05

Trinity Mirror plc

Interim Results 2005

2 Operational highlights

3 Financial highlights

4 Chief Executive's statement

7 Review of operations

11 Consolidated income statement (unaudited)

12 Consolidated statement of changes in equity (unaudited)

14 Consolidated balance sheet (unaudited)

15 Consolidated cash flow statement (unaudited)

16 Notes to the interim financial report (unaudited)

37 Independent review report to Trinity Mirror plc

Operational highlights

for the 26 weeks ended 3 July 2005

Trinity Mirror plc announces the Group's interim results[3] for the 26 weeks ended 3 July 2005. The operational and financial highlights reflect the adoption of International Financial Reporting Standards for the period.

- Revenue and operating profit[1] growth of 1.2% and 7.9% respectively in a challenging advertising revenue environment
- Improved Group operating margins[1] by 1.3% to 22.1% with Regionals division operating margins[1] increasing by 1.1% to 28.4%
- Earnings per share growth, before impact of IAS 39[4] on financial instruments and before non-recurring items[2], of 13.2%, with the interim dividend increased by 8.5% to 6.4p per share
- Incremental cost savings of £4.1 million and on track to achieve at least £35 million net annualised savings for the year
- £32.5 million expended on share buy-back programme during the period and on track to achieve a £250 million return of capital over three years
- £83 million capital investment in printing presses over three years enhancing manufacturing efficiency and providing full colour for the Group's five National newspapers and a number of Regional newspaper titles by the beginning of 2008
- Strong operating cash flows up 2.0% to £129.9 million and stable net debt at £457.4 million excluding the impact of IAS 39[4]

[1] Excludes operating non-recurring items of £nil (2004: £3.5 million charge)

[2] Excludes net non-recurring items before tax of £nil (2004: £1.0 million charge)

[3] Accounting policies used in the preparation of the unaudited financial information for the 26 weeks ended 3 July 2005 reflect changes resulting from the adoption of International Financial Reporting Standards. The accounting policies adopted are detailed in note 2 on page 16. The 2004 interim results have been restated on this basis (see note 17 on page 28)

[4] Impact of fair value, exchange rate, and amortisation adjustments on borrowings and associated financial instruments accounted for under IAS 39. References to IAS 39 throughout this document shall have the same meaning

Financial highlights

for the 26 weeks ended 3 July 2005

	2005[3] £m	2004[3] £m	Change %
Revenue	**579.3**	572.7	+1.2%
Group operating profit pre non-recurring items[1]	**128.3**	118.9	+7.9%
Group operating profit post non-recurring items	**128.3**	115.4	+11.2%
Profit before IAS 39[4] impact and pre non-recurring items[2]	**112.5**	99.5	+13.1%
Profit before tax post non-recurring items	**113.2**	98.5	+14.9%

Per share	Pence	Pence	Change %
Underlying earnings before IAS 39[4] impact and pre non-recurring items[2]	**26.6p**	23.5p	+13.2%
Underlying earnings pre non-recurring items[2]	**26.7p**	23.5p	+13.6%
Basic earnings post non-recurring items	**26.7p**	23.5p	+13.6%
Dividend per share	**6.4p**	5.9p	+8.5%

(1) Excludes operating non-recurring items of £nil (2004: £3.5 million charge)

(2) Excludes net non-recurring items before tax of £nil (2004: £1.0 million charge)

(3) Accounting policies used in the preparation of the unaudited financial information for the 26 weeks ended 3 July 2005 reflect changes resulting from the adoption of International Financial Reporting Standards. The accounting policies adopted are detailed in note 2 on page 16. The 2004 interim results have been restated on this basis (see note 17 on page 28)

(4) Impact of fair value, exchange rate, and amortisation adjustments on borrowings and associated financial instruments accounted for under IAS 39. References to IAS 39 throughout this document shall have the same meaning

Chief Executive's statement

Within the following Chief Executive's review and review of operations, all figures are presented on a pre non-recurring items basis, as defined in footnotes (1) and (2) on page 2, unless otherwise stated, and reflect the impact of implementing International Financial Reporting Standards (IFRS) for both 2005 and 2004. A full reconciliation of the performance from IFRS to UK GAAP is shown on pages 35 to 36.

During the 26 weeks ended 3 July 2005 Group revenues increased by 1.2% from £572.7 million to £579.3 million, operating profits* increased by 7.9% from £118.9 million to £128.3 million and operating margin* improved by 1.3% from 20.8% to 22.1%. The improved performance has been achieved despite a difficult advertising market and reflects the continued benefits of the Group's 'Stabilise Revitalise Grow' strategy. In particular, the Group operating margin improvement reflects the effectiveness of the strategy in driving continuous improvement across our portfolio of products and publishing processes.

Following a good start to the year in January and February, advertising market conditions deteriorated in March and remained challenging during the second quarter. The UK economy has slowed from the beginning of the year contributing to a weakening retail environment with sluggish consumer spending. This has impacted most advertising categories across our portfolio of newspaper titles. In common with other regional newspaper publishers, we have also seen a reduction in the volume of recruitment advertising across the business. Despite the weak advertising environment, our national titles continue to hold their advertising volume market share. As there remains limited visibility in the advertising market place, we are managing the business on the assumption that the advertising conditions experienced in the first half will continue for the remainder of the year.

Delivery against stated financial objectives

The difficult advertising market conditions have not distracted management from delivery against our stated financial objectives. The short-term financial objectives of the strategy, updated in March 2005, are as follows:

- Annualised net cost savings of £35 million in 2005 with net incremental cost savings of £7 million in 2005
- Intention to return up to £250 million capital to shareholders through a three-year share buy-back programme commencing in 2005
- A policy to progressively increase dividends
- Improvements in operating margins for the Regionals division

The Group has delivered against each of the stated financial objectives as follows:

- Incremental cost savings of £4.1 million have been achieved in the period and the Group is on track to deliver at least £35 million net annualised cost savings this year
- 4.9 million shares have been acquired since March 2005 at a cost of £32.5 million. The Group remains on track to complete the £250 million return of capital over three years to 2007
- The interim dividend has been increased by 8.5%
- Operating margins* for the Regionals division have further increased by 1.1% to 28.4%

In addition to meeting the stated objectives, including the returning of capital to shareholders, the Group has maintained stable net debt, which has only increased marginally by £3.4 million to £457.4 million excluding the impact of IAS 39.

*Pre non-recurring items as defined in footnote (1) on page 2.

Driving growth

The positive momentum created through our performance-based strategy 'Stabilise Revitalise Grow' has continued during the period.

Despite the difficult trading conditions management has continued to focus attention on driving longer-term growth, through investment in both the core business and complementary new products and revenue streams.

In the core business, we have concentrated on the disciplines of portfolio management through revitalising and relaunching existing titles, improving consumer and advertiser propositions, continuing with the 'little and often' cover pricing policy, making improvements to the distribution and availability of our titles, a strong focus on advertising yield management and attention to cost management.

This focus has strengthened and revitalised our portfolio and is delivering tangible benefits that are clear to see in our results.

In addition to strengthening and building our portfolio of newspaper titles, we have continued the process of growing and transforming Trinity Mirror into a multi-platform publishing business. This has been achieved by focusing on meeting the broader needs of our market segments, geographies and customer groups, by deepening and strengthening penetration in our core markets both in print and online and so securing a strong foundation for further development and growth.

While the Group is still in the early stages of the growth phase of its strategy, real progress has been made over the last six months:

- Since joining in February, Georgina Harvey, Managing Director for the Regionals division, has undertaken a root and branch review of the business and has formulated clear action plans to further improve performance. These plans have been framed into three clear strategic priorities: to drive top and bottom line performance to further improve margins, to drive efficiencies in the operating model by fully capturing the benefits of scale and to accelerate growth through a stronger focus on growth and innovation.
- This month we announced the acquisition of smartnewhomes.com – the UK's largest and most successful online business focused exclusively on the new homes sector. This is the first acquisition the Group has made since announcing the 'Stabilise Revitalise Grow' strategy and builds on our existing print presence in this core market. The acquisition will be immediately cash flow positive with significant growth potential.
- In the Autumn the Racing Post will launch its joint venture with Racing UK to provide a broadband service, linking live and archive video of horseracing with online betting and form research. This will use Racing UK's rights from 31 premier racecourses and the Racing Post's expertise in online content and betting to create a new platform for horseracing enthusiasts. Five of the UK's leading bookmakers have been selected to partner the venture. Each of these partners will have a prime position on the site and consumers will also be able to watch the video stream in a bookmaker-specific site.

*Pre non-recurring items as defined in footnote (1) on page 2.

Chief Executive's statement

continued

- We have continued to segment and deepen our presence in our core recruitment advertising markets with the launch of local recruitment websites which build on the successful launches seen in Scotland and Wales last year. To date in 2005 we have launched new sites in the South East, North East and the North West. During August we will complete coverage of our regional markets with the launch of another new site in the Midlands. These local sites provide precision targeting for advertisers and job seekers, to complement the reach of the national fish4jobs network, the UK's most popular online recruitment brand.
- In August, we will strengthen our position in the key public sector recruitment area, launching Insidepublic.co.uk, a national website providing news, career advice and job opportunities to those seeking work in the public sector.
- In June the Group launched a new public sector magazine – Communities Today. This new title will be published alongside our market-leading title Inside Housing, further strengthening our position in the public sector via a cluster publishing strategy.
- We are commencing a £83 million capital expenditure programme which secures full colour for the Group's five National newspapers and a number of Regional newspaper titles by early 2008. In addition to securing full colour this investment replaces presses and ancillary equipment that are coming to the end of their useful economic life and provides substantial operating efficiencies from 2007. This investment will be funded through cash flow, with total capital expenditure being maintained at approximately £60 million per annum for 2006 and 2007 before reverting to a more normalised spend, which is expected to be below £30 million per annum.
- We are piloting paid for e-editions of our newspapers, with the launch of The Journal e-edition – an electronic edition of the North East of England's best-selling morning newspaper.
- We continue to develop our directories business. We plan to publish four editions of The One directory across Scotland in the second half of 2005. We expect to publish a further three editions in 2006, bringing the total to seven editions.

In addition to the above initiatives, the Group is considering a range of other organic and acquisition opportunities for growth. We expect some of these to be evident in the second half of this year.

Despite the continued challenges in trading conditions we remain committed to pursuing and accelerating options for growth across the Group's portfolio of businesses. We are confident that our strategy will deliver enhanced returns for shareholders and we will provide a further update on progress at the announcement of our preliminary results for the year in March 2006.

Sly Bailey
Chief Executive
28 July 2005

*Pre non-recurring items as defined in footnote (1) on page 2.

Review of operations

Group revenue increased by 1.2% from £572.7 million to £579.3 million and Group operating profit* increased by 7.9% from £118.9 million to £128.3 million. Group operating margins* have increased by 1.3% from 20.8% to 22.1%.

The results reflect the impact of difficult advertising market conditions, which contributed to advertising revenues falling by 0.4% from £324.2 million to £323.0 million whilst circulation revenues increased by 3.1% from £194.8 million to £200.9 million.

The operating profit performance incorporates the benefit of net incremental cost savings of £4.1 million and a reduced operating profit pension charge (excluding past service enhancements) under IAS 19 of £1.7 million which have been partially offset by a 7.0% newsprint price increase for the year which increased costs by £5.0 million in the period.

There are no reported non-recurring items for the period.

Earnings per share before non-recurring items increased by 13.6% from 23.5p per share to 26.7p per share, reflecting the increased operating profit, reduced finance costs and the benefit of the reduced number of shares in issue due to the share buy-back programme.

The interim dividend has been increased by 8.5% to 6.4p per share (2004: 5.9p per share). It will be paid on 1 November 2005 to shareholders on the register at 7 October 2005. Under International Financial Reporting Standards the dividend has not been recognised in the interim balance sheet as a liability as it was not approved by the Board until 28 July 2005 which was after the interim period end.

The Group continued to deliver strong operating cash flows which increased by 2.0% to £129.9 million (2004: £127.4 million). These strong cash flows enabled net debt to increase only marginally by £3.4 million from £454.0 million at 2 January 2005 to £457.4 million at 3 July 2005 excluding the impact of IAS 39 despite net capital expenditure of £13.2 million, £32.5 million expenditure for the share buy-back and payment of the 2004 final dividend of £41.7 million.

The adoption of IFRS and the consequent adoption of IAS 39 potentially creates significant volatility in both the income statement and reported debt levels. To provide clarity moving forward, all adjustments arising from IAS 39 will be identified and underlying debt levels excluding the impact of IAS 39 will continue to be disclosed. The reported net debt including the adoption of IAS 39 is shown in note 11. Net debt excluding the impact of IAS 39, which reflects the underlying position, is shown in note 16.

*Pre non-recurring items as defined in footnote (1) on page 2.

Review of operations
continued

Capital expenditure of £60 million is expected for the full year reflecting the continued expenditure in relation to the re-pressing at the Oldham print site and £4 million relating to the £83 million capital expenditure programme announced on 28 July 2005.

On 18 July 2005 the Group completed the acquisition of Smart Media Services Ltd, the owner of smartnewhomes.com, the UK's leading internet marketing portal for new-build homes. An initial consideration of £11.3 million (excluding transaction costs) has been settled by £10.6 million in cash and the issue of £0.7 million loan notes.

During the period the IAS 19 operating profit pension charge for current service fell by £1.7 million to £14.1 million with cash contributions (excluding past service enhancements) increasing by £11.9 million to £25.6 million. Pension scheme liabilities, before the provision of deferred taxation, increased by £8.9 million to £330.8 million. This reflects an increase in liabilities of £79.0 million and an increase in assets of £70.1 million. The increase in liabilities reflects a fall in the real rate of return applied to discount liabilities. This fell from 2.55% at 2 January 2005 to 2.35% at 3 July 2005.

Net pension scheme liabilities, after the provision of deferred taxation, increased by £6.3 million from £225.3 million to £231.6 million.

Regionals division

The Regionals division achieved revenue growth of 2.6% from £270.4 million to £277.3 million and operating profit* growth of 6.6% from £73.9 million to £78.8 million. Operating margin* increased by 1.1% from 27.3% to 28.4%. The increase in operating profit* incorporates a £3.3 million increase for the Regional newspaper titles excluding Metros, £0.5 million increase in Metros and profits of £0.9 million for Digital Media activities compared to a loss of £0.2 million in 2004.

Advertising revenues increased by 1.5% to £214.1 million (2004: £211.0 million) with growth of 0.4% from £203.3 million to £204.1 million for our Regional newspapers titles (excluding Metros), an increase in advertising revenue for the Metro titles of 15.8% from £5.7 million to £6.6 million and Digital Media advertising achieving growth of 70.0% from £2.0 million to £3.4 million.

The division achieved growth in advertising revenues of 4.0% for January to April with a fall in advertising revenues of 3.3% for May and June. Growth of 3.1% for display, 17.9% for property and 3.4% for other classified categories has been partially offset by declines of 6.7% for recruitment and 2.7% for motors. With the exception of the Regional newspaper titles in the South and the Midlands, where advertising revenues fell by 1.6% and 0.8% respectively, and the North West, where revenues were flat, all regions achieved year-on-year advertising revenue growth for the period.

Regional newspapers circulation revenue increased by 5.1% from £39.6 million to £41.6 million, with the continued benefit of the 'little and often' cover price policy. Circulation volumes for the Regional titles declined by 0.9% for daily morning titles, 4.6% for daily evening titles, 5.5% for Sunday titles and 3.6% for the weekly titles. Excluding the Midlands titles, which continue to have weak circulation performance for the daily morning, evening and Sunday titles, there has been a general improvement in circulation volume performance, with an increase of 0.3% for daily morning titles, a fall of 2.5% for the evening titles and a fall of 0.9% for the Sunday titles. A new management team has been appointed in the Midlands to address the weak performance of our titles in this region.

The results of smartnewhomes.com, acquired in July 2005, will be reported within the results of the Regionals division. For 2005, revenues post acquisition are expected to be £1.5 million.

*Pre non-recurring items as defined in footnote (1) on page 2.

Nationals division

In a difficult advertising market where total national newspapers advertising volumes suffered a substantial reduction, our Nationals divisional revenues fell by 0.9% from £257.9 million to £255.5 million. Despite the fall in revenues, operating profit* increased by 5.9% from £40.5 million to £42.9 million due to the benefits of cost savings partially offset by inflationary price increases and a 7.0% increase in the price of newsprint. Operating margin* improved from 15.7% to 16.8%.

Revenues for the UK Nationals fell by 1.6% from £202.2 million to £198.9 million and those for the Scottish Nationals increased by 1.6% from £55.7 million to £56.6 million. Despite the fall in revenues, operating profit for the UK Nationals increased by 11.8% reflecting continued tight cost management. For the Scottish Nationals operating profit fell by 8.6% or £1.0 million, reflecting costs of £0.6 million for The One directory, losses of £0.1 million for Scotcareers and additional investment in product and marketing of £0.4 million.

Circulation revenue for the Group's five National titles (and related businesses) increased by 2.0% from £137.4 million to £140.1 million reflecting the benefit of cover price increases implemented during 2004 for the two daily titles and increases in January this year for the three Sunday titles. Circulation revenues for the UK and Scottish Nationals increased by 1.0% and 5.8% respectively.

In a competitive national newspaper marketplace we have seen some improvements in the year-on-year circulation volume performance for the Daily Mirror and Sunday Mirror in recent months.

The Daily Mirror circulation volume, excluding sampling, declined by 7.7% year-on-year during the period. The six-monthly volume market share for the Daily Mirror fell by 0.2% to 19.3% during the period. The year-on-year volume performance has improved in recent months with declines of 3.6% and 5.0% for May and June respectively compared to declines of 9.4% and 8.9% for the first quarter and April respectively. The improved year-on-year performance reflects the benefits of a more consistent publishing mix and the passing of the anniversary of the fake Iraqi prisoner abuse pictures published in May 2004.

The Sunday Mirror and The People circulation volume, excluding sampling, declined year-on-year by 3.4% and 7.1% respectively during the period. The six-monthly volume market share for the Sunday Mirror fell by 0.1% to 15.8% and for The People remained flat at 9.8% during the period.

The circulation volumes for the Daily Record and the Sunday Mail declined by 5.5% and 5.7% respectively for the period.

Advertising revenue for the Nationals division declined by 5.4% from £99.0 million to £93.7 million during the period. Although the market continues to be unpredictable and volatile, our national newspapers continue to maintain volume market share of advertising.

The UK Nationals advertising revenue declined by 7.0% from £73.9 million to £68.7 million and the Scottish Nationals advertising revenue declined by 0.4% from £25.1 million to £25.0 million.

*Pre non-recurring items as defined in footnote (1) on page 2.

Review of operations
continued

Sports division

The Sports division continues to deliver strong results with revenues increasing by 10.5% from £23.7 million to £26.2 million, and operating profits* increasing by 9.3% from £8.6 million to £9.4 million. Advertising and circulation revenue increased by 14.9% and 9.7% respectively.

The online activities of the division continue to deliver positive results with revenues increasing by 34.6% to £1.2 million and operating profits doubling to £0.5 million.

In April the Racing Post announced that it had joined forces with Racing UK, the UK's leading horseracing channel, to provide an innovative broadband service for online customers. The service offers consumers a combination of live and archive video coverage from Racing UK's 31 premier racecourses together with comprehensive racing analysis and form supplied by the Racing Post. The service has secured significant commercial support from five of the UK's leading bookmakers and will enable customers to bet and watch live racing.

Magazines and Exhibitions

Despite a difficult trading environment, the Magazines and Exhibitions division delivered a strong performance with revenues increasing by 4.6% to £20.3 million and operating profits* increasing by 10.2% to £5.4 million.

June saw the launch of Communities Today, a fortnightly title targeted at the public sector. August sees the launch of InsidePublic, a specialist website serving the needs of the public sector, which builds on the strength of the Group's market leading title, Inside Housing.

Central costs

Central costs have reduced by 3.4% from £8.8 million to £8.5 million reflecting tight cost control.

Outlook

The advertising market has remained difficult since March and reflects the general slowdown in the UK economy since the beginning of the year. Management is running the business on the assumption that the difficult trading environment will continue for the remainder of the year.

The Board remains confident in the strategy and continues to expect a satisfactory outcome for the year.

*Pre non-recurring items as defined in footnote (1) on page 2.

Consolidated income statement (unaudited)

for the 26 week period to 3 July 2005

	notes	**26 weeks to 3 July 2005 £m**	26 weeks to 27 June 2004 £m	53 weeks to 2 January 2005 (audited) £m
Revenue	3	**579.3**	572.7	1,141.7
Cost of sales		**(277.4)**	(272.6)	(533.6)
Gross profit		**301.9**	300.1	608.1
Distribution costs		**(69.0)**	(72.6)	(140.5)
Administrative expenses:				
Non-recurring	4	**–**	(3.5)	(12.2)
Other		**(104.9)**	(109.0)	(213.4)
Share of results of associates		**0.3**	0.4	0.8
Operating profit	3	**128.3**	115.4	242.8
Finance costs (excluding IAS 39 impact*)	9	**(15.8)**	(19.4)	(38.2)
IAS 39 impact*	9	**0.7**	–	–
Profit on disposal of subsidiary undertakings	4	**–**	2.5	2.5
Profit before tax		**113.2**	98.5	207.1
Tax	5	**(34.7)**	(29.3)	(62.0)
Profit for the period		**78.5**	69.2	145.1
Attributable to:				
Equity holders of the parent		**78.5**	69.1	145.0
Minority interest		**–**	0.1	0.1
		78.5	69.2	145.1

Earnings per share	7	**Pence**	Pence	Pence
Excluding IAS 39 impact*				
Underlying earning per share		**26.6**	23.5	51.2
Non-recurring items		**–**	–	(2.0)
Earnings per share – basic		**26.6**	23.5	49.2
Earnings per share – diluted		**26.3**	23.2	48.7
Including IAS 39 impact*				
Underlying earning per share		**26.7**	23.5	51.2
Non-recurring items		**–**	–	(2.0)
Earnings per share – basic		**26.7**	23.5	49.2
Earnings per share – diluted		**26.4**	23.2	48.7

All revenue and results arose from continuing operations.

*Impact of fair value, exchange rate, and amortisation adjustments on borrowings and associated financial instruments accounted for under IAS 39. References to IAS 39 throughout this document shall have the same meaning.

Consolidated statement of changes in equity (unaudited)

for the 26 week period to 3 July 2005

26 weeks to 3 July 2005

	Share capital and capital redemption reserve £m	Share premium £m	Revaluation reserves £m	Retained earnings and other reserves £m	Total £m
Opening balances	**29.7**	**1,101.7**	**4.9**	**(430.7)**	**705.6**
Profit for the period	**–**	**–**	**–**	**78.5**	**78.5**
Dividends	**–**	**–**	**–**	**(41.7)**	**(41.7)**
Actuarial losses on defined benefit pension schemes (net of tax)	**–**	**–**	**–**	**(13.9)**	**(13.9)**
Total recognised income and expense	**–**	**–**	**–**	**22.9**	**22.9**
Recognised directly in equity					
New share capital subscribed	**0.1**	**4.2**	**–**	**–**	**4.3**
Buy-back shares cancelled	**(0.5)**	**–**	**–**	**(32.0)**	**(32.5)**
Investment in shares for LTIP	**–**	**–**	**–**	**(5.7)**	**(5.7)**
Available-for-sale financial assets fair value movement net of tax	**–**	**–**	**–**	**2.0**	**2.0**
Expense of the cost of the investment in LTIP shares	**–**	**–**	**–**	**1.9**	**1.9**
Net change directly in equity	**(0.4)**	**4.2**	**–**	**(33.8)**	**(30.0)**
Total movements	**(0.4)**	**4.2**	**–**	**(10.9)**	**(7.1)**
Equity at the end of the period	**29.3**	**1,105.9**	**4.9**	**(441.6)**	**698.5**

26 weeks to 27 June 2004

	Share capital £m	Share premium £m	Revaluation reserves £m	Retained earnings and other reserves £m	Total £m
Opening balances	29.4	1,089.5	5.0	(537.5)	586.4
Profit for the period	–	–	–	69.2	69.2
Dividends	–	–	–	(37.6)	(37.6)
Actuarial gains on defined benefit pension schemes (net of tax)	–	–	–	16.3	16.3
Total recognised income and expense	–	–	–	47.9	47.9
Recognised directly in equity					
New share capital subscribed	0.1	7.2	–	–	7.3
Investment in shares for LTIP	–	–	–	(6.2)	(6.2)
Other movements	–	–	–	(0.2)	(0.2)
Net change directly in equity	0.1	7.2	–	(6.4)	0.9
Total movements	0.1	7.2	–	41.5	48.8
Equity at the end of the period	29.5	1,096.7	5.0	(496.0)	635.2

53 weeks to 2 January 2005

	Share capital £m	Share premium £m	Revaluation reserves £m	Retained earnings and other reserves £m	Total £m
Opening balances	29.4	1,089.5	5.0	(537.5)	586.4
Profit for the period	–	–	–	145.1	145.1
Dividends	–	–	–	(55.1)	(55.1)
Actuarial gains on defined benefit pension schemes (net of tax)	–	–	–	24.9	24.9
Total recognised income and expense	–	–	–	114.9	114.9
Recognised directly in equity					
New share capital subscribed	0.3	12.2	–	–	12.5
Investment in shares for LTIP	–	–	–	(6.2)	(6.2)
Expense of the cost of the investment in LTIP shares	–	–	–	1.8	1.8
Movement on revaluation	–	–	(0.1)	–	(0.1)
Purchase of minority interest	–	–	–	(3.7)	(3.7)
Net change directly in equity	0.3	12.2	(0.1)	(8.1)	4.3
Total movements	0.3	12.2	(0.1)	106.8	119.2
Equity at the end of the period	29.7	1,101.7	4.9	(430.7)	705.6

Consolidated balance sheet (unaudited)

at 3 July 2005

	notes	**3 July 2005 £m**	27 June 2004 £m	2 January 2005 (audited) £m
Non-current assets				
Goodwill		**6.0**	6.0	6.0
Other intangible assets		**1,579.9**	1,579.9	1,579.9
Property, plant and equipment		**380.4**	394.4	387.8
Investments in associates		**7.2**	7.2	7.5
Deferred tax asset		**109.1**	113.2	106.5
		2,082.6	2,100.7	2,087.7
Current assets				
Inventories		**6.5**	6.6	6.7
Available-for-sale financial assets	8	**4.1**	1.1	1.3
Trade and other receivables		**159.3**	171.5	147.7
Cash and cash equivalents		**29.2**	33.7	43.4
		199.1	212.9	199.1
Total assets		**2,281.7**	2,313.6	2,286.8
Non-current liabilities				
Borrowings		**(382.2)**	(470.7)	(440.8)
Obligations under finance leases		**(16.1)**	(24.0)	(17.7)
Retirement benefit obligation	13	**(330.8)**	(338.3)	(321.9)
Deferred tax liabilities		**(538.0)**	(543.7)	(540.9)
Long-term provisions		**(9.9)**	(8.6)	(8.1)
Derivative financial instruments	10	**(59.0)**	–	–
		(1,336.0)	(1,385.3)	(1,329.4)
Current liabilities				
Borrowings		**(27.2)**	(63.5)	(36.4)
Trade and other payables		**(173.9)**	(188.8)	(175.0)
Current tax liabilities		**(39.3)**	(33.0)	(33.2)
Obligations under finance leases		**(2.3)**	(2.8)	(2.5)
Short-term provisions		**(4.5)**	(5.0)	(4.7)
		(247.2)	(293.1)	(251.8)
Total liabilities		**(1,583.2)**	(1,678.4)	(1,581.2)
Net assets		**698.5**	635.2	705.6
Equity				
Share capital		**(29.8)**	(29.5)	(29.7)
Share premium account		**(1,105.9)**	(1,096.7)	(1,101.7)
Revaluation reserves		**(4.9)**	(5.0)	(4.9)
Capital redemption reserve		**0.5**	–	–
Retained earnings and other reserves		**441.6**	499.7	430.7
Equity attributable to equity holders of the parent		**(698.5)**	(631.5)	(705.6)
Minority interest		**–**	(3.7)	–
Total equity		**(698.5)**	(635.2)	(705.6)

Consolidated cash flow statement (unaudited)

for the 26 week period to 3 July 2005

	notes	**26 weeks to 3 July 2005 £m**	26 weeks to 27 June 2004 £m	53 weeks to 2 January 2005 (audited) £m
Cash flows from operating activities				
Cash generated from operations	11	**129.9**	127.4	288.8
Income tax paid		**(29.1)**	(22.9)	(55.6)
Net cash from operating activities		**100.8**	104.5	233.2
Investing activities				
Interest received		**0.8**	0.3	0.8
Dividends received from associated undertakings		**0.6**	3.2	3.2
Purchase of shares from minority interests		**–**	–	(4.5)
Net cash balances disposed of with subsidiary undertakings		**–**	(2.1)	(2.1)
Proceeds from sales of subsidiary undertakings		**–**	44.7	44.7
Proceeds on disposal of property, plant and equipment		**0.9**	1.0	1.8
Purchases of property, plant and equipment		**(13.2)**	(14.8)	(37.3)
Proceeds from sale of motor cycle show business		**–**	0.2	0.2
Net cash (used in)/from investing activities		**(10.9)**	32.5	6.8
Financing activities				
Dividends paid		**(41.7)**	(37.6)	(55.1)
Dividend paid to minority shareholders		**–**	(0.1)	(0.1)
Interest paid		**(16.9)**	(17.9)	(33.8)
Interest paid on finance leases		**(0.6)**	(0.7)	(2.2)
Repayments of borrowings		**(13.7)**	(84.8)	(138.2)
Principal payments under finance leases		**(1.8)**	(4.4)	(11.0)
Purchase of shares under share buy-back		**(32.5)**	–	–
Issue of shares		**4.3**	7.3	12.5
Purchase of own shares under LTIP		**(5.7)**	(6.2)	(6.2)
Increase in bank overdrafts		**4.5**	6.8	3.2
Net cash used in financing activities		**(104.1)**	(137.6)	(230.9)
Net (decrease)/increase in cash and cash equivalents		**(14.2)**	(0.6)	9.1
Cash and cash equivalents at the beginning of period		**43.4**	34.3	34.3
Cash and cash equivalents at the end of period		**29.2**	33.7	43.4

Notes to the interim financial report (unaudited)

1 General information

The financial statements for the 26 weeks to 3 July 2005 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 53 weeks ended 2 January 2005 has been produced using extracts from the statutory accounts under UK GAAP for this period and amended by adjustments arising from the implementation of International Financial Reporting Standards (IFRS). The statutory accounts for this period have been filed with the Registrar of Companies. The auditors' report on these accounts was unqualified and did not contain a statement under Sections 237 (2) or (3) of the Companies Act 1985 which deal respectively with the maintaining of proper accounting books and records and the availability of information to the auditors. The financial information presented on pages 11 to 36 has been prepared based on the adoption of IFRS, including International Accounting Standards (IAS) and interpretations issued by the International Accounting Standards Board (IASB) and its committees, as interpreted by any regulatory bodies relevant to the Group. These are subject to ongoing amendment by the IASB and subsequent endorsement by the European Commission and are therefore subject to change. As a result the accounting policies used to prepare the interim financial report will need to be updated for any subsequent amendment to IFRS required for first time adoption, or any new standards that the Group may elect to adopt early.

The auditors have carried out a review of the interim report and their report is set out on page 37.

The interim report was approved by the directors on 28 July 2005. 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.

2 Accounting policies

The policies set out below have been consistently applied to all the years presented except for those relating to the classification and measurement of financial instruments.

Trinity Mirror plc consolidated financial statements were prepared in accordance with Generally Accepted Accounting Principles (UK GAAP) until 2 January 2005. UK GAAP differs in some areas from IFRS. In preparing Trinity Mirror plc 2005 consolidated interim financial statements, management has amended certain accounting, valuation and consolidation methods applied in the UK GAAP financial statements to comply with the recognition and measurement criteria of IFRS. The comparative figures in respect of 2004 were restated to reflect these adjustments.

The Group has made use of the exemption available under IFRS 1 to only apply IAS 32, Financial Instruments: Disclosure and Presentation (IAS 32) and IAS 39, Financial Instruments: Recognition and Measurement (IAS 39) from 3 January 2005.

Reconciliations and descriptions of the effect of the transition from UK GAAP to IFRS on the Group's equity and its net income and cash flows are provided in note 17.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company for the 26 weeks to 3 July 2005.

Associates

Associates are all entities over which the Group has significant influence but not control and are accounted for by the equity method of accounting, initially recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves.

2 Accounting policies (continued)

Goodwill
Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

Revenue recognition
Revenue comprises Group sales, net of applicable discounts and value added tax. Advertising revenue is recognised upon publication and circulation revenue is recognised at the time of sale. Other revenue is recognised at the time of sale or provision of service.

Property, plant and equipment
Property, plant and equipment are stated in the balance sheet at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Assets in the course of construction are carried at cost, less any recognised impairment loss. Depreciation commences when the assets are ready for their intended use.

Depreciation is charged so as to write-off the cost, other than assets under construction, using the straight-line method over the estimated useful lives detailed below:

Property	15-67 years
Plant and equipment	3-25 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

Intangibles
Intangibles comprise acquired publishing rights and titles. These have an indefinite life and are not amortised. The carrying value is based on fair value attributed on acquisition less any subsequent impairment.

Impairment of assets excluding goodwill
The Group reviews annually the carrying amounts of its tangible and intangible assets to determine whether those assets have suffered an impairment loss. If any such loss exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication of a loss the asset may be impaired.

Recoverable amount is the higher of fair value less disposal costs and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using the Group's weighted average cost of capital.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Financial instruments
Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables
Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Notes to the interim financial report (unaudited)

continued

2 Accounting policies (continued)

Investments

Investments are classified as available-for-sale, and are initially measured at cost and subsequently reported at fair value. Available-for-sale investments and gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

Borrowings

Interest-bearing loans and bank overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are not interest-bearing and are stated at their nominal value.

Derivative financial instruments

The Group uses derivative financial instruments, including cross-currency interest rate swaps, interest rate swaps and other hedging instruments, to minimise exposure to the financial risks of changes in foreign currency exchange rates and interest rates. The Group does not use derivative financial instruments for speculative purposes.

Since 3 January 2005 derivative financial instruments are now separately recognised at fair value in the financial statements. Changes in the fair value of derivative financial instruments are recognised immediately in the income statement.

Derivatives embedded in commercial contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the underlying contracts, with unrealised gains or losses reported in the income statement.

Tax

The tax expense represents the sum of the corporation tax currently payable and deferred tax.

The corporation tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Employee benefits – retirement benefit costs

The Group operates a number of funded defined benefit (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.

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds approximating to the terms of the related pension liability. Unrealised gains and losses are recognised in equity as an item within the statement of changes in equity.

2 Accounting policies (continued)

Share-based payments
The Group has applied the requirements of IFRS 2, Share-based Payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were invested as of 3 January 2005. The Group issues equity-settled benefits to certain employees. These equity-settled share-based payments are measured at fair value at the date of grant. The fair value is determined at the grant date and is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Dividend distribution
Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved.

Application of IFRS 1
The Group's financial statements for the year ended 1 January 2006 will be the first annual financial statements that comply with IFRS. These interim financial statements have been prepared as described in note 1 including the principles set out in IFRS 1.

The Group's transition date is 29 December 2003.

IFRS 1 sets out the procedures to be followed when adopting IFRS for the first time as the basis for preparing the Group's consolidated financial statements. The Group is required to establish its IFRS accounting policies as at 1 January 2006 and, in general, apply these retrospectively to determine the IFRS opening balance sheet at the date of transition. IFRS 1 provides a number of optional exemptions to this general principle. The most significant of these are set out below, together with a description, in each case, of the exemption adopted by the Group.

- **Business combinations – IFRS 3, Business Combinations**
  The Group has elected not to restate business combinations recognised before the date of transition.

- **Fair value as 'deemed' cost – IAS 16, Property, Plant and Equipment**
  The Group has elected, where appropriate, to use fair value as the 'deemed' cost of plant, property and equipment on adoption of IFRS.

- **Employee Benefits – IAS 19, Employee Benefits**
  The Group has elected to recognise all cumulative actuarial gains and losses in relation to employee benefit schemes at the date of transition. In subsequent periods all actuarial gains and losses will be recognised in full in the period in which they occur in the statement of changes in equity in accordance with the amendment to IAS 19, issued on 16 December 2004.

- **Financial Instruments – IAS 32, Financial Instruments: Disclosure and Presentation and IAS 39, Financial Instruments: Recognition and Measurement**
  The Group has elected to adopt IAS 32 and IAS 39 from 3 January 2005. Therefore the comparative financial information in respect of financial instruments is presented in accordance with UK GAAP.

- **Share-based Payments – IFRS 2, Share-based Payments**
  The Group has elected to apply IFRS 2 to all share-based awards and options granted post 7 November 2002 but not vested at 3 January 2005.

Notes to the interim financial report (unaudited)

continued

3 Business segments

For management purposes, the Group is currently organised into the following divisions: Regionals, Nationals, Sports, Magazines and Exhibitions and Central costs. These divisions are the basis on which the Group reports its primary segment information. The secondary reporting segment is a geographical and source analysis of turnover.

Principal activities are as follows:

The Regionals division publishes a large portfolio of newspaper and online brands across the UK. The National division comprising the UK and Scottish Nationals, publishes five daily and Sunday newspapers. The Sports division is a supplier of racing and sports betting information, with four sports newspapers and related online activities. The Magazines and Exhibitions division operates a range of magazines, consumer and trade shows. Central costs include costs not attributed to specific divisions and TM Interactive, which was reported separately up until 2004.

Segment information about these businesses is presented below.

Primary segments – business segment analysis

26 weeks to 3 July 2005

	Regionals 2005 £m	**Nationals 2005 £m**	**Sports 2005 £m**	**Magazines and Exhibitions 2005 £m**	**Central costs 2005 £m**	**Consolidated 2005 £m**
Revenue						
External sales	**277.3**	**255.5**	**26.2**	**20.3**	**–**	**579.3**
Result						
Segment result	**78.8**	**42.9**	**9.4**	**5.4**	**(8.5)**	**128.0**
Non-recurring items						**–**
Share of results of associates						**0.3**
Operating profit						**128.3**

26 weeks to 27 June 2004

	Regionals 2004 £m	Nationals 2004 £m	Sports 2004 £m	Magazines and Exhibitions 2004 £m	Central costs and TM Interactive 2004 £m	Consolidated 2004 £m
Revenue						
External sales	270.4	257.9	23.7	19.4	1.3	572.7
Result						
Segment result	73.9	40.5	8.6	4.9	(9.4)	118.5
Non-recurring items						(3.5)
Share of results of associates						0.4
Operating profit						115.4

3 Business segments (continued)

Primary segments – business segment analysis (continued)

53 weeks to 2 January 2005 (audited)

	Regionals 2004 £m	Nationals 2004 £m	Sports 2004 £m	Magazines and Exhibitions 2004 £m	Central costs and TM Interactive 2004 £m	Consolidated 2004 £m
Revenue						
External sales	540.1	519.7	48.9	31.8	1.2	1,141.7
Result						
Segment result	151.0	95.2	18.0	7.5	(17.5)	254.2
Non-recurring items						(12.2)
Share of results of associates						0.8
Operating profit						242.8

Secondary segments – geographical and source segment analysis

Revenue analysis	**26 weeks to 3 July 2005 £m**	26 weeks to 27 June 2004 £m	53 weeks to 2 January 2005 (audited) £m
United Kingdom and Republic of Ireland	**577.0**	568.9	1,135.5
Continental Europe	**2.3**	3.8	6.1
Rest of world	**–**	–	0.1
Total revenue	**579.3**	572.7	1,141.7
Circulation	**200.9**	194.8	395.4
Advertising	**323.0**	324.2	644.4
Other	**55.4**	53.7	101.9
Total revenue	**579.3**	572.7	1,141.7

4 Non-recurring items and profit on sale of subsidiary undertakings

Non-recurring items	**26 weeks to 3 July 2005 £m**	26 weeks to 27 June 2004 £m	53 weeks to 2 January 2005 (audited) £m
Restructuring costs[a]	**–**	(4.3)	(11.0)
Maxwell related recoveries[b]	**–**	–	1.3
Write down of presses in Chester and Oldham[c]	**–**	–	(7.0)
Release of old accruals for which no further costs are expected[d]	**–**	–	3.5
Profit on disposal of land and buildings[e]	**–**	0.8	1.0
Non-recurring items	**–**	(3.5)	(12.2)

[a] Restructuring costs in prior periods relate to cost reduction plans including the costs incurred in restructuring the TM Interactive division which was reported separately up until 2004.

[b] In 2004, the Group recovered £1.3 million from the liquidators of Maxwell related companies for claims outstanding since 2002.

[c] Costs of £7 million were incurred in the write down of press plant from the closure of the Chester print site and the re-pressing project at Oldham as part of the Manufacturing Project which was announced in February 2004.

[d] In 2004, the Group released old sundry accruals of £3.5 million, for which no further costs were expected.

[e] In 2004, the Group disposed of surplus land and building realising a profit on disposal of £1.0 million.

Notes to the interim financial report (unaudited)

continued

4 Non-recurring items and profit on sale of subsidiary undertakings (continued)

Profit on sale of subsidiary undertakings	**26 weeks to 3 July 2005 £m**	26 weeks to 27 June 2004 £m	53 weeks to 2 January 2005 (audited) £m
Profit on sale of subsidiary undertakings	**–**	2.5	2.5
Profit on sale of subsidiary undertakings	**–**	2.5	2.5

In January 2004, the Group disposed of its Irish subsidiaries for a consideration of £46.1 million, realising a profit of £2.5 million and its Motorcycle Show business for a consideration of £0.2 million, realising a profit of £nil.

5 Tax

	26 weeks to 3 July 2005 £m	26 weeks to 27 June 2004 £m	53 weeks to 2 January 2005 (audited) £m
Corporation tax			
Tax charge for the period	**(34.9)**	(29.7)	(60.9)
Prior year adjustment	**(3.7)**	–	(2.0)
Corporation tax charge	**(38.6)**	(29.7)	(62.9)
Deferred tax			
Tax charge for the period	**0.2**	0.4	(2.2)
Prior year adjustment	**3.7**	–	3.1
Deferred tax charge	**3.9**	0.4	0.9
Total tax charge	**(34.7)**	(29.3)	(62.0)

Reconciliation of tax charge	**%**	%	%
Standard rate of corporation tax	**30.0**	30.0	30.0
Tax effect of items that are not deductible or not taxable in determining taxable profit	**0.8**	0.3	0.9
Tax effect of share of results of associate	**(0.1)**	(0.1)	(0.1)
Tax effect of rolled over and revaluation gains	**(0.1)**	(0.4)	(0.3)
Prior year adjustment	**–**	–	(0.6)
Total tax charge rate	**30.6**	29.8	29.9

Corporation tax for the interim period is charged at 30.0% (2004: 30.0%), representing the best estimate of the weighted average annual corporation tax rate expected for the full financial year.

6 Dividends

	26 weeks to 3 July 2005 £m	26 weeks to 27 June 2004 £m	53 weeks to 2 January 2005 (audited) £m
Amounts recognised as distributions to equity holders in the period:			
Dividend paid[(a)]	**41.7**	37.6	55.1
	Pence	Pence	Pence
Dividend paid per share	**14.3**	12.8	18.7
	£m	£m	£m
Dividend proposed but not paid nor included in the accounting records[(b)]	**18.7**	17.4	42.4
	Pence	Pence	Pence
Dividend proposed per share	**6.4**	5.9	14.3

(a) The amount of £41.7 million is in respect of the final dividend for the 53 weeks to 2 January 2005; the amount of £37.6 million is in respect of the final dividend for the 52 weeks to 29 December 2003; the amount of £55.1 million is in respect of the final dividend for the 52 weeks to 29 December 2003 and the interim dividend for the 26 weeks to 27 June 2004.

(b) The amount of £18.7 million represents the proposed interim dividend for the 26 weeks to 3 July 2005, which had not been approved by the Board and as such is not reflected as a liability in this interim financial report; the amount of £17.4 million represents the proposed interim dividend for the 26 weeks to 27 June 2004; the amount of £42.4 million represents the proposed final dividend for the 53 weeks to 2 January 2005.

7 Earnings per share

Earnings	**26 weeks to 3 July 2005 £m**	26 weeks to 27 June 2004 £m	53 weeks to 2 January 2005 (audited) £m
Profit after tax before non-recurring items and IAS 39 impact (underlying)	**78.0**	69.1	151.0
Non-recurring items (after tax)*	**–**	–	(6.0)
Profit after tax before IAS 39 impact	**78.0**	69.1	145.0
IAS 39 impact (after tax)	**0.5**	–	–
Basic EPS earnings (profit attributable to equity holders)	**78.5**	69.1	145.0
Number of shares	**('000)**	('000)	('000)
Weighted number of ordinary shares for the purpose of basic EPS	**293,793**	294,492	294,787
Effect of dilutive potential ordinary shares – share options	**3,325**	3,313	3,149
Weighted number of ordinary shares for the purpose of diluted EPS	**297,118**	297,805	297,936
Earnings per share – pence	**Pence**	Pence	Pence
Excluding IAS 39 impact:			
Underlying earnings per share	**26.6**	23.5	51.2
Non-recurring items*	**–**	–	(2.0)
Earnings per share – basic	**26.6**	23.5	49.2
Earnings per share – diluted	**26.3**	23.2	48.7
Including IAS 39 impact:			
Underlying earnings per share	**26.7**	23.5	51.2
Non-recurring items*	**–**	–	(2.0)
Earnings per share – basic	**26.7**	23.5	49.2
Earnings per share – diluted	**26.4**	23.2	48.7

*Non-recurring items includes profit on disposal of subsidiary undertakings.

8 Available-for-sale financial assets

Adoption of IAS 32 and 39

As a result of the adoption of IAS 32 and 39 certain assets have been classified as available-for-sale financial assets and valued at fair value with changes in the fair value being recorded as an equity movement.

	26 weeks to 3 July 2005 £m	26 weeks to 27 June 2004 £m	53 weeks to 2 January 2005 (audited) £m
Opening balance	**1.3**	1.1	1.2
Impact of IAS 32 and 39 adoption	**2.4**	–	–
Adjusted opening position	**3.7**	1.1	1.2
Other movements	**0.4**	–	0.1
Closing balance	**4.1**	1.1	1.3
Current	**4.1**	1.1	1.3
Dealt with in equity:			
Impact of IAS 32 and 39 adoption	**2.4**	–	–
Movement in period	**0.4**	–	–
Deferred tax	**(0.8)**	–	–
	2.0	–	–

Notes to the interim financial report (unaudited)

continued

9 Finance costs	**26 weeks to 3 July 2005 £m**	26 weeks to 27 June 2004 £m	53 weeks to 2 January 2005 (audited) £m
Interest on bank overdrafts and loans	**(15.3)**	(18.7)	(36.0)
Interest on obligations under finance leases	**(0.5)**	(0.7)	(2.2)
Total finance costs	**(15.8)**	(19.4)	(38.2)
IAS 39 impact			
Fair value and amortisation cost	**0.7**	–	–

10 Derivative financial instruments

Adoption of IAS 32 and 39

IAS 32 and 39 were adopted as accounting standards on 3 January 2005. The adjustment separated the foreign exchange component of the cross-currency interest rate swaps from the value of the private placement loans which were previously recorded at the swap contract exchange rate under UK GAAP.

Under exemption permitted within IFRS 1 the comparative periods have not been restated. Comparative periods are disclosed and measured based on UK GAAP as at 2 January 2005.

Cross-currency interest rate swaps – fair value	**26 weeks to 3 July 2005 £m Liabilities**
Closing balance at 2 January 2005	**–**
Impact of IAS 32 and 39	**(87.2)**
Restated closing balance at 2 January 2005 after the impact of IAS 32 and 39	**(87.2)**
Movement in fair value during the period including exchange movements	**28.2**
Closing balance at 3 July 2005	**(59.0)**
Current	**–**
Non-current	**(59.0)**

11 Notes to the cash flow statement	**26 weeks to 3 July 2005 £m**	26 weeks to 27 June 2004 £m	53 weeks to 2 January 2005 (audited) £m
Operating profit	**128.3**	115.4	242.8
Adjustments for:			
Depreciation of property, plant and equipment	**19.8**	20.4	49.0
Share of result of associate	**(0.3)**	(0.4)	(0.8)
Cost of LTIP benefits	**2.2**	0.5	1.9
Profit on disposal of property, plant and equipment	**–**	(0.8)	(1.0)
IAS 19 pension funding	**(10.8)**	2.2	(3.1)
Decrease in inventories	**0.2**	0.2	0.1
(Increase)/decrease in receivables	**(14.2)**	(13.6)	10.1
Increase/(decrease) in payables	**4.7**	3.5	(10.2)
Cash generated from operations	**129.9**	127.4	288.8

11 Notes to the cash flow statement (continued)

Net debt	2 January 2005 IFRS (audited) £m	3 January 2005 adoption of IAS 39* £m	Cash flow £m	IAS 39* impact £m	Loans repaid £m	Other non-cash changes £m	**3 July 2005 £m**
Debt due after one year							
Loan notes	(440.8)	86.3	–	(27.5)	–	(0.2)	**(382.2)**
Derivative financial instruments	–	(87.2)	–	28.2	–	–	**(59.0)**
Finance leases	(17.7)	–	–	–	1.6	–	**(16.1)**
	(458.5)	(0.9)	–	0.7	1.6	(0.2)	**(457.3)**
Debt due within one year							
Bank overdrafts	(22.5)	–	(4.5)	–	–	–	**(27.0)**
Loan notes	(13.9)	–	–	–	13.7	–	**(0.2)**
Finance leases	(2.5)	–	–	–	0.2	–	**(2.3)**
	(38.9)	–	(4.5)	–	13.9	–	**(29.5)**
Cash at bank and in hand	43.4	–	(14.2)	–	–	–	**29.2**
Net debt	**(454.0)**	**(0.9)**	**(18.7)**	**0.7**	**15.5**	**(0.2)**	**(457.6)**

*The US and UK private placement loan notes totalling US$602 million and £32 million were issued in 2001 and 2002. The fixed rate interest and capital repayments on the US$ denominated loan notes have been 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 swaps are shown separately under IAS 39. The loan notes are disclosed at amortised cost and translated into sterling at the prevailing period-end exchange rate and the cross-currency swaps are disclosed at fair value at the period-end date. These values do not represent the amounts required to repay the loan notes or cancel the related cross-currency interest rate swaps.

Opening position reconciled to UK GAAP as at 2 January 2005

Net debt	**UK GAAP at 2 January 2005 £m**	**Adjustment on transition to IFRS £m**	**IFRS at 2 January 2005 (audited) £m**
Debt due after one year			
Loan notes	(440.8)	–	(440.8)
Derivative financial instruments	–	–	–
Finance leases	(14.9)	(2.8)	(17.7)
	(455.7)	(2.8)	(458.5)
Debt due within one year			
Bank overdrafts	(22.5)	–	(22.5)
Loan notes	(13.9)	–	(13.9)
Finance Leases	(1.7)	(0.8)	(2.5)
	(38.1)	(0.8)	(38.9)
Cash at bank and in hand	43.4	–	43.4
Net debt	**(450.4)**	**(3.6)**	**(454.0)**

Notes to the interim financial report (unaudited)

continued

12 Share-based payments

During the 26 weeks to 3 July 2005, share options were granted to senior managers on a discretionary basis under the 2004 Long Term Incentive Plan (LTIP). The exercise price of the granted options is £1 for each block of options granted. The options vest after three years, subject to the continued employment of the participant and satisfaction of certain earnings per share and total shareholder return performance conditions.

13 Retirement benefit schemes

Defined benefit schemes

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 and the Maxwell Communications Pension Plan or by the State.

An actuarial valuation of these pension schemes as at 31 December 2002, showed that they have insufficient assets to meet their liabilities for members' benefits, therefore contributions of £3.5 million were paid to the Past Service Scheme in 2003 and £3.5 million paid in 2004. In 2005 agreement has been reached with the trustees to pay £9.0 million and for actuarial valuations to be carried out during the year.

In addition to the above schemes, the Group operates a further eight final salary schemes. Formal valuations of schemes are carried out regularly, 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.

The most significant of the schemes are the Trinity Retirement Benefit Scheme (the 'Trinity Scheme'), the MGN Pension Scheme (the 'MGN Scheme') and the Midland Independent Newspapers Pension Scheme (the 'MIN Scheme'), which together with the Old Scheme and the Past Service Scheme represent over 98% of the aggregate market value. The last formal valuation of these schemes was undertaken on 30 June 2003 for the Trinity Scheme, 31 December 2002 for the MGN Scheme and 31 March 2004 for the MIN Scheme. These valuations showed deficits of £25.1 million, £25.2 million and £30.8 million respectively. All of the schemes are being funded in accordance with the recommendations of the respective actuaries. In 2004, employer's contributions to the MGN Scheme increased by 1.1% to 11.1% and the employer's contribution to the Trinity Scheme increased by 5% to 14%. The employer's contribution to the MIN Scheme remained at 14% in 2004 but will increase by 1% to 15% in 2005.

During 2002, the decision was taken to close entry to the three defined benefit (final salary pension) schemes to new employees with effect from 1 January 2003. All new employees are entitled to participate in a defined contribution plan, the Trinity Mirror Pension Plan.

Valuations have been performed in accordance with the requirements of IAS 19 with scheme liabilities calculated using a consistent projected unit valuation method and compared to the market value of the schemes' assets at 30 June 2005, the last day prior to the period end for which such values were available.

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

Principal annual actuarial assumptions used as at:	**3 July 2005 %**	27 June 2004 %	2 January 2005 %
Discount rate	**5.00**	5.80	5.30
Inflation rate	**2.65**	3.00	2.75
Expected rate of salary increases	**3.90**	4.50	4.00
Pension increases:			
Pre 6 April 1997 pensions	**2.65-5.0**	3.0-5.0	2.75-5.0
Post 6 April 1997 pensions	**2.65-3.15**	3.0-3.25	2.75-3.25
Actual return on plan assets	**£69.7m**	£9.4m	£91.6m

13 Retirement benefit schemes (continued)

Defined benefit schemes (continued)

Defined benefit schemes	**3 July 2005 £m**	27 June 2004 £m	2 January 2005 (audited) £m
Net scheme liabilities:			
Present value of funded obligations	**(1,450.6)**	(1,308.0)	(1,371.6)
Fair value of scheme's assets	**1,122.5**	969.7	1,049.7
Effect of asset ceiling	**(2.7)**	–	–
Schemes' deficits	**(330.8)**	(338.3)	(321.9)
This amount is presented as follows:			
Current liabilities	**–**	–	–
Non-current liabilities	**(330.8)**	(338.3)	(321.9)
	(330.8)	(338.3)	(321.9)
Pension plan assets include direct investments in the Company's ordinary shares with a fair value of:	**£nil**	£nil	£nil

Amounts recognised in the income statement	**26 weeks to 3 July 2005 £m**	26 weeks to 27 June 2004 £m	53 weeks to 2 January 2005 (audited) £m
Current service cost	**(14.1)**	(15.8)	(32.6)
Past service cost	**(0.8)**	(0.4)	(0.6)
Total included in staff costs	**(14.9)**	(16.2)	(33.2)
Expected return on plan assets	**36.0**	33.6	67.4
Interest cost on pension schemes' liabilities	**(35.8)**	(35.2)	(70.3)
Net finance charge	**0.2**	(1.6)	(2.9)
Total included in the income statement	**(14.7)**	(17.8)	(36.1)
Movement in deficits during the period:			
Opening deficits	**(321.9)**	(357.9)	(357.9)
Contributions	**25.7**	14.1	36.5
Total charge to income statement	**(14.7)**	(17.8)	(36.1)
Actuarial (losses)/gains	**(19.9)**	23.3	35.6
Closing deficits	**(330.8)**	(338.3)	(321.9)
Movement not recognised in income statement:			
Actuarial (losses)/gains	**(19.9)**	23.3	35.6
Total included in statement of changes in equity (before tax)	**(19.9)**	23.3	35.6

Defined contribution schemes	**26 weeks to 3 July 2005 £m**	26 weeks to 27 June 2004 £m	53 weeks to 2 January 2005 (audited) £m
Amounts recognised in the income statement:			
Current service cost	**(0.4)**	(0.1)	(0.5)

Notes to the interim financial report (unaudited)

continued

14 Events after the balance sheet date

On 19 July 2005 the Group announced the acquisition of Smart Media Services Ltd, the owner of smartnewhomes.com, the UK's leading internet marketing portal for new-build homes. Trinity Mirror acquired Smart Media Services for an initial consideration of £11.3 million and a deferred consideration based on future earnings capped to a maximum of £5.3 million, all of which will be satisfied in cash and loan notes.

The proposed interim dividend was approved by the Board on 26 July 2005 and has not been included as a liability as at 3 July 2005.

15 Long Term Incentive Plan (LTIP) share purchases

Purchases of shares for LTIP are included in retained earnings and other reserves at £11.9 million (27 June 2004 and 2 January 2005: £6.2 million) and under IFRS are now classified as Treasury Shares, and are included in other reserves on the balance sheet.

16 Analysis of net debt (excluding IAS 39)

	3 July 2005 £m	27 June 2004 £m	2 January 2005 (audited) £m
Cash at bank and in hand	**29.2**	33.7	43.4
Bank overdrafts	**(27.0)**	(26.1)	(22.5)
Net cash balances	**2.2**	7.6	20.9
Debt due within one year	**(0.2)**	(37.4)	(13.9)
Debt due after one year	**(441.0)**	(470.7)	(440.8)
Finance leases	**(18.4)**	(26.8)	(20.2)
Bank loans, bank notes and finance leases	**(459.6)**	(534.9)	(474.9)
Net debt	**(457.4)**	(527.3)	(454.0)

This note summarises net debt on an IFRS comparable basis excluding the impact of IAS 39 fair value, exchange rate and amortisation adjustments, illustrated in note 11.

17 Explanation of transition to IFRS

Differences between IFRS and UK GAAP

Presentation – IAS 1, Presentation of Financial Statements

The presentation format of IFRS is different from UK GAAP and the illustrative financial information herein is designed to assist the reader to understand these changes.

Dividends – IAS 10, Events After the Balance Sheet Date

Dividends proposed will be disclosed as a 'Non-adjusting Event after the Balance Sheet Date' under IAS 10, Events after the Balance Sheet Date. Under IFRS dividends are not recognised as liabilities (IAS 37, Provisions, Contingent Liabilities and Contingent Assets) until they are appropriately approved and are no longer at the discretion of the directors. Accordingly the 2004 proposed dividend amount under UK GAAP is removed from the IFRS accounts.

Capitalised Leases – IAS 17, Leases

This standard has a wider scope than UK GAAP and has resulted in a small number of short leasehold buildings being capitalised on the Balance Sheet.

Employee Option and Performance Share Schemes – IFRS 2, Share-based Payments

All transactions within the scope of IFRS 2 are valued based on the fair value of the option or award at grant date and expensed to the Income Statement over the vesting period of the scheme.

Pension costs – IAS 19, Employee Benefits

The main difference between IFRS and UK GAAP is the measurement of scheme assets. The IFRS valuation is determined at bid rather than mid market price thus increasing the Group's pension scheme liabilities. In addition, there is a presentational difference with the pension scheme liability now being shown gross of its deferred tax asset.

17 Explanation of transition to IFRS (continued)

Differences between IFRS and UK GAAP (continued)

Holiday pay – IAS 19, Employee Benefits
IAS 19 requires the recording of a holiday pay accrual. This has been included in the opening IFRS Balance Sheet at 29 December 2003. Although it is expected that this adjustment will be relatively stable in magnitude from one year to another, when comparing the year end and interim periods there is a balance sheet movement and income statement impact.

Goodwill – IAS 38, Intangible Assets
Under IAS 38 goodwill is not amortised. Instead it is subject to an annual impairment review. An adjustment has been made to remove the goodwill amortisation charge.

Associates – IAS 28, Investments in Associates
IFRS requires the share of profit of Associates to be shown post tax (IAS 1). Under UK GAAP this amount is shown before tax with the tax charge included as part of the Group tax charge.

Deferred Tax – IAS 12, Income Taxes
IAS 12 requires a deferred tax liability to be recognised on all temporary timing differences. A potential liability arises from the difference between the fair value attributed to publishing rights and titles from previous acquisitions. As the Group has elected, under IFRS 1, not to restate prior acquisitions at transition date to an IFRS 3 basis then recognition is against equity reserves rather than against goodwill. Also included in this adjustment is the liability for gains deferred by rollover and held-over relief.

Cash flow
The cash flow differences between UK GAAP and IFRS are all either movements within a classification (adjustments netting to zero) or presentational. There is no impact on the final cash position nor the movement in the period. The IFRS cash flow with comparative information is presented on page 15.

The reconciliations of equity and profit below, together with the explanations of the changes, are provided to facilitate the understanding of changes arising from the adoption of IFRS.

Reconciliation of profit for the 26 weeks ended 27 June 2004

	UK GAAP in IFRS format £m	Effect of transition to IFRS £m	IFRS £m
Revenue	572.7	–	572.7
Cost of sales	(272.6)	–	(272.6)
Gross profit	300.1	–	300.1
Distribution costs	(72.6)	–	(72.6)
Administrative expenses:			
Non-recurring	(3.5)	–	(3.5)
Other	(107.3)	(1.7)	(109.0)
Share of results of associates	0.7	(0.3)	0.4
Operating profit	117.4	(2.0)	115.4
Finance costs	(19.1)	(0.3)	(19.4)
Profit on disposal of subsidiary undertakings	2.5	–	2.5
Profit before tax	100.8	(2.3)	98.5
Tax	(30.6)	1.3	(29.3)
Profit for the period	70.2	(1.0)	69.2
Attributable to:			
Equity holders	70.1	(1.0)	69.1
Non-equity minority interests	0.1	–	0.1
	70.2	(1.0)	69.2

Notes to the interim financial report (unaudited)

continued

17 Explanation of transition to IFRS (continued)

Reconciliation of profit for the 53 weeks ended 2 January 2005

	UK GAAP in IFRS format £m	Effect of transition to IFRS £m	IFRS £m
Revenue	1,141.7	–	1,141.7
Cost of sales	(533.6)	–	(533.6)
Gross profit	608.1	–	608.1
Distribution costs	(140.5)	–	(140.5)
Administrative expenses:			
Non-recurring	(12.2)	–	(12.2)
Other	(214.5)	1.1	(213.4)
Share of results of associates	1.3	(0.5)	0.8
Operating profit	242.2	0.6	242.8
Finance costs	(37.6)	(0.6)	(38.2)
Profit on disposal of subsidiary undertakings	2.5	–	2.5
Profit before tax	207.1	–	207.1
Tax	(63.0)	1.0	(62.0)
Profit for the period	144.1	1.0	145.1
Attributable to:			
Equity holders	144.0	1.0	145.0
Non-equity minority interests	0.1	–	0.1
	144.1	1.0	145.1

17 Explanation of transition to IFRS (continued)

Reconciliation of equity at 29 December 2003 (date of transition to IFRS)

	UK GAAP in IFRS format £m	Effect of transition to IFRS £m	IFRS £m
Non-current assets			
Goodwill	6.2	–	6.2
Other intangible assets	1,616.2	–	1,616.2
Property, plant and equipment	401.0	2.5	403.5
Investments in associates	9.8	–	9.8
Deferred tax asset	11.4	107.8	119.2
	2,044.6	110.3	2,154.9
Current assets			
Inventories	7.0	–	7.0
Available-for-sale financial assets	1.1	–	1.1
Trade and other receivables	159.8	–	159.8
Cash and cash equivalents	34.3	–	34.3
	202.2	–	202.2
Total assets	2,246.8	110.3	2,357.1
Non-current liabilities			
Borrowings	(554.9)	–	(554.9)
Obligations under finance leases	(22.8)	(3.2)	(26.0)
Retirement benefit obligation	(248.1)	(109.8)	(357.9)
Deferred tax liabilities	(67.5)	(476.6)	(544.1)
Long-term provisions	(12.7)	(0.3)	(13.0)
	(906.0)	(589.9)	(1,495.9)
Current liabilities			
Borrowings	(57.3)	–	(57.3)
Trade and other payables	(222.6)	37.1	(185.5)
Current tax liabilities	(26.9)	–	(26.9)
Obligations under finance leases	(4.4)	(0.7)	(5.1)
	(311.2)	36.4	(274.8)
Total liabilities	(1,217.2)	(553.5)	(1,770.7)
Net assets	1,029.6	(443.2)	586.4
Equity			
Share capital	(29.4)	–	(29.4)
Share premium account	(1,089.5)	–	(1,089.5)
Revaluation reserves	(5.0)	–	(5.0)
Retained earnings and other reserves	98.0	443.2	541.2
Equity attributable to equity holders of the parent	(1,025.9)	443.2	(582.7)
Minority interest	(3.7)	–	(3.7)
Total equity	(1,029.6)	443.2	(586.4)

Notes to the interim financial report (unaudited)

continued

17 Explanation of transition to IFRS (continued)

Reconciliation of equity at 27 June 2004

	UK GAAP in IFRS format £m	Effect of transition to IFRS £m	IFRS £m
Non-current assets			
Goodwill	5.8	0.2	6.0
Other intangible assets	1,579.9	–	1,579.9
Property, plant and equipment	392.1	2.3	394.4
Investments in associates	7.2	–	7.2
Deferred tax asset	11.4	101.8	113.2
	1,996.4	104.3	2,100.7
Current assets			
Inventories	6.6	–	6.6
Available-for-sale financial assets	1.1	–	1.1
Trade and other receivables	171.5	–	171.5
Cash and cash equivalents	33.7	–	33.7
	212.9	–	212.9
Total assets	2,209.3	104.3	2,313.6
Non-current liabilities			
Borrowings	(470.7)	–	(470.7)
Obligations under finance leases	(21.0)	(3.0)	(24.0)
Retirement benefit obligation	(234.4)	(103.9)	(338.3)
Deferred tax liabilities	(67.5)	(476.2)	(543.7)
Long-term provisions	(7.8)	(0.8)	(8.6)
	(801.4)	(583.9)	(1,385.3)
Current liabilities			
Borrowings	(63.5)	–	(63.5)
Trade and other payables	(202.8)	14.0	(188.8)
Current tax liabilities	(33.9)	0.9	(33.0)
Obligations under finance leases	(2.0)	(0.8)	(2.8)
Short-term provisions	(5.0)	–	(5.0)
	(307.2)	14.1	(293.1)
Total liabilities	(1,108.6)	(569.8)	(1,678.4)
Net assets	1,100.7	(465.5)	635.2
Equity			
Share capital	(29.5)	–	(29.5)
Share premium account	(1,096.7)	–	(1,096.7)
Revaluation reserves	(5.0)	–	(5.0)
Retained earnings and other reserves	34.2	465.5	499.7
Equity attributable to equity holders of the parent	(1,097.0)	465.5	(631.5)
Minority interest	(3.7)	–	(3.7)
Total equity	(1,100.7)	465.5	(635.2)

17 Explanation of transition to IFRS (continued)

Reconciliation of equity at 2 January 2005 (date of last UK GAAP financial statements)

	UK GAAP in IFRS format £m	Effect of transition to IFRS £m	IFRS £m
Non-current assets			
Goodwill	5.6	0.4	6.0
Other intangible assets	1,579.9	–	1,579.9
Property, plant and equipment	385.7	2.1	387.8
Investments in associates	7.5	–	7.5
Deferred tax asset	9.6	96.9	106.5
	1,988.3	99.4	2,087.7
Current assets			
Inventories	6.7	–	6.7
Available-for-sale financial assets	1.3	–	1.3
Trade and other receivables	147.7	–	147.7
Cash and cash equivalents	43.4	–	43.4
	199.1	–	199.1
Total assets	2,187.4	99.4	2,286.8
Non-current liabilities			
Borrowings	(440.8)	–	(440.8)
Obligations under finance leases	(14.9)	(2.8)	(17.7)
Retirement benefit obligation	(222.5)	(99.4)	(321.9)
Deferred tax liabilities	(64.9)	(476.0)	(540.9)
Long-term provisions	(7.8)	(0.3)	(8.1)
	(750.9)	(578.5)	(1,329.4)
Current liabilities			
Borrowings	(36.4)	–	(36.4)
Trade and other payables	(216.5)	41.5	(175.0)
Current tax liabilities	(33.5)	0.3	(33.2)
Obligations under finance leases	(1.7)	(0.8)	(2.5)
Short-term provisions	(4.7)	–	(4.7)
	(292.8)	41.0	(251.8)
Total liabilities	(1,043.7)	(537.5)	(1,581.2)
Net assets	1,143.7	(438.1)	705.6
Equity			
Share capital	(29.7)	–	(29.7)
Share premium account	(1,101.7)	–	(1,101.7)
Revaluation reserves	(4.9)	–	(4.9)
Retained earnings and other reserves	(7.4)	438.1	430.7
Equity attributable to equity holders of the parent	(1,143.7)	438.1	(705.6)
Minority interest	–	–	–
Total equity	(1,143.7)	438.1	(705.6)

Notes to the interim financial report (unaudited)

continued

18 Adoption of IAS 32 and 39

Reconciliation of equity at 3 January 2005 from opening position to post IAS 32 and 39 adoption
The Group adopted IAS 32 and 39 on 3 January 2005 as permitted under the exemptions of IFRS 1. The impact was limited to the revaluation of available-for-sale financial assets to fair value from historical cost and accounting for the Group's private placement loan notes and associated cross-currency interest rate swaps, which are brought onto the balance sheet at fair value. Under UK GAAP these were treated as a hedge and the related borrowings were recorded at the future swaps exchange rate.

IAS 39 has specific accounting rules for the treatment of hedges previously accounted under UK GAAP, which on adoption of the Standard are not accounted for using hedge accounting on an ongoing basis under IFRS. The related borrowings are now recognised at an 'adjusted' amortised cost. This adjustment arises from the adoption date recognition rules where the opening position is recognised as an accounting hedge. Subsequent measurements will not be under IAS 39 hedge accounting rules but instead will amortise the adjusted cost at the effective interest rate.

	IFRS before adoption of IAS 32 and 39 £m	Adoption of IAS 32 and 39 £m	IFRS after adoption of IAS 32 and 39 £m
Non-current assets			
Goodwill	6.0	–	6.0
Other intangible assets	1,579.9	–	1,579.9
Property, plant and equipment	387.8	–	387.8
Investments in associates	7.5	–	7.5
Deferred tax asset	106.5	–	106.5
	2,087.7	–	2,087.7
Current assets			
Inventories	6.7	–	6.7
Available-for-sale financial assets	1.3	2.4	3.7
Trade and other receivables	147.7	–	147.7
Cash and cash equivalents	43.4	–	43.4
	199.1	2.4	201.5
Total assets	2,286.8	2.4	2,289.2
Non-current liabilities			
Borrowings	(440.8)	86.3	(354.5)
Obligations under finance leases	(17.7)	–	(17.7)
Retirement benefit obligation	(321.9)	–	(321.9)
Deferred tax liabilities	(540.9)	(0.7)	(541.6)
Long-term provisions	(8.1)	–	(8.1)
Derivative financial instruments	–	(87.2)	(87.2)
	(1,329.4)	(1.6)	(1,331.0)
Current liabilities			
Borrowings	(36.4)	–	(36.4)
Trade and other payables	(175.0)	0.9	(174.1)
Current tax liabilities	(33.2)	–	(33.2)
Obligations under finance leases	(2.5)	–	(2.5)
Short-term provisions	(4.7)	–	(4.7)
	(251.8)	0.9	(250.9)
Total liabilities	(1,581.2)	(0.7)	(1,581.9)
Net assets	705.6	1.7	707.3

18 Adoption of IAS 32 and 39 (continued)

Reconciliation of equity at 3 January 2005 from opening position to post IAS 32 and 39 adoption (continued)

Equity	IFRS before adoption of IAS 32 and 39 £m	Adoption of IAS 32 and 39 £m	IFRS after adoption of IAS 32 and 39 £m
Share capital	(29.7)	–	(29.7)
Share premium account	(1,101.7)	–	(1,101.7)
Revaluation reserves	(4.9)	–	(4.9)
Retained earnings and other reserves	430.7	(1.7)	429.0
Equity attributable to equity holders of the parent	(705.6)	(1.7)	(707.3)
Minority interest	–	–	–
Total equity	(705.6)	(1.7)	(707.3)

19 Indicative view of UK GAAP

Reconciliation of profit for the 26 weeks to 3 July 2005 from IFRS to indicative UK GAAP applicable at 2 January 2005

	IFRS £m	**Adjust to UK GAAP £m**	**Indicative UK GAAP £m**	26 weeks to 27 June 2004 £m
Revenue	**579.3**	**–**	**579.3**	572.7
Cost of sales	**(277.4)**	**–**	**(277.4)**	(272.6)
Gross profit	**301.9**	**–**	**301.9**	300.1
Distribution costs	**(69.0)**	**–**	**(69.0)**	(72.6)
Administrative expenses:				
Non-recurring	**–**	**–**	**–**	(3.5)
Other	**(104.9)**	**2.1**	**(102.8)**	(107.3)
Share of results of associates	**0.3**	**0.2**	**0.5**	0.7
Operating profit	**128.3**	**2.3**	**130.6**	117.4
Finance costs (excluding IAS 39 impact)	**(15.8)**	**0.3**	**(15.5)**	(19.1)
IAS 39 impact	**0.7**	**(0.7)**	**–**	–
Profit on disposal of subsidiary undertakings	**–**	**–**	**–**	2.5
Profit before tax	**113.2**	**1.9**	**115.1**	100.8
Tax	**(34.7)**	**(0.8)**	**(35.5)**	(30.6)
Profit for the period	**78.5**	**1.1**	**79.6**	70.2

Notes to the interim financial report (unaudited)

continued

19 Indicative view of UK GAAP (continued)

Reconciliation of equity at 3 July 2005 from IFRS to indicative UK GAAP applicable at 2 January 2005

	IFRS £m	Adjust to UK GAAP £m	Indicative UK GAAP £m	27 June 2004 £m
Non-current assets				
Goodwill	**6.0**	**(0.6)**	**5.4**	5.8
Other intangible assets	**1,579.9**	**–**	**1,579.9**	1,579.9
Property, plant and equipment	**380.4**	**(2.4)**	**378.0**	392.1
Investments in associates	**7.2**	**–**	**7.2**	7.2
Deferred tax asset	**109.1**	**(99.6)**	**9.5**	11.4
	2,082.6	**(102.6)**	**1,980.0**	1,996.4
Current assets				
Inventories	**6.5**	**–**	**6.5**	6.6
Available-for-sale financial assets	**4.1**	**(2.8)**	**1.3**	1.1
Trade and other receivables	**159.3**	**–**	**159.3**	171.5
Cash and cash equivalents	**29.2**	**–**	**29.2**	33.7
	199.1	**(2.8)**	**196.3**	212.9
Total assets	**2,281.7**	**(105.4)**	**2,176.3**	2,209.3
Non-current liabilities				
Borrowings	**(382.2)**	**(58.8)**	**(441.0)**	(470.7)
Obligations under finance leases	**(16.1)**	**2.7**	**(13.4)**	(21.0)
Retirement benefit obligations	**(330.8)**	**102.0**	**(228.8)**	(234.4)
Deferred tax liabilities	**(538.0)**	**476.7**	**(61.3)**	(67.5)
Long-term provisions	**(9.9)**	**0.4**	**(9.5)**	(7.8)
Derivative financial instruments	**(59.0)**	**59.0**	**–**	–
	(1,336.0)	**582.0**	**(754.0)**	(801.4)
Current liabilities				
Borrowings	**(27.2)**	**–**	**(27.2)**	(63.5)
Trade and other payables	**(173.9)**	**(15.2)**	**(189.1)**	(202.8)
Current tax liabilities	**(39.3)**	**(0.6)**	**(39.9)**	(33.9)
Obligations under finance leases	**(2.3)**	**0.6**	**(1.7)**	(2.0)
Short-term provisions	**(4.5)**	**–**	**(4.5)**	(5.0)
	(247.2)	**(15.2)**	**(262.4)**	(307.2)
Total liabilities	**(1,583.2)**	**566.8**	**(1,016.4)**	(1,108.6)
Net assets	**698.5**	**461.4**	**1,159.9**	1,100.7
Equity				
Share capital	**(29.8)**	**–**	**(29.8)**	(29.5)
Share premium account	**(1,105.9)**	**–**	**(1,105.9)**	(1,096.7)
Revaluation reserves	**(4.9)**	**–**	**(4.9)**	(5.0)
Capital redemption reserve	**0.5**	**–**	**0.5**	–
Retained earnings and other reserves	**441.6**	**(461.4)**	**(19.8)**	34.2
Equity attributable to equity holders of the parent	**(698.5)**	**(461.4)**	**(1,159.9)**	(1,097.0)
Minority interests	**–**	**–**	**–**	(3.7)
Total equity	**(698.5)**	**(461.4)**	**(1,159.9)**	(1,100.7)

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 3 July 2005 which comprises the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and related notes (excluding note 19). 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 conclusions 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.

International Financial Reporting Standards (IFRS)
As disclosed in note 2, the next annual financial statements of the Group will be prepared in accordance with IFRS as adopted for use in the EU. Accordingly, the interim report has been prepared in accordance with the recognition and measurement criteria of IFRS and the disclosure requirements of the Listing Rules. The accounting policies are consistent with those that the directors intend to use in the annual financial statements.

Review work performed
We conducted our review in accordance with the 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 International Standards on Auditing (UK and Ireland) 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 weeks ended 3 July 2005.

Deloitte & Touche LLP
Chartered Accountants
28 July 2005

Trinity Mirror plc
Registered Office: One Canada Square, Canary Wharf, London E14 5AP
T: 020 7293 3000
F: 020 7293 3405
www.trinitymirror.com

Company number: 82548

Designed and produced by Merchant in collaboration with Lippa Pearce. Printed by Butler & Tanner.