



**INM ANNOUNCES UNSOLICITED INTEREST IN  
APN NEWS & MEDIA LIMITED AND  
ISSUES INTERIM MANAGEMENT STATEMENT**

Ticker: (Bloomberg) INM.ID/ INM.LN and (Reuters) INME.I/ INME.L

*Dublin/London – 31<sup>st</sup> October 2008:* Independent News & Media PLC [‘INM’] has received a number of unsolicited expressions of interest in respect of its 39.1% shareholding (representing 191.5 million shares) in leading Australasian media company, APN News & Media Limited [‘APN’].

INM has been a shareholder in APN since 1988 and continues to believe that APN possesses a unique and valuable collection of high-quality and market-leading publishing, radio and outdoor advertising assets. While INM continues to be fully supportive of APN and its management team, it has received unsolicited approaches regarding its stake in APN and believes it is now in the best interest of INM shareholders to consider its strategic options.

The Board of INM believes that APN’s current share price does not reflect the inherent value of the underlying assets and the position of APN as a leading media company in Australia and New Zealand. Moreover, this strategic value has not been fairly reflected in INM’s share price, due primarily to the fact that INM doesn’t fully control APN’s cash flows. As a result, the Board has formally informed APN of its intention to explore opportunities to monetise its significant shareholding.

The INM Board believes that the significant proceeds receivable from monetising its shareholding in APN would substantially enhance INM’s balance sheet and would be earnings neutral for 2009. The Board believes the proceeds could be better utilised for the benefit of all its shareholders by substantially lowering INM’s net debt, with subsequent flexibility to assess other global investment opportunities. Following a sale of APN, INM’s net debt is expected to fall from its current level of approx. €1.4 billion to under €600 million.

Goldman Sachs International, in conjunction with ANZ Mergers & Acquisitions, have been appointed as INM’s advisers. Further updates on this process will be provided to shareholders as required.

**– INTERIM MANAGEMENT STATEMENT –**

In accordance with the Transparency Regulations 2007, this Interim Management Statement is an update on INM’s trading performance for the year to date, and in particular for the period since 1<sup>st</sup> July 2008. Outlook for the remainder of 2008 and early indications for 2009 are also contained below.

## **Year to Date Performance**

The Interim Results Announcement on 27<sup>th</sup> August 2008 noted that the three months leading up to Christmas (i.e. September to November) would be critical in determining the Group's full year result. As with most other companies, the Group experienced extremely tough trading conditions (particularly in advertising) in both September and October as a result of the global financial crisis and the weak economic environment in Ireland, the UK and New Zealand.

To date in 2008, INM's total revenues in constant currency are only less than 1% behind last year, with:

- Group advertising revenue down by approx. 1.4%; and
- Group circulation revenue ahead by approx. 0.8%.

A strong revenue performance in South Africa almost offset weaker performances in Ireland and the UK.

During September and October, property and recruitment advertising continued their very weak 1<sup>st</sup> half trend. However, the main downturn in advertising over this period, compared to the performance in the 1<sup>st</sup> half of 2008, has been in the national brand and retail categories in Ireland and the UK (which had been ahead year-on-year to that point). However, the Group's online operations continued their strong performance, with revenues up approx. 27% year to date across the Group's 100+ sites.

Adverse foreign currency movements, particularly Sterling and the South African Rand, have resulted in year to date total Group revenues, in Euro terms, being over 8% behind last year. While our South African Rand and Australian Dollar revenues were not hedged, importantly our operating profits were assisted by the benefits of foreign exchange hedges.

Group operating profit, in Euro terms, for the year to date was just over 10% behind last year. Weaker operating performances in Ireland, UK and Australasia, were offset somewhat by a good performance in South Africa, assisted by the acquisition of the outdoor business at the end of March 2008.

## **Outlook for Remainder of 2008**

Based on still limited visibility, the advertising trends experienced in September and October are expected to continue for the remainder of 2008 and as a result, assuming a continuation of these trends, the current full year forecast compared to last year is expected to be as follows:

- Total revenue down approx. 2% in constant currencies (down approx. 11% in Euro terms);
- Group advertising revenue down approx. 2.5% in constant currencies;
- Group circulation revenue up approx. 0.5% in constant currencies;
- Group operating costs are expected to be flat on 2007 in constant currencies;
- Group operating profit \* down between 11% and 13% in Euro terms;

- Group Net Profit \* down between 15% and 17%; and
- Fully Diluted EPS \* down between 20% and 23%, impacted by the increased number of average shares in issue (up 61.5 million shares) mainly as a result of the acquisition of the South African Outdoor business and the maturity of the New Zealand CEPS in November 2007.

\* *excluding exceptional items*

### **Key Events to Date in 2008**

The following key events occurred within the Group during 2008:

- In early 2008, INM formed a new joint venture with Carside Ltd (Australia) to launch *www.yourlocal.ie* – a dedicated online search directory for Ireland;
- In March 2008, the Group acquired Clear Channel Outdoor's 50% interest in Clear Channel Independent, Africa's largest outdoor advertising company, taking INM's ownership to 100%;
- Also in March 2008, INM's Irish operations acquired the *Sligo Champion*, a west of Ireland regional newspaper, complementing INM's existing portfolio of leading regional titles across the Irish market;
- In July 2008, the Group completed its 20% investment in PT Abdi Bangsa Tbk., publisher of "*Republika*", one of Indonesia's largest circulating national daily newspapers. PT Abdi Bangsa Tbk. also has interests in online publishing, radio, magazine publishing and outdoor advertising; and
- In August 2008, the Group completed a new 4-year bank facility for €105 million. This will be used to fund the redemption of the €112.6 million outstanding under the Group's €125 million Bond on maturity in December 2008.

### **Early Indications for 2009**

The current volatile nature of global financial and economic markets make it extremely difficult to reliably forecast for 2009 at this early stage. While we believe this volatility is likely to continue for some time, we believe that the recent easing of interest rates across our markets, with the increased probability of further rate reductions, will assist in halting the current economic weakness and may lead to some growth towards the 2<sup>nd</sup> half of 2009, when the comparators are obviously easier.

Assuming the economic outlook and conditions for advertising in our markets do not deteriorate any further - and we believe this is a reasonable assumption at this stage - we are currently forecasting that constant currency revenues for 2009 should be only marginally down on 2008. This forecast reflects a continuation of the current weak advertising trends into H1 2009 – partially offset by circulation revenue increases, which are driven by cover price increases, particularly in H2 2008, and the full year contribution from South African outdoor (acquired in March 2008).

Whilst it is expected that cost pressures will ease somewhat in the current environment, the Group is taking additional steps to resize its cost base to reflect the tougher trading environment and to enhance underperforming divisions. As part of that process, the UK national division (*The Independent* and *Independent on Sunday*) is in discussions with a number of other UK national publishers on a shared-services basis that is expected to deliver substantial efficiencies and is designed to create more efficient editorial work flows, while preserving the unique editorial ethos of *The Independent*. In addition, total payroll costs across the Group are currently under active review, with further headcount reductions being identified. While early indications point to likely newsprint price increases next year, the Group is focused on minimising any adverse increase through the use of alternative suppliers, reduced grammage and more efficient output. All other costs are currently subject to intensive review and all discretionary costs are being eliminated.

Based on the muted revenue and cost assumptions above, INM is targeting an operating profit performance for the full year of 2009 on a continuing basis (like-for-like operations) broadly in line with 2008, in constant currency terms. In addition, all major capital expenditure has now been completed and a significant reduction in capital spend (in the order of €50 million) can be expected in 2009.

The Board believes that INM's market-leading positions, the strength of its brand franchises, a diverse asset base, a continuing focus on product innovation, an increase in our online activities and continued cost control have allowed the Group to perform ahead of its peer group to date in 2008 and should position INM to continue to perform better than its peer group in 2009.

**Note Regarding Forward-Looking Statements**

Some statements in this announcement are forward-looking. They represent our expectations for our business, and involve risks and uncertainties. We have based these forward-looking statements on our current expectations and projections about future events. We believe that our expectations and assumptions with respect to these forward-looking statements are reasonable. However, because they involve known and unknown risks, uncertainties and other factors, which are in some cases beyond our control, our actual results or performance, may differ materially from those expressed or implied by such forward-looking statements. These forward-looking statements speak only as of the date of this document and no obligation is undertaken, save as required by law or by the Listing Rules of the Irish Stock Exchange and/or the UK Listing Authority, to reflect new information, future events or otherwise.

ENDS

31<sup>st</sup> October 2008

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**ABOUT INDEPENDENT NEWS & MEDIA PLC  
– CORPORATE PROFILE –**

INM is a leading international newspaper and communications group, with its main interests in Australia, India, Ireland, New Zealand, South Africa and the United Kingdom. Spanning four continents, 10 major markets and 22 individual countries, INM has market-leading newspaper positions in Australia (regional), India, Indonesia, Ireland, New Zealand and South Africa. In the United Kingdom, it publishes the flagship national title, *The Independent*, as well as being the largest newspaper group in Northern Ireland.

Across these regions, the Group publishes over 200 newspaper and magazine titles, delivering a combined weekly circulation of 33 million copies, with a weekly audience of over 100 million consumers and includes the world's largest read newspaper, *Dainik Jagran*, in India. The Group has established a strong and growing online presence, with over 100 editorial, classified and transactional sites.

INM is the largest radio operator – over 130 stations and an audience of almost six million people – and outdoor advertising operator in Australasia and also has leading outdoor advertising positions in Hong Kong, Malaysia, India, Indonesia and across Africa.

The Group has grown consistently over the last 15 years by building a geographically unique and diverse portfolio of market-leading brands, and manages gross assets of €4.4 billion, revenue of €1.9 billion and employs approximately 10,100 people worldwide. Further information is available on the Group's website [www.inmplc.com](http://www.inmplc.com).

**Note to Editors**

About APN:

APN News & Media Limited [ASX, NZX:APN] is the largest media company in New Zealand, where it owns *The New Zealand Herald*, the country's largest newspaper. APN is the largest radio and outdoor advertising operator in Australasia as well as one of Australia's leading regional publishers. In Asia, the Company has market leading Outdoor positions in Hong Kong, Malaysia and Indonesia. APN is a leader in online in both New Zealand and in Queensland and has been listed on the Australian Stock Exchange since 1992, and on the New Zealand Stock Exchange since June 2004.