Trinity Mirror plc
Interim
Report 2003

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Financial highlights

Interim Results for the 26 weeks ended 29 June 2003

	2003 £m	2002 £m	change %
Turnover			
actual	**551.6**	559.6	-1.4%
like-for-like [1]	**551.5**	553.6	-0.4%
Group operating profit pre exceptional items [2]			
actual	**101.4**	96.3	+5.3%
like-for-like [1]	**101.4**	95.8	+5.8%
Group operating profit post exceptional items			
actual	**100.3**	89.9	+11.6%
like-for-like [1]	**100.3**	89.4	+12.2%
Profit before tax pre exceptional items [3]	**80.4**	78.4	+2.6%
Profit before tax post exceptional items	**79.4**	72.1	+10.1%
Per share	**Pence**	Pence	
Underlying earnings pre exceptional items	**19.0p**	18.4p	+3.3%
Basic earnings post exceptional items	**18.9p**	16.9p	+11.8%
Dividend per share	**5.5p**	5.3p	+3.8%

(1) Adjusted to exclude the results of Post Publications Limited and Ethnic Media Group Limited which were disposed of in June 2002, Channel One which ceased trading in November 2002 and Wheatley Dyson & Son Limited which was disposed of in February 2003. During the 26 weeks ended 29 June 2003 these businesses achieved operating profit of £nil (2002: £0.5 million).

(2) Excludes operating exceptional items of £1.1 million pre tax (2002: £6.4 million).

(3) Excludes net exceptional items of £1.0 million pre tax (2002: £6.3 million).

(4) Accounting policies used in the preparation of the unaudited financial information for the 26 weeks ended 29 June 2003 are consistent with those set out in the Group's financial statements for the 52 weeks ended 29 December 2002.

Within the following Chief Executive's review and review of operations, all figures are presented on a like-for-like[1] pre exceptional items[2],[3] basis unless otherwise specified. For 2003, and for the 52 weeks ended 29 December 2002 central costs have been separately disclosed within the segmental analysis of operating profit and therefore the comparatives for the 26 weeks ended 30 June 2002 have been restated to reflect this change. This change in presentation has no impact on the Group or total operating profit in 2003 or 2002.

Chief Executive's review

Shortly after her appointment as Chief Executive, Sly Bailey undertook a review of the performance, organisation and management of the Group. The objective of the Chief Executive's review was to identify the actions required to deliver significantly enhanced shareholder value. The review considered all options open to the Group and was conducted under the direct control of the Chief Executive and her executive team without external consultants.

Overview of Key Findings
The review highlighted the potential for improving performance and creating shareholder value by running Trinity Mirror more effectively as a Group of publishing businesses. As a first step, the Chief Executive identified the need to lay a firm foundation in terms of this year's performance principally through a combination of tighter cost management disciplines and a more focused publishing approach. The impact of this first step can already be seen in the interim results and the outlook for the full year.

Looking forward, the review clarified the direction the business needs to take to drive stronger growth and margin performance. The Regional businesses will remain true to the key planks of 'from Biggest to Best' but will increase the rate of performance improvement, seeking to take full advantage of their positions of local leadership and the scale of the portfolio as a whole. The National titles will dramatically increase their focus on the basics of publishing to deliver improved profitability and cash flows through better portfolio management and sharper positioning of individual titles.

The review has confirmed that with changes to the organisation, management and focus of corporate activities, the value of the Group as a whole is undeniably greater than the sum of its constituent parts. To deliver the required transformation, Sly Bailey has articulated a 3 phase programme – stabilise, revitalise and grow – that will be implemented by management to secure the transformation of the Group's performance. Active portfolio management rather than passive administration will be a core part of management's agenda. As a result of the review, Sly Bailey and the management team are already prepared to make specific commitments to improve profitability, generate cash and increase dividends.

The Recent History
Although the merger of Trinity and Mirror Group took place nearly four years ago, the Chief Executive's review revealed that the degree of integration, sharing of best practice and capture of obvious economies of scale between the businesses remains limited. There was some effort to address these issues in 2000 but the barriers to change were not overcome. Once the merger process was formally completed, the two main businesses moved in different directions. The Regionals focused on disciplined delivery of improved performance through 'from Biggest to Best', while the Nationals suffered from a lack of firm management focus and market understanding.

The Regionals Division
The review confirmed that Trinity Mirror's regional businesses are strong and have benefited from the 'from Biggest to Best' initiative and have robust, market leading positions in many of the UK's most important metropolitan markets.

However, the review also highlighted that the division has significant scope for further improvement. Circulation, cover pricing, new product development and further cost reduction through delayering management structures and regionalisation are all potential drivers of top and bottom line growth. These will be pursued with more vigour and focus than has been the

case to date in order that the Division will achieve its full potential. The Chief Executive has already restructured the management team and will be accelerating the change programme to deliver this vision.

The Nationals Division
The National titles remain very large consumer franchises. The review confirmed the obvious fact that the National titles need to be far more robust than they are. Having identified this early in the review, the Chief Executive has taken direct personal control for their publishing, removed existing management, introduced new talent, and set about the task of improving performance.

At the heart of this challenge lies the need for the organisation to get much better at the core job of publishing. The titles need a much deeper understanding of readers, the role that the newspaper plays in readers' lives and what needs to be in place to trigger the decision to purchase. There is also a need to strengthen the focus, skills and discipline of advertising sales within the National titles. The change in advertising sales management announced recently reflects this priority.

During the last quarter, the editorial tone of the Daily Mirror has evolved with the clear pursuit of seriously good popular journalism rather than just 'serious news'. The title must be about what matters to readers alone – and must see the world through their eyes. Research conducted as part of the review confirmed that readers want a blend of what they define as news which includes both serious and fun elements. The decision to close 'M' magazine was taken as it was not sufficiently valued by readers and advertisers.

The review also identified a pressing need to manage the interactions between titles more effectively, for example the Group is committed to eliminating the unproductive competition between the Group's titles in Scotland and on Sundays. Editorial changes, new product propositions and closer links between the management of the titles will shortly be in place to help this.

The strategic vision for the National titles is clear. Management's overriding approach to publishing is customer focused, editorially driven and marketing led. This will ensure that the titles are actively managed as a portfolio delivering strong cashflows through a relentless focus on innovation to meet the evolving needs of readers and advertisers and a sustained focus on reducing costs.

Sale of Irish titles
As part of the renewed focus, it has been decided to sell our regional titles in Belfast, Derry and Donegal.

Other business activities
The Group's other major business activities (the Sports Division, Magazines & Exhibitions and Arrow Interactive (formerly Voice Media)) were not a major focus of the review at this stage. However, it is clear that they all present important although different opportunities for the Group. They will be the subject of more formal reviews through this year's strategic planning and budgeting activities.

The Corporate Centre
The Chief Executive's review revealed that there is a pressing need for the corporate centre to increase its focus on adding value to the businesses. This will be achieved firstly by adopting a

much more interventionist stance in the setting of strategies and budgets for business units. Secondly by becoming proactive in the process of innovation to ensure that the best revenue growth opportunities are receiving appropriate funding and management focus. Thirdly by ensuring that the full value of Trinity Mirror's scale is captured in manufacturing, supply chain, procurement, content creation/sharing, advertising sales and the management of 'expert' functions such as Finance, HR and IT. And finally by identifying and pursuing opportunities from corporate development.

The Transformation Programme and Benefits
The Chief Executive has implemented a three phase programme to transform the Company's performance.

Phase 1: Stabilise
The first phase of the programme will stabilise current performance and ensure a robust platform for the future. Costs will be reduced significantly in most business areas and across most functions through actions such as the centralisation of Finance, HR and IT. The Regionals Division has this month delayered its management structure, accelerated its approach to regionalisation and will pursue further immediate revenue enhancing and cost reducing activities. Plans to stabilise the National titles and slow the pace of circulation decline are also being implemented.

The programme will deliver £25 million annualised cost savings in 2005 of which £4 million will be achieved in 2003 and an incremental £16 million in 2004. This will involve reduction in staff numbers in the region of 550. Strong cashflows will enable debt to be reduced (even allowing for the ongoing investment needs of the businesses) and the Group will adopt a policy of progressive dividend increases linked to earnings.

Phase 2: Revitalise
This critical phase is well underway in parallel with the continued development and implementation of phase 1. Within the main businesses, better procedures for innovation, regular consumer research to drive new insights and ongoing strengthening of advertising sales capability are already in hand. Trinity Mirror will redesign its internal processes and ways of working to become a more agile and efficient Group. For example, a project aiming to improve manufacturing, reduce newsprint costs and optimise capital expenditure is already underway. All other group areas will be subject to a similar level of scrutiny over the coming months.

Phase 3: Grow
Pursuing the opportunities identified in phases 1 and 2 will create the momentum, financial headroom and the organisational capability to access and drive value through longer term growth opportunities. We have already assembled a small strategic development team that is beginning to explore the options and routes that may lie open.

Benefits
This performance based strategy will deliver enhanced earnings and margins. It will deliver both better performance from individual businesses and increase the value of the Group as a whole by capturing the full benefits of scale, sharing of best practice and ensuring that the right performance pressures and incentives are in place.

Beyond these immediate commitments, the Chief Executive will indicate further benefits as and when these become clear.

Review of operations

The initial actions arising from the Chief Executive's review have delivered a good performance during the first 26 weeks of the year with *Group operating profit* before exceptional items increasing 5.8% from £95.8 million to £101.4 million. These results are stated after severance of £1.9 million in relation to management.

Group revenue fell by 0.4% to £551.5 million (2002: £553.6 million), reflecting a 2.7% fall in circulation revenue from £191.1 million to £185.9 million partially offset by a 0.2% increase in advertising revenue from £312.9 million to £313.4 million and a 5.2% increase in other revenue from £49.6 million to £52.2 million.

Profit before tax (including disposed businesses) and before exceptional items increased by 2.6% to £80.4 million. The increase reflects the 5.3% increase in operating profit which has been partially offset by an increase in financing costs (net interest payable and other finance income). The increase in financing costs is primarily a result of the FRS 17 (accounting for pension costs) finance adjustment which was a credit of £2.7 million in 2002 and is a charge of £1.7 million in 2003 resulting in a net adverse movement of £4.4 million.

Operating exceptional items of £1.1 million have been incurred during the 26 week period, primarily in respect of the cost reduction plans stemming from the "from Biggest to Best" initiatives offset by profits on the disposal of certain fixed assets. It is anticipated that a further £15 million of exceptional items will be incurred during the second half of the year for these initiatives and the actions arising from the Chief Executive's review.

Earnings per share (including disposed businesses) before exceptional items increased by 3.3% from 18.4p to 19.0p, reflecting the increased operating profit which has been partially offset by increased FRS 17 finance costs.

The *interim dividend* has been increased by 3.8% to 5.5p (2002: 5.3p). It will be paid on 31 October 2003 to shareholders on the register at 3 October 2003.

Strong operating cash flow of £116.7 million (2002: £101.0 million) contributed to *net debt* falling by £16.9 million from £666.1 million at 29 December 2002 to £649.2 million at 29 June 2003. Net debt is expected to rise marginally over the remainder of the year due to the continued capital expenditure in relation to the regional press investment.

Net assets at 29 June 2003 were £1,130.4 million (Dec 2002: £1,140.2 million), supported by intangible fixed assets of £1,724.6 million (Dec 2002: £1,724.5 million). Included within net assets is a net pension fund deficit of £215.1 million, an increase of £52.0 million from 29 December 2002 when the deficit stood at £163.1 million. The increase in the net pension fund deficit has been offset against the accumulated profit and loss reserve. The increase in the deficit has been driven by a reduction in the AA corporate bond rate used to discount liabilities and is not related to an underlying reduction in asset values which increased by £22.1million (net of tax) during the period.

Regionals division

The Regionals division now incorporates the Group's regional Digital Media activities. The turnover and operating profit of the division were as follows:

	2003 £m	2002 £m	Change %	**Margin 2003**	Margin 2002
Turnover					
Regionals Newspaper titles excluding Metros	**257.6**	256.9	0.3%		
Metros	**5.0**	4.4	13.6%		
Digital Media activities	**1.8**	0.3	500.0%		
Regionals division	**264.4**	261.6	1.1%		
Operating profit					
Regionals Newspaper titles excluding Metros	**64.8**	62.4	3.8%	**25.2%**	24.3%
Metros	**(0.2)**	(1.1)	81.8%		
Digital media activities	**(2.6)**	(4.4)	40.9%		
Regionals division	**62.0**	56.9	9.0%	**23.4%**	21.8%

Overview

The Regionals division (incorporating our Metro titles and Digital Media) continued to improve performance during the past 6 months with operating profit increasing by 9.0% to £62.0 million and operating margin improving from 21.8% to 23.4%. The regional newspaper titles (excluding Metros and Digital Media) increased operating profit by 3.8% from £62.4 million to £64.8 million. The "from Biggest to Best" initiative continues to deliver revenue and cost benefits enabling the division to improve profitability in the face of difficult trading conditions. Incremental cost savings of £3.5 million were achieved during the period.

A number of our businesses achieved positive year on year performance. In particular, our businesses in the North East and Scotland achieved double digit growth in operating profit. Midlands and London and the South East has experienced more volatile trading. Difficult trading in the Midlands has been driven by the local re-generation programme in Birmingham, resulting in substantial short term disruption to the local retail trade, and disappointing trading in Coventry. In London and the South East advertising conditions continue to prove difficult, in particular in recruitment.

Advertising

Advertising revenues within the Regionals division increased 0.6% to £204.1 million (2002: £202.9 million). This reflects a fall in advertising revenues for our regional newspapers titles (excluding Metros) of 0.3%, an increase in advertising revenue for our Metro titles of 11.4% and our Digital Media activities achieving advertising revenue of £1.2 million (2002: £nil).

The regional newspaper titles (excluding Metros) achieved growth in advertising revenues of 0.4% in the second quarter compared to a decline of 0.8% in the first quarter. Our titles outside London and the South East achieved second quarter advertising revenues growth of 1.8% compared to 0.7% in the first quarter.

During the period, outside London and the South East (where advertising revenue fell by 4.4%) the regional newspaper titles (excluding Metros) achieved growth of 1.3%. Strong growth in recruitment and property classified, which increased by 3.0% and 6.3% respectively, has been partially offset by declines in display and motors classified which fell by 1.6% and 4.7% respectively. Other classified categories increased by 1.9%. In London and the South East with

the exception of property and other classified advertising which delivered growth of 9.8% and 1.4% respectively, all advertising categories showed declines with falls of 12.8% in recruitment, 7.3% in display and 6.8% in motors.

Our three Metro titles achieved growth in advertising revenue of 11.4% to £4.9 million (2002 : £4.4 million).

The Regional Digital Media activities are now fully embedded within our regional titles and achieved advertising revenue of £1.2 million following the introduction of charges for the upload of recruitment advertising to the internet.

Circulation
Regional newspapers circulation revenue declined marginally by 1.0% to £40.8 million (2002: £41.2 million), with limited cover price increases partially offsetting volume declines. With the exception of some weekly titles which increased circulation volumes all titles showed declines in line with the market.

Disposals
During the period the Group disposed of Wheatley Dyson & Son Limited (suppliers of stationery) for a consideration of £0.1 million. During the 26 week period to 29 June 2003, Wheatley Dyson & Son Limited contributed £0.1 million revenue (2002: £0.8 million) and a net profit of £nil million (2002: profit £0.1 million).

Nationals division
The turnover and operating profit of the Group's Nationals division is as follows:-

	2003 £m	2002 £m	Change %	**Margin 2003**	Margin 2002
Turnover	**244.3**	249.7	-2.2%		
Operating profit	**38.2**	37.5	1.9%	**15.6%**	15.0%

Overview
Despite a revenue decline of 2.2% from £249.7 million to £244.3 million the Nationals division increased operating profit by 1.9% from £37.5 million to £38.2 million and operating margin from 15.0% to 15.6%.

To stabilise the national titles in terms of market position and circulation performance, the senior management team of the UK Nationals business has been restructured. In addition to the new role of General Manager, MGN, changes have been made in both marketing and advertising.

Circulation
Circulation revenue of the Group's five national titles (and related businesses) declined by 4.3% from £134.6 million to £128.8 million. This reflects a fall in volumes being only partially offset by the reinstatement of the Daily Mirror Monday to Friday cover price to 32 pence in the southern regions of England, a 5 pence cover price increase on the Saturday edition of the Daily Record and a 5 pence cover price increase for all Sunday titles. The cost of price cutting across the 5 titles was estimated to be £6.5 million (2002 : £8.0 million).

Review of operations continued

During the period the Daily Mirror circulation volume declined by 6.5% year-on-year. Adjusted to exclude bulk sales (discontinued from 30 April 2002), the decline was 5.7%. The disappointing circulation performance during the period reflects the impact of reduced volumes following the reinstatement of the Monday to Friday cover price to 32 pence in the southern regions of England.

The Sunday Mirror and The People circulation volume declined, year-on-year, by 7.5% and 16.2% respectively during the period. Adjusted to eliminate bulk sales the declines were 6.5% and 15.0% respectively.

The Daily Record's and the Sunday Mail's circulation volume in Scotland declined by 7.3% and 5.0% respectively. The Daily Record circulation continues to be impacted by the discounting activity in the Scottish marketplace.

Advertising
The Group's national titles managed to limit declines in advertising revenues to only 0.7% from £97.1 million to £96.4 million during the period despite continued uncertainty and volatility in the advertising market. The war in Iraq during the period and the strong advertising performance in June 2002 due to the football World Cup contributed to a 2.9% decline in the second quarter compared to a 1.3% increase in the first quarter.

The UK National titles achieved flat, year-on-year, advertising revenues of £72.0 million for the period. A 3.0% increase in the first quarter has been offset by a 2.9% decline in the second quarter. Retail advertising continues to be extremely volatile with no underlying trend emerging due to distortions created by the war in Iraq, the timing of Easter and the benefits of increased advertising in June 2002 due to the football World Cup. Despite these factors, the UK National titles achieved a year on year improvement of 0.7% in retail advertising. Double digit growth in Motors, Finance and Holidays has been offset by weaker performance in Mail Order and FMCG.

For our Scottish National titles, advertising revenue fell by 2.8% from £25.1 million to £24.4 million, with strong year-on-year performances in local retail advertising up 9.5%, travel up 7.5% and entertainment up 20.0% offset by the volatile recruitment sector which saw declines of 11.3%. National advertising whilst still marginally below last year has shown greater stability in the second quarter.

Sports Division
The Sports division achieved strong performance during the period with operating profit increasing by 20.3% to £7.1 million (2002: £5.9 million). Advertising and circulation revenue increased by 3.4% and 8.9% respectively. Circulation revenues benefited from strong circulation performance of the Racing Post which achieved a year-on-year circulation sale increase of 1.5% for the period and the benefit of cover price increases.

The development of the division's websites, racingpost.co.uk and smartbet.co.uk, has progressed encouragingly with revenue increasing by 12.0%.

Magazines and exhibitions
Operating profits in the Magazines and Exhibitions division declined by £0.4 million (down 11.1%) from £3.6 million to £3.2 million. However, part of this decline was due to lost contribution from titles sold in 2002 and additional licence costs that secured the long term future of two key businesses (Inside Housing and the National Boat, Caravan and Outdoor

Leisure Show). Whilst our magazines are performing satisfactorily in difficult advertising conditions, exhibitions show a one off decline due to a combination of tough markets and the cancellation of two shows. However, bookings for major shows next year are already well ahead of the equivalent time last year.

Arrow Interactive

During the period, Voice Media, which specialises in the provision of interactive telephone services, changed its name to Arrow Interactive. This followed the acquisition of the business and assets of Quartez, a company specialising in the provision of mobile data services such as SMS, for £0.3 million. A delay in the transmission of anticipated TV programmes and investment in expanding the services offered by Arrow Interactive contributed to an operating loss of £0.2 million (2002 : profit £0.8 million).

Board changes

During the period Philip Graf, Chief Executive, Joe Sinyor, Chief Executive Newspapers, Mark Haysom, Managing Director National Newspapers and Roger Harrison, non-executive Director, left the company. Sly Bailey was appointed as Chief Executive in February 2003 and Vijay Vaghela was appointed as Group Finance Director in April 2003.

Outlook

The Group continues to deliver a good performance despite an uncertain economic and advertising environment. The Board believes these uncertain conditions will continue for the remainder of the year. Management's immediate actions on costs and focus on the implementation of the Group's strategy underpin the Board's expectation of a satisfactory outcome for the year.

Sir Victor Blank, Chairman
31 July 2003

Consolidated profit and loss account (unaudited)

for 26 week period to 29 June 2003

	notes	26 weeks to 29 June 2003 Before exceptional items £m	Exceptional items (note 4) £m	After exceptional items £m	26 weeks to 30 June 2002 £m	52 weeks to 29 December 2002 £m
Turnover	2	**551.6**	**–**	**551.6**	559.6	1,092.2
Group operating profit	3	**101.4**	**(1.1)**	**100.3**	89.9	59.8
Share of results of associated undertakings		**0.6**	**–**	**0.6**	0.8	1.5
Total operating profit		**102.0**	**(1.1)**	**100.9**	90.7	61.3
Profit on disposals of subsidiary undertakings	4	**–**	**0.1**	**0.1**	0.1	0.1
Profit on disposal of magazine titles	4	**–**	**–**	**–**	–	1.7
Profit on ordinary activities before interest		**102.0**	**(1.0)**	**101.0**	90.8	63.1
Net interest payable		**(19.9)**	**–**	**(19.9)**	(21.4)	(43.0)
Other finance (charge)/income		**(1.7)**	**–**	**(1.7)**	2.7	6.1
Profit on ordinary activities before taxation		**80.4**	**(1.0)**	**79.4**	72.1	26.2
Tax on profit on ordinary activities	5	**(24.9)**	**0.7**	**(24.2)**	(22.6)	(45.2)
Profit/(loss) on ordinary activities after taxation		**55.5**	**(0.3)**	**55.2**	49.5	(19.0)
Non-equity minority interest		**(0.1)**	**–**	**(0.1)**	(0.1)	(0.3)
Profit/(loss) for the financial period		**55.4**	**(0.3)**	**55.1**	49.4	(19.3)
Ordinary dividends on equity shares	6			**(16.1)**	(15.5)	(51.4)
Retained profit/(loss) for the financial period				**39.0**	33.9	(70.7)
Earnings per share (pence)	7					
Underlying earnings per share				**19.0**	18.4	37.1
Exceptional items				**(0.1)**	(1.5)	(43.7)
Earnings/(loss) per share – basic				**18.9**	16.9	(6.6)
Earnings/(loss) per share – diluted				**18.8**	16.9	(6.6)

All turnover and results arose from continuing operations.

Consolidated statement of total recognised gains and losses (unaudited)

for 26 week period to 29 June 2003

	26 weeks to 29 June 2003 £m	26 weeks to 30 June 2002 £m	52 weeks to 29 December 2002 £m
Profit/(loss) for the financial period	**55.1**	49.4	(19.3)
Difference between actual and expected return on pension schemes' assets	**12.0**	(81.0)	(170.6)
Experience losses arising on pension schemes' liabilities	**–**	–	(11.1)
Effects of changes in assumptions underlying the present value of pension schemes' liabilities	**(82.6)**	–	(12.4)
Deferred tax asset associated with movement on pension schemes' deficits	**21.2**	24.3	58.3
Total recognised gains and losses in the period	**5.7**	(7.3)	(155.1)

Consolidated balance sheet (unaudited)

at 29 June 2003

	notes	**29 June 2003 £m**	30 June 2002 £m	29 December 2002 £m
Fixed assets				
Intangible assets		**1,724.6**	1,849.8	1,724.5
Tangible assets		**391.0**	383.9	389.9
Investments		**10.6**	14.2	10.1
		2,126.2	2,247.9	2,124.5
Current assets				
Stocks		**7.0**	7.2	7.3
Debtors		**157.6**	167.3	152.6
Cash at bank and in hand		**39.2**	49.4	40.0
		203.8	223.9	199.9
Creditors: amounts falling due within one year				
Bank loans, loan notes and overdrafts		**(58.2)**	(243.5)	(66.7)
Obligations under finance leases		**(4.7)**	(4.2)	(4.9)
Other creditors		**(227.2)**	(238.4)	(243.8)
		(290.1)	(486.1)	(315.4)
Net current liabilities		**(86.3)**	(262.2)	(115.5)
Total assets less current liabilities		**2,039.9**	1,985.7	2,009.0
Creditors: amounts falling due after more than one year				
Bank loans and loan notes		**(594.4)**	(470.1)	(599.1)
Obligations under finance leases		**(31.1)**	(35.5)	(35.4)
		(625.5)	(505.6)	(634.5)
Provisions for liabilities and charges		**(65.2)**	(68.5)	(67.5)
Non-equity minority interest		**(3.7)**	(3.7)	(3.7)
Net assets excluding pension schemes' assets and liabilities		**1,345.5**	1,407.9	1,303.3
Pension schemes' assets	8	**–**	16.7	–
Pension schemes' liabilities	8	**(215.1)**	(100.8)	(163.1)
Net assets including pension schemes' assets and liabilities		**1,130.4**	1,323.8	1,140.2
Equity capital and reserves				
Called-up share capital		**29.2**	29.2	29.2
Share premium account		**1,081.3**	1,080.5	1,080.6
Revaluation reserve		**4.9**	5.0	5.0
Profit and loss account		**15.0**	209.1	25.4
Equity shareholders' funds	11	**1,130.4**	1,323.8	1,140.2

Consolidated cash flow statement (unaudited)

for 26 week period to 29 June 2003

	notes	**26 weeks to 29 June 2003 £m**	26 weeks to 30 June 2002 (restated) £m	52 weeks to 29 December 2002 £m
Net cash inflow from operating activities	9	**116.7**	101.0	219.0
Dividends received from associated undertakings		**–**	4.3	9.5
Cash inflow from associated undertakings		**–**	4.3	9.5
Returns on investments and servicing of finance				
Interest received		**0.3**	0.5	0.9
Interest paid		**(20.0)**	(25.9)	(43.7)
Interest element of finance lease rental payments		**(0.8)**	(1.0)	(2.0)
Dividends paid to minority shareholders		**(0.1)**	(0.1)	(0.3)
Net cash outflow from returns on investments and servicing of finance		**(20.6)**	(26.5)	(45.1)
Taxation paid		**(21.2)**	(13.3)	(39.2)
Net cash inflow before investing activities		**74.9**	65.5	144.2
Capital expenditure and financial investment				
Purchase of tangible fixed assets		**(26.9)**	(16.6)	(46.0)
Sale of tangible fixed assets		**4.3**	0.8	2.8
Net cash outflow from capital expenditure and financial investment		**(22.6)**	(15.8)	(43.2)
Net cash inflow before acquisitions and disposals		**52.3**	49.7	101.0
Acquisitions and disposals				
Acquisition of business		**(0.3)**	–	–
Disposals of subsidiary undertakings		**0.1**	15.7	15.7
Disposal of magazine titles		**–**	–	1.8
Net cash (outflow)/inflow from acquisitions and disposals		**(0.2)**	15.7	17.5
Dividends paid		**(35.9)**	(35.9)	(51.3)
Net cash inflow before financing		**16.2**	29.5	67.2
Financing				
Issue of shares		**0.7**	1.6	1.7
New unsecured loans		**–**	181.3	325.1
Repayment of unsecured loans		**(6.2)**	(211.3)	(406.9)
Principal payments under finance leases		**(4.5)**	(5.8)	(5.2)
Net cash outflow from financing		**(10.0)**	(34.2)	(85.3)
Increase/(decrease) in cash		**6.2**	(4.7)	(18.1)
Reconciliation of net cash flow to movement in net debt				
Increase/(decrease) in cash in the period		**6.2**	(4.7)	(18.1)
Cash outflow from movement in debt and lease financing		**10.7**	35.8	87.0
Change in net debt resulting from cash flows		**16.9**	31.1	68.9
Movement in net debt in the period		**16.9**	31.1	68.9
Opening net debt		**(666.1)**	(735.0)	(735.0)
Closing net debt	10	**(649.2)**	(703.9)	(666.1)

The comparative figures for the 26 weeks to 30 June 2002 have been restated to reclassify the dividend paid to non-equity minority interest shareholders (£0.1 million) within returns on investments and servicing of finance. This was previously reported within dividends paid.

Notes to the financial statements (unaudited)

1. Basis of preparation

The accounting policies used in the preparation of the interim financial statements for the 26 weeks to 29 June 2003 are as set out in the Group's financial statements for the 52 weeks to 29 December 2002.

2. Turnover

The analysis of the Group's turnover is as follows:

	26 weeks to 29 June 2003 £m	26 weeks to 30 June 2002 (restated) £m	52 weeks to 29 December 2002 (restated) £m
By geographical destination:			
United Kingdom and Republic of Ireland	**549.1**	556.9	1,085.5
Continental Europe	**2.4**	2.4	6.2
Rest of the World	**0.1**	0.3	0.5
	551.6	559.6	1,092.2
By type:			
Circulation	**185.9**	192.0	373.3
Advertising	**313.4**	316.6	618.2
Other	**52.3**	51.0	100.7
	551.6	559.6	1,092.2
By division:			
Regionals division*	**264.5**	267.6	521.4
Nationals division	**244.3**	249.7	494.0
Sports division	**21.2**	19.7	39.4
Magazines and exhibitions	**18.5**	18.8	31.0
Arrow Interactive (formerly Voice Media)	**3.1**	3.8	6.4
	551.6	559.6	1,092.2

*Regionals division includes turnover relating to Post Publications Limited of £nil (26 weeks to 30 June 2002 £2.6 million; 52 weeks to 29 December 2002 £2.6 million) and Ethnic Media Group Limited of £nil (26 weeks to 30 June 2002 £2.2 million; 52 weeks to 29 December 2002 £2.2 million), which were sold in June 2002, Channel One of £nil (26 weeks to 30 June 2002 £0.4 million; 52 weeks to 29 December 2002 £0.6 million) which ceased trading in November 2002 and Wheatley Dyson & Son Limited of £0.1million (26 weeks to 30 June 2002 £0.8 million; 52 weeks to 29 December 2002 £1.6 million) which was disposed of in February 2003.

The comparatives for the 26 weeks to 30 June 2002 and for the 52 weeks to 29 December 2002 have been restated to reclassify Digital Media within Regionals division. This was previously reported separately.

3. Group operating profit

The analysis of the Group's operating profit (before exceptional items) is as follows:

By division:	**26 weeks to 29 June 2003 £m**	26 weeks to 30 June 2002 (restated) £m	52 weeks to 29 December 2002 (restated) £m
Regionals division*	**62.0**	57.4	112.9
Nationals division	**38.2**	37.5	77.6
Sports division	**7.1**	5.9	11.8
Magazines and exhibitions	**3.2**	3.6	5.3
Arrow Interactive (formerly Voice Media)	**(0.2)**	0.8	0.2
Central costs	**(8.9)**	(8.9)	(16.8)
	101.4	96.3	191.0

Notes to the financial statements (unaudited) continued

3. Group operating profit (continued)

*Regionals division includes the loss of Post Publications Limited of £nil (26 weeks to 30 June 2002 loss of £0.1 million; 52 weeks to 29 December 2002 loss of £0.1 million) and profits relating to Ethnic Media Group Limited of £nil (26 weeks to 30 June 2002 £0.5 million; 52 weeks to 29 December 2002 £0.5 million), which were sold in June 2002, Channel One of £nil (26 weeks to 30 June 2002 £nil million; 52 weeks to 29 December 2002 £nil million) which ceased trading in November 2002 and Wheatley Dyson & Son Limited of £nil million (26 weeks to 30 June 2002 £0.1 million; 52 weeks to 29 December 2002 £0.1 million) which was disposed of in February 2003.

The comparatives for the 26 weeks to 30 June 2002 and for the 52 weeks to 29 December 2002 have been restated to reclassify Digital Media within Regionals division. This was previously reported separately.

The comparatives for the 26 weeks to 30 June 2002 have been restated to reflect the separate disclosure of central costs. This change in presentation has no impact on Group operating profit in 2002 or 2003.

4. Exceptional items

	26 weeks to 29 June 2003 £m	26 weeks to 30 June 2002 £m	52 weeks to 29 December 2002 £m
Operating exceptional items			
Impairment of carrying value of publishing rights and titles [a]	**–**	–	125.0
Restructuring costs [b]	**2.2**	6.4	13.2
Maxwell related recoveries [c]	**–**	–	(5.6)
Birmingham circulation issue receipt [d]	**–**	–	(1.4)
Profit on disposal of land and buildings [e]	**(1.1)**	–	–
Group exceptional items charged against Group operating profit	**1.1**	6.4	131.2
Share of exceptional items of associated undertakings [f]	**–**	–	(0.1)
Total exceptional items charged against operating profit	**1.1**	6.4	131.1
Profit on disposals of subsidiary undertakings [g]	**(0.1)**	(0.1)	(0.1)
Profit on disposal of magazine titles [h]	**–**	–	(1.7)
Net exceptional items before taxation	**1.0**	6.3	129.3

a) The annual impairment review of the carrying value of the Group's publishing rights and titles, undertaken in accordance with FRS 10, indicated that an impairment charge of £125.0 million was required in 2002. The impairment charge reduced the carrying value of the Regional titles in the Midlands, to the net present value of future cashflows to be derived from these assets, discounted at 7.5%.

b) Restructuring costs relate to ongoing cost reduction plans.

c) In 2002, the Group recovered £5.6 million from the liquidators of Maxwell related companies for claims outstanding since 1992.

d) In 2002, the Group received compensation of £1.4 million (net of costs) in relation to outstanding issues following the identification of errors in the circulation of the Birmingham titles in 1999.

e) During the period the Group disposed of surplus land and buildings in the Midlands and Scotland, realising a profit on disposal of £1.1 million.

f) In 2002, Press Association, an associated undertaking, disposed of a property, the Group share of profit being £0.1 million.

g) In February 2003, the Group disposed of Wheatley Dyson & Son Limited for a consideration of £0.1 million, realising a profit of £0.1 million. In 2002, the Group disposed of Post Publications Limited for a cash consideration of £6.5 million, realising a loss of £0.3 million, and Ethnic Media Group Limited for a total consideration of £10.2 million, of which £9.2 million was paid in cash and £1.0 million was deferred for two years, realising a profit of £0.4 million.

h) In 2002, the Group disposed of three biker magazines for a cash consideration of £1.8 million realising a profit of £1.7 million.

5. Tax on profit on ordinary activities

	26 weeks to 29 June 2003 £m	26 weeks to 30 June 2002 £m	52 weeks to 29 December 2002 £m
Profit before tax on ordinary activities before exceptional items	**80.4**	78.4	155.5
Corporation Tax			
Corporation tax charge for the period	**26.9**	25.7	45.5
Prior period adjustment	**–**	–	0.6
Total current tax charge	**26.9**	25.7	46.1
Deferred Tax			
Deferred tax charge for the period	**(2.0)**	(1.1)	2.9
Prior period adjustment	**–**	–	(2.0)
Total deferred tax	**(2.0)**	(1.1)	0.9
Tax on profit on ordinary activities before exceptional items	**24.9**	24.6	47.0
Exceptional:			
UK corporation tax on exceptional items	**(0.7)**	(2.0)	(1.8)
Tax on profit on ordinary activities	**24.2**	22.6	45.2

Included within the deferred tax credit for the period is a FRS 17 credit of £1.1 million (2002: £0.6 million)

Reconciliation of current tax charge

The current tax rate for the period is more than the statutory rate of 30% (2002: statutory rate 30%) for the reasons set out in the following reconciliation:

	26 weeks to 29 June 2003 %	26 weeks to 30 June 2002 %	52 weeks to 29 December 2002 %
Standard rate of corporation tax	**30.0**	30.0	30.0
Permanent items	**1.0**	1.4	1.1
Depreciation in excess of capital allowances for the period	**1.1**	0.6	0.7
Deferred tax on short-term and other timing differences	**1.4**	0.8	(2.6)
Prior period adjustment corporation tax	**–**	–	0.4
Total current tax charge rate	**33.5**	32.8	29.6
Deferred tax (credit)/charge rate	**(2.5)**	(1.4)	0.6
Effective rate before exceptional items	**31.0**	31.4	30.2

6. Dividends

The Directors have declared the payment of an interim dividend of 5.5p (2002: 5.3p) per 10p ordinary share to be paid on 31 October 2003 to shareholders on the register on 3 October 2003. The total dividend in 2002 was 17.6p per 10p ordinary share.

7. Earnings per ordinary share

The calculation of earnings per share is based on the profit for the financial period, using the weighted average number of shares in issue (basic) adjusted for the effect of all dilutive potential ordinary shares (diluted) as shown below:

	26 weeks to 29 June 2003 No. of shares	26 weeks to 30 June 2002 No. of shares	52 weeks to 29 December 2002 No. of shares
Basic (millions)	**291.8**	291.6	291.6
Diluted (millions)	**292.7**	292.3	291.9

8. Pensions

The Group operates a number of funded final salary pension schemes, all of which have been set up under Trusts that hold their financial assets separately from those of the Group. In addition, a number of defined contribution arrangements are currently operated, however, the cost of these is immaterial and is not separately disclosed within the pension costs for the Group.

Two of the schemes, namely the Mirror Group Pension Scheme (the "Old Scheme") and the MGN Past Service Pension Scheme (the "Past Service Scheme") cover the liabilities in respect of service up to 13 February 1992, the date when the Old Scheme was closed. The Past Service Scheme was established to meet 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, which are not satisfied by payments from the Old Scheme or by Guaranteed Minimum Pensions provided by the State.

In addition to the above schemes, the Group operates a further eight final salary schemes. Formal valuations of the schemes are carried out every three years, the actuarial methods and assumptions used to calculate each scheme's assets and liabilities varying according to the actuarial and funding policies adopted by their respective trustees. Actuarial valuations are being undertaken in 2003 for the four significant schemes, the Trinity Retirement Benefit Scheme, the MGN Pension Scheme, the Old Scheme and the Past Service Scheme. Early indications are that, from 2004, additional funding of £3m per annum will be required for the MGN Pension Scheme to reduce the historic deficit, and future service contribution rates for the MGN Pension Scheme and Trinity Retirement Benefit Scheme are likely to increase. These increases in funding are in addition to contribution increases of £6.0m during 2003 (including £3.0m to the Past Service Scheme).

During 2002, the decision was taken to close entry to the final salary pension schemes to new employees with effect from 1 January 2003. Existing staff who were eligible to join a final salary scheme had until 28 February 2003 to apply. All new employees, after 1 January 2003, are entitled to participate in a new Group defined contribution plan.

Valuations have been performed in accordance with the requirements of FRS 17 as at 29 June 2003. Scheme liabilities have been calculated using a consistent projected unit valuation method and compared to the schemes' assets at the 29 June 2003 market value.

Based on actuarial advice, the financial assumptions used in calculating the schemes' liabilities are:

	Assumptions as at 29 June 2003 (%)	Assumptions as at 30 June 2002 (%)	Assumptions as at 29 December 2002 (%)
Discount rate	**5.25**	5.75	5.60
Inflation rate	**2.50**	2.50	2.30
Pension increases:			
Pre 6 April 1997 pensions	**2.50 to 5.00**	2.50 to 5.00	2.30 to 5.00
Post 6 April 1997 pensions	**2.50 to 3.00**	2.50 to 3.00	2.30 to 3.00
Salary progression	**4.25**	4.25	4.05

8. Pensions (continued)

The overall net deficit between the assets of the Group's defined benefit pension schemes and the actuarial liabilities of those schemes included in the accounts at 29 June 2003, under FRS17, is as follows:

	Defined benefit net deficit £m	**Total as at 29 June 2003 £m**	Total as at 30 June 2002 £m	Total as at 29 December 2002 £m
Fair value of schemes' assets	**904.4**	**904.4**	945.4	872.8
Actuarial value of schemes' liabilities	**(1,211.7)**	**(1,211.7)**	(1,065.5)	(1,105.8)
Schemes' deficits	**(307.3)**	**(307.3)**	(120.1)	(233.0)
Deferred tax	**92.2**	**92.2**	36.0	69.9
Net schemes' liabilities	**(215.1)**	**(215.1)**	(84.1)	(163.1)

The contributions made during the period totalled £10.4 million (26 weeks to 30 June 2002 £8.0 million; 52 weeks to 29 December 2002 £17.4 million).

The amounts included within operating profit for the period under FRS 17 are as follows:

	26 weeks to 29 June 2003 £m	26 weeks to 30 June 2002 £m	52 weeks to 29 December 2002 £m
Current service cost	**11.9**	12.0	24.6
Past service cost	**0.5**	0.8	0.8
Total included within operating profit	**12.4**	12.8	25.4

The amounts included as other finance charge/(income) for the period under FRS 17 are as follows:

	26 weeks to 29 June 2003 £m	26 weeks to 30 June 2002 £m	52 weeks to 29 December 2002 £m
Expected return on pension schemes' assets	**(28.9)**	(32.3)	(64.6)
Interest cost on pension schemes' liabilities	**30.6**	29.6	58.5
Net finance charge/(income)	**1.7**	(2.7)	(6.1)

The movement in the deficit during the period is analysed below:

	26 weeks to 29 June 2003 £m	26 weeks to 30 June 2002 £m	52 weeks to 29 December 2002 £m
Opening deficit in the schemes	**(233.0)**	(37.0)	(37.0)
Current service cost	**(11.9)**	(12.0)	(24.6)
Contributions	**10.4**	8.0	17.4
Past service cost	**(0.5)**	(0.8)	(0.8)
Finance (charge)/income	**(1.7)**	2.7	6.1
Actuarial losses	**(70.6)**	(81.0)	(194.1)
Closing deficit in the schemes	**(307.3)**	(120.1)	(233.0)

The profit and loss reserve is analysed below:

	As at 29 June 2003 £m	As at 30 June 2002 £m	As at 29 December 2002 £m
Profit and loss reserve excluding pension reserve	**230.1**	293.2	188.5
Pension reserve	**(215.1)**	(84.1)	(163.1)
Profit and loss reserve	**15.0**	209.1	25.4

Notes to the financial statements (unaudited) continued

9. Reconciliation of operating profit to net cash inflow from operating activities

The following information is supplementary to the consolidated cash flow statement:

	26 weeks to 29 June 2003 £m	26 weeks to 30 June 2002 £m	52 weeks to 29 December 2002 £m
Operating profit	**100.3**	89.9	59.8
Depreciation	**21.4**	21.7	43.1
Amortisation/impairment of goodwill and publishing rights and titles	**0.3**	3.0	128.3
Profit on disposal of fixed assets	**(1.2)**	(0.7)	(1.1)
Decrease in stocks	**0.3**	1.5	1.4
Increase in trade and other debtors and prepayments	**(3.4)**	(14.6)	(1.0)
Decrease in trade and other creditors and accruals	**(3.0)**	(4.6)	(19.5)
Adjustment for FRS 17 pension funding	**2.0**	4.8	8.0
Net cash inflow from operating activities	**116.7**	101.0	219.0

10. Analysis of net debt

	At 29 December 2002 £m	Cash flow £m	Other non-cash changes £m	**At 29 June 2003 £m**
Cash at bank and in hand	40.0	(0.8)	–	**39.2**
Bank overdrafts	(23.8)	7.0	–	**(16.8)**
Net cash balances	16.2	6.2	–	**22.4**
Debt due within one year	(42.9)	1.2	0.3	**(41.4)**
Debt due after one year	(599.1)	5.0	(0.3)	**(594.4)**
Finance leases	(40.3)	4.5	–	**(35.8)**
Bank loans, loan notes and finance leases	(682.3)	10.7	–	**(671.6)**
Net debt	(666.1)	16.9	–	**(649.2)**

11. Reconciliation of movements in consolidated shareholders' funds

	26 weeks to 29 June 2003 £m	26 weeks to 30 June 2002 £m	52 weeks to 29 December 2002 £m
Profit/(loss) for the financial period attributable to shareholders	**55.1**	49.4	(19.3)
Dividends	**(16.1)**	(15.5)	(51.4)
Retained profit/(loss)	**39.0**	33.9	(70.7)
Other net recognised gains and losses in the period in respect of FRS 17	**(49.4)**	(56.7)	(135.8)
New share capital subscribed	**0.7**	1.9	2.0
Movement on revaluation reserve	**(0.1)**	–	–
Effect of share options expensed by parent company	**–**	(0.3)	(0.3)
Net decrease in shareholders' funds	**(9.8)**	(21.2)	(204.8)
Opening shareholders' funds	**1,140.2**	1,345.0	1,345.0
Closing shareholders' funds	**1,130.4**	1,323.8	1,140.2

12. Statutory information

The financial statements for the 26 weeks to 29 June 2003 do not constitute statutory accounts for the purposes of Section 240 of the Companies Act 1985 and have not been audited. No statutory accounts for the period have been delivered to the Registrar of Companies.

The financial information in respect of the 52 weeks ended 29 December 2002 has been extracted from the statutory accounts for this period which have been filed with the Registrar of Companies. The auditors' report on these accounts was unqualified and did not contain a statement under Section 237 (2) or (3) of the Companies Act 1985.

The auditors have carried out a review of the interim report and their report is set out on page 20.

The interim report was approved by the Directors on 31 July 2003. This announcement is being sent to shareholders and will be made available at the Company's registered office at One Canada Square, Canary Wharf, London, E14 5AP.

Independent review report to Trinity Mirror plc

Introduction
We have been instructed by the Company to review the financial information for the 26 weeks ended 29 June 2003, which comprises the consolidated profit and loss account, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and related notes 1 to 12, together with the reconciliation of net cash flow to movement in net debt. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities
The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority, which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed
We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and, therefore, provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion
On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the 26 week period ended 29 June 2003.

Deloitte & Touche
Chartered Accountants
London

31 July 2003

TRINITY MIRROR plc
Registered Office:
One Canada Square
Canary Wharf
London E14 5AP

T. 020 7293 3000
F. 020 7293 3405
www.trinitymirror.com