Trinity Mirror plc

26 February 2009

Preliminary Results Announcement
for the 52 weeks ended 28 December 2008

Summary

- Operating profits from retained businesses of £145.2 million (2007: £186.1 million)
- Group maintains financing flexibility
- Net debt at £348.7 million (net of £41.7 million derivatives asset) in line with expectations
- Group revenues from retained businesses declined to £871.7 million (2007: £932.3 million)
- Digital revenues from retained businesses increased by 27.1% to £43.6 million
- Earnings per share(1) of 33.4 pence (2007: 45.5 pence)
- Annualised cost savings of £30 million in 2008, £10 million ahead of target
- At least a further £25 million of new costs savings in 2009, an increase to target of £5 million
- No final dividend having paid an interim dividend of 3.2 pence per share

Adjusted results(1)	**2008 52 weeks £m**	2007 52 weeks £m
Revenue		
Retained businesses	**871.7**	932.3
Disposed businesses(2)	**-**	77.5
Total	**871.7**	1,009.8
Operating profit		
Retained businesses	**145.2**	186.1
Disposed businesses(2)	**-**	22.8
Total	**145.2**	208.9
Profit before tax (retained and disposed businesses)	**124.2**	191.0
Earnings per share (retained and disposed businesses)	**33.4p**	45.5p

(1) Adjusted items relate to the inclusion of discontinued operations and the exclusion of non-recurring items, the amortisation of intangible assets, the retranslation of foreign currency borrowings, the impact of fair value changes on derivative financial instruments and the impact of tax legislation changes. A reconciliation between the adjusted result and the statutory result is provided in note 19 on page 27.
(2) Disposed businesses relate to certain regional newspapers in the South and the Sports division disposed of in 2007. Disposed businesses include revenue and operating profit for discontinued operations of £38.5 million and £12.9 million respectively relating to the Sports division.

Statutory results(3) – continuing operations	**2008 52 weeks £m**	2007 52 weeks £m
Revenue	**871.7**	971.3
Operating (loss)/profit	**(88.4)**	29.4
(Loss)/profit before tax	**(73.5)**	21.0
(Loss)/earnings per share	**(22.6)p**	23.3p
Dividend per share	**3.2p**	21.9p

(3) Statutory results are after non-recurring charges of £226.3 million (including £190.0 million impairment of the carrying value of our publishing rights and titles for our regional newspapers in the Midlands and the South).

Commenting on the results, Sly Bailey, Chief Executive of Trinity Mirror plc, said:

'Trinity Mirror has performed creditably in very difficult trading conditions. While advertising revenues were under extreme pressure we delivered full-year results ahead of market forecasts.

In spite of the downturn, I am a firm believer that careful management of our portfolio of strong print and online brands will enable us to navigate our way through the challenging market conditions as we make the transition to a new lower-cost multi-platform business model.

With our proven track record of delivering substantial cost savings and driving efficiencies in our businesses, we remain well-positioned to manage our way through these uncertain times for the UK economy.'

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Trinity Mirror

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Management Report

The Management Report, unless otherwise stated, is presented on an adjusted basis to provide a more meaningful comparison of the Group business performance between 2007 and 2008. Adjusted results include the retained and disposed businesses and exclude the impact of non-recurring items, the amortisation of intangible assets, the retranslation of foreign currency borrowings, the impact of fair value changes on derivative financial instruments and the impact of tax legislation changes.

Summary

In 2008, the media industry was adversely affected by a material slowdown in the UK economy. The prevailing conditions impacted the consumer advertising markets, and in common with other consumer facing media businesses, we saw advertising revenues perform poorly throughout the year. All advertising categories were adversely affected by the downturn. While demonstrating substantially more resilience, circulation revenues were also impacted but to a lesser extent as consumers began to reduce discretionary spend.

Despite the challenging trading conditions, management's focus on tightly managing costs has protected profitability and cash flow. However, we have been careful not to jeopardise any potential growth opportunities and we continue to invest in our portfolio of strong brands. In addition, benefits from the new operating model and other management action enabled the Group to reduce its fixed cost base, providing flexibility in a challenging economy.

The Group's complementary mix of advertising and more resilient circulation revenues ensured that total revenue declined at a significantly lower rate than the reduction in advertising revenues. Group revenues for 2008, by category and division, were as follows:

	Regionals £m	Nationals £m	Total £m
Advertising	282.3	144.2	426.5
Circulation	77.1	268.2	345.3
Other	36.6	63.3	99.9
Total	**396.0**	**475.7**	**871.7**

Group revenues from our retained businesses declined by 6.5% to £871.7 million. Whilst revenues fell by £60.6 million, operating profit only fell by £40.9 million to £145.2 million reflecting our continued focus on tightly managing the cost base which delivered annualised cost savings of £30 million. This is £10 million ahead of our £20 million target. During the year we announced a reduction in headcount of 1,200 with over 800 staff leaving the Group during 2008, around 9% of total headcount. Faced with falling revenues and inflationary cost pressures, particularly significant newsprint price increases, 2009 will see a continued focus on the management of costs. This includes a tight recruitment policy and the implementation of a Group wide pay freeze. We are confident of achieving new cost savings of at least £25 million in 2009.

Against the background of a challenging advertising environment, strong management of the portfolio is a crucial part of the publishing process. This requires carefully assessing the best mix of titles to serve the needs of readers and advertisers in each of our markets in order to maintain strong market positions and protect profitability. To meet those objectives we closed 27 and sold four regional newspaper titles during the year.

We have continued with our programme of developing and modernising our publishing operations across multi-media platforms through investment in key IT systems in editorial, advertising and pre-press. This programme is delivering a modernised multi-media publishing process at a reduced cost base but without detriment to product quality or service. During 2009 we will continue to invest in new IT systems and to implement our successful new operating model across the business.

Our programme of investment in digital growth and development continued in 2008 with an increase, including acquisitions, of over 120 in headcount and the launch of over 200 new digital products across online and mobile. Group average monthly unique users grew by 42.1% to 11.3 million per month. Total digital revenues from retained businesses grew by 27.1% to £43.6 million, with digital revenues now representing 5.0% of Group revenues, an increase from 3.7% in 2007. Good progress has been made towards our goals of 24 million unique users by 2010 and £100 million of digital revenue by the end of 2011. However, the severity of the economic downturn is expected to slow digital growth in the near term.

During the year we completed the significant investment in our presses which gives the Group increased efficiency and enables full colour printing for all our national titles and the majority of our regional titles across the UK. We announced a £7.5 million investment in our Oldham print plant which will enable the transfer of the printing of our regional newspapers in the North West from Liverpool to Oldham by the end of 2009. This will deliver improved print quality, additional colour and inserting facilities to our titles in the North West. The investment in our presses also creates the base from which to further grow contract print revenues. Having now established the Group as a quality contract printer, growing revenues in this area is a key management objective and the securing of long-term print contracts will further diversify Group revenues. At this stage we do not envisage any further material investment in our presses.

Net capital expenditure of £50.1 million comprised gross capital expenditure of £54.1 million offset by the receipt of £4.0 million from the disposal of land in Cardiff. The gross capital expenditure included £24.5 million invested in presses, £14.1 million on IT systems and £12.2 million on new buildings. We envisage net capital expenditure will fall to an estimated £25 million in 2009.

Net debt at the year end was £348.7 million, an increase of £100.2 million during the year. Excluding the benefit of a fair value asset of £41.7 million relating to the cross-currency interest rate swaps used to hedge the US private placement, net debt increased by £141.9 million. The increase has predominantly been driven by £101.8 million expended on the share buy-back and the £53.8 million special contribution to the pension schemes. At the year end the Group had £163.5 million of undrawn committed headroom on its bank facility. In view of the challenging outlook for the economy, the financial covenants for the bank facility were amended in December 2008 to provide increased financial flexibility enabling management to focus on improving performance.

During the year, the tri-annual actuarial valuations of the Mirror and MIN pension schemes were completed, with no increase in the annual deficit funding payments.

Dividends

In light of the challenging trading environment faced by the Group, the Board has concluded that it is prudent to retain maximum capital flexibility for the Group. Therefore, alongside actions being taken on costs and in other areas of the business, the Board does not propose a final dividend for 2008 and do not envisage paying dividends until the trading environment improves. This will leave the total dividend for the year at 3.2 pence per share (2007: 21.9 pence per share), after an interim dividend of 3.2 pence per share (2007: 6.4 pence per share) was paid on 31 October 2008 to shareholders on the register at 3 October 2008.

Outlook

The economy is expected to remain difficult and uncertain during 2009 with the UK in recession. We have already seen the impact of this with advertising revenues in the first two months of the year falling by around 30% year on year, with Regionals falling by 37% and Nationals falling by 16%. However circulation revenues in the first two months have been more resilient with declines of only 4%.

Advertising revenues are expected to decline throughout 2009, though we expect only minimal falls in our more resilient circulation revenues. We will incur a double digit increase in newsprint prices which we will look to offset through a reduction in consumption.

In this environment, the Company will continue to take prudent and measured actions to steer the business through the ongoing downturn, focusing on delivering quality products to its customers, tightly managing its portfolio of strong brands and driving cash flow from the business. Our proven track record of delivering substantial cost savings provides the Board with comfort that management actions will help to support profitability in a challenging outlook for the economy.

Group Review

Group revenues for the retained businesses fell by £60.6 million (6.5%) from £932.3 million to £871.7 million with operating profit falling by £40.9 million (22.0%) from £186.1 million to £145.2 million. On a statutory basis Group revenues fell by £99.6 million from £971.3 million to £871.7 million with operating profit falling by £117.8 million from £29.4 million to a loss of £88.4 million.During the year, a review of the carrying value of our intangible assets concluded that the carrying values of the Group's regional newspaper titles in the Midlands and the South were impaired by £190.0 million (2007: £150 million in the Midlands and the South). In addition a review of our printing fixed assets concluded that the carrying value was impaired by £14.3 million (2007: £nil) as a result of our decision to close the Liverpool print plant and move the printing to Oldham. Both these impairments are non cash.

Total operating costs for the retained businesses decreased by £20.2 million (2.7%) from £746.5 million to £726.3 million, reflecting the benefit of cost savings and a fall in newsprint prices partially offset by wage and other inflationary pressures and the annualised impact of costs associated with service contracts with the disposed businesses. During the year we delivered annualised cost savings of £30.0 million, thereby exceeding our target of £20.0 million. We are on track to deliver at least £25.0 million of new cost savings in 2009. Non-recurring restructuring costs of £25.1 million (2007: £10.4 million) were incurred in delivering cost savings and we expect non-recurring restructuring costs of £15 million in 2009.

The defined benefit current service charge, excluding past service costs, for the year was £24.1 million (2007: £27.0 million) and the pension finance credit, which is included below operating profit, was £11.4 million (2007: £12.3 million).

The Group's share of results from associates, the PA Group Limited, was a loss of £2.0 million (2007: £0.3 million profit). This reflects the Group's share of the loss after tax, but before non-recurring items of £0.2 million (2007: £0.3 million profit) and non-recurring charges of £1.8 million (2007: £nil). During the year no dividends were received from associates (2007: £0.3 million).

Investment revenues decreased to £4.0 million (2007: £5.2 million) due to lower average cash balances. In 2007, the Group had substantial surplus cash balances from the disposals. The interest expense, which includes interest on bank overdrafts and borrowings and interest on obligations under finance leases, increased by £1.0 million from £35.4 million to £36.4 million, reflecting higher interest rates. The retranslation of foreign denominated borrowings and the impact of fair value changes in derivative financial instruments resulted in a net credit of £35.9 million (2007: £9.5 million). Net interest costs being interest expense less investment revenues were covered 4.5 times (2007: 6.9 times) by operating profit.

On an adjusted basis Group profit before tax fell by £66.8 million from £191.0 million to £124.2 million and the tax charge for the year was £36.9 million, representing 29.7% of profit before tax. On a statutory basis Group profit before tax fell by £94.5 million from a profit of £21.0 million to a loss of £73.5 million and the tax credit for the year was £14.4 million (2007: £46.8 million).

Adjusted earnings per share was 33.4 pence (2007: 45.5 pence), a decrease of 26.6%. On a statutory basis the loss per share was 22.6 pence compared to earnings per share of 23.3 pence in 2007.

Divisional Review

Regionals

The Regionals division publishes an extensive portfolio of brands across print and digital media in the UK. The print portfolio includes 13 daily paid titles and 51 weekly paid titles and a number of free titles. In the majority of our regions, the print portfolio reaches over 70% of the adult population in our markets on a weekly basis. Our Regionals digital portfolio includes companion websites to our key newspaper titles, hyperlocal sites serving specific postcodes and communities and both local and national sites in the key verticals of recruitment, property and motors.

2008 saw the regional newspaper industry enter an extremely challenging period with the acute downturn in the economy driving significant falls in advertising revenues with particular pressure on recruitment, property and motors reflecting rising unemployment, a depressed housing market and falling car sales. The slowing economy has also impacted circulation and other revenues, although to a lesser extent.

All aspects of the cost base have been tightly managed and this has delivered substantial savings. A strong focus on portfolio management, ensuring we publish the right mix and frequency of titles to best drive revenue and profit, saw the closure of a number of titles. In addition a number of premises were vacated during the year.

The revenue and operating profit of our retained businesses in the Regionals division, including acquisitions, are as follows:

	2008 Adjusted retained businesses £m	2007 Adjusted retained businesses £m	Variance %
Revenue			
– Print and other related activities	**358.0**	414.3	(13.6%)
– Digital	**38.0**	30.4	25.0%
Total revenue	**396.0**	444.7	(11.0%)
Operating profit			
– Print and other related activities	**56.3**	99.2	(43.2%)
– Digital	**11.9**	9.8	21.4%
Total operating profit	**68.2**	109.0	(37.4%)
Operating margin	**17.2%**	24.5%	(7.3%)

Revenue for our retained businesses fell by £48.7 million to £396.0 million and operating profit fell by £40.8 million to £68.2 million.

The revenues by category for our retained businesses in the Regionals division, including acquisitions, are as follows:

	2008 Adjusted retained businesses £m	2007 Adjusted retained businesses £m	Variance %
Advertising	**282.3**	326.7	(13.6%)
Circulation	**77.1**	80.5	(4.2%)
Other	**36.6**	37.5	(2.4%)
Total revenue	**396.0**	444.7	(11.0%)

Advertising markets deteriorated sharply during the year with advertising revenues for our retained businesses decreasing by £44.4 million from £326.7 million to £282.3 million with a decline of 6.0% for the first half and 21.7% for the second half. Print and other related activities advertising revenues fell by 16.7% and digital advertising revenues increased by 16.9%. By key advertising category, the performance was as follows:

	2008 Adjusted retained businesses £m	2007 Adjusted retained businesses £m	Variance %
Display	**96.0**	103.6	(7.4%)
Classified			
Recruitment	**76.1**	90.7	(16.2%)
Property	**39.2**	53.7	(27.2%)
Motors	**18.2**	23.5	(22.7%)
Other	**52.8**	55.2	(4.7%)
Total	**282.3**	326.7	(13.6%)

Circulation revenue for our retained businesses decreased by £3.4 million from £80.5 million to £77.1 million. We continued to drive circulation revenue through our ongoing policy of increasing cover prices on a ‘little and often’ basis but this was more than offset by volume declines of 7.5% for evening titles, 6.5% for morning titles, 6.6% for Sunday titles and 9.2% for weekly titles.

Other revenue for our retained businesses fell by £0.9 million from £37.5 million to £36.6 million.

Print and other related activities have been significantly impacted by the fall in advertising revenues partially offset by strong cost control. During the year we made significant progress in accelerating the deployment of our new operating model in the Regionals division. In the Midlands, the implementation of new IT systems for editorial, advertising and pre-press has been completed and are delivering significant reductions in the cost base and efficiencies to the publishing process. The experience and lessons from the Midlands were used to inform the development of the model for other regions with a new multi-media newsroom and a transformed advertising sales structure also now operational in South Wales, North East, North West and the South. The savings are being delivered without detriment to product quality or service. We also completed the move of our businesses in Cardiff and Birmingham to state of the art new premises.

Digital media activities continued to deliver further growth with revenues increasing by 25.0% from £30.4 million to £38.0 million and operating profit increasing by 21.4% from £9.8 million to £11.9 million. Average monthly unique users grew by 30.0% year on year from 4.9 million per month to 6.3 million per month.

During the year we continued to invest in organic digital growth, extending our reach into our local markets through the:

- launch of 56 companion websites which complement our key newspaper brands with strong appeal to users and advertisers;
- launch of over 90 hyperlocal sites providing precision geographic targeting to local advertisers;
- launch of a map based news service to allow users to find the content most relevant to them;
- rollout of new local classified products in a number of advertising categories, including For Sales and Births, Marriages and Deaths;
- substantial increase in regional video news output to around 150 videos a month which are also co-published on dedicated, branded YouTube channels, and launch of Premier League football video highlights across our network;
- redevelopment of our local job sites in partnership with Madgex, the leading specialist provider of job site technology; and
- investment in 11 new mobile launches for our main newspaper titles.

We supplemented our existing digital businesses with the acquisitions of The Career Engineer Limited and Rippleffect Studio Limited further strengthening our position in recruitment and providing a digital marketing proposition to support our Sports Media activities.

We also strengthened our position in the online recruitment, property and motors markets by increasing our shareholding in Fish4 from 33.4% to 50%. Fish4Jobs is one of the UK’s leading recruitment websites with 3.3 million unique users.Fish4 generated £12.3 million of revenue in 2008 (not included in the Regionals results). In addition to generating its own revenues, Fish4 also provides our regional titles with a national platform onto which to upsell local print advertisers.

Digital revenues now represent 9.6% of total Regionals revenues and 17.4% of operating profit from our retained businesses. Our focus on diversifying our digital revenues continued with recruitment now representing 59.4% of digital revenues, property being 19.1% and other categories being 21.5%. Revenues include our organic activities, our acquired businesses and revenues from upselling to Fish4.

Operating costs for the retained businesses decreased by £7.9 million during the year. Excluding acquisitions completed in 2007 and 2008, operating costs have fallen by £13.5 million during the year. This is despite salary and other inflationary pressures.

The reduction in total revenues, despite the cost savings, resulted in operating margin for the Regionals division falling from 24.5% to 17.2%.

Nationals

The Nationals division publishes five national newspaper titles which are among the UK’s leading media brands. In the UK we publish the Daily Mirror, the Sunday Mirror and The People while in Scotland we publish the two best read national titles, the Daily Record and Sunday Mail. All our newspapers are complemented by a fast growing portfolio of digital brands plus other commercial activities which include an event marketing division and a portfolio of business titles in Scotland.

Our national titles operate in a highly competitive marketplace which continues to be characterised by cover price discounting and high levels of marketing expenditure.

During the year, the Daily Mirror underwent a major redesign enabling the newspaper to fully capitalise on the Group’s new full colour printing capacity. For the second year running, the Daily Record was voted Scottish Newspaper of the Year, the first time any newspaper has twice achieved this accolade. The Sunday Mail continues to be the biggest circulation newspaper in Scotland, selling 150,000 copies more than the next best selling title. Both newspapers are clear market leaders in readership terms with the Daily Record reaching 15% more readers than the number two title in the market and the Sunday Mail having more than twice the number of readers than the next best read title.

The revenue and operating profit of our Nationals division are as follows:

	2008 Adjusted £m	2007 Adjusted £m	Variance %
Revenue	**475.7**	487.6	(2.4%)
Operating profit	**88.9**	94.3	(5.7%)
Operating margin	**18.7%**	19.3%	(0.6%)

Revenue for the Nationals division fell by £11.9 million to £475.7 million and operating profit fell by £5.4 million to £88.9 million in 2008.

The revenues by category for our Nationals division are as follows:

	2008 Adjusted £m	2007 Adjusted £m	Variance %
Circulation	**268.2**	277.1	(3.2%)
Advertising	**144.2**	159.4	(9.5%)
Other	**63.3**	51.1	23.9%
Total	**475.7**	487.6	(2.4%)

Circulation revenues for the Nationals division decreased by £8.9 million from £277.1 million to £268.2 million. The six monthly change in circulation volumes and the six monthly market share for our national titles were as follows:

	2008 Six monthly circulation volume change [a] %	**2008 Six monthly market share [b] %**
Daily Mirror	**(8.3%)**	**17.6%**
Sunday Mirror	**(8.1%)**	**15.7%**
The People	**(12.5%)**	**7.6%**
Daily Record[c]	**(6.8%)**	**33.6%**
Sunday Mail[c]	**(8.4%)**	**35.8%**

a) Average circulation for the six months to December 2008.

b) Share of tabloid market six months to December 2008 excluding sampling.

c) Within Scottish market only.

Across the national popular newspaper market, circulations continued to decline year on year. The circulation volume performance of our five national titles reflects our policy of not chasing short term circulation volume through price discounting and levels of marketing spend which do not provide a return on investment. Our titles have a higher proportion of full rate sales within their audited ABC circulations than any of their competitors. During 2008 we implemented cover price increases for our three national Sunday titles and the Saturday edition of the Daily Mirror. In January 2009 we increased the Monday to Friday cover price of the Daily Mirror from 40p to 45p, with the Saturday price unchanged, and the Daily Record cover price from 35p to 40p on Monday to Friday and from 60p to 65p on Saturday. The Sunday Mirror cover price was increased from 95p to £1.00, with the price of The People unchanged and the Sunday Mail rising from £1.20 to £1.30.

The Daily Mirror and Daily Record achieved a joint circulation of 1.8 million copies per day on average during 2008 with readership per issue in excess of 4.7 million. Our national Sunday titles, the Sunday Mirror, The People and the Sunday Mail achieved a joint circulation of 2.4 million copies per week on average in 2008 with readership per issue in excess of 6.3 million. Against a fragmenting media landscape our national titles continue to provide advertisers with fast and efficient coverage of a mass audience.

Advertising revenues saw declines across all categories as our customers responded to the downturn by reducing marketing budgets or, in some instances, ceased trading. Advertising revenues decreased by 9.5% from £159.4 million to £144.2 million with a decline of 6.5% for the first half and 12.7% for the second half.

Other revenue increased by £12.2 million from £51.1 million to £63.3 million. The increase in other revenues is from higher annualised contract print and other revenues from service contracts with the disposed businesses.

Total digital revenues across the Nationals portfolio of online brands achieved strong growth of 43.6% from £3.9 million to £5.6 million. Mirror.co.uk was redesigned and relaunched in July, attracting significantly higher audience levels and greater user interaction, and we continued to develop our Scottish National newspaper companion websites including DailyRecord.co.uk and SundayMail.co.uk. Average monthly unique users grew year on year by 61.3% from 3.1 million per month to 5.0 million per month. With 55% of users coming from the UK, the highest of any national newspaper website, we have a growing audience of users who are valuable to advertisers. We continued to focus on extending the digital reach of our national titles and in October 2008 launched Mirror Mobile which is now reaching around 100,000 monthly unique users. Daily Record Mobile was launched in December 2008.

The cost base of the business has been tightly managed with operating costs for the Nationals division decreasing by £6.5 million during the year. This is despite salary and other inflationary pressures and higher annualised costs associated with service contracts with the disposed businesses. The benefit of ongoing cost savings and a more resilient revenue performance enabled operating profit for the Nationals division to fall by only 5.7% to £88.9 million. The benefit of tight cost management ensured that operating margins fell marginally by only 0.6% to 18.7%.

Central costs

During the year central costs decreased by £5.8 million from £17.5 million to £11.7 million. The reduction in costs reflects the benefit of targeted cost savings, no bonus for senior executives and the fact that costs in 2007 were higher due to abortive disposal costs.

Other Items

Non-recurring items

Total non-recurring items of £226.3 million (2007: £160.3 million) were incurred during the year. The non-recurring items were a £190.0 million impairment of intangible assets and a £14.3 million impairment of print assets, both of which were non cash, £25.1 million of restructuring costs, £4.6 million profit on the disposal of land and buildings, £0.3 million profit on the disposal of newspaper titles and a £1.8 million charge from our share of associates non-recurring items.

With the deterioration in the outlook for the UK economy and its impact on advertising revenues the Group's impairment review has resulted in an impairment charge of £190.0 million relating to publishing rights and titles in the Midlands and the South cash-generating units (2007: £150.0 million in the Midlands and the South cash-generating units).

As a result of the planned closure of the Liverpool print site, certain of our printing presses were impaired as they will no longer be used in line with their previously estimated useful life resulting in an impairment charge of £14.3 million (2007: £nil).

Restructuring costs in connection with the delivery of cost reduction measures and implementation of the new operating model for the Group amounted to £25.1 million (2007: £10.4 million).

We completed the disposal of part of our land in Cardiff which included replacing the old building with a new building realising a profit of £4.6 million. This generated proceeds of £6.0 million with £4.0 million received in 2008 and £2.0 million receivable in 2009.

We disposed of certain newspaper titles in the Midlands realising a profit on disposal of £0.3 million.

Pension costs

During the year, the tri-annual actuarial valuations of the Mirror and MIN pension schemes were completed with no increase in the annual deficit funding payments. The completion of these valuations resulted in the total funding of the Group's defined benefit pension schemes estimated to be £35 million in 2009 and remaining at the £40 million to £50 million per annum level from 2009.

The IAS 19 defined benefit current service cost, excluding past service costs, for the year was £24.1 million (2007: £27.0 million) and the pension finance credit, which is included below operating profit, was £11.4 million (2007: £12.3 million). For 2009, the defined benefit pension current service charge, excluding past service costs, is estimated to be £16.5 million and we estimate there being a pension finance charge of £10.5 million.

The IAS 19 pension deficit has increased from £124.8 million to £206.9 million during the year reflecting the impact of a fall in asset values and an increased asset ceiling adjustment partially offset by a fall in liabilities. The fall in asset values reflects the impact of the fall in equity markets partially offset by further funding payments (including the £53.8 million second instalment of the £107.5 million special pension contribution). The decrease in liabilities has been driven by an increase in the real discount rate partially offset by a change in mortality assumptions. The changes in the mortality assumptions are as follows:

	Future life expectancy (years) for a pensioner currently aged 65		Future life expectancy (years) at age 65 for a non-pensioner currently aged 55	
	Male	Female	Male	Female
At 28 December 2008	**21.4**	**23.8**	**23.2**	**25.6**
At 30 December 2007	20.1	23.0	21.6	24.4

The Group continues to fund pension scheme deficits in accordance with funding schedules agreed with the pension scheme trustees.

Financing

Net debt increased by £100.2 million from £248.5 million to £348.7 million. Excluding the benefit of a fair value asset of £41.7 million relating to the cross-currency interest rate swaps used to hedge the US private placement, net debt increased by £141.9 million. The increase has predominantly been driven by the £101.8 million expended on the share buy-back and the £53.8 million special contribution to the pension schemes. Excluding these items net debt fell marginally, despite dividend payments of £48.4 million and net capital expenditure of £50.1 million. In October 2008, $80 million of the US$ and £6 million of the sterling loan notes were repaid on maturity.

The net debt to be repaid, assuming that the US$ denominated loan notes issued as part of the US private placement in 2001 and 2002 (outstanding balance of US$ 522.0 million) and the related cross-currency interest rate swaps which match the principal and interest payments for the loan notes are not paid in advance of the maturity date, is £384.2 million.

In June 2008, the Group replaced its £269.0 million bank facility with a new £210.0 million bank facility expiring in June 2013. In December 2008, the facility was voluntarily amended as a prudent move by the Group with the amount reduced by £31.5 million to £178.5 million, as this amount was surplus to requirements in view of the cancellation of the share buy-back earlier in the year, and the financial covenants were relaxed. For 2009 and 2010 the financial covenants attached to this facility are a minimum interest cover of 2.5 times and a maximum net debt to EBTIDA ratio of 3.75 times. As at 28 December 2008 cash drawings of £10.0 million have been made on the facility (repaid in full in January 2009) and there is a £5.0 million guarantee drawn on the facility.

During the year an interest rate swap was entered into which converted floating interest rate payments on £180.0 million of principal into fixed for a period of 12 months to October 2009.

At the year end, committed facilities on an accounting basis of £573.3 million (2007: £726.0 million) were available to the Group, of which £163.5 million (2007: £259.5 million) was available for drawdown. The committed facilities include the £178.5 million bank facility, the US$522 million and £26 million unsecured loan notes (representing the remaining total obligation under a series of US private placement loan notes), obligations under finance leases of £10.6 million and a £2.1 million liability under an interest rate swap. No debt facilities were repaid other than in accordance with their normal maturity date.

Net capital expenditure

Net capital expenditure comprised gross capital expenditure of £54.1 million offset by the receipt of £4.0 million from the disposal of land in Cardiff. The gross capital expenditure included £24.5 million (2007: £35.4 million) in relation to printing presses, £12.2 million on new properties in Birmingham and Cardiff (2007: £4.2 million) and £14.1 million on the technology led operating model (2007: £7.1 million). Following a period of substantial investment in the core business, we envisage net capital expenditure will fall to an estimated £25 million in 2009. Property, plant and equipment has increased primarily due to the gross capital expenditure of £54.1 million (2007: £67.1million), against a depreciation charge of £38.0 million (2007: £36.5 million) and impairment of fixed assets of £14.3 million following the decision to close the Liverpool print plant.

Acquisitions

During the year the Group completed the acquisitions of The Career Engineer Limited and Rippleffect Studio Limited for a combined initial consideration of £5.1 million with a potential deferred payment of up to £3.0 million subject to the management of these businesses achieving demanding growth targets for revenue and operating profits. Both acquisitions are included in the Regionals division and contributed revenue and operating profit of £2.9 million and £0.6 million respectively.

Related party transactions

There have been no changes in the nature of the related party transactions and no material transactions during the year.

Principal risks and uncertainties

The principal risks and uncertainties that affect the Group on an ongoing basis are described in the 2008 Annual Report and Accounts which has been published today on the Company's website at www.trinitymirror.com. The key risk is that advertising and circulation revenues, representing the core revenue streams for the Group are materially affected by the slowing economy and the wider implications of the credit crunch. The slowing economy and uncertain outlook has already impacted the consumer advertising markets and this is expected to continue or possibly worsen as we proceed through the next year. The refinancing which took place in the year has reduced the risks and uncertainties around liquidity risk.

Going concern

In determining whether the Group's annual consolidated financial statements can be prepared on a going concern basis, the directors considered all factors likely to affect its future development, performance and its financial position, including cash flows, liquidity position and borrowing facilities and the risks and uncertainties relating to its business activities. These are set out in this Management Report and further detail is provided in the 2008 Annual Report and Accounts which has been published today on the Company's website at www.trinitymirror.com. The key factors considered by the directors were as follows:

- the implications of the challenging economic environment on the Group's revenues and profits. The Group undertakes forecasts and projections of trading and cash flows on a regular basis. Whilst this is essential for targeting performance and identifying areas of focus for management to improve performance and mitigate the possible adverse impact of a deteriorating economic outlook, they also provide projections of working capital requirements;
- the impact of the competitive environment within which the Group's businesses operate. In particular, the Nationals operate in a highly competitive market place characterised by high levels of marketing expenditure and cover price discounting;
- the impact on our business of key suppliers (in particular newsprint) being unable to meet their obligations to the Group;
- the continued fragmentation of media and the implications for our business;
- the potential actions that could be taken in the event that revenues are worse than expected, to ensure that operating profit and cash flows are protected; and
- the committed finance facilities available to the Group. The Group has access to overdraft facilities and a committed bank facility to meet day to day working capital requirements, which at the year end had undrawn facilities of £163.5 million. The bank facility is committed to June 2013 and drawings can be made with 24 hours notice.

Having considered all the factors impacting the Group's businesses, including downside sensitivities, the directors are satisfied that the Group will be able to operate within the terms and conditions of the Group financing facilities for the foreseeable future. In addition, following the refinancing of the bank facility in 2008, the Group does not expect to have to refinance or renegotiate its facilities during the next 12 months.

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 2008 Annual Report and Accounts which has been published today on the Company's website at www.trinitymirror.com .

Statement of directors' responsibilities

The directors are responsible for preparing the preliminary results announcement, in accordance with applicable laws and regulations.

The directors confirm to the best of their knowledge:

a) the condensed financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and the undertakings included in the consolidation taken as a whole; and

b) the Management Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

By order of the Board of directors

Sly Bailey Chief Executive	Vijay Vaghela Group Finance Director

This Management Report is prepared for and addressed only to the Company's shareholders as a whole and to no other person. The Company, its directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this Management Report is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. Statements contained in this Management Report are based on the knowledge and information available to the Company's directors at the date it was prepared and therefore the facts stated and views expressed may change after that date. By their nature, the statements concerning the risks and uncertainties facing the Company in this Management Report involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. To the extent that this Management Report contains any statement dealing with any time after the date of its preparation such statement is merely predictive and speculative as it relates to events and circumstances which are yet to occur. The Company undertakes no obligation to update these forward looking statements.

Condensed consolidated income statement

for the 52 weeks ended 28 December 2008 (52 weeks ended 30 December 2007)

	Notes	**2008**	2007
		£m	£m
Continuing operations			
Revenue	3/4	**871.7**	971.3
Cost of sales		**(443.7)**	(476.2)
Gross profit		**428.0**	495.1
Distribution costs		**(92.2)**	(102.4)
Administrative expenses:			
Non-recurring:			
Impairment of intangible assets	5	**(190.0)**	(150.0)
Other	5	**(34.5)**	(10.3)
Amortisation of intangible assets		**(7.3)**	(6.3)
Other		**(190.4)**	(197.0)
Share of results of associates:			
Results before non-recurring items		**(0.2)**	0.3
Non-recurring items	5	**(1.8)**	-
Operating (loss)/profit	4	**(88.4)**	29.4
Investment revenues	6	**4.0**	5.2
Pension finance credit	17	**11.4**	12.3
Finance costs	7	**(0.5)**	(25.9)
(Loss)/profit before tax		**(73.5)**	21.0
Tax credit	8	**14.4**	46.8
(Loss)profit for the period from continuing operations		**(59.1)**	67.8
Discontinued operations			
Profit for the period from discontinued operations	9	**-**	9.0
Profit on sale of discontinued operations	9	**-**	126.5
(Loss)profit for the period attributable to equity holders of the parent		**(59.1)**	203.3

Earnings per share		**Pence**	Pence
Adjusted earning per share* – basic	11	**33.4**	45.5
Adjusted earnings per share* – diluted	11	**33.4**	45.5
(Loss)/earnings per share – continuing operations – basic	11	**(22.6)**	23.3
(Loss)/earnings per share – continuing operations – diluted	11	**(22.6)**	23.3
Earnings per share – discontinued operations – basic	11	**-**	46.6
Earnings per share – discontinued operations – diluted	11	**-**	46.5
(Loss)/earnings per share – total operations – basic	11	**(22.6)**	69.9
(Loss)/earnings per share – total operations – diluted	11	**(22.6)**	69.8

*Adjusted items relate to the inclusion of discontinued operations and the exclusion of non-recurring items, the amortisation of intangible assets, the retranslation of foreign currency borrowings, the impact of fair value changes on derivative financial instruments and the impact of tax legislation changes. A reconciliation between the adjusted result and the statutory result is provided in note 19 on page 27.

Condensed consolidated statement of recognised income and expense

for the 52 weeks ended 28 December 2008 (52 weeks ended 30 December 2007)

		2008	2007
		£m	£m
Actuarial losses on defined benefit pension schemes taken to equity	17	**(157.1)**	(4.3)
Tax on actuarial losses on defined benefit pension schemes taken to equity	8	**44.0**	1.2
Share of items recognised in equity by associates		**0.1**	(0.8)
Deferred tax charge resulting from the future change in tax rate	8	**-**	(2.8)
Net loss recognised directly in equity		**(113.0)**	(6.7)
(Loss)/profit for the period attributable to equity holders of the parent		**(59.1)**	203.3
Total recognised income and expense for the period attributable to equity holders of the parent		**(172.1)**	196.6

Condensed consolidated balance sheet
at 28 December 2008 (at 30 December 2007)

	Notes	**2008**	2007
		£m	£m
Non-current assets			
Goodwill		**77.0**	73.9
Other intangible assets		**879.6**	1,074.7
Property, plant and equipment		**448.7**	447.2
Investment in associates		**7.5**	9.4
Deferred tax assets		**58.1**	46.6
Derivative financial instruments	14	**41.7**	-
		1,512.6	1,651.8
Current assets			
Inventories		**7.6**	6.7
Trade and other receivables		**121.6**	142.7
Cash and cash equivalents	15	**20.6**	211.6
		149.8	361.0
Total assets		**1,662.4**	2,012.8
Non-current liabilities			
Borrowings	13	**(388.3)**	(294.3)
Obligations under finance leases	15	**(7.6)**	(10.7)
Retirement benefit obligation	17	**(206.9)**	(124.8)
Deferred tax liabilities		**(325.4)**	(366.8)
Provisions		**(10.6)**	(6.5)
Derivative financial instruments	14	**-**	(88.5)
		(938.8)	(891.6)
Current liabilities			
Borrowings	13	**(10.0)**	(48.5)
Trade and other payables		**(143.0)**	(173.2)
Current tax liabilities		**(16.0)**	(22.1)
Obligations under finance leases	15	**(3.0)**	(2.9)
Provisions		**(14.8)**	(7.4)
Derivative financial instruments	14	**(2.1)**	(15.2)
		(188.9)	(269.3)
Total liabilities		**(1,127.7)**	(1,160.9)
Net assets		**534.7**	851.9
Equity			
Share capital	16	**(25.8)**	(29.1)
Share premium account	16	**(1,120.5)**	(1,120.5)
Capital redemption reserve	16	**(4.3)**	(1.0)
Retained earnings and other reserves	16	**615.9**	298.7
Total equity attributable to equity holders of the parent		**(534.7)**	(851.9)

Condensed consolidated cash flow statement

for the 52 weeks ended 28 December 2008 (52 weeks ended 30 December 2007)

	Notes	**2008**	2007
		£m	£m
Cash flows from operating activities – continuing operations			
Cash generated from operations	12	**102.3**	145.2
Income tax paid		**(1.2)**	(40.4)
Net cash inflow from operating activities		**101.1**	104.8
Investing activities			
Interest received		**4.0**	5.2
Dividends received from associated undertakings		**-**	0.3
Proceeds on disposal of businesses		**0.2**	89.4
Proceeds on disposal of property, plant and equipment		**4.0**	2.6
Purchases of property, plant and equipment		**(54.1)**	(69.7)
Acquisition of subsidiary undertakings	18	**(5.1)**	(11.3)
Net cash (used in)/from investing activities		**(51.0)**	16.5
Financing activities			
Dividends paid	10	**(48.4)**	(63.7)
Interest paid on borrowings		**(35.5)**	(33.7)
Interest paid on finance leases		**(0.8)**	(0.8)
Increase in borrowings	13	**10.0**	0.2
Repayment of borrowings		**(61.4)**	-
Repayment of obligations under finance leases	15	**(2.6)**	(2.3)
Purchase of shares under share buy-back programme		**(101.8)**	(5.9)
Issue of ordinary share capital		**-**	0.5
Decrease in bank overdrafts	15	**(0.6)**	(2.7)
Net cash used in financing activities		**(241.1)**	(108.4)
Cash flow from discontinued operations		**-**	165.9
Net (decrease)/increase in cash and cash equivalents	15	**(191.0)**	178.8
Cash and cash equivalents at the beginning of period	15	**211.6**	32.8
Cash and cash equivalents at the end of period		**20.6**	211.6

Cash flow from discontinued operations			
Net cash flow from operating activities		**-**	13.0
Net cash flow from investing activities		**-**	152.9
Net movement in cash and cash equivalents		**-**	165.9

Notes to the 2008 condensed consolidated financial statements
for the 52 weeks ended 28 December 2008 (52 weeks ended 30 December 2007)

1. General information

The financial information in the preliminary results announcement does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985 but has been extracted from statutory accounts. The statutory accounts for the 52 weeks ended 30 December 2007 have been filed with the Registrar of Companies and those for the 52 weeks ended 28 December 2008 will be filed following the Group's Annual General Meeting on 13 May 2009. The auditors' reports on the statutory accounts for the 52 weeks ended 30 December 2007 and for the 52 weeks ended 28 December 2008 were unqualified, do not include reference to any matters to which the auditors drew attention by way of emphasis of matter without qualifying the reports and do not contain a statement under Sections 237 (2) or (3) of the Companies Act 1985.

Whilst the financial information included in this preliminary results announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS), this announcement does not itself contain sufficient information to comply with IFRS. This preliminary results announcment constitues a dissemination announcment in accordance with Section 6.3 of the Disclosure and Transparancy Rules (DTR). The 2008 Annual Report and Accounts for the 52 weeks ended 28 December 2008 are available on the Company's website at www.trinitymirror.com and will be available at the Company's registered office at One Canada Square, Canary Wharf, London, E14 5AP and sent to shareholders on or around 25 March 2009.

2. Accounting polices

The financial information has been prepared in accordance with IFRS and with those parts of the Companies Act 1985 applicable to Groups reporting under IFRS. These are subject to ongoing amendment by the International Accounting Standards Board (IASB) and subsequent endorsement by the European Union and are therefore subject to change. As a result, the financial information contained herein will need to be updated for any subsequent amendment to IFRS or any new standards that the Group may elect to adopt early. The financial information has been prepared under the historical cost convention as modified by the revaluation of freehold properties which on transition to IFRS were deemed to be the cost of the asset.

The accounting policies used in the preparation of the condensed consolidated financial statements for the 52 weeks ended 28 December 2008 have been consistently applied to all the periods presented and are as set out in the 2008 Annual Report and Accounts which have been published today on the Company's website at www.trinitymirror.com. These condensed consolidated financial statements have been prepared on a going concern basis as set out on pages 9 and 10.

Changes in accounting policy

In the current period, the Group has not adopted any new standards or interpretations.

At the date of approval of these condensed consolidated financial statements the following standards and interpretations, which have not been applied, were in issue but not yet effective:

- IFRS 2 Share-Based Payment: Vesting Conditions and Cancellations
- IFRS 3 (Revised) Business Combination
- IFRS 8 Operating Segments
- IAS 1 (Revised) Presentation of Financial Statements
- IAS 23 (Revised) Borrowing Costs
- IAS 27 (Revised) Consolidated and Separate Financial Statements
- IAS 32 Puttable Financial Instruments and Obligations arising on Liquidation
- IFRIC 12 Service Concession Arrangements
- IFRIC 13 Customer Loyalty Programmes
- IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IFRIC 15 Agreements for the Contruction of Real Estate
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 Distributions of Non-cash Assets to Owners
- IAS 39/IFRS 7 Reclassification of Financial Instruments and Reclassification of Financial Assets: Effective Date and Transition

With the exception of IFRS 8 and IFRIC 14, the directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the consolidated financial statements. IFRS 8 will require additional segment disclosure while the impact of IFRIC 14 is disclosed in note 17.

Critical judgements in applying the Group's accounting policies

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

Key sources of estimation uncertainty

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

Notes to the 2008 condensed consolidated financial statements (continued)
for the 52 weeks ended 28 December 2008 (52 weeks ended 30 December 2007)

3. Revenue

	2008 £m	2007 £m
Advertising	**426.5**	520.7
Circulation	**345.3**	359.6
Other	**99.9**	91.0
Total – continuing operations	**871.7**	971.3

	2008 £m	2007 £m
Advertising	**-**	10.8
Circulation	**-**	24.7
Other	**-**	3.0
Total – discontinued operations	**-**	38.5

Discontinued operations related to the Sports division disposed of in October 2007.

4. Business and geographical segments

For management purposes, the continuing operations of the Group are currently organised into the following divisions: Regionals, Nationals and Central. These divisions are the basis on which the Group reports its primary segment information. During 2007, the Sports division was disposed of and this is shown within discontinued operations in the comparatives. The secondary reporting segment is a geographical source analysis.

The Regionals division publishes a large portfolio of newspaper and online brands across the UK. The Nationals division publishes two daily and three Sunday newspapers and related online brands and activities. Central includes costs not attributed to the Regionals or Nationals divisions. The revenues and costs of each segment are clearly identifiable and allocated according to where they arise.

Primary segment - business segment analysis

	Regionals 2008 £m	Nationals 2008 £m	Central 2008 £m	Continuing operations 2008 £m
Revenue				
Segment sales	401.4	482.8	-	**884.2**
Inter-segment sales	(5.4)	(7.1)	-	**(12.5)**
Total revenue	**396.0**	**475.7**	**-**	**871.7**
Operating profit/(loss) before associates and non-recurring items	60.9	88.9	(11.7)	**138.1**
Share of results of associates before non-recurring items	-	-	(0.2)	**(0.2)**
Non-recurring items including share of associates	(199.4)	-	(26.9)	**(226.3)**
Operating (loss)/profit by segment	**(138.5)**	**88.9**	**(38.8)**	**(88.4)**
Investment revenues				**4.0**
Pension finance credit				**11.4**
Finance costs				**(0.5)**
Loss before tax				**(73.5)**
Tax credit				**14.4**
Loss for the period				**(59.1)**

Notes to the 2008 condensed consolidated financial statements (continued)
for the 52 weeks ended 28 December 2008 (52 weeks ended 30 December 2007)

4. Business and geographical segments (continued)

Primary segment - business segment analysis (continued)

	Regionals 2007 £m	Nationals 2007 £m	Central 2007 £m	Continuing operations 2007 £m	Discontinued operations 2007 £m
Revenue					
Segment sales	488.8	498.5	-	987.3	38.5
Inter-segment sales	(5.1)	(10.9)	-	(16.0)	-
Total revenue	483.7	487.6	-	971.3	38.5
Operating profit/(loss) before associates and non-recurring items	112.6	94.3	(17.5)	189.4	12.9
Share of results of associates	-	-	0.3	0.3	-
Non-recurring items	(153.4)	-	(6.9)	(160.3)	123.5
Operating (loss)/profit by segment	(40.8)	94.3	(24.1)	29.4	136.4
Investment revenues				5.2	-
Pension finance credit				12.3	-
Finance costs				(25.9)	-
Profit before tax				21.0	136.4
Tax credit/(charge)				46.8	(0.9)
Profit for the period				67.8	135.5

Discontinued operations related to the Sports division disposed of in October 2007.

Secondary segments - geographical source segment analysis

The Group's operations are located in the United Kingdom. The Group's revenue source by geographical market is set out below:

	2008 £m	2007 £m
United Kingdom and Republic of Ireland	**863.7**	965.2
Continental Europe	**6.6**	5.4
Rest of World	**1.4**	0.7
Total – continuing operations	**871.7**	971.3

Revenue relating to discontinued operations was primarily from the United Kingdom and Republic of Ireland.

5. Non-recurring items

	2008 £m	2007 £m
Impairment of intangible assets (a)	**190.0**	150.0
Impairment of fixed assets (b)	**14.3**	-
Restructuring costs (c)	**25.1**	10.4
Profit on disposal of land and buildings (d)	**(4.6)**	(1.6)
Release of accruals (e)	**-**	(3.5)
(Profit)/Loss on disposal of businesses (f)	**(0.3)**	5.0
Non-recurring items included in administrative expenses	**224.5**	160.3
Non-recurring items included in share of results of associates (g)	**1.8**	-
Total non-recurring items	**226.3**	160.3

a) An impairment review of the carrying value of the Group's intangible assets undertaken in accordance with IAS 36 indicated that an impairment charge of £190.0 million (2007: £150.0 million) was required. The impairment charge reduced the carrying value of the publishing rights and titles relating to the Midlands and the South cash-generating units by £161.0 million and £29.0 million respectively (2007: £85.0 million and £65.0 million relating to the Midlands and the South cash-generating units respectively) as a result of advertising revenue falls. Net of tax, the impairment reduced the carrying value by £136.8 million (2007: £108.0 million). The impairment charge was based on comparing carrying value with value in use.
b) An impairment of fixed assets was made amounting to £14.3 million (2007: £nil) following the decision to close the print site in Liverpool.
c) Restructuring costs of £25.1 million (2007: £10.4 million) were incurred in delivery of cost reduction measures and implementation of a technology led operating model for the Group.
d) The Group disposed of surplus land and buildings realising a profit on disposal of £4.6 million (2007: £1.6 million).
e) In 2007, the Group released accruals for which no further costs were expected
f) In 2008, the Group disposed of certain newspaper titles within the Midlands cash generating unit realising a profit on disposal of £0.3 million and, in 2007, the Group disposed of seven sub regions within the South cash generating unit realising a loss on disposal of £5.0 million.
g) Included in the share of results of associates is the Group's share of non-recurring items of £1.8 million (2007: £nil).

Notes to the 2008 condensed consolidated financial statements (continued)
for the 52 weeks ended 28 December 2008 (52 weeks ended 30 December 2007)

6. Investment revenues

	2008 £m	2007 £m
Interest income on bank deposits	**4.0**	5.2

7. Finance costs

	2008 £m	2007 £m
Interest on bank overdrafts and borrowings	**35.6**	34.6
Interest on obligations under finance leases	**0.8**	0.8
Total interest expense	**36.4**	35.4
Fair value gain on derivative financial instruments	**(140.1)**	(3.7)
Foreign exchange loss/(gain) on retranslation of borrowings	**104.2**	(5.8)
Finance costs	**0.5**	25.9

8. Tax

	2008 £m	2007 £m
Tax credit on continuing operations		
Current tax		
Corporation tax charge for the period	**(28.6)**	(33.5)
Prior period adjustment	**12.1**	-
Current tax charge	**(16.5)**	(33.5)
Deferred tax		
Deferred tax credit for the period	**47.9**	44.1
Tax legislation changes*	**(7.7)**	30.0
Prior period adjustment	**(9.3)**	6.2
Deferred tax credit	**30.9**	80.3
Tax credit - continuing operations	**14.4**	46.8
Tax charge on discontinued operations		
Tax charge on profit for the period	**-**	(3.9)
Tax credit on profit on sale of discontinued operations	**-**	3.0
Tax charge – discontinued operations	**-**	(0.9)

	2008 %	2007 %
Reconciliation of tax credit – continuing operations		
Standard rate of corporation tax	**(28.5)**	30.0
Tax effect of items that are not deductible in determining taxable profit/(loss)	**3.4**	24.0
Tax effect of items that are not taxable in determining taxable profit/(loss)	**(1.7)**	(1.1)
Tax effect of utilisation of tax losses not previously recognised in determining taxable profit/(loss)	**-**	(1.1)
Tax effect of share of results of associates	**0.8**	(0.4)
Tax effect of chargeable gains	**-**	8.0
Tax effect of business disposals	**-**	(116.3)
Impact on the opening deferred tax position of tax legislation changes*	**-**	(143.2)
Impact of the current period deferred tax charge of tax legislation changes*	**9.4**	6.2
Prior period adjustment	**(3.0)**	(29.0)
Tax charge rate – continuing operations	**(19.6)**	(222.9)

*Tax legislation changes relate to the impact of the phasing out of Industrial Buildings Allowance which resulted in a £7.7 million charge in the current period and relate to the change in the standard rate of corporation tax to 28% from 1 April 2008 which resulted in the opening deferred tax provision being recalculated with a £30.0 million credit in the income statement and a £2.8 million debit taken directly to equity in the prior period.

The standard rate of corporation tax is the UK prevailing rate of 28.5% being a mix of 30% up to 31 March 2008 and 28% from 1 April 2008 (2007: 30%). Current tax liabilities amounted to £16.0 million (2007: £22.1 million) at the reporting date.

The deferred tax credit includes £53.2 million (2007: £42.0 million) in relation to the impairment charge with respect to intangible assets and £4.0 million (2007: £nil) in relation to the impairment of fixed assets. In 2007, the deferred tax credit included £25.0 million in relation to the disposal of the seven sub regions in the South. The tax on actuarial losses on defined benefit pension schemes taken to equity of £44.0 million (2007: £1.2 million) comprises current tax of £21.4 million (2007: £1.2 million) and deferred tax of £22.6 million (2007: £nil).

Notes to the 2008 condensed consolidated financial statements (continued)
for the 52 weeks ended 28 December 2008 (52 weeks ended 30 December 2007)

9. Discontinued operations

On 1 October 2007, the Group sold its Sports division. The results of these discontinued operations, which have been included in the consolidated income statement, were as follows:

	2008 £m	2007 £m
Revenue		38.5
Cost of sales	-	(18.8)
Gross profit	-	19.7
Distribution costs	-	(3.6)
Administrative expenses	-	(3.2)
Operating profit	-	12.9
Tax charge on operating profit for the period	-	(3.9)
Profit for the period from discontinued operations	-	9.0
Profit before tax on sale of discontinued operations	-	123.5
Tax credit on profit on sale of discontinued operations	-	3.0
Profit on sale of discontinued operations	-	126.5
	Pence	Pence
Basic earnings per share on profit for the period from discontinued operations	-	3.1
Basic earnings per share on profit on sale of discontinued operations	-	43.5

10. Dividends

	2008 £m	2007 £m
Dividend paid and recognised as distributions to equity holders in the period (a)	**48.4**	63.7
	Pence	Pence
Dividend paid per share	**18.7**	21.9
	£m	£m
Dividend proposed but not paid nor included in the accounting records (b)	-	45.2
	Pence	Pence
Dividend proposed per share (b)	-	15.5

a) The amount of £48.4 million in 2008 is in respect of the final dividend for the 52 weeks ended 30 December 2007 of 15.5 pence per share and the interim dividend for the 52 weeks ended 28 December 2008 of 3.2 pence per share; the amount of £63.7 million in 2007 is in respect of the final dividend for the 52 weeks ended 31 December 2006 of 15.5 pence per share and the interim dividend for the 52 weeks ended 30 December 2007 of 6.4 pence per share.

b) No final dividend is proposed for the 52 weeks ended 28 December 2008. The amount of £45.2 million in 2007 represented the proposed final dividend for the 52 weeks ended 30 December 2007.

Notes to the 2008 condensed consolidated financial statements (continued)
for the 52 weeks ended 28 December 2008 (52 weeks ended 30 December 2007)

11. Earnings per share

	2008 £m	2007 £m
Profit after tax before adjusted items*	**87.3**	132.6
Adjusted items*:		
Sports division profit (after tax)	**-**	(9.0)
Non-recurring items (after tax)	**(159.3)**	(88.1)
Amortisation of intangibles (after tax)	**(5.3)**	(4.5)
Impact of the fair value gain on derivative financial instruments (after tax)	**100.9**	2.7
Foreign exchange (loss)/gain on retranslation of borrowings (after tax)	**(75.0)**	4.1
Tax legislation changes	**(7.7)**	30.0
(Loss)/profit for the period from continuing operations	**(59.1)**	67.8
Profit for the period from discontinued operations	**-**	135.5
(Loss)/profit for the period attributable to equity holders of the parent	**(59.1)**	203.3

*Adjusted items relate to the inclusion of discontinued operations and the exclusion of non-recurring items, the amortisation of intangible assets, the retranslation of foreign currency borrowings, the impact of fair value changes on derivative financial instruments and the impact of tax legislation changes. A reconciliation between the adjusted result and the statutory result is provided in note 19 on page 27.

	Thousand	Thousand
Weighted average number of ordinary shares for basic earnings per share	**261,350**	291,148
Effect of potential ordinary shares in respect of share options	**-**	265
Weighted average number of ordinary shares for diluted earnings per share	**261,350**	291,413

Discontinued operations related to the Sports division disposed of in October 2007.

Basic earnings per share is calculated by dividing profit attributable to equity holders of the parent by the weighted average number of ordinary shares during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all potentially dilutive ordinary shares.

Earnings per share	**Pence**	Pence
Adjusted earnings* per share – basic	**33.4**	45.5
Adjusted earnings* per share – diluted	**33.4**	45.5
(Loss)/earnings per share – continuing operations – basic	**(22.6)**	23.3
(Loss)/earnings per share – continuing operations – diluted	**(22.6)**	23.3
Earnings per share – discontinued operations – basic	**-**	46.6
Earnings per share – discontinued operations – diluted	**-**	46.5
(Loss)/earnings per share – total operations – basic	**(22.6)**	69.9
(Loss)/earnings per share – total operations – diluted	**(22.6)**	69.8

*Adjusted items relate to the inclusion of discontinued operations and the exclusion of non-recurring items, the amortisation of intangible assets, the retranslation of foreign currency borrowings, the impact of fair value changes on derivative financial instruments and the impact of tax legislation changes. A reconciliation between the adjusted result and the statutory result is provided in note 19 on page 27.

The basic earnings per share impact for each category of non-recurring item disclosed in note 5 is as follows:

	Pence	Pence
Impairment of intangible assets	**(52.3)**	(37.1)
Impairment of fixed assets	**(3.9)**	-
Restructuring costs	**(6.0)**	(2.8)
Profit/(loss) on disposal of land and buildings	**1.8**	(0.2)
Release of accruals	**-**	0.9
Profit on disposal of businesses	**0.1**	9.0
(Loss)/earnings per share – non-recurring items included in administrative expenses	**(60.3)**	(30.2)
(Loss)/earnings per share – non-recurring items included in share of results of associates	(0.7)	-
(Loss)/earnings per share – total non-recurring items	**(61.0)**	(30.2)

Notes to the 2008 condensed consolidated financial statements (continued)
for the 52 weeks ended 28 December 2008 (52 weeks ended 30 December 2007)

12. Notes to the cash flow statement

	2008 £m	2007 £m
Operating (loss)/profit from continuing operations	**(88.4)**	29.4
Depreciation of property, plant and equipment	**38.0**	36.4
Amortisation of other intangible assets	**7.3**	6.3
Share of results of associate	**2.0**	(0.3)
Impairment of other intangible assets	**190.0**	150.0
Impairment of fixed assets	**14.3**	-
Charge for share-based payments	**4.0**	2.9
Profit on disposal of land and buildings	**(4.6)**	(1.6)
(Profit)/loss on disposal of businesses	**(0.3)**	5.0
Pension funding in excess of income statement charge*	**(63.6)**	(80.3)
Operating cash flows before movements in working capital	**98.7**	147.8
(Increase)/decrease in inventories	**(0.8)**	0.3
Decrease/(increase) in receivables	**23.8**	(11.5)
(Decrease)/increase in payables	**(19.4)**	8.6
Cash flows from operating activities – continuing operations	**102.3**	145.2

* This includes £53.8 million (2007: £53.7 million) of special contributions as explained in note 17 and £nil (2007: £3.2 million) of Section 75 payments directly linked to the disposal of the Sports division in 2007.

13. Borrowings

	2008 £m	2007 £m
Bank overdrafts	**-**	(0.6)
Bank facility	**(10.0)**	-
Loan notes	**(388.3)**	(342.2)
Derivative financial instruments (note 14)	**(2.1)**	(103.7)
	(400.4)	(446.5)
The borrowings are repayable as follows:		
On demand or within one year	**(12.1)**	(63.7)
In the third year	**(146.1)**	-
In the fourth year	**(70.9)**	(147.1)
In the fifth year	**(64.9)**	(70.7)
After five years	**(106.4)**	(165.0)
	(400.4)	(446.5)
The borrowings are included in the consolidated balance sheet as follows:		
Amount included in non-current liabilities	**(388.3)**	(382.8)
Amount included in current liabilities	**(12.1)**	(63.7)
	(400.4)	(446.5)

The amount included in non-current liabilities represents borrowings of £388.3 million (2007: £294.3 million) and derivative financial instruments of £nil (2007: £88.5 million) and in current liabilities represents borrowings of £10.0 million (2007: £48.5 million) and derivative financial instruments of £2.1 million (2007: £15.2 million). Non-current assets include a £41.7 million (2007: £nil) asset relating to derivative financial instruments which is deducted from borrowings to calculate net debt in note 15.

	2008 £m	2007 £m
Loan notes movement in the period:		
Opening balance	**(342.2)**	(347.0)
Foreign exchange (loss)/gain on retranslation	**(104.1)**	5.8
Repayments	**58.2**	0.7
Issued on acquisition of subsidiary undertakings	**-**	(0.9)
Non cash movements	**(0.2)**	(0.8)
Closing balance	**(388.3)**	(342.2)
Composition of loan notes:		
Commercial rate loan notes	**-**	(0.9)
US$270 million loan notes	**(184.7)**	(177.6)
US$252 million loan notes	**(177.6)**	(131.7)
£16 million loan notes	**(16.0)**	(22.0)
£10 million loan notes	**(10.0)**	(10.0)
	(388.3)	(342.2)

The US private placement loan notes totalling US$522 million and £26 million were issued in 2001 and 2002. On the issue date the capital repayments and fixed rate interest on the US$ denominated loan notes were swapped into floating rate sterling through the use of cross currency interest rate swaps. As hedge accounting under IAS 39 has not been applied, the loan notes and cross currency interest rate swaps are shown separately in accordance with IAS 39. The loan notes are disclosed at amortised cost and translated into sterling at the reporting date exchange rate and the cross-currency interest rate swaps are disclosed at fair value at the reporting date. These values do not represent the amounts required to repay the loan notes or cancel the related cross currency interest rate swaps.

Notes to the 2008 condensed consolidated financial statements (continued)
for the 52 weeks ended 28 December 2008 (52 weeks ended 30 December 2007)

13. Borrowings (continued)

All borrowings are denominated in sterling unless otherwise indicated. The bank overdrafts, bank facility and US private placement loan notes are unsecured.

The bank facility borrowing relates to a £10.0 million drawdown on the £178.5 million bank facility which was repaid in January 2009. At 28 December 2008 the Group had available £163.5 million (2007: £259.5 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

The effective interest rates at the reporting date are as follows:

	2008	2007
	%	%
Bank overdrafts	**-**	6.52
Bank facility	**5.34**	-
US$ denominated loan notes	**6.75**	6.66
£ denominated loan notes	**7.22**	7.24
Finance leases	**6.18**	6.77

The fair value of the Group's borrowings is estimated by discounting their future cash flows. The estimate at the reporting date is as follows:

	2008	2007
	£m	£m
Bank overdrafts, bank facility and commercial loan notes	**(10.0)**	(1.5)
US$ denominated loan notes	**(362.3)**	(318.5)
£ denominated loan notes	**(26.0)**	(32.3)
Finance leases	**(10.6)**	(13.6)

In estimating the fair value of the loan notes the future cash flows have been discounted using an appropriate discount factor that includes credit risk.

The fair value of other financial assets and liabilities, excluding derivative financial instruments in note 14, are not materially different from the book values and are not repeated in this analysis.

14. Derivative financial instruments

The movement in the derivative financial instruments is as follows:

	2008	2007
	£m	£m
Opening liability	**(103.7)**	(107.4)
Movement in fair value	**140.1**	3.7
Repayments	**3.2**	-
Closing asset/(liability)	**39.6**	(103.7)

The derivative financial instruments are included in the consolidated balance sheet as follows:

	2008	2007
	£m	£m
Non-current liabilities	**-**	(88.5)
Current liabilities	**(2.1)**	(15.2)
Non-current assets	**41.7**	-
	39.6	(103.7)

The Group has cross currency interest rate swaps to manage its exposure to foreign exchange movements and interest rate movements on the US private placement loan notes. Fair value is calculated using discounted cash flows based upon forward rates available to the Group.

During the year certain derivative financial instruments matured and were settled. The fair value change from the prior period end up to the settlement date has been included in the movement in fair value.

During the year an interest rate swap was entered into which converted the floating rate interest payments on £180.0 million of principal into fixed for a period of 12 months to October 2009. The fair value change from the date the swap was entered into up to the reporting date has been included in the movement in fair value.

Notes to the 2008 condensed consolidated financial statements (continued)
for the 52 weeks ended 28 December 2008 (52 weeks ended 30 December 2007)

15. Net debt

	2007 £m	Cash flow £m	Consolidated income statement* £m	Loans repaid/ (drawn) £m	Other non-cash changes £m	2008 £m
Non-current liabilities						
Loan notes	(294.3)	-	(93.9)	-	(0.1)	**(388.3)**
Derivative financial instruments	(88.5)	-	88.5	-	-	**-**
Obligations under finance leases	(10.7)	-	-	2.6	0.5	**(7.6)**
	(393.5)	**-**	**(5.4)**	**2.6**	**0.4**	**(395.9)**
Current liabilities						
Bank overdrafts	(0.6)	0.6	-	-	-	**-**
Bank facility	-	-	-	(10.0)	-	**(10.0)**
Loan notes	(47.9)	-	(10.3)	58.2	-	**-**
Derivative financial instruments	(15.2)	-	9.9	3.2	-	**(2.1)**
Obligations under finance leases	(2.9)	-	-	-	(0.1)	**(3.0)**
	(66.6)	**0.6**	**(0.4)**	**51.4**	**(0.1)**	**(15.1)**
Non-current assets						
Derivative financial instruments	-	-	41.7	-	-	**41.7**
	-	**-**	**41.7**	**-**	**-**	**41.7**
Current assets						
Cash and cash equivalents	211.6	(191.0)	-	-	-	**20.6**
	211.6	**(191.0)**	**-**	**-**	**-**	**20.6**
Net debt	**(248.5)**	**(190.4)**	**35.9**	**54.0**	**0.3**	**(348.7)**

*The impact on the loans notes of translation into sterling at the reporting date exchange rate and the impact on the derivative financial instruments of being stated at fair value at the settlement date or at the reporting date are included in the consolidated income statement within finance costs as set out in note 7.

Cash and cash equivalents represent the sum of the Group's bank balances and cash in hand at the reporting date.

16. Share capital and reserves

	Share capital £m	Capital redemption reserve £m	Share premium £m	Retained earnings and other reserves £m	Total £m
At 31 December 2006	(29.3)	(0.8)	(1,120.0)	426.9	(723.2)
Total recognised income and expense	-	-	-	(196.6)	(196.6)
Dividends	-	-	-	63.7	63.7
New share capital subscribed	-	-	(0.5)	-	(0.5)
Buy-back shares cancelled	0.2	(0.2)	-	5.9	5.9
Buy-back shares to be cancelled	-	-	-	1.6	1.6
Credit to equity for equity settled share-based payments	-	-	-	(2.8)	(2.8)
At 30 December 2007	(29.1)	(1.0)	(1,120.5)	298.7	(851.9)
Total recognised income and expense	-	-	-	172.1	172.1
Dividends	-	-	-	48.4	48.4
Buy-back shares cancelled	3.3	(3.3)	-	100.3	100.3
Credit to equity for equity settled share-based payments	-	-	-	(3.6)	(3.6)
At 28 December 2008	**(25.8)**	**(4.3)**	**(1,120.5)**	**615.9**	**(534.7)**

The capital redemption reserve represents the nominal value of the shares purchased and subsequently cancelled under share buy-back programmes. During the period 33,333,279 shares (2007: 2,205,538 shares) were bought back and 33,791,214 shares (2007: 1,747,603) were cancelled. The cash consideration paid in the period was £101.8 million (2007: £5.9 million). Included in the shares bought back were nil shares (2007: 457,935 shares) which were bought back for a total consideration of £nil (2007: £1.6 million) and held by the Company as Treasury Shares to be cancelled. The cancelled shares had a par value of £3.3 million (2007: £0.2 million).

Shares purchased by the Trinity Mirror Employees' Benefit Trust, are included in retained earnings and other reserves at £11.9 million (2007: £11.9 million), classified as Treasury Shares. Cumulative goodwill written off to reserves in respect of continuing businesses acquired prior to 1998 is £25.9 million (2007: £25.9 million). On transition to IFRS, the revalued amounts of freehold properties were deemed to be the cost of the asset and the revaluation reserve has been transferred to retained earnings and other reserves.

17. Retirement benefit schemes

Defined benefit pension schemes

The Group operates 10 defined benefit pension schemes for certain employees which were closed to new employees with effect from 1 January 2003. All new employees are entitled to participate in a defined contribution plan, the Trinity Mirror Pension Plan.

Formal valuations of the defined benefit pension schemes are carried out regularly. The actuarial methods and assumptions used to calculate each scheme's assets and liabilities vary according to the actuarial and funding policies adopted by their respective trustees. All of the schemes are being funded in accordance with the recommendations of the respective actuaries. The most significant of the schemes are the Mirror Group Pension Scheme (the 'Old Scheme'), the MGN Past Service Pension Scheme (the 'Past Service Scheme'), the MGN Pension Scheme (the 'MGN Scheme'), the Trinity Retirement Benefit Scheme (the 'Trinity Scheme') and the Midland Independent Newspapers Pension Scheme (the 'MIN Scheme') which together represent over 95% of the aggregate market value. The full actuarial valuation of the Trinity Scheme was completed in September 2007, the MIN Scheme was completed in June 2008 and the Old Scheme, the Past Service Scheme and the MGN Scheme were completed in October 2008. The valuations did not result in an increase in the annual deficit funding payments.

Following the disposals completed in 2007, agreement was reached with the trustees of the defined benefit pension schemes to make a special contribution totalling £107.5 million. On 20 December 2007, £37.5 million and on 24 December 2007 a further £16.2 million was paid into the schemes with the balance of £53.8 million paid on 4 January 2008.

The Old Scheme and the Past Service Scheme cover the liabilities for service up to 13 February 1992 for employees and former employees who worked regularly on the production and distribution of Mirror Group's newspapers. The Old Scheme was closed on 13 February 1992 and The Past Service Scheme was established to meet the liabilities, which are not satisfied by payments from the Old Scheme and the Maxwell Communications Pension Plan or by the State. The last formal valuation of these schemes was completed in October 2008 for valuation date as at 31 December 2007 and showed a deficit of £106.6 million. During 2008, £28.0 million was paid into the schemes (2007: £34.0 million). For 2009, agreement has been reached with the trustees to pay £6.5 million into the schemes. The next full actuarial valuation of the schemes is as at 31 December 2010.

The last formal valuations were completed in September 2007 for valuation date as at 30 June 2006 for the Trinity Scheme, in June 2008 for valuation date as at 31 March 2007 for the MIN Scheme and in October 2008 for valuation date as at 31 December 2007 for the MGN Scheme. These valuations showed deficits of £23.3 million, £28.2 million and £55.7 million respectively. Deficit payments during 2008 were £5.8 million (2007: £8.5 million), £12.5 million (2007: £13.5 million) and £20.0 million (2007: £23.0 million) respectively. For 2009, agreement has been reached with the trustees to pay £2.3 million, £2.5 million and £4.8 million respectively into these schemes. The employer's contribution rate to the Trinity Scheme increased from 14% to 15% in 2008, to the MIN Scheme remained at 15% and to the MGN Scheme will increase from 12% to 15% in 2009. The next full actuarial valuation for the Trinity Scheme is as at 30 June 2009, the MIN Scheme is as at 31 March 2010 and the MGN Scheme is as at 31 December 2010.

For the purposes of the Group's annual consolidated financial statements, valuations have been performed in accordance with the requirements of IAS 19 with scheme liabilities calculated using a consistent projected unit valuation method and compared to the market value of the scheme assets at 26 December 2008, the last day prior to the period end for which such values were available. IFRIC 14 has not been adopted early, and the estimate of the impact on the deficit at 28 December 2008 being an increase of £21.4 million (2007: £80.7 million increase).

The assets and liabilities of the most significant schemes included above as at the reporting date are:

	Old Scheme/Past Service Scheme £m	MGN Scheme £m	Trinity Scheme £m	MIN Scheme £m
Present value of scheme liabilities	(676.4)	(287.4)	(237.9)	(142.5)
Fair value of scheme assets	526.3	230.6	283.8	142.5
Effect of asset ceiling	-	-	(45.9)	-
Scheme deficits included in non-current liabilities	**(150.1)**	**(56.8)**	**-**	**-**

Notes to the 2008 condensed consolidated financial statements (continued)
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17. Retirement benefit schemes (continued)

Defined benefit pension schemes (continued)

Based on actuarial advice, the assumptions used in calculating the scheme liabilities and the actuarial value of those liabilities and the actual return on scheme assets are:

	2008 %	2007 %
Principal annual actuarial assumptions used:		
Discount rate	**6.50**	5.80
Inflation rate	**2.75**	3.30
Expected return on scheme assets	**4.80-6.70**	4.50-7.10
Expected rate of salary increases	**3.25**	4.35
Pension increases:		
Pre 6 April 1997 pensions	**3.00-5.00**	3.00-5.00
Post 6 April 1997 pensions	**3.00-3.50**	3.30-3.80
In deferment	**2.75**	3.30

	2008 £m	2007 £m
Actuarial value of scheme liabilities	**1,378.8**	1,538.5
Actual return on scheme assets	**(250.8)**	81.7

Post-retirement mortality tables and future life expectancies at age 65 are:

	Future life expectancy (years) for a pensioner currently aged 65		Future life expectancy (years) at age 65 for a non-pensioner currently aged 55	
	Male	Female	Male	Female
At 31 December 2006	18.6	21.3	19.6	22.4
At 30 December 2007	20.1	23.0	21.6	24.4
At 28 December 2008	**21.4**	**23.8**	**23.2**	**25.6**

The amount included in the consolidated balance sheet, consolidated income statement and consolidated statement of recognised income and expense arising from the Group's obligations in respect of its defined benefit pension schemes is as follows:

	2008 £m	2007 £m	2006 £m	2005 £m	2004 £m
Present value of scheme liabilities	**(1,378.8)**	(1,538.5)	(1,511.0)	(1,535.5)	(1,371.6)
Fair value of scheme assets	**1,233.6**	1,458.9	1322.9	1233.0	1.049.7
Effect of asset ceiling	**(61.7)**	(45.2)	(24.9)	(3.1)	-
Scheme deficits included in non-current liabilities	**(206.9)**	(124.8)	(213.0)	(305.6)	(321.9)

	2008 £m	2007 £m
Current service cost	**24.1**	27.0
Past service costs	**2.3**	0.8
Total included in staff costs	**26.4**	27.8
Expected return on scheme assets	**(98.7)**	(87.7)
Interest cost on pension scheme liabilities	**87.3**	75.4
Pension finance credit	**(11.4)**	(12.3)
Total included in the consolidated income statement	**15.0**	15.5

	2008 £m	2007 £m	2006 £m	2005 £m	2004 £m
Effect of changes in actuarial assumptions on scheme liabilities	**231.9**	12.9	68.1	(145.0)	6.4
Experience adjustments on scheme liabilities	**(23.0)**	9.1	0.9	38.9	5.0
Experience adjustments on scheme assets	**(349.5)**	(6.0)	15.5	106.8	24.2
Effect of asset ceiling	**(16.5)**	(20.3)	(21.8)	(3.1)	-
Consolidated statement of recognised income and expense	**(157.1)**	(4.3)	62.7	(2.4)	35.6

Notes to the 2008 condensed consolidated financial statements (continued)
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17. Retirement benefit schemes (continued)

Defined benefit pension schemes (continued)

The cumulative amount of actuarial gains and losses recognised in the consolidated statement of recognised income and expense since adoption of IFRS is losses of £65.5 million (2007: £91.6 million of gains).

Pension schemes assets include no direct investments in the Company's ordinary shares or any property assets occupied or other assets used by the Group for any period.

The contributions made during the period totalled £90.0 million (2007: £104.8 million). The Group expects to contribute approximately £35.0 million to its defined benefit pension schemes in 2009.

The future contribution rates for the Group's most significant schemes range from 15.0% to 20.0% of pensionable salaries. Under the projected unit method of valuing scheme liabilities, the cost of the Group's closed schemes will increase as the schemes' membership status matures.

	2008 £m	2007 £m
Changes in the fair value of scheme assets:		
Opening fair value of scheme assets	**1,458.9**	1,322.9
Expected return	**98.7**	87.7
Actuarial losses	**(349.5)**	(6.0)
Contributions by employer	**90.0**	104.8
Employee contributions	**8.4**	7.3
Benefits paid	**(72.9)**	(61.0)
Other	**-**	3.2
Closing fair value of scheme assets	**1,233.6**	1,458.9

	2008 £m	2007 £m
Changes in the present value of scheme liabilities:		
Opening present value of scheme liabilities	**1,538.5**	1,511.0
Current service cost	**24.1**	27.0
Past service costs	**2.3**	0.8
Interest cost	**87.3**	75.4
Actuarial gains	**(208.9)**	(22.0)
Employee contributions	**8.4**	7.3
Benefits paid	**(72.9)**	(61.0)
Closing present value of scheme liabilities	**1,378.8**	1,538.5

	2008 £m	2007 £m
Fair value of scheme assets:		
UK equities	**250.1**	414.1
US equities	**66.1**	123.6
Other overseas equities	**183.1**	271.7
Property	**3.7**	0.4
Corporate bonds	**361.3**	244.9
Fixed interest gilts	**63.4**	92.9
Index linked gilts	**169.8**	111.3
Cash	**136.1**	200.0
Fair value of scheme assets	**1,233.6**	1,458.9

	2008 %	2007 %
Expected nominal rates of return on plan assets:		
Equities	**7.90**	7.90
Property	**7.00**	6.50
Corporate bonds	**6.50**	5.80
Fixed interest gilts	**3.90**	4.60
Index linked gilts	**4.20**	4.50
Cash	**3.60**	4.35

For each scheme the expected return on assets has been derived as the weighted average of the expected returns from each of the main asset classes. The expected return for each asset class reflects a combination of historical performance analysis, the forward looking views of the financial markets as suggested by the yields available and the views of investment organisations.

Notes to the 2008 condensed consolidated financial statements (continued)
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17. Retirement benefit schemes (continued)

Defined contribution pension schemes

The Group operates two defined contribution pension schemes for qualifying employees, one of which is closed to new members. The assets of the schemes are held separately from those of the Group in funds under the control of trustees.

The current service cost charged to the consolidated income statement of £1.2 million (2007: £1.1 million) represents contributions payable to these schemes by the Group at rates specified in the scheme rules. No contributions that were due had not been paid over to the schemes at either reporting date.

18. Acquisition of subsidiary undertakings

On 15 January 2008, the Group acquired 100% of the issued share capital of The Career Engineer Limited for £1.9 million cash, with a maximum of £0.4 million deferred consideration. On 2 April 2008, the Group acquired 100% of the issued share capital of Rippleffect Studio Limited for £3.2 million cash, with a maximum of £2.6 million deferred consideration. The results of the acquisitions have been included in the Regionals division in continuing operations. Total consideration for the acquisitions was satisfied in cash.

The net assets acquired and the goodwill arising, are as follows:

	The Career Engineer Limited			Rippleffect Studio Limited		
	Acquiree's carrying amount before combination £m	**Fair value adjustments £m**	**Fair value £m**	**Acquiree's carrying amount before combination £m**	**Fair value adjustments £m**	**Fair value £m**
Current assets	0.2	-	0.2	0.9	(0.1)	0.8
Current liabilities	(0.1)	(0.4)	(0.5)	(0.7)	(0.6)	(1.3)
	0.1	(0.4)	(0.3)	0.2	(0.7)	(0.5)
Other intangible assets	-	0.9	0.9	-	1.8	1.8
Goodwill	-	1.3	1.3	-	4.5	4.5
Total consideration	**0.1**	**1.8**	**1.9**	**0.2**	**5.6**	**5.8**

Fair value adjustments reflect the alignment of the acquiree's accounting policies with those of the Group. The goodwill arising on the acquisitions is attributed to the anticipated profitability and market share of the acquiree in its new markets and the anticipated synergies with other acquisitions. Total consideration includes an estimate of deferred consideration payable.

Net cash outflow arising on acquisition is as follows:

	The Career Engineer Limited £m	**Rippleffect Studio Limited £m**	**Total £m**
Cash consideration paid	(1.9)	(3.2)	(5.1)
Cash and cash equivalents acquired	-	-	-
Net cash outflow	**(1.9)**	**(3.2)**	**(5.1)**

The revenue and operating profit post acquisition of The Career Engineer Limited amounted to £0.4 million and £nil respectively and that of Rippleffect Studio Limited amounted to £2.5 million and £0.6 million respectively. The revenue and operating profit of the Group would have increased by £0.7 million and £0.1 million respectively if these acquisitions had been made at the beginning of the period.

Notes to the 2008 condensed consolidated financial statements (continued)
for the 52 weeks ended 28 December 2008 (52 weeks ended 30 December 2007)

19. Reconciliation of Group statutory result to adjusted result

The Group made a number of disposals in 2007. The Sports division has been treated as discontinued operations. The seven sub regions in the South are included within continuing operations. For the purposes of the 2007 reconciliations below all of the disposals are included in disposed businesses. Retained businesses relate to the activities which the Group continues to own.

52 weeks to 28 December 2008	**Continuing operations statutory result (a) £m**	**Sports division (b) £m**	**Non-recurring items (c) £m**	**Amortisation (d) £m**	**Finance costs (e) £m**	**Tax legislation changes (f) £m**	**Adjusted result £m**
Revenue							
- retained businesses	**871.7**	-	-	-	-	-	**871.7**
- disposed businesses	**-**	-	-	-	-	-	**-**
Total	**871.7**	-	-	-	-	-	**871.7**
Operating (loss)/profit							
- retained businesses	**(88.4)**	-	226.3	7.3	-	-	**145.2**
- disposed businesses		-	-	-	-	-	**-**
Total	**(88.4)**	-	226.3	7.3	-	-	**145.2**
(Loss)/profit before tax	**(73.5)**	-	226.3	7.3	(35.9)	-	**124.2**
(Loss)/profit after tax	**(59.1)**	-	159.3	5.3	(25.9)	7.7	**87.3**
(Loss)/earnings per share:							
Basic (pence)	**(22.6)**	-	61.0	2.0	(9.9)	2.9	**33.4**

52 weeks to 30 December 2007	Continuing operations statutory result (a) £m	Sports division (b) £m	Non-recurring items (c) £m	Amortisation (d) £m	Finance costs (e) £m	Tax legislation changes (f) £m	Adjusted result £m
Revenue							
- retained businesses	932.3	-	-	-	-	-	932.3
- disposed businesses	39.0	38.5	-	-	-	-	77.5
Total	971.3	38.5	-	-	-	-	1,009.8
Operating profit							
- retained businesses	24.5	-	155.3	6.3	-	-	186.1
- disposed businesses	4.9	12.9	5.0	-	-	-	22.8
Total	29.4	12.9	160.3	6.3	-	-	208.9
Profit/(loss) before tax	21.0	12.9	160.3	6.3	(9.5)	-	191.0
Profit/(loss) after tax	67.8	9.0	88.1	4.5	(6.8)	(30.0)	132.6
Earnings/(loss) per share:							
Basic (pence)	23.3	3.1	30.2	1.5	(2.3)	(10.3)	45.5

a) Excludes the Sports division which is classified as discontinued.
b) Inclusion of operating results of the Sports division.
c) Details of non-recurring items are set out in note 5.
d) Amortisation of other intangible assets.
e) Impact of the translation of foreign currency borrowings and fair value changes on derivative financial instruments.
f) Tax legislation changes relate to the impact of the phasing out of Industrial Building Allowances in the current period and the change in tax rate from 30% to 28% on the opening deferred tax position in the prior period.