

**ENCOURAGING FINISH TO 2009 WITH IMPROVING OPERATING PERFORMANCE TRENDS AND REFINANCING COMPLETED**

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

**Dublin/London 24 March 2010:** The Board of Independent News & Media PLC ('INM' or the 'Group') today announced the Group's full year results for the 12 months ended 31 December 2009. A detailed presentation on these results is available on the Group's website [www.inmplc.com](http://www.inmplc.com). This release also incorporates INM's Interim Management Statement relating to INM's 2010 year-to-date performance to 19 March 2010.

<b>RESULTS</b>	<b>2009 €m</b>	<b>2008 €m</b>	<b>Change</b>	<b>Change Constant FX</b>
Revenue	1,255.9	1,476.6	-14.9%	-13.2%
Operating Profit*	177.2	290.3	-39.0%	-35.9%
Profit Before Tax*	114.4	211.7		
Total Exceptional Items	(145.8)	(373.1)		
Loss Before Tax	(31.4)	(161.4)		
Profit After Tax*	92.0	170.3		
Loss After Tax	(41.1)	(159.4)		
Basic Loss Per Share	(5.7c)	(12.5c)		
Adjusted Earnings Per Share**	3.0c	7.9c		

\* *Before exceptional items*\*\* *Diluted EPS, before exceptional items***SUMMARY PERFORMANCE & OUTLOOK**

- Group Revenue of €1,255.9 million reflects a comparatively resilient performance by the Group in extremely poor advertising markets
- Strong profit generation with Operating Profit\* of €177.2 million and EBITDA\* of €217.0 million – despite extremely challenging economic conditions
- 2009 Operating Margin\* of 14.1% at top end of peer group, with Operating Costs down 9.1% (or €107.6 million) reflecting INM's effective cost management
- Market share advances achieved in advertising, circulations, online and readership in our primary markets, producing a strong foundation for enhanced operating leverage in 2010
- New 4½ year Bank Facilities signed in November, which substantially extended the Group's debt maturity profile from 2010 to 2014
- Refinancing successfully completed in December 2009 providing financial stability
- 2009 Asset Disposal Programme successfully raised approximately €150 million for Debt reduction, with lost EBITDA to the Group of only €15 million
- Significant reduction in Net Debt – down €367 million (before adverse currency movements)
- Exceptional Items of €145.8 million primarily relate to non-cash impairment charges in relation to INM's intangible assets but also include costs relating to operational restructuring within the Group and costs associated with the Refinancing process

- Subsequent to year-end:
  - Full compliance with Combined Code on Corporate Governance following the appointment of Mr. Bengt Braun to the Board of INM and reconstitution of certain Board committees
  - Discussions continue with Mr. Alexander Lebedev in relation to the proposed disposal of *The Independent* and *The Independent on Sunday* titles in the UK, with an announcement expected very shortly
  - Disposal of 7.8% of Jagran Prakashan Limited for €41.4 million – used to further reduce Recourse Net Debt to approximately €532 million

## – 2010 OUTLOOK –

Commenting on the 2009 full year results, Gavin O'Reilly, Group Chief Executive Officer, made the following outlook statement:

*“Following the successful conclusion to our complex financial debt refinancing in 2009, it is reassuring to be able to now look forward to 2010 where we will build on the underlying profitability and real progress that INM’s operations achieved in 2009, with solid market share advances and continued efficient cost management.*

*“Both advertising and underlying profitability in each of our geographic regions stabilised in the second half of 2009 and that trend has continued into 2010, with certain markets already showing year-on-year operating profit growth. While it is still very early in the year, if these current trends continue, we would target an improvement in operating profit for 2010. In the immediate term, vigilant cost management and further debt reduction will remain priorities and, as economies recover, we will focus on converting our leading market share positions into revenue and operating profit growth.”*

## – 2009 PERFORMANCE OVERVIEW –

While the Group achieved an Operating Profit before Exceptionals of €177.2 million and a healthy EBITDA\* of €217.0 million for the year, this result reflects the extremely challenging economic conditions, which saw overall Revenue down 14.9% (13.2% in constant currency terms). Like most media companies, advertising demand was materially affected and dropped 19.2% (17.6% in constant currency) compared to 2008. Importantly, advertising revenue stabilised during 2009 and, as a result of the weaker comparators, the year-on-year revenue shortfall reduced as 2009 progressed and this improving trend has continued into the early months of 2010. Circulation revenues broadly withstood the economic pressures, being only 2.6% behind last year in constant currency terms. Despite these revenue challenges, good market share advances were recorded in our primary markets.

### **Superior Operating Margins**

Continuous operating cost control and business process improvement initiatives again proved very effective and total Group costs were reduced by 9.1% or by €107.6 million in 2009. This delivered a strong operating profit margin of 14.1%, which consistently ranks at the top end of our peer group. Operating Profit before Exceptionals of €177.2 million declined 39.0% on 2008.

### **Exceptional Charges**

The Group recorded an Exceptional charge of €145.8 million in 2009. €95.4 million of this charge relates to a non-cash impairment charge on the Group’s assets (primarily intangible assets) as a consequence of the economic downturn – the majority of which (€71.8 million) was booked in the

2009 first half results. The Directors believe that when the economic climate recovers, these intangible asset valuations will improve. While impairment charges have been recorded during the year 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 IFRS does 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).

The balance of the Exceptional charge (€50.4 million) primarily relates to the restructuring of certain operational areas across the Group and costs associated with the Refinancing in 2009 where INM was obliged not only to pay professional adviser fees for the Group but also professional adviser fees for both Banks and Bondholders.

### **Finance Charges and Net Debt**

Net finance charges at €72.3 million declined 21.0% on 2008 and benefited from lower interest rates and reduced overall debt levels. Net Debt at 31 December 2009 was €1,044 million, down €266 million (20.3%) on the prior year (or down €367 million before adverse currency movements). This €266 million reduction was primarily driven by the equitisation of the Bonds under the Refinancing as detailed below in Note 1 (€198 million) and the receipt of proceeds from asset disposals (€159 million), partially offset by an adverse foreign exchange movement (€101 million) mainly in relation to the Group's Australian dollar debt.

### **Capital Expenditure**

All major capital expenditure projects across the Group have now been completed and no significant capital investment is required in the medium term. As a result, capital spend is projected to remain at or below current depreciation levels.

### **2009 Underlying Performance**

After exceptional items, INM reported a loss after tax and non-controlling interests of €87.8 million. However, the underlying result excluding exceptional items was a profit of €45.8 million and the Group reported a Diluted Earnings Per Share excluding exceptional items of 3.0 cent.

## **– 2009 REFINANCING –**

Due to the Global Financial Crisis and ongoing economic volatility in the Group's markets, INM entered into a financial standstill with its Banks and Bondholders prior to being unable to meet certain debt repayment and covenant obligations during 2009.

The Group held intensive negotiations with these financial creditors to agree a consensual Refinancing solution which would recognise the economic interests of, and preserve maximum value for, all stakeholders in the business. Following complex negotiations, agreement was finally reached between stakeholders which facilitated the full satisfaction of the Bondholders' €198 million claim by equitisation and a Rights Issue (see Note 1 below for further details) and the securing of new 4 ½ year Senior Bank Debt Facilities.

All requisite Shareholder, Bondholder and Bank approvals required to implement the above Refinancing were successfully obtained in November 2009. The Group would, again, like to thank all stakeholders for their strong support through 2009.

## – 2009 ASSET DISPOSAL PROGRAMME –

In tandem with the Refinancing, and as part of its stated deleveraging plan in 2009, the Group also successfully completed the disposal of its interests in Cashcade Limited, 7.3% of Jagran Prakashan Limited (India), INM Outdoor and Verivox GmbH, in total generating proceeds, in line with market guidance, of approximately €150 million which were applied towards further debt reduction.

## – SHARE CONSOLIDATION & DIVIDEND –

In line with INM's focus on cash conservation and further meaningful debt reduction, no dividend will be paid for 2009.

The Group also intends, subject to market conditions, to seek authority from Shareholders at the Annual General Meeting on 2 June 2010 to consolidate its ordinary share capital. Neither the consolidation rate nor the timing of implementation has yet been determined by the Board but it is envisaged that any consolidation would be such as to effect a reduction in the number of shares in issue, restore the share price to a level comparable with other similar sized Irish-listed companies and reduce the wider bid-offer spread commonly associated with lower priced shares and thereby stimulate liquidity. Further announcements in relation to the share consolidation, including in relation to the treatment of fractions (which, having regard to the likely relatively modest consolidation rate would not be expected to be significant in value), will be made in due course.

## – BOARD & GOVERNANCE –

During the second half of 2009, there were further changes to the composition of the Board and the senior management team. In November 2009, Lothar Lanz (CFO & COO of Axel Springer AG) was appointed to the Board, replacing Ken Clarke who retired to focus fully on UK politics. Vincent Crowley (previously CEO of INM's Irish division) was appointed Group Chief Operating Officer. These appointments further underpin the Group's focus to drive forward the operations of our market-leading brands through the improving economic cycle and to restore equity value for shareholders over time.

On 23 March 2010, it was announced that Mr. Bengt Braun was appointed to the Board of INM as a non-executive Director with immediate effect. Mr. Braun is the Vice-Chairman, and former Chief Executive, of the Bonnier Group, one of Scandinavia's largest, most integrated and successful media groups.

Consistent with the Company's commitment to achieving best practice in all matters relating to corporate governance, Mr. Braun's appointment ensures that at least half the Board is now comprised of independent non-executive Directors, thereby complying with the Combined Code on Corporate Governance. In addition, INM announces that certain of its Board committees have been reconstituted to ensure full compliance with the relevant provisions of the Combined Code.

## – OPERATIONS REVIEW –

### AUSTRALASIA

<b>OVERVIEW</b>	<b>2009</b>	<b>2008</b>	<b>Change</b>	<b>Change</b>
	<b>€m</b>	<b>€m</b>		<b>Constant FX</b>
Revenue	566.2	671.8	-15.7%	-12.9%
Operating Profit before Exceptional Items	101.7	155.5	-34.6%	-32.3%
Operating Margin	18.0%	23.1%		

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 approximately A\$1.4 billion (approximately €930 million). Generally tougher advertising conditions led to Revenue of €566.2 million (a 12.9% decline in constant currency), which yielded a 2009 Operating Profit of €101.7 million (a 32.3% decline in constant currency).

In the Australian Regional Publishing division, the Queensland markets faced challenging conditions as the economic slowdown spread to regional centres. Retail advertising was resilient, however real estate advertising fell in line with lower activity in the housing market and employment advertising also declined following uncertainty in the mining sector. Towards the end of the year local economies showed signs of recovery and a number of new mining ventures have started recruiting. Costs were down 3.5% year-on-year on the back of productivity improvements.

In the New Zealand Publishing division, the business showed improving trends in the final quarter. Although revenue was down 10% for the second half, fourth quarter revenues improved to be only 6% down. Publishing costs were down 12% on a local currency basis for the year – an impressive result on an already good cost outcome in the previous year. In the latest readership figures (Jan-Dec 2009, Nielsen Media Research) *The New Zealand Herald* increased its daily brand audience, in both newspaper and online to 680,000 readers, with two out of every three Aucklanders connecting with the Herald brand each week. *The New Zealand Herald* is the most read daily newspaper in the country, with twice as many readers as any other metropolitan newspaper. The *Herald on Sunday* is the best-read Sunday newspaper where it circulates in the northern region including Auckland. APN's regional newspaper portfolio increased its share of regional readers to 41%. While local economies remained weak, there was some growth in retail advertising.

In the Radio division, the Australian Radio Network ('ARN') broadcasts across twelve metropolitan FM and AM stations with a national audience of more than 4 million each week. Ratings overall were steady, and increased in 2009 in the commercially important Sydney market. Costs were down 3.5% year-on-year. The Radio Network ('TRN') is the market leading radio broadcaster in New Zealand, with a 10+ national audience share of 46%, and the top-rated stations in Auckland, Wellington and Christchurch. TRN broadcasts across more than 120 FM and AM frequencies over eight networks, reaching 1.4 million listeners each week. The radio market in New Zealand contracted by 10% in 2009 but tight cost management delivered an 11% cost reduction in local currency terms which helped partly offset the revenue shortfall.

APN Outdoor is the market leader in outdoor advertising in Australia and New Zealand, as well as a major operator in transit and large format advertising in Hong Kong and large format advertising in Indonesia. The Outdoor market in Australia contracted 12% in 2009; however, APN maintained its market leadership in each of its categories. Strong cost management helped partly offset a fall in revenue and the division is well placed to benefit from any market recovery. Bookings in the fourth quarter saw a return to more normal trading patterns, with a year-on-year increase in the month of December.

In the Online division, the [www.nzherald.co.nz](http://www.nzherald.co.nz) website improved its position as the most popular news website in New Zealand, attracting record traffic and strong advertiser support resulting in improved profitability. Also, there has been a strong take-up of *The New Zealand Herald's* mobile offering, with more than 30,000 unique users each week, underlining the Group's ability to charge for content as the mobile news content market develops. In the Australian regional market, cross-platform selling across APN's range of publishing and online products enhances its offering to the market and increases local media opportunities. This will be expanded by the recently announced alliance with Fairfax Media whereby APN will be the exclusive reseller of Fairfax Media's online classified sites in APN's regional Australian markets. In ARN, a series of substantially redeveloped

online sites is being introduced and there has already been good client support for a number of integrated radio and online campaigns.

## IRELAND

<b>OVERVIEW</b>	<b>2009</b>	<b>2008</b>	<b>Change</b>
	<b>€m</b>	<b>€m</b>	
Revenue	357.5	419.4	-14.8%
Operating Profit before Exceptional Items	44.3	77.1	-42.5%
Operating Margin	12.4%	18.4%	

The Irish division reported Revenue of €357.5 million. This represents a decline of 14.8% on 2008, primarily due to reduced advertising revenues throughout the year. Despite extremely difficult market conditions, the Irish division still delivered a very solid operating profit of €44.3 million, eclipsing all of its local and UK competitors.

Whilst advertising revenues declined by 34.5% in 2009, reflecting the most difficult advertising market ever seen in Ireland, the Group increased its advertising market share. This advertising decline was across all categories but the sharpest declines were experienced in property and recruitment – whilst general run-of-paper and retail advertising saw more modest declines. Despite a still competitive Irish circulation market, and against the backdrop of an extremely deflationary economic environment, circulation revenues recorded a very modest revenue decline of 1.5%, reflecting the underlying strength of our market-leading brands and some judicious cover price increases throughout 2008 and early 2009.

The market-leading positions of the Group's titles were extended during the year, with the *Irish Independent* outperforming and cementing its clear lead as the number one quality daily newspaper with an ABC<sup>1</sup> of 149,906 copies (a 49.0% market share). Attracting an average daily readership of 581,000 readers<sup>2</sup>, it continues to reach more readers each day than its two leading broadsheet competitors combined. Ireland's largest selling Sunday quality newspaper, the *Sunday Independent*, delivered a strong performance during 2009 recording an ABC<sup>1</sup> figure of 268,140 copies, only 0.8% down on the same period in 2008 – significantly ahead of the market. It continues to be the Republic of Ireland's most read newspaper and, in attracting 1,031,000 readers<sup>2</sup> each and every Sunday, has the largest audience in Ireland across any advertising medium. The *Sunday World* also consolidated its position as Ireland's largest selling newspaper in 2009, as well as maintaining its position as Ireland's most read and biggest selling tabloid newspaper, delivering an ABC<sup>1</sup> of 270,453 copies.

The *Evening Herald* continues to show the strength of its brand in the challenging evening market and, despite the continued large number of free dailies in the marketplace, still attracted a very strong 289,000 readers<sup>2</sup> in 2009 – maintaining its place as Dublin's most read newspaper.

The Group's joint venture publication, the *Irish Daily Star*, extended its lead over its nearest competitor in the popular daily tabloid sector and delivered an ABC<sup>1</sup> of 97,647 copies. Its sister publication, the *Irish Daily Star Sunday*, maintained its position in the Sunday tabloid market, achieving an ABC<sup>1</sup> of 56,004 copies.

In early 2010, to rationalise the market and significantly reduce losses, the Group's daily free newspaper, *herald am*, merged with its rival publication *Metro*, to create a new publication *Metro*

<sup>1</sup> July to December 2009 ABC period

<sup>2</sup> JNRS 2009

*herald*, which is the only quality, daily free newspaper available in the capital and is already making good financial progress, just two months after its launch.

The Group's 13 paid-for weekly regional titles in counties Cork, Kerry, Dublin, Louth, Wexford, Wicklow, Carlow and Sligo performed well in 2009, in difficult market conditions, with their circulation performance in the second half of 2009 exceeding that of the market.

Newsread, Ireland's largest publishing distribution and wholesaling company, was further enhanced in 2009 by the installation of a new state-of-the-art SAP distribution system which went live in March 2009. This further underpins Newsread's market-leading position and places it in a strong position for future growth.

In Education, Independent College continued to make excellent progress throughout 2009 – its second full year in operation. Now offering over 70 individual courses, it has attracted in excess of 7,000 students to date. With the largest student body for professional accountancy courses in the country, Independent College now boasts Ireland and worldwide first place student prize winners in the Association of Chartered Certified Accountants (ACCA) exams and has just been awarded platinum teaching status by the ACCA. The Professional Law School continues to be the market leader for Law Society of Ireland and Honorable Society of King's Inns entrance examination preparation.

The Irish Group's suite of online offerings also continued to perform well in 2009 against a challenging backdrop. The Group's websites (driven primarily by *www.independent.ie*) further grew their already strong customer base, with an ABCe in October 2009 confirming 30.8 million page impressions and 2.3 million unique users (+28.7% and +33.1% respectively on the same time last year). The launch of *www.globrix.ie* in September 2009, a free-to-list property search engine, delivered an exciting development in the property sector and was well received by estate agents and consumers alike – this 'best in class' platform has already delivered good market penetration in a short period of time. The Group's online jobs platform, *www.loadzajobs.ie*, performed well in what continues to be a very challenging job market. The Group's dedicated online directory website, *www.yourlocal.ie*, further consolidated its position in the market in only its second year since launch (in early 2008) and continues to streamline its offering to deliver an enhanced customer experience.

## **SOUTH AFRICA**

<b><u>OVERVIEW</u></b>	<b>2009</b>	<b>2008</b>	<b>Change</b>	<b>Change</b>
	<b>€m</b>	<b>€m</b>		<b>Constant FX</b>
Revenue	209.5	212.5	-1.4%	-4.7%
Operating Profit before Exceptional Items	47.8	72.2	-33.8%	-25.7%
Operating Margin	22.8%	34.0%		

The South African division reported Revenue of €209.5 million which was down 4.7% on 2008 (in constant currency). Generally challenging economic conditions drove a 9.0% Revenue decline (in constant currency) in the main publishing division which was partly offset by an extra three months of Revenues from the Outdoor division in 2009 versus the prior year.

The Publishing division saw circulation revenue grow by 3.6% (in constant currency) on the strength of cover price increases and generally firm actively-purchased copy sales, partly offset by discontinued costly bulk sales (to outlying areas such as Zimbabwe). The revenue performance was also assisted by strong sales growth of the daily and Sunday editions of *Isolezwe* – with the daily breaking the 100,000 level (achieving a daily average of 104,320 copies in the October to December ABC period) and the Sunday selling almost 60,000 copies a week (achieving a weekly average of 59,818 copies in the October to December ABC period).

Advertising revenue declined by 10.9% (in constant currency) in the publishing operations, reflecting competitor discounting and generally softer volumes in most categories but particularly in the classified markets of property, motors and recruitment. Despite the contraction in the market, the South African business was able to grow its display and maintain its classified advertising market shares and is well positioned to benefit from the 2010 World Cup.

Operating profits of €47.8 million declined year-on-year by 25.7% (in constant currency) which was reflective of the challenging trading conditions suffered by the core newspaper business. The significant pressures on publishing revenues were to some extent reduced by the positive impacts of strict cost containment measures and the introduction of a number of further business improvement initiatives. The cost increase in the newspaper operations was held to 2.9% despite double-digit inflationary pressures on salaries and newsprint. Overall, the South African division continued to produce a strong operating profit margin of 22.8%.

The Online operation was successfully integrated into the Publishing division from 1 January 2009 in order to better leverage the Group's content and maximise efficiencies. The *www.iol.co.za* portal is one of South Africa's leading news, current affairs and classified sites and it, together with the Group's individual newspaper titles and other niche sites, now comfortably delivers over two million unique visitors per month. South Africa's largest property website, *www.iolproperty.co.za*, established during 2008, is the leader in terms of both search capability and houses for sale and to let, with over 230,000 homes listed on the site. In July 2009, *www.ioljobs.co.za* was launched and has already become the second biggest website after news. Utilising world-class matching technology this site already attracts 200,000 users per month, has 70,000 registered candidates with full resumés and lists 11,000 job advertisements.

Condé Nast Independent Magazines' titles have performed well in the difficult 2009 trading environment, with *Condé Nast House & Garden* continuing to be number one in the South African home décor market. *Glamour* remains the second largest selling fashion and beauty magazine in South Africa and is the largest profit contributor in the division.

The disposal of 100% of the South African outdoor business to a pan-African private equity investor group led by Helios Investment Partners was completed on 14 December 2009, realising gross cash proceeds of ZAR 1,100 million (approximately €98 million).

## UNITED KINGDOM

<b>OVERVIEW</b>	<b>2009</b>	<b>2008</b>	<b>Change</b>	<b>Change</b>
	<b>€m</b>	<b>€m</b>		<b>Constant FX</b>
Revenue	122.7	172.9	-29.0%	-20.7%
Operating Loss before Exceptional Items	(6.9)	(1.1)	-527.3%	-607.4%
Operating Margin	(5.6%)	(0.6%)		

The UK division reported Revenue of €122.7 million, a decline of 20.7% in constant currency against a background of continuing challenging trading conditions and weak consumer sentiment. Major cost efficiency programmes launched in 2008 and continued throughout 2009 significantly offset the sharp revenue decline and yielded cost savings in Euro terms of €44.4 million year-on-year. This resulted in an operating loss of €6.9 million for 2009, a decline of €5.8 million on 2008.

In Northern Ireland, the Group is the largest publisher (the *Belfast Telegraph* and *Sunday Life*), the largest commercial printing operation with two modern plants in Belfast and Newry and owns the number one property website (*www.propertynews.com*) and the leading news website (*www.belfasttelegraph.co.uk*).

The Belfast Telegraph Group's advertising revenues declined by 29.7% (in constant currency) year-on-year, although the second half reported a slowing in the annual rate of decline. High-yielding recruitment was down 44.5%, 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 of 66,242 copies in the July to December 2009 ABC period. This follows the successful re-launch of the *Belfast Telegraph* in compact format in the first quarter. The *Sunday Life* also benefited from a re-launch in the first quarter which has revitalised the product and recorded an ABC of 60,057 copies in the same period in what remains a highly-competitive Sunday market. Both the *Belfast Telegraph* and *Sunday Life* have appointed new editors in 2009, both of whom are focused on producing newspapers which reflect the significant cultural and political changes that are transforming Northern Ireland today.

The Group also owns Northern Ireland's largest online newspaper portal with its award-winning website, [www.belfasttelegraph.co.uk](http://www.belfasttelegraph.co.uk) (which boasts 1.2 million monthly unique users and 11.2 million monthly page impressions), and the classified portals [www.propertynews.com](http://www.propertynews.com), [www.NIjobfinder.co.uk](http://www.NIjobfinder.co.uk) and [www.NICarfinder.co.uk](http://www.NICarfinder.co.uk) which are well positioned for when advertising growth returns in these key vertical markets. In addition, a new classified portal, [www.madforads.co.uk](http://www.madforads.co.uk), was launched in the second half of 2009 to complement a new in-paper classified section and further consolidate the Group's strength in the online market in Northern Ireland.

The Northern Ireland contract print division, the largest on the island of Ireland, continues to operate in line with expectations with profits holding up, strongly supported by the long-term contracts it has in place with most of the major UK National newspapers. In 2009, it signed new long-term contracts with Trinity Mirror Group and the Telegraph Group. It was announced in December 2009 that the Northern Ireland print division would be merged with the Dublin printing operation from 2010 onwards to produce an all-Ireland print operation. This new operation is able to offer additional flexibility in print and distribution schedules and will benefit from an overall lower cost base than the previous separate divisions.

The Nationals division, comprising *The Independent* and *The Independent on Sunday*, reported an improved operating performance (i.e. reduced loss) year-on-year, despite advertising revenues being down 33.1% (in constant currency) year-on-year. This is as a result of the major cost saving initiatives put in place at the end of 2008 and the benefit from the service sharing agreement with DMGT, which was successfully implemented in the first half of 2009. Overall annual cost savings in excess of Stg£20 million were achieved by the Nationals division in 2009. With a UK readership of 671,000 readers, including 583,000 readers 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](http://www.independent.co.uk) site has continued to grow, with page impressions in December 2009 of 45.4 million, up 19% year-on-year and unique users at 9.3 million for the month, up 7% year-on-year.

#### **– INTERIM MANAGEMENT STATEMENT –**

In accordance with the Transparency Regulations, this Interim Management Statement is an update on INM's 2010 year-to-date trading performance to 19 March 2010.

The second half of 2009 saw the Revenue year-on-year shortfall reduce as the year progressed benefiting from an economic stabilisation in most markets and easier comparators. This improving trend continued into the early months of 2010. Year-to-date Revenues in 2010 are ahead of 2009 by 5.8% and this performance also reflects an improvement in foreign currency rates. Costs continue to

be well managed in local currency terms but are above last year solely due to foreign exchange rate movements.

The year-to-date results are impacted by the loss of contribution from the INM Outdoor business in South Africa which was sold in mid-December 2009. To get a clearer view of the underlying performance of our continuing businesses going forward we have also shown a pro forma performance analysis excluding the impact of INM Outdoor and excluding the results of the UK National Independent titles (in respect of which disposal discussions continue).

	<b>Actual Results</b>		<b>Pro Forma**Results</b>	
	<b>Change (euro)</b>	<b>Change (*cc)</b>	<b>Change (euro)</b>	<b>Change (*cc)</b>
Revenues	+5.8%	-8.2%	+10.8%	-4.4%
Total Advertising Revenues	+7.8%	-10.6%	+14.7%	-5.5%
Circulation Revenues	+4.0%	-5.4%	+9.0%	-1.8%
Operating Costs	+3.5%	-10.0%	+8.3%	-6.5%

\* Constant currency terms

\*\* Pro forma excludes INM Outdoor and UK National Independent titles

While it is still very early in the year, if these current trends continue, we would target an improvement in Operating Profit for 2010. In the immediate term, vigilant cost management and further debt reduction will remain priorities and, as economies recover, we will focus on converting our leading, market share positions into revenue and operating profit growth.

INM's asset disposal programme has continued into 2010 with a further 7.8% of Jagran Prakashan Limited (India) disposed of and net proceeds of approximately €41.4 million being applied towards further debt reduction.

INM expects to announce its results for the six months to 30 June 2010 on 27 August 2010.

**Note Regarding Forward-Looking Statements**

Some statements in this announcement are forward-looking. They represent our targets for our business, and involve risks and uncertainties. We have based these forward-looking statements on our current targets and projections about future events. We believe that our targets 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

24 March 2010

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## INDEPENDENT NEWS & MEDIA PLC

### GROUP INCOME STATEMENT

	Year Ended 31 December 2009			Year Ended 31 December 2008			
Notes	Before Exceptional Items €m	Exceptional Items* €m	Total €m	Before Exceptional Items €m	Exceptional Items* €m	Total €m	
<b>Revenue</b>	3	1,255.9	-	1,255.9	1,476.6	-	1,476.6
<b>Operating profit/(loss)</b>	3	177.2	(145.8)	31.4	290.3	(365.9)	(75.6)
Share of results of associates and joint ventures		9.5	-	9.5	12.9	-	12.9
Finance income/costs:	5						
- Finance income		2.8	-	2.8	8.9	-	8.9
- Finance costs		(75.1)	-	(75.1)	(100.4)	(7.2)	(107.6)
<b>Profit/(loss) before taxation</b>		114.4	(145.8)	(31.4)	211.7	(373.1)	(161.4)
Taxation (charge)/credit		(22.4)	12.7	(9.7)	(41.4)	43.4	2.0
<b>Profit/(loss) for the year</b>		92.0	(133.1)	(41.1)	170.3	(329.7)	(159.4)
<b>Attributable to:</b>							
Non-controlling interests		46.2	0.5	46.7	66.3	(61.3)	5.0
Equity holders of the parent		45.8	(133.6)	(87.8)	104.0	(268.4)	(164.4)
		92.0	(133.1)	(41.1)	170.3	(329.7)	(159.4)
<b>Loss per ordinary share (cent)</b>							
- Basic	6			(5.7c)			(12.5c)
- Diluted	6			(5.7c)			(12.5c)

\* Note 4

## GROUP STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 Dec 2009 €m	Year ended 31 Dec 2008 €m
<b>Loss for the year</b>	<b><u>(41.1)</u></b>	<b><u>(159.4)</u></b>
<b>Other comprehensive income</b>		
Currency translation adjustments	195.1	(297.4)
Retirement benefit obligations:		
- Actuarial gains/(losses)	23.7	(64.9)
- Movement on deferred tax asset	(2.6)	7.0
Gains/(losses) relating to cash flow hedges/available-for-sale financial assets	<u>7.8</u>	<u>(5.1)</u>
<b>Other comprehensive income/(expense) for the year, net of tax</b>	<b><u>224.0</u></b>	<b><u>(360.4)</u></b>
<b>Total comprehensive income/(expense) for the year</b>	<b><u>182.9</u></b>	<b><u>(519.8)</u></b>
<b>Attributable to:</b>		
Non-controlling interests	132.8	(91.6)
Equity holders of the parent	<u>50.1</u>	<u>(428.2)</u>
	<b><u>182.9</u></b>	<b><u>(519.8)</u></b>

## GROUP BALANCE SHEET

	Notes	31 Dec 2009	31 Dec 2008
		€m	€m
<b>Assets</b>			
<b>Non-Current Assets</b>			
Intangible assets		1,408.9	1,330.5
Property, plant and equipment		339.0	334.9
Investments in associates and joint ventures		48.1	69.6
Deferred tax assets		21.2	19.3
Available-for-sale financial assets		22.4	16.7
Trade and other receivables		11.5	21.8
		<u>1,851.1</u>	<u>1,792.8</u>
<b>Current Assets</b>			
Inventories		15.8	14.9
Trade and other receivables		193.5	210.6
Current income tax assets		0.5	0.5
Derivative financial instruments		0.6	-
Cash and cash equivalents		54.8	80.7
		<u>265.2</u>	<u>306.7</u>
<b>Non-current assets classified as held for sale</b>	12	<u>12.6</u>	<u>-</u>
<b>Total Assets</b>		<u>2,128.9</u>	<u>2,099.5</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables		169.9	238.5
Current income tax liabilities		17.9	12.0
Borrowings		29.0	336.3
Derivative financial instruments		0.5	5.5
Provisions for other liabilities and charges		28.7	36.8
		<u>246.0</u>	<u>629.1</u>
<b>Liabilities directly associated with non-current assets classified as held for sale</b>	12	<u>14.0</u>	<u>-</u>
<b>Non-Current Liabilities</b>			
Borrowings		1,069.8	1,054.6
Retirement benefit obligations		128.2	148.8
Deferred taxation liabilities		114.8	125.6
Other payables		4.5	5.0
Provisions for other liabilities and charges		6.2	3.4
		<u>1,323.5</u>	<u>1,337.4</u>
<b>Total Liabilities</b>		<u>1,583.5</u>	<u>1,966.5</u>
<b>Net Assets</b>		<u>545.4</u>	<u>133.0</u>
<b>Equity</b>			
<b>Capital and Reserves Attributable to Company's Equity Holders</b>			
Share capital		396.6	263.6
Other reserves		398.1	196.9
Retained losses		(849.5)	(738.5)
		(54.8)	(278.0)
Amounts recognised in other comprehensive income and accumulated in equity related to non-current assets held for sale		9.6	-
		(45.2)	(278.0)
<b>Non-controlling interests</b>		<u>590.6</u>	<u>411.0</u>
<b>Total Equity</b>		<u>545.4</u>	<u>133.0</u>

## GROUP STATEMENT OF CHANGES IN EQUITY

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	Non- Controlling 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)	-	-	-	-	(251.2)	(5.1)	(171.9)	(428.2)	(91.6)	(519.8)
Issue of share capital	14.4	74.0	-	-	-	-	-	88.4	1.9	90.3
Share based payment	-	-	1.3	-	-	-	-	1.3	(0.4)	0.9
Dividends (including non-controlling interests)	-	-	-	-	-	-	(114.2)	(114.2)	(73.8)	(188.0)
Treasury shares	-	-	-	-	-	-	2.5	2.5	-	2.5
<b>At 31 December 2008</b>	<b>263.6</b>	<b>492.9</b>	<b>6.9</b>	<b>4.5</b>	<b>(301.2)</b>	<b>(6.2)</b>	<b>(738.5)</b>	<b>(278.0)</b>	<b>411.0</b>	<b>133.0</b>
Total comprehensive income/(expense)	-	-	-	-	109.3	7.8	(67.0)	50.1	132.8	182.9
Issue of share capital	133.0	79.9	-	-	-	-	-	212.9	-	212.9
Issue of equity non-controlling interest	-	-	-	-	2.5	-	(34.4)	(31.9)	84.5	52.6
Share based payment	-	-	1.7	-	-	-	-	1.7	-	1.7
Transfer in respect of non-current assets held for sale	-	-	-	-	-	9.6	(9.6)	-	-	-
Disposal of subsidiary	-	-	-	-	-	-	-	-	(1.0)	(1.0)
Dividends – non-controlling interests	-	-	-	-	-	-	-	-	(36.7)	(36.7)
<b>At 31 December 2009</b>	<b>396.6</b>	<b>572.8</b>	<b>8.6</b>	<b>4.5</b>	<b>(189.4)</b>	<b>11.2</b>	<b>(849.5)</b>	<b>(45.2)</b>	<b>590.6</b>	<b>545.4</b>

\*Other includes cash flow hedging, available-for-sale financial assets and non-current assets held for sale reserves

## **GROUP CASH FLOW STATEMENT**

	Year Ended 31 Dec 2009	Year Ended 31 Dec 2008 (restated)
Notes	<u>€m</u>	<u>€m</u>
<b>Cash generated from operations (before cash exceptional items)</b>	<b>183.9</b>	343.4
Exceptional expenditure	<b>(57.0)</b>	(48.2)
<b>Cash generated from operations</b>	<b>126.9</b>	295.2
Income tax paid	<b>(28.6)</b>	(34.9)
<b>Cash generated by operating activities</b>	<b>98.3</b>	260.3
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	<b>(19.9)</b>	(55.8)
Proceeds from sale of property, plant and equipment	<b>4.2</b>	17.7
Purchases of intangible assets	<b>(7.3)</b>	(18.7)
Purchases of subsidiary undertakings	-	(25.3)
Cash acquired with subsidiary undertakings	-	21.4
Disposal of subsidiary undertakings	<b>108.2</b>	-
Cash within subsidiary undertakings disposed	<b>(2.8)</b>	-
Disposal of associates and joint ventures	<b>54.0</b>	-
Purchases of associates and joint ventures	<b>(1.3)</b>	(5.9)
Advances to associates and joint ventures	<b>(4.8)</b>	(4.3)
Loans repaid by associates and joint ventures	<b>2.0</b>	3.0
Purchases of available-for-sale financial assets	<b>(2.5)</b>	(1.4)
Proceeds from sale of available-for-sale financial assets	<b>0.1</b>	3.9
Interest received	<b>2.8</b>	8.2
Dividends received	<b>4.0</b>	4.9
<b>Net cash generated by/(used in) investing activities</b>	<b>136.7</b>	(52.3)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares	<b>49.8</b>	0.1
Debt issue costs	<b>(5.1)</b>	(1.0)
Interest paid	<b>(84.5)</b>	(94.0)
Proceeds from borrowings	<b>233.3</b>	323.3
Repayment of borrowings	<b>(517.2)</b>	(263.7)
Dividends paid to shareholders of the parent	-	(97.7)
Receipts/payments relating to finance lease liabilities	<b>29.5</b>	(45.6)
Issue of non-controlling interests by subsidiary undertaking	<b>55.6</b>	0.9
Dividends paid to non-controlling interests	<b>(32.4)</b>	(72.8)
<b>Net cash used in financing activities</b>	<b>(271.0)</b>	(250.5)
Net decrease in cash and cash equivalents and bank overdrafts in the year	<b>(36.0)</b>	(42.5)
Balance at beginning of the year	<b>71.6</b>	145.9
Overdraft reclassified as long term loan	<b>16.4</b>	-
Foreign exchange gains/(losses)	<b>0.6</b>	(31.8)
<b>Cash and cash equivalents and bank overdrafts at end of the year</b>	<b>52.6</b>	71.6

## NOTES TO THE FINANCIAL INFORMATION

### 1. Basis of Preparation of Financial Information under IFRS

#### Basis of Preparation and Going Concern

This financial information has 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. This follows the successful completion of the Group's financial restructuring ('Refinancing') in late 2009.

By way of historical background, in the 2008 Annual Report it was noted that, due to the difficult credit markets and ongoing economic turbulence, the Group would be unable to meet its repayment obligations in relation to the maturity of its €200m 5.75% bond ('Bonds') on 18 May 2009. In addition, it was noted, that the Group would be 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 as at 30 June 2009. Failure to comply with a covenant test would have rendered these facilities in default and liable to be repaid on demand at the option of the lenders unless an amendment or waiver was granted by 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 while negotiations towards a resolution of the Group's financial difficulties were ongoing.

During the period of the financial standstill, the Group engaged in intensive discussions with the Bondholders and its Banks with the objective of agreeing a consensual restructuring solution which would recognise the economic interests of, and preserve value for, all stakeholders in the business.

On 7 October 2009, the Group announced that it had entered into an agreement with the Bondholders in relation to the Refinancing, of which the Group's Banks were supportive. The key features of the Refinancing included:

- €123m of the outstanding principal amount plus accrued interest on the Bonds were exchanged for 723.2m new Ordinary Shares representing 46% of the then issued Share Capital, with the balance of the Bondholders claim (including accrued but unpaid interest) being applied to underwrite a Rights Issue;
- Completion of a Rights Issue which involved the issue of 1,844,099,165 new Ordinary Shares, the cash proceeds thereof, together with the application for shares under the Rights Issue by the Bondholders, which discharged the remaining outstanding amount of the Bond claim in full (€92m);
- Issue of 92,204,958 new Ordinary Shares to the Bondholders in lieu of a fee for underwriting the Rights Issue; and
- Agreement of new Senior Bank Debt Facilities (€745m) based upon a 4 ½ year maturity and new covenants.

All requisite Shareholder, Bondholder and Bank approvals in order to implement the Refinancing were obtained in November 2009.

## NOTES TO THE FINANCIAL INFORMATION (continued)

### 1. Basis of Preparation of Financial Information under IFRS (continued)

#### Basis of Preparation and Going Concern (continued)

In tandem with the discussions above, and as part of its stated deleveraging plan, during the year the Group also completed the disposal of its interests in Cashcade Limited, 7.3% of Jagran Prakashan Limited (India), INM Outdoor and Verivox GmbH, in total generating proceeds of approximately €150m.

The combination of the successful conclusion and implementation of the Refinancing and the asset disposals, together resulted in a significant reduction in the Group's net debt position of approximately €350m.

After making due enquiries, the Directors have a reasonable expectation that the Group and Company will be able to operate within the terms and conditions of the Group's financing facilities and 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.

#### Financial Information

The financial information in this announcement does not constitute the statutory accounts of the Company and the Group, a copy of which is required to be annexed to the Company's annual return to the Companies Registration Office in Ireland. A copy of the statutory accounts in respect of the year ended 31 December 2009 will be annexed to the Company's annual return for 2009. The annual report and accounts will be approved by the Board of Directors in due course. Accordingly, the financial information is unaudited. A copy of the statutory accounts required to be annexed to the Company's annual return in respect of the year ended 31 December 2008 has been annexed to the Company's annual return for 2008 to the Companies Registration Office.

The 2009 statutory accounts of the Company will be available on the Company's website [www.inmplc.com](http://www.inmplc.com) as of 30 April 2010. Consistent with prior years, the full financial statements for the year ended 31 December 2009 and the audit report thereon will be completed and circulated to shareholders at least 20 working days before the AGM.

#### General Information

In accordance with EU Regulations, the Group is required to present its annual consolidated financial statements for the year ended 31 December 2009 in accordance with EU adopted International Financial Reporting Standards ("IFRS") and IFRIC interpretations and with those parts of the Companies Acts, 1963 to 2009 applicable to companies reporting under IFRS. This financial information comprises the Group Balance Sheets as of 31 December 2009 and 31 December 2008 and related Group Income Statements, Cash Flow Statements, Statements of Comprehensive Income, Statements of Changes in Equity and related notes for the years then ended of Independent News & Media PLC. This financial information for the years ended 31 December 2009 and 31 December 2008 has been prepared in accordance with the Listing Rules of the Irish Stock Exchange.

The consolidated financial statements are prepared under the historical cost convention and the measurement at fair value of certain financial instruments. Except as described below, the accounting policies and methods of computation and presentation adopted in the preparation of this financial information 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 FINANCIAL INFORMATION (continued)

### 1. Basis of Preparation of Financial Information under IFRS (continued)

#### General Information (continued)

##### Debt for Equity Accounting

As outlined above, as part of the Group's financial restructuring process, €123m of the outstanding principal amount plus accrued interest on the €200m Bonds due for repayment on 18 May 2009 were exchanged for 723.2m new Ordinary Shares representing 46% of the then issued Share Capital. The balance of the Bondholders claim (including accrued but unpaid interest) was applied to underwrite a Rights Issue. The Rights Issue involved the issue of 1,844,099,165 new Ordinary Shares, the cash proceeds thereof, together with the application for shares under the Rights Issue by the Bondholders, which discharged the remaining outstanding amount of the Bond claim in full (€92m). Application of the provisions of IAS 32 resulted in the carrying value of the bond being transferred to equity (share capital and share premium). No gain or loss arose on the conversion.

##### New Accounting Standards

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 3 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. This financial information has been prepared under the revised disclosure requirements.

The following new standards have been issued and have been early adopted by the Group in the preparation of this financial information:

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 non-controlling interests. 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 this financial information.

## NOTES TO THE FINANCIAL INFORMATION (continued)

### 1. Basis of Preparation of Financial Information under IFRS (continued)

#### New Accounting Standards (continued)

IAS 27, 'Consolidated and Separate Financial Statements'; this standard requires the effect of all transactions with non-controlling 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 treatment 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 year from 39.1% as at 31 December 2008 following APN's issue of shares during 2009. APN remains a subsidiary of INM and 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 this financial information:

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

### 2. Risks and Uncertainties

The principal risks and uncertainties facing the Group were detailed in the Directors' Report and in note 33 of the 2008 Annual Report and also in part 2 of the Prospectus issued by INM on 11 November 2009 and these continue to be those most likely to influence the performance of the Group. The most important factors remain those that reflect the general economic outlook of the markets within which the Group operates.

### 3. Segmental Reporting

IFRS 8 replaces IAS 14, 'Segment Reporting' and is mandatory for the Group from 1 January 2009. IFRS 8, 'Operating Segments' was applied for the first time by INM in the preparation of its interim financial information to 30 June 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 CODM has been identified by INM as its Board of Directors.

## NOTES TO THE FINANCIAL INFORMATION (continued)

### 3. Segmental Reporting (continued)

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 Group level across different categories and appear separately from the key performance measure reviewed by the CODM. 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 analysis 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 analysis by class of business are contained in the table below. Comparatives for 2008 have been aligned to reflect the requirements of IFRS 8 and are restated on a consistent basis. They also reflect the fact that the Group's Northern Ireland Distribution business is now managed and operated as part of the Irish distribution business, to provide an all-Ireland distribution capability integral to the Group's publishing businesses.

	Revenue (3 <sup>rd</sup> Party)			
	2009 <u>€m</u>	2009 <u>€m</u>	2008 <u>€m</u>	2008 <u>€m</u>
Ireland – Publishing	350.2		414.3	
Ireland – Non-Publishing*	<u>7.3</u>		<u>5.1</u>	
<b>Ireland – Total</b>		<b>357.5</b>		419.4
United Kingdom – Publishing	<u>122.7</u>		<u>172.9</u>	
<b>United Kingdom – Total</b>		<b>122.7</b>		172.9
South Africa – Publishing	171.6		182.3	
South Africa – Outdoor	<u>37.9</u>		<u>30.2</u>	
<b>South Africa – Total</b>		<b>209.5</b>		212.5
Australasia – New Zealand Publishing	183.1		231.0	
Australasia – Australian Publishing	149.1		168.7	
Australasia – Radio	111.2		126.6	
Australasia – Outdoor	122.8		142.3	
Australasia – Unallocated	—		<u>3.2</u>	
<b>Australasia – Total</b>		<b><u>566.2</u></b>		<u>671.8</u>
		<b><u>1,255.9</u></b>		<b><u>1,476.6</u></b>

## NOTES TO THE FINANCIAL INFORMATION (continued)

### 3. Segmental Reporting (continued)

	Operating Profit/(Loss) (Before Exceptional Items)			
	2009	2009	2008	2008
	<u>€m</u>	<u>€m</u>	<u>€m</u>	<u>€m</u>
Ireland – Publishing	47.4		78.0	
Ireland – Non-Publishing*	<u>(3.1)</u>		<u>(0.9)</u>	
<b>Ireland – Total</b>		<b>44.3</b>		<b>77.1</b>
United Kingdom – Publishing	<u>(6.9)</u>		<u>(1.1)</u>	
<b>United Kingdom – Total</b>		<b>(6.9)</b>		<b>(1.1)</b>
South Africa – Publishing	33.7		61.9	
South Africa – Outdoor	<u>14.1</u>		<u>10.3</u>	
<b>South Africa – Total</b>		<b>47.8</b>		<b>72.2</b>
Australasia – New Zealand Publishing	36.2		50.6	
Australasia – Australian Publishing	33.6		48.1	
Australasia – Radio	32.0		39.3	
Australasia – Outdoor	7.3		18.4	
Australasia – Unallocated	<u>(7.4)</u>		<u>(0.9)</u>	
<b>Australasia – Total</b>		<b>101.7</b>		<b>155.5</b>
Common/Unallocated		<u>(9.7)</u>		<u>(13.4)</u>
<b>Operating profit before exceptional items</b>		<b>177.2</b>		<b>290.3</b>
Exceptional items (note 4)		<u>(145.8)</u>		<u>(365.9)</u>
<b>Operating profit/(loss) after exceptional items</b>		<b>31.4</b>		<b>(75.6)</b>
Share of results of associates and joint ventures		9.5		12.9
Net finance costs (including exceptional finance costs)		<u>(72.3)</u>		<u>(98.7)</u>
<b>Loss before taxation</b>		<b>(31.4)</b>		<b>(161.4)</b>
Taxation (charge)/credit		<u>(9.7)</u>		<u>2.0</u>
<b>Loss for the year</b>		<b>(41.1)</b>		<b>(159.4)</b>

The taxation charge for the year comprises a charge of €1.2m (2008: €1.7m) in respect of Irish taxation and a charge of €8.5m (2008: credit of €3.7m) in respect of overseas taxation.

\* Ireland – Non-Publishing contains the activities of the Irish Group’s directory and education businesses.

## NOTES TO THE FINANCIAL INFORMATION (continued)

### 4. 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.

	<b>2009</b>	2008
	<b>€m</b>	€m
Included in loss before taxation are the following:		
Impairment of assets and gains/(losses) on sale of assets, net of transaction costs	(i) <b>(89.0)</b>	(295.8)
Restructuring charges	(ii) <b>(29.2)</b>	(58.0)
Online and education start-up and other development costs	(iii) <b>(1.5)</b>	(12.1)
Costs associated with financing arrangements	(iv) <b>(26.1)</b>	-
	<b>(145.8)</b>	(365.9)
Exceptional finance costs	(v) <b>-</b>	(7.2)
Total exceptional items	<b>(145.8)</b>	(373.1)
Net exceptional tax credit	<b>12.7</b>	43.4
Non-controlling interest share of exceptional items (net of tax)	<b>(0.5)</b>	61.3
Exceptional items net of taxation and non-controlling interests	<b>(133.6)</b>	(268.4)

- (i) This relates to non-cash impairment charges of €95.4m, net gains on disposal of businesses of €5.4m, the reversal of a prior year impairment charge of €1.7m and other costs of €0.7m.

The non-cash impairment charges of €95.4m are in respect of the Group's operations in Ireland, the United Kingdom and Australasia and arose on intangible assets €75.2m, investments in associates and joint ventures €2.1m, loans to associates and joint ventures €11.2m, property, plant and equipment €3.3m and available-for-sale financial assets €3.6m. (2008: Primarily relates to non-cash impairment charges of €290.9m. These arose on intangible assets €258.7m, investments in associates and joint ventures €3.4m, loans to associates and joint ventures €6.7m, property, plant and equipment €11.7m and available-for-sale financial assets €10.4m in respect of the Group's operations in Ireland, the United Kingdom and Australasia. It also includes gains on the sale of properties in Australasia.)

## NOTES TO THE FINANCIAL INFORMATION (continued)

### 4. Exceptional Items (continued)

- (ii) Relates to the restructuring of operations in Ireland (€7.5m), the United Kingdom (€4.0m), South Africa (€1.7m) and Australasia (€7.8m) and also includes €2.4m in relation to the retirement of Sir Anthony O'Reilly as a Director and as Chief Executive with effect from 7 May 2009, where 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. The total restructuring charge also includes onerous contracts of €5.8m due to the restructuring arising in Ireland and the United Kingdom. (2008: Relates to the restructuring of operations in Ireland €6.0m, the United Kingdom €15.1m, South Africa €3.1m and Australasia €19.0m. It also includes onerous contracts arising in Ireland and the United Kingdom.)
- (iii) Relates to start-up and other development costs in respect of online in Australasia and Ireland. (2008: Relates to start-up and other development costs in respect of online in Australasia, the United Kingdom and Ireland and education in Ireland. It also includes other launch costs incurred in Ireland.)
- (iv) Relates to costs incurred throughout the period of the Group's re-negotiation of its financing arrangements. These costs comprise (i) those professional fees incurred in respect of professional advice received by the Group during the re-negotiation process and (ii) the professional fees paid by the Group on behalf of and under the instruction of the Group's Banks and the Ad-Hoc Committee of Bondholders (as the Group was obligated by both the Banks and the Ad-Hoc Committee of Bondholders to cover costs incurred by their legal and financial advisers for the duration of the Refinancing negotiations). Costs incurred which directly related to the Group's Rights Issue process are accounted for as a deduction from equity. Costs directly relating to the Group's new bank facilities are reflected in the determination of the effective interest rate and amortised over the life of the facilities.
- (v) The exceptional finance costs of €7.2m incurred in 2008 related to one-off fees paid to the Group's banks as part of the re-negotiation of financing arrangements during 2008.

### 5. Net Finance Costs

	<b>2009</b>	2008
	<b>€m</b>	€m
Finance income	<b>(2.8)</b>	(8.9)
Finance costs	<b>75.1</b>	100.4
Net finance costs (before exceptional finance costs)	<b>72.3</b>	91.5
Exceptional finance costs (note 4)	-	7.2
Net finance costs	<b>72.3</b>	98.7

## NOTES TO THE FINANCIAL INFORMATION (continued)

### 6. (Loss)/Earnings Per Share

	2009 <u>€m</u>	2008 <u>€m</u>
Loss attributable to the equity holders of the parent	(87.8)	(164.4)
Exceptional items (note 4)	145.8	373.1
Net exceptional tax credit	(12.7)	(43.4)
Non-controlling interests share of exceptional items (net of tax)	0.5	(61.3)
Profit before exceptional items	<u>45.8</u>	<u>104.0</u>
Weighted average number of shares outstanding during the year (excluding treasury shares)*	1,542,866,021	1,313,224,824
Effect of:		
Conversion of options	-	207,487
Diluted number of shares*	<u>1,542,866,021</u>	<u>1,313,432,311</u>
Basic loss per share	<u>(5.7c)</u>	<u>(12.5c)</u>
Basic earnings per share before exceptional items	<u>3.0c</u>	<u>7.9c</u>
Diluted loss per share	<u>(5.7c)</u>	<u>(12.5c)</u>
Diluted earnings per share before exceptional items	<u>3.0c</u>	<u>7.9c</u>

\* The average number of shares outstanding for both 2009 and 2008 has been adjusted to reflect the bonus element of the rights issue which took place in December 2009.

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 year.

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 FINANCIAL INFORMATION (continued)

### 7. Dividends and Changes to Share Capital

	<b>2009</b>	2008
	<b><u>€m</u></b>	<u>€m</u>
Final dividend for the year ended 31 December 2008 of €nil (2007: €0.0913) per share	-	75.9
Interim dividend for the year ended 31 December 2009 of €nil (2008: €0.0457) per share	-	38.3
	<hr/>	<hr/>
	-	114.2

No final dividend will be paid in respect of the year ended 31 December 2009.

The movements in the number of issued and fully paid shares were as follows:

	<b>2009</b>	2008
At the beginning of the year	<b>878,775,439</b>	830,818,650
Issue of shares to bondholders	<b>723,200,000</b>	-
Rights issue of shares (incl. underwriting shares)	<b>1,936,304,123</b>	-
Exercise of share options	-	327,766
Issued in lieu of dividend payments	-	8,629,023
Issued on acquisition of subsidiary	-	39,000,000
At the end of the year	<hr/> <b>3,538,279,562</b>	<hr/> 878,775,439

On 12 June 2009, the Company renominalised its share capital by way of the subdivision of each issued Ordinary Share into six Ordinary Shares of nominal value €0.05 each; the consolidation and redesignation of five of every six such shares into one deferred share of nominal value of €0.25 resulting in each existing issued Ordinary Share becoming one Ordinary Share of €0.05 and one Deferred Share of €0.25, and the existing authorised and unissued Ordinary Shares being sub-divided into six Ordinary Shares of €0.05 each.

As part of the Company's refinancing in 2009, 723,200,000 new shares were issued to the Group's Bondholders and the Company completed a Rights Issue, where it issued 1,844,099,165 new shares. The underwriters of this Rights Issue received an additional 92,204,958 shares in the Company for underwriting the Rights Issue.

## NOTES TO THE FINANCIAL INFORMATION (continued)

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

	<b>2009</b>	2008
	<b>€m</b>	€m
<b>Operating profit before exceptional items</b>	<b>177.2</b>	290.3
Depreciation/amortisation	<b>38.1</b>	40.1
Non-cash share option charge	<b>1.7</b>	0.9
<b>Earnings Before Interest, Tax, Depreciation and Amortisation</b>	<b>217.0</b>	331.3
Decrease/(increase) in inventories	<b>0.9</b>	(0.4)
Decrease in short-term and medium-term receivables	<b>23.5</b>	45.4
Decrease in short-term and long-term payables	<b>(43.9)</b>	(25.6)
Decrease in provisions (excluding restructuring payments)	<b>(9.5)</b>	(1.2)
Retirement benefit obligations	<b>(4.1)</b>	(6.1)
<b>Cash generated from operations (before cash exceptional items)</b>	<b>183.9</b>	343.4
Exceptional expenditure	<b>(57.0)</b>	(48.2)
<b>Cash generated from operations</b>	<b>126.9</b>	295.2
Income tax paid	<b>(28.6)</b>	(34.9)
<b>Cash generated by operating activities</b>	<b>98.3</b>	260.3

The 2008 Cash Flow Statement has been restated to show the total effect of exchange rate changes (€31.8m) which arose on cash and cash equivalents held (€23.9m), and unrealised gains and losses arising from changes in foreign currency exchange rates (€7.9m), in the statement of cash flows, reconciling cash and cash equivalents at the beginning and the end of the year.

Within the Cash Flow Statement proceeds from issuance of ordinary shares is net of costs of issuance of €2.3m.

### 9. Other Items

#### Retirement Benefits

The retirement benefit obligations as at 31 December 2009 in the Balance Sheet have decreased by €20.6m to €128.2m compared to €148.8m at 31 December 2008. This decrease is driven predominately by an actuarial gain of €23.7m as disclosed in the Group Statement of Comprehensive Income. It also reflects a negative past service cost of €4.5m arising in the year.

Principal actuarial assumptions used for the defined benefit pension schemes are as follows:

	<b>2009</b>	2008
Discount rate on scheme liabilities	<b>6.0%</b>	5.8%
Expected return on plan assets	<b>6.7%</b>	6.8%
Future salary increases	<b>3.6%</b>	3.6%

#### Currency Translation Adjustments

A positive currency translation adjustment of €195.1m has been booked in the Group Statement of Comprehensive Income for the year ended 31 December 2009. This has arisen due to the strengthening of the South African Rand, Australian Dollar and Sterling Pound exchange rates at 31 December 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.

## NOTES TO THE FINANCIAL INFORMATION (continued)

### 9. Other Items (continued)

#### Transactions within Equity

During the year, APN News & Media Limited issued shares and INM did not subscribe for any of these shares. As a result, INM's holding in APN has fallen to 32.2% compared to 39.1% as at 31 December 2008 and the dilution effect (€31.9m) of this transaction has been recorded within equity in accordance with IAS 27.

### 10. Borrowings

Group	2009	2009	2009	2008	2008	2008
	Loans & Overdrafts	Finance Lease Liabilities	Total	Loans & Overdrafts	Finance Lease Liabilities	Total
	€m	€m	€m	€m	€m	€m
Repayable as follows:						
Between one and two years	252.6	2.4	255.0	606.9	1.6	608.5
Between two and five years	783.6	30.0	813.6	445.0	-	445.0
More than five years	1.2	-	1.2	1.1	-	1.1
Total due after one year	1,037.4	32.4	1,069.8	1,053.0	1.6	1,054.6
Due within one year or on demand	26.7	2.3	29.0	335.7	0.6	336.3
Total borrowings	1,064.1	34.7	1,098.8	1,388.7	2.2	1,390.9
Split of total borrowings between:						
- Secured	606.3	34.7	641.0	1.0	2.2	3.2
- Unsecured	457.8	-	457.8	1,387.7	-	1,387.7
Total borrowings	1,064.1	34.7	1,098.8	1,388.7	2.2	1,390.9
Cash and cash equivalents			(54.8)			(80.7)
Net debt			1,044.0			1,310.2

The following are included in Loans and Overdrafts:

- €605.9m drawn under the 2009 multicurrency term and revolving bank facility\* repayable up to May 2014; and
- €457.7m (A\$730.4m) representing syndicated bank loans repayable up to October 2012.

\* This facility is a secured facility with fixed and floating charges over certain assets in the Group and contains financial covenants and general undertakings by the Group, details of which were provided in the Prospectus issued on 11 November 2009. An Intercreditor Agreement also exists in relation to these facilities. This Intercreditor 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.

## NOTES TO THE FINANCIAL INFORMATION (continued)

### 11. Intangible Assets

#### Impairment Reviews

The Group's indefinite life intangible assets (including goodwill) are tested annually for impairment or whenever there is an indication of impairment. As at 31 December 2009, due to indications of impairment, certain intangible assets were tested for impairment, and as a result, an impairment charge of €75.2m arose on certain intangible assets, mainly in the United Kingdom (see note 4). 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.

#### Supplementary Non-IFRS Information

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 Directors are of the view that 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. The Directors are of the view that if these intangible assets were allowed to be carried on the Group's Balance Sheet then the Group's intangible assets would be greater than currently reported.

### 12. Disposals and Assets Held For Sale

As part of its deleveraging plan and as seen in the Cash Flow Statement, the Group raised €108.2m from the disposal of a number of subsidiaries during 2009. The subsidiaries disposed of were the INM Outdoor business in South Africa, the online business directory, *finda.co.nz*, in New Zealand and the Kurnia Outdoor business in Malaysia.

Also, as disclosed in the Cash Flow Statement, the Group raised a further €54.0m from the disposal of a number of its interests in associates and joint ventures during 2009. The main disposals were the sale of the Group's stakes in Cashcade Limited and Verivox GmbH as well as the sale of a 7.3% interest in Jagran Prakashan Limited (India). Since the year end the Group has disposed of a further 7.8% stake in Jagran Prakashan Limited, realising net cash proceeds of €41.4m.

As at 31 December 2009, the business of *The Independent* and *The Independent on Sunday* qualify as held for sale under the provisions of IFRS 5 and are disclosed as such on the Group Balance Sheet.

## NOTES TO THE FINANCIAL INFORMATION (continued)

### 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.