



## Independent News & Media PLC

### **STRONG OPERATING PERFORMANCE DRIVES 9.7% INCREASE IN NET PROFIT\***

Dublin/ London 18<sup>th</sup> September 2007: The Board of Independent News & Media PLC ['INM' or the 'Group'] (ticker: INWS.I; INWS.L) today announced the Group's interim results for the six months ended 30<sup>th</sup> June 2007.

<b><u>RESULTS</u></b>	<b>2007</b>	<b>2006</b>	<b>Change</b>
	<b>€m</b>	<b>€m</b>	<b>%</b>
Revenue	815.5	796.7	+2.4%
Operating Profit **	154.6	147.9	+4.5%
Operating Margin **	19.0%	18.6%	+40bps
Profit After Tax **	99.8	91.7	+8.8%
Profit After Tax	76.2	87.3	-12.7%
Net Profit *	62.0	56.5	+9.7%
Adjusted Earnings Per Share ***	8.03c	7.43c	+8.1%
Basic Earnings Per Share	4.96c	6.89c	-28.0%
Interim Dividend Per Share	4.57c	4.15c	+10.1%

\* Profit attributable to INM (before exceptionals, note 6)

\*\* Before exceptional items

\*\*\* Diluted EPS, before exceptional items

### **SUMMARY HIGHLIGHTS**

- Net profit\* up 9.7% reflecting INM's diversified growth and rigorous cost management strategy
- Good revenue growth of 4.2% in constant currency (2.4% in Euro terms)
- Performance significantly better than peers and driven by strong underlying advertising (+6.3%) and circulation (+2.5%) revenue growth in the Publishing division
- Operating profit\*\* up 4.5% (6.1% in constant currency), with all divisions showing growth
- Industry-leading operating margin strengthens by 40 bps to 19.0%
- Adjusted Earnings Per Share\*\*\* up 8.1%
- Further business restructuring initiatives being implemented across the Group in 2007 to deliver sustainable payroll and other savings and enhanced work flows
- Continued rapid expansion of online in tandem with print, with market share gains in publishing across all markets
- Continued expansion of business base in India, where JPL associate is thriving
- Investment in Independent College – a new education initiative that will be launched in H2 2007
- As part of the Group's efficient capital management policy, 32.4 million Treasury Shares have been repurchased to date in 2007
- Interim dividend increased by 10.1% to 4.57 cent per share

## – OVERVIEW –

Each of INM's main geographic regions performed strongly with first half Group Operating Profit (before exceptionals) increasing by 4.5% (6.1% in constant currency terms) to €154.6 million. This produced a strong half year margin of 19.0% (up 40 bps), placing us at the top of our peer group.

Group revenues increased by 2.4% to €815.5 million (up 4.2% in constant currency), despite adverse currency movements and the loss of some low-margin distribution contracts in Ireland.

This growth was largely driven by the Publishing division whose revenues grew by 5.1% in constant currency, on the back of good increases in advertising revenues (up 6.3%) and circulation revenues (up 2.5%). Significantly, all markets showed growth in advertising, with increases in both aggregate volumes and rate.

A net exceptional charge of €27.6 million relates mainly to payroll restructuring charges in the Group's Irish, Australasian and United Kingdom operations, and reflects the Group's continuing business re-engineering in its publishing operations, which is detailed further below. The exceptional charge also includes costs associated with the APN Scheme of Arrangement, which did not proceed.

The tax charge, at €17.9 million, was €3.4 million less than 2006 due mainly to tax credits associated with the exceptional restructuring charges.

Adjusted Earnings Per Share increased to 8.03 cent (+8.1%) due to the Group's strong operating and financial performance.

## – OUTLOOK –

Commenting on these results, Sir Anthony O'Reilly, Chief Executive, made the following outlook statement:

*“INM is pleased to report another set of record results. This strong performance reflects the clear benefits of our low cost ethos and our multi-market and multi-media strategy.*

*“We believe that our new work practices are right at the forefront in the production of newspapers, and we will continue our unrelenting attention on driving revenue growth while achieving cost and margin improvements in all of our businesses.*

*“The positive trends we have experienced in the first half across all our markets have continued into the second half and, based on the continuation of these trends, we believe that your Group's wide-ranging activities will deliver continued earnings growth and sustain industry-leading operating margins”.*

## **– RESTRUCTURING –**

INM is acknowledged as an industry leader in effective cost management, demonstrated by its consistently superior operating margins relative to its peer group. Over the past few years, INM has fundamentally re-defined and re-shaped how its publishing divisions operate. This singular focus has allowed the Group to identify:

- how best to compile its market-leading editorial products;
- how best to enhance its interaction with its customers;
- how best to manage its sales resources; and
- how best to prioritise its investment in marketing and product innovation.

All divisions within the Group are already working to, or are currently adopting, these new operating principles and work flows within their publishing divisions. This has resulted in new (and in some instances, outsourced) centralised customer contact centres (telesales), advertising production centres and financial shared service centres in Australia (Brisbane), Ireland (Clonakilty), New Zealand (Tauranga and Whangerei) and the United Kingdom (Armagh).

To facilitate this business re-engineering and to ensure that journalists are better focused on content creation and origination (rather than production), all publishing systems have now been upgraded to a common Atex editorial system that streamlines page production, enhances quality control and enables real-time editorial page sharing across the Group.

By leveraging the Group's global scale, adopting new and more efficient work flows and through the better use of technology, the Group has achieved a significant reduction in its permanent headcount, generating significant cost savings, and sponsoring new revenue growth across print and online.

This restructuring programme continues through 2007, where the full year cost of restructuring is expected to be approximately €45.0 million, delivering an expected payback period of between 2.0 - 2.5 years. To date, over 450 of the 579 forecasted headcount reductions in 2007 (in Australasia, Ireland and the United Kingdom) have been achieved and the remainder are expected to be completed before year-end.

## **– EDUCATION –**

As part of the Group's successful diversification strategy – both in terms of sector platforms and markets – INM has identified the area of education as an attractive and fast-growing sector in which to strategically invest.

The Group's initial investment is the launch of Independent College in Dublin, Ireland. Independent College builds on INM's existing educational platforms – editorial and online – creating a learning experience that is complementary to our existing portfolio of assets.

Independent College has already assembled a team of exceptional lecturers to staff each of the core faculties of Law, Accountancy, Journalism, Arts and Continuous Professional Development, with enrolments commencing now for courses starting in November. Further information on this will be available in the coming weeks. This concept is scaleable across

each of the Group's markets and will greatly benefit from cross-promotion across the Group's leading titles, radio stations and outdoor sites.

## – CAPITAL MANAGEMENT –

As part of INM's efficient capital management policy, the Company has repurchased 32.4 million Treasury Shares to date in 2007. The objective of this is to minimise the dilutive impact for all shareholders which will arise on the maturity of the New Zealand Cumulative Exchangeable Preference Shares, if as expected, they convert into INM shares (c. 56 million) in late November 2007.

## – DIVIDEND –

The Board is recommending an interim dividend of 4.57 cent per share, an increase of 10.1% on 2006, reflecting the strong half year operating performance and confidence in the Group's ability to deliver continued earnings growth.

This dividend will be paid on 19<sup>th</sup> November 2007 to ordinary shareholders registered at the close of business on 28<sup>th</sup> September 2007. A scrip dividend alternative will also be available.

## – OPERATIONS REVIEW –

### AUSTRALASIA

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APN News & Media Limited ['APN'], in which INM has a 38.5% shareholding, has a current market capitalisation of €1.6 billion on the Australian Stock Exchange.

APN's operating profits grew by 2.3% to a record €85.1 million for the first six months of 2007, led by strong performances from Australian Regional newspapers and the Outdoor division. Operating margins expanded by 55 bps to 23.3%.

Overall revenues at €365.6 million were flat on 2006, as a result of the disposal of the Security Printing business in 2006.

Australasian advertising (publishing) grew at an aggregate 4.1%, with double-digit growth in the Australian Regional Publishing division and market share growth in ROP retail, national and classifieds. In Australia, the continuing strong resource and infrastructure sectors and superior growth in tourism provided robust trading conditions in local markets. During the first half, the group also completed the strategic acquisition of the minority interest in Toowoomba Newspapers, bringing full ownership of *The Chronicle* in Toowoomba and a number of important non-daily and community titles into the group's portfolio of assets.

In the New Zealand National Publishing division, trading conditions were impacted by low growth in the Auckland market. However, growth in revenues and operating profit continues to be positive. *The New Zealand Herald* has the highest circulation and readership of any daily newspaper in the country, while the *Herald on Sunday*, launched 3 years ago, has now moved into profitability and enjoys the highest circulation of any Sunday newspaper in the Auckland market.

The Radio division comprises the Australian Radio Network (ARN) and The Radio Network (TRN) in New Zealand, which together reach almost 6 million listeners each week – the largest radio audience in Australasia. Overall, operating profit grew by 2% on flat revenues.

The Outdoor division (including associates), despite inventory rationalisation and adverse foreign currency movements, produced a very strong 33% increase in profits, building on the acquisition of a number of major new contracts. The success achieved in the first half of 2007 across the Outdoor division is expected to continue in the second half.

APN continues to invest in its Online division, developing products that extend existing APN brands, as well as identifying joint venture partners for standalone internet opportunities. The *nzherald.co.nz* website grew advertising revenue year-on-year by 75%. The investment phase also continues for the 'Search 4' classifieds brand, which is being further extended for cars, jobs, property and general classifieds across New Zealand and Australia.

## IRELAND

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Operating profits grew by 4.7% to a record €48.9 million for the first six months of 2007. Operating margins improved significantly by 144 bps to 24.7%. The full cost of *herald am* (c. €1.0m) is included in operating profit in 2007, whereas it was reported as an exceptional charge while in its launch phase in 2006. Adjusting for this, on a like-for-like basis, operating profit was up 7.0% in 2007.

Overall revenues contracted by 1.4%, entirely as a result of the loss of a number of low margin wholesale distribution contracts and the decision to cease contract printing in Kerry during the second half of 2006. However, this was largely offset by a strong 10.1% growth in advertising revenues (more than double the market growth in H1) driven by ROP retail, property, financial and government spending in both national and regional markets.

Despite intense competition, the group continues to grow its publishing revenues, profits and operating margins whilst maintaining its number one position in each market segment. This is achieved through constant product development, maintaining and growing market share in both copy sales and advertising, allied to a strong vigilance over costs.

Selective cover price increases, solid circulation volumes and strong readership figures underpinned this good underlying revenue performance, with circulation revenues up 0.7%.

Ireland's largest selling daily, the *Irish Independent*, now eclipses the combined readership of its two main competitors. The *Sunday Independent* (at over a million readers) has over 40% more readers than all of the other quality Sunday titles combined. The *Evening Herald* continues to enjoy the highest readership of any title in Dublin and has 308,000 readers nationally. The *Sunday World* continued to grow its share of the tabloid market with a very strong first half, with over 350,000 more readers than its nearest rival. The group's daily free title, *herald am*, continues to enhance its market penetration and advertising revenues are comfortably ahead of its *Metro* rival. The group's joint venture, the *Irish Daily Star* continues to grow its circulation and is now Ireland's largest selling daily tabloid.

Online revenues added to total advertising growth, with *LoadzaJobs.ie* now firmly established as the number two recruitment site nationally and the roll-out of *PropertyNews.com* continuing apace.

## **SOUTH AFRICA**

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Operating profits grew by 9.3% to a record €20.0 million for the first six months of 2007, despite adverse currency translation. Operating margins improved significantly by 207 bps to 17.1%.

Overall double-digit revenue growth, in constant currency, was driven by solid advertising and good circulation gains.

Following a series of interest rate hikes (300 bps since June last year), the South African economy – driven by consumer spending growth and infrastructure investment – is now expected to show GDP growth in the 4% - 5% range for 2007. This underlying growth – down from the exceptionally strong trends of recent years – produced advertising growth of 7.8% for our titles, and good market share gains in display and classified, despite significant discounting by competitors.

The group's titles performed strongly, growing circulation revenues by 10.8%, with 13 of the group's 16 leading titles recording year-on-year volume growth. The group's Zulu-language newspaper, *Isolezwe*, and the Cape Town based popular red-top, *Daily Voice*, continued to enjoy volume increases, attracting new readers and copy sales in markets not previously served by our more traditional titles.

The wholly-owned Magazine division (Condé Nast Independent Magazines), in an ever-competitive trading environment, performed well, underpinned by further growth from *Glamour*.

The 50% owned Outdoor Advertising division, Clear Channel Independent, reported a very good local currency increase in operating profit, benefiting from the buoyant local outdoor trading environment and a healthy double-digit contribution from its 13 African operations.

Consistent with all of the group's markets, online revenues in South Africa continued to grow in both display and classifieds.

## **UNITED KINGDOM**

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Operating profits grew by 19.7% to €7.3 million for the first six months of 2007. Operating margins fell slightly to 5.4% due to the acquisition of the low margin WNS, Northern Ireland wholesale distribution business, in the second half of 2006.

Overall revenues grew by 22.6% in constant currency, inclusive of the acquisition of WNS in 2006. Excluding the WNS acquisition, revenues on a like-for-like basis rose by a healthy 2.3%.

The firmer advertising trend seen in the second half of 2006 continued through into 2007, with group advertising revenues (including Online) ahead by 7.1% year-on-year, driven by good display revenue growth for *The Independent*, good classified growth – particularly in recruitment, property and motors in the Northern Ireland titles – and the strong performance

of *PropertyNews.com* (the largest website in Northern Ireland), which was acquired during 2006.

In a challenging circulation market, both Independent titles performed well relative to their competition. *The Independent* contracted marginally year-on-year (1.3%), which was better than the overall quality market, leading to an improvement in market share over the first six months. *The Independent on Sunday*, aided by a fresh re-design in June, bucked the trend of the overall market and increased its sale by 0.6% year-on-year, making it the best performing national newspaper in the entire UK market.

Northern Ireland's contract print division, the largest on the island of Ireland, performed well, following the opening of its new Goss FPS printing facility in Newry. This coldset operation, using new print technology, is currently being further expanded with heatset capacity to be operational in Q4 2007, allowing the production of high-quality gloss, full colour publications for both internal and external customers.

Online revenues for the group have continued to grow significantly year-on-year, with particularly good growth for its flagship *www.independent.co.uk* site, and further development of the *Londoncareers.net* and *LoadzaJobs.co.uk* recruitment sites.

## **INDIA**

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Jagran Prakashan Limited ['JPL'], INM's 20.8% owned Indian associate – which is listed on the Mumbai Stock Exchange – reported a 27.9% revenue increase and a 140.5% net profit increase in its financial year ended 31<sup>st</sup> March 2007. This exceptionally strong performance continued into Q1 of the 2007/08 financial year, with revenue in the three months to the end of June increasing by 34.7% year-on-year, advertising growing by 42.1% and net profits increasing by 51.6%.

INM's expansion in the Indian market continued during the first six months, with the further roll-out of *Radio Mantra* (in which INM has a 20% stake). All but one of the eight planned station launches have now taken place, with the final launch expected during the next month. In a market where radio is in its infancy, these launches were greeted with much enthusiasm and significant positive feedback. Performances to date have been in line with expectations.

### **– BOARD DEVELOPMENTS –**

As part of its commitment to good corporate governance, during the first half of 2007, the Board announced the appointment of the Right Hon. Kenneth Clarke to the Board and Audit Committee of INM. In addition, Baroness Margaret Jay was appointed as the Senior Independent Director.

### **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

18<sup>th</sup> September 2007

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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 21 individual countries, INM has market-leading newspaper positions in Australia (regional), India, 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 180 newspaper and magazine titles, delivering a combined weekly circulation of over 31 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 and classified 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 €1.1 billion, revenue of €1.8 billion and employs approximately 9,600 people worldwide. Further information is available on the Group's website [www.inmplc.com](http://www.inmplc.com).

**INDEPENDENT NEWS & MEDIA PLC**

**INTERIM STATEMENT**

**GROUP INCOME STATEMENT (unaudited)**

		<b>Six months ended 30 June 2007 €m</b>	Six months ended 30 June 2006 €m
<b>Revenue</b>		<b>815.5</b>	796.7
<b>Operating profit before exceptional items</b>		<b>154.6</b>	147.9
Exceptional items	4	<b>(27.6)</b>	(5.5)
<b>Operating profit after exceptional items</b>		<b>127.0</b>	142.4
Share of results of associates and joint ventures		<b>6.9</b>	6.3
Net finance costs:			
- Interest receivable and similar income		<b>3.6</b>	4.4
- Interest payable and similar charges		<b>(43.4)</b>	(44.5)
<b>Profit before taxation</b>		<b>94.1</b>	108.6
Taxation		<b>(17.9)</b>	(21.3)
<b>Profit for the period</b>		<b>76.2</b>	87.3
<b>Attributable to:</b>			
Minority interests		<b>38.2</b>	35.2
Equity holders of the parent		<b>38.0</b>	52.1
		<b>76.2</b>	87.3
<b>Earnings per ordinary share (cent)</b>			
- Basic	6	<b>4.96c</b>	6.89c
- Diluted	6	<b>4.92c</b>	6.85c

**GROUP STATEMENT OF RECOGNISED INCOME AND EXPENSE (unaudited)**

	<b>6 months ended 30 June</b>	
	<b>2007</b>	<b>2006</b>
	<b><u>€m</u></b>	<b><u>€m</u></b>
<b>Items of income/(expense) recognised directly in equity</b>		
Currency translation adjustments	<b>42.6</b>	(153.2)
Retirement benefit obligations:		
- Actuarial gains	<b>35.6</b>	27.6
- Movement on deferred tax asset	<b>(4.9)</b>	(2.8)
Gains relating to cash flow hedges	<b>2.1</b>	21.1
<b>Net income/(expense) recognised directly in equity</b>	<b>75.4</b>	(107.3)
Profit for the period	<b>76.2</b>	87.3
<b>Total recognised income and expense for the period</b>	<b>151.6</b>	(20.0)
<b>Attributable to:</b>		
Minority interests	<b>62.6</b>	(31.0)
Equity holders of the parent	<b>89.0</b>	11.0
	<b>151.6</b>	(20.0)

**GROUP BALANCE SHEET (unaudited)**

	30 June 2007	31 Dec 2006 (IFRS Balance Sheets)	30 June 2006	30 June 2007 (Note 2)
	€m	€m	€m	€m
<b>Assets</b>				
<b>Non-Current Assets</b>				
Intangible assets	1,927.9	1,800.5	1,682.8	2,986.7
Property, plant and equipment	393.0	371.4	332.8	393.0
Investments in associates and joint ventures	86.2	83.0	70.0	122.1
Deferred tax assets	83.3	90.8	93.8	83.3
Available-for-sale financial assets	34.2	26.2	11.4	34.2
Derivative financial instruments	0.3	-	-	0.3
Trade and other receivables	46.7	42.8	49.6	46.7
	<b>2,571.6</b>	<b>2,414.7</b>	<b>2,240.4</b>	<b>3,666.3</b>
<b>Current Assets</b>				
Inventories	17.4	15.9	17.6	17.4
Trade and other receivables	279.2	266.3	264.5	279.2
Current income tax assets	22.5	15.5	14.4	22.5
Derivative financial instruments	10.9	1.8	16.0	10.9
Cash and cash equivalents	123.2	104.5	148.0	123.2
	<b>453.2</b>	<b>404.0</b>	<b>460.5</b>	<b>453.2</b>
<b>Total Assets</b>	<b>3,024.8</b>	<b>2,818.7</b>	<b>2,700.9</b>	<b>4,119.5</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Trade and other payables	257.8	287.6	240.1	257.8
Current income tax liabilities	8.4	6.1	12.0	8.4
Compound financial instruments	128.4	120.0	-	128.4
Borrowings	98.8	59.3	68.3	98.8
Derivative financial instruments	1.9	2.0	0.7	1.9
Provisions for other liabilities and charges	40.7	31.2	23.7	40.7
	<b>536.0</b>	<b>506.2</b>	<b>344.8</b>	<b>536.0</b>
<b>Non-Current Liabilities</b>				
Borrowings	1,263.2	1,086.4	1,104.2	1,263.2
Compound financial instruments	-	88.7	206.8	-
Retirement benefit obligations	87.9	126.9	130.9	87.9
Deferred taxation liabilities	286.6	282.6	264.4	24.6
Derivative financial instruments	-	-	11.8	-
Other payables	7.3	7.7	3.8	7.3
Provisions for other liabilities and charges	1.4	2.0	2.8	1.4
	<b>1,646.4</b>	<b>1,594.3</b>	<b>1,724.7</b>	<b>1,384.4</b>
<b>Total Liabilities</b>	<b>2,182.4</b>	<b>2,100.5</b>	<b>2,069.5</b>	<b>1,920.4</b>
<b>Net Assets</b>	<b>842.4</b>	<b>718.2</b>	<b>631.4</b>	<b>2,199.1</b>
<b>Equity</b>				
<b>Capital and Reserves Attributable to Company's Equity Holders</b>				
Share capital	233.0	229.3	227.9	233.0
Other reserves	377.8	329.9	292.3	1,385.2
Retained earnings	(402.0)	(360.2)	(375.6)	(209.6)
	<b>208.8</b>	<b>199.0</b>	<b>144.6</b>	<b>1,408.6</b>
<b>Minority Interests</b>	<b>633.6</b>	<b>519.2</b>	<b>486.8</b>	<b>790.5</b>
<b>Total Equity</b>	<b>842.4</b>	<b>718.2</b>	<b>631.4</b>	<b>2,199.1</b>

## **GROUP CASH FLOW STATEMENT (unaudited)**

	<b>6 months ended 30 June</b>	
	Notes	
	<b>2007</b>	2006
	<b>€m</b>	<b>€m</b>
<b>Net cash generated from operations (before restructuring payments)</b>	7 <b>141.2</b>	154.7
Restructuring payments	<b>(20.5)</b>	(10.0)
Income tax paid	<b>(26.0)</b>	(26.6)
<b>Net cash generated from operating activities</b>	<b>94.7</b>	118.1
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	<b>(41.2)</b>	(22.4)
Construction in progress pending resale	-	(12.7)
Proceeds from sale of property, plant and equipment	<b>12.1</b>	9.3
Purchases of intangible assets	<b>(63.4)</b>	(4.9)
(Purchases)/sales of available-for-sale financial assets	<b>(4.8)</b>	3.6
(Advances)/receipts from/to joint ventures and associates	<b>(1.2)</b>	1.2
Purchases of associates and joint ventures	<b>(1.1)</b>	(5.7)
Purchase of subsidiary	-	(10.1)
Interest received	<b>4.0</b>	5.1
Dividends received	<b>5.1</b>	0.5
<b>Net cash used in investing activities</b>	<b>(90.5)</b>	(36.1)
<b>Cash flows from financing activities</b>		
Interest paid	<b>(52.5)</b>	(49.0)
Proceeds from borrowings	<b>246.6</b>	167.7
Repayment of borrowings	<b>(48.3)</b>	(46.0)
Proceeds from short-term construction financing	-	12.7
Dividends paid to company's shareholders	<b>(39.2)</b>	(46.2)
Payments of finance lease liabilities	<b>(23.6)</b>	(21.3)
Purchases of treasury shares	<b>(51.6)</b>	-
Repayment of compound financial instrument	<b>(1.9)</b>	-
Purchases of minority interests	-	(50.2)
Dividends paid to minority interests	<b>(44.4)</b>	(29.0)
Issue of ordinary shares	<b>8.3</b>	6.9
Issue of minority interests	<b>5.4</b>	5.1
<b>Net cash used in financing activities</b>	<b>(1.2)</b>	(49.3)
Net increase in cash and bank overdrafts	<b>3.0</b>	32.7
Cash and bank overdrafts at beginning of the year	<b>100.7</b>	127.6
Exchange gains/(losses) on cash and bank overdrafts	<b>0.9</b>	(20.2)
<b>Cash and bank overdrafts at end of period</b>	<b>104.6</b>	140.1

## NOTES TO THE INTERIM STATEMENT (unaudited)

### 1. Basis of Preparation

The interim results for the period to 30 June 2007 have been prepared in accordance with the Listing Rules of the Irish Stock Exchange. The Group's interim statement has been prepared in accordance with the accounting policies that the Group expects to adopt for the 2007 year-end, which are consistent with the principal accounting policies which were set out in the Group's 2006 consolidated financial statements. The principal accounting policies adopted by the Group for the 2006 year-end, as set out in the Group's 2006 consolidated financial statements, were consistent with IFRSs issued by the IASB as adopted by the European Commission for use in the European Union.

The accounts in this interim statement are not the statutory accounts of the Company, 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 required to be annexed to the Company's annual return in respect of the year ended 31 December 2006 has in fact been so annexed.

### 2. Value of Mastheads – Supplementary Information

The "IFRS Balance Sheets" report 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 IFRS Balance Sheets 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 IFRS Balance Sheets.

In the opinion of the Directors, the presentation of the value of both acquired and internally generated mastheads is useful information for Shareholders, as it more accurately reflects the value of the Group's newspaper mastheads. As a result, the Group has presented an "Alternative Balance Sheet" which includes all of the Group's newspaper mastheads at their revalued amounts, including those mastheads that have been created internally with a corresponding adjustment to equity.

At 30 June 2007, the Group's newspaper mastheads had a valuation of €2,428.0m (included within intangible assets of €2,986.7m) compared to a carrying value under IFRS of €1,369.2m. All newspaper mastheads are regularly valued/revalued by expert independent valuers, Grant Samuel & Associates Pty Limited. The most recent independent valuation was undertaken as at 31 December 2004.

No provision has been made for Deferred Tax in respect of the Group's intangible assets (both internal and acquired) in the Alternative Balance Sheet as the Group believes this deferred tax liability will not arise because it is the Board's intention to retain these assets. In accordance with the requirements of IFRS, deferred tax of €62.0m has been provided in respect of the Group's intangible assets in the IFRS Balance Sheet at 30 June 2007.

NOTES TO THE INTERIM STATEMENT (unaudited) (Continued)

3. Segmental Reporting

**By Geographical Segment**

	Revenue		Operating Profit	
	30 June 2007 <u>€m</u>	30 June 2006 <u>€m</u>	30 June 2007 <u>€m</u>	30 June 2006 <u>€m</u>
Ireland	198.3	201.1	48.9	46.7
United Kingdom	134.6	107.8	7.3	6.1
South Africa	117.0	121.8	20.0	18.3
Australasia	365.6	366.0	85.1	83.2
Common costs	-	-	(6.7)	(6.4)
	<u>815.5</u>	<u>796.7</u>	154.6	147.9
Exceptional items			(27.6)	(5.5)
Operating profit after exceptional items			<u>127.0</u>	<u>142.4</u>

**By Class of Business**

	Revenue		Operating Profit	
	30 June 2007 <u>€m</u>	30 June 2006 <u>€m</u>	30 June 2007 <u>€m</u>	30 June 2006 <u>€m</u>
Printing, publishing, online, distribution and commercial printing	678.1	659.5	135.3	130.0
Radio	71.8	70.5	22.2	21.7
Outdoor advertising	65.6	66.7	3.8	2.6
Common costs	-	-	(6.7)	(6.4)
	<u>815.5</u>	<u>796.7</u>	154.6	147.9
Exceptional items			(27.6)	(5.5)
Operating profit after exceptional items			<u>127.0</u>	<u>142.4</u>

The taxation charge for the period comprises €1.4m (2006: €2.4m) in respect of Irish taxation and €16.5m (2006: €18.9m) in respect of overseas taxation.

## NOTES TO THE INTERIM STATEMENT (unaudited) (Continued)

### 4. Exceptional Items

	<b>30 June 2007</b>	30 June 2006
	<b><u>€m</u></b>	<u>€m</u>
Gain on sale of assets (i)	<b>5.4</b>	4.0
Restructuring charges (ii)	<b>(29.0)</b>	(7.5)
Product launch costs, development and other promotional expenditure (iii)	<b>(1.9)</b>	(2.0)
Other (iv)	<b>(2.1)</b>	-
	<b><u>(27.6)</u></b>	<u>(5.5)</u>

(i) Gain on sale of non-current assets.

(ii) Restructuring charges relating to the Group's Irish, Australasian and United Kingdom operations (2006: Restructuring charges relating to the Group's Northern Ireland operations).

(iii) Relates mainly to online development costs in Australasia (2006: Product launch costs, development and other promotional expenditure incurred across the Group).

(iv) Relates mainly to the costs associated with the unsuccessful APN Scheme of Arrangement.

### 5. Dividends

	<b>30 June 2007</b>	30 June 2006
	<b><u>€m</u></b>	<u>€m</u>
Dividends on equity shares		
Final (2006) ordinary dividend of €0.083 per share on 767,618,005 shares (2005: €0.07 per share on 758,300,511 shares)	<b><u>63.7</u></b>	<u>53.1</u>

An Interim ordinary dividend of €0.0457 (Interim 2006: €0.0415) per share – total dividend payable of €34.1m (2006: €31.5m) – has been declared subsequent to 30 June 2007.

**NOTES TO THE INTERIM STATEMENT (unaudited) (Continued)**

**6. Earnings Per Share**

	<b>30 June 2007</b>	30 June 2006
	<b>€m</b>	<b>€m</b>
Profit attributable to Independent News & Media PLC	<b>38.0</b>	52.1
Exceptional items net of taxation and minority interests	<b>24.0</b>	4.4
Profit before exceptional items	<b>62.0</b>	56.5
Weighted average number of shares in issue during the period (excluding treasury shares)	<b>765,553,168</b>	756,305,659
Effect of:		
Conversion of options	<b>6,729,095</b>	4,742,920
Diluted number of shares	<b>772,282,263</b>	761,048,579
Basic earnings per share	<b>4.96c</b>	6.89c
Basic earnings per share before exceptional items	<b>8.10c</b>	7.47c
Diluted earnings per share	<b>4.92c</b>	6.85c
Diluted earnings per share before exceptional items	<b>8.03c</b>	7.43c

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

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive options over ordinary shares and dilutive cumulative exchangeable preference shares. The cumulative exchangeable preference shares were not dilutive in either 2007 or 2006.

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

**NOTES TO THE INTERIM STATEMENT (unaudited) (Continued)**

**7. Reconciliation of Operating Profit to Net Cash Generated from Operations**

	<b>30 June 2007</b>	30 June 2006
	<u>€m</u>	<u>€m</u>
<b>Operating profit before exceptional items</b>	<b>154.6</b>	147.9
Depreciation/amortisation	<b>17.6</b>	18.5
Non-cash share based payment	<b>1.3</b>	1.8
Cash exceptional items	<b>(4.0)</b>	(2.0)
Unrealised foreign exchange movements	<b>(7.0)</b>	(7.1)
<b>Cash generated from operations before changes in working capital and provisions</b>	<b>162.5</b>	159.1
(Increase)/decrease in inventories	<b>(1.8)</b>	3.1
Increase in short term and medium term receivables	<b>(6.8)</b>	(3.4)
(Decrease)/increase in short term and long term payables	<b>(9.8)</b>	0.1
Retirement benefit obligations	<b>(2.6)</b>	(2.5)
Decrease in provisions (excluding restructuring payments)	<b>(0.3)</b>	(1.7)
<b>Net cash generated from operations (before restructuring payments)</b>	<b>141.2</b>	154.7

**8. Analysis of Changes in Equity**

	<b>30 June 2007</b>	30 June 2006
	<u>€m</u>	<u>€m</u>
<b>At 1 January</b>	<b>718.2</b>	796.4
Effect of change in accounting policy	-	(45.0)
At 1 January as restated	<b>718.2</b>	751.4
Issue of share capital	<b>34.9</b>	12.7
Share based payment	<b>1.3</b>	1.8
Dividends (including minority interests)	<b>(108.0)</b>	(82.1)
Issue of minority interests	<b>97.2</b>	5.1
Buyback of shares held by minority	-	(37.5)
Purchase of treasury shares	<b>(51.6)</b>	-
Acquisitions	<b>(1.2)</b>	-
Total recognised income and expense for the period	<b>151.6</b>	(20.0)
<b>At 30 June</b>	<b>842.4</b>	631.4