



**INM HOLDS UNDERLYING[†] REVENUE FALL TO 14.9% DESPITE
EXTREMELY DIFFICULT TRADING CONDITIONS**

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

Dublin/London 28 August 2009: The Board of Independent News & Media PLC (“INM” or the “Group”) today announced the Group’s first half results for the six months ended 30 June 2009. These results, as well as a detailed investor presentation on the results, are available on the Group’s website www.inmplc.com.

<u>RESULTS</u>	<u>2009</u>	<u>2008</u>	<u>%</u>	<u>% Change</u>
	<u>€m</u>	<u>€m</u>	<u>Change</u>	<u>Constant FX</u>
Revenue	608.8	780.4	-22.0%	-14.9%
Operating Profit*	73.2	153.8	-52.4%	-44.8%
Profit After Tax*	29.8	96.5		
(Loss)/Profit After Tax	(34.7)	80.5		
Basic (Loss)/Earnings Per Share	(6.4c)	6.0c		
Adjusted Earnings Per Share**	1.4c	7.5c		

[†] “Underlying” = in constant currency terms

* before exceptional items

** diluted EPS, before exceptional items

H1 2009 PERFORMANCE OVERVIEW

- Group Revenue of €608.8 million declined by 14.9% on 2008 in constant currency terms – a resilient performance in exceptionally challenging market conditions
- Total advertising revenues were down by 19.6% but circulation revenues remained robust with a moderate decline of 0.1% in constant currency terms
- Active cost management helped reduce operating costs which were down a significant €91.0 million on 2008 (down 14.5% or 7.5% in constant currency terms)
- Operating profit* of €73.2 million for the first half delivered an operating margin* of 12.0%. This operating margin ranks at the top end of INM’s peer group
- Exceptional Costs of €86.8 million – primarily relates to non-cash impairment charges of €71.8 million, mainly arising on the value of the Group’s intangible assets (i.e. mastheads) as a consequence of the continuing economic downturn

STRATEGIC UPDATE

- INM continues to hold constructive discussions with Bondholders (the ad-hoc committee) and its Banks in relation to its refinancing requirements and has recently extended the financial standstill agreement with them to 25 September 2009

- Successfully disposed of shareholding in Cashcade and 7.3% of Jagran Prakashan Limited (India) (both completed July 2009), with aggregate net proceeds of €37.0 million. Disposal processes of INM Outdoor and Verivox are continuing – the proceeds of which are expected to exceed €110 million, bringing total proceeds from the asset disposal programme to nearly €150 million as previously guided to the market
- Successful implementation of service sharing agreement with DMGT for the National titles in the UK – further cost benefits will be realised in H2 2009
- Irish daily freesheet newspaper, *herald am* to be merged with Metro (subject to Competition Authority approval)
- Continued expansion of the Group’s Online editorial and classified portals with Average Unique Users up 39% on the same period last year

INTERIM MANAGEMENT REPORT

– 2009 FIRST HALF PERFORMANCE OVERVIEW –

The Group’s first half results for the six months ended 30 June 2009 (“H1 2009”) represent a resilient performance in a global market that is experiencing adverse economic pressures and unprecedented advertising weakness. Group revenue of €608.8 million (14.9% decline in constant currency terms) reflects the following performances:

	Change (constant currency)
▪ Publishing revenues	-17.3%
▪ Total advertising revenues	-19.6%
▪ Publishing advertising revenues (<i>incl. Online</i>)	-25.8%
▪ Outdoor advertising revenues	+1.3%
▪ Radio advertising revenues	-11.8%
▪ Circulation revenues	-0.1%

The significant decline in advertising needs to be viewed against an extremely weak global advertising climate and a relatively good H1 2008 advertising performance. Although advertising revenue was weak in H1 2009, the trend was reasonably steady and the outlook remains consistent with that trend. Despite a weak economic environment, circulation revenues were flat in H1 2009 reflecting cover price increases on selected titles, offset by marginal volume declines. INM’s overall revenue strategy has been to maintain or grow market share and actively manage yields.

Strong, effective and ongoing cost management across all the Group’s markets and divisions partially offset the pronounced contraction in advertising spend. Total Group operating costs were reduced by 14.5% or €91.0 million in H1 2009. In like-for-like terms (excluding acquisitions and in constant currency) payroll costs, which account for 29% of the cost base, were down 11.9%, driven by headcount reductions and salary reductions. Newsprint costs (10% of cost base) were down 9.4% despite price increases across the Group, reflecting tighter output management and more efficient usage. Editorial and Production costs (11% of cost base) and Distribution and Wholesaling costs (18% of cost base) were down 13.9% and 7.2% respectively, driven by business process improvements and a tight control of all discretionary expenditure. Operating Profit, before exceptional items, of €73.2 million resulted in an operating margin of 12.0%, which is at the top end of INM’s peer group.

INM reported a total net exceptional charge of €86.8 million in 2009, of which €71.8 million was a non-cash impairment charge arising on the Group's assets (primarily intangible assets i.e. mastheads) as a consequence of the continuing economic downturn. Impairments have also been recorded by a number of the Group's peers. The Directors believe that when the economic climate recovers, these intangible asset valuations will improve. While impairment charges have been recorded during the period on certain of the Group's intangible assets, the Group has many other intangible assets which have substantial value that is not reflected on the Group's Balance Sheet because accounting standards do not allow any value to be recognised for internally generated mastheads (such as the *Irish Independent*, the *Evening Herald* and the *Sunday Independent*) nor for any value created post acquisition (e.g. South African mastheads).

A further €10.8 million of the 2009 exceptional charge relates to restructuring costs incurred as the Group continues to reduce its cost base, reducing headcount by over 290 during the period with a payback of less than one year. In addition to these redundancies, further headcount reductions were achieved through non-replacement of staff and redundancies provided for in 2008 but achieved in 2009. The combined effect of these has resulted in total Group employee numbers dropping by 900 (or 9.4%) in H1 2009 to approximately 8,700 as at 30 June 2009. The Group also incurred exceptional finance related charges of €8.4 million in the period as part of the ongoing re-negotiation of its financing arrangements.

Net finance charges were €38.9 million, a decrease of 13.7% on 2008 driven by a reduction in base interest rates which began in the second half of 2008. The taxation charge (excluding exceptional items) of €8.5 million represents an effective tax rate of 22.2%, up from 16.5% in 2008, driven primarily by the mix of profits across the Group's operations. The exceptional tax credit of €22.3 million in 2009 arose mainly on the deferred tax credit in respect of impairment charges booked in relation to intangible assets.

INM reported a net profit of €12.1 million, excluding exceptional items. This translated into a Diluted Earnings Per Share excluding exceptional items of 1.4 cent. Including exceptional items (chiefly, masthead impairments), INM reported a loss after tax and minority interests of €53.8 million.

– STRATEGIC DEVELOPMENTS –

Despite extremely challenging market conditions, INM made progress against a number of strategic objectives in H1 2009.

- Consistent with the objective to deleverage and dispose of non-core assets, INM has sold its shareholding in Cashcade for €15.3 million and also sold 7.3% of Jagran Prakashan Limited for €21.7 million. The disposal processes for INM Outdoor in Africa and Verivox (German online utility price comparator) are continuing and will be subject to a number of conditions and approvals. INM expects both these disposals to complete before the end of 2009. Total proceeds are expected to be in excess of €110 million, bringing total proceeds from the asset disposal programme to nearly €150 million as previously guided to the market.
- During H1 2009, the Group successfully implemented a service sharing agreement with DMGT under which INM's UK National titles moved premises to DMGT's offices in London. This delivered cost savings in H1 2009 and further cost savings will accrue in H2 2009.

- Independent Colleges continues to make excellent progress and further extended its professional and academic programmes in the first six months of 2009 to a total of 70 courses. The college is on course to achieve circa 4,000 student registrations in 2009 after only two years in operation.
- In March, INM successfully implemented a new state-of-the-art SAP distribution system in the Group's market-leading distribution and wholesaling business on the island of Ireland. This will lead to a more efficient supply chain management system with benefits accruing for both INM and retailers.
- INM announced that its Irish daily freesheet newspaper, *herald am* would merge with Metro to form Ireland's leading daily freesheet and INM will own one third of the merged entity. This merger remains subject to Competition Authority approval.

– FINANCING UPDATE –

As set out at the Group's full-year presentation on April 30 2009, due to the difficult credit markets and ongoing economic turbulence, the Group confirmed that it would be unable to meet its repayment obligations in relation to the maturity of the €200 million 5.75% bond ("Bonds") on 18 May 2009. In addition, as at 30 June 2009, the Group has been unable to comply with certain covenant tests contained within its core bank debt facilities relating to Net Debt to EBITDA and EBITDA to Net Interest. Failure of a covenant test renders these facilities in default and repayable on demand at the option of the lenders unless an amendment or waiver is granted by the Group's bank group (the "Banks").

On 16 May 2009, in advance of the maturity of the Bonds, and in advance of the covenant testing date in respect of the Group's core debt facilities, the Company agreed a financial standstill with the holders of the Bonds (the "Bondholders") and its Banks, whereby all parties agreed to forbear from taking any action to enforce any claim for any payment during the financial standstill period. This initial financial standstill period ran until 26 June 2009. It has subsequently been extended on a monthly basis and the current standstill period extends until 25 September 2009.

The Group continues to engage in constructive discussions with the Bondholders and its Banks in relation to refinancing the Bonds, rescheduling maturities on the Bank debt (including the €50 million due for repayment on 30 September 2009), agreeing covenant amendments, and the provision of sufficient working capital facilities. While there can be no certainty that the discussions with the Bondholders and the Banks will be successfully concluded or that a restructuring solution will be made available to the Group on commercially acceptable terms, the Directors believe that an agreement can be reached that is acceptable to the Group.

In tandem with the discussions above, and as part of its stated deleveraging plan, the Group has successfully disposed of its interest in Cashcade Limited and 7.3% of Jagran Prakashan Limited generating net proceeds of €37.0 million. In addition, the disposal processes for INM Outdoor and Verivox are continuing and will be subject to a number of conditions and approvals. INM expects both these disposals to complete before the end of 2009 with estimated proceeds in excess of €110 million.

Net debt as at 30 June 2009 was €1,338.6 million of which €877.1 million has recourse to INM and the balance relates to APN. Total net debt was up €28.4 million compared to 31 December 2008, driven primarily by strengthening foreign exchange rates which drove an increase of €53.4 million. Excluding foreign exchange rate movements, net debt was down by €25.0 million.

– DIVIDEND –

In light of the Group’s aim to deleverage its Balance Sheet, the Directors do not propose recommending an interim dividend for 2009.

– OUTLOOK –

Commenting on these results, Gavin O’Reilly, Group Chief Executive Officer, made the following outlook statement:

“Against a backdrop of exceptionally difficult business conditions, INM is reporting a comparatively resilient revenue performance. A continuing and highly effective focus on operating cost reduction together with a series of business process improvements have yielded significant benefits within the period. As a consequence, any improvement in broader market conditions should translate to good earnings growth and operating margins.

“The Directors note that it is difficult to forecast the full year result with absolute certainty in an environment where key advertising categories still remain depressed, particularly in Ireland and the United Kingdom. The Group’s current forecast presumes a continuation of poor advertising markets to year-end, with no material pick up from the trend experienced in the first half, save seasonal trends in the run-up to Christmas. Accordingly, and dependent on no further deterioration in advertising conditions, the Group forecasts Operating Profit before exceptionals for 2009 to be at the lower end of the range provided in June 2009 of €180 million to €210 million.”

– OPERATIONS REVIEW –

AUSTRALASIA

<u>OVERVIEW</u>	2009	2008	Change	Change
	€m	€m	Change	Constant FX
Revenue	261.4	362.1	-27.8%	-17.2%
Operating Profit before Exceptional Items	41.1	82.3	-50.1%	-42.3%
Operating Margin	15.7%	22.7%		

APN News & Media Ltd (“APN”), in which INM has a 32.2% shareholding, is listed on the Australian and New Zealand Stock Exchanges with a current market capitalisation of A\$1,125 million (€656 million). In June 2009, APN completed an A\$99 million pro-rata entitlement offer, in which INM did not participate. As a result, INM’s holding in APN fell from 39.1% to 32.2%.

Generally tougher advertising conditions led to a 17.2% decline (in constant currency) in Revenue to €261.4 million, which delivered an Operating Profit of €41.1 million (a 42.3% decline in constant currency).

In the Australian Publishing division, after a period of out-performance where it was not materially impacted by the global market slowdown, APN’s regional markets experienced a significant reduction in employment and real estate advertising. However, this was offset by resilient retail and national advertising, with local retail revenue holding up particularly well. Circulation revenues and readership remained steady, emphasising the ongoing community support for the Group’s titles.

In New Zealand, the media market recorded sharp declines in H1 2009, compared with a strong performance in the same period last year. In Publishing, market share gains were achieved in retail and national advertising in H1 2009 versus TV, Digital and Outdoor. Cost management projects undertaken over the past two years delivered good results, reducing costs in H1 2009 by 14% in local currency terms. *The New Zealand Herald* and the *Herald on Sunday* maintained readership audiences in the 12 months to June 2009, with *The New Zealand Herald* recording an average of 573,000 readers. In addition, the *Weekend Herald* is the most-read newspaper in New Zealand, with 613,000 readers (Nielsen Media Research, National Readership Survey).

In the Radio division, the Australian Radio Network (ARN) has experienced satisfactory results from its traditional markets, with both agency and direct sales holding up well. ARN continues to reduce its operating costs. It has also improved its ratings in the important Sydney market, and has maintained good listenership in Brisbane and Adelaide. Digital radio has been launched in Australia and ARN has rolled out its youth Edge station to a national audience, and is simulcasting its Mix and Classic Hits networks on the new platform. The Radio Network is the market leading radio broadcaster in New Zealand, with a 10+ national audience share of 47%, and operates the two top rating stations in both Auckland and Wellington. The radio industry in New Zealand continues to face challenging conditions, with a particularly weak outcome from agency sales in Auckland.

In Outdoor, APN is the market leader in outdoor advertising in Australia and New Zealand, as well as a major operator in transit and large format in Hong Kong, and large format in Malaysia and Indonesia. The Australian market declined 13% in H1 2009 and APN's revenue was in line with this market performance. The division experienced similar declines in its other markets. The underlying cost reductions (5% in local currency terms) achieved in the period will produce recurring savings in the second half. Combined with the exiting of unprofitable contracts across all business segments, the division is well positioned to benefit from any market recovery. The division renewed an important transit contract in Hong Kong, where APN remains the leading operator in this dynamic sector of the market.

In Online, APN operates a range of online community sites as well as New Zealand's most popular news website, *www.nzherald.co.nz*. The *www.nzherald.co.nz* website grew revenue 16% on last year and again reported increased profitability. The site now averages 835,000 unique users and generates more than 14 million page impressions a week. The regional community hub *www.finda.com.au* continues to enhance its offering to Australian regional centres. Combined with the Regional News Network, traffic to the sites in June was up 66% over the same period last year, with page impressions up 68%.

IRELAND

OVERVIEW	2009	2008	
	€m	€m	Change
Revenue	162.3	199.3	-18.6%
Operating Profit before Exceptional Items	20.6	47.0	-56.2%
Operating Margin	12.7%	23.6%	

The Irish division reported Revenue of €162.3 million, which declined 18.6% on 2008 reflecting extremely challenging market conditions in Ireland. The business delivered an operating profit of €20.6 million equating to an operating margin of 12.7%.

As a direct consequence of these extremely difficult trading conditions, advertising revenues declined by 36.6% in the first six months of 2009. This advertising revenue decline reflects reductions across all categories of advertising and in all titles. However, as expected, property and recruitment advertising were particularly impacted, due to the virtual standstill that exists in all

facets of the property market and the rising rate of unemployment in the country. Against this difficult backdrop, and in what continues to be an extremely competitive market, circulation revenues remained solid, with revenues for the first six months in line with last year. This performance reflects a combination of select cover price increases and solid circulation volumes driven by the Group's market leading titles.

The sharp decline in advertising revenues has been partially offset by strong cost control across all areas of the business, including payroll costs (mainly through pay reductions), tighter newsprint consumption and supplier costs.

The Group's titles maintained their market leading positions in the first six months of the year. The *Irish Independent* remains the clear number one quality daily newspaper with an ABC¹ of 152,204 copies (a 48.0% market share). Ireland's largest selling Sunday quality newspaper, the *Sunday Independent*, also delivered a solid performance during 2009, recording an ABC¹ figure of 272,174 copies and it continues to be Ireland's most read newspaper. The *Evening Herald* continues to perform well in what is, in common with most countries throughout the world, a challenging evening newspaper market and delivered an ABC¹ of 71,187 copies. The Group's daily free newspaper, *herald am*, continued to outperform the competition and remains the largest and most read free circulating newspaper in the country. As recently announced, the Group has, subject to Competition Authority approval, agreed to merge *herald am* with its competitor Metro to form the leading Irish daily freesheet.

The *Sunday World* continues to be Ireland's most read and biggest selling tabloid newspaper, delivering an average ABC¹ of 277,504 copies. The Group's joint venture publication, the *Irish Daily Star*, delivered another solid result, in what is a challenging tabloid market and recorded an ABC¹ of 102,884 copies. Its sister publication, the *Irish Daily Star Sunday*, continues to perform well, recording an ABC¹ of 59,691 copies.

The market-leading position of Newsread, the Group's distribution and wholesale business, has been further underpinned by the installation of a new state-of-the-art SAP distribution system, which was launched in March 2009. This will lead to a more efficient supply chain management system with efficiencies for both INM and retailers and positions the business strongly for continued growth.

In Online, the Group's suite of publishing platforms expanded substantially, with average unique users growing by 68% and total page impressions growing by 50% over the same period last year. *www.independent.ie* further consolidated its position as the number one newspaper site in the country and continued to innovate with a number of first-to-market initiatives targeted at improving advertiser return. The Group's online directory, *www.yourlocal.ie*, also continued to grow, with further strong customer acquisitions in the period. The Group's imminent launch of *www.globrix.ie* will also see a new and exciting development in the online property market.

In Education, Independent Colleges continued to make excellent progress and further extended its professional and academic programmes in the first six months of 2009 to a total of 70 courses now offered across four faculties – Journalism, Law, Accountancy and Psychotherapy – and is on course for circa 4,000 student registrations in 2009 after only two years in operation. It is now the largest provider of Law Society entrance exam (FE1) courses in Ireland and it is also the second largest provider of the Association of Chartered Certified Accountants (ACCA) programmes in the country.

¹ January to June 2009 ABC period

SOUTH AFRICA

OVERVIEW	2009	2008	Change	Change
	€m	€m	Change	Constant FX
Revenue	102.5	103.4	-0.9%	3.5%
Operating Profit before Exceptional Items	20.8	26.3	-20.9%	1.5%
Operating Margin	20.3%	25.4%		

The South African division reported Revenue of €102.5 million, up 3.5% on 2008 in constant currency. The South African operation traded well in a very challenging economic and trading environment, which experienced a significant slowdown in advertising volumes. Revenues in the Publishing and Online (“core”) operations reflect the impact of the recession upon consumer spending and general consumer confidence levels.

Revenue in the core operations declined by 8.0% on last year which was offset by the inclusion of INM Outdoor for the full 6 months as opposed to 3 months in the prior period. Operating profits of €20.8 million increased by 1.5% in constant currency with very tight cost controls in the core business, where costs were reduced by 5.5% year-on-year despite consumer inflation of 8.1% in H1 2009. In euro terms, the South African result was adversely impacted by a weakening in the Rand since H1 2008.

Circulation revenue grew by 4.9% with generally firm actively-purchased copy sales offset by the discontinuation (in the second half of 2008) of some costly bulk sales (such as copies distributed to Zimbabwe) as part of the core operations’ cost saving measures. The Sunday edition of *Isolezwe (Isolezwe ngeSonto)* celebrated its first anniversary in March with weekly sales growing to over 52,000 and the daily title’s average sales consistently breaking 100,000 copies per day. Advertising revenue declined by 10.2%, driven by a fall in classified advertising volumes with display and classified advertising market shares maintained, despite the highly competitive and challenging trading climate.

The Online division has been integrated with the Newspaper division in order to better leverage the Group’s content and maximise efficiencies. The *www.iol.co.za* portal is South Africa’s leading news, current affairs and classified site augmented by South Africa’s largest property website (*www.iolproperty.co.za*). This site is both the leader in terms of search capability and properties for sale and to let, with over 265,000 homes listed on the site. The recently launched recruitment website (*www.ioljobs.co.za*) which matches prospective candidates with jobs has already listed well over 30,000 candidates.

Condé Nast Independent Magazines’ titles performed well in a difficult trading environment, with *House & Garden* continuing to be the number one magazine in the South African home décor market. *Glamour* remains the second largest selling fashion and beauty magazine in South Africa and is the largest contributor to the division’s bottom-line.

INM Outdoor remains the dominant market leader in South Africa as well as in the higher-growth markets in the sub-Saharan African region (operates in 13 countries outside of South Africa). It reported a solid profit contribution in the period.

UNITED KINGDOM

OVERVIEW	2009	2008	Change	Change
	€m	€m	Change	Constant FX
Revenue	82.6	115.6	-28.5%	-17.6%
Operating (Loss)/Profit before Exceptional Items	(3.8)	4.7	-180.9%	-194.4%
Operating Margin	(4.6%)	4.1%		

The UK division reported Revenue of €82.6 million, a decline of €33.0 million against a background of continuing challenging trading conditions and weak consumer sentiment. Major cost efficiency programmes launched in 2008 continued throughout H1 2009, significantly offsetting the sharp revenue decline and resulted in cost savings of €24.5 million year-on-year. This resulted in an operating loss of €3.8 million for H1 2009, a decline of €8.5 million year-on-year.

In Northern Ireland, the Group is the biggest publishing operation (the *Belfast Telegraph* and *Sunday Life*), the biggest commercial printing operation with two modern plants in Belfast and Newry, the number one property website (www.propertynews.com) and the biggest newspaper and magazine distributor, WNS.

The Belfast Telegraph Group's advertising revenues declined by 35.0% year-on-year with high-yielding recruitment down 50%, accounting for nearly half of the revenue decline. *The Belfast Telegraph* continues to be the clear number one newspaper in Northern Ireland, recording an ABC (Mon – Fri) of 71,074 copies in the January to June 2009 ABC period. *The Sunday Life* benefited from the recent re-launch in March which has revitalised the product with sales up 4% since re-launch, reversing the downward trend of recent years in what remains a highly-competitive Sunday market.

The Group also owns Northern Ireland's largest online newspaper portal with its award-winning website, www.belfasttelegraph.co.uk (unique users up 58% and page impressions up 183% year-on-year to June 2009), and classified portals www.propertynews.com, www.NIjobfinder.co.uk and www.NICarfinder.co.uk which are well positioned for when advertising growth returns.

Northern Ireland's contract print division, the largest on the island of Ireland, continues to operate in line with expectations with profits slightly ahead of last year, supported by the long-term contracts it has in place with most of the major UK National newspapers. It has recently signed new long-term contracts with Trinity Mirror Group and the Telegraph Group.

The Nationals division, comprising *The Independent* and *Independent on Sunday*, reported an improved operating performance (i.e. reduced loss) year-on-year, despite advertising revenues being down 33.5% year-on-year. This is as a result of the major cost saving initiatives put in place at the end of 2008. These include the previously announced service sharing agreement with DMGT which was successfully implemented in H1 2009. Further benefits from this contract will accrue in the second half of 2009. With a UK readership of 649,000, including 541,000 in the lucrative ABC1 segment, *The Independent* remains an integral part of the UK quality newspaper market and provides a strong platform for targeted advertising in a difficult market. The www.independent.co.uk site has continued to grow, with page impressions up 75% year-on-year to June 2009 at 48.3 million for the month, of which 49.8% originated in the UK.

The Group's ongoing focus on efficiencies has resulted in reduced costs right across the UK operation, including printing and editorial, and this is continuing in the second half. The Group remains committed to further reducing its fixed cost base through greater use of synergies, technology, outsourcing and new streamlined work practices.

INDIA

Jagran Prakashan Limited (“JPL”), INM’s 13.5% owned Indian associate – which is listed on the Mumbai Stock Exchange – reported a 9.8% year-on-year increase in revenues in its financial year ended 31 March 2009, while EBITDA contracted by 4.3% year-on-year. However, JPL had a very strong start to the 2009/10 financial year, reporting an increase in revenues of 12.3% year-on-year and an increase in EBITDA of 42.0% year-on-year for the quarter ended 30 June 2009. JPL’s *Dainik Jagran* continues to be the largest read newspaper in the world, with a total readership of 54.6 million readers. At 30 June 2009, INM owned 20.8% of JPL, however following the sale of 22 million shares (7.3% of JPL) on 2 July 2009, INM’s shareholding was reduced to 13.5%.

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

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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 32 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 today manages gross assets of €2.2 billion, revenue of €1.4 billion and employs approximately 8,700 people worldwide. Further information is available on the Group's website www.inmplc.com.

INDEPENDENT NEWS & MEDIA PLC

CONDENSED INTERIM GROUP FINANCIAL STATEMENTS

<u>GROUP INCOME STATEMENT (unaudited)</u>		Six months ended 30 June 2009			Six months ended 30 June 2008		
	Notes	Before Exceptional Items €m	Exceptional Items* €m	Total €m	Before Exceptional Items €m	Exceptional Items* €m	Total €m
Revenue	4	608.8	-	608.8	780.4	-	780.4
Operating profit/(loss)	4	73.2	(86.8)	(13.6)	153.8	(19.0)	134.8
Share of results of associates and joint ventures		4.0	-	4.0	6.9	-	6.9
Finance income/costs:							
- Finance income		0.9	-	0.9	5.3	-	5.3
- Finance costs		(39.8)	-	(39.8)	(50.4)	-	(50.4)
Profit/(loss) before taxation		38.3	(86.8)	(48.5)	115.6	(19.0)	96.6
Taxation (charge)/credit		(8.5)	22.3	13.8	(19.1)	3.0	(16.1)
Profit/(loss) for the period		29.8	(64.5)	(34.7)	96.5	(16.0)	80.5
Attributable to:							
Minority interests		17.7	1.4	19.1	35.4	(3.6)	31.8
Equity holders of the parent		12.1	(65.9)	(53.8)	61.1	(12.4)	48.7
		29.8	(64.5)	(34.7)	96.5	(16.0)	80.5
(Loss)/earnings per ordinary share (cent)							
- Basic	7			(6.4c)			6.0c
- Diluted	7			(6.4c)			6.0c

* Note 5

The notes to the condensed interim Group financial statements on pages 17 to 28 form an integral part of this financial information.

GROUP STATEMENT OF COMPREHENSIVE INCOME (unaudited)

	Six months ended 30 June 2009 €m	Six months ended 30 June 2008 €m
(Loss)/profit for the period	<u>(34.7)</u>	<u>80.5</u>
Other comprehensive income		
Currency translation adjustments	119.5	(110.0)
Retirement benefit obligations:		
- Actuarial (losses)/gains	(2.0)	(30.3)
- Movement on deferred tax asset	-	3.5
IFRS 3 revaluation reserve	-	(3.5)
Gains/(losses) relating to cash flow hedges/available-for-sale financial assets	<u>6.5</u>	<u>(2.1)</u>
Other comprehensive income/(expense) for the period, net of tax	<u>124.0</u>	<u>(142.4)</u>
Total comprehensive income/(expense) for the period	<u>89.3</u>	<u>(61.9)</u>
Attributable to:		
Minority interests	62.7	7.7
Equity holders of the parent	<u>26.6</u>	<u>(69.6)</u>
	<u>89.3</u>	<u>(61.9)</u>

The notes to the condensed interim Group financial statements on pages 17 to 28 form an integral part of this financial information.

GROUP BALANCE SHEET

	Notes	30 June 2009 unaudited €m	31 Dec 2008 audited €m	30 June 2008 unaudited €m
Assets				
Non-Current Assets				
Intangible assets		1,313.8	1,330.5	1,805.1
Property, plant and equipment		344.0	334.9	376.0
Investments in associates and joint ventures		61.4	69.6	71.3
Deferred tax assets		24.5	19.3	53.6
Available-for-sale financial assets		19.9	16.7	31.8
Derivative financial instruments		0.5	-	-
Trade and other receivables		20.1	21.8	23.9
		<u>1,784.2</u>	<u>1,792.8</u>	<u>2,361.7</u>
Current Assets				
Inventories		14.2	14.9	14.0
Trade and other receivables		207.5	210.6	295.8
Current income tax assets		0.8	0.5	3.1
Derivative financial instruments		0.1	-	2.1
Cash and cash equivalents		55.8	80.7	76.1
		<u>278.4</u>	<u>306.7</u>	<u>391.1</u>
Non-current assets classified as held for sale	11	<u>130.3</u>	-	-
Total Assets		<u>2,192.9</u>	<u>2,099.5</u>	<u>2,752.8</u>
Liabilities				
Current Liabilities				
Trade and other payables		232.7	238.5	237.1
Current income tax liabilities		12.4	12.0	18.3
Borrowings	10	934.0	336.3	377.9
Derivative financial instruments		4.2	5.5	3.0
Provisions for other liabilities and charges		27.8	36.8	25.3
		<u>1,211.1</u>	<u>629.1</u>	<u>661.6</u>
Liabilities directly associated with non-current assets classified as held for sale	11	<u>10.3</u>	-	-
Non-Current Liabilities				
Borrowings	10	460.4	1,054.6	1,102.1
Retirement benefit obligations		153.6	148.8	122.6
Deferred taxation liabilities		104.7	125.6	207.6
Other payables		4.9	5.0	5.9
Provisions for other liabilities and charges		4.8	3.4	0.7
		<u>728.4</u>	<u>1,337.4</u>	<u>1,438.9</u>
Total Liabilities		<u>1,949.8</u>	<u>1,966.5</u>	<u>2,100.5</u>
Net Assets		<u>243.1</u>	<u>133.0</u>	<u>652.3</u>
Equity				
Capital and Reserves Attributable to Company's Equity Holders				
Share capital		263.6	263.6	263.5
Other reserves		312.7	196.9	359.1
Retained losses		(854.2)	(738.5)	(504.4)
		(277.9)	(278.0)	118.2
Amounts recognised in other comprehensive income and accumulated in equity related to non-current assets held for sale	11	(5.5)	-	-
		(283.4)	(278.0)	118.2
Minority Interests		<u>526.5</u>	<u>411.0</u>	<u>534.1</u>
Total Equity		<u>243.1</u>	<u>133.0</u>	<u>652.3</u>

The notes to the condensed interim Group financial statements on pages 17 to 28 form an integral part of this financial information.

GROUP STATEMENT OF CHANGES IN EQUITY (unaudited)

Group	Share Capital €m	Share Premium €m	Share Option Reserve €m	Capital Conversion Reserve €m	Currency Translation Reserve €m	Other* €m	Retained Losses €m	Equity Interest of Parent €m	Minority Interests €m	Total €m
At 31 December 2007	249.2	418.9	5.6	4.5	(50.0)	(1.1)	(454.9)	172.2	574.9	747.1
Total comprehensive income/(expense)	-	-	-	-	(87.9)	(5.6)	23.9	(69.6)	7.7	(61.9)
Issue of share capital	14.3	73.5	-	-	-	-	-	87.8	1.1	88.9
Share based payment	-	-	1.2	-	-	-	-	1.2	0.2	1.4
Dividends (including minority interests)	-	-	-	-	-	-	(75.9)	(75.9)	(49.8)	(125.7)
Treasury shares	-	-	-	-	-	-	2.5	2.5	-	2.5
At 30 June 2008	263.5	492.4	6.8	4.5	(137.9)	(6.7)	(504.4)	118.2	534.1	652.3
At 31 December 2008	263.6	492.9	6.9	4.5	(301.2)	(6.2)	(738.5)	(278.0)	411.0	133.0
Total comprehensive income/(expense)	-	-	-	-	100.7	6.5	(80.6)	26.6	62.7	89.3
Issue of equity minority interest (note 9)	-	-	-	-	2.5	-	(35.1)	(32.6)	80.1	47.5
Share based payment	-	-	0.6	-	-	-	-	0.6	-	0.6
Dividends (including minority interests)	-	-	-	-	-	-	-	-	(27.3)	(27.3)
At 30 June 2009	263.6	492.9	7.5	4.5	(198.0)	0.3	(854.2)	(283.4)	526.5	243.1

*Other includes cash flow hedging, available-for-sale financial assets and IFRS 3 reserves.

The notes to the condensed interim Group financial statements on pages 17 to 28 form an integral part of this financial information.

GROUP CASH FLOW STATEMENT (unaudited)

	Notes	Six months ended 30 June 2009 €m	Six months ended 30 June 2008 €m
Cash generated from operations (before cash exceptional items)	8	77.5	149.0
Exceptional expenditure (including restructuring payments)		<u>(26.2)</u>	<u>(20.8)</u>
Cash generated from operations		51.3	128.2
Income tax paid		<u>(14.5)</u>	<u>(23.9)</u>
Cash generated by operating activities		<u>36.8</u>	<u>104.3</u>
Cash flows from investing activities			
Purchases of property, plant and equipment		(12.4)	(22.7)
Proceeds from sale of property, plant and equipment		1.3	3.7
Purchases of intangible assets		(4.0)	(10.3)
(Purchases)/sales of available-for-sale financial assets		(1.6)	-
Receipts/(advances) from/to joint ventures and associates		0.3	0.3
Purchase of associate		(0.5)	-
Purchases of subsidiary undertakings (net of cash acquired)		-	(7.7)
Sale of subsidiary undertaking		7.2	-
Interest received		0.8	5.7
Dividends received		<u>0.6</u>	<u>1.5</u>
Net cash used in investing activities		<u>(8.3)</u>	<u>(29.5)</u>
Cash flows from financing activities			
Interest paid		(39.0)	(61.7)
Proceeds from borrowings		66.3	76.7
Repayment of borrowings		(150.2)	(4.7)
Dividends paid to shareholders of the Parent		-	(58.0)
Receipts/payments from/of finance lease liabilities		30.4	(43.4)
Dividends paid to minority interests		(23.6)	(49.8)
Proceeds from issuance of ordinary shares		-	0.3
Issue of minority interests by subsidiary undertaking		<u>55.5</u>	<u>1.1</u>
Net cash used in financing activities		<u>(60.6)</u>	<u>(139.5)</u>
Net decrease in cash and cash equivalents and bank overdrafts in the period		(32.1)	(64.7)
Balance at beginning of the year		71.6	145.9
Exchange gains/(losses)		<u>7.8</u>	<u>(11.9)</u>
Cash and cash equivalents and bank overdrafts at end of period		<u>47.3</u>	<u>69.3</u>

The notes to the condensed interim Group financial statements on pages 17 to 28 form an integral part of this financial information.

NOTES TO THE INTERIM STATEMENT (unaudited)

1. Basis of Preparation and Going Concern

The condensed interim Group financial statements (including the interim management report) for the six months ended 30 June 2009, which should be read in conjunction with the 2008 Annual Report, have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency Rules of the Irish Financial Services Regulatory Authority and in accordance with International Accounting Standard 34, Interim Financial Reporting (IAS 34) as adopted by the European Union.

As outlined in the Risks and Uncertainties section in note 2, the financial performance of the Group is dependent upon the wider economic environment in which the Group operates. The Directors note that the global advertising environment continues to be depressed due to weak economic activity. It remains uncertain when the economies in which the Group operates will emerge from the recession and therefore the outlook for consumer advertising in the Group's markets remains uncertain.

The condensed interim Group financial statements have been prepared on the going concern basis, which assumes that the Group will continue to be able to meet its liabilities as they fall due for the foreseeable future. However, due to the difficult credit markets and ongoing economic turbulence, the Group has been unable to meet its repayment obligations in relation to the maturity of the €200m 5.75% bond ("Bonds") on 18 May 2009. In addition, as at 30 June 2009, the Group has been unable to comply with certain covenant tests contained within its core bank debt facilities* relating to Net Debt to EBITDA and EBITDA to Net Interest. Failure of a covenant test renders these facilities in default and repayable on demand at the option of the lenders unless an amendment or waiver is granted by the Group's bank group (the "Banks").

On 16 May 2009, in advance of the maturity of the Bonds, and in advance of the covenant testing date in respect of the Group's core debt facilities, the Company agreed a financial standstill with the holders of the Bonds (the "Bondholders") and its Banks, whereby all parties agreed to forbear from taking any action to enforce any claim for any payment during the financial standstill period. It was also agreed that during the standstill period, interest due on the Bonds, including the payment which had been due on 18 May 2009, and on the core bank debt facilities, would continue to accrue but would not be paid. This initial financial standstill period ran until 26 June 2009. It has subsequently been extended on a monthly basis and the current standstill period extends until 25 September 2009. As part of the financial standstill the Banks provided a waiver of the covenant breach as at 30 June, which extends only for the duration of the standstill period. While the Group remains both profitable (before exceptional items) and cash generative, given the continued difficult trading conditions within which the Group is currently operating, the Group will be in breach of its financial covenants on expiry of the standstill if a further amendment or waiver is not granted by the lenders in advance. As a result, the Group's core bank debt* of €695m and bond debt of €200m are included within current borrowings on the Group's balance sheet as at 30 June 2009.

The Group continues to engage in constructive discussions with the Bondholders and its Banks in relation to refinancing the Bonds, rescheduling maturities on the Bank debt (including the €50 million due for repayment on 30 September 2009), agreeing covenant amendments and the provision of sufficient working capital facilities. While over 3 months have elapsed since the financial standstill was first entered into and agreement on the refinancing has not been reached, the Banks and Bondholders have confirmed to the Directors that they consider

NOTES TO THE INTERIM STATEMENT (unaudited) (Cont'd)

1. Basis of Preparation and Going Concern (Cont'd)

themselves to be engaged in constructive discussions regarding the financial restructuring of the Group, are committed to a consensual solution and believe that those discussions continue to make progress. While there can be no certainty that the discussions with, and between, the Bondholders and the Banks will be successfully concluded or that a restructuring solution will be made available to the Group on commercially acceptable terms, the Directors believe that an agreement can be reached that is acceptable to the Group.

In tandem with the discussions above, and as part of its stated deleveraging plan, the Group has successfully disposed of its interest in Cashcade Limited and 7.3% of Jagran Prakashan Limited (India) generating net proceeds of €37.0m. In addition, the disposal processes for INM Outdoor and Verivox GmbH are continuing and are expected to complete before the year end, with estimated proceeds in excess of €110m. Completion of these disposals and use of proceeds is yet to be finalised and will require various regulatory, shareholder, Bank and Bondholder approvals.

As the combination and the timing of the circumstances described above are not entirely within their control, the Directors have concluded that they indicate the existence of a material uncertainty which may cast significant doubt on the Group and Company's ability to continue as a going concern. If this is the case, the Group and Company may be unable to continue to realise assets and discharge liabilities in the normal course of business.

However, in view of the ongoing Bank and Bondholder support, the Group's current and forecasted cash generative position and the proceeds already received from asset disposals, the Group and Company do not face an imminent cash flow or balance sheet insolvency event while the financial standstill continues. Whilst agreement on a refinancing package has not been reached, and there is as yet no clear consensus solution, the Banks and Bondholders have confirmed to the Company they remain committed to the process and the Directors believe that an agreement can be reached, which is acceptable to the Group. Consequently, having made due enquiries and considering the uncertainties described above, the Directors have a reasonable expectation that the Group and Company has and will have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing this financial information. The financial information does not include any adjustments that would result from the going concern basis of preparation being inappropriate.

* Core Bank Debt comprises €390.0m under a floating rate multicurrency bank facility, €200.0m under a floating rate revolving bank facility and €105.0m under a multicurrency revolving bank facility.

Accounting Policies

Except as described below, the accounting policies and methods of computation and presentation adopted in the preparation of the condensed interim Group financial statements are consistent with those applied in the Annual Report for the year ended 31 December 2008 and are described in those financial statements on pages 53 to 61.

NOTES TO THE INTERIM STATEMENT (unaudited) (Cont'd)

1. Basis of Preparation and Going Concern (Cont'd)

Accounting Policies (Cont'd)

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009:

IFRS 8, 'Operating Segments'; this standard replaces IAS 14, 'Segment Reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. See note 4 for further detail.

IAS 1, 'Presentation of Financial Statements'; this revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from 'owner changes in equity'. All 'non-owner changes in equity' are required to be shown in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present two statements; an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

The following new standards have been issued and have been early adopted by the Group for the 2009 condensed interim Group financial statements:

IFRS 3, 'Business Combinations'; this standard continues to apply the acquisition method to business combinations, with some significant changes. These changes include a requirement that all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently re-measured through income. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to minority interest. All transaction costs relating to business combinations will be expensed. As INM did not have any business combinations during 2009, applying the standard does not have any effect on these financial statements.

IAS 27, 'Consolidated and Separate Financial Statements'; this standard requires the effect of all transactions with minority interests to be recorded in equity if there is no change in control. Such transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in the Income Statement. As described in note 9, INM's shareholding in APN decreased to 32.2% during the period from 39.1% as at 31 December 2008. As APN is still a subsidiary of INM, IAS 27 requires the dilution effect of this transaction to be recorded within equity.

The following interpretations or amended standards are mandatory for the first time for the financial year beginning 1 January 2009, and are either not relevant to the Group or they do not have any significant impact on the condensed interim Group financial statements:

- IAS 19 (Amendment) Employee Benefits;
- IFRS 2 Share Based Payments – Vesting Conditions and Cancellations;
- IAS 23 (Revised) Borrowing Costs;

NOTES TO THE INTERIM STATEMENT (unaudited) (Cont'd)

1. Basis of Preparation and Going Concern (Cont'd)

Accounting Policies (Cont'd)

- IFRIC 13 Customer Loyalty Programmes;
- IFRIC 15 Agreements for the Construction of Real Estate;
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation;
- IFRS 1 and IAS 27 (Amendment) Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate;
- IAS 32 (Amendment) Financial Instruments: Presentation;
- IAS 39 and IFRS 7 (Amendment) Reclassification of Financial Assets;
- IAS 29 (Amendment) Financial Reporting in Hyperinflationary Economies; and
- IFRS 7 (Amendment) Improving Disclosures about Financial Instruments.

The condensed interim Group financial statements for the six months ended 30 June 2009 and the comparative amounts have not been audited or reviewed by the auditors. The condensed interim Group financial statements are not the statutory accounts of the Company. A copy of the statutory accounts is required to be annexed to the Company's annual return to the Companies Registration Office in Ireland in respect of the year ended 31 December 2008 and has been so annexed.

2. Risks and Uncertainties

The principal risks and uncertainties faced by the Group were outlined in the Directors' Report and in note 33 of the 2008 Annual Report and include liquidity risk, economic risk, interest rate risk and foreign exchange risk. These continue to be considered the most relevant risks and uncertainties for the current financial year. They could have an impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ from expected or historical results. The key risks specific to the remaining six month period are liquidity risk and the economic risk for the global advertising environment.

Liquidity

As detailed in note 1 the Group has been unable to meet its repayment obligations in relation to the maturity of the €200m 5.75% bond ("Bonds") on 18 May 2009 and has been unable to comply with certain bank covenant tests as at 30 June 2009. On 16 May 2009, in advance of the maturity of the Bonds, the Company agreed a financial standstill with the holders of the Bonds (the "Bondholders") and its Banks, whereby all parties agreed to forbear from taking any action to enforce any claim for any payment during the financial standstill period. It was also agreed that during the standstill period, interest due on the Bonds, including the payment which had been due on 18 May 2009, and on the core bank debt facilities, would continue to accrue but would not be paid. This initial financial standstill period ran until 26 June 2009. It has subsequently been extended on a monthly basis and the current standstill period extends until 25 September 2009 and grants a waiver in relation to the covenant breach while the financial standstill continues.

The Group remains both profitable (before exceptional items) and cash generative and continues to engage in constructive discussions with the Bondholders and its Banks in relation to refinancing the Bonds, rescheduling maturities on the Bank debt (including the €50 million due for repayment on 30 September 2009), agreeing covenant amendments, and the provision of sufficient working capital facilities. While there can be no certainty that the discussions with

NOTES TO THE INTERIM STATEMENT (unaudited) (Cont'd)

2. Risks and Uncertainties (Cont'd)

Liquidity (Cont'd)

the Bondholders and the Banks will be successfully concluded or that a restructuring solution will be made available to the Group on commercially acceptable terms, the Directors believe that an agreement can be reached that is acceptable to the Group.

As the combination and the timing of the circumstances described above are not entirely within their control, the Directors have concluded that they indicate the existence of a material uncertainty which may cast significant doubt on the Group and Company's ability to continue as a going concern.

Advertising

The global advertising environment continues to be depressed due to weak economy activity. It is uncertain when the economies in which the Group operates will emerge from the current economic recession and therefore the outlook for consumer advertising in the Group's markets remains uncertain.

3. Intangible Assets

Impairment Reviews and Supplementary Non-IFRS Information

The Group's indefinite life intangible assets (including goodwill) are tested annually for impairment or whenever there is an indication of impairment. As at 30 June 2009, due to indications of impairment, certain intangible assets were tested for impairment, and as a result, an impairment charge of €69.9m arose on certain intangible assets in the United Kingdom. The impairment charge is a result of a further deterioration in advertising conditions, from a combination of a weak UK economic environment and the impact of the global financial crisis. When testing for impairment, the recoverable amounts for the Group's cash-generating units (CGUs) are measured at their value in use by discounting future expected cash flows. These calculations use cash flow projections based on management approved projections which reflect management's current experience and future expectations of the markets in which the CGU operates. The detailed methodology as used by the Group for impairment testing is as outlined in the 2008 annual report.

The Balance Sheet reports the carrying value of newspaper mastheads at their acquired cost; where these assets have been acquired through a business combination, cost will be the fair value allocated in acquisition accounting. The value of internally generated newspaper mastheads or post-acquisition revaluations are not permitted to be recognised in the Balance Sheet in accordance with IFRS and, as a result, no value for certain of the Group's internally generated newspaper mastheads (e.g. the three main Irish titles, the *Irish Independent*, the *Evening Herald* and the *Sunday Independent*) is reflected in the Balance Sheet.

While impairment charges have been recorded during the period on certain of the Group's intangible assets, the Group has many other intangible assets which have substantial value that is not reflected on the Group's Balance Sheet. This is because these intangible assets are carried in the Group's Balance Sheet at either a nil value or a value which is much less than their recoverable amount. Accounting standards do not allow the offsetting of this excess value on the total of the Group's mastheads against the impairment charge recorded in the period.

NOTES TO THE INTERIM STATEMENT (unaudited) (Cont'd)

4. Segmental Reporting

IFRS 8, 'Operating Segments' has been applied for the first time in these condensed Group interim financial statements. IFRS 8 replaces IAS 14, 'Segment Reporting' and is mandatory for the Group from 1 January 2009. IFRS 8 requires an approach under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ('CODM'). The chief operating decision-maker has been identified as the Board of Directors. Based on the internal reporting information provided, it has been determined that there are 9 reportable segments as listed in the table below. The key performance measure that is reviewed for these 9 segments is operating profit/(loss) before exceptional items. Exceptional items are reviewed at a level higher than these operating segments and appear as a reconciling item from the key performance measure reviewed by the CODM to the IFRS result. Interest income and expense, share of result of associates and joint ventures and taxation are reviewed and considered by the CODM at a Group level only.

The Group continues to report its revenues and operating profit before exceptional items by geographical areas with a further split of the geographical areas by class of business now being also provided. The Group's subsidiaries operate in four geographical areas: Ireland; United Kingdom; South Africa; and Australasia. The splits by class of business are contained in the table below. Comparatives for 2008 have been restated on a consistent basis. The Group's global diversity across both hemispheres helps insulate total Group revenues from the impact of seasonality.

	Revenue (3 rd Party)			
	30 June 2009 €m	30 June 2009 €m	30 June 2008 €m	30 June 2008 €m
Ireland - Publishing	158.1		196.3	
Ireland - Non-Publishing*	4.2		3.0	
Ireland - Total		162.3		199.3
United Kingdom - Publishing	82.6		115.6	
United Kingdom - Total		82.6		115.6
South Africa - Publishing	82.9		94.0	
South Africa - Outdoor	19.6		9.4	
South Africa - Total		102.5		103.4
Australasia – New Zealand Publishing	84.3		127.9	
Australasia – Australian Publishing	68.0		89.4	
Australasia – Radio	51.0		67.1	
Australasia – Outdoor	57.9		71.7	
Australasia – Unallocated	0.2		6.0	
Australasia – Total		261.4		362.1
		608.8		780.4

NOTES TO THE INTERIM STATEMENT (unaudited) (Cont'd)

4. Segmental Reporting (Cont'd)

	Operating Profit/(Loss) (Before Exceptional Items)			
	30 June	30 June	30 June	30 June
	2009	2009	2008	2008
	€m	€m	€m	€m
Ireland - Publishing	22.3		47.5	
Ireland - Non-Publishing*	<u>(1.7)</u>		<u>(0.5)</u>	
Ireland - Total		20.6		47.0
United Kingdom - Publishing	<u>(3.8)</u>		<u>4.7</u>	
United Kingdom - Total		(3.8)		4.7
South Africa - Publishing	14.8		23.2	
South Africa - Outdoor	<u>6.0</u>		<u>3.1</u>	
South Africa - Total		20.8		26.3
Australasia – New Zealand Publishing	14.3		31.2	
Australasia – Australian Publishing	13.7		24.9	
Australasia – Radio	14.7		20.3	
Australasia – Outdoor	1.4		7.9	
Australasia – Unallocated	<u>(3.0)</u>		<u>(2.0)</u>	
Australasia – Total		41.1		82.3
Common/Unallocated		<u>(5.5)</u>		<u>(6.5)</u>
Operating profit before exceptional items		73.2		153.8
Exceptional items (note 5)		<u>(86.8)</u>		<u>(19.0)</u>
Operating (loss)/profit after exceptional items		(13.6)		134.8
Share of results of associates and joint ventures		4.0		6.9
Net finance costs		<u>(38.9)</u>		<u>(45.1)</u>
(Loss)/profit before taxation		(48.5)		96.6
Taxation credit/(charge)		<u>13.8</u>		<u>(16.1)</u>
(Loss)/profit for the period		<u>(34.7)</u>		<u>80.5</u>

The taxation charge for the period comprises a charge of €0.1m (2008: €2.3m) in respect of Irish taxation and a credit of €13.9m (2008: charge of €13.8m) in respect of overseas taxation.

There has not been a material change in total assets from the amounts disclosed in the last annual financial statements.

* Ireland – Non-Publishing contains the activities of the Irish Group's directory and College businesses.

NOTES TO THE INTERIM STATEMENT (unaudited) (Cont'd)

5. Exceptional Items

Exceptional items are those items of income and expense that the Group considers are material and/or of such a nature that their separate disclosure is relevant to a better understanding of the Group's financial performance.

	2009	2008
	€m	€m
Included in (loss)/profit before taxation are the following:		
Impairment of assets and gains on sale of assets, net of transaction costs	(i) (66.8)	0.1
Restructuring charges	(ii) (10.8)	(13.1)
Online and education start-up and other development costs	(iii) (0.8)	(6.0)
Costs associated with financing arrangements	(iv) (8.4)	-
Total exceptional items	(86.8)	(19.0)
Net exceptional tax credit	22.3	3.0
Minority interest share of exceptional items (net of tax)	(1.4)	<u>3.6</u>
Exceptional items net of taxation and minority interests	(65.9)	<u>(12.4)</u>

(i) Primarily relates to non-cash impairment charges of €71.8m. These arose on intangible assets (€69.9m) in the United Kingdom and on investments (€1.9m) in Australasia. It also includes a gain on the sale of a business in Australasia.

(ii) Relates to restructuring of operations in Ireland €1.1m, United Kingdom €3.7m, Australasia €2.8m, South African €0.8m and also includes €2.4m in payments as described in note 12. (2008: Restructuring charges relating to the Group's Irish, Australasian, South African and United Kingdom operations).

(iii) Relates mainly to start-up and other development costs in respect of online in Australasia (2008: relates mainly to start-up and other development costs in respect of online in Australasia and Ireland and education in Ireland).

(iv) Relates to costs (mainly professional fees) incurred by the Group in the period as part of the ongoing re-negotiation of its financing arrangements.

6. Dividends and Changes to Share Capital

	30 June	30 June
	2009	2008
	€m	€m
Dividends on equity shares		
Final (2008) ordinary dividend of nil per share on 839,595,903 shares (2007: €0.0913 per share on 830,961,054 shares)	<u>-</u>	<u>75.9</u>

NOTES TO THE INTERIM STATEMENT (unaudited) (Cont'd)

6. Dividends and Changes to Share Capital (Cont'd)

In 2009, the Directors are not proposing an interim dividend. In 2008 an interim ordinary dividend of €0.0457 per share – total dividend payable of €38.3m – was declared subsequent to 30 June 2008.

At the Company's AGM on 12 June 2009, a resolution was passed changing the authorised and issued share capital of the Company. The authorised share capital of the Company was changed from 1,000,000,000 Ordinary Shares of €0.30 each to 1,606,122,805 Ordinary Shares of €0.05 each and 878,775,439 Deferred Shares of €0.25 each. Each €0.30 Ordinary Share in issue was split into one Ordinary Share of €0.05 and one Deferred Share of €0.25. As at 30 June 2009 the issued share capital of the Company was 878,775,439 Ordinary Shares of €0.05 each and 878,775,439 Deferred Shares of €0.25 each. No new shares have been issued in the six months to 30 June 2009.

7. Earnings Per Share

	30 June 2009 €m	30 June 2008 €m
(Loss)/profit attributable to the parent	(53.8)	48.7
Exceptional items (note 5)	86.8	19.0
Tax credit on exceptional items	(22.3)	(3.0)
Minority interest share of exceptional items	<u>1.4</u>	<u>(3.6)</u>
Profit before exceptional items	<u>12.1</u>	<u>61.1</u>
Weighted average number of shares outstanding during the period (excluding treasury shares and deferred shares)	839,595,903	811,591,910
Effect of:		
Conversion of options	<u>-</u>	<u>610,284</u>
Diluted number of shares	<u>839,595,903</u>	<u>812,202,194</u>
Basic (loss)/earnings per share	<u>(6.4c)</u>	<u>6.0c</u>
Basic earnings per share before exceptional items	<u>1.4c</u>	<u>7.5c</u>
Diluted (loss)/earnings per share	<u>(6.4c)</u>	<u>6.0c</u>
Diluted earnings per share before exceptional items	<u>1.4c</u>	<u>7.5c</u>

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

For diluted earnings per share, the weighted average number of ordinary shares outstanding is adjusted to assume conversion of all potential dilutive options over ordinary shares once the adjustment does not reduce a loss per share.

Basic and diluted earnings per share before exceptional items are presented in order to give a better understanding of the Group's financial performance.

NOTES TO THE INTERIM STATEMENT (unaudited) (Cont'd)

8. Reconciliation of Operating Profit before Exceptional Items to Cash Generated by Operating Activities

	30 June 2009 €m	30 June 2008 €m
Operating profit before exceptional items	73.2	153.8
Depreciation/amortisation	17.9	18.8
Non-cash share option charge	<u>0.6</u>	<u>1.4</u>
Earnings before Interest, Tax, Depreciation and Amortisation	91.7	174.0
Unrealised foreign exchange movements	(3.6)	(9.9)
Decrease in inventories	2.1	3.1
Decrease in short term and medium term receivables	9.1	11.5
Decrease in short term and long term payables	(17.7)	(29.1)
Decrease in provisions (excluding restructuring payments)	<u>(4.1)</u>	<u>(0.6)</u>
Cash generated from operations (before cash exceptional items)	77.5	149.0
Exceptional expenditure (including restructuring payments)	<u>(26.2)</u>	<u>(20.8)</u>
Cash generated from operations	51.3	128.2
Income tax paid	<u>(14.5)</u>	<u>(23.9)</u>
Cash generated by operating activities	<u>36.8</u>	<u>104.3</u>

9. Other Items

Retirement Benefits

The retirement benefit obligations as at 30 June 2009 in the Balance Sheet have increased by €4.8m to €153.6m compared to €148.8m at 31 December 2008. This increase is driven predominately by foreign exchange rate movements which have increased the retirement benefit obligation by €6.5m. It also reflects a curtailment gain of €4.2m arising in the period. An actuarial loss of €2.0m (2008: €30.3m) arose in the period as disclosed in the Group Statement of Comprehensive Income.

Currency Translation Adjustments

A positive currency translation adjustment of €119.5m has been booked in the Group Statement of Comprehensive Income for the half year to 30 June 2009. This has arisen due to the strengthening of the South African Rand, Australian Dollar and Sterling Pound exchange rates at 30 June 2009 compared to the rates at 31 December 2008 used in the translation of the balance sheets of subsidiaries with a functional currency different to that of the Parent Company.

Transactions within Equity

During the period APN News & Media Limited issued shares and INM did not subscribe for any shares. As a result INM's holding in APN has fallen to 32.2% compared to 39.1% as at 31 December 2008.

NOTES TO THE INTERIM STATEMENT (unaudited) (Cont'd)

10. Borrowings

Group	June 2009	June 2009	June 2009	December 2008	December 2008	December 2008
	Loans & Overdrafts €m	Finance Lease Liabilities €m	Total €m	Loans & Overdrafts €m	Finance Lease Liabilities €m	Total €m
Repayable as follows:						
Between one and two years	33.1	2.5	35.6	606.9	1.6	608.5
Between two and five years	386.6	28.2	414.8	445.0	-	445.0
More than five years	10.0	-	10.0	1.1	-	1.1
Total due after one year	429.7	30.7	460.4	1,053.0	1.6	1,054.6
Due within one year or on demand	931.9	2.1	934.0	335.7	0.6	336.3
Total borrowings	1,361.6	32.8	1,394.4	1,388.7	2.2	1,390.9
Split of total borrowings between:						
- Secured	715.9	32.4	748.3	1.0	2.2	3.2
- Unsecured	645.7	0.4	646.1	1,387.7	-	1,387.7
Total borrowings	1,361.6	32.8	1,394.4	1,388.7	2.2	1,390.9
Cash and cash equivalents			(55.8)			(80.7)
Net debt			1,338.6			1,310.2

The following are included in Loans and Overdrafts:

- €200.0m representing 5.75% fixed rate bonds;
- *€390.0m under a floating rate multicurrency bank facility;
- *€200.0m under a floating rate revolving bank facility;
- *€105.0m under a multicurrency revolving bank facility; and
- €447.7m (A\$779.4m) representing APN's floating rate syndicated bank loans (with no recourse to INM)

- * Since the year end, certain Group companies incorporated in Ireland and the UK have granted fixed and floating charges over assets located in Ireland and the UK in connection with the above facilities.

A subordination agreement also exists in relation to these facilities. This agreement provides that, in a liquidation situation, all intergroup debt within those companies which have signed up to the agreement is subordinated to these facilities until such time as this debt has been discharged in full. All material companies within the Group have signed up to this agreement, with the exception of any Group company incorporated in South Africa. As a result, a loan owed from the Group's South African subsidiary to the Group's Jersey subsidiary, Independent News & Media (Finance) Limited, amounting to €100.5m as at 30 June 2009 is not covered by this subordination agreement.

11. Assets Held For Sale

As part of its deleveraging plan, the Group put a number of assets up for sale during the first six months of 2009. As at 30 June 2009, the following businesses qualify as held for sale under the provisions of IFRS 5:

- INM Outdoor;
- Cashcade Limited; and
- Verivox GmbH.

NOTES TO THE INTERIM STATEMENT (unaudited) (Cont'd)

11. Assets Held For Sale (Cont'd)

No impairments arose on moving the assets into the held for sale category. INM sold Cashcade in July 2009. The disposal processes for INM Outdoor and Verivox GmbH are continuing and are subject to a number of conditions and approvals. INM expects both these disposals to complete before the end of 2009.

12. Related Party Information

Sir Anthony O'Reilly retired as a Director and as Chief Executive with effect from 7 May 2009. The Company made a compensation payment of €1.4m to Sir Anthony O'Reilly and made a payment of €1.0m in respect of the Company's contribution to a pension scheme in settlement of all his contractual rights as a Director/employee of the Company.

Except for the above, there have been no other:

- related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period; and
- changes in the related party transactions described in the last Annual Report that could have a material effect on the financial position or performance of the enterprise in the first six months of the current financial year.

13. Acquisition of Subsidiary Undertakings

There were no business combinations during 2009.

In 2008 the Group acquired the following subsidiaries during the period, which resulted in them all becoming 100% owned subsidiaries: *APN Finda*, *Sell-Me-Free*, Clear Channel Independent and *The Sligo Champion*. The Group previously held 50% interests in Clear Channel Independent (subsequently renamed INM Outdoor), *APN Finda* and *Sell-Me-Free*, which were equity accounted for up to their dates of acquisition.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR THE SIX MONTHS ENDED 30 JUNE 2009

The Directors (being the persons responsible within INM for making this statement) confirm that to the best of their knowledge:

- (1) the condensed interim Group financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, being the international accounting standard applicable to interim financial reporting adopted pursuant to the procedure provided for under Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- (2) the condensed interim Group financial statements include a fair review of:
 - (a) the important events that have occurred during the first six months of the financial year, and their impact on the condensed interim Group financial statements;
 - (b) the principal risks and uncertainties for the remaining six months of the financial year;
 - (c) related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period; and
 - (d) any changes in the related party transactions described in the last Annual Report, that could have a material effect on the financial position or performance of the enterprise in the first six months of the current financial year.

On behalf of the Board

Gavin K O'Reilly
Group Chief Executive Officer

Dónal J Buggy
Group Chief Financial Officer