Trinity Mirror plc

Annual Report 2012

OUR VISION

In a dynamic media world we will create distinctive journalism that is an essential and growing part of our customers' daily lives. We stand for content that matters, content that is relevant and content that you can believe in. Our audience understands the value of this content and we understand the value of our audience.

OUR VALUES

We are Creative; inspired by innovative journalism and publishing that meets the ever-changing needs and interests of our audience and customers.

We are Open; believing that communication and transparency are key to creating an effective and collaborative work environment.

We have Integrity; championing honesty and trust, and showing respect for our colleagues, audience, customers, shareholders and business partners.

We are Ambitious; encouraging our people to remain driven and take pride in their achievements. They are our most valuable resource, each playing a part in enabling our success.

Inside this report

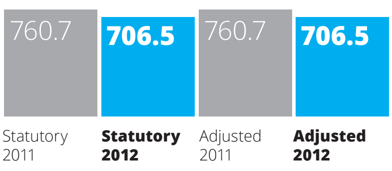
OUR PERFORMANCE

The Group is one of the UK's largest publishers with a portfolio of media brands providing news, entertainment, information and services to consumers and connecting advertisers with national, regional and local audiences. In 2012, our brands had a combined newspaper weekly reach of 17 million and 30 million monthly unique users across all of our publishing sites.

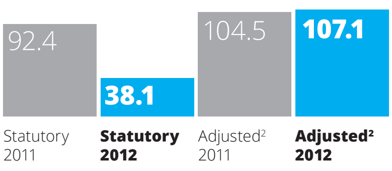
How we have performed

The Group delivered a robust performance during 2012 despite the continuing pressure on revenues. Adjusted operating profit has increased by 2.5% and adjusted earnings per share has increased by 10.7%. Statutory operating profit and earnings per share have been impacted by a non cash impairment charge of £60 million.

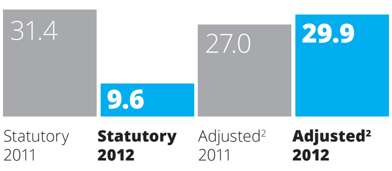
Revenue[1] £m



Operating profit £m



Earnings per share p



(1) Prior year revenue and costs have been reclassified to include £14.1 million of newsprint supplied to a customer which was previously netted off against costs. This change has no impact on reported operating profit.

(2) Adjusted items relate to the exclusion of non-recurring items, the amortisation of intangible assets, the retranslation of foreign currency borrowings, the impact of fair value changes on derivative financial instruments, the pension finance credit or charge and the impact of tax legislation changes.

OUR STRATEGY

Commenting on the results for the year, Simon Fox, Chief Executive, Trinity Mirror plc, said:

“It has become clear to me in my first six months that not only is Trinity Mirror a strong and cash generative business, as evidenced by this past year’s financial performance, but that there is significant further unrealised potential.

We will be investing £8 million during 2013 to deliver our strategic objectives whilst ensuring we repay maturing long-term debt over the next 15 months. Over this period our financial flexibility will improve such that we can both meet our pension funding obligations and consider the potential for returning capital to shareholders.

Although the trading environment is expected to remain difficult, the strategic initiatives I have implemented will bring significant benefits with the ambition of delivering sustainable profit growth over the medium term.”

AREAS OF STRATEGIC FOCUS TO DRIVE VALUE OVER TIME

'One Trinity Mirror': Harnessing the combined strength of our journalists and our audience reach under a unified organisation structure.

Protecting and revitalising our core brands in print through measures including re-designs, new edition launches, events organisation and third-party printing.

Continued relentless focus on efficiency and cost management through the use of technology to simplify, centralise or outsource those processes which are non-consumer facing.

Accelerating our digital capabilities to extend their reach as our audiences adopt new technologies.

Investing in new businesses built around our distinctive content and audience.

CHAIRMAN'S STATEMENT

David Grigson
Chairman

My first year as Chairman has been exciting and rewarding. Whilst we have navigated the Group through a period of significant management and operational change, the Group has delivered a strong financial performance despite a challenging external environment.

2012 has seen a number of important changes to the Board.

Simon Fox joined in September as Chief Executive. Simon brings extensive experience in consumer facing businesses and is providing the strategic leadership the Group needs. His skills are an excellent complement to those of the existing executive team. In the short time he has been with the Group he has been instrumental in driving through a major organisational change programme, completing our investment in Local World, improving staff communication and morale and undertaking a strategic review of the entire business.

Mark Hollinshead was promoted in October to the Board as Chief Operating Officer. Mark has been with the Group for 18 years and during this period has worked across both our national and regional newspapers and has played a significant role in delivering the robust performance since the recession in 2008.

We also welcome Donal Smith, as a non-executive director. Donal has considerable expertise in building digital businesses since leaving the Financial Times Electronic Publishing Division where he was Chief Executive.

Sir Ian Gibson retired from the Board in May and on behalf of all of us, I thank him for his leadership as Chairman. Laura Wade-Gery also stepped down from the Board in May and I thank her for her contribution as a non-executive director over the last six years. I also thank Sly Bailey for her leadership as CEO for more than nine years. I wish them all well for the future.

With the changes on the Board and the strong operational management in the business, I remain convinced that the Group is well placed to adapt to a changing media landscape, underpinned by a robust financial and capital position that has been carefully managed over recent years.

Our portfolio of print assets continues to provide news to mass market audiences. Our great national newspapers, including the Daily Mirror and the Sunday Mirror, and our strong portfolio of big metropolitan market leading regional titles which sit at the heart of their communities, all form part of the fabric of everyday life for millions of people across the country. The strong portfolio of newspapers is complemented by a growing portfolio of digital products which leverage the strength and trust of our print titles. Our journalists are the heartbeat of the business and in a multi-media world their compelling content is reaching a wider and wider audience. Our journalism provides a real strength in a fragmenting media landscape, as consumers search for content and brands that they trust and which can deliver informed, timely information and opinion.

The financial strength of the Group has clearly been demonstrated during 2012 through growth in adjusted operating profit up 2.5% and adjusted earnings per share up 10.7% combined with continued strong cash flows. This has been achieved whilst continuing to invest in the technology led transformation of our publishing capabilities, a 20% interest in Local World and in new products across multiple digital channels.

I am also pleased with the progress that the management team, led by Simon, has made in developing the longer term strategic direction of the Group. We are clear that we need to drive the profitability and cash flow of our core print publishing and printing operations, whilst rapidly building our digital publishing revenues and profits. We will also need to continue to seek out appropriate investment opportunities, both organically and through acquisition, which are built around our distinctive content and audience. Over the medium term, whilst the trading environment is expected to remain difficult, our strategy will seek to stabilise revenues and ensure that the Group is well positioned to move into growth as our initiatives build momentum.

We continue to remain focused on delivering strong cash flows to reduce leverage without constraining our ability to invest in the business. The repayment of £98.7 million of maturing long term debt over the next 15 months remains a priority for the use of our free cash flow, ensuring we have increased financial flexibility beyond these maturities. Our improved financial position in 2014 will further increase the ability of the Group to consider all options for driving value for shareholders. In addition to further investment to build a stable and growing portfolio of print and digital assets and continued funding of our pension obligations, these options will also include the potential for returning capital to shareholders.

The dedication and professionalism of our staff coupled with a clear strategic vision for our business provide me with confidence that the Group is well positioned to address the challenges of the uncertain and volatile outlook for the economy whilst ensuring we build a sustainable portfolio of assets over the medium term.

CHIEF EXECUTIVE'S STATEMENT

Simon Fox
Chief Executive

I am delighted to have joined Trinity Mirror and have been enormously impressed with both the quality and strength of the brands and the dedication of our staff. The underlying strength of the business is demonstrated by the robust financial performance delivered in 2012 with adjusted operating profit growing by 2.5% to £107.1 million and adjusted earnings per share growing by 10.7% to 29.9 pence per share.

Organisation and people

Having been Chief Executive for 6 months, I firmly believe there is significant unrealised potential in the business. To deliver these opportunities, the Group required a flatter and more efficient management structure that releases the full potential of our journalists across the country and harnesses our audience reach. We have therefore changed the management and organisational structure with the creation of a single Publishing division which combines the former Nationals and Regionals publishing operations. The new division, which is headed by Mark Hollinshead as Chief Operating Officer, ensures that editorial, advertising and all support functions operate as efficiently as possible across all of the Group's print and digital operations.

Chris Ellis as Managing Director, Digital leads a talented team who will develop and deliver a suite of digital products that support all of our titles across web, mobile and tablet and also seek out opportunities where we can build new digital businesses around our distinctive content and audiences.

Our specialist digital businesses (classified verticals and digital marketing services), managed by Philip Machray, Director of Corporate Development, and the Group's printing operations, managed by John Brewis, Managing Director, Trinity Mirror Printing are now separate and report directly to me.

As a consequence of the new management structure, Georgina Harvey, the former Managing Director of the Regionals division and Nick Fullagar, the former Director of Corporate Communications, left the business. They both made very valuable contributions to the Group and I wish them well for the future.

I have been enormously impressed by the talent, commitment and passion of our colleagues across the business and believe that following the organisational changes we have a motivated team with high levels of morale, enthusiasm and determination to perform.

Operational performance

The trading environment during 2012 remained volatile and uncertain with limited visibility. This was made even more challenging with the launch of a new national Sunday tabloid during February 2012 and a number of large retail customers reducing spend to offset the effects of a difficult environment. However, the benefits of tight cost management, the delivery of £25 million of structural cost savings and lower newsprint prices in the second half of the year ensured the Group delivered a robust performance.

Revenues during the year fell by £54.2 million to £706.5 million with an estimated £12 million of this decline attributable to reduction in circulation revenues following the launch of the new national Sunday tabloid. Whilst advertising and circulation revenues declined by 10.4% and 7.9% respectively, it was encouraging that printing revenues grew by 1.7% and other revenues grew by 8.9%. The circulation performance of the Daily Mirror was a particular highlight of the year. In a national tabloid newspaper market that was down by 8.3% during 2012, the Daily Mirror's circulation was down by 6.6%. It outperformed the market for 10 out of the 12 months of the year. Our excellent editorial team, led by Editor-in-Chief Lloyd Embley, should take great pride in this achievement.

Digital revenues across the Group grew by £3.2 million to £40.8 million with incremental digital revenues of £3.8 million from Communicator Corp, acquired in December 2011, and growth in digital display advertising revenues and digital other revenues offset by continued cyclical pressure on our digital classified advertising revenues. Our underlying performance in digital revenue has been far from satisfactory and our increased focus on this area will be a high priority for 2013 and beyond.

Adjusted operating profit increased by £2.6 million to £107.1 million despite revenues falling by £54.2 million. We have seen good growth in our Publishing divisions operating profit which grew by £5.3 million to £125.1 million. This has been partially offset by higher operating losses in our Specialist Digital division of £2.7 million. This includes losses, up £2.9 million to £3.7 million, from happli which was closed in October 2012.

Having reviewed the market position of our specialist digital classified recruitment and property businesses and the competitive landscape in which these operate, we have taken an impairment charge of £60.0 million against the carrying value of goodwill for these businesses. This non cash charge drove the £54.3 million fall in statutory operating profit to £38.1 million.

The robust underlying operational performance ensured that cash flows remained strong with contracted net debt falling £64.2 million to £157.0 million. This is after investing £14.2 million for a 20% interest in Local World which acquired the former Northcliffe business from DMGT plc and the former Iliffe business from Yattendon plc.

Strategic update

Upon joining the Group in September 2012, I initiated a detailed review of our operations working closely with all our businesses and seeking feedback and input from all employees. We have conducted:

- a detailed review of each of our newspaper titles looking at market position, cover price strategy, overall package and commercial opportunities to improve circulation and advertising revenues;
- an assessment of our digital offering and capabilities in a changing media landscape; and
- an assessment of the qualitative and efficiency benefits that could be delivered through a unified management structure across the entire publishing operations. This covered areas such as editorial, advertising, circulation, distribution, pre-press and all back-office functions.

We also thought carefully about our vision for the business in the future. We concluded that high quality, original journalism, delivered across multiple channels, must be at the heart of our business. We express our vision as follows:

In a dynamic media world we will create distinctive journalism that is an essential and growing part of our customers' daily lives. We stand for content that matters, content that is relevant and content that you can believe in. Our audience understands the value of this content and we understand the value of our audience.

This vision will be delivered through five key areas of strategic focus:

- 'One Trinity Mirror': harnessing the combined strength of our journalists and our audience reach under a unified organisation structure;
- protecting and revitalising our core brands in print;
- a continued relentless focus on efficiency and cost management;
- accelerating our digital capabilities to extend their reach as our audiences adopt new technologies; and
- investing in new businesses built around distinctive content or audience.

Given the rapidly changing nature of our markets, the strategy must be flexible enough to adapt and change over time within these five broad objectives, each of which I touch on in turn below:

'One Trinity Mirror': Harnessing the combined strength of our journalists and our audience reach under a unified organisation structure

Our regional papers are largely situated in major metropolitan cities where significant national news and sport happens. Whether it be the cover-up at Hillsborough, the hunt in Wales for missing 5 year-old April Jones or the shooting of PCs Fiona Bone and Nicola Hughes in Manchester – our regional journalists are at the scene first and are best placed to provide context and detail to these stories. However, their content was often not being used by our national titles so we are introducing closer working between the national and regional titles, with more content being shared across all of Trinity Mirror's newspapers and digital platforms.

Equally, content which has little or no directly local relevance (travel features; real life stories; motoring; film and entertainment reviews) was being produced many times across multiple locations.

We were also not presenting the Trinity Mirror portfolio to our advertisers in a coordinated fashion. Advertising agencies had to connect with multiple sales people within our organisation on behalf of a single client that wanted a national, regional and online campaign. In addition, we have not been packaging our reach to advertisers effectively. For example, whilst mirror online has a reach of 4.2 million monthly unique visitors in the UK and ranks

CHIEF EXECUTIVE'S STATEMENT CONTINUED

7th on Comscore's list of news web sites, the combined Trinity Mirror digital brands have a reach of 8.8 million and rank 4th.

It was evident that a more joined-up approach across our publishing operations would not only be more cost efficient but would also result in higher quality content for our national and regional readers and a better service for advertisers. No other media organisation has the regional and national coverage that we have.

We have reorganised our editorial and advertising teams with coordinated leadership and reporting structures. This new organisation has been made possible by the significant investment in IT systems that has been implemented in recent years and which will complete in early 2014.

Our 'One Trinity Mirror' structure has multiple revenue and cost benefits and positions us as unique and different to any of our media competitors.

Protecting and revitalising our core brands in print

The circulation of paid for newspapers is expected to continue to decline. For example, Enders Analysis forecast that over the period 2012 to 2017, the national dailies popular market will fall in volume terms by 11% per annum; popular Sunday titles by 7% per annum and regionals by 11% per annum. Whilst this will be partly mitigated in value terms, the direction of travel is clear and well established.

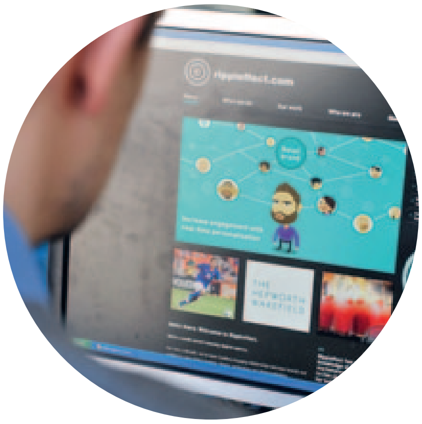
As a result of these expected circulation declines and the increasing trend of advertisers to move their budgets to digital channels, national and regional newspaper print advertising revenues are forecast by Enders Analysis to decline over the period 2012 to 2017 by 11% and 10% per annum respectively.

Having said this, the market is still very significant with 10.5 million daily newspapers, 8.3 million Sunday newspapers and 2.5 million weekly newspapers sold each week. In addition a further 2.1 million free daily newspapers and 9.5 million free weekly newspapers are distributed every week. As one of the largest UK publishers, we will continue to develop and improve our print titles which will continue to generate strong cash flows for the Group for many years and, as a result of a range of initiatives which we are undertaking, we would expect to outperform the overall market trends. These initiatives include:

- product redesign – the redesign of a number of our titles during 2013;
- hybrid editions – the use of a combination of paid for and free to ensure advertiser reach in our key metropolitan centres;
- weekend editions – centrally produced content (such as TV guides) to enhance our regional Saturday editions; and
- editionisation – editionisation of our larger regional titles into more localised editions (for example North and South Manchester).

We will also build additional revenue streams from our core newspaper brands. For example we already have an events business (with the Mirror's Pride of Britain awards as our flagship event), which will continue to enjoy steady growth from 85 events in 2012 to around 100 in 2013. We also have opportunities to grow revenue from our extensive archive of photographs and to build upon our heritage and sports publishing businesses.

To support our Publishing operations the Group operates 26 full colour presses across nine sites. The efficiency of our presses is evidenced by our growth in third party print contracts and last year we printed around 500 different titles. In 2012, third party contract printing revenues, excluding the supply of newsprint, were £36.7 million, achieving growth of 7.6% year on year. Our printing operations are well invested and require minimal investment. However, the Group will consider additional investment in our core print plants if they are supported by new long-term third-party print contracts.



On 7 January 2013, we completed the acquisition of a 20% stake in Local World for £14.2 million. Local World is a new entity which was created to acquire the regional publishing businesses of Northcliffe and Iliffe. We believe that this is a robust investment in its own right but in addition retains our ability to partake in any future opportunity for industry consolidation which may emerge.

Continued relentless focus on efficiency and cost management

The Group has been highly effective in managing its cost base in recent years and this energy will remain undiminished. We will remain focused on driving efficiency through the use of technology to simplify, centralise or outsource those processes which are non-consumer facing.

In the last few months we have outsourced the Group's pre-press operations; we have consolidated our newspaper sales and marketing operations under the management of a new Newspaper Sales and Marketing Director; and have further centralised certain parts of back office functions such as finance, HR and IT. For 2013, we have targeted structural cost savings of £10 million and this year will also be further helped by a fall in newsprint prices and ongoing natural mitigation as revenues remain under pressure due to the fragile trading environment.

Accelerating our digital capabilities to extend their reach as our audiences adopt new technologies

The rapid growth in broadband penetration, smartphones and tablets is changing the way people access content, where they consume it and the frequency of consumption. Total mobile devices ownership in the UK is expected to increase from 39 million to 83 million by 2017.

We are in the midst of unprecedented media innovation which will both disrupt our business and create significant opportunities. Trends such as the rise of digital news aggregators; the personalisation of content; the role of social media (and Facebook in particular) in media consumption and the explosion in 'user-generated' content need to be fully embedded in our strategy.

Digital advertising is expected to continue to grow at 5-10% per annum over the next 5 years. PC desktop display advertising is slowing as advertisers move their budgets into social, video and mobile, in addition to search. The Group comes from a very low base in all of these markets and as such we expect to perform ahead of overall market trends. In order to ensure that we take full advantage of the digital opportunities that are opening up, we are implementing a series of actions:

- organising our newsrooms for digital – our newsrooms were originally designed for stories to be written late in the evening for publication the following day. In an environment where news can break in seconds over Twitter or other media, we need to organise ourselves differently. We have embedded digital specialists into all our newsrooms and increasingly all reporters will be equally happy live blogging; tweeting; using social media and using pictures and video as well as words;
- digital products across all platforms – we have recently launched free e-editions of the Daily Mirror and Daily Record on the iPad platform. In just a few months since launch, total downloads are 100,000 and we will launch on Android platforms at the end of the first quarter. All of our main regional titles will launch e-editions across all platforms by the end of the summer. We are also rolling out greatly enhanced web and mobile sites across our top 30 titles during 2013. These sites will include enhanced image galleries and video; comprehensive What's On guides; weather; traffic and travel; quizzes and elements of news personalisation. The most recent example of this site is the Manchester Evening News, which re-launched in January, and saw page views up 45% year on year in the first 2 weeks of February;
- digital expertise – we now have a high quality digital leadership team and our product development capability is underpinned by a common technology and product approach. This core set of technologies, grids, templates and functionality means that we can be fast to market with new products and upgrades whilst retaining local control of content.

Alongside the ongoing investment in new systems, we envisage further investment of some £3 million in 2013 to accelerate our digital capabilities to extend reach as our audiences adopt new technologies.

CHIEF EXECUTIVE'S STATEMENT CONTINUED

Investing in new businesses built around distinctive content or audience

Accelerating our digital publishing capabilities will mitigate the decline in print but to generate sustainable growth we will need to reinvest some of our operating cash flow into new digital businesses which will be built around our distinctive content and audience. We expect to invest £5 million for this purpose in 2013. We will also carefully consider selective small scale acquisitions or partnership opportunities and we have set clear parameters around the criteria for assessing investments. We will ensure that all investments deliver meaningful revenues over time.

The areas where we see most opportunity are:

- building on our sports content;
- building on our regional news and commercial connections; and
- engaging new audiences in our news content through distinctive digital propositions.

We will provide further detail on specific initiatives as they progress.

Capital structure

Since the economic downturn in 2008, we have been focused on ensuring that there are no financing issues as the availability of financing has continued to contract. This has enabled the Group to reduce contracted net debt by £227.2 million over the past four years and meet its pension obligations from cash flow without the need to drawdown on working capital facilities provided by the Group's banks.

In March 2012, we secured a new forward starting £110.0 million bank facility and reduced our existing £178.5 million bank facility to £135.0 million. The £135.0 million facility was subsequently cancelled in October 2012. The £110.0 million bank facility is committed until August 2015, reducing to £101.8 million in March 2014 and to £93.5 million in March 2015.

At the same time as the new facility was procured, contributions to fund historic defined benefit pension obligations were reduced to £10.0 million per annum for 2012, 2013 and 2014 to ensure that maturing long-term debt repayments for our US private placement loan notes of £69.7 million in June 2012, £54.5 million in October 2013 and £44.2 million in June 2014 could be met through cash flow. The final repayment of the US private placement loan notes is £68.3 million in June 2017. Contributions to fund the pension deficits will increase to some £33 million per annum from 2015. As part of the agreement reached with the pension schemes trustees, any dividends paid by the Group during 2012 to 2014 will trigger an equal and matching payment to the pension schemes.

We have also continued to de-risk our pension schemes and in 2012 the pension scheme trustees hedged a further segment of liabilities through the purchase of insurance contracts. At the end of 2012, £444.8 million or 25% of gross pension schemes liabilities had been hedged by insurance contracts. Whilst the accounting deficit has increased to £297.7 million during the year, due predominantly to falling discount rates, we will continue to seek out opportunities to de-risk our pension schemes, without a material increase in funding obligations. It is clear that a change in the financial markets over the coming years, in particular an increase in long-term interest rates, could have a material beneficial impact on our pension scheme obligations.

Although our financial position continues to improve, the revenue environment remains difficult and the Board remains mindful of the £98.7 million debt repayments due during 2013 and 2014 and the increase in pension deficit funding payments from 2015. Therefore the Board believes that it is essential to maintain financial flexibility over the next 15 months until such time as the June 2014 debt repayment has been made. This ensures that leverage will continue to reduce whilst providing headroom for investment without the need for any significant drawings on its bank facility.

This prudent approach to financing will provide increased financial flexibility in 2014 and beyond with the potential to consider the return of capital to shareholders alongside meeting our commitment to fund the Group's defined benefit pension schemes to address the historic deficits.

Financial impact of strategy

Our five key strategic objectives will be supported by investment. In 2013, we plan to invest some £8 million to accelerate our digital capabilities and in the development of new businesses around our distinctive content and audience. We expect capital expenditure of around £15 million per annum going forward which remains well below depreciation as we do not expect any material investment in our printing infrastructure.

The combination of these plans should see us making progress towards our key ambitions to:

- stabilise profits and cash flow over the medium term. This is underpinned by our ambition to outperform circulation and print advertising market trends; drive digital revenue growth and continue to deliver a structural reduction in the cost base whilst undertaking mitigating actions to minimise the impact of the difficult trading environment; and
- deliver sustainable profit growth over the medium term. This will be driven by new businesses around our distinctive content and audiences. We will apply rigor and discipline to all investments ensuring they deliver returns in excess of our cost of capital within three years and are earnings enhancing by the end of the second year of investment.

The above plans and ambitions will ensure that the Group is able to further improve financial flexibility to meet our pension obligations and deliver enhanced returns to shareholders.

Current trading

We have seen a slow start to the year with revenues in January and February declining by 13%. By category, advertising revenues declined by 14%, circulation revenues declined by 13%, printing revenues declined by 5% and other revenues declined by 8%.

The January and February performance is distorted by the increased revenues for our Sunday titles prior to the launch of a new national Sunday tabloid during February 2012.

At this early stage in March, we expect revenue declines of some 7% which is a significant improvement from the 13% decline in January and February. The March expected performance is more reflective of the underlying trends.

Outlook

The trading environment is expected to remain difficult throughout 2013 with revenues expected to show year on year declines and month on month volatility. However, the benefits of a number of our revenue driving initiatives should contribute to a reduction in the rate of decline as we move into the second half of the year. We will also have the benefit of a fall in newsprint prices and targeted structural cost savings of £10 million. These cost initiatives and continued tight management of the cost base will provide the required headroom to fund investment across the business during 2013.

The numerous initiatives being implemented across the Group, coupled with the potential benefits of our continued development of our strategy provide the Board with confidence for the Group's performance in 2013.

OUR BOARD


1. Simon Fox


2. David Grigson


3. Gary Hoffman


4. Mark Hollinshead


5. Jane Lighting


6. Kathleen O'Donovan


7. Donal Smith


8. Vijay Vaghela


9. Paul Vickers

1. Simon Fox 52

Chief Executive, Appointment date: September 2012

Committee membership: Simon is a member of the Nomination Committee and attends the Audit & Risk and Remuneration Committee meetings at the invitation of the respective Committee Chairmen.

Experience: Simon was previously Chief Executive Officer of HMV Group plc. Prior to this, he was Chief Operating Officer for Kesa Electricals plc with responsibility for Kesa's subsidiaries in the UK and Continental Europe and its e-commerce businesses. Simon began his career as a graduate trainee at Security Pacific Bank and worked at Boston Consulting Group. Thereafter, he founded Office World, the UK's first out-of-town office supplies retailer. Simon was previously a non-executive director at Guardian Media Group plc.

External appointments: Non-executive director of PA Group Limited and a non-executive director of Local World Holdings Limited.

2. David Grigson 58

Chairman, Appointment date: May 2012 (appointed as a non-executive director on 1 January 2012)

Committee membership: Chairman of the Nomination Committee and member of the Remuneration Committee. David attends the Audit & Risk Committee meetings at the invitation of its Chairman.

Experience: David is a Chartered Accountant and was the CFO of Emap plc, CFO of Reuters Group plc, non-executive director of Carphone Warehouse Group PLC and Chairman of Anobii Limited.

External appointments: Non-executive director of Standard Life plc, Senior Independent Director and non-executive director at Ocado Group plc, non-executive Chairman at Creston plc and Director/Trustee at the Dolma Development Fund.

3. Gary Hoffman 52

Senior Independent Non-Executive Director, Appointment date: March 2005

Committee membership: Member of the Audit & Risk, Nomination and Remuneration Committees.

Experience: Gary has extensive experience of the financial services industry having spent 26 years with the Barclays group. Gary has been Chief Executive of Northern Rock plc and NBNK Investments plc, and Group Vice Chairman and Executive Director of Barclays plc. He was also Vice Chairman of Coventry City Football Club.

External appointments: Group CEO of Hastings Insurance Group. Gary is a Director of Visa Europe Limited and non-executive Chair of the Football Foundation.

4. Mark Hollinshead 52

Chief Operating Officer, Appointment date: October 2012

Committee membership: Attends the Audit & Risk, Nomination and Remuneration Committee meetings at the invitation of the respective Committee Chairmen.

Experience: Mark was appointed as Managing Director of our Nationals division in September 2008. From 1998 he was Managing Director of the Scottish Daily Record and Sunday Mail Limited, prior to which he was Managing Director of Midland Weekly Media Limited. Previously, he was Business Development Director at Thomson Regional Newspapers Limited, Marketing Director at MIN plc and Research Manager at the Wolverhampton Express & Star, having entered the newspaper industry in advertising sales at the Midland News Association Limited in the mid 1980s. Mark spent the early part of his career working in advertising agencies. He was previously Chairman of Scottish Athletics Limited.

External appointments: Director of the Newspaper Publishers Association Limited and a non-executive director of Nova International Limited.

5. Jane Lighting 56

Non-Executive Director, Appointment date: January 2008

Committee membership: Chairman of the Remuneration Committee and member of the Audit & Risk and Nomination Committees.

Experience: Jane was Chief Executive of the television company, Channel 5 and of Flextech plc.

External appointments: Non-executive director of Paddy Power plc. Jane is a Trustee and Fellow of the Royal Television Society and Council Member of the British Screen Advisory Council.

6. Kathleen O'Donovan 55

Non-Executive Director, Appointment date: May 2007

Committee membership: Chairman of the Audit & Risk Committee and member of the Nomination and Remuneration Committees.

Experience: Kathleen is a Chartered Accountant and was a partner at Ernst & Young. Kathleen has been Chairman of the Audit Committee of a number of public companies. Previously she was on the Court of the Bank of England and held non-executive directorships at O2 plc, EMI plc and Prudential plc. Between 1998 and 2002, Kathleen was CFO of Invensys plc, having previously been the Finance Director of its legacy company BTR plc which merged with Siebe plc to create Invensys plc.

External appointments: Senior Independent Director of ARM Holdings plc and a non-executive director of DS Smith plc.

7. Donal Smith 51

Non-Executive Director, Appointment date: March 2012

Committee membership: Member of the Audit & Risk, Nomination and Remuneration Committees.

Experience: Previously whilst at Thomson Reuters plc, Donal was the CEO of Thomson Financial Europe and Asia. Prior to that, he was the CEO of Financial Times Electronic Publishing and publisher of FT.com.

External appointments: Director of BI-SAM Technologies S.A., Commodity Vectors Limited and Credit Benchmark Limited, and Chairman of Selerity Inc.

8. Vijay Vaghela 46

Group Finance Director, Appointment date: May 2003

Committee membership: Attends the Audit & Risk Committee meetings by invitation of its Chairman.

Experience: Vijay is a Chartered Accountant and worked in private practice with Deloitte. He joined Mirror Group in 1994 as an Internal Auditor. He was subsequently Group Treasurer and then Director of Accounting and Treasury.

External appointments: An Independent Member of the Audit Committee of The Football Association and non-executive director of Local World Holdings Limited.

9. Paul Vickers 53

Secretary and Group Legal Director, Appointment date: September 1999 (April 1994 Mirror Group plc)

Committee membership: Attends the Audit & Risk, Nomination and Remuneration Committee meetings at the invitation of the respective Committee Chairmen.

Experience: Paul qualified as a barrister and was in private practice at the Bar. He was Legal Manager of the London Daily News, which he left to join the breakfast television company TV-am where he subsequently became Assistant Managing Director. He was previously a non-executive director of Virgin Radio. In 1994 he became a Director of Mirror Group plc which merged with Trinity plc to form Trinity Mirror plc.

External appointments: Director of the Press Standards Board of Finance, the body that funds and sets the remit for the PCC.

BUSINESS REVIEW

Group activities

The Group is one of the UK's largest publishers with a portfolio of media brands providing news, entertainment, information and services to consumers and connecting advertisers with national, regional and local audiences. In 2012, our brands had a combined newspaper weekly reach of 17 million and 30 million monthly unique users across all our publishing sites. We are also the largest contract printer in the UK and have specialist digital businesses in recruitment, property and marketing services.

The Group has four operating segments which are: Publishing which includes all of our newspapers and associated digital publishing; Printing which provides printing services to the publishing segment and to third parties; Specialist Digital which includes our digital classified verticals and our digital marketing services businesses; and Central which includes revenue and costs not allocated to the operational divisions and our share of results of associates.

The Publishing division publishes paid for national titles and paid for and free regional titles and operates a portfolio of related digital products. Key brands include the Daily Mirror, the Sunday Mirror, the Sunday People, the Daily Record, the Sunday Mail, the Liverpool Echo, the Manchester Evening News, the Evening Chronicle and the Birmingham Mail and we publish Metros in each of our key metropolitan markets.

The Printing division provides printing services to the Publishing division and to third parties. The division is the largest UK provider of newspaper printing services to third parties and operates nine print sites with 26 full colour presses. The Printing division has a nil operating result as the net costs, being all external revenues less costs, are charged to the Publishing division.

The Specialist Digital division includes our digital classified verticals and our digital marketing services businesses. In recruitment, the portfolio includes specialist job sites such as GAAPweb (finance and accountancy), totallylegal (legal), SecsintheCity (secretarial) and PlanetRecruit (IT and telecoms) and in property we operate the SmartNewHomes and email4property websites. Digital marketing services comprises Rippleffect, a digital marketing services agency which helps brands connect with their audiences and Communicator Corp, a digital communications agency which develops and manages digital communications across email, mobile, social and web.

Business model

The Group publishes and distributes over 130 newspaper titles across the UK which drive its core revenue streams of circulation and advertising revenues. The Group also publishes companion digital products for its newspaper titles on multiple digital platforms: websites, mobile and tablet. The Publishing division builds compelling audience and reach through a combination of paid for and free editorial content which is then used to provide a platform for advertisers to market their products and services and for driving other commercial transactions such as readers offers and events. Whilst the Publishing division provides the core revenue streams, the Group also has a growing Printing division which prints all of the Group's newspapers in the UK and provides printing services to third parties. In addition, the Group has a Specialist Digital division.

The Group continues to face a challenging trading environment, with negative or low growth in the UK, weak consumer and business confidence and volatile financial markets with limited availability of finance. The challenging trading environment continues to place pressure on the Group's revenues.

Group strategy

At the preliminary results announcement on 14 March 2013, the Group announced the outcome of the strategic update. The presentation of the strategy can be found on the Company's website: www.trinitymirror.com.

The Group's vision is:

"In a dynamic media world we will create distinctive journalism that is an essential and growing part of our customers' daily lives. We stand for content that matters, content that is relevant and content that you can believe in. Our audience understands the value of this content and we understand the value of our audience."

Our framework for developing our strategic vision for the future focuses on the following five key aspects:

- 'One Trinity Mirror': harnessing the combined strength of our journalists and our audience reach under a unified organisation structure;
- protecting and revitalising our core brands in print through measures including re-designs, new edition launches, events organisation and third party printing;
- continued relentless focus on efficiency and cost management through the use of technology to simplify, centralise or outsource those processes which are non-consumer facing;
- accelerating our digital capabilities to extend their reach as our audiences adopt new technologies; and
- investing in new businesses built around our distinctive content and audience.

Given the rapidly changing nature of our markets, the strategy will adapt and change over time. Further details of the strategic update can be found in the Chief Executive's statement on pages 6 to 11.

Post balance sheet event

On 7 January 2013, the Group acquired a 20% equity interest in Local World Limited for a cash consideration of £14.2 million. The investment is expected to be earnings enhancing in the first full year of investment.

Employees

The commitment, innovation and drive of our staff are central to the ongoing development and success of our business.

During the year, the voluntary rate of employee turnover increased slightly year on year to 9.8% (2011: 8.5%). During the same period, the retention rate, defined as employees in the Group's employment for the full 12 months, stayed steady at 92% (2011: 92%).

During the year, the Group's absenteeism rate, which follows the common definition used by the Advisory, Conciliation and Arbitration Service, improved to an average of 2.0% (2011: 2.2%). This compares favourably with the national average level of employee absence of 3.4% (2011: 3.8%).

The Group is committed to equality of opportunity in all its employment practices to ensure we attract and retain the best people. In 2012, women made up 38% of staff (2011: 38%) and the number of women occupying senior managerial roles was 14% (2011: 19%).

The difficult trading conditions have meant that senior management salaries have been frozen for the last five years and in 2012, no annual pay award was made to staff at any level.

In addition to base salary, all our employees have the opportunity to participate in performance related incentive schemes. For many staff this is through inclusion in the Group's employee bonus scheme.

We also provide a competitive range of benefits to employees, including the opportunity to join a Group-wide defined contribution pension scheme and we continue to operate initiatives enabling staff greater flexibility in their work-life choices including childcare vouchers, cycle to work and holiday purchase schemes.

Key performance indicators

The key financial performance indicators for the Group are revenue and adjusted operating profit and the key non-financial indicators for the Group are circulation volumes, unique users and audience reach. The Group seeks to target performance in line with or ahead of competitors or comparators taking account of our strategy and that of our competitors. In addition, cash flow and reduction in net debt are both key to the financial stability of the Group.

The performance in 2012 and targets are summarised below:

Key performance indicator	Performance in 2012	Target
Revenue	Revenue declined by 7.1% as the challenging economic environment continued to impact the Group's core revenue streams.	Stabilise revenue over the medium term.
Adjusted operating profit	Adjusted operating profit increased by 2.5% despite the reduced revenues due to the continued focus on cost reduction.	Adjusted operating profit growth over the medium term.
Circulation volumes	Circulation volumes declined for all newspaper titles as set out on page 19. The Daily Mirror performed better than the market.	Reduce the rate of volume decline through product innovation with key titles performing better than the market.
Unique users	Total unique users for our national and regional websites and mobile grew during the year by over 10% as set out on page 19.	Continue the growth in unique users through the continued improvement of our digital offering and launch of new digital products on multiple platforms.
Audience reach	The reach of our products increased during the year with the circulation volume decline more than offset by the increase in unique users.	Grow reach through maximising our print and digital reach.
Cash flow	Cash flow remained strong with net cash flow from operations of £109.2 million, up from £93.6 million.	Generate sufficient cash flow to repay maturing debt during 2013 and 2014, continue funding our pension schemes deficit and ensure adequate cash flow available for investment and considering returning capital to shareholders.
Net debt	Net debt reduced by £64.2 million with leverage (contracted net debt/adjusted EBITDA) now 1.1 times.	Continue to reduce leverage through debt repayments and increase financial flexibility.

In addition the Group sets a number of targets for environmental and health and safety which can be found in the Corporate responsibility report on pages 23 to 29.

BUSINESS REVIEW CONTINUED

Risks and uncertainties

There is an ongoing process for the identification, evaluation and management of the significant risks faced by the Group. This is described in the internal control section of the Corporate governance report on page 30 to 37.

The top five risks and uncertainties are described below:

Risks and uncertainties	Management actions
Strategy execution The Group's strategy includes a number of revenue and cost initiatives.	The strategic review included a detailed review of all of the Group's operations working closely with all of the businesses with feedback and input from our staff. The key actions to deliver the strategy are set out in the Chief Executive's statement.
Advertising revenues The difficult economic environment continues to impact advertising revenues and there is a risk of a loss of major clients or reduction in a sector which may adversely affect advertising.	We are not reliant on any single customer but have been impacted by the downturn being experienced by the UK and by the potential long-term impact on key classified revenues arising from media fragmentation. We continue to improve the effectiveness of our sales operations through our investment in new systems and through sales training with increased focus on selling advertising across multiple media channels.
Newspaper sales The difficult economic environment continues to impact circulation revenues and we may experience loss of readership due to competitor activity.	Our approach is to continue to focus on maximising sales in a declining market through appropriate levels of investment in our titles, both editorial content and marketing. We have also invested in colour presses giving full colour across the network.
Editorial breach An editorial error may lead to loss of readership, damaged reputation, or legal proceedings.	The Group has clear editorial policies and procedures in place. The report following Lord Justice Leveson's inquiry into the Culture, Practices and Ethics of the Press contained many recommendations including a framework for a new independent self regulatory system. The Group is working closely with the newspaper and magazine industries to create a structure that can give the public confidence whilst protecting the freedom of the press.
Pensions Pension deficits may grow at such a rate so that annual cash funding consumes a disproportionate level of operating cash flow.	We continue to monitor our pension exposures through regular reviews with trustees. However, there are a number of factors which are outside our control, including interest rates, inflation rates, mortality and regulatory change. These, together with the slowdown in the global economy and its impact on our business and investment returns, has material implications for future pension scheme funding and could adversely impact the Group and its ability to fund past service provision. To reduce the volatility of pension scheme liabilities and achieve more certainty in the cost of future pension provision, the Group closed the defined benefit pension schemes to future accrual from 31 March 2010 and working with the trustees, has been able to reduce the risk associated with the pension schemes through the purchase of insurance contracts which fully hedge a portion of the liabilities. Further details are provided in note 33 in the notes to the consolidated financial statements.

Other risks and uncertainties which are monitored as part of our risk management process include the risk of loss of contract print customers, the risk of industrial action, the reliance on key personnel, the risk of supply chain disruption and the risk of newsprint supplier issues. Appropriate management actions are in place to minimise the impact of these risks and uncertainties.

The ongoing issues in the Eurozone have been considered by the Board. Revenues directly earned from Eurozone members are less than 1.0% of revenues and the most significant cost impacted is newsprint, the price of which has already been agreed for the first half of 2013. The Group has European banks participating in the bank facility which if withdrawn would reduce the funds available but would not impact the conclusion of the going concern review.

The Group paid corporation tax of £18.1 million (2011: £17.7 million) during the year.

Our environmental and social policy statement which includes the key environmental risks, together with a review of our performance during 2012, is set out in the Corporate responsibility report on pages 23 to 29.

Group review

The results have been prepared for the 52 weeks ended 30 December 2012 (2012) and the comparative period has been prepared for the 52 weeks ended 1 January 2012 (2011). The results are presented on an adjusted and a statutory basis to provide a more meaningful comparison of the Group's performance between 2012 and 2011. Set out in note 37 in the notes to the consolidated financial statements is the reconciliation between the statutory results and the adjusted results. Revenue and costs for 2011 have each been restated by £14.1 million as set out in note 3 in the notes to the consolidated financial statements.

	Adjusted results		Statutory results	
	2012 £m	2011 £m	**2012 £m**	2011 £m
Revenue (restated)	**706.5**	760.7	**706.5**	760.7
Costs (restated)	**(601.1)**	(657.5)	**(675.6)**	(669.6)
Associates	**1.7**	1.3	**7.2**	1.3
Operating profit	**107.1**	104.5	**38.1**	92.4
Investment revenues	**0.4**	0.7	**0.4**	0.7
Pension finance (charge)/credit	**–**	–	**(5.2)**	2.7
Finance costs	**(8.8)**	(13.3)	**(14.4)**	(21.4)
Profit before tax	**98.7**	91.9	**18.9**	74.4
Tax (charge)/credit	**(25.0)**	(25.0)	**4.9**	3.4
Profit after tax	**73.7**	66.9	**23.8**	77.8
Earnings per share	**29.9p**	27.0p	**9.6p**	31.4p

Adjusted results

Group revenue fell by £54.2 million or 7.1% to £706.5 million with adjusted operating profit increasing by £2.6 million or 2.5% to £107.1 million.

	2012 £m	2011 £m	Variance £m	Variance %
Circulation	**297.2**	322.6	(25.4)	(7.9)
Advertising	**292.8**	326.8	(34.0)	(10.4)
Print	*264.2*	*295.2*	*(31.0)*	*(10.5)*
Digital	*28.6*	*31.6*	*(3.0)*	*(9.5)*
Printing	**66.3**	65.2	1.1	1.7
Other	**50.2**	46.1	4.1	8.9
Revenue	**706.5**	760.7	(54.2)	(7.1)
Labour	**(219.6)**	(237.8)	18.2	7.7
Newsprint	**(122.0)**	(139.0)	17.0	12.2
Depreciation	**(29.1)**	(33.3)	4.2	12.6
Other	**(230.4)**	(247.4)	17.0	6.9
Costs	**(601.1)**	(657.5)	56.4	8.6
Associates	**1.7**	1.3	0.4	30.8
Operating profit	**107.1**	104.5	2.6	2.5
Operating margin	**15.2%**	13.7%	1.5%	10.9

Revenues have remained under pressure during the year from the continued fragility of the trading environment and the launch of a new national Sunday tabloid during February 2012. Both circulation and advertising revenues have been impacted by the trading environment but we are encouraged that we have been able to deliver continued growth in printing and other revenue. The growth in other revenue includes the impact of the acquisition of Communicator Corp, at the end of December 2011, which contributed £3.8 million to revenues in 2012.

Costs continue to be tightly managed, falling by £56.4 million or 8.6% to £601.1 million. The cost reduction includes the delivery of £25 million of structural cost savings and the benefit of a newsprint price reduction in the second half of the year. We anticipate structural cost savings of £10 million in 2013.

Associates include our share of the results of the PA Group excluding a non-recurring gain on their disposal of a 50% interest in Canada Newswires. The investment in Local World was completed on 7 January 2013, and our share of their results will be included in our results for 2013.

The tight management of the cost base and improved results from associates resulted in adjusted operating profit increasing by £2.6 million or 2.5% to £107.1 million with adjusted operating margin increasing by 1.5 percentage points from 13.7% to 15.2%.

	2012 £m	2011 £m
Operating profit	**107.1**	104.5
Investment revenues	**0.4**	0.7
Finance costs	**(8.8)**	(13.3)
Profit before tax	**98.7**	91.9
Tax charge	**(25.0)**	(25.0)
Profit after tax	**73.7**	66.9
Earnings per share	**29.9p**	27.0p

An increase in adjusted operating profit and reduced finance costs, due to the continued reduction in leverage, resulted in adjusted profit before tax increasing by £6.8 million or 7.4% to £98.7 million. The adjusted tax charge of £25.0 million (2011: £25.0 million) for the year represents 25.3% (2011: 27.2%) of profit before tax and reflects the benefit of the 2% reduction in the rate of corporation tax. Adjusted profit after tax increased by £6.8 million or 10.2% to £73.7 million with adjusted earnings per share increasing by 2.9 pence or 10.7% to 29.9 pence.

Statutory results

Group revenue fell by £54.2 million to £706.5 million with statutory operating profit falling by £54.3 million to £38.1 million. The fall in statutory operating profit is due to the impact of non-recurring items which were a charge of £66.0 million in 2012 compared to a charge of £9.3 million in 2011. The 2012 non-recurring items comprises a non cash impairment charge against goodwill of £60.0 million, a non-recurring gain on sale of investments in associates of £5.5 million and restructuring charges relating to the delivery of cost reduction measures of £11.5 million. Excluding non-recurring items, statutory operating profit increased by £2.4 million to £104.1 million.

BUSINESS REVIEW CONTINUED

Financing related charges increased by £1.2 million to £19.2 million:

	2012 £m	2011 £m
Investment revenues	**0.4**	0.7
Pension finance (charge)/credit	**(5.2)**	2.7
Interest on bank overdrafts and borrowings	(8.8)	(13.3)
Fair value loss on derivative financial instruments	(13.0)	(10.1)
Foreign exchange gain on retranslation of borrowings	7.4	2.0
Finance costs	**(14.4)**	(21.4)
Financing related charges	**(19.2)**	(18.0)

The increase is predominantly driven by a pension finance charge of £5.2 million in 2012 compared to a credit of £2.7 million in 2011 which has been partially offset by the impact of the fair value loss on derivative financial instruments and the foreign exchange gain on retranslation of foreign currency borrowings which were a net charge of £5.6 million in 2012 compared to a net charge of £8.1 million in 2011. Interest on bank overdrafts and borrowings fell by £4.5 million due to lower net debt levels following debt repayments in the current and prior year.

Profit before tax on a statutory basis fell by £55.5 million to £18.9 million reflecting the reduced statutory operating profit and the higher financing related charges.

The statutory tax credit for the year was £4.9 million (2011: credit £3.4 million) reflecting a current year tax charge of £19.1 million (2011: charge £20.5 million) more than offset by a credit of £23.2 million (2011: credit £23.6 million) relating to the impact on opening deferred tax balances of the change in the rate of corporation tax and a prior year credit of £0.8 million (2011: credit £0.3 million). Profit after tax on a statutory basis fell by £54.0 million to £23.8 million with statutory earnings per share falling by 21.8 pence to 9.6 pence.

Divisional review

During October 2012, the Group announced changes in the management and organisational structure of the Group. As a result of the changes the Group now has four operating segments that are regularly reviewed by the Board and chief operating decision maker for the purposes of allocating resources and assessing performance.

The operating segments are: Publishing which includes all of our newspapers and associated digital publishing; Printing which provides printing services to the publishing segment and to third parties; Specialist Digital which includes our digital classified verticals and our digital marketing services businesses; and Central which includes revenue and costs not allocated to the operational divisions and our share of results of associates.

The revision to the operating segments had no impact on the revenue or operating profit of the Group. A review of revenue classification in relation to newsprint supplied to third parties has resulted in revenue and costs for 2011 each being increased by £14.1 million with no impact on operating profit. In addition, the classification of revenue by category has been amended to better reflect the new reporting segments.

The impact of the revised operating segments and the reclassification of revenues and costs on the 2011 results are set out in note 38 in the notes to the consolidated financial statements.

The revenue, costs and operating profit by operating segment, on an adjusted basis, is presented below:

	2012 £m	2011 £m	Variance £m	Variance %
Publishing	**615.6**	674.1	(58.5)	(8.7)
Printing	**66.3**	65.2	1.1	1.7
Specialist Digital	**21.4**	18.0	3.4	18.9
Central	**3.2**	3.4	(0.2)	(5.9)
Revenue	**706.5**	760.7	(54.2)	(7.1)
Publishing	**(490.5)**	(554.3)	63.8	11.5
Printing	**(66.3)**	(65.2)	(1.1)	(1.7)
Specialist Digital	**(24.3)**	(18.2)	(6.1)	(33.5)
Central	**(20.0)**	(19.8)	(0.2)	(1.0)
Costs	**(601.1)**	(657.5)	56.4	8.6
Associates	**1.7**	1.3	0.4	30.8
Publishing	**125.1**	119.8	5.3	4.4
Printing	**–**	–	–	–
Specialist Digital	**(2.9)**	(0.2)	(2.7)	(1,350.0)
Central	**(15.1)**	(15.1)	–	–
Operating profit	**107.1**	104.5	2.6	2.5

Publishing

The Publishing division publishes paid for national titles and paid for and free regional titles and operates a portfolio of related digital products. Key brands include the Daily Mirror, the Sunday Mirror, the Sunday People, the Daily Record, the Sunday Mail, the Liverpool Echo, the Manchester Evening News, the Evening Chronicle, and the Birmingham Mail and we publish Metros in each of our key metropolitan markets.

The revenue and operating profit of the Publishing division is as follows:

	2012 £m	2011 £m	Variance £m	Variance %
Circulation	**297.2**	322.6	(25.4)	(7.9)
Advertising	**280.7**	313.0	(32.3)	(10.3)
Print advertising	*264.2*	*295.2*	*(31.0)*	*(10.5)*
Digital advertising	*16.5*	*17.8*	*(1.3)*	*(7.3)*
Other	**37.7**	38.5	(0.8)	(2.1)
Revenue	**615.6**	674.1	(58.5)	(8.7)
Costs	**(490.5)**	(554.3)	63.8	11.5
Operating profit	**125.1**	119.8	5.3	4.4
Operating margin	**20.3%**	17.8%	2.5%	14.0

Revenue declined by 8.7% or £58.5 million to £615.6 million.

Circulation revenue fell by 7.9%, in part reflecting the increase in circulation revenues following the closure of the News of the World in July 2011 which reduced following the launch of a new national Sunday tabloid during February 2012. Excluding the impact of these changes in the market, circulation revenues fell by a much reduced 4.4%. This underlying decline in circulation revenues reflects the benefits of limited cover price increases and a particularly strong performance for our leading title, the

Daily Mirror. The Daily Mirror, with a circulation decline of 6.6% significantly outperformed the national tabloid market which declined by 8.3%. Whilst the fragile trading environment continues to impact the circulation volumes of our newspapers, we anticipate an improved performance in 2013 as we embark on numerous initiatives following a detailed review of the portfolio during 2012.

The average monthly circulation volumes and average readership of our national titles were as follows:

	2012 Volume actual[a] 000	2011 Volume actual[a] 000	Change %	**2012 Average readers[b] 000**	2011 Average readers[b] 000	Change %
Daily Mirror	**1,078**	1,154	(6.6)	**2,994**	3,200	(6.4)
Sunday Mirror	**1,173**	1,436	(18.3)	**3,255**	3,951	(17.6)
Sunday People	**499**	650	(23.2)	**1,145**	1,362	(15.9)
Daily Record[c]	**250**	276	(9.5)	**792**	849	(6.7)
Sunday Mail[c]	**295**	353	(16.2)	**910**	1,019	(10.7)

[a] Average circulation for the 12 months to December 2012 and December 2011.
[b] Average readership for the 12 months to December 2012 and December 2011.
[c] Within Scottish market only.

The Group's national Sunday titles were impacted by the launch of a new national Sunday tabloid during February 2012.

The circulation and readership volumes for our largest regional titles are set out below:

	2012 Daily circulation^	**2012 Average readers***	2011 Daily circulation^	2011 Average readers*
Liverpool Echo	**77,849**	**206,673**	81,506	269,141
Manchester Evening News<	**74,702**	**354,957**	84,462	414,998
Evening Chronicle (Newcastle)	**45,225**	**170,115**	50,748	196,224
Sunday Sun (Newcastle)	**40,569**	**128,800**	59,865	173,420
Birmingham Mail	**40,004**	**111,149**	44,330	124,336
Evening Gazette (Teesside)	**35,511**	**95,949**	38,606	132,226
Sunday Mercury (Birmingham)	**34,270**	**105,130**	43,376	118,737
Daily Post (North Wales)	**29,577**	**76,045**	30,606	112,778
Coventry Telegraph	**29,266**	**82,871**	32,619	91,484
South Wales Echo	**28,893**	**78,083**	31,009	114,752
Western Mail (Wales)	**23,035**	**64,164**	25,898	98,080
Wales on Sunday	**22,660**	**72,823**	28,662	98,220
The Journal (Newcastle)	**21,851**	**99,273**	24,106	84,961
Huddersfield Daily Examiner	**18,242**	**49,374**	19,249	55,926
Paisley Daily Express	**7,232**	**15,672**	7,137	20,516

^ Actual average ABC July to December 2012 and July to December 2011
* JIC REG January to June 2012 and January to June 2011
< Daily circulation (Monday – Saturday) with average readers (Thursday – Friday)

Unique users and page views for our publishing websites were as follows:

	2012 Average monthly UU's*	**2012 Average monthly PV's<**	2011 Average monthly UU's*	2011 Average monthly PV's<
National websites and mobile	**15,880**	**68,153**	14,331	60,122
Regional websites and mobile	**10,003**	**63,729**	9,022	61,279
Total websites and mobile	**25,883**	**131,882**	23,353	121,401

* Unique users are actual average ABCe January to December 2012 and January to December 2011
< Page views are actual average Omniture January to December 2012 and January to December 2011

Both national and regional websites and mobile delivered growth in unique users and page views.

Advertising markets remained volatile during the year with a revenue decline of 10.3%. Advertising revenues in the first half fell by 10.5%, by 10.7% in the third quarter and an improved performance in the final quarter when advertising revenues fell by 9.8%. The improvement in the final quarter was driven by display advertising which fell by 8.2% and other advertising which fell by 7.0% with classified categories still remaining under pressure, falling by 13.4%. We are encouraged that our national titles continue to broadly maintain advertising volume market share.

The fragile economy has continued to impact the most cyclical classified categories of print recruitment which fell by 15.5% and print property which fell by 13.5%. Encouragingly, digital display advertising revenues increased by 11.0% whilst classified categories fell by 17.6% driven by recruitment down 27.7% and property down 5.9%.

Other revenues were broadly flat year on year with growth in digital revenues of £1.1 million being offset by declines in publishing related revenues of £1.9 million.

Costs continued to be tightly managed falling by £63.8 million or 11.5% to £490.5 million. The cost reduction includes cost actions by management, the benefit of a newsprint price reduction in the second half of the year and natural cost mitigation. The reduction in costs, despite the revenue reduction, contributed to operating profit increasing by £5.3 million or 4.4% to £125.1 million. Operating margin increased by 2.5 percentage points from 17.8% to 20.3%.

Printing

The Printing division provides printing services to the Publishing division and to third parties. The division is the largest UK provider of newspaper contract printing services to third parties and operates nine print sites with 26 full colour presses. The Publishing division accounts for 67% of the volumes for the Printing division with the balance being for third party customers. The Printing division has a nil operating result as the net costs, being all external revenues less costs are charged to the Publishing division.

The revenue and costs of the Printing division is as follows:

	2012 £m	2011 £m	Variance £m	Variance %
Contract printing	**36.7**	34.1	2.6	7.6
Newsprint supply	**26.7**	27.2	(0.5)	(1.8)
Other revenue	**2.9**	3.9	(1.0)	(25.6)
Revenue	**66.3**	65.2	1.1	1.7
External costs	**(219.5)**	(240.7)	21.2	8.8
Publishing division recharge	**153.2**	175.5	(22.3)	(12.7)
Costs	**(66.3)**	(65.2)	(1.1)	(1.7)
Operating result	**–**	–	–	–

Revenues increased by £1.1 million or 1.7% to £66.3 million. The increase in revenue has been driven by contract printing gains of £2.6 million or 7.6%. This has been partially offset by reduced revenues from newsprint supplied to contract print customers as newsprint prices fell during the second half of the year together with a decline in other revenues as a result of a fall in waste prices. External costs fell by £21.2 million or 8.8% to £219.5 million. This includes newsprint price and volume declines of £17.9 million and cost reduction initiatives partially offset by inflationary cost increases.

BUSINESS REVIEW CONTINUED

The recharge to the Publishing division was £153.2 million in 2012 compared to £175.5 million in 2011. The reduction in the recharge includes the benefit of the declining newsprint prices, the increased external revenues and the benefit of cost reduction measures which have been partially offset by inflationary cost increases.

Specialist Digital

The Specialist Digital division includes our digital classified verticals, Trinity Mirror Digital Recruitment and Trinity Mirror Digital Property and our digital marketing services businesses, Rippleffect and Communicator Corp. Happli, a daily deals business, which was launched in 2011 and closed in 2012, is also included in the Specialist Digital division.

Trinity Mirror Digital Recruitment has a portfolio of specialist job sites such as GAAPweb (finance and accountancy), totallylegal (legal), SecsintheCity (secretarial) and PlanetRecruit (IT and telecoms). Trinity Mirror Digital Property operates the SmartNewHomes and email4property websites. Rippleffect is an award-winning digital marketing services agency which helps brands connect with their audiences, providing services which combine the right digital strategy with the best in design and technology to ensure engaging, creative and commercially successful digital solutions. Communicator Corp is a digital communications agency which develops and manages digital communications across email, mobile, social and web enabling clients to send targeted customer communications on a global scale.

The revenue and operating profit of the Specialist Digital division is as follows:

	2012 £m	2011 £m	Variance £m	Variance %
Advertising	**12.1**	13.8	(1.7)	(12.3)
Other	**9.3**	4.2	5.1	121.4
Revenue	**21.4**	18.0	3.4	18.9
Costs	**(24.3)**	(18.2)	(6.1)	(33.5)
Operating loss	**(2.9)**	(0.2)	(2.7)	(1,350.0)

Advertising revenues from the digital classified verticals declined by £1.7 million or 12.3% during the year due to reduced activity in both the recruitment and the property markets. Other revenues represent the digital marketing services and happli revenues and grew by £5.1 million or 121.4% to £9.3 million. Communicator Corp, which was acquired at the end of December 2011, had revenues of £3.8 million and happli had revenues of £0.2 million. Excluding these, the growth in revenue of £1.1 million was delivered by Rippleffect which won a number of major contracts during the year.

The operating loss of £2.9 million is after a £3.7 million loss for happli, which was closed in October 2012. Excluding happli, the Specialist Digital division delivered operating profit of £0.8 million with growth from Communicator Corp and Rippleffect offset by declines in the digital classified verticals.

Following a review of the market in which the digital classified verticals operate and the prospects for these businesses in the medium term due to the difficult trading environment, a non cash impairment charge of £60.0 million has been taken against the carrying value of the goodwill for these businesses and reported in non-recurring items.

Central

The Central division includes revenue and costs not allocated to the operational divisions and the share of results of associates. The revenue and operating profit of the Central division is as follows:

	2012 £m	2011 £m	Variance £m	Variance %
Revenue	**3.2**	3.4	(0.2)	(5.9)
Costs	**(20.0)**	(19.8)	(0.2)	(1.0)
Associates	**1.7**	1.3	0.4	30.8
Operating loss	**(15.1)**	(15.1)	–	–

The result for the year was a loss of £15.1 million in line with the £15.1 million loss in the prior year. Revenue primarily relates to rental income from surplus office space at the Group's main office at Canary Wharf. Costs not allocated to the operational divisions increased to £20.0 million from £19.8 million. The cost increase includes compensation to the former CEO following her departure and costs relating to the Leveson enquiry partly offset by cost savings. The share of results of associates was an operating profit of £1.7 million compared to £1.3 million in the prior year.

Other items

Cash flow and net debt

Operating cash flow remains strong with contracted net debt, assuming that the private placement loan notes and the cross-currency interest rate swaps are not terminated prior to maturity, falling by £64.2 million from £221.2 million to £157.0 million with no drawings on the bank facility at the year end.

The contracted net debt movement during the year was as follows:

	£m
Net debt as at 1 January 2012	**221.2**
Pension funding	10.9
Net capital expenditure	5.3
Investment in Local World (held in escrow at the year end prior to completion of investment on 7 January 2013)	14.2
Corporation tax paid	18.1
Net interest payments	7.5
Net other cash inflows	(120.2)
Net debt as at 30 December 2012	**157.0**

The Group had available cash balances at the year end of £10.0 million and also held £14.2 million in escrow in respect of the investment in Local World which completed on 7 January 2013. For the purposes of net debt this amount has been excluded.

Net debt on a contracted basis is different to the statutory net debt which includes the US$ denominated private placement loan notes at the year end exchange rate and the related cross-currency interest rate swaps at fair value. An analysis of net debt on a statutory and contracted basis together with the reconciliation between statutory and contracted net debt is shown in note 27 in the notes to the consolidated financial statements.

On a statutory basis, net debt fell by £58.6 million from £200.7 million to £142.1 million. The fair value of the Group's cross-currency interest rate swaps at the year end was an asset of £2.5 million (2011: £10.6 million). The year end Sterling amount of the US$ denominated and the Sterling private placement loan notes was £154.6 million (2011: £226.8 million).

The Group repaid the maturing £69.7 million of private placement loan notes in June 2012 through cash balances and a £20.0 million drawing on the bank facility which was fully repaid in October 2012. The next repayment of the private placement loan notes of £54.5 million is due in October 2013 and is expected to be repaid through cash balances. Repayments on the private placement loan notes beyond 2013 are £44.2 million in June 2014 and £68.3 million in June 2017. In June 2012, the Group entered into a two year interest rate swap in respect of £100 million of loan notes which ensures that interest on this debt is now fixed at 2.6% until June 2014.

The Group's strong cash flows and prudent management of our financing facilities ensured that the Group maintained significant financing flexibility with no drawings at the year end on the Group's bank facility. In March 2012, the Group secured a new £110.0 million bank facility committed until August 2015 and at the same time reduced the previous £178.5 million facility to £135.0 million. The Group terminated the £135.0 million bank facility in October 2012. The £110.0 million facility reduces to £101.8 million in March 2014 and further reduces to £93.5 million in March 2015.

Pensions

The Group operates defined contribution pension schemes with contributions and associated costs charged to operating profit.

The defined benefit pension schemes operated by the Group were closed to future accrual in 2010. The Group continues to fund pension scheme deficits in accordance with funding schedules agreed with the pension scheme trustees. Valuations are undertaken on a triennial basis. As part of the refinancing of its bank facilities in March 2012, the Group agreed with the pension scheme trustees to reduce the annual deficit funding payments for 2012, 2013 and 2014 to £10.0 million per year. Deficit funding payments during the year were £10.0 million (2011: £33.0 million) with a further £0.9 million payment relating to costs incurred by the schemes in negotiating the revised recovery plans.

The accounting pension deficit has increased during the year by £67.6 million from £230.1 million (£172.6 million net of deferred tax) to £297.7 million (£229.2 million net of deferred tax). This reflects the impact of an increase in liabilities of £97.8 million partly offset by an increase in assets of £30.2 million. The increase in liabilities is caused by a decrease of 0.15% in the real discount rate from 1.85% to 1.70% and by a strengthening of the mortality assumptions from adopting the mortality assumptions in the latest completed scheme actuarial valuation.

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

	Future life expectancy (years) for a pensioner currently aged 65		Future life expectancy (years) at age 65 for a non-pensioner currently aged 55	
	Male	Female	Male	Female
At 30 December 2012	**22.6**	**24.7**	**23.5**	**25.7**
At 1 January 2012	21.8	24.2	23.5	25.9

During the year, the trustees of certain schemes purchased insurance contracts relating to £104.8 million of liabilities. The total liabilities covered by insurance contracts, which removes the future exposure relating to these liabilities, is £444.8 million (2011: £338.4 million) or 24.7% (2011: 19.8%). This, in addition to the closure to future accrual, continues to reduce the exposure the Group has to pension schemes.

Further details relating to the Group's defined benefit pension schemes including details of the refinancing and the agreement regarding pensions and an estimate of the sensitivity of the deficit to key assumptions are shown in note 33 in the notes to the consolidated financial statements.

Non-recurring items

In 2012, the Group had a non-recurring charge of £66.0 million. This includes a non cash impairment charge against goodwill of £60.0 million, a non-recurring gain on sale of investments in associates of £5.5 million and restructuring charges of £11.5 million relating to the delivery of cost reduction measures.

The year end impairment review indicated a potential impairment in the goodwill relating to the digital classified recruitment and digital classified property businesses. Following a review of the market in which the digital classified businesses operate and the prospects for these businesses in the medium term due to the difficult trading environment, a non cash impairment charge of £52.0 million in respect of recruitment and £8.0 million in respect of property has been taken against the respective carrying value of the goodwill and reported in non-recurring items.

In 2011, the Group had a non-recurring charge of £9.3 million relating to restructuring charges in connection with the delivery of cost reduction measures of £10.7 million and a £1.4 million receipt from the liquidators of Dawson, the circulation distribution company which went into liquidation in 2009.

We anticipate non-recurring restructuring charges of around £10 million in 2013.

Balance sheet

	2012 £m	2011 £m
Intangible assets	**912.7**	975.7
Property, plant and equipment	**357.5**	381.7
Investment in associates	**12.6**	7.2
Retirement benefit assets	**36.7**	78.5
Deferred tax assets	**68.9**	58.0
Derivative financial instruments	**5.2**	13.0
Non-current assets	**1,393.6**	1,514.1
Cash and cash equivalents	**24.2**	15.5
Short-term debt	**(49.7)**	(65.9)
Medium-term debt	**(104.9)**	(160.9)
Derivative financial instruments	**(2.7)**	(2.4)
Retirement benefit obligation	**(334.4)**	(308.6)
Deferred tax liabilities	**(262.9)**	(291.2)
Provisions	**(15.9)**	(14.1)
Net current other liabilities	**(8.3)**	(11.1)
Non-current liabilities and net current liabilities	**(754.6)**	(838.7)
Net assets	**(639.0)**	(675.4)

Intangible assets

	2012 £m	2011 £m
Publishing rights and titles	**887.8**	887.8
Customer relationships and domain names	**7.1**	10.1
Goodwill	**17.8**	77.8
Intangible assets	**912.7**	975.7

Publishing rights and titles have not changed during the year. Other intangible assets have fallen by £3.0 million reflecting amortisation charged in the year of £3.0 million. Goodwill fell by £60.0 million reflecting the impairment charge against goodwill

BUSINESS REVIEW CONTINUED

in the digital recruitment cash generating unit (£52.0 million) and the digital property cash generating unit (£8.0 million).

Property, plant and equipment

	2012 £m	2011 £m
Land and buildings	**187.8**	193.1
Plant and equipment	**163.7**	186.4
Assets under construction	**6.0**	2.2
Property, plant and equipment	**357.5**	381.7

Property, plant and equipment fell due to the depreciation charge of £29.1 million (2011: £33.3 million) and £0.2 million (2011: £0.8 million) of disposals being higher than additions of £5.1 million (2011: £5.2 million).

Investment in associates

The carrying value of our 21.53% share in the PA Group Limited has increased by £5.4 million from £7.2 million to £12.6 million. This reflects the share of results of associates of £7.2 million, including a non-recurring gain of £5.5 million on the disposal of a 50% interest in Canada Newswires, partially offset by actuarial losses of £1.7 million taken directly to equity and dividends received of £0.1 million.

Deferred tax

Deferred tax assets have increased by £10.9 million from £58.0 million to £68.9 million primarily due to the increase in the retirement benefit obligation included in liabilities.

Deferred tax liabilities have decreased by £28.3 million from £291.2 million to £262.9 million primarily due to the restatement of the opening liability following the reduction in the corporation tax rate from 25.0% to 23.0%.

Derivative financial instruments

Derivative financial assets of £5.2 million represent the surplus on valuation of cross-currency interest rate swaps calculated in accordance with IAS 39. These swaps relate to the loan notes maturing after more than one year.

Derivative financial liabilities of £2.7 million represent the deficit on valuation of cross-currency interest rate swaps calculated in accordance with IAS 39. These swaps relate to the loan notes maturing within one year.

The use of financial instruments is disclosed in note 34 in the notes to the consolidated financial statements.

Provisions

Provisions increased by £1.8 million from £14.1 million to £15.9 million due to the additional charges during the year in excess of the utilisation of restructuring provisions and property provisions for vacant property.

Net current other liabilities

Net current other liabilities includes current assets excluding cash and cash equivalents less trade and other payables and current tax liabilities. Net current other liabilities have reduced by £2.8 million from £11.1 million to £8.3 million reflecting an increase in working capital.

Net assets

Total equity at the year end was £639.0 million, a fall of £36.4 million from £675.4 million. This decline reflects the £38.9 million of total comprehensive costs for the year partially offset by a credit to equity for equity-settled share-based payments of £2.5 million. The total comprehensive income for the period includes the profit for the period and the actuarial losses on the defined benefit pension schemes.

Cash flow

	2012 £m	2011 £m
Operating profit	**38.1**	92.4
Non cash items	**87.6**	38.1
Operating cash flow	**125.7**	130.5
Pension funding	**(10.9)**	(33.0)
Working capital	**(5.6)**	(3.9)
Cash generated from operations	**109.2**	93.6
Tax paid	**(18.1)**	(17.7)
Net interest paid	**(7.5)**	(13.2)
Net capital expenditure	**(5.3)**	(7.5)
Acquisitions of subsidiary	**–**	(7.5)
Own shares acquired	**–**	(3.0)
Dividend received	**0.1**	–
Net cash flow	**78.4**	44.7
Cash paid into escrow for Local World	**(14.2)**	–
Borrowings repaid	**(69.7)**	(145.4)
Change in cash excluding amounts in escrow	**(5.5)**	(100.7)

Non cash items

Non cash items in operating profit represent: depreciation of fixed assets, impairment and amortisation of intangible assets, the share of results of associates, the share-based payments charge and the profit or loss on disposal of fixed assets.

Pension funding

The pension funding represents the amounts paid to the pension schemes to fund the pension schemes deficits. The reduction in the current year followed agreement with the trustees and includes an additional payment relating to costs incurred by the schemes in negotiating the revised recovery plans.

Change in cash including amounts in escrow

The change in cash including amounts in escrow shows the movement after the investment in Local World which was paid into escrow before the year end.

CORPORATE RESPONSIBILITY REPORT

Chief Executive's statement

I have been impressed by the very high standards that Trinity Mirror has set for itself. It is clear that those standards are not just written for the annual report and then ignored. They are owned and lived by all our staff. We care for the safety of our staff, the environment and for the communities where we operate.

For some commentators, 'Health and Safety' has become shorthand for bureaucracy and a blocking approach and has thus attracted a very bad name. But nothing is or could be more important than the safety of the people who work with us. The consistent year by year improvement in our safety record has been recognised by the fourth successive RoSPA Gold Medal. Those medals followed four successive Gold Awards.

Similarly, a programme of improving our environmental standards has continued. We set ourselves hard targets and we achieve them. We were at the forefront of companies to achieve Carbon Trust Standard and in 2012 were one of the first to have that status reviewed and reconfirmed for a second time.

All our major print sites maintained their ISO 14001 Environmental Management status after rigorous internal and external audit.

2012 also saw the successful achievement of our programme to complete the implementation of environmental management systems, independently certified to Phase 5 of BS8555, across all of our core publishing sites (Canary Wharf, Cardiff, Birmingham, Liverpool, Oldham, Newcastle, Teesside and Glasgow).

We continue to care for the communities in which we publish and where our businesses operate. We do far too much to be able to give a fully comprehensive description but, to give a flavour of what we do, we have set out a number of examples in the report that follows.

Simon Fox

Chief Executive

14 March 2013

Environmental report

Environmental management

The Board places a high priority on maintaining the Group's environmental performance and we are confident that we have in place a sound policy and management framework. The Secretary and Group Legal Director continues to have top-level responsibility for environmental matters and chairs the Environmental Steering Committee, with a remit to ensure that the Group's environmental policy is delivered through an action programme with defined targets.

Our full environmental policy can be found at our website: www.trinitymirror.com/our-values/environment/environmental-policy.

A summary of our 2012 targets and performance can be found on page 25. During the second quarter of 2013, we shall be undertaking an in-depth review of our environmental programme including setting new targets over the next three year period.

The highlight of 2012 has been the successful achievement of our programme to complete the implementation of environmental management systems, independently certified to Phase 5 of BS8555, across all of our core publishing sites (Canary Wharf, Cardiff, Birmingham, Liverpool, Oldham, Newcastle, Teesside and Glasgow). This is a key milestone towards our target of achieving full certification to ISO 14001 for an integrated environmental management system, for the major publishing offices, by the end of 2013.

During 2012, we also maintained the certified ISO 14001 environmental management systems that have been in place for a number of years at each of our press sites (Cardonald, Blantyre, Oldham, Watford, Birmingham, Cardiff, Newcastle and Teesside).

We believe that the Group derives considerable benefits from the implementation of ISO 14001 and BS8555 environmental management systems, including: improved environmental performance, greater staff involvement, sharing best practice between sites and exposure to robust independent auditing.

An internal review of the Reading press site (purchased in March 2010 from Guardian Media Group) identified a number of outstanding environmental issues. We have recently undertaken a further, detailed audit of the site and we intend to use this as the basis for a programme of improvements to be implemented during 2013.

Trinity Mirror contracts out certain operations which may have significant environmental impacts. Two important areas are the printing of magazine supplements and the distribution by road of printed products. We expect our major print and distribution contractors to have environmental policies and programmes which are equivalent to our own, and to provide us with energy consumption and other environmental performance data.

There were no breaches of environmental legislation during 2012.

CORPORATE RESPONSIBILITY REPORT CONTINUED

Energy consumption and carbon footprint

Reducing our energy consumption, and the associated carbon emissions, has been a continuing priority during 2012. Electricity accounts for around 80% of our direct energy use and this year we have reduced consumption by 1.9%, over and above the significant reduction we made during 2011. This improvement has been achieved through a detailed programme of metering, monitoring, equipment upgrades and better utilisation of plant and buildings. In particular, we have put in place an improved system for tracking the electricity usage profile of our press sites, which allows us to identify the specific activity or equipment associated with any spike in consumption and then to take corrective action very quickly.

Carbon emissions associated with our business travel increased slightly compared to 2011 (by 36 CO_2 equiv. tonnes, or around 1.5%), reflecting the need for key staff to travel more widely during 2012 to service improvement projects. Our policy is to restrict business travel to the minimum by making full use of telephone and video conferencing and we hope to see a reduction in carbon emissions associated with road, rail and air travel next year.

In 2008, Trinity Mirror became the first media company to achieve the *Carbon Trust Standard*, in recognition of our energy and carbon reduction programme. In August, the *Carbon Trust* undertook another independent audit of our energy policies, achievements and future management plans and as a result we have been re-certified against the standard for a further two years.

Trinity Mirror is a Participant in the *CRC Energy Efficiency Scheme* and in the latest available Performance League Table published by the Environment Agency was ranked 687 of 2,097 organisations for 2011/12.

A breakdown of the Group's energy consumption and associated greenhouse gas emissions during 2012 is set out in the table below. These figures have been calculated in accordance with the guidance provided by Department for Environment, Food and Rural Affairs (Defra) and the Department of Energy and Climate Change (DECC) and have been classified under the 'scopes' set out in the World Resources Institute/World Business Council for Sustainable Development's Greenhouse Gas Protocol.

Trinity Mirror energy consumption and associated greenhouse gas emissions (CO_2 equivalent)

			GHG emissions (CO_2 equiv. tonnes)		
	Consumption	GHG conversion[4] factor (2012)	**2012**	2011	2010
SCOPE 1[1]					
Gas combustion (heating, all Trinity Mirror premises)	21,240,766 kWh	0.18521×10^{-3}	**3,934**	5,372	4,143
Oil combustion (electricity generation, all Trinity Mirror premises)	76,484 litres	2.6769×10^{-3}	**205**	217	316
Refrigerant gas loss (all Trinity Mirror premises)	215 kg	$1{,}526 \times 10^{-3}$	**328**	1,146	455
Commercial vehicles (all Trinity Mirror owned vehicles)	4,004,087 km	0.24903×10^{-3}	**997**	1,314	505
SCOPE 2[2]					
Grid electricity use (all Trinity Mirror premises)	87,752,914 kWh	0.52037×10^{-3}	**45,664**	46,536	48,624
SCOPE 3[3]					
Business travel (road, not involving company vehicles)	7,542,287 km	0.20188×10^{-3}	**1,523**	1,538	1,807
Business travel (rail)	3,457,857 km	0.05818×10^{-3}	**201**	175	121
Business travel (air)	4,045,314 km	0.16685×10^{-3}	**675**	650	851
Electricity for contracted printing		0.52037×10^{-3}	***1,531***	2,337	2,773
Gas for contracted printing		0.18521×10^{-3}	***1,242***	899	2,236
Vehicle fuel for contracted distribution – long haul		2.6769×10^{-3}	***4,631***	*6,182*	*5,424*
Total Group			**60,931**	66,366	67,255
Total Group per million pages of printed output			**0.44**	0.46	0.45

Notes:

1 Scope 1 covers all direct greenhouse gas emissions, i.e. emissions from sources that are owned or under the operational control of the Company *(Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, 2004)*.

2 Scope 2 covers indirect greenhouse gas emissions associated with imported electricity use.

3 Scope 3 covers other indirect greenhouse gas emissions, i.e. where the emissions are from sources that are not owned by Trinity Mirror and where the Company does not have operational control.

4 GHG conversion factors have been taken from the latest guidance provided in the Defra /DECC's *GHG Conversion Factors for Company Reporting* (Version: May 2012). In prior years reporting for 2011 and 2010, GHG conversion factors have been taken from the Defra /DECC's *GHG Conversion Factors for Company Reporting* (Version 1.2, August 2011).

5 All numbers in ***italics*** are based on un-audited numbers provided by contractors.

Water consumption

The water consumption of the Group's core press and publishing sites was 79,389 metre^3 in 2012. On a like-for-like basis, this represents a reduction of 9,980 metre^3 (11.8%) compared with 2011. This has been achieved by process changes at our press sites, including improved water recycling, and by reducing wastage of domestic water across our buildings portfolio. We had planned to undertake a benchmarking exercise across a number of comparable print and publishing sites during 2012, with a view to identifying opportunities for further reductions in water consumption. This exercise has been delayed, but we intend to complete the work during 2013.

Paper sourcing and sustainable forestry

We are committed to working with our paper suppliers to ensure that the wood fibre used to produce our newsprint comes from sustainable sources. A high proportion of the fibre for newsprint now comes from recycling used paper, but around 20% of 'virgin' wood fibre is still required to make up for losses during the recycling process and to maintain the quality of the paper. We seek to use either recycled fibre, or 'virgin' wood fibre that comes from well-managed forests. Trinity Mirror supports the concept of independent third-party certification as a means of promoting good forest management practice and we use our buying power to support certification schemes, such as those run by the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC), wherever possible.

In 2012, we sourced 93% of our newsprint from recycled or certified fibre, against our target of 75%.

Our Watford and Birmingham press sites also hold PEFC 'chain-of-custody' certification. This provides additional, independent, assurance about the provenance of paper used for printing at these sites.

Waste management and recycling

Trinity Mirror generates significant amounts of waste that require treatment or disposal. Major sources of waste from our press operations are: paper waste (reel ends, cores and printed waste), aluminium lithographic plates, inks, other used printing chemicals and oil. We also generate office waste and periodically need to dispose of end-of-life electronic equipment such as computers and printers.

We are committed to maximising the amount of waste that we recycle or re-use and have set the long-term aim of zero waste to landfill. Our core print and publishing sites have targeted waste management through their ISO 14001 and BS8555 environmental management systems and are pursuing a range of local waste reduction and recycling initiatives.

Our press sites continued to recycle 100% of paper waste in 2012. We have also worked with our group-wide contractor (J&G Environmental) to recycle, re-use or recover energy from over 95% of potentially hazardous press wastes.

All waste electrical and electronic equipment (WEEE) has been disposed of in accordance with the WEEE regulations and 100% has either been refurbished and re-used, or recycled.

Refrigerant gases

Trinity Mirror has been pursuing a programme to replace ozone-depleting HCFC gases in air conditioning plant and process temperature control units, across all press and office locations. This programme is now almost complete and at the end of 2012 we had only 298 kgs of HCFCs still remaining, representing 3.6% of our total stock of refrigerants. We fully expect to have removed the remaining minor uses of HCFCs well in advance of the regulatory deadline (end 2014).

Volatile Organic Compound (VOC) emissions

The emission to the atmosphere of solvent vapours – known as 'Volatile Organic Compounds' (VOCs) – has historically been an important environmental issue for the printing industry. VOCs have been typically associated with the solvent content of important raw materials such as inks and cleaning materials used in printing processes. We have made considerable progress over the past seven years in reducing the consumption of raw materials that contain VOCs, especially by moving to low-VOC inks, blanket washes and fountain solutions. During 2012, we consumed only 0.208 kgs of VOCs for every million pages printed and we believe that we are now approaching the minimum VOC emissions that can be achieved using the latest equipment and water-based technology.

Summary of 2012 environmental targets

2012 TARGET →	ACTION
Achieve certification to ISO 14001 in an integrated environmental management system for the major publishing offices by the end of 2013.	All major publishing offices have achieved certification to Phase 5 of BS8555. This is an important milestone and we are on track to achieve ISO 14001 certification during 2013.
Maintain ISO 14001 certifications at print sites.	All certifications have been maintained.
Implement a programme of environmental improvements at the Reading print plant.	A detailed internal audit has been completed as the basis for a programme of improvements to be undertaken during 2013.
Continue to use a minimum of 75% newsprint manufactured from fibre using recycled materials or wood from certified sustainable forests.	We have continued to work with suppliers on this issue. In 2012, we sourced 93% of our newsprint from recycled or certified virgin fibre.
Continue to recycle 100% of all non-hazardous print plant paper waste.	We have maintained internal monitoring and quality control procedures and achieved 100% recycling during 2012.
Review regional offices to identify any remaining R22 (HCFC) gas still in use and plan for removal by Government deadlines of 2014 and 2015.	At the end of 2012 we had 298 kgs of HCFCs still remaining, representing 3.6% of our total stock of refrigerants. We fully expect to have removed the remaining minor uses of HCFCs well in advance of the regulatory deadline.
Conduct water consumption benchmarking exercise across comparable print and publishing sites.	This exercise has been delayed, but we intend to complete the work during 2013.
By the end of 2012, reduce Group electricity consumption by 2% from levels in 2009.	During 2012 we achieved a further 1.9% reduction in electricity consumption above the 4% reduction achieved in 2011.

CORPORATE RESPONSIBILITY REPORT CONTINUED

Health and Safety report

The overall number of accidents reported in 2012, including those reportable to enforcing authorities under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995 (RIDDOR), were lower than in 2011. This marks ten consecutive years of continuing improvement in our Health and Safety performance and demonstrates the continued commitment to safety of our staff at every level.

Health and Safety initiatives in 2012

In pursuit of our goal of continuing improvement, the following initiatives were taken during 2012:

- a review of occupational health service provision was carried out to ensure that it was meeting the needs of the business. These were carefully monitored and have been adjusted to ensure that they are effective. A programme of internal and external Health and Safety audits continued at our printing plants to ensure compliance with legislation and conformity with OHSAS 18001, the internationally recognised Health and Safety management system specification. Workplace Health and Safety inspections were also carried out with follow up action as required;
- increased use was made of web-based e-learning Health and Safety training modules that is relevant to the work of our staff;
- web-based display screen equipment training and workstation assessment software was rolled out across many of our businesses and this work remains ongoing;
- web-based software for the vetting of contractors has been introduced to ensure that those appointed to carry out work on our premises are adequately trained and competent;
- good Health and Safety standards were maintained in engineering maintenance, office refurbishment and relocation projects;
- work has continued with the promotion of health and well-being through initiatives designed to comply with the HSE stress management standards;
- health and Safety policies and procedures covering work on or near Asbestos, the use of Automated Electronic Defibrillators and Smoking at Work have been revised and updated;
- the Company has continued to promote Health and Safety in the printing industry through its membership of the Newspaper Publishers Association and the Printing Industries Action Group (PIAG), a new forum established after closure of the HSE Printing Industry Advisory Committee.

Group Health and Safety statistics

The tables below provide statistics for occupational Health and Safety in 2012, with a comparison to the previous year. The data reveals a further reduction in the total number of accidents, including those reportable under RIDDOR. The number of working days lost due to accidents has also fallen substantially and our manufacturing division has had another good year with six printing plants completing a full year without RIDDOR reportable injury. A more detailed breakdown is given in the following tables.

Health and Safety performance indicator	2012	2011
Fatalities	**0**	0
RIDDOR major injuries	**3**	4
RIDDOR over 3 or 7 day injuries*	**7**	9
RIDDOR occupational ill health/diseases/ conditions	**0**	0
RIDDOR dangerous occurrences	**0**	0
Total number of accidents	**114**	148
RIDDOR events frequency rate†	**0.10**	0.13
All accidents frequency rate†	**1.20**	1.52
Total days lost – accidents‡	**114±**	438±
	(0.01)‡	(0.03)‡

* RIDDOR changed in April increasing the number of days lost before an injury becomes reportable to more than 7.
† Frequency Rate = number of accidents per 100,000 hours worked.
‡ Figure in brackets represents the percentage of total days lost compared to the number of days worked by all employees in the Group.
± This figure includes part time staff hours calculated at full-time equivalent. Excludes occupational health due to difficulties in obtaining reliable data.

(All percentages rounded to the nearest half decimal point)

Breakdown of accidents by type of event	All accidents 2012 (%)	All accidents 2011 (%)	RIDDOR accidents 2012 (%)	RIDDOR accidents 2011 (%)
Slips, trips and falls (same level)	**27**	29	**50**	38.5
Lifting and handling of materials	**8**	6	**20**	15.5
Contact with machinery	**2.5**	3	**10**	0
Falls from a height	**3.5**	2	**10**	0
Stepping on or striking fixed object	**14**	16.5	**0**	0
Struck by moving vehicle	**0**	2	**0**	15.5
Contact with sharp/abrasive material	**16**	14	**0**	7.5
Struck by flying or falling object	**6**	5	**0**	0
Contact with hazardous substance	**4.5**	5.5	**0**	0
Contact with hot material/ substance	**0**	1	**0**	0
Object collapsing or overturning	**1**	2	**0**	0
Use of hand tools	**3.5**	1	**0**	0
Contact with electricity	**0**	2	**0**	0
Others	**14**	11	**10**	23
Total	**100**	100	**100**	100

Despite achieving a 2% reduction in the total number of accidents caused by slips, trips and falls (same level) in 2012, five of these resulted in a RIDDOR reportable injury. The severity of injury resulting from slips, trips and falls is largely driven by circumstances. However, the potential for serious injury remains a risk and it will remain a priority in the coming year.

There were seven visits to our premises by Health and Safety enforcement officers in 2012, compared to five in the previous year. Five of these visits were from Fire Safety Officers carrying out routine inspections and another involved an Environmental Health Officer following up a reportable accident. Two HSE Inspectors visited one of our printing plants by invitation as part of an initiative to update guidance on machinery safety. No enforcement action of any kind was required and where recommendations were made for improvement prompt action was taken.

Health and Safety 2013 targets

To achieve our goal of continual improvement in 2013 the Group intends to:

- continue with internal and external Health and Safety auditing to maintain conformity with OHSAS 18001, the internationally recognised Health and Safety management systems specification;
- maintain the provision of occupational health services to ensure that they comply with legislation and protect the health of our staff;
- review the arrangements for internal recording and reporting of occupational ill health;
- continue with behavioural safety initiatives at printing plants in an effort to raise awareness, reduce risk of injury and improve compliance with safe working procedures;
- extend the use of Health and Safety e-learning training modules that are relevant to the work of our staff;
- continue the roll out of web-based display screen equipment training and workstation assessment software;
- follow through with the development of web-based systems for the vetting of contractors appointed to work on our premises and a new induction training programme;
- promote health and well-being at work through initiatives designed to ensure compliance with HSE stress management standards;
- maintain good Health and Safety standards in planned engineering, construction and relocation projects;
- revise and update Health and Safety policies and procedures, taking into account developments in legislation; and
- continue its involvement with the Printing Industries Action Group and the Newspaper Publishers Association.

Business Ethics

The Group's reputation is fundamental to its operations and is dependent upon the honesty and integrity of each and every employee. We acknowledge that the continuing development and well-being of our employees depends upon maintaining the highest standards of integrity and personal conduct in all matters which involve the Group.

The Group has a Whistleblowing Charter in place where employees may report any concerns about the integrity of the business. The charter is reviewed by the Audit & Risk Committee on a regular basis.

Charities

Trinity Mirror believes that it can best support charities through the pages of its newspapers. This support will either be through appeals to readers for donations or through editorial content, describing the aims and activities of various charities. In every case the decision as to whether or not to support a charity appeal or whether to run editorial comment will be one for the editor of each newspaper.

Trinity Mirror will make direct cash donations to charities in certain limited circumstances. The Group will, at a Group level, support various charities connected with or associated with the newspaper, printing or advertising industries. A second category of direct cash support will be to charities operating in the communities immediately surrounding the Group's offices and print sites. The charities that are likely to receive support are smaller community based charities where a modest donation will make a big impact. It is unlikely that a major national charity that just happens to be based very close to one of our offices would receive a donation.

There is a further limited general pool of funds out of which donations can be made to legitimate and supportable causes that fall outside the above two criteria. There will, however, need in each case to be a demonstrable business or commercial reason why such support should be given. Each of our regional newspaper companies have a small budget out of which they will make direct cash donations to charities working in the community in which the newspaper is based. Scottish Daily Record and Sunday Mail Limited will similarly make a number of donations to appropriate charities based in Scotland. The national titles of the Daily Mirror, Sunday Mirror and Sunday People are most unlikely to make direct cash donations. They will do so only where they are asked to make a payment to a charity in lieu of a fee for an interview or some form of support.

Any corporate donations requested from the national titles are likely to be redirected to the Group, as the Group's headquarters share the same office location as that of the national titles.

All Group donations need the prior agreement of the Secretary and Group Legal Director. Any local business donations require the prior agreement of the relevant Managing Director. In addition to cash donations, the Group is active in making donations in kind in the form of used computer equipment, furniture, books, etc. Through its community involvement programmes, the Group makes available members of its staff for volunteering and mentoring programmes.

Community engagement and fundraising

Community engagement programmes throughout the Group are very widespread and embedded across so many different regions of the UK, that we sometimes find it very challenging to keep track of the numerous community based activities that we are involved in. The main reason for this is that it is simply 'what we do'. Our newspapers are integral to the lives of our readers and, particularly for our local and regional titles, are a vital part of the fabric of their local communities.

Activities range from large scale national events, such as the Pride of Britain Awards, to small, but nonetheless important, local projects. This report provides a snapshot of some of the numerous activities undertaken in 2012 across the Group and provides an insight into the ability of communities to pull together, which is all the more impressive given these economically challenging times.

CORPORATE RESPONSIBILITY REPORT CONTINUED

Below are just a few examples of the wide ranging fundraising and awareness campaigns led by our national and regional titles.

National titles:

Daily Mirror

The Daily Mirror's prestigious Pride of Britain Awards, which was launched and is organised by the Daily Mirror, returned for the 14th successive year in October 2012. Hosted by Carol Vorderman at London's Grosvenor House, it has become the biggest national event which celebrates the achievements of unsung heroes.

Among those who attended were HRH the Prince of Wales, Prime Minister Rt Hon David Cameron, the Leader of the Opposition Rt Hon Ed Miliband, Olympic heroes including Sir Bradley Wiggins, Mo Farah and Lord Coe. More than five million viewers tuned into the two-hour primetime programme on ITV1 and it received widespread coverage in the Daily and Sunday Mirror and other Trinity Mirror titles as well as other national press, glossy magazines, TV, radio and online.

David Beckham introduced Team GB and Paralympic gold medallists to win a special Mirror award for inspiring the nation. Also recognised were charity fundraisers and campaigners of all ages, members of the armed forces and emergency services, exemplary teachers, care workers, young people who have overcome challenges to help others and members of the public who had performed breathtaking acts of courage to save lives.

The Daily Mirror also continued its proud tradition of campaigning effectively for its readers. Along with the Liverpool Echo, the Mirror helped to win justice for the families of the Hillsborough victims. Driven by columnist Brian Reade, who was at the fateful game, the paper worked with the victims' families, put pressure on successive governments, produced a supplement on the 20th anniversary and published hard-hitting leader columns.

Among other campaigns, the Daily Mirror's two-year End Legal Loan Sharking campaign, which tackled pay day lenders who charge punitive rates of up to 4,000% APR, won a major victory with the Financial Conduct Authority being empowered to cap loan costs.

Sunday Mirror

The Sunday Mirror continued its 'Support Your Pub' campaign which has won plaudits throughout the licensing trade and among politicians, as we relentlessly battle to keep open pubs at the heart of our local communities.

The paper lobbied the Government and Twitter to take action to prevent paedophiles from using Twitter to trade information and images. Following the campaign, Twitter agreed to tighten up its policies to prevent such things happening in the future.

The Sunday Mirror pursued a campaign against 'Pay Day' loan companies to highlight the extortionate interest rates used by these companies so as to prevent members of the public from falling into unmanageable debt as a result of these interest rates.

The paper has also worked alongside armed forces charities to fight for better treatment for former servicemen as they return to civilian life.

Sunday People

In October last year, the Sunday People re-launched its 'Man of The People' campaign with a £40,000 prize to be split between three of the country's most worthy unsung charities. For the first time in the campaign's 45 year history, the Group's regional titles were used to help publicise the campaign. Each of the newspapers printed a letter written by 2012 Paralympic hero David Weir, urging readers to nominate individuals and groups in their local area who are striving to improve the lives of those people living in their communities. Over 150 registered charities wrote in to suggest how money could be of benefit to them and their communities; this is almost double the response of the previous year.

Daily Record

The 'Our Heroes Awards' rewards the unsung heroes within Scotland's communities. The editorial team run a four month nomination campaign in the Daily Record to attract nominations for the awards. Good news stories are carried in the newspaper, followed by a gala awards dinner for our finalists and winners. Key award categories include 'Our Little Hero', 'Our Volunteering Hero' and 'Our Senior Hero.'

The Scottish Daily Record and Sunday Mail's 'Kits for Kids' campaign is moving into its eighth year. The initiative supports youth football clubs across Scotland giving them much needed football kit and training equipment. To date, the Daily Record and Sunday Mail has invested over £600,000 in equipment to hundreds of clubs who collect tokens as part of the promotion.

Sunday Mail

The Sunday Mail Centenary Fund is a charity set up to celebrate the 100th birthday of the newspaper in 2014, by raising £1 million to share between 17 deserving causes making a positive difference to the lives of people in Scotland. Their work ranges from funding crucial medical research, to protecting vulnerable children, offering lifeline breaks to families coping with terrible illness or caring for our brave war veterans. There will be a host of fundraising events throughout 2013 to raise money for the fund.

The Sunday Mail works closely with the Young Scot which is the national youth information and citizenship charity for Scotland. This event and media campaign rewards and publicises the good work that young people carry out in Scotland. Following a three month media campaign, we reward 39 finalists and winners by hosting a gala awards dinner. Key awards presented include the 'Community Award', 'Unsung Hero Award' and 'Volunteering Award'. 20% of the events contribution goes to the Young Scot.

Scottish Green Awards

The Green Awards have been designed to reward and recognise the achievements and individuals who have shown initiative in the reduction of their overall carbon footprint, and can show that this has had a positive effect on their surroundings and/or positive commercial impact on their business. Event categories include 'Best Green Small Company', 'Best Green Community Initiative' and 'Best Green School'.

Regional and local titles:

During 2012, Trinity Mirror donated £285,000 to not-for-profit community groups via the community based initiative 'WISH 2012'. Created by the Teesside Gazette over seven years ago, this worthy cause now runs across 11 newspapers within England, Scotland and Wales.

The campaign was promoted via newspaper coverage, direct contact within local communities, local radio and digital initiatives and over 2,000 schools, charities and community groups registered their interest online.

Registered groups received collection boxes, posters, leaflets and stickers which they used to encourage their members and supporters to collect tokens on their behalf, which could be converted to cash. We also engaged with their online groups to help maximise their social media campaigns.

In total, over 12 million tokens have been collected and the funds raised have been distributed to local community groups.

North East

The Evening Gazette Community Champions awards recognise unsung heroes in the Teesside region and we award £2,600 in prize money to our worthy winners.

The Journal and Evening Gazette school awards recognise four different categories from Sustainable School, Active Community, Healthy School and School Newspaper. Each winning school receives prize money of £1,000.

The Chartered Institute of Personnel and Development awards through the Journal raises money for a local charity. At the event in 2012 we raised £2,784 for the CHUF (Children's Heart Unit Fund at the Freeman Hospital, Newcastle).

Liverpool Echo

The Echo's own charity, Liverpool Unites, has raised almost £1 million and is currently supporting Alder Hey Children's Hospital in the city. Previously, it helped fund a new sports facility in memory of 10-year-old Rhys Jones, shot dead by a stray bullet in a gang feud.

The Echo, including her sister titles, also promote recycling and all green awareness issues through its 'It's Our World' supplements and various annual awards.

Media Wales

Media Wales has continued to build on the success of the 'Go Green' campaign in 2012. Working with various partners including the Low Carbon Research Institute, the Energy Saving Trust and the Welsh Government, 'Go Green' aims to raise awareness of local and global environmental issues and provide energy saving tips to individuals and businesses. More information can be found at: www.walesonline.co.uk/go-green/.

Health Check Wales is a project designed to promote good health across the Welsh population and is run in conjunction with the Welsh Government. It runs across all of our titles and online and supports the Government's campaign to create a healthier nation.

The South Wales Echo literacy campaign, in tandem with Cardiff Council, is aimed at improving literacy levels in the city's primary and secondary schools by encouraging businesses to release workers to mentor and help children with their reading in classrooms during school hours. Both the Echo editor and executive editor take part by visiting a school every week.

The Western Mail led a campaign which raised £10,000 from companies across Wales for the Royal National Lifeboat Institution after its outstanding work in tackling the severe flooding that hit Mid Wales in 2012.

The Sunday Mercury

Sunday Mercury readers raised cash to fund the £500,000 expansion of a hospital unit caring for children with breathing difficulties. The Mercury's 'Give A Child Health' charity made the donation to Birmingham Children's Hospital. The hospital's lung function unit will double in size, with new testing areas, sleep study beds, a family counselling room and easier access for patients.

The Birmingham Mail

Letisha Shakespeare and Charlene Ellis were the innocent victims of a gang related shooting on New Year's Day in 2003. In the wake of the tragedy, the Birmingham Mail worked with the girls' families to set up the 'Letisha & Charlene Education Awards'. At the 10th anniversary dinner, a further ten young people received computer equipment to help with their studies. The Birmingham Mail helped to ensure the memories of these two Birmingham girls live on at a special event to mark the 10th anniversary of their deaths.

Surrey Herald & News

During 2012, the White Lodge Centre (which provides activities for disabled children, young people and adults across Surrey) has been celebrating its 50th anniversary. The paper has covered events over the year which the centre has run to commemorate its special year and helped to raise awareness of the valuable work it does within the community.

The Reading Post

The Reading Post's 9th Pride of Reading awards were the biggest yet with double the number of guests at our new Madejski Stadium venue. Chris Tarrant was again the guest of honour for which we presented him with a cheque for Children With Leukaemia.

Digital campaigns

A team from our Smart New Homes business took part in the Shelter 'Vertical Rush' race up Tower 42 in the City of London and are looking to widen their work with homelessness charities in the coming year.

Our people

We celebrate the hard work and talent of our employees throughout the Group and use the Company's intranet site to keep our staff updated on key Group developments and to celebrate success.

The Group has in place an Employee Assistance Programme which gives employees, partners and their immediate family 24 hours a day, 365 days per year access to independent advice and guidance across a whole spectrum of welfare issues. During 2012, there were ongoing initiatives to help combat work-related stress, encourage safe driving and providing specialist training in behavioural safety for Health & Safety managers.

We believe in being an employer of choice for those entering our industry. In pursuit of this aim, we feel that robust corporate responsibility programmes will be key in attracting and retaining highly skilled individuals.

Corporate responsibility: risks and opportunities

The Group is not a multinational nor is it engaged in 'heavy' industry. It is not, therefore, exposed to some of the risks faced by those who operate in developing countries or at the sharp end of environmental exposure. The greatest exposure for the Group would, therefore, be a procedural failure that led to a domestic failure of its environmental, health and safety or ethical policies. It is unlikely that a failure in any of these three areas would be catastrophic. The Group's principal risks and uncertainties can be found in the Business review on page 16.

The Board believes that the Group's main exposure in the corporate responsibility area would be one of reputational damage. The procedure that the Group employs to control and manage these risks is through a regular review of its standards and systems and through training of relevant employees and managers.

The Group's Standards of Business Conduct are embedded within the culture of the Group.

The Group believes that opportunities in these areas are similarly reputational. We believe that there are advantages to being seen as the employer of choice for those entering our industry, that decision having been made on an assessment, amongst many other things, of our corporate social responsibility programmes. Those programmes will also be key in the retention of staff. We also believe that there are obvious commercial advantages from being seen as a socially responsible Group.

Paul Vickers

Secretary and Group Legal Director

14 March 2013

CORPORATE GOVERNANCE REPORT

Chairman's statement

I am pleased to report that I inherited a Board already strongly committed to the principles of good corporate governance. This is only to be expected from a company that is well run and has had the benefit of being led by experienced chairmen.

We cannot, however, afford to rest on our laurels. One of my key tasks as your new Chairman is to ensure that 'corporate governance' is a live subject and something we keep constantly fresh and under review.

I will take this opportunity to set out some early thoughts.

First and foremost, I share the view of my predecessor that governance should support, and not constrain, the entrepreneurial leadership of the Company. Good governance is a means to improve business performance, not just a way of complying with codes of practice.

To this end, I am determined that the boardroom should be a place for open and engaged debate. Non-executive directors are expected to be fully on top of their brief and be prepared to challenge management where necessary. We should be supportive but support alone is insufficient for the decisions that are facing the Group.

The executive directors should all be equally ready for that debate having provided the Board with all the information that it needs to understand the business and the challenges of our changing market places.

We are a relatively new Board with four of the nine directors having been appointed since January 2012. I am pleased to report that we are, however, already meeting those standards.

As you will have read elsewhere in this report, Kathleen O'Donovan will stand down from the Board at the Annual General Meeting (AGM) having completed six years as a director. Her departure will mean that Jane Lighting will be the only woman on the Board. This is quite a change as at the end of 2011, on a Board of eight directors, there was an equal mix of men and women. During our search for a replacement for Kathleen, and in any future appointments, we will seek to restore the balance, if not to parity then to something close.

We are also a relatively small Board and for many purposes that works well. However, with the appointment of Mark Hollinshead as Chief Operating Officer this has changed the balance of executive and non-executive directors. Once Kathleen's replacement is found we will give proper consideration to appointing an additional non-executive to ensure the Board has a full compliment of independent directors.

We are determined to continue to find ways for the Board to get close to the business and to ensure that it is exposed to as many of the Group's senior managers as possible. This will be done both in formal Board meetings and less formally as we travel around the country to visit our operating centres.

We have a very comprehensive risk mapping process that has led to a number of different risks being identified and appropriate management actions implemented. In the spirit of looking for continuous improvement, I believe that we can be more sophisticated in our approach to risk, including having a better understanding of our risk appetite.

All in all, I believe that the Board, despite its relative inexperience, is serving the Company well. I will endeavour to further strengthen the Board's contribution to the successful development and implementation of the Group's strategy in the coming year.

David Grigson

Chairman

14 March 2013

Corporate governance

The Board is committed to maintaining high standards of corporate governance and recognises the importance of good corporate governance. Sound governance is central to achieving the directors' prime objective of maximising shareholder value and comprises, principally, the processes by which the Group is directed and managed and how risks are identified and controlled.

The FRC Combined Code was replaced by the UK Corporate Governance Code 2010 (the 'UK Code') which applies to financial years beginning on or after 29 June 2010. A copy of the UK Code can be found at www.frc.org.uk.

This statement, together with the Remuneration report on page 38, the Audit & Risk Committee report on page 34 the Nomination Committee report on page 37 and the Directors' report set out on pages 49 to 51 describes how the Company has applied the relevant principles of the UK Code.

The Board believes that the Company complied with all provisions of the UK Code during the financial year ended 30 December 2012.

The Role of the Board

The Board is responsible for promoting the long-term success of the Company and for providing leadership within a framework of prudent and effective controls that enable risk to be assessed and managed and is accountable for the Group's operations.

The Board has a formal schedule of matters reserved to it which includes:

- the Group's strategic plans;
- acquisitions or disposals;
- capital expenditure;
- all financing matters;
- the annual budget and the review of operating and financial performance;
- annual and half year financial results, annual report and accounts and interim management statements;
- board, Company Secretary and Committee Chairman appointments;
- terms of reference for all Board Committees;
- directors' conflicts of interest; and
- dividend policy.

Other specific responsibilities are delegated to Board committees, each of which has clear written terms of reference. The terms of reference for the Audit & Risk Committee, the Nomination Committee and the Remuneration Committee are available on the Company's website at www.trinitymirror.com/corporate-governance.

Directors

There are currently nine directors: Chairman, David Grigson; Chief Executive, Simon Fox; Senior Independent Director, Gary Hoffman; three other executive directors and three other non-executive directors. The directors' biographies are set out on pages 12 to 13 and illustrate the directors' breadth of experience, which should ensure an effective Board to lead and direct the Group. At present, David Grigson is Chairman of the Board and of the Nomination Committee (except where his own appointment is under discussion), Kathleen O'Donovan is Chairman of the Audit & Risk Committee and Jane Lighting is Chairman of the Remuneration Committee.

David Grigson was appointed as Chairman Designate on 1 January 2012 and became Chairman on 29 May 2012 following Sir Ian Gibson's resignation as a non-executive director on 28 May 2012. Donal Smith was appointed as a non-executive director on 1 March 2012. Simon Fox was appointed as Chief Executive on 10 September 2012 and Mark Hollinshead was appointed as Chief Operating Officer on 15 October 2012.

Committee membership

The Board has agreed that all non-executive directors should serve as members of the Audit & Risk, Nomination and Remuneration Committees. The Board believes that an increasing amount of work is undertaken by these committees and that a non-executive director can only properly fulfil his or her responsibilities if they are present during committee meetings and are able to follow the detail of discussion and debate held at those meetings. Similarly the Chairman, in addition to chairing the Nomination Committee, is a full member of the Remuneration Committee and attends meetings of the Audit & Risk Committee at the invitation of its Chairman.

Chairman and Chief Executive

The roles of the Chairman and Chief Executive are separated and their responsibilities are clearly established, set out in writing and agreed by the Board. The Chairman is responsible for ensuring that the directors receive accurate, timely and clear information and cultivating a boardroom culture for honest and effective debate enabling constructive contribution of all the non-executive directors. The Chairman is responsible for setting the Board's agenda and ensures that sufficient time is allocated for the discussion of all agenda items.

The Chief Executive is responsible for the day-to-day leadership, operations, performance and management of the Company within the strategy and plans agreed by the Board. This is implemented through the executive directors and the rest of the senior management team.

Following his appointment as Chief Executive, Simon Fox undertook an initial review of the operations and structures of the Group. Following that review, he implemented the "One Trinity Mirror" initiative. As part of that initiative, Mark Hollinshead was appointed Chief Operating Officer and the day to day operations of the national and regional newspapers were brought under one management structure. A new, flatter senior management structure was introduced without the tier of the Executive Committee that had existed before.

The Company now considers its Persons Discharging Management Responsibility (PDMRs) for the purposes of section 96B of the Financial Services and Markets Act 2000 to be the executive directors.

Company Secretary

All directors have access to the advice and services of the Secretary and Group Legal Director, Paul Vickers, who is responsible for ensuring that Board procedures and applicable rules are observed.

The Company Secretary's responsibilities include ensuring good information flows to the Board and its committees and between senior management and the non-executive directors.

The Board has considered the effect of Paul Vickers' roles as an executive director and Company Secretary and believes that Mr Vickers is able to maintain independence where required. The Chairman reviews Mr Vickers' performance regularly and appropriate procedures are in place enabling him to perform and fulfil his duties accordingly.

CORPORATE GOVERNANCE REPORT CONTINUED

Independent advice

The directors may take independent professional advice if necessary at the Company's expense.

Board attendance

The Board meets regularly and a schedule of attendance is shown below in respect of all Board and committee meetings during the year.

Table of attendance of meetings

	Board	Audit & Risk Committee	Remuneration Committee	Nomination Committee	AGM
Sly Bailey (resigned 15 June 2012)	4/4	2/2	3/3	1/1	1/1
Simon Fox (appointed 10 September 2012)	3/3	1/1	2/2	–	–
Sir Ian Gibson (resigned 28 May 2012)	3/3	2/2	3/3	1/1	1/1
David Grigson (appointed 1 January 2012)	7/8	3/4	4/5	2/2	1/1
Gary Hoffman	8/8	4/4	5/5	2/2	1/1
Mark Hollinshead (appointed 15 October 2012)	2/2	–	–	–	–
Jane Lighting	8/8	4/4	5/5	2/2	1/1
Kathleen O'Donovan	8/8	4/4	5/5	2/2	1/1
Donal Smith (appointed 1 March 2012)	7/7	3/3	3/3	1/1	1/1
Vijay Vaghela	8/8	4/4	2/5	–	1/1
Paul Vickers	8/8	4/4	5/5	–	1/1
Laura Wade-Gery (resigned 10 May 2012)	3/3	2/2	3/3	1/1	1/1

A number of unscheduled Board, Nomination Committee and Remuneration Committee meetings were held in connection with the departure of Sly Bailey and the appointment of Simon Fox. These meetings are not included in the table above.

Where a director was unable to attend a meeting, they were provided with all the papers and information relating to that meeting and were able to discuss issues with the Chairman and Chief Executive.

In 2012, the Board was scheduled to meet eight times. Additional time was spent reviewing strategy and governance. Additional Board meetings are called as required. The Board holds meetings in regional offices which provide a valuable opportunity for the directors to further their understanding of the Group's operations and key regions.

Board meetings are structured to allow open discussion and all directors participate in the discussion of strategy, trading, financial performance and risk management. Board papers are circulated in sufficient time before a meeting to enable full and informed discussion. Members of the wider senior management team attend Board meetings by invitation and make presentations regularly.

Director independence

The Board believes that all its non-executive directors are independent in character and judgement and are independent as defined by section B.1.1 of the UK Code.

The Board believes that the Chairman was independent at the date of his appointment. The Chairman has declared to the Company his other significant commitments, which are his Chairmanship of Creston plc and his non-executive directorships of Standard Life plc and Ocado plc. The Board believes that he devotes sufficient time to the Company to properly and fully fulfil his responsibilities.

Directors' conflicts

The Board adopted a Conflicts Policy in October 2008 which provides a formal system for directors to declare conflicts to be considered for authorisation by those directors who have no interest in the matter. In deciding whether to authorise a potential or actual conflict, the non-conflicted directors are required to act in the way they consider would be most likely to promote the success of the Company and they may impose limits or conditions when giving authorisation or subsequently if appropriate.

The Board applied the Conflicts Policy throughout 2012 and the relevant procedures for authorisation of potential or actual conflicts were followed. The Board agrees that there is currently no compromise to the independence of any director arising from an external appointment or any outside commercial interest.

In addition to the availability of the Register of Conflicts at each Board meeting, an annual review has been conducted and the Board will continue to monitor and review potential conflicts of interest on a regular basis.

Board appointments and procedures

The appointment and replacement of directors is governed by the Company's Articles of Association (the 'Articles'), the UK Code, the Companies Act 2006 and related legislation. The Articles may be amended by a special resolution approved by shareholders.

In accordance with the Articles, every director is subject to reappointment by shareholders at the first opportunity following their appointment and subsequently must seek re-election at least once every three years. However, the Board is fully supportive of the UK Code and all directors will continue to seek re-election on an annual basis at future Annual General Meetings. Further information is included in the Notice of Meeting.

The non-executive directors are appointed for an initial term of three years and may be invited to serve subsequent terms. Prior to seeking re-election at the end of their initial term by shareholders, the Nomination Committee meets to consider whether his or her performance continues to be effective and whether they demonstrate a commitment to the role.

During the year, the Chairman and non-executive directors met without the executive directors being present. It is normal practice for the non-executive directors to meet without the Chairman being present at least once a year to review the performance of the Chairman and such a meeting took place in 2012.

The Chairman and the non-executive directors have letters of appointment which are available for inspection at the registered office of the Company during normal business hours and at the place of the Company's Annual General Meeting. The executive directors have service contracts which are similarly available for inspection at the registered office and at the Company's Annual General Meeting.

Directors' indemnity and insurance

As approved by shareholders at the Annual General Meeting held in 2008, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006.

The Company maintains appropriate directors' and officers' liability insurance for its directors and officers.

Board training and effectiveness

An assessment is made of any training needs on a director's appointment and the appropriate training is provided. New directors are provided with background reading about the Group and details of Board procedures and other governance-related matters. A full and individually tailored induction programme is provided for all new directors.

Directors receive ongoing updates on relevant issues as appropriate, taking into account their individual qualifications and experience.

The Secretary and Group Legal Director helps directors undertake any other professional development they consider necessary to assist them in carrying out their duties. The Board is satisfied that each director has the necessary time to effectively devote sufficient time in discharging their responsibilities.

The Board believes that the appointments of Simon Fox as Chief Executive, David Grigson as Chairman and Mark Hollinshead as Chief Operating Officer will continue to add to the breadth of skills and experience amongst its members.

The Board participate in visits to key operational sites during the year to gain a deeper insight into the Group's operating environment.

Board performance evaluation

The Board's performance and effectiveness is reviewed annually. It has adopted a policy of engaging with external evaluation every third year. The last external evaluation, facilitated by Dr Tracy Long of Boardroom Review, took place in 2011. In 2012, the Board undertook an evaluation of its own performance and that of its committees and individual directors through a process overseen by the Chairman and the Secretary and Group Legal Director. The results were presented to and discussed at a Board meeting on 30 January 2013 as part of a wider corporate governance review. Overall, it was concluded that the Board and its committees continued to operate effectively with appropriate procedures in place.

Audit & Risk Committee

The Audit & Risk Committee is chaired by Kathleen O'Donovan. Gary Hoffman, Jane Lighting and Donal Smith are members. The Chairman attends committee meetings at the invitation of Kathleen O'Donovan.

The Committee meets as required during the year to monitor, review and approve the internal audit plan, direct the internal audit function and meets with the external auditors, to oversee the management of internal financial controls and risk management systems.

The Audit & Risk Committee report on page 34 contains a more detailed description of the Committee's role, responsibilities, activities and effectiveness during the year.

The Group Finance Director, other directors, the Group's external auditors, internal auditors and other management, as appropriate, attend meetings of the Committee.

The Committee has formal written terms of reference which are published on the Company's website.

Remuneration Committee

The Remuneration Committee is chaired by Jane Lighting. Other members of the Committee are: David Grigson, Kathleen O'Donovan, Gary Hoffman and Donal Smith.

The Committee meets as required during the year to review the Company's general policy on executive remuneration, the application of the policy to the remuneration and benefits of the executive directors, and to recommend and monitor the level and structure of remuneration for senior management.

The Remuneration report on pages 38 to 48 contains a more detailed description of the Company's policies and procedures for executive remuneration. During the year, as appropriate, the Chief Executive and the Secretary and Group Legal Director have attended meetings of the Committee but they do not participate in discussions on their own remuneration.

The Committee has formal written terms of reference which are published on the Company's website.

Nomination Committee

The Nomination Committee is chaired by the Chairman. All the non-executive directors and the Chief Executive are members. The Chairman does not chair any meeting where it deals with any matter concerning the chairmanship of the Board. In such circumstances, the meeting is chaired by a non-executive director elected by the remaining members of the committee. Members of the Nomination Committee do not take part in discussions when their own performance including that of their continued appointment is being considered.

The Committee meets as required to select and propose to the Board suitable candidates of appropriate calibre for appointment as directors. The Committee would normally expect to use the services of professional external head hunters to help in the search for and selection of candidates.

The Nomination Committee report on page 37 contains a more detailed description of the Committee's role, responsibilities, activities and effectiveness during the year.

The Committee has formal written terms of reference which are published on the Company's website.

Administration Committee

The Administration Committee consists of the Chief Executive, Group Finance Director, Chief Operating Officer and Secretary and Group Legal Director and meets as necessary to deal with administrative matters of a day-to-day nature.

Shareholder engagement

The Company encourages two-way communication with both its institutional and private investors and responds promptly to all queries received orally or in writing. The Chief Executive and the Group Finance Director meet regularly with analysts and institutional shareholders.

The Board receive regular detailed reports on investor relations activities and any related issues concerning major shareholders.

Twice a year, the Investor Relations team produce a formal report for the Board giving details of comment and feedback received from analysts and institutional investors.

The Company's website is regularly updated and contains a wide range of information of interest to both institutional and private investors, including any announcements made by the Company to the London Stock Exchange as well as presentations of interim and annual presentations made to analysts.

In addition, on notification of a new substantial shareholder in the Company, the Chairman will write to the shareholder to offer a meeting. The Chairman meets with major shareholders as requested.

CORPORATE GOVERNANCE REPORT CONTINUED

Accountability and audit operating and financial review

Through the reviews of the performance and financial position in the Chief Executive's Statement on pages 6 to 11 and the Business review on pages 14 to 22 together with the Directors' report on pages 49 to 51, the Board seeks to present a balanced and understandable assessment of our position and prospects.

The directors' responsibility for the financial statements is set out on page 51.

Details of the Group's strategy and delivery of shareholder value over the longer term can be found in the Chief Executive's statement on pages 6 to 11.

Corporate governance compliance statement

The Company has complied throughout the financial year ended 30 December 2012 with the provisions set out in the UK Code.

Going concern basis

In accordance with LR 9.8.6(3) of the Listing Rules, and in determining whether the Group's annual consolidated financial statements can be prepared on a going concern basis, the directors considered all factors likely to affect its future development, performance and its financial position, including cash flows, liquidity position and borrowing facilities and the risks and uncertainties relating to its business activities. These are set out in the Chairman's statement on pages 4 to 5, the Chief Executive's statement on pages 6 to 11, the Business review on pages 14 to 22 and in the notes to the consolidated financial statements, in particular notes 25, 26, 27 and 34.

The key factors considered by the directors were as follows:

- the implications of the challenging economic environment on the Group's revenues and profits. The Group undertakes regular forecasts and projections of trading for targeting performance and identifying areas of focus for management to improve performance and mitigate the impact of any deterioration in the economic outlook;
- the impact of the competitive environment within which the Group's businesses operate;
- the impact on our business of key suppliers (in particular newsprint) being unable to meet their obligations to the Group;
- the impact on our business of key customers being unable to meet their obligations for services provided by the Group;
- the continued fragmentation of media and the implications for our business; and
- the committed finance facilities available to the Group. The Group has access to overdraft facilities and committed bank facilities to meet day-to-day working capital requirements, which at the year end had undrawn committed headroom of £110.0 million. This facility is committed to August 2015 and drawings can be made with 24 hours' notice.

Having considered all the factors impacting the Group's businesses, including downside sensitivities, the directors are satisfied that the Group will be able to operate within the terms and conditions of the Group financing facilities for the foreseeable future.

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Group's annual consolidated financial statements.

Paul Vickers

Secretary and Group Legal Director

14 March 2013

Audit & Risk Committee report

The Audit & Risk Committee is chaired by Kathleen O'Donovan. Gary Hoffman, Jane Lighting and Donal Smith are members.

The Committee has identified its Chairman, Kathleen O'Donovan, as its primary member with recent and relevant financial experience. Kathleen is a Chartered Accountant and was a partner at Ernst & Young. She was for 12 years the Finance Director of BTR plc (subsequently Invensys plc). She has been Chairman of the Audit Committee of a number of public companies.

Gary Hoffman has extensive experience of the financial services industry having spent 26 years with the Barclays group. He was appointed Chief Executive of Northern Rock plc in October 2008 and is the former Group Vice Chairman of Barclays plc. He was appointed as Group Chief Executive Officer of Hastings Insurance Group with effect from 1 November 2012.

Jane Lighting and Donal Smith each have considerable commercial experience. Jane was Chief Executive of both Flextech plc and of the television company Channel 5. Donal was previously at Thomson Reuters plc where he was CEO of Thomson Financial Europe and Asia and the CEO of Financial Times Electronic Publishing and publisher of FT.com.

The Group Finance Director, other directors, the Group's external auditors and the internal auditors and other management, as appropriate, attend meetings of the Committee.

During the Board performance evaluation in 2012, the Board reviewed the composition and balance of the Committee and it is satisfied that the appropriate and relevant expertise and resources are available to effectively fulfil the accounting, audit and risk issues it has to address during the year. The terms of reference provide authorisation for obtaining independent external advice at the Company's expense.

The website and the Company's intranet sets out details of the Company's policy on whistleblowing, which has been approved and implemented by the Committee.

The Committee's principal responsibilities are to:

- monitor the integrity of the financial statements of the Company including its annual and half year financial results, interim management statements and any other formal announcement relating to its financial performance, reviewing significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature;
- review significant financial reporting issues and judgements;
- recommend to the Board the appointment of the external auditor and approve their remuneration and terms of engagement;
- monitor and review the external auditor's independence, objectivity and effectiveness including considering relevant UK professional and regulatory requirements;
- develop and implement policy on non-audit services from the external auditors, taking into account relevant ethical guidance;
- review the Company's procedures for handling allegations from whistleblowers;
- review the Company's internal financial control system and risk management system;
- monitor and review the effectiveness of the internal audit function;
- review and approve the remit of the internal audit function and ensure the function has the necessary resources and is able to meet appropriate professional standards for internal auditors;
- review and approve the internal audit plan; and
- approve the appointment and termination of the Director of Risk and Audit who is responsible for internal audit (with the agreement of the Committee this approval may be delegated to the Committee Chairman).

The Committee receives any required information from management in a timely manner and in formats which are comprehensible and sufficient to fulfil its responsibilities to shareholders and investors alike.

The Committee monitors and reviews the effectiveness of internal audit activities, internal controls and risk management systems. The Committee has considered that the appropriate systems are in place, are adequate and are operating properly. The Committee has access to a risk map which details a description of the risks, an assessment of the impact on the business, probability of occurrence, management accountability, applicable policies, sources of assurance, risk factors and associated actions. It is a valuable source of information for reference and is regularly reviewed.

During 2012, principal risks were identified, assessed and reviewed by impact and probability. Further information is within this report under the headings Internal Controls and Risk Management.

The principal risks and uncertainties facing the business can be found in the Business review on page 16 under the heading 'Risks and uncertainties'.

During 2012, the following items were reviewed at the Audit & Risk Committee meetings:

- Reports and Financial Statements;
- Tax, Treasury and Contingent Liabilities;
- Internal Control and Risk Management;
- Review of External Auditors;
- Risk Map;
- Internal Audit Plan;
- Review of Results of Internal Audit reviews;
- External Audit Plan;
- Findings from the External Auditors on the 2012 interim review;
- Findings from the External Auditors on the 2012 year end audit;
- Review of Accounting Standards changes; and
- External Audit fees.

The internal audit function focuses on enhancing the Group's internal controls. It has a rolling programme of review which is approved by the Committee. The Director of Risk and Audit is highly qualified and has extensive experience of working at a senior level in large companies.

The Committee members are also members of the Remuneration Committee. The Committee believes that the Company's remuneration policy is adequate for a group of this size and nature and that compensation policies and practices are appropriate for maintaining a robust control environment and do not put the Company at risk.

External auditors' independence and non-audit work

The Committee has primary responsibility for making recommendations on the appointment, reappointment and removal of the external auditors.

The Committee recommended the reappointment of Deloitte LLP as external auditors following the annual external audit effectiveness review where the Committee concluded that the audit was fit for purpose. Deloitte LLP audits all subsidiaries of the Group.

The current overall tenure of Deloitte LLP dates from 1999. The Lead Audit and Supervising Partners are required to be rotated on a regular basis. Any decision to open the external auditor to tender is taken on the recommendation of the Committee based on the effectiveness review described below. There are no contractual obligations that restrict the Company's choice of auditor.

The external audit effectiveness review, which was carried out by the Committee with the help of the Director of Risk and Audit, dealt with external auditor independence, planning, expertise and resources, audit process and communication. The review was in the form of an extensive questionnaire which was sent to directors and senior managers across the Group. The results were analysed by the Director of Risk and Audit and a full report was submitted for review by the Committee. There were no adverse findings. The report as a whole was discussed with the external auditors.

The Committee is satisfied that there are no relationships between the Company and the auditor, its employees or its affiliates that may reasonably be thought to impair the auditors' objectivity and independence.

Private meetings were held with Deloitte LLP to ensure there were no restrictions on the scope of their audit and to discuss any items that the auditors did not wish to raise with the executive directors present.

The Committee reviews and agrees the engagement letter from Deloitte LLP and verifies their independence and objectivity. It also reviewed the scope of non-audit services provided by Deloitte LLP to ensure that their objectivity was not impaired.

CORPORATE GOVERNANCE REPORT CONTINUED

The Committee is satisfied that the level of fees payable in respect of audit services is appropriate for a group of its size and that an effective audit was conducted during 2012. Further details concerning external audit fees can be found in note 6 to the consolidated financial statements.

Non-audit services

The Board has accepted the Committee's recommendation on a policy on the engagement of the external auditors to supply non-audit services. The policy has been adopted by the Board and as a general rule the auditor will not be engaged to provide any additional services other than tax or accountancy advice and circulation audits. There may, however, be circumstances where it could be in the Company's and shareholders' interests if the auditor was engaged. Such circumstances are likely to be relating to either exceptional transactions or deemed not to be of a material nature. In all cases, the engagement of the auditor for non-audit work must be approved in advance by the Committee Chairman.

Internal control

The directors are responsible for the Group's established system of internal control and for reviewing its effectiveness. The directors confirm that the actions it considers necessary have been or are being taken to remedy any significant failings or weaknesses identified from its review of the system of internal control. This has involved considering the matters reported to it and developing plans and programmes that it considers are reasonable in the circumstances. The Board also confirms that it has not been advised of material weaknesses in the part of the internal control system that relates to financial reporting. No system of internal control can provide absolute assurance against material misstatement or loss. Such a system is designed to provide the directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately. The key procedures that have been established and designed to provide effective internal financial control are:

Management and organisational structure

Following his appointment as Chief Executive, Simon Fox undertook an initial review of the operations and structures of the Group. Following that review, he implemented the 'One Trinity Mirror' initiative. As part of that initiative, the Board has appointed Mark Hollinshead as Chief Operating Officer and the day-to-day operations of the national and regional newspapers were brought under one management structure. A new, flatter senior management structure was introduced without the tier of the Executive Committee that had existed before.

This new organisational structure is considered appropriate to the size of the Group. This clearly identifies levels of delegated responsibility to operational management. The performance of senior management is regularly evaluated and individual employees' responsibilities are clearly defined and communicated.

The Company now considers its Persons Discharging Management Responsibility (PDMRs) for the purposes of section 96B of the Financial Services and Markets Act 2000 to be the executive directors.

Financial reporting

Part of the comprehensive management reporting discipline involves the preparation of detailed annual budgets by all operating units. These budgets are reviewed by the executive directors and are ultimately summarised and submitted to the Board for approval. Weekly revenue and profit forecasts are received from all operating units followed by monthly management accounts, which are prepared promptly and reported against the approved budget. Consolidated monthly management accounts, including detailed profit analysis (with comparisons to budget, latest forecasts and prior year together with a treasury report (including comparison to our financial covenants)) are prepared providing relevant, reliable and up to date financial and other information to the Board. Profit and cash flow forecasts for the current year are prepared and submitted to the Board four times during the year.

Investment appraisal

We have a clearly defined framework for capital expenditure which is controlled centrally. Appropriate authorisation levels and limits beyond which such expenditure requires the prior approval of the executive directors, or in certain circumstances, the Board, are clearly set. There is a prescribed format for capital expenditure applications which places a high emphasis on the overall Group strategy or support for the expenditure and requires a comprehensive and justified financial appraisal of the business case being put forward. All significant corporate acquisitions or investments are controlled by the Board or a Board sub-committee, and are subject to detailed investment appraisal and performance of due diligence procedures prior to approval by the Board.

Functional reporting

A number of our key functions, including treasury, taxation, internal audit, risk management, litigation, IT strategy and development, environmental issues and insurance are dealt with centrally. Each of these functions reports to the Board on a regular basis, through the Chief Executive, Group Finance Director or Secretary and Group Legal Director, as appropriate. The treasury function operates within the terms of clearly defined policy statements. The policy statements exist to ensure that we are not exposed to any unnecessary risk and that where appropriate there is hedging against foreign currency and interest rate risks. The Committee reviews reports from management, the internal audit department and the external auditors to provide reasonable assurance that internal control procedures are in place and are being followed. Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

Risk management

An ongoing process for identifying, evaluating and managing the significant risks we face has remained in place throughout the year and up to the date of approval of this report. The process is subject to regular review by the Board directly and by the Committee.

The process accords with the Turnbull Guidance on Internal Control for directors, as applicable for this accounting period. Although the Board's overall responsibility for internal control is recognised, the positive contribution made by senior management to the establishment and ongoing development of risk management within the Group is acknowledged.

In reviewing the effectiveness of our system of internal control, the Board has taken into consideration a number of key elements, which include financial controls, investment controls, management reporting and the various review, steering, policy and Board committees.

The following illustrate how the risk management process and the system of internal control operated during 2012:

Group Internal Audit	The Director of Risk and Audit has recruited a skilled and experienced team to enable the agreed strategy to be fulfilled.
	The internal audit plan is risk based and has a focus on those areas which are critical to the achievement of business objectives.
Audit & Risk Committee	The role of the Committee includes the review, update and approval of the annual internal audit plan, direction to the internal audit function, to external auditors and to management in the review of internal financial controls.
	The Committee alerts the Board to any emerging issues and considers the draft papers prepared for the annual review of effectiveness of the risk management procedures adopted by the Company prior to being submitted to the Board for approval.
Risk Management Group	The Risk Management Group is formed of the executive directors together with invited senior executives.
	The Secretary and Group Legal Director co-ordinates the risk management activities of the Risk Management Group working closely with members of the internal audit department.
	The agreed objectives for the risk management framework have been achieved during the year and all significant risks have been reviewed. A risk map has been developed and regularly updated to show the actions taken to minimise risks throughout the Group, the policies in force and the other sources of assurance upon which reliance is placed to mitigate risk.
Divisional and Group functional key risks	To enable consistent and focused monitoring, reporting, evaluation and management of significant Group risks, the executive director owner of each key risk and the relevant senior managers have reviewed the plans, actions and initiatives which have taken place or are underway and documented them in the risk map.
Year end compliance reporting	A formal process exists for year end risk management compliance reporting, requiring senior operating company, divisional and Group executive management to confirm their responsibilities for risk management and internal control. Ultimate compliance reporting is required of each and every Board member.

Steps have been taken to embed internal control and risk management further into the operations of the business and to deal with areas of improvement which come to the attention of management and the Board. The Group's systems of internal control are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Kathleen O'Donovan
Chairman of the Audit & Risk Committee
14 March 2013

Nomination Committee report

The role of the Nomination Committee is to:

- review the Board's structure, size and composition, including the balance of skills;
- make recommendations regarding any adjustments to the composition of the Board;
- assess the time commitment required from non-executive directors and evaluate whether the non-executive directors are committing enough time to fulfil their duties; and
- propose recommendations to the Board for the continuation in service (or not) of each director.

The Committee's most important function is to ensure that Board membership comprises the best possible mix of skills, knowledge, experience and gender diversity so as to enhance the quality of its deliberations and decisions.

Trinity Mirror recognises more than most companies that diversity, and in particular gender diversity, brings insights and behaviours that make a valuable contribution to Board effectiveness. Recent changes to the Board have reduced the number of women representatives from four, at the end of 2011, to two at the end of 2012 and this will fall to just one following Kathleen O'Donovan's retirement at the forthcoming AGM. The Board is committed to restoring the gender balance and future appointments will be made with this objective in mind.

In 2012, the Committee held scheduled meetings on two occasions. There were also a number of additional meetings and informal briefings either at the start of Board meetings or on the telephone in connection with the departure of Sly Bailey and the appointments of Simon Fox and Mark Hollinshead.

During the reporting period, the Committee engaged Egon Zehnder International to help identify potential candidates for the position of Chief Executive. A detailed job description and a list of required experience and capabilities were prepared by the Committee with assistance from Egon Zehnder. A long list of potential candidates was reviewed by the Chairman and a sub-committee. A short list of internal and external candidates were interviewed by the full Committee before a final recommendation was made to the full Board. All directors interviewed Mr Fox prior to his appointment.

Simon Fox recommended Mark Hollinshead's appointment as a director and Chief Operating Officer. Mr Hollinshead was well known to the Board as a long serving senior executive. His appointment was first considered by the Committee who recommended that appointment before it was discussed by the full Board.

David Grigson
Chairman of the Nomination Committee
14 March 2013

REMUNERATION REPORT

Remuneration Committee Chairman's Statement

In the Autumn of 2011, in conjunction with its external advisors, the Remuneration Committee undertook a review of all the elements of the remuneration packages of the executive directors and other senior executives. We agreed that the relative weighting of short-term cash reward and longer term share based incentives needed to be rebalanced.

We recognised that this would not be straightforward as a number of elements formed part of contractual commitments already entered into.

We also recognised that, although it is over simplistic to impose a direct link between executive director remuneration and market capitalisation, the size of some of the remuneration packages – particularly their cash elements – had become out of balance. This was despite the fact that there had been a freeze in executive salaries since 2008.

The changes that we have implemented as a result of that review came in two phases:

Phase One
After extensive consultation, we put a series of proposals to shareholders which were subsequently approved at the AGM in May 2012.

As a result:

- the potential cash bonus payable to the executive directors was reduced by 50%;
- the remaining 50% of bonus became payable in restricted shares that would only be released after three years and would be subject to new malus and forfeiture provisions;
- the Deferred Share Award scheme which had seen awards of shares equal in value to 60% of actual cash bonus was discontinued;
- the potential value of the discontinued short-term elements of the remuneration packages (reduced cash bonus and deferred shares) was moved into a new Long-Term Incentive Plan. These awards would only vest for delivering stretching absolute TSR performance, underpinned by relative TSR and Committee discretion. Full vesting of 2012 LTIP awards after three years would require a share price of 200p (approximately 340% growth from the Company's share price on 1 March 2012).

I am very pleased that Vijay Vaghela and Paul Vickers both voluntarily agreed to the changes in their remuneration packages. Mr Vaghela saw his cash bonus potential reduce from 100% of salary to 50% and Mr Vickers agreed to a reduction from 75% to 37.5% of salary.

Phase Two
Following the departure of Sly Bailey, the Remuneration Committee took the opportunity to further review the shape and the structure of the remuneration offered to the Chief Executive and to modernise the contractual terms on which he or she would be engaged.

Mr Fox was engaged in September on the following terms:

- a base salary of £500,000 compared to £750,000 for the former CEO;
- cash bonus potential of 37.5% compared to 110% previously;
- a restricted share award subject to meeting bonus targets of a maximum of 37.5% of salary compared to a deferred share award of up to 66% of salary; and
- a cash supplement in lieu of pension of 15% of base salary (previously 33%).

Mr Fox was granted a normal LTIP award pro-rated to reflect the proportion of the year served of 80% of salary, plus a one-off joining award of 120% of salary in performance shares required to secure his services.

Mr Fox's contract of employment reflects the revised policy. In particular, the termination provisions provide that should the Company seek to terminate Mr Fox's employment it may do so by making a payment in lieu of 12 months base salary. Any payment in lieu will not include elements relating to any bonus or benefits.

The contract provides that the company may terminate in breach of the agreement and may then require Mr Fox to mitigate any loss.

Subsequently, on his appointment as an executive director Mr Hollinshead entered into the new form of contract containing similar provisions. His cash bonus potential is also up to 37.5% of salary.

Mr Vaghela agreed a further reduction in his cash bonus potential from 50% to 37.5% of base salary for 2013.

There was no payment under the 2012 annual bonus scheme. For context, the total cash bonus opportunity for maximum performance has reduced from c.£1.52m in 2011 for three executive directors to c.£630k in 2013 for four executive directors and the opportunity for on-target performance has reduced from c.£770k in 2011 for three executive directors to c.£125k in 2013 for four executive directors.

Consistent with these changes, before he took up his appointment David Grigson asked the Committee to review the level of fees paid to the Chairman. As a result of that review the Chairman's fee was reduced from £220k to £190k.

For the fifth consecutive year, the executive directors indicated to the Committee that they did not wish to be considered for base salary reviews for 2013. The average salary increase for all other management and staff across the group was 2%.

The Committee supports the requirements for additional disclosure announced by the Department for Business, Innovation and Skills (BIS). Whilst these regulations do not come into force until next year's Remuneration Report, we have opted to incorporate a number of changes this year. The Committee hopes that these changes will help to improve the transparency of the 2012 Directors' Remuneration Report and make our executive remuneration arrangements easier to understand.

Jane Lighting

Chairman of the Remuneration Committee

14 March 2013

The Remuneration Committee

The Remuneration Committee consists of five independent non-executive directors; Jane Lighting (Chairman), David Grigson, Gary Hoffman, Kathleen O'Donovan and Donal Smith. While serving as directors, Sir Ian Gibson and Laura Wade-Gery also served on the Committee. During 2012, the Committee, held five scheduled meetings and met on a number of other occasions to agree the terms of the former Chief Executive's departure and the new terms for Simon Fox and Mark Holllinshead.

The Committee is a committee of the Board of directors and has been established with formal terms of reference approved by the Board. A copy of the terms of reference is available on the Company's website: www.trinitymirror.com/corporate-governance.

The Committee has authority to determine the appropriate remuneration, benefits and employment conditions for the executive directors. The Committee also recommends and monitors the level and structure of remuneration for senior management. The Committee sets the remuneration of the Chairman (the Chairman does not participate in any discussion of his remuneration). The Committee leads the Board's discussion of remuneration issues for all staff.

The Committee fulfils its duties with a combination of both formal meetings and informal consultation with relevant parties internally, including the Chief Executive and the Secretary and Group Legal Director. Its principal external advisers are Kepler Associates, who were appointed by the Committee and attend Committee meetings from time to time, and who also provide remuneration advice to the Company. Kepler Associates do not provide any other services to the Group. Kepler is a signatory to the Code of Conduct for Remuneration Consultants in the UK, details of which can be found on the Remuneration Consulting Group's website at www.remunerationconsultantsgroup.com.

The Committee and the Board have continued to pursue their objective to ensure that the remuneration policy is fully consistent with and supportive of the main strategic objectives of the Group, and move the Group further towards a performance culture, whilst ensuring that potential risks arising from remuneration arrangements are appropriately reviewed and controlled. In addition, the Committee is sensitive to the levels of the remuneration packages of other employees within the Group when deciding executive director pay.

Committee activities

During 2012, the Committee met to consider the following remuneration matters:

- review of contractual arrangements for executive directors;
- review of best practice remuneration policy for executive directors, senior executives and all other staff;
- review of long and short-term incentive arrangements;
- review of executive director and senior executive pay arrangements;
- approval of the Long-Term Incentive Plan 2012;
- consultation with shareholders on the introduction of new long term incentive arrangements;
- approval of awards to be made under the Long-Term Incentive Plan 2012 and Deferred Share Award Plan;
- review of status of performance conditions attaching to outstanding awards;
- approval of the 2011 remuneration report;
- compensation arrangements for departing executives; and
- agreed terms of engagement of the new Chief Executive, Chief Operating Officer and Chairman.

Remuneration policy

The Company's policy is to provide remuneration packages which comprise competitive fixed pay and variable pay which provides the potential for significant rewards related to performance which are aligned with the Group's long-term goals and shareholder interests. The aim is to provide remuneration packages that attract, motivate and retain senior executives by rewarding competitively in relation to other relevant companies, whilst emphasising long-term performance-related remuneration.

The main components of each executive director's remuneration package are basic annual salary, pension and benefits, an annual bonus scheme linked to Group profit and share-based incentives linked to the delivery of shareholder value. Each element of remuneration has a specific role in achieving the aims of the remuneration policy and aligning the interests of executive directors with the interests of shareholders. The combined potential remuneration from annual cash bonus and long-term share-based incentives ensures that the balance of the executive remuneration package is weighted towards 'at risk' performance pay with a higher weighting on long-term share-based remuneration.

REMUNERATION REPORT CONTINUED

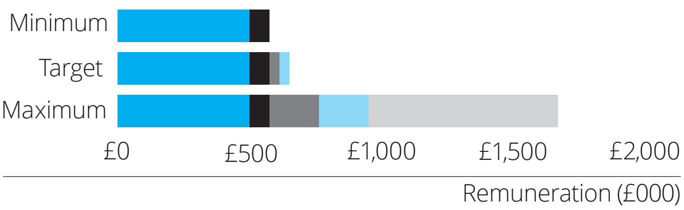
The key components of executive directors' remuneration are as follows:

Purpose and link to strategy	Operation	Opportunity	Performance metrics	Changes for 2013
Fixed pay				
Base salary To attract and retain talent by ensuring base salaries are competitive in the relevant talent market	Base salaries are reviewed annually, with reference to individual performance, experience, market competitiveness and salary increases across the Group	Base salary increases are applied in line with the outcome of the annual review	Individual and business performance are considerations in setting base salary	No change to policy for 2013 Salary levels will remain at 2008 levels (level on appointment for Chief Executive and Chief Operating Officer). Details are set out on page 41
Pension Provide post-retirement benefits for participants in a cost-efficient manner	The executive directors are entitled to become members of the Company's defined contribution scheme	Pension contributions vary based on the legacy scheme in which the executive participated and individual circumstances Further details are set out on page 45	None	None
Benefits Designed to be competitive in the relevant market	Benefits typically include the provision of car or car allowance and fuel allowance and healthcare cover	Benefits values vary by role and are reviewed periodically relative to market	None	None
Variable pay				
Annual Cash Bonus Aims to focus executives on delivering the strategic business priorities for the financial year	Performance measures are set at the start of the year At the end of the year, the Remuneration Committee determines the extent to which the targets have been achieved Paid in cash	Maximum 2012 cash bonus opportunity of 37.5% of salary for executive directors (50% for Group Finance Director)	Based on challenging budget and stretch targets for financial / business performance. The measures selected (and their weightings) may vary each year depending on strategic priorities Measures used for the 2012 annual bonus are set out on pages 41 and 42	Maximum 2013 cash bonus opportunity for Group Finance Director reduced to 37.5% of salary
Restricted Share Plan ('RSP') Aligns executives with the interests of shareholders by delivering an element of the annual bonus in Company shares	Award of restricted shares equal in value to an executive's cash bonus	Maximum 2012 opportunity of 37.5% of salary for executive directors (50% for Group Finance Director)	As per annual cash bonus	Maximum 2013 opportunity for Group Finance Director reduced to 37.5% of salary
Long-Term Incentive Plan ('LTIP') Aligns the interests of executives with shareholders in growing the value of the business over the long-term	Annual award of Performance Shares Award levels and performance conditions are reviewed annually to ensure they remain appropriate	Awards of up to 144% of salary in normal circumstances and 200% in exceptional circumstances 2013 LTIP awards (as a % of salary) anticipated to be: – Chief Executive 144% – Group Finance Director 120% – Other executive directors 110%	The vesting of awards is normally subject to: – continued employment – the Company's performance over a 3-year performance period 2012 LTIP awards will vest on achievement of stretching share price* targets, underpinned by relative TSR and Committee discretion Further details are set out on page 42 and 43	No change to measures Share price* targets are increased for 2013 awards See page 42 for details
Share retention guidelines To encourage share ownership and ensure alignment of executive interests with those of shareholders	Requirement to hold a minimum number of Trinity Mirror shares defined as a % of salary. Executives are required to retain at least 50% of shares vesting (after tax) under the LTIP and RSP until targets are met	150% of salary for the Chief Executive and 100% of salary for other executive directors. Details of the guidelines and current shareholding values are disclosed on page 43	None	None

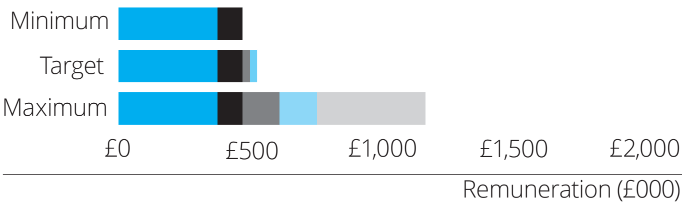
* plus dividends reinvested

The graphs below provide estimates of the potential future reward opportunities for executive directors, and the potential split between the different elements of remuneration under three different performance scenarios; 'Minimum', 'Target' and 'Maximum'.

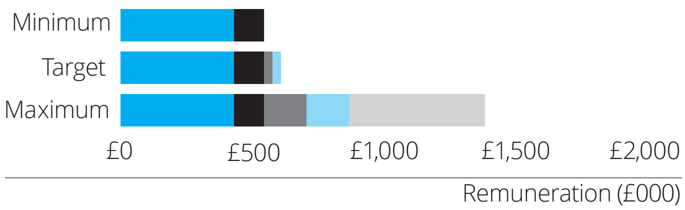
Simon Fox



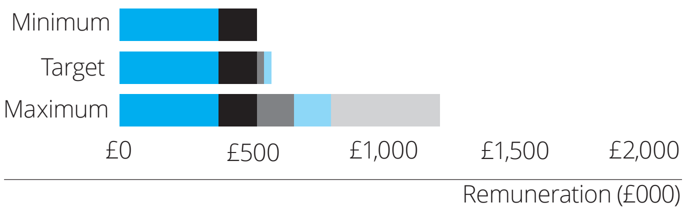
Mark Hollinshead



Vijay Vaghela



Paul Vickers



Salary | Pension and Benefits | Cash Bonus | RSP | LTIP

Potential reward opportunities illustrated above are based on the policy which will apply in 2013, applied to the base salary in force at 31 December 2012. For the cash bonus and RSP, the amounts illustrated are those potentially receivable in respect of performance for 2013. It should be noted that the LTIP awards granted in a year do not normally vest until the third anniversary of the date of grant. The projected value of LTIP amounts excludes the impact of share price movement or dividend accrual. In illustrating potential reward opportunities the following assumptions are made:

	Fixed Pay	Annual Bonus	LTIP
Minimum		No annual bonus payable	Threshold not achieved (0%)
Target	Latest known base salary and pension	On-target annual bonus payable (20% of maximum)	Performance warrants threshold vesting (0%)
Maximum		Maximum annual bonus payable	Performance warrants full vesting

Basic annual salary

Basic salaries are reviewed annually by the Committee. This review takes into account individual performance, experience and market competitiveness.

In relation to the salaries paid to executive directors, we continue to engage with the Committee's principal advisers to conduct an annual in-depth review of the competitiveness of total remuneration in comparison to executive directors and senior executives at other listed media companies and other organisations of a broadly similar size. In considering such data, the Committee is conscious of and keen to avoid the 'ratchet' effect that can be created by an over reliance on such comparative work.

Following the discussions referred to in the Chairman's statement, it was agreed that there would be no increases in base pay for the executive directors in 2012. Vijay Vaghela and Paul Vickers therefore, remained on base salaries that were set in 2008.

Following a further review in February 2013, the Committee determined that executive director salaries for 2013 will remain at 2012 levels. At 1 January 2013, the basic salaries of the executive directors were as follows:

	Base salary at:		
Executive Director	**1 January 2012[1]**	**1 January 2013**	**Increase**
Simon Fox[2]	£500,000	£500,000	–
Mark Hollinshead[3]	£375,000	£375,000	–
Vijay Vaghela[4]	£430,000	£430,000	–
Paul Vickers	£375,000	£375,000	–

1 Or date of appointment to the Board if later.
2 Simon Fox joined the Board on 10 September 2012 on a base salary of £500,000 per annum.
3 Following a benchmarking exercise undertaken prior to his promotion to Chief Operating Officer and appointment to the Board, Mark Hollinshead's base salary was set at £375,000 per annum from 15 October 2012.
4 Vijay Vaghela received a one off salary supplement of £35,000 for his services as Acting Chief Executive during the period between the resignation of Sly Bailey and the commencement of service of Simon Fox (15 June 2012 to 10 September 2012). This amount is not included in the table above.

Annual bonus

The Group operates an annual performance related bonus scheme for a number of senior executives including executive directors.

As described in the Chairman's statement, the structure and weighting of the Executive Directors' bonuses was revised in 2012. Vijay Vaghela and Paul Vickers agreed that their cash bonus potential be reduced from 100% and 75% of base salary respectively to 50% and 37.5% respectively. Mark Hollinshead agreed to a similar reduction in his cash bonus potential to 37.5% of base salary. There was no change in his bonus arrangements on his appointment as a director. For the period that he served as a director during 2012, Simon Fox had a cash bonus potential of 37.5% of base salary.

In 2012, executive directors' bonuses were based on budgeted operating profit with a highly stretching budget figure being set in excess of 2011 operating profit and with further qualifying targets relating to digital revenues. None of the targets were met and no bonus was payable.

For 2013, Mr Vaghela agreed that his cash bonus potential be reduced to 37.5% of base salary and so all four executive directors have a cash bonus potential of 37.5% of base salary. For context, the total cash bonus opportunity for on-target performance has reduced from c.£770k in 2011 for the three executive directors to c.£125k in 2013 for the four executive directors.

REMUNERATION REPORT CONTINUED

Following a review and recognising the challenges facing the Group, the executive directors' bonuses for 2013 will continue to be linked to Group operating profit. The targets themselves are not being disclosed at this stage for reasons of commercial sensitivity, however, 20% of potential will be payable for threshold performance, with 100% only payable at stretch. The Remuneration Committee will retain discretion to withhold any bonus following a review of the impact on profit performance of any delays in implementation of the agreed strategy.

Deferred Share Award Plan (DSAP)

The DSAP was approved by shareholders at the Annual General Meeting ('AGM') in 2006.

Under the plan, eligible employees are granted an award of Deferred Shares based on a percentage of their previous year's gross bonus. These shares are held in trust.

If the employee remains employed by the Group, their award of Deferred Shares will normally become exercisable on the third anniversary following its date of grant. At the point of vesting, all Deferred Share awards are capable of exercise at 'nil cost' to the participant.

Sly Bailey, Mark Hollinshead, Vijay Vaghela and Paul Vickers received a grant of Deferred Shares in 2012 equal in value to 60% of their 2011 cash bonus.

Following the approval by shareholders of the new long term share based incentive arrangements at the 2012 AGM, no further awards will be granted under this plan; instead awards will be granted under the Restricted Share Plan set out below.

Restricted Share Plan (RSP)

The executive directors will receive an award of restricted shares equal in value to the actual cash bonus received each year. For 2013, individual awards are capped at a value of 37.5% of base salary at the time of grant.

The key features of the plan are as follows:

- restricted shares may not be transferred or otherwise disposed of by a participant for a period of three years from the date of grant subject to the malus and forfeiture restrictions summarised below;
- participants would beneficially own the restricted shares from the date of grant. Legal title would be held by the RSP trustees until the restricted shares are released into the participant's name;
- restrictions on the shares end on the third anniversary of grant and the shares would be released into a participant's name unless in the three year period from grant there has been: a significant deterioration in the underlying financial health of the Company; a material restatement of the Company's accounts as a result of a participant's conduct; a participant has deliberately misled the Company, the market or shareholders regarding the Company's financial performance; or a participant's actions have caused harm to the Company's reputation in which case either the award may lapse or the number of shares transferred to a participant may be reduced; and
- if cessation of employment is by reason of gross misconduct or resignation to a competitor, awards would be forfeited immediately and the participant would have no further interest in or claim to the restricted shares but if cessation of employment is for any other reason, the participant would retain the restricted shares and they would vest in accordance with normal vesting provisions.

As the 2012 bonus targets were not met, no Restricted Shares will be awarded in relation to 2012 performance.

Long-Term Incentive Plans

The Long-Term Incentive Plan 2012 ('2012 LTIP')

At the AGM in 2012, a new LTIP (the '2012 LTIP') was approved by shareholders as part of an overall rebalancing of the Company's remuneration policy from short-term cash to long-term share-based remuneration. No further awards will be granted under the 2006 LTIP.

In any financial year, an employee may be granted an award over Performance Shares, the final vesting of which is subject to continued employment within the Group and satisfaction of a performance condition, as set out below.

Grants under the 2012 LTIP are limited to an award of shares not exceeding 200% of an individual's base salary; however the Committee intends that this limit will be used only in exceptional circumstances. In May 2012, Vijay Vaghela and Paul Vickers received an award of LTIP shares worth 120% and 110% of their respective base salaries.

Upon his appointment as Chief Executive, Simon Fox received two Performance Share awards under the 2012 LTIP; a normal LTIP award, pro-rated to reflect the proportion of the year served, of c.80% of salary (equivalent to 1,059,602 shares at a grant price of 37.75 pence) and a 'one-off' joining LTIP award required to secure his services of c.120% of salary (equivalent to 1,589,404 shares at a grant price of 37.75 pence).

Awards made under the 2012 LTIP will become exercisable for delivering superior absolute Total Shareholder Return ('TSR') performance, as follows:

Closing 3-month average adjusted share price at end of performance period	% of award which can be exercised
200 pence (or above)	100%
Between 75 pence and 200 pence	Straight-line vesting between 0% and 100%
75 pence or below	0%

For the awards to Messrs Vaghela and Vickers and the initial award to Simon Fox, satisfaction of the performance condition will be determined by reference to the Company's volume-weighted average share price over the final quarter of the Performance Period in 2014.

In respect of the 'one-off' joining award to Simon Fox the target share price will be determined by the Company's volume-weighted average share price in the 3 months ending 29 August 2015.

The Committee considers that the use of stretching absolute TSR targets to determine vesting of the 2012 LTIP awards, combined with the use of Group operating profit in the annual bonus, provides an appropriate balance between visibility and relevance for participants and alignment with shareholder interests.

In addition, for LTIP awards to become exercisable:

- the growth in the Company's 3 year TSR must exceed that of the FTSE All-share Index over the Performance Period; and
- the Remuneration Committee must be satisfied that the Company's share price performance is a genuine reflection of the underlying business performance of the Company over the Performance Period.

When assessing whether they are satisfied that the Company's share price performance is a genuine reflection of the Company's business performance the Remuneration Committee will take into account factors including revenues, free cash flow, and change in net debt over the period. The Committee will be guided in its assessment by a review of performance against these metrics, based on the audited results which it will undertake prior to vesting.

The Committee will consider both a quantitative and qualitative analysis of the performance and will take account of any relevant internal and external factors to help ensure that unexpected events during the period are considered properly.

The Long-Term Incentive Plan 2006 ("2006 LTIP")

The 2006 LTIP was originally approved by shareholders at the AGM in 2004. Shareholder approval was given at the AGM in 2006 to modify and simplify that Plan.

For awards made in 2010 and 2011, the vesting of the Performance Shares will be subject to continued employment with the Group and the satisfaction of performance targets based on the Company's three year Total Shareholder Return (TSR) performance compared to a group of 14 other media companies listed below:

Comparator group of companies for 2010 award

Aegis Group plc	Pearson plc
British Sky Broadcasting plc	Reed Elsevier plc
Daily Mail and General Trust plc	Rightmove plc
Euromoney Institutional Investor plc	United Business Media plc
Informa plc	WPP Group plc
ITE Group plc	Hibu plc (formerly known as the Yell Group plc)
ITV plc	
Moneysupermarket.com Group plc	

Comparator group of companies for 2011 award

Daily Mail and General Trust plc	Johnston Press plc
Euromoney Institutional Investor plc	Mecom Group plc
Gannett Co Inc	Pearson plc
Independent News & Media plc	Reed Elsevier plc
Informa plc	Rightmove plc
ITE Group plc	United Business Media plc
ITV plc	Hibu plc (formerly known as the Yell Group plc)

To determine whether the performance condition has been met for both awards, the TSR of each of the companies will be measured. The companies will then be ranked, in descending order, according to their TSR, and the performance shares will vest depending on the Company's TSR ranking as follows:

TSR ranking of company	Percentage of shares vesting (%)
9th to 15th (below median)	0
8th (median)	35
7th	50
6th	65
5th	80
4th	90
1st to 3rd	100

TSR is independently calculated for the Committee by its external advisers. Irrespective of TSR performance, before any vesting can occur the Committee must be satisfied that the underlying performance of the Company has been satisfactory throughout the relevant performance period.

2010 LTIP award vesting

LTIP awards granted to executive directors in 2010 were subject to relative TSR over the period from 4 January 2010 to 3 January 2013. Over this period, Trinity Mirror's TSR ranked 14th in the comparator group. As a result, 2010 awards will lapse in full in May 2013.

Following the approval by shareholders of the new Long-Term Incentive Plan at the 2012 AGM, no further awards will be granted under the 2006 LTIP.

Directors' shareholdings

A shareholding expectation was placed on the senior executives in conjunction with the LTIP. Within five years of the AGM in 2004 or of the date of first appointment, senior executives are expected to build a holding in the Company's shares equal to the following value of their salaries:

- Chief Executive: 150% of his salary; and
- Other executive directors: 100% of their salaries.

Executive directors are required to retain at least 50% of shares vesting (after tax) under the LTIPs and DSAP until the guideline is achieved. The Committee has kept these guidelines under review and have determined that the relevant value to take into consideration when assessing whether the guideline targets have been achieved is the higher of the current market price and the price at the point of purchase or vesting. It has, however, been noted that there has never been a vesting under the 2006 LTIP and that Mark Hollinshead, Vijay Vaghela and Paul Vickers have retained all shares released under the DSAP (after the sale of shares by the Trustee to satisfy the director's PAYE obligations) and that both Vijay Vaghela and Paul Vickers have made a number of market purchases of shares all of which have been retained.

The Board expects that non-executive directors will acquire shares equal in value to one times their annual fee during a period of three years from the date of their appointment.

As at 1 March 2013 when the mid market closing price of each Trinity Mirror share was 113.25 pence, the aggregate value of each director's shares for the guideline purposes was:

Simon Fox	Nil
David Grigson	£169,875
Gary Hoffman	£88,373
Mark Hollinshead	£21,737
Jane Lighting	£28,086
Kathleen O'Donovan	Nil
Donal Smith	£70,102
Vijay Vaghela	£281,953
Paul Vickers	£323,297

Executive directors' pension arrangements

Simon Fox receives an annual cash sum to use for pension purposes that is equivalent to 15% of base salary.

Vijay Vaghela participated in the contributory MGN Pension Scheme, and accrued pension at the rate of 1/60th per year of service on salary up to the earnings cap referred to below until it closed to future accrual on 31 March 2010. From 1 April 2010 until 31 March 2011, he participated in the Trinity Mirror Pension Plan (a defined contribution plan) to which he contributed 9% and the Company contributed 10% of his salary up to the earnings cap referred to below. From 1 April 2011, his contributions to the Plan are made under the terms of a salary sacrifice arrangement that was introduced from that date.

REMUNERATION REPORT CONTINUED

Paul Vickers participated in the contributory Trinity Retirement Benefit Scheme as well as the non-contributory Trinity Mirror plc Retirement Plan until they closed to future accrual on 31 March 2010. From 1 April 2010 to 31 March 2011, he participated in the Trinity Mirror Pension Plan (a defined contribution plan) to which he contributed 7% and the Company contributed 8% of his salary up to the earnings cap referred to below. From 1 April 2011 until 31 March 2012 when he left the Plan, his contributions to it were made under the terms of a salary sacrifice arrangement that was introduced from that date.

Mark Hollinshead participated in the contributory Midland Independent Newspapers Executive Pension Plan, and accrued pension on salary, up to the earnings cap referred to below, until it closed to future accrual on 31 March 2010. From 1 April 2010 until 31 March 2011, he participated in the Trinity Mirror Pension Plan (a defined contribution plan) to which he contributed 7% and the Company contributed 8% of his salary up to the earnings cap referred to below. From 1 April 2011, his contributions to the Plan are made under the terms of a salary sacrifice arrangement that was introduced from that date.

The executive directors are covered for lump sum death benefits equivalent to four times base salary, in addition Vijay Vaghela's and Mark Hollinshead's spouses are also entitled to pensions if death occurs in service.

As Vijay Vaghela, Paul Vickers and Mark Hollinshead are subject to the earnings cap, they receive an annual cash sum equivalent to 30% of salary in excess of the cap.

Following 'A' day on 6 April 2006, the earnings cap applying to the pension benefits of Vijay Vaghela, Paul Vickers and Mark Hollinshead has been maintained by amending the rules of their respective pension schemes. The cap, currently £123.6k, is normally reviewed every 6 April and may be increased at the discretion of the Company by reference to an appropriate index.

During 2009, the Committee received legal advice that the obligation to provide Paul Vickers a pension of two thirds pensionable salary at age 60 was a direct contractual commitment on the Company entered into for full consideration by Paul Vickers when his employment contract was renegotiated after the merger of Trinity plc and Mirror Group plc. Paul Vickers has agreed that following the closure of the schemes to future accrual, his pensions benefits are limited to his accrued benefits from the defined benefit schemes referred to above based on pensionable service to date of closure and his capped final pensionable salary. As part of that arrangement, the Company agreed to pay Paul Vickers a cash supplement of 35% of his annual salary that is below the cap as amended from time to time.

Contracts of service

Each of the executive directors has a service contract with the Company which can be terminated by either party giving one year's written notice.

If Vijay Vaghela or Paul Vickers leave service at the request of the Company (other than for gross misconduct) they will be entitled to receive predetermined compensation equal to 12 months' base salary and pension loss.

The Committee conducted an extensive review of executive contracts in light of evolving best practice and made changes to policy for future hires. The termination provisions in Mr Fox and Mr Hollinshead's contracts provide that should the Company seek to terminate their employment it may do so making a payment in lieu of 12 months base salary. Any payment in lieu will not include elements relating to any bonus or benefits. Their contracts provide that the Company may terminate in breach of the agreement and may then require Mr Fox and Mr Hollinshead to mitigate any loss.

To enable Mark Hollinshead to fulfil his duties, the Company has agreed to pay the cost of providing accommodation for him in London and of his travel between the two centres of Glasgow and London and to bear the tax on those amounts. The grossed up value of that benefit during the period from 15 October to 30 December 2012 was £12,900.

Paul Vickers contract is dated 28 April 2000, Vijay Vaghela's contract is dated 18 April 2003, Simon Fox's contract is dated 30 August 2012 and Mark Hollinshead's contract is dated 15 October 2012.

Policy on external appointments

The Company acknowledges that its executive directors are likely to be invited to become non-executive directors of other companies. The Committee believes that these non-executive duties can broaden the directors' knowledge and experience to the benefit of the Company. Executive directors are therefore, with the Board's permission, allowed to accept one such appointment as long as there is no conflict of interest and to retain any fees.

Sly Bailey received £22,949, pro rated to 15 June 2012, as part of her remuneration while serving as a non-executive director of Ladbrokes plc.

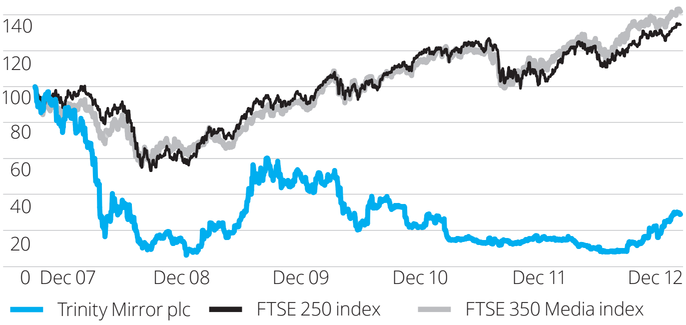
Mark Hollinshead is a non-executive director of Nova International Ltd for which he received a pro rata fee of £6,308 (annual fee of £30,000) as from his date of appointment as an executive director of the Company.

Simon Fox, Vijay Vaghela and Paul Vickers do not currently hold any external directorships for which they receive any fees.

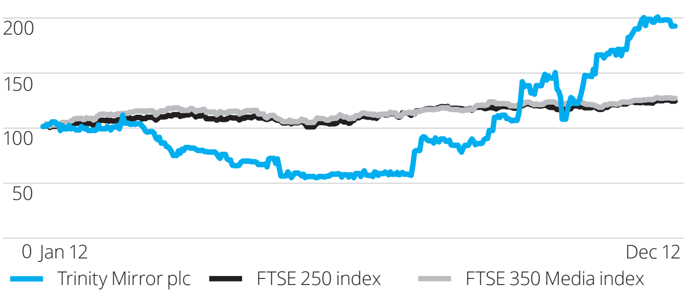
Performance graphs

The following graphs illustrate the Company's performance compared to the FTSE 250 Index, which is considered the most appropriate form of 'broad equity market index' against which the Company's performance should be measured, and to the FTSE 350 Media Index as the main comparator group for the Company's shares. Performance, as required by legislation, is measured by TSR.

Company performance against FTSE 250 and FTSE 350 Media index



Company performance against the FTSE 250 Index and FTSE 350 Media index during 2012



Audited information (pages 45 to 48)

Remuneration for the period

The aggregate remuneration of the directors of the Company was as follows:

	Base salary £000	Annual cash bonus £000	Taxable benefits[1] £000	Compensatory payment £000	Pension/cash allowances[2] £000	Fees £000	Total emoluments excluding pensions 2012 £000	Total emoluments excluding pensions 2011[2] £000	Pension contributions 2012 £000	Pension contributions 2011 £000
Executive directors										
Simon Fox	156[3]	–	7	–	23	–	**186**	–	**–**	–
Mark Hollinshead	78[4]	–	2	–	18	–	**98**	–	**2**	–
Vijay Vaghela	455[5]	–	11	–	102	–	**568**	690	**11**	12
Paul Vickers	373	–	24	–	121	–	**518**	619	**2**	10
Former executive directors										
Sly Bailey	339[6]	–	5[6]	896[7]	114	–	**1,354**	1,296	**–**	–
Non-executive directors										
David Grigson	–	–	–	–	–	128[8]	**128**	–	**–**	–
Gary Hoffman	–	–	–	–	–	60	**60**	60	**–**	–
Jane Lighting	–	–	–	–	–	50	**50**	50	**–**	–
Kathleen O'Donovan	–	–	–	–	–	55	**55**	55	**–**	–
Donal Smith	–	–	–	–	–	33[9]	**33**	–	**–**	–
Former non-executive directors										
Sir Ian Gibson	–	–	–	–	–	92[10]	**92**	220	**–**	–
Laura Wade-Gery	–	–	–	–	–	14[10]	**14**	40	**–**	–
Total	**1,401**	**–**	**49**	**896**	**378**	**432**	**3,156**		**15**	
Total 2011	1,527	461	45	–	473	425		3,030		22

1. Incorporates the value of all tax assessable benefits arising from employment with the Company related to the provision of car and fuel allowance and healthcare cover.
2. Cash supplements received by directors in lieu of pension contributions and salary sacrificed for pension contributions have been disclosed within the emoluments section of the table above in the additional column entitled Pension/cash allowances, with contributions made by the Company on behalf of the director direct to the pension scheme disclosed in the pension contributions column. We have restated the relevant 2011 columns in order to reflect the updated format above.
3. Simon Fox joined the Board on 10 September 2012 and his remuneration is disclosed from this date.
4. Mark Hollinshead joined the Board on 15 October 2012 and his remuneration is disclosed from this date. To enable Mark Hollinshead to fulfil his duties, the Company has agreed to pay the cost of providing accommodation for him in London including his travel between the two centres of Glasgow and London and to bear the tax on these amounts. The grossed up value of that benefit during the period from 15 October to 30 December 2012 was £12,900.
5. Vijay Vaghela received a one off salary supplement of £35,000 for his services as Acting Chief Executive during the period of between the resignation of Sly Bailey and the commencement of service of Simon Fox (15 June 2012 to 10 September 2012).
6. Sly Bailey resigned from the Board on 15 June 2012 and her respective base salary and taxable benefits are disclosed to this date. Base salary excludes the value of sacrificed salary under the Group's holiday purchase scheme amounting to £6,639.
7. In accordance with Sly Bailey's service contract, and following the negotiation of a compromise agreement she was paid the sum of £895,879 which was equivalent to 46 weeks' base salary, taxable benefits and pension losses, in lieu of her unexpired notice between the termination of her employment on 15 June 2012 and 2 May 2013, notice having been given on 3 May 2012.
8. David Grigson joined the Board on 1 January 2012 and became Chairman on 29 May 2012. His fees are disclosed from these dates.
9. Donal Smith joined the Board on 1 March 2012 and his fees are disclosed from this date.
10. Sir Ian Gibson retired from the Board on 28 May 2012 and Laura Wade-Gery resigned on 10 May 2012 and their respective fees are disclosed to these dates.

Sly Bailey held 1,149,894 options to purchase shares under the former DSAP relating to awards made in 2010, 2011 and 2012 which were exercised at 'nil cost' on 20 November 2012 at a share price of £0.7925 at a total value of £911,291.

Directors' pension entitlements

The following executive directors were deferred members of defined benefit schemes. All of the Group's defined benefit schemes were closed to future accrual on 31 March 2010. Pension entitlements and corresponding transfer values increased as follows during the year:

	Accrued pension at 30 December 2012[1] £000	**Transfer value at 30 December 2012[2] £000**	Increase in accrued pension £000	Increase/ (decrease) in transfer value (less director's contribution)[3] £000	Accrued pension at 1 January 2012[1] £000	Transfer value at 1 January 2012[2] £000
Mark Hollinshead[4]	**51**	**1,605**	2	86	49	1,519
Vijay Vaghela	**35**	**507**	2	70	33	437
Paul Vickers	**40**	**883**	2	(36)	38	919
Total	**126**	**2,995**	6	120	120	2,875

1 Pension accruals shown are the amounts which would be paid annually on retirement based on service to 31 March 2010.
2 Transfer values have been calculated based on the bases adopted by the trustees following the introduction of new legislation of The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 (SI 2008/1050) and The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 (SI 2008/2450). In agreeing to the new bases, the trustees also had to consider the guidance issued by the Pensions Regulator 'Transfer Values – Guidance to the trustees of private sector occupational pension schemes providing defined benefits – September 2008' which came into effect from October 2008.
3 The increase in the transfer value from 2 January 2012 to 30 December 2012 includes the effect of fluctuations in the transfer value due to factors beyond the control of the Company and directors such as stock market movements, changes to the yield of Government stocks and changes to the transfer value basis adopted by the trustees of the pension schemes.
4 The pension accruals and transfers values for Mark Hollinshead have been calculated for the period from 2 January 2012 to 30 December 2012 and not from 15 October 2012 (the date of appointment to the Board) in accordance with The Large and Medium sized Companies and Groups (Accounts and Reports) regulations 2008 (SI 2008 / 410).

The above disclosure of directors' pensions is in line with the latest Companies Act 2006 requirements. The figures for each director give the accrued pension to which each director would have been entitled to based on pensionable service and salary as at 31 March 2010 but assuming he left service at the end of 2012 (and the equivalent figure for the preceding year and the increase in accrued pension over the year). Also disclosed is the transfer value of the accrued pension at the end of 2012 (and the preceding year) and the increase in the transfer value during the year (net of directors' contributions). The transfer values represent a liability of the pension schemes. They are not sums due to be paid to the directors.

Non-executive directors

The remuneration of non-executive directors is determined by the Board. No director plays a part in any discussion about his or her own remuneration. The Board decided that the non-executive director's fees should remain unchanged.

The Senior Independent Director and Committee Chairmen receive additional remuneration for providing these services to the Company were set on 1 July 2005, as set out below:

	£
Base fee	**40,000**
Additional fee for Senior Independent Director	**20,000**
Additional fee for chairing committees:	
– Audit & Risk Committee	**15,000**
– Remuneration Committee	**10,000**

The Chairman's fee was reviewed at the time of David Grigson's appointment. Mr Grigson has accepted an annual fee of £190,000. Sir Ian Gibson was paid a fee of £220,000.

The table summarises the current fees per annum:

	£
Chairman	**190,000**
Senior Independent Director	**60,000**
Chairman of Audit & Risk Committee	**55,000**
Chairman of Remuneration Committee	**50,000**
Other non-executive directors	**40,000**

The Chairman and non-executive directors have letters of appointment which set out the terms of their appointment and are available for inspection at the Company's registered office and at the AGM. They cannot participate in the annual bonus scheme or share schemes.

Interest in shares

Directors' activity 1 January 2012 to 30 December 2012

Share option schemes

The following directors held options to purchase shares under the Group's share option schemes. No grants have been made under these schemes since 2004 and no further grants will be made.

Name	Option price	Balance at 1 January 2012	Lapsed in year	**Balance at 30 December 2012**	Exercisable between[1]
Vijay Vaghela	470.5p	16,737	16,737	–	Apr 2005 to Apr 2012
Paul Vickers	470.5p	135,069	135,069	–	Apr 2005 to Apr 2012

Sly Bailey held options over 184,348 shares exercisable at 395.5p all of which lapsed on 28 February 2013.

Long-Term Incentive Plans (LTIPs)

Sly Bailey, Mark Hollinshead, Vijay Vaghela and Paul Vickers held 270,270, 54,054, 123,964 and 108,108 options respectively to purchase shares under the 2006 LTIP relating to the award made in 2009 which lapsed during the year. A total of 556,396 LTIP awards lapsed accordingly on 3 April 2012.

The following directors held 'nil cost' options to purchase shares under the LTIPs relating to awards made in 2010, 2011 and 2012:

Performance share award	Number of shares	Share price at date of grant	Nominal vesting date
2010 Award			
Mark Hollinshead	130,195	99.8p	28 May 2013
Vijay Vaghela	258,388	99.8p	28 May 2013
Paul Vickers	225,338	99.8p	28 May 2013
2011 Award			
Mark Hollinshead	165,079	78.7p	31 March 2014
Vijay Vaghela	327,619	78.7p	31 March 2014
Paul Vickers	285,714	78.7p	31 March 2014
2012 Award			
Simon Fox	2,649,006	37.8p	30 August 2015
Mark Hollinshead	708,333	39.0p	25 June 2015
Vijay Vaghela	1,323,076	39.0p	25 June 2015
Paul Vickers	1,056,416	39.0p	25 June 2015

LTIP awards granted to executive directors in 2010 were subject to relative TSR over the period from 4 January 2010 to 3 January 2013. Over this period Trinity Mirror's TSR ranked 14th in the comparator group. As a result, 2010 awards will lapse in full in May 2013.

The 2012 award was granted on 25 June 2012 to Mark Hollinshead, Vijay Vaghela and Paul Vickers and on 30 August 2012 in respect of Simon Fox. For an explanation concerning the LTIP and performance criteria, further information can be found on page 42 to 43.

Sly Bailey retains 'nil cost' options over 379,428 performance shares under the 2011 grant of the 2006 LTIP. The vesting of those shares will not be before March 2014 and is subject to the performance conditions set out on page 43. Her options over 499,348 performance shares under the 2010 grant will lapse in May 2013.

Deferred Share Award Plan

The following directors held options to purchase shares under the Group's DSAP relating to awards made in 2010, 2011 and 2012:

Deferred share award plan	Number of shares	Share price at date of grant	Nominal vesting date
2010 Award			
Mark Hollinshead	61,067	99.8p	28 May 2013
Vijay Vaghela	140,046	99.8p	28 May 2013
Paul Vickers	91,600	99.8p	28 May 2013
2011 Award			
Mark Hollinshead	130,000	78.7p	31 March 2014
Vijay Vaghela	262,095	78.7p	31 March 2014
Paul Vickers	171,429	78.7p	31 March 2014
2012 Award			
Mark Hollinshead	111,783	39.0p	17 May 2015
Vijay Vaghela	197,197	39.0p	17 May 2015
Paul Vickers	128,981	39.0p	17 May 2015

All Deferred Share Awards are made at 'nil cost' to the participant. For an explanation concerning the DSAP, further information can be found on page 42.

Sly Bailey held 1,149,894 options to purchase shares under the DSAP relating to awards made in 2010, 2011 and 2012 which were exercised at an exercise 'nil cost' on 20 November 2012 at a share price of £0.7925 at a total value of £911,291.

REMUNERATION REPORT CONTINUED

Beneficial interests

Vijay Vaghela and Paul Vickers purchased 38,572 and 28,285 shares respectively in the Company using part of their post-tax 2011 cash bonus payments.

David Grigson, Jane Lighting and Donal Smith purchased shares in the Company as set out below.

Director	Date of acquisition	Number of shares acquired	Total beneficial holding following notification
David Grigson	29 March 2012	150,000	150,000
Jane Lighting	30 November 2012	24,800	24,800
Donal Smith	23 November 2012	61,900	61,900
Vijay Vaghela	29 March 2012	38,572	137,375
Paul Vickers	29 March 2012	28,285	117,838

The interests of the directors, all of which are beneficial, in the ordinary shares of the Company are shown below:

	30 December 2012	1 January 2012
Executive directors		
Simon Fox	**–**	–
Mark Hollinshead	**19,194**	19,194
Vijay Vaghela	**137,375**	98,803
Paul Vickers	**117,838**	89,553
Non-executive directors		
David Grigson	**150,000**	–
Gary Hoffman	**37,000**	37,000
Jane Lighting	**24,800**	–
Kathleen O'Donovan	**–**	–
Donal Smith	**61,900**	–

As beneficiaries under the T I H Employee Benefit Trust, the directors are deemed to be interested in 90,855 ordinary shares held by the employee benefit trust at 30 December 2012.

There were no movements between the year end and the date of this report.

The lowest price of the shares during the year was 25.5 pence as at 28 June 2012 and the highest price was 96.25 pence as at 20 December 2012. The share price as at 31 December 2012 was 92.5 pence.

In preparing this report, the Committee has followed the requirements of the UK Corporate Governance Code 2010, the Companies Act 2006, The Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008 and the Listing Rules of the Financial Services Authority. This report will be submitted to shareholders for approval at the Annual General Meeting to be held on 16 May 2013.

Approved by the Board of directors and signed on its behalf by:

Jane Lighting

Chairman of the Remuneration Committee

14 March 2013

DIRECTORS' REPORT

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors are required to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Under company law, the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group or Company and of the profit or loss of the Group or Company for that period.

In preparing the consolidated financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the parent company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Business review

Section 417 of the Companies Act 2006 requires that the directors present a Business review in this report to inform shareholders of the Company and help them assess how the directors have performed their duty to promote the success of the Company. The information that fulfils this requirement can be found in the sections set out below and is incorporated by reference into this report:

- the Chairman's statement on pages 4 and 5;
- the Chief Executive's statement on pages 6 to 11;
- the Business review including key performance indicators for each business on pages 14 to 22; and
- the statements concerning internal controls and risk management on pages 36 and 37.

These sections have been prepared to provide the Company's shareholders with a fair review of the business of the Company and a description of the principal risks and uncertainties facing it. It may not be relied upon by anyone, including the Company's shareholders, for any other purpose.

These sections of the annual report contain forward-looking statements. By their nature, forward-looking statements involve a number of risks, uncertainties and future assumptions because they relate to events and/or depend on circumstances that may or may not occur in the future and could cause actual results and outcomes to differ materially from those expressed in or implied by the forward-looking statements. No assurance can be given that the forward-looking statements will be realised. Statements about the directors' expectations, beliefs, hopes, plans, intentions and strategies are inherently subject to change and they are based on expectations and assumptions as to future events, circumstances and other factors which are in some cases outside the Company's control.

The information contained in these sections of the annual report have been prepared on the basis of the knowledge and information available to directors at the date of its preparation and the Company does not undertake any obligation to update or revise the information during the financial year ahead. It is believed that the expectations set out in these forward-looking statements are reasonable, but they may be affected by a wide range of variables which could cause actual results or trends to differ materially. The forward-looking statements should be read in particular in the context of the specific risk factors identified.

Shareholders should note that these sections have not been audited or otherwise independently verified.

Principal activities and future development

The principal activities of the Group are primarily in the United Kingdom and comprise: the publishing of newspapers both in print and digital formats, the provision of printing services to third parties and specialist businesses in digital classified and digital marketing services.

The Group's strategy, future development and review of performance are contained in the Chief Executive's statement on pages 6 to 11 and the Business review on pages 14 to 22.

DIRECTORS REPORT CONTINUED

Results and dividends

The profit for the period attributable to equity holders of the parent was £23.8 million (2011: £77.8 million). The directors do not propose a final dividend for the year and no interim dividend was declared (2011: no dividend). Retained profit for the period was £23.8 million (2011: £77.8 million).

Charitable and political donations

During the year, contributions for charitable purposes totalled £35,000 (2011: £75,000), principally to various charities connected or associated with the newspaper, printing or advertising industries and local charities serving the communities in which we operate. No direct political contributions were paid during the period (2011: £nil). The editorial stance of the Daily Mirror, Sunday Mirror, the Daily Record and the Sunday Mail, is politically left of centre and often supportive of the Labour Party. Although we do not make direct political donations, it has been in the best interests of the Daily Mirror and Daily Record to sponsor, on commercial terms, certain events in aid of the Labour Party.

At the Company's Annual General Meeting held in 2012, the Company and its subsidiaries received authority from shareholders under the Companies Act 2006 to make donations to political parties of up to £75,000 in aggregate per annum. In 2012, there were no such payments (2011: £nil). The Company had no intention of making direct political donations but this authority made sure that it did not inadvertently commit a breach of the law applying to the expanded definition of political donations.

Employment policies and employees

The Group employs 5,000 people in more than 50 locations across the UK, including nine print sites. The Company is committed to increasing the service quality, profitability and efficiency of the Company by attracting and recruiting the people who are best suited to meet the standards for the role and the Company without regard to race, creed, colour, nationality (subject to legal eligibility), ethnic origin, religion, gender, age, sex change, sexual orientation, marital status, connections with a national minority, membership or non-membership of a trade union or, unless justifiable, disability.

We pursue a policy of equal opportunities for all employees and potential employees. We have continued our policy of giving fair consideration to applications for employment made by disabled persons bearing in mind the requirements for skills and aptitude for the job. In the areas of planned employee training and career development, we strive to ensure that disabled employees receive maximum possible benefits including opportunities for promotion. Every effort is made to ensure that continuing employment and opportunities are also provided for employees who become disabled. Within the limitations of commercial confidentiality and security, it is the policy of the Company to take views of employees into account in making decisions and wherever possible, to encourage the involvement of employees in the Group's performance.

Group companies evolve their own consultative policies. Methods of communication used within the Group include staff forums, advisory committee meetings, newsletters, bulletins, pension trustee reports, management briefings and staff surveys.

Since January 2009, Paul Vickers, Secretary and Group Legal Director, has been identified as the executive director with Human Resource responsibility.

Payment of suppliers

We have a supplier payment policy which provides for payment of all suppliers (other than those with agreed alternative terms) at the month end following the month of receipt of invoice. All companies within the Group are encouraged to make payments in accordance with those terms and conditions provided that the supplier has also complied with them. At 30 December 2012, the Group had an average of 34 days (2011: 32 days) purchases outstanding in trade creditors.

Share capital

Details of the movements in the Company's called-up share capital are included in note 30 to the consolidated financial statements.

Substantial shareholdings

In accordance with Rule 5 of the Disclosure and Transparency Rules, as at 14 March 2013, the Company had been notified of the following beneficial interests in its ordinary shares:

	Number of shares	Percentage of issued share capital*	Nature of holding
Schroders plc	42,920,140	16.66%	Indirect
Aviva plc	29,638,066	11.50%	Direct & indirect
Standard Life Investments Limited	20,206,129	7.84%	Direct & indirect
UBS Investment Bank	16,578,466	6.43%	Direct
Blackrock Inc.	12,817,868	4.97%	Indirect
JP Morgan Asset Management (UK) Limited	12,666,887	4.92%	Indirect
Old Mutual Asset Managers (UK) Ltd	12,556,497	4.87%	Direct
Royal London Asset Management Limited	10,270,880	3.99%	Direct
Legal & General Group plc	9,476,031	3.67%	Direct
Lloyds TSB Group plc	8,931,102	3.47%	Direct & indirect

* Percentage of ordinary shares in issue, excluding Treasury Shares as at 14 March 2013.

Dividend policy

In light of the challenging trading environment faced by the Group, the Board concluded at the 2008 preliminary results that it was prudent to retain maximum financial flexibility for the Group. Therefore, alongside actions being taken on costs and in other areas of the business, the Board did not pay a final dividend for 2008 or any dividend since then, and is not declaring a dividend for 2012. The Board's focus of the next 15 months is to repay maturing debt to increase financial flexibility before considering dividends to shareholders.

Corporate governance statement

The corporate governance statement, in accordance with Rule 7.2 of the Disclosure and Transparency Rules and Rule 9.8.6(5) and (6) of the Listing Rules, on pages 31 and 34 forms part of this Directors' report.

Directors

The directors of the Company who served during the period, unless stated otherwise, are listed below:

Executive

Sly Bailey (resigned 15 June 2012)
Simon Fox (appointed 10 September 2012)
Mark Hollinshead (appointed 15 October 2012)
Vijay Vaghela
Paul Vickers

Non-executive

Sir Ian Gibson CBE (resigned 28 May 2012)
David Grigson (appointed 1 January 2012)
Gary Hoffman
Jane Lighting
Kathleen O'Donovan
Donal Smith (appointed 1 March 2012)
Laura Wade-Gery (resigned 10 May 2012)

Their remuneration is summarised on page 45 and details of the directors' beneficial and non-beneficial interests in shares can be found on pages 47 and 48 in the Remuneration report. Biographical details of each of the directors can be found on pages 12 and 13.

The Board has adopted the provision in the UK Corporate Governance Code 2010, whereby the entire Board should stand for re-election annually. Each director being eligible, with the exception of Kathleen O'Donovan, offers himself or herself for re-election at the Annual General Meeting to be held on 16 May 2013.

Having completed two terms as a non-executive director, Kathleen O'Donovan will not seek re-election and will retire from the Board at the conclusion of the Annual General Meeting.

Articles of Association

The Company's Articles of Association may only be amended by a special resolution at a general meeting of the shareholders.

Issued share capital

As at the date of this report, the Company's issued share capital consists of 257,690,520 ordinary shares of 10 pence each.

Authorities granted at the Annual General Meeting in 2012

At the Annual General Meeting in 2012, shareholders approved an authority for the Company to make market purchases of its own shares up to a maximum of 25,769,052 shares (being 10% of the issued share capital) at prices not less than the nominal value of each share (being 10 pence each) and not exceeding 105% of the average mid-market price for the preceding five business days. No use was made of this authority during the period.

Annual General Meeting

The Annual General Meeting of Trinity Mirror plc will be held at the Hilton London Canary Wharf, Marsh Wall, London E14 9SH on 16 May 2013. The Notice is given, together with explanatory notes, in the booklet which accompanies this report.

Auditors

Each of the persons who are a director at the date of approval of this Annual Report and Accounts confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors of the Company and their reappointment will be put to shareholders at the next Annual General Meeting.

Directors' responsibility statement

The directors confirm to the best of their knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Chief Executive's statement and the Business review, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

By order of the Board

Paul Vickers

Secretary and Group Legal Director

14 March 2013

GROUP CONSOLIDATED ACCOUNTS

Independent auditor's report to the members of Trinity Mirror plc

We have audited the consolidated financial statements of Trinity Mirror plc for the 52 weeks ended 30 December 2012 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated balance sheet, the consolidated cash flow statement and the related notes 1 to 38. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibility on page 49, the directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the Group's affairs as at 30 December 2012 and of its profit for the 52 weeks then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the 52 weeks ended 30 December 2012 for which the financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement contained within the corporate governance report in relation to going concern; and
- the part of the corporate governance report relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- certain elements of the report to shareholders by the Board of directors' remuneration.

Other matter

We have reported separately on the parent company financial statements of Trinity Mirror plc for the 52 weeks ended 30 December 2012 and on the information in the directors' remuneration report that is described as having been audited.

Kate J Houldsworth

(Senior Statutory Auditor)

for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK

14 March 2013

CONSOLIDATED INCOME STATEMENT

for the 52 weeks ended 30 December 2012 (52 weeks ended 1 January 2012)

	Notes	2012 £m	2011 (restated) £m
Revenue	4, 5	**706.5**	760.7
Cost of sales		**(370.8)**	(407.9)
Gross profit		**335.7**	352.8
Distribution costs		**(77.6)**	(90.1)
Administrative expenses:			
Non-recurring items:			
Impairment of goodwill	8	**(60.0)**	–
Other	8	**(11.5)**	(9.3)
Amortisation of intangible assets	15	**(3.0)**	(2.8)
Other administrative expenses		**(152.7)**	(159.5)
Share of results of associates:	17		
Results before non-recurring items		**1.7**	1.3
Non-recurring items	8	**5.5**	–
Operating profit		**38.1**	92.4
Investment revenues	9	**0.4**	0.7
Pension finance (charge)/credit	33	**(5.2)**	2.7
Finance costs	10	**(14.4)**	(21.4)
Profit before tax		**18.9**	74.4
Tax credit	11	**4.9**	3.4
Profit for the period attributable to equity holders of the parent		**23.8**	77.8

Statutory earnings per share		2012 Pence	2011 Pence
Earnings per share – basic	13	**9.6**	31.4
Earnings per share – diluted	13	**9.4**	31.4

Adjusted* earnings per share		2012 Pence	2011 Pence
Earnings per share – basic	13	**29.9**	27.0
Earnings per share – diluted	13	**29.1**	27.0

* Adjusted items relate to the exclusion of non-recurring items, the amortisation of intangible assets, the retranslation of foreign currency borrowings, the impact of fair value changes on derivative financial instruments, the pension finance credit or charge and the impact of tax legislation changes. Set out in note 37 is the reconciliation between the statutory results and the adjusted results.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 52 weeks ended 30 December 2012 (52 weeks ended 1 January 2012)

	Notes	2012 £m	2011 £m
Profit for the period		**23.8**	77.8
Actuarial losses on defined benefit pension schemes	33	**(73.3)**	(104.8)
Tax on actuarial losses on defined benefit pension schemes	11	**16.9**	26.2
Deferred tax charge resulting from future change in tax rate		**(4.6)**	(3.2)
Share of items recognised in equity by associates	17	**(1.7)**	0.5
Other comprehensive costs for the period		**(62.7)**	(81.3)
Total comprehensive costs for the period		**(38.9)**	(3.5)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 52 weeks ended 30 December 2012

	Share capital £m	**Share premium account £m**	**Capital redemption reserve £m**	**Retained earnings and other reserves £m**	**Total £m**
At 1 January 2012	**(25.8)**	**(1,121.6)**	**(4.3)**	**476.3**	**(675.4)**
Profit for the period	–	–	–	(23.8)	(23.8)
Other comprehensive costs for the period	–	–	–	62.7	62.7
Total comprehensive costs for the period	–	–	–	38.9	38.9
Credit to equity for equity-settled share-based payments	–	–	–	(2.5)	(2.5)
At 30 December 2012	**(25.8)**	**(1,121.6)**	**(4.3)**	**512.7**	**(639.0)**

for the 52 weeks ended 1 January 2012

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings and other reserves £m	Total £m
At 2 January 2011	(25.8)	(1,121.6)	(4.3)	472.1	(679.6)
Profit for the period	–	–	–	(77.8)	(77.8)
Other comprehensive costs for the period	–	–	–	81.3	81.3
Total comprehensive costs for the period	–	–	–	3.5	3.5
Credit to equity for equity-settled share-based payments	–	–	–	(2.3)	(2.3)
Purchase of own shares	–	–	–	3.0	3.0
At 1 January 2012	(25.8)	(1,121.6)	(4.3)	476.3	(675.4)

CONSOLIDATED BALANCE SHEET

as at 30 December 2012 (1 January 2012)

	Notes	2012 £m	2011 £m
Non-current assets			
Goodwill	14	**17.8**	77.8
Other intangible assets	15	**894.9**	897.9
Property, plant and equipment	16	**357.5**	381.7
Investment in associates	17	**12.6**	7.2
Retirement benefit assets	33	**36.7**	78.5
Deferred tax assets	21	**68.9**	58.0
Derivative financial instruments	26	**5.2**	13.0
		1,393.6	1,514.1
Current assets			
Inventories	18	**7.0**	9.7
Trade and other receivables	19	**107.1**	101.8
Cash and cash equivalents	19	**24.2**	15.5
		138.3	127.0
Total assets		**1,531.9**	1,641.1
Non-current liabilities			
Borrowings	25	**(104.9)**	(160.9)
Retirement benefit obligations	33	**(334.4)**	(308.6)
Deferred tax liabilities	21	**(262.9)**	(291.2)
Provisions	22	**(8.8)**	(8.3)
		(711.0)	(769.0)
Current liabilities			
Borrowings	25	**(49.7)**	(65.9)
Trade and other payables	20	**(101.1)**	(105.2)
Current tax liabilities	11	**(21.3)**	(17.4)
Provisions	22	**(7.1)**	(5.8)
Derivative financial instruments	26	**(2.7)**	(2.4)
		(181.9)	(196.7)
Total liabilities		**(892.9)**	(965.7)
Net assets		**639.0**	675.4

Equity			
Share capital	29,30	**(25.8)**	(25.8)
Share premium account	29,31	**(1,121.6)**	(1,121.6)
Capital redemption reserve	29	**(4.3)**	(4.3)
Retained earnings and other reserves	29	**512.7**	476.3
Total equity attributable to equity holders of the parent		**(639.0)**	(675.4)

These consolidated financial statements were approved by the Board of directors and authorised for issue on 14 March 2013. They were signed on its behalf by:

Simon Fox
Chief Executive

Vijay Vaghela
Group Finance Director

CONSOLIDATED CASH FLOW STATEMENT

for the 52 weeks ended 30 December 2012 (52 weeks ended 1 January 2012)

	Notes	2012 £m	2011 £m
Cash flows from operating activities			
Cash generated from operations	24	**109.2**	93.6
Income tax paid		**(18.1)**	(17.7)
Net cash inflow from operating activities		**91.1**	75.9
Investing activities			
Interest received		**0.4**	0.7
Dividend received from associates		**0.1**	–
Proceeds on disposal of property, plant and equipment		**0.3**	–
Purchases of property, plant and equipment		**(5.6)**	(7.5)
Acquisition of subsidiary undertaking		**–**	(7.5)
Net cash used in investing activities		**(4.8)**	(14.3)
Financing activities			
Interest paid on borrowings		**(7.9)**	(13.9)
Repayment of borrowings		**(69.7)**	(145.4)
Purchase of own shares		**–**	(3.0)
Net cash used in financing activities		**(77.6)**	(162.3)
Net increase/(decrease) in cash and cash equivalents		**8.7**	(100.7)
Cash and cash equivalents at the beginning of period	27	**15.5**	116.2
Cash and cash equivalents at the end of period	27	**24.2**	15.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the 52 weeks ended 30 December 2012 (52 weeks ended 1 January 2012)

1 General information

Trinity Mirror plc is a company incorporated in England and Wales and listed on the London Stock Exchange. The Company's registered number is 82548. The address of the registered office is One Canada Square, Canary Wharf, London E14 5AP. The principal activities of the Group are discussed in the Business review on pages 14 to 22.

These consolidated financial statements were approved for issue by the Board of directors on 14 March 2013. The 2012 Annual Report and Accounts will be available on the Company's website at www.trinitymirror.com, at the Company's registered office and sent to shareholders in April 2013.

2 Adoption of new and revised standards

Changes in accounting policy

The Group has adopted amended standards during the current financial period which have had no material impact on the Group:

IFRS 1	(Amended) 'First-time Adoption of International Financial Reporting Standards' – effective for periods beginning on or after 1 July 2011
IFRS 7	(Amended) 'Financial Instruments' – effective for periods starting on or after 1 July 2011
IAS 12	(Amended) 'Deferred Tax' – effective for periods beginning on or after 1 January 2012

At the date of approval of these consolidated financial statements the following new, amended and revised standards and interpretations, which have not been applied and when adopted, except for IAS19 (Amended) 'Employment Benefits', will have no material impact on the Group, were in issue but not yet effective:

IFRS 1	(Amended) 'First-time Adoption of International Financial Reporting Standards' – effective for periods beginning on or after 1 January 2013
IFRS 7	(Amended) 'Financial Instruments' – effective for periods beginning on or after 1 January 2013
IFRS 9	(Issued) 'Financial Instruments' – effective for periods starting on or after 1 January 2013
IFRS 10	(Issued) 'Consolidated Financial Statements' – effective for periods beginning on or after 1 January 2013
IFRS 11	(Issued) 'Joint Arrangements' – effective for periods beginning on or after 1 January 2013
IFRS 12	(Issued) 'Disclosure of Interests in Other Entities' – effective for periods beginning on or after 1 January 2013
IFRS 13	(Issued) 'Fair Value Measurement' – effective for periods beginning on or after 1 January 2013
IAS 1	(Amended) 'Presentation of Financial Statements' – effective for periods beginning on or after 1 July 2012
IAS 19	(Amended) 'Employment Benefits' – effective for periods beginning on or after 1 January 2013
IAS 27	(Revised) 'Separate Financial Statements' – effective for periods beginning on or after 1 January 2013
IAS 28	(Revised) 'Investments in Associates' – effective for periods beginning on or after 1 January 2013
IAS 32	(Amended) 'Financial Instruments' – effective for periods beginning on or after 1 January 2014
IFRIC 20	(Issued) 'Stripping Costs in the Production Phase of a Surface Mine' – effective for periods beginning on or after 1 January 2013

In addition, improvements to IFRS (2011) are effective for periods starting on or after 1 January 2013, and will have no material impact on the Group.

IAS19 (Amended) 'Employment Benefits' – effective for periods beginning on or after 1 January 2013, will be adopted for the 2013 financial year and will be applied retrospectively to 2012 for comparative purposes. It is estimated to have the following impact on the consolidated financial statements:

- pension scheme administrative expenses which are currently allowed for in the finance charge or credit will be reported in operating profit. The estimated charge for 2013 is £3.0 million and will be included in the statutory results but will be excluded from the adjusted results on the basis that the pension schemes are all closed to future accrual and this cost is in effect a cost of administering historical liabilities;
- the calculation of the finance charge will no longer be based on the net of asset return expectations and unwinding of the discount rate on liabilities and will instead be calculated on the balance sheet liability or asset at the start of the period multiplied by the discount rate at the start of the period with an adjustment for contributions. The estimated charge for 2013 is £13.2 million; and
- changes in the format of the disclosures and additional disclosures in the notes to the consolidated financial statements.

Adoption of the amended standard will not impact the balance sheet pension scheme deficit or surplus. The 2012 pension finance charge of £5.2 million, which included an allowance for administrative expenses, is included in the statutory results below operating profit. Under the amended standard, in 2012 this would be replaced by a £3.3 million charge to statutory operating profit and a £11.2 million finance charge below operating profit, together an increase of £9.3 million. This does not impact the adjusted results as the pension finance charge is excluded from the adjusted results and the new charge for administrative expenses will also be excluded from the adjusted results.

3 Accounting policies

International Financial Reporting Standards (IFRS)

The Group has adopted standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations as adopted by the European Union (EU).

Individual standards and interpretations have to be adopted by the EU and the process leads to a delay between the issue and adoption of new standards and interpretations and in some cases amendments by the EU.

The parent company financial statements of Trinity Mirror plc for the 52 weeks ended 30 December 2012, prepared in accordance with applicable law and United Kingdom Accounting Standards, are presented on pages 91 to 99.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3 Accounting policies continued

Basis of preparation

These consolidated financial statements have been prepared on a going concern basis of the Corporate governance report on pages 30 to 37.

For administrative convenience, the consolidated financial statements are made up to a suitable date near the end of the calendar year.

These consolidated financial statements have been prepared for the 52 weeks ended 30 December 2012 and the comparative period has been prepared for the 52 weeks ended 1 January 2012.

During October 2012, the Group announced changes in the management and organisational structure of the Group. As a result of the changes the Group now has four operating segments that are regularly reviewed by the Board and chief operating decision maker for the purposes of allocating resources and assessing performance.

The revision to the operating segments had no impact on the revenue and operating profit of the Group. A review of revenue classification in relation to newsprint supplied to third parties has resulted in revenue and costs for 2011 each being increased by £14.1 million with no impact on operating profit. In addition, the classification of revenue by category has been amended to better reflect the new reporting segments.

The impact of the revised operating segment and reclassification of revenues on the 2011 results together are set out in note 38.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented.

Basis of accounting

These consolidated financial statements have been prepared in accordance with IFRS and IFRIC interpretations as adopted by EU and with those parts of the Companies Act 2006 applicable to groups reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold properties which on transition to IFRS were deemed to be the cost of the asset. A summary of the more important Group accounting policies is set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Trinity Mirror plc and all entities controlled by it for the 52 weeks ended 30 December 2012. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

On the acquisition of a business, including an interest in an associated undertaking or a joint venture, fair values are attributed to the Group's share of the identifiable assets and liabilities of the business existing at the date of acquisition and reflecting the conditions as at that date. Where necessary, adjustments are made to the financial statements of businesses acquired to bring their accounting policies in line with those used in the preparation of the consolidated financial statements.

Results of businesses are included in the consolidated income statement from the effective date of acquisition and in respect of disposals up to the effective date of relinquishing control.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair value at the acquisition date of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in the profit or loss account as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in fair value of contingent consideration classified as an asset or liability are accounted for in accordance with the relevant IFRS. Changes in the fair value of contingent consideration classified as equity are not recognised.

Investment in 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 consolidated income statement, and its share of other comprehensive income is recognised in the consolidated statement of comprehensive income.

Joint ventures

The Group has joint venture arrangements where separate entities have been established. In each entity the Group or one of its subsidiaries has an interest and along with other ventures jointly controls these entities. When material, the Group reports its interest in jointly controlled entities using equity accounting and its share of the entities' profit or loss is accounted for as a single entry in the consolidated income statement. Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Negative goodwill arising on an acquisition is recognised directly in the consolidated income statement upon acquisition.

Goodwill is reviewed for impairment either annually or more frequently if events or changes in circumstances indicate a possible decline in the carrying value.

For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash-generating units. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit, pro-rated on the basis of the carrying amount of each asset in the unit, but subject to not reducing any asset below its recoverable amount. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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

3 Accounting policies continued

Other intangible assets

Other intangible assets comprise acquired publishing rights and titles in respect of print publishing activities and other intangible assets in respect of online activities. On acquisition, the fair value of other intangible assets is calculated based on discounted cash flows. On disposal of an entity or closure of a title, the carrying amount of the related intangible asset is de-recognised and the gain or loss arising from de-recognition, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is recognised in the consolidated income statement.

Publishing rights and titles are initially recognised as an asset at fair value with an indefinite economic life. They are not subject to amortisation. For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash-generating units. Where the asset does not generate cash flows that are independent from other assets, value in use estimates are made based on the cash flows of the cash-generating unit to which the asset belongs. The publishing rights and titles are reviewed for impairment either at each reporting date or more frequently when there is an indication that the recoverable amount is less than the carrying amount. Recoverable amount is the higher of fair value less costs to sell and value in use.

In assessing value in use the estimated future cash flows of the cash-generating unit relating to the asset are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset for which estimates of future cash flows have not been adjusted. If the recoverable amount of a cash-generating unit is estimated to be less than its carrying amount, the carrying value of the cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised in the consolidated income statement in the period in which it occurs and may be reversed in subsequent periods.

Other intangible assets in respect of online activities are amortised using the straight-line method over the expected life over which those assets will generate revenues and profits for the Group and are tested for impairment at each reporting date or more frequently where there is an indication that the recoverable amount is less than the carrying amount.

Costs incurred in the development and maintenance of websites are only capitalised if the criteria specified in IAS 38 are met.

Revenue recognition

Revenue is measured at the fair value of the consideration received, net of applicable discounts and value added tax. Advertising revenue is recognised upon publication. Circulation revenue is recognised at the time of sale. Printing revenue is recognised when the service is provided. Digital revenue is recognised over the period of the online campaign. Other revenue including leaflets and events revenue is recognised at the time of sale or provision of service. Rentals receivable under operating leases are credited to the consolidated income statement on a straight-line basis over the lease term. Interest income from bank deposits is recognised on an accruals basis. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. All other leases are classified as operating leases. Assets held under finance leases are recognised at their fair value at the inception of the lease or, if lower, the present value of the minimum lease payments. The asset is recognised within property, plant and equipment and the corresponding liability to the lessor is included within obligations under finance leases. Lease payments are apportioned between finance charges which are charged to the consolidated income statement and reductions in the lease obligation.

Rentals payable under operating leases are charged to the consolidated income statement on a straight-line basis over the lease term. Benefits received as incentives to enter into the agreement are spread on a straight-line basis over the lease term.

Foreign currency

Transactions denominated in foreign currencies are translated at the rates of exchange prevailing on the date of the transactions.

At each reporting date, items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Exchange differences arising on settlement and on retranslation are included in the consolidated income statement for the period.

Retirement benefits

The Group operates a number of defined benefit pension schemes, all of which have been set up under trusts that hold their financial assets separately from those of the Group and are controlled by the trustees.

The amount recognised in the balance sheet in respect of defined benefit pension schemes is the present value of the defined benefit obligation at the reporting date less the fair value of scheme assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The resultant liability or asset of each scheme is included in non-current liabilities or non-current assets as appropriate. The defined benefit obligation is calculated at each reporting date 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 the consolidated statement of comprehensive income.

The Group operates two defined contribution pension schemes, both of which have been set up under trusts that hold their financial assets separately from those of the Group and are controlled by the trustees.

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

3 Accounting policies continued

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 period. Taxable profit differs from profit before tax as reported in the consolidated 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. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated 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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting 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 consolidated 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 the consolidated statement of comprehensive income.

Property, plant and equipment

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

Cost includes the purchase price and all directly attributable costs of bringing the asset to its location and condition necessary to operate as intended.

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 freehold land and assets under construction which are not depreciated, using the straight-line method over the estimated useful lives of buildings (15–67 years) and plant and machinery (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.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the consolidated income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost represents materials, direct labour and production overheads. Cost is calculated using the first in first out method.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables do not carry any interest. Conversion to a readily known amount of cash occurs over a short period and is subject to an insignificant risk of changes in value. Therefore balances are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits.

Borrowings

Sterling interest bearing loans and bank overdrafts are recorded at the proceeds received, net of direct issue costs. Foreign currency interest bearing loans are recorded at the exchange rate at the reporting date. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the consolidated 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. All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

Derivative financial instruments

The Group uses derivative financial instruments, including currency swaps, 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. The Group has elected not to apply hedge accounting.

Derivative financial instruments are separately recognised at fair value in the consolidated financial statements. Changes in the fair value of derivative financial instruments are recognised immediately in the consolidated 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 contract, with unrealised gains or losses reported in the consolidated income statement.

Trade payables

Trade payables are not interest bearing. Payments occur over a short period and are subject to an insignificant risk of changes in value. Therefore balances are stated at their nominal value.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the consolidated balance sheet are net of allowances for doubtful receivables, estimated based on prior experience and assessment of the current economic environment.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

3 Accounting policies continued

Provisions
Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. Accruals are made for legal costs in respect of libel litigation in progress and for estimated damages where it is judged probable that damages will be payable.

These accruals are included in current liabilities.

Share-based payments
The Group issues equity-settled benefits to certain employees.

In accordance with the transitional provisions of IFRS 2, the standard has been applied to all grants of equity instruments after 7 November 2002 that had not vested as of 3 January 2005. These equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured by use of a stochastic (Monte-Carlo binomial) model or a modified Black-Scholes calculation. The expected life used in the model has been adjusted, based on the directors' best estimates, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Where the Group's own shares are purchased, the consideration paid including any directly attributable incremental costs, net of income taxes, is deducted from equity attributable to the Group's equity holders until the shares are cancelled, reissued or disposed of.

Where such shares are cancelled, the nominal value of shares cancelled is shown in the capital redemption reserve. Where such shares are subsequently reissued or disposed of, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group's equity holders.

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

Non-recurring items
Items which are deemed to be non-recurring by virtue of their nature or size are included under the statutory classification appropriate to their nature but are separately disclosed on the face of the consolidated income statement to assist in understanding the financial performance of the Group.

Critical judgements in applying the Group's accounting policies
In the process of applying the Group's accounting policies, described above, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

Acquisitions and intangible assets
Judgements have been made in respect of the identification of intangible assets based on pre-acquisition forecasts and market analysis. The initial valuations of acquired intangible assets are reviewed for impairment at each reporting date, or more frequently if necessary.

Key sources of estimation uncertainty
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Impairment of goodwill and other intangible assets
Determining whether goodwill and other intangible assets are impaired requires an estimation of the value in use of the cash-generating unit to which these have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value (notes 14 and 15).

Retirement benefits
Actuarial assumptions adopted and external factors can significantly vary the surplus or deficit of defined benefit pension schemes. Advice is sourced from independent actuaries in selecting suitable assumptions (note 33).

Derivative financial instruments
Derivative financial instruments are recognised at fair value and can change significantly from period to period (note 26).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4 Operating segments

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board and chief operating decision maker to allocate resources to the segments and to assess their performance. As set out in note 3, following the changes in the management structure during 2012, the external and internal reporting has been amended to reflect the new reporting structure.

The Group now has four operating segments that are regularly reviewed by the Board and chief operating decision maker. The operating segments are: Publishing which includes all of our newspapers and associated digital publishing; Printing which provides printing services to the publishing segment and to third parties; Specialist Digital which includes our digital classified verticals and our digital marketing services businesses; and Central which includes revenue and costs not allocated to the operational divisions and the share of results of associates.

The accounting policies used in the preparation of each segment's revenue and results are the same as the Group's accounting policies described in note 3. The Board and chief operating decision maker are not provided with an amount for total assets by segment. The Group's operations are located in the UK and the Group is not subject to significant seasonality during the year.

Segment revenue and results

	Publishing 2012 £m	**Printing 2012 £m**	**Specialist Digital 2012 £m**	**Central 2012 £m**	**Total 2012 £m**
Revenue					
Segment sales	**615.6**	**219.5**	**23.0**	**3.2**	**861.3**
Inter-segment sales	**–**	**(153.2)**	**(1.6)**	**–**	**(154.8)**
Total revenue	**615.6**	**66.3**	**21.4**	**3.2**	**706.5**
Segment result	**125.1**	**–**	**(2.9)**	**(15.1)**	**107.1**
Amortisation					**(3.0)**
Non-recurring items					**(66.0)**
Operating profit					**38.1**
Investment revenues					**0.4**
Pension finance charge					**(5.2)**
Finance costs					**(14.4)**
Profit before tax					**18.9**
Tax credit					**4.9**
Profit for the period					**23.8**

	Publishing 2011 £m	Printing 2011 £m	Specialist Digital 2011 £m	Central 2011 £m	Total 2011 £m
Revenue					
Segment sales	674.1	240.7	18.9	3.4	937.1
Inter-segment sales	–	(175.5)	(0.9)	–	(176.4)
Total revenue	674.1	65.2	18.0	3.4	760.7
Segment result	119.8	–	(0.2)	(15.1)	104.5
Amortisation					(2.8)
Non-recurring items					(9.3)
Operating profit					92.4
Investment revenues					0.7
Pension finance credit					2.7
Finance costs					(21.4)
Profit before tax					74.4
Tax credit					3.4
Profit for the period					77.8

5 Revenue

Revenue in 2011 has been restated by £14.1 million and the revenue classification has been amended as set out in note 3.

	2012 £m	2011 £m
Circulation	**297.2**	322.6
Advertising	**292.8**	326.8
Print advertising	*264.2*	*295.2*
Digital advertising	*28.6*	*31.6*
Printing	**66.3**	65.2
Other	**50.2**	46.1
Total revenue	**706.5**	760.7

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

	2012 £m	2011 £m
UK and Republic of Ireland	**702.1**	756.1
Continental Europe	**3.8**	3.7
Rest of World	**0.6**	0.9
Total revenue	**706.5**	760.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

6 Result for the year

	2012 £m	2011 £m
Operating profit for the period is arrived at after (charging)/crediting:		
Staff costs	**(214.0)**	(231.9)
Cost of inventories recognised as a cost of sales	**(130.5)**	(136.4)
Depreciation of property, plant and equipment	**(29.1)**	(33.3)
Profit/(loss) on disposal of fixed assets	**0.1**	(0.8)
Amortisation of intangible assets	**(3.0)**	(2.8)
Operating lease rentals payable:		
– property	**(6.9)**	(7.2)
– vehicles, plant and equipment	**(2.8)**	(3.0)
Trade receivables impairment	**(0.8)**	(1.3)
Net foreign exchange loss	**(0.1)**	–
Non-recurring items	**(66.0)**	(9.3)
Auditors' remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**(0.2)**	(0.3)
Fees payable to the Company's auditor for other services to the Group:		
– the audit of the Company's subsidiaries	**(0.4)**	(0.4)
Total audit fees	**(0.6)**	(0.7)
Non-audit fees payable to the Company's auditors for:		
– audit-related assurance services	**(0.1)**	(0.1)
– other taxation advisory services	**(0.1)**	(0.2)
Total non-audit fees	**(0.2)**	(0.3)

There were no future services contracted at the reporting date (2011: £nil).

Fees payable to Deloitte LLP for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

A description of the work of the Audit & Risk Committee is set out in the Corporate governance report on pages 30 to 37 and includes an explanation of how auditors' objectivity and independence are safeguarded when non-audit services are provided by the auditors.

Total administrative expenses included in operating profit amounted to £227.2 million (2011: £171.6 million) including non-recurring items amounting to a charge of £71.5 million (2011: £9.3 million) and amortisation of intangible assets of £3.0 million (2011: £2.8 million).

Total share of results of associates amounted to a profit of £7.2 million (2011: £1.3 million) comprising share of profit before non-recurring items of £1.7 million (2011: £1.3 million) and a non-recurring credit of £5.5 million (2011: £nil).

Total foreign exchange gains during the period was £7.3 million (2011: £2.0 million loss) comprising a net foreign exchange loss of £0.1 million (2011: £nil) included in operating profit and a gain on the retranslation of borrowings of £7.4 million (2011: £2.0 million loss) included in finance costs.

7 Staff costs

The average number of persons, including executive directors, employed by the Group in the period was:

	2012 Number	2011 Number
Production and editorial	**2,733**	3,001
Sales and distribution	**1,449**	1,738
Administration	**1,210**	1,210
	5,392	5,949

All employees are employed in the United Kingdom and Republic of Ireland. The above excludes casual employees working for the Group during the period due to the impracticality of determining an average.

Staff costs, including directors' emoluments, incurred during the period were:

	2012 £m	2011 £m
Wages and salaries	**(178.7)**	(195.4)
Social security costs	**(18.4)**	(19.9)
Share-based payments in the period (note 32)	**(2.8)**	(2.5)
Pension costs – defined contribution pension schemes (note 33)	**(14.1)**	(14.1)
	(214.0)	(231.9)

Disclosure of individual directors' remuneration, share options, long-term incentive schemes, pension contributions and pension entitlements required by the Companies Act 2006 and those elements specified for audit by the Financial Services Authority are shown in the tables in the Remuneration report on pages 38 to 48 and form part of these consolidated financial statements.

8 Non-recurring items

	2012 £m	2011 £m
Impairment of goodwill[a]	**(60.0)**	–
Restructuring charges[b]	**(11.5)**	(10.7)
Receipt from impairment of receivables[c]	**–**	1.4
Non-recurring items included in administrative expenses	**(71.5)**	(9.3)
Non-recurring items included in share of results of associates[d]	**5.5**	–
Total non-recurring items	**(66.0)**	(9.3)

(a) An impairment review comparing the carrying value of the Group's goodwill and other intangible assets with value in use was undertaken in accordance with IAS36 which indicated that a £60.0 million impairment charge against goodwill in the digital recruitment cash-generating unit (£52.0 million) and the digital property cash-generating unit (£8.0 million) was required.

(b) Restructuring charges of £11.5 million (2011: £10.7 million) were incurred in delivery of cost reduction measures.

(c) During 2011, a receipt of £1.4 million was received relating to an impairment of receivables in 2009.

(d) Share of the after tax non-recurring gain made by PA Group Limited on disposal of a 50% interest in Canada Newswires.

9 Investment revenues

	2012 £m	2011 £m
Interest income on bank deposits and other interest receipts	**0.4**	0.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

10 Finance costs

	2012 £m	2011 £m
Interest on bank overdrafts and borrowings	**(8.8)**	(13.3)
Total interest expense	**(8.8)**	(13.3)
Fair value loss on derivative financial instruments	**(13.0)**	(10.1)
Foreign exchange gain on retranslation of borrowings	**7.4**	2.0
Finance costs	**(14.4)**	(21.4)

11 Tax

	2012 £m	2011 £m
Current tax		
Corporation tax charge for the period	**(23.7)**	(24.5)
Prior period adjustment	**0.4**	0.1
Current tax charge	**(23.3)**	(24.4)
Deferred tax (note 21)		
Deferred tax credit for the period	**4.6**	4.0
Deferred tax rate change	**23.2**	23.6
Prior period adjustment	**0.4**	0.2
Deferred tax credit	**28.2**	27.8
Tax credit	**4.9**	3.4

Reconciliation of tax credit	2012 %	2011 %
Standard rate of corporation tax	**(24.5)**	(26.5)
Tax effect of items that are not deductible in determining taxable profit/(loss)	**(86.1)**	(1.6)
Deferred tax rate change	**122.8**	31.7
Prior period adjustment	**4.2**	0.5
Tax effect of share of results of associates	**9.5**	0.5
Tax credit rate	**25.9**	4.6

The standard rate of corporation tax reduced from 26% to 24% on 1 April 2012. The change to 25% was substantively enacted in 2011 and then was subsequently revised to 24% in 2012. The blended rate for the accounting year is 24.5% being a mix of 26% up to 31 March 2012 and 24% from 1 April 2012 (2011: 26.5% being a mix of 28% up to 31 March 2011 and 26% from 1 April 2011). The rate of corporation tax will further reduce to 23% on 1 April 2013. The current tax liabilities amounted to £21.3 million (2011: £17.4 million) at the reporting date.

The opening deferred tax position is recalculated in the period in which a change in the standard rate of corporation tax has been substantively enacted by parliament. The change in rate from 26% to 25% was substantively enacted and therefore accounted for in 2011. The change in rate from 25% to 24% occurred during the year and the further change to 23% was substantively enacted during the year and therefore both of these changes have been accounted for in the year resulting in a £23.2 million credit (2011: £23.6 million credit) in the income statement and a £4.6 million debit (2011: £3.2 million debit) taken directly to equity.

The tax on actuarial losses on defined benefit pension schemes taken to the statement of comprehensive income is a credit of £16.9 million (2011: £26.2 million credit) comprising a current tax credit of £1.3 million (2011: £8.2 million credit) and a deferred tax credit of £15.6 million (2011: £18.0 million credit).

12 Dividends

No dividend was declared for both 2012 and 2011.

13 Earnings per share

	2012 £m	2011 £m
Profit after tax before adjusted items*	**73.7**	66.9
Adjusted items:		
Non-recurring items (after tax)	**(62.6)**	(6.5)
Amortisation of intangibles (after tax)	**(2.3)**	(2.1)
Pension finance (charge)/credit (after tax)	**(3.9)**	2.0
Fair value loss on derivative financial instruments (after tax)	**(10.0)**	(7.6)
Foreign exchange gain on retranslation of borrowings (after tax)	**5.7**	1.5
Tax legislation changes	**23.2**	23.6
Profit for the period	**23.8**	77.8

* Adjusted items relate to the exclusion of non-recurring items, the amortisation of intangible assets, the retranslation of foreign currency borrowings, the impact of fair value changes on derivative financial instruments, the pension finance credit or charge and the impact of tax legislation changes. Set out in note 37 is the reconciliation between the statutory results and the adjusted results.

Weighted average number at ordinary shares	2012 Thousand	2011 Thousand
Weighted average number of ordinary shares for basic earnings per share	**246,686**	247,933
Effect of potentially dilutive ordinary shares in respect of share options	**6,698**	25
Weighted average number of ordinary shares for diluted earnings per share	**253,384**	247,958

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the parent by the weighted average number of ordinary shares during the period. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all potentially dilutive ordinary shares. The number of potentially dilutive ordinary shares not currently dilutive 6,406,571 (2011: 9,777,116).

Statutory earnings per share	2012 Pence	2011 Pence
Earnings per share – basic	**9.6**	31.4
Earnings per share – diluted	**9.4**	31.4

Adjusted* earnings per share	2012 Pence	2011 Pence
Earnings per share – basic	**29.9**	27.0
Earnings per share – diluted	**29.1**	27.0

* Adjusted items relate to the exclusion of non-recurring items, the amortisation of intangible assets, the retranslation of foreign currency borrowings, the impact of fair value changes on derivative financial instruments, the pension finance credit or charge and the impact of tax legislation changes. Set out in note 37 is the reconciliation between the statutory results and the adjusted results.

The basic earnings per share impact for each category of non-recurring item disclosed in note 8 is as follows:

	2012 Pence	2011 Pence
Impairment of goodwill	**(24.3)**	–
Restructuring charges	**(3.3)**	(3.0)
Receipt from impairment of receivables	**–**	0.4
Loss per share - non-recurring items included in administrative expenses	**(27.6)**	(2.6)
Profit per share - non-recurring items included in share of results of associates	**2.2**	–
Loss per share - total non-recurring items	**(25.4)**	(2.6)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

14 Goodwill

	2012 £m	2011 £m
Opening balance	**77.8**	74.5
Addition	–	3.3
Impairment	**(60.0)**	–
Closing balance	**17.8**	77.8

Goodwill is allocated to cash-generating units. The carrying value of goodwill analysed by business segment is as follows:

	2012 £m	2011 £m
Publishing	**3.4**	3.4
Specialist Digital	**14.4**	74.4
Total	**17.8**	77.8

As a result of the change in reporting segments, as set out in note 3, the disclosure of goodwill by business segment has been amended. The Publishing division comprises eight cash-generating units. The Specialist Digital division comprises four cash-generating units.

The Group tests the carrying value of goodwill at the cash-generating unit level for impairment at each reporting date. At the period end reporting date, a review was undertaken on a value in use basis, assessing whether the carrying value of goodwill was supported by the net present value of future cash flows derived from those assets, using cash flow projections.

The key assumptions used in the value in use calculations are those regarding the discount rate, revenue and cost growth rates and the level of capital expenditure required. The post-tax discount rate used at the period end reporting date was 7.4% (2011: 7.0%) reflecting a long-term equity and debt mix based on the period end enterprise value assuming a long-term debt to EBITDA ratio of 1.5 times. The equivalent pre-tax discount rate is 9.4% (2011: 9.3%). The Group prepares cash flow forecasts derived from the most recently detailed approved annual budget and two year projections for 2014 and 2015 and high level projections for 2016 and 2017. The cash flow forecasts reflect past experience of and the risk associated with each asset. Cash flows beyond 2017 are extrapolated based on estimated growth rates which do not exceed the average long-term growth rates for the relevant markets. Capital expenditure cash flows have been forecast to reflect the cycle of capital investment required including printing press replacement. We have assumed our current projected performance for 2013 to 2015 and then growth rates in the 2016 and 2017 projections in the range between 0% and 5.0% which vary with management's view of the cash-generating units market position and maturity of the relevant market. The perpetuity growth rates used from 2017 vary between 0% and 2.5%. The growth rates are internal forecasts based on both internal and external market information.

The impairment review of the carrying value of the Group's goodwill performed at the period end reporting date indicated that an impairment of £60.0 million (2011: no impairment) was required. This followed a review of the market in which the digital classified cash-generating units operate and the prospects for these businesses in the medium term due to the difficult trading environment.

The impairment review is sensitive to a change in key assumptions used, most notably the discount rate and the perpetuity growth rates. A reasonably possible change of 1% in the discount rate or 1% in the perpetuity growth rates would not materially change the conclusions of the impairment review.

15 Other intangible assets

	Publishing rights and titles £m	Other intangible assets £m	Group total £m
Cost			
At 2 January 2011	1,852.8	41.4	1,894.2
Additions	–	5.3	5.3
At 1 January 2012	1,852.8	46.7	1,899.5
At 30 December 2012	**1,852.8**	**46.7**	**1,899.5**
Accumulated amortisation			
At 2 January 2011	(965.0)	(33.8)	(998.8)
Amortisation	–	(2.8)	(2.8)
At 1 January 2012	(965.0)	(36.6)	(1,001.6)
Amortisation	–	(3.0)	(3.0)
At 30 December 2012	**(965.0)**	**(39.6)**	**(1,004.6)**
Carrying amount			
At 1 January 2012	887.8	10.1	897.9
At 30 December 2012	**887.8**	**7.1**	**894.9**

Other intangible assets are allocated to cash-generating units. The carrying value of other intangible assets analysed by business segment is as follows:

	Publishing rights and titles £m	Other intangible assets £m	Total 2012 £m	Publishing rights and titles £m	Other intangible assets £m	Total 2011 £m
Publishing	**887.8**	–	**887.8**	887.8	–	887.8
Specialist Digital	–	**7.1**	**7.1**	–	10.1	10.1
Total	**887.8**	**7.1**	**894.9**	887.8	10.1	897.9

As a result of the change in reporting segments, as set out in note 3, the disclosure of other intangible assets by business segment has been amended. The Publishing division comprises eight cash-generating units. The Specialist Digital division comprises four cash-generating units.

The Group tests the carrying value of publishing rights and titles with indefinite economic lives at the cash-generating unit level for impairment at each reporting date or more frequently if there are indications that publishing rights and titles might be impaired. The directors consider publishing rights and titles have indefinite economic lives due to the historic longevity of the brands and the ability to evolve the brands in the ever changing media landscape. It is not practicable to review individual publishing rights and titles due to the interdependencies of the inflows within the cash-generating units. The other intangible assets included above have estimated useful lives of between four and 10 years and are tested at the cash-generating unit level for impairment at each reporting date or more frequently if there are indications that other intangible assets might be impaired. At the period end reporting date, a review was undertaken on a value in use basis assessing whether the carrying value of publishing rights and titles and other intangible assets were supported by the net present value of future cash flows derived from those assets, using cash flow projections.

The key assumptions are the same as those set out in note 14.

The impairment review of the carrying value of the Group's publishing rights and titles and other intangible assets performed at the period end reporting date indicated that no impairment was required (2011: no impairment).

The impairment review is sensitive to a change in key assumptions used, most notably the discount rate and the perpetuity growth rates. A reasonably possible change of 1% in the discount rate or 1% in the perpetuity growth rates would not change the conclusions of the impairment review.

16 Property, plant and equipment

	Land and buildings				
	Freehold £m	Leasehold £m	Plant and equipment £m	Assets under construction £m	Total £m
Cost					
At 2 January 2011	212.4	18.9	312.3	3.8	547.4
Additions	0.3	–	3.4	1.5	5.2
Acquisition of business	–	–	0.3	–	0.3
Disposals	(0.5)	–	(0.5)	–	(1.0)
Reclassification	–	1.7	1.4	(3.1)	–
Write-off of assets	–	–	(3.8)	–	(3.8)
At 1 January 2012	212.2	20.6	313.1	2.2	548.1
Additions	–	–	0.6	4.5	5.1
Disposals	(0.1)	(0.1)	–	–	(0.2)
Reclassification	–	–	0.7	(0.7)	–
Write-off of assets	(0.1)	(0.3)	(4.8)	–	(5.2)
At 30 December 2012	**212.0**	**20.2**	**309.6**	**6.0**	**547.8**
Accumulated depreciation and impairment					
At 2 January 2011	(30.3)	(3.5)	(103.3)	–	(137.1)
Charge for the period	(5.2)	(0.8)	(27.3)	–	(33.3)
Disposals	0.1	–	0.1	–	0.2
Write-off of assets	–	–	3.8	–	3.8
At 1 January 2012	(35.4)	(4.3)	(126.7)	–	(166.4)
Charge for the period	(4.3)	(0.8)	(24.0)	–	(29.1)
Write-off of assets	0.1	0.3	4.8	–	5.2
At 30 December 2012	**(39.6)**	**(4.8)**	**(145.9)**	**–**	**(190.3)**

Carrying amount					
At 1 January 2012	176.8	16.3	186.4	2.2	381.7
At 30 December 2012	**172.4**	**15.4**	**163.7**	**6.0**	**357.5**

	2012 £m	2011 £m
Capital commitments		
Expenditure contracted for but not provided in the consolidated financial statements	**3.4**	5.8

17 Investment in associates

The Group has a 21.53% interest in PA Group Limited, a news agency incorporated in England and Wales.

	2012 £m	2011 £m
Opening balance	**7.2**	5.4
Share of results of associates:		
Results before non-recurring items	**1.7**	1.3
Non-recurring items	**5.5**	–
Dividends received	**(0.1)**	–
Share of other comprehensive (costs)/income	**(1.7)**	0.5
Closing balance	**12.6**	7.2

PA Group Limited	2012 £m	2011 £m
Total assets	**93.9**	66.1
Total liabilities	**(35.3)**	(32.5)
Net assets	**58.6**	33.6
Group's share of net assets	**12.6**	7.2
Revenue	**94.1**	100.5
Profit for the period	**33.3**	5.9
Group's share of results for the period	**7.2**	1.3

The financial statements of PA Group Limited are made up to 31 December each year. For the purposes of applying the equity method of accounting, the audited financial statements of PA Group Limited for the year ended 31 December 2011 together with the management accounts up to the end of December 2012 have been used with appropriate year end adjustments made. Included in the share of results of associates is a £5.5 million after tax non-recurring gain on their disposal of a 50% interest in Canada Newswires.

18 Inventories

	2012 £m	2011 £m
Raw materials and consumables	**7.0**	9.7

The Group consumed £130.5 million (2011: £136.4 million) of inventories during the period.

19 Other financial assets

Trade and other receivables	2012 £m	2011 £m
Gross trade receivables	**93.1**	88.1
Allowances for doubtful receivables	**(5.6)**	(6.2)
Net trade receivables	**87.5**	81.9
Prepayments and accrued income	**17.6**	18.9
Other receivables	**2.0**	1.0
	107.1	101.8

Net trade receivables

Trade receivables net of allowances for doubtful receivables at the reporting date amounted to £87.5 million (2011: £81.9 million).

The average credit period taken on sales of goods is 48 days (2011: 43 days). No interest is charged on the receivables. The Group has provided fully for all receivables over 120 days and 50% of receivables between 90 days and 120 days because historical experience is such that these receivables are generally not recoverable. Trade receivables less than 90 days are provided for based on specific circumstances and by reference to past default experience.

Before accepting any new customers, the Group, where appropriate, uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed during the period where appropriate. There are two customers who individually represent more than 10% of net trade receivables in both periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

19 Other financial assets continued

Included in net trade receivables balance are debtors with a carrying amount of £1.9 million (2011: £2.7 million) which are past their due date at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 85 days (2011: 81 days).

Ageing of past due but not impaired receivables	2012 £m	2011 £m
60–90 days	**1.3**	2.2
90–120 days	**0.6**	0.5
Total	**1.9**	2.7

Movement in allowance for doubtful debts	2012 £m	2011 £m
Opening balance	**6.2**	6.0
Impairment losses recognised	**0.8**	1.3
Utilisation of provision	**(1.4)**	(1.1)
Closing balance	**5.6**	6.2

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, there is no further credit provision required in excess of the allowance for doubtful debts.

There are no significant amounts included in the allowance for doubtful debts relating to impaired trade receivables which have been placed under liquidation. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

Ageing of impaired receivables	2012 £m	2011 £m
Less than 60 days	**0.6**	0.9
60–90 days	**1.5**	1.9
90–120 days	**0.6**	1.1
120+ days	**2.9**	2.3
Total	**5.6**	6.2

The carrying amount of trade and other receivables approximates their fair value.

	2012 £m	2011 £m
Cash and cash equivalents	**24.2**	15.5

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of one week or less. At 30 December 2012, £14.2 million was held in escrow pending the completion of the investment in Local World (note 27). The carrying amount of these assets approximates their fair value.

20 Other financial liabilities

Trade and other payables	2012 £m	2011 £m
Trade payables	**(19.3)**	(16.8)
Social security and other taxes	**(8.5)**	(8.4)
Accruals and deferred income	**(65.4)**	(71.4)
Other payables	**(7.9)**	(8.6)
	(101.1)	(105.2)

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 34 days (2011: 32 days). For most suppliers no interest is charged on the trade payables for the first 60 days from the date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. The carrying amount of trade payables approximates to their fair value.

21 Deferred tax assets and liabilities

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon:

	Accelerated tax depreciation £m	Other short-term timing differences £m	Rolled-over and held-over gains £m	Intangibles £m	Retirement benefit obligations £m	Share-based payments £m	Total £m
At 2 January 2011 (at 27% tax rate)	(68.6)	(6.6)	(1.3)	(241.8)	43.5	0.3	(274.5)
Change of tax rate applying to deferred tax:							
Credit to income	5.1	0.5	0.1	17.9	–	–	23.6
Charge to equity	–	–	–	–	(3.2)	–	(3.2)
At 2 January 2011 (at 25% tax rate)	(63.5)	(6.1)	(1.2)	(223.9)	40.3	0.3	(254.1)
Acquisition of subsidiary	–	–	–	(1.3)	–	–	(1.3)
Credit/(charge) to consolidated income statement	2.2	1.9	–	0.7	(0.8)	0.2	4.2
Credit to equity	–	–	–	–	18.0	–	18.0
At 1 January 2012 (at 25% tax rate)	(61.3)	(4.2)	(1.2)	(224.5)	57.5	0.5	(233.2)
Change of tax rate applying to deferred tax:							
Credit to income	4.8	0.3	0.1	18.0	–	–	23.2
Charge to equity	–	–	–	–	(4.6)	–	(4.6)
At 1 January 2012 (at 23% tax rate)	(56.5)	(3.9)	(1.1)	(206.5)	52.9	0.5	(214.6)
Credit/(charge) to consolidated income statement	3.0	1.4	–	0.7	–	(0.1)	5.0
Credit to equity	–	–	–	–	15.6	–	15.6
At 30 December 2012 (at 23% tax rate)	**(53.5)**	**(2.5)**	**(1.1)**	**(205.8)**	**68.5**	**0.4**	**(194.0)**

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances in the consolidated balance sheet:

	2012 £m	2011 £m
Deferred tax liabilities	**(262.9)**	(291.2)
Deferred tax assets	**68.9**	58.0
	(194.0)	(233.2)

At the reporting date, the Group has unused tax losses of £4.4 million (2011: £20.8 million) available for offset against future profits.

No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. The tax losses can be carried forward indefinitely.

The Group also has unrecognised capital losses of £34.6 million (2011: £34.6 million) at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

22 Provisions

	Share-based payments £m	Property £m	Restructuring £m	Total £m
At 2 January 2011	(1.3)	(10.1)	(3.1)	(14.5)
Charged to consolidated income statement	(0.2)	(3.3)	(10.7)	(14.2)
Utilisation of provisions	–	3.7	10.9	14.6
At 1 January 2012	(1.5)	(9.7)	(2.9)	(14.1)
Charged to consolidated income statement	(0.3)	(3.2)	(11.5)	(15.0)
Utilisation of provisions	–	2.9	10.3	13.2
At 30 December 2012	**(1.8)**	**(10.0)**	**(4.1)**	**(15.9)**

The provisions have been analysed between current and non-current as follows:

	2012 £m	2011 £m
Current	**(7.1)**	(5.8)
Non-current	**(8.8)**	(8.3)
	(15.9)	(14.1)

The share-based payments provision relates to national insurance obligations attached to the future crystallisation of awards.

The property provision relates to onerous property leases and future committed costs related to occupied, let and vacant properties. This provision will be utilised over the remaining term of the leases.

The restructuring provision relates to the non-recurring restructuring severance incurred in the delivery of cost reduction measures. This provision is expected to be utilised during the next period.

23 Principal subsidiaries

A list of the principal subsidiaries, including name, country of incorporation, principal activity and proportion of ordinary shares held is given in note 14 in the notes to the parent company financial statements.

24 Notes to the consolidated cash flow statement

	2012 £m	2011 £m
Operating profit	**38.1**	92.4
Depreciation of property, plant and equipment	**29.1**	33.3
Impairment of goodwill	**60.0**	–
Amortisation of other intangible assets	**3.0**	2.8
Share of results of associate	**(7.2)**	(1.3)
Charge for share-based payments	**2.8**	2.5
(Profit)/loss on disposal of fixed assets	**(0.1)**	0.8
Pension funding in excess of income statement charge	**(10.9)**	(33.0)
Operating cash flows before movements in working capital	**114.8**	97.5
Decrease/(increase) in inventories	**2.7**	(2.4)
Increase in receivables	**(6.0)**	(1.7)
(Decrease)/increase in payables	**(2.3)**	0.2
Cash flows from operating activities	**109.2**	93.6

25 Borrowings

	2012 £m	2011 £m
Loan notes	**(154.6)**	(226.8)
Derivative financial instruments (note 26)	**(2.7)**	(2.4)
	(157.3)	(229.2)
The borrowings are repayable as follows:		
On demand or within one year	**(52.4)**	(68.3)
In the second year	**(41.3)**	(51.7)
In the third year	**–**	(42.7)
In the fourth year	**–**	–
In the fifth year	**(63.6)**	–
After five years	**–**	(66.5)
	(157.3)	(229.2)
The borrowings are included in the consolidated balance sheet as follows:		
Amount included in non-current liabilities	**(104.9)**	(160.9)
Amount included in current liabilities	**(52.4)**	(68.3)
	(157.3)	(229.2)

The amount included in non-current liabilities represents borrowings of £104.9 million (2011: £160.9 million) and in current liabilities represents borrowings of £49.7 million (2011: £65.9 million) and derivative financial instruments of £2.7 million (2011: £2.4 million). Non-current assets include £5.2 million (2010: £13.0 million) relating to derivative financial instruments which are included in net debt in note 27.

	2012 £m	2011 £m
Loan notes movement in the period:		
Opening balance	**(226.8)**	(363.9)
Foreign exchange gain on retranslation	**7.4**	2.0
Repayments	**64.8**	135.1
Closing balance	**(154.6)**	(226.8)

	2012 £m	2011 £m
Composition of loan notes:		
US$350 million loan notes	**(49.7)**	(51.8)
£22 million loan notes	**–**	–
US$252 million loan notes	**(94.9)**	(165.0)
£10 million loan notes	**(10.0)**	(10.0)
	(154.6)	(226.8)

US private placement loan notes totalling US$602 million and £32 million were issued in 2001 (US$350 million and £22 million) and 2002 (US$252 million and £10 million). On the issue date the capital repayments and fixed rate interest on the US$ denominated loan notes were swapped into floating rate Sterling through the use of cross-currency interest rate swaps. As hedge accounting under IAS 39 has not been applied, the loan notes and cross-currency interest rate swaps are shown separately in accordance with IAS 39. The loan notes are disclosed at amortised cost and translated into Sterling at the reporting date exchange rate and the cross-currency interest rate swaps are disclosed at fair value at the reporting date. These values do not represent the amounts required to repay the loan notes or the related cross-currency interest rate swaps.

At the reporting date US$80 million of the US$350 million loan notes and £nil of the £22 million loan notes were outstanding following repayments made in 2008 and 2011 and US$150 million of the US$252 million loan notes and £10 million of the £10 million loan notes were outstanding following repayments in 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

25 Borrowings continued

The Group reduced the £178.5 million facility to £135.0 million in March 2012 and agreed a new facility for £110.0 million starting on the earlier of the termination of the £135.0 million facility and June 2013. The Group terminated the £135.0 million bank facility in October 2012 and now has in place the £110.0 million bank facility which is committed to August 2015. At 30 December 2012 the Group had no drawings on the facility and all conditions precedent had been met.

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

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

	2012 %	2011 %
US$ denominated loan notes	**6.78**	6.75
£ denominated loan notes	**7.14**	7.22

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

	2012 £m	2011 £m
US$ denominated loan notes	**(144.6)**	(216.8)
£ denominated loan notes	**(10.0)**	(10.0)

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

The fair value of other financial assets and liabilities, excluding derivative financial instruments in note 26, are not materially different from the book values and are not repeated in this analysis.

26 Derivative financial instruments

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

The movement in the derivative financial instruments is as follows:

	2012 £m	2011 £m
Opening asset	**10.6**	10.4
Repayments	**4.9**	10.3
Movement in fair value	**(13.0)**	(10.1)
Closing asset	**2.5**	10.6

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

	2012 £m	2011 £m
Current liabilities	**(2.7)**	(2.4)
Non-current assets	**5.2**	13.0
Closing asset	**2.5**	10.6

27 Net debt

The statutory net debt for the Group is as follows:

	2011 £m	Cash flow £m	Derivative financial instruments* £m	Foreign exchange gain* £m	Loans repaid £m	Transfer to current £m	2012 £m
Non-current liabilities							
Loan notes	(160.9)	–	–	6.3	–	49.7	**(104.9)**
	(160.9)	**–**	**–**	**6.3**	**–**	**49.7**	**(104.9)**
Current liabilities							
Loan notes	(65.9)	–	–	1.1	64.8	(49.7)	**(49.7)**
Derivative financial instruments	(2.4)	–	(2.5)	–	4.9	(2.7)	**(2.7)**
	(68.3)	**–**	**(2.5)**	**1.1**	**69.7**	**(52.4)**	**(52.4)**
Non-current assets							
Derivative financial instruments	13.0	–	(10.5)	–	–	2.7	**5.2**
	13.0	**–**	**(10.5)**	**–**	**–**	**2.7**	**5.2**
Current assets							
Cash and cash equivalents	15.5	78.4	–	–	(69.7)	–	**24.2**
	15.5	**78.4**	**–**	**–**	**(69.7)**	**–**	**24.2**
Net debt including cash in escrow	**(200.7)**	**78.4**	**(13.0)**	**7.4**	**–**	**–**	**(127.9)**
Cash in escrow	–	(14.2)	–	–	–	–	**(14.2)**
Net debt excluding cash in escrow	**(200.7)**	**64.2**	**(13.0)**	**7.4**	**–**	**–**	**(142.1)**

* The impact on the loan notes of translation into Sterling at the settlement date or at the reporting date exchange rate and the impact on the derivative financial instruments of being stated at fair value at the settlement date or at the reporting date are included in the consolidated income statement within finance costs as set out in note 10.

Cash and cash equivalents represents the sum of the Group's bank balances and cash in hand at the reporting date. The Group had a cash balance of £24.2 million at the year end. This included £14.2 million held in escrow in respect of the investment in Local World which completed on 7 January 2013. For the purposes of net debt this amount has been excluded with only the free cash of £10.0 million included.

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

	2011 £m	Cash flow £m	Loans repaid £m	Transfer to current £m	2012 £m
Non-current liabilities					
Loan notes	(167.0)	–	–	54.5	**(112.5)**
	(167.0)	**–**	**–**	**54.5**	**(112.5)**
Current liabilities					
Loan notes	(69.7)	–	69.7	(54.5)	**(54.5)**
	(69.7)	**–**	**69.7**	**(54.5)**	**(54.5)**
Current assets					
Cash and cash equivalents	15.5	78.4	(69.7)	–	**24.2**
	15.5	**78.4**	**(69.7)**	**–**	**24.2**
Net debt including cash in escrow	**(221.2)**	**78.4**	**–**	**–**	**(142.8)**
Cash in escrow	–	(14.2)	–	–	**(14.2)**
Net debt excluding cash in escrow	**(221.2)**	**64.2**	**–**	**–**	**(157.0)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

27 Net debt continued

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

	2012 £m	2011 £m
Statutory net debt	**(142.1)**	(200.7)
Loan notes at period end exchange rate	**154.6**	226.8
Loan notes at swapped exchange rates	**(167.0)**	(236.7)
Cross-currency interest rate swaps	**(2.5)**	(10.6)
Contracted net debt	**(157.0)**	(221.2)

28 Operating lease commitments

Total commitments under non-cancellable operating leases:

	Vehicles, plant and equipment 2012 £m	Property 2012 £m	Vehicles, plant and equipment 2011 £m	Property 2011 £m
Within one year	**(2.1)**	**(9.0)**	(2.6)	(9.8)
Later than one and less than five years	**(2.2)**	**(32.1)**	(2.8)	(33.4)
After five years	**–**	**(3.4)**	–	(11.0)
	(4.3)	**(44.5)**	(5.4)	(54.2)

Total future minimum lease payments with tenants under non-cancellable property operating leases:

	2012 £m	2011 £m
Within one year	**1.9**	1.7
Later than one and less than five years	**7.3**	5.4
After five years	**0.8**	1.4
	10.0	8.5

29 Share capital and reserves

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings and other reserves £m	Total £m
At 2 January 2011	(25.8)	(1,121.6)	(4.3)	472.1	(679.6)
Total comprehensive income for the period	–	–	–	3.5	3.5
Credit to equity for equity-settled share-based payments	–	–	–	(2.3)	(2.3)
Purchase of own shares	–	–	–	3.0	3.0
At 1 January 2012	(25.8)	(1,121.6)	(4.3)	476.3	(675.4)
Total comprehensive income for the period	–	–	–	38.9	38.9
Credit to equity for equity-settled share-based payments	–	–	–	(2.5)	(2.5)
At 30 December 2012	**(25.8)**	**(1,121.6)**	**(4.3)**	**512.7**	**(639.0)**

The capital redemption reserve represents the nominal value of the shares purchased and subsequently cancelled under share buy-back programmes.

Shares purchased by the Trinity Mirror Employees' Benefit Trust ('the Trust') are included in retained earnings and other reserves at £12.6 million (2011: £14.1 million), classified as Treasury Shares. During the period 1,209,676 shares were released to senior managers relating to the grants made in prior years.

Cumulative goodwill written off to reserves in respect of continuing businesses acquired prior to 1998 is £25.9 million (2011: £25.9 million). On transition to IFRS, the revalued amounts of freehold properties were deemed to be the cost of the asset and the revaluation reserve has been transferred to retained earnings and other reserves.

30 Called-up share capital

	2012 Number	2012 £m	2011 Number	2011 £m
Authorised				
Ordinary shares of 10 pence each	**450,000,000**	**(45.0)**	450,000,000	(45.0)

	2012 Number	2012 £m	2011 Number	2011 £m
Allotted, called-up and fully paid ordinary shares of 10 pence each				
Opening balance and closing balance	**257,690,520**	**(25.8)**	257,690,520	(25.8)

The Company has one class of share capital, being ordinary shares with a nominal value of 10 pence each. The Company's ordinary shares give the shareholders equal rights to vote, receive dividends and to the repayment of capital. There are no restrictions on these shares in relation to the distribution of dividends and the repayment of capital.

The lowest closing price of the shares during the year was 25.5 pence (2011: 37.5 pence) and the highest closing price was 96.2 pence (2011: 93.0 pence). The closing share price as at the reporting date was 92.2 pence (2011: 48.0 pence).

Long-Term Incentive Plans and Deferred Share Award Plan

The Trinity Mirror Employee Benefit Trust ('the Trust') is established in Jersey and is administered by the trustee Appleby Trust (Jersey) Limited. The Trust holds shares of the Company for subsequent transfer to employees under the terms of the Group's share plans.

At the reporting date, the Trust held 9,844,661 shares (2011: 11,054,337 shares) with a carrying value of £12,587,454 (2011: £14,134,154) and a market value of £9,081,700 (2011: £5,306,082). In addition, the Trust holds cash to purchase future shares of £6,374 (2011: £7,830). The costs associated with the Trust are included in the consolidated income statement as they accrue. Shares held by the Trust have been excluded from the weighted average number of shares used in the calculation of earnings per share.

Share option schemes

Options under old share options are set out in note 32.

Restricted share plan

An employee benefit trust administered by the trustee Barclays Wealth Trustees (Guernsey) Limited holds shares of the Company for subsequent transfer to employees under a restricted share plan. At 30 December 2012 the trust held 90,855 shares (2011: 90,855 shares) with a carrying value of £445,523 (2011: £445,523) and a market value of £83,814 (2011: £43,610) in the Company, none of which (2011: none) had options granted over them under the restricted share plan. Dividends on the shares are payable at an amount of 0.01 pence (2011: 0.01 pence) per share in the event that the Group declares any dividends. Shares held by the trust have been excluded from the weighted average number of shares used in the calculation of earnings per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 Share premium account

	2012 £m	2011 £m
Opening balance and closing balance	**(1,121.6)**	(1,121.6)

32 Share-based payments

The charge related to share-based payments during the period was £2.8 million (2011: £2.5 million).

Executive share option scheme

The Company operated a share option scheme under which executive directors and senior management were granted options. Following the introduction of the Long-Term Incentive Plan in 2004, no further options have been granted under this scheme. The Group has applied the requirements of IFRS 2 in accordance with the transitional provisions to all grants of equity instruments after 7 November 2002 that had not vested as of 3 January 2005.

Options are exercisable between three and 10 years from the date of grant subject to the continued employment of the participant and achievement of earnings per share performance. In addition, 50% of each grant of an option to each individual is subject to a total shareholder return comparison against the FTSE Mid-250 index of companies on the date of grant. The other 50% is subject to a comparison of total shareholder return with a group of about 20 other media companies. No vesting of options will take place unless the Company's ranking is at least median.

Movements in share options granted pre 7 November 2002 are as follows:

	2012 Number of options	2011 Number of options
Options outstanding at start of period	**460,794**	469,826
Lapsed during the year	**(460,794)**	(9,032)
Options outstanding at end of period	**–**	460,794

The weighted average share price at the date of lapse for share options lapsed during the period was 34.8 pence (2011: 48.3 pence). The options outstanding at 30 December 2012 had a weighted average exercise price of nil (2011: 470.5 pence) and a weighted average contractual life of nil year (2011: one year). There were no share options exercised during the current or prior period.

Details of the share options outstanding and the weighted average exercise price of options granted post 7 November 2002 are as follows:

Scheme	Grant dates	Number of shares	Exercise process	Exercise dates
Executive approved	2003	2,765	395.5p	Feb 2003–Feb 2013
Executive unapproved	2003	181,583	395.5p	Feb 2003–Feb 2013

There were no movements in share options granted post 7 November 2002 for both 2012 and 2011.

The options outstanding at 30 December 2012 had a weighted average exercise price of 395.5 pence (2011: 395.5 pence) and a weighted average contractual life of less than one year (2011: one year). No share options were exercised and none lapsed during the current or prior period.

The estimated fair values at the date of grant of the share options granted on 28 February 2003 was £375,145. The fair value was calculated using a stochastic (Monte-Carlo binomial) model at the date of grant. The inputs to the model were: expected volatility 27.0%, expected life 6.0 years, expected dividend yield 4.4% and risk-free rate 3.9%. Expected volatility was determined by calculating the historical volatility of the Company's share price over a period prior to the grant date that is commensurate with the length of the expected life of the option.

The expected life of the options used in the model is a weighted average driven by simulated share price movements in the model.

32 Share-based payments continued

Long-Term Incentive Plans and Deferred Share Award Plan

Under these schemes, the Remuneration Committee can recommend the grant of awards of shares to an eligible employee. From 2006, awards have taken the form of Performance Shares or Deferred Shares. Prior to 2006 awards took the form of Performance Shares and Matching Shares. All awards prior to 2010 have lapsed. Full details of how the schemes operate are explained on pages 38 to 48 of the Remuneration report.

The vesting period is three years and is subject to continued employment of the participant. The Performance Shares granted in 2010 and 2011 vest if targets measuring the Company's total shareholder return against the performance of a comparator group of companies are met. The Performance Shares granted in 2012 vest if targets measuring the Company's share price are met. The Deferred Shares have no performance conditions.

The movement in the number of Performance Shares and Deferred Shares during the period was:

	2012 Deferred Shares	**2012 Performance Shares**	2011 Deferred Shares	2011 Performance Shares
Awards outstanding at start of period	**5,074,165**	**4,967,247**	2,304,878	4,362,146
Granted during the period	**2,683,818**	**7,278,368**	3,660,097	2,212,444
Lapsed during the period	**(121,498)**	**(2,712,389)**	(191,537)	(1,607,343)
Exercised during the period	**(1,209,676)**	**–**	(699,273)	–
Awards outstanding at end of period	**6,426,809**	**9,533,226**	5,074,165	4,967,247

The share price at the date of grant for the Performance Shares was 25.8 pence in respect of 4,629,362 shares and 38.5 pence in respect of 2,649,006 shares (2011: 78.8 pence) and the Deferred Shares was 26.3 pence (2011: 78.8 pence). The weighted average share price at the date of lapse for awards lapsed during the period was 54.3 pence (2011: 51.3 pence).

The weighted average share price at the date of exercise for awards exercised during the period was 79.2 pence (2011: 46.1 pence).

The estimated fair values at the date of grant of the shares awarded are as follows:

	Awarded in 2012 £	Awarded in 2011 £	Awarded in 2010 £
Deferred Shares	**705,000**	2,882,000	1,627,000
Performance Shares	**343,939**	1,098,000	1,054,000

Expected volatility has been determined by calculating the historical volatility of the Company's share price over the three year period prior to the grant date. The exercise price used in the model is £nil as the exercise price of the granted awards is £1 for each block of awards granted.

The fair values for the Performance Shares were calculated using a stochastic (Monte-Carlo binominal) model and for the Deferred Shares a modified Black-Scholes calculation at the date of grant. The inputs to the model for awards from 2010 were as follows:

	Performance award 2012	**Deferred award 2012**	Performance award 2011	Deferred award 2011	Performance award 2010	Deferred award 2010
Expected volatility (%)	**60.0**	**–**	69.0	–	101.5	–
Expected life (years)	**3.0**	**3.0**	3.0	3.0	3.0	3.0
Risk-free (%)	**0.4**	**–**	1.7	–	1.4	–

Expected volatility has been determined by calculating the historical volatility of the Company's share price over the three year period prior to the grant date. The exercise price used in the model is £nil as the exercise price of the granted awards is £1 for each block of awards granted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

33 Retirement benefit schemes

Defined benefit pension schemes

The Group operates 10 defined benefit pension schemes for certain employees which were closed to new entrants with effect from 1 January 2003 and closed to future accrual from 31 March 2010. The most significant of the schemes are the Mirror Group Pension Scheme (the 'Old Scheme'), the MGN Past Service Pension Scheme (the 'Past Service Scheme'), the MGN Pension Scheme (the 'MGN Scheme'), the Trinity Retirement Benefit Scheme (the 'Trinity Scheme') and the Midland Independent Newspapers Pension Scheme (the 'MIN Scheme') which together represent the majority of the aggregate value of the schemes assets and liabilities.

Formal valuations of the defined benefit pension schemes are carried out regularly. The actuarial methods and assumptions used to calculate each scheme's assets and liabilities vary according to the actuarial and funding policies adopted by their respective trustees. All of the schemes are being funded in accordance with the recommendations of the respective scheme actuaries.

Following a period of consultation with the trustees of the Past Service Scheme, the MGN Scheme, the Trinity Scheme, the MIN Scheme and the Trinity Mirror Retirement Plan (the 'TMRP Plan'), in conjunction with the refinancing completed on 14 March 2012, these schemes agreed to extend their recovery plans with reduced deficit funding payments for 2012, 2013 and 2014. Normalised levels of contributions will recommence from 2015. As part of this consultation process the formal valuations for the Past Service Scheme and the MGN Scheme were completed on 14 March 2012. The Trinity Scheme and the MIN Scheme revised their previous schedules of contributions and recovery plans on 14 March 2012 and the TMRP Plan revised its previous schedules of contributions and recovery plans on 13 March 2012. These revised documents take into consideration their respective scheme actuary's latest estimate of the schemes' shortfall of assets when measured against their technical provisions allowing for changes in market conditions.

The Old Scheme and the Past Service Scheme cover the liabilities for service up to 13 February 1992 for employees and former employees who worked regularly on the production and distribution of Mirror Group's newspapers. The Old Scheme was closed on 13 February 1992 and the Past Service Scheme was established to meet the liabilities, which are not satisfied by payments from the Old Scheme and the Maxwell Communications Pension Plan or by the State. The last formal valuation of these schemes was completed on 14 March 2012 for valuation date as at 31 December 2010 and showed a deficit of £192.5 million. During 2012, deficit funding payments were £5.8 million (2011: £14.1 million) to the Past Service Scheme. No contributions have been paid to the Old Scheme since 1992. For 2013 and 2014 agreement has been reached with the trustees to make deficit funding payments at the same amount as paid in 2012.

The last formal valuations were completed in March 2012 for valuation date as at 31 December 2010 for the MGN Scheme, in May 2011 for valuation date as at 31 March 2010 for the MIN Scheme and in June 2010 for valuation date as at 30 June 2009 for the Trinity Scheme. These valuations showed deficits of £68.8 million, £13.3 million and £102.2 million respectively. During 2012, deficit funding payments were £2.0 million (2011: £7.0 million) to the MGN Scheme, £0.8 million (2011: £3.0 million) to the MIN Scheme and £0.5 million (2011: £6.2 million) to the Trinity Scheme. For 2013 and 2014 agreement has been reached with the trustees to make deficit funding payments at the same amount as paid in 2012. The next full actuarial valuation dates for these schemes are: the MGN Scheme 31 December 2013, the MIN Scheme 31 March 2013 and the Trinity Scheme 30 June 2012.

For the purposes of the Group's annual consolidated financial statements, valuations have been performed in accordance with the requirements of IAS 19 with scheme liabilities calculated using a consistent projected unit valuation method and compared to the value of the scheme assets at 31 December 2012, the day closest to the reporting date for which such values were available.

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

	Old Scheme/ Past Service Scheme £m	MGN Scheme £m	Trinity Scheme £m	MIN Scheme £m
Present value of scheme liabilities	(779.6)	(447.6)	(331.6)	(189.3)
Fair value of scheme assets	566.6	354.1	364.6	162.4
Scheme (deficit)/surplus	**(213.0)**	**(93.5)**	**33.0**	**(26.9)**

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

	2012 %	2011 %
Principal annual actuarial assumptions used:		
Discount rate	**4.50**	4.90
Retail price inflation rate	**2.80**	3.05
Consumer price inflation rate	**2.00**	1.85
Expected return on scheme assets	**3.90–5.30**	2.65–5.75
Pension increases:		
Pre 6 April 1997 pensions	**2.10–5.00**	2.15–5.00
Post 6 April 1997 pensions	**2.70–3.60**	2.85–3.70
In deferment	**2.00–2.80**	1.85–3.05

33 Retirement benefit schemes continued

The impact on the defined benefit deficit at the reporting date to variations in key assumptions are: a 0.25% decrease in the discount rate would increase the deficit by £65 million, a 0.25% increase in the retail price inflation assumption would increase the deficit by £13 million, a 0.25% increase in the consumer price inflation assumption would increase the deficit by £28 million and the effect of a half year increase in assumed life expectancy from age 65 would increase the deficit by £25 million.

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

	Future life expectancy (years) for a pensioner currently aged 65		Future life expectancy (years) at age 65 for a non-pensioner currently aged 55	
	Male	**Female**	**Male**	**Female**
At 28 December 2008	21.4	23.8	23.2	25.6
At 3 January 2010	21.6	24.0	23.4	25.7
At 2 January 2011	21.7	24.1	23.5	25.8
At 1 January 2012	21.8	24.2	23.5	25.9
At 30 December 2012	**22.6**	**24.7**	**23.5**	**25.7**

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

Consolidated balance sheet	**2012 £m**	2011 £m	2010 £m	2009 £m	2008 £m
Present value of scheme liabilities	**(1,803.6)**	(1,705.8)	(1,685.1)	(1,683.1)	(1,378.8)
Fair value of scheme assets	**1,505.9**	1,475.7	1,524.1	1,398.1	1,233.6
Effect of asset ceiling	**–**	–	–	(11.6)	(61.7)
Net scheme deficit	**(297.7)**	(230.1)	(161.0)	(296.6)	(206.9)
Non-current asset – retirement benefit assets	**36.7**	78.5	61.1	–	–
Non-current liabilities – retirement benefit obligations	**(334.4)**	(308.6)	(222.1)	(296.6)	(206.9)
Net scheme deficit	**(297.7)**	(230.1)	(161.0)	(296.6)	(206.9)
Net scheme deficit included in consolidated balance sheet	**(297.7)**	(230.1)	(161.0)	(296.6)	(206.9)
Deferred tax included in consolidated balance sheet	**68.5**	57.5	43.5	83.0	57.9
Net scheme deficit after deferred tax	**(229.2)**	(172.6)	(117.5)	(213.6)	(149.0)

Consolidated income statement	**2012 £m**	2011 £m
Expected return on scheme assets	**76.6**	91.5
Interest cost on pension scheme liabilities	**(81.8)**	(88.8)
Pension finance (charge)/credit	**(5.2)**	2.7

Consolidated statement of comprehensive income	**2012 £m**	2011 £m	2010 £m	2009 £m	2008 £m
Effect of changes in actuarial assumptions on scheme liabilities	**(112.2)**	(24.5)	16.7	(294.1)	231.9
Experience adjustments on scheme liabilities	**14.2**	16.2	8.1	2.0	(23.0)
Experience adjustments on scheme assets	**24.7**	(96.5)	76.1	136.3	(349.5)
Effect of asset ceiling	**–**	–	11.6	50.1	(16.5)
Actuarial (losses)/gains on defined benefit pension schemes	**(73.3)**	(104.8)	112.5	(105.7)	(157.1)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

33 Retirement benefit schemes continued

The cumulative amount of actuarial gains and losses recognised in the consolidated statement of comprehensive income since adoption of IFRS is losses of £236.8 million (2011: £163.5 million).

Pension schemes assets include neither direct investments in the Company's ordinary shares nor any property assets occupied nor other assets used by the Group for any year.

The actual return on scheme assets was a gain of £101.3 million (2011: a loss of £5.0 million).

The contributions made during the year totalled £10.9 million (2011: £33.0 million). The deficit funding payments during the year were £10.0 million (2011: £33.0 million) with a further £0.9 million (2011: £nil) payment relating to costs incurred by the schemes in negotiating the revised recovery plans.

	2012 £m	2011 £m
Changes in the present value of scheme liabilities:		
Opening present value of scheme liabilities	**(1,705.8)**	(1,685.1)
Interest cost	**(81.8)**	(88.8)
Actuarial losses	**(98.0)**	(8.3)
Benefits paid	**82.0**	76.4
Closing present value of scheme liabilities	**(1,803.6)**	(1,705.8)

	2012 £m	2011 £m
Changes in the fair value of scheme assets:		
Opening fair value of scheme assets	**1,475.7**	1,524.1
Expected return	**76.6**	91.5
Actuarial gains/(losses)	**24.7**	(96.5)
Contributions by employer	**10.9**	33.0
Benefits paid	**(82.0)**	(76.4)
Closing fair value of scheme assets	**1,505.9**	1,475.7

	2012 £m	2011 £m
Fair value of scheme assets:		
UK equities	**227.6**	205.4
US equities	**103.9**	79.6
Other overseas equities	**252.7**	289.9
Property	**22.1**	17.3
Corporate bonds	**264.6**	221.1
Fixed interest gilts	**54.8**	114.7
Index linked gilts	**90.4**	167.8
Cash and other	**45.0**	41.5
Insurance contracts	**444.8**	338.4
Fair value of scheme assets	**1,505.9**	1,475.7

33 Retirement benefit schemes continued

	2012 %	2011 %
Expected nominal rates of return on plan assets:		
Equities	**6.90**	7.50
Property	**5.30**	5.75
Corporate bonds	**4.50**	4.90
Fixed interest gilts	**2.70**	2.80
Index linked gilts	**2.75**	2.85
Cash and other	**2.30**	2.70
Insurance contracts	**4.50**	4.90

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

Defined contribution pension schemes

The Group operates two defined contribution pension schemes for qualifying employees, the Southnews Money Purchase Scheme which is closed to new members and is now in the process of being wound up and the Trinity Mirror Pension Plan. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. The current service cost charged to the consolidated income statement of £13.7 million (2011: £14.1 million) represents contributions payable to these schemes by the Group at rates specified in the scheme rules. Contributions that were due have been paid over to the schemes at all reporting dates.

34 Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through an optimal balance of debt and equity. The capital structure of the Group consists of debt, which includes the borrowings (note 25), cash and cash equivalents (note 19) and equity attributable to equity holders of the parent comprising share capital and reserves (note 29).

Gearing ratio

The Board reviews the capital structure, including the level of gearing and interest cover, as required. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital.

The gearing ratio and interest cover at the reporting date were as follows:

	2012 £m	2011 £m
Contracted net debt (note 27)	**(157.0)**	(221.2)
EBITDA	**136.2**	137.8
Net debt to EBITDA	**1.2**	1.6
Operating profit (note 37)	**107.1**	104.5
Total interest expense (note 10)	**(8.8)**	(13.3)
Interest cover	**12.2**	7.9

Contracted net debt is defined as long-term and short-term borrowings excluding derivative financial instruments less cash and cash equivalents. EBITDA and operating profit is before non-recurring items and amortisation. Total interest expense is interest on bank overdraft and borrowing.

For 2012, the financial covenants attached to the bank facility are a minimum interest cover of 4.0 times and a maximum net debt to EBITDA ratio of 2.75 times.

For 2012, the financial covenants in respect of the US private placement loan notes were the minimum interest cover of 2.0 times and for net debt to EBITDA a maximum cover of 4.0 times.

During 2012, the Group generated net cash before repayment of borrowings of £78.4 million. The cash held at the end of the year was £24.2 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

34 Financial instruments continued

Externally imposed capital requirement
The Group is subject to externally imposed capital requirements based on net worth covenants under the US private placement loan notes as well as in respect of the bank facility.

Significant accounting policies
Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in note 3.

Categories of financial instruments
The Group's significant financial assets are cash and trade and other receivables which are classified as loans and receivables and are accordingly held at amortised cost. Trade and other payables, bank overdrafts and loan notes are all designated as other financial liabilities and held at amortised cost. The Group's derivative financial instruments are classified as fair value through the consolidated income statement.

Financial risk management objectives
The Group's Treasury function provides services to the business, co-ordinates access to domestic and international financial markets and monitors and manages the financial risks relating to the operations of the Group through regular meetings with the Group Finance Director analysing exposures by degree and magnitude of risk. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments where appropriate to hedge these exposures. The use of financial derivatives is governed by policies approved by the Board, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group's Treasury function provides a monthly report to the Board covering compliance with covenants and other Treasury related matters.

Market risk
The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group has entered into specific derivative financial instruments to manage its exposure to interest rate and foreign currency risk primarily in respect of the US private placement loan notes as set out in note 26.

Foreign currency risk management
The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts where appropriate.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2012 £m	2011 £m	**2012 £m**	2011 £m
Euro	**–**	–	**1.5**	1.4
US$	**(142.1)**	(206.2)	**0.1**	0.2

Foreign currency sensitivity analysis
The Group is mainly exposed to the Euro and US$.

The Euro exposure arises on sales of newspapers in Europe. The Euro sales represent less than 1% (2011: 1%) of Group revenue.

The Euros are kept on deposit and used to fund Euro costs. When Euros on deposit build to a target balance they are converted into Sterling. The Group does not hedge the Euro income or deposits because the risk of foreign exchange movements is not deemed to be significant.

The US$ exposure arises on the US private placement loan notes which are mainly US$ denominated and fixed interest. At the time of the US private placement loan notes issue, the Group entered into cross-currency interest rate swaps to change the US$ principal and US$ fixed interest profile of the debt to Sterling principal and Sterling floating interest. The timing of the swaps exactly match every private placement principal and interest payment due. As a result the Group is not subject to any US$ foreign exchange exposure on its US private placement loan notes and matching swaps. The Group's consolidated balance sheet shows the US private placement loan notes converted to Sterling at the reporting date currency rate. The matching swaps are carried at fair value which represents the value of the fixed to floating swap, the currency element of the principal payments due and the currency element of the interest payments due. The difference between the valuation approaches gives rise to a charge or credit to the consolidated income statement.

34 Financial instruments continued

The following tables detail the Group's sensitivity to a 10% increase and decrease in the Sterling rate against the Euro and US$ in the current and prior period. A 10% movement in exchange rates based on the level of foreign currency denominated monetary assets and liabilities represent the assessment of a reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items including external loans that are unhedged.

	Euro currency impact		US$ currency impact	
10% strengthening of Sterling	**2012 £m**	2011 £m	**2012 £m**	2011 £m
Decrease in profit	**(0.1)**	(0.1)	**–**	–
Decrease in equity	**–**	–	**–**	–

	Euro currency impact		US$ currency impact	
10% weakening of Sterling	**2012 £m**	2011 £m	**2012 £m**	2011 £m
Increase in profit	**0.1**	0.1	**–**	–
Increase in equity	**–**	–	**–**	–

Forward foreign exchange contracts

It is the policy of the Group to enter into forward foreign exchange contracts only to cover specific foreign currency payments such as significant capital expenditure. During the current and prior period no contracts were entered into.

Interest rate risk management

The Group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through interest rate cycles.

The Group's exposures to interest rates on the financial assets and liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared using the Group's monthly cash forecasting model. A 2% increase in interest rates has been used and represents the assessment of a reasonably possible change.

If interest rates had been 2% higher/lower and all other variables were held constant, the Group's profit for the period would decrease/increase by £1.8 million (2011: £6.6 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of the interest rate swaps at the reporting date is determined by discounting the future cash flows using yield curves at the reporting date and the credit risk inherent in the contract and is disclosed below.

In August 2011, an interest rate swap was entered into which converted the floating rate interest payments on £54.5 million of principal into fixed for a period of six months from October 2011 to April 2012 and an interest rate swap was entered into which converted the floating rate interest payments on £172.2 million of principal into fixed for a period of six months from December 2011 to June 2012.

In June 2012 an interest rate swap was entered into which converted the floating rate interest payments on £100.0 million of principal into fixed rate payments for payments due in December 2012, June 2013, December 2013 and June 2014.

Other price risks

The Group has no listed equity investments and is not directly exposed to equity price risk. The Group does not actively trade these investments. The Group has indirect exposure through its defined benefit pension schemes.

Credit risk management

Credit risk refers to the risk that a counterparty with the Group will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group only transacts with financial institutions that are rated the equivalent to investment grade and above. This information is supplied by independent rating agencies where available and, if not, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and credit ratings of its counterparties are reviewed by the Board at appropriate times and the aggregate value of transactions concluded is spread amongst approved counterparties.

34 Financial instruments continued

Trade receivables consist of a large number of customers spread across diverse sectors. Ongoing credit evaluation is performed on the financial condition of trade receivables.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are connected entities. Concentration of credit risk with a single counterparty is limited by reference to the long-term credit ratings assigned for that counterparty by Standard and Poor's. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

The table below shows the internal credit limit and amount on deposit with the Group's major counterparties at the reporting date using the Standard and Poor's credit rating symbols:

Financial Institution	Location	Rating	2012 Credit limit £m	2012 Balance £m	2011 Credit limit £m	2011 Balance £m
Santander UK	London	A	5.0	–	50.0	–
Lloyds TSB Bank plc	London	A	5.0	0.6	5.0	4.4
National Westminster Bank plc	London	A	5.0	5.8	5.0	8.7
Royal Bank of Scotland plc	London	A	5.0	1.9	5.0	2.4
Ulster Bank plc	Dublin	BBB+	–	1.7	–	–

The Board has agreed that due to the risk profile of National Westminster Bank plc and its subsidiary Ulster bank plc and the substantial Government shareholding in the bank that the Group could hold surplus cash in these banks, subject to continued review.

Liquidity risk management

Liquidity risk results from having insufficient financial resources to meet day-to-day fluctuations in working capital and cash flow. Ultimate responsibility for liquidity risk management rests with the Board. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

Liquidity risk and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative and derivative financial instruments. The tables have been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the Group could be required to pay. The table includes both principal and interest cash flows. Where the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest and foreign currency rates as illustrated by the yield curves existing at the reporting date.

	Less than 1 year £m	1–2 years £m	2–3 years £m	3–4 years £m	4–5 years £m	More than 5 years £m
2012						
Non-derivative financial instruments:						
Sterling variable interest rate	–	–	–	–	–	–
Sterling fixed interest rate	(0.7)	(10.4)	–	–	–	–
Non-sterling fixed interest rate	(59.9)	(36.7)	(4.6)	(4.6)	(64.2)	–
Derivative financial instruments:						
Financial assets	(59.9)	(36.7)	(4.6)	(4.6)	(64.2)	–
Financial liabilities	58.0	36.1	1.6	1.6	69.1	–
2011						
Non-derivative financial instruments:						
Sterling variable interest rate	–	–	–	–	–	–
Sterling fixed interest rate	(0.7)	(0.7)	(10.4)	–	–	–
Non-sterling fixed interest rate	(78.8)	(62.3)	(38.1)	(4.8)	(4.8)	(66.7)
Derivative financial instruments:						
Financial assets	(78.8)	(62.3)	(38.1)	(4.8)	(4.8)	(66.7)
Financial liabilities	75.0	60.5	37.4	2.6	2.6	69.6

34 Financial instruments continued

The non-derivative financial instruments include the US private placement loan notes and the bank facility. The non-Sterling fixed interest rate liabilities arise on the US private placement loan notes. The related swaps are shown under derivative instruments.

Swaps are gross settled and each leg of the swap is split into either a financial asset or liability. The weighted average effective interest rate is set out in note 25.

On 14 March 2012, the Group entered into a forward Start bank facility of £110.0 million to take effect from the earlier of the cancellation of the existing £178.5 million bank facility, or its expiry in June 2013. On 14 March 2012, the Group reduced the amount of the existing bank facility from £178.5 million to £135.0 million. On 22 October 2012, the Group cancelled the existing bank facility. The Group now has in place the £110.0 million bank facility. As at the reporting date the Group has access to financial facilities of which the total unused amount is £110.0 million (2011: £178.5 million). The Group expects to meet its other obligations from cash held on deposit, operating cash flows and its committed financing facilities.

Fair value of financial instruments

The fair value of the Group's financial liabilities are set out in note 25.

35 Related party transactions

The immediate parent and controlling party of the Group is Trinity Mirror plc. Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Transactions with the retirement benefit schemes are disclosed in note 33. Details of other related party transactions are disclosed below.

Trading transactions

The Group traded with the following associated undertaking: PA Group Limited. This trade generated revenue of £nil (2011: £nil) and the Group incurred charges for services received of £5.1 million (2011: £5.0 million).

Sales of goods and services to related parties would be made at the Group's usual list prices less average volume discounts. Purchases were made at market prices discounted to reflect volume purchase and the relationship between the parties. Any outstanding amounts will be settled by cash payment.

Compensation of key management personnel

Following the changes in management and organisational structure, set out in note 3, the definition of key management has been amended. Key management includes the non-executive directors, the executive directors and the direct reports of the Chief Executive. Their remuneration during the period was as follows:

	2012 £m	2011 £m
Short-term employee benefits	**(3.4)**	(4.1)
Retirement benefits	**(0.7)**	(0.7)
Share-based payments in the period	**(1.8)**	(1.5)
Compensation for loss of office	**(1.8)**	–
	(7.7)	(6.3)

The remuneration of directors and other key executives is determined by the Remuneration Committee having regard to competitive market position and performance of individuals. Further information regarding the remuneration of individual directors is provided in the Remuneration report on pages 38 to 48.

36 Post balance sheet event

On 7 January 2013 the Group acquired a 20% equity interest in Local World Limited ('Local World') for a cash consideration of £14.2 million. On the same day, Local World acquired the regional publishing assets previously owned by Northcliffe Media Limited and Iliffe News & Media Limited. Simon Fox and Vijay Vaghela have been appointed to the Board of Local World as unremunerated non-executive directors. The investment is expected to be earnings enhancing in the first full year of investment.

37 Reconciliation of statutory results to adjusted results

52 weeks ended 30 December 2012

	Statutory results £m	Non-recurring items[a] £m	Amortisation[b] £m	Finance costs[c] £m	Pension finance charge[d] £m	Tax legislation changes[e] £m	Adjusted results £m
Revenue	**706.5**	**–**	**–**	**–**	**–**	**–**	**706.5**
Operating profit	**38.1**	**66.0**	**3.0**	**–**	**–**	**–**	**107.1**
Profit before tax	**18.9**	**66.0**	**3.0**	**5.6**	**5.2**	**–**	**98.7**
Profit after tax	**23.8**	**62.6**	**2.3**	**4.3**	**3.9**	**(23.2)**	**73.7**
Basic earnings per share (pence)	**9.6**	**25.4**	**0.9**	**1.8**	**1.6**	**(9.4)**	**29.9**

52 weeks ended 1 January 2012 (restated)

	Statutory results £m	Non-recurring items[a] £m	Amortisation[b] £m	Finance costs[c] £m	Pension finance credit[d] £m	Tax legislation changes[e] £m	Adjusted results (Restated) £m
Revenue	760.7	–	–	–	–	–	760.7
Operating profit	92.4	9.3	2.8	–	–	–	104.5
Profit before tax	74.4	9.3	2.8	8.1	(2.7)	–	91.9
Profit after tax	77.8	6.5	2.1	6.1	(2.0)	(23.6)	66.9
Basic earnings per share (pence)	31.4	2.6	0.8	2.5	(0.8)	(9.5)	27.0

(a) Non-recurring items relate to the items charged or credited to operating profit as set out in note 8 and prior year tax adjustments included in the taxation credit as set out in note 11.

(b) Amortisation of other intangible assets as set out in note 6.

(c) Impact of the translation of foreign currency borrowings and fair value changes on derivative financial instruments as set out in note 10.

(d) Pension finance charge or credit as set out in note 33.

(e) Tax legislation changes relate to the change in the corporation tax rate on the opening deferred tax position as set out in note 11.

38 Changes in reporting

The effect of the changes in reporting, set out in note 3, on the 2011 reported performance is analysed below:

	As reported 2011 £m	Publishing 2011 £m	Printing 2011 £m	Specialist Digital 2011 £m	Central 2011 £m	Newsprint 2011 £m	As restated 2011 £m
Nationals	453.0	(408.3)	(42.2)	–	(2.5)	–	–
Regionals	293.6	(265.8)	(8.9)	(18.0)	(0.9)	–	–
Publishing	–	674.1	–	–	–	–	674.1
Printing	–	–	51.1	–	–	14.1	65.2
Specialist Digital	–	–	–	18.0	–	–	18.0
Central	–	–	–	–	3.4	–	3.4
Revenue	**746.6**	**–**	**–**	**–**	**–**	**14.1**	**760.7**
Nationals	83.1	(83.1)	–	–	–	–	–
Regionals	36.5	(36.7)	–	0.2	–	–	–
Publishing	–	119.8	–	–	–	–	119.8
Printing	–	–	–	–	–	–	–
Specialist Digital	–	–	–	(0.2)	–	–	(0.2)
Central	(15.1)	–	–	–	–	–	(15.1)
Operating profit	**104.5**	**–**	**–**	**–**	**–**	**–**	**104.5**

PARENT COMPANY ACCOUNTS

Independent auditor's report to the members of Trinity Mirror plc

We have audited the parent company financial statements of Trinity Mirror plc for the 52 weeks ended 30 December 2012 which comprise the parent company balance sheet, and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 December 2012;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the group financial statements of Trinity Mirror plc for the 52 weeks ended 30 December 2012.

Kate J Houldsworth

(Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, UK

14 March 2013

PARENT COMPANY BALANCE SHEET

as at 30 December 2012 (1 January 2012) Company registration number 82548

	Notes	2012 £m	2011 £m
Fixed assets			
Investments	4	**1,511.8**	1,574.4
		1,511.8	1,574.4
Current assets			
Debtors			
– due within one year	5	**2.3**	2,137.9
– due after more than one year	5	**5.2**	13.0
Cash at bank and in hand		**15.0**	4.3
		22.5	2,155.2
Creditors: amounts falling due within one year			
Borrowings	7	**(52.4)**	(68.3)
Other creditors	8	**(23.7)**	(2,269.6)
		(76.1)	(2,337.9)
Net current liabilities		**(53.6)**	(182.7)
Total assets less current liabilities		**1,458.2**	1,391.7
Creditors: amounts falling due after more than one year			
Borrowings	7	**(104.9)**	(160.9)
Deferred tax liabilities	6	**(3.2)**	(4.9)
		(108.1)	(165.8)
Net assets before pension scheme assets		**1,350.1**	1,225.9
Pension scheme assets	9	**0.2**	0.5
Net assets		**1,350.3**	1,226.4
Equity capital and reserves			
Called-up share capital	10	**25.8**	25.8
Share premium account	11	**1,121.6**	1,121.6
Capital redemption reserve	12	**4.3**	4.3
Profit and loss account	12	**198.6**	74.7
Equity shareholders' funds		**1,350.3**	1,226.4

These parent company financial statements were approved by the Board of directors and authorised for issue on 14 March 2013. They were signed on its behalf by:

Simon Fox
Chief Executive

Vijay Vaghela
Group Finance Director

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

for the 52 weeks ended 30 December 2012 (52 weeks ended 1 January 2012)

1 Accounting policies

The parent company financial statements of the Company are presented as required by the Companies Act 2006. As permitted, the parent company financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The particular accounting policies adopted are described below and have been applied on a consistent basis in the current and prior period.

The Company has taken advantage of the exemption contained in FRS 1 and has not produced a cash flow statement. The Company has also taken advantage of the exemption contained in FRS 8 and has not reported transactions with fellow Group undertakings. The Company, as a parent company of a group drawing up consolidated financial statements that meet the requirements of IFRS 7, is exempt from disclosures that comply with the United Kingdom Generally Accepted Accounting Practice equivalent FRS 29.

In the current year certain minor amendments to UK financial reporting standards were issued by the UK Accounting Standards Board. The adoption of these amendments has not had any material impact on the parent company financial statements.

Basis of preparation

These parent company financial statements have been prepared on a going concern basis of the Corporate governance report on pages 30 to 37.

Basis of accounting

These parent company financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards of the United Kingdom Accounting Standards Board and pronouncements of the Urgent Issues Task Force.

Income from shares in Group undertakings

These amounts represent dividends from investments. The dividends are recognised in the period in which the dividend is declared.

Fixed asset investments

Fixed asset investments are stated at cost less provision for any impairment. An impairment review is undertaken at each reporting date or more frequently when there is an indication that the recoverable amount is less than the carrying amount. Recoverable amount is the higher of fair value less costs to sell and value in use.

In assessing value in use the estimated future cash flows of the income-generating units relating to the investment are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset for which estimates of future cash flows have not been adjusted. If the recoverable amount of the income-generating units relating to the investment is estimated to be less than its carrying amount, the carrying value of the investment is reduced to its recoverable amount. An impairment loss is recognised in the income statement in the period in which it occurs and may be reversed in subsequent periods.

Deferred taxation

Deferred taxation is provided in full at the anticipated tax rates on timing differences arising from the different treatment of items for accounting and taxation purposes. No provision is made for deferred tax on investment revaluations. A deferred tax asset is regarded as recoverable and therefore recognised only when it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. The Company has elected not to discount the deferred tax assets and liabilities.

Retirement benefits

Each pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full and presented on the face of the balance sheet. The movement in the scheme surplus or deficit is split between operating and financing items in the profit and loss account. The full service cost of the pension provision is charged to operating profit. Any difference between the expected return on assets and that actually achieved is reflected in other recognised gains and losses in the period.

Foreign currency

Transactions denominated in foreign currencies are translated at the rates of exchange prevailing on the date of the transactions. Exchange differences are taken through the profit and loss account.

Operating leases

Income and costs in respect of operating leases are charged on a straight-line basis over the lease term.

Capital instruments

Capital instruments are accounted for in accordance with the principles of FRS 26 and are classified as equity share capital, non-equity share capital, minority interest or debt as appropriate.

Financial instruments

Financial instruments are accounted for in accordance with the principles of FRS 26. Any premium or discount associated with the purchase of interest rate and foreign exchange instruments is amortised over the life of the transaction. Interest receipts and payments are accrued to match the net income or cost with the related finance expense. No amounts are recognised in respect of future periods. Gains and losses on early termination or on repayment of borrowings, to the extent that they are not replaced, are taken to the profit and loss account.

Employee share option schemes

Shares held within employee share option schemes are dealt with in the balance sheet as a deduction from equity shareholders' funds in accordance with FRS 20.

2 Result for the period

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the period. The Company reported a retained profit for the period after dividends of £121.9 million (2011: £17.9 million loss). The audit fees relating to the Company are disclosed in note 6 in the notes to the consolidated financial statements and are borne by another Group company.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

3 Staff costs

The average number of persons, including directors, employed by and charged to the Company in the period was:

	2012 Number	2011 Number
Administration	**9**	8

A number of employees (not directors) who have contracts of employment with the Company are charged to other Group companies and their staff costs are disclosed in those companies' statutory accounts.

All employees are employed in the United Kingdom.

	2012 £m	2011 £m
Staff costs, including directors' emoluments, incurred during the period were:		
Wages and salaries	**1.8**	2.8
Social security costs	**0.7**	0.5
Share-based payments	**2.5**	0.9
Pension costs	**0.4**	0.5
Compensation for loss of office	**0.9**	–
	6.3	4.7

Disclosure of individual directors' remuneration, share options, long term incentive schemes, pension contributions and pension entitlements required by the Companies Act 2006 and those elements specified for audit by the Financial Services Authority are shown in the tables in the Remuneration report on pages 38 to 48 and form part of these parent company financial statements.

4 Investments

	Shares in Group undertakings £m
Cost	
At 1 January 2012	1,954.4
Additions	1,500.0
Disposals	(1,942.6)
At 30 December 2012	**1,511.8**
Provisions for impairment	
At 1 January 2012	(380.0)
Disposals	380.0
At 30 December 2012	**–**
Net book value	
At 1 January 2012	1,574.4
At 30 December 2012	**1,511.8**

On 4 December 2012, the Company acquired 100% of the issued share capital of one £1 ordinary share in Mirror Sub 1 Limited and on 13 December 2012, the Company subscribed for 99,999,999 £1 ordinary shares in Mirror Sub 1 Limited for a consideration of £1,500,000,000 which was satisfied by the transfer of the Company's shareholdings in MGL2 Limited and Trinity Mirror Regionals plc at market value. The loss on disposal amounted to £62.6 million. On 21 December 2012, Mirror Sub 1 Limited changed its name to Trinity Mirror Group Limited.

At the period end reporting date an impairment review was undertaken which indicated that no impairment was required (2011: no impairment). The impairment review was performed using the same assumptions used in the impairment review performed in relation to the Group's goodwill and other intangible assets, which are disclosed in notes 14 and 15 in the notes to the consolidated financial statements.

The impairment review is sensitive to a change in key assumptions used, most notably the discount rate and the perpetuity growth rates. If the post tax discount rate increased to 8.8% (pre tax 11.1%) compared to the 7.4 % (pre tax 9.4%) used in the impairment review, the headroom on the carrying value would be removed and for every further 1% increase in the post tax discount rate (pre tax 1.3%), the shortfall would be £160 million. If the perpetuity growth rate decreased to minus 0.55%, compared to the plus 1.25% used in the impairment review, the headroom on the carrying value would be removed and for every further 1% decrease in the perpetuity growth rate the shortfall would be £115 million.

5 Debtors

	2012 £m	2011 £m
Amounts falling due within one year:		
Amounts owed by subsidiary undertakings	**–**	2,137.1
Other debtors	**2.3**	0.8
	2.3	2,137.9
Amounts falling due after more than one year:		
Derivative financial instruments	**5.2**	13.0
	5.2	13.0

The details of the Company's derivative financial instruments are the same as those of the Group and are disclosed in note 26 in the notes to the consolidated financial statements.

6 Deferred tax liabilities

	2012 £m	2011 £m
Opening liability	**(4.9)**	(7.3)
Change of tax rate applying to deferred tax	**0.4**	0.5
Revised opening balance	**(4.5)**	(6.8)
Tax credit	**1.3**	1.9
Closing liability	**(3.2)**	(4.9)

7 Borrowings

	Due within one year 2012 £m	Due after more than one year 2012 £m	Due within one year 2011 £m	Due after more than one year 2011 £m
Loan notes	**(49.7)**	**(104.9)**	(65.9)	(160.9)
Derivative financial instruments	**(2.7)**	**–**	(2.4)	–
	(52.4)	**(104.9)**	(68.3)	(160.9)

	2012 £m	2011 £m
Loan notes comprise:		
US$350 million unsecured loan notes	**(49.7)**	(51.8)
£22 million unsecured loan notes	**–**	–
US$252 million unsecured loan notes	**(94.9)**	(165.0)
£10 million unsecured loan notes	**(10.0)**	(10.0)
	(154.6)	(226.8)

US$350 million and £22 million unsecured loan notes

On 24 October 2001, the Group issued unsecured loan notes totalling US$350 million and £22 million through a private placing in the United States and United Kingdom respectively. The outstanding balance of the loan notes consist of US$80 million 7.19% fixed rate Series C notes due 24 October 2013.

All the notes are repayable in full on maturity. Both the capital repayments and interest payments under the US$ denominated loan notes have been swapped into floating rate Sterling through the use of cross-currency interest rate swaps. At 30 December 2012, £49.7 million (2011: £51.8 million) (net of costs) remains outstanding under these loan notes. The costs of the issue are being written off over the term of the notes.

US$252 million and £10 million unsecured loan notes

On 20 June 2002, the Group issued unsecured loan notes totalling US$252 million and £10 million through a private placing in the United States and United Kingdom respectively. The outstanding balance of the loan notes consist of:

US$50 million 7.27% Series B notes due 20 June 2014
US$100 million 7.42% Series C notes due 20 June 2017
£10 million 7.14% Series D notes due 20 June 2014

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

7 Borrowings continued

All the loan notes are repayable in full on maturity. Both the capital repayment and interest payments under the US$ denominated loan notes have been swapped into floating rate sterling through the use of cross-currency interest rate swaps. At 30 December 2012, £104.9 million (2011: £175.0 million) (net of costs) remains outstanding under these loan notes. The costs of the issue are being written off over the term of the notes.

Syndicated unsecured bank loan

There is no drawing (2011: £nil) on the bank facility of £110.0 million (2011: £178.5 million) which is committed until August 2015.

Derivative financial instruments

The details of the Company's derivative financial instruments are the same as those of the Group and are disclosed in note 26 in the notes to the consolidated financial statements.

8 Other creditors

	2012 £m	2011 £m
Amounts owed to subsidiary undertakings	**(17.6)**	(2,261.0)
Other creditors	**(0.8)**	(0.6)
Accruals and deferred income	**(5.3)**	(8.0)
	(23.7)	(2,269.6)

9 Pension scheme assets and liabilities

The Group announced the closure of all defined benefit schemes to future accrual from 31 March 2010. Prior to this date, the Company contributed to a number of the Group's defined benefit pension schemes which operate for employees of a number of Group companies. The Company is the sponsoring company for the Trinity Mirror plc Retirement Plan (the 'Scheme') and accounts for the Scheme in these parent company financial statements. For the schemes where the Company is not the sponsoring company, it is impracticable for the Company to identify its share of the underlying assets and liabilities and under FRS 17 the actual cost of providing pensions to these schemes is charged to the profit and loss account as incurred during the period.

The pension credit before tax in the Company's profit and loss account in the period was £nil (2011: £0.1 million).

Based on actuarial advice, the financial assumptions used in calculating the Scheme's liabilities under FRS 17 are:

	2012 %	2011 %	2010 %	2009 %	2008 %
Inflation rate	**2.80**	3.05	3.45	3.50	2.75
Discount rate	**4.50**	4.90	5.40	5.70	6.50
Expected return on Scheme's assets	**4.35**	4.70	4.90	5.80	6.20
Expected rate of salary increases	**–**	–	–	3.75	3.25
Rate of pension increases in payment: pre 6/04/97 pensions	**3.60**	3.70	3.75	3.75	3.50
Rate of pension increases in payment: post 6/04/97 pensions	**3.60**	3.70	3.75	3.75	3.50
Rate of pension increase in deferment	**2.00**	1.85	2.70	3.50	2.75

Mortality rates are as follows:

	2012 Years	2011 Years	2010 Years	2009 Years	2008 Years
Future life expectancy for a pensioner currently aged 65:					
– male	**22.6**	21.8	21.7	21.6	21.4
– female	**24.7**	24.2	24.1	24.0	23.8
Future life expectancy at age 65 for a non-pensioner currently aged 55:					
– male	**23.5**	23.5	23.5	23.4	23.2
– female	**25.7**	25.9	25.8	25.7	25.6

Expected contributions and deficit payments for 2013 are £nil and £0.1 million respectively.

9 Pension scheme assets and liabilities continued

The amount included in the balance sheet in respect of the Scheme is as follows:

	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Fair value of the Scheme's assets	**23.3**	23.2	24.3	17.1	15.8
Actuarial value of the Scheme's liabilities	**(23.1)**	(22.6)	(20.3)	(12.7)	(11.2)
Net surplus	**0.2**	0.6	4.0	4.4	4.6
Irrecoverable surplus	**–**	–	–	(4.4)	(4.6)
Deferred tax	**–**	(0.1)	(1.1)	–	–
Net surplus	**0.2**	0.5	2.9	–	–

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

	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Opening surplus in the Scheme	**0.6**	4.0	4.4	4.6	2.2
Current service cost	**–**	–	–	(0.1)	(0.2)
Contributions	**0.3**	1.1	0.5	1.2	2.1
Pension finance credit	**–**	0.1	0.3	0.3	0.2
Actuarial (losses)/gains	**(0.7)**	(4.6)	(1.2)	(1.6)	0.3
Closing surplus in the Scheme	**0.2**	0.6	4.0	4.4	4.6

The expected rates of return on each class of assets and the market value of assets in the Scheme are:

	Expected rate of return at 2012 %	Market value at 2012 £m	Expected rate of return at 2011 %	Market value at 2011 £m	Expected rate of return at 2010 %	Market value at 2010 £m	Expected rate of return at 2009 %	Market value at 2009 £m	Expected rate of return at 2008 %	Market value at 2008 £m
UK equities	**6.90**	**–**	7.50	–	8.10	2.9	8.00	2.9	7.90	2.7
US equities	**6.90**	**–**	7.50	–	8.10	–	8.00	–	7.90	–
Other overseas equities	**6.90**	**–**	7.50	–	8.10	1.2	8.00	1.3	7.90	1.3
Property	**5.30**	**–**	5.75	–	6.30	–	6.40	–	7.00	–
Corporate bonds	**4.50**	**–**	4.90	–	5.40	6.4	5.70	7.1	6.50	7.6
Fixed interest gilts	**2.70**	**–**	2.80	–	4.20	–	4.50	–	3.90	–
Index linked gilts	**2.75**	**–**	2.85	0.5	4.00	7.0	4.20	5.7	4.20	3.9
Insurance contracts	**4.50**	**23.1**	4.90	22.6	–	–	–	–	–	–
Cash	**2.30**	**0.2**	2.70	0.1	4.10	6.8	4.40	0.1	3.60	0.3
		23.3		23.2		24.3		17.1		15.8

The movement in the fair value of Scheme's assets during the period is analysed below:

	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Opening fair value of Scheme's assets	**23.2**	24.3	17.1	15.8	16.7
Expected return on Scheme's assets	**1.1**	1.2	0.9	1.0	1.0
Actuarial (loss)/gain on Scheme's assets	**(0.1)**	(1.8)	1.2	1.4	(2.7)
Contributions	**0.3**	1.1	0.5	1.2	2.1
Benefits paid	**(1.2)**	(1.6)	(1.4)	(2.3)	(1.3)
Annuity contract	**–**	–	6.0	–	–
Closing fair value of Scheme's assets	**23.3**	23.2	24.3	17.1	15.8

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

10 Called-up share capital

The details of the Company's called-up share capital are disclosed in note 30 in the notes to the consolidated financial statements. Dividends are disclosed in note 12 in the notes to the consolidated financial statements.

11 Share premium account

The details of the Company's share premium account are disclosed in note 31 in the notes to the consolidated financial statements.

12 Other reserves

	Capital redemption reserve £m	Profit and loss account £m
Opening balance	4.3	74.7
Transfer of retained profit for the period after dividends	–	121.9
Other net recognised losses in the period	–	(0.5)
Share-based payments credit	–	2.5
Closing balance	**4.3**	**198.6**

The capital redemption reserve represents the nominal value of the shares purchased and subsequently cancelled as part of share buy-back programmes.

The profit and loss account is analysed below:

	2012 £m	2011 £m
Profit and loss account excluding pension scheme	**198.4**	74.2
Pension scheme	**0.2**	0.5
Profit and loss account	**198.6**	74.7

13 Operating lease commitments

The Company has annual commitments under non-cancellable operating leases in respect of land and buildings as follows:

	2012 £m	2011 £m
On operating leases which expire:		
After five years	**6.9**	6.9

The Company had contracted with tenants for the following future minimum lease payments:

	2012 £m	2011 £m
On operating leases which expire:		
Within one year	**–**	0.1
In second to fifth years	**–**	0.4
After five years	**1.7**	1.0
	1.7	1.5

14 Principal subsidiaries

Details of the Company's principal subsidiaries, all of which are incorporated in the United Kingdom, at 30 December 2012 are as follows:

	Principal activity	Proportion of ordinary shares held %
Subsidiary undertakings		
Trinity Mirror Group Limited	Holding company	100.00*
Trinity Mirror Digital Limited	Holding company	100.00*
MGL2 Limited	Holding company	100.00
Trinity Mirror Regionals plc	Holding company	100.00
MGN Limited	Newspaper publishing	100.00
Scottish Daily Record and Sunday Mail Limited	Newspaper publishing	100.00
Gazette Media Company Limited	Newspaper publishing	100.00
NCJ Media Limited	Newspaper publishing	100.00
Trinity Mirror Southern Limited	Newspaper publishing	100.00
Media Wales Limited	Newspaper publishing	100.00
Trinity Mirror North West & North Wales Limited	Newspaper publishing	100.00
Trinity Mirror Cheshire Limited	Newspaper publishing	100.00
Trinity Mirror Merseyside Limited	Newspaper publishing	100.00
Trinity Mirror North Wales Limited	Newspaper publishing	100.00
Trinity Mirror Huddersfield Limited	Newspaper publishing	100.00
Trinity Mirror Midlands Limited	Newspaper publishing	100.00
Scottish and Universal Newspapers Limited	Newspaper publishing	100.00
MEN Media Limited	Newspaper publishing	100.00
AMRA Limited	National advertising sales house	100.00
Trinity Mirror Printing Limited	Contract printers	100.00
Trinity Mirror Printing (Blantyre) Limited	Contract printers	100.00
Trinity Mirror Printing (Cardiff) Limited	Contract printers	100.00
Trinity Mirror Printing (Midlands) Limited	Contract printers	100.00
Trinity Mirror Printing (Newcastle) Limited	Contract printers	100.00
Trinity Mirror Printing (Oldham) Limited	Contract printers	100.00
Trinity Mirror Printing (Saltire) Limited	Contract printers	100.00
Trinity Mirror Printing (Teesside) Limited	Contract printers	100.00
Trinity Mirror Printing (Watford) Limited	Contract printers	100.00
Trinity Mirror Digital Recruitment Limited	Online recruitment	100.00
Trinity Mirror Digital Property Limited	Online property	100.00
Rippleffect Studio Limited	Digital marketing services	100.00
The Communicator Corporation Limited	Digital marketing services	100.00

* Owned directly by the Company

In addition to the companies shown above, the Company also holds investments in a number of other subsidiary undertakings which in the directors' opinion do not significantly affect the figures in the consolidated financial statements. In accordance with Section 410(2)(a) of the Companies Act 2006, a full list of subsidiaries was annexed to the 2012 annual return and submitted to Companies House. A full list of subsidiaries will be submitted to Companies House during 2013.

15 Post balance sheet event

On 7 January 2013 the Company acquired a 20% equity interest in Local World Limited ('Local World') for a cash consideration of £14.2 million. On the same day, Local World acquired the regional publishing assets previously owned by Northcliffe Media Limited and Iliffe News & Media Limited. Simon Fox and Vijay Vaghela have been appointed to the Board of Local World as unremunerated non-executive directors. The investment is expected to be earnings enhancing in the first full year of investment.

GROUP FIVE YEAR SUMMARY

	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Income statement					
Revenue (restated)*	**707**	761	770	771	882
Operating profit before non-recurring items	**104**	102	117	98	138
Operating profit/(loss) after non-recurring items	**38**	92	138	87	(88)
Pension finance (charge)/credit	**(5)**	3	(7)	(10)	11
Finance costs net of investment revenues	**(14)**	(21)	(7)	(35)	4
Profit/(loss) before tax	**19**	74	124	42	(73)
Tax credit/(charge)	**5**	4	(11)	(13)	14
Profit/(loss) for the period	**24**	78	113	29	(59)
Basic earnings per share before non-recurring items	**35.0p**	34.0p	33.6p	14.5p	38.4p
Non-recurring items	**(25.4)p**	(2.6)p	11.0p	(3.0)p	(61.0)p
Basic earnings/(loss) per share	**9.6p**	31.4p	44.6p	11.5p	(22.6)p
Dividends per share	**–**	–	–	–	3.2p
Balance sheet					
Intangible assets	**913**	976	970	946	957
Property, plant and equipment	**358**	382	410	423	449
Other assets and liabilities	**(490)**	(482)	(463)	(580)	(522)
	781	876	917	789	884
Net debt	**(142)**	(201)	(237)	(300)	(349)
Net assets	**639**	675	680	489	535
Total equity	**(639)**	(675)	(680)	(489)	(535)

* Revenue for prior periods have been restated as set out in note 3 in the notes to the consolidated financial statements.

SHAREHOLDER INFORMATION

Registered office

One Canada Square
Canary Wharf, London E14 5AP
Telephone: +44 (0) 207 293 3000
Company website: www.trinitymirror.com
Registered in England and Wales No. 82548

Annual General Meeting

The Notice of Meeting sets out the resolutions being proposed at the Annual General Meeting which will be held at 11.30 am on Thursday 16 May 2013 at the Hilton London Canary Wharf, Marsh Wall, London E14 9SH.

Auditors

Deloitte LLP
2 New Street Square, London EC4A 3BZ

Registrars

Equiniti Limited
Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
Telephone: 0871 384 2235*
For Overseas Shareholders: +44 (0) 121 415 7047

* Calls to this number are charged at 8 pence per minute plus network extras. Lines are open from 8.30 am to 5.30 pm, Monday to Friday, excluding UK bank holidays.

If you have any queries regarding your shareholding, please contact the registrars.

Share price information

As well as using the Trinity Mirror website to view details of the current and historical share price, shareholders can find share prices listed in most national newspapers. For a real-time buying or selling price, you should contact a stockbroker.

Share Dealing and Shareview

Shareholders can buy and sell shares through Shareview Dealing, a telephone and internet service provided by Equiniti. Shareview, a website operated by Equiniti, allows shareholders to view the details of their shareholding, register for e-communications and send voting instructions electronically if they have received a voting form with an electronic reference or have signed up for Shareview. For more information on both services log on to www.shareview.co.uk or call 08456 037037** for Shareview Dealing.

** Calls to this number are charged at 8 pence per minute from a BT landline. Calls from other telephone providers may vary. Lines are open Monday to Friday from 8.00 am to 4.30 pm for Shareview Dealing and until 6.00 pm for any other Shareview Dealing enquiries.

ADRs

Trinity Mirror has a sponsored Level 1 American Depositary Receipt (ADR) programme for which BNY Mellon acts as Depositary. Each ADR is equivalent to two Trinity Mirror plc ordinary shares. Dividends are paid in US$ via the Depositary. Details of the ADR programme are as follows:

Exchange: OTC (Over-The-Counter)
Symbol: TNMRY CUSIP: 89653Q105 Ratio (ADR: Ord) 1:2

For more information, contact:

BNY Mellon
Shareholder Services P.O. Box 358516
Pittsburgh PA 15252-8516 USA
Toll free for US domestic callers: 1-888-BNY-ADRs
International: 1-201-680-6825
Email: shrrelations@bnymellon.com

Warning to shareholders – boiler room scams

Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high-risk shares in US or UK investments. These operations are commonly known as boiler rooms.

If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation.
- Check that they are properly authorised by the FSA before getting involved by visiting www.fsa.gov.uk/pages/register.
- Report the matter to the FSA either by calling 0300 500 5000 or visiting www.moneymadeclear.fsa.gov.uk.
- If the calls persist, hang up.

Analysis of share register at 30 December 2012

As at 30 December 2012, there were 15,152 holders of ordinary shares whose shareholdings are analysed below:

Range	Number of holdings	Percentage of total holders	Total number of shares	Percentage of ordinary shares
1–50	413	2.73%	12,326	0.00%
51–100	5,479	36.16%	407,199	0.16%
101–500	6,651	43.89%	1,413,110	0.55%
501–1,000	994	6.56%	725,219	0.28%
1,001–10,000	1,300	8.58%	3,652,827	1.42%
10,001–50,000	141	0.93%	3,339,068	1.30%
50,001–100,000	32	0.21%	2,480,928	0.96%
100,001–500,000	69	0.46%	16,029,264	6.22%
500,001–1,000,000	29	0.19%	20,420,127	7.92%
1,000,001 +	44	0.29%	209,210,452	81.19%
Totals	**15,152**	**100.00%**	**257,690,520**	**100.00%**

Investor relations

We communicate with the financial community on a regular and ongoing basis to support our stakeholders in their investment decision process. While the investor relations programme is driven by statutory reporting requirements, it also contains a strong element of additional communication in the form of meetings and presentations.

Key dates in 2013

14 March 2013	Preliminary Results Announcement
16 May 2013	Annual General Meeting
16 May 2013	Interim Management Statement
1 August 2013	Interim Results Announcement
14 November 2013	Interim Management Statement

Designed and produced by **Radley Yeldar** www.ry.com

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