Trinity Mirror plc

12 August 2011

Half-Yearly Financial Report
for the 26 weeks ended 3 July 2011

Summary

- Board anticipates performance for 2011 to be in line with expectations
- Group revenue[(1)] down by 2.9% to £371.0 million (2010: £382.2 million)
- Operating profit[(1)(2)] down by 23.7% to £47.1 million (2010: £61.7 million)
- Earnings per share[(1)(2)] down by 11.6% to 12.2 pence (2010: 13.8 pence)
- Structural annual cost savings target increased by a further £10 million to £25 million for 2011
- Group remains cash generative with net debt[(3)] falling by £3.7 million to £262.2 million after pension deficit funding payments of £33.0 million
- Pension deficit (net of deferred tax) fell by £43.6 million to £73.9 million

Adjusted results[(1)(2)]

	2011	2010
	26 weeks	26 weeks
	£m	£m
Revenue	**371.0**	382.2
Operating profit	**47.1**	61.7
Profit before tax	**41.9**	50.4
Earnings per share	**12.2p**	13.8p

(1) Including revenue and operating profit of GMG Regional Media for 26 weeks in 2011 versus 14 weeks in 2010.
(2) Adjusted items relate to 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 results and the statutory results is provided in note 14.
(3) On a contracted basis assuming that the private placement loan notes and related cross-currency interest rate swaps are not terminated prior to maturity.

Statutory results

	2011	2010
	26 weeks	26 weeks
	£m	£m
Revenue	**371.0**	382.2
Operating profit	**40.2**	87.2
Profit before tax	**28.9**	84.8
Earnings per share	**13.2p**	26.2p
Dividend per share	**-**	-

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

"While the economic environment remains difficult we have undertaken a series of actions to limit the impact on operating profit. The roll out of our technology led operating model continues to deliver efficiencies and today we have announced an increase in our 2011 cost savings target to £25 million. At the same time we're investing across the Group to diversify and grow revenues. Following changes to the national Sunday newspaper market we are highly encouraged by the considerable circulation volume growth seen by our national Sunday titles.

Our focus on maximising profits in the short term through tight management of costs while investing for growth creates a good backdrop for shareholder value creation over time."

Enquiries

Trinity Mirror

Vijay Vaghela, Group Finance Director	020 7293 3000
Nick Fullagar, Director Corporate Communications	020 7293 3622
Claire Harrison, Investor Relations Manager	020 7510 6613

Conference call/Web cast

A web cast and teleconference for analysts will be held at 9.30am on Friday 12 August 2011. The presentation will be live on our website www.trinitymirror.com. If you wish to ask a question, the dial-in number is +44 (0)20 7136 2052, Confirmation Code: 9004172. A playback will be available from 2:00pm on our website.

Interim Management Report

The management report, unless otherwise stated, is presented on an adjusted basis to provide a more meaningful comparison of the Group's business performance between 2010 and 2011. Adjusted results 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

The Group has limited the decline in operating profit despite the challenging economic environment, which has been much weaker than previously anticipated. The difficult trading conditions, driven by ongoing public sector spending cuts, tax increases and weak retail sales have impacted revenues in conjunction with continued substantial inflationary cost pressures, in particular newsprint prices.

Against this backdrop, Group revenue fell by 2.9% from £382.2 million to £371.0 million with underlying revenue, excluding the revenue contribution in the period from the acquired GMG Regional Media businesses, falling by 6.9% from £364.0 million to £339.0 million.

Advertising markets have been difficult across the Group reflecting the low levels of consumer and advertiser confidence, with the majority of the Group's customers reducing spend. This has resulted in an underlying advertising revenue decline of 11.1%. The direct implications of public sector spending cuts are clearly evidenced by a fall of 24% in public sector advertising in the period, while the wider implications of the cuts are being felt across all advertising categories. Despite the difficult trading conditions, we are encouraged that our Nationals broadly maintained advertising volume market share and our Regionals advertising performance was in line with other publishers.

Underlying circulation revenue declined by 5.4% with falling volumes partially mitigated by limited cover price increases. Whilst circulation volumes in the market remain under pressure, our circulation volume performance trend has improved relative to both the market and last year for a number of our national and regional titles.

In July, following the closure of the News of the World we undertook a range of publishing and marketing activities to maximise our share of the Sunday newspaper market. The early results of this activity are highly encouraging with an increase in both volume and revenue of each of our six Sunday newspaper titles, particularly so for our three national titles. The benefits are evident in the improved Group circulation revenues in July which are up 2% year on year with our Nationals up 4%, a significant improvement from the 5.4% decline in Group circulation revenues in the first half.

Our drive to diversify revenues is evident in an underlying increase in other revenue of 3.7% driven by continued growth in contract print and in contract publishing for football clubs. The Group remains the largest contract printer of newspapers in the UK. Contract print revenues are more stable and resilient to the business cycle with contracts typically running over several years. We do not anticipate a requirement for any further material capital investment in the Group's printing network.

Digital remains a key growth opportunity and we continue with our investment in growing our digital revenues. Digital revenues increased by 4.4% during the period. Even after excluding GMG Regional Media, digital revenues increased by 0.6% despite the difficult trading environment. Our focus on building engaged, quality digital audiences for advertisers ensured that average monthly unique users for the period grew by 28% year on year, including the acquisition of GMG Regional Media and fish4, to 26 million. The number of unique users in June was 27 million, a year on year increase of 31%.

Throughout the period management took decisive action to maximise revenue and control costs. This has limited the fall in operating profit to £14.6 million or 23.7% to £47.1 million. The benefit of tight cost management is evident in underlying costs falling by over £10 million reflecting the benefit of structural cost savings of £12 million and ongoing mitigating cost action partially offset by inflationary cost pressures, in particular newsprint costs which increased by £9.0 million despite volume reductions, and investment to diversify and grow revenues. The fall in revenues contributed to operating margin falling by 3.4 percentage points from 16.1% to 12.7%.

Interim Management Report (continued)

Summary (continued)

Although the economic environment remains challenging, the Group has continued with its investment programme to diversify and grow revenue. The key investments commenced in the first half remain on track and we anticipate revenue benefits during the second half of the year and into 2012:

- The new customer relationship management system, providing tools for more effective marketing of sales initiatives through enhanced customer service and insight, remains on track to be substantially rolled out across the Group by the end of the year;
- In digital marketing services we have strengthened the senior management team and increased our sales and development headcount. We are now better positioned to effectively market our services, expand our client base and drive revenues; and
- Good progress has been made with the implementation of a new digital content management system across the Group. The new system will provide significantly enhanced functionality for all of the Group's digital platforms, including PC, mobile, smartphone and tablet. This will improve the customer experience thereby increasing audience growth and driving revenues. The system will be fully integrated with the Contentwatch editorial production system and with our contextual and behavioural targeting systems.

The roll out of our technology led operating model continues to drive operating efficiencies whilst enhancing our multi-media capabilities. Included in this programme were the changes announced this year for the next stage of development for the Daily Record and Sunday Mail, which will result in the creation of one of the most technologically advanced and operationally efficient newsrooms in Europe. The new structure will enable the Daily Record and Sunday Mail to increase their focus on high-quality Scottish news and Scottish sport, with national news content sourced from the Mirror titles and production outsourced to the Press Association.

The Group remains cash generative with net debt falling by £3.7 million from £265.9 million to £262.2 million. The reduction in net debt was achieved after paying £33.0 million to fund deficits in our defined benefit pension schemes. The Group maintains significant financial flexibility with no drawings on the Group's £178.5 million bank facility which is committed until June 2013 and £119.9 million of cash at the period end. The next repayment of the US private placement is due in October 2011 and will be repaid using cash and drawings on the bank facility.

The Group saw a further fall in the pension deficit (net of deferred tax) by £43.6 million from £117.5 million to £73.9 million in the period.

Recognising the difficult trading period our businesses face, with a combination of cyclical and structural challenges, our key objectives in the short term are to continue to maximise profit; invest for growth and maintain a high level of cash generation. Today we are increasing our structural cost savings target for 2011 from £15 million to £25 million.

Strong portfolio management, coupled with the roll out of the new operating model, will ensure that we publish profitable newspapers and websites. We will continue to leverage our brands and content to build sustainable digital businesses across a range of digital devices.

We will continue our investment initiatives to diversify and grow revenues and these will begin to deliver results as we move through the remainder of 2011. We are already making good progress in expanding our service offering to customers, and have seen increased revenues from contract print and contract publishing for football clubs. We anticipate continued growth in these categories, together with growth in digital marketing services, in the second half.

Together the above will ensure a strengthening of our balance sheet over time with falling debt levels and improved financial flexibility, thereby creating headroom to fund investment and reinstate dividends. This provides a good backdrop for longer term shareholder value creation.

Interim Management Report (continued)

Summary (continued)

Dividend

The trading environment has proved to be much weaker than anticipated at the beginning of the year with continued pressure on the Group's revenues, in particular advertising, as consumer and corporate confidence continues to be impacted by the uncertain outlook for the UK. With this backdrop of trading and a weak outlook for the UK economy the Board continues to believe that it is prudent to maintain financial flexibility and therefore the Board is not declaring a dividend until there is an improvement in the trading environment. The factors that the Board continue to consider in assessing the health of the trading environment are:

- Year on year stability and improved visibility in advertising revenues; and
- Clear evidence that the economy has returned to a sustainable period of growth.

The Board also considered whether a limited share buy back programme might be appropriate and concluded that the benefits of such a programme would not outweigh the need to prudently maintain financial flexibility at a time when the trading environment remains difficult with a weak outlook for the UK economy.

Outlook

Advertising revenues continue to be adversely impacted as a result of the challenging economic environment which is expected to continue for the remainder of the year. However, we have seen an improvement in the circulation volumes and revenue performance for our Sunday titles following the closure of the News of the World across both the Nationals and Regionals. This has contributed to revenues declining at a much reduced 3% year on year in July as follows:

	Regionals	**Nationals**	**Group**
	%	**%**	**%**
Advertising	(9)	(15)	(11)
Circulation	(3)	4	2
Other	(6)	12	5
Total	**(7)**	**-**	**(3)**

Whilst it remains too early to assess the longer term implications of the News of the World closure, we anticipate that the improved year on year trends in circulation volumes and revenue will continue over the coming months.

In addition to the challenging revenue environment, the Group continues to experience significant inflationary cost increases, in particular newsprint prices, which are increasing further in the second half of 2011. To help mitigate the implications of the trading environment, management will continue to drive the wide ranging investment programme to drive revenues whilst seeking out further opportunities to materially restructure and reduce the Group's cost base. The structural cost savings target for 2011 has been increased by a further £10 million to £25 million.

Whilst the severity of the difficult trading environment coupled with continued inflationary cost increases will impact profitability, the Board anticipates that the benefit of management initiatives to support profitability will deliver performance in line with expectations.

Interim Management Report (continued)

Group Review

The 2011 Group results include the year on year impact of the acquisition of GMG Regional Media on 28 March 2010.

Group revenue by type, including and excluding the acquisition, is set out below:

	Including GMG Regional Media			Excluding GMG Regional Media		
	2011	**2010**	**Variance**	**2011**	**2010**	**Variance**
	£m	**£m**	**%**	**£m**	**£m**	**%**
Advertising	168.9	176.0	(4.0)	143.5	161.5	(11.1)
Circulation	154.7	161.4	(4.2)	150.2	158.8	(5.4)
Other	47.4	44.8	5.8	45.3	43.7	3.7
Total	**371.0**	**382.2**	**(2.9)**	**339.0**	**364.0**	**(6.9)**

Group revenue including the acquisition fell by 2.9% with advertising and circulation revenue falling by 4.0% and 4.2% respectively partially offset by other revenue increasing by 5.8%.

Excluding the acquisition, advertising and circulation revenue fell by 11.1% and 5.4% respectively and other revenue increased by 3.7%. Advertising revenue fell by 10.1% in January and February, 9.8% in March and April, and 13.4% in May and June. The deterioration in revenue trends in May and June reflect the much stronger comparatives for 2010 which benefited from the World Cup. The lower circulation revenue reflects limited cover price increases in the Regionals and no cover price increases in the core Monday to Friday editions of the Daily Mirror and the Daily Record, the Saturday edition of the Daily Mirror, the Sunday Mirror and the Sunday Mail. The much improved performance for other revenue reflects continued growth in contract print revenue and new contracts for contract publishing for football clubs.

Group digital revenue increased by £0.8 million from £18.3 million to £19.1 million. Excluding the acquisition, Group digital revenue increased by £0.1 million from £17.5 million to £17.6 million with advertising revenue increasing by £0.5 million to £14.9 million. Audience growth remains strong and the Group continues to increase its audience reach with average monthly unique users for the period, including the acquisition and fish4, increasing by 28% year on year and by 16% from the second half of 2010 to reach 26 million in the six month period and to reach 27 million unique users in June, a year on year increase of 31%.

Group operating profit fell by £14.6 million from £61.7 million to £47.1 million. Group costs increased by only £3.7 million despite the acquisition of GMG Regional Media and inflationary pressures, in particular newsprint prices. The tight management of the cost base, together with structural cost savings of £12 million ensured underlying costs fell by over £10 million during the period. Operating margins fell by 3.4 percentage points from 16.1% to 12.7%.

Profit before tax fell by £8.5 million from £50.4 million to £41.9 million reflecting the lower operating profit partially offset by lower interest costs and a pension finance credit in the period of £1.4 million compared to a charge of £3.3 million in 2010. The tax charge of £11.5 million for the period represents 27.5% of profit before tax reflecting the reduction in the rate of corporation tax. Profit after tax fell by £5.0 million from £35.4 million to £30.4 million with earnings per share decreasing by 11.6% from 13.8 pence to 12.2 pence.

Revenue on a statutory basis is the same as that on an adjusted basis. On a statutory basis operating profit fell by £47.0 million from £87.2 million to £40.2 million. The material decrease in operating profit is driven by the impact of non-recurring items which are a £5.5 million charge in the period compared to a £28.8 million credit in the prior period. Profit before tax on a statutory basis fell by £55.9 million from £84.8 million to £28.9 million. The statutory tax credit for the period was £4.0 million reflecting a current year charge of £8.3 million more than offset by a credit from the restatement of the opening deferred tax position for the change in the rate of corporation tax of £11.8 million and a prior year credit of £0.5 million. Profit after tax on a statutory basis fell by £34.1 million from £67.0 million to £32.9 million. Earnings per share on a statutory basis fell by 13.0 pence from 26.2 pence to 13.2 pence.

Cash flow remained positive during the period after pension deficit funding payments of £33.0 million and capital expenditure of £5.6 million. Net debt on a contracted basis fell by £3.7 million from £265.9 million to £262.2 million. On a statutory basis net debt increased by £2.4 million from £237.3 million to £239.7 million. The Group continues to operate comfortably within its debt covenants and maintains financial flexibility with no cash drawings on the £178.5 million bank facility which is committed until June 2013.

Interim Management Report (continued)

Divisional Review

Regionals

The Regionals division publishes an extensive portfolio of print and digital media brands across the UK. The print portfolio comprises over 150 paid for and free newspapers. In the majority of our geographical regions, our print titles reach over 70% of the adult population on a weekly basis. Our digital portfolio includes companion websites to our key newspaper titles, hyperlocal sites serving specific postcodes and communities, local sites in the key verticals of recruitment, property and motors and national sites in recruitment and property and a digital marketing services offering.

The 2011 results include the year on year impact of the acquisition of GMG Regional Media on 28 March 2010.

The revenue and operating profit of the Regionals division, including the acquisition, are as follows:

	2011 £m	2010 £m	Variance %
Revenue			
– Print and other related activities	149.1	146.4	1.8
– Digital activities	17.0	16.0	6.3
Total revenue	**166.1**	**162.4**	**2.3**
Operating profit			
– Print and other related activities	14.8	23.7	(37.6)
– Digital activities	3.6	5.2	(30.8)
Total operating profit	**18.4**	**28.9**	**(36.3)**
Operating margin	**11.1%**	**17.8%**	**(6.7)%**

Revenue by type in the Regionals division, including and excluding the acquisition, is as follows:

	Including GMG Regional Media			**Excluding GMG Regional Media**		
	2011 £m	**2010 £m**	**Variance %**	**2011 £m**	**2010 £m**	**Variance %**
Advertising	111.1	110.2	0.8	85.7	95.7	(10.4)
Circulation	36.6	36.4	0.5	32.1	33.8	(5.0)
Other	18.4	15.8	16.5	16.3	14.7	10.9
Total revenue	**166.1**	**162.4**	**2.3**	**134.1**	**144.2**	**(7.0)**

Advertising revenue excluding the acquisition fell by 10.4%, compared to the decline of 8.4% experienced in 2010. The monthly performance has seen some improvement with January and February declining by 10.8%, March and April declining by 10.1% and May and June declining by 9.9%. By category the performance for the period showed Display advertising down 6.4%, Recruitment down 19.6%, Property down 6.2%, Motors down 8.1% and Other Classified categories down 12.4%. Display advertising now represents 45.8% of total advertising revenue with the most cyclical Recruitment and Property categories now representing 16.5% and 11.6% respectively with 44.9% and 15.3% of these categories respectively coming from digital activities.

Circulation revenue excluding the acquisition fell by 5.0%. This is a significant improvement in the trend when compared to the 9.0% decline in 2010. Volume declines have been partially offset by limited cover price increases. During the period we experienced volume declines of 6.3% for paid for dailies, 9.1% for paid for Sundays and 7.6% for paid for weeklies, an improvement on 2010.

Other revenue, excluding the acquisition, increased significantly by 10.9% reflecting contract print and contract publishing for football clubs.

Digital revenue increased by 6.3% reflecting the acquisition of GMG Regional Media and the inclusion of fish4. Average monthly unique users across the Regionals websites continue to grow, demonstrating clear growth in audience reach. Average monthly unique users for the period including the acquisition and fish4 increased by 24% year on year and by 12% from the second half of 2010 to reach 13 million in the period. The number of unique users in June was 13 million, a year on year increase of 33%.

The 36.3% decline in operating profit reflects the impact of the difficult revenue environment, ongoing investment in digital marketing services and the new customer relationship management system partially mitigated by ongoing tight management of the cost base.

Interim Management Report (continued)

Divisional Review (continued)

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 the Sunday Mail. All our newspapers are complemented by a portfolio of digital brands, including companion websites for all our national newspapers and a number of complementary digital sites such as Mirrorfootball.co.uk, 3am.co.uk, Mirrormobile and Scotcareers. We also operate a number of other commercial activities which include events, readers' offers and a market leading business magazine in Scotland.

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

	2011 £m	2010 £m	Variance %
Advertising	57.8	65.8	(12.2)
Circulation	118.1	125.0	(5.5)
Other	29.0	29.0	-
Revenue	**204.9**	**219.8**	**(6.8)**
Operating profit	**33.8**	**39.5**	**(14.4)**
Operating margin	**16.5%**	**18.0%**	**(1.5)%**

Advertising revenue fell by 12.2% compared to a decline of 3.1% in 2010. The trends during the period were January and February down 9.0%, March and April down 9.3% and May and June down by 18.3% due to tough comparatives driven by the World Cup in 2010. Encouragingly we continue to broadly maintain advertising volume market share.

Circulation revenue fell by 5.5% representing an improvement of three percentage points compared to a decline of 8.5% in 2010. Circulation volume declines for the period were Daily Mirror down 5.4%, Sunday Mirror down 4.8%, The People down 8.8%, Daily Record down 5.7% and Sunday Mail down 7.9%. The circulation volume performance of our UK National titles is much improved from prior periods with: the Daily Mirror achieving its best January to June performance since June 2008; the Sunday Mirror performance was ahead of the total popular market by two percentage points and The People circulation volume decline was an improvement on the rate of decline in 2010. Our Scottish National titles performed broadly in line with 2010.

In July, following the closure of the News of the World, we undertook a range of publishing and marketing activities to maximise our market share of the Sunday newspaper market. In July we have seen a significant improvement in the performance of our three national Sunday newspapers with an increase in both volume and revenue and this has contributed to circulation revenue growth of 4% in July. This improved performance is expected to continue over the coming months.

Other revenue for the period was flat reflecting higher contract print revenues being offset by the impact of contract print revenues previously charged to GMG Regional Media now being classified as internal and a fall in Bingo revenues.

Digital revenue declined during the period driven by a fall in Bingo revenue substantially offset by growth in advertising revenue. We continue to focus on building a quality audience which is relevant to our UK advertisers and have the largest proportion of UK unique users, at over 50%, in the market. Average monthly unique users for the period increased by 31% year on year and by 19% from the second half of 2010 to reach 13 million in the period. The number of unique users in June was 14 million, a year on year increase of 28%.

The 14.4% decline in operating profit reflects the impact of the difficult revenue environment significantly mitigated by ongoing tight management of the cost base.

Central

Central includes costs not allocated to the operational divisions and the share of results of associates. The result for the period was a loss of £5.1 million compared to a loss of £6.7 million in the prior period. Costs not allocated to the operational divisions decreased by £1.3 million from £6.9 million to £5.6 million and the share of results of associates increased by £0.3 million from £0.2 million to £0.5 million.

Interim Management Report (continued)

Other Items

Non-recurring items

During the period the Group had a non-recurring charge of £5.5 million comprising a £6.6 million charge in connection with the delivery of cost reduction measures and implementation of the new operating model for the Group partially offset by a receipt of £1.1 million from the liquidators of Dawson which went into liquidation in 2009 owing the Group £6.0 million. In line with previous guidance we expect restructuring charges for 2011 to be around £12 million.

Pension costs

The Group operates a defined contribution pension scheme with contributions and associated costs charged to operating profit.

The Group has a number of defined benefit pension schemes which were closed to future accrual in 2010. The pension deficit fell by £61.2 million from £161.0 million to £99.8 million during the period. This reflects the impact of an increase in assets of £16.0 million and a decrease in liabilities of £45.2 million. The increase in assets reflects cash funding during the period and an increase in asset values partially offset by the payment of pensions. The fall in liabilities has been driven by an increase in the real discount rate partially offset by the payment of pensions. Net of deferred tax the pension deficit fell by £43.6 million from £117.5 million to £73.9 million during the period. The IAS 19 pension finance credit in the period was £1.4 million (2010: £3.3 million charge). The IAS 19 pension finance credit for the full year is expected to be £2.7 million (2010: £7.1 million charge).

The Group continues to fund pension scheme deficits in accordance with funding schedules agreed with the pension scheme trustees. Valuations are undertaken on a triennial basis. Pension deficit payments during the period were £33.0 million. No further pension deficit payments are expected for the remainder of 2011.

Further details relating to the Group's pension schemes including an estimate of the sensitivity of the deficit to key assumptions are shown in note 12.

Financing

Net debt, on a statutory basis, increased by £2.4 million from £237.3 million to £239.7 million. The fair value of the Group's cross-currency interest rates swaps at the period end was a liability of £4.5 million (2010: £10.4 million asset). The period end sterling amount of the US$ denominated and the sterling loan notes was £355.1 million (2010: £363.9 million).

Net debt, on a contracted basis, assuming that the private placement loan notes and the cross-currency interest rate swaps are not terminated prior to maturity, fell by £3.7 million from £265.9 million to £262.2 million during the period as follows:

	£m
Net debt as at 2 January 2011	**265.9**
Pension funding in excess of the income statement charge	33.0
Capital expenditure	5.6
Corporation tax and net interest payments	17.1
Net other cash inflows	(59.4)
Net debt as at 3 July 2011	**262.2**

On a contracted basis, the Group has £382.1 million of drawn debt funded through the US private placement markets. A repayment of £145.4 million is due in October 2011 and is expected to be repaid substantially through cash balances and cash generated in 2011. Repayments on the private placement loan notes beyond 2011 are £69.7 million in June 2012, £54.5 million in October 2013, £44.2 million in June 2014 and £68.3 million in June 2017.

The Group had no drawings at the period end on its £178.5 million committed bank facility which expires in June 2013. Net debt is expected to continue to fall further in the remainder of 2011 and the Group continues to operate comfortably within the financial covenants attached to the Group's financing facilities.

Ahead of the bank facility expiring in June 2013, in line with its continued prudent approach to financing, the Group will be considering its refinancing requirements during 2012.

An analysis of net debt on a statutory and contracted basis together with a reconciliation between statutory and contracted net debt is shown in note 11.

Interim Management Report (continued)

Other Items (continued)

Capital expenditure

Capital expenditure in the period was £5.6 million against depreciation of £16.0 million. Capital expenditure is expected to be maintained at around £15 million per annum going forward and will remain below depreciation as the Group has already invested in new presses in all but one of the Group's printing plants.

Related party transactions

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

Principal risks and uncertainties

The principal risks and uncertainties that affect the Group on an ongoing basis are described on pages 29 and 30 in the Group's Annual Report and Accounts for the 52 weeks ended 2 January 2011. These are still considered the most relevant risks and uncertainties at this time. They could have an impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ from expected or historical results.

As has been experienced in the first half, the principal risks and uncertainties that are most likely to affect the Group on an ongoing basis are that advertising and circulation revenue, representing the core revenue streams for the Group, which continue to be affected by the challenging economic conditions and the impact on costs of inflationary pressures such as newsprint and other commodity price increases.

Following the disclosure of the activities of certain journalists at the News of the World, the Government has asked Lord Justice Leveson to hold an inquiry into various matters including the regulation of the press. At the same time, and in part as a consequence of the introduction of the Contentwatch editorial system across many of our businesses, the Group has implemented a review of its editorial controls and procedures. It is too early to determine what, if any, impact there will be on our businesses from either review.

In addition the Company has sought and received formal written confirmation from senior editorial executives across both the Nationals and Regionals, that since the commencement of the Regulation of Investigatory Powers Act in October 2000 and whilst an employee of the Group they have not nor, to their knowledge, have any of their staff or anyone on their behalf, intercepted any telephone messages, made payments to serving police officers or accessed the police national computer.

Going concern

In determining whether the Group's half-yearly financial report can be prepared on a going concern basis, the directors considered factors likely to affect future development, performance and financial position, including cash flows, liquidity position and borrowing facilities and the risks and uncertainties relating to business activities. These are set out in this Interim Management Report and further detail is provided in the Group's Annual Report and Accounts for the 52 weeks ended 2 January 2011.

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. 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 and also provides 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 which distorts underling performance across the market;
- The impact on our business of key suppliers (in particular newsprint) being unable to meet their obligations to the Group;
- The impact on our business of key customers being unable to meet their obligations for services provided by 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 period end had undrawn committed headroom of £178.5 million. The bank facility is committed to June 2013 and drawings can be made with 24 hours notice.

Interim Management Report (continued)

Other Items (continued)

Going concern (continued)

Having considered 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. The Group continues to operate comfortably within its debt covenants and is not required to refinance or renegotiate its facilities during the next 12 months.

Statement of directors' responsibilities

The directors are responsible for preparing the half-yearly financial report in accordance with applicable laws and regulations.

The directors confirm to the best of their knowledge:

a) the condensed consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union; and
b) the half-yearly financial report includes a fair review of the information required by the Financial Services Authority's Disclosure and Transparency Rules 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year) and 4.2.8R (disclosure of related parties transactions and changes therein).

By order of the Board of directors

Sly Bailey
Chief Executive

Vijay Vaghela
Group Finance Director

Forward looking statements

Statements contained in this Interim 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 Interim 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 Interim 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 26 weeks to 3 July 2011 (26 weeks to 4 July 2010 and 52 weeks to 2 January 2011)

	notes	**26 weeks to 3 July 2011 (unaudited) £m**	26 weeks to 4 July 2010 (unaudited) £m	52 weeks to 2 January 2011 (audited) £m
Revenue	3,4	**371.0**	382.2	761.5
Cost of sales		**(200.0)**	(186.8)	(393.2)
Gross profit		**171.0**	195.4	368.3
Distribution costs		**(41.8)**	(40.3)	(80.8)
Administrative expenses:				
Non-recurring items	5	**(5.5)**	28.8	20.7
Amortisation of other intangible assets		**(1.4)**	(3.3)	(6.0)
Other administrative expenses		**(82.6)**	(93.6)	(164.9)
Share of results of associates		**0.5**	0.2	0.7
Operating profit	4	**40.2**	87.2	138.0
Investment revenues	6	**0.3**	0.2	1.4
Pension finance credit/(charge)	12	**1.4**	(3.3)	(7.1)
Finance (costs)/income	7	**(13.0)**	0.7	(8.6)
Profit before tax		**28.9**	84.8	123.7
Tax credit/(charge)	8	**4.0**	(17.8)	(10.4)
Profit for the period attributable to equity holders of the parent		**32.9**	67.0	113.3
Earnings per share		**Pence**	Pence	Pence
Adjusted earnings per share* – basic	9	**12.2**	13.8	28.6
Adjusted earnings per share* – diluted	9	**12.2**	13.7	28.5
Earnings per share – basic	9	**13.2**	26.2	44.6
Earnings per share – diluted	9	**13.2**	26.1	44.5

* Adjusted items relate to 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 results and the statutory results is provided in note 14.

Condensed consolidated statement of comprehensive income

for the 26 weeks to 3 July 2011 (26 weeks to 4 July 2010 and 52 weeks to 2 January 2011)

	notes	**26 weeks to 3 July 2011 (unaudited) £m**	26 weeks to 4 July 2010 (unaudited) £m	52 weeks to 2 January 2011 (audited) £m
Profit for the period		**32.9**	67.0	113.3
Actuarial gains/(losses) on defined benefit pension schemes taken to equity	12	**26.8**	(64.6)	112.5
Tax on actuarial gains/(losses) on defined benefit pension schemes taken to equity	8	**(7.0)**	18.1	(30.4)
Deferred tax charge resulting from the change in tax rate	8	**(1.6)**	-	(3.0)
Share of items recognised in equity by associates		**0.5**	(1.6)	(1.6)
Other comprehensive income/(costs) for the period		**18.7**	(48.1)	77.5
Total comprehensive income for the period		**51.6**	18.9	190.8

Condensed consolidated statement of changes in equity

for the 26 weeks to 3 July 2011 (26 weeks to 4 July 2010 and 52 weeks to 2 January 2011)

	Share capital £m	**Share premium £m**	**Capital redemption reserve £m**	**Retained earnings and other reserves £m**	**Total £m**
At 2 January 2011 (audited)	**(25.8)**	**(1,121.6)**	**(4.3)**	**472.1**	**(679.6)**
Profit for the period	-	-	-	(32.9)	(32.9)
Other comprehensive income for the period	-	-	-	(18.7)	(18.7)
Total comprehensive income for the period	-	-	-	(51.6)	(51.6)
Credit to equity for equity settled share-based payments	-	-	-	(0.8)	(0.8)
Purchase of own shares	-	-	-	3.0	3.0
At 3 July 2011 (unaudited)	**(25.8)**	**(1,121.6)**	**(4.3)**	**422.7**	**(729.0)**

	Share capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings and other reserves £m	Total £m
At 3 January 2010 (audited)	(25.8)	(1,120.5)	(4.3)	661.4	(489.2)
Profit for the period	-	-	-	(67.0)	(67.0)
Other comprehensive costs for the period	-	-	-	48.1	48.1
Total comprehensive income for the period	-	-	-	(18.9)	(18.9)
Credit to equity for equity settled share-based payments	-	-	-	(1.2)	(1.2)
Purchase of own shares	-	-	-	3.5	3.5
At 4 July 2010 (unaudited)	(25.8)	(1,120.5)	(4.3)	644.8	(505.8)

	Share capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings and other reserves £m	Total £m
At 3 January 2010 (audited)	(25.8)	(1,120.5)	(4.3)	661.4	(489.2)
Profit for the period	-	-	-	(113.3)	(113.3)
Other comprehensive income for the period	-	-	-	(77.5)	(77.5)
Total comprehensive income for the period	-	-	-	(190.8)	(190.8)
Credit to equity for equity settled share-based payments	-	-	-	(2.0)	(2.0)
Purchase of own shares	-	-	-	3.5	3.5
Refund of VAT on share issue costs	-	(1.1)	-	-	(1.1)
At 2 January 2011 (audited)	(25.8)	(1,121.6)	(4.3)	472.1	(679.6)

Condensed consolidated balance sheet

at 3 July 2011 (4 July 2010 and 2 January 2011)

	notes	**3 July 2011 (unaudited) £m**	4 July 2010 (unaudited) £m	2 January 2011 (audited) £m
Non-current assets				
Goodwill		**74.5**	74.5	74.5
Other intangible assets		**894.0**	898.1	895.4
Property, plant and equipment		**399.4**	420.6	410.3
Investment in associates		**6.4**	4.9	5.4
Retirement benefit assets		**85.7**	16.3	61.1
Deferred tax assets		**26.3**	91.0	43.8
Derivative financial instruments	11	**7.2**	24.6	12.6
		1,493.5	1,530.0	1,503.1
Current assets				
Inventories		**7.8**	5.5	7.3
Trade and other receivables		**106.2**	107.0	99.4
Cash and cash equivalents	11	**119.9**	75.3	116.2
		233.9	187.8	222.9
Total assets		**1,727.4**	1,717.8	1,726.0
Non-current liabilities				
Borrowings	11	**(156.2)**	(375.1)	(226.1)
Retirement benefit obligations	12	**(185.5)**	(341.0)	(222.1)
Deferred tax liabilities		**(304.3)**	(331.8)	(318.3)
Provisions		**(7.3)**	(6.4)	(8.1)
		(653.3)	(1,054.3)	(774.6)
Current liabilities				
Borrowings	11	**(198.9)**	-	(137.8)
Trade and other payables		**(115.6)**	(126.5)	(106.5)
Current tax liabilities		**(9.9)**	(19.2)	(18.9)
Provisions		**(9.0)**	(10.4)	(6.4)
Derivative financial instruments	11	**(11.7)**	(1.6)	(2.2)
		(345.1)	(157.7)	(271.8)
Total liabilities		**(998.4)**	(1,212.0)	(1,046.4)
Net assets		**729.0**	505.8	679.6
Equity				
Share capital	13	**(25.8)**	(25.8)	(25.8)
Share premium account	13	**(1,121.6)**	(1,120.5)	(1,121.6)
Capital redemption reserve	13	**(4.3)**	(4.3)	(4.3)
Retained earnings and other reserves	13	**422.7**	644.8	472.1
Total equity attributable to equity holders of the parent		**(729.0)**	(505.8)	(679.6)

Condensed consolidated cash flow statement

for the 26 weeks to 3 July 2011 (26 weeks to 4 July 2010 and 52 weeks to 2 January 2011)

	notes	**26 weeks to 3 July 2011 (unaudited) £m**	26 weeks to 4 July 2010 (unaudited) £m	52 weeks to 2 January 2011 (audited) £m
Cash flows from operating activities				
Cash generated from operations	10	**29.4**	48.3	110.1
Income tax paid		**(10.1)**	(9.1)	(19.1)
Net cash inflow from operating activities		**19.3**	39.2	91.0
Investing activities				
Interest received		**0.3**	0.2	1.4
Proceeds on disposal of property, plant and equipment		**-**	-	2.7
Purchases of property, plant and equipment		**(5.6)**	(6.1)	(14.2)
Cash consideration on acquisition of business		**-**	(7.4)	(7.4)
Cash acquired on transfer of business		**-**	-	0.2
Net cash used in investing activities		**(5.3)**	(13.3)	(17.3)
Financing activities				
Interest paid on borrowings		**(7.3)**	(8.3)	(16.3)
Purchase of own shares		**(3.0)**	(3.5)	(3.5)
Refund of VAT on share issue costs		**-**	-	1.1
Net cash used in financing activities		**(10.3)**	(11.8)	(18.7)
Net increase in cash and cash equivalents	11	**3.7**	14.1	55.0
Cash and cash equivalents at the beginning of period	11	**116.2**	61.2	61.2
Cash and cash equivalents at the end of period	11	**119.9**	75.3	116.2

Notes to the condensed consolidated financial statements
for the 26 weeks to 3 July 2011 (26 weeks to 4 July 2010 and 52 weeks to 2 January 2011)

1. General information

The financial information in respect of the 52 weeks ended 2 January 2011 does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. A copy of the statutory accounts for that period has been delivered to the Registrar of Companies and is available at the Company's registered office at One Canada Square, Canary Wharf, London E14 5AP and on the Company's website at www.trinitymirror.com. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The condensed consolidated financial statements for the 26 weeks ended 3 July 2011 do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 and have not been audited. No statutory accounts for the period have been delivered to the Registrar of Companies. This half-yearly financial report constitutes a dissemination announcement in accordance with Section 6.3 of the Disclosure and Transparency Rules.

The auditors have carried out a review of the condensed consolidated financial statements and their report is set out on page 26.

The condensed consolidated financial statements were approved by the directors on 12 August 2011. This announcement will be made available at the Company's registered office at One Canada Square, Canary Wharf, London E14 5AP and on the Company's website at www.trinitymirror.com.

2. Accounting policies

Basis of preparation

The Group's annual consolidated financial statements are prepared in accordance with IFRS as adopted by the European Union. The condensed consolidated financial statements included in this financial report have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Going concern

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. The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial report.

Changes in accounting policy

The same accounting policies, presentation and methods of computation are followed in the condensed consolidated financial statements as applied in the Group's latest annual consolidated financial statements.

The Group has adopted new, revised and amended standards and interpretations during the current financial period which have had no material impact on the Group:

- IAS 24 (Revised) 'Related Party Disclosures' - effective for periods starting on or after 1 January 2011
- IAS 32 (Amended) 'Classification of Rights Issues' - effective for periods starting on or after 1 February 2010
- IFRIC 14 (Amended) 'Prepayments of a Minimum Funding Requirement' - effective for periods starting on or after 1 January 2011
- IFRIC 19 (Issued) 'Extinguishing Financial Liabilities with Equity Instruments' - effective for periods starting on or after 1 July 2010

In addition, improvements to IFRS (May 2010) is effective for periods starting on or after 1 January 2011, and have had no material impact on the Group.

At the date of approval of these condensed consolidated financial statements the following new and revised standards, which have not been applied and when adopted will have no material impact on the Group, were in issue but not yet effective:

- IFRS 1 (Amended) 'First-time Adoption of International Financial Reporting Standards' – effective for periods beginning on or after 1 July 2011
- IFRS 7 (Amended) 'Financial Instruments' - effective for periods starting on or after 1 July 2011
- IFRS 9 (Issued) 'Financial Instruments' - effective for periods starting on or after 1 January 2013
- IFRS 10 (Issued) 'Consolidated Financial Statements' – effective for periods beginning on or after 1 January 2013
- IFRS 11 (Issued) 'Joint Arrangements' – effective for periods beginning on or after 1 January 2013
- IFRS 12 (Issued) 'Disclosure of Interests in Other Entities' – effective for periods beginning on or after 1 January 2013

Notes to the condensed consolidated financial statements

for the 26 weeks to 3 July 2011 (26 weeks to 4 July 2010 and 52 weeks to 2 January 2011)

2. Accounting policies (continued)

Changes in accounting policy (continued)

- IFRS 13 (Issued) 'Fair Value Measurement' – effective for periods beginning on or after 1 January 2013
- IAS 1 (Amended) 'Presentation of Financial Statements' – effective for periods beginning on or after 1 July 2012
- IAS 12 (Amended) 'Deferred Tax'– effective for periods beginning on or after 1 January 2012
- IAS 19 (Amended) 'Employment Benefits' – effective for periods beginning on or after 1 January 2013
- IAS 28 (Revised) 'Investments in Associates' – effective for periods beginning on or after 1 January 2013

In 2010, the Group revised the classification of items of expenditure between cost of sales, distribution costs and administrative expenses to better reflect the nature of the costs. In the current period, £6 million of costs have been included in cost of sales and £2 million of costs have been included in distribution costs which would have previously been reported in administrative expenses.

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 condensed consolidated financial statements

for the 26 weeks to 3 July 2011 (26 weeks to 4 July 2010 and 52 weeks to 2 January 2011)

3. Revenue

	26 weeks to 3 July 2011 (unaudited) £m	26 weeks to 4 July 2010 (unaudited) £m	52 weeks to 2 January 2011 (audited) £m
Advertising	**168.9**	176.0	351.3
Circulation	**154.7**	161.4	317.4
Other	**47.4**	44.8	92.8
Total	**371.0**	382.2	761.5

4. Operating segments

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board and chief operating decision maker to allocate resources to the segments and to assess their performance. The Board and chief operating decision maker are not provided with an amount for total assets by segment.

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 primarily in the UK. Central includes costs not allocated to the operational divisions and the share of results of associates. The revenues and costs of each segment are clearly identifiable and allocated according to where they arise. The Group is not subject to significant seasonality during the year.

The accounting policies used in the preparation of each segment's revenue and results are the same as the Group's accounting policies described in note 2.

Segment revenue and results

26 weeks to 3 July 2011 (unaudited)	Regionals 2011 £m	Nationals 2011 £m	Central 2011 £m	Total 2011 £m
Revenue				
Segment sales	**169.9**	**212.3**	**-**	**382.2**
Inter-segment sales	**(3.8)**	**(7.4)**	**-**	**(11.2)**
Total revenue	**166.1**	**204.9**	**-**	**371.0**
Segment result	**18.4**	**33.8**	**(5.1)**	**47.1**
Amortisation				**(1.4)**
Non-recurring items				**(5.5)**
Operating profit				**40.2**
Investment revenues				**0.3**
Pension finance credit				**1.4**
Finance costs				**(13.0)**
Profit before tax				**28.9**
Tax credit				**4.0**
Profit for the period				**32.9**

26 weeks to 4 July 2010 (unaudited)	Regionals 2010 £m	Nationals 2010 £m	Central 2010 £m	Total 2010 £m
Revenue				
Segment sales	166.5	225.8	-	392.3
Inter-segment sales	(4.1)	(6.0)	-	(10.1)
Total revenue	162.4	219.8	-	382.2
Segment result	28.9	39.5	(6.7)	61.7
Amortisation				(3.3)
Non-recurring items				28.8
Operating profit				87.2
Investment revenues				0.2
Pension finance charge				(3.3)
Finance income				0.7
Profit before tax				84.8
Tax charge				(17.8)
Profit for the period				67.0

Notes to the condensed consolidated financial statements
for the 26 weeks to 3 July 2011 (26 weeks to 4 July 2010 and 52 weeks to 2 January 2011)

4. Operating segments (continued)

Segment revenue and results (continued)

52 weeks to 2 January 2011 (audited)	Regionals 2010 £m	Nationals 2010 £m	Central 2010 £m	Total 2010 £m
Revenue				
Segment sales	339.5	443.8	-	783.3
Inter-segment sales	(8.3)	(13.5)	-	(21.8)
Total revenue	331.2	430.3	-	761.5
Segment result	51.7	86.1	(14.5)	123.3
Amortisation				(6.0)
Non-recurring items				20.7
Operating profit				138.0
Investment revenues				1.4
Pension finance charge				(7.1)
Finance costs				(8.6)
Profit before tax				123.7
Tax charge				(10.4)
Profit for the period				113.3

The Group's operations are located in the United Kingdom. The Group's revenue by location of customer is set out below:

	26 weeks to 3 July 2011 (unaudited) £m	26 weeks to 4 July 2010 (unaudited) £m	52 weeks to 2 January 2011 (audited) £m
United Kingdom and Republic of Ireland	**369.0**	379.4	756.1
Continental Europe	**1.6**	2.3	4.4
Rest of World	**0.4**	0.5	1.0
Total revenue	**371.0**	382.2	761.5

5. Non-recurring items

	26 weeks to 3 July 2011 (unaudited) £m	26 weeks to 4 July 2010 (unaudited) £m	52 weeks to 2 January 2011 (audited) £m
Restructuring charges (a)	**(6.6)**	(7.5)	(11.1)
Receipt from prior year impairment of receivables (b)	**1.1**	-	-
Gain on acquisition of business (c)	**-**	27.3	27.3
Release of accruals (d)	**-**	-	3.6
Profit on disposal of land and buildings (e)	**-**	-	1.3
Defined benefit scheme liabilities (f)	**-**	9.0	(0.4)
Total non-recurring items	**(5.5)**	28.8	20.7

(a) Restructuring charges of £6.6 million (2010: £11.1 million) were incurred in delivery of cost reduction measures and implementation of a new operating model for the Group.
(b) During the period a receipt of £1.1 million was received relating to an impairment of receivables in 2009.
(c) In 2010 the gain on acquisition of business consisted of an accounting gain of £28.4 million representing negative goodwill of £23.6 million together with a gain on a cancelled contract of £4.8 million less transaction costs of £1.1 million.
(d) In 2010 the Group released accruals of £3.6 million for which no further costs were expected.
(e) In 2010 the Group disposed of surplus land and buildings releasing a profit on disposal of £1.3 million.
(f) In 2010 defined benefit pension scheme liabilities increased by £0.4 million in respect of a past service cost of £8.3 million in relation to the clarification of certain members' benefits less a curtailment gain of £7.9 million relating to the Group closing the schemes to future accrual and the impact of redundancies.

Notes to the condensed consolidated financial statements

for the 26 weeks to 3 July 2011 (26 weeks to 4 July 2010 and 52 weeks to 2 January 2011)

6. Investment revenues

	26 weeks to 3 July 2011 (unaudited) £m	26 weeks to 4 July 2010 (unaudited) £m	52 weeks to 2 January 2011 (audited) £m
Interest income on bank deposits and other interest receipts	**0.3**	0.2	1.4

Other interest receipts in 2010 included £0.9 million of interest received during the period on the refund of VAT on share issue costs in prior periods.

7. Finance (costs)/income

	26 weeks to 3 July 2011 (unaudited) £m	26 weeks to 4 July 2010 (unaudited) £m	52 weeks to 2 January 2011 (audited) £m
Interest on bank overdrafts and borrowings	**(6.9)**	(8.2)	(16.1)
Total interest expense	**(6.9)**	(8.2)	(16.1)
Fair value (loss)/gain on derivative financial instruments	**(14.9)**	29.0	16.4
Foreign exchange gain/(loss) on retranslation of borrowings	**8.8**	(20.1)	(8.9)
Finance (costs)/income	**(13.0)**	0.7	(8.6)

8. Tax

	26 weeks to 3 July 2011 (unaudited) £m	26 weeks to 4 July 2010 (unaudited) £m	52 weeks to 2 January 2011 (audited) £m
Current tax			
Corporation tax charge for the period	**(9.9)**	(13.2)	(25.9)
Prior period adjustment	**0.2**	(0.7)	4.7
Current tax charge	**(9.7)**	(13.9)	(21.2)
Deferred tax			
Deferred tax credit/(charge) for the period	**1.6**	(3.4)	0.1
Deferred tax rate change	**11.8**	-	11.4
Prior period adjustment	**0.3**	(0.5)	(0.7)
Deferred tax credit/(charge)	**13.7**	(3.9)	10.8
Tax credit/(charge)	**4.0**	(17.8)	(10.4)

Reconciliation of tax charge	**%**	%	%
Standard rate of corporation tax	**26.5**	28.0	28.0
Tax effect of items that are not deductible in determining taxable profit/(loss)	**3.1**	1.1	1.4
Tax effect of items that are not taxable in determining taxable profit/(loss)	**-**	(9.4)	(7.3)
Deferred tax rate change	**(41.2)**	-	(9.3)
Prior period adjustment	**(1.7)**	1.5	(3.2)
Utilisation of tax losses	**-**	-	(0.9)
Tax effect of share of results of associates	**(0.5)**	(0.2)	(0.3)
Tax charge rate	**(13.8)**	21.0	8.4

The standard rate of corporation tax reduced from 28% to 26% on 1 April 2011. The blended rate for the accounting year is 26.5% being a mix of 28% up to 31 March 2011 and 26% from 1 April 2011(2010: 28%). The current tax liabilities amounted to £9.9 million (4 July 2010: £19.2 million and 2 January 2011: £18.9 million) at the reporting date.

The opening deferred tax position is recalculated in the period in which a change in the standard rate of corporation tax has been substantively enacted by parliament. The change in rate from 28% to 27% was substantively enacted and accounted for in the second half of 2010 and the further change to 26% was substantively enacted and accounted for in the first half of 2011 resulting in a £11.8 million credit in the income statement and a £1.6 million debit taken directly to equity.

A further change in the standard rate of corporation tax from 26% to 25% from 1 April 2012 was substantively enacted after the period end on 5 July 2011. The estimated further impact on the opening deferred tax position being recalculated is a £11.8 million credit in the income statement and a £1.6 million debit taken directly to equity.

Notes to the condensed consolidated financial statements

for the 26 weeks to 3 July 2011 (26 weeks to 4 July 2010 and 52 weeks to 2 January 2011)

8. Tax (continued)

The tax on actuarial gains on defined benefit pension schemes taken to the statement of comprehensive income is a charge of £7.0 million (26 weeks to 4 July 2010: £18.1 million credit and 52 weeks to 2 January 2011: £30.4 million charge) comprising a current tax credit of £8.6 million (26 weeks to 4 July 2010: £8.6 million credit and 52 weeks to 2 January 2011: £6.2 million credit) and a deferred tax charge of £15.6 million (26 weeks to 4 July 2010: £9.5 million credit and 52 weeks to 2 January 2011: £36.6 million charge).

9. Earnings per share

	26 weeks to 3 July 2011 (unaudited) £m	26 weeks to 4 July 2010 (unaudited) £m	52 weeks to 2 January 2011 (audited) £m
Profit after tax before adjusted items*	**30.4**	35.4	72.6
Adjusted items*:			
Non-recurring items (after tax)	**(3.8)**	27.6	28.2
Amortisation of intangibles (after tax)	**(1.0)**	(2.4)	(4.4)
Fair value (loss)/gain on derivative financial instruments (after tax)	**(11.0)**	20.9	12.0
Foreign exchange gain/(loss) on retranslation of borrowings (after tax)	**6.5**	(14.5)	(6.5)
Tax legislation changes	**11.8**	-	11.4
Profit for the period	**32.9**	67.0	113.3

*Adjusted items relate to 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 14.

	Thousand	Thousand	Thousand
Weighted average number of ordinary shares for basic earnings per share	**249,398**	255,293	253,736
Effect of potential ordinary shares in respect of share options	**31**	1,318	718
Weighted average number of ordinary shares for diluted earnings per share	**249,429**	256,611	254,454

Basic earnings per share is calculated by dividing profit for the period 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. The number of potentially dilutive ordinary shares not currently dilutive was 10,375,472 (26 weeks to 4 July 2010: 5,422,939 and 52 weeks to 2 January 2010: 7,339,255).

Earnings per share	**Pence**	Pence	Pence
Adjusted earnings* per share - basic	**12.2**	13.8	28.6
Adjusted earnings* per share - diluted	**12.2**	13.7	28.5
Earnings per share – basic	**13.2**	26.2	44.6
Earnings per share – diluted	**13.2**	26.1	44.5

* Adjusted items relate to 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 14.

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

	Pence	Pence	Pence
Restructuring charges	**(1.8)**	(2.1)	(3.1)
Receipt from prior year impairment of receivables	**0.3**	-	-
Gain on acquisition of business	**-**	10.4	12.3
Release of accruals	**-**	-	1.4
Profit on disposal of land and buildings	**-**	-	0.5
Defined benefit pension schemes	**-**	2.5	(0.1)
(Loss)/gain per share	**(1.5)**	10.8	11.0

Notes to the condensed consolidated financial statements
for the 26 weeks to 3 July 2011 (26 weeks to 4 July 2010 and 52 weeks to 2 January 2011)

10. Notes to the cash flow statement

	26 weeks to 3 July 2011 (unaudited) £m	26 weeks to 4 July 2010 (unaudited) £m	52 weeks to 2 January 2011 (audited) £m
Operating profit	**40.2**	87.2	138.0
Depreciation of property, plant and equipment	**16.0**	16.3	33.9
Amortisation of other intangible assets	**1.4**	3.3	6.0
Share of results of associates	**(0.5)**	(0.2)	(0.7)
Charge for share-based payments	**1.1**	1.5	2.1
Profit on disposal of land and buildings	**-**	-	(1.3)
Gain on acquisition of business	**-**	(28.4)	(28.4)
Pension funding in excess of income statement charge*	**(33.0)**	(39.8)	(30.2)
Operating cash flows before movements in working capital	**25.2**	39.9	119.4
(Increase)/decrease in inventories	**(0.5)**	0.7	(1.1)
(Increase)/decrease in receivables	**(6.7)**	0.7	9.1
Increase/(decrease) in payables	**11.4**	7.0	(17.3)
Cash flows from operating activities	**29.4**	48.3	110.1

* Including non cash gain of £9.0 million in 26 weeks to 4 July 2010 and £0.4 million charge in 52 weeks to 2 January 2011 as described in note 5.

11. Net debt

The statutory net debt for the Group is as follows:

	2 January 2011 £m (audited)	**Cash flow £m**	**Consolidated income statement* £m**	**Transfer to current £m**	**3 July 2011 £m (unaudited)**
Non-current liabilities					
Loan notes	(226.1)	-	5.7	64.2	(156.2)
	(226.1)	**-**	**5.7**	**64.2**	**(156.2)**
Current liabilities					
Loan notes	(137.8)	-	3.1	(64.2)	(198.9)
Derivative financial instruments	(2.2)	-	(6.3)	(3.2)	(11.7)
	(140.0)	**-**	**(3.2)**	**(67.4)**	**(210.6)**
Non-current assets					
Derivative financial instruments	12.6	-	(8.6)	3.2	7.2
	12.6	**-**	**(8.6)**	**3.2**	**7.2**
Current assets					
Cash and cash equivalents	116.2	3.7	-	-	119.9
	116.2	**3.7**	**-**	**-**	**119.9**
Statutory net debt	**(237.3)**	**3.7**	**(6.1)**	**-**	**(239.7)**

* The impact on the loan 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 reporting date are included in the consolidated income statement within finance costs as set out in note 7.

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.

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

Notes to the condensed consolidated financial statements
for the 26 weeks to 3 July 2011 (26 weeks to 4 July 2010 and 52 weeks to 2 January 2011)

11. Net debt (continued)

The contracted net debt for the Group, assuming that the private placement loan notes and the cross-currency interest rate swaps are not terminated prior to maturity, is as follows:

	2 January 2011 £m (audited)	Cash flow £m	Transfer to current £m	3 July 2011 £m (unaudited)
Non-current liabilities				
Loan notes	(236.7)	-	69.7	(167.0)
	(236.7)	**-**	**69.7**	**(167.0)**
Current liabilities				
Loan notes	(145.4)	-	(69.7)	(215.1)
	(145.4)	**-**	**(69.7)**	**(215.1)**
Current assets				
Cash and cash equivalents	116.2	3.7	-	119.9
	116.2	**3.7**	**-**	**119.9**
Contracted net debt	**(265.9)**	**3.7**	**-**	**(262.2)**

The statutory net debt reconciles to the contracted net debt as follows:

	3 July 2011 (unaudited) £m	2 January 2011 (audited) £m
Statutory net debt	**(239.7)**	(237.3)
Loan notes at period end exchange rate	355.1	363.9
Loan notes at swapped exchange rate	(382.1)	(382.1)
Cross-currency interest rate swaps	4.5	(10.4)
Contracted net debt	**(262.2)**	(265.9)

12. Retirement benefit schemes

Defined benefit pension schemes

The Group operates 10 defined benefit pension schemes for certain employees which were closed to new entrants with effect from 1 January 2003 and closed to future accrual from 31 March 2010. All employees are entitled to join the Trinity Mirror Pension Plan, a defined contribution pension scheme.

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 the majority of the aggregate value of the scheme's assets and liabilities.

The full actuarial valuations of the Old Scheme, the Past Service Scheme and the MGN Scheme were completed in October 2008, the Trinity Scheme was completed in June 2010 and the MIN Scheme was completed in May 2011. The next full actuarial valuation dates for these schemes are: the Old Scheme, the Past Service Scheme and the MGN Scheme on 31 December 2010, the Trinity Scheme on 30 June 2012 and the MIN Scheme on 31 March 2013. The valuations of the Old Scheme, the Past Service Scheme, and the MGN Scheme are likely to be completed in the first half of 2012.

During the period the Trustees of the MIN Pension Scheme and the MIN Executive Scheme purchased insurance contracts to mitigate the risk of certain obligations in the schemes. The value of the insurance contract assets will move in line with changes in the related obligations. The value of the insurance contract assets at 3 July 2011 were £117.9 million.

For the purposes of the Group's condensed 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 value of the scheme assets at 1 July 2011, the last day prior to the period end for which such values were available. Following detailed consideration and legal advice on the recoverability of pension scheme surpluses we are no longer applying the asset ceiling.

Notes to the condensed consolidated financial statements

for the 26 weeks to 3 July 2011 (26 weeks to 4 July 2010 and 52 weeks to 2 January 2011)

12. Retirement benefit schemes (continued)

Defined benefit pension schemes (continued)

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	(736.2)	(379.3)	(299.0)	(173.4)
Fair value of scheme assets	611.5	337.5	370.1	156.0
Scheme (deficit)/surplus	**(124.7)**	**(41.8)**	**71.1**	**(17.4)**

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

	3 July 2011 %	4 July 2010 %	2 January 2011 %
Principal annual actuarial assumptions used:			
Discount rate	**5.55**	5.30	5.40
Retail price inflation rate	**3.55**	3.25	3.45
Consumer price inflation rate	**2.55**	-	2.70
Expected return on scheme assets	**4.80-6.40**	5.00-6.90	4.80-6.40
Pension increases:			
Pre 6 April 1997 pensions	**2.40-5.00**	2.50-5.00	2.60-5.00
Post 6 April 1997 pensions	**3.20-3.80**	3.15-3.65	3.10-3.75
In deferment	**2.55-3.55**	3.25	2.70-3.45

The impact on the defined benefit obligation at the reporting date to variations in key assumptions are: a 0.25% decrease in the discount rate would increase the obligation by £60 million, a 0.25% increase in the inflation assumptions would increase the obligation by £40 million and the effect of a 1 year increase in assumed life expectancy would increase the obligation by £60 million.

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 3 July 2011	21.7	24.1	23.5	25.8
At 2 January 2011	21.7	24.1	23.5	25.8
At 4 July 2010	21.6	24.0	23.4	25.7

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

	3 July 2011 (unaudited) £m	4 July 2010 (unaudited) £m	2 January 2011 (audited) £m
Present value of scheme liabilities	**(1,639.9)**	(1,743.8)	(1,685.1)
Fair value of scheme assets	**1,540.1**	1,419.1	1,524.1
Net scheme deficit	**(99.8)**	(324.7)	(161.0)
Non-current assets – retirement benefit assets	**85.7**	16.3	61.1
Non-current liabilities – retirement benefit obligations	**(185.5)**	(341.0)	(222.1)
Net scheme deficit	**(99.8)**	(324.7)	(161.0)
Net scheme deficit included in condensed consolidated balance sheet	**(99.8)**	(324.7)	(161.0)
Deferred tax included in condensed consolidated balance sheet	**25.9**	90.9	43.5
Net scheme deficit after deferred tax	**(73.9)**	(233.8)	(117.5)

Notes to the condensed consolidated financial statements
for the 26 weeks to 3 July 2011 (26 weeks to 4 July 2010 and 52 weeks to 2 January 2011)

12. Retirement benefit schemes (continued)

Defined benefit pension schemes (continued)

	3 July 2011 (unaudited) £m	4 July 2010 (unaudited) £m	2 January 2011 (audited) £m
Fair value of scheme assets:			
UK equities	**231.8**	281.7	299.4
US equities	**89.9**	72.3	98.3
Other overseas equities	**305.7**	210.4	252.7
Property	**18.8**	12.9	20.6
Corporate bonds	**400.2**	495.7	487.3
Fixed interest gilts	**73.5**	39.4	43.1
Index-linked gilts	**190.7**	210.7	231.3
Insurance contracts	**117.9**	-	-
Cash and other	**111.6**	96.0	91.4
Fair value of scheme assets	**1,540.1**	1,419.1	1,524.1

	26 weeks to 3 July 2011 (unaudited) £m	26 weeks to 4 July 2010 (unaudited) £m	52 weeks to 2 January 2011 (audited) £m
Current service cost	**-**	(4.4)	(4.6)
Total included in staff costs	**-**	(4.4)	(4.6)
Curtailment gains	**-**	9.0	7.9
Past service costs	**-**	-	(8.3)
Total included in non-recurring items	**-**	9.0	(0.4)
Expected return on scheme assets	**45.7**	43.1	85.5
Interest cost on pension scheme liabilities	**(44.3)**	(46.4)	(92.6)
Pension finance credit/(charge)	**1.4**	(3.3)	(7.1)
Total included in the condensed consolidated income statement	**1.4**	1.3	(12.1)
Effect of changes in actuarial assumptions on scheme liabilities	**47.2**	(64.2)	16.7
Experience adjustments on scheme liabilities	**5.1**	13.5	8.1
Experience adjustments on scheme assets	**(25.5)**	(25.5)	76.1
Effect of asset ceiling	**-**	11.6	11.6
Condensed consolidated statement of comprehensive income	**26.8**	(64.6)	112.5
Movement in net scheme deficit during the period:			
Opening net deficit	**(161.0)**	(296.6)	(296.6)
Contributions	**33.0**	35.2	35.2
Total included in the consolidated income statement	**1.4**	1.3	(12.1)
Condensed consolidated statement of comprehensive income	**26.8**	(64.6)	112.5
Closing net scheme deficit	**(99.8)**	(324.7)	(161.0)

Defined contribution pension schemes

The Group operates two defined contribution pension schemes for qualifying employees, the Southnews Money Purchase Scheme which is closed to new members and the Trinity Mirror Pension Plan. 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 condensed consolidated income statement of £6.2 million (26 weeks to 4 July 2010: £2.3 million and 52 weeks to 2 January 2011: £7.0 million) represents contributions payable to these schemes by the Group at rates specified in the scheme rules. Contributions that were due have been paid over to the schemes at all reporting dates.

Notes to the condensed consolidated financial statements

for the 26 weeks to 3 July 2011 (26 weeks to 4 July 2010 and 52 weeks to 2 January 2011)

13. Share capital and reserves

The share capital comprises 257,690,520 allotted, called-up and fully paid ordinary shares of 10p each. The share premium account reflects the premium on issued ordinary shares. During 2010, £1.1 million was credited to share premium for a cash receipt relating to a refund of VAT on share issue costs relating to prior periods. The capital redemption reserve represents the nominal value of the shares purchased and subsequently cancelled under share buy-back programmes. Cumulative goodwill written off to retained earnings and other reserves in respect of continuing businesses acquired prior to 1998 is £25.9 million (4 July 2010: £25.9 million and 2 January 2011: £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. No interim dividend is declared for the 52 weeks ending 1 January 2012 (52 weeks ended 2 January 2011: no dividend).

Shares purchased by the Trinity Mirror Employees' Benefit Trust (the 'Trust') are included in retained earnings and other reserves at £14.5 million (4 July 2010: £13.0 million and 2 January 2011: £12.8 million). During the period the Trust purchased 6,339,118 shares for a cash consideration of £3.0 million. The Trust received a payment of £3.0 million from the Company to purchase these shares. During the period 525,503 shares were released to senior managers relating to the grant made in 2008 under the Deferred Share Award Plan approved in 2006.

During the period 2,212,443 (26 weeks to 4 July 2010 and 52 weeks to 2 January 2011: 1,724,886) share awards were granted to senior managers on a discretionary basis under the Long Term Incentive Plan approved in 2004. The exercise price of the granted awards is £1 for each block of awards granted. The awards vest after three years, subject to the continued employment of the participant and satisfaction of certain performance conditions.

During the period 3,660,097 (26 weeks to 4 July 2010 and 52 weeks to 2 January 2011: 1,629,900) share awards were granted to senior managers on a discretionary basis under the Deferred Share Award Plan approved in 2006. The exercise price of the granted awards is £1 for each block of awards granted. The awards vest after three years, subject to continued employment of the participant.

14. Reconciliation of statutory results to adjusted results

26 weeks ended 3 July 2011 (unaudited)	**Statutory results £m**	**Non-recurring items (a) £m**	**Amortisation (b) £m**	**Finance costs (c) £m**	**Tax legislation changes (d) £m**	**Adjusted results £m**
Revenue	**371.0**	**-**	**-**	**-**	**-**	**371.0**
Operating profit	**40.2**	**5.5**	**1.4**	**-**	**-**	**47.1**
Profit before tax	**28.9**	**5.5**	**1.4**	**6.1**	**-**	**41.9**
Profit after tax	**32.9**	**3.8**	**1.0**	**4.5**	**(11.8)**	**30.4**
Basic earnings per share (pence)	**13.2**	**1.5**	**0.4**	**1.8**	**(4.7)**	**12.2**

26 weeks ended 4 July 2010 (unaudited)	Statutory results £m	Non-recurring items (a) £m	Amortisation (b) £m	Finance costs (c) £m	Tax legislation changes (d) £m	Adjusted results £m
Revenue	382.2	-	-	-	-	382.2
Operating profit	87.2	(28.8)	3.3	-	-	61.7
Profit before tax	84.8	(28.8)	3.3	(8.9)	-	50.4
Profit after tax	67.0	(27.6)	2.4	(6.4)	-	35.4
Basic earnings per share (pence)	26.2	(10.8)	0.9	(2.5)	-	13.8

52 weeks ended 2 January 2011 (audited)	Statutory results £m	Non-recurring items (a) £m	Amortisation (b) £m	Finance costs (c) £m	Tax legislation changes (d) £m	Adjusted results £m
Revenue	761.5	-	-	-	-	761.5
Operating profit	138.0	(20.7)	6.0	-	-	123.3
Profit before tax	123.7	(20.7)	6.0	(7.5)	-	101.5
Profit after tax	113.3	(28.2)	4.4	(5.5)	(11.4)	72.6
Basic earnings per share (pence)	44.6	(11.0)	1.7	(2.2)	(4.5)	28.6

(a) Details of non-recurring items are set out in note 5.
(b) Amortisation of other intangible assets.
(c) Impact of the translation of foreign currency borrowings and fair value changes on derivative financial instruments.
(d) Tax legislation changes relate to the impact on the opening deferred tax balances from the change in the deferred tax rate as explained in note 8.

INDEPENDENT REVIEW REPORT TO TRINITY MIRROR PLC

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the 26 weeks ended 3 July 2011 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated balance sheet, the consolidated cash flow statement and related notes 1 to 14. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRS as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the 26 weeks ended 3 July 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
12 August 2011