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MECOM GROUP PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30th JUNE 2012

Mecom Group plc ("Mecom" or "the Group"), one of Europe's largest consumer publishing companies, announces its results for the half year to 30th June 2012.

FINANCIAL HIGHLIGHTS

- Subscription revenue from ongoing operations in line with prior year at €182.8 million
- Advertising revenue from ongoing operations of €203.1 million, down 14 per cent (€32 million) after adjustment for closed titles
- Total revenue from ongoing operations down 8 per cent at €492.0 million
- Total costs from ongoing operations reduced by 6 per cent to €454.1 million
- Adjusted EBITDA from ongoing operations down €12.6 million to €37.9 million
- Adjusted earnings per share from ongoing operations of 6.9 euro cents per share (2011: 10.9 euro cents per share). Total adjusted earnings per share, including disposed and discontinued operations = 17.3 euro cents per share (2011: 18.1 euro cents per share)
- Closing net debt of €109.7 million (30th June 2011: €301.9 million; 31st December 2011: €258.5 million); leverage ratio of 1.1 times ongoing EBITDA (30th June 2011: 2.0 times)
- Interim dividend of 6.0 euro cents per share, comprising 2.5 euro cents per share from ongoing operations and an additional dividend of 3.5 euro cents per share reflecting earnings contributed by the disposed Edda Media operations, to be paid on 31st August 2012

OPERATIONAL HIGHLIGHTS

- Restructuring programme ahead of plan: 2012 full year savings to exceed target by at least €10 million
- 180,000 downloads of iPad apps for Top 10 titles; 500,000 smartphone app downloads
- Extended distribution collaboration in the Netherlands: approximately €5 million additional EBITDA benefit by 2014
- Edda Media disposal completed, enabling €195 million debt repayment
- Wegener minority interest acquired and delisting completed

STRATEGIC REVIEW AND BOARD CHANGE

As announced on 19th July 2012, given recent trading conditions, particularly in the advertising markets in which it operates, the Group will be conducting a Strategic Review to examine all options for maximising shareholder value (the "Strategic Review"). Such options include, but are not limited to, the disposal of some or all of the Group's subsidiaries and operations.

As a consequence of this decision, the strength of the divisional management teams and the diminished need for central leadership within the Group, the Board has agreed with Tom Toumazis that he will step down from his role as Chief Executive Officer in September 2012. Until then, Mr Toumazis will provide transitional support to Stephen Davidson, who will resume his previous role as Executive Chairman. Mr Toumazis will not be replaced as Chief Executive Officer.

FINANCIAL SUMMARY

€m unless otherwise indicated	**Six months to 30th June 2012**	Six months to 30th June 2011	2012 vs. 2011
Advertising revenue	**203.1**	238.9	(15)%
Circulation revenue	**217.6**	223.7	(3)%
Other revenue	**71.3**	69.9	2%
Total revenue[1]	**492.0**	532.5	(8)%
Costs[1]	**(454.1)**	(482.0)	6% lower
Adjusted EBITDA[1,3]	**37.9**	50.5	(12.6)m
Adjusted operating profit[1]	**19.8**	30.7	(10.9)m
Adjusted earnings per share (euro cents) – ongoing operations[1]	**6.9 cents**	10.9 cents	(4.0) cents
Adjusted earnings per share (euro cents)[2]	**17.3 cents**	18.1 cents	(0.8) cents
Profit/(loss) for the period, after tax	**43.1**	(10.1)	€53.2m higher
Earnings/(loss) per share, after exceptional items and intangibles amortisation	**39.2 cents**	(9.0) cents	48.2 cents
Net debt	**109.7**	301.9	€192.2m lower

Notes

1. Revenue, costs, EBITDA, operating profit and adjusted earnings per share for ongoing operations include amounts from ongoing businesses (that is, excluding the results of Presspublica in the six month period to 30 June 2011) and are stated before exceptional items and amortisation of acquired intangibles.

2. Adjusted earnings per share stated before exceptional items and the amortisation of acquired intangibles.

3. Including the results of Presspublica, which the Group sold in October 2011, adjusted EBITDA for the Group's entire continuing businesses in the half-year of 2011 was €49.8 million from total revenues of €568.3 million.

Tom Toumazis, Chief Executive Officer, said:

"Despite the challenging environment in the first half, we have made strong progress with our restructuring and modernisation programme, taking significant cost out of our business and improving our financial position. Print advertising is being particularly hard-hit across the whole of our industry, but we have focussed on taking actions to mitigate the impact from this. Given the significant recent changes in the operating environment, however, we believe that a review of Mecom's options for maximising shareholder value, which we announced last week, is a logical step for the Company."

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A webcast briefing for analysts and investors will take place today at 9:00 am (BST) on the following details:

Webcast: a link to the webcast is available on www.mecom.com

The presentation slides used at this briefing and a recording of the webcast briefing will be available on the "Investors" section of the Mecom website (http://www.mecom.com/investor-relations.aspx).

About Mecom

Mecom is one of Europe's largest consumer publishing companies, with leading multi-platform brands in the Netherlands, Denmark, and Poland. It is focused on delivering premium, local and unique content and providing effective marketing platforms to its local and national advertisers. The Group is committed to pursuing a paid-for subscriber model across all of its platforms, leveraging the strength of its pre-existing relationships with its 1.2 million print subscribers - more subscribers than any of its European peer group.

CHIEF EXECUTIVE'S REVIEW

In the context of difficult trading conditions, as a Group we have made substantial progress in the first half of 2012 on the modernisation of our products, a substantial reduction of our cost base and the improvement of our financial position. We have started our move to a fully paid model for our top ten titles with the launch of iPad applications for our major titles and expect to enter 2013 with substantially all of our news products published across all platforms on a paid basis. We are also on track to exceed the delivery of cost savings in 2012 as part of the €70 million cost reduction programmes announced in January. And finally we completed the disposal of our Norwegian business, Edda Media, for €195 million, reducing our gearing to 1.1 times EBITDA as at 30th June 2012.

Trading

As is explained in more detail in the financial review below, trading in the first six months of 2012 has been substantially affected by recessionary economic conditions in the Netherlands and related difficulties in print advertising. EBITDA for the first six months was down €13 million year-on-year in our Dutch business, driven by a €23 million, or 16 per cent, reduction in advertising (€22 million, or 15 per cent, adjusting for the effect of terminating the advertising sales agreement with Mountain Media in respect of the *De Pers* freesheet). Print advertising has been affected by the marked deterioration in consumer confidence and business sentiment in the first half of 2012, with recruitment and property advertising suffering the most pronounced year-on-year declines. Some categories, such as family announcements and travel, have fared better. Overall, though, it is clear that print advertising, across the entire Dutch publishing sector, is losing market share to television and online publishing, and we believe that this negative trend, whilst currently exacerbated by economic conditions, will continue over the coming years.

Advertising in Denmark and Poland also fell at a greater rate than previously. In Denmark, this included the effect of closing the daily commuter freesheet *Urban*, but also reflected continuing tough economic conditions and a comparative period that included benefits from the relaunch of the *Berlingske* title in early 2011. Advertising revenues were down 16 per cent in Poland, on a constant currency basis, continuing the significant pressure being exerted by online and television advertising on print.

Our subscription revenue, which represents approximately 85 per cent of total circulation revenue, was flat year-on-year at €183 million, with average revenue per user (ARPU) rising by 5 per cent as volume declines were offset by price increases. These volume declines includes a 3 per cent decline in the Netherlands and Poland and a 14 per cent decline in Denmark, where three titles were closed and a change to subscription marketing led to a decrease in the number of trial and discounted subscriptions. We raised subscription rates by four per cent in the Netherlands at the start of the year, and on our main title in Denmark, *Berlingske*, by three per cent in the second quarter. As we highlighted in our trading update of 6th June 2012, single copy sales of our tabloid *BT* title in Denmark have fallen at a faster rate than previously, which, together with continuing pressure in Media Regionalne of predominantly non-subscription newspaper sales, led to total circulation revenue down 3 per cent.

Growth in other revenue continued, up 2 per cent to €71 million, driven by higher *Sweetdeal* sales and an increase in third-party distribution revenues. We announced in the first half that our current distribution collaboration with other Dutch publishers would be extended, ultimately with the intention of establishing a joint venture company to provide distribution services on a lower cost basis to all the major Dutch newspaper publishers. We anticipate that this will result in an annual EBITDA benefit in the order of €5 million to Mecom by the end of 2014.

Costs were down 6 per cent, or €28 million in the first half, including the benefit of a 384 reduction in full-time equivalent (“FTE”) employees over the six months, title closures and foreign currency effects in Media Regionalne. We expect combined full year cost savings from the restructuring initiative we announced on 24th January and the IT outsourcing agreement signed in 2011 to exceed €40 million in 2012, after the effects of inflation. This represents an increase of €10 million or more on our original targets.

Overall, EBITDA for the six months was down €13 million, substantially all in the Netherlands. Performance was broadly flat year-on-year in Denmark and Poland. In both these countries, notwithstanding the sustained pressure on advertising and single copy circulation sales noted above, cost savings arising from the Group’s cost programmes were able to offset revenue declines. In the Netherlands, the nature and timing of the restructuring measures being implemented are such that the savings there will be realised more substantially in the second half of the year.

As explained in greater detail in the financial review below, adjusted earnings per share were 6.9 euro cents for the ongoing business, compared with 10.9 euro cents in 2011, with the impact of reduced EBITDA partially mitigated by lower depreciation, finance costs and tax.

Product development

Wegener, our Dutch subsidiary, announced its ‘Digital First’ programme on 15th February 2012. Digital First involves a major overhaul of the Dutch product portfolio, with evolution of our print products, fixed and mobile web services, smartphone and tablet applications and e-papers available on both tablets and the web. Paid iPad applications were launched at the start of the second quarter for all our daily Dutch titles, initially on a trial basis. We have recorded over 110,000 application downloads on these titles, adding to the 160,000 downloads we have had on smartphone applications.

In the second half of the year, a significant development of the structure and content of our printed papers, the trialling of online pay models (predominantly on a metered basis) and the refreshing of e-papers and applications will all culminate in the new product portfolio which will be the basis for a full pay model involving new customer segmentation, bundling and pricing models in 2013.

In Denmark, which publishes three of our top ten titles, iPad app launches have had a similarly positive response in terms of downloads, with 60,000 being recorded to-date, following launch in the first quarter. *Berlingske* will trial a metered online pay model during the second half of 2012. The current balance of advertising between print and web and potential online content revenue for the tabloid *BT* is different to our other paid titles, and we expect that the *BT* website will remain free to all.

Portfolio

We completed the disposal of the Group’s Norwegian operations on 28th June 2012, following receipt of approval from the Norwegian Competition Authorities. The disposal has allowed us to repay €195 million of the Group’s term loan, and therefore has had a significant positive impact on our financial position.

Work continues on the review of our Polish business and the weekly freesheets in the West of the Netherlands, and both of these processes will now be incorporated into the broader Strategic Review we announced on 19th July 2012. Headcount and cost reduction exercises have been implemented in both businesses in the meantime.

Finally on portfolio, we completed the purchase of the 13 per cent minority interest in our Wegener business in May. Having completed this purchase, we have now delisted Wegener and are in the process of simplifying the ownership and management structure within the Netherlands so that all Dutch operations come under the direct management control of Truls Velgaard, the CEO of our Dutch business.

Dividend

The Board has declared an interim dividend for the financial year ending 31st December 2012 of 6.0 euro cents per share, comprising 2.5 euro cents per share from continuing operations and an additional dividend of 3.5 euro cents per share reflecting earnings contributed by the discontinued Edda Media operations, both to be paid on 31st August 2012.

Outlook

As we announced on 6th June 2012, we expect full year EBITDA to be in a range between €85 million and €95 million, with advertising revenue declines in the second half of the year following the trends of the second quarter of the year.

RESULTS OVERVIEW – ONGOING OPERATIONS

€m unless otherwise indicated	**Six months to 30th June 2012**	Six months to 30th June 2011	2012 vs. 2011
Revenue by country			
The Netherlands	**280.2**	298.4	(6.1)%
Denmark	**186.8**	203.7	(8.3)%
Poland	**25.0**	30.4	(17.8)%
Total	**492.0**	532.5	(7.6)%
Revenue by category			
Advertising	**203.1**	238.9	(15.0)%
Circulation	**217.6**	223.7	(2.7)%
Other	**71.3**	69.9	2.0%
Total	**492.0**	532.5	(7.6)%
EBITDA by country			
The Netherlands	**31.4**	44.4	(13.0)
Denmark	**9.1**	8.9	0.2
Poland	**0.3**	0.1	0.2
Corporate	**(2.9)**	(2.9)	-
Total	**37.9**	50.5	(12.6)
Operating profit by country			
The Netherlands	**22.2**	35.0	(12.8)
Denmark	**1.4**	(0.3)	1.7
Poland	**(0.9)**	(1.1)	0.2
Corporate	**(2.9)**	(2.9)	-
Total	**19.8**	30.7	(10.9)

Notes

1. The divisional split of EBITDA in the table above for 2011 has been restated from previously presented 2011 amounts to reflect the disposal of Edda Media.

2. The results set out above and in the tables in the Divisional Reviews are presented for ongoing businesses (that is, excluding the results of Presspublica in the six-month period to 30 June 2011) before exceptional items and the amortisation of acquired intangibles. In the case of operations in non-euro currencies, the results are presented in euros, translated using the average foreign currency exchange rate prevailing in each period. Previously, when a greater proportion of the Group's results were in non-euro currencies, results were presented on a constant currency basis.

3. Including the results of Presspublica, which the Group sold in October 2011, adjusted EBITDA for the Group's entire continuing businesses in the half-year of 2011 was €49.8 million from total revenues of €568.3 million.

Revenue, costs and operating results – ongoing operations

(The financial performance in the table above and throughout this review of revenue, costs and operating results has been presented to include the Group's ongoing businesses only, that is excluding the results of the Presspublica (which was sold in October 2011) from the Poland segment in the six months to 30th June 2011. A reconciliation between this basis and the reported statutory results is set out in Note 4 to the condensed consolidated financial statements. The commentary in this section of the Results Overview excludes the effect of exceptional items and the amortisation of acquired intangibles. Further detail on revenue, costs and operating results is set out in the Divisional Reviews below.)

Total revenue in the six months to 30th June 2012 was €492.0 million, lower by €40.5 million, or 8 per cent, than 2011. The fall was largely caused by further reductions in advertising revenue, which was down €35.8 million as described in more detail below. Circulation revenue was down 3 per cent, but other revenue was up by 2 per cent as a result of increases in distribution revenues and growth arising from the Group's *Sweetdeal* business.

Advertising revenue was 15 per cent down year-on-year at €203.1 million. In the Netherlands advertising was down 16 per cent (15 per cent, after adjusting for the termination of the *De Pers* contract). Advertising in Denmark was down by 13 per cent (9 per cent, excluding the effect of the closure of the *Urban* freesheet title), whilst in Poland it fell by 21 per cent (16 per cent before the effect of currency exchange rate movements). Print advertising fell by 15 per cent in the first six months (after adjusting for *De Pers* and *Urban)*, whilst online newspaper revenue grew by 7 per cent. Revenue from standalone websites declined by 7 per cent, with the largest single cause of this decline being a reduction in bundled (i.e. print plus online) recruitment advertising revenues.

Circulation revenue was down 3 per cent year-on-year at €217.6 million, with subscription revenue stable at €182.8 million. Circulation revenue was up by 2 per cent in the Netherlands, a predominantly subscription market, as price increases more than offset the effect of volume declines. In Denmark, circulation revenue was down 8 per cent reflecting amongst other things the continuing pressure experienced by the tabloid *BT*. Finally, in Poland circulation revenue fell by 15 per cent (8 per cent before the effect of currency exchange movements), again largely driven by lower single copy sales.

Other revenue was up 2 per cent, with growth in distribution revenues resulting from extended collaboration arrangements in the Netherlands and growth in *Sweetdeal* revenues more than offsetting some falls in third party print revenue and in traditional consumer sales.

Operating costs were €27.9 million, or 6 per cent, lower at €454.1 million, reflecting a number of influences in the six month period. Staff costs were €11.7 million, or 5 per cent, lower than in 2011, as a result of further reduction in FTE employees, which were down from 6,308 at 30th June 2011 to 5,810 at 30th June 2012. Direct costs were lower by €12.2 million, or 7 per cent, reflecting the discontinuation of the *De Pers* contract in the Netherlands, the closure of the *Urban* freesheet in Denmark and lower circulation volumes in all countries. Other costs were down €4.0 million, or 5 per cent, to €83.2 million.

EBITDA in the six month period was €37.9 million, €12.6 million lower than in 2011, with an EBITDA margin of 7.7 per cent (2011: 9.5 per cent). EBITDA fell in the Netherlands (by €13.0 million) but was up by €0.2 million in both Denmark and Poland.

Depreciation was €1.7 million lower than in 2011, including the effect of changes to lease categorisation of certain IT assets involved in the Group's IT outsourcing arrangements.

This combination of lower EBITDA and lower deprecation resulted in a decrease in operating profit of €10.9 million, and an operating margin of 4.0 per cent (2011: 5.8 per cent).

Net profit, cash flow and financial position

The Group's adjusted net interest charge was €8.4 million, down €0.9 million from the first half 2011 net charge of €9.3 million, reflecting lower average net debt levels.

The Group's effective tax rate on adjusted profit before tax was 25.0 per cent, lower than the 2011 rate of 34.3 per cent, including the effect of certain prior year releases.

Adjusted earnings per share were 17.3 euro cents, comprising 10.4 euro cents from the discontinued Edda Media operations and 6.9 euro cents from continuing operations. This compares with total adjusted earnings per share in 2011 of 18.1 euro cents a share, comprising 7.2 euro cents from discontinued and disposed operations and 10.9 euro cents a share from ongoing operations. The increase in the earnings per share from discontinued operations results in the main from the cessation of depreciation on assets held for sale.

The Group's ongoing operations recorded exceptional items totaling €29.1 million (€22.6 million after tax) in the six month period to 30th June 2012 (2011: €12.9 million; €10.2 million after tax). These charges included staff redundancy costs of €25.0 million. An impairment charge of €4.0 million (€3.2 million after tax) was recorded in the first half of 2012 to write-down intangible assets in the Group's Media Regionalne operations in Poland.

Cash outflow before acquisitions, disposals and dividends paid to equity shareholders of €51.7 million (2011: inflow of €12.8 million) was after exceptional operating cash charges of €64.8 million (2011: €21.2 million) and net capital expenditure and other investments of €13.5 million (2011: €7.0 million). Exceptional operating cash charges include €38.9 million relating to the termination of an onerous contract with Mountain Media and €7.7 million of expenditure on the Group's IT outsourcing. Net capital expenditure and other investments includes €10.0 million in respect of IT outsourcing. The Group invested €1.4 million in minor acquisitions during the six month period (2011: €3.3 million).

The net debt impact of the disposal of Edda Media was an inflow of €212.0 million, which included the deconsolidation of overdraft balances of €15.8 million in addition to net cash proceeds received of €196.2 million (after relevant expenses). The Group paid dividends of €10.9 million to the Group's equity shareholders as a 9.9 euro cents a share final dividend (2011: nil). Non-cash movements in net debt were €1.3 million (2011: €0.6 million).

As a result of which, net debt as at 30th June 2012 was €109.7 million, down by €192.2 million from 30th June 2011 and by €148.8 million from 31st December 2011, as explained further in Note 13 to the condensed consolidated financial statements. The Group's leverage (expressed as net debt divided by adjusted ongoing EBITDA) was at 1.1 times on a twelve-month ended basis, well below the 1.8 times as at 31 December 2011 and keeping the Group at the lowest margin level payable under its facility agreement.

DIVISIONAL REVIEWS

(The financial results set out below in the Divisional Reviews include amounts from ongoing businesses and are stated before exceptional items and amortisation of acquired intangibles).

The Netherlands

€m unless otherwise indicated	**Six months to 30th June 2012**	Six months to 30th June 2011	2012 vs. 2011
Advertising	**124.0**	146.8	(15.5)%
Circulation	**131.0**	128.5	1.9%
Other revenue	**25.2**	23.1	9.1%
Total revenue	**280.2**	298.4	(6.1)%
Total costs	**(248.8)**	(254.0)	2.0% lower
EBITDA	**31.4**	44.4	(13.0)
EBITDA margin	***11.2%***	*14.9%*	*(3.7) ppts*
Operating profit	**22.2**	35.0	(12.8)
Operating profit margin	***7.9%***	*11.7%*	*(3.8) ppts*

Advertising revenue was down 16 per cent in the first six months of 2012. The Netherlands has experienced year-on-year GDP decline of 0.8 per cent for each of the last two quarters and unemployment is at its highest level for seven years. These indicators, combined with an uncertain political situation (Parliament was dissolved in April and elections are set for the autumn) and a comprehensive package of austerity measures, have resulted in historically low levels of consumer confidence.

The advertising declines in the first half are a product both of the economic environment and a continuing shift of advertisers in certain categories away from printed newspapers and towards other media, notably television and the internet. For example, the Group's Dutch business experienced declines in recruitment and real estate advertising of €6.5 million (41 per cent) and €3.0 million (26 per cent), respectively, in the first half. Conversely, revenue from family announcements declined by only €0.1 million) 1 per cent, and travel advertising was down €0.2 million (4 per cent).

Circulation revenue increased by 2 per cent in the first half of 2012 due to two rounds of subscription price increases in July 2011 (average 3 per cent) and January 2012 (average 4 per cent). These price rises more than offset a 3 per cent fall in average subscriber numbers.

Other revenue increased by 9 per cent, as the Group's distribution revenues continued to benefit from the collaboration agreement signed with Telegraaf Media Groep in 2011. The Group's Dutch subsidiary, Wegener, announced in April 2012 that it would participate in wider industry collaboration on distribution, which is expected to contribute additional EBITDA in 2013 and 2014 and which ultimately should lead to the creation of a standalone distribution company providing services to much of the Dutch newspaper publishing sector.

Costs in the first half were €5.2 million (2 per cent) lower than in the same period in 2011, as the impact of wage and general cost inflation was offset by the first savings from the previously announced IT outsourcing and restructuring initiatives. The termination, effective 31st March 2012, of the contract with Mountain Media in respect of the *De Pers* free newspaper also contributed €2 million of the total cost reduction, although this had no net impact on EBITDA.

EBITDA as a result was €31.4 million, down €13.0 million from the first half of 2011. EBITDA margin was 11.2 per cent, compared with 14.9 per cent in 2011. Depreciation was €0.2 million higher than in 2011. As a result, operating profit was down €12.8 million, or 37 per cent.

Denmark

€m unless otherwise indicated	**Six months to 30th June 2012**	Six months to 30th June 2011	2012 vs. 2011
Advertising	**69.2**	79.5	(13.0)%
Circulation	**74.6**	81.1	(8.0)%
Print and other revenue	**43.0**	43.1	-
Total revenue	**186.8**	203.7	(8.3)%
Total costs	**(177.7)**	(194.8)	8.8% lower
EBITDA	**9.1**	8.9	0.2
EBITDA margin	***4.9%***	*4.4%*	*0.5 ppts*
Operating profit	**1.4**	(0.3)	1.7
Operating profit margin	***0.7%***	*(0.1)%*	*0.8 ppts*

Advertising revenue fell by 13 per cent in the first half of 2012, though this included the impact of closing the commuter freesheet, *Urban*, in January. Adjusting for this closure, the underlying decrease in advertising was 9 per cent. The most severe decline occurred at the Group's national quality newspaper, *Berlingske,* where advertising revenue fell by 15 per cent, albeit in comparison to a strong first half of 2011 during which the title was relaunched and in which advertising revenues increased. In contrast, advertising revenues at the national tabloid, *BT*, increased by 2 per cent in the first half, driven by strong online advertising growth of 37 per cent. Digital advertising now accounts for around 40 per cent of total advertising revenue at *BT*.

Across all Danish titles (excluding *Urban*), display advertising fell by 6 per cent, whilst classified advertising declined by 19 per cent, further highlighting the continuing migration of many traditional classified services towards online providers. The Group's Danish business was a beneficiary, as well as a victim, of this shift, as the relaunch of the *BT* website in April 2012 and increased traffic through better cross-marketing of Berlingske Media's various brands generated total online advertising revenue growth of 8 per cent in the first half.

Circulation revenue fell by 8 per cent in the first half of 2012, primarily driven by a 16 per cent decline in single copy sales. The Group's national titles in Denmark, particularly *BT*, do not benefit from the same high level of subscription sales that characterise the Dutch business, and as such circulation revenues in Denmark are more susceptible to price competition, consumers' changes in news preference, and the availability of sports, entertainment and otherwise headline-generating news events.

Other revenues were flat in the first half as declines in third-party printing and distribution were offset by continued strong growth in revenues from the Group's social buying platform, *Sweetdeal*, and from e-commerce activities. Together, these consumer revenues increased by 49 per cent.

Total costs were cut by €17.1 million (9 per cent), of which €4.7 million relates to the closure of *Urban*. Other savings were derived primarily from a substantial headcount reduction announced in January 2012, and direct costs were also lower partly as a result of the decline in circulation.

These cost reductions fully mitigated the impact of the declines in advertising and circulation revenue, such that EBITDA was €0.2 million ahead of 2011, at €9.1 million, and EBITDA margin was 4.9 per cent, 0.5 percentage points higher. Depreciation was €1.7 million lower than in 2011, as a result of the Group-wide IT outsourcing programme, which has resulted in the write-off of certain fixed assets, with a corresponding increase in lease costs recognized in operating expenses. As a result, the Danish operations recorded an operating profit of €1.4 million in the first half of 2012, in contrast to the operating losses generated in the first halves of both 2011 and 2010.

Poland

€m unless otherwise indicated	**Six months to 30th June 2012**	Six months to 30th June 2011	2012 vs. 2011
Advertising	**9.9**	12.6	(21.4)%
Circulation	**12.0**	14.1	(14.9)%
Print and other revenue	**3.1**	3.7	(16.2)%
Total revenue	**25.0**	30.4	(17.8)%
Total costs	**(24.7)**	(30.3)	18.5% lower
EBITDA	**0.3**	0.1	0.2
EBITDA margin	***1.2%***	*0.3%*	*0.9 ppts*
Operating profit	**(0.9)**	(1.1)	0.2
Operating profit margin	***(3.6)%***	*(3.6)%*	-

(The information presented in the table above and commented on in detail below is that of the Group's continuing Polish business, the regional publishing operations of Media Regionalne. All amounts are translated using the average foreign exchange rate prevailing during each respective financial period, and are therefore not presented on a constant currency basis.)

Advertising revenues in the Group's remaining Polish business, Media Regionalne, were 21 per cent lower on a euro basis in the first half of 2012. This was due in part to a weakening of the Polish zloty; on a constant currency basis the decline was 16 per cent. The underlying decline reflects Polish advertisers' growing preference for television and online media, as well as slower economic conditions.

Circulation revenues also fell, by 15 per cent (8 per cent on a constant currency basis). As in Denmark, this decline reflects lower single copy "stand" sales, with media trends exacerbated by a reduction in retail outlets by the third party providers who distribute newspapers in Poland. Subscription revenues, which comprise only 26 per cent of total circulation revenue in Poland, were down only 1 per cent on a constant currency basis.

Other revenues were down 16 per cent, reflecting lower consumer sales. Media Regionalne has changed its approach to *Sweetdeal* in the first half of 2012, focusing on cities in which it has an established publishing presence in order to leverage its consumer relationships and cross-selling opportunities.

Despite the significant reduction in total revenue of €5.4 million (18 per cent) in the first half, EBITDA for the Group's Polish operations was ahead of the first half of 2011, due to the impact of "Metamophosis", Media Regionalne's targeted cost reduction programme. Phase 1 of Metamorphosis was implemented in the fourth quarter of 2011 and the first quarter of 2012, and has resulted in a headcount reduction of approximately 150. The second phase of the programme has been scoped and will be implemented in the second half of 2012 and 2013, with further cost savings expected therefrom.

Depreciation of €1.2 million was recognised in the first half, resulting in an operating loss of €0.9 million, a net improvement of €0.2 million over the same period in 2011.

GOING CONCERN

The Group announced on 6th June 2012 that prospects for advertising revenues and EBITDA in 2012 had fallen below management's previous expectations. On 19th July 2012 the Group announced that it would be conducting a Strategic Review to examine all options for maximising shareholder value, including, potentially, further disposals. Further material falls in advertising revenue, beyond management's revised expectations, would inevitably make the outcome of this Strategic Review less certain and could also call into question the prospects of the Group refinancing its current banking facilities which, in the absence of any extension, are due to expire in October 2013. The Board also notes that, as previously disclosed in the full year consolidated financial statements, in the event that the current facility remains in place with unmodified terms and on the basis of the Board's current trading expectations, there would be a breach of one specific financial covenant under the current facility in July 2013. This covenant relates to an absolute level of free cash flow which was set for the Group including Edda Media, without an adjustment capability following disposals.

The Board believes that borrowing facilities will continue to be available to the Group as it undertakes and implements its Strategic Review, either (depending on the outcome of the Strategic Review and the extent of planned disposals, if any) as an extension of the existing bank facility (with necessary modifications to terms to allow for the completion of any disposal processes, including an adjustment to the free cash flow covenant) or through a refinancing from different banks or other lenders. Discussions with the Group's current banks and prospective lenders have been and continue to be constructive.

Accordingly, after making enquiries, the directors have a reasonable expectation that the Group will continue to have adequate resources to continue in operational existence for the foreseeable future and for this reason they continue to adopt the going concern basis in preparing these condensed consolidated financial statements. Nevertheless, the Board is making full disclosure to indicate that the risks above, when taken together, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern in certain circumstances, including specifically the situation where both the recently announced Strategic Review has an unsatisfactory conclusion concurrently with a failure to refinance the existing facility. The consolidated financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties affecting the business activities of the Group are broadly the same as those detailed on pages 32 to 35 of the 2011 Annual report and accounts, a copy of which is available on the Company's website at www.mecom.com. However, the directors have set out below additional risks, these being eurozone risk and the risks described above in "Going Concern" related to the Group's financing. These risks and uncertainties could have an impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ from expected or historical results. The Board continues to pay particular attention to the effectiveness of the Group's mitigation of risk and the progress of management is closely monitored in each area. The principal risks are summarised below as required by DTR 4.2.7R of the Disclosure and Transparency Rules:

Risk	Description
Inability to successfully implement the Group's strategy	The successful implementation of the Group's strategy could be impaired because of: • insufficient skills to implement changes to the business model, particularly the ability to innovate to secure new revenue streams; • lack of the economic resources needed to invest in new products and services; and • poor governance over the many change programmes that will be driven by the new strategy and that are essential to its success It is also possible that the rate at which the Group is able to implement its strategy may not be sufficiently quick or profitable to offset a further decline in the traditional newspaper profits of the business.
Advertising revenue lost during the current economic downturn	In common with the majority of newspaper publishing businesses, the Group's revenues are traditionally heavily dependent on advertising. Recent economic conditions have affected all categories of advertising with print adverts for employment, property and motor vehicles more affected than other groups. The negative effects on advertising revenue remained significant in the first half of 2012 and the outlook remains uncertain for the rest of 2012.
Negative effect of internet advertising on traditional advertising	Across the market, the print media's share of advertising is declining as customers exercise their choice to advertise in other forms, notably the internet, and more recently tablet and smartphone, rather than in newspapers. Furthermore, customers are increasingly demanding cross-media reach in combination with lower rates. This shift in demand brings with it increased competition from large digital players, including search and social media businesses such as Google and Facebook who are becoming attractive to Mecom customers who have typically been loyal to the Group's local brands. Therefore, the ability of the Group to deal effectively with demand fluctuations in the market-place brought about by increased competition becomes increasingly important.
Erosion of demand for printed newspapers	In common with the newspaper industry in general, the Group's newspapers have experienced circulation volume declines over recent years and there is a risk that it will be less successful in the future in compensating volume declines with increases in cover price and subscription rates.
Operating improvements may not be achieved	The Group's strategy for enhancing margins includes identifying operating improvements which are often achieved through reorganisations, the introduction of more efficient work practices and realising economies of scale. However, the cost of structural change in continental European economies is potentially very high. In addition, the Group operates in countries with labour laws and agreements that differ from the UK and where employees generally enjoy stronger protection. This sometimes means that the pace of change is slower than changes in market conditions. The Group's ability to generate the cost savings that it has announced on a timely basis may also be hampered by strikes, illegal industrial action or new regulation from governments in any of the jurisdictions in which we operate.

Risk	Description
Lack of business continuity	The Group is highly dependent on the continuous operation of its print plants, distribution channels and supporting IT infrastructure to get its print products to its customers. It also depends on the high availability of its many websites which allow its customers access to online products and services. A significant and extended loss of a major facility, whether through natural causes, deliberate acts or breakdown, could result in a loss of revenue.
Eurozone risk and related political and economic measures	Recent conditions in the eurozone have resulted in a higher risk of disruption and business failure from the potential of an exit of one or more countries from the euro. In addition, steps at a national level to reduce government borrowing through so-called austerity measures (for example in the Netherlands where the Group has significant operations) could have a further negative effect on consumer confidence and through this the Group's revenues.
The Group may not be able to comply with banking covenants or refinance the existing borrowings facility	The Group is financed by bank borrowings, as well as shareholders' equity, and faces the risk of not being able to comply with the covenants under its revised bank facility agreement. The Group has remained with its covenants since the renegotiation of the Group's borrowings in 2009. Although this risk is being adequately mitigated, it remains an important item on the Board agenda. As described above under 'Going Concern', the Group faces the risk of not being able to amend or to refinance its existing borrowings. Specifically in the situation where the recently announced Strategic Review has an unsatisfactory conclusion concurrently with a failure to refinance the existing facility, the directors have indicated the existence of a material uncertainty about the Group's ability to continue as a going concern. However, the directors have a reasonable expectation that the Group will continue to have adequate resources to continue in operational existence for the foreseeable future.
Key management	The Group's success depends on its ability to attract, motivate and retain highly qualified employees who have extensive experience and knowledge of the industry at a strategic level.

Certain risks and uncertainties arise through factors that are outside the control of management, for example, inflation or interest rates. In other cases risks may appear that are presently unanticipated as the Group adopts its new strategy.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors confirm to the best of their knowledge that the condensed set of financial statements for the six months to 30th June 2012 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and the interim management report herein includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of the important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
(b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group during that period; and any changes in the related party transactions described in the last Annual report and accounts that could do so.

By order of the Board

Tom Toumazis	**Henry Davies**
Chief Executive Officer	Group Finance Director

This Interim Management Report contains certain statements that are forward-looking. These statements involve risk and uncertainty because they relate to events or circumstances which may or may not occur in the future. Accordingly actual results or developments may differ in material respects from those expressed in or implied by these forward-looking statements. Although the forward-looking statements reflect the knowledge and information available at the date of this report, no assurance is given as to their reasonableness or probability.

CONSOLIDATED INCOME STATEMENT
for the six months ended 30 June 2012

Unaudited

	Note	**Six months ended 30 June 2012** Before exceptional items and amortisation of acquired intangibles	Exceptional items and amortisation of acquired intangibles (see Note 5)	After exceptional items and amortisation of acquired intangibles	*(restated)* Six months ended 30 June 2011 Before exceptional items and amortisation of acquired intangibles	Exceptional items and amortisation of acquired intangibles (see Note 5)	After exceptional items and amortisation of acquired intangibles
		€m	**€m**	**€m**	€m	€m	€m
Continuing operations							
Revenue	4	**492.0**	**-**	**492.0**	568.3	-	568.3
Cost of sales		**(151.2)**	**-**	**(151.2)**	(180.8)	-	(180.8)
Gross profit		**340.8**	**-**	**340.8**	387.5	-	387.5
Operating costs		**(321.8)**	**(52.6)**	**(374.4)**	(360.1)	(37.0)	(397.1)
Share of results of associates		**0.8**	**-**	**0.8**	1.1	-	1.1
Operating profit/(loss)	4	**19.8**	**(52.6)**	**(32.8)**	28.5	(37.0)	(8.5)
Finance income	6	**0.5**	**-**	**0.5**	0.5	-	0.5
Finance expense	6	**(8.9)**	**(0.6)**	**(9.5)**	(9.8)	(0.7)	(10.5)
Loss on disposal of interests in associates		**(0.2)**	**-**	**(0.2)**	-	-	-
Profit/(loss) before tax		**11.2**	**(53.2)**	**(42.0)**	19.2	(37.7)	(18.5)
Income tax (expense)/credit	7	**(2.6)**	**12.4**	**9.8**	(6.2)	8.8	2.6
Profit/(loss) for the period from continuing operations		**8.6**	**(40.8)**	**(32.2)**	13.0	(28.9)	(15.9)
Discontinued operations							
Profit/(loss) for the period from discontinued operations	8	**12.1**	**63.2**	**75.3**	9.0	(3.2)	5.8
Profit/(loss) for the period		**20.7**	**22.4**	**43.1**	22.0	(32.1)	(10.1)
Attributable to:							
Mecom Group plc shareholders		**19.4**	**24.5**	**43.9**	19.9	(29.8)	(9.9)
Non-controlling interests		**1.3**	**(2.1)**	**(0.8)**	2.1	(2.3)	(0.2)

Earning/(loss) per share (euro cents per share)		**Non-IFRS measures**	**IFRS measures**	*(restated)* Non-IFRS measures	*(restated)* IFRS measures
From continuing operations					
Basic	10	**6.9**	**(27.7)**	10.3	(13.9)
Diluted	10	**6.8**	**(27.7)**	10.1	(13.9)
From discontinued operations					
Basic	10	**10.4**	**66.9**	7.8	4.9
Diluted	10	**10.4**	**66.5**	7.6	4.8
From continuing and discontinued operations					
Basic	10	**17.3**	**39.2**	18.1	(9.0)
Diluted	10	**17.2**	**39.0**	17.7	(9.0)

Details of dividends paid and declared are set out in Note 9.

As explained in further detail in Note 3, the restatement of the 2011 comparatives relates entirely to the Group's Norwegian operations which are classified as discontinued operations in both the current and prior period.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2012

Unaudited	**Six months ended 30 June 2012**	Six months ended 30 June 2011
	€m	€m
Profit/(loss) for the period	**43.1**	(10.1)
Other comprehensive income/(loss) for the period:		
Changes in fair value of cash flow hedges	**0.3**	1.3
Tax effect	**(0.1)**	(0.2)
	0.2	1.1
Actuarial loss on defined benefit schemes	**(1.3)**	-
Tax effect	**0.4**	-
	(0.9)	-
Transfer of accumulated amounts recognised directly in equity to the consolidated income statement on disposal of foreign operations	**21.2**	-
Exchange differences on retranslation of foreign operations	**6.3**	(0.1)
Other comprehensive income for the period, net of tax	**26.8**	1.0
Total comprehensive income/(loss) for the period, net of tax	**69.9**	(9.1)
Attributable to:		
Mecom Group plc shareholders	**70.2**	(8.9)
Non-controlling interests	**(0.3)**	(0.2)

CONSOLIDATED BALANCE SHEET
at 30 June 2012

	Note	**30 June 2012 Unaudited €m**	31 December 2011 Audited €m	30 June 2011 Unaudited €m
ASSETS				
Non-current assets				
Goodwill		**139.6**	138.5	186.4
Other intangible assets		**417.0**	445.2	540.1
Property, plant and equipment		**147.5**	148.7	196.8
Employee benefit assets		**0.2**	0.3	1.2
Interests in associates		**8.6**	10.2	41.2
Investments		**-**	-	0.2
Other financial assets		**0.2**	0.1	0.3
Deferred tax assets		**25.7**	23.8	35.5
Derivative financial instruments		**0.4**	0.4	0.4
Total non-current assets		**739.2**	767.2	1,002.1
Current assets				
Inventories		**6.5**	8.7	8.3
Trade and other receivables		**99.2**	102.0	144.7
Cash and cash equivalents	12,13	**275.2**	49.4	68.8
Current tax assets		**0.8**	0.6	-
Derivative financial instruments		**0.1**	-	-
Total current assets		**381.8**	160.7	221.8
Assets classified as held for sale		**-**	258.9	47.3
Total assets		**1,121.0**	1,186.8	1,271.2
LIABILITIES				
Non-current liabilities				
Borrowings	13	**(364.2)**	(316.1)	(349.0)
Other payables		**(1.1)**	(1.2)	(0.8)
Provisions		**(14.4)**	(17.6)	(45.4)
Employee benefit obligations		**(36.8)**	(39.0)	(48.1)
Deferred tax liabilities		**(102.8)**	(107.5)	(136.6)
Obligations under finance leases	13	**(0.2)**	(0.4)	(0.9)
Derivative financial instruments		**(3.9)**	(1.2)	(0.4)
Total non-current liabilities		**(523.4)**	(483.0)	(581.2)
Current liabilities				
Borrowings	13	**(19.8)**	(28.9)	(24.2)
Trade and other payables		**(301.7)**	(303.2)	(391.5)
Provisions		**(35.5)**	(75.4)	(23.3)
Current tax liabilities		**(0.1)**	(5.1)	(3.2)
Obligations under finance leases	13	**(0.7)**	(1.2)	(3.2)
Derivative financial instruments		**(1.4)**	(0.9)	(0.6)
Total current liabilities		**(359.2)**	(414.7)	(446.0)
Liabilities directly associated with assets classified as held for sale		**-**	(101.0)	(14.9)
Total liabilities		**(882.6)**	(998.7)	(1,042.1)
Net assets		**238.4**	188.1	229.1
EQUITY				
Issued share capital		**89.7**	83.2	83.2
Share premium		**8.9**	-	1,530.2
Retained earnings		**120.3**	102.4	(1,408.6)
Other reserves		**13.5**	8.7	(7.8)
Accumulated amounts recognised directly in equity relating to a disposal group held for sale		**-**	(23.0)	1.9
Equity attributable to Mecom Group plc shareholders		**232.4**	171.3	198.9
Non-controlling interests		**6.0**	16.8	30.2
Total equity		**238.4**	188.1	229.1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2012

	Issued share capital	Share premium	Retained earnings	Other reserves: Cash flow hedge reserve	Other reserves: Share-based payment reserve	Other reserves: Own shares	Other reserves: Currency translation reserve	Accumulated amounts recognised directly in equity relating to a disposal group held for sale	Equity attributable to Mecom Group plc shareholders	Non-controlling interests	Total equity
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Balance at 1 January 2012 (audited)	**83.2**	**-**	**102.4**	**(2.7)**	**10.1**	**(5.6)**	**6.9**	**(23.0)**	**171.3**	**16.8**	**188.1**
Profit/(loss) for the period	-	-	43.9	-	-	-	-	-	43.9	(0.8)	43.1
Other comprehensive income/(loss):											
Changes in fair value of cash flow hedges	-	-	-	0.2	-	-	-	-	0.2	-	0.2
Actuarial loss on defined benefit schemes	-	-	(0.9)	-	-	-	-	-	(0.9)	-	(0.9)
Transfer of accumulated amounts recognised directly in equity to the consolidated income statement on disposal of foreign operations	-	-	-	-	-	-	-	21.2	21.2	-	21.2
Exchange differences on retranslation of foreign operations	-	-	-	-	-	-	5.8	-	5.8	0.5	6.3
Total comprehensive income/(loss) for the period	**-**	**-**	**43.0**	**0.2**	**-**	**-**	**5.8**	**21.2**	**70.2**	**(0.3)**	**69.9**
Credit in respect of share-based payments	-	-	-	-	0.6	-	-	-	0.6	-	0.6
Transfer of amounts recognised directly in equity in the period relating to a disposal group held for sale	-	-	-	-	-	-	(1.8)	1.8	-	-	-
Acquisition of shares in non wholly-owned subsidiary[1]	6.5	8.9	(13.9)	-	-	-	-	-	1.5	(1.5)	-
Transactions costs relating to acquisition of shares in non wholly-owned subsidiary[1]	-	-	(0.3)	-	-	-	-	-	(0.3)	-	(0.3)
Disposal of business[2]	-	-	-	-	-	-	-	-	-	(8.5)	(8.5)
Dividends paid	-	-	(10.9)	-	-	-	-	-	(10.9)	(0.5)	(11.4)
Balance at 30 June 2012 (unaudited)	**89.7**	**8.9**	**120.3**	**(2.5)**	**10.7**	**(5.6)**	**10.9**	**-**	**232.4**	**6.0**	**238.4**
Balance at 1 January 2011 (audited)	**83.2**	**1,530.2**	**(1,398.7)**	**(2.7)**	**8.6**	**(5.6)**	**(8.2)**	**-**	**206.8**	**32.3**	**239.1**
Loss for the period	-	-	(9.9)	-	-	-	-	-	(9.9)	(0.2)	(10.1)
Other comprehensive income/(loss):											
Changes in fair value of cash flow hedges	-	-	-	1.0	-	-	-	-	1.0	0.1	1.1
Exchange differences on retranslation of foreign operations	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)
Total comprehensive (loss)/income for the period	-	-	(9.9)	1.0	-	-	-	-	(8.9)	(0.2)	(9.1)
Credit in respect of share-based payments	-	-	-	-	1.0	-	-	-	1.0	-	1.0
Transfer of accumulated amounts recognised directly in equity relating to a disposal group held for sale	-	-	-	-	-	-	(1.9)	1.9	-	-	-
Acquisition of shares in non wholly-owned subsidiaries	-	-	-	-	-	-	-	-	-	(1.4)	(1.4)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(0.5)	(0.5)
Balance at 30 June 2011 (unaudited)	**83.2**	**1,530.2**	**(1,408.6)**	**(1.7)**	**9.6**	**(5.6)**	**(10.1)**	**1.9**	**198.9**	**30.2**	**229.1**

1 See Note 17 for further details.
2 See Note 18 for further details.

CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30 June 2012

Unaudited	Note	**Six months ended 30 June 2012 €m**	Six months ended 30 June 2011 €m
Operating activities			
Cash (used in)/generated from operations	16	**(32.1)**	26.2
Income tax paid		**(4.0)**	(1.0)
Net cash (used in)/from operating activities		**(36.1)**	25.2
Investing activities			
Proceeds from sale of property, plant and equipment		**3.5**	0.4
Proceeds from sale of investments		**-**	0.8
Capital expenditure on:			
other intangible assets		**(4.8)**	(1.8)
property, plant and equipment		**(12.2)**	(5.6)
Purchase of interests in associates and investments		**(0.2)**	(0.4)
Acquisition of businesses, net of cash acquired		**(1.4)**	(3.3)
Divestment of businesses, including overdrafts sold		**211.5**	(0.1)
Interest received		**0.8**	0.7
Dividends received		**3.2**	4.0
Net cash from/(used in) investing activities		**200.4**	(5.3)
Financing activities			
Proceeds from borrowing drawdowns		**106.3**	31.5
Repayment of borrowings		**(59.4)**	(39.1)
Repayment of obligations under finance leases		**(0.9)**	(1.5)
Interest and other finance expenses paid		**(5.1)**	(10.0)
Fees paid on acquisition of shares in non wholly-owned subsidiaries	17	**(0.3)**	-
Dividends paid		**(11.4)**	(0.5)
Net cash from/(used in) financing activities		**29.2**	(19.6)
Net increase in cash and cash equivalents		**193.5**	0.3
Net foreign exchange difference		**2.4**	(1.1)
Cash and cash equivalents at beginning of the period		**77.6**	70.0
Cash and cash equivalents at end of the period	12	**273.5**	69.2

1. Corporate information

Mecom Group plc (the "Company") is a public limited company incorporated and domiciled in England and Wales. The registered office of the Company is 1st Floor, Parnell House, 25 Wilton Road, London, SW1V 1LW. Its ordinary shares are traded on the London Stock Exchange (LSE).

These condensed consolidated financial statements for the six months ended 30 June 2012 were approved by the Board of Directors on 24 July 2012.

2. Definition of terms

The Group uses the following terms, with the definition given, in these condensed consolidated financial statements and in its internal monitoring of financial performance:

Adjusted EBITDA/Adjusted EBITDA margin
The Group monitors the performance of its segments on an earnings before interest, tax, depreciation and amortisation ("EBITDA") basis. This measure includes any profit or loss from associates but excludes any exceptional items. Adjusted EBITDA margin (expressed as a percentage) is defined as adjusted EBITDA for a period divided by external revenue for the same period.

Adjusted operating profit/Adjusted operating profit margin
Adjusted operating profit or loss is stated before exceptional items and amortisation of acquired intangibles. Adjusted operating profit margin (expressed as a percentage) is defined as adjusted operating profit for a period divided by external revenue for the same period.

Exceptional items
The Group presents as exceptional items on the face of the consolidated income statement those items of income and expense which, because of their nature and/or expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the period, so as to facilitate comparison with prior periods.

Net debt
The Group presents as 'net debt' the net of cash and cash equivalents, borrowings and obligations under finance leases. The Group also includes in net debt any of the above items that have been classified as held for sale.

3. Basis of preparation

Basis of preparation: (i) Significant accounting policies
These condensed consolidated financial statements have been prepared in accordance with the Disclosure and Transparency Rules ("DTR") of the Financial Services Authority and International Accounting Standard (IAS) 34 *Interim Financial Reporting*, as adopted by the European Union.

Except for the adoption of new, revised, amended and improved Standards and Interpretations as set out below (which had no impact on the Group), the accounting policies adopted in the preparation of these condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011.

Basis of preparation: (ii) Preparation of the consolidated financial statements on the going concern basis
On 6 June 2012, the Group announced that prospects for advertising revenues and EBITDA in 2012 had fallen below management's previous expectations. On 19 July 2012, the Group announced that it would be conducting a Strategic Review to examine all options for maximising shareholder value, including, potentially, further disposals. Further material falls in advertising revenue, beyond management's revised expectations, would inevitably make the outcome of this Strategic Review less certain and could also call into question the prospects of the Group refinancing its current banking facilities which, in the absence of any extension, are due to expire in October 2013. The Board also notes that, as previously disclosed in the full year consolidated financial statements, in the event that the current facility remains in place with unmodified terms and on the basis of the Board's current trading expectations, there would be a breach of one specific financial covenant under the current facility in July 2013. This covenant relates to an absolute level of free cash flow which was set for the Group including Edda Media, without an adjustment capability following disposals.

The Board believes that borrowing facilities will continue to be available to the Group as it undertakes and implements its Strategic Review, either (depending on the outcome of the Strategic Review and the extent of planned disposals, if any) as an extension of the existing bank facility (with necessary modifications to terms to allow for the completion of any disposal processes, including an adjustment to the free cash flow covenant) or through a refinancing from different banks or other lenders. Discussions with the Group's current banks and prospective lenders have been and continue to be constructive.

Accordingly, after making enquiries, the directors have a reasonable expectation that the Group will continue to have adequate resources to continue in operational existence for the foreseeable future and for this reason they continue to adopt the going

3. Basis of preparation (continued)

concern basis in preparing these condensed consolidated financial statements. Nevertheless, the Board is making full disclosure to indicate that the risks above, when taken together, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern in certain circumstances, including specifically the situation where both the recently announced Strategic Review has an unsatisfactory conclusion concurrently with a failure to refinance the existing facility. The condensed consolidated financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

Basis of preparation: (iii) Restatement of prior period comparatives resulting from separate reporting of discontinued operations

As set out in detail in Notes 8 and 18, in 2012 the Group disposed of its entire shareholding in its Norwegian operations. Consequently, under IFRS the Group has accounted for this business as a discontinued operation in both the current and prior periods. As the income and expenses of discontinued operations are required to be presented separately in both reporting periods, the consolidated income statement and related Notes of the comparative period are described as "restated".

Basis of preparation: (iv) Adoption of amended Standard

From 1 January 2012, the Group has adopted the following amendment to a Standard, with no impact on the financial position or performance of the Group:

Amendment to IFRS 7 *Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements.*

Basis of preparation: (v) Other

These condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's Annual Financial Statements for the year ended 31 December 2011.

These condensed consolidated financial statements are unaudited but have been reviewed by the auditors. The financial information presented herein does not amount to full statutory accounts within the meaning of Section 435 of the Companies Act 2006. The figures for the year ended 31 December 2011 have been extracted from the 2011 Annual report and accounts which has been filed with the Registrar of Companies. The audit report on the 2011 Annual report and accounts was unqualified and did not contain an adverse statement under Section 498 (2) or (3) of the Companies Act 2006.

These condensed consolidated financial statements are presented in euros and all values are shown in millions, rounded to the nearest one hundred thousand euros, except when otherwise stated. The significant exchange rates for the Group applied during the current and prior periods are as follows:

	Average rate for the six months ended 30 June (against EUR)		**Spot rate at 30 June (against EUR)**	
	2012	2011	**2012**	2011
NOK	**7.59**	7.81	**7.54**	7.78
DKK	**7.44**	7.46	**7.43**	7.46
PLN	**4.25**	3.97	**4.24**	3.98
GBP	**0.82**	0.87	**0.81**	0.90

Differences in spot rates from 31 December 2011 to 30 June 2012 have caused the Group's non-euro denominated assets and liabilities (primarily comprising amounts denominated in NOK and PLN) to increase (on a net basis) in value when retranslated into euros, resulting in foreign exchange differences of €6.3m being credited to reserves in the six months ended 30 June 2012 (six months ended 30 June 2011: debit of €0.1m).

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. At 30 June 2012, such estimates and underlying assumptions are the same as set out on pages 79 and 80 of the 2011 Annual report and accounts. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects that period only, or in the period of the revision and future periods if the revision affects both current and future periods.

4. Operating segments

For management and therefore internal reporting purposes, the directors have organised the Group into divisions based on geographical location.

The Group's reportable operating segments included within "Mecom ongoing" are:

- The Netherlands;
- Denmark; and
- Poland

During 2011, the Group disposed of part of its Polish operations (Presspublica) and also agreed to sell its entire Norwegian business (which completed in June 2012). Consequently, for internal reporting purposes for the six months ended 30 June 2012 and 2011, these operations are separated from the results of the "ongoing" businesses (regardless of whether they are accounted for as "discontinued operations" under IFRS in these condensed consolidated financial statements) and are shown separately under the heading "Mecom disposed" in both the current and prior periods.

Such separation allows the Board to focus on the financial performance of the continuing businesses, the total of which is shown in the Group's internal financial reports in 2012 and 2011 as "Mecom ongoing". The "Norway" segment in the condensed consolidated financial statements for the six months ended 30 June 2011 included an internal recharge from "Corporate" of €1.0m which is re-presented in the comparative table below within "Corporate".

"Corporate" is also part of "Mecom ongoing" and comprises the Group's head-office activities, which are primarily located in the UK. Certain group-wide costs such as IT strategy, revenue development and Group internal audit have been recharged to the Group's reportable segments, being charged to their respective adjusted EBITDA amounts. In prior periods, certain Norwegian head-office activities were included within "Corporate". However, as these activities are part of the Norwegian disposal described above, for management purposes, their assets and liabilities are included in both 2012 and 2011 within the disposed "Norway" reportable operating segment.

No operating segments have been aggregated to form the above reportable segments.

The Group's executive directors (being the chief operating decision maker) monitor the operating results of its divisions separately for the purpose of making decisions about resource allocation and performance assessment. The Group's financial performance is based on an assessment of the results, which are measured consistently with operating profit or loss in the condensed consolidated income statement, of the above segments. Such monitoring and assessment of an individual division's financial performance is done primarily at the adjusted EBITDA level.

All of the Group's reportable operating segments derive their revenue from the following revenue streams: advertising, circulation and other (comprising principally third-party printing, distribution and enterprises). Revenue from external customers is attributed to individual operating segments on an origin basis. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. Transactions between operating segments represented less than 1% of both total Group revenue and operating costs.

Exceptional items (comprising amounts recorded in operating costs, finance exceptional items and gains/losses on disposal of businesses and investments) are also monitored and assessed, in aggregate, by the directors at the operating segment level. Regular, non-exceptional finance income and expense and income taxes are managed on a Group basis and are not provided to the chief operating decision-maker at the operating segment level. These items are therefore not allocated to operating segments.

Operating assets and liabilities comprise all classes of assets and liabilities, respectively. Non-current assets exclude employee benefit assets, deferred tax assets and derivative financial instruments and are located in the country of domicile of their respective reportable operating segment.

Digital revenue comprises revenue earned from either newspaper websites or stand-alone websites and is recorded against the relevant revenue category. Capital expenditure excludes any items purchased via a business combination or the separate purchase of publishing rights and, for the purposes of this Note, includes both property, plant and equipment additions and software additions. Additions to non-current assets comprises additions to goodwill, other intangibles assets, property, plant and equipment, interests in associates, investments and other financial assets arising from capital expenditure and business combinations but excludes such additions to employee benefit assets, deferred tax assets and derivative financial instruments.

4. Operating segments (continued)

The following tables present (i) financial information as internally reported to the directors for the six months ended 30 June 2012 and 2011 in respect of the Group's reportable operating segments and (ii) reconciliations of financial information as internally reported to financial information as reported under IFRS.

(i) Financial information as internally reported to the Board for six months ended 30 June 2012

Unaudited	The Netherlands €m	Denmark €m	Poland €m	Corporate[1] €m	Eliminations €m	Mecom ongoing €m	Norway €m	Mecom Group total €m
Revenue:								
External sales:								
Advertising	124.0	69.2	9.9	-	-	203.1	74.4	277.5
Circulation	131.0	74.6	12.0	-	-	217.6	37.0	254.6
Other	25.2	43.0	3.1	-	-	71.3	31.4	102.7
Total external revenue	**280.2**	**186.8**	**25.0**	**-**	**-**	**492.0**	**142.8**	**634.8**
Inter-segment sales	-	-	-	-	-	-	-	-
Total revenue as internally reported	**280.2**	**186.8**	**25.0**	**-**	**-**	**492.0**	**142.8**	**634.8**
Total costs (including share of results of associates, excluding depreciation)	(248.8)	(177.7)	(24.7)	(2.9)	-	(454.1)	(126.5)	(580.6)
Adjusted EBITDA as internally reported	**31.4**	**9.1**	**0.3**	**(2.9)**	**-**	**37.9**	**16.3**	**54.2**
Depreciation (including amortisation of software)	(9.2)	(7.7)	(1.2)	-	-	(18.1)	-	(18.1)
Adjusted operating profit/(loss) as internally reported	**22.2**	**1.4**	**(0.9)**	**(2.9)**	**-**	**19.8**	**16.3**	**36.1**
Total exceptional items[2]	(19.1)	(6.6)	(4.0)	0.6	-	(29.1)	63.2	34.1
Segment result as internally reported	**3.1**	**(5.2)**	**(4.9)**	**(2.3)**	**-**	**(9.3)**	**79.5**	**70.2**
Assets and liabilities								
Operating assets	628.6	213.0	35.5	243.9	-	1,121.0	-	1,121.0
Operating liabilities	(467.0)	(148.4)	(6.6)	(260.6)	-	(882.6)	-	(882.6)
Other information								
Digital revenue	12.2	14.0	1.8	-	-	28.0	20.1	48.1
Amortisation of acquired intangibles	(20.4)	(3.5)	(0.2)	-	-	(24.1)	-	(24.1)
Impairment charge in respect of acquired intangibles	-	-	(4.0)	-	-	(4.0)	-	(4.0)
Adjusted EBITDA margin	11.2%	4.9%	1.2%	n/a	n/a	7.7%	11.4%	8.5%
Adjusted operating profit margin	7.9%	0.7%	(3.6)%	n/a	n/a	4.0%	11.4%	5.7%
Non-current assets	561.8	134.7	16.3	0.1	-	712.9	-	712.9
Interests in associates	5.8	2.8	-	-	-	8.6	-	8.6
Capital expenditure on property, plant and equipment and software[3]	8.2	6.6	0.3	-	-	15.1	3.0	18.1
Additions to non-current assets	8.8	8.1	0.3	-	-	17.2	3.0	20.2

1 Corporate operating assets of €243.9m 30 June 2012 include €235.6m of cash and cash equivalents. Corporate operating liabilities of €260.6m at 30 June 2012 include €250.3m of gross borrowings.
2 For internal reporting purposes, total exceptional items include both operating and finance exceptional items.
3 Capital expenditure in this instance relates to book amounts.

4. Operating segments (continued)

(i) Financial information as internally reported to the Board for six months ended 30 June 2011 *(restated)*

Unaudited

	The Netherlands €m	Denmark €m	Poland €m	Corporate[1,2] €m	Eliminations €m	Mecom ongoing €m	Mecom disposed: Norway[1] €m	Mecom disposed: Presspublica and other[3] €m	Mecom Group total €m
Revenue:									
External sales:									
Advertising	146.8	79.5	12.6	-	-	238.9	74.6	9.8	323.3
Circulation	128.5	81.1	14.1	-	-	223.7	35.6	20.7	280.0
Other	23.1	43.1	3.7	-	-	69.9	29.5	5.3	104.7
Total external revenue	**298.4**	**203.7**	**30.4**	**-**	**-**	**532.5**	**139.7**	**35.8**	**708.0**
Inter-segment sales	-	-	-	-	-	-	0.1	(0.1)	-
Total revenue as internally reported	**298.4**	**203.7**	**30.4**	**-**	**-**	**532.5**	**139.8**	**35.7**	**708.0**
Total costs (including share of results of associates, excluding depreciation)	(254.0)	(194.8)	(30.3)	(2.9)	-	(482.0)	(124.2)	(36.4)	(642.6)
Adjusted EBITDA as internally reported	**44.4**	**8.9**	**0.1**	**(2.9)**	**-**	**50.5**	**15.6**	**(0.7)**	**65.4**
Depreciation (including amortisation of software)	(9.4)	(9.2)	(1.2)	-	-	(19.8)	(3.6)	(1.5)	(24.9)
Adjusted operating profit/(loss) as internally reported	**35.0**	**(0.3)**	**(1.1)**	**(2.9)**	**-**	**30.7**	**12.0**	**(2.2)**	**40.5**
Total exceptional items[4]	(5.2)	(2.5)	-	(1.0)	-	(8.7)	-	(4.2)	(12.9)
Segment result as internally reported	**29.8**	**(2.8)**	**(1.1)**	**(3.9)**	**-**	**22.0**	**12.0**	**(6.4)**	**27.6**
Assets and liabilities									
Operating assets	680.8	229.2	61.6	6.9	-	978.5	245.4	47.3	1,271.2
Operating liabilities	(528.3)	(153.6)	(8.3)	(244.1)	-	(934.3)	(92.9)	(14.9)	(1,042.1)
Other information									
Digital revenue	12.8	12.9	2.1	-	-	27.8	18.8	2.5	49.1
Amortisation of acquired intangibles	(20.4)	(3.6)	(0.2)	-	-	(24.2)	(4.5)	(0.6)	(29.3)
Impairment charge in respect of acquired intangibles	-	-	-	-	-	-	-	(4.2)	(4.2)
Adjusted EBITDA margin	14.9%	4.4%	0.3%	n/a	n/a	9.5%	11.2%	(2.0)%	9.2%
Adjusted operating profit margin	11.7%	(0.1)%	(3.6)%	n/a	n/a	5.8%	8.6%	(6.1)%	5.7%
Non-current assets	610.3	149.4	22.8	0.1	-	782.6	182.8	-	965.4
Interests in associates	6.2	3.1	-	-	-	9.3	31.9	-	41.2
Capital expenditure on property, plant and equipment and software[5]	2.3	1.0	0.8	-	-	4.1	2.4	0.5	7.0
Additions to non-current assets	2.7	2.9	0.8	-	-	6.4	2.5	0.5	9.4

1 The "Norway" segment within "Mecom disposed" includes €18.4m in respect of operating assets which were presented within "Corporate" in the condensed consolidated financial statements for the six months ended 30 June 2011, for reasons set out above.
2 Corporate operating liabilities of €244.1m at 30 June 2011 include €242.9m of gross borrowings.
3 The "Presspublica and other" segment within "Mecom disposed" represents primarily amounts for Presspublica but also includes Group eliminations.
4 For internal reporting purposes, total exceptional items include both operating and finance exceptional items together with the gain on disposal of businesses.
5 Capital expenditure in this instance relates to book amounts.

4. Operating segments (continued)

(ii) Reconciliations of financial information as internally reported to financial information as reported under IFRS for the six months ended 30 June 2012 and 2011

a) Reconciliation of "Mecom ongoing" as internally reported to operating loss for the six months ended 30 June 2012 from continuing operations as reported under IFRS

Unaudited	**Total of "Mecom ongoing" €m**	**Reverse finance exceptional items €m**	**Amortisation of acquired intangibles €m**	**Amounts as reported for continuing operations under IFRS €m**
Revenue:				
Advertising	203.1	-	-	203.1
Circulation	217.6	-	-	217.6
Other	71.3	-	-	71.3
Total revenue	**492.0**	**-**	**-**	**492.0**
Total costs (including share of results of associates, excluding depreciation)	(454.1)	-	-	(454.1)
Adjusted EBITDA	**37.9**	**-**	**-**	**37.9**
Depreciation (including amortisation of software)	(18.1)	-	-	(18.1)
Adjusted operating profit	**19.8**	**-**	**-**	**19.8**
Exceptional items	(29.1)	0.6	-	(28.5)
Amortisation of acquired intangibles	-	-	(24.1)	(24.1)
Operating (loss)/profit	**(9.3)**	**0.6**	**(24.1)**	**(32.8)**

b) Reconciliation of "Mecom ongoing" as internally reported to operating loss for the six months ended 30 June 2011 from continuing operations as reported under IFRS

Unaudited	**Total of "Mecom ongoing" €m**	**Add back results of operations disposed of but not classified as discontinued under IFRS[1] €m**	**Reverse finance exceptional items €m**	**Amortisation of acquired intangibles €m**	**Amounts as reported for continuing operations under IFRS €m**
Revenue:					
Advertising	238.9	9.8	-	-	248.7
Circulation	223.7	20.7	-	-	244.4
Other	69.9	5.3	-	-	75.2
Total revenue	**532.5**	**35.8**	**-**	**-**	**568.3**
Total costs (including share of results of associates, excluding depreciation)	(482.0)	(36.5)	-	-	(518.5)
Adjusted EBITDA	**50.5**	**(0.7)**	**-**	**-**	**49.8**
Depreciation (including amortisation of software)	(19.8)	(1.5)	-	-	(21.3)
Adjusted operating profit/(loss)	**30.7**	**(2.2)**	**-**	**-**	**28.5**
Exceptional items	(8.7)	(4.2)	0.7	-	(12.2)
Amortisation of acquired intangibles	-	-	-	(24.8)	(24.8)
Operating profit/(loss)	**22.0**	**(6.4)**	**0.7**	**(24.8)**	**(8.5)**

1 All line items under this heading relate to the Group's Presspublica operation which was disposed of during 2011.

4. Operating segments (continued)

c) Reconciliation of “Norway” as internally reported to profit for the six months ended 30 June 2012 from discontinued operations as reported under IFRS

Unaudited

	€m
Segment result as internally reported for “Norway”	**79.5**
Net finance income	0.1
Income tax expense	(4.3)
Profit for the period from discontinued operations	**75.3**

d) Reconciliation of “Norway” as internally reported to profit for the six months ended 30 June 2011 from discontinued operations as reported under IFRS

Unaudited

	€m
Segment result as internally reported for “Norway”	**12.0**
Amortisation of acquired intangibles	(4.5)
Operating profit from discontinued operations	**7.5**
Net finance income	0.1
Income tax expense	(1.8)
Profit for the period from discontinued operations	**5.8**

5. Exceptional items and amortisation of acquired intangibles

The Group presents as exceptional items separately on the face of the consolidated income statement those items of income and expense which, because of their nature and/or the infrequency of the events giving rise to them, merit separate presentation. This allows shareholders to understand better the elements of financial performance in the period, so as to facilitate comparison with prior periods. The Group also separates the amortisation of acquired intangibles on the face of the consolidated income statement since, whilst accounting standards require the recognition of this amortisation as an expense, it is not an underlying operating expense of the Group’s businesses.

5. Exceptional items and amortisation of acquired intangibles (continued)

The exceptional items and amortisation charges relating to continuing operations are summarised as follows:

Unaudited	**Six months ended 30 June 2012**			*(restated)* Six months ended 30 June 2011		
	Exceptional items	**Amortisation of acquired intangibles**	**Total**	Exceptional items	Amortisation of acquired intangibles	Total
	€m	**€m**	**€m**	€m	€m	€m
Amounts recognised in operating loss:						
Restructuring costs						
Staff redundancy costs	**(25.0)**	**-**	**(25.0)**	(5.6)	-	(5.6)
IT outsourcing costs	**0.6**	**-**	**0.6**	(2.0)	-	(2.0)
Other	**(0.1)**	**-**	**(0.1)**	(0.4)	-	(0.4)
Total restructuring costs	**(24.5)**	**-**	**(24.5)**	(8.0)	-	(8.0)
Amortisation and impairment charges						
Amortisation of acquired intangibles	**-**	**(24.1)**	**(24.1)**	-	(24.8)	(24.8)
Impairment charges in respect of:						
acquired intangibles	**(4.0)**	**-**	**(4.0)**	(4.2)	-	(4.2)
Total amortisation and impairment charges	**(4.0)**	**(24.1)**	**(28.1)**	(4.2)	(24.8)	(29.0)
Total recognised in operating loss	**(28.5)**	**(24.1)**	**(52.6)**	(12.2)	(24.8)	(37.0)
Amounts recognised in finance expense:						
Notional interest on unwinding of exceptional provisions	**(0.6)**	**-**	**(0.6)**	(2.0)	-	(2.0)
Interest rate swaps accounting: mark-to-market	**-**	**-**	**-**	1.3	-	1.3
Total recognised in finance expense	**(0.6)**	**-**	**(0.6)**	(0.7)	-	(0.7)
Total recognised in loss before tax	**(29.1)**	**(24.1)**	**(53.2)**	(12.9)	(24.8)	(37.7)
Income tax credit	**6.5**	**5.9**	**12.4**	2.7	6.1	8.8
Total recognised in loss for the period	**(22.6)**	**(18.2)**	**(40.8)**	(10.2)	(18.7)	(28.9)

Restructuring costs

Restructuring costs of €24.5m were recorded in the six months ended 30 June 2012 (six months ended 30 June 2011: €8.0m). Staff redundancy costs for the six months ended 30 June 2012 were €25.0m (six months ended 30 June 2011: €5.6m) and related to staff redundancy costs associated with cost reduction programmes in the Netherlands (€19.5m) and Denmark (€5.5m).

The Group recognised a credit of €0.6m in respect of its Group-wide IT outsourcing arrangement in the six months ended 30 June 2012 (six months ended 30 June 2011: €2.0m charge) due to the reversal of over-accrued amounts from 2011. Other restructuring costs of €0.1m were recorded in the six months ended 30 June 2012 (six months ended 30 June 2011: €0.4m) and included charges for the closure of the freesheet *Urban* offset by credits arising from the release of previously established liabilities.

Amortisation and impairment charges

In the six months ended 30 June 2012, the Group recorded an amortisation charge of €24.1m (six months ended 30 June 2011: €24.8m) in respect of its acquired intangibles. Note 4 above analyses the amortisation of acquired intangibles by operating segment.

Following an impairment review of the carrying value of the Group's cash-generating units in the first half of 2012 (see Note 11 for further details), the Group recorded an impairment charge of €4.0m (and related tax credit of €0.8m) against the brands (an acquired intangible presented within other intangible assets) of Mecom Poland. In the six months ended 30 June 2011, the Group recorded an impairment charge of €4.2m (and related tax credit of €0.8m) against a brand owned by Presspublica (part of Mecom Poland which the Group had agreed to sell at 30 June 2011) in order to write the net assets of the disposal group down to the estimated net proceeds of €19.0m (after directly attributable costs).

5. Exceptional items and amortisation of acquired intangibles (continued)

Amounts recognised in finance expense
Exceptional finance items in the six months ended 30 June 2012 of €0.6m (2011: €0.7m) related to the unwinding of notional interest on exceptional provisions. Mark-to-market movements in interest rate swaps not accounted for as hedges resulted in a credit of €1.3m in the six months ended 30 June 2011.

Income tax credit
An income tax credit on exceptional items of €12.4m was recorded in the six months ended 30 June 2012 (six months ended 30 June 2011: €8.8m). €5.9m (six months ended 30 June 2011: €6.1m) of this is due to deferred tax credits arising on the amortisation of the Group's acquired intangibles, €0.8m (2011: €0.8m) related to the write-down of brands in Mecom Poland (see above) and €5.7m (six months ended 30 June 2011: €1.9m) related to tax credits recorded on other exceptional operating and finance items.

Discontinued operations
Staff redundancy costs associated with cost reduction programmes of €0.3m were recorded in the six months ended 30 June 2012 (six months ended 30 June 2011: €nil).

In the six months ended 30 June 2011, the discontinued operation recorded an amortisation charge of €4.5m in respect of its acquired intangibles. As the related acquired intangibles assets were classified as held for sale from the beginning of 2012 up to the date of disposal (see below), as required by IFRS no further amortisation charges were recognised in the six months ended 30 June 2012.

As set out in Note 18, this discontinued operation was sold on 28 June 2012, resulting in a gain on disposal after recycling of foreign exchange of €63.5m.

An income tax credit on exceptional items of €1.3m was recorded in the six months ended 30 June 2011.

6. Finance income and expense

Below is an analysis of the Group's finance income and expense, split between continuing and discontinued operations and also split between regular and exceptional items.

Unaudited	**Six months ended 30 June2012**			*(restated)* Six months ended 30 June 2011		
	Continuing operations €m	**Discontinued operations €m**	**Total €m**	Continuing operations €m	Discontinued operations €m	Total €m
Bank interest receivable	**0.5**	**0.3**	**0.8**	0.5	0.2	0.7
Total finance income before exceptional items	**0.5**	**0.3**	**0.8**	0.5	0.2	0.7
Interest payable on bank loans and overdrafts	**(6.9)**	**(0.2)**	**(7.1)**	(7.5)	(0.1)	(7.6)
Amortisation of debt issue costs	**(1.1)**	**-**	**(1.1)**	(1.0)	-	(1.0)
Finance charges payable under finance leases	**(0.1)**	**-**	**(0.1)**	(0.1)	-	(0.1)
Notional interest on unwinding of discounts	**(0.1)**	**-**	**(0.1)**	(0.2)	-	(0.2)
Commitment fees on bank loans and overdrafts	**(0.6)**	**-**	**(0.6)**	(0.9)	-	(0.9)
Foreign exchange	**(0.1)**	**-**	**(0.1)**	(0.1)	-	(0.1)
Total finance expense before exceptional items	**(8.9)**	**(0.2)**	**(9.1)**	(9.8)	(0.1)	(9.9)
Net finance expense before exceptional items	**(8.4)**	**0.1**	**(8.3)**	(9.3)	0.1	(9.2)
Total exceptional finance expense (see Note 5)	**(0.6)**	**-**	**(0.6)**	(0.7)	-	(0.7)
Total finance income	**0.5**	**0.3**	**0.8**	0.5	0.2	0.7
Total finance expense	**(9.5)**	**(0.2)**	**(9.7)**	(10.5)	(0.1)	(10.6)

6. Finance income and expense (continued)

The Group uses interest rate swaps to hedge its interest rate risk on its floating rate bank borrowings. Differences between floating rates received and fixed rates paid of €1.1m (charge) for the six months ended 30 June 2012 (six months ended 30 June 2011: €0.7m) are included within "interest payable on bank loans and overdrafts" above, along with, amongst other items, the underlying variable rate interest expense incurred on the underlying bank borrowings. The restatement of 2011 figures relate to the bifurcation of total Group amounts between continuing and discontinued operations.

7. Tax

The adjusted tax expense on continuing operations for the six months ended 30 June 2012 of €2.6m (six months ended 30 June 2011: €6.2m) represents an effective tax rate on adjusted profit before tax (excluding the share of results of associates) of 25.0% (six months ended 30 June 2011: 34.3%).

The total tax credit on continuing operations for the six months ended 30 June 2012 of €9.8m (six months ended 30 June 2011: €2.6m) included a tax credit of €12.4m (six months ended 30 June 2011: €8.8m) arising on exceptional items and the amortisation of acquired intangibles. Refer to Note 5 for further details.

8. Discontinued operations

On 4 December 2011, the Group entered into a binding sale agreement to dispose of its entire media business in Norway (Edda Media AS) to A-pressen AS. As described in further detail in Note 18, the sale of Mecom Norway completed on 28 June 2012.

This operation, which represented a major component of the Group, is presented as "Norway" within the category "Mecom disposed" for management and therefore internal reporting purposes in both the six months ended 2012 and 2011 (see Note 4). The Group has reported the income and expenses of this discontinued operation separately from income and expenses of its continuing operations for the six months ended 30 June 2012 and 2011. The results of the Mecom Norway discontinued operations which have been included in the consolidated income statement are set out below.

Unaudited

		Six months ended 30 June 2012			Six months ended 30 June 2011		
		Before exceptional items and amortisation of acquired intangibles	**Exceptional items and amortisation of acquired intangibles (see Note 5)**	**After exceptional items and amortisation of acquired intangibles**	Before exceptional items and amortisation of acquired intangibles	Exceptional items and amortisation of acquired intangibles (see Note 5)	After exceptional items and amortisation of acquired intangibles
	Note	**€m**	**€m**	**€m**	€m	€m	€m
Revenue	4	**142.8**	**-**	**142.8**	139.8	-	139.8
Cost of sales		**(28.9)**	**-**	**(28.9)**	(27.1)	-	(27.1)
Gross profit		**113.9**	**-**	**113.9**	112.7	-	112.7
Operating costs		**(99.0)**	**(0.3)**	**(99.3)**	(102.0)	(4.5)	(106.5)
Share of results of associates		**1.4**	**-**	**1.4**	1.3	-	1.3
Operating profit/(loss)	4	**16.3**	**(0.3)**	**16.0**	12.0	(4.5)	7.5
Finance income	6	**0.3**	**-**	**0.3**	0.2	-	0.2
Finance expense	6	**(0.2)**	**-**	**(0.2)**	(0.1)	-	(0.1)
Gain on disposal of businesses		**-**	**63.5**	**63.5**	-	-	-
Profit/(loss) before tax		**16.4**	**63.2**	**79.6**	12.1	(4.5)	7.6
Income tax (expense)/credit		**(4.3)**	**-**	**(4.3)**	(3.1)	1.3	(1.8)
Profit/(loss) for the period from discontinued operations		**12.1**	**63.2**	**75.3**	9.0	(3.2)	5.8
Attributable to:							
Mecom Group plc shareholders		**11.7**	**63.2**	**74.9**	8.6	(3.2)	5.4
Non-controlling interests		**0.4**	**-**	**0.4**	0.4	-	0.4

8. Discontinued operations (continued)

The net cash flows associated with the Norwegian operations are as follows:

Unaudited	**Six months ended 30 June 2012 €m**	Six months ended 30 June 2011 €m
Net cash (used in)/from operating activities	**(8.7)**	3.3
Net cash from/(used in) investing activities	**1.5**	(1.7)
Net cash used in financing activities	**(0.1)**	(0.2)

9. Dividends

Unaudited	**Six months ended 30 June 2012 €m**	Six months ended 30 June 2011 €m
Dividends on ordinary shares of the Company declared and paid during the period:		
Final 2011 dividend paid at 9.9 euro cents per share	**10.9**	-

In addition, the directors have declared an interim dividend in respect of the financial year ended 31 December 2012 of 6.0 euro cents per share (2011 interim dividend of 5.5 euro cents per share), comprising 2.5 euro cents per share from continuing operations and an additional dividend of 3.5 euro cents per share. This additional dividend is in respect of the earnings of the Mecom Norway discontinued operation during the period of Mecom ownership, details of which are set out in Note 8.

In total, these will absorb an estimated €7.1m of shareholders' funds. They will both be paid on or around 31 August 2012 to shareholders who are on the register of members on 3 August 2012.

10. Earnings per share

Basic earnings per share is calculated by dividing net profit/(loss) for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period, excluding own shares held by the Mecom Employee Benefit Trust ("EBT") which are treated as cancelled.

Adjusted basic earnings per share is calculated by dividing adjusted earnings for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period, excluding own shares held by the EBT which are treated as cancelled. Adjusted earnings are the profit/(loss) for the period attributed to ordinary equity holders of the parent adjusted to exclude exceptional items and amortisation of acquired intangibles (net of related tax and non-controlling interests).

Diluted earnings per share and adjusted diluted earnings per share are calculated after assessing the effect of potentially dilutive shares issued under (i) the Group's share-based payment awards and (ii) share warrants.

For the IFRS measure of diluted earnings per share from continuing operations for the six months ended 30 June 2012, the potential shares did not give rise to a decrease in profit per share or an increase in loss per share. As such, potential shares were considered anti-dilutive and did not lead to adjustments in diluted earnings per share from continuing operations.

For all other measures of diluted earnings per share (apart from the IFRS measure for continuing operations as described above) and for all measures of adjusted diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares, these being: (i) share-based payment awards where the exercise price is less than the average market price of the Company's ordinary shares during the period and (ii) share warrants (for 2011 only).

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these condensed consolidated financial statements.

10. Earnings per share (continued)

Unaudited	**Six months ended 30 June 2012**	Six months ended 30 June 2011
	000s	000s
Weighted average number of ordinary shares for basic earnings per share and adjusted basic earnings per share	**112,003**	110,040
Effect of dilution:		
Share-based payment awards	**677**	1,811
Share warrants	**-**	275
Weighted average number of ordinary shares for diluted earnings per share and adjusted diluted earnings per share	**112,680**	112,126

Unaudited		**Six months ended 30 June 2012**	*(restated)* Six months ended 30 June 2011
(Loss)/earnings per share (euro cents per share):			
IFRS measures			
Basic:	continuing operations	**(27.7)**	(13.9)
	discontinued operations	**66.9**	4.9
	continuing and discontinued operations	**39.2**	(9.0)
Diluted:	continuing operations	**(27.7)**	(13.9)
	discontinued operations	**66.5**	4.8
	continuing and discontinued operations	**39.0**	(9.0)
Non-IFRS measures			
Adjusted basic:	continuing operations	**6.9**	10.3
	discontinued operations	**10.4**	7.8
	continuing and discontinued operations	**17.3**	18.1
Adjusted diluted:	continuing operations	**6.8**	10.1
	discontinued operations	**10.4**	7.6
	continuing and discontinued operations	**17.2**	17.7

Earnings per share for the six months ended 30 June 2012 and 2011 from continuing operations exclude the discontinued Norwegian operations, as discussed in Note 8.

10. Earnings per share (continued)

Adjusted earnings per share

The directors believe that the presentation of adjusted earnings per share, being the basic earnings per share adjusted for exceptional items and amortisation of acquired intangibles (and any related tax effects) and the non-controlling interests' share of those items, helps to explain the underlying performance of the Group. A reconciliation of basic to adjusted earnings per share is as follows:

Unaudited

	Six months ended 30 June 2012		Six months ended 30 June 2011	
	€m	**Euro cents per share**	€m	Euro cents per share
Basic earnings	**43.9**	**39.2**	(9.9)	(9.0)
(Deduct)/add back exceptional items	**(34.1)**	**(30.4)**	12.9	11.7
Add back amortisation of acquired intangibles	**24.1**	**21.5**	29.3	26.6
Deduct exceptional tax credits for year	**(12.4)**	**(11.1)**	(10.1)	(9.1)
Deduct non-controlling interests' share of above	**(2.1)**	**(1.9)**	(2.3)	(2.1)
Adjusted earnings	**19.4**	**17.3**	19.9	18.1
Deduct adjusted earnings of discontinued operations	**(11.7)**	**(10.4)**	(8.6)	(7.8)
Adjusted earnings – continuing operations only	**7.7**	**6.9**	11.3	10.3

11. Impairment review of goodwill and acquired intangible assets

Indications of impairment during the six months ended 30 June 2012

The Group tests goodwill for impairment annually, or more frequently if there are indications that goodwill might be impaired. Additionally, the Group assesses at least annually whether there is any indication of any of its cash generating units' (CGUs') acquired intangible assets (comprising customer relationships, brands and publishing rights), being impaired. If there is such an indication, the individual asset's recoverable amount is measured and, if necessary, an impairment charge is recorded.

At 30 June 2012, the directors considered there to be such an indication of impairment in respect of the carrying amount of goodwill and acquired intangibles of all its CGUs, being Mecom Netherlands, Mecom Denmark and Mecom Poland. The directors considered the decline in print advertising across the Group in the six months ended 30 June 2012 together with the continued macro-economic uncertainty, both of which have contributed to a market capitalisation that is less than the carrying amount of the Group's net assets, to be indicators of impairment.

Carrying amount of goodwill and acquired intangible assets allocated to each CGU

Unaudited	**Mecom Netherlands €m**	**Mecom Denmark €m**	**Mecom Poland €m**	**Mecom Norway €m**	**Group €m**
Goodwill					
At 30 June 2012	**136.0**	**3.6**	-	-	**139.6**
At 30 June 2011	136.0	2.4	-	48.0	186.4
Acquired intangibles					
At 30 June 2012	**324.3**	**67.9**	-	-	**392.2**
At 30 June 2011	364.3	74.7	4.6	62.1	505.7

As described in further detail in Note 18, Mecom Norway was sold on 28 June 2012, meaning amounts for goodwill and acquired intangibles are €nil.

Key assumptions in the value-in-use calculations

The recoverable amount of each CGU is determined either from (a) value-in-use calculations, using cash flow projections based on the most recent financial budgets approved by the Board and management forecasts beyond the period of these budgets or, if higher, (b) current valuations of disposal proceeds less costs to sell, based on prospective transactions involving the specific Group assets involved in disposals transactions, recent comparable transactions or valuations of publicly traded companies.

11. Impairment review of goodwill and acquired intangible assets (continued)

The key assumptions to which the value-in-use calculations are most sensitive are:

- revenue growth rates (for periods within the cash flow projections and in perpetuity for the calculation of the terminal value);
- EBITDA margins (as a driver for the cash generation of segments before working capital requirements);
- future levels of maintenance capital expenditure; and
- discount rates.

Revenue growth rates, EBITDA margins and future levels of capital expenditure are based on past experience and expected future developments in the Group's CGUs. Cash flows for periods beyond the Group's own budgets and forecasts (which have been prepared up to 31 December 2015) are projected at rates that take into consideration forecast GDP growth rates for each country, adjusted downwards to reflect the Group's view of both industry and company-specific trends over the longer-term. Longer-term and perpetuity growth rates do not exceed the average long-term GDP growth rates for each country of the Group's operations.

The discount rate applied to each CGU is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to each CGU's cash flow projections, based on the Group's weighted average cost of capital.

The discount rates and perpetuity growth (or decline) rates used in the value-in-use calculations by CGU are as follows:

Unaudited **CGUs**	**Discount rate 30 June 2012** **%**	**Terminal growth rate used at 30 June 2012** **%**	Discount rate 31 December 2011 %	Terminal growth rate used at 31 December 2011 %
The Netherlands	**10.0%**	**- %**	10.0%	1.8%
Denmark	**10.0%**	**- %**	8.9%	1.9%
Poland	**12.0%**	**(1.0)%**	12.0%	3.6%

Results of impairment testing and sensitivity to changes in assumptions by CGU

<u>Mecom Netherlands</u>
The impairment test performed in the six months ended 30 June 2012 did not result in any impairment charge being recognised in respect of Mecom Netherlands.

Downside sensitivities have been applied to the cash flow projections used in the 2012 value-in-use calculations to assess the impact on headroom over the carrying amount of assets of changes in assumptions. The key sensitivity applied has been to assumptions about revenue, in particular advertising revenue.

Sensitivity testing showed that a reasonably possible adjustment to the assumption for advertising revenue, being a 5% reduction for each period compared with the base estimates used (with no allowance for cost saving actions), would have led to an impairment of goodwill in the Mecom Netherlands CGU at 30 June 2012. Management would expect, however, that this CGU would be capable of implementing cost saving actions to mitigate this reduction in revenue and limit the effect of any impairment charges.

11. Impairment review of goodwill and acquired intangible assets (continued)

Mecom Denmark
The impairment test performed in the six months ended 30 June 2012 did not result in any impairment charge being recognised in respect of Mecom Denmark.

Downside sensitivities have been applied to the cash flow projections used in the 2012 value-in-use calculations to assess the impact on headroom over the carrying amount of assets of changes in assumptions. The key sensitivity applied has been to assumptions about revenue, in particular advertising revenue.

Sensitivity testing showed that a reasonably possible adjustment to the assumption for advertising revenue, being a 5% reduction for each period compared with the base estimates used (with no allowance for cost saving actions), would not have led to an impairment in the Mecom Denmark CGU at 30 June 2012. A more extreme reduction of 10% in advertising revenue in each period (with no allowance for cost saving actions) would however have led to an impairment of goodwill and acquired intangibles assets in the Mecom Denmark CGU. Management would expect, however, that this CGU would be capable of implementing cost saving actions to mitigate this reduction in revenue and limit the effect of any impairment charges.

Mecom Poland
As set out in Note 5 of the Group's 2011 Annual report, at 31 December 2011 the directors noted that sensitivity testing showed a reasonably possible adjustment to advertising revenue would result in the recoverable amount of this CGU being lower than its carrying amount and that the carrying amount of this CGU would be monitored going forward. The carrying amount of Mecom Poland's acquired intangibles at 31 December 2011 was €4.0m. All the goodwill allocated to this CGU was fully impaired in previous years.

The impairment test during the six months ended 30 June 2012 resulted in an impairment charge of €4.0m being recognised in the first half of the year. Following the recognition of this charge, the estimated recoverable amount of this CGU is equal to its carrying value and, consequently, any adverse change in a key assumption would not result in a further impairment loss in respect of Poland's acquired intangible assets.

12. Cash and cash equivalents

	Note	**30 June 2012 €m Unaudited**	31 December 2011 €m Audited	30 June 2011 €m Unaudited
Cash at bank and in-hand		**41.5**	45.7	53.2
Short-term deposits		**233.7**	3.7	15.6
Cash and cash equivalents per the balance sheet		**275.2**	49.4	68.8
Cash and cash equivalents included within assets held for sale		**-**	38.7	6.6
Bank overdrafts	13	**(1.7)**	(10.5)	(6.2)
Cash and cash equivalents per the cash flow statement		**273.5**	77.6	69.2

On 20 July 2012, €195.1m of cash and cash equivalents was used to repay bank borrowings.

13. Borrowings

	Note	**30 June 2012 €m Unaudited**	31 December 2011 €m Audited	30 June 2011 €m Unaudited
Bank overdrafts	12	**(1.7)**	(10.5)	(6.2)
Bank borrowings		**(377.8)**	(329.7)	(363.1)
Other		**(4.5)**	(4.8)	(3.9)
Total		**(384.0)**	(345.0)	(373.2)

Shown in the consolidated balance sheet as:

Non-current	**(364.2)**	(316.1)	(349.0)
Current	**(19.8)**	(28.9)	(24.2)

The Group's net debt is as follows:

	Note	**30 June 2012 €m Unaudited**	31 December 2011 €m Audited	30 June 2011 €m Unaudited
Cash and cash equivalents	12	**275.2**	49.4	68.8
Cash and cash equivalents included within assets held for sale		**-**	38.7	6.6
Borrowings		**(384.0)**	(345.0)	(373.2)
Obligations under finance leases		**(0.9)**	(1.6)	(4.1)
Total		**(109.7)**	(258.5)	(301.9)

The Group's current bank borrowing facilities expire in October 2013. The Group's average net debt for the six months ended 30 June 2012 was €281.8m (six months ended 30 June 2011: €328.7m). Closing net debt has reduced by €148.8m from 31 December 2011 to €109.7m. This is primarily due to the disposal of Mecom Norway which reduced net debt by €212.0m (including the deconsolidation of certain overdraft balances of €15.8m, as set out in Note 18) offset by €38.9m paid in respect of the termination of the *De Pers* contract (see Note 16), €17.0m of capital expenditure and €10.9m paid to equity shareholders in respect of the 2011 final dividend (see Note 9).

14. Capital commitments

Capital commitments contracted but not provided at 30 June 2012 were €6.7m (30 June 2011: €4.6m).

15. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of other related party transactions are disclosed below.

Transactions with joint ventures and associates

The following table summarises the sales, purchases and amounts owed to and by the Group's associated undertakings and joint ventures.

Unaudited	**Sales to related parties €m**	**Purchases from related parties €m**	**Amount owed by related parties €m**	**Amount owed to related parties €m**
Associates				
Six months to 30 June 2012	**1.2**	**4.1**	**0.2**	**-**
Six months to 30 June 2011	1.4	4.7	0.2	-
Joint ventures				
Six months to 30 June 2012	**4.1**	**11.5**	**0.2**	**0.2**
Six months to 30 June 2011	2.0	10.9	0.6	0.3

Sales of goods and services to related parties were made at the usual list prices, less average volume discounts. Purchases were made at market prices. No provisions have been made for doubtful debts in respect of amounts owed by related parties.

16. Reconciliation of profit/(loss) for the period to cash generated from operations

The table below relates to amounts within both continuing and discontinued operations, unless otherwise stated.

Unaudited	Note	**Six months ended 30 June 2012 €m**	*(restated)* Six months ended 30 June 2011 €m
Profit/(loss) for the period		**43.1**	(10.1)
Adjusted for:			
Depreciation of property, plant and equipment		**12.2**	16.7
Amortisation of software		**5.9**	8.2
Amortisation of acquired intangibles	5	**24.1**	29.3
Impairment of acquired intangibles	5	**4.0**	4.2
Share-based payment expense		**0.6**	1.0
(Gain)/loss on disposal of businesses		**(63.5)**	0.1
Gain on disposal of property, plant and equipment		**(1.1)**	-
Loss/(gain) on disposal of interests in associates and investments		**0.2**	(0.1)
Finance income	6	**(0.8)**	(0.7)
Finance expense	6	**9.1**	9.9
Exceptional finance expense	6	**0.6**	0.7
Tax credit	7	**(5.5)**	(0.8)
Share of results of associates		**(2.2)**	(2.4)
Operating cash flow before changes in working capital, provisions and pensions		**26.7**	56.0
Decrease in trade and other receivables		**1.3**	9.0
Decrease in trade and other payables		**(19.5)**	(18.8)
Decrease in inventories		**2.6**	-
Decrease in provisions		**(40.7)**	(16.8)
Decrease in pensions		**(2.5)**	(3.2)
Cash (used in)/generated from operations		**(32.1)**	26.2

Included within the decrease in provisions of €40.7m in the six months ended 30 June 2012 is €38.9m relating to the Group's commercial relationship with the publisher of the daily freesheet *De Pers*, Mountain Media B.V. ("Mountain Media") which included a termination payment of €35.0m paid to Mountain Media in April 2012 together with related costs of €3.9m paid in the current period.

The restatement in the prior year relates to the bifurcation of the movements in provisions and pensions to match with the current period's presentation.

17. Acquisition of shares in non wholly-owned subsidiary

On 21 May 2012, the Group acquired 5,980,800 depositary receipts for ordinary shares in Koninklijke Wegener N.V. ("Wegener") from funds managed by Governance for Owners ("GfO"). Subsequent to this transaction, the Group's interest in Wegener for accounting purposes increased from approximately 86.4% to 100.0%. Consequently, the non-controlling interest in the consolidated balance sheet relating to Wegener of €1.5m has been extinguished.

As consideration for the acquisition, the Company issued 8,659,201 new ordinary shares with a nominal value of £0.6085888 (equivalent to €0.75325 using the spot rate on the date of the transaction). The total market value of the issued shares on the date of the acquisition was €15.4m, with €6.5m and €8.9m being recorded in issued share capital and share premium, respectively.

The difference between the amounts recorded in non-controlling interest (debit of €1.5m) and the total market value of the issued shares (credit of €15.4m) was recorded directly in retained earnings.

The Group incurred costs of €0.3m of related transaction fees which was recorded against retained earnings.

18. Disposals of businesses

Edda Media AS ("Mecom Norway")

On 4 December 2011, the Group entered into a binding sale agreement to dispose of its entire media business in Norway (Edda Media AS) to A-pressen AS. At 31 December 2011, the sale was subject to the terms and conditions of the sale and purchase agreement which included, amongst other things, the approval of Mecom's shareholders and the approval of the Norwegian Competition Authority. Therefore, at 31 December 2011, the assets and liabilities of this operation were classified as held for sale in the consolidated balance sheet.

On 28 June 2012, the Group completed the disposal of Mecom Norway following the respective approvals of Mecom's shareholders (on 30 January 2012) and the Norwegian Competition Authority (on 28 June 2012) for total net proceeds of €201.5m, comprising cash consideration of €199.1m and deferred consideration of €5.0m less directly attributable costs recorded in the six months ended 30 June 2012 of €2.6m. The Group had already recognised directly attributable costs of €6.2m in the prior year, which were fully accrued at 31 December 2011, meaning total cumulative directly attributable costs are €8.8m and total cumulative net proceeds are €195.3m at 30 June 2012.

The profit before tax of Mecom Norway from 1 January 2012 up to the date of disposal was €16.1m, which is set out in further detail in Note 8.

The book values of the net assets at 28 June 2012 (date of disposal) are summarised below, together with the related sales proceeds and the gain on disposal.

Unaudited	**Book value of net assets at date of disposal €m**
Goodwill	49.4
Other intangible assets	64.2
Property, plant and equipment	36.6
Employee benefit assets	1.2
Interests in associates	33.9
Investments	0.2
Deferred tax assets	13.0
Inventories	2.6
Trade and other receivables	37.6
Cash and cash equivalents	7.1
Total assets	**245.8**
Provisions	(1.2)
Employee benefit obligations	(5.7)
Deferred tax liabilities	(26.0)
Trade and other payables	(64.7)
Bank overdrafts	(22.9)
Total liabilities	**(120.5)**
Net assets disposed of	**125.3**
Non-controlling interests' share of above	(8.5)
Group share of net assets disposed of	**116.8**
Sales proceeds:	
Cash	199.1
Deferred consideration	5.0
Less: directly attributable costs[1]	(2.6)
Total net proceeds	**201.5**
Gain on disposal before recycling of foreign exchange	**84.7**
Recycling of foreign exchange	(21.2)
Gain on disposal after recycling of foreign exchange	**63.5**

1 Directly attributable costs comprise the costs of forward contracts of €2.2m and €0.4m of other costs. Directly attributable costs of €6.2m were expensed in the year ended 31 December 2011.

Deferred consideration of €5.0m in the table above represents proceeds receivable (once certain post-completion activities are completed) to the extent the directors are virtually certain of inflow of economic benefits. The Group expects to receive the deferred consideration before the end of 2012.

18. Disposals of businesses (continued)

The net cash flow resulting from the disposal in the six months ended 30 June 2012 was €212.0m, comprising cash proceeds received on disposal of €199.1m, €15.8m of net bank overdrafts disposed of less €2.9m of directly attributable costs paid. €5.9m of directly attributable costs remained unpaid at 30 June 2012.

The reduction in Group net debt in the six months ended 30 June 2012 as a result of this disposal was €212.0m. Once the deferred consideration is received and the remaining costs are paid, the Group expects the total cumulative reduction in net debt due to this disposal will be €211.1m.

Other
During the six months ended 30 June 2012, the Group also disposed of minor operations for €nil gain or loss. The net cash outflow resulting from these disposals, together with cash payments in respect of prior year disposals, in the six months ended 30 June 2012 was €0.5m.

19. Litigation provision in respect of NMa

Included within current provisions at 30 June 2012 is €10.6m (31 December 2011: €10.4m) in respect of the fine imposed by the NMa on Wegener and five (former) directors. The carrying amount of this provision reflects the Group's best estimate of the expenditure required to settle the present obligation, based on the most recent facts and circumstances.

On 25 June 2012, a court hearing took place in which Wegener and the NMa pleaded their respective cases in line with previous submissions. The resulting judgement arising from this court hearing is not expected before the end of September 2012.

INDEPENDENT REVIEW REPORT TO MECOM GROUP PLC

Introduction

We have been engaged by the Company to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2012 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and the related Notes 1 to 19. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of consolidated financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

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

As disclosed in Note 4 of the 2011 Annual report and accounts, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of consolidated financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as adopted by the European Union.

Our Responsibility

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

Scope of Review

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

Emphasis of Matter

In forming our review opinion, which is not modified, we have also considered the adequacy of the disclosures made in Note 3 to the condensed consolidated financial statements concerning the Group's ability to continue as a going concern. The conditions described in Note 3 indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. The condensed consolidated financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP
London
24 July 2012