Trinity Mirror plc

3 March 2011

Preliminary Results Announcement
for the 52 weeks ended 2 January 2011

Summary

- Operating profit[(1)(2)] up by 17.0% to £123.3 million (2009: £105.4 million)
- Earnings per share[(1)(2)] up by 43.0% to 28.6 pence (2009: 20.0 pence)
- Group revenue[(2)] broadly flat at £761.5 million (2009: £763.3 million)
- Operating costs[(1) (3)] reduced by £64.7 million including structural cost savings of £25 million
- Operating margin[(1)(2)] increased from 13.8% to 16.2%
- Significantly earnings enhancing acquisition of GMG Regional Media completed on 28 March 2010
- Strong cash generation with net debt[(4)] falling by £58.1 million from £324.0 million to £265.9 million
- Material reduction in the IAS 19 pension deficit by £135.6 million from £296.6 million to £161.0 million (£117.5 million net of deferred tax)

Adjusted results[(1)(2)]	**2010**	2009
	52 weeks	53 weeks
	£m	£m
Revenue	**761.5**	763.3
Operating profit	**123.3**	105.4
Profit before tax	**101.5**	72.7
Earnings per share	**28.6p**	20.0p

(1) Adjusted items relate to the exclusion of non-recurring items, the amortisation of intangible assets, the retranslation of foreign currency borrowings, the impact of fair value changes on derivative financial instruments and the impact of tax legislation changes. A reconciliation between the adjusted results and the statutory results is provided in note 18.
(2) Including revenue (£50.9 million), operating costs (£45.2 million) and operating profit (£5.7 million) relating to GMG Regional Media from completion of the acquisition on 28 March 2010. The additional week's trading in 2009 contributed revenue of £9.9 million and operating profit of £4.2 million.
(3) Excluding operating costs (£45.2 million) relating to GMG Regional Media from completion of the acquisition on 28 March 2010.
(4) On a contracted basis assuming that the private placement loan notes and related cross-currency interest rate swaps are not terminated prior to maturity.

Statutory results	**2010**	2009
	52 weeks	53 weeks
	£m	£m
Revenue	**761.5**	763.3
Operating profit	**138.0**	87.0
Profit before tax	**123.7**	42.0
Earnings per share	**44.6p**	11.5p
Dividend per share	**-**	-

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

"We delivered a strong performance during 2010 with operating profit up 17%, earnings per share up 43% and net debt falling by £58 million. Although 2010 proved to be as challenging as expected, we made good progress in rolling out our new operating model, integrating GMG Regional Media and increasing profitability and margin whilst managing extremely volatile revenue trends throughout the year.

Many of the challenges we faced in 2010 remain in 2011. However, our planned investment initiatives to grow revenues coupled with our focused approach to tightly managing the cost base will help support profits this year whilst positioning the Group for growth when market conditions improve."

Enquiries

Trinity Mirror

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Chairman and Chief Executive Statement

The Group delivered a strong financial performance for 2010 with operating profit growing by 17.0%. The improved operating profit and reduced interest costs resulted in earnings per share increasing by 43.0%. The Group remained highly cash generative with net debt falling by £58.1 million to £265.9 million.

The strong performance in a fragile economic environment, which saw low GDP growth, high unemployment and continued pressure on revenues, demonstrates the resilience of our strong portfolio of businesses. Management's focus on maximising revenues in these challenging trading conditions, coupled with a strong revenue performance of £50.9 million from GMG Regional Media, ensured the Group achieved revenues broadly in line with 2009. Importantly the revenues from GMG Regional Media did not require significant investment as the acquisition was completed for a cash consideration of only £7.4 million.

Group revenues were marginally down from £763.3 million to £761.5 million. Excluding the acquisition of GMG Regional Media, Group revenues were down by 6.9% to £710.6 million providing clear evidence of an improvement in revenue trends when compared to the decline of 12.4% experienced during 2009. The year-on-year revenue trends in 2010 have been adversely impacted by the additional week of trading in 2009 which contributed £9.9 million and by the impact of the severe weather conditions across the UK during December 2010.

A strong operating profit performance was achieved as management continued to tightly manage the cost base. The underlying cost base fell by £64.7 million in the year including structural cost savings of £25 million, £5 million ahead of the target we set at the beginning of the year.

The Group generated cash flows from operating activities of £110.1 million after paying £31.9 million to fund deficits in our defined benefit pension schemes. The strong financial performance of the Group enabled continued investment in our business and the acquisition of GMG Regional Media.

Our investment in the modernisation of business processes and structures throughout the Group, via the implementation of the new operating model, continues to reap sustainable efficiencies while supporting our strategic goal of building a multimedia business of scale. New IT systems have enabled us to re-engineer how we publish across editorial, advertising and pre-press. This has resulted in a step change in the way content is gathered and published across print and digital. Importantly we are not trying to do the same things with fewer people. Instead, the technology enables fundamental changes to the entire publishing process, achieving efficiencies at a significantly lower cost base without detriment to quality.

Investment in our printing presses over the past five years has provided full colour and enhanced quality for our portfolio of titles whilst improving resilience across our print network. In addition, we have been able to utilise our spare capacity across the print network to increase contract print revenues with the Group now the largest contract printer of newspapers in the UK. Our print network was further enhanced with the acquisition of a print plant in Reading as part of the acquisition of GMG Regional Media providing the Group with increased capacity and flexibility. The Reading plant provided added resilience for our print network and was key to securing the print contract for the *'i'* newspaper following its launch in October 2010. Contract print revenues are more stable and resilient to the business cycle, with contracts typically running over several years. During the year the Group delivered contract print revenues of £45.1 million and continuing to grow revenues in this area is a key management objective. We do not anticipate a requirement for any further material capital investment in the Group's print network.

2010 has seen continued strengthening of the Group's balance sheet, ensuring we exit the year with significant financial flexibility, low leverage and no refinancing risk. The strong cash flow generated by the Group contributed to net debt falling by £58.1 million from £324.0 million to £265.9 million.

The strong cash generation of the business provides the Board with confidence that the Group is making progress towards the re-instatement of dividends. Nevertheless, the Board believes it prudent to maintain financial flexibility for the time being and therefore the Board is not proposing a dividend until such time that we see an improvement in the trading environment.

Following an extensive consultation process the Group closed all its defined benefit pension schemes to future accrual on 31 March 2010.

Chairman and Chief Executive Statement (continued)

The much improved financial position provides the Group with headroom for investment in growing our print and digital revenues. A number of investment initiatives have already commenced and once fully implemented will present multiple opportunities to drive revenues. The investments already underway include:

- A new customer relationship management system which will provide opportunities to drive advertising revenues through better customer data and insight. The new system will provide tools for more effective targeting of marketing initiatives and improve customer service. Key areas of focus will include increasing customer numbers, improving customer retention and increasing customer value;
- Implementation of a new digital content management system (dcms). This system will increase the functionality of our websites and enable the development of audience-growth initiatives. These include the integration of social media, an improvement in editorial speed around breaking news and the flexibility to manage the publication of our content on any device i.e. PC, mobile, smartphone or tablet. The dcms will be fully integrated with the recently implemented Contentwatch editorial production system and together with our contextual and behavioural targeting systems will drive new advertising revenue opportunities; and
- Investment in our digital marketing services offering. The investment, in both staff and infrastructure, will enable the development of new digital products and services in order to widen the customer base and increase revenues. Examples include website design and development, search engine optimisation, e-mail marketing and social media.

These investments will provide the appropriate platform for the business to drive more diversified revenue streams across multiple media channels. Whilst these investments will, in the short term increase operating costs during 2011, they support our strategic objective of building a multimedia business of scale to deliver significant value enhancement for shareholders. The capital investment for these initiatives will be funded within the £15 million per annum targeted capital expenditure, with incremental operating costs of some £5 million.

Regionals Division
2010 has proven to be another challenging year for the regional newspaper industry against the backdrop of a difficult economic environment. However management's continued focus on strong portfolio management, the implementation of the new operating model, the acquisition of GMG Regional Media and the strong national advertising performance from our Metro titles has resulted in a substantial increase in operating profit and strong margin recovery. Operating profit increased by 44.0% from £35.9 million to £51.7 million with operating margin increasing by 3.7 percentage points from 11.9% to 15.6%.

Revenues for the Regionals division increased by 9.3% reflecting the benefit of the acquisition of GMG Regional Media, partially offset by an underlying decline in revenues. We were encouraged by the continued improvement in revenue trends which saw underlying revenues during the year fall by 7.5% representing a significant improvement compared to the 23.5% decline during 2009. In 2010 digital activities represented 9.8% of revenue and 18.2% of operating profit for the division.

The underlying revenue performance reflects the impact of the fragile economic environment with falling public sector spending, high levels of unemployment, a sluggish property market and low levels of consumer confidence. Whilst the acute cyclical pressures have most adversely impacted our classified advertising categories of recruitment, property and motors, these categories now represent a smaller proportion of our advertising revenues.

For the Regionals division in 2010, recruitment, property and motors represented 34.2% of advertising revenues with 26.1% of these revenues being digital. The impact on the division from these categories is much reduced and they are well placed to benefit from a combination of cyclical recovery and any structural changes when market conditions improve. In recent months our national recruitment websites have returned to growth. This improved performance combined with our taking full control of fish4 is forecast to see digital represent some 45% of recruitment advertising revenue in 2011.

Chairman and Chief Executive Statement (continued)

GMG Regional Media

The acquisition of GMG Regional Media, completed on 28 March 2010, has proved highly successful. The acquisition included MEN Media and S&B Media. MEN Media comprises the Manchester Evening News and a number of weekly titles and associated websites in the North West of England. S&B Media comprises a number of weekly titles and associated websites in the South of England. The acquisition has been fully integrated into our Regionals division and extends the Group’s reach across print and digital providing further scale in these key geographies. Our management teams have ensured that best practice is shared between existing and acquired businesses and equipped them with the Group’s revenue generating tools such as Local Mole, our local business directory and our advertising self serve product.

MEN Media relocated to our freehold building at our print plant in Chadderton, Greater Manchester, in September 2010, though the business retains a city centre presence in Manchester. Investment in the acquired business saw MEN Media launch a new free weekly business magazine ‘Greater Manchester Business Week’ and companion website covering the Greater Manchester area in November 2010.

Since completion of the acquisition, the business has delivered strong operating results with revenues of £50.9 million and operating profit of £5.7 million, achieving a margin of 11.2%.

fish 4

On 13 October 2010, the Group took control of the 50% of fish4 not previously controlled. fish4 sits alongside the brands in our digital portfolio including GAAPweb, totallylegal, SecsintheCity and SmartNewHomes. Launched in 1999, fish4 operates one of the UK's best known websites for jobs, cars and homes. fish4jobs was one of the UK's first mass-market recruitment websites. fish4 strengthens the Group’s position in the important generalist recruitment market and will boost digital recruitment advertising revenues by around £3 million in the first full year of control.

Nationals Division

Our Nationals division performed strongly in 2010, demonstrating the resilience of the businesses through the downturn. The division delivered operating profit growth of 3.0% with operating margin improving by 1.8 percentage points from 18.2% to 20.0%. Revenue declines of 6.5% reflect there being no cover price increases during 2010 partially mitigated by a significant improvement in the advertising revenue performance.

Each of our national titles broadly maintained advertising volume market share during the year, thereby continuing to demonstrate the relevance and importance of our national brands to advertisers and their agencies. The strong market positions of our UK brands in particular ensured that their advertising revenues grew for most months during 2010 although we have seen continued month on month volatility.

Following the investment and implementation of the Contentwatch editorial production system, we have created more efficient multimedia newsrooms for our titles. Changes to editorial processes and structures have eliminated outdated working practices delivering efficiencies without compromising quality. Editorial headcount has been reduced by around 200 positions, including 60 which were filled by casual workers.

The strength of our newspaper titles is clear from the significant paid-for circulation volumes of our titles and the mass audience reach they provide in a fragmenting media landscape. The Daily Mirror and Daily Record achieved a joint circulation in excess of 1.5 million copies per day on average during 2010 with readership per issue of 3.9 million. Our national Sunday titles, the Sunday Mirror, The People and the Sunday Mail, achieved a joint circulation of 2.0 million copies on average in 2010 with readership per issue of 6.1 million. The Sunday Mail continues to be the biggest selling newspaper in Scotland, with a circulation which is nearly 100,000 copies larger than the next best-selling title. The Sunday Mail is also market leader in readership terms reaching 46% more readers than the next best-read Sunday title. The websites of our national titles and brands have 10.7 million average monthly unique users.

Across the national popular newspaper market, circulations continued to decline year on year. The circulation performance of our five national titles reflects our policy of not chasing short-term circulation volume through cover price discounting, or through levels of marketing spend which do not provide a return on investment. Our titles have a higher proportion of full rate sales within their audited ABC circulation figures than any of their national competitors.

Chairman and Chief Executive Statement (continued)

Regulation

Whilst we are disappointed that the Government decided not to progress with the pilots for Independently Funded News Consortia, we await with interest their final plans for local TV. We also note the Government is progressing with its plans to relax all local cross media ownership regulations. Any increase in flexibility provided by relaxation in media ownership rules presents potential opportunities to react to market changes and consider cross-platform options in an era when traditional platform distinctions are increasingly irrelevant to consumers and advertisers.

The Group believes that scale in regional media can be an important driver of value for shareholders and the acquisition of GMG Regional Media during the year was a compelling demonstration of this. The Group will consider further regional consolidation opportunities where there is a strong financial case and a good commercial and strategic fit.

Capital Expenditure

We continued to tightly manage our capital expenditure during the year. Capital expenditure in the year was £14.2 million against depreciation of £33.9 million. Proceeds from the sale of two freehold properties amounted to £2.7 million. Net capital expenditure amounted to £11.5 million.

Capital expenditure is expected to be maintained at around £15 million per annum for the foreseeable future and will remain below depreciation as the Group has already invested in new presses.

Cash Flow and Net Debt

The Group continued to generate strong cash flows during the year which enabled net debt on a contracted basis to fall by £58.1 million from £324.0 million to £265.9 million. On a statutory basis, net debt fell by £62.5 million from £299.8 million to £237.3 million.

Our strong cash flows and prudent management of our financing facilities ensured that the Group maintained significant financing flexibility with no drawings on the Group's £178.5 million bank facility which is committed until June 2013. The Group holds a significant cash balance which at the year end amounted to £116.2 million, in order to provide ready funds for the next repayment of the private placement loan notes which is due in October 2011 and is expected to be repaid substantially through cash balances and cash generated in 2011.

Pensions

Following an extensive consultation process the Group closed all its defined benefit pension schemes to future accrual on 31 March 2010. All former members were given the option to join the Group's defined contribution pension scheme. The closure of the defined benefit pension schemes to future accrual ensures that the Group is no longer increasing pension obligations with the potentially uncapped and increasing costs associated with the provision of defined benefit pensions. This step will also eliminate the volatility in the income statement operating profit charge for pensions as this will be based on the actual contributions to the Group's defined contribution pension schemes.

The defined benefit pension net deficit has fallen materially during the year by £135.6 million from £296.6 million to £161.0 million (£117.5 million net of deferred tax). The fall in the net deficit largely reflects the benefit of increasing assets values. Liabilities have increased marginally, with the significant reduction following the Government change to link state pension increases to CPI instead of RPI, which has impacted most of our deferred pensions, being more than offset by a reduction in the real discount rate and other changes.

Employees

We remained committed to attracting and retaining a talented workforce during 2010 and have continued to invest in supporting and developing our staff. At the beginning of 2010 we established a Group Training and Development Steering Committee chaired by the Chief Executive to ensure that resources were channelled to best support the Group's strategic goal. It is particularly pleasing to report that during 2010 strong progress has been made on a number of key initiatives:

- An Inspirational Leadership Programme was launched to develop the skills and capabilities of senior managers across the Group. Over 90 managers took part in the three day programme in 2010;
- A Talent Development Programme was designed to develop the skills of the next level of managers. These and other training programmes contributed to 90% of the management team benefiting from training during 2010; and
- A Customer Service Promise was introduced to all employees outlining our commitment to customers. During the year, over 1,800 members of staff received training specific to this initiative.

Chairman and Chief Executive Statement (continued)

Dividend

The Board continues to see an improvement in the cash flows generated by the Group which has contributed to net debt falling by £58.1 million to £265.9 million. This continued improvement in the Group's financial position has been achieved against the backdrop of a challenging trading environment.

The strong cash generation of the business provides the Board with confidence that the Group is making progress towards the re-instatement of dividends. Nevertheless, the Board believes it prudent to maintain financial flexibility for the time being and therefore the Board is not proposing a dividend until such time that we see an improvement in the trading environment.

The consistent key factors that the Board will consider in assessing the trading environment are:

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

Key Operating Trends and Outlook

The highly successful acquisition of GMG Regional Media enabled Group revenue to increase by 3% in January and February. Excluding GMG Regional Media, revenues fell by 6% with advertising revenues falling by 10% and circulation revenues falling by 5%. Advertising revenues for Regionals, excluding GMG Regional Media, fell by 11% and for Nationals by 9%.

In 2010 the Group delivered a reduction in the underlying cost base of £64.7 million with structural cost savings of £25 million. The Group's focus on maximising revenues and tight management of the cost base enabled profit to grow in 2010. In 2011 we will continue to tightly manage the cost base and expect at least £10 million structural cost savings, although these will be more than offset by general inflationary price increases, average increase in newsprint prices in excess of 20% and investment in our businesses. We expect restructuring costs in 2011 to be around £10 million.

The Board envisages a volatile and slow recovery in the UK economy as public sector spending cuts and taxation increases continue to impact consumer confidence, unemployment and the property market. However, the Board remains confident that management's drive to maximise revenues and tightly manage costs while investing for growth will help support profitability in 2011 whilst positioning the Group for growth when market conditions improve.

Management Report

The Management Report, unless otherwise stated, is presented on an adjusted basis to provide a more meaningful comparison of the Group's performance between 2009 and 2010. Adjusted results exclude the impact of non-recurring items, the amortisation of intangible assets, the retranslation of foreign currency borrowings, the impact of fair value changes on derivative financial instruments and the impact of tax legislation changes. The Management Report has been prepared for the 52 weeks ended 2 January 2011 and the comparative period has been prepared for the 53 weeks ended 3 January 2010. The additional week's trading in 2009 contributed revenue of £9.9 million and operating profit of £4.2 million.

Group Review
Adjusted results

Group revenue in 2010 fell marginally by £1.8 million from £763.3 million to £761.5 million. Excluding GMG Regional Media, Group revenues fell by £52.7 million from £763.3 million to £710.6 million. The revenue trends have been adversely impacted by the additional week's trading in 2009 which contributed £9.9 million of revenues and by the impact of the severe weather conditions across the UK during December 2010.

Group revenues by type, including and excluding GMG Regional Media, is set out below:

	Including GMG Regional Media			Excluding GMG Regional Media		
	2010	**2009**	**Variance**	**2010**	**2009**	**Variance**
	£m	**£m**	**%**	**£m**	**£m**	**%**
Advertising	351.3	331.8	5.9	311.0	331.8	(6.3)
Circulation	317.4	339.3	(6.5)	310.2	339.3	(8.6)
Other	92.8	92.2	0.7	89.4	92.2	(3.0)
Total	**761.5**	**763.3**	**(0.2)**	**710.6**	**763.3**	**(6.9)**

The revenue performance reflects an increase in advertising revenues of 5.9%, a fall in circulation revenues of 6.5% and an increase in other revenues of 0.7%. GMG Regional Media contributed £40.3 million advertising revenues, £7.2 million circulation revenues and £3.4 million other revenues during 2010. Excluding GMG Regional Media, revenues declined by 6.9% with advertising revenue falling by 6.3%, circulation revenue falling by 8.6% and other revenue falling by 3.0%. The overall decline in revenues reflects the fragility of the UK economy which continues to adversely affect our customers, both readers and advertisers. However, we have seen a marked improvement in the rate of decline in advertising revenues which are down 6.3% in 2010 compared to a decline of 22.2% during 2009. Lower circulation revenues reflect lower circulation volumes only marginally mitigated by limited cover price increases in the Regionals and no cover price increases in the Nationals. The fall in other revenue is driven by the impact of contract print services previously charged to GMG Regional Media which are now classified as internal charges. Excluding all charges to GMG Regional Media for 2009 and in 2010 prior to the acquisition, other revenues increased by 3.2% due to new third party contract print revenues.

Group digital revenue, included in advertising and other revenue, increased by £1.5 million from £35.6 million to £37.1 million. Excluding GMG Regional Media, Group digital revenue fell marginally by £0.7 million from £35.6 million to £34.9 million. This reflects ongoing declines in recruitment and property advertising revenues driven by high levels of unemployment and a sluggish property market, in particular the new homes market. Encouragingly we continue to see growth in other digital revenues such as motors and directories. Audience growth remains strong with average monthly unique users increasing by 19% year on year to reach 21.6 million for the year.

Group operating profit increased by £17.9 million from £105.4 million to £123.3 million. Operating costs decreased by £19.5 million and excluding GMG Regional Media operating costs fell by £64.7 million. The significant reduction in costs reflects the ongoing tight management of costs, the targeted structural cost savings of £25 million and lower average newsprint prices during the year. Operating margins increased by 2.4 percentage points from 13.8% to 16.2%.

Profit before tax improved by £28.8 million from £72.7 million to £101.5 million reflecting the improved operating profit, lower interest costs and a lower pension finance charge. The tax charge of £28.9 million for the year represents 28.5% of profit before tax. Profit after tax improved by £21.5 million from £51.1 million to £72.6 million with earnings per share growing by 43.0% from 20.0 pence to 28.6 pence.

Management Report (continued)

Group Review (continued)
Statutory results

Revenues on a statutory basis are the same as those on an adjusted basis.

On a statutory basis operating profit improved by £51.0 million from £87.0 million to £138.0 million. The material increase in operating profit is driven by the improved underlying profitability of the Group together with the operating profit of GMG Regional Media and the benefit of a non-recurring credit of £20.7 million compared to a non-recurring charge of £11.3 million in the prior year. The key item contributing to the non-recurring credit is a net gain of £27.3 million on the acquisition of GMG Regional Media.

Profit before tax on a statutory basis increased by £81.7 million from £42.0 million to £123.7 million. This reflects increased operating profit, lower interest costs and the benefit from the retranslation of foreign currency borrowings and fair value changes on derivative financial instruments which were a credit of £7.5 million compared to a charge of £12.3 million in the prior year.

The statutory tax charge for the period was £10.4 million reflecting a current year charge of £25.8 million partially offset by a prior year credit of £4.0 million and a credit of £11.4 million relating to the impact on opening deferred tax balances of the change in the rate of corporation tax from 28% to 27% which was substantively enacted during the year and is effective in April 2011. The statutory tax charge represents 8.4% of the statutory profit before tax. This is lower than the statutory rate of 28% primarily due to the accounting gain on the acquisition of GMG Regional Media not being taxable and the impact of the tax rate change.

Profit after tax on a statutory basis improved by £84.0 million from £29.3 million to £113.3 million. Earnings per share on a statutory basis increased by 33.1 pence from 11.5 pence to 44.6 pence.

Divisional Review
Regionals

The Regionals division publishes an extensive portfolio of print and digital media brands across the UK. The print portfolio comprises over 160 paid-for and free newspaper titles and includes 31 titles acquired with GMG Regional Media. In the majority of our geographical regions, our print titles reach over 70% of the adult population on a weekly basis. Our digital portfolio includes companion websites to our key newspaper titles, hyperlocal sites serving specific postcodes and communities, local sites in the key verticals of recruitment, property and motors and national sites in recruitment and property and a growing digital marketing services offering.

2010 has proven to be another challenging year for the regional newspaper industry with underlying revenue declines, reflecting the impact of low GDP growth, falling public sector spend, limited availability of credit, high levels of unemployment and a sluggish property market which collectively contributed to low levels of consumer and advertiser confidence. Regional media businesses have been hit particularly hard by the economy due to the higher proportion of advertising revenues relative to circulation revenues and the proportion of advertising revenues coming from the more cyclical classified categories. Whilst revenues remain under pressure, our Regionals division continued to provide significant audience reach in the markets in which we operate.

The GMG Regional Media acquisition completed on 28 March 2010 has proved highly successful. The acquisition is a strong strategic fit with the existing portfolio and has performed ahead of our expectations achieving £50.9 million of revenue and operating profit of £5.7 million for the nine months since acquisition.

Management Report (continued)

Divisional Review (continued)
Regionals (continued)

Regionals division revenue and operating profit, including and excluding GMG Regional Media, are set out below:

	Including GMG Regional Media			Excluding GMG Regional Media		
	2010	**2009**	**Variance**	**2010**	**2009**	**Variance**
	£m	**£m**	**%**	**£m**	**£m**	**%**
Revenue						
– Print and other related activities	298.8	272.1	9.8	250.1	272.1	(8.1)
– Digital activities	32.4	30.8	5.2	30.2	30.8	(1.9)
Total revenue	**331.2**	**302.9**	**9.3**	**280.3**	**302.9**	**(7.5)**
Operating profit						
– Print and other related activities	42.3	29.3	44.4	37.7	29.3	28.7
– Digital activities	9.4	6.6	42.4	8.3	6.6	25.8
Total operating profit	**51.7**	**35.9**	**44.0**	**46.0**	**35.9**	**28.1**
Operating margin	**15.6%**	**11.9%**	**3.7%**	**16.4%**	**11.9%**	**4.5%**

Revenue for the Regionals division increased by 9.3% to £331.2 million reflecting the benefit of the acquisition of GMG Regional Media partially offset by a decline in underlying revenues. We are encouraged by the improvement in revenue trends which have seen underlying revenues during the year fall by 7.5%, a significant improvement compared to the 23.5% decline during 2009.

Operating profit for the Regionals division increased by 44.0% to £51.7 million and operating margin improved by 3.7 percentage points from 11.9% to 15.6%. The operating profit performance reflects the benefits of management actions to improve efficiencies and the acquisition of GMG Regional Media. Excluding GMG Regional Media, operating profit grew by 28.1% to £46.0 million and operating margin increased by 4.5 percentage points from 11.9% to 16.4%

Print and other related activities revenue increased by £26.7 million and operating profit increased by £13.0 million. Whilst revenues excluding GMG Regional Media remained under pressure we grew underlying operating profits by 28.7% from £29.3 million to £37.7 million.

Digital revenue increased by £1.6 million and operating profit increased by £2.8 million. Digital activities now represent 9.8% of revenues and 18.2% of operating profit of the division. Underlying operating profit grew by 25.8% from £6.6 million to £8.3 million and we increased our audience reach. Average monthly unique users across our websites grew by 17% year on year to 11.1 million per month.

Our strategy to diversify our revenues saw continued progress with digital now representing 38.6% of recruitment revenues, 18.8% of property revenues and 10.2% of other classified revenues.

Revenues by type, including and excluding GMG Regional Media, are set out below:

	Including GMG Regional Media			Excluding GMG Regional Media		
	2010	**2009**	**Variance**	**2010**	**2009**	**Variance**
	£m	**£m**	**%**	**£m**	**£m**	**%**
Advertising	222.5	198.9	11.9	182.2	198.9	(8.4)
Circulation	73.2	72.5	1.0	66.0	72.5	(9.0)
Other	35.5	31.5	12.7	32.1	31.5	1.9
Total revenue	**331.2**	**302.9**	**9.3**	**280.3**	**302.9**	**(7.5)**

Advertising revenue increased by 11.9% including advertising revenue of £40.3 million from GMG Regional Media. Excluding GMG Regional Media, advertising revenue fell by 8.4% reflecting a decline of 8.0% in the first half and 8.9% in the second half. The rate of decline in second half has been adversely impacted by the additional week's trading in 2009 and adjusting for this, advertising revenues in the second half declined by 7.8% which is a marginal improvement on the first half. The second half was also impacted by the severe weather conditions in December 2010. Although the advertising environment remained challenging throughout the year, we are encouraged by the material improvement in the year on year decline from the 29.5% decline in advertising revenues during 2009.

Management Report (continued)

Divisional Review (continued)
Regionals (continued)

Advertising revenue by category, year on year, was as follows: display up 23.5%, recruitment down 2.0%, property up 11.1%, motors up 8.6% and other classified categories up 4.2%. Excluding GMG Regional Media, display was down 1.0%, recruitment down 19.4%, property down 8.6%, motors down 11.6% and other classified categories down 11.1%. Within display advertising, we are encouraged by the performance of our Metro titles which achieved year on year growth.

Regionals circulation revenues increased by 1.0% including circulation revenue of £7.2 million from GMG Regional Media. Excluding GMG Regional Media, circulation revenue fell by 9.0% with only limited cover price increases during the year. Excluding GMG Regional Media, we experienced year on year volume declines of 7.6% for paid-for dailies, 10.6% for paid-for Sundays and 9.0% for paid-for weeklies reflecting the impact of consumers curtailing discretionary spend.

Although we continue to experience year on year declines in circulation volumes we have seen an encouraging improvement in the rate of decline for a number of key paid-for titles during the second half of the year.

Regionals other revenues increased by 12.7% including £3.4 million from GMG Regional Media. Excluding GMG Regional Media other revenue increased by 1.9% driven by higher contract print revenue.

Nationals

The Nationals division publishes five national newspapers which are among the UK's leading media brands. Across the UK, we publish the Daily Mirror, the Sunday Mirror and The People. In Scotland, we publish the Daily Record and the Sunday Mail which combined are read by more readers than any other daily and Sunday package in the Scottish market. All our newspapers are complemented by a portfolio of growing digital brands, including companion websites for all our national newspapers and a number of complementary digital sites such as Mirrorfootball.co.uk, 3am.co.uk, Mirrormobile and Scotcareers. We also operate a number of other commercial activities which include events, readers' offers and a market leading business magazine in Scotland.

The national newspaper market remains highly competitive with continued cover price discounting by our competitors during the year, although we have seen some moderation in cover price cutting into 2011. Our titles continued to perform well in a challenging trading environment. During the year we completed the installation of the Contentwatch editorial production system in the UK Nationals following the successful implementation in the Scottish Nationals in 2009. This enabled a significant re-structuring of the newsroom and a reduction in headcount of around 200 positions, including 60 which were filled by casual workers.

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

	2010	**2009**	**Variance**
	£m	**£m**	**%**
Revenue	430.3	460.4	(6.5)
Operating profit	86.1	83.6	3.0
Operating margin	20.0%	18.2%	1.8%

Revenue declines of 6.5% from £460.4 million to £430.3 million were more than offset by a fall in costs of 8.7% from £376.8 million to £344.2 million enabling operating profit to increase by 3.0% from £83.6 million to £86.1 million. The cost reductions resulted in operating margin increasing by 1.8 percentage points from 18.2 % to 20.0%. The additional week's trading in 2009 contributed revenue and operating profit of £7.5 million and £3.6 million respectively, thereby distorting the year on year revenue and profit performance of the division. Excluding the additional week's trading in 2009, revenue has fallen by a reduced 5.0% and operating profit has risen by an increased 7.6%.

Digital revenues have declined by £0.1 million from £4.8 million to £4.7 million reflecting a decline in Bingo revenues which has been almost fully offset by growth in other digital revenues. Audience reach continues to grow, with average monthly unique users growing by 21% year on year to 10.7 million per month.

Management Report (continued)

Divisional Review (continued)
Nationals (continued)

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

	2010 £m	2009 £m	Variance %
Advertising	128.8	132.9	(3.1)
Circulation	244.2	266.8	(8.5)
Other	57.3	60.7	(5.6)
Total revenue	**430.3**	**460.4**	**(6.5)**

Nationals advertising revenue decreased by 3.1% from £132.9 million to £128.8 million. The year on year trend in advertising revenues improved materially during the first half of 2010, with revenues growing by 2.2% compared to declines of 14.4% in the first half of 2009. However, we experienced declines in advertising revenue of 7.8% in the second half due to a weaker advertising market, the severe weather conditions in December 2010 and the additional week of trading in 2009. Adjusting for the extra week of trading in 2009, advertising revenues in the second half fell by 4.7% and for the full year by a much reduced 1.4%. The advertising performance across the year reflects a strong performance from the UK Nationals titles, partially offset by a weaker performance by the Scottish Nationals titles which have a higher proportion of the more cyclical classified advertising revenues.

Nationals circulation revenue for the year has fallen by 8.5% from £266.8 million to £244.2 million. Excluding the additional week of trading in 2009, circulation revenues have fallen by 6.9% from £262.2 million to £244.2 million. The decrease in circulation revenue reflects volume declines with no cover price increases during the year. Circulation volumes declines for the year were Daily Mirror down 7.1%, Sunday Mirror down 7.3%, The People down 8.7%, Daily Record down 6.0% and the Sunday Mail down 7.5%.

Other revenue decreased by 5.6% from £60.7 million to £57.3 million reflecting the impact of contract print revenue previously charged to GMG Regional Media which is now classified as internal charges. Excluding all charges to GMG Regional Media for 2009 and in 2010 prior to the acquisition, other revenues increased by 3.9% due to new third party contract print revenues.

Central

Central includes costs not allocated to the operational divisions and the share of results of associates. The result for the year was a loss of £14.5 million compared to £14.1 million in the prior year. Costs not allocated to the operational divisions increased marginally by £0.6 million from £14.6 million to £15.2 million and the share of results of associates increased by £0.2 million from £0.5 million to £0.7 million.

Other Items
Non-recurring items
During 2010, the Group had a net non-recurring credit of £20.7 million (2009: £11.3 million charge).

On 28 March 2010 the Group acquired GMG Regional Media resulting in an accounting gain of £28.4 million representing negative goodwill of £23.6 million and a gain on a cancelled print contract of £4.8 million partially offset by transaction costs of £1.1 million.

Restructuring charges in connection with the delivery of cost reduction measures and the implementation of the new operating model for the Group amounted to £11.1 million (2009: £17.9 million). We expect total restructuring charges in 2011 to be around £10 million.

The Group released accruals of £3.6 million (2009: £nil) for which no further costs are expected.

The Group received cash proceeds of £2.7 million from the sale of two freehold buildings giving rise to a profit of £1.3 million (2009: £5.1 million gain on the disposal of a property in Birmingham).

The defined benefit pension schemes non-recurring loss of £0.4 million comprises a past service cost of £8.3 million in relation to the clarification of certain members benefits less a curtailment gain of £7.9 million relating to the Group closing the schemes to future accrual and the impact of redundancies (2009: £9.9 million gain in respect of a curtailment gain relating to redundancies and the Group indicating that it will no longer exercise discretion in providing enhancements to past service on redundancy).

Management Report (continued)

Other Items (continued)
Pension costs
The Group closed all of its defined benefit pension schemes to future accrual on 31 March 2010. From 1 April 2010, a majority of the members of the defined benefit pension schemes joined the Trinity Mirror Pension Plan, a defined contribution pension scheme.

The operating profit charge (excluding non-recurring items) in the year for defined benefit and defined contribution pension costs was £15.1 million (2009: £15.7 million). Included in non-recurring items is a loss of £0.4 million (2009: £9.9 million gain) in respect of the defined benefit pension schemes. The pension finance charge in the year was £7.1 million (2009: £10.5 million). We estimate there being a pension finance credit of £2.7 million in 2011.

The defined benefit pension deficits have fallen materially during the year by £135.6 million from £296.6 million to £161.0 million. This reflects the impact of an increase in assets of £126.0 million and a reduction in the asset ceiling of £11.6 million partially offset by an increase in liabilities of £2.0 million. The increase in liabilities is after a £80.1 million benefit due to the government announced changes in state pension increases being linked to CPI instead of RPI which impacts most deferred pensions in the Group's schemes. This was more than offset by the impact of a fall in the real discount rate from 2.20% to 1.95% due to a fall in the corporate bond rate only partially offset by a fall in inflation and other changes.

The mortality assumptions applied in calculating liabilities are consistent with those adopted at 3 January 2010. The life expectancy increases marginally over time as a 1% future improvement has been assumed in the mortality assumptions. The assumed life expectancy from age 65 for members aged 65 and 55 in 2010 is shown below:

	Future life expectancy (years) for a pensioner currently aged 65		Future life expectancy (years) at age 65 for a non-pensioner currently aged 55	
	Male	Female	Male	Female
At 2 January 2011	21.7	24.1	23.5	25.8
At 3 January 2010	21.6	24.0	23.4	25.7

The Group continues to fund pension scheme deficits in accordance with funding schedules agreed with the pension scheme trustees. Valuations are undertaken on a triennial basis. In 2008, the valuations of all of the significant schemes, except the Trinity Retirement Benefit Scheme, were completed. The Trinity Retirement Benefit Scheme valuation has a valuation date of 30 June 2009 and was agreed in the year. Pension payments in excess of the income statement charge (excluding non-recurring items) were £30.6 million (2009: £16.6 million). The estimated deficit payments in 2011 are expected to be around £35 million.

Further details relating to the Group's pension schemes including an estimate of the sensitivity of the deficit to key assumptions are shown in note 15.

Cash flow and net debt
Cash flow was positive during the year after pension funding payments in excess of the income statement charge of £30.6 million (excluding non-recurring items), net capital expenditure of £11.5 million and the cash consideration of £7.4 million for the acquisition of GMG Regional Media. Capital expenditure in the year was £14.2 million against depreciation of £33.9 million. Proceeds from the sale of two freehold properties amounted to £2.7 million. Net capital expenditure amounted to £11.5 million.

Net debt, on a contracted basis, assuming that the private placement loan notes and the cross-currency interest rate swaps are not terminated prior to maturity, decreased by £58.1 million from £324.0 million to £265.9 million during the year as follows:

	£m
Net debt as at 3 January 2010	**324.0**
Pension funding in excess of the income statement charge (excluding non-recurring items)	30.6
Net capital expenditure	11.5
Acquisition of GMG Regional Media	7.4
Corporation tax and net interest payments	34.0
Net other cash inflows	(141.6)
Net debt as at 2 January 2011	**265.9**

Management Report (continued)

Other Items (continued)

Cash flow and net debt (continued)

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

Net debt, on a statutory basis, decreased by £62.5 million from £299.8 million to £237.3 million. The fair value of the Group's cross-currency interest rate swaps at the period end was an asset of £10.4 million (2009: £2.9 million liability). The year end sterling amount of the US$ denominated and the sterling loan notes was £363.9 million (2009: £355.0 million).

The Group had no drawings as at 2 January 2011 on its £178.5 million committed bank facility which expires in June 2013. Net debt is expected to continue to fall further during 2011 and the Group continues to operate comfortably within the financial covenants attached to the Group's financing facilities.

An analysis of net debt on a statutory and contracted basis together with a reconciliation between statutory and contracted net debt is shown in note 14.

Related party transactions

fish4 became fully controlled during the year. There have been no other changes in the nature of the related party transactions and no material transactions during the year.

Principal risks and uncertainties

The principal risks and uncertainties that affect the Group on an ongoing basis are described in the Annual Report and Accounts. The key risk is that advertising and circulation revenues, representing the core revenue streams for the Group, are materially affected by the challenging economic conditions and weak outlook for 2011. The fragile economy and uncertain outlook significantly impacted the consumer advertising markets during the year and this is expected to continue as we proceed through 2011.

Going concern

In determining whether the Group's annual consolidated financial statements can be prepared on a going concern basis, the directors considered factors likely to affect future development, performance and financial position, including cash flows, liquidity position and borrowing facilities and the risks and uncertainties relating to business activities. These are set out in this Management Report and further detail is provided in the Annual Report and Accounts.

The key factors considered by the directors were as follows:

- The implications of the challenging economic environment on the Group's revenues and profits. The Group undertakes forecasts and projections of trading and cash flows on a regular basis. This is essential for targeting performance and identifying areas of focus for management to improve performance and mitigate the possible adverse impact of a deteriorating economic outlook and also provides projections of working capital requirements;
- The impact of the competitive environment within which the Group's businesses operate. In particular, the Nationals operate in a highly competitive market place characterised by high levels of marketing expenditure and cover price discounting which distorts underling performance across the market;
- The impact on our business of key suppliers (in particular newsprint) being unable to meet their obligations to the Group;
- The impact on our business of key customers being unable to meet their obligations for services provided by the Group;
- The continued fragmentation of media and the implications for our business;
- the potential actions that could be taken in the event that revenues are worse than expected, to ensure that operating profit and cash flows are protected; and
- The committed finance facilities available to the Group. The Group has access to overdraft facilities and a committed bank facility to meet day to day working capital requirements, which at the period end had undrawn committed headroom of £178.5 million. The bank facility is committed to June 2013 and drawings can be made with 24 hours notice.

Management Report (continued)

Other Items (continued)
Going concern (continued)
Having considered the factors impacting the Group's businesses, including downside sensitivities, the directors are satisfied that the Group will be able to operate within the terms and conditions of the Group financing facilities for the foreseeable future. The Group continues to operate comfortably within its debt covenants and does not expect to have to refinance or renegotiate its facilities during the next 12 months.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts and the condensed consolidated financial statements for the 52 weeks ended 2 January 2011.

Statement of directors' responsibilities
The directors are responsible for preparing the Preliminary Results Announcement in accordance with applicable laws and regulations. The responsibility statement below has been prepared in connection with the Company's full Annual Report and Accounts for the 52 weeks ended 2 January 2011. Certain points thereof are not included within this Preliminary Results Announcement.

The directors confirm to the best of their knowledge:

a) the condensed consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and the undertakings included in the consolidation taken as a whole; and
b) the Chairman and Chief Executive Statement and Management Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

By order of the Board of directors

Sly Bailey
Chief Executive

Vijay Vaghela
Group Finance Director

Forward looking statements
Statements contained in this Preliminary Results Announcement are based on the knowledge and information available to the Company's directors at the date it was prepared and therefore the facts stated and views expressed may change after that date. By their nature, the statements concerning the risks and uncertainties facing the Company in this Preliminary Results Announcement involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. To the extent that this Preliminary Results Announcement contains any statement dealing with any time after the date of its preparation such statement is merely predictive and speculative as it relates to events and circumstances which are yet to occur. The Company undertakes no obligation to update these forward-looking statements.

Condensed consolidated income statement

for the 52 weeks ended 2 January 2011 (53 weeks ended 3 January 2010)

	notes	**2010 £m**	2009 £m
Revenue	3,4	**761.5**	763.3
Cost of sales		**(393.2)**	(390.4)
Gross profit		**368.3**	372.9
Distribution costs		**(80.8)**	(81.1)
Administrative expenses:			
Non-recurring items	5	**20.7**	(11.3)
Amortisation of other intangible assets		**(6.0)**	(7.1)
Other administrative expenses		**(164.9)**	(186.9)
Share of results of associates		**0.7**	0.5
Operating profit	4	**138.0**	87.0
Investment revenues	6	**1.4**	0.2
Pension finance charge	15	**(7.1)**	(10.5)
Finance costs	7	**(8.6)**	(34.7)
Profit before tax		**123.7**	42.0
Tax charge	8	**(10.4)**	(12.7)
Profit for the period attributable to equity holders of the parent		**113.3**	29.3

Earnings per share		**Pence**	Pence
Adjusted earnings per share* – basic	10	**28.6**	20.0
Adjusted earnings per share* – diluted	10	**28.5**	19.8
Earnings per share – basic	10	**44.6**	11.5
Earnings per share – diluted	10	**44.5**	11.4

* Adjusted items relate to the exclusion of non-recurring items, the amortisation of intangible assets, the retranslation of foreign currency borrowings, the impact of fair value changes on derivative financial instruments and the impact of tax legislation changes. A reconciliation between the adjusted results and the statutory results is provided in note 18.

Condensed consolidated statement of comprehensive income

for the 52 weeks ended 2 January 2011 (53 weeks ended 3 January 2010)

	notes	**2010 £m**	2009 £m
Profit for the period		**113.3**	29.3
Actuarial gains/(losses) on defined benefit pension schemes taken to equity	15	**112.5**	(105.7)
Tax on actuarial gains/(losses) on defined benefit pension schemes taken to equity	8	**(30.4)**	29.6
Deferred tax charge resulting from the future change in tax rate	8	**(3.0)**	-
Share of items recognised in equity by associates		**(1.6)**	(1.7)
Other comprehensive income/(costs) for the period		**77.5**	(77.8)
Total comprehensive income/(costs) for the period		**190.8**	(48.5)

Condensed consolidated statement of changes in equity

for the 52 weeks ended 2 January 2011 (53 weeks ended 3 January 2010)

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

	Share capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings and other reserves £m	Total £m
At 28 December 2008	(25.8)	(1,120.5)	(4.3)	615.9	(534.7)
Profit for the period	-	-	-	(29.3)	(29.3)
Other comprehensive costs for the period	-	-	-	77.8	77.8
Total comprehensive costs for the period	-	-	-	48.5	48.5
Credit to equity for equity settled share-based payments	-	-	-	(3.0)	(3.0)
At 3 January 2010	(25.8)	(1,120.5)	(4.3)	661.4	(489.2)

Condensed consolidated balance sheet

at 2 January 2011 (3 January 2010)

	notes	**2010 £m**	2009 £m
Non-current assets			
Goodwill		**74.5**	74.5
Other intangible assets		**895.4**	871.4
Property, plant and equipment		**410.3**	423.2
Investment in associates		**5.4**	6.3
Retirement benefit assets	15	**61.1**	-
Deferred tax assets		**43.8**	83.4
Derivative financial instruments	13	**12.6**	-
		1,503.1	1,458.8
Current assets			
Inventories		**7.3**	5.9
Trade and other receivables		**99.4**	95.6
Cash and cash equivalents	14	**116.2**	61.2
		222.9	162.7
Total assets		**1,726.0**	1,621.5
Non-current liabilities			
Borrowings	12	**(226.1)**	(355.0)
Retirement benefit obligations	15	**(222.1)**	(296.6)
Deferred tax liabilities		**(318.3)**	(318.8)
Provisions		**(8.1)**	(7.2)
Derivative financial instruments	13	**-**	(2.9)
		(774.6)	(980.5)
Current liabilities			
Borrowings	12	**(137.8)**	-
Trade and other payables		**(106.5)**	(115.6)
Current tax liabilities		**(18.9)**	(23.0)
Provisions		**(6.4)**	(10.1)
Derivative financial instruments	13	**(2.2)**	(3.1)
		(271.8)	(151.8)
Total liabilities		**(1,046.4)**	(1,132.3)
Net assets		**679.6**	489.2
Equity			
Share capital	17	**(25.8)**	(25.8)
Share premium account	17	**(1,121.6)**	(1,120.5)
Capital redemption reserve	17	**(4.3)**	(4.3)
Retained earnings and other reserves	17	**472.1**	661.4
Total equity attributable to equity holders of the parent		**(679.6)**	(489.2)

Condensed consolidated cash flow statement

for the 52 weeks ended 2 January 2011 (53 weeks ended 3 January 2010)

	notes	**2010 £m**	2009 £m
Cash flows from operating activities			
Cash generated from operations	11	**110.1**	97.6
Income tax paid		**(19.1)**	(8.0)
Net cash inflow from operating activities		**91.0**	89.6
Investing activities			
Interest received		**1.4**	0.2
Proceeds on disposal of property, plant and equipment		**2.7**	8.9
Purchases of property, plant and equipment		**(14.2)**	(14.8)
Cash consideration on acquisition of business	16	**(7.4)**	-
Cash acquired on transfer of business	16	**0.2**	-
Net cash used in investing activities		**(17.3)**	(5.7)
Financing activities			
Interest paid on borrowings		**(16.3)**	(22.9)
Interest paid on finance leases		**-**	(0.6)
Repayment of borrowings		**-**	(10.0)
Repayment of obligations under finance leases		**-**	(9.8)
Purchase of own shares	17	**(3.5)**	-
Refund of VAT on share issue costs	17	**1.1**	-
Net cash used in financing activities		**(18.7)**	(43.3)
Net increase in cash and cash equivalents	14	**55.0**	40.6
Cash and cash equivalents at the beginning of period	14	**61.2**	20.6
Cash and cash equivalents at the end of period	14	**116.2**	61.2

Notes to the condensed consolidated financial statements

for the 52 weeks ended 2 January 2011 (53 weeks ended 3 January 2010)

1. General information

The financial information in the Preliminary Results Announcement is derived from but does not represent the full statutory accounts of Trinity Mirror plc. The statutory accounts for the 53 weeks ended 3 January 2010 have been filed with the Registrar of Companies and those for the 52 weeks ended 2 January 2011 will be filed following the Annual General Meeting on 12 May 2011. The auditors' reports on the statutory accounts for the 53 weeks ended 3 January 2010 and for the 52 weeks ended 2 January 2011 were unqualified, do not include reference to any matters to which the auditors drew attention by way of emphasis of matter without qualifying the reports and do not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

Whilst the financial information included in this Preliminary Results Announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS), this announcement does not itself contain sufficient information to comply with IFRS. This Preliminary Results Announcement constitutes a dissemination announcement in accordance with Section 6.3 of the Disclosure and Transparency Rules (DTR). The 2010 Annual Report and Accounts for the 52 weeks ended 2 January 2011 will be made available on the Company's website at www.trinitymirror.com, at the Company's registered office at One Canada Square, Canary Wharf, London E14 5AP and sent to shareholders in early April 2011.

The financial information has been prepared for the 52 weeks ended 2 January 2011 and the comparative period has been prepared for the 53 weeks ended 3 January 2010. The additional week's trading in the 53 weeks ended 3 January 2010 included revenue of £9.9 million and operating profit of £4.2 million. Throughout the financial information the 52 weeks ended 2 January 2011 is referred to and headed 2010 and the 53 weeks ended 3 January 2010 is referred to and headed 2009.

2. Accounting polices

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

The accounting policies used in the preparation of the condensed consolidated financial statements for the 52 weeks ended 2 January 2011 have been consistently applied to all the periods presented and except for the changes in accounting policy noted below, are as set out in the Annual Report and Accounts for the 53 weeks ended 3 January 2010. These condensed consolidated financial statements have been prepared on a going concern basis as set out in the Management Report in this Preliminary Results Announcement.

Changes in accounting policy

The Group has adopted new, revised and amended standards during the current financial period which have had the following impact on the Group:

- IAS 1 (Amended) 'Presentation of Financial Statements'. This is a presentational change only, affecting the titles and positioning of items within the financial statements. It has no impact on reported profits or total equity.
- IFRS 3 (Revised) 'Business Combinations'. IFRS 3 introduces a number of changes in a number of areas, including the requirement to recognise changes in contingent consideration in the income statement rather than as an adjustment to goodwill, the requirement to recognise contingent liabilities at fair value and the requirement to expense acquisition costs as incurred rather than treating them as part of the costs of the acquisition. Business combinations executed prior to the current financial period and the resolution of related issues, are dealt with under the preceding version of the standard as previously applied by the Group. The revised standard has been applied to acquisitions during the period.
- IFRS 8 'Operating Segments'. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board and chief operating decision maker to allocate resources to the segments and to assess their performance. This has not led to a change in the operating segments but has impacted disclosure.

The Group has revised the classification of items of expenditure between cost of sales, distribution costs and administrative expenses to better reflect the nature of the costs. In the current period, £13 million of costs have been included in cost of sales and £4 million of costs have been included in distribution costs which would have previously been reported in administrative expenses.

Notes to the condensed consolidated financial statements
for the 52 weeks ended 2 January 2011 (53 weeks ended 3 January 2010)

2. Accounting policies (continued)

Changes in accounting policy (continued)

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

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

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

- IFRS 7 (Amended) 'Financial instruments' - effective for periods starting on or after 1 July 2011
- IFRS 9 (Issued) 'Financial Instruments' - effective for periods starting on or after 1 January 2013
- IAS 12 (Amended) 'Deferred Tax' - effective date to be confirmed early 2011
- IAS 24 (Revised) 'Related Party Disclosures' - effective for periods starting on or after 1 January 2011
- IAS 32 (Amended) 'Classification of Rights Issues' - effective for periods starting on or after 1 February 2010
- IFRIC 14 (Amended) 'Prepayments of a Minimum Funding Requirement' - effective for periods starting on or after 1 January 2011
- IFRIC 19 (Issued) 'Extinguishing Financial Liabilities with Equity Instruments' - effective for periods starting on or after 1 July 2010

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

Critical judgements in applying the Group's accounting policies

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

Key sources of estimation uncertainty

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

Notes to the condensed consolidated financial statements
for the 52 weeks ended 2 January 2011 (53 weeks ended 3 January 2010)

3. Revenue

	2010 £m	2009 £m
Advertising	**351.3**	331.8
Circulation	**317.4**	339.3
Other	**92.8**	92.2
Total	**761.5**	763.3

4. Operating segments

The Group has adopted IFRS 8 which requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board and chief operating decision maker to allocate resources to the segments and to assess their performance. The segments reported under IFRS 8 are no different to those previously reported as they reflect the operating segments of the Group about which financial information is regularly reviewed by the Board and chief operating decision maker in assessing performance and allocating resources. The Board and chief operating decision maker are not provided with an amount for total assets by segment.

The Regionals division publishes a large portfolio of newspaper and online brands across the UK. The Nationals division publishes two daily and three Sunday newspapers and related online brands and activities primarily in the UK. Central includes costs not allocated to the operational divisions and the share of results of associates. The revenues and costs of each segment are clearly identifiable and allocated according to where they arise. The Group is not subject to significant seasonality during the year.

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

Segment revenue and results

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

	Regionals 2009 £m	Nationals 2009 £m	Central 2009 £m	Total 2009 £m
Revenue				
Segment sales	311.8	467.8	-	779.6
Inter-segment sales	(8.9)	(7.4)	-	(16.3)
Total revenue	302.9	460.4	-	763.3
Segment result	35.9	83.6	(14.1)	105.4
Amortisation				(7.1)
Non-recurring items				(11.3)
Operating profit				87.0
Investment revenues				0.2
Pension finance charge				(10.5)
Finance costs				(34.7)
Profit before tax				42.0
Tax charge				(12.7)
Profit for the period				29.3

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4. Operating segments (continued)

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

	2010 £m	2009 £m
United Kingdom and Republic of Ireland	**756.1**	757.0
Continental Europe	**4.4**	5.4
Rest of World	**1.0**	0.9
Total revenue	**761.5**	763.3

5. Non-recurring items

	2010 £m	2009 £m
Gain on acquisition of business (a)	**27.3**	-
Restructuring charges (b)	**(11.1)**	(17.9)
Release of accruals (c)	**3.6**	-
Profit on disposal of land and buildings (d)	**1.3**	5.1
Defined benefit pension schemes (e)	**(0.4)**	9.9
Impairment of receivables (f)	**-**	(6.0)
Loss on disposal of business (g)	**-**	(2.4)
Total non-recurring items	**20.7**	(11.3)

(a) The gain on acquisition of business consists of an accounting gain of £28.4 million representing negative goodwill of £23.6 million together with a gain on a cancelled contract of £4.8 million less transaction costs of £1.1 million.
(b) Restructuring charges of £11.1 million (53 weeks to 3 January 2010: £17.9 million) were incurred in delivery of cost reduction measures and implementation of the new operating model for the Group.
(c) The Group released accruals of £3.6 million for which no further costs are expected.
(d) The Group disposed of surplus land and buildings releasing a profit on disposal of £1.3 million (53 weeks to 3 January 2010: £5.1 million).
(e) Defined benefit pension scheme liabilities increased by £0.4 million in respect of a past service cost of £8.3 million in relation to the clarification of certain members' benefits less a curtailment gain of £7.9 million relating to the Group closing the schemes to future accrual and the impact of redundancies (53 weeks to 3 January 2010: £9.9 million reduction in respect of the curtailment gain relating to redundancies and the Group indicating that it will no longer exercise discretion in providing enhancements to past service on redundancy).
(f) In 2009, there was an impairment of receivables of £6.0 million which related to the write off of circulation receivables following a wholesale distributor going into administration.
(g) In 2009, the Group disposed of Globespan Media Limited incurring a loss on disposal of £2.4 million.

6. Investment revenues

	2010 £m	2009 £m
Interest income on bank deposits and other interest receipts	**1.4**	0.2

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

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7. Finance costs

	2010 £m	2009 £m
Interest on bank overdrafts and borrowings	**(16.1)**	(21.8)
Interest on obligations under finance leases	**-**	(0.6)
Total interest expense	**(16.1)**	(22.4)
Fair value gain/(loss) on derivative financial instruments	**16.4**	(45.6)
Foreign exchange (loss)/gain on retranslation of borrowings	**(8.9)**	33.3
Finance costs	**(8.6)**	(34.7)

8. Tax

	2010 £m	2009 £m
Current tax		
Corporation tax charge for the period	**(25.9)**	(18.0)
Prior period adjustment	**4.7**	(1.6)
Current tax charge	**(21.2)**	(19.6)
Deferred tax		
Deferred tax credit for the period	**0.1**	6.0
Deferred tax rate change	**11.4**	-
Prior period adjustment	**(0.7)**	0.9
Deferred tax credit	**10.8**	6.9
Tax charge	**(10.4)**	(12.7)

	%	%
Reconciliation of tax charge		
Standard rate of corporation tax	**28.0**	28.0
Tax effect of items that are not deductible in determining taxable profit/(loss)	**1.4**	4.9
Tax effect of items that are not taxable in determining taxable profit/(loss)	**(7.3)**	(4.0)
Deferred tax rate change	**(9.3)**	-
Prior period adjustment	**(3.2)**	1.7
Utilisation of tax losses	**(0.9)**	-
Tax effect of share of results of associates	**(0.3)**	(0.4)
Tax charge rate	**8.4**	30.2

The standard rate of corporation tax is the UK prevailing rate of 28% (2009: 28%). The current tax liabilities amounted to £18.9 million (3 January 2010: £23.0 million) at the reporting date.

The tax in respect of actuarial gains on defined benefit pension schemes taken to the statement of comprehensive income of £30.4 million (53 weeks to 3 January 2010: £29.6 million tax in respect of actuarial losses) comprises a current tax credit of £6.2 million (53 weeks to 3 January 2010: £4.6 million credit) and a deferred tax charge of £36.6 million (53 weeks to 3 January 2010: £25.0 million credit).

The change in the standard rate of corporation tax from 28% to 27% is effective from 1 April 2011. The impact on the opening deferred tax position being recalculated is a £11.4 million credit in the income statement and a £3.0 million debit in the statement of comprehensive income.

9. Dividends

No dividend is declared for either period.

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10. Earnings per share

	2010 £m	2009 £m
Profit after tax before adjusted items*	**72.6**	51.1
Adjusted items*:		
Non-recurring items (after tax)	**28.2**	(7.8)
Amortisation of intangibles (after tax)	**(4.4)**	(5.1)
Fair value gain/(loss) on derivative financial instruments (after tax)	**12.0**	(32.8)
Foreign exchange (loss)/gain on retranslation of borrowings (after tax)	**(6.5)**	23.9
Tax legislation changes	**11.4**	-
Profit for the period	**113.3**	29.3

*Adjusted items relate to the exclusion of non-recurring items, the amortisation of intangible assets, the retranslation of foreign currency borrowings, the impact of fair value changes on derivative financial instruments and the impact of tax legislation changes. A reconciliation between the adjusted result and the statutory result is provided in note 18.

	Thousand	Thousand
Weighted average number of ordinary shares for basic earnings per share	**253,736**	255,874
Effect of potential ordinary shares in respect of share options	**718**	1,989
Weighted average number of ordinary shares for diluted earnings per share	**254,454**	257,863

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the parent by the weighted average number of ordinary shares during the period. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all potentially dilutive ordinary shares. The number of potentially dilutive ordinary shares not currently dilutive was 7,339,255 (2009: 5,016,026).

Earnings per share	**Pence**	Pence
Adjusted earnings* per share - basic	**28.6**	20.0
Adjusted earnings* per share - diluted	**28.5**	19.8
Earnings per share – basic	**44.6**	11.5
Earnings per share – diluted	**44.5**	11.4

*Adjusted items relate to the exclusion of non-recurring items, the amortisation of intangible assets, the retranslation of foreign currency borrowings, the impact of fair value changes on derivative financial instruments and the impact of tax legislation changes. A reconciliation between the adjusted results and the statutory results is provided in note 18.

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

	Pence	Pence
Gain on acquisition of business	**12.3**	-
Restructuring charges	**(3.1)**	(5.0)
Release of accruals	**1.4**	-
Profit on disposal of land and buildings	**0.5**	2.0
Defined benefit pension schemes	**(0.1)**	2.8
Impairment of receivables	**-**	(1.7)
Loss on disposal of business	**-**	(1.1)
Gain/(loss) per share	**11.0**	(3.0)

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11. Notes to the cash flow statement

	2010 £m	2009 £m
Operating profit	**138.0**	87.0
Depreciation of property, plant and equipment	**33.9**	36.8
Amortisation of other intangible assets	**6.0**	7.1
Share of results of associates	**(0.7)**	(0.5)
Charge for share-based payments	**2.1**	3.2
Profit on disposal of land and buildings	**(1.3)**	(5.1)
Loss on disposal of business	**-**	2.4
Gain on acquisition of business	**(28.4)**	-
Pension funding in excess of income statement charge*	**(30.2)**	(26.5)
Operating cash flows before movements in working capital	**119.4**	104.4
(Increase)/decrease in inventories	**(1.1)**	1.7
Decrease in receivables	**9.1**	23.6
Decrease in payables	**(17.3)**	(32.1)
Cash flows from operating activities	**110.1**	97.6

*Including non-recurring charge of £0.4 million (53 weeks to 3 January 2010: £9.9 million credit) described in note 5.

12. Borrowings

	2010 £m	2009 £m
Loan notes	**(363.9)**	(355.0)
Derivative financial instruments (note 13)	**(2.2)**	(6.0)
	(366.1)	(361.0)
The borrowings are repayable as follows:		
On demand or within one year	**(140.0)**	(3.1)
In the second year	**(65.8)**	(137.7)
In the third year	**(51.5)**	(65.7)
In the fourth year	**(42.7)**	(50.2)
In the fifth year	**-**	(41.3)
After five years	**(66.1)**	(63.0)
	(366.1)	(361.0)
The borrowings are included in the consolidated balance sheet as follows:		
Amount included in non-current liabilities	**(226.1)**	(357.9)
Amount included in current liabilities	**(140.0)**	(3.1)
	(366.1)	(361.0)

The amount included in non-current liabilities represents borrowings of £226.1 million (2009: £355.0 million) and derivative financial instruments of £nil (2009: £2.9 million) and in current liabilities represents borrowings of £137.8 million (2009: £nil) and derivative financial instruments of £2.2 million (2009: £3.1 million). Non-current assets include £12.6 million (2009: £nil) relating to derivative financial instruments which is deducted from borrowings to calculate net debt in note 14.

	2010 £m	2009 £m
Loan notes movement in the period:		
Opening balance	**(355.0)**	(388.3)
Foreign exchange (loss)/gain on retranslation	**(8.9)**	33.3
Closing balance	**(363.9)**	(355.0)
Composition of loan notes:		
US$270 million loan notes	**(173.3)**	(168.4)
US$252 million loan notes	**(164.6)**	(160.6)
£16 million loan notes	**(16.0)**	(16.0)
£10 million loan notes	**(10.0)**	(10.0)
	(363.9)	(355.0)

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

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12. Borrowings (continued)

At 2 January 2011 the Group had available £178.5 million (2009: £178.5 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

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

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

	2010 %	2009 %
US$ denominated loan notes	**6.75**	6.75
£ denominated loan notes	**7.22**	7.22

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

	2010 £m	2009 £m
US$ denominated loan notes	**(337.9)**	(329.0)
£ denominated loan notes	**(26.0)**	(26.0)

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

The fair value of other financial assets and liabilities, excluding derivative financial instruments in note 13, are not materially different from the book values and are not repeated in this analysis.

13. Derivative financial instruments

The movement in the derivative financial instruments is as follows:

	2010 £m	2009 £m
Opening (liability)/asset	**(6.0)**	39.6
Movement in fair value	**16.4**	(45.6)
Closing asset/(liability)	**10.4**	(6.0)

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

	2010 £m	2009 £m
Non-current liabilities	**-**	(2.9)
Current liabilities	**(2.2)**	(3.1)
Non-current assets	**12.6**	-
Closing asset/(liability)	**10.4**	(6.0)

The Group has cross-currency interest rate swaps to manage its exposure to foreign exchange movements and interest rate movements on the US private placement loan notes. Fair value is calculated using discounted cash flows based upon forward rates available to the Group. The cross-currency interest rate swaps are classed in level three of the financial instruments hierarchy.

In October 2008, an interest rate swap was entered into which converted the floating rate interest payments on £180.0 million of principal into fixed for a period of 12 months to October 2009. In April 2009, it was agreed with the counterparties in respect of £135.0 million of principal to extend the settlement date until October 2010. In October 2009, the swap in respect of £45.0 million principal was settled on the due date. In October 2010, the swap in respect of £135.0 million principal was settled on the due date. The fair value change from the prior period end up to the respective settlement dates has been included in the movement in fair value.

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14. Net debt

The statutory net debt for the Group is as follows:

	3 January 2010 £m	Cash flow £m	Consolidated income statement* £m	Transfer to current £m	2 January 2011 £m
Non-current liabilities					
Loan notes	(355.0)	-	(8.9)	137.8	(226.1)
Derivative financial instruments	(2.9)	-	2.9	-	-
	(357.9)	**-**	**(6.0)**	**137.8**	**(226.1)**
Current liabilities					
Loan notes	-	-	-	(137.8)	(137.8)
Derivative financial instruments	(3.1)	-	3.1	(2.2)	(2.2)
	(3.1)	**-**	**3.1**	**(140.0)**	**(140.0)**
Non-current assets					
Derivative financial instruments	-	-	10.4	2.2	12.6
	-	**-**	**10.4**	**2.2**	**12.6**
Current assets					
Cash and cash equivalents	61.2	55.0	-	-	116.2
	61.2	**55.0**	**-**	**-**	**116.2**
Statutory net debt	**(299.8)**	**55.0**	**7.5**	**-**	**(237.3)**

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

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

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

	3 January 2010 £m	Cash flow £m	Consolidated income statement* £m	Transfer to current £m	2January 2011 £m
Non-current liabilities					
Loan notes	(382.1)	-	-	145.4	(236.7)
	(382.1)	**-**	**-**	**145.4**	**(236.7)**
Current liabilities					
Loan notes	-	-	-	(145.4)	(145.4)
Derivative financial instruments	(3.1)	-	3.1	-	-
	(3.1)	**-**	**3.1**	**(145.4)**	**(145.4)**
Current assets					
Cash and cash equivalents	61.2	55.0	-	-	116.2
	61.2	**55.0**	**-**	**-**	**116.2**
Contracted net debt	**(324.0)**	**55.0**	**3.1**	**-**	**(265.9)**

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

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

	2010 £m	2009 £m
Statutory net debt	**(237.3)**	(299.8)
Loan notes at period end exchange rate	363.9	355.0
Loan notes at swapped exchange rate	(382.1)	(382.1)
Cross-currency interest rate swaps	(10.4)	2.9
Contracted net debt	**(265.9)**	(324.0)

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15. Retirement benefit schemes

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

Formal valuations of the defined benefit pension schemes are carried out regularly. The actuarial methods and assumptions used to calculate each scheme's assets and liabilities vary according to the actuarial and funding policies adopted by their respective trustees. All of the schemes are being funded in accordance with the recommendations of the respective actuaries. The most significant of the schemes are the Mirror Group Pension Scheme (the 'Old Scheme'), the MGN Past Service Pension Scheme (the 'Past Service Scheme'), the MGN Pension Scheme (the 'MGN Scheme'), the Trinity Retirement Benefit Scheme (the 'Trinity Scheme') and the Midland Independent Newspapers Pension Scheme (the 'MIN Scheme') which together represent the majority of the aggregate value of the scheme's assets and liabilities.

The Old Scheme and the Past Service Scheme cover the liabilities for service up to 13 February 1992 for employees and former employees who worked regularly on the production and distribution of Mirror Group's newspapers. The Old Scheme was closed on 13 February 1992 and The Past Service Scheme was established to meet the liabilities, which are not satisfied by payments from the Old Scheme and the Maxwell Communications Pension Plan or by the State. The last formal valuation of these schemes was completed in October 2008 for valuation date as at 31 December 2007 and showed a deficit of £106.6 million. During 2010, £14.1 million was paid into the schemes (2009: £6.5 million). For 2011, agreement has been reached with the trustees to pay £14.1 million into the schemes. The next full actuarial valuation of the schemes is as at 31 December 2010. The valuation of the schemes is likely to be completed in 2011.

The last formal valuations were completed in June 2010 for valuation date as at 30 June 2009 for the Trinity Scheme, in October 2008 for valuation date as at 31 December 2007 for the MGN Scheme and in June 2008 for valuation date as at 31 March 2007 for the MIN Scheme. These valuations showed deficits of £102.2 million, £55.7 million and £28.2 million respectively. During 2010 deficit funding payments were £6.2 million (2009: £2.3 million), £7.0 million (2009: £4.8 million) and £2.5 million (2009: £2.4 million) respectively. For 2011, agreement has been reached with the trustees to pay £6.2 million, £7.0 million and £2.5 million respectively into these schemes. The next full actuarial valuation dates for these schemes are: Trinity Scheme 30 June 2012, the MGN Scheme 31 December 2010 and the MIN Scheme 31 March 2010. The valuations of the MGN Scheme and the MIN Scheme are likely to be completed in 2011.

For the purposes of the Group's annual consolidated financial statements, valuations have been performed in accordance with the requirements of IAS 19 with scheme liabilities calculated using a consistent projected unit valuation method and compared to the value of the scheme assets at 31 December 2010, the last day prior to the reporting date for which such values were available. IFRIC 14 has been adopted and has had no impact on the retirement benefit assets or obligations. Following detailed consideration and legal advice on the recoverability of pension scheme surpluses we are no longer applying the asset ceiling.

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

	Old Scheme/Past Service Scheme £m	MGN Scheme £m	Trinity Scheme £m	MIN Scheme £m
Present value of scheme liabilities	(750.1)	(381.7)	(314.5)	(187.7)
Fair value of scheme assets	602.3	323.9	360.7	171.2
Scheme (deficit)/surplus	**(147.8)**	**(57.8)**	**46.2**	**(16.5)**

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

Principal annual actuarial assumptions used:	**2010 %**	2009 %
Discount rate	**5.40**	5.70
Retail price inflation rate	**3.45**	3.50
Consumer price inflation rate	**2.70**	-
Expected return on scheme assets	**4.80-6.40**	5.00-6.90
Expected rate of salary increases	**-**	3.75
Pension increases:		
Pre 6 April 1997 pensions	**2.60-5.00**	3.00-5.00
Post 6 April 1997 pensions	**3.10-3.75**	3.40-3.75
In deferment	**2.70-3.45**	3.50

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

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15. Retirement benefit schemes (continued)

Defined benefit pension schemes (continued)

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

	Future life expectancy (years) for a pensioner currently aged 65		Future life expectancy (years) at age 65 for a non-pensioner currently aged 55	
	Male	Female	Male	Female
At 2 January 2011	**21.7**	**24.1**	**23.5**	**25.8**
At 3 January 2010	21.6	24.0	23.4	25.7

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

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Present value of scheme liabilities	**(1,685.1)**	(1,683.1)	(1,378.8)	(1,538.5)	(1,511.0)
Fair value of scheme assets	**1,524.1**	1,398.1	1,233.6	1,458.9	1,322.9
Effect of asset ceiling	**-**	(11.6)	(61.7)	(45.2)	(24.9)
Net scheme deficit	**(161.0)**	(296.6)	(206.9)	(124.8)	(213.0)
Non-current assets – retirement benefit assets	**61.1**	-	-	-	-
Non-current liabilities – retirement benefit obligations	**(222.1)**	(296.6)	(206.9)	(124.8)	(213.0)
Net scheme deficit	**(161.0)**	(296.6)	(206.9)	(124.8)	(213.0)
Net scheme deficit included in consolidated balance sheet	**(161.0)**	(296.6)	(206.9)	(124.8)	(213.0)
Deferred tax included in consolidated balance sheet	**43.5**	83.0	57.9	34.9	63.9
Net scheme deficit after deferred tax	**(117.5)**	(213.6)	(149.0)	(89.9)	(149.1)

	2010 £m	2009 £m
Current service cost	**(4.6)**	(14.6)
Past service costs	**-**	(0.9)
Total included in staff costs	**(4.6)**	(15.5)
Curtailment gains	**7.9**	4.3
Past service costs	**(8.3)**	5.6
Total included in non-recurring items	**(0.4)**	9.9
Expected return on scheme assets	**85.5**	76.7
Interest cost on pension scheme liabilities	**(92.6)**	(87.2)
Pension finance charge	**(7.1)**	(10.5)
Total included in the consolidated income statement	**(12.1)**	(16.1)

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Effect of changes in actuarial assumptions on scheme liabilities	16.7	(294.1)	231.9	12.9	68.1
Experience adjustments on scheme liabilities	8.1	2.0	(23.0)	9.1	0.9
Experience adjustments on scheme assets	76.1	136.3	(349.5)	(6.0)	15.5
Effect of asset ceiling	11.6	50.1	(16.5)	(20.3)	(21.8)
Consolidated statement of comprehensive income	112.5	(105.7)	(157.1)	(4.3)	62.7

The cumulative amount of actuarial gains and losses recognised in the consolidated statement of comprehensive income since adoption of IFRS is losses of £58.7 million (2009: £171.2 million).

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

The movement in liabilities during the period includes a £80.1 million benefit due to the government announced changes in state pension increases being linked to CPI instead of RPI which impacts most deferred pensions in the Group's schemes.

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15. Retirement benefit schemes (continued)

Defined benefit pension schemes (continued)
Up to 31 March 2010, prior to closure of the schemes to future accrual, the contribution rates for the Group's most significant schemes range from 15.0% to 20.0% of pensionable salaries. The contributions made during the year totalled £35.2 million (2009: £32.1 million). The Group expects to contribute approximately £35 million to its defined benefit pension schemes in 2011.

	2010 £m	2009 £m
Changes in the fair value of scheme assets:		
Opening fair value of scheme assets	**1,398.1**	1,233.6
Expected return	**85.5**	76.7
Actuarial gains	**76.1**	136.3
Contributions by employer	**35.2**	32.1
Employee contributions	**1.2**	6.3
Benefits paid	**(78.0)**	(86.9)
Annuity contract	**6.0**	-
Closing fair value of scheme assets	**1,524.1**	1,398.1

The actual return on scheme assets was £161.6 million (2009: £213.0 million).

	2010 £m	2009 £m
Changes in the present value of scheme liabilities:		
Opening present value of scheme liabilities	**(1,683.1)**	(1,378.8)
Current service cost	**(4.6)**	(14.6)
Past service costs	**(8.3)**	4.7
Curtailment gain	**7.9**	4.3
Interest cost	**(92.6)**	(87.2)
Actuarial gains/(losses)	**24.8**	(292.1)
Employee contributions	**(1.2)**	(6.3)
Benefits paid	**78.0**	86.9
Annuity contract	**(6.0)**	-
Closing present value of scheme liabilities	**(1,685.1)**	(1,683.1)

	2010 £m	2009 £m
Fair value of scheme assets:		
UK equities	**299.4**	290.2
US equities	**98.3**	76.4
Other overseas equities	**252.7**	227.2
Property	**20.6**	3.1
Corporate bonds	**487.3**	461.0
Fixed interest gilts	**43.1**	31.0
Index-linked gilts	**231.3**	177.4
Cash and other	**91.4**	131.8
Fair value of scheme assets	**1,524.1**	1,398.1

	2010 %	2009 %
Expected nominal rates of return on plan assets:		
Equities	**8.10**	8.00
Property	**6.30**	6.40
Corporate bonds	**5.40**	5.70
Fixed interest gilts	**4.20**	4.50
Index linked gilts	**4.00**	4.20
Cash	**4.10**	4.40

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

Defined contribution pension schemes
The Group operates two defined contribution pension schemes for qualifying employees, the Southnews Money Purchase Scheme which is closed to new members and the Trinity Mirror Pension Plan. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. The current service cost charged to the consolidated income statement of £7.0 million (2009: £1.1 million) represents contributions payable to these schemes by the Group at rates specified in the scheme rules. Contributions that were due have been paid over to the schemes at all reporting dates.

Notes to the condensed consolidated financial statements
for the 52 weeks ended 2 January 2011 (53 weeks ended 3 January 2010)

16. Acquisition of businesses

GMG Regional Media

On 28 March 2010 the Group acquired the trade and assets of GMG Regional Media.

	Total £m
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Trade and other receivables	12.3
Inventory	0.3
Property, plant and equipment	10.3
Identifiable intangible assets	30.0
Trade and other payables	(4.1)
Deferred tax	(10.5)
Total identifiable assets	**38.3**
Negative goodwill	(23.6)
Total consideration	**14.7**
Satisfied by:	
Initial cash consideration	7.4
Additional payment for working capital	2.5
Contract cancellation	4.8
Total consideration	**14.7**

Trade and other receivables include trade receivables with a gross value of £10.1 million reduced by a bad debt provision of £0.4 million and prepayments of £2.6 million.

The negative goodwill of £23.6 million arising on the acquisition has been taken to non-recurring items included in administrative expenses in the condensed consolidated income statement. The negative goodwill arises due to the value of the identifiable assets acquired and liabilities assumed are more than the total consideration. The negative goodwill is not taxable for income tax purposes.

The contract cancellation of £4.8 million relates to the value ascribed to a pre-existing print contract which was terminated as part of the acquisition consideration and has been taken to non-recurring items included in administrative expenses in the condensed consolidated income statement. The accounting gain is not taxable for income tax purposes.

Acquisition related transaction costs, included in non-recurring items within administrative expenses in the condensed consolidated income statement, amounted to £1.1 million.

GMG Regional Media contributed £50.9 million to the Group’s revenue and £5.7 million to the Group’s profit for the period between the date of acquisition and the reporting date.

fish4

The Group took control of the 50% interest in fish4 not previously controlled on 13 October 2010. The consideration was £1 and the fair value of assets transferred was £0.9 million and the fair value of liabilities transferred was £0.9 million. The assets include trade receivables with a gross value of £0.6 million reduced by a bad debt provision of £0.4 million, prepayments of £0.1 million, cash of £0.2 million, deferred tax of £0.2 million and other debtors of £0.2 million.

fish4 contributed £0.9 million to the Group’s revenue and a loss of £0.4 million to the Group’s profit for the period between the date of full control and the reporting date.

Impact on results for the period

If control of both GMG Regional Media and fish4 had been completed on the first day of the reporting period, the Group’s revenue for the period would have been £781.0 million and the Group’s operating profit for the period would have been £136.9 million.

Notes to the condensed consolidated financial statements

for the 52 weeks ended 2 January 2011 (53 weeks ended 3 January 2010)

17. Share capital and reserves

The share capital comprises 257,690,520 allotted, called-up and fully paid ordinary shares of 10p each. The share premium account reflects the premium on issued ordinary shares. During the year £1.1 million was credited to share premium for a cash receipt relating to a refund of VAT on share issue costs relating to prior periods. The capital redemption reserve represents the nominal value of the shares purchased and subsequently cancelled under share buy-back programmes.

Shares purchased by the Trinity Mirror Employees' Benefit Trust (the 'Trust') are included in retained earnings and other reserves at £12.8 million (3 January 2010: £10.6 million).

During the year the Trust purchased 4,000,000 shares for a cash consideration of £4.1 million. The Trust received a payment of £3.5 million from the Company and utilised £0.6 million of cash held by the Trust to purchase these shares. During the year 310,854 shares were released to senior managers relating to the grant made in 2007 under the Deferred Share Award Plan approved in 2006.

Cumulative goodwill written off to retained earnings and other reserves in respect of continuing businesses acquired prior to 1998 is £25.9 million (3 January 2010: £25.9 million). On transition to IFRS, the revalued amounts of freehold properties were deemed to be the cost of the asset and the revaluation reserve has been transferred to retained earnings and other reserves.

During the year 1,724,886 (53 weeks to 3 January 2010: 1,345,382) share awards were granted to senior managers on a discretionary basis under the Long Term Incentive Plan approved in 2004. The exercise price of the granted awards is £1 for each block of awards granted. The awards vest after three years, subject to the continued employment of the participant and satisfaction of certain performance conditions.

During the year 1,629,900 (53 weeks to 3 January 2010: 36,796) share awards were granted to senior managers on a discretionary basis under the Deferred Share Award Plan approved in 2006. The exercise price of the granted awards is £1 for each block of awards granted. The awards vest after three years, subject to continued employment of the participant.

18. Reconciliation of statutory results to adjusted results

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

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

(a) Details of non-recurring items are set out in note 5.
(b) Amortisation of other intangible assets.
(c) Impact of the translation of foreign currency borrowings and fair value changes on derivative financial instruments.
(d) Tax legislation changes relate to the current period change in the deferred tax rate from 28% to 27% on the opening deferred tax position in 2010.