

17 March 2010

MECOM GROUP PLC

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

PROFITS IMPROVE IN SECOND HALF: SUCCESSFUL COST-CUTTING SUBSTANTIALLY MITIGATES ADVERTISING DECLINES

Mecom Group plc (“Mecom” or “the Group”) announces its results for the year ended 31 December 2009.

HIGHLIGHTS

- Group adjusted EBITDA of €125.5 million, well ahead of previous expectations
- Net debt of €373.4 million (3.1 times ongoing EBITDA) at 31 December 2009 (2008: €682.5 million)
- Advertising revenues down 18 per cent - slowing decline in the second half of 15 per cent with this trend continuing into 2010
- Circulation revenues resilient, with a slight increase during the year
- Operating costs reduced by €140.0 million, outperforming from original cost cutting targeted reduction of €75.0 million
- Over 75 per cent of lost revenue mitigated through cost reduction
- Digital revenue growth to compensate in 2010 for moderating declines in print advertising
- New financial and operational targets established to measure success of the transformation

	2009 €m	2008 €m	2009 vs. 2008
Advertising revenue	665.0	813.5	(18)%
Circulation revenue	545.5	544.0	- %
Other revenue	199.0	235.2	(15)%
Total revenue¹	1,409.5	1,592.7	(12)%
Costs¹	(1,289.9)	(1,427.8)	10% lower
Group adjusted EBITDA²	125.5	174.8	(28)%
Adjusted earnings per share (euros)	0.07	3.09	(3.02)
Net debt	(373.4)	(682.5)	€309.1m

Notes

¹ Revenue and costs from ongoing businesses stated at constant currency

² Total EBITDA from Group operations in 2009, compared with EBITDA from these operations for equivalent period of ownership in 2008, stated at constant currency and before exceptional items and the amortisation of acquired intangibles

Alasdair Locke, Chairman, said:

‘Our results for 2009 confirm that, after a successful cost-cutting programme, we have come through an extremely difficult year for consumer advertising in good shape and we look forward to an improvement in profitability this year, even without growth in print advertising markets. Our executive team has led a marked transformation of the business away from the traditional publication of printed products.’

David Montgomery, Chief Executive, said:

‘This last year has been an advertising crisis, not a newspaper crisis. Our assets, both print and online, have been enhanced and have shown great resilience in maintaining readership and increasing audience and that bodes well for the future.’

‘In addition to cost reduction, which has been at the top end of performance in the sector, we have continued to invest in digital development with a range of products that will drive revenues in the economic recovery.’

‘We are looking to reap the rewards from greater productivity from a continually reducing cost base as we further centralise within a single management structure. Today we announce demanding targets for new revenue growth that will flow from our transformed company.’

‘This hard won progress is underwritten by the willingness of staff and management to adopt a new model for a wider content business. The robustness of our proposition is enshrined in the creativity and developing skills of an energetic staff who have embraced a strategy that is leading our industry to a new lease of life.’

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A conference call and webcast briefing for analysts and investors will take place today at 9:30 am (GMT) on the following details:

Telephone conference call: +44 (0) 20 3003 2666 (for registration)
Webcast: a link to the webcast is available on www.mecom.com

The presentation slides used at this briefing and a recording of the conference call and webcast briefing will be available on the "Investors" section of the Mecom website (www.mecom.com/financial-results.aspx).

CHAIRMAN'S STATEMENT

Overview

In my last annual Chairman's statement I told shareholders that we hoped to finalise a €156 million rights issue and re-financing of our bank facilities shortly thereafter. I am pleased to report that both of these were successfully completed by the summer of 2009. The Group's balance sheet concerns are now behind it. Our results for 2009 confirm that, after a successful cost-cutting programme, we have come through an extremely difficult year for consumer advertising in good shape and we look forward to an improvement in profitability this year, even without growth in print advertising markets. Our executive team has led a marked transformation of the business away from the traditional publication of printed products, which is described more fully in the Chief Executive's Review and elsewhere in the Annual report and accounts.

However, our confidence in the outlook for the Group has not been reflected in the Company's share price and we feel the same considerable frustration about this as our shareholders. It has been gratifying to see the price moving in recent days and we are working closely with our shareholders and advisers to continue to generate further interest in the Group's shares.

To assist existing and prospective investors in monitoring our progress both this year and beyond, we have announced a number of operational and financial targets. Operationally, we want to focus attention on our ability to grow revenues and profits in areas away from traditional print media. We have therefore set targets which relate primarily to digital activities and Enterprise sales. Financially, our confidence in our ability to de-leverage the Company, to the point where it is in a position to make dividend payments, is reflected in targets relating to cash conversion and leverage multiples. We will report on progress against these targets, which are set out in the Chief Executive's Review, at the half-year results announcement and each results announcement thereafter.

An improved outlook for cash flow reflects the final completion of our major investment in printing facilities in the Netherlands and the running down of exceptional costs as restructuring programmes end. At least as importantly, it reflects the Board's commitment to managing the Group's balance sheet efficiently. Annual bonuses for our senior executive team are now set substantially by reference to the achievement of cash generation targets.

Board

I am pleased to report that the repopulation of our Board following last year's departures is complete. During the course of 2009 we were delighted to welcome Michael Hutchinson and Gerry Aherne, whose enormous experience, respectively, in the commodities and fund management industries gives the Board an ideal balance between media and other disciplines. I am grateful to the non-executive directors for their support and encouragement and to the executive team and all of our employees for their unflinching commitment during a year from which Mecom has emerged much stronger than when I last wrote to you.

Alasdair Locke
Chairman

CHIEF EXECUTIVE'S REVIEW

Overview

The perception of the newspaper sector is of unrelenting decline of print and advertising associated with it. According to this view the recession and advertising downturn was merely an exacerbation of that trend and the only remedy is continuing cost reduction.

However the reality is quite different. Mecom has withstood the recession in terms of newspaper readership and circulation levels. Readership of newspapers is being maintained partly with continuing expansion of new titles, as in the Netherlands for instance,

and re-launch and enhancement of existing ones. The recessionary forces have failed to deliver the anticipated blow to either readership or sales. Our printed products continue to please our customers.

In addition we did not merely provide for the future by cost cutting. It is true that the old economic model for print is unsustainable. But our reforms, in which we continued to invest in 2009, demonstrate that not only do our printed products satisfy the audience but there is also a growing appetite for our content online. It is particularly gratifying that Norwegian market research reveals that an increasing number of 15 to 29 year olds are viewing our local content online and value it highly. This indicates that we have the potential to grow our market overall freed from the physical and geographical restrictions of solely printed content.

Despite the emphasis on achieving our financial restructuring and the effort involved in exceeding expectations in 2009 the modernisation process has moved on decisively. Three years ago there was deep scepticism and some resistance inside the company regarding these operating reforms. In the last year this has transformed. The initiatives to expand into other content products and enhance sales through commercial exploitation of content across all platforms are now coming thick and fast from the local management and staff. 2009 marked this turning point where the pressure for change, originated at the group level, has now been espoused with tremendous enthusiasm by our staff at local level to join what is the most significant revolution in the newspaper industry in its history.

It is also crucial that we now harness these local initiatives and the talent behind them to roll out the modernisation process more quickly. That is why the group has announced the move to a single management within one company serving a market with a population of 65 million.

Without strenuous efforts the effect of advertising decline, the worst in newspaper history, would have cut deeper in 2009. Our own advertising revenue fell by 18 per cent during the year, continuing a trend which started in 2008 and which – whilst easing considerably – has dragged on into 2010. We cannot yet call an upturn but do take some comfort from more positive recent economic indicators in all of the countries in which we operate. These tend to suggest some improvement in advertising overall.

Notwithstanding the fall in advertising in 2009, we achieved a satisfactory outcome in the year of Group adjusted EBITDA of €26 million (2008: €75 million), year-end net debt of €373 million (2008: €683 million) and a cost programme which resulted in reductions of around €40 million, offsetting 75 per cent of our revenue decline and materially higher than anticipated at the beginning of the year. In the year Group revenues (from ongoing businesses) fell from approximately €1.6 billion to €1.4 billion, largely as a result of declines in advertising. Earnings per share from continuing operations in the year were 7 cents per share (2008: 260 cents per share).

Against this background we have undertaken many initiatives to position Mecom for the future. We cannot continue to rely solely on sales of – and advertising in – the printed product, although these will of course remain the mainstay of our profitability for many years to come. We are now well on the way to being a truly multimedia company focused on:

- rapidly diversifying our sources of income;
- increasing flexibility amongst our journalists who have enthusiastically embraced the need to produce content for multiple outlets;
- improving the quality of our paid titles; and
- drawing on the benefits of our scale in sharing new product and content ideas and reducing costs;

These initiatives have been accompanied by continued rigorous focus on cash protection and generation through related financial targets and the development of a number of new operational targets to drive growth in new revenues.

Crucially, all of this is being led by a single European management group, comprising the three executive directors and five other senior executives. Although our individual operating divisions continue to report separately and are managed directly by local executives, we increasingly view our business as serving a cohesive market of some 65 million potential customers to whom many of the same products can be sold. The European management group underpins our belief that Mecom should be run as a wholly unified group, enabling centralised focus on areas such as revenue and product development and cost reduction, for which specific executives have been given responsibility.

Operational and financial targets

Underpinning our new model is a series of simple operational and financial targets, against which we will report our progress every six months. The three operational targets are intended to focus our attentions on the overwhelming requirement to develop new revenues and EBITDA for areas other than traditional print publishing, in which future advertising growth cannot be easily predicted. They are:

1. **GROWTH IN NEW REVENUES** (including paid content and online advertising) by €100 million from a base of €67 million in 2009 or approximately 35 per cent per annum in the next three years;

2. **GROWTH IN UNIQUE USERS** of all of our online products from a starting point of 32 million in 2009 to 58 million in the year ending 31 December 2012, a growth of approximately 20 per cent per annum; and
3. **GROWTH IN EBITDA GENERATED BY OUR ENTERPRISES ACTIVITIES** (that is, the sale of other goods and services to our readers) from €5 million in 2009 to €10 million in 2012.

Alongside these operational targets we have three financial targets to assist investors in assessing our progress, all relating to our ability to de-leverage the Group's balance sheet and improving earnings:

1. **A TARGET ADJUSTED EBITDA MARGIN OF 12.5 PER CENT** in the year ending 31 December 2012;
2. **CASH CONVERSION (AFTER DEBT SERVICE) OF EBITDA OF MORE THAN 50 PER CENT** in the year ending 31 December 2012; and
3. **NET DEBT OF LESS THAN TWICE EBITDA** at the end of 2012.

Apart from the general restoration of confidence in the Group's financial health that meeting these targets will achieve, our ability to reduce debt to this level will greatly assist us in the refinancing of our facility agreement which ends in 2013 and put us in a position to make dividend payments in respect of 2012 should we agree with our shareholders to do so at the time.

Divisional highlights*

The Netherlands

Our Dutch business comprises both Wegener and Limburg Media Group and is the largest newspaper publisher in the Netherlands. Although currently operated separately, it remains our intention to merge the underlying businesses as soon as various tax issues in Wegener are resolved. We expect this to happen during the course of 2010.

With overall 2009 revenues of €30.9 million (2008: €12.5 million), the Netherlands accounted for some 45 per cent of the Group's ongoing revenues. Its contribution to Group EBITDA in 2009 of €1.0 million (2008: €2.5 million) was relatively higher at 70 per cent of the Group's ongoing EBITDA (before central costs), reflecting the profitability of all of the major city-based newspapers and Wegener's weekly free-sheet business. This is largely due to the success of a major restructuring programme in Wegener which materially offset advertising declines.

During 2009, our Dutch business took steps to achieve its strategic aim of national coverage in printed products. The free weekly portfolio, which had been expanded through new free-sheets in the northern regions of the Netherlands in 2008, made in-roads into the Randstad region and in early 2010 we re-established a free weekly in the Limburg region. Autotrack, the number one Dutch car classified site, continued to perform well with revenue growth in a difficult market, highlighting the potential from our market-leading positions such as these.

In 2009 the division had online revenues of €8.3 million (2008: €1.2 million). Digital development remains the central priority for the Netherlands which, with the lowest proportion of digital revenues of all of our divisions, needs to capitalise on a franchise which will soon reach almost every household in the Netherlands through one or more of its products. A programme to redirect resources from the printed newspapers to online activities, to drive digital growth, was initiated in early 2010. Although Enterprises revenues in the Netherlands fell slightly from €5.1 million to €4.9 million in the year, EBITDA improved and we are confident that the team and product portfolio we have in place will deliver attractive results in this area in future.

Denmark

Denmark, trading under the name of Berlingske Media, continued to suffer for much of the year from an advertising downturn which started much earlier than in any of our other divisions. It is pleasing to note that this appeared to flatten at the end of 2009 and into 2010. In the period under Mecom ownership, Berlingske Media has been dramatically restructured to operate under a single unified management structure, replacing a highly disaggregated structure with many surplus layers of management. The result is a highly efficient entity which remains a centre of real innovation in driving forward the Group's transformation programme, with a wide range of exciting product launches and digital initiatives, including mobile launches and paid-for-content. This transformation has occurred against a backdrop of significant cost savings, (down by approaching 20 per cent since the beginning of 2007) and a reduction in FTEs (down 18 per cent over the same period). Cost saving in Denmark was proportionately the best in the group in 2009, at 12 per cent (compared with 10 per cent group-wide), with these cost reductions mitigating 91 per cent of lost revenue.

Digital revenues fell from €2.8 million in 2008 to €0.7 million in 2009 - at first sight slightly disappointing but a highly creditable achievement in dire economic circumstances.

In 2009, Berlingske's revenues declined to €11.8 million from €69.0 million, again largely due to advertising. Management's success in mitigating this decrease in revenue through cost reduction can be seen in the division's EBITDA which fell only to

€15.5 million from €20.8 million in 2008. Enterprises revenues, an area on which the division will increase focus in 2010, increased from €2.8 million in 2008 to €3.7 million in 2009.

At the forefront of the Group's digital development, Berlingske is very well positioned to take advantage of any improvement in the advertising market in 2010 and beyond, both nationally and in local and hyper-local markets.

Norway

Our Norwegian division, Edda Media, is unique in the Group for its concentration on a large number of small local franchises. This has not insulated it completely from the downturn in the wider Norwegian advertising market, which appears to have begun earlier (and to be ending earlier) than in our other markets. The first two months trading of 2010 confirm an earlier improvement than in the other divisions, with advertising broadly flat on the prior year. Edda continues to enjoy the highest digital income in the Group, both absolutely and as a proportion of its total revenues, with total digital revenues of €23.6 million (2008: €28.1 million) representing almost 20 per cent of total advertising revenues. Revenue from online newspapers increased by 25 per cent in 2009 and online newspaper unique users by 18 per cent, this effect being more than offset by falls in revenue from stand-alone websites, some of whose activities were curtailed during the year. There is every sign in our local franchises in Norway that we can continue to increase our digital revenues significantly as a proportion of total revenues, and resources continue to be switched from print to online to achieve this. By contrast, Enterprise revenues were negligible in Norway at €0.3 million and, given the quality of our Norwegian readership base, management recognise this is an area of significant opportunity for 2010.

Total Norwegian revenues in 2009 were €240.1 million, a decline from €270.9 million in 2008. As in other divisions, much of this decline was offset through cost reduction, resulting in a decrease in EBITDA to €15.4 million in 2009 from €22.7 million in 2008.

Poland

The smallest of our divisions, Poland, continues to trade as two separate companies: Presspublica (in which the Polish Treasury has a 49 per cent holding) and Media Regionalne, a wholly-owned subsidiary of Mecom. There are continuing and constructive discussions with the Polish Government regarding the privatisation of their stake in Presspublica, including the potential for an IPO.

In 2009, Poland experienced the lowest revenue decline of our divisions, with a 10 per cent fall to €126.7 million from €140.3 million in 2008. This masked relatively stable advertising revenue in the regionals business and more significant falls in advertising in Presspublica, which is more exposed to the national advertising market. EBITDA in the Polish division suffered the lowest percentage fall in the Group – by 20 per cent from €10.3 million in 2008 to €8.2 million in 2009 reflecting FTE reductions and salary cuts to which the workforce have shown great commitment. This reflects a strong performance from our local management team who have driven through difficult changes in the face of a tough advertising environment. Digital revenues in Poland grew strongly, with a 29 per cent increase from €3.4 million in 2008 to €4.4 million. Unique users grew by almost 90% in 2009, including the effect of 15 new community portals in the Moje Miasto ('My City') and other initiatives.

Enterprise revenues in Poland were also impressive – at €5.6 million the highest in absolute terms in the Group. These fell from €8.0 million in 2008, although this fall in part reflects the success of the strategy of the division changing its model for the sale of Enterprise products to reduce commercial risk. This is demonstrated in the move from marginally loss making Enterprise activities in 2008 to an EBITDA margin of 25 per cent in 2009.

Poland remains our biggest market, in terms of demographics and has a growing economy. We are continuing to expand our footprint, operating in a national market online that is beyond our traditional print territories, to take advantage of this potential.

Digital

Overall digital revenues fell from €75.5 million in 2008 to €77.0 million in 2009. In recessionary markets where digital advertising was not immune to general advertising declines (although not as badly affected), we were pleased with this result. The resilience of our online newspaper sites led to revenue growth of 5 per cent in 2009, despite the overall market trends, and intense efforts to grow these revenues are yielding good early results in 2010. The decline felt in the standalone sites, which include recruitment and other classifieds, although significant, was less pronounced than in print. As mentioned above, we intend to report our total unique users, a key indicator of digital health, in future. In 2009 this figure grew by 31 per cent to around 32 million with impressive growth figures in Poland and the Netherlands. The latter is especially encouraging as we seek to drive digital growth there.

Outlook

We have no doubt that the steps we have taken to transform Mecom's business will help us through what remains of the recession in Europe. Our commitment to grow new products and to continue to rationalise our cost base, particularly through the further centralisation of shared services and functions, is expected to increase our profitability in the years ahead. At the same time, our traditional print circulation volumes continue to experience only modest declines, with our readers' appetite for high quality newspapers not affected by the recession.

As said, we do not know when European print advertising markets will recover but as they do, we will benefit from growth in our traditional advertising as well, the profit impact of which should have a materially positive impact on the Group's earnings over and above our own prognosis. This was set out in our trading statement on 14 January 2010 and has not changed: we expect continuing but more modest declines, as demonstrated by the 8 per cent decline in February 2010 year-to-date advertising, in print advertising to be compensated for by increases in our online activities; circulation revenues to remain stable; costs to benefit from previously instigated and new reduction programmes; and EBITDA to rise by around 10 per cent.

This hard won progress is underwritten by the willingness of staff and management to adopt a new model for a wider content business. The robustness of our proposition is enshrined in the creativity and developing skills of an energetic staff who have embraced a strategy that will give our industry a new lease of life.

David Montgomery

Chief Executive

** All financial figures in these sections refer to the Group's ongoing businesses, before exceptional items and the amortisation of acquired intangibles, with comparisons at constant currency where applicable for ease of comparison, as set out in Note 6 to the condensed consolidated financial statements.*

MANAGEMENT REPORT

FINANCIAL OVERVIEW¹

				2009	2008	2009 vs. 2008
				€m	€m	%
Group Total²						
Revenue				1,494.6	1,701.1	(14)%
EBITDA				125.5	174.8	(28)%
Closing net debt				(373.4)	(682.5)	309.1m
Ongoing operations³						
Revenue				1,409.5	1,592.7	(12)%
Total costs				(1,289.9)	(1,427.8)	(10)%
EBITDA				119.6	164.9	(27)%
EBITDA margin				8.5%	10.4%	(1.9) pts
Revenue by country						
The Netherlands				630.9	712.5	(11)%
Denmark				411.8	469.0	(12)%
Norway				240.1	270.9	(11)%
Poland				126.7	140.3	(10)%
Total				1,409.5	1,592.7	(12)%
Revenue by category						
Advertising				665.0	813.5	(18)%
Circulation				545.5	544.0	-
Printing				70.9	93.7	(24)%
Enterprises				14.5	16.0	(9)%
Other				113.6	125.5	(9)%
Total				1,409.5	1,592.7	(12)%
<i>Of which Digital revenue</i>				67.0	75.5	(11)%
EBITDA by country						
The Netherlands				91.0	122.5	(26)%
Denmark				15.5	20.8	(25)%
Norway				15.4	22.7	(32)%
Poland				8.2	10.3	(20)%
Central				(10.5)	(11.4)	8%
Total				119.6	164.9	(27)%

Performance half by half - ongoing	First half			Second half		
	2009	2008	2009 vs. 2008	2009	2008	2009 vs. 2008
	€m	€m	%	€m	€m	%
Advertising	336.2	428.9	(22)%	328.8	384.6	(15)%
Circulation	267.8	270.5	(1)%	277.7	273.5	2%
Other	99.2	116.7	(15)%	99.8	118.5	(16)%
Total revenue	703.2	816.1	(14)%	706.3	776.6	(9)%
Total costs	(656.7)	(724.9)	9%	(633.2)	(702.9)	10%
EBITDA	46.5	91.2	(49)%	73.1	73.7	(1)%
EBITDA margin	6.6%	11.2%	(4.6) pts	10.3%	9.5%	0.8 pts

Notes

- All financial information above is presented before exceptional items and the amortisation of acquired intangibles and, for ease of comparison, at constant currency.
- 'Group Total' represents the results of all businesses operated by the Group during 2009, including therefore Mecom Germany, north-western Norway and AD NieuwsMedia, which were disposed of during the year, compared with the results of these operations for an equivalent period of ownership during 2008.
- Ongoing operations represent the businesses owned by the Group at 31 December 2009, that is, excluding therefore from both reporting periods Mecom Germany, north-western Norway and AD NieuwsMedia, which were disposed of during 2009.

(The commentary below is on the results of the Group's ongoing operations included in the table above, as to discuss the underlying financial performance of the Group's businesses in 2009.)

Revenue (from ongoing operations) fell by 12 per cent during 2009, from €1,592.7 million to €1,409.5 million. The revenue decline by country was in a relatively narrow range between 10 per cent in Poland and 12 per cent in Denmark: the total country decline being largely a reflection of the advertising experience described below and the relative share of advertising revenue in each country.

The largest single component of this fall by type was advertising revenue, which fell by €148.5 million to €665.0 million, some 18 per cent. Advertising fell significantly in all the Group's operations, with the Dutch and Danish businesses, both of which economies experienced GDP shrinkage of over 4 per cent in 2009, experiencing losses of 19 per cent and a fall of 16 per cent in Poland and Norway. The loss of advertising was most marked in the recruitment category, down 50 per cent, with display advertising (at 13 per cent decline) and other classified categories (at 10 per cent down) showing a more moderate deterioration. In general, the Group's local markets, where relationships with advertisers are strongest, experienced a better outcome than in national markets. The decreases slowed after the first half, with second half decline of 15 per cent compared with 22 per cent in the first half.

Circulation revenue across the Group increased by €1.5 million, with the recent historical pattern of volume decreases being offset by price increases continuing. The rate of decline of volumes across the Group, whilst showing local variation, was not materially affected by the economic crisis. Circulation revenue, of which approximately two-thirds is subscription income collected in advance, represented almost 40 per cent of revenue (from ongoing operations) in the second half of 2009.

Third-party printing revenue decreased by 24 per cent: the Group has reduced printing capacity over the past year as it has rationalised its own printing portfolio, and has also lost some third-party printing contracts in remaining facilities. The EBITDA effect of the decline in printing was limited. Enterprises revenue fell, by 9 per cent, but the fall was entirely explained by a change in the business model for the sale of books and other products in Poland, where the Group has stopped taking principal publishing risk and now operates largely on a commission basis – underlying revenue grew by 25 per cent.

Total costs from ongoing operations fell by 10 per cent, providing a significant mitigation against the fall in revenue. The reduction was driven by lower staff costs, down 8 per cent as full-time equivalents ("FTEs") were reduced by over 850 from the start to the end of the year, lower production and distribution costs (down 12 per cent), reflecting fewer pages (from advertising declines and deliberately reduced editorial content), lower volumes of papers sold and decreases in third-party printing and distribution and a decrease in marketing and administrative costs.

EBITDA from ongoing operations fell from €164.9 million to €19.6 million, with total Group EBITDA (including the results of disposed of businesses for equivalent periods of ownership in both years) falling from €174.8 million to €25.5 million. All divisions experienced a fall in EBITDA, ranging from 32 per cent in Norway to 20 per cent in Poland. Resulting EBITDA margin for the Group from ongoing operations was 8.5 per cent, down 1.9 percentage points from 2008. Margins in the business ranged from 14.4 per cent from ongoing operations in the Netherlands (compared with 17.2 per cent in 2008), through 6.4 per cent and

6.5 per cent respectively in Norway and Poland (down from 8.4 per cent in the case of Norway and 7.3 per cent in the case of Poland), to 3.8 per cent in Denmark, compared with 4.4 per cent in 2008.

There was a marked increase in EBITDA from ongoing operations in the second half of the year, from €46.5 million in the first half of the year to €73.1 million in the second half. There has been a continual reduction in the cost base from the first half of 2008, when it was €724.9 million, to the second half of 2009, when it was 13 per cent lower at €633.2 million.

DIVISIONAL REVIEWS

The Netherlands

	2009	2008
Population	16.4 million	16.3 million
GDP (decline)/growth	(4.0)%	2.0%
Newspaper market (circulation and advertising)	€1,901 million	€2,261 million
Mecom paid-for circulation (dailies)	1.0 million	1.0 million
Mecom free-sheet circulation (weeklies)	12.0 million	9.3 million
Internet penetration	90%	86%

Market overview

The newspaper (circulation and advertising) market in the Netherlands was estimated to be worth €1,901 million in 2009 and has declined 16 per cent since 2008. Newspaper advertising was estimated to be worth €1,177 million in 2009 (of which €30 million is online advertising) and constituted 36 per cent of the total advertising market. Newspaper advertising declined by 19 per cent in 2009 compared with 2008.

The paid-for newspapers circulation declined by an average of 3.5 per cent over the year, with the national dailies suffering the most and the regional paid-for dailies declining by only 3 per cent in 2009.

There have been some major changes in the Dutch newspaper market in 2009. In July, Wegener sold its 37 per cent share in AD NieuwsMedia to PCM Uitgevers ("PCM"), thus giving PCM a 100 per cent share in AD NieuwsMedia. As part of this transaction, Wegener sold its printing plant in The Hague to PCM. Wegener also purchased PCM Lokale Media ("PLM"), a publisher of free door-to-door newspapers in Rotterdam. In turn, PCM was sold to the Belgian publishing group, De Persgroep. As a result of this transaction, NRC Handelsblad and *nrc.next* (together "NRC") had to be disposed for anti-trust reasons. The Dutch private equity company Egeria, together with television broadcaster Het Gesprek, became the new owner of NRC.

Following these changes, there are three major operators in the Dutch market: Mecom, Telegraaf Media Group ("TMG") and Persgroep Nederland. TMG is the market leader in the daily newspaper market with a 30 per cent share of the total newspaper market. Mecom is second with a market share of 25 per cent of the total daily newspaper market. Persgroep has a 19 per cent market share. Mecom is the leader in the regional newspaper market with a 63 per cent share. The weekly free-sheet market is fragmented, with Mecom as the market leader with a 48 per cent share.

The Netherlands has the highest internet penetration in Europe, reaching almost 90 per cent of the population. Online advertising sales in the Netherlands were approximately €356 million in 2009. After a long period of rapid growth, online advertising experienced a decline, albeit at a slower rate than the rest of the advertising market. However, its market share increased again, from 10 per cent in 2008 to 11 per cent in 2009.

Business overview

The Group's Dutch division comprises Wegener and Limburg Media Group ("LMG"). Wegener is the largest publisher of regional daily newspapers and free door-to-door newspapers in the Netherlands. LMG is the leading regional newspaper business in the Dutch province of Limburg.

With its online portfolio of 54 newspaper websites and stand-alone niche websites, the Dutch division now has 8.5 million unique users per month, up from 6.3 million in 2008. The division owns 270 titles and this complements its newspaper readership of 15.0 million per week (2008: 11.3 million). Following the sale of the print plant in The Hague and closure of the Nijmegen plant, the Dutch division now operates four printing plants that print both Group and third-party publications.

Circulation of regional dailies across the Netherlands fell by 3 per cent. Following a successful subscriber retention strategy, paid-for circulation of the Wegener dailies declined by only 2 per cent in 2009 compared with 2.5 per cent in 2008, lower than the average decline of the overall market. This was despite the global economic crisis. The paid-for daily titles of LMG declined by 5.7 per cent, marginally higher than the national average due to the characteristics of an aging population and higher unemployment in the Limburg region, where LMG operates. However this decline does not reflect a decline in LMG's market share as other publishing companies in Limburg experienced greater losses and were forced either to cease operations or to merge with each other.

Both businesses were affected considerably by the economic crisis, with recruitment, motor vehicles and financial services advertising categories the hardest hit. The experience in the weekly free papers was less severe than at the daily print papers, but with regional variations. Wegener and LMG responded in many ways to the decline in the advertising market. Cost reduction measures started at the end of 2008, preventing a greater decline in operating results. Further contingency measures were taken during 2009 to mitigate the effects of the economic downturn.

In Wegener, 2009 was characterised by Wegener's "Delta" reorganisation. The Delta programme involved the merger of the publishing and back-office functions of the daily newspaper group, the free door-to-door newspapers and the holding company into a single publishing unit, named Wegener Media. The Delta programme was almost completed by the end of 2009, a huge accomplishment in a year of extraordinary economic conditions. A total reduction of 400 FTEs (full-time equivalents) was achieved as a result of this reorganisation.

The year also saw further development in print products. New weekly newspapers were developed in the Rotterdam and Limburg areas and urban magazines were introduced in Eindhoven and Nijmegen/Arnhem. Through the purchase of PLM, Wegener strengthened its position in the Randstad, an important market due to its urban regeneration programme. Presence in this same area was also strengthened thanks to the collaborative venture with *Dagblad De Pers*, the quality free daily newspaper. As a consequence of the acquisition of PLM, the collaboration with various medium-sized publishers in the province of North Holland, the acquisition of a few smaller publishers in the northern part of the country, and the introduction of *De Weekkrant* in Limburg, Wegener has achieved nationwide coverage of its free door-to-door newspapers.

Various online initiatives were also introduced including two prize-winning (awards from the marketing organisation INMA) hyper-local websites for new housing estates in Apeldoorn and Zwolle. Among the existing internet activities, *AutoTrack.nl* managed to increase its revenues in 2009 even though the motor vehicles market was severely hit by the recession. For *JobTrack.nl*, the recruitment site, the economic crisis meant heavy pressure on revenues. The number of jobs posted declined, but to a significantly lower extent than the number of recruitment ads in the printed newspapers. Although the Dutch division has made significant progress in its online and digital activities, its performance is below the rest of the Group in terms of percentage revenues from digital activities and this represents a significant growth opportunity.

Enterprises activity made good progress in 2009. Its revenue equalled the performance in 2008, while operational profit more than doubled. The web shops of the regional dailies were overhauled completely, whilst web shops specialising in areas such as wine, health, and living were launched. A new web shop for the daily newspaper *De Pers* was also launched.

Sources: PricewaterhouseCoopers Entertainment & Media Outlook towards 2013 - Trends in the Netherlands 2009 – 2013, HOI, Media Audit Bureau, Nielsen Media Research, CBS, Statistics Netherlands, CPB, Netherlands Bureau for Economic Policy Analysis, Carat.

Note: the 2008 unique user figures were adjusted and recalculated from last year following a review of the definitions to ensure like-for-like comparison between the divisions.

Financial overview*

					2009	2008	2009 vs. 2008
					€m	€m	%
Revenue	Advertising				329.7	406.9	(19)%
	Circulation				252.3	251.2	0%
	Other				48.9	54.4	(10)%
Total revenue					630.9	712.5	(11)%
Total costs					(539.9)	(590.0)	8%
EBITDA					91.0	122.5	(26)%
Depreciation					(22.9)	(25.9)	12%
Operating profit					68.1	96.6	(30)%
EBITDA margin %					14.4%	17.2%	(2.8)pts
<i>Digital revenue</i>					18.3	21.2	(14)%

	First half			Second half		
	2009	2008	2009 vs. 2008	2009	2008	2009 vs. 2008
	€m	€m	%	€m	€m	%
Advertising	167.6	214.8	(22)%	162.1	192.1	(16)%
Circulation	124.7	124.6	0%	127.6	126.6	1%
Other	24.2	27.0	(10)%	24.7	27.4	(10)%
Total revenue	316.5	366.4	(14)%	314.4	346.1	(9)%
EBITDA	42.3	64.3	(34)%	48.7	58.2	(16)%
EBITDA margin %	13.4%	17.6%	4.2 pts	15.5%	16.8%	1.3 pts

* The results in this table exclude the AD NieuwsMedia and The Hague print plant operations disposed of during 2009.

Total revenue fell by 11 per cent, from €12.5 million to €30.9 million, driven by a fall in advertising revenue of 19 per cent and a fall in other revenue, mainly third-party printing, of 10 per cent. The decline in advertising was most pronounced in the paid daily newspapers, down 26 per cent, compared with that in the weekly free-sheets of 14 per cent. The performance of the weekly free-sheets included the benefits of the expansion of the *De Weekkrant* into the northern regions of the Netherlands. The rate of decline in advertising decreased in the second half of the year, from 22 per cent in the first half to 16 per cent in the second half. Display advertising fell by 14 per cent, other classified (including family announcements, which have substantially remained flat) fell by 7 per cent and recruitment advertising fell by 48 per cent. Online revenues contracted by 14 per cent. Circulation revenue was up €1.1 million, with lower subscription volumes offset by the benefit of price increases. Declines in printing revenues reflected the closure of printing capacity and the loss of third-party print contracts.

Costs were reduced by 8 per cent, including the benefit of an underlying FTE reduction of 459 from 1 January 2009 to 31 December 2009, resulting in the mitigation of 61 per cent of the decline in revenue. The cost reduction included the benefit of the Delta reorganisation, which combined many previously decentralised functions within a newly formed single media company within Wegener.

As a result, EBITDA was €1.0 million, down €1.5 million (or 26 per cent) from 2009, with €2.0 million of the decline occurring in the first half of the year and €0.5 million in the second. EBITDA margin at 14.4 per cent was down 2.8 points on 2009; margin in the second half of the year was down only 1.3 points at 15.5 per cent. Operating profit was €68.1 million, down €28.5 million from 2008.

Denmark

	2009	2008
Population	5.5 million	5.5 million
GDP decline	(4.5)%	(0.9)%
Newspaper market (circulation and advertising)	€1,154 million	€1,275 million
Mecom paid-for circulation (dailies)	0.3 million	0.4 million
Mecom free-sheet circulation (weeklies)	2.3 million	2.5 million
Internet penetration	86%	85%

Market overview

The newspaper circulation market in Denmark was estimated to be worth €563 million in 2009, remaining constant from 2008. Newspaper circulations in the paid-for national daily market in Denmark declined by 6 per cent during 2009, and regional newspaper circulations declined by approximately 8 per cent.

Newspaper advertising was estimated to be worth €91 million in 2009 and constituted 35 per cent of the total advertising market against 37 per cent in 2008. Newspaper advertising declined by 17 per cent in 2009 compared with 2008. Advertising in the paid-for newspapers declined by 23 per cent with nationals down by 22 per cent, regionals down by 25 per cent and locals down by 26 per cent.

There are two major newspaper publishers in the Danish market: Mecom's operations trading as Berlingske Media ("Berlingske") and JP/Politikens Hus, together representing 49 per cent of the total newspaper market.

Berlingske's largest title *Berlingske Tidende*, a national daily newspaper, has performed better than its main competitors *Jyllandsposten* and *Politiken* during 2009. *Berlingske Tidende* has lost 0.6 per cent of circulation, while *Politiken* has lost 6 per cent and *Jyllandsposten* lost 11 per cent. In the tabloid market, both *B.T.* (Berlingske) and *Ekstra Bladet* (JP/Politikens Hus) have

lost significant circulation during 2009. *B.T.* has performed marginally better than *Ekstra Bladet*. The tabloid market circulation declined by almost 20 per cent during 2009.

After the closure of *Nyhedsavisen* in 2008, the Danish free-sheet market consists of three national publications: *MetroXpress* (Metro International), *24Timer* (Metro International) and *URBAN* (Berlingske). *MetroXpress* has the largest share in the free-sheet market at 40 per cent. Berlingske has an estimated 29 per cent share of the free-sheet market. In 2009, *URBAN* implemented a new strategy focusing on major Danish cities and reduced the number of copies distributed significantly, however, without compromising its readership. Other free-sheet titles adopted similar strategies, although *URBAN* had better success and increased the number of readers per copy by 31 per cent, its competitors only managed to increase it by 23 per cent (*MetroXpress*) and 19 per cent (*24 Timer*).

Online advertising is estimated to be worth €437 million. Banner advertising continued to grow by 7 per cent year-on-year and search advertising was estimated to have grown by 44 per cent in 2009 whilst online classifieds and recruitment segment declined by 10 per cent.

Business overview

The activities of Berlingske span across Jutland and Zealand from its headquarters located in the centre of Copenhagen. It has a portfolio of three national daily paid-for titles, one national daily free-sheet, a weekly national paid-for newspaper, two national business magazines, six local daily newspapers operating under the name of Midtjyske Medier and one partly owned regional newspaper operating under the name of Syddanske Medier. In addition, Berlingske operates 55 websites, nine mobile sites and 12 online TV channels.

Its publications have a readership of more than 2.6 million readers per week (2008: 2.5 million) and its online operations attract more than 8.3 million unique users every month (2008: 7.7 million). Berlingske operates five (one of which is jointly owned) printing plants that print both Group and third-party publications.

Even though 2009 was a year overshadowed by the global financial crisis, Berlingske took the opportunity to test new business models and reduced costs in its traditional businesses.

The high profile Climate Conference (“COP 15”), which took place in Copenhagen at the end of 2009, represented an opportunity for the editorial and marketing departments to collaborate more closely. For the first time journalists and staff from advertising sales, Enterprise and marketing worked together as one team, developing and sharing ideas and initiatives. This horizontal model was a significant success and will be adopted in future co-operation opportunities.

In 2009, Berlingske launched more than 40 new products. One highlight is the launch of the digital paid-for product *UGEN* (The Week), a lifestyle magazine which draws on new and unique content delivered by Berlingske’s well-known titles. The online guide *aok.dk* (Everything about Copenhagen) developed an application for the iPhone which enhances the experience of the user and provides another channel for its readers to obtain up-to-date information. More applications for iPhone are intended to be launched by Berlingske’s recently established mobile development department in the coming years.

Berlingske also decided on a new hyper-local strategy for its 47 local weeklies and its websites. The new strategy included the hyper-local website *dinby.dk* (‘Your City’) in both the west and east areas of Denmark. The portal is connected to the free local weekly papers and has expanded with additional websites such as *lokalguiden.dk* (a guide to local business life) and *navne.dk* (a portal enabling individual consumers to make digital advertisement to mark special family events like weddings, birthdays and funerals). In addition, Berlingske introduced two new areas dedicated to business people and wine enthusiasts to its leading web shop *lidtmere.dk*.

In addition, Berlingske has also been focusing on a further rationalisation of its existing operations. In 2009, the company managed to restructure its historically unprofitable printing operations into a sustainable business. Furthermore, the daily newspaper for Denmark’s second biggest city, *Århus Stiftstidende*, and the local newspaper business in the Jutland peninsula (Midtjyske Medier) underwent a significant transformation which entailed them being reorganised into smaller, more efficient, units with greater focus on the local communities they serve.

Sources: OECD 19 November 2009, Danske Dagblades Forening, Danmarks Statistik, FDIM, Gallup, Dansk Oplagskontrol, Danish Ministry of Finance, www.internetworldstats.com, www.delokaleugeavisser.dk.

Financial overview

					2009	2008	2009 vs. 2008
					€m	€m	%
Revenue	Advertising				163.3	202.7	(19)%
	Circulation				166.0	167.0	(1)%
	Other				82.5	99.3	(17)%
Total revenue					411.8	469.0	(12)%
Total costs					(396.3)	(448.2)	12%
EBITDA					15.5	20.8	(25)%
Depreciation					(20.4)	(18.1)	13%
Operating (loss)/profit					(4.9)	2.7	(281)%
EBITDA margin %					3.8%	4.4%	(0.6)pts
Digital revenue					20.7	22.8	(9)%
		First half			Second half		
		2009	2008	2009 vs. 2008	2009	2008	2009 vs. 2008
		€m	€m	%	€m	€m	%
Advertising		82.5	108.3	(24)%	80.8	94.4	(14)%
Circulation		81.2	83.9	(3)%	84.8	83.1	2%
Other		42.6	49.4	(14)%	39.9	49.9	(20)%
Total revenue		206.3	241.6	(15)%	205.5	227.4	(10)%
EBITDA		0.9	11.7	(92)%	14.6	9.1	60%
EBITDA margin %		0.4%	4.8%	(4.4)pts	7.1%	4.0%	3.1pts

Total revenue fell by €57.2 million, or 12 per cent, to €411.8 million, driven by a decline in advertising revenue of 19 per cent and other revenue reductions of €6.8 million. Advertising in Denmark has experienced a decline since the end of 2006, with the economic crisis in 2009 exacerbating previous competitive pressures fuelled by saturation in the daily national free-sheet market. Since 2006, Berlingske has cumulatively lost approximately 35 per cent of its advertising revenue. The second half of 2009 saw a slowing trend in the loss of advertising, with a decline that, at 14 per cent, was 10 percentage points better than in the first half of 2009. Advertising in the daily *Berlingske Tidende*, the division's largest paper, was most affected, including a severe decline in recruitment advertising, with more moderate losses in the tabloid and regional daily newspapers and also in *URBAN*, the division's national free daily paper.

Circulation revenue was down €1.0 million, or 1 per cent, to €66.0 million, with increased revenues from *Berlingske Tidende* offsetting declines in other paid-for titles. This was particularly pronounced in the second half of the year, where year-on-year increases in *Berlingske Tidende* circulation (benefiting in part from distribution service improvements) were compounded by price increases.

Online revenue fell by 9 per cent, with the fall in stand-alone websites in the hard-hit advertising sectors of recruitment and motor vehicles contributing significantly to the decrease. Other revenue declines included the accounting effect of the acquisition of the 50 per cent of a print joint venture not previously owned by Berlingske in the early part of the year, as well as declines in third-party distribution and other non-core revenues.

Total costs fell by 12 per cent, or €1.9 million, to €396.3 million, after a reduction of costs of 7 per cent in 2007 and 2008. FTEs were reduced by 221 during the year, following a 10 per cent reduction in 2008, with Berlingske now employing 1,909 FTEs compared with 2,661 at the start of 2007.

EBITDA was, as a result, €15.5 million, with a margin of 3.8 per cent, compared with a result of €20.8 million in 2008 and margin of 4.4 per cent. Substantially all of the EBITDA was earned in the second half of the year: Berlingske has a seasonal balance of advertising revenue in the second half of the year which, when allied with the reduced cost base in 2009, resulted in a margin of 7.1 per cent and EBITDA of €14.6 million. Operating loss was €4.9 million, compared with an operating profit of €2.7 million in 2008.

Norway

	2009	2008
Population	4.8 million	4.7 million
GDP (decline)/growth	(1.4)%	2.1%
Total newspaper advertising market (including inserts and free-sheets)	€694 million	€859 million
Mecom paid-for circulation (dailies)	0.2 million	0.2 million
Mecom free-sheet circulation (weeklies)	0.4 million	0.4 million
Internet penetration	89%	87%

Market overview

The total advertising market declined by 15 per cent in 2009. Newspaper advertising (excluding inserts and free-sheets) accounted for 35 per cent of the total advertising market in 2009 and decreased by 20 per cent compared to 2008. Online advertising declined by 8 per cent in 2009 and now constitutes 11 per cent of the total advertising market, up from 10 per cent in 2008. The online advertising market was estimated to be worth €195 million in 2009. Norway is one of the leading European internet markets with internet penetration of approximately 90 per cent.

Total newspaper circulation declined by 3.7 per cent in 2009. There are four major operators in Norway who, between them, account for 68 per cent of the total newspaper circulation. Schibsted has 33 per cent of the market share, A-Pressen has 17 per cent, with strong positions in the local newspaper segment and Edda Media has 10 per cent, geographically concentrated in local municipalities and Polaris Media has 8.5 per cent market share. The weekly free-sheets market consists of local community-based weeklies, where Edda Media is the leading player with a total of 10 titles and a 56 per cent share of the free-sheet advertising market.

Business overview

Edda Media is the second strongest player in the local media market in Norway, mainly positioned, following the disposal of its north-western assets to Polaris Media ASA in April 2009, in the eastern (and most populated) part of the country. Edda Media operates through eight regional media houses, reaching out to more than one million Norwegians daily. The product portfolio comprises 31 newspapers (dailies, weeklies and free-sheets), 57 websites, 19 mobile sites, and two local radio stations. Edda Media's publications have a readership of more than one million per week (2008: 1.1 million) and its online operations attract more than 5.3 million unique users per month (2008: 5.1 million). Edda Media operates three printing plants that print both Group and third-party publications.

In 2009, Edda Media maintained its share of the newspaper market flat at 10 per cent, although the circulation declined by 3.3 per cent from 2008. The overall decline in the paid-for newspaper circulation in Norway was 3.7 per cent. Despite decline in volumes, Edda Media maintained circulation revenues due to cover price increases.

Edda Media increased its share of the newspaper advertising market (excluding inserts and free-sheets) from 13 per cent to 14 per cent for comparable titles. Within the free door-to-door newspaper segment, Edda Media increased its market share from 53 per cent to 57 per cent. In addition, within online advertising, Edda Media experienced a strong growth (27 per cent) in an otherwise declining market.

Despite the media industry being hit by the recession heavily in late 2008 and through 2009, Edda Media managed to grow its total audience. By focusing on the core business, which is to deliver local content to the local market both in print and online, the media houses strengthened their positions in their core markets. Although the number of newspaper readers declined (at rates marginally less than the total market), the media houses gained a significant growth in the digital user market, both in the daily and weekly number of unique visitors. Some media houses witnessed a digital user growth of up to 25 per cent. The combined audience of print and online has resulted in a growth in reach of the local user market. The total number of users of Edda Media's brands is increasing and is typically 10 to 15 per cent higher than the number reached and covered by the printed newspaper alone. In some markets the brands have 85 per cent household reach.

The digital services attracted local consumers outside the typical newspaper reader segment, but the digital growth was to a larger extent driven by the newspaper readers also using online services.

The goal of Edda Media and its local media houses is to build a similar strong digital position in both the local advertising market and the local user market as the newspapers holds in the printed market. The aim is to reach as many daily online users as the number of daily readers of the printed version. By the end of 2009, some of the media houses reported significant growth in daily online users, reaching 50 per cent share of daily print readership. Strong local digital footprints will enable the media houses to attract additional digital revenues and increase their digital revenue share. The target for Edda Media is to double the digital share from 15 to 30 per cent of total revenues within two years.

The Edda Media strategy of strengthening the media houses' local position requires innovation and commitment focused not only on different products but primarily on the needs of the users and their changed media habits. This transformation has become a

way of life for the people working in media houses. Many organisations have been restructured, and products have been renewed to an extent and with a speed no one could imagine just a couple of years ago.

As one of the Group's new strategies is to focus on the local markets, Edda Media restructured its operations and reduced its presence in the national market. Edda Media sold or closed down some of its local radio stations and withdrew from the Sunday newspaper market. A new adjusted organisation was established in late 2008 and early 2009, with a new CEO and senior management team, which has marshalled the implementation of the new strategy. The cost base has been adjusted and is continuously monitored against the current economic environment and market conditions. In 2009, a number of significant cost saving programmes were implemented; whose benefits will be delivered in full in 2010.

Several bold transformation initiatives have been adopted and are expected to flourish in 2010. The digital resources have been strengthened despite the recession providing Edda Media with a stronger digital footprint.

Sources: OECD 19 November 2009, TNS-Gallup, Norwegian Circulation Control, IRM, www.internetworldstats.com.

Note: the 2008 unique user figures were adjusted and recalculated from last year following a review of the definitions to ensure like-for-like comparison between the divisions.

Financial overview*

					2009	2008	2009 vs. 2008
					€m	€m	%
Revenue	Advertising				124.2	147.3	(16)%
	Circulation				63.1	62.1	2%
	Other				52.8	61.5	(14)%
Total revenue					240.1	270.9	(11)%
Total costs					(224.7)	(248.2)	9%
EBITDA					15.4	22.7	(32)%
Depreciation					(11.1)	(11.1)	-
Operating profit					4.3	11.6	(63)%
EBITDA margin %					6.4%	8.4%	(2.0)pts
<i>Digital revenues</i>					23.6	28.1	(16)%
		First half			Second half		
		2009	2008	2009 vs. 2008	2009	2008	2009 vs. 2008
		€m	€m	%	€m	€m	%
Advertising		62.8	78.1	(20)%	61.4	69.2	(11)%
Circulation		30.6	30.3	1%	32.5	31.8	2%
Other		25.7	30.6	(16)%	27.1	30.9	(12)%
Total revenue		119.1	139.0	(14)%	121.0	131.9	(8)%
EBITDA		5.8	16.6	(65)%	9.6	6.1	57%
EBITDA margin %		4.9%	11.9%	(7.0)pts	7.9%	4.6%	3.3pts

*the results in this table exclude the operations in north-western Norway disposed of in April 2009.

Total revenue in Norway fell by 11 per cent from €270.9million, to €240.1 million. The fall in advertising revenue, at 16 per cent to €124.2 million, was less marked than in some other countries since Norway had entered the advertising crisis earliest, in the second half of 2008. Display advertising in the division's local markets was less affected, at 10 per cent deterioration, than either recruitment (down 37 per cent) or other classified (down 15 per cent). The second half advertising fall of 11 per cent was the lowest of all our divisions, aided by the easing comparatives and relatively improved economic conditions.

Circulation revenue increased by 2 per cent, with price benefits averaging 6 per cent offsetting volume declines of circa 3 per cent. Online revenue fell by 16 per cent, including a fall in online advertising of 9 per cent: a decision was made during the year to reduce Edda Media's participation in some national niche markets and to focus online sales activity through the local newspaper operations. As a result of this and the other local newspaper online initiatives, the stand-alone websites experienced a decline of 27 per cent, whereas the local newspaper websites grew revenue by 24 per cent. Other revenue declines of 14 per cent were largely the result of lower third-party printing.

Total costs reduced by 9 per cent during 2009, arresting a previous trend of cost inflation driven by buoyant economic pressure and product expansion. FTEs were reduced by 130, with a closing FTE count of 1,423, compared with 1,720 at the start of 2007.

Full-year EBITDA was €15.4 million, down from €22.7 million in 2008. The second half of 2008 and the first half of 2009 both recorded EBITDA of around €6 million, as the sharply reduced advertising revenue had yet to be mitigated by reductions in cost: the second half of 2009 showed some progress, with EBITDA of €9.6 million and an EBITDA margin of 7.9 per cent compared with 4.9 per cent in the first half of 2009. Operating profit for the year was €4.3 million, down from €1.6 million in 2008.

Poland

	2009	2008
Population	38.1 million	38.0 million
GDP growth	1.4%	5.0%
Newspaper market (circulation and advertising)	€460 million	€520 million
Mecom paid-for circulation (dailies)	2.5 million	2.6 million
Mecom free-sheet circulation (weeklies)	1.5 million	1.4 million
Internet penetration	52%	40%

Market overview

The newspaper market (circulation and advertising) in Poland was estimated to be worth €460 million in 2009. The total advertising market decreased by 13 per cent in 2009 compared to a 10.5 per cent growth in 2008. The newspaper advertising market dropped by 13 per cent in 2009 and represented 13 per cent of the total advertising market.

The newspaper circulation market is estimated to be worth approximately €301 million. Circulation volumes in the paid-for national and daily regional markets declined by 7 per cent and 5 per cent, respectively, in 2009. This downward trend is caused by a combination of readers migrating from print to online and the global economic downturn.

There are four major operators in Poland who, between them, account for 66 per cent of the total paid-for newspaper market. Mecom's operations include *Rzeczpospolita*, the leading upmarket national daily newspaper, business daily *Parkiet* and 10 regional newspapers across Poland, giving an 18 per cent share of the total market. Axel Springer, with a 19 per cent share, publishes *Fakt*, Poland's largest national newspaper. Grupa Wydawnicza Polskapresse is the largest publisher of regional newspapers with a 14 per cent share of the total newspaper market. Agora publishes the daily *Gazeta Wyborcza* and the national free paper *Metro*, and has a 15 per cent market share.

The withdrawal of *Dziennik*, a key competitor to *Rzeczpospolita*, was the most important event in the national dailies market in 2009. After three years of strong competition with *Rzeczpospolita* and *Gazeta Wyborcza*, *Dziennik* was merged with *Gazeta Prawna* and a new title *Dziennik Gazeta Prawna* was launched, mainly to compete with *Rzeczpospolita* on the business subscription market. A relatively constant decline in sold circulation and readership indicates that the new title is under pressure and a further decline is expected.

Online advertising grew by 7 per cent in 2009, constituting 13 per cent of the Polish advertising market. There are approximately 15 million internet users in Poland, an 8 per cent increase from 2008. Internet penetration in 2009 was 52 per cent, a 12 percentage points increase from 2008. Presspublica increased its unique users by 33 per cent and Media Regionalne by 121 per cent.

Business overview

The Group's Polish division comprises Media Regionalne, a regional newspaper and content business, and a 51 per cent share of Presspublica, which is the owner of *Rzeczpospolita*. Presspublica also operates the business website *parkiet.com*. The Polish division owns 25 titles, it also operates 51 websites and eight small printing plants which print both Group and third-party publications. The Polish publications have a readership of more than 4.7 million per week (2008: 5.3 million) and its online operations attract more than 8.1 million unique users per month (2008: 5.4 million).

Although the national dailies advertising market decreased by 17 per cent in 2009, *Rzeczpospolita* fared better than the market average with 9 per cent decline. However, *Parkiet*, whose advertising revenue is closely linked to the Warsaw stock market performance, noted a 28 per cent decrease and *Zycie Warszawy* a 37 per cent decrease. Advertising in the dailies of Media Regionalne declined by 11 per cent with a stable first half performance contrasted with a decline in the second half as the economic recession affected the wider Polish economy.

Rzeczpospolita maintained its market share in terms of number of sold copies and revenue as a result of consistent high pricing and a wide-range of editorial and marketing initiatives. Similarly to circulation, readership of national dailies is decreasing due to the growth of the internet. The circulation of Media Regionalne declined by less than 3 per cent in 2009 and fared better than the market average decline of 7 per cent. Such result was achieved despite challenging market conditions following strong focus on developing new products and successful marketing initiatives.

Although cost savings was a key focus in 2009, maintaining the momentum on online growth by investing in new and existing online and cross-media activities were also important to ensure diversity and top line growth in future years. Illustrations of this are long-term investments in the development of the *Moje Miasto* ('My City') websites whereby 16 new "lite" versions of the fully-fledged *Moje Miasto* were launched in conjunction with the introduction of a new web portal targeting local businesses, *StrefaBiznesu.pl*.

As part of the transformation, Presspublica merged the economic editorial departments of *Rzeczpospolita* with *Parkiet* into one newsroom producing business and economic content for both print and online. It is the biggest journalist team in Poland specialising in economic, business and financial news. After a year of consolidating regional publishing houses into one business body, Media Regionalne also embarked on a new approach to newsroom operations by implementing Newsroom 2.0 whereby single newsrooms will be able to produce content for both print and online.

A new model for advertising departments was also launched in Media Regionalne and will be implemented in 2010. It aims to provide customers with a full range of multimedia advertising proposals customised to their needs via the professional advice of trained sales people. This will enable Media Regionalne to provide new and quality advice in the area of customer service for its advertisers. In addition, the media house concept has also been developed, involving print and digital products sharing the same resources and editorial content.

Several initiatives directed to increase the attractiveness and competitiveness of online products were introduced. Presspublica launched *tv.rp.pl* in response to the increase in demand of online video content. In October, *tv.rp.pl* recorded 44,000 unique users and this number is expected to significantly grow in the future. The improvement of the *Zycie Warszawy* internet site, *zw.com.pl*, produced an increase in unique users by more than 50 per cent. In addition, online paid-for content has and will continue to experience considerable growth and is expected to become a strong revenue stream for Presspublica.

The online revenue of Media Regionalne grew in both display and classified advertising, with revenue in Media Regionalne's Enterprise operation also growing considerably as a result of SMS premium rate campaigns.

Sources: OECD 19 November 2009, GUS, Zenith Optimedia, CR Media Consulting, Expert Monitor, ZKDP, NetTrack, Millward Brown PBC, Gemius Traffic, www.internetworldstats.com.

Note: the 2008 unique user figures were adjusted and recalculated from last year following a review of the definitions to ensure like-for-like comparison between the divisions.

Financial overview

		2009			2008	2009 vs. 2008	
		€m			€m	%	
Revenue	Advertising			47.8	56.6	(16)%	
	Circulation			64.1	63.7	1%	
	Other			14.8	20.0	(26)%	
Total revenue				126.7	140.3	(10)%	
Total costs				(118.5)	(130.0)	9%	
EBITDA				8.2	10.3	(20)%	
Depreciation				(6.1)	(6.6)	8%	
Operating profit				2.1	3.7	(43)%	
EBITDA margin %				6.5%	7.3%	(0.8) pts	
Digital revenue				4.4	3.4	29%	
		First half			Second half		
		2009	2008	2009 vs. 2008	2009	2008	2009 vs. 2008
		€m	€m	%	€m	€m	%
Advertising		23.3	27.7	(16)%	24.5	28.9	(15)%
Circulation		31.3	31.7	(1)%	32.8	32.0	3%
Other		6.7	9.7	(31)%	8.1	10.3	(21)%
Total revenue		61.3	69.1	(11)%	65.4	71.2	(8)%
EBITDA		2.7	4.8	(44)%	5.5	5.5	0%
EBITDA margin %		4.4%	6.9%	(2.5)pts	8.4%	7.7%	0.7pts

Total revenue in Poland fell by 10 per cent during 2009, from €40.3 million to €26.7 million. Advertising fell by 16 per cent, influenced by a number of factors. In the first half of the year, the regional business was marginally up, as organic expansion offset what were then only very early effects of the economic crisis, whereas the national business (mainly the *Rzeczpospolita* title) was affected severely by competition in the national advertising market, being down over 30 per cent. In the second half of the year, the effect of the economic crisis hardened in the Polish regions, resulting in a decline of almost 10 per cent, whereas the decline in the national business, whilst still severe, reduced to a little over 20 per cent. Advertising in our national business was also affected by declines in the national business daily which relies in large part on advertising from public offering notices.

Circulation revenue increased by 1 per cent, from €3.7 million to €4.1 million. In the national business, *Rzeczpospolita*, in common with other national opinion-forming papers, suffered more pronounced volume declines than in recent years, at 10 per cent; in the regional business, declines were lower at 4 per cent. Higher prices, in the case of *Rzeczpospolita* partly achieved through a restructuring of subscription packages to derive online revenue from the paper's extensive data bank, largely compensated for these volume declines.

Online revenue grew impressively by 29 per cent, driven by a doubling of unique users within the regional business as the *Moje Miasto* project has been launched across the major Polish cities. Other revenue fell by 26 per cent, from €20.0 million to €14.8 million. This included a reduction of €2.4 million in Enterprises revenue as the business model for the sale of book series was changed to a commission-based one, to reduce commercial exposure. Third-party printing was also lower.

Total costs were reduced by 9 per cent, from €30.0 million to €18.5 million. FTE reductions were implemented during the year (50 FTEs, notwithstanding additions in new revenue projects), together with a pay cut in the national business; cost benefits were also evident from the change in Enterprises operations noted above. EBITDA as a result was €3.2 million, compared with €10.3 million in 2008. Operating profit was €2.1 million, down from €3.7 million in 2008.

GROUP FINANCE DIRECTOR'S REPORT

The reported results for the Group for the year to 31 December 2009 are summarised below.

	2009 €m	2008 €m
Total statutory		
Revenue	1,494.6	1,923.7
Adjusted ¹ EBITDA	125.5	205.6
Adjusted ¹ earnings per share - euros	0.07	3.09
Continuing operations		
Revenue	1,461.6	1,773.5
Adjusted ¹ EBITDA	123.8	186.4
Adjusted ¹ operating profit	61.0	116.9
Adjusted ¹ profit before tax	23.3	66.4
Exceptional items – restructuring costs	(38.7)	(93.4)
Exceptional items – pensions transfer charge	(26.9)	-
Exceptional items – impairment charges	(7.3)	(891.9)
Amortisation of acquired intangibles	(61.8)	(76.3)
Operating loss after exceptional items and amortisation of acquired intangibles	(73.7)	(944.7)
Loss before tax after exceptional items and amortisation of acquired intangibles	(146.2)	(997.9)
Adjusted ¹ earnings per share – euros	0.07	2.60
Loss per share after exceptional items and amortisation of acquired intangibles – euros	(1.88)	(63.5)
Discontinued operations		
(Loss)/profit from discontinued operations before exceptional items and amortisation of acquired intangibles	(0.1)	7.8
Loss from discontinued operations after exceptional items and amortisation of acquired intangibles	(4.0)	(163.9)
Continuing and discontinued operations		
Adjusted ¹ earnings per share – euros	0.07	3.09
Loss per share after exceptional items and amortisation of acquired intangibles – euros	(1.94)	(73.9)

¹ Adjusted for exceptional items and amortisation of acquired intangibles.

During 2009, the Group took three steps to restructure its balance sheet, through: (i) a series of disposals, (ii) the completion of a rights issue and (iii) the renegotiation of the Group's bank borrowing facilities. These served to put the Group back on a firm financial footing. The rights issue and renegotiation of the bank facility also removed the uncertainty that had been apparent in the 2008 Annual report and accounts as to the Group's ability to continue as a going concern. The financial statements for the year to 31 December 2009 therefore include no reference to such material uncertainties and an unmodified audit report has been issued by the Group's auditors. Further details of the Group's financial position are given below.

The financial statements for the year to 31 December 2009 have been presented with the euro as the Group's presentation currency; previously the Group has presented its financial results in pounds sterling. Over 70 per cent of the Group's revenue and cost, and over 70 per cent of its assets and liabilities, are denominated in euros (or in the Danish krone, which is effectively pegged to the euro). Presenting the financial statement in euros reduces significantly the effect of movements in foreign exchange rates, increasing the transparency and understandability of the financial statements, and for this reason, as set out in the previous year's financial statements, the directors decided in early 2009 to make this change. There have been no change to the functional currencies or the underlying measurement of assets, liabilities, revenues and profits in the Company or any of its subsidiaries. Full details of the effect of the change in presentation currency are given in Note 19 to the condensed consolidated financial statements. The reported results will continue to include the effect of exchange rate movements in the presentation of the results of operations denominated in the Norwegian krone and Polish zloty, as described where relevant below.

The Group made three significant disposals during 2009: of its German operations in their entirety, of its north-western Norway ("NWN") operations and its 37 per cent share of the Dutch AD NieuwsMedia ("AD") national newspaper business (together with an associated print plant). The Group recorded the results of its German operation as a discontinued operation in the 2009 and 2008 consolidated financial statements. The disposals of the NWN operations and the Group's 37 per cent share of AD (together with an associated print plant) did not meet the accounting criteria to be recorded as discontinued operations, but feature as one of the causes of movements in income statement balances within continuing operations from 2008 to 2009. These effects are referred to below where relevant.

The Group's financial key performance indicators continue to include revenue performance and adjusted EBITDA margin, together with cash generation and financial leverage. Note 6 to the condensed consolidated financial statements, *Operating segments*, sets out information on the first two of these financial key performance indicators, together with an analysis of the Group's result between its ongoing and businesses disposed of during 2009. The Financial Overview section discusses the movement in these financial key performance indicators during 2009. Details of cash generation and financial leverage are given below. The Group continues to present exceptional items and the amortisation of acquired intangibles separately in the income statement, to allow reader of the accounts to understand better the elements of financial performance in the year.

Revenue and earnings before interest and tax from continuing operations

Revenue for the year ended 31 December 2009 was €1,461.6 million, down from €1,773.5 million in 2008. This decrease included the effects of the disposal of businesses (circa €5 million) and differences in currency translation rates of circa €50 million. The main feature of underlying revenue performance in 2009 was the dramatic effect of lower advertising revenue, which fell by 18 per cent in the Group's ongoing businesses (as adjusted for foreign currency movements).

Total Group adjusted EBITDA was €125.5m, down from €205.6m in 2008. Adjusted EBITDA from continuing operations for the year ended 31 December 2009 was €123.8 million, compared with €186.4 million in 2008. This decrease included the effects of the disposal of businesses (€4.8 million) and differences in currency translation rates (€4.1 million). The underlying decrease in EBITDA of €47.8 million reflected the severe fall in advertising revenue, which was mitigated to a large extent (circa 80 per cent) by cost reductions. Costs were reduced by 10 per cent in the Group's ongoing businesses (after adjustment for foreign currency movements). The Group's closing full-time-equivalents ("FTEs") fell by 863, or 10 per cent, in the continuing businesses, in addition to a reduction of 1,335 FTEs from the disposal of businesses.

Depreciation and amortisation of software reduced from €9.5 million to €2.8 million, largely as the result of disposals but also including some reductions in the ongoing businesses, resulting in adjusted operating profit from continuing operations of €1.0 million, down from €16.9 million in 2008. The decrease largely reflects the Group's reduced EBITDA, as described above. Depreciation in 2010 is expected to be at a similar level to the 2009 ongoing charge.

Restructuring costs for the year ended 31 December 2009 totalled €38.7 million, mainly as a result of redundancy programmes of €26.5m. These were spread over all the divisions, but included €13.3m in the Netherlands, where FTEs reduced by 460 in the year. Redundancy costs in 2008 of €3.4 million included a significant provision for the reorganisation of the back office functions in the Dutch division (largely completed during 2009) and costs associated with print plant closures.

Other exceptional charges within operating profit for the year ended 31 December 2009 included a charge of €26.9 million related to the transfer of a pension arrangement in the Netherlands from a stand-alone trust (solely for the provision of pensions to Wegener current and former employees) to a significantly larger multi-employer pension scheme for the Dutch publishing industry. The Group recorded non-current asset impairment charges of €7.3 million related to non-current assets but none of

which related to goodwill or acquired intangibles. In 2008, the impairment charge of €91.9 million included impairment charges for goodwill and acquired intangibles of €85.1 million.

Amortisation of acquired intangibles was €1.8 million, down from €6.3 million in 2008 as a result of the disposal of Group businesses and the impairment charges recorded in the 2008 accounts.

The resulting operating loss after exceptional items and the amortisation of acquired intangibles for the year ended 31 December 2009 was €3.7 million, compared with a loss of €44.7 million in 2008.

Finance items and taxation from continuing operations

Net finance expense before exceptional items for the year ended 31 December 2009 was €7.5 million, down from €0.0 million in 2008. The reduction arose from the net effect of three different factors. First, the Group's average borrowings decreased by over €200 million, reflecting the repayment of borrowings following the disposals described above and the issue of new share capital in June 2009 (as described below). In addition, the underlying inter-bank interest rates which form the basis of the cost for the Group's bank borrowings were lower in 2009, by over 300 basis points. Partially counteracting these effects, however, the margin on the Group's bank borrowings increased from 175 basis points in 2008 to 350 basis points on the term loans for the whole of 2009 and 350 basis points on the revolving credit facility until 22 May 2009, after which date a margin of 300 basis points was charged. The Group expects its effective interest rate on net debt in 2010, taking into account deferred issue costs, commitment fees and the effect of net cash balances, to be approximately 7 per cent.

Exceptional finance charges totalled €4.7 million, most significantly related to the renegotiation of the bank facility agreement. Of this amount, €7.3 million comprised non-cash asset write-offs and accounting adjustments, and €7.4 million were cash items during the periods. Further details are given in Note 7 to the condensed consolidated financial statements.

The Group's effective tax rate on adjusted profit (excluding the share of results of associates) for the year ended 31 December 2009 was 54.6 per cent (2008: 29.6 per cent), considerably above the weighted blended statutory rates of the countries in which the Group operates. This was largely a result of the non-recognition of tax losses for accounting purposes, an effect which will reverse in future years as the Group's profitability increases. In 2010, this will only partially be the case, with the Group expecting an effective accounting tax rate of around 35 per cent. The total income tax credit for the year ended 31 December 2009 was €1.3 million, which included exceptional tax credits of €17.9 million and an accounting credit on the amortisation of acquired intangibles of €15.9 million.

Discontinued operations

The after tax loss of the German division was, in the three months to its disposal, €0.1 million before exceptional items and €4.0 million after these items, including a loss on disposal of €2.1m (2008: profit of €7.8 million before exceptional items and the amortisation of acquired intangibles and loss of €63.9 million after these items, including an impairment charge of €54.4 million). Full details of the results of the discontinued operations are given in Note 10 to the condensed consolidated financial statements.

Earnings per share and dividends

Adjusted earnings per share from continuing operations for the year ended 31 December 2009 were 0.07 euros per share, down from 2.6 euros per share in 2008. Total adjusted earnings per share for the year ended 31 December 2009 were 0.07 euros per share, down from 3.1 euros per share in 2008. The unadjusted loss per share from continuing operations for the year ended 31 December 2009 was 1.88 euros per share (2008: 63.5 euros per share) and the total unadjusted loss per share was 1.94 euros per share in 2009 (2008: 73.9 euros per share).

The average number of shares in issue decreased from 1,572 million shares in 2008 to 65 million in 2009, reflecting the issue of 9,432 million new shares in June 2009 and the 100 for one consolidation of the enlarged share capital in July 2009 (as described below).

Cash flow

The Group's cash flows are summarised in the table below:

	2009 €m	2008 €m	2009 vs. 2008 €m
EBITDA before exceptional items	125.5	205.6	(80.1)
Working capital and other movements	5.9	35.0	(29.1)
Exceptional operating cash flows	(73.3)	(99.9)	26.6
Net cash from operating activities	58.1	140.7	(82.6)
Tax paid	(1.7)	(2.1)	0.4
Net capital expenditure	(38.9)	(71.6)	32.7
Purchase of publishing rights and other investments	(7.6)	(0.6)	(7.0)
Net interest paid, inc. interest rate swaps	(42.8)	(42.0)	(0.8)
Finance exceptionals	(17.2)	(2.4)	(14.8)
Net dividends received	2.7	2.0	0.7
Free flow, before acquisitions / divestments and issue of share capital	(47.4)	24.0	(71.4)
Acquisition / divestments	213.6	(0.6)	214.2
Issue of share capital	155.5	-	155.5
Net cash flow	321.7	23.4	298.3

Cash flow from operating activities (which includes cash flows from discontinued operations) for the year ended 31 December 2009 was €58.1 million, down from €40.7 million in 2008. The reduction reflects lower EBITDA, the lower cash flows from discontinued operations sold in March 2009 offset by lower cash charges in respect of restructuring activities. The cash effects of previous years' restructuring programmes were experienced in 2009, together with the cash consequences of current year initiatives. The Group expects cash outflows in 2010 on capital expenditure and exceptional items to be in the order of €75 million, split broadly evenly between the two. The net effect of working capital and movement in provisions and pensions for the year ended 31 December 2009 was an inflow of €5.9 million (2008: €35.0 million).

Tax paid was €1.7 million (2008: €2.1 million) as the Group continued to benefit from brought forward tax losses. Net capital expenditure was €38.9 million, down considerably from €71.6 million in 2008, with lower spend in particular on the investment in printing presses in the Netherlands, which was largely completed by the end of 2009, and expenditure on publishing rights and other assets was €7.6 million (2008: €0.6 million). A further €9.1 million in respect of the purchase of publishing rights in 2009 was recorded within creditors at 31 December 2009, to be settled as a cash flow in 2010.

Net interest paid, which included €4.1 million in respect of the early settlement of derivative contracts, was €42.8 million. Finance exceptional items were €17.2 million, including fees to the Group's lending banks and related professional costs, compared with the €2.4 million amendment fee paid to the Group's lending banks at the very end of 2008. After dividends received of €2.7 million (2008: 2.0 million) the cash flow before acquisitions, disposals and the issue of share capital was an outflow of €47.4 million (2008: inflow of €24.0 million).

The proceeds from disposals were a cash inflow of €13.6 million, compared with a net outflow from acquisitions and disposals in 2008 of €0.6 million. Finally, after the proceeds from the issue of share capital of €155.5m (after related costs), the Group's net cash inflow for the year was €321.7 million, compared with an inflow of €23.4 million in 2008.

Issue of share capital

The Group issued 9,432 million new shares in June 2009 for net cash proceeds of €155.5 million. This increased the number of shares in issue to 11,004 million. In order to reduce the number of shares to a manageable number and to reduce share price volatility and dealing costs for investors (both of which had been affected by the lower trading range of the shares in early 2009), the Group reorganised its share capital in July 2009 by way of a 100 for one consolidation. Following the consolidation, the Group had 110 million shares in issue at 31 December 2009.

Financial position

The Group's closing net debt was €73.4 million, down by €309.1 million from 31 December 2008. The reduction reflects the Group's disposal programme in early 2009 and the proceeds from the issue of new share capital in June, as described in the cash flow section above. The Group's leverage (measured as the ratio of net debt to adjusted EBITDA according to the definitions of the revised facility agreement, as described in Note 13 to the condensed consolidated financial statements) was 3.1 times for the year to 31 December 2009, compared with 4.14 times at 31 December 2008. The Group's first leverage covenant test under the revised facility agreement is for the twelve month period ended 30 June 2010, at 5.25 times, reducing to 4.5 times for the year to 31 December 2010. Closing net debt at 31 December 2009 comprised bank borrowings (net of capitalised debt issue costs) of €429.3 million (2008: €730.2 million), other borrowings of €10.2 million (2008: €39.6 million, including the convertible loan

notes and other borrowings classified as held for sale), obligations under finance leases of €9.0 million (2008: €25.1 million) and cash and cash equivalents (net of bank overdrafts) of €75.1 million (2008: €12.4 million). The year-end cash balance included prepaid subscription receipts collected at the end of December. At 31 December 2008, in the absence of a signed revised facility agreement, the Group classified all bank borrowings as current obligations; at 31 December 2009, all gross bank borrowings are classified as non-current, apart from €20 million of term loan due for repayment in December 2010.

The key terms of the revised bank facility agreement are set out in Note 13 to the condensed consolidated financial statements.

The Group's equity increased by €2.0 million during 2009, to €278.1 million. The increase resulting from the issue of new share capital of €55.5 million was offset to an extent by the retained loss for the year of €28.9 million. This retained loss includes the accounting amortisation of acquired intangibles of €1.8 million. Other net credits to equity in 2009 totalled €25.4 million, including entries for actuarial gains (€9.6 million), cash flow hedges (€6.8 million) and foreign currency (€5.4 million). Following the change to the euro as the Group's presentation currency, movements in equity resulting from foreign currency translation differences were very much lower than in previous years, when the accounts had been presented in pounds sterling.

Treasury

The Group manages treasury matters centrally, through the group treasury function. This function manages the Group's bank borrowing arrangements, the short- and medium- term liquidity position and monitors the Group's treasury risks. A treasury committee, which includes the Group Finance Director, the Group Treasurer and the Chief Operating Officer, provides further guidance on treasury matters and overseas risk management.

The Group is exposed to treasury risks arising from exposure to movements in market interest rates, which affect the Group's borrowing costs, and to movements in foreign currency rates, which affect the translation of the Group's non-euro results and asset and liabilities into euro (the Group is exposed to minimal transaction exposure to foreign currency movements in each of its operations, which carry out their business primarily in each local currency).

The Group has a policy of keeping between 40 per cent and 80 per cent of its borrowings at fixed rates, so as to provide some certainty on its interest costs, while leaving open the opportunity to benefit in part from low interest rates. In economic terms, the Group was approximately 50 per cent hedged on its exposure to interest rates as at 31 December 2009. (From a financial statement point of view following the renegotiation of the facility agreement, a number of the Group's interest rate swaps have not been accounted for as hedges with the result that some mark-to-market movements on the value of the swaps have been recorded in the consolidated income statement in 2009, as exceptional finance items).

The Group has drawn a portion (16 per cent) of its bank borrowings in Norwegian krone to provide an interest rate and balance sheet hedge of the results and operating assets and liabilities of its Norwegian business. The Group has reduced the amount of non-euro borrowings during 2009 to benefit from the lower interest rates applicable to euro borrowings.

RELATED PARTY TRANSACTIONS

Further information is disclosed in Note 17 to the condensed consolidated financial statements below.

PRINCIPAL RISKS AND UNCERTAINTIES

In recognising that risk is an inherent part of doing business, the Board has adopted a process for identifying, evaluating and managing the risks that the Group faces (as described in the Corporate governance report). The risks to which the Group is potentially exposed at any given time cover a wide range of factors: competition, legislation, fiscal, regulatory, political, financial, terrorism, economic, social and operational. Each could impact on the Group's revenue, operating profit, net assets and liquidity. The principal risks and uncertainties that are specific to the Group at this time, together with the actions that management is taking to mitigate each, are set out below.

During 2008 the Group embarked upon its transformation programme to move from a traditional print to a multimedia content business. The risks and uncertainties associated with this change were exacerbated by the onset of recession and the related advertising crisis later that year. The Board is therefore continuing to pay particular attention to the effectiveness of the Group's mitigation of risk and the progress of management is closely monitored in each area.

Risk	Description	Management action
Strategy	<p>The Board maintains a well defined and determined strategy to transform the business from a traditional print company into a modern multimedia content business.</p> <p>The strategy provides for driving increasing productivity, primarily through the development of new digital platforms to exploit content.</p>	<p>The Group has embarked on a significant programme of change to reform previous working practices and to develop the operating models and skills needed to perform successfully in a multimedia environment. The Group has created a function that is dedicated to the growth of new revenues and ensuring that innovation and emerging models are developed and shared across</p>

The successful implementation of the strategy could be impaired because of a lack of the new skills required to implement this emerging business model and of the economic resources needed to invest in new products and services.

It is also possible that the rate of transformation may not be sufficiently quick or profitable to offset a dramatic decline in the traditional profits of the business.

the entire Group.

Strict controls remain in place over capital expenditure to ensure that new investment is channelled into the most deserving cases in terms of the Group's strategy.

Management is satisfied that the new products and services introduced during 2009 are in line with its challenging time schedules. It therefore expects incremental contributions from the new revenue streams to compensate for the traditional revenues that have already been lost, but it is too early to confirm this given the current economic climate.

Market place

Short term – Advertising revenue lost during current economic downturn

In common with the majority of newspaper publishing businesses, the Group's revenues are traditionally heavily dependent on advertising which comprised approximately 47 per cent of total revenue in 2009 (2008: 50 per cent).

In 2008, the Group started with urgent steps to mitigate the shortfall in advertising. It did this by setting up a programme to reduce the cost base in the traditional print business where the loss of advertising revenues has been marked.

The Group experienced a further reduction of approximately 18 per cent in advertising revenue during 2009. Although this trend alleviated somewhat towards the end of the year, the economic crisis has attacked all categories of advertising with print adverts for recruitment, property and motor vehicles more affected than other groups.

This programme delivered substantial savings in 2009 of around 10 per cent of total costs which mitigated almost 80 per cent of lower revenue.

Medium term – Negative effect of internet advertising on traditional advertising

Across the market, the print media's share of advertising is declining as customers exercise their choice to advertise in other media, notably the internet, rather than in newspapers.

This trend is likely to continue into the medium term.

The Group has been moving decisively since 2008 to accelerate its transformation from a pure print company into a multimedia consumer content business. It has been developing new digital revenue streams and introducing new media products at great speed to attract a larger share of the wider advertising market.

Long term – Erosion of demand for printed newspapers

The Group's newspapers have experienced circulation volume declines over recent years, in common with the newspaper industry in general. Historically the Group has been able to offset these volume declines by cover price and subscription rate increases such that circulation revenue has remained broadly constant.

Given the strength of the Group's brands and the quality of its products, together with its in-depth understanding of the markets in which it operates, in 2009 it was again successful in maintaining circulation revenues despite the severity of the economic recession.

However, in the long term there is a risk that the Group will be less successful than in the past at compensating volume declines with increases in cover price and subscription rates.

It will continue to maintain and improve the quality of its portfolio of strong premium products in the marketplace and leverage its expert knowledge of local markets and customers to provide ongoing improvement in the relevance of its papers to the readers in the individual markets in which it operates. It will also implement price increases wherever this is possible.

Operational performance

The Group's strategy for protecting margins includes identifying operating synergies which are often achieved through reorganisations, the introduction of more efficient work practices and realising

Throughout 2009 the Group continued to seek ways of improving its productivity, to protect its margins and established priority programmes in all divisions in the light of the economic downturn.

economies of scale. However, the cost of structural change in continental European economies is potentially very high.

In addition, the Group operates in countries with labour laws and agreements that differ from the UK and where employees generally enjoy stronger protection. This sometimes means that the pace of change is slower than changes in market conditions.

The Group's ability to generate cost savings on a timely basis may also be hampered by strikes, illegal industrial action or new regulation from governments in any of the jurisdictions in which we operate.

These programmes are driving improvements in our business models by making our businesses more innovative, securing better ways of working, leveraging cross-Group benefits from scale and removing old "industry practices" and have been implemented without disruption to operations.

To ensure that the Group is able to implement the structural changes needed in its business, it is committed to working constructively with governments and other regulatory bodies. It is challenging previous collective bargaining and industry practices to make its cost base more flexible and continues to engage in constructive dialogue with unions and works councils to develop effective relationships in each case.

Business continuity

The Group is highly dependent on the continuous operation of its print plants, distribution channels and supporting IT infrastructure to get its print products to its customers. It also depends on the high availability of its many websites which allow its customers access to online products and services. A significant and extended loss of a major facility, whether through natural causes, deliberate acts or breakdown, could result in a loss of revenue.

All divisions are required to maintain business continuity plans and to update these to reflect the reorganisations and restructurings taking place within its business. Each division is also required to develop a programme for the testing of these plans to ensure their effectiveness and relevance.

The Group maintains insurance to protect against catastrophic risks.

Funding

The Group is financed by significant bank borrowings, as well as shareholders' equity, and in the first half of 2009 concluded a successful renegotiation of its borrowing facilities with its lending banks. As a result, the Group now faces the risk of not being able to comply with the covenants under its revised bank facility agreement. The key covenants will be tested for the first time at 30 June 2010 and then quarterly from 31 December 2010.

In the early part of 2009, the Group took action to reduce the absolute level of its borrowings through the disposals made in Germany and north-western Norway and the issue of new share capital in the form of a rights issue which together raised approximately €349 million.

In parallel cost reduction plans were actioned and the Group continues to operate a policy of strict management of cash expenditure.

A key indicator for the Group is the measure of its leverage which is expressed as the ratio of net debt to EBITDA. At 31 December 2009 this measured 3.1 times on the basis on which it is calculated for these purposes compared with a first covenant testing ratio at 30 June 2010 of 5.25 times and at 31 December 2010 of 4.5 times.

A treasury committee, under the chairmanship of the Group Finance Director, meets monthly to consider, amongst others things, the Group's cash flow forecasts and projections against the various banking covenants. The Group Finance Director also makes regular reports to the Board on these matters.

Exchange rates

The Group presents its financial statements in euro. The reported results are therefore exposed to movements in exchange rates between the euro and the other currencies in which the Group operates, principally the Norwegian krone and Polish zloty.

The effect of movements in foreign currency rates is monitored on a monthly basis. A certain portion of the Group's borrowings is denominated in Norwegian krone to provide a partial hedge of the balance sheet position.

Between them, the Norwegian and Polish operations account for less than 30 per cent of Group revenue and, in 2009, around 25 per cent of Group EBITDA.

Key management	The Group's success depends on its ability to attract, motivate and retain highly qualified employees who have extensive experience and knowledge of the industry at a strategic level.	The Group provides a competitive remuneration package for its key management and employees. Succession planning from the level of Country CEOs up to the Chief Executive is also in place and was reviewed by the Board in 2009.
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Certain risks and uncertainties arise through factors that are outside the control of management, for example, inflation or interest rates. Nevertheless in each case management seeks to minimise the impact on the Group from such external events, for example, by hedging through interest rate swaps as set out in the Group Finance Director's report under the heading of "Treasury". In other cases risks may appear that are presently unanticipated as the Group develops its new business models.

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the Group (and Mecom Group plc as a company) has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the Annual report and accounts. In arriving at these conclusions, the directors have had regard to the guidance published by the Financial Reporting Council in October 2009.

The Group resolved in 2009 the uncertainties that, in the 2008 accounts, had cast doubt on the Group's ability to continue as a going concern:

- a revised facility agreement was entered into with the Group's lending banks on 22 May 2009, removing the uncertainty as to the ongoing bank funding of the Group – the terms of the revised facility agreement are set out in Note 26 to the consolidated financial statements; and
- a rights issue was completed on 26 June 2009, the net proceeds of which were €155.5 million. These proceeds were used to repay the bank borrowings of €19.5 million and a convertible loan note of £30.6 million (€36.0m on date of repayment).

As a consequence, these uncertainties are no longer relevant and an unmodified auditors' opinion has been issued on the 31 December 2009 financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors confirm to the best of their knowledge that:

(a) the condensed financial statements for the year ended 31 December 2009, prepared in accordance with the applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group; and

(b) the Management Report, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that they face.

By order of the Board

David Montgomery
Chief Executive

Henry Davies
Group Finance Director

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2009

	Year ended 31 December 2009			(restated) Year ended 31 December 2008			
	Note	Before exceptional items and amortisation of acquired intangibles €m	Exceptional items and amortisation of acquired intangibles (see Note 7) €m	After exceptional items and amortisation of acquired intangibles €m	Before exceptional items and amortisation of acquired intangibles €m	Exceptional items and amortisation of acquired intangibles (see Note 7) €m	After exceptional items and amortisation of acquired intangibles €m
Continuing operations							
Revenue	6	1,461.6	–	1,461.6	1,773.5	–	1,773.5
Cost of sales		(445.9)	–	(445.9)	(544.5)	–	(544.5)
Gross profit		1,015.7	–	1,015.7	1,229.0	–	1,229.0
Operating costs		(955.1)	(134.7)	(1,089.8)	(1,116.0)	(1,061.6)	(2,177.6)
Share of results of associates		0.4	–	0.4	3.9	–	3.9
Operating profit/(loss)	6	61.0	(134.7)	(73.7)	116.9	(1,061.6)	(944.7)
Finance income	8	5.9	–	5.9	24.9	–	24.9
Finance expense	8	(43.4)	(34.7)	(78.1)	(74.9)	(6.8)	(81.7)
(Loss)/gain on disposal of businesses and investments	16	(0.2)	(0.1)	(0.3)	(0.5)	4.1	3.6
Profit/(loss) before tax		23.3	(169.5)	(146.2)	66.4	(1,064.3)	(997.9)
Income tax (expense)/credit	9	(12.5)	33.8	21.3	(18.5)	14.2	(4.3)
Profit/(loss) for the year from continuing operations		10.8	(135.7)	(124.9)	47.9	(1,050.1)	(1,002.2)
Discontinued operations							
(Loss)/profit for the year from discontinued operations	10	(0.1)	(3.9)	(4.0)	7.8	(171.7)	(163.9)
Profit/(loss) for the year		10.7	(139.6)	(128.9)	55.7	(1,221.8)	(1,166.1)
Attributable to:							
Mecom Group plc shareholders		4.1	(129.6)	(125.5)	48.6	(1,210.6)	(1,162.0)
Minority interest		6.6	(10.0)	(3.4)	7.1	(11.2)	(4.1)
Loss per share							
From continuing operations							
Basic	11			(1.88) euros			(63.49) euros
Diluted	11			(1.88) euros			(63.49) euros
From continuing and discontinued operations							
Basic	11			(1.94) euros			(73.92) euros
Diluted	11			(1.94) euros			(73.92) euros

There are no dividends paid or proposed for either of the years presented. The restatement of the 2008 consolidated income statement (and of the other primary statements and the inclusion of an additional comparative consolidated balance sheet) is because of the change in the Group's presentation currency to euros from pounds sterling, as referred to in Note 4.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2009

	Year ended 31 December 2009 €m	(restated) Year ended 31 December 2008 €m
Loss for the year	(128.9)	(1,166.1)
Other comprehensive income/(loss) for the year:		
Actuarial gain/(loss) on defined benefit pension schemes	13.0	(13.0)
Tax effect	(3.4)	3.9
	9.6	(9.1)
Loss on revaluation of available-for-sale investments	-	(0.4)
Transfer from revaluation reserve to the consolidated income statement on impairment of available-for-sale investments	-	1.0
Changes in fair value of cash flow hedges	(4.4)	(12.4)
Tax effect	0.3	3.9
	(4.1)	(8.5)
Transfer from cash flow hedge reserve to the consolidated income statement of cumulative losses on certain interest rate swaps on ending of hedge relationship	7	13.2
Tax effect	(2.3)	-
	10.9	(1.9)
Transfer from currency translation reserve to the consolidated income statement of cumulative exchange difference on disposal of foreign operations	16	3.4
Exchange differences on retranslation of foreign operations	2.0	(49.4)
Other comprehensive income/(loss) for the year, net of tax	21.8	(68.8)
Total comprehensive loss for the year, net of tax	(107.1)	(1,234.9)
Attributable to:		
Mecom Group plc shareholders	(104.5)	(1,226.9)
Minority interest	(2.6)	(8.0)

CONSOLIDATED BALANCE SHEET

at 31 December 2009

	Note	2009 €m	(restated) 2008 €m	(restated) 2007 €m
ASSETS				
Non-current assets				
Goodwill		183.1	211.2	1,330.2
Other intangible assets		672.5	753.1	948.0
Property, plant and equipment		240.4	300.1	371.4
Employee benefit assets		4.1	2.3	5.3
Interests in associates		39.3	37.9	52.4
Investments		0.7	1.0	12.7
Other financial assets		12.0	3.1	2.0
Deferred tax assets		30.6	27.1	74.1
Total non-current assets		1,182.7	1,335.8	2,796.1
Current assets				
Inventories		9.3	13.5	13.5
Trade and other receivables		175.0	173.8	257.5
Cash and cash equivalents	12,13	104.6	117.4	104.1
Current tax assets		1.5	2.4	–
Derivative financial instruments		–	–	9.1
Total current assets		290.4	307.1	384.2
Assets held for sale	16	–	204.7	23.6
Total assets		1,473.1	1,847.6	3,203.9
LIABILITIES				
Non-current liabilities				
Borrowings	13	(416.0)	(3.9)	(770.2)
Other payables		(5.0)	(4.6)	(7.7)
Provisions		(28.2)	(36.3)	(42.7)
Employee benefit obligations		(69.9)	(66.8)	(73.3)
Deferred tax liabilities		(166.2)	(189.5)	(258.9)
Obligations under finance leases	13	(4.8)	(18.5)	(19.9)
Derivative financial instruments		(4.0)	(1.0)	–
Total non-current liabilities		(694.1)	(320.6)	(1,172.7)
Current liabilities				
Borrowings	13	(53.0)	(766.2)	(31.9)
Trade and other payables		(398.0)	(407.8)	(483.9)
Provisions		(34.6)	(48.8)	(35.0)
Current tax liabilities		(0.7)	(1.6)	(2.9)
Obligations under finance leases	13	(4.2)	(6.6)	(5.3)
Derivative financial instruments		(10.4)	(8.7)	–
Total current liabilities		(500.9)	(1,239.7)	(559.0)
Liabilities directly associated with assets classified as held for sale	16	–	(61.2)	(11.8)
Total liabilities		(1,195.0)	(1,621.5)	(1,743.5)
Net assets		278.1	226.1	1,460.4
EQUITY				
Issued share capital		81.3	13.9	13.9
Share premium		1,526.5	1,438.4	1,438.4
Retained earnings		(1,350.6)	(1,239.7)	(68.7)
Other reserves		(13.5)	(23.4)	31.9
Equity attributable to Mecom Group plc shareholders		243.7	189.2	1,415.5
Minority interest		34.4	36.9	44.9
Total equity		278.1	226.1	1,460.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2009

	Share capital €m	Share premium €m	Retained earnings €m	Other reserves			Currency translation reserve €m	Total reserves attributable to equity share-holders €m	Minority interest €m	Total equity €m
				Cash flow hedge reserve	Share-based payment reserve	Revaluation reserve				
				€m	€m	€m				
Balance at 31 December 2007¹	13.9	1,438.4	(68.7)	-	7.8	0.1	24.0	1,415.5	44.9	1,460.4
Loss for the year	-	-	(1,162.0)	-	-	-	-	(1,162.0)	(4.1)	(1,166.1)
Other comprehensive (loss)/income:										
Actuarial loss on defined benefit pension schemes	-	-	(9.0)	-	-	-	-	(9.0)	(0.1)	(9.1)
Loss on revaluation of available-for-sale investments	-	-	-	-	-	(0.4)	-	(0.4)	-	(0.4)
Transfer from revaluation reserve to the income statement on impairment of available-for-sale investments	-	-	-	-	-	1.0	-	1.0	-	1.0
Changes in fair value of cash flow hedges	-	-	-	(8.1)	-	-	-	(8.1)	(0.4)	(8.5)
Transfer from cash flow hedge reserve to the income statement of cumulative losses on certain interest rate swaps on ending of hedge relationship	-	-	-	(1.9)	-	-	-	(1.9)	-	(1.9)
Transfer from currency translation reserve to the income statement of cumulative exchange differences on disposal of foreign operations	-	-	-	-	-	-	(0.5)	(0.5)	-	(0.5)
Exchange differences on retranslation of foreign operations	-	-	-	-	-	-	(46.0)	(46.0)	(3.4)	(49.4)
Total comprehensive (loss)/income for the year	-	-	(1,171.0)	(10.0)	-	0.6	(46.5)	(1,226.9)	(8.0)	(1,234.9)
Credit in respect of share-based payments	-	-	-	-	0.6	-	-	0.6	-	0.6
Balance at 31 December 2008¹	13.9	1,438.4	(1,239.7)	(10.0)	8.4	0.7	(22.5)	189.2	36.9	226.1
Loss for the year	-	-	(125.5)	-	-	-	-	(125.5)	(3.4)	(128.9)
Other comprehensive income/(loss):										
Actuarial gain on defined benefit pension schemes	-	-	9.6	-	-	-	-	9.6	-	9.6
Changes in fair value of cash flow hedges	-	-	-	(4.0)	-	-	-	(4.0)	(0.1)	(4.1)
Transfer from cash flow hedge reserve to the income statement of cumulative losses on certain interest rate swaps on ending of hedge relationship	-	-	-	10.9	-	-	-	10.9	-	10.9
Transfer from currency translation reserve to the income statement of cumulative exchange differences on disposal of foreign operations	-	-	-	-	-	-	3.4	3.4	-	3.4
Exchange differences on retranslation foreign operations	-	-	-	-	-	-	1.1	1.1	0.9	2.0
Total comprehensive loss for the year	-	-	(115.9)	6.9	-	-	4.5	(104.5)	(2.6)	(107.1)
Issue of share capital for cash ²	67.4	98.7	-	-	-	-	-	166.1	-	166.1
Transaction costs relating to the issue of share capital for cash ²	-	(10.6)	-	-	-	-	-	(10.6)	-	(10.6)
Transfer of equity component of convertible loan notes on cash settlement of the instrument	-	-	5.0	-	(5.0)	-	-	-	-	-
Credit in respect of share-based payments	-	-	-	-	3.5	-	-	3.5	-	3.5
Minority interest acquired	-	-	-	-	-	-	-	-	0.8	0.8
Minority interest disposed of	-	-	-	-	-	-	-	-	(0.3)	(0.3)
Minority interest dividend paid	-	-	-	-	-	-	-	-	(0.4)	(0.4)
Balance at 31 December 2009	81.3	1,526.5	(1,350.6)	(3.1)	6.9	0.7	(18.0)	243.7	34.4	278.1

¹ Balances at 31 December 2007 and 2008 have been restated due to the change in the Group's presentation currency, as set out in Note 4.

² Refer to Note 14 for further details.

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2009

	Note	Year ended 31 December 2009 €m	(restated) Year ended 31 December 2008 €m
Operating activities			
Cash generated from operations	18	58.1	140.7
Income tax paid		(1.7)	(2.1)
Net cash from operating activities		56.4	138.6
Investing activities			
Proceeds from sale of other intangible assets		–	0.6
Proceeds from sale of property, plant and equipment		0.9	12.7
Proceeds from sale of interests in associates and investments		–	1.8
Capital expenditure on:			
Other intangible assets		(11.8)	(15.9)
Property, plant and equipment		(28.0)	(70.8)
Purchase of publishing rights		(7.2)	–
Purchase of interests in associates		(0.4)	(0.6)
Acquisition of subsidiaries, net of cash acquired		0.7	(26.1)
Divestment of businesses, net of cash sold	16	212.9	25.5
Interest received		5.4	18.9
Dividends received		3.1	2.3
Net cash from/(used in) investing activities		175.6	(51.6)
Financing activities			
Proceeds from issue of share capital	14	166.1	–
Transaction costs of issue of shares	14	(10.6)	–
Proceeds from borrowing drawdowns		144.1	139.3
(Payments made)/proceeds received due to settlement of financial instruments		(4.1)	5.7
Repayment of borrowings		(458.7)	(130.5)
Repayment of convertible loan notes	13	(36.0)	–
Repayment of obligations under finance leases		(7.6)	(7.3)
Interest and other finance expenses paid		(44.1)	(66.6)
Fees paid on renegotiation of Group's bank facilities	13	(17.2)	(2.4)
Dividends paid to minority interests		(0.4)	(0.3)
Net cash used in financing activities		(268.5)	(62.1)
Net (decrease)/increase in cash and cash equivalents		(36.5)	24.9
Net foreign exchange differences		(0.8)	(12.1)
Cash and cash equivalents at beginning of the year		112.4	99.6
Cash and cash equivalents at end of the year		75.1	112.4

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2009

1. Corporate information

Mecom Group plc (the “Company”) is a public limited company incorporated and domiciled in England and Wales. The registered office of the Company is 70 Jermyn Street, London, SW1Y 6NY. Its ordinary shares are traded on the London Stock Exchange (LSE).

These condensed consolidated financial statements for the year ended 31 December 2009 were approved by the Board of Directors on 16 March 2010.

The financial information in these condensed consolidated financial statements does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006 but has been extracted from statutory accounts. The statutory accounts for the year ended 31 December 2008 have been filed with the Registrar of Companies and those for the year ended 31 December 2009 will be filed following the Company’s Annual General Meeting. The auditors’ reports on the statutory accounts for the year ended 31 December 2008 and for the year ended 31 December 2009 were unqualified and do not contain a statement under Sections 498 (2) or (3) of the Companies Act 2006. However, for the year ended 31 December 2008 the auditors’ report included reference to matters to which the auditors drew attention by way of emphasis of matter without qualifying the report.

While the financial information included in these condensed consolidated financial statements has been prepared in accordance with International Financial Reporting Standards (“IFRS”), they do not contain sufficient information to comply with IFRSs. These condensed consolidated financial statements constitute a dissemination announcement in accordance with section 6.3 of the Disclosure and Transparency Rules. The full Annual report and accounts for the year ended 31 December 2009 will be made available on the Company’s website at www.mecom.com on or around 13 April 2010.

2. Definitions of terms

The Group uses the following terms, with the definition given, in these condensed consolidated financial statements and in its internal monitoring of financial performance:

Adjusted EBITDA/Adjusted EBITDA margin

The Group monitors the performance of its segments on an earnings before interest, tax, depreciation and amortisation (“EBITDA”) basis. This measure includes any profit or loss from associates but excludes any exceptional items. Adjusted EBITDA margin (expressed as a percentage) is defined as adjusted EBITDA for a period divided by external revenue for the same period.

Adjusted operating profit/Adjusted operating profit margin

Adjusted operating profit or loss is stated before exceptional items and amortisation of acquired intangibles. Adjusted operating profit margin (expressed as a percentage) is defined as adjusted operating profit for a period divided by external revenue for the same period.

Exceptional items

The Group presents as exceptional items on the face of the consolidated income statement those material items of income and expense which, because of their nature and/or expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the period, so as to facilitate comparison with prior periods.

Net debt

The Group presents as “net debt” the net of cash and cash equivalents, borrowings and obligations under finance leases. The Group also

includes in net debt any of the above items that have been classified as held for sale.

3. New, amended, revised and improved Standards and Interpretations

New, amended, revised and improved Standards and Interpretations adopted in 2009 and which impact the Group

In 2009, the following were adopted by the Group:

IAS 1 *Presentation of Financial Statements (Revised)*, effective for annual periods beginning on or after 1 January 2009, has been adopted during the year, leading to the Group including two new primary financial statements in these condensed consolidated financial statements: the consolidated statement of comprehensive income for the current year and prior year (see page 26) is presented (previously the Group presented the consolidated statement of recognised income and expense); and the consolidated statement of changes in equity (see page 28). Due to the Group changing its presentation currency, which is a change in accounting policy under IAS 1, in 2009 (see Note 4 for further details), the adoption of this Standard also means the Group has included a consolidated balance sheet at 1 January 2008 (which, for convenience, is shown as at 31 December 2007).

IFRS 7 *Amendment Improving Disclosures about Financial Instruments*, effective for annual periods beginning on or after 1 January 2009, has been adopted during the year, leading to amendments in the way the Group discloses the nature and extent of liquidity risk arising from financial instruments and also how the Group discloses information about fair value measurements of financial instruments.

IFRS 8 *Operating Segments*, effective for annual periods beginning on or after 1 January 2009, has been adopted during the year, leading to a change in the way the Group discloses information about its segments (see Note 6).

New, amended, revised and improved Standards and Interpretations adopted in 2009 but have no impact on the Group

In 2009, the following were adopted by the Group, all of which are effective for annual periods beginning on or after 1 January 2009 (unless stated) but which have no impact on these condensed consolidated financial statements:

- IFRS 1 and IAS 27 *Amendment Cost of Investment in Separate Financial Statements*;
- IFRS 2 *Share-based Payment Vesting Conditions and Cancellations (Amendment)*;
- IAS 23 *Borrowings Costs (Revised)*;
- IAS 32 and IAS 1 *Amendment Puttable Financial Instruments and Obligations Arising on Liquidation*;
- IAS 39 and IFRS 7 *Amendments Reclassification of Financial Assets*, effective for annual periods beginning on or after 1 July 2008;
- *2008 Improvements to IFRSs*, effective for annual periods beginning on or after May 2008;
- IFRIC 13 *Customer Loyalty Programmes*, effective for annual periods beginning on or after 1 July 2008;
- IFRIC 15 *Agreements for the Construction of Real Estate*; and
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*, effective for annual periods beginning on or after 1 October 2008.

3. New, amended, revised and improved Standards and Interpretations (continued)

New, amended, revised and improved Standards and Interpretations issued but not adopted in 2009

At the date of authorisation of these condensed consolidated financial statements, the following Standards and Interpretations, which have not been applied in these condensed consolidated financial statements, are in issue but are not yet effective for annual periods beginning on 1 January 2009:

	Effective date
Revisions, amendments and improvements to Standards	
Amendments to IFRS 1 <i>Additional Exemptions for First-time Adopters</i>	
	1 January 2010
Amendments to IFRS 1 <i>Limited Exemption from Additional IFRS 7 Disclosures</i>	
	1 July 2010
Amendments to IFRS 2 <i>Group Cash-settled Share-based Payment Transactions</i>	
	1 January 2010
IFRS 3 <i>Business Combinations (Revised)</i>	1 July 2009
IFRS 9 <i>Financial Instruments – Classification and Measurement</i>	1 January 2013
Amendment to IAS 24 <i>Disclosure Requirements for Government-related Entities and Definition of a Related Party</i>	
	1 January 2011
IAS 27 <i>Consolidated and Separate Financial Statements (Revised)</i>	
	1 July 2009
Amendment to IAS 32 <i>Classification of Rights Issues</i>	
	1 February 2010
IAS 39 Amendment <i>Eligible Hedged Items</i>	1 July 2009
IFRIC 9 and IAS 39 Amendment <i>Embedded Derivatives</i>	
	30 June 2009
2009 Improvements to IFRSs	April 2009
New and amended IFRICs	
IFRIC 17 <i>Distributions of Non-Cash Assets to Owners</i>	
	1 July 2009
IFRIC 18 <i>Transfers of Assets from Customers</i>	
	1 July 2009
IFRIC 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	
	1 July 2010
IFRIC 14 Amendment <i>Prepayments of a Minimum Funding Requirement</i>	
	1 January 2011

The directors do not currently anticipate that the adoption of these Standards and Interpretations will have a material impact on the Group's consolidated financial statements in the period of initial application.

4. Statement of compliance and basis of preparation

Statement of compliance

The Group's condensed consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union as they apply to the financial statements of the Group for the year ended 31 December 2009.

Basis of preparation: (i) Preparation of the condensed consolidated financial statements on the going concern basis

The Group's operations, and the factors affecting their current performance and future development, are set out on pages 2 to 6 and 8 to 17. The Group's financial position, cash flows and borrowing facilities are described in the Group Finance Director's review on pages 17 to 21.

The Group has a series of processes in place designed to ensure that it exercises control over its cash and borrowing position and remains within the covenant limits set out in the revised bank facility agreement. Covenants are in place for leverage, interest cover, free cash flow before debt service, capital expenditure and exceptional items. Annual cash targets have been set for each division, and

progress against these targets is monitored monthly. Capital expenditure and cash restructuring costs are subject to approval under a scheme of delegated authority. Shorter-term (three month) cash flow forecasts are prepared each month and form the basis of the comparison to actual results. In addition, the Group operates an annual budget cycle and quarterly financial reforecasts of the entire consolidated income statement, consolidated balance sheet and consolidated cash flow statement. Furthermore, the Group maintains a programme of dialogue with its lending banks, including the formal presentation of results and budgets to the bank syndicate and individual meetings with lenders.

During 2009, the Group achieved great success in reducing costs to achieve a financial result and year-end borrowing position that were well within the limits of the revised facility agreement. This, the Group's internal forecasts for 2010 and 2011 and the Group's processes for monitoring compliance with the bank facility agreement (as described above), give the directors confidence that the financial covenants under the revised facility agreement will be met.

After making enquiries, the directors have a reasonable expectation that the Group (and Mecom Group plc as a company) has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the Annual report and accounts.

Basis of preparation: (ii) Change in the Group's presentation currency

The Group has previously presented its condensed consolidated financial statements in pounds sterling. However, since a significant portion of the Group's operations are carried out in the Netherlands and Denmark (whose currency is effectively pegged to the euro) and a significant amount of the Group's net debt is denominated in euros, the directors have decided it is appropriate to change the Group's presentation currency to the euro. This change in accounting policy is expected to eliminate many of the foreign exchange differences in reported numbers from period to period.

There have been no changes to the functional currencies or the underlying measurement of assets, liabilities, revenues and profits of the Company or any of its subsidiaries in the year. The Company's functional currency continues to be pounds sterling and so is different to the presentation currency of the Group.

Since the change in presentation currency has been applied retrospectively, all comparative numbers in these condensed consolidated financial statements are described as "restated". Note 19 to these condensed consolidated financial statements sets out in detail how the consolidated income statement for the year ended 2008, the consolidated balance sheets at 31 December 2008 and 2007 and the consolidated cash flow statement for the year ended 31 December 2008, which were included in the 2008 Annual report and accounts and presented in pounds sterling, have been converted into euros.

As required by IAS 1 *Presentation of Financial Statements (Revised)*, the Group presents in these condensed consolidated financial statements a consolidated balance sheet at 1 January 2008 (which, for convenience, is shown as at 31 December 2007) which has been translated into euros.

Basis of preparation: (iii) Change to the Group's primary financial statements

As noted above, the Group adopted IAS 1 *Presentation of Financial Statements (Revised)* during the year, leading to the Group including two new primary financial statements in these condensed consolidated financial statements: the consolidated statement of comprehensive income for the current year and prior year (see page 26) is presented (previously the Group presented the consolidated statement of recognised income and expense); and the consolidated statement of changes in equity (see page 28).

Basis of preparation: (iv) Other

The condensed consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale financial assets, derivative financial instruments, employee benefit assets and obligations and share-based payments that have been measured at fair value.

4. Statement of compliance and basis of preparation (continued)

As noted above, these condensed consolidated financial statements are presented in euros and, except when otherwise stated, all values are shown in millions, rounded to the nearest one hundred thousand euros. The significant exchange rates for the Group (against the euro), applied during the current year and prior year (and also spot rates at 31 December 2007 due to the inclusion of the consolidated balance sheet at that date), are as follows:

	Average rate for year ended		Spot rate at 31 December		
	31 December		2009	2008	2007
NOK	8.78	8.23	8.29	9.75	7.94
DKK	7.45	7.46	7.44	7.44	7.46
PLN	4.33	3.51	4.11	4.12	3.60
GBP	0.89	0.79	0.89	0.97	0.73

Differences in spot rates from 31 December 2008 to 31 December 2009 have caused the Group's non-euro denominated assets and liabilities (primarily comprising amounts denominated in NOK and PLN) to increase (on a net basis) in value when retranslated into euros, resulting in foreign exchange differences of €2.0m being credited to reserves in the year ended 31 December 2009 (year ended 31 December 2008: debit of €49.4m; year ended 31 December 2007: credit of €18.5m).

Judgements made by management in the application of IFRS that have a significant effect on these condensed consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 5 below.

5. Significant accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects that period only, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, the directors have made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in these condensed consolidated financial statements:

(a) Taxation

The Company and its subsidiaries are subject to routine tax audits and also a process whereby tax computations are discussed and agreed with the appropriate authorities. Whilst the ultimate outcome of such tax audits and discussions cannot be determined with certainty, management estimates the level of provisions required for both current and deferred tax on the basis of professional advice and the nature of current discussions with the tax authority concerned.

(b) Recoverability of deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that a taxable profit or loss will be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet 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.

(a) Impairment of goodwill and acquired intangibles

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating a value-in-use amount requires the directors to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. At 31 December 2009, the carrying amount of goodwill was €83.1m (2008: €211.2m; 2007: €1,330.2m).

The Group assesses at least annually whether there is any indication of any of its acquired intangibles (comprising customer relationships, brands and publishing rights) being impaired. If there is such an indication, the individual asset's recoverable amount is measured and, if necessary, an impairment charge is recorded. At 31 December 2009, the carrying amount of the Group's acquired intangibles was €623.1m (2008: €698.5m; 2007: €911.8m).

If a cash-generating unit's goodwill was to be fully impaired following the annual assessment of the carrying amount of goodwill, any remaining excess of book value over recoverable amount would be allocated to other asset classes of the CGU, including its acquired intangibles.

(b) Valuation of assets and liabilities in a business combination

The acquisition of subsidiaries is accounted for using the purchase method and the purchase consideration is allocated over the net fair value of identifiable assets, liabilities and contingent liabilities acquired with any excess consideration representing goodwill. In determining the fair value of assets, liabilities and contingent liabilities acquired, the directors may make significant estimates and assumptions, including those with respect to cash flows and unprovided liabilities and commitments.

(c) Useful lives of acquired intangibles

On acquisition of subsidiaries the Group will consider the useful lives of any intangible assets acquired. The length of useful lives of customer relationships is assessed based on the average lives of historic customer relationships for all main titles. The length of useful lives of brands and publishing rights is assessed based on the directors' view of the market, the length of the time that the main titles have been established and, in the case of publishing rights, the term of any contract.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

(d) Provisions

The amounts provided for restructuring and redundancy provisions, onerous lease provisions and other provisions are based on the directors' best estimates of costs likely to be incurred to the extent that they are recognisable under relevant reporting standards. To the extent that events or costs differ in future, the carrying amount of provisions may change. At 31 December 2009, the carrying amount of provisions was €62.8m (2008: €85.1m; 2007: €77.7m).

(e) Employee benefit obligations

The cost of defined benefit pension plans and other retirement benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. At 31 December 2009, the carrying amount of employee benefit obligations was €69.9m (2008: €66.8m; 2007: €73.3m).

6. Operating segments

For management and therefore internal reporting purposes, the directors have organised the Group into divisions based on geographical location. For internal reporting purposes, all significant operations that have been disposed of during the year are separated from the results of the “ongoing” businesses (regardless of whether they are accounted for as “discontinued operations” under IFRS in these accounts) and are shown separately, in aggregation, as “Mecom disposed”. This allows the Board to focus on the financial performance of the continuing businesses, the total of which is shown in the Group’s internal financial reports as “Mecom ongoing”.

The Group’s reportable operating segments included within “Mecom ongoing” are:

- The Netherlands (excluding the results of the disposed AD NieuwsMedia business – see Note 16);
- Denmark;
- Norway (excluding the results of the disposed north-western Norway business – see Note 16); and
- Poland.

“Central and other” is also part of “Mecom ongoing” and comprises the Group’s head-office activities, which are primarily located in the UK, together with the costs of certain Group-wide functions including IT strategy, revenue development and Group internal audit. No operating segments have been aggregated to form the above reportable operating segments.

The Group’s directors (being the chief operating decision maker) monitor the operating results of its divisions separately for the purpose of making decisions about resource allocation and performance assessment. The Group’s financial performance is based on an assessment of the results, which are measured consistently with operating profit or loss in the condensed consolidated income statement, of the above segments. Such monitoring and assessment of an individual division’s financial performance is done primarily at the adjusted EBITDA level.

All of the Group’s reportable operating segments derive their revenue from the following revenue streams: advertising, circulation and other (comprising principally third-party printing and enterprises). Revenue from external customers is attributed to individual operating segments on an origin basis. Transfer prices between operating segments are on an arm’s length basis in a manner similar to transactions with third parties. Transactions between operating segments represented less than 1% of total Group revenue and operating costs.

Exceptional items (comprising amounts recorded in operating costs, finance exceptional items and gains/losses on disposal of businesses and investments) are also monitored and assessed, in aggregate, by the directors at the operating segment level. Amortisation of acquired intangibles is also monitored and assessed by the directors at the operating segment level.

Regular, non-exceptional finance income and expense and income taxes are managed on a Group basis and are not provided to the chief operating decision-maker at the operating segment level. These items are therefore not allocated to operating segments.

Operating assets and liabilities comprise all classes of assets and liabilities, respectively.

Digital revenue comprises revenue earned from either newspaper websites or standalone websites and is recorded against the relevant revenue category. Capital expenditure excludes any items purchased via a business combination or the separate purchase of publishing rights and, for the purposes of this Note, includes both property, plant and equipment additions and software additions. Additions to non-current assets comprises additions to goodwill, other intangibles assets, property, plant and equipment, interests in associates, investments and other financial assets arising from capital expenditure and business combinations but excludes such additions to employee benefit assets and deferred tax assets.

The following tables present (i) financial information as internally reported to the directors for the years ending 31 December 2009 and 2008 in respect of the Group’s reportable operating segments and (ii) reconciliations of financial information as internally reported to financial information as reported under IFRS.

6. Operating segments (continued)

Financial information as internally reported to Board for year ended 31 December 2009

	The Netherlands €m	Denmark €m	Norway €m	Poland €m	Central and other €m	Eliminations €m	Mecom ongoing €m	Mecom disposed ¹ €m	Mecom Group total €m
Revenue:									
External sales:									
Advertising	329.7	163.3	124.2	47.8	–	–	665.0	33.4	698.4
Circulation	252.3	166.0	63.1	64.1	–	–	545.5	40.8	586.3
Other	48.9	82.5	52.8	14.8	–	–	199.0	10.9	209.9
Total external revenue	630.9	411.8	240.1	126.7	–	–	1,409.5	85.1	1,494.6
Inter-segment sales	–	–	1.1	–	–	(1.1)	–	–	–
Total revenue as internally reported	630.9	411.8	241.2	126.7	–	(1.1)	1,409.5	85.1	1,494.6
Total costs (including share of results of associates, excluding depreciation)	(539.9)	(396.3)	(225.8)	(118.5)	(10.5)	1.1	(1,289.9)	(79.2)	(1,369.1)
Adjusted EBITDA as internally reported	91.0	15.5	15.4	8.2	(10.5)	–	119.6	5.9	125.5
Depreciation (including amortisation of software)	(22.9)	(20.4)	(11.1)	(6.1)	(0.2)	–	(60.7)	(2.1)	(62.8)
Adjusted operating profit/(loss) as internally reported	68.1	(4.9)	4.3	2.1	(10.7)	–	58.9	3.8	62.7
Total exceptional items ²	(48.7)	(12.7)	(6.5)	(5.6)	(34.2)	–	(107.7)	(3.9)	(111.6)
Segment result as internally reported	19.4	(17.6)	(2.2)	(3.5)	(44.9)	–	(48.8)	(0.1)	(48.9)
Assets and liabilities									
Operating assets	812.0	248.0	281.6	108.6	24.6	(1.7)	1,473.1	–	1473.1
Operating liabilities	(616.9)	(162.5)	(111.3)	(23.3)	(281.0)	–	(1,195.0)	–	(1,195.0)
Other information									
Digital revenue	18.3	20.7	23.6	4.4	–	–	67.0	–	67.0
Amortisation of acquired intangibles	(42.2)	(8.9)	(9.2)	(1.5)	–	–	(61.8)	–	(61.8)
Impairment charges in respect of:									
property, plant and equipment, software, associates and investments	(0.6)	–	(2.7)	(4.0)	–	–	(7.3)	–	(7.3)
Adjusted EBITDA margin	14.4%	3.8%	6.4%	6.5%	n/a	n/a	8.5%	6.9%	8.4%
Adjusted operating profit margin	10.8%	(1.2)%	1.8%	1.7%	n/a	n/a	4.2%	4.5%	4.2%
Interests in associates	6.9	3.1	29.3	–	–	–	39.3	–	39.3
Capital expenditure on property, plant and equipment and software ³	15.7	12.3	4.7	3.9	0.2	–	36.8	0.2	37.0
Additions to non-current assets	32.9	20.0	5.1	4.0	0.2	–	62.2	0.2	62.4

1 For the year ending 31 December 2009, "Mecom disposed" comprised Mecom Germany, north-western Norway and AD NieuwsMedia. Further details of these disposals are contained in Note 16.

2 For internal reporting purposes, total exceptional items include both operating and finance exceptional items together with all gains/losses on disposal of businesses and investments.

3 Capital expenditure in this instance relates to book amounts.

6. Operating segments (continued)

Reconciliations of financial information as internally reported to financial information as reported under IFRS for the year ended 31 December 2009

i Reconciliation of “Mecom ongoing” as internally reported to loss for the year from continuing operations as reported under IFRS

	Total of “Mecom ongoing” €m	Add back results of operations disposed of but not classified as discontinued under IFRS ¹ €m	Reverse finance exceptional items €m	Amortisation of acquired intangibles €m	Amounts as reported for continuing operations under IFRS €m
Revenue:					
External sales:					
Advertising	665.0	16.8	–	–	681.8
Circulation	545.5	27.3	–	–	572.8
Other	199.0	8.0	–	–	207.0
Inter-segment sales	–	–	–	–	–
Total revenue	1,409.5	52.1	–	–	1,461.6
Total costs (including share of results of associates, excluding depreciation)	(1,289.9)	(47.9)	–	–	(1,337.8)
Adjusted EBITDA	119.6	4.2	–	–	123.8
Depreciation (including amortisation of software)	(60.7)	(2.1)	–	–	(62.8)
Adjusted operating profit	58.9	2.1	–	–	61.0
Exceptional items	(107.7)	0.1	34.7	–	(72.9)
Amortisation of acquired intangibles	–	–	–	(61.8)	(61.8)
Operating (loss)/profit	(48.8)	2.2	34.7	(61.8)	(73.7)
Net finance expense before exceptional items					(37.5)
Exceptional finance expense					(34.7)
Loss on disposal of businesses and investments					(0.3)
Loss before tax					(146.2)
Income tax credit					21.3
Loss for the year ended 31 December 2009 from continuing operations					(124.9)

¹ These items related to the Group’s NWN and AD operations which were disposed of during 2009 (see Note 16).

ii Reconciliation of “Mecom disposed” as internally reported to loss for the year from discontinued operations as reported under IFRS

	Note	€m
Segment result as internally reported for “Mecom disposed”		(0.1)
Reverse operating profit of operations not classified as discontinued operations under IFRS		(2.1)
Net finance expense before exceptional items		(1.8)
Loss for the year ended 31 December 2009 from discontinued operations	10	(4.0)

6. Operating segments (continued)

Financial information as internally reported to Board for year ended 31 December 2008

	The Netherlands €m	Denmark €m	Norway €m	Poland €m	Central and other €m	Eliminations €m	Mecom ongoing €m	Mecom disposed ^{1,4} €m	Mecom Group total €m
Revenue:									
External sales:									
Advertising	406.9	202.7	147.3	56.6	–	–	813.5	137.5	951.0
Circulation	251.2	167.0	62.1	63.7	–	–	544.0	110.8	654.8
Other	54.4	99.3	61.5	20.0	–	–	235.2	32.7	267.9
Total external revenue	712.5	469.0	270.9	140.3	–	–	1,592.7	281.0	1,873.7
Inter-segment sales	–	–	0.3	–	–	(0.3)	–	–	–
Total revenue as internally reported	712.5	469.0	271.2	140.3	–	(0.3)	1,592.7	281.0	1,873.7
Total costs (including share of results of associates, excluding depreciation)	(590.0)	(448.2)	(248.5)	(130.0)	(11.4)	0.3	(1,427.8)	(242.8)	(1,670.6)
Adjusted EBITDA as internally reported	122.5	20.8	22.7	10.3	(11.4)	–	164.9	38.2	203.1
Depreciation (including amortisation of software)	(25.9)	(18.1)	(11.1)	(6.6)	(0.4)	–	(62.1)	(9.3)	(71.4)
Adjusted operating profit/(loss) as internally reported	96.6	2.7	11.6	3.7	(11.8)	–	102.8	28.9	131.7
Total exceptional items ²	(622.4)	(176.5)	(150.9)	(31.0)	(7.2)	–	(988.0)	(160.1)	(1,148.1)
Segment result as internally reported	(525.8)	(173.8)	(139.3)	(27.3)	(19.0)	–	(885.2)	(131.2)	(1,016.4)
Assets and liabilities									
Operating assets	946.5	247.9	329.6	114.5	1.6	(3.1)	1,637.0	210.6	1,847.6
Operating liabilities	(732.7)	(141.3)	(118.4)	(29.3)	(538.3)	(0.3)	(1,560.3)	(61.2)	(1,621.5)
Other information									
Digital revenue	21.2	22.8	28.1	3.4	–	–	75.5	–	75.5
Amortisation of acquired intangibles	(43.2)	(17.0)	(11.8)	(4.3)	–	–	(76.3)	(7.9)	(84.2)
Impairment charges in respect of:									
goodwill	(562.3)	(109.4)	(143.3)	(15.0)	–	–	(830.0)	(154.4)	(984.4)
acquired intangibles	–	(43.1)	–	(12.0)	–	–	(55.1)	–	(55.1)
property, plant and equipment, associates and investments	–	(2.3)	(3.4)	–	(1.1)	–	(6.8)	–	(6.8)
Adjusted EBITDA margin	17.2%	4.4%	8.4%	7.3%	n/a	n/a	10.4%	13.6%	10.8%
Adjusted operating profit margin	13.6%	0.6%	4.3%	2.6%	n/a	n/a	6.5%	10.3%	7.0%
Interests in associates	7.1	3.2	27.6	–	–	–	37.9	–	37.9
Capital expenditure on property, plant and equipment and software ³	45.9	30.7	9.8	5.2	–	–	91.6	0.6	92.2
Additions to non-current assets	46.7	32.6	27.1	5.4	–	–	111.8	0.7	112.5

1 For the year ending 31 December 2008, "Mecom disposed" comprised Mecom Germany, north-western Norway and AD NieuwsMedia (which were disposed of in 2009; further details are contained in Note 16) together with the Group's De Trompetter operations which were disposed of in 2008.

2 For internal reporting purposes, total exceptional items include both operating and finance exceptional items together with all gains/losses on disposal of businesses and investments.

3 Capital expenditure in this instance relates to book amounts.

4 Segment assets and liabilities are presented for "Mecom disposed" only for Mecom Germany, which comprised a discontinued operation at 31 December 2008 (see Note 10) and whose assets and liabilities were therefore presented separately.

6. Operating segments (continued)

Reconciliations of financial information as internally reported to financial information as reported under IFRS for the year ended 31 December 2008

i Reconciliation of “Mecom ongoing” as internally reported to loss for the year from continuing operations as reported under IFRS

	Total of “Mecom ongoing” €m	Add back results of operations disposed of but not classified as discontinued under IFRS ¹ €m	Reverse finance exceptional items €m	Reverse gain on sale of businesses €m	Foreign exchange adjustments and amortisation of acquired intangibles €m	Amounts as reported for continuing operations under IFRS €m
Revenue:						
External sales:						
Advertising	813.5	60.4	–	–	22.1	896.0
Circulation	544.0	55.3	–	–	18.8	618.1
Other	235.2	15.1	–	–	9.1	259.4
Inter-segment sales	–	–	–	–	–	–
Total revenue	1,592.7	130.8	–	–	50.0	1,773.5
Total costs (including share of results of associates, excluding depreciation)	(1,427.8)	(111.8)	–	–	(47.5)	(1,587.1)
Adjusted EBITDA	164.9	19.0	–	–	2.5	186.4
Depreciation (including amortisation of software)	(62.1)	(4.9)	–	–	(2.5)	(69.5)
Adjusted operating profit	102.8	14.1	–	–	–	116.9
Exceptional items	(988.0)	–	6.8	(4.1)	–	(985.3)
Amortisation of acquired intangibles	–	–	–	–	(76.3)	(76.3)
Operating (loss)/profit	(885.2)	14.1	6.8	(4.1)	(76.3)	(944.7)
Net finance expense before exceptional items						(50.0)
Exceptional finance expense						(6.8)
Gain on disposal of businesses and investments						3.6
Loss before tax						(997.9)
Income tax expense						(4.3)
Loss for the year ended 31 December 2008 from continuing operations						(1,002.2)

¹ These items related to the Group’s NWN and AD operations which were disposed of during 2009 (see Note 16) and also included amounts related to the Group’s De Trompette operations which were disposed of during 2008.

ii Reconciliation of “Mecom disposed” as internally reported to loss for the year from discontinued operations as reported under IFRS

	Note	€m
Segment result as internally reported for “Mecom disposed”		(131.2)
Reverse operating profit of operations not classified as discontinued operations under IFRS		(14.1)
Amortisation of acquired intangibles		(7.9)
Net finance expense before exceptional items		(7.1)
Income tax expense		(3.6)
Loss for the year ended 31 December 2008 from discontinued operations	10	(163.9)

7. Exceptional items and amortisation of acquired intangibles

The Group presents as exceptional items separately on the face of the consolidated income statement those material items of income and expense which, because of their nature and/or the infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the period, so as to facilitate comparison with prior periods. The Group also separates the amortisation of acquired intangibles on the face of the consolidated income statement since, whilst accounting standards require the recognition of this amortisation as an expense, it is not an underlying operating expense of the Group’s businesses.

7. Exceptional items and amortisation of acquired intangibles (continued)

The exceptional items and amortisation charges are summarised as follows:

	Year ended 31 December 2009			(restated) Year ended 31 December 2008			
	Note	Exceptional items €m	Amortisation of acquired intangibles €m	Total €m	Exceptional items €m	Amortisation of acquired intangibles €m	Total €m
Continuing operations							
Restructuring costs							
Staff redundancy costs		(26.5)	–	(26.5)	(70.5)	–	(70.5)
Title restructuring costs		(0.7)	–	(0.7)	(6.7)	–	(6.7)
Share-based payment expense		(2.4)	–	(2.4)	–	–	–
Other		(9.1)	–	(9.1)	(16.2)	–	(16.2)
Total restructuring costs		(38.7)	–	(38.7)	(93.4)	–	(93.4)
Pensions transfer charge		(26.9)	–	(26.9)	–	–	–
Amortisation and impairment charges							
Amortisation of acquired intangibles		–	(61.8)	(61.8)	–	(76.3)	(76.3)
Impairment charges in respect of:							
goodwill		–	–	–	(830.0)	–	(830.0)
acquired intangibles		–	–	–	(55.1)	–	(55.1)
software		(2.1)	–	(2.1)	–	–	–
property, plant and equipment		(4.8)	–	(4.8)	(3.4)	–	(3.4)
interests in associates		(0.2)	–	(0.2)	(1.6)	–	(1.6)
investments		(0.2)	–	(0.2)	(1.8)	–	(1.8)
Total amortisation and impairment charges		(7.3)	(61.8)	(69.1)	(891.9)	(76.3)	(968.2)
Total recognised in operating loss		(72.9)	(61.8)	(134.7)	(985.3)	(76.3)	(1,061.6)
Costs of renegotiating Group's bank facilities							
Fees payable to bank lenders		(4.0)	–	(4.0)	(2.1)	–	(2.1)
Other costs		(3.4)	–	(3.4)	(0.9)	–	(0.9)
Total costs of renegotiating Group's bank facilities	13	(7.4)	–	(7.4)	(3.0)	–	(3.0)
Finance asset impairments and other accounting items							
Unamortised debt issue costs		(7.9)	–	(7.9)	–	–	–
Interest rate swaps accounting: equity recycling		(13.2)	–	(13.2)	–	–	–
Interest rate swaps accounting: mark-to-market		(3.4)	–	(3.4)	(2.3)	–	(2.3)
Share-based payment expense for share warrants		(0.5)	–	(0.5)	–	–	–
Notional interest on exceptional provisions		(2.3)	–	(2.3)	(1.5)	–	(1.5)
Total finance asset impairments and related accounting items		(27.3)	–	(27.3)	(3.8)	–	(3.8)
Total recognised in finance expense		(34.7)	–	(34.7)	(6.8)	–	(6.8)
(Loss)/gain on disposal of businesses	16	(0.1)	–	(0.1)	4.1	–	4.1
Total recognised in loss before tax		(107.7)	(61.8)	(169.5)	(988.0)	(76.3)	(1,064.3)
Exceptional income tax credit/(expense)	9	17.9	15.9	33.8	(5.1)	19.3	14.2
Total recognised in loss for year		(89.8)	(45.9)	(135.7)	(993.1)	(57.0)	(1,050.1)
Discontinued operations							
Restructuring costs							
Staff redundancy costs		(0.3)	–	(0.3)	(3.8)	–	(3.8)
Other		–	–	–	(0.8)	–	(0.8)
Total restructuring costs		(0.3)	–	(0.3)	(4.6)	–	(4.6)
Amortisation and impairment charges							
Amortisation of acquired intangibles		–	–	–	–	(7.9)	(7.9)
Impairment charge in respect of goodwill		–	–	–	(154.4)	–	(154.4)
Total amortisation and impairment charges		–	–	–	(154.4)	(7.9)	(162.3)
Total recognised in operating loss		(0.3)	–	(0.3)	(159.0)	(7.9)	(166.9)
Costs of renegotiating Group's bank facilities							
Fees charged by bank syndicate		–	–	–	(0.3)	–	(0.3)
Other costs		–	–	–	(0.1)	–	(0.1)
Total costs of renegotiation of the Group's bank facilities	13	–	–	–	(0.4)	–	(0.4)
Finance asset impairments and related accounting items							
Unamortised debt issue costs		(1.5)	–	(1.5)	–	–	–
Interest rate swaps accounting: mark-to-market		–	–	–	(0.3)	–	(0.3)
Notional interest on exceptional provisions		–	–	–	(0.4)	–	(0.4)
Total finance asset impairments and related accounting items		(1.5)	–	(1.5)	(0.7)	–	(0.7)
Total recognised in finance expense		(1.5)	–	(1.5)	(1.1)	–	(1.1)
Loss on disposal of business	16	(2.1)	–	(2.1)	–	–	–
Total recognised in loss before tax		(3.9)	–	(3.9)	(160.1)	(7.9)	(168.0)
Exceptional income tax (expense)/credit	9	–	–	–	(6.0)	2.3	(3.7)
Total recognised in loss for year		(3.9)	–	(3.9)	(166.1)	(5.6)	(171.7)

7. Exceptional items and amortisation of acquired intangibles (continued)

Continuing operations

Restructuring costs

Restructuring costs of €38.7m (2008: €3.4m) related mainly to redundancy costs associated with the Group's cost reduction programmes and reflected a reduction in full-time equivalents from 31 December 2008 to 31 December 2009 of 1,359. The costs were significantly lower than in 2008, where charges of €57.5m were taken in the Dutch businesses largely in connection with a major back office reorganisation, that was completed in 2009, and the closure of print plants. The Group expects that charges for staff redundancy in 2010 will be lower still than in 2009. The exceptional share-based payment expense of €2.4m (2008: €nil) represents the acceleration of accounting charges on share options under the Executive Share Option Plan ("ESOP") which were cancelled early. Other restructuring costs of €9.1m (2008: €16.2m) included provisions for onerous leases on properties vacated during the restructuring; in 2008, this included the costs associated with the reorganisation and refurbishment of the Copenhagen offices and costs related to the moving of the listing of the Company's shares from AIM to the main list of the LSE. The redundancy and restructuring costs above included the net effect of new provisions made in the year of €38.2m and the reversal of previously established provisions of €10.5m.

Pensions transfer charge

In December 2009, the pension scheme (the APW) of the Group's subsidiary Wegener, which had provided pensions solely for current and former employees of Wegener, was merged with a multi-employer scheme for the Dutch publishing industry (the PGB). The transfer was made at a time of favourable relative scheme valuations so far as the APW was concerned and is designed to provide more effective future investment management and scheme administration. As a result of the transfer, the Group has recognised an employee benefit obligation (as calculated actuarially) of €25.4m. This obligation relates to the future funding, through premiums to the PGB over a period of up to ten years, of past-service obligations to future pensioners that had been suspended for a while in the early 2000s. The premiums payable to the PGB, including those in relation to this past service obligation, will be no higher than previously were payable to the APW. In addition, in 2009 the Group incurred a cost of €1.5m relating to a one-off payment to the PGB. Both the APW and PGB have been accounted for as defined contribution schemes.

Amortisation and impairment charges

In the year ended 31 December 2009, the Group recorded a charge of €1.8m (year ended 31 December 2008: €76.3m) in respect of its acquired intangibles. Note 6 analyses the amortisation of acquired intangibles by operating segment.

Impairment charges of €7.3m were recognised in the year to 31 December 2009 (2008: €91.9m). These related mainly to software and property plant and equipment that had become fully or partially disused as a result of the rationalisation of the Group's operations. The 2008 amount included a total of €85.1m in respect of the impairment of goodwill and acquired intangible assets, reflecting the effect that the deterioration in the economic climate had on the value of the Group's assets. No impairment charges for goodwill or acquired intangible assets were recorded in 2009.

Costs of renegotiating Group's bank facilities

The Group expensed €4.0m (2008: €2.1m) of fees payable to its lending banks as part of the renegotiation of the revised facility agreement. In addition, €3.4m (2008: €0.9m) of professional and other costs have been recorded as exceptional items. Further fees paid to the banks and other third parties which confer future benefits (in total €8.8m in 2009) have been capitalised and deferred in the consolidated balance sheet as prepaid fees.

Finance asset impairment and other accounting items

The renegotiation of the Group's bank facilities agreement resulted in a charge of €7.9m to impair the remaining capitalised debt issue costs from the October 2007 facility agreement. In addition, an accounting charge of €13.2m was recorded to transfer previously recognised changes in the fair value of interest rate hedges from the cash flow hedge reserve to the consolidated income statement. Other finance accounting exceptional items were the mark-to-market movement of interest rate swaps not accounted for as hedges of €3.4m (2008: €2.3m), a share-based payment expense for share warrants of €0.5m (2008: €nil) and the unwinding of notional interest on exceptional provisions €2.3m (2008: €1.5m). The Group will continue to treat any mark-to-market movements of existing interest rate swaps that are not accounted for as hedges as exceptional items in its consolidated income statement until the instruments mature in March 2011.

(Loss)/gain on disposal of businesses

In 2009, the Group disposed of its north-western Norway operations and its 37% share of the Dutch AD NieuwsMedia national newspaper business (together with an associated print plant) within continuing operations, resulting in a combined loss on the disposals of €0.4m. In 2009, the Group made other, smaller disposals which generated a gain of €0.3m. The north-western Norway disposal had been completed by the time of completion of the 2008 consolidated financial statements, and a charge to write the disposed-of assets down to the disposal proceeds was recorded in the 2008 consolidated financial statements as part of the goodwill and acquired intangible impairment charges. The loss on disposal includes the recycling of foreign currency differences from equity of €3.4m. In 2008, the Group disposed of its Direct Marketing and De Trompetter businesses, recording a gain on disposal of €4.1m (including recycling of foreign exchange of €0.5m).

Exceptional income tax credit/(expense)

An exceptional income tax credit of €33.8m was recorded in 2009 (2008: €14.2m). €15.9m (2008: €19.3m) of this is due to deferred tax credits arising on the amortisation of the Group's acquired intangibles and €17.9m (2008: €15.4m) relates to exceptional tax credits recorded on exceptional operating and finance items. In 2008, credits of €10.7m and €2.3m arose as a consequence of impairing the Group's Denmark and Poland acquired intangibles by €43.1m and €12.0m, respectively, which resulted in the related deferred tax liabilities being extinguished. In addition, a charge of €33.5m arose in 2008 on the write-down of the Group's Denmark tax assets after it was determined that these were not recoverable.

Discontinued operations

Included within the results of the discontinued operations are exceptional items totalling a charge of €3.9m (2008: charge of €166.1m, including a goodwill impairment charge of €154.4m). The 2009 charge includes €2.1m relating to the loss on disposal of Mecom Germany which is discussed in detail in Note 16.

An exceptional tax charge of €3.7m was recorded in 2008. A charge of €6.8m arose on the write-down of Germany's deferred tax assets after it was determined that these were not recoverable. This was offset by €2.3m due to deferred tax credits arising on the amortisation of Germany's acquired intangibles. €0.8m relates to an exceptional tax credit arising from the reversal of an exceptional tax provision made in 2007.

8. Finance income and expense

Below is an analysis of the Group's finance income and expense, split between continuing and discontinued operations and also split between regular and exceptional items. The prior year comparative figures are shown as restated, arising from the change in presentation currency but also from the directors opting to provide a more detailed breakdown of amounts recorded in 2008 to match with the current year's presentation.

	Note	Year ended 31 December 2009			(restated) Year ended 31 December 2008		
		Continuing operations €m	Discontinued operations €m	Total €m	Continuing operations €m	Discontinued operations €m	Total €m
Recognised in consolidated income statement:							
Bank interest receivable		4.7	–	4.7	22.7	0.1	22.8
Unwinding of discounted receivable	16	0.4	–	0.4	–	–	–
Other		0.8	–	0.8	2.2	0.9	3.1
Total finance income before exceptional items		5.9	–	5.9	24.9	1.0	25.9
Interest payable on loans and overdrafts							
Interest payable on loans and overdrafts		(37.2)	(1.8)	(39.0)	(65.7)	(7.3)	(73.0)
Accreted interest on convertible loan notes	13	(0.5)	–	(0.5)	(2.1)	–	(2.1)
Amortisation of debt issue costs		(2.0)	–	(2.0)	(3.1)	(0.5)	(3.6)
Finance charges payable under finance leases		(0.9)	–	(0.9)	(1.5)	–	(1.5)
Unwinding of discounts		(0.4)	–	(0.4)	(0.8)	–	(0.8)
Commitment fees on bank loans and overdrafts		(2.2)	–	(2.2)	(1.4)	(0.3)	(1.7)
Loss on interest rate swaps		(0.2)	–	(0.2)	(0.3)	–	(0.3)
Total finance expense before exceptional items		(43.4)	(1.8)	(45.2)	(74.9)	(8.1)	(83.0)
Net finance expense before exceptional items		(37.5)	(1.8)	(39.3)	(50.0)	(7.1)	(57.1)
Exceptional items:							
Exceptional finance expense	7	(34.7)	(1.5)	(36.2)	(6.8)	(1.1)	(7.9)
Total finance income		5.9	–	5.9	24.9	1.0	25.9
Total finance expense		(78.1)	(3.3)	(81.4)	(81.7)	(9.2)	(90.9)

9. Tax

The major components of the income tax (expense)/credit in the consolidated income statement were:

	Year ended 31 December 2009			(restated) Year ended 31 December 2008			
	Continuing operations €m	Discontinued operations €m	Total €m	Continuing operations €m	Discontinued operations €m	Total €m	
Current income tax	(1.9)	–	(1.9)	(3.9)	(0.3)	(4.2)	
Deferred tax	23.2	–	23.2	(0.4)	(3.3)	(3.7)	
Income tax credit/(expense) reported in the consolidated income statement	21.3	–	21.3	(4.3)	(3.6)	(7.9)	
Of which:							
(Expense)/credit in respect of profit before exceptional items and amortisation of acquired intangibles	(12.5)	–	(12.5)	(18.5)	0.1	(18.4)	
Credit/(expense) in respect of exceptional items and amortisation of acquired intangibles	33.8	–	33.8	14.2	(3.7)	10.5	

Tax relating to items recognised directly in equity was as follows:

	Year ended 31 December 2009 €m	(restated) Year ended 31 December 2008 €m
Income tax credit arising on change in fair value of cash flow hedges	0.3	3.9
Income tax charge arising on transfer from cash flow hedge reserve to consolidated income statement of cumulative losses on certain interest rate swaps on ending of hedge relationship	(2.3)	–
Income tax (charge)/credit arising on actuarial (gain)/loss on defined benefit pension schemes	(3.4)	3.9
Income tax (charge)/credit recognised directly in equity	(5.4)	7.8

9. Tax (continued)

A reconciliation between the tax credit and the product of accounting loss multiplied by the Company's domestic tax rate is as follows:

	Year ended 31 December 2009 €m	(restated) Year ended 31 December 2008 €m
Loss from continuing operations before tax	(146.2)	(997.9)
Loss from discontinued operations before tax (see Note 10)	(4.0)	(160.3)
Less: share of results of associates	(0.4)	(4.5)
Accounting loss before tax before share of results of associates	(150.6)	(1,162.7)
At the UK corporation tax rate of 28.0% (2008: 28.5%)	42.2	331.4
Effect of:		
Non-deductible expenses	(5.4)	(281.9)
Tax exempt income	4.7	3.1
Current year losses for which no deferred tax is recognised	(18.2)	(21.4)
Over/(under) provision in prior periods	2.0	(0.3)
Differences in overseas tax rates	(3.4)	(9.0)
Write-off of deferred tax balances	(0.8)	(29.0)
Other differences	0.2	(0.8)
Income tax credit/(expense) reported in the consolidated income statement	21.3	(7.9)

The non-deductible expenses in 2008 related primarily to the Group's €84.4m impairment charge in respect of goodwill which did not attract any tax credits.

During 2008, the Group wrote-off a total of €40.3m of deferred tax assets. €29.0m of this is shown above as "write-off of deferred tax balances", with €1.3m being included in "current year losses for which no deferred tax is recognised" in 2008.

10. Discontinued operations

On 12 January 2009, the Group entered into a sale agreement to dispose of all of its German operations ("Mecom Germany"). The disposal was completed on 27 March 2009. On a cash- and debt-free basis, the purchase price agreed with the purchaser, M. DuMont Schauberg Expedition der Kölnischen Zeitung GmbH & Co KG ("Du Mont"), was €152.0m. The disposal was part of the Group's strategy to strengthen its balance sheet and to ensure the remaining Group was in a stronger position to operate successfully in the then current market conditions.

This operation, which represented a major component of the Group, is included within the category "Mecom disposed" for management and therefore internal reporting purposes in both 2009 and 2008 (see Note 6).

This operation was accounted for as a subsidiary before being classified as a discontinued operation in both the current and prior year. Accordingly, the Group has reported the income and expenses of this discontinued operation separately from income and expenses of its continuing operations for the years ending 31 December 2009 and 2008. The results of the discontinued operation which have been included in the consolidated income statement were as follows:

	Year ended 31 December 2009			(restated) Year ended 31 December 2008			
	Note	Before exceptional items and amortisation of acquired intangibles €m	Exceptional items and amortisation of acquired intangibles (see Note 7) €m	After exceptional items and amortisation of acquired intangibles €m	Before exceptional items and amortisation of acquired intangibles €m	Exceptional items and amortisation of acquired intangibles (see Note 7) €m	After exceptional items and amortisation of acquired intangibles €m
Revenue		33.0	–	33.0	150.2	–	150.2
Cost of sales		(10.1)	–	(10.1)	(42.8)	–	(42.8)
Gross profit		22.9	–	22.9	107.4	–	107.4
Operating costs		(21.2)	(0.3)	(21.5)	(93.2)	(166.9)	(260.1)
Share of results of associates		–	–	–	0.6	–	0.6
Operating profit/(loss)		1.7	(0.3)	1.4	14.8	(166.9)	(152.1)
Finance income	8	–	–	–	1.0	–	1.0
Finance expense	8	(1.8)	(1.5)	(3.3)	(8.1)	(1.1)	(9.2)
Loss on disposal of business	7,16	–	(2.1)	(2.1)	–	–	–
(Loss)/profit before tax of a discontinued operation¹		(0.1)	(3.9)	(4.0)	7.7	(168.0)	(160.3)
Income tax credit/(expense)	9	–	–	–	0.1	(3.7)	(3.6)
(Loss)/profit for the year from a discontinued operation		(0.1)	(3.9)	(4.0)	7.8	(171.7)	(163.9)

¹ Excluding the loss on disposal in 2009 of €2.1m (see Note 16) and an impairment charge in 2008 of €154.4m (see below), the loss before tax of a discontinued operation for the year ended 31 December 2009 and 2008 was €1.9m and €5.9m, respectively. The corresponding loss after tax of a discontinued operation for the year ended 31 December 2009 was €1.9m and €5.5m.

As a consequence of the net disposal proceeds being lower than the disposal group's book value, an impairment charge was recognised in 2008 of €154.4m in order to write the disposal group's net assets down to their fair value less costs to sell. This amount was included within the disposal group's exceptional operating costs of €166.9m, as set out above.

10. Discontinued operations (continued)

The net cash flows associated with the German operations are as follows:

	Year ended 31 December 2009 €m	(restated) Year ended 31 December 2008 €m
Net cash from operating activities	0.2	11.6
Net cash (used in)/from investing activities	(0.1)	0.3
Net cash flows used in financing activities	(2.6)	(12.0)

As explained in further detail in Note 16, on 27 March 2009 the Group completed the disposal of this operation for total net proceeds of €146.0m (including net cash proceeds of €133.0m), resulting in a loss on disposal of €2.1m.

11. Earnings per share

Basic earnings per share is calculated by dividing net profit/(loss) for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Basic adjusted earnings per share is calculated by dividing adjusted earnings for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period. Adjusted earnings are the profit/(loss) for the period attributed to ordinary equity holders of the parent adjusted to exclude exceptional items and amortisation of acquired intangibles (net of related tax and minority interests).

Diluted earnings per share and diluted adjusted earnings per share are calculated after assessing the effect of potentially dilutive shares issued under convertible loan notes (see Note 13), warrants and the Group's share-based payment awards. The potential shares did not give rise to a decrease in profit per share or an increase in loss per share. As such, potential shares were considered anti-dilutive and did not lead to adjustments in diluted earnings per share or diluted adjusted earnings per share.

As discussed in Note 14, a 100-for-1 share consolidation occurred on 23 July 2009. The 2009 weighted average number of ordinary shares has been calculated as if the share consolidation occurred at the beginning of the year. Likewise, the 2008 weighted average number of ordinary shares has also been restated as if the 100-for-1 share consolidation occurred at the start of the year.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these condensed consolidated financial statements.

	Year ended 31 December 2009 000s	(restated) Year ended 31 December 2008 000s
Weighted average number of ordinary shares for basic and diluted earnings per share and adjusted basic and adjusted diluted earnings per share	64,559	15,720
	Euros per share	(restated) Euros per share

Earnings per share:

IFRS measures

Basic and diluted: continuing operations	(1.88) euros	(63.49) euros
discontinued operations	(0.06) euros	(10.43) euros
continuing and discontinued operations	(1.94) euros	(73.92) euros

Non-IFRS measures

Adjusted basic: continuing operations	0.07 euros	2.60 euros
and diluted discontinued operations	-	0.49 euros
continuing and discontinued operations	0.07 euros	3.09 euros

The earnings per share for continuing operations exclude the discontinued German operations, as discussed in Note 10.

Adjusted earnings per share

The directors believe that the presentation of adjusted earnings per share, being the basic earnings per share adjusted for exceptional items and amortisation of acquired intangibles (and any related tax effects) and the minority interest share of those items, helps to explain the underlying performance of the Group. A reconciliation of basic to adjusted earnings per share is as follows:

	Year ended 31 December 2009		(restated) Year ended 31 December 2008	
	€m	Euros per share	€m	Euros per share
Basic earnings	(125.5)	(1.94) euros	(1,162.0)	(73.92) euros
Add back exceptional items (see Note 7)	111.6	1.72 euros	1,148.1	73.03 euros
Add back amortisation of acquired intangibles (see Note 7)	61.8	0.96 euros	84.2	5.36 euros
Deduct exceptional tax credits for year (see Note 7)	(33.8)	(0.52) euros	(10.5)	(0.67) euros
Deduct minority interest share of above	(10.0)	(0.15) euros	(11.2)	(0.71) euros
Adjusted earnings	4.1	0.07 euros	48.6	3.09 euros
Add back/(deduct) adjusted loss/(earnings) of discontinued operations	0.1	- euros	(7.8)	(0.49) euros
Adjusted earnings – continuing operations only	4.2	0.07 euros	40.8	2.60 euros

12. Cash and cash equivalents

	2009 €m	(restated) 2008 €m
Cash at bank and in-hand	100.7	111.0
Short-term deposits	3.9	6.4
Cash and cash equivalents per the consolidated balance sheet	104.6	117.4
Bank overdrafts	(29.5)	(5.0)
Cash and cash equivalents per the consolidated cash flow statement	75.1	112.4

13. Borrowings

	2009 €m	(restated) 2008 €m	(restated) 2007 €m
Bank overdrafts	(29.5)	(5.0)	(4.5)
Bank borrowings	(429.3)	(730.2)	(750.8)
Convertible loan notes	-	(31.0)	(38.7)
Other	(10.2)	(3.9)	(8.1)
Total	(469.0)	(770.1)	(802.1)

Shown in the consolidated balance sheet as:

Non-current	(416.0)	(3.9)	(770.2)
Current	(53.0)	(766.2)	(31.9)

In the absence of a signed revised facility agreement for its bank borrowings, at 31 December 2008 the Group classified all bank borrowings as current. However, as described below, in May 2009 the Group did reach an agreement with its syndicate of lending banks on certain amendments to its bank facilities and therefore the relevant bank borrowings have been classified as non-current in the 31 December 2009 consolidated balance sheet. At 31 December 2009, current borrowings of €53.0m include gross bank borrowings of €20.0m which will be repaid in December 2010. In addition, the convertible loan notes (which were denominated in pounds sterling and so were subject to foreign exchange movements in the condensed consolidated financial statements) of €31.0m at 31 December 2008 were repaid from the proceeds of the rights issue in early July 2009.

The Group's net debt is as follows:

	Note	2009 €m	(restated) 2008 €m	(restated) 2007 €m
Cash and cash equivalents	12	104.6	117.4	104.1
Borrowings		(469.0)	(770.1)	(802.1)
Borrowing included within liabilities directly associated with assets classified as held for sale	16	-	(4.7)	-
Obligations under finance leases		(9.0)	(25.1)	(25.2)
Total net debt		(373.4)	(682.5)	(723.2)

In the 2008, the Group included derivative financial instruments within net debt. However, in the new bank facility agreement, which is explained in detail below, the net debt definition excludes derivative financial instruments. Therefore, the directors have decided to also exclude these items from reported net debt, resulting in the amounts for 2008 and 2007 being restated.

The Group's average net debt for 2009 was €23.4m (2008: €745.5m).

13. Borrowings (continued)

The movement in the Group's net debt in the years ended 31 December 2009 and 2008 is presented below. Since the proceeds and repayment of borrowing obligations from cash and cash equivalents have no effect on net debt, various financing flows from the consolidated cash flow statement itself do not appear in the table.

	Note	(restated)	
		Year ended 31 December 2009 €m	Year ended 31 December 2008 €m
Net debt as 1 January (restated)		(682.5)	(723.2)
Non-cash movements:			
Accreted interest on convertible loan notes	8	(0.5)	(2.1)
Capitalisation of debt issue costs		8.8	-
Amortisation of debt issue costs	7,8	(11.4)	(3.6)
Finance charges payable under finance leases	8	(0.9)	(1.5)
New finance leases entered into		(0.6)	(5.6)
Business combinations		-	(1.3)
Disposal of businesses:			
- Mecom Germany	16	4.5	-
- AD	16	9.9	-
Cash movements:			
Net cash from operating activities		56.4	138.6
Net cash from/(used in) investing activities		175.6	(51.6)
Net proceeds from issue of share capital		155.5	-
(Payments made)/proceeds received due to settlement of financial instruments		(4.1)	5.7
Interest and other finance expenses paid		(44.1)	(66.6)
Fees paid on renegotiation of Group bank facilities		(17.2)	(2.4)
Dividends paid to minority interests		(0.4)	(0.3)
Exchange differences		(22.4)	31.4
Net debt at 31 December		(373.4)	(682.5)

Bank borrowings

i Terms of bank borrowings at 31 December 2009 and 2008

On 22 May 2009, the Group reached an agreement with its syndicate of lending banks on certain amendments to its debt facilities. Following these amendments, the Group's facilities are on the following terms at 31 December 2009:

- total facilities of €82.5m (after the effect of foreign exchange on amounts drawn in currencies other than euros), comprising an amortising term loan facility ("term loan B") of €352.0m maturing in October 2013, a revolving credit facility ("RCF") of up to €200.0m maturing in 2013 and an additional term loan facility ("term loan A") of €30.5m maturing in October 2012;
- amounts available under the RCF (in excess of €10.0m at 31 December 2009; €50.0m at 31 December 2010 and €35.0m thereafter), will vary according to the amount of gross cash and cash equivalents on the Group's balance sheet;
- margin on term loan B of 350 basis points over the relevant inter-bank rate;
- margin on the RCF of 300 basis points over the relevant inter-bank rate;
- margin on term loan A of 350 basis points over the relevant inter-bank rate, with a 200 basis points additional non-cash margin accruing from 1 January 2010 and increasing by a further 200 basis points on 1 July 2010 and by a further 200 basis points on 1 January 2011;
- cash margins under the term loans and RCF are subject to downward adjustment in the event that the Group's leverage falls below 3.0 times or 2.0 times, respectively;
- leverage, interest cover and operating cash flow covenants to be tested at 30 June 2010, 31 December 2010 and quarterly thereafter;
- June 2010 leverage covenant of 5.25 times, falling to 4.50 times at 31 December 2010;
- June 2010 interest cover covenant of 2.25 times, rising to 2.50 times at 31 December 2010 and rising to 4.00 times by 31 December 2011 via quarterly incremental uplifts through 2011;
- a restriction on the Company's ability to make dividend payments unless the Group's leverage ratio (after the payment of any dividend) is less than 2.5 times;
- covenants on the total capital expenditure and exceptional items of the Group, tested annually from 31 December 2009; and
- warrants over 785,993.71 the Company's shares issued to the banks, which at 31 December 2009 represented 0.7% of the Company's enlarged share capital.

On 22 December 2008, the Group announced that the 31 December 2008 covenant test date under its banking facilities had been deferred to 28 February 2009, by agreement with its lending banks. From 22 December 2008 the Group's interest rate margin increased to 3.5% and the Group's RCF was capped at €195.0m (from €400.0m). At 31 December 2008, the Group's amended bank facilities provided loan facilities of €795.0m, comprised of a €600.0m amortising term loan facility and a €195.0m RCF.

At 31 December 2009, the Group's bank borrowings were secured by a charge over certain of the Group's assets, primarily through pledges over the shares of its subsidiaries.

ii Fees incurred in years ended 31 December 2009 and 2008

As part of the amendments to the bank facilities on 22 May 2009 described above, the Group paid €1.2m to its bank lenders and the Group also incurred professional fees of €6.0m. Of the total cash outflow of €17.2m, €7.4m has been treated as an exceptional finance expense for the year ended 31 December 2009 and €8.8m has been capitalised as prepaid debt issue costs. The remaining €1.0m is the net movement in opening and closing payables in respect of professional fees.

In addition, in the year ended 31 December 2009, the Group recognised an exceptional share-based payment expense of €0.5m in respect of the 78.6m share warrants, being the number of share warrants before the consolidation of the Company's share capital.

As part of the 22 December 2008 agreement described above, the Group paid its lending banks a covenant amendment fee of €2.4m, and also incurred related professional fees of €1.0m in 2008. The total charge of €3.4m was treated as an exceptional finance charge (split between continuing and discontinued operations) for the year ended 31 December 2008 (see Note 7).

13. Borrowings (continued)

iii Repayment profiles of bank borrowings at 31 December 2009 and 2008

Term loan B of €352.0m¹ (arising from the amendment to the Group's facilities) has the following repayment profile:

	€m
December 2010	20.0
Year to 31 December 2011 (€5.0m repaid quarterly)	20.0
Year to 31 December 2012 (€5.0m repaid quarterly)	20.0
March, June and September 2013 (€5.0m repaid each month)	15.0
October 2013	277.0

¹ This figure includes an amount of Norwegian krone denominated loans which have been translated into euros at 31 December 2009, the effect of which was to increase the euro value of term loan B by €2.0m from the figure stated (€350.0m) in the original facilities agreement, as signed on 22 May 2009.

Term loan A of €30.5m is repayable in full on the maturity date of 31 October 2012.

For disclosure purposes, the repayment profile of the €600.0m term loan which existed at 31 December 2008, but which was subsequently amended in 2009, is presented below. The amounts given from 2009 onwards are purely for information purposes because, as described above, the Group's bank facilities were amended during 2009.

	€m
December 2008 (paid during 2008)	30.0
June 2009, 2010, 2011 and 2012 (€30.0m repaid annually; superseded from 22 May 2009)	120.0
December 2009, 2010 and 2011 (€30.0m repaid annually; superseded from 22 May 2009)	90.0
October 2012 (superseded from 22 May 2009)	360.0

iv Analysis of bank borrowings at 31 December 2009, 2008 and 2007

At 31 December 2009, 2008 and 2007, the amounts drawn under terms loans and the RCF, together with the amount of related unamortised debt issue costs, are set out below.

	2009 €m	(restated) 2008 €m	(restated) 2007 €m
Term loans	382.5	551.7	592.9
RCF	54.6	188.1	174.5
Total bank borrowings (gross)	437.1	739.8	767.4
Related unamortised debt issue costs	(7.8)	(9.6)	(16.6)
Total bank borrowings (net)	429.3	730.2	750.8

The Group's term loans and RCF are multi-currency facilities. At 31 December 2009, the actual underlying gross borrowings (term loans and RCF) comprise euro denominated loans of €366.0m (2008: €540.1m; 2007: €336.8m), Norwegian krone denominated loans of NOK588.9m (2008: NOK1,597.6m; 2007: NOK1,608.0m), Danish krone denominated loans of DKKnil (2008: DKK190.0m; 2007: DKK209.5m) and sterling denominated loans of £nil (2008: £10.0m; 2007: £nil), with all euro amounts calculated using the closing rates as set out in Note 4.

Included in the related unamortised debt issue costs of €7.8m at 31 December 2009 is an amount of €3.4m, being an extension fee accrued by the Group that extends the maturity of the bank borrowings to October 2013. This was paid in July 2009.

v Leverage ratios for years ended 31 December 2009 and 2008

The Group's leverage, expressed as the ratio of net debt (see above) to adjusted EBITDA for "Mecom ongoing" (as defined in Note 6, "Mecom ongoing" excludes all significant operations that have been disposed of during the year regardless of whether they are accounted for as "discontinued operations" under IFRS), was 3.12 times for the 12 months ended 31 December 2009 (12 months ended 31 December 2008: 4.14 times). The Group's leverage covenant under its facility agreement (which is calculated on the same basis as the above), when first tested at 30 June 2010, is for actual leverage to be less than 5.25 times, falling to be less than 4.50 times at 31 December 2010.

Below is a summary of how the interest margin (for term loans and the RCF) will vary in relation to the Group's leverage ratio under the terms of the facilities as amended on 22 May 2009:

Leverage ratio	Interest rate margin per annum
In respect of the Group's term loans:	
Greater than 3.0 times	3.50%
Equal to or less than 3.0 times but greater than 2.5 times	3.00%
Equal to or less than 2.5 times but greater than 2.0 times	2.50%
Equal to or less than 2.0 times	2.00%
In respect of the Group's RCF:	
Greater than 2.0 times	3.00%
Equal to or less than 2.0 times	2.50%

In 2008 (up to the 22 December covenant test date extension), the interest rates of the facilities were charged by reference to a specified margin over the relevant LIBOR, EURIBOR or NIBOR rate. The initial margin was 1.75% per annum for the first six months following the first utilisation date in 2007. After this period, the interest rate margin was dependent on the Group's ratio of net debt to EBITDA (the leverage ratio). Below is a summary of how the interest margin would have varied depending on the Group's leverage up to 22 December covenant test date extension. The amounts given are purely for information purposes because, as described above, the Group's bank facilities were amended during 2009.

13. Borrowings (continued)

Leverage ratio	Interest rate margin per annum up to 22 December 2008 covenant test date extension
Greater than 3.0 times	1.75%
Equal to or less than 3.0 times but greater than 2.5 times	1.50%
Equal to or less than 2.5 times but greater than 2.0 times	1.25%
Equal to or less than 2.0 times but greater than 1.5 times	1.00%
Equal to or less than 1.5 times	0.75%

As noted above, from 22 December to 31 December 2008, the Group's interest rate margin increased to 3.5%, irrespective of the Group's net debt to EBITDA ratios.

Convertible loan notes

As part-consideration for the acquisition of Berliner Verlag in 2007, the Group issued £30.6m (€36.0m) unsecured zero coupon convertible loan notes. The terms of the convertible loan notes were such that they were to be either repaid or converted into ordinary shares of Mecom Group plc, at a price of 76 pence per share, on the redemption date of 12 April 2009. In April 2009, the maturity of these convertible loan notes was deferred, with the Group settling the obligation with a €36.0m payment on 1 July 2009 from the proceeds of the rights issue (see Note 14).

On issue the convertible loan notes were split for accounting purposes between the liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity of the Company. The balances in these condensed consolidated financial statements in respect of these two elements are as follows:

	€m
Equity component at date of issue and at 31 December 2008 (restated) and 2009	5.0
Liability component at 31 December 2007 (restated)	38.7
Accreted interest recognised in year ended 31 December 2008 (see Note 8)	2.1
Exchange differences	(9.8)
Liability component at 31 December 2008 (restated)	31.0
Accreted interest recognised in year ended 31 December 2009 (see Note 8)	0.5
Cash settlement	(36.0)
Exchange differences	4.5
Liability component at 31 December 2009	-

The equity component of €5.0m was credited to the share-based payment reserve in 2007. As a result of the instrument being settled in cash without conversion into shares during 2009, the equity component of €5.0m was transferred to retained earnings from the share-based payment reserve.

The accreted interest is a non-cash finance expense (see Note 8) and represents the unwinding of the discount in the amount recognised on issue as a liability.

Other loans

Other loans at 31 December 2009 include a floating-rate mortgage of €0.5m (2008: €0.5m) that expires in December 2017. During 2009, the average interest rate of this mortgage was 4.0% (2008: 5.2%).

Also included in other loans at 31 December 2009 are two variable-rate unsecured Danish krone loans totalling €2.3m (2008: €2.1m), with interest being charged at CIBOR plus 2.5% and which expire in 2010. There is an additional secured variable-rate Danish krone loan of €0.3m (2008: €0.3m), which had an interest rate of 8.7% at 31 December 2009 (2008: 8.0%) and expires in 2016.

During the year, the Group, via one of its subsidiaries, established two new fixed-rate Danish krone loans for €3.4m and €3.0m which expire in 2011 and 2039, respectively. Interest is charged on both loans at 5.8%. The Group, via certain of its joint-ventures, has a further three fixed-rate Danish krone loans (two of which are secured; one is unsecured) totalling €0.7m at 31 December 2009 (2008: €1.0m) with interest rates of between 3.0% and 5.1%. These expire in 2010, 2011 and 2024. The Danish krone joint-venture loans described above represent the Group's share (after proportional consolidation) of external loans.

14. Called up share capital

On 26 June 2009, 9,431,925,876 ordinary shares were issued via a six-for-one rights issue. Each rights issue share had a nominal value of 0.6085888 pence, or 0.7145 eurocents, and an issue price of 1.5 pence, or 1.7610 eurocents, with the amounts in eurocents based upon the GBP/EUR spot rate on the transaction date. Gross proceeds from the transaction were €66.1m, with €67.4m being credited to share capital and €98.7m being credited to the share premium account. Expenses of €10.6m were incurred as part of the rights issue, which were all paid during the year and which were recorded as a debit to the share premium account. The net increase to the share premium account during the year was therefore €88.1m. Net proceeds from the rights issue were €155.5m.

Subsequent to the rights issue, the Company's issued share capital comprised 11,003,913,522 ordinary shares. On 23 July 2009 there was a share consolidation, whereby every 100 existing ordinary shares were consolidated into one new ordinary share. Prior to the share consolidation, a further 78 ordinary shares were allotted such that post-consolidation the Company had 110,039,136 ordinary shares with a nominal value of 60.85888 pence (equivalent to a total value of €1.3m). At 31 December 2008, the Company had 1,571,987,646 ordinary shares with a nominal value of 0.06085888 pence (equivalent to a total value of €1.39m).

15. Commitments and contingencies

Commitments under publishing collaboration

During the year, the Group, through its subsidiary Wegener, entered into a long-term collaboration arrangement with the *De Pers* daily Dutch free newspaper to extend its printed-product footprint. The collaboration agreement involves Wegener selling and receiving advertising in *De Pers*, in exchange for an annual fee. This fee, which is recognised in operating costs, was approximately €2m in 2009, rising to approximately €7m in 2010 and €6m in 2011 and years thereafter during the agreement, which lasts until 2022. In addition, the agreement involves Wegener providing printing, distribution and various other back-office services for *De Pers*. Fees receivable by Wegener for these services are expected to be approximately €6m in 2010 and years thereafter.

Capital commitments

Capital commitments contracted but not provided at 31 December 2009 were €2.6m (31 December 2008: €17.4m).

Contingent liabilities

In September 2009, the Netherlands Competition Authority (Nederlandse Mededingingsautoriteit, "NMa") initiated an investigation into the alleged non-satisfaction of conditions set by the NMa within the context of its approval of Wegener's acquisition of VNU Dagbladen in 2000. The investigation pertains to whether *PZC* and *BN/DeStem* are kept in the market as two independent newspapers in Zeeland Flanders. On the date of approval of these condensed consolidated financial statements, the investigation was still in progress. The NMa is expected to issue its report in the first quarter of 2010 and therefore any potential financial consequences ensuing from the investigation for the Group cannot be reliably estimated at this stage.

16. Disposals of businesses

Disposals of businesses during the year ended 31 December 2009

Mecom Germany

As referred to in Note 10, on 27 March 2009 the Group sold its Mecom Germany operations to Du Mont for total net proceeds of €146.0m, comprising cash consideration on disposal of €141.0m and €12.0m of cash held in escrow less €3.0m of accrued costs in respect of potential completion adjustments and €4.0m of directly attributable costs. As set out in Note 10, the loss before tax of Mecom Germany from 1 January 2009 up to the date of disposal was €1.9m (2008: €160.3m, including a goodwill impairment charge of €154.4m).

The German operation was classified as a disposal group held for sale at 31 December 2008 and was presented separately in the 2008 consolidated balance sheet. The book values of the net assets at 27 March 2009 (date of disposal) and at 31 December 2008 (when the operation was classified as a disposal group held for sale) are summarised below, together with the related sales proceeds and the resulting gain on disposal.

	<u>Book value of net assets:</u> classified as	
	at disposal date of 27 March 2009 €m	held-for-sale at 31 December 2008 ¹ €m
Goodwill	88.4	88.4
Other intangible assets	54.4	54.4
Property, plant and equipment	36.0	36.0
Interests in associates	5.4	5.4
Investments	1.7	1.7
Pension assets	0.2	0.3
Deferred tax assets	2.9	2.9
Inventories	0.5	1.4
Trade and other receivables	12.3	14.2
Cash and cash equivalents	4.5	–
Total assets	206.3	204.7
Borrowings	(4.5)	(4.7)
Employee benefit obligations	(4.0)	(4.0)
Provisions	(2.6)	(3.7)
Trade and other payables	(25.1)	(26.8)
Current tax liabilities	(0.8)	(0.8)
Deferred tax liabilities	(21.2)	(21.2)
Total liabilities	(58.2)	(61.2)
Net assets disposed of	148.1	143.5
Sale proceeds:		
Cash	141.0	
Cash held in escrow yet to be received	12.0	
Less: accrual in respect of potential completion adjustments	(3.0)	
Less: directly attributable costs	(4.0)	
Total net proceeds	146.0	
Loss on disposal	(2.1)	

¹ On disposal, the balance of cash and cash equivalents of €4.5m was sold with the business, with proceeds increasing by a corresponding amount.

16. Disposals of businesses (continued)

The €12.0m of cash held in escrow was originally scheduled for release in two equal amounts on 27 September 2009 and 27 March 2010. However, at 31 December 2009, the full amount remained held in escrow, pending resolution of certain issues relating to the completion of the transaction for which the Group has accrued €3.0m at 31 December 2009.

As noted above, the purchase price on a cash- and debt-free basis was €152.0m. The terms of the sale and purchase agreement allowed for certain adjustments to be made to this amount in order to arrive at the actual total disposal proceeds of €146.0m. A reconciliation between the two amounts is shown below.

	€m
Purchase price on a cash- and debt-free basis	152.0
Less: accrual in respect of potential completion adjustments	(3.0)
Less: directly attributable costs of disposal	(4.0)
Add: working capital and other adjustments	1.0
Total net proceeds	146.0

The net cash inflow in the 2009 condensed consolidated financial statements from the disposal was €133.0m, comprising cash proceeds received on disposal of €141.0m less €3.5m of directly attributable costs paid and €4.5m of cash and cash equivalents disposed of.

The reduction in Group net debt both in 2009 and once all the outstanding escrow cash will have been received and the any accrued completion adjustments will have been settled as a result of this disposal is set out below.

	€m
Cash (net of directly attributable costs) used to repay borrowings	133.0
Disposal of obligations under finance leases	4.5
Total reduction in Group net debt in 2009 due to disposal	137.5
Escrow consideration to be received in cash used to repay bank borrowings	12.0
Settlement of accrual in respect of potential completion adjustments	(3.0)
Payment of remaining directly attributable costs	(0.5)
Total cumulative reduction in Group net debt due to disposal	146.0

North-western Norway

On 2 April 2009, the Group sold its north-western Norway ("NWN") operations (comprising the sale of shares and the sale of certain related print assets) to Polaris Media ASA for total net proceeds of €72.0m, comprising cash consideration of €75.4m less €1.0m of purchase price adjustments and €2.4m of directly attributable costs. The profit before tax of NWN from 1 January 2009 up to the date of disposal was €0.9m (2008: loss of €2.8m).

Based on the book values of the net assets disposed of, the related sales proceeds and the effect of recycling of foreign exchange, the loss on the disposal of NWN is €0.3m, as summarised below.

	Book value at date of disposal €m
Goodwill	38.2
Other intangible assets	12.1
Property, plant and equipment	17.3
Interests in associates	0.7
Inventories	0.3
Trade and other receivables	2.9
Cash and cash equivalents	12.5
Trade and other payables	(9.5)
Provisions	(0.3)
Employee benefit obligations	(1.9)
Current tax liabilities	(0.2)
Deferred tax assets	0.7
Deferred tax liabilities	(3.6)
Minority interest	(0.3)
Net assets disposed of	68.9
Sale proceeds:	
Cash	75.4
Less: purchase price adjustment	(1.0)
Less: directly attributable costs	(2.4)
Total net proceeds	72.0
Profit on disposal before recycling of foreign exchange	3.1
Recycling of foreign exchange	(3.4)
Loss on disposal	(0.3)

16. Disposals of businesses (continued)

Due to certain post-disposal adjustments, the Group agreed to repay €1.0m to Polaris ASA. This has been accrued by the Group at 31 December 2009 and was settled in February 2010.

The net cash inflow in the 2009 condensed consolidated financial statements from the disposal was €60.5m, comprising net cash proceeds of €73.0m less €12.5m of cash and cash equivalents disposed of.

The reduction in Group net debt both in 2009 and by February 2010 (when the purchase price adjustment was settled) as a result of this disposal is set out below.

	€m
Total reduction in Group net debt in 2009 due to disposal	60.5
Purchase price adjustment	(1.0)
Total cumulative reduction in Group net debt by February 2010 due to disposal	59.5

AD NieuwsMedia

On 31 July 2009, the Group sold its AD NieuwsMedia (“AD”) operations (comprising its 37.0% interest in the ordinary share capital of AD NieuwsMedia B.V. and certain related print assets) to PCM Uitgevers B.V. AD was sold for total net proceeds of €24.5m, comprising cash consideration of €15.5m and deferred consideration of €4.5m (after discounting) less new liabilities recognised of €4.8m and €0.7m of directly attributable costs. The profit before tax of AD from 1 January 2009 up to the date of disposal was €0.4m (2008: €1.6m).

Based on the book values of the net assets disposed of and the related sales proceeds, the loss on the disposal of AD is €0.1m, as summarised below.

	Book value at date of disposal €m
Other intangible assets	32.3
Property, plant and equipment	28.5
Inventories	0.6
Trade and other receivables	4.3
Cash and cash equivalents	0.7
Trade and other payables	(13.8)
Provisions	(4.3)
Employee benefit obligations	(5.7)
Obligations under finance leases	(9.9)
Deferred tax liabilities	(8.1)
Net assets disposed of	24.6
Sale proceeds:	
Cash	15.5
Deferred consideration (after discounting)	14.5
Less: new liabilities recognised in respect of onerous lease contracts and guarantees on sub-contracted printing	(4.8)
Less: directly attributable costs	(0.7)
Total net proceeds	24.5
Loss on disposal	(0.1)

The deferred consideration of €4.5m is stated after discounting the gross amount of €6.7m by €2.2m to reflect the time-value of money, using a discount rate of 5.85%. The €6.7m will be received in four equal instalments of €4.175m every June from 2010 to 2013. At 31 December 2009 the consolidated balance sheet includes €4.9m of deferred consideration receivable in respect of AD after €0.4m of unwinding of the discount which has been recorded in finance income (see Note 8).

As a result of disposing of AD, the Group had to recognise two new liabilities which have been included within the loss on disposal calculation. Firstly, a new onerous lease provision of €2.9m was recognised due to office space being no longer subcontracted to AD from March 2013, whereas the Group has contracted up to February 2018. Secondly, a new print contract accrual of €1.9m was recognised for contractually guaranteed print volumes over a three year period in excess of estimated output.

The net cash inflow in the 2009 condensed consolidated financial statements from the disposal was €4.1m, comprising cash proceeds of €5.5m less €0.7m of directly attributable costs paid and €0.7m of cash and cash equivalents disposed of.

The reduction in Group net debt both in 2009 and by June 2013 (when all the outstanding deferred consideration will have been received in cash) as a result of this disposal is set out below.

	€m
Cash (net of directly attributable costs) used to repay bank borrowings	14.1
Disposal of obligations under finance leases	9.9
Total reduction in Group net debt in 2009 due to disposal	24.0
Deferred consideration to be received in cash by June 2013 used to repay bank borrowings	16.7

16. Disposals of businesses (continued)**Other**

During 2009, the Group sold two other subsidiaries, these being Selekt Mail Nederland C.V. in the Netherlands and Mobiento AB in Sweden. Total net cash proceeds received in the year for these disposals totalled €5.3m, resulting in an aggregate gain on sale of €0.3m. These disposals resulted in a reduction to net debt of €5.3m.

17. Related party transactions

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. Details of other related party transactions are disclosed below.

Transactions with joint ventures and associates

The following table summarises the sales, purchases and amounts owed to and by the Group's associated undertakings and joint ventures.

	Sales to related parties €m	Purchases from related parties €m	Amounts owed by related parties €m	Amounts owed to related parties €m
Associates				
2009	3.5	10.8	1.9	0.1
2008 (restated)	6.0	13.9	2.7	1.0
Joint ventures				
2009	15.3	27.4	2.4	0.1
2008 (restated)	14.9	42.2	7.3	25.7

Sales of goods and services to related parties were made at the Group's usual list prices, less average volume discounts. Purchases were made at market prices. No provisions have been made for doubtful debts in respect of amounts owed by related parties.

Media Groep Limburg B.V. ("Limburg"), a wholly-owned subsidiary of the Group, made a loan to a defined benefit plan for its employees of €1.7m in 2002. This loan is being repaid in five equal instalments, one in every year that the fund is at least 105% funded. The loan attracts interest of 4.75% and at 31 December 2009 the balance due to Limburg was €0.3m (2008: €0.3m).

Transactions with key management

Key management of the Group is defined as the executive directors and the non-executive directors of Mecom Group plc.

In the year ended 31 December 2009, Robin Miller provided consultancy services through Robin Miller Consultants Limited. That company charged €2,000, or £2,000, for the year ended 31 December 2009 (for the year ended 31 December 2008: €38,000, or £30,000).

Fees for Alasdair Locke's services as a non-executive director up to 16 January 2009 and as the Chairman thereafter were €163,000, or £146,000, for year ended 31 December 2009 (for year ended 31 December 2008: €57,000, or £45,000) and were paid to Abbot Investments.

The Company operates a Share Incentive Plan ("SIP") in conjunction with an offshore employee benefit trust. The three participants at 31 December 2009 (2008: four participants) included two key management members (2008: three key management members), these being David Montgomery and Keith Allen. Robin Miller was a participant at 31 December 2008 but left the scheme during 2009.

In April 2009, Alasdair Locke confirmed his intention to subscribe or to provide sub-underwriting commitments in the proposed equity issue of Mecom Group plc. As part of the rights issue in June 2009, Mr Locke was issued with 65,993,329 ordinary shares for an aggregate amount of €1,106,000, or £990,000. Details of the Group's right issue are provided in Note 14.

18. Reconciliation of loss for the year to cash generated from operations

		Year ended 31 December 2009 €m	(restated) Year ended 31 December 2008 €m
Loss for the year		(128.9)	(1,166.1)
Adjusted for ¹ :			
Depreciation of property, plant and equipment		44.9	57.6
Amortisation of software		17.9	16.3
Amortisation of acquired intangibles		61.8	84.2
Impairment charges in respect of:			
goodwill		–	984.4
acquired intangibles		–	55.1
software		2.1	–
property, plant and equipment		4.8	3.4
interests in associates		0.2	1.6
investments		0.2	1.8
Share-based payment expense		3.5	0.6
Loss/(gain) on disposal of businesses	16	2.2	(4.1)
Gain on disposal of property, plant and equipment		(0.9)	(3.1)
Loss on disposal of associates and investments		0.2	0.5
Finance income	8	(5.9)	(25.9)
Finance expense	8	45.2	83.0
Net exceptional finance expense	8	36.2	7.9
Tax (credit)/expense on continuing operations	9	(21.3)	4.3
Tax expense on discontinued operations	9	–	3.6
Share of results of associates		(0.4)	(4.5)
Operating cash flow before changes in working capital, provisions and pensions		61.8	100.6
Decrease in trade and other receivables		26.4	37.8
(Decrease)/increase in trade and other payables		(22.3)	2.0
Decrease/(increase) in inventories		5.3	(0.5)
(Decrease)/increase in provisions and pensions		(13.1)	0.8
Cash generated from operations		58.1	140.7

¹ The items listed comprise amounts within both continuing and discontinued operations, unless otherwise stated.

19. Explanation of effect of change in Group presentation currency on prior years' consolidated financial statements

As referred to in Note 4, during the year the Group changed its presentation currency from pounds sterling to euros. As a result, the Group's prior year consolidated income statement, its consolidated balance sheets at 31 December 2008 and 2007 and its consolidated cash flow statement that were presented in the 2008 Annual report and accounts have been restated to show all amounts in euros. The following sections to this Note explain the methodologies used to translate amounts previously reported by the Group in these primary statements in pounds sterling into euros. A summary explanation of how the Group's equity items have been translated is also presented to in order to aid understanding of that part of the consolidated balance sheet.

In 2009, the Group also presents a consolidated statement of comprehensive income and a consolidated statement of changes in equity for the years ended 31 December 2009 and 2008, but these statements were not included in the 2008 Annual report and accounts. As such, no pounds sterling to euros reconciliations are included for these.

Consolidated income statement for year ending 31 December 2008

It has always been the policy of the Group to translate transactions in foreign currencies at the average rate applicable during the financial year, unless by doing so a material difference arises versus using spot rate. Therefore, to translate the consolidated income statement for the year ended 31 December 2008 as disclosed in the 2008 Annual report and accounts, all pounds sterling amounts have been translated in the table below at either the average GBP/EUR rate for the year ending 31 December 2008 of 1.2593 or the spot GBP/EUR rate ruling on the date of a specific transaction. Notes a,b and c provide further details on the translation of certain line items. The resulting euros amounts in the table below are presented as the prior year comparative numbers in the consolidated income statement for the year ended 31 December 2009 as set out on page 25 of these condensed consolidated financial statements.

	Amounts per 2008 Annual report and accounts (presented in GBP) £m	Note	2008 comparative amounts as included in 2009 condensed consol- idated financial statements (presented in EUR) €m
Continuing operations			
Revenue	1,408.3		1,773.5
Cost of sales	(432.4)		(544.5)
Gross profit	975.9		1,229.0
Operating costs	(886.2)		(1,116.0)
Exceptional items:			
impairment of goodwill	(802.6)		(830.0)
impairment of acquired intangibles	(53.3)		(55.1)
amortisation of acquired intangibles	(60.6)		(76.3)
other exceptional items	(79.6)		(100.2)
Total operating exceptionals	(996.1)		(1,061.6)
Share of results of associates	3.1		3.9
Operating loss	(903.3)		(944.7)
Finance income	19.8		24.9
Finance expense	(59.5)		(74.9)
Exceptional finance expense	(5.9)		(6.8)
Gain on disposal of businesses and investments	4.7	a	3.6
Loss before tax	(944.2)		(997.9)
Income tax expense	(14.7)		(18.5)
Income tax credit relating to exceptional items and amortisation of acquired intangibles	7.8	b	14.2
Total income tax expense	(6.9)		(4.3)
Loss for year ending 31 December 2008 from continuing operations	(951.1)		(1,002.2)
Discontinued operations			
Loss for year from discontinued operations	(156.7)	c	(163.9)
Loss for the year ending 31 December 2008	(1,107.8)		(1,166.1)
Attributable to:			
Mecom Group plc shareholders	(1,104.6)		(1,162.0)
Minority interest	(3.2)		(4.1)

a As disclosed in the 2008 Annual report and accounts, in 2008 the Group disposed of two businesses, resulting in a credit of £2.2m being recorded in the consolidated income statement due to the effect of recycling of foreign exchange. This amount is included within the £4.7m as shown for this line item. The translated amount of €3.6m is stated after eliminating any recycling of foreign exchange arising in subsidiaries whose functional currency was euros and re-calculating any remaining recycling of foreign exchange amount for non-euro functional currency subsidiaries.

b As disclosed in the 2008 Annual report and accounts, in 2008 £32.4m of deferred tax assets were written off in Mecom Denmark and a credit of £12.6m arose on the impairment of the Group's acquired intangibles relating to Mecom Denmark and Mecom Poland. In the table above, the income tax credit of £7.8m is stated after deducting this net tax expense of £19.8m. These two amounts, once translated into euros, total €20.5m which has been charged to this line item in arriving at the total of €14.2m per the table.

c As disclosed in the 2008 Annual report and accounts, in 2008 an impairment charge in respect of goodwill of £149.3m was recorded within discontinued operations and is included in the £156.7m in the table above. This amount, once translated into euros, is €154.4m and is included within the amount of €163.9m in the table.

19. Explanation of effect of change in Group presentation currency on prior years' consolidated financial statements (continued)

Consolidated balance sheets at 31 December 2008 and 2007

As required by IAS 1 *Presentation of Financial Statements (Revised)*, the change in presentation currency requires the Group to include two comparative consolidated balance sheets in its 2009 condensed consolidated financial statements. Consolidated balance sheets at 31 December 2008 and 2007 (as presented in the 2008 Annual report and accounts) have been translated into euros by multiplying all categories of assets and liabilities by the GBP/EUR spot rate at each balance sheet date (31 December 2008: 1.0342; 31 December 2007: 1.3619). All line-items that comprise "Equity attributable to Mecom Group plc shareholders" have been translated into euros using historical rates and have not been revalued at each balance sheet date. Minority interest amounts at each balance sheet date have been translated into euros using the same methodology as for the translations of assets and liabilities.

	Amount at 31 December 2008 per 2008 Annual report and accounts (presented in GBP) £m	2008 comparative amounts as included in 2009 condensed consolidated financial statements (presented in EUR) €m	Amount at 31 December 2007 per 2007 Annual report and accounts (presented in GBP) £m	2007 comparative amounts as included in 2009 condensed consolidated financial statements (presented in EUR) €m
ASSETS				
Non-current assets				
Goodwill	204.2	211.2	976.7	1,330.2
Other intangible assets	728.2	753.1	696.1	948.0
Property, plant and equipment	290.2	300.1	272.8	371.4
Employee benefit assets	2.2	2.3	3.9	5.3
Interests in associates	36.6	37.9	38.5	52.4
Investments	1.0	1.0	9.3	12.7
Other financial assets	3.0	3.1	1.4	2.0
Deferred tax assets	26.2	27.1	54.4	74.1
Total non-current assets	1,291.6	1,335.8	2,053.1	2,796.1
Current assets				
Inventories	13.1	13.5	9.9	13.5
Trade and other receivables	168.1	173.8	189.1	257.5
Cash and cash equivalents	113.5	117.4	76.4	104.1
Current tax assets	2.3	2.4	–	–
Derivative financial instruments	–	–	6.7	9.1
Total current assets	297.0	307.1	282.1	384.2
Assets held for sale	197.9	204.7	17.3	23.6
Total assets	1,786.5	1,847.6	2,352.5	3,203.9
LIABILITIES				
Non-current liabilities				
Borrowings	(3.7)	(3.9)	(565.5)	(770.2)
Other payables	(4.4)	(4.6)	(5.7)	(7.7)
Provisions	(35.1)	(36.3)	(31.4)	(42.7)
Employee benefit obligations	(64.6)	(66.8)	(53.8)	(73.3)
Deferred tax liabilities	(183.3)	(189.5)	(190.1)	(258.9)
Obligations under finance leases	(17.9)	(18.5)	(14.6)	(19.9)
Derivative financial instruments	(1.0)	(1.0)	–	–
Total non-current liabilities	(310.0)	(320.6)	(861.1)	(1,172.7)
Current liabilities				
Borrowings	(740.9)	(766.2)	(23.4)	(31.9)
Trade and other payables	(394.3)	(407.8)	(355.3)	(483.9)
Provisions	(47.2)	(48.8)	(25.7)	(35.0)
Current tax liabilities	(1.5)	(1.6)	(2.1)	(2.9)
Obligations under finance leases	(6.4)	(6.6)	(3.9)	(5.3)
Derivative financial instruments	(8.4)	(8.7)	–	–
Total current liabilities	(1,198.7)	(1,239.7)	(410.4)	(559.0)
Liabilities directly associated with assets classified				
as held for sale	(59.2)	(61.2)	(8.7)	(11.8)
Total liabilities	(1,567.9)	(1,621.5)	(1,280.2)	(1,743.5)
Net assets	218.6	226.1	1,072.3	1,460.4
EQUITY				
Issued share capital	9.5	13.9	9.5	13.9
Share premium	981.3	1,438.4	981.3	1,438.4
Retained earnings	(1,158.6)	(1,239.7)	(46.9)	(68.7)
Other reserves	264.2	(23.4)	95.4	31.9
Accumulated amounts relating to non-current assets held for sale	86.5	–	–	–
Equity attributable to Mecom Group plc shareholders	182.9	189.2	1,039.3	1,415.5
Minority interest	35.7	36.9	33.0	44.9
Total equity	218.6	226.1	1,072.3	1,460.4

19. Explanation of effect of change in Group presentation currency on prior years' consolidated financial statements (continued)

Equity items at 31 December 2006

As explained in Note 4, it is the policy of the Group to translate all transactions that affect issued share capital and the share premium account (which occur in the books of the Company whose functional currency is pounds sterling), retained earnings and other reserves (comprising the cash flow hedge reserve, the share-based payment reserve, the revaluation reserve and the currency translation reserve) at either the average rate for the year or at the spot rate on the date of the specific transaction concerned. Therefore, amounts previously recorded in these accounts in pounds sterling up to 31 December 2006 and which are disclosed on page 112 of the 2008 Annual report and accounts have been translated into euros on the same basis, meaning the resulting euro amounts have not been revalued at 31 December 2006 but are carried at historic values. However, the Group's non-euro minority interest balances have been revalued at 31 December 2006.

The table below presents all equity items in pounds sterling along with the equivalent euro amount after translation at 31 December 2006.

	Amount at 31 December 2006 per 2008 Annual report and accounts (presented in GBP) £m	2006 comparative amounts as included in 2009 condensed consolidated financial statements (presented in EUR) €m
Share capital	4.4	6.5
Share premium	345.4	508.2
Retained earnings	(21.9)	(32.2)
Cash flow hedge reserve	2.4	3.5
Share-based payment reserve	1.0	1.5
Revaluation reserve	0.5	0.7
Currency translation reserve	2.2	7.6
Total reserves attributable to equity shareholders	334.0	495.8
Minority interest	23.1	34.2
Total equity	357.1	530.0

Equity items at 31 December 2007

The table below reconciles the Group's equity items from 31 December 2006 (as per table above) to 31 December 2007. All balances at 31 December 2007 form the starting point to the Group's consolidated statement of changes in equity which is shown on page 28.

	Share capital €m	Share premium €m	Retained earnings €m	Other reserves			Currency translation reserve €m	Total reserves attributable to equity share- holders €m	Minority interest €m	Total equity €m
				Cash flow hedge reserve €m	Share- based payment reserve €m	Reval- uation reserve €m				
Balance at 31 December 2006	6.5	508.2	(32.2)	3.5	1.5	0.7	7.6	495.8	34.2	530.0
Loss for the year	-	-	(35.6)	-	-	-	-	(35.6)	0.7	(34.9)
Other comprehensive (loss)/income:										
Actuarial loss on defined benefit pension schemes	-	-	(3.9)	-	-	-	-	(3.9)	-	(3.9)
Loss on revaluation of available-for- sale investments	-	-	-	-	-	(0.6)	-	(0.6)	-	(0.6)
Changes in fair value of cash flow hedges	-	-	-	2.6	-	-	-	2.6	-	2.6
Transfer from cash flow hedge reserve to the consolidated income statement on ending of hedge relationship	-	-	-	(6.1)	-	-	-	(6.1)	-	(6.1)
Exchange differences on retranslation of foreign operations	-	-	-	-	-	-	16.4	16.4	2.1	18.5
Total comprehensive (loss)/income for the year	-	-	(39.5)	(3.5)	-	(0.6)	16.4	(27.2)	2.8	(24.4)
Issue of share capital for cash	6.5	830.3	-	-	-	-	-	836.8	-	836.8
Transaction costs relating to the issue of share capital for cash	-	(20.2)	-	-	-	-	-	(20.2)	-	(20.2)
Issue of share capital as part consideration for business combination	0.9	120.1	-	-	-	-	-	121.0	-	121.0
Credit arising on step-acquisition accounting	-	-	3.0	-	-	-	-	3.0	-	3.0
Recognition of equity component of convertible loan notes	-	-	-	-	5.0	-	-	5.0	-	5.0
Credit in respect of share-based payments	-	-	-	-	1.3	-	-	1.3	-	1.3
Minority interest in acquired subsidiaries (Wegener)	-	-	-	-	-	-	-	-	15.8	15.8
Minority interest acquired	-	-	-	-	-	-	-	-	(4.8)	(4.8)
Minority interest dividend paid	-	-	-	-	-	-	-	-	(3.1)	(3.1)
Balance at 31 December 2007	13.9	1,438.4	(68.7)	-	7.8	0.1	24.0	1,415.5	44.9	1,460.4

19. Explanation of effect of change in Group presentation currency on prior years' consolidated financial statements (continued)

Consolidated cash flow statement for year ended 31 December 2008

It has always been the policy of the Group to translate transactions in foreign currencies at the average rate applicable during the financial year, unless by doing so a material difference arises versus using spot rate. Therefore, to translate the consolidated cash flow statement for the year ended 31 December 2008 as disclosed in the 2008 Annual report and accounts, all pounds sterling amounts have been translated in the table below at either the average GBP/EUR rate for the year ending 31 December 2008 of 1.2593 or the spot GBP/EUR rate ruling on the date of a specific transaction. The resulting euros amounts in the table below are presented as the prior year comparable numbers in the consolidated cash flow statement for the year ended 31 December 2009 as set out on page 29 of these condensed consolidated financial statements.

	Amounts per 2008 Annual report and accounts (presented in GBP £m)	2008 comparative amounts as included in 2009 condensed consolidated financial statements (presented in EUR) €m
Operating activities		
Cash generated from operations	111.6	140.7
Income tax paid	(1.7)	(2.1)
Net cash from operating activities	109.9	138.6
Investing activities		
Proceeds from sale of other intangible assets	0.5	0.6
Proceeds from sale of property, plant and equipment	10.1	12.7
Proceeds from sale of interests in associates and investments	1.4	1.8
Capital expenditure on:		
Other intangible assets	(12.6)	(15.9)
Property, plant and equipment	(56.2)	(70.8)
Purchase of interests in associates	(0.5)	(0.6)
Acquisition of subsidiaries, net of cash acquired	(20.8)	(26.1)
Divestment of businesses, net of cash sold	19.6	25.5
Interest received	15.0	18.9
Dividends received	1.8	2.3
Net cash used in investing activities	(41.7)	(51.6)
Financing activities		
Proceeds from borrowing drawdowns	115.9	139.3
Proceeds received due to settlement of financial instruments	4.5	5.7
Repayment of borrowings	(106.3)	(130.5)
Repayment of obligations under finance leases	(5.8)	(7.3)
Interest and other finance expenses paid	(52.9)	(66.6)
Fees paid on renegotiation of Group's bank facilities	(2.3)	(2.4)
Dividends paid to minority interests	(0.2)	(0.3)
Net cash used in financing activities	(47.1)	(62.1)
Net increase in cash and cash equivalents	21.1	24.9
Net foreign exchange differences	14.5	(12.1)
Cash and cash equivalents at beginning of the year	73.1	99.6
Cash and cash equivalents at end of the year	108.7	112.4