

Trinity Mirror plc

3rd August 2006

# Interim Results 2006



# Overview

- Stabilise, Revitalise, Grow strategy more relevant than ever
- Revenues down 2.2%, profit before tax down 12.8% in first half '06
  - Creditable result in tough period
  - Helped by cost reduction and growth initiatives
- Underlying Group profit increased by more than 30% - '02-'05
- Portfolio strengthened through launches, investment, acquisitions and operating efficiency
- Review of businesses, operating models and structure
- Nothing ruled in or ruled out
- Report back by year end '06

Vijay Vaghela,  
Finance Director



# Financial highlights

26 weeks to 2nd July 2006

- Revenues\* down 2.2% to £566.6m (2005: £579.3m)
  - Excluding acquisitions revenues down £38.3m to £541.0m
- Operating profit\* down 14.3% to £110.0 (2005: £128.3m)
  - Excluding acquisitions operating profit down £20.7m to £107.6m
- Operating margin\* down 2.7% to 19.4% (2005: 22.1%)
- Profit before tax\* decreased 12.8% to £98.1m (2005: £112.5m)
- Earnings per share\* down 11.7% to 23.5p (2005: 26.6p)
- Net debt increased by £22.5m to £507.5m\*\* after
  - £45.1m payment for 2005 final dividend
  - £38.4m net capital expenditure

\* On an adjusted basis, which is including discontinued operations and excluding non-recurring items, amortisation and IAS 39.

\*\* Excluding impact of IAS 39.

See reconciliation between statutory and adjusted results on pages 63 and 64.

# Progress against financial objectives

26 weeks to 2nd July 2006

- Target - net annualised cost savings of at least £15m in 2006
  - Delivered net incremental savings of £9.0m in the period and on track to deliver at least £15m annualised net savings for the full year
- Target – a policy to increase dividends progressively
  - The interim dividend stable at 6.4p, reflecting continued confidence in strong cash flows
- Target – to improve operating margins for our Regionals Division
  - Management action drove margin\* from 21.8% - 28.2% between '02 and '05
  - Operating margins\* fallen by 3.3% to 25.1%

\*Excluding acquisitions and non-recurring items

# Cost performance

26 weeks to 2nd July 2006

	2006* £m	2005* £m	Change £m	Inflation Impact		Impact of increased pension charge £m	Underlying cost reduction £m
				%	£m		
Labour	168.5	176.1	7.6	3.0%	(5.3)	(0.7)	13.6
Newsprint	76.8	75.9	(0.9)	7.0%	(5.3)	-	4.4
Depreciation	19.5	19.8	0.3	-	-	-	0.3
Other	169.8	179.5	9.7	2.0%	(3.6)	-	13.3
<b>Total operating costs</b>	<b>434.6</b>	<b>451.3</b>	<b>16.7</b>		<b>(14.2)</b>	<b>(0.7)</b>	<b>31.6</b>

\*Adjusted results excluding acquisitions (which is including discontinued operations and excluding non-recurring items and IAS 39)

# Defined benefit pension schemes

26 weeks to 2nd July 2006

	<b>Actual 2006 £m</b>	<b>Actual 2005 £m</b>	<b>Forecast 2006 FY £m</b>	<b>Actual 2005 FY £m</b>
<b>IAS 19 Pension charge</b>				
Current service cost	14.8	14.1	30.4	28.6
Past service cost	-	0.8	-	1.3
Finance income	(4.6)	(0.2)	(9.9)	(1.7)
<b>Total income statement charge</b>	<b>10.2</b>	<b>14.7</b>	<b>20.5</b>	<b>28.2</b>

- Cash funding increased from £25.7m to £27.1m in 2006 (excluding past service enhancements)
- 2006 full year forecast cash contributions of approx £50m, up £4m from 2005 (excluding PPF levy)
- Net pension scheme liabilities have fallen £72.8m to £232.8m since 2005 year end

# Other Group items

26 weeks to 2nd July 2006

- Capital Expenditure
  - £38.4m net capital expenditure during the period
  - £80m capital expenditure expected for full year
- Magazines & Exhibitions
  - Considered non-core
  - Now substantially divested for cash consideration of £42.7m
- Impairment
  - Charge of £250m (£175m after tax) reduces carrying value of the Group's Regional newspaper titles

# Regionals division

26 weeks to 2nd July 2006

- Revenues\* down 7.8% or £21.5m to £255.8m (2005: £277.3m)
- Operating profit\* down 18.5% or £14.6m to £64.2m (2005: £78.8m)
- Operating margins\* down 3.3% to 25.1% (2005: 28.4%)
- Advertising revenues\* decreased by 9.7% to £193.3m (2005: £214.1m) with:
  - 10.4% fall in Jan-Apr and an 8.5% fall in May-Jun
  - Newspapers\* (excluding Metros) down 11.3%
  - Metros\* up 25.8%
  - Digital\* up 14.7%
- Circulation revenues\* increased by 1.4% or £0.6m to £42.2m (2005: £41.6m)

\*Excluding acquisitions and non-recurring items

# Acquisitions

26 weeks to 2nd July 2006

- In 2006 acquisitions contributed:-
  - Total revenues of £25.6m, with £7.3m of on-line revenues and £18.3m of other revenues from the traditional recruitment consultancy business
  - Operating profit, before amortisation of intangibles, of £2.4m, with £1.5m from the online businesses and £0.9m from the traditional business
- On a pro forma basis:-
  - Online revenues grew by 8.6%
  - Traditional recruitment consultancy revenues fell by 8%

## Nationals division

26 weeks to 2nd July 2006

- Revenues down 5.9% or £15.2m to £240.3m (2005: £255.5m)
- Operating profit down 12.8% or £5.5m to £37.4m (2005: £42.9m)
- Operating margin down 1.2% to 15.6% (2005: 16.8%)
- Advertising revenues down 12.2% or £11.4m to £82.3m (2005: £93.7m)
  - 14.1% fall in Jan-Apr
  - 8.6% fall in May-June
- Circulation revenues down 1.4% or £1.9m to £138.2m (2005: £140.1m)
  - UK Nationals up 0.3%
  - Scottish Nationals down 7.5%

## Sports division

26 weeks to 2nd July 2006

- Revenues down 5.3% or £1.4m to £24.8m (2005: £26.2m)
- Operating profit down 26.6% or £2.5m to £6.9m (2005: £9.4m)
- Operating margin down 8.1% to 27.8% (2005: 35.9%)

# Trading Outlook

26 weeks to 2nd July 2006

- Advertising market remains weak
- Advertising performance still difficult to call at this stage
  - July down 9.2% excluding acquisitions and magazines and exhibitions.
  - Regionals excluding acquisitions could fall by 8% to 9% in 2006
  - Nationals could fall up to 10% in 2006
- Circulation revenues
  - Regionals low single-digit growth
  - Nationals low single-digit declines
- Continue to run the business very tightly

**Sly Bailey,**  
Chief Executive

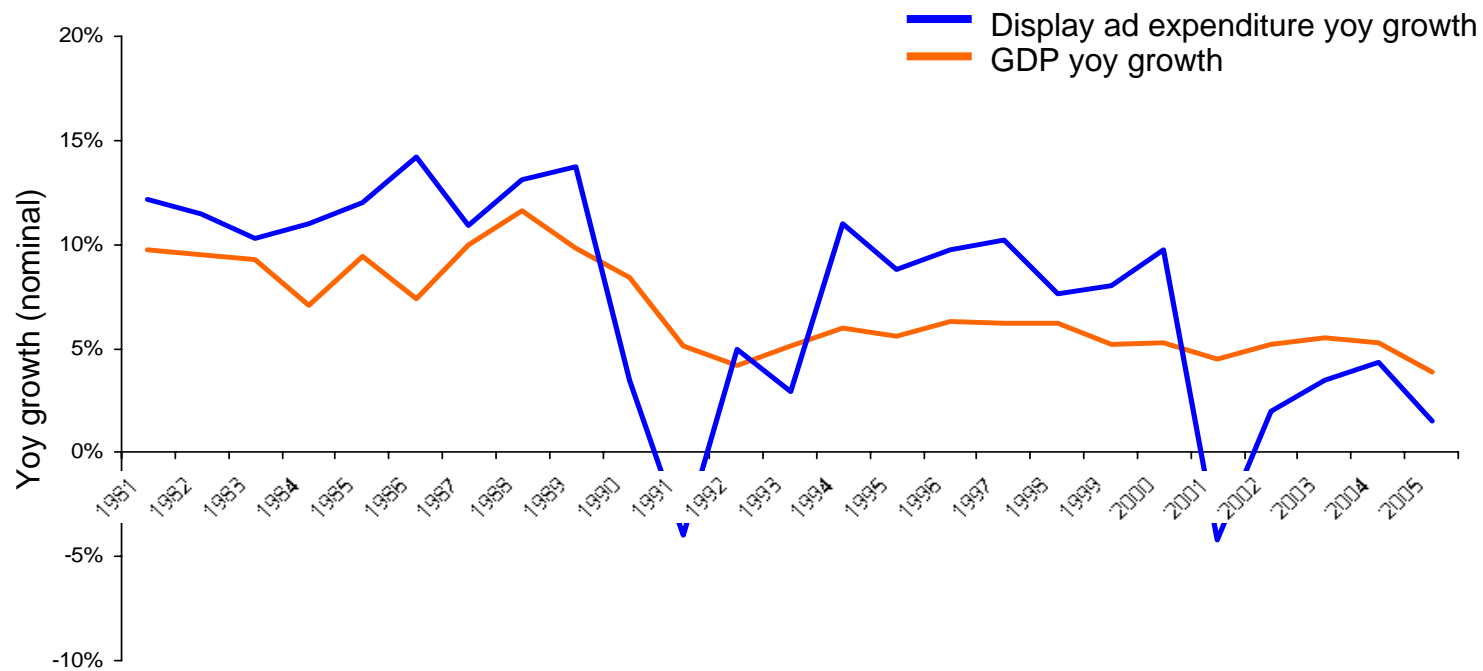


# Challenging trading environment

- Number of factors contributing to weak ad market
  - Slow GDP growth
  - Sluggish consumer spending
  - Rising unemployment
- Downturn is overwhelmingly cyclical

# Correlation of display advertising and GDP growth

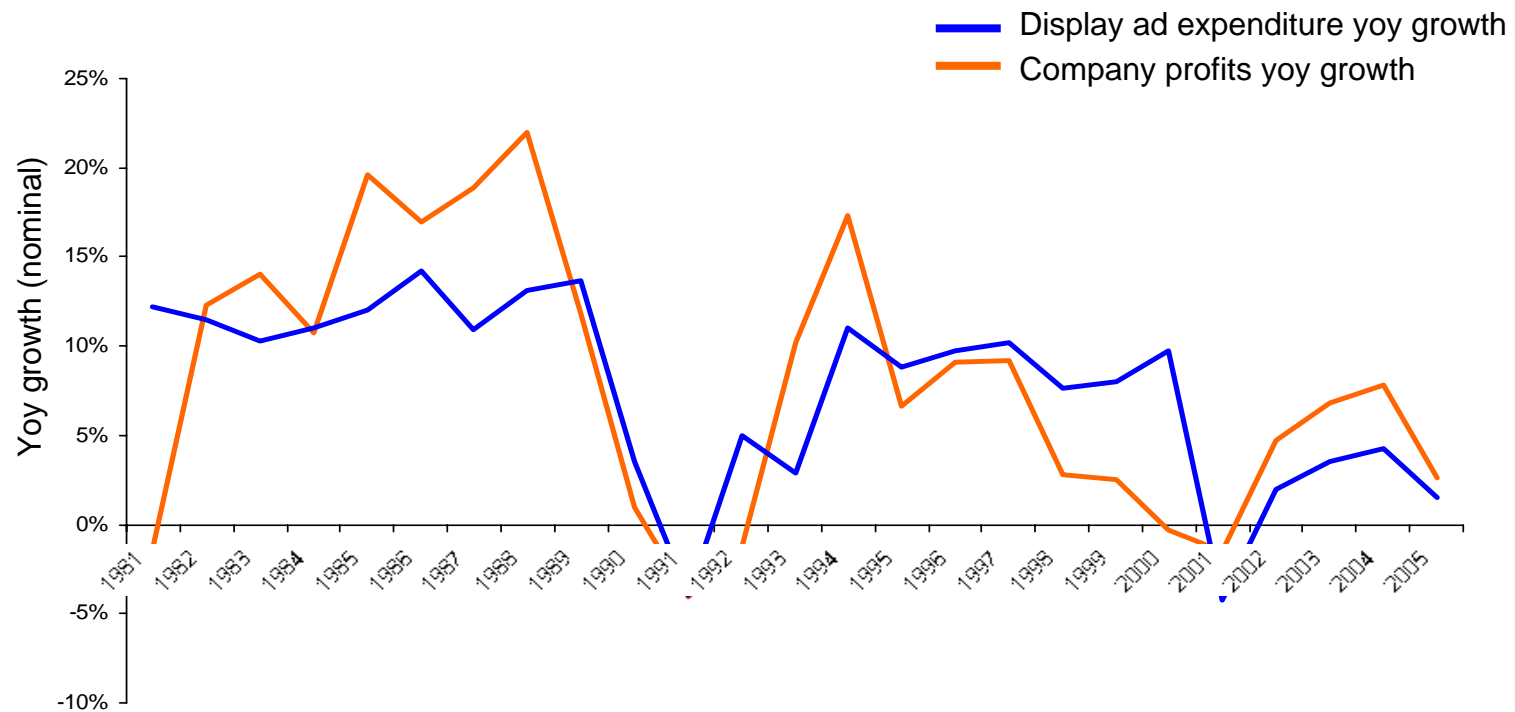
GDP vs. display ad expenditure growth, 1981 - 2005



Source: AA, HM Treasury

# Correlation of display advertising and company profits

Company profits vs. display ad expenditure growth, 1981 - 2005



## Limited visibility in the short term

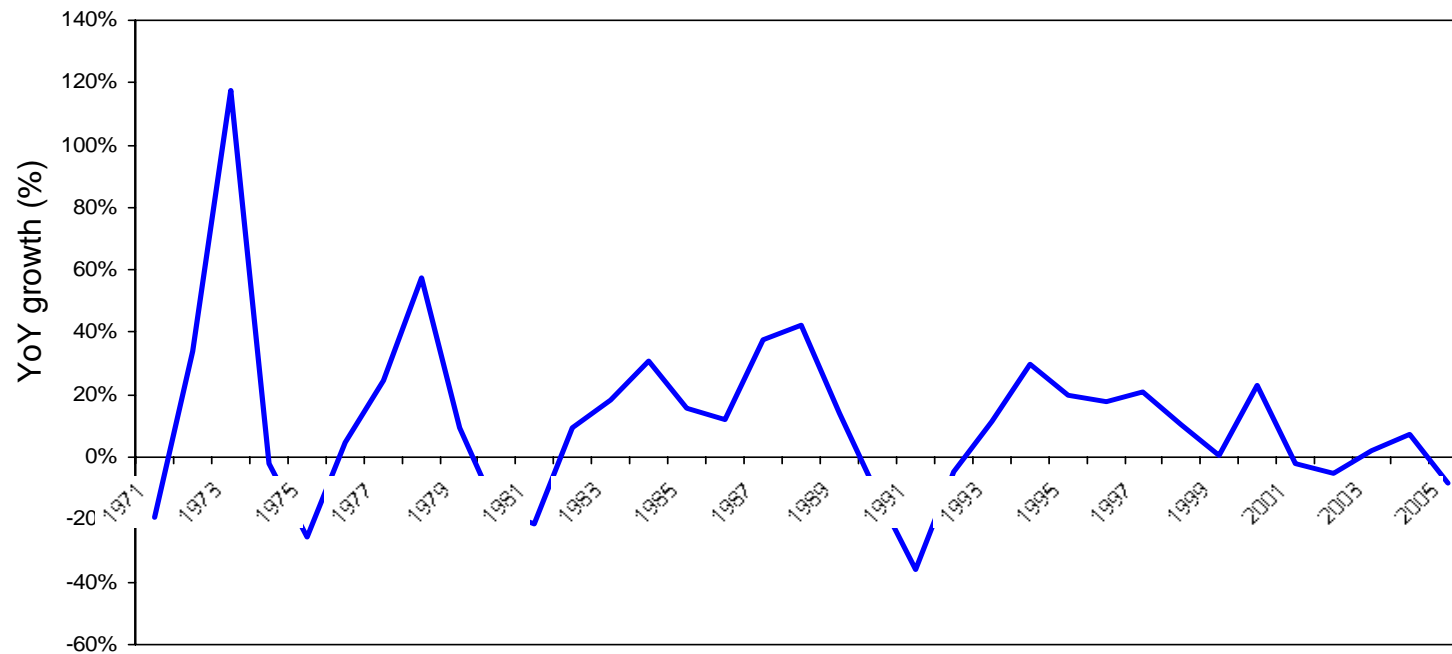
- GDP growth remains weak
- Unexpected rise in inflation
- Upward pressure on interest rates
- Downward pressure on company profits and marketing budgets
- Right planning assumption is to be cautious

## High Street conditions tough for display advertisers

- Difficult '05 continued into '06
- Slow retail sales growth
- Consumer confidence is low
  - Relatively low house price inflation
  - Job market worries
- Negative impact on display and classified advertising

# Recruitment is highly cyclical

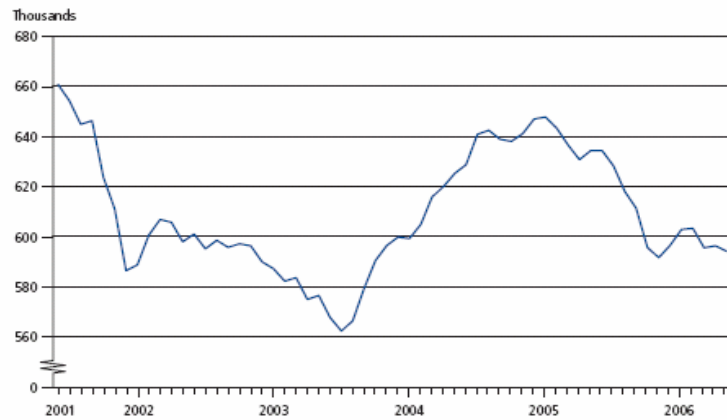
Newspaper recruitment ad expenditure growth, 1971 - 2005



Source: AA

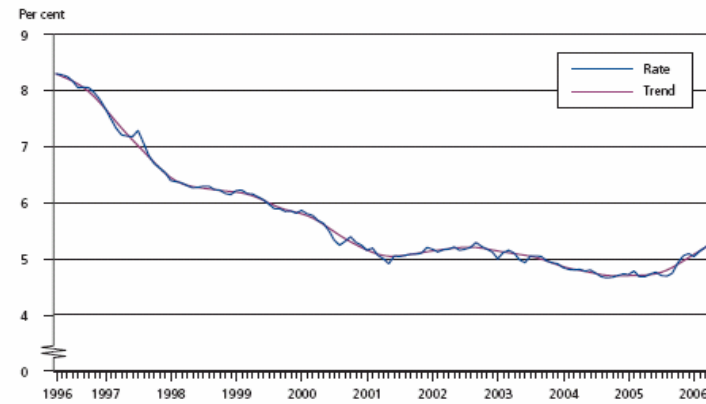
# 2005 slowdown

Number of vacancies; United Kingdom; June 2001 to May 2006



Source: Vacancy Survey

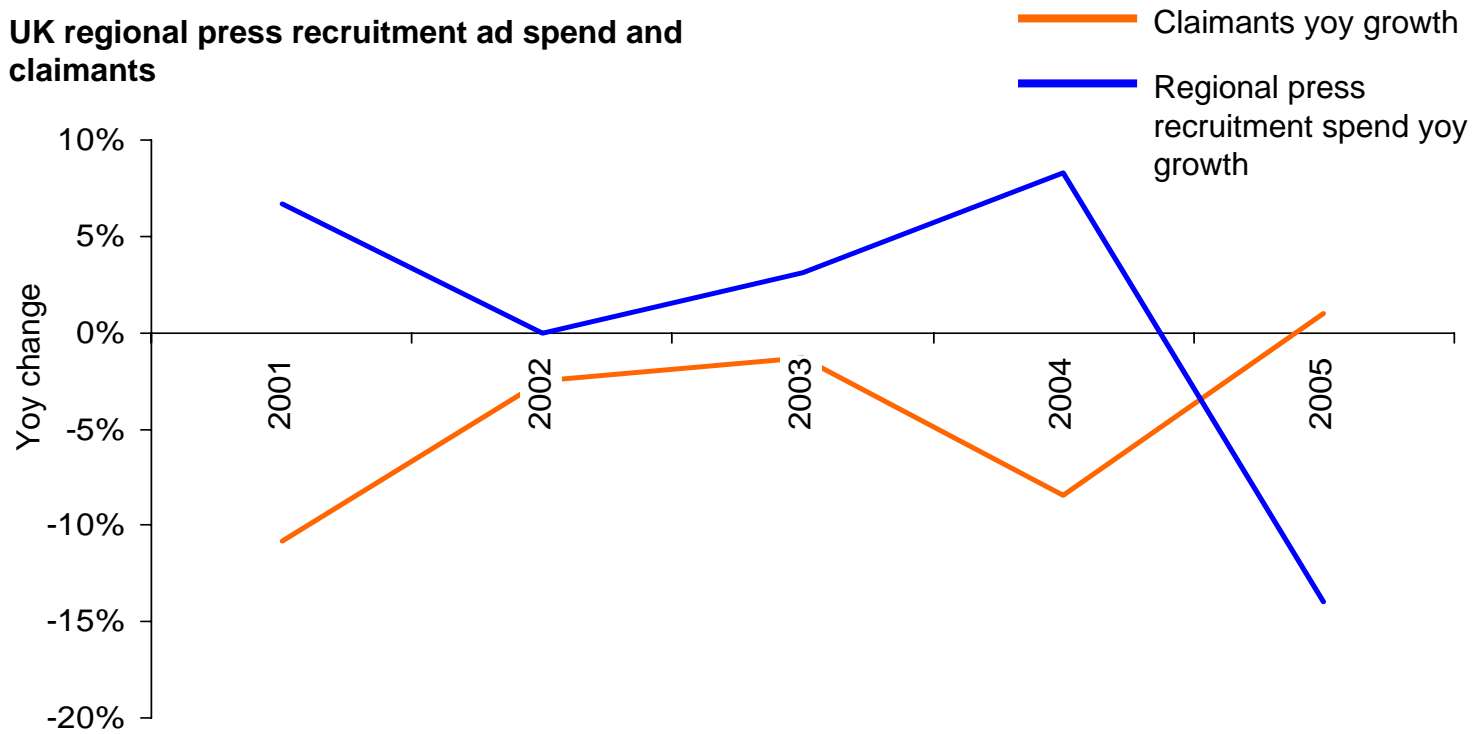
Unemployment rate; United Kingdom; April 1996 to April 2006



Source: Labour Force Survey

# Recruitment ad spend and claimants

UK regional press recruitment ad spend and claimants



Source: Advertising Statistics Yearbook, ONS (Table F1 BCJA)

## Other factors at work

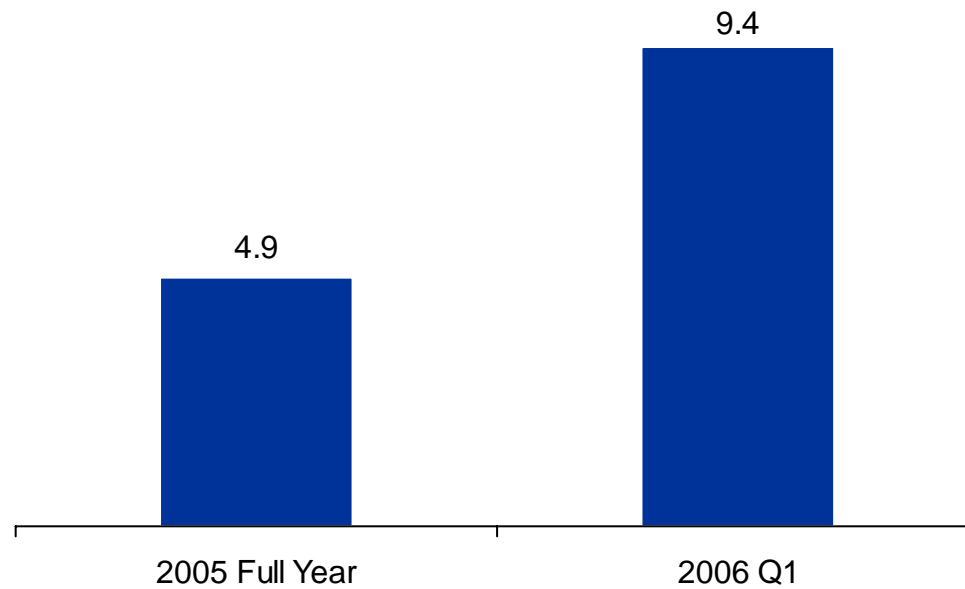
- Slowdown in public sector employment
- 27.4% of Trinity Mirror recruitment revenues from public sector = £12.6m (H1 '06)
- Sharp declines from 2004 peak

## Online is growing...

- ... but mainly from recruitment consultants – not traditional press advertisers
- Online recruitment strongest in vocational / professional niches
  - Finance
  - Accounting
  - Secretarial
- Bulk of Trinity Mirror recruitment advertising revenues come from general vacancies in private and public sectors reflecting local labour markets
- Research shows that our regional titles are first place people turn to for jobs, homes and motors (Trinity Mirror's BEAMER research based on 36,000 face-to-face interviews)

# Doubling in share of online recruitment spend

Share of online recruitment spend %



Source: AA

## Regional newspapers robust in the face of structural challenge

- Fragmentation of TV
- Growth of commercial radio
- Increased spend on direct marketing
- Motor dealer consolidation
- Media buying consolidation
- Internet

# Property

- Property revenues continue to grow
- Local titles offer:
  - proven response
  - brand-building shop window
- Online fulfils different needs to print
- We have built a strong, differentiated offering
- Strong print marketplaces plus a network of local property sites
- Fish4, acquisitions (Email4Property and Smartnewhomes)

# Managing for future growth

- Downturn is overwhelmingly cyclical
- Shape of slowdown consistent with similar previous periods
- Managing the business well through slowdown to position for future growth
- Some underlying structural change
- Maximise share of revenues via development of portfolio both in print and online

# Digital

- Deepening penetration of local markets
- 227 new sites launched this year so far
- Digital portfolio now more than 300 sites
- The digital sell - every ad, every time
- Commercial partnerships - travel, bingo, dating, ticketing



# Portfolio development

- Organic development is strengthening core business
- Increasing penetration of local markets
- Improving segmentation and layering of markets
- Content sharing strengthens newspapers and websites
- Print benefits from sharper positioning
- Ad sales teams selling compelling service to clients

# Acquisitions

- New opportunities, new skills into the Group
- Assembling leading positions in online classified markets
- Complementing and strengthening the print portfolio



# Acquisitions

- GAAPweb
  - Leading financial and accounting site
  - Segment we don't currently reach
  - Reaching into new geographic markets
- Hotgroup
  - Access to new recruitment markets
  - Portfolio of targeted sector sites in key recruitment verticals
  - Strengthened management under TM ownership



# Building the digital portfolio

- Development of portfolio via launch and acquisition
- Build on historic strengths of print portfolio
- Invest in what matters to advertisers and audiences, minimise everything else
  - New ad booking systems – reduces costs and strengthens process
  - Property wizard ad technology – reduces admin and improves customer service

# Digital portfolio

- 300 plus sites – local and national
- 8.6m unique users
- One of UK's leading online players
- Expect to double online revenues this year
- Pace of change dramatic
- Well positioned for the future

# Other publishing activities

- Good progress with The One Directory
  - 4 editions in '06
  - more in '07
  - continue to monitor Competition Commission Review
- Racing Post
  - Out-published The Sportsman
  - Racing Post continues to sit at the centre of its market



# National newspapers

- Strong six months for Daily Mirror
- Masterclass in red-top journalism
- Full cover price – every copy, every day
- Will not rent readers or squander operating profit



## Scotland – the true market position

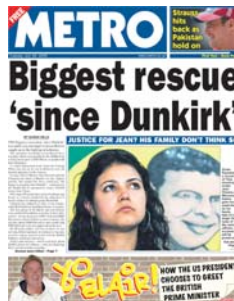
- 10p Sun
  - masks their true trading position
  - cannot maintain sale without cutting cover price
  - majority of increase in volume comes from increased frequency as opposed to stealing sale from the Record
  - anxious to keep national sales above 3 million
- Other tabloids continue to cut price - The Star 15p and The Express 25p

## Regional newspapers - margins

- Remain focused on improving margins
- From '02 – '05 margins improved from 21.8% to 28.2% - top an bottom line growth
- H1 '06 like-for-like margin of 25.1% – impacted by ad downturn
- Continue to pursue best-in-class performance

# Regional newspapers

- Launched 5 titles this year
- Strong demand for properly targeted newspapers
- Newspapers continue to drive high levels of response for advertisers
- Launches are quickly profitable
- 2 further Metros in Liverpool and Cardiff
- Overall circulations in line with industry
- Maintain and grow reach through multi-platform publishing



# Summary

- The advertising cycle – cautious planning assumption
- Current downturn is overwhelmingly cyclical
- Business more agile and better equipped to face challenges
- Portfolio development via launch and acquisition in print and online
- Opportunities also mean increased challenge
- Positioning for the future – review of our businesses, operating models and structure
- Review outcome end '06

# Appendices



# Financial Summary

## Income Statement

26 weeks to 2<sup>nd</sup> July 2006

### Statutory

**Group revenue**

**Operating (loss)/profit**

Pre non-recurring items and amortisation

Non-recurring items

Amortisation of intangibles

**(Loss)/profit before taxation**

Operating profit pre non-recurring items and amortisation

Non-recurring items

Amortisation of intangibles

Finance costs

IAS 19 Finance credit

IAS 39 impact

**Earnings per share (p)**

**Underlying earnings per share**

Non-recurring items

**Basic (loss)/earnings per share**

**2006**                      **2005**  
**Continuing Operations**

**£m**

**£m**

**546.5**

**559.0**

**(152.8)**

**122.9**

104.2

122.9

(250.0)

-

(7.0)

-

**(179.6)**

**107.8**

104.2

122.9

(250.0)

-

(7.0)

-

(16.5)

(16.0)

4.6

0.2

(14.9)

0.7

**Total\***

**Total\***

**18.2**

**26.7**

(60.1)

-

**(41.9)**

**26.7**

\*Including discontinued operations

41

# Financial Summary

## Income Statement

26 weeks to 2<sup>nd</sup> July 2006

	2006 Adjusted* £m	2005 Adjusted* £m
<b>Group revenue</b>	<b>566.6</b>	<b>579.3</b>
<b>Operating profit</b>	<b>110.0</b>	<b>128.3</b>
Continuing operations	104.2	122.9
Discontinued operations	5.8	5.4
<b>Profit before taxation</b>	<b>98.1</b>	<b>112.5</b>
Operating profit	110.0	128.3
Finance costs	(16.5)	(16.0)
IAS 19 finance credit	4.6	0.2
<b>Earnings per share (p)</b>		
<b>Underlying earnings per share</b>	<b>23.5</b>	<b>26.6</b>

\*Including discontinued operations and excluding non-recurring items, amortisation and IAS 39

# Financial Summary

Analysis of revenue by type

26 weeks to 2<sup>nd</sup> July 2006

	<b>2006 statutory £m</b>	<b>2006 adjusted<sup>(1)</sup> £m</b>	<b>2005 statutory £m</b>	<b>2005 adjusted<sup>(1)</sup> £m</b>	<b>Change statutory %</b>	<b>Change adjusted<sup>(1)</sup> %</b>
Circulation	196.8	199.0	198.7	200.9	(1.0)%	(0.9)%
Advertising	289.3	295.9	315.5	323.0	(8.3)%	(8.4)%
Other revenues	60.4	71.7	44.8	55.4	34.8%	(29.4)%
<b>Total revenue</b>	<b>546.5</b>	<b>566.6</b>	<b>559.0</b>	<b>579.3</b>	<b>(2.2)%</b>	<b>(2.2)%</b>

<sup>(1)</sup>Adjusted – including discontinued operations. During the 26 weeks ended 2 July 2006, these businesses achieved revenue of £20.1 million (2005: £20.3 million)

# Financial Summary

Analysis of revenue by segment and type  
26 weeks to 2<sup>nd</sup> July 2006

## Statutory

	Nationals						
	Regionals £m	UK £m	Scotland £m	Sports £m	Magazines £m	Total £m	% of total
Circulation	42.2	111.2	27.0	16.4	-	<b>196.8</b>	36.0%
Advertising	200.6	59.9	22.4	6.4	-	<b>289.3</b>	52.9%
Other	38.6	17.7	2.1	2.0	-	<b>60.4</b>	11.1%
<b>Total revenue</b>	<b>281.4</b>	<b>188.8</b>	<b>51.5</b>	<b>24.8</b>	-	<b>546.5</b>	
% of total	51.5%	34.6%	9.4%	4.5%	-		

# Financial Summary

Analysis of revenue by segment and type continued  
26 weeks to 2<sup>nd</sup> July 2006

Adjusted<sup>(1)</sup>

	Nationals					Total £m	% of total
	Regionals £m	UK £m	Scotland £m	Sports £m	Magazines £m		
Circulation	42.2	111.2	27.0	16.4	2.2	<b>199.0</b>	35.1%
Advertising	200.6	59.9	22.4	6.4	6.6	<b>295.9</b>	52.2%
Other	38.6	17.7	2.1	2.0	11.3	<b>71.7</b>	12.7%
<b>Total revenue</b>	<b>281.4</b>	<b>188.8</b>	<b>51.5</b>	<b>24.8</b>	<b>20.1</b>	<b>566.6</b>	
% of total	49.7%	33.3%	9.1%	4.4%	3.5%		

<sup>(1)</sup> Adjusted – including discontinued operations

During the 26 weeks ended 2 July 2006, these businesses achieved revenue of £20.1 million (2005: £20.3 million)

# Financial Summary

## Operating Costs<sup>(1)</sup>

26 weeks to 2<sup>nd</sup> July 2006

	<b>2006</b>	<b>2006</b>	<b>2005</b>	<b>2005</b>	<b>Change</b>	<b>Change</b>
	<b>statutory</b>	<b>adjusted<sup>(2)</sup></b>	<b>statutory</b>	<b>adjusted<sup>(2)</sup></b>	<b>statutory</b>	<b>adjusted<sup>(2)</sup></b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>	<b>%</b>
Labour	184.2	168.5	173.0	176.1	(6.5)%	4.3%
Newsprint	76.2	76.8	75.1	75.9	(1.5)%	(1.2)%
Depreciation	19.6	19.5	19.7	19.8	0.5%	1.5%
Other	163.9	169.8	169.4	179.5	3.2%	5.4%
<b>Total operating costs</b>	<b>443.9</b>	<b>434.6</b>	<b>437.2</b>	<b>451.3</b>	<b>(1.5)%</b>	<b>3.7%</b>

<sup>(1)</sup> Excluding non-recurring items and amortisation

<sup>(2)</sup> Adjusted – including discontinued operations and excluding acquisitions

# Financial Summary

Non-recurring items

26 weeks to 2<sup>nd</sup> July 2006

	2006 £m	2005 £m
Impairment of intangible assets	(250.0)	-
<b>Total</b>	<b>(250.0)</b>	<b>-</b>

# Financial Summary

## Balance Sheet

At 2<sup>nd</sup> July 2006

	2nd July 2006 £m	1st January 2006 £m	Movement £m
Non current assets	1,930.0	2,182.7	(252.7)
Current assets	195.7	191.8	3.9
Held for sale	11.6	-	11.6
<b>Total assets</b>	<b>2,137.3</b>	<b>2,374.5</b>	<b>(237.2)</b>
Non current liabilities			
Borrowings	(365.7)	(392.0)	26.3
Obligations under finance leases	(13.6)	(15.6)	2.0
Retirement benefit obligations	(232.8)	(305.6)	72.8
Deferred tax liabilities	(470.5)	(547.2)	76.7
Long term provisions	(13.2)	(12.2)	(1.0)
Derivative financial instruments	(97.9)	(56.6)	(41.3)
Total non current liabilities	(1,193.7)	(1,329.2)	135.5
Current liabilities	(305.4)	(291.6)	(13.8)
Held for sale	(8.7)	-	(8.7)
<b>Total liabilities</b>	<b>(1,507.8)</b>	<b>(1,620.8)</b>	<b>113.0</b>
<b>Net assets</b>	<b>629.5</b>	<b>753.7</b>	<b>(124.2)</b>

Acquisitions - Pro forma revenues and operating profits<sup>(3)</sup>  
 26 weeks to 2<sup>nd</sup> July 2006

	06 Pro forma <sup>(1)</sup>			05 Pro forma <sup>(2)</sup>			Change Total %
	Online £m	Traditional £m	Total £m	Online £m	Traditional £m	Total £m	
Turnover	7.6	18.3	<b>25.9</b>	7.0	19.9	<b>26.9</b>	(3.7)%
Operating profit <sup>(3)</sup>	1.6	0.9	<b>2.5</b>	1.7	0.9	<b>2.6</b>	(3.8)%
Margins <sup>(3)</sup>	21.1%	4.9%	<b>9.7%</b>	24.3%	4.5%	<b>9.7%</b>	0.0%

<sup>(1)</sup>Includes actuals for acquisitions made during H2 2005, plus pro forma for acquisitions during H1 2006

<sup>(2)</sup>Pro forma for all acquisitions

<sup>(3)</sup>Pre amortisation

## Analysis of revenue by segment 26 weeks to 2<sup>nd</sup> July 2006

	2006 statutory £m	2006 adjusted <sup>(1)</sup> £m	2005 statutory £m	2005 adjusted <sup>(1)</sup> £m	Change statutory %	Change adjusted <sup>(1)</sup> %
Regionals division	281.4	255.8	277.3	277.3	1.5%	(7.8)%
Nationals division	240.3	240.3	255.5	255.5	(5.9)%	(5.9)%
Sports division	24.8	24.8	26.2	26.2	(5.3)%	(5.3)%
Magazines & Exhibitions	-	20.1	-	20.3	-	(1.0)%
<b>Total revenue</b>	<b>546.5</b>	<b>541.0</b>	<b>559.0</b>	<b>579.3</b>	<b>(2.2)%</b>	<b>(6.6)%</b>

<sup>(1)</sup> Adjusted including discontinued operations and excluding acquisitions. During the 26 weeks ended 2 July 2006, these businesses achieved revenue of £20.1 million (2005: £20.3 million) and £25.6 million (2005: £nil million) respectively

Group operating profit<sup>(1)</sup> by segment  
26 weeks to 2<sup>nd</sup> July 2006

	2006 statutory £m	2006 adjusted <sup>(2)</sup> £m	2005 statutory £m	2005 adjusted <sup>(2)</sup> £m	Change statutory %	Change adjusted <sup>(2)</sup> %
Regionals division	66.6	64.2	78.8	78.8	(15.5)%	(18.5)%
Nationals division	37.4	37.4	42.9	42.9	(12.8)%	(12.8)%
Sports division	6.9	6.9	9.4	9.4	(26.6)%	(26.6)%
Magazines & Exhibitions	-	5.8	-	5.4	-	7.4%
Central costs	(7.9)	(7.9)	(8.5)	(8.5)	7.1%	7.1%
Associates	1.2	1.2	0.3	0.3	300.0%	300.0%
<b>Total operating profit<sup>(1)</sup></b>	<b>104.2</b>	<b>107.6</b>	<b>122.9</b>	<b>128.3</b>	<b>(15.2)%</b>	<b>(16.1)%</b>

(1) Excluding non-recurring items and amortisation

(2) Adjusted – including discontinued operations and excluding acquisitions. During the 26 weeks ended 2 July 2006, acquisitions achieved revenue of £25.6 million (2005: £nil million) and operating profit of £2.4 million (2005: £nil million)

Margins<sup>(1)</sup> by segment  
26 weeks to 2<sup>nd</sup> July 2006

	2006 statutory %	2006 adjusted <sup>(2)</sup> %	2005 statutory %	2005 adjusted <sup>(2)</sup>	Change statutory %	Change adjusted <sup>(2)</sup> %
Regionals division	23.7	25.1	28.4	28.4	(4.7)%	(3.3)%
Nationals	15.6	15.6	16.8	16.8	(1.2)%	(1.2)%
Sports division	27.8	27.8	35.9	35.9	(8.1)%	(8.1)%
Magazines & Exhibitions	-	28.9	-	26.6	-	2.3%
<b>Total operating margin<sup>(1)</sup></b>	<b>19.1</b>	<b>19.9</b>	<b>22.0</b>	<b>22.1</b>	<b>(2.9)%</b>	<b>(2.2)%</b>

<sup>(1)</sup> Excluding non-recurring items and amortisation

<sup>(2)</sup> Adjusted including discontinued operations and excluding acquisitions. During the 26 weeks ended 2 July 2006, acquisitions achieved revenue of £25.6 million (2005: £nil million) and operating profit of £2.4 million (2005: £nil million).

Regionals division  
Performance  
26 weeks to 2<sup>nd</sup> July 2006

	2006 statutory £m	2006 adjusted <sup>(2)</sup> £m	2005 statutory £m	2005 adjusted <sup>(2)</sup> £m	Change statutory %	Change adjusted <sup>(2)</sup> %
Revenue	281.4	255.8	277.3	277.3	1.5%	(7.8)%
Profit <sup>(1)</sup>	66.6	64.2	78.8	78.8	(15.5)%	(18.5)%
Margin <sup>(1)</sup>	23.7%	25.1%	28.4%	28.4%	(4.7)%	(3.3)%

(1) Excludes amortisation of intangibles of £7.0 million (2005: £nil million)

(2) Adjusted - 2006 adjusted to exclude the results of businesses acquired during H2 in 2005 and during H1 in 2006. During the 26 weeks ended 2 July 2006, these businesses achieved revenue of £25.6 million (2005: £nil million) and operating profit of £2.4 million (2005: £nil million).

Regionals division  
 Analysis of revenue  
 26 weeks to 2<sup>nd</sup> July 2006

	<b>2006 statutory £m</b>	<b>2006 adjusted<sup>(1)</sup> £m</b>	<b>2005 statutory £m</b>	<b>2005 adjusted<sup>(1)</sup> £m</b>	<b>Change statutory %</b>	<b>Change adjusted<sup>(1)</sup> %</b>
Circulation	42.2	42.2	41.6	41.6	1.4%	1.4%
Advertising	200.6	193.3	214.1	214.1	(6.3)%	(9.7)%
Other	38.6	20.3	21.6	21.6	78.7%	(6.0)%
<b>Total revenue</b>	<b>281.4</b>	<b>255.8</b>	<b>277.3</b>	<b>277.3</b>	<b>1.5%</b>	<b>(7.8)%</b>

(1) Adjusted - 2006 adjusted to exclude the results of businesses acquired during H2 in 2005 and during H1 in 2006. During the 26 weeks ended 2 July 2006, these businesses achieved revenue of £25.6 million (2005: £nil million)

Regionals division  
 Analysis of advertising revenue  
 26 weeks to 2<sup>nd</sup> July 2006

<b>Gross advertising by category</b>	<b>Change statutory %</b>	<b>Change adjusted<sup>(1)</sup> %</b>
Display	(6.8%)	(6.8%)
Recruitment	(12.4)%	(21.0)%
Property	7.8%	1.9%
Motors	(13.1)%	(13.1)%
Other classified	(3.1)%	(3.1)%
<b>Total net advertising</b>	<b>(6.3)%</b>	<b>(9.7)%</b>

<sup>(1)</sup> Adjusted - 2006 adjusted to exclude the results of businesses acquired during H2 in 2005 and during H1 in 2006. During the 26 weeks ended 2 July 2006, these businesses achieved advertising revenue of £7.3 million (2005: £nil million)

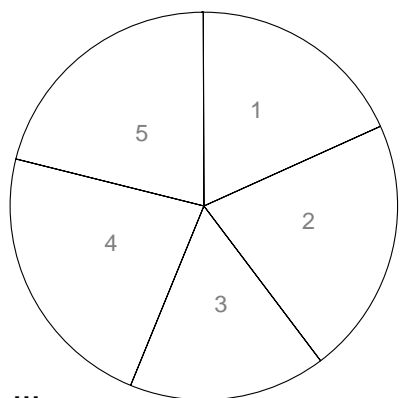
Nationals division  
Performance  
26 weeks to 2<sup>nd</sup> July 2006

	<b>2006 statutory</b>	<b>2005 statutory</b>	<b>Change statutory</b>
	<b>£m</b>	<b>£m</b>	<b>%</b>
<b>Nationals division</b>			
Revenue	240.3	255.5	(5.9)%
Profit	37.4	42.9	(12.8)%
Margin	15.6%	16.8%	(1.2)%
<b>UK Nationals</b>			
Revenue	188.8	198.9	(5.1)%
Profit	28.3	32.3	(12.4)%
Margin	15.0%	16.2%	(1.2)%
<b>Scottish Nationals</b>			
Revenue	51.5	56.6	(9.0)%
Profit	9.1	10.6	(14.2)%
Margin	17.7	18.7%	(1.0)%

UK Nationals  
 Analysis of revenue  
 26 weeks to 2<sup>nd</sup> July 2006

	<b>2006 statutory £m</b>	<b>2005 statutory £m</b>	<b>Change statutory %</b>
Circulation	111.2	110.9	0.3%
Advertising	59.9	68.7	(12.8)%
Other	17.7	19.3	(8.3)%
<b>Total revenue</b>	<b>188.8</b>	<b>198.9</b>	<b>(5.1)%</b>

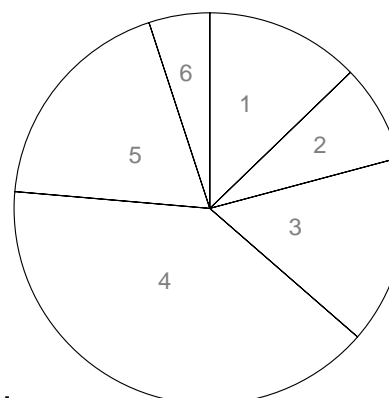
UK Nationals  
 Newspaper advertising market share (volumes)  
 26 weeks to 2<sup>nd</sup> July 2006



2006

Dailies

	2006	2005
1 Mirror	18.3%	19.6%
2 Sun	21.4%	20.7%
3 Star	16.5%	16.1%
4 Mail	22.8%	23.4%
5 Express	21.0%	20.2%



2006

Sundays

	2006	2005
1 Sunday Mirror	12.8%	13.5%
2 People	7.9%	9.3%
3 News of the World	15.8%	16.0%
4 Mail on Sunday	39.9%	38.2%
5 Sunday Express	18.5%	17.3%
6 Daily Star Sunday	5.1%	5.7%

Scottish Nationals  
 Analysis of revenue  
 26 weeks to 2<sup>nd</sup> July 2006

	<b>2006 statutory £m</b>	<b>2005 statutory £m</b>	<b>Change statutory %</b>
Circulation	27.0	29.2	(7.5)%
Advertising	22.4	25.0	(10.4)%
Other	2.1	2.4	(12.5)%
<b>Total revenue</b>	<b>51.5</b>	<b>56.6</b>	<b>(9.0)%</b>

Sports division  
Performance  
26 weeks to 2<sup>nd</sup> July 2006

	<b>2006 statutory £m</b>	<b>2005 statutory £m</b>	<b>Change statutory %</b>
Revenue	24.8	26.2	(5.3)%
Profit	6.9	9.4	(26.6)%
Margin	27.8%	35.9%	(8.1)%

## Magazines and Exhibitions (discontinued operations)

### Performance

26 weeks to 2<sup>nd</sup> July 2006

	<b>2006 statutory £m</b>	<b>2005 statutory £m</b>	<b>Change statutory %</b>
Revenue	20.1	20.3	(1.0)%
Profit	5.8	5.4	7.4%
Margin	28.9%	26.6%	2.3%

Net debt  
26 weeks to 2<sup>nd</sup> July 2006

	1 <sup>st</sup> Jan 2006 £m	Cash flow £m	IAS 39 impact £m	Other non-cash charges £m	2nd July 2006 £m
<b>Non-current</b>					
Loan notes	(392.0)	-	26.4	(0.1)	<b>(365.7)</b>
Derivative financial instruments	(56.6)	-	(41.3)	-	<b>(97.9)</b>
Finance leases	(15.6)	2.0	-	-	<b>(13.6)</b>
	<b>(464.2)</b>	<b>2.0</b>	<b>(14.9)</b>	<b>(0.1)</b>	<b>(477.2)</b>
<b>Current</b>					
Bank overdrafts	(17.9)	(20.8)	-	-	<b>(38.7)</b>
Short term loans	(40.0)	-	-	-	<b>(40.0)</b>
Loan notes	(0.8)	-	-	-	<b>(0.8)</b>
Finance leases	(2.8)	0.1	-	-	<b>(2.7)</b>
	<b>(61.5)</b>	<b>(20.7)</b>	-	-	<b>(82.2)</b>
Cash and cash equivalents	33.2	(3.7)	-	-	<b>29.5</b>
<b>Net debt</b>	<b>(492.5)</b>	<b>(22.4)</b>	<b>(14.9)</b>	<b>(0.1)</b>	<b>(529.9)</b>

## Reconciliation of Group statutory results to adjusted results

	Statutory result £m	Non- recurring items £m (a)	Discont ops £m (b)	Amort £m	IAS 39 impact £m (c)	Adjusted result £m	Acqs excl amort £m	Adjusted results excl acqs £m
2006								
Revenue	546.5	-	20.1	-	-	566.6	(25.6)	541.0
Operating profit	(152.8)	250.0	5.8	7.0	-	110.0	(2.4)	107.6
Profit before tax	(179.6)	250.0	5.8	7.0	14.9	98.1	(2.4)	95.7
Earnings per share	pence	pence	pence	pence	pence	pence	pence	pence
Underlying	18.2	-	n/a	1.7	3.6	23.5	(0.6)	22.9
Non-recurring items	(60.1)	60.1	n/a	-	-	-	-	-
Basic	(41.9)	60.1	n/a	1.7	3.6	23.5	(0.6)	22.9

(a) Details of non-recurring items are set out on page 47

(b) Details of discontinued operations are set out on page 61

(c) Impact of fair value, exchange rate, and amortisation adjustments on borrowings and associated financial instruments, accounted for under IAS 39

## Reconciliation of Group statutory results to adjusted results

	Statutory result £m	Discont ops £m (a)	Amort £m	IAS 39 impact £m (b)	Adjusted result £m	Acqs excl amort £m	Adjusted result excl acqs £m
2005							
Revenue	559.0	20.3	-	-	579.3	-	579.3
Operating profit	122.9	5.4	-	-	128.3	-	128.3
Profit before tax	107.8	5.4	-	(0.7)	112.5	-	112.5
Earnings per share	pence	pence	pence	pence	pence	pence	pence
Underlying	26.7	n/a	-	(0.1)	26.6	-	26.6
Basic	26.7	n/a	-	(0.1)	26.6	-	26.6

(a) Details of discontinued items are set out on page 61

(b) Impact of fair value, exchange rate, and amortisation adjustments on borrowings and associated financial instruments, accounted for under IAS 39