

## **FP Newspapers Income Fund reports First Quarter 2003 results**

**Winnipeg, April 29, 2003** – **FP Newspapers Income Fund (TSX:FP.UN)** today announced financial results for the first quarter ended March 31, 2003.

The Fund holds a 49 per cent interest in FP Canadian Newspapers Limited Partnership (FPLP), which owns the Winnipeg Free Press and the Brandon Sun newspapers.

Total revenue for FPLP for the three months ended March 31, 2003 was \$23.7 million, a \$0.1 million increase over the same period last year. The operating income before depreciation and amortization (“EBITDA”) of the newspapers in the first quarter was \$5.2 million, a 1.3 per cent increase compared to \$5.1 million in 2002.

Revenue and EBITDA both improved slightly during the first quarter compared to last year. The Winnipeg Free Press and the Brandon Sun have delivered stable financial returns over the past four years and the management team is fully engaged in extending this track record into the future.

The Fund earned \$1.4 million, or \$0.20 per Unit during the three months ended March 31, 2003. The Fund invested in FPLP on May 28, 2002, therefore comparative numbers for the Fund are not applicable. Cash available for distribution attributable to the Fund was \$0.34 per Unit for the first quarter, and distributions to unitholders were \$0.30 per Unit.

### **Operations**

Revenue growth in the first quarter was largely attributable to an increase in flyer advertising revenues. Advertising revenue for the newspaper operations in the first quarter of 2003 was \$17.0 million compared to \$16.7 million in the prior year. Circulation revenue was \$5.2 million in the first quarter of 2003, a 2.2 per cent increase over 2002.

FPLP continued to invest in the editorial content of the newspapers during the first quarter. The Winnipeg Free Press also made changes to the configuration of its sections to allow for reproduction of more colour advertising to meet the demands of clients. In January, the Winnipeg Free Press added pages to the Sunday newspaper to provide a regular 12-page sports section and to increase the coverage of general news. The Brandon Sun added two pages a day to its news coverage in the quarter. Continually improving the quality of our products and customer service is what has earned us the respect and admiration of our readers and advertisers and the loyalty of the communities we serve.

Readership for the Winnipeg Free Press, as reported by the National Audience Databank for 2002, showed the newspaper gained weekday market share. The Winnipeg Free Press, with a readership of 44.1 per cent of adults in its primary market continued to have a higher percentage of readers than any other comparable Canadian metropolitan daily newspaper. Although circulation of the Winnipeg Free Press has declined by 2.3 per cent over the comparable quarter, circulation revenue has increased 2.2 per cent as a result of a price increase to home subscribers to reflect labour and newsprint cost increases.

Overall, operating expenses excluding depreciation and amortization were unchanged during the first quarter of 2003 compared to the same period last year. During April 2003 the Brandon Sun successfully concluded a three-year contract with its labour unions representing 80 members of the CEP. The contract contains increases patterned on the Winnipeg Free Press contracts settled in the fall of 2002, including wage increases of 2 per cent in each of the first two years and 2.25 per cent in the third year.

## **Outlook**

Although the first quarter saw growth in some advertising categories, FPLP's largest segment, display advertising, did not grow during the first quarter. Advertising revenue is very difficult to forecast since advertising activity is driven by a number of factors, including general economic growth, consumer spending, employment trends and consumer confidence. Circulation revenue should continue to be modestly higher for the balance of the year due to the effect of the January 2003 rate increases. If newsprint prices remain at current levels, year on year newsprint costs will be approximately \$0.2 million higher in each of the second and third quarters, compared to 2002, but unchanged in the fourth quarter.

## **Quarterly Report to Unitholders**

FP Newspapers complete quarterly report, including MD&A, is available on the web site at [www.fpnewspapers.com](http://www.fpnewspapers.com) or via SEDAR at [www.sedar.com](http://www.sedar.com)

## **Conference Call**

FP Newspapers Income Fund invites you to participate in a conference call on Wednesday, April 30, 2003 at 10:30 a.m. (EST) to discuss the results.

The dial-in number is (416) 695-5806, or toll free at 1-800-273-9672. To ensure your participation, please dial in five minutes before the start of the conference call. The call also will be webcast live at [www.winnipegfreepress.com](http://www.winnipegfreepress.com) or <http://www.newswire.ca/webcast/viewEventCNW.html?eventID=525800>. Management's presentation will be followed by a question and answer period.

For those unable to participate, a taped rebroadcast will be available to listeners upon completion of the call until midnight on May 7, 2003. To access the rebroadcast, please dial (416) 695-5800. The order number for replay is 1409573.

## **About FP Newspapers Income Fund**

FP Canadian Newspapers Limited Partnership owns the Winnipeg Free Press, the Brandon Sun, and their related businesses. The Winnipeg Free Press newspaper publishes seven days a week, serving Winnipeg and Manitoba with an average seven-day circulation of approximately 125,000. The Brandon Sun also publishes seven days a week, serving the region with an average circulation of approximately 15,000. Based in Winnipeg, the businesses employ approximately 580 people in Winnipeg and Brandon. Further information can be found in the disclosure documents filed by FP Newspapers Income Fund with the securities regulatory authorities available at [www.sedar.com](http://www.sedar.com) or on the Fund's web site at [www.fpnewspapers.com](http://www.fpnewspapers.com).

## **Forward-looking statements**

This document may contain forward-looking statements, relating to the Fund's operations or to the environment in which it operates, which are based on the Fund's operations, estimates, forecasts and projections. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict, and/or are beyond the Fund's control. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. These factors include those set forth in other public filings. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they are made. FP Newspapers Income Fund disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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**FP Newspapers Income Fund**  
**Consolidated Balance Sheet**  
**(unaudited, in thousands of Canadian dollars)**

	As at March 31, 2003	As at December 31, 2002
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 58	\$ 60
Interest receivable	664	664
Other receivable	-	1
Prepaid Expenses	5	17
	<u>727</u>	<u>742</u>
Investment in FP Canadian Newspapers Limited Partnership	67,067	67,546
	<u>\$ 67,794</u>	<u>\$ 68,288</u>
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 68	\$ 88
Distribution payable to unitholders	690	690
Due to related parties	290	100
	<u>1,048</u>	<u>878</u>
Unitholders' equity	66,746	67,410
	<u>\$ 67,794</u>	<u>\$ 68,288</u>

**FP Newspapers Income Fund**  
**Consolidated Statement of Earnings and Unitholders' Equity**  
(unaudited, in thousands of Canadian dollars except for trust unit information)

Three months  
ended March 31,  
2003

Earnings from investment in FP Canadian Newspapers Limited Partnership		
Interest income on subordinated notes	\$	1,927
Equity interest from Class A units		(457)
		<u>1,470</u>
Administrative costs		(63)
Net earnings for the period	\$	<b>1,407</b>
Unitholders' equity, beginning of period		67,410
Cash distributions declared during the period		(2,071)
Unitholders' equity, end of period	\$	<b>66,746</b>
Number of Trust Units outstanding		6,902,592
Earnings per trust unit	\$	.204

**FP Newspapers Income Fund**  
**Consolidated Statement of Cash Flows**  
(unaudited, in thousands of Canadian dollars)

Three months  
ended March 31,  
2003

Cash from (used in):		
Operating activities:		
Net earnings for the period	\$	1,407
Item not affecting cash:		
Equity interest from Class A units of FP Canadian Newspapers Limited Partnership		457
Change in non-cash working capital		(7)
		<u>1,857</u>
Investing activities:		
Distributions received on Class A units of FP Canadian Newspapers Limited Partnership		22
		<u>22</u>
Financing activities:		
Distributions to Unitholders		(2,071)
Loan from related parties		190
		<u>(1,881)</u>
Change in cash balance		(2)
Cash balance, beginning of period		60
Cash balance, end of period	\$	<b>58</b>

**Notes to the Consolidated Financial Statements as at March 31, 2003**  
**(tabular amounts in thousands of dollars except per unit information)**

**1. Distributable cash of FPLP**

FP Newspapers Income Fund owns securities entitling it to 49% of the distributable cash of FPLP. Distributable cash earned by FPLP is calculated as follows:

	Three months ended March 31, 2003	Period from May 15, 2002 (date established) to March 31, 2003
Operating income before amortization	\$ 5,204	\$ 18,290
Interest on term loan	(722)	(2,570)
Interest income	21	61
Capital expenditures	(35)	(621)
Distributable cash of FPLP before interest on subordinated notes	\$ 4,468	\$ 15,160
49% attributable to the Fund	\$ 2,189	\$ 7,428
49% attributable to the Fund per unit of the Fund	\$ .317	\$ 1.076
Distributions declared by FPLP on securities held by the Fund:		
Interest on subordinated notes	\$ 1,927	\$ 6,633
Distributions on Class A limited partnership units	31	592
	\$ 1,958	\$ 7,225
Per Fund unit	\$ .284	\$ 1.047

**2. Distributable cash attributable to FP Newspapers Income Fund**

Distributable cash attributable to the Fund is calculated as follows:

	Three months ended March 31, 2003	Period from May 15, 2002 (date established) to March 31, 2003
49% of distributable cash of FPLP (note 1, above)	\$ 2,189	\$ 7,428
Loan from related parties	190	290
Administration expenses	(63)	(189)
Distributable cash attributable to the Fund	\$ 2,316	\$ 7,529
Distributable cash attributable to the Fund – per Unit	\$ .336	\$ 1.091
Distributions declared by the Fund – per Unit	\$ .300	\$ 1.065

**FP Canadian Newspapers Limited Partnership**  
**Balance Sheets**  
**(unaudited, in thousands of Canadian dollars)**

	March 31, 2003	December 31, 2002
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 4,220	\$ 2,314
Accounts receivable	9,837	11,152
Inventories	1,014	1,086
Prepaid expenses	1,352	1,298
	<hr/> 16,423	<hr/> 15,850
Property, plant and equipment	68,122	69,188
Other assets	5,796	6,142
Intangibles	9,603	9,693
Goodwill	64,805	64,805
	<hr/> <b>\$ 164,749</b>	<hr/> <b>\$ 165,678</b>
<b>LIABILITIES AND PARTNERS' CAPITAL</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 8,445	\$ 8,020
Prepaid subscriptions and deferred revenue	2,972	2,661
	<hr/> 11,417	<hr/> 10,681
Long-term liabilities:		
Term loan	59,600	59,600
Subordinated notes	67,954	67,954
	<hr/> 127,554	<hr/> 127,554
	<hr/> 138,971	<hr/> 138,235
Partners' capital	25,778	27,443
	<hr/> <b>\$ 164,749</b>	<hr/> <b>\$ 165,678</b>

**FP Canadian Newspapers Limited Partnership**  
**Statements of Operations**  
**(unaudited, in thousands of Canadian dollars)**

	Three month period ended March 31,	
	2003	2002
Revenue	\$ 23,706	\$ 23,610
Operating expenses, including selling, general and administration expenses	(18,502)	(18,471)
Operating income before amortization	5,204	5,139
Amortization of property, plant and equipment	(1,085)	(1,049)
Amortization of intangible assets	(90)	(90)
Operating income	4,029	4,000
Interest on term loan	(722)	(1,217)
Interest on subordinated notes	(1,927)	-
Amortization of deferred finance costs	(346)	(145)
Interest income	21	8
Sundry income	18	-
Net income for the period	<b>\$ 1,073</b>	<b>\$ 2,646</b>

**FP Canadian Newspapers Limited Partnership**  
**Statement of Partners' Capital**  
**(unaudited, in thousands of Canadian dollars)**

	General partner units	Limited partner Class A units	Total
Partners' capital – Dec. 31, 2002	\$ 26,620	\$ 823	\$ 27,443
Distributions	(2,716)	(22)	(2,738)
Net income for the period	1,064	9	1,073
Partners' capital – Mar. 31, 2003	<b>\$ 24,968</b>	<b>\$ 810</b>	<b>\$ 25,778</b>

**FP Canadian Newspapers Limited Partnership**  
**Statements of Cash Flows**  
**(unaudited, in thousands of Canadian dollars)**

	Three month period ended March 31,	
	2003	2002
Cash provided by (used in)		
Operating Activities:		
Net income for the period	\$ 1,073	\$ 2,646
Item not affecting cash		
Amortization	1,521	1,284
	2,594	3,930
Net change in non-cash working capital items	2,069	(325)
	4,663	3,605
Investing Activities:		
Other investment	-	162
Purchases of property, plant and equipment	(35)	(223)
Proceeds from sale of property, plant and equipment	16	-
	(19)	(61)
Financing Activities:		
Proceeds from Term loan	-	100,000
Contributions by partners	-	10
Distributions to partners	(2,738)	-
Return of capital	-	(100,000)
Redemption of partnership units	-	(152)
Deferred financing costs	-	(134)
	(2,738)	(276)
Increase in cash and cash equivalents	1,906	3,268
Cash and cash equivalents - Beginning of period	2,314	4,792
Cash and cash equivalents - End of period	<b>\$ 4,220</b>	<b>\$ 8,060</b>