Increase by 2%
Rate of salary growth	Increase by 0.25%	Increase by 1%
Rate of mortality	Increase by 1 year	Increase by 2%

Employee benefit obligations
The amounts recognised in the balance sheet are as follows:

	2008 £000	2007 £000
Present value of funded obligations	146,478	146,344
Fair value of scheme assets	(111,519)	(138,714)
	34,959	7,630
Present value of unfunded obligations	955	969
Deficit	35,914	8,599
Related deferred tax asset at 28% (2007: 28%)	(10,056)	(2,408)
Net liability	25,858	6,191

The unfunded obligations are in respect of the ex gratia pensions paid by the Group. The present value of these obligations has been calculated in accordance with FRS 17 by an independent actuary at 31 December 2007 and 31 December 2008. Book value was used at 31 December 2006 and in earlier years as a reasonable approximation of present value at those dates.

The amounts recognised in the profit and loss account are as follows:

	2008 £000	2007 £000
Current service cost – DBS	2,157	2,448
Current service cost – DCS	1,823	1,796
Service cost – unfunded obligations	-	64
Unfunded obligations – adjustment to present value	-	(75)
Interest on funded obligations	7,040	6,519
Interest on unfunded obligations	85	-
Expected return on scheme assets	(7,206)	(6,924)
	3,899	3,828

Actual return on scheme assets	(19,891)	5,824

33. Pension schemes (continued)

Changes in the present value of the scheme obligation are as follows:

	2008 £000	2007 £000
Opening scheme obligation – DBS and DCS	146,344	148,703
Opening scheme obligation – unfunded obligations at present/book value	969	1,128
Total opening scheme obligation	147,313	149,831
Service cost – DBS	2,157	2,448
Service cost – DCS	1,823	1,796
Service cost – unfunded obligations	-	64
Interest cost	7,125	6,519
Actuarial losses/(gains) – DBS	595	(9,413)
Actuarial losses/(gains) – unfunded obligations	37	(75)
Contributions by employees – DBS and DCS	1,856	1,902
Change in DCS fund values	(4,956)	1,962
Benefits paid – DBS	(6,947)	(5,403)
Benefits paid – DCS	(1,434)	(2,170)
Benefits paid – unfunded obligations	(136)	(148)
Closing scheme obligation	147,433	147,313

The analysis of the actuarial losses and (gains) in the DBS is as follows:

	2008 £000	2007 £000
Experience (gains) and losses	(5,092)	-
Changes in assumptions:		
Discount rate	990	(12,755)
Inflation	(3,290)	1,381
Salary increases	(2,833)	1,961
Mortality	10,820	-
	595	(9,413)

33. Pension schemes (continued)

Changes in the fair value of scheme assets are as follows:

	2008 £000	2007 £000
Opening fair value of scheme assets	138,714	132,324
Expected return	7,206	6,924
Actuarial losses	(27,097)	(1,100)
Contributions by employer – DBS	2,354	2,479
Contributions by employer – DCS	1,823	1,796
Contributions by employer – unfunded obligations	136	148
Contributions by employees – DBS and DCS	1,856	1,902
Change in DCS fund values	(4,956)	1,962
Benefits paid – DBS	(6,947)	(5,403)
Benefits paid – DCS	(1,434)	(2,170)
Benefits paid – unfunded obligations	(136)	(148)
Closing fair value of scheme assets	111,519	138,714

The group expects to contribute between £2,500,000 and £3,000,000 to its defined benefit pension scheme in 2009.

At 31 December 2008 the scheme assets were invested in a diversified portfolio that consisted primarily of equity and debt securities. The fair value of the scheme assets as a percentage of the total scheme assets and planned allocations are set out below:

	Planned 2009 %	2008 %	2007 %
Global equities	60	56	60
All stocks gilts	10	13	20
Corporate bonds	20	23	10
High-yield bonds	10	8	10
	100	100	100

In conjunction with the trustees, the Group has periodically conducted asset-liability reviews for its major schemes. These studies are used to assist the trustees and the Group to determine the optimal long-term asset allocation with regard to the structure of liabilities within the scheme. The results of the study are used to assist the trustees in managing the volatility in the underlying investment performance and risk of a significant increase in the scheme deficit by providing information used to determine the pension schemes investment strategy.

The aim is to hold a globally diversified portfolio of equities, with a target of 60% of equities being held in UK companies and 40% in overseas equities.

33. Pension schemes (continued)

Cumulative actuarial gains and losses recognised in the Group statement of total recognised gains and losses (STRGL)	2008 £000	2007 £000
Actual return less expected return on assets	(27,097)	(1,100)
Experience gains and losses on liabilities	5,055	-
Changes in assumptions	(5,687)	9,413
Net actuarial (loss)/gain recognised in STRGL	(27,729)	8,313
At the beginning of the year	(6,865)	(15,178)
At the end of the year	(34,594)	(6,865)

Analysis of the movement in the balance sheet liability	2008 £000	2009 £000
Shortfall in scheme at the beginning of the year	(8,599)	(17,507)
Movements:		
Total expense recognised in the profit and loss account	(3,899)	(3,828)
Employer contributions – DBS and DCS	4,177	4,275
Employer contributions – unfunded obligations	136	148
Actuarial (losses)/gains	(27,729)	8,313
Shortfall in scheme at the end of the year	(35,914)	(8,599)

Amounts for the current and previous four years are as follows:

	2008 £000	2007 £000	2006 £000	2005 £000	2004 £000
Present value of funded obligations	146,478	146,344	148,703	146,818	123,865
Present/book value of unfunded obligations	955	969	1,128	1,204	1,246
Total scheme obligations	147,433	147,313	149,831	148,022	125,111
Scheme assets	111,519	138,714	132,324	122,803	103,303
Deficit	(35,914)	(8,599)	(17,507)	(25,219)	(21,808)
Experience adjustments on pension scheme liabilities	5,055	-	649	(2,916)	916
Experience adjustments on pension scheme assets	(27,097)	(1,100)	1,384	12,047	3,667

	2008 £000	2007 £000	2006 £000	2005 £000	2004 £000
Turnover	175,115	193,783	191,040	194,128	185,551
Operating profit before exceptional items	22,162	30,451	29,451	31,594	36,038
Return on sales	*12.7%*	*15.7%*	*15.4%*	*16.3%*	*19.4%*
Share of operating results of associate	(158)	(315)	(291)	(347)	(52)
Amortisation of intangible fixed assets	(7,067)	(8,560)	(8,609)	(2,638)	(2,082)
Exceptional income	-	3,757	548	-	422
Exceptional costs	(38,087)	(30,932)	(1,321)	(2,402)	(1,534)
Income from investments, interest payable and FRS 17 financing costs	(2,065)	(2,515)	(3,352)	(3,816)	(1,089)
(Loss)/profit before tax	(25,215)	(8,114)	16,426	22,391	31,703
Tax	(1,117)	2,055	8,720	5,755	6,266
Effective rate of taxation	*4.4%*	*(25.3%)*	*53.1%*	*25.7%*	*19.8%*
(Loss)/profit after tax	(24,098)	(10,169)	7,706	16,636	25,437
Dividends paid during the year	5,608	5,412	5,316	5,290	5,582
(Loss)/profit after tax and equity dividends paid	(29,706)	(15,581)	2,390	11,346	19,855
Basic (loss)/earnings per share	(172.5p)	(72.4p)	54.5p	117.6p	154.6p
Diluted (loss)/earnings per share	(169.3p)	(71.2p)	53.6p	115.4p	151.9p
Adjusted earnings per share	105.1p	140.0p	133.1p	147.6p	170.5p
Dividends declared per share	26.4p	40.1p	38.1p	37.4p	36.8p
Dividend cover (based on dividends declared and adjusted EPS)	4.0	3.5	3.5	3.9	4.6
Net assets	55,043	105,174	110,202	103,211	93,043
Net debt	(34,621)	(36,946)	(54,827)	(59,051)	(58,026)
Exceptional items					
Special dividends from The Press Association Limited	-	-	-	-	422
Profits on disposal of Scottish newspaper operations	-	3,757	-	-	-
Profit on disposal of freehold property	-	-	548	-	-
Total exceptional income	-	3,757	548	-	422
Impairment of intangible fixed assets	(33,615)	(30,000)	-	-	-
Impairment of goodwill in associate	(500)	-	-	-	-
Impairment of tangible fixed assets	(477)	-	-	-	-
Reorganisation and restructuring costs	(3,495)	(932)	(1,321)	(1,781)	(1,164)
Discretionary pension increase	-	-	-	(621)	(370)
Total exceptional costs	(38,087)	(30,932)	(1,321)	(2,402)	(1,534)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the Company will be held at The Assembly House, Theatre Street, Norwich, NR2 1RQ on Thursday 30 April 2009 at noon, to consider and if thought fit to pass the following resolutions:

Ordinary resolutions

1. THAT the reports of the directors and auditors and the audited financial statements of the Company for the year ended 31 December 2008 be and are hereby received.

2. THAT Mr B McCarthy, retiring as a director at this meeting, be elected as a director of the Company.

3. THAT Mr S Copeman, retiring as a director at this meeting, be re-elected as a director of the Company.

4. THAT Mr A Jeakings, retiring as a director at this meeting, be re-elected as a director of the Company.

5. THAT Mr P Troughton, retiring as a director at this meeting, be re-elected as a director of the Company

6. THAT Ernst & Young LLP be reappointed as auditors for the Company at a fee to be fixed by the directors.

7. THAT a final dividend of 13.7p per share be paid.

Special resolution

8. THAT for the purposes only of the allotment of ordinary shares in the capital of the Company pursuant to an election made by the holders of such ordinary shares to receive additional ordinary shares in accordance with Article 124 of the Articles of Association of the Company, the Directors be and they are hereby generally and conditionally authorised pursuant to Section 80 of the Companies Act 1985 (the "Act") and otherwise as may be required by the Articles of Association of the Company to allot ordinary shares in the capital of the Company up to a maximum nominal amount equal to £790,000 such authority to continue for a period of five years from the passing of this Resolution, and further that, pursuant to and in accordance with Section 95(1) of the Act, Section 89(1) of the Act shall not apply to any allotment pursuant to that authority.

9. THAT the Articles of Association of the Company be altered in accordance with the provisions set out in the document annexed to this notice.

BY ORDER OF THE BOARD
JO Ellison
Secretary
6 March 2009

Archant Limited
Prospect House
Rouen Road
Norwich NR1 1RE

Telephone: 01603 772772
Facsimile: 01603 613276

Registered number: 4126997

Notes

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting ("AGM") provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Company Secretary on 01603 772810.

2. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZL no later than noon on Tuesday 28 April 2009.

3. The return of a completed proxy form will not prevent a shareholder attending the AGM and voting in person should they wish to do so.

4. To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company at 5pm on Tuesday 28 April 2009 (or, in the event of any adjournment, at 5pm on the date which is two days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Annexure to Notice of Annual General Meeting dated 6 March 2009

Relating to Resolution No. 9 in the Notice of Annual General Meeting.

THAT the Articles of Association of the Company are altered:

by the deletion of Articles 108 to 109 and the substitution for them of the following new Articles:

"108

108.1 For the purposes of section 175 CA 2006, the board may authorise any matter proposed to it in accordance with these Articles which would, if not so authorised, involve a breach of duty by a director under that section, including, without limitation, any matter which relates to a situation in which a director has, or can have, an interest which conflicts, or possibly may conflict, with the interests of the Company. Any such authorisation will be effective only if:

108.1.1 any requirement as to quorum at the meeting at which the matter is considered is met without counting the director in question or any other interested director; and

108.1.2 the matter was agreed to without their voting or would have been agreed to if their votes had not been counted.

The board may (whether at the time of the giving of the authorisation or subsequently) make any such authorisation subject to any limits or conditions it expressly imposes but such authorisation is otherwise given to the fullest extent permitted. The board may vary or terminate any such authorisation at any time.

For the purposes of the Articles, a conflict of interest includes a conflict of interest and duty and a conflict of duties, and interest includes both direct and indirect interests.

108.2 Provided that he has disclosed to the board the nature and extent of his interest (unless the circumstances referred to in section 177(5) or section 177(6) CA 2006 apply, in which case no such disclosure is required) a director notwithstanding his office:

108.2.1 may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;

108.2.2 may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director;

108.2.3 may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested.

108.3 A director shall not, by reason of his office, be accountable to the Company for any remuneration or other benefit which he derives from any office or employment or from any transaction or arrangement or from any interest in any body corporate:

108.3.1 the acceptance, entry into or existence of which has been approved by the board pursuant to Article 108.1 (subject, in any such case, to any limits or conditions to which such approval was subject); or

108.3.2 which he is permitted to hold or enter into by virtue of Article 108.2.1, 108.2.2 or 108.2.3;

nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 CA 2006.

108.4 Any disclosure required by Article 108.2 may be made at a meeting of the board, by notice in writing or by general notice or otherwise in accordance with section 177 CA 2006.

109

109.1 A director shall be under no duty to the Company with respect to any information which he obtains or has obtained otherwise than as a director of the Company and in respect of which he owes a duty of confidentiality to another person. However, to the extent that his relationship with that other person gives rise to a conflict of interest or possible conflict of interest, this Article applies only if the existence of that relationship has been approved by the board pursuant to Article 108.1. In particular, the director shall not be in breach of the general duties he owes to the Company by virtue of sections 171 to 177 CA 2006 because he fails:

109.1.1 to disclose any such information to the board or to any director or other officer or employee of the Company; and/or

109.1.2 to use or apply any such information in performing his duties as a director of the Company.

109.2 Where the existence of a director's relationship with another person has been approved by the board pursuant to Article 108.1 and his relationship with that person gives rise to a conflict of interest or possible conflict of interest, the director shall not be in breach of the general duties he owes to the Company by virtue of sections 171 to 177 CA 2006 because he:

109.2.1 absents himself from meetings of the board at which any matter relating to the conflict of interest or possible conflict of interest will or may be discussed or from the discussion of any such matter at a meeting or otherwise; and/or

109.2.2 makes arrangements not to receive documents and information relating to any matter which gives rise to the conflict of interest or possible conflict of interest sent or supplied by the Company and/or for such documents and information to be received and read by a professional adviser,

for so long as he reasonably believes such conflict of interest or possible conflict of interest subsists.

109.3 The provisions of Articles 109.1 and 109.2 are without prejudice to any equitable principle or rule of law which may excuse the director from:

109.3.1 disclosing information, in circumstances where disclosure would otherwise be required under these Articles; or

109.3.2 attending meetings or discussions or receiving documents and information as referred to in Article 109.2, in circumstances where such attendance or receipt of such documents and information would otherwise be required under these Articles."

And by the deletion of Article 118 and the substitution for it of the following new Article:

"118.

118.1 Except as otherwise provided by these Articles, a director shall not vote at a meeting of the board or a committee of the board on any resolution of the board concerning a matter in which he has an interest (other than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company) which can reasonably be regarded as likely to give rise to a conflict with the interest of the Company unless his interest arises only because the resolution concerns one or more of the following matters:

118.1.1 The giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiary undertakings;

118.1.2 The giving of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the director has assumed responsibility (in whole or part and whether alone or jointly with others) under a guarantee or indemnity or by the giving of security;

118.1.3 A contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is entitled to participate;

118.1.4 A contract, arrangement, transaction or proposal concerning any other body corporate in which he or any other person connected with him is interested, directly or indirectly, and whether as an officer, shareholder, creditor or otherwise, if he and any persons connected with him do not to his knowledge hold an interest (as that term is used in sections 820 to 825 CA 2006) representing 1% or more of either any class of the equity share capital of such body corporate (or any other body corporate through which his interest is derived) or of the voting rights available to members of the relevant body corporate (any such interest being deemed for the purposes of this Article to be likely to give rise to a conflict with the interest of the Company in all circumstances);

118.1.5 A contract, arrangement, transaction or proposal for the benefit of employees of the Company or of any of its subsidiary undertakings which does not award him any privilege or benefit not generally accorded to the employees to whom the arrangement relates; and

118.1.6 A contract, arrangement, transaction or proposal concerning any insurance which the Company is empowered to purchase or maintain for or for the benefit of any directors of the Company or for persons who include directors of the Company.

118.2 For the purposes of this Article in relation to an alternate director, an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise."

Financial calendar

for year to 31 December 2009

9 April	"On record" date for 2008 final dividend
30 April	Annual General Meeting
7 May	Payment of 2008 final dividend
27 June	Half year end
7 August	Interim statement
17 September	"On record" date for 2009 interim dividend
1 October	Payment of 2009 interim dividend

REGISTRARS

Shareholders with questions regarding their shareholding should contact the Company's registrars:

Equiniti Limited
Aspect House
Spencer Road
Lancing
BN99 6DA

0871 384 2641

Shareholders may access details of their shareholdings via an internet service provided by the Company's registrars.

To register for the service go to www.shareview.co.uk

Produced and designed for Archant Limited by
Archant Dialogue Limited
Prospect House
Rouen Road
Norwich NR1 1RE

Tel: 01603 664242
mail@archantdialogue.co.uk
www.archantdialogue.co.uk

Photography by David Burton