Trinity Mirror plc

4 March 2010

Preliminary Results Announcement for the 53 weeks ended 3 January 2010

Summary

- Group revenue(1) of £763.3 million (2008: £871.7 million)
- Digital revenue of £35.6 million (2008: £43.6 million)
- Operating profit(1) (2) of £105.4 million (2008: £145.2 million)
- Improvement in advertising revenue trends as the year progressed and this is expected to continue into 2010
- Total costs(1) (2) reduced by £67.9 million from £726.3 million to £658.4 million including £40 million of structural cost savings, £5 million ahead of our target
- Targeted reduction in the 2010 cost base of at least £20 million
- Earnings per share(1) (2) of 20.0 pence (2008: 33.4 pence)
- Strong cash generation despite challenging trading environment with operating cash inflow of £97.6 million (2008: £102.3 million)
- Net debt(3) falls by £60.2 million from £384.2 million to £324.0 million
- Acquisition of GMG Regional Media to be completed on 28 March 2010 for a cash consideration of £7.4 million

Adjusted results(1) (2)	**2009**	2008
	53 weeks	52 weeks
	£m	£m
Revenue	**763.3**	871.7
Operating profit	**105.4**	145.2
Profit before tax	**72.7**	124.2
Earnings per share	**20.0p**	33.4p

Statutory results(1)	**2009**	2008
	53 weeks	52 weeks
	£m	£m
Revenue	**763.3**	871.7
Operating profit/(loss)	**87.0**	(88.4)
Profit/(loss) before tax	**42.0**	(73.5)
Earnings/(loss) per share	**11.5p**	(22.6)p
Dividend per share	**-**	3.2p

(1) The additional week in 2009 contributed revenue of £9.9 million and operating profit of £4.2 million.
(2) Adjusted items relate to the exclusion of non-recurring items of £11.3 million (2008: £226.3 million including £190.0 million impairment of publishing rights and titles), 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 17 on page 25.
(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.

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

“Whilst the severity of the economic downturn experienced during 2009 impacted Group revenues, the resilience of our brands and commitment of our staff ensured that we delivered profits ahead of expectations. We continued to reap the benefits of our investment in cutting edge IT systems which are driving new, more efficient ways of publishing across media platforms. Ongoing tight management of the cost base enabled costs to fall by £67.9 million and was crucial in supporting our profits. During 2010, we will maintain a focus on costs whilst reaping the benefits of an improvement in the rate of decline in advertising revenues. Whilst the Board remains cautious about the economic outlook, it anticipates a satisfactory performance for 2010.”

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Chairman and Chief Executive Statement

As expected, 2009 proved to be another challenging year for the media industry as it dealt with the ongoing adverse effects of the material slowdown in the UK economy.

Against a difficult economic and trading background management have taken decisive action, focusing on leading the business through the recession, while continuing to develop the business for longer term growth.

In common with other consumer-facing media businesses we saw all categories of advertising revenues suffer significant declines. Circulation revenues were also impacted as consumers sought to reduce discretionary spend, but pleasingly, demonstrated substantially more resilience than advertising.

In response to declining revenues and inflationary cost pressures, particularly steep newsprint price increases, we put in place a comprehensive package of self help measures with the objective of reducing our cost base. Initiatives included a reduction in headcount of some 1,700, around 20% of the total, a Group-wide pay freeze, the closure of 15 offices and one print plant and tight management of all discretionary spend. These measures enabled the Group's cost base to fall significantly during the year.

We continued to actively manage our portfolio of media brands, to ensure we are publishing the best mix of media across print and digital to serve the needs of readers and advertisers in each of our markets. Effective portfolio management ensured we maintained strong market positions while supporting profitability. Against these objectives, we announced a number of publishing changes to the format and frequency of our regional newspaper titles, also closing or selling 30 regional newspaper titles during the year.

We also continued with our programme of investment to modernise our publishing operations. The implementation of our new operating model across the business has resulted in a step change in the way we publish across print and digital. New state-of-the-art IT systems have enabled us to re-engineer how we publish across editorial, advertising and pre-press. Importantly we have not tried to do the same things with fewer people, instead, using new technology, we have made fundamental changes to the entire publishing process, achieving efficiencies and a significantly lower cost base across all functions but without detriment to quality. As a result the business is leaner, fitter and well positioned to take full advantage of any upturn in market conditions.

Despite the difficult market conditions, we continued to invest in developing the portfolio with the launch of a number of new online brands such as mirrorfootball.co.uk, 3am.co.uk and localmole.co.uk. Each of these new sites has been well received by the market and they are growing steadily, gaining a loyal and engaged user base. Our continued investment in our digital businesses ensured that we increased our audience reach with average monthly unique users across the Group's portfolio of digital brands increasing by 41% year on year and by 15% from the first half of 2009 to reach 17 million in the second half.

Whilst Group revenues fell by £108.4 million to £763.3 million, operating profit only fell by £39.8 million to £105.4 million reflecting management action which has resulted in the cost base, after inflationary cost increases and the additional week's trading in 2009, falling by £67.9 million. Excluding the impact of the additional week's trading in 2009, the cost base fell by £73.6 million year on year. The reduction in costs is ahead of our £65 million target and includes £40 million of structural cost savings, £5 million ahead of our target.

Group digital revenues declined during the year by 18.3% to £35.6 million, with digital recruitment and property across the market being hit by the severity of the downturn. However, excluding recruitment and property, we continued to see significant growth of 22.7% in other digital revenues, including display.

Our strategy of diversifying our revenue streams coupled with the impact of the downturn on our advertising revenues results in a more resilient mix of revenues. Non-advertising revenues now account for 57% of total revenues, up from 51% in 2008. In addition, our advertising revenues are becoming more resilient with non classified advertising revenues now accounting for 58% of total advertising revenue, up from 50% in 2008. As well as improving the quality of our own titles, investment in our printing presses over the past five years has enabled us to win print contracts from other publishers and we are now 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 and continuing to grow revenues in this area is a key management objective. At this stage we do not envisage any further material investment in our presses.

Regulatory Framework For Newspapers
During the first half of the year, the Office of Fair Trading (OFT) conducted a review of the merger regime facing local and regional media. We joined with a number of other groups in our sector and formed the Local Media Alliance, through which we pressed the case for an updating of the merger regime to reflect today's multi-platform media world. In its final report published in June, the OFT acknowledged the challenges faced by local and regional media businesses and proposed that the regulator, Ofcom, becomes involved in future merger cases to provide expert media advice, a development which we welcomed.

GMG Regional Media
The Group announced on 9 February 2010 that it had exchanged contracts to acquire GMG Regional Media for a cash consideration of £7.4 million, from Guardian Media Group plc, with the transaction due to complete on 28 March 2010. GMG Regional Media is a perfect strategic fit for our Group. This acquisition, which includes the Manchester Evening News with its proud and rich journalistic heritage, together with the weekly titles and associated websites extends our reach across print and online and is a further step towards our strategic goal of creating a local multi-media business of scale.

Chairman and Chief Executive Statement (continued)

Regionals Division
2009 has proven to be another challenging year for the regional newspaper industry. The continued downturn in the economy has driven significant falls in advertising revenues with particular pressure on recruitment, property and motors reflecting rising unemployment, a fragile housing market and falling car sales. The slowing economy has also impacted circulation and other revenues, although to a lesser extent.

Regional businesses are hit particularly hard by the recession due, firstly, to the reliance on a higher proportion of advertising revenues than circulation revenues and, secondly, to the fact that the majority of its advertising is classified.

The challenging market conditions contributed to revenues falling by 23.5% from £396.0 million to £302.9 million and operating profit falling by 47.4% from £68.2 million to £35.9 million.

Our focus in 2009 has been on managing the business through the downturn and a comprehensive package of measures was put in place to support profitability. We have achieved increased efficiencies by reducing headcount, closing premises and reducing infrastructure costs. We made changes to the format and frequency of a number of titles, closing or selling 30 newspaper titles which had become unprofitable. Along with a restructured portfolio we introduced a simpler, flatter management structure which further reduced costs.

We also made good progress in implementing our new operating model across editorial, advertising and pre-press. The new model has allowed us to modernise how we publish across print and digital, delivering a step change in efficiencies and a reduction in headcount resulting in significant structural cost savings.

We have continued to invest in the growth of our digital businesses, extending our reach into our local markets through the launch of a number of new digital products and improving and expanding our existing portfolio with the addition of new business directories, mobile sites and social media tools.

Despite this, due to our major revenue categories of recruitment and property being hit by the cyclical downturn and the impacts of rising unemployment and a fragile property market, digital revenue fell by 18.9% year on year. Excluding recruitment and property, digital revenue has grown by 38.3% year on year.

Our audience continued to grow with average monthly unique users growing by 11% year on year to 7 million per month. In 2009, digital revenue represented 10.2% of revenues and 18.4% of operating profit, a strong position from which to see future revenue and profit growth once trading conditions improve.

Nationals Division
Our national titles performed strongly throughout 2009, showing the business to be highly resilient through the downturn with revenues down by 3.2% from £475.7 million to £460.4 million and operating profit down by only 6.0% from £88.9 million to £83.6 million, reflecting the greater proportion of circulation revenue.

The Daily Mirror and Daily Record achieved a joint circulation in excess of 1.6 million copies per day on average during 2009 with readership per issue of nearly 4.5 million. Our national Sunday titles - the Sunday Mirror, The People and the Sunday Mail - achieved a joint circulation in excess of 2.2 million copies per week on average in 2009 with readership per issue in excess of nearly 5.9 million. During the year, we introduced a completely new look for The People - modern, vibrant and energetic - which better reflects the new personality of the paper and has improved the circulation volume trend.

The Sunday Mail continues to be the biggest selling newspaper in Scotland, with a circulation which is nearly 100,000 copies larger than the next best-selling title. Both Scottish newspapers are clear market leaders in readership terms with the Daily Record reaching 6% more readers than the number two title in the market and the Sunday Mail having 68% more readers than the next best-read Sunday title.

Across the national popular newspaper market, circulations continued to decline year on year. The circulation performance of our five national titles reflects our policy of not chasing short-term circulation volume through cover 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 national competitors.

Whilst circulation volumes have been under pressure, our circulation revenue performance was supported by price increases during the year. 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. Also in January 2009 the Sunday Mirror cover price was increased from 95p to £1.00, the Sunday Mail rose from £1.20 to £1.30 and in August 2009 the price of The People increased from 90p to 95p.

The advertising market for national newspapers remained difficult throughout 2009. Pleasingly, despite the impact of the challenging market conditions, all five of our national titles increased their advertising volume market share which is testament to their strength and appeal to both readers and advertisers.

Total digital revenues across our Nationals portfolio of online brands fell by 14.3% year on year with bingo revenues declining due to increased competition and the impact of the recession. Average monthly unique users grew year on year by 78% to 9 million per month. With over 50% of website users from the UK, the highest proportion within the peer group, this is a characteristic highly prized by advertisers.

Chairman and Chief Executive Statement (continued)

Capital Expenditure
We continued to tightly manage our capital expenditure spending £14.8 million during the year. The capital expenditure included £6.3 million spent on presses and £7.6 million on IT systems. The gross capital expenditure of £14.8 million was offset by the receipt of £8.9 million from property and other asset disposals. We envisage capital expenditure will be some £15 million in 2010.

Net Debt
The Group continued to generate strong cash flows during the year even though revenues and operating profit were adversely impacted by the economic downturn. The strong cash generation enabled net debt on a contracted basis to fall by £60.2 million to £324.0 million during the year. On a statutory basis, net debt fell by £48.9 million to £299.8 million.

Our strong cash flows and prudent management of our financing facilities ensured that the Group maintained significant financing flexibility with no drawings on the Group's £178.5 million bank facility which is committed until June 2013.

The next repayment of our private placement debt facility is £145 million in October 2011. We expect this to be repaid through a combination of surplus cash balances, cash flows generated by the business and drawings on the Group's £178.5 million bank facility which is currently undrawn and fully committed to June 2013.

Pension Schemes
During 2009, our IAS 19 pension scheme deficit increased by £89.7 million to £296.6 million. Whilst asset values improved by £164.5 million, liabilities increased by £304.3 million reflecting the impact of a fall in the real discount rate from 3.75% to 2.20%. The increase in the IAS 19 pension scheme deficit was partially offset by a fall in the asset ceiling adjustment of £50.1 million.

Following an extensive consultation process, the Group announced the closure of all defined benefit pension schemes to future accrual from 31 March 2010. All active members of the defined benefit pension schemes will now have the option to join the Trinity Mirror Pension Plan, a defined contribution pension scheme, from 1 April 2010.

Employees
Throughout 2009, our staff across all areas of the business have faced the extraordinary challenges in our markets with determination, enthusiasm and tenacity. On behalf of the Board, we thank them for their commitment and hard work.

Dividend
When the trading environment improves the Board will look to reinstate dividends. The key factors the Board will consider in assessing the trading environment are:

- year on year stability and improved visibility in revenues, in particular advertising revenues;
- clear evidence that the economy has firmly come out of recession; and
- continued improvement in the cash flows generated by the business.

Key Operating Trends and Outlook
The Group's revenue performance continued to improve as we progressed through the year with Group revenues falling in the second half (excluding the impact of the additional week's trading) by 10% year on year compared to a decline of 17% year on year in the first half. The most significant improvement has been advertising revenues with declines of 17% in the second half compared to declines of 28% in the first half.

In January and February 2010 Group revenues fell by a much reduced 3% and 6% respectively. Advertising revenues fell by 1% in January and 5% in February. The January advertising revenue performance is distorted by the additional week's trading in 2009 which covers the period around new year's day which is the weakest trading period for the Regionals. Advertising revenues for the Regionals fell 3% in January, 8% in February and for the Nationals grew by 2% in January and were almost flat year on year in February. Circulation revenues for both January and February fell by around 6%. At this stage, for 2010, we expect the rate of decline in advertising revenues to improve as we progress through the year although month on month volatility and limited visibility prevail. Circulation revenues are expected to decline by mid single digits.

Our strategy of protecting profits during the downturn whilst developing the Group for growth post recession has reaped rewards during 2009. Whilst revenues fell by £108.4 million, the fall in operating profit was limited to £39.8 million due to the benefit of costs falling by £67.9 million, including structural cost savings of £40 million, £5 million ahead of our target. We are targeting a further reduction in the cost base of at least £20 million, after absorbing inflationary cost increases and excluding the benefit of newsprint price reductions, which will assist in protecting profits. We expect restructuring costs in 2010 to be around £15 million.

Our improved financial position due to the strong cash flows generated by the Group, secure longer term financing, improving trends in advertising revenues, the ongoing focus on tight management of the cost base and falling newsprint prices gives the Board confidence that the Group is well positioned to maximise value when market conditions improve. Whilst the Board remains cautious about the economic outlook, it anticipates a satisfactory performance for 2010.

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 2008 and 2009. 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. The Management Report has been prepared for the 53 weeks ended 3 January 2010 and the comparative period has been prepared for the 52 weeks ended 28 December 2008.

Group Review

Group revenues have fallen by £108.4 million from £871.7 million to £763.3 million with advertising revenues contributing £94.7 million of this fall. A substantial reduction in costs of £67.9 million limited the impact of falling revenues on operating profit which fell by £39.8 million from £145.2 million to £105.4 million. Operating margins decreased by 2.9% to 13.8%.

On a statutory basis revenues fell by £108.4 million from £871.7 million to £763.3 million and operating profit improved by £175.4 million from a loss of £88.4 million to a profit of £87.0 million.

The additional week's trading in 2009 contributed revenue of £9.9 million and operating profit of £4.2 million.

While the severity of the downturn continues to impact our key digital verticals of recruitment and property we are still seeing growth in display, motors and other categories. Audience growth remains strong and the Group continues to increase its audience reach with average monthly unique users increasing by 41% year on year and by 15% from the first half of 2009 to reach 17 million in the second half. We remain committed to growing our digital business and have continued to appropriately invest in new launches and remain focused on achieving our target of 24 million unique users by the end of 2010.

Profit before tax fell by £51.5 million from £124.2 million to £72.7 million reflecting the fall in operating profits and a pension finance charge of £10.5 million for the year compared to a £11.4 million pension finance credit in the prior year, a year on year adverse movement of £21.9 million, partially offset by lower net interest costs.

	2009 53 weeks £m	**2008 52 weeks £m**	**Variance £m**
Operating profit	**105.4**	**145.2**	**(39.8)**
Pension finance (charge)/credit	(10.5)	11.4	(21.9)
Other interest	(22.2)	(32.4)	10.2
Profit before tax	**72.7**	**124.2**	**(51.5)**

On a statutory basis profit before tax improved by £115.5 million from a loss before tax of £73.5 million to a profit before tax of £42.0 million.

The tax charge of £21.6 million for the period represents 29.7% of profit before tax. The statutory tax charge for the period was £12.7 million reflecting a current year charge of £12.0 million and a prior year charge of £0.7 million together representing 30.2% of the statutory profit before tax.

Profit after tax fell by £36.2 million from £87.3 million to £51.1 million with earnings per share falling by 13.4 pence from 33.4 pence to 20.0 pence. On a statutory basis profit after tax improved by £88.4 million from a £59.1 million loss after tax to a £29.3 million profit after tax. On a statutory basis, earnings per share improved by 34.1 pence from a 22.6 pence loss per share to a 11.5 pence profit per share.

Capital expenditure for the period was £14.8 million. Proceeds on disposal of property, plant and equipment amounted to £8.9 million in the period.

Net debt, on a contracted basis, assuming that the private placement loan notes and related cross-currency interest rate swaps are not terminated prior to maturity, decreased by £60.2 million from £384.2 million to £324.0 million. On a statutory basis, net debt fell by £48.9 million from £348.7 million to £299.8 million.

The Group continues to operate comfortably within its debt covenants and maintains significant financial flexibility with no cash drawings on the £178.5 million bank facility which is committed until June 2013.

When the trading environment improves the Board will look to reinstate dividends. In 2008, the directors declared and paid an interim dividend of 3.2 pence per share and no final dividend was paid.

Management Report (continued)

Divisional Review
Regionals
The Regionals division publishes an extensive portfolio of brands across print and digital media in the UK. The print portfolio includes over 120 paid for and free newspaper titles. In the majority of our geographical regions, our print titles reach over 60% 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 and local sites in the key verticals of recruitment, property and motors and national sites in recruitment and property. The completion of the GMG Regional Media acquisition on 28 March 2010 will add a further 30 newspapers titles and over 40 websites.

The adverse economic environment is impacting all consumer facing businesses, in particular regional press with its reliance on the more cyclical classified advertising revenues. Given the impact on revenues we have focused hard on managing costs to support profitability.

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

	2009 53 weeks £m	2008 52 weeks £m	Variance %
Revenue			
– Print and other related activities	272.1	358.0	(24.0)
– Digital activities	30.8	38.0	(18.9)
Total revenue	**302.9**	**396.0**	**(23.5)**
Operating profit			
– Print and other related activities	29.3	56.3	(48.0)
– Digital activities	6.6	11.9	(44.5)
Total operating profit	**35.9**	**68.2**	**(47.4)**
Operating margin	**11.9%**	**17.2%**	**(5.3)**

Revenue fell by £93.1 million from £396.0 million to £302.9 million. Costs fell by £60.8 million from £327.8 million to £267.0 million limiting the fall in operating profit to £32.3 million from £68.2 million to £35.9 million. The additional week's trading in 2009 contributed revenue of £2.4 million and operating profit of £0.6 million.

Print and other related activities revenues fell by £85.9 million and operating profit fell by £27.0 million. Digital revenues decreased by £7.2 million and operating profit fell by £5.3 million. The advertising revenue falls for our regional business are in line with market performance.

The revenues by category in the Regionals division are as follows:

	2009 53 weeks £m	2008 52 weeks £m	Variance %
Advertising	198.9	282.3	(29.5)
Circulation	72.5	77.1	(6.0)
Other	31.5	36.6	(13.9)
Total revenue	**302.9**	**396.0**	**(23.5)**

Regionals advertising revenues during the year fell by 29.5%. The rate of decline in revenues improved as we progressed through the year with declines of 35.1% in the first quarter, 33.9% in the second quarter, 28.2% in the third quarter and 16.5% in the fourth quarter. Excluding the additional week's trading in 2009, advertising revenues for the year fell by 29.9% and in the fourth quarter fell by 18.5%. The trend in advertising revenues reflects the impact of the challenging economic conditions in the UK partially offset by weaker comparatives for the second half of the year. By category the performance for the year, excluding the additional week's trading in 2009, was display down 15.5%, recruitment down 48.4%, property down 44.7%, motors down 31.7% and other classified categories down 17.3%. Recruitment and property advertising now represent 19.9% (2008: 27.1%) and 10.9% (2008: 13.8%) respectively of Regionals advertising revenues with 35.7% and 25.1% of these categories respectively coming from digital activities. Therefore, whilst these categories remain challenging in the short term, their impact on the overall business is much reduced.

Regionals circulation revenues for the year have fallen by 6.0% with accelerated volume declines partially offset by cover price increases which continue in line with our 'little and often' cover price policy. Excluding the additional week's trading in 2009, circulation revenues were down by 7.4%. During the year we experienced volume declines of 10.3% for paid for dailies, 10.2% for paid for Sundays and 11.7% for paid for weeklies, reflecting the impact of consumers curtailing discretionary spend.

Other revenues for the year have decreased by 13.9%, reflecting a reduction in revenue from service contracts to businesses disposed in 2007 which ended in the first half of 2008 and declines in leaflets, events and reader offers. Digital other revenue grew through the launch of new products.

Total digital revenues across the Regionals have declined by £7.2 million from £38.0 million to £30.8 million with the fall in revenue driven by falling recruitment and property advertising revenues, down by 37.6% and 25.4% respectively. Excluding recruitment and property, total Regionals digital revenues increased by 38.3%. Whilst revenues are under pressure due to the cyclical pressures of the recession, monthly unique users across the Regionals websites continue to grow, demonstrating clear growth in audience reach, with average monthly unique users growing by 11% year on year to 7 million per month.

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 fast growing portfolio of digital brands plus other commercial activities which include an event marketing division and a portfolio of business titles in Scotland.

The national newspaper market remains highly competitive and saw increased levels of competitor cover price discounting during the year. In spite of this, and the difficult economic conditions, the business performed creditably with the unified management structure across the UK Nationals and Scottish Nationals implemented in September 2008 delivering both revenue and cost benefits across the Nationals portfolio.

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

	2009	**2008**	
	53 weeks	**52 weeks**	**Variance**
	£m	**£m**	**%**
Revenue	460.4	475.7	(3.2)
Operating profit	83.6	88.9	(6.0)
Operating margin	18.2%	18.7%	(0.5)

Revenue fell by £15.3 million from £475.7 million to £460.4 million. The benefits of tight cost management limited the fall in operating profit to only £5.3 million from £88.9 million to £83.6 million resulting in a continued strong margin performance. The additional week's trading in 2009 contributed revenue of £7.5 million and operating profit of £3.6 million.

The revenues by category in the Nationals division are as follows:

	2009	**2008**	
	53 weeks	**52 weeks**	**Variance**
	£m	**£m**	**%**
Circulation	266.8	268.2	(0.5)
Advertising	132.9	144.2	(7.8)
Other	60.7	63.3	(4.1)
Total revenue	**460.4**	**475.7**	**(3.2)**

Nationals circulation revenues for the year have fallen by 0.5%. Excluding the additional week's trading in 2009, circulation revenues fell by 2.2%. Circulation volume declines were substantially offset by cover price increases. During the year, cover price increases were made for the Monday to Friday editions of the Daily Mirror (40p to 45p) and the Daily Record (35p to 40p), the Saturday edition of the Daily Record (60p to 65p), the Sunday Mirror (95p to £1.00), the People (90p to 95p) and the Sunday Mail (£1.20 to £1.30).

The six monthly change in circulation volumes and the six monthly market share for our national titles were as follows:

	2009	**2009**
	Six monthly circulation volume change	**Six monthly market share[(a)]**
	%	**%**
Daily Mirror	(8.6)	16.4
Sunday Mirror	(6.2)	15.6
The People	(9.1)	7.3
Daily Record[(b)]	(9.7)	32.0
Sunday Mail[(b)]	(10.7)	33.9

(a) Share of tabloid market six months to December 2009 excluding sampling

(b) Within Scottish market only

The six monthly circulation volume change reflects increasing pressure on volumes due to the recession as consumers continue to reduce discretionary spend and are also distorted by extensive price cutting in the market.

Nationals advertising revenues during the year fell by 7.8%. The year on year trend in advertising revenues continued to improve as we progressed through 2009 with declines of 19.1% in the first quarter, 8.9% in the second quarter, 7.3% in the third quarter and growth of 3.8% in the fourth quarter. Excluding the additional week's trading in 2009, advertising revenues for the year fell by 9.4% and in the fourth quarter fell by 2.3%. The advertising performance across the year reflected a strong performance from the UK Nationals titles, partially offset by a weaker performance by the Scottish Nationals which have a higher proportion of the more cyclical classified advertising revenues. Each of our national titles increased their advertising market share during the year.

Other revenues for the year have decreased by 4.1%, reflecting reduced waste paper sales driven by reduced waste paper prices and lower rental income.

Total digital revenues across the Nationals have declined by £0.8 million from £5.6 million to £4.8 million. Audience reach continues to grow, with average monthly unique users growing by 78% year on year to 9 million per month. 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.

Management Report (continued)

Other Items

Central

Central includes costs not allocated to the operational divisions. During the year, costs increased by £2.9 million from £11.7 million to £14.6 million.

Non-recurring items

During 2009, the Group incurred a net non-recurring charge of £11.3 million (2008: £226.3 million).

The Group's impairment review has not resulted in an impairment charge for 2009 (2008: £190.0 million relating to publishing rights and titles in the Midlands and the South cash generating units).

Restructuring costs in connection with the delivery of cost reduction measures and implementation of the new operating model for the Group amounted to £17.9 million (2008: £25.1 million). We expect restructuring costs in 2010 to be around £15 million.

Non-recurring items also include a £6.0 million write off of circulation receivables. The write off relates to the amount due from Dawsons which went into administration during the year. Since Dawson went into administration, £1.0 million has been received and this reflects the reduction in the bad debt provision from the £7.0 million provided in the first half.

During the first half of the year, the Group made a £5.1 million gain on the disposal of a property in Birmingham and the Group disposed of Globespan Media Limited incurring a loss on disposal of £2.4 million. Globespan Media Limited contributed £0.5 million to revenue and incurred an operating loss of £0.5 million in the first half of 2009 (2008: revenues of £2.8 million and an operating loss of £0.4 million).

Defined benefit scheme liabilities have been reduced by £9.9 million in respect of the curtailment gain relating to a reduction in staff numbers and the Group indicating that it will no longer exercise discretion in providing enhancements to past service benefits on redundancy.

Pension costs

The IAS 19 defined benefit operating profit charge for current service cost was £14.6 million (2008: £24.1 million) and the pension finance charge in the period was £10.5 million (2008: £11.4 million finance credit). The impact of the changes in the pensions operating profit charge and finance amount is to reduce profit before tax for the period by £12.4 million. The impact of these changes reduces 2009 reported earnings per share by 3.5 pence per share.

The IAS 19 pension deficit has increased by £89.7 million from £206.9 million to £296.6 million during the year reflecting the impact of an increase in liabilities of £304.3 million, partially offset by an increase in assets of £164.5 million and a reduction in the asset ceiling of £50.1 million. The increase in liabilities has been driven by a fall in the corporate bond rate and an increase in inflation which have contributed to the real discount rate falling by 1.55% from 3.75% to 2.20% marginally offset by the non-recurring gain of £9.9 million recognised in the consolidated income statement. The increase in assets reflects the cash funding during the year and an increase in asset values in part reduced by the payment of pensions.

The mortality assumptions applied in calculating liabilities are consistent with those adopted at 28 December 2008. The life expectancy increases marginally over time as a 1% future improvement has been accrued in the mortality assumptions. The assumed life expectancy from age 65 for members aged 65 and 55 in 2010 are shown below:

	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 January 2010	**21.6**	**24.0**	**23.4**	**25.7**
At 28 December 2008	21.4	23.8	23.2	25.6

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. In 2008, the valuations of all of the significant schemes, except the Trinity Retirement Benefit Scheme, were completed. The Trinity Retirement Benefit Scheme valuation has a valuation date of 30 June 2009 and will be completed in 2010.

Following an extensive consultation process the Group announced the closure of all defined benefit pension schemes to future accrual from 31 March 2010. All active members of the defined pension schemes will now have the option to join the Trinity Mirror Pension Plan (TMPP), a defined contribution pension scheme, from 1 April 2010. Following this change, the operating profit charge for pension provision in 2010 is expected to remain at a similar level to 2009. The IAS 19 pension finance charge for 2010 is expected to be £5.5 million.

The Group will continue to fund the deficits in the defined benefit pension schemes and for 2010, the cash funding in excess of the income statement charge, will be around £30 million (2009: £16.6 million excluding the impact of a non recurring credit of £9.9 million explained in note 5 on page 16). Further details of future funding commitments and the TMPP are shown in note 15 on pages 22 to 25.

Other Items (continued)

Financing

Net debt, on a statutory basis, decreased by £48.9 million from £348.7 million to £299.8 million. The fair value of the Group's cross-currency interest rates swaps at the period end was a liability of £2.9 million (2008: £41.7 million asset). The period end sterling amount of the US$ denominated and the sterling loan notes was £355.0 million (2008: £388.3 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, decreased by £60.2 million from £384.2 million to £324.0 million during the year as follows:

	£m
Net debt as at 28 December 2008	**384.2**
Operating cash inflows before working capital and pension funding	(130.9)
Movements in working capital	6.8
Pension funding in excess of income statement charge	26.5
Net capital expenditure	5.9
Corporation tax payments	8.0
Net interest payments	23.3
Other movements	0.2
Net debt as at 3 January 2010	**324.0**

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 14 on page 21.

On a contracted basis the Group has £382.1 million of drawn debt funded through the US private placement markets. No material repayments are due until October 2011 when £145 million is repayable and will be funded through operating cash flows. Repayments on the US private placement beyond 2011 are £70 million in June 2012, £55 million in October 2013, £44 million in June 2014 and £68 million in June 2017.

The Group had no drawings as at 3 January 2010 on the Group's £178.5 million committed bank facility which expires in June 2013.

No new financing facilities were procured during the year and the Group repaid all outstanding commitments on finance leases totalling £9.8 million through cash flows.

Net debt is expected to fall further during 2010 and the Group continues to operate comfortably within the financial covenants attached to the Group's financing facilities.

Capital expenditure

Capital expenditure was £14.8 million against a depreciation charge of £36.8 million. Disposal proceeds of £8.9 million related to the disposal of our former Birmingham offices which were sold for £6.6 million (including a £1.4 million deposit taken on a previous transaction where the purchaser failed to complete the purchase), the receipt of £2.0 million of deferred consideration for the disposal in 2008 of land in Cardiff and £0.3 million from other disposals.

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 Annual Report and Accounts. The key risk is that advertising and circulation revenues, representing the core revenue streams for the Group are materially affected by the challenging economic conditions and weak outlook for 2010. The fragile economy and uncertain outlook significantly impacted the consumer advertising markets during the year and this is expected to continue as we proceed through 2010.

Management Report (continued)

Other Items (continued)

Going concern

In determining whether the Group's annual consolidated financial statements 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 Management Report and further detail is provided in the Annual Report and Accounts. 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;
- 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 year 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.

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 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 Annual Report and Accounts.

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 consolidated 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 Chairman and Chief Executive Statement and 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

The Preliminary Results Announcement 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 Preliminary Results Announcement is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. Statements contained in this Preliminary Results Announcement 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 Preliminary Results Announcement involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. To the extent that this Preliminary Results Announcement 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 53 weeks ended 3 January 2010 (52 weeks ended 28 December 2008)

	Notes	**2009** **£m**	2008 £m
Revenue	3,4	**763.3**	871.7
Cost of sales		**(390.4)**	(443.7)
Gross profit		**372.9**	428.0
Distribution costs		**(81.1)**	(92.2)
Administrative expenses:			
Non-recurring			
Impairment of intangible assets	5	**-**	(190.0)
Other	5	**(11.3)**	(34.5)
Amortisation of intangible assets		**(7.1)**	(7.3)
Other		**(186.9)**	(190.4)
Share of results of associates:			
Results before non-recurring items		**0.5**	(0.2)
Non-recurring items	5	**-**	(1.8)
Operating profit/(loss)	4	**87.0**	(88.4)
Investment revenues	6	**0.2**	4.0
Pension finance (charge)/credit	15	**(10.5)**	11.4
Finance costs	7	**(34.7)**	(0.5)
Profit/(loss) before tax		**42.0**	(73.5)
Tax (charge)/credit	8	**(12.7)**	14.4
Profit/(loss) for the period attributable to equity holders of the parent		**29.3**	(59.1)

	Notes	**Pence**	Pence
Earnings per share			
Adjusted earnings per share* – basic	10	**20.0**	33.4
Adjusted earnings per share* – diluted	10	**19.8**	33.4
Earnings/(loss) per share – basic	10	**11.5**	(22.6)
Earnings/(loss) per share – diluted	10	**11.4**	(22.6)

* 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 17 on page 25.

Condensed consolidated statement of recognised income and expense

for the 53 weeks ended 3 January 2010 (52 weeks ended 28 December 2008)

	Notes	**2009** **£m**	2008 £m
Actuarial losses on defined benefit pension schemes taken to equity	15	**(105.7)**	(157.1)
Tax on actuarial losses on defined benefit pension schemes taken to equity	8	**29.6**	44.0
Share of items recognised in equity by associates		**(1.7)**	0.1
Net loss recognised directly in equity		**(77.8)**	(113.0)
Profit/(loss) for the period attributable to equity holders of the parent		**29.3**	(59.1)
Total recognised income and expense for the period attributable to equity holders of the parent		**(48.5)**	(172.1)

Condensed consolidated balance sheet

at 3 January 2010 (28 December 2008)

	Notes	**2009 £m**	2008 £m
Non-current assets			
Goodwill		**74.5**	77.0
Other intangible assets		**871.4**	879.6
Property, plant and equipment		**423.2**	448.7
Investment in associates		**6.3**	7.5
Deferred tax assets		**83.4**	58.1
Derivative financial instruments	13	**-**	41.7
		1,458.8	1,512.6
Current assets			
Inventories		**5.9**	7.6
Trade and other receivables		**95.6**	121.6
Cash and cash equivalents	14	**61.2**	20.6
		162.7	149.8
Total assets		**1,621.5**	1,662.4
Non-current liabilities			
Borrowings	12	**(355.0)**	(388.3)
Obligations under finance leases	14	**-**	(7.6)
Retirement benefit obligation	15	**(296.6)**	(206.9)
Deferred tax liabilities		**(318.8)**	(325.4)
Provisions		**(7.2)**	(10.6)
Derivative financial instruments	13	**(2.9)**	-
		(980.5)	(938.8)
Current liabilities			
Borrowings	12	**-**	(10.0)
Trade and other payables		**(115.6)**	(143.0)
Current tax liabilities		**(23.0)**	(16.0)
Obligations under finance leases	14	**-**	(3.0)
Provisions		**(10.1)**	(14.8)
Derivative financial instruments	13	**(3.1)**	(2.1)
		(151.8)	(188.9)
Total liabilities		**(1,132.3)**	(1,127.7)
Net assets		**489.2**	534.7
Equity			
Share capital	16	**(25.8)**	(25.8)
Share premium account	16	**(1,120.5)**	(1,120.5)
Capital redemption reserve	16	**(4.3)**	(4.3)
Retained earnings and other reserves	16	**661.4**	615.9
Total equity attributable to equity holders of the parent		**(489.2)**	(534.7)

Condensed consolidated cash flow statement
for the 53 weeks ended 3 January 2010 (52 weeks ended 28 December 2008)

	Notes	**2009** **£m**	2008 £m
Cash flows from operating activities			
Cash generated from operations	11	**97.6**	102.3
Income tax paid		**(8.0)**	(1.2)
Net cash inflow from operating activities		**89.6**	101.1
Investing activities			
Interest received		**0.2**	4.0
Proceeds on disposal of businesses		**-**	0.2
Proceeds on disposal of property, plant and equipment		**8.9**	4.0
Purchases of property, plant and equipment		**(14.8)**	(54.1)
Acquisition of subsidiary undertakings		**-**	(5.1)
Net cash used in investing activities		**(5.7)**	(51.0)
Financing activities			
Dividends paid	9	**-**	(48.4)
Interest paid on borrowings		**(22.9)**	(35.5)
Interest paid on finance leases		**(0.6)**	(0.8)
Increase in borrowings	14	**-**	10.0
Repayment of borrowings	14	**(10.0)**	(61.4)
Repayment of obligations under finance leases	14	**(9.8)**	(2.6)
Purchase of shares under share buy-back programme		**-**	(101.8)
Decrease in bank overdrafts	14	**-**	(0.6)
Net cash used in financing activities		**(43.3)**	(241.1)
Net increase/(decrease) in cash and cash equivalents	14	**40.6**	(191.0)
Cash and cash equivalents at the beginning of period	14	**20.6**	211.6
Cash and cash equivalents at the end of period	14	**61.2**	20.6

Notes to the condensed consolidated financial statements
for the 53 weeks ended 3 January 2010 (52 weeks ended 28 December 2008)

1. General information

The financial information in the Preliminary Results Announcement is derived from but does not represent the full statutory accounts of Trinity Mirror plc. The statutory accounts for the 52 weeks ended 28 December 2008 have been filed with the Registrar of Companies and those for the 53 weeks ended 3 January 2010 will be filed following the Annual General Meeting on 13 May 2010. The auditors' reports on the statutory accounts for the 52 weeks ended 28 December 2008 and for the 53 weeks ended 3 January 2010 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 Section 498 (2) or (3) of the Companies Act 2006 or under section 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 Announcement constitutes a dissemination announcement in accordance with Section 6.3 of the Disclosure and Transparency Rules (DTR). The 2009 Annual Report and Accounts for the 53 weeks ended 3 January 2010 will be made available on the Company's website at www.trinitymirror.com, at the Company's registered office at One Canada Square, Canary Wharf, London, E14 5AP and sent to shareholders in early April 2010.

The financial information has been prepared for the 53 weeks ended 3 January 2010 and the comparative period has been prepared for the 52 weeks ended 28 December 2008. The additional week's trading included revenue of £9.9 million and operating profit of £4.2 million. Throughout the financial information the 53 weeks ended 3 January 2010 is referred to and headed 2009 and the 52 weeks ended 28 December 2008 is referred to and headed 2008.

2. Accounting polices

The financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. These are subject to ongoing amendment by the International Accounting Standards Board and 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 53 weeks ended 3 January 2010 have been consistently applied to all the periods presented and are as set out in the Annual Report and Accounts. These condensed consolidated financial statements have been prepared on a going concern basis as set out on page 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 revisions and amendments to standards and interpretations, which have not been applied, were in issue but not yet effective:

- IFRS 2 (Revised) Share-Based Payment: Vesting Conditions and Cancellations
- IFRS 3 (Revised) Business Combination
- IFRS 5 (Revised) Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7 (Revised) Financial Instruments: Disclosure
- IFRS 8 Operating Segments
- IFRS 9 Financial Instruments
- IAS 1 (Amended) Presentation of Financial Statements
- IAS 7 (Amended) Statement of Cash Flows
- IAS 16 (Amended) Property, Plant and Equipment
- IAS 17 (Amended) Leases
- IAS 19 (Amended) Employee Benefits
- IAS 20 (Amended) Government Grants and Disclosure of Government Assistance
- IAS 23 (Amended) Borrowing Costs
- IAS 24 (Revised) Related Party Disclosures
- IAS 27 (Revised) Consolidated and Separate Financial Statements
- IAS 28 (Amended) Investments in Associates
- IAS 29 (Amended) Financial Reporting in Hyperinflationary Economies
- IAS 31 (Amended) Investments in Joint Ventures
- IAS 32 (Amended) Financial Instruments: Presentation
- IAS 36 (Amended) Impairment of Assets
- IAS 38 (Amended) Intangible Assets
- IAS 39 (Amended) Financial Instruments: Recognition and Measurement
- IAS 40 (Amended) Investment Property
- IAS 41 (Amended) Agriculture
- IFRIC 14 (Issued) The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IFRIC 15 (Issued) Agreements for the Construction of Real Estate
- IFRIC 17 (Issued) Distributions of Non-cash Assets to Owners
- IFRIC 18 (Issued) Transfers of Assets from Customers
- IFRIC 19 (Issued) Extinguishing Financial Liabilities with Equity Instruments

2. Accounting polices (continued)

Changes in accounting policy (continued)

With the exception of IFRIC 14, the directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements other than the requirement for additional disclosure. The impact of IFRIC 14 is disclosed in note 15 on page 22.

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 Annual Report and Accounts.

3. Revenue

	2009 £m	2008 £m
Advertising	**331.8**	426.5
Circulation	**339.3**	345.3
Other	**92.2**	99.9
Total revenue	**763.3**	871.7

4. Business and geographical segments

For management purposes, the operations of the Group are organised into the following divisions: Regionals, Nationals and Central. These divisions are the basis on which the Group reports its primary segment information. 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 2009 £m	**Nationals 2009 £m**	**Central 2009 £m**	**Total 2009 £m**
Revenue				
Segment sales	311.8	467.8	-	**779.6**
Inter-segment sales	(8.9)	(7.4)	-	**(16.3)**
Total revenue	**302.9**	**460.4**	**-**	**763.3**
Operating profit/(loss) before associates and non-recurring items	28.8	83.6	(14.6)	**97.8**
Share of results of associates	-	-	0.5	**0.5**
Non-recurring items	2.3	(5.6)	(8.0)	**(11.3)**
Operating profit/(loss) by segment	**31.1**	**78.0**	**(22.1)**	**87.0**
Investment revenues				**0.2**
Pension finance charge				**(10.5)**
Finance costs				**(34.7)**
Profit before tax				**42.0**
Tax charge				**(12.7)**
Profit for the period				**29.3**

4. Business and geographical segments (continued)

	Regionals 2008 £m	Nationals 2008 £m	Central 2008 £m	Total 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)

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:

	2009 £m	2008 £m
United Kingdom and Republic of Ireland	**757.0**	863.7
Continental Europe	**5.4**	6.6
Rest of World	**0.9**	1.4
Total revenue	**763.3**	871.7

5. Non-recurring items

	2009 £m	2008 £m
Impairment of intangible assets (a)	**-**	190.0
Restructuring costs (b)	**17.9**	25.1
Profit on disposal of land and buildings (c)	**(5.1)**	(4.6)
Loss/(profit) on disposal of businesses (d)	**2.4**	(0.3)
Impairment of receivables (e)	**6.0**	-
Defined benefit scheme liabilities (f)	**(9.9)**	-
Impairment of fixed assets (g)	-	14.3
Non-recurring items included in administrative expenses	**11.3**	224.5
Non-recurring items included in share of results of associates (h)	**-**	1.8
Total non-recurring items	**11.3**	226.3

(a) An impairment review of the carrying value of the Group's intangible assets undertaken in accordance with IAS 36 indicated that no impairment charge was required (2008: £190.0 million). The impairment charge in 2008 was based on comparing carrying value with value in use and reduced the carrying value of the publishing rights and titles relating to the Midlands and the South cash-generating units as a result of advertising revenue falls.
(b) Restructuring costs of £17.9 million (2008: £25.1 million) were incurred in delivery of cost reduction measures and implementation of a new operating model for the Group.
(c) The Group disposed of surplus land and buildings releasing a profit on disposal of £5.1 million (2008: £4.6 million).
(d) The Group disposed of Globespan Media Limited incurring a loss on disposal of £2.4 million. In 2008, certain newspaper titles within the Midlands were disposed of realising a profit on disposal of £0.3 million.
(e) Impairment of receivables relates to a write off of circulation receivables following a wholesale distributor going into administration.
(f) Defined benefit scheme liabilities have been reduced by £9.9 million in respect of the curtailment gain relating to redundancies and the Group indicating that it will no longer exercise discretion in providing enhancements to past service on redundancy.
(g) In 2008, an impairment of fixed assets was made following the decision to close the print site in Liverpool.
(h) In 2008, included in the share of results of associates was the Group's share of non-recurring items.

Notes to the condensed consolidated financial statements
for the 53 weeks ended 3 January 2010 (52 weeks ended 28 December 2008)

6. Investment revenues

	2009 £m	2008 £m
Interest income on bank deposits	**0.2**	4.0

7. Finance costs

	2009 £m	2008 £m
Interest on bank overdrafts and borrowings	**21.8**	35.6
Interest on obligations under finance leases	**0.6**	0.8
Total interest expense	**22.4**	36.4
Fair value loss/(gain) on derivative financial instruments	**45.6**	(140.1)
Foreign exchange (gain)/loss on retranslation of borrowings	**(33.3)**	104.2
Finance costs	**34.7**	0.5

8. Tax

Tax charge	2009 £m	2008 £m
Current tax		
Corporation tax charge for the period	**(18.0)**	(28.6)
Prior period adjustment	**(1.6)**	12.1
Current tax charge	**(19.6)**	(16.5)
Deferred tax		
Deferred tax credit for the period	**6.0**	47.9
Tax legislation changes*	**-**	(7.7)
Prior period adjustment	**0.9**	(9.3)
Deferred tax credit	**6.9**	30.9
Tax (charge)/credit	**(12.7)**	14.4

	2009 %	2008 %
Reconciliation of tax (charge)/credit		
Standard rate of corporation tax	**28.0**	(28.5)
Tax effect of items that are not deductible in determining taxable profit/(loss)	**4.9**	4.2
Tax effect of items that are not taxable in determining taxable profit/(loss)	**(4.0)**	(1.7)
Tax effect of share of results of associates	**(0.4)**	0.8
Impact of the current period deferred tax charge of tax legislation changes*	**-**	9.4
Prior period adjustment	**1.7**	(3.8)
Tax charge rate	**30.2**	(19.6)

* In 2008, tax legislation changes related to the impact of the phasing out of Industrial Buildings Allowance.

The standard rate of corporation tax is the UK prevailing rate of 28% (2008: 28.5% being a mix of 30% up to 31 March 2008 and 28% from 1 April 2008). The current tax liabilities amounted to £23.0 million (2008: £16.0 million) at the period end.

In 2008, the deferred tax credit included a credit of £53.2 million in relation to the impairment charge with respect to intangible assets and a credit of £4.0 million in relation to the impairment of fixed assets.

The tax on actuarial losses on defined benefit pension schemes taken to equity of £29.6 million (2008: £44.0 million) comprises current tax of £4.6 million (2008: £21.4million) and deferred tax of £25.0 million (2008: £22.6 million).

9. Dividends

No dividend is proposed and no dividend has been declared for the 53 weeks to 3 January 2010 (52 weeks to 28 December 2008: 3.2 pence per share interim dividend declared and paid). In 2009, no dividend has been paid. In 2008, £48.4 million (18.7 pence per share) was paid in dividends being £40.3 million in respect of the final dividend for the 52 weeks to 30 December 2007 (15.5 pence per share) and £8.1 million in respect of the interim dividend for the 52 weeks to 28 December 2008 (3.2 pence per share).

10. Earnings per share

	2009 £m	2008 £m
Profit after tax before adjusted items*	**51.1**	87.3
Adjusted items*:		
Non-recurring items (after tax)	**(7.8)**	(159.3)
Amortisation of intangibles (after tax)	**(5.1)**	(5.3)
Impact of the fair value (loss)/gain on derivative financial instruments (after tax)	**(32.8)**	100.9
Foreign exchange gain/(loss) on retranslation of borrowings (after tax)	**23.9**	(75.0)
Tax legislation changes	**-**	(7.7)
Profit/(loss) for the period attributable to equity holders of the parent	**29.3**	(59.1)

*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 17 on page 25.

	2009 Thousand	2008 Thousand
Weighted average number of ordinary shares for basic earnings per share	**255,874**	261,350
Effect of potential ordinary shares in respect of share options	**1,989**	-
Weighted average number of ordinary shares for diluted earnings per share	**257,863**	261,350

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	**20.0**	33.4
Adjusted earnings* per share – diluted	**19.8**	33.4
Earnings/(loss) per share – basic	**11.5**	(22.6)
Earnings/(loss) per share – diluted	**11.4**	(22.6)

*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 17 on page 25.

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)
Restructuring costs	**(5.0)**	(6.0)
Profit on disposal of land and buildings	**2.0**	1.8
(Loss)/profit on disposal of businesses	**(1.1)**	0.1
Impairment of receivables	**(1.7)**	-
Defined benefit scheme liabilities	**2.8**	-
Impairment of fixed assets	**-**	(3.9)
Loss per share – non-recurring items included in administrative expenses	**(3.0)**	(60.3)
Loss per share – non-recurring items included in share of results of associates	**-**	(0.7)
Loss per share – total non-recurring items	**(3.0)**	(61.0)

Notes to the condensed consolidated financial statements
for the 53 weeks ended 3 January 2010 (52 weeks ended 28 December 2008)

11. Notes to the cash flow statement

	2009 £m	2008 £m
Operating profit/(loss)	**87.0**	(88.4)
Depreciation of property, plant and equipment	**36.8**	38.0
Amortisation of other intangible assets	**7.1**	7.3
Share of results of associate	**(0.5)**	2.0
Impairment of other intangible assets	**-**	190.0
Impairment of fixed assets	**-**	14.3
Charge for share-based payments	**3.2**	4.0
Profit on disposal of land and buildings	**(5.1)**	(4.6)
Loss/(profit) on disposal of businesses	**2.4**	(0.3)
Pension funding in excess of income statement charge*	**(26.5)**	(63.6)
Operating cash flows before movements in working capital	**104.4**	98.7
Decrease/(increase) in inventories	**1.7**	(0.8)
Decrease in receivables	**23.6**	23.8
Decrease in payables	**(32.1)**	(19.4)
Cash flows from operating activities	**97.6**	102.3

* In 2008, this included £53.8 million of special contributions.

12. Borrowings

	2009 £m	2008 £m
Bank facility	**-**	(10.0)
Loan notes	**(355.0)**	(388.3)
Derivative financial instruments (note 13)	**(6.0)**	(2.1)
	(361.0)	(400.4)
The borrowings are repayable as follows:		
On demand or within one year	**(3.1)**	(12.1)
In the second year	**(137.7)**	-
In the third year	**(65.7)**	(146.1)
In the fourth year	**(50.2)**	(70.9)
In the fifth year	**(41.3)**	(64.9)
After five years	**(63.0)**	(106.4)
	(361.0)	(400.4)
The borrowings are included in the consolidated balance sheet as follows:		
Amount included in non-current liabilities	**(357.9)**	(388.3)
Amount included in current liabilities	**(3.1)**	(12.1)
	(361.0)	(400.4)

The amount included in non-current liabilities represents borrowings of £355.0 million (2008: £388.3 million) and derivative financial instruments of £2.9 million (2008: £nil million) and in current liabilities represents borrowings of £nil million (2008: £10.0 million) and derivative financial instruments of £3.1 million (2008: £2.1 million). Non-current assets include £nil (2008: £41.7 million asset) relating to derivative financial instruments which is deducted from borrowings to calculate net debt in note 14.

	2009 £m	2008 £m
Loan notes movement in the period:		
Opening balance	**(388.3)**	(342.2)
Foreign exchange gain/(loss) on retranslation	**33.3**	(104.2)
Repayments	**-**	58.2
Non cash movements	**-**	(0.1)
Closing balance	**(355.0)**	(388.3)
Composition of loan notes:		
US$270 million loan notes	**(168.4)**	(184.7)
US$252 million loan notes	**(160.6)**	(177.6)
£16 million loan notes	**(16.0)**	(16.0)
£10 million loan notes	**(10.0)**	(10.0)
	(355.0)	(388.3)

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.

12. Borrowings (continued)

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

At 3 January 2010 the Group had available £178.5 million (2008: £163.5 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:

	2009	2008
	%	%
Bank facility	**-**	5.34
US$ denominated loan notes	**6.75**	6.75
£ denominated loan notes	**7.22**	7.22
Finance leases	**-**	6.18

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

	2009	2008
	£m	£m
Bank overdrafts, bank facility and commercial loan notes	**-**	(10.0)
US$ denominated loan notes	**(329.0)**	(362.3)
£ denominated loan notes	**(26.0)**	(26.0)
Finance leases	**-**	(10.6)

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 13, are not materially different from the book values and are not repeated in this analysis.

13. Derivative financial instruments

The movement in the derivative financial instruments is as follows:

	2009	2008
	£m	£m
Opening asset/(liability)	**39.6**	(103.7)
Movement in fair value	**(45.6)**	140.1
Repayments	**-**	3.2
Closing (liability)/asset	**(6.0)**	39.6

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

	2009	2008
	£m	£m
Non-current liabilities	**(2.9)**	-
Current liabilities	**(3.1)**	(2.1)
Non-current assets	**-**	41.7
	(6.0)	39.6

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.

In October 2008, certain derivative financial instruments matured and were settled and the fair value change up to the settlement date was included in the movement in fair value.

In October 2008, 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. In April 2009, it was agreed with the counterparties in respect of £135.0 million of principal to extend the settlement date until October 2010. The fair value change from the prior period end up to the reporting date has been included in the movement in fair value. In October 2009, the swap in respect of £45.0 million principal was settled on the due date. The fair value change from the prior period end up to the settlement date has been included in the movement in fair value.

14. Net debt

The statutory net debt for the Group is as follows:

	2008 £m	Cash flow £m	Consolidated income statement* £m	Loans repaid £m	Other non-cash changes £m	2009 £m
Non-current liabilities						
Loan notes	(388.3)	-	33.3	-	-	**(355.0)**
Derivative financial instruments	-	-	(2.9)	-	-	**(2.9)**
Obligations under finance leases	(7.6)	-	-	7.6	-	**-**
	(395.9)	**-**	**30.4**	**7.6**	**-**	**(357.9)**
Current liabilities						
Bank facility	(10.0)	-	-	10.0	-	**-**
Derivative financial instruments	(2.1)	-	(1.0)	-	-	**(3.1)**
Obligations under finance leases	(3.0)	-	-	2.2	0.8	**-**
	(15.1)	**-**	**(1.0)**	**12.2**	**0.8**	**(3.1)**
Non-current assets						
Derivative financial instruments	41.7	-	(41.7)	-	-	**-**
	41.7	**-**	**(41.7)**	**-**	**-**	**-**
Current assets						
Cash and cash equivalents	20.6	40.6	-	-	-	**61.2**
	20.6	**40.6**	**-**	**-**	**-**	**61.2**
Net debt	**(348.7)**	**40.6**	**(12.3)**	**19.8**	**0.8**	**(299.8)**

*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.

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:

	2008 £m	Cash flow £m	Consolidated Income statement £m	Loans repaid £m	Other non-cash changes £m	2009 £m
Non-current liabilities						
Loan notes	(382.1)	-	-	-	-	**(382.1)**
Obligations under finance leases	(7.6)	-	-	7.6	-	**-**
	(389.7)	**-**	**-**	**7.6**	**-**	**(382.1)**
Current liabilities						
Bank facility	(10.0)	-	-	10.0	-	**-**
Derivative financial instruments	(2.1)	-	(1.0)	-	-	**(3.1)**
Obligations under finance leases	(3.0)	-	-	2.2	0.8	**-**
	(15.1)	**-**	**(1.0)**	**12.2**	**0.8**	**(3.1)**
Current assets						
Cash and cash equivalents	20.6	40.6	-	-	-	**61.2**
	20.6	**40.6**	**-**	**-**	**-**	**61.2**
Net debt	**(384.2)**	**40.6**	**(1.0)**	**19.8**	**0.8**	**(324.0)**

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

	2009 £m	2008 £m
Statutory net debt	**299.8**	**348.7**
Loan notes at period end exchange rate	(355.0)	(388.3)
Loan notes at swapped exchange rates	382.1	382.1
Cross-currency interest rate swaps	(2.9)	41.7
Contracted net debt	**324.0**	**384.2**

15. 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 and following an extensive consultation process the Group announced the closure of all defined benefit pension schemes to future accrual from 31 March 2010. All active members of the defined benefit pension schemes will now have the option to join the Trinity Mirror Pension Plan ('TMPP'), a defined contribution plan, from 1 April 2010. All new employees are entitled to join the TMPP.

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 of the schemes assets and liabilities. 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 2009, £6.5 million was paid into the schemes (2008: £28.0 million). For 2010, agreement has been reached with the trustees to pay £14.1 million into the schemes. The next full actuarial valuation of the schemes is as at 31 December 2010. The valuation of the schemes is likely to be completed in 2011.

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. During 2009 deficit funding payments (including funding in excess of the 15% employers contribution for future accrual) were £2.3 million (2008: £5.8 million), £2.4 million (2008: £12.5 million) and £4.8 million (2008: £20.0 million) respectively. For 2010, agreement has been reached with the trustees to pay £5.0 million, £2.5 million and £7.0 million respectively into these schemes. The next full actuarial valuation date for these schemes are: Trinity Scheme 30 June 2009, the MIN Scheme 31 March 2010 and the MGN Scheme 31 December 2010. During 2010, the valuation of the Trinity Scheme is likely to be agreed. The valuations of the MIN Scheme and MGN Scheme are likely to be completed in 2011.

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 close of business on 30 December 2009, 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 3 January 2010 being an increase of £8.3 million (2008: £21.4 million).

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	(733.6)	(389.4)	(327.5)	(189.3)
Fair value of scheme assets	572.6	285.2	326.2	159.2
Scheme deficits included in non-current liabilities	**(161.0)**	**(104.2)**	**(1.3)**	**(30.1)**

15. 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:

	2009 %	2008 %
Principal annual actuarial assumptions used:		
Discount rate	**5.70**	6.50
Inflation rate	**3.50**	2.75
Expected return on scheme assets	**5.00-6.90**	4.80-6.70
Expected rate of salary increases	**3.75**	3.25
Pension increases:		
Pre 6 April 1997 pensions	**3.00-5.00**	3.00-5.00
Post 6 April 1997 pensions	**3.40-3.75**	3.00-3.50
In deferment	**3.50**	2.75

	2009 £m	2008 £m
Actuarial value of scheme liabilities	**1,683.1**	1,378.8
Actual return on scheme assets	**213.0**	(250.8)

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
At 3 January 2010	**21.6**	**24.0**	**23.4**	**25.7**

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:

	2009 £m	2008 £m	2007 £m	2006 £m	2005 £m
Present value of scheme liabilities	**(1,683.1)**	(1,378.8)	(1,538.5)	(1,511.0)	(1,535.5)
Fair value of scheme assets	**1,398.1**	1,233.6	1,458.9	1,322.9	1,233.0
Effect of asset ceiling	**(11.6)**	(61.7)	(45.2)	(24.9)	(3.1)
Scheme deficits included in non-current liabilities	**(296.6)**	(206.9)	(124.8)	(213.0)	(305.6)

	2009 £m	2008 £m
Current service cost	**14.6**	24.1
Past service costs	**0.9**	2.3
Total included in staff costs	**15.5**	26.4
Curtailment gain	**(4.3)**	-
Past service costs	**(5.6)**	-
Total included in non-recurring items	**(9.9)**	**-**
Expected return on scheme assets	**(76.7)**	(98.7)
Interest cost on pension scheme liabilities	**87.2**	87.3
Pension finance charge/(credit)	**10.5**	(11.4)
Total included in the consolidated income statement	**16.1**	15.0

	2009 £m	2008 £m	2007 £m	2006 £m	2005 £m
Effect of changes in actuarial assumptions on scheme liabilities	**(294.1)**	231.9	12.9	68.1	(145.0)
Experience adjustments on scheme liabilities	**2.0**	(23.0)	9.1	0.9	38.9
Experience adjustments on scheme assets	**136.3**	(349.5)	(6.0)	15.5	106.8
Effect of asset ceiling	**50.1**	(16.5)	(20.3)	(21.8)	(3.1)
Consolidated statement of recognised income and expense	**(105.7)**	(157.1)	(4.3)	62.7	(2.4)

15. 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 £171.2 million (2008: £65.5 million).

Pension schemes assets include no direct investments in the Company's ordinary shares nor any property assets occupied or other assets used by the Group for any period.

The contributions made during the period totalled £32.1 million (2008: £90.0 million). The Group expects to contribute approximately £35 million to its defined benefit pension schemes in 2010.

Up to 31 March 2010, the contribution rates for the Group's most significant schemes range from 15.0% to 20.0% of pensionable salaries.

	2009 £m	2008 £m
Changes in the fair value of scheme assets:		
Opening fair value of scheme assets	**1,233.6**	1,458.9
Expected return	**76.7**	98.7
Actuarial gains/(losses)	**136.3**	(349.5)
Contributions by employer	**32.1**	90.0
Employee contributions	**6.3**	8.4
Benefits paid	**(86.9)**	(72.9)
Closing fair value of scheme assets	**1,398.1**	1,233.6

	2009 £m	2008 £m
Changes in the present value of scheme liabilities:		
Opening present value of scheme liabilities	**1,378.8**	1,538.5
Current service cost	**14.6**	24.1
Past service costs	**(4.7)**	2.3
Curtailment gain	**(4.3)**	-
Interest cost	**87.2**	87.3
Actuarial losses/(gains)	**292.1**	(208.9)
Employee contributions	**6.3**	8.4
Benefits paid	**(86.9)**	(72.9)
Closing present value of scheme liabilities	**1,683.1**	1,378.8

	2009 £m	2008 £m
Fair value of scheme assets:		
UK equities	**290.2**	250.1
US equities	**76.4**	66.1
Other overseas equities	**227.2**	183.1
Property	**3.1**	3.7
Corporate bonds	**461.0**	361.3
Fixed interest gilts	**31.0**	63.4
Index linked gilts	**177.4**	169.8
Cash	**131.8**	136.1
Fair value of scheme assets	**1,398.1**	1,233.6

	2009 %	2008 %
Expected nominal rates of return on plan assets:		
Equities	**8.00**	7.90
Property	**6.40**	7.00
Corporate bonds	**5.70**	6.50
Fixed interest gilts	**4.50**	3.90
Index linked gilts	**4.20**	4.20
Cash	**4.40**	3.60

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.

15. Retirement benefit schemes (continued)

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 TMPP. 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 £1.1 million (2008: £1.2 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 both reporting dates.

Following closure of the defined benefit pension schemes to future accrual from 31 March 2010, all active members of the defined benefit pension schemes will have the option to join the TMPP and the membership of this scheme could increase by around 3,000 from the current membership of around 900.

16. Share capital and reserves

	Share capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings and other reserves £m	Total £m
At 30 December 2007	(29.1)	(1,120.5)	(1.0)	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)	(1,120.5)	(4.3)	615.9	(534.7)
Total recognised income and expense	-	-	-	48.5	48.5
Credit to equity for equity settled share-based payments	-	-	-	(3.0)	(3.0)
At 3 January 2010	**(25.8)**	**(1,120.5)**	**(4.3)**	**661.4**	**(489.2)**

The capital redemption reserve represents the nominal value of the shares purchased and subsequently cancelled under share buy-back programmes. During 2008, 33,333,279 shares were bought back and 33,791,214 shares were cancelled. The cash consideration paid was £101.8 million. The cancelled shares had a par value of £3.3 million.

Shares purchased by the Trinity Mirror Employees' Benefit Trust are included in retained earnings and other reserves at £10.6 million (2008: £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 (2008: £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. Reconciliation of Group statutory results to adjusted results

53 weeks ended 3 January 2010	**Statutory results £m**	**Non-recurring items (a) £m**	**Amortisation (b) £m**	**Finance costs (c) £m**	**Tax legislation changes (d) £m**	**Adjusted results £m**
Revenue	**763.3**	**-**	**-**	**-**	**-**	**763.3**
Operating profit	**87.0**	**11.3**	**7.1**	**-**	**-**	**105.4**
Profit before tax	**42.0**	**11.3**	**7.1**	**12.3**	**-**	**72.7**
Profit after tax	**29.3**	**7.8**	**5.1**	**8.9**	**-**	**51.1**
Basic earnings per share (pence)	**11.5**	**3.0**	**2.0**	**3.5**	**-**	**20.0**

52 weeks ended 28 December 2008	Statutory results £m	Non-recurring items (a) £m	Amortisation (b) £m	Finance costs (c) £m	Tax legislation changes (d) £m	Adjusted results £m
Revenue	871.7	-	-	-	-	871.7
Operating (loss)/profit	(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
Basic (loss)/earnings per share (pence)	(22.6)	61.0	2.0	(9.9)	2.9	33.4

(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) In 2008, tax legislation changes related to the impact of the phasing out of Industrial Buildings Allowances.

18. Post balance sheet events

The Group announced on 9 February 2010 that it had exchanged contracts to acquire GMG Regional Media for a cash consideration of £7.4 million, from Guardian Media Group plc, with the transaction due to complete on 28 March 2010.

Following an extensive consultation process, the Group announced the closure of all defined benefit pension schemes to future accrual from 31 March 2010. All active members of the defined pension schemes will now have the option to join the Trinity Mirror Pension Plan, a defined contribution pension scheme, from 1 April 2010.