



PRELIMINARY RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2006

**GLOBAL OPERATIONS DRIVE STRONG 10.4% INCREASE
IN GROUP PROFIT BEFORE TAX AND EXCEPTIONALS**

Dublin/London 21st March 2007: The Board of Independent News & Media PLC [‘INM’ or the ‘Group’] (ticker: INWS.I; INWS.L) today announced the Group’s preliminary results for the year ended 31st December 2006.

<u>RESULTS</u>	<u>2006</u> <u>€m</u>	<u>2005</u> <u>€m</u>	<u>Change</u> <u>%</u>
Revenue	1,635.7	1,611.5	+1.5%
Operating Profit Before Exceptionals	329.5	311.6	+5.7%
Operating Margin	20.1%	19.3%	+80bps
Profit Before Tax and Exceptionals	265.7	240.6	+10.4%
Profit Before Tax *	250.1	272.5	-8.2%
Profit After Tax Before Exceptionals	210.7	195.1	+8.0%
Profit After Tax *	198.4	229.2	-13.4%
Adjusted Earnings Per Share **	17.43c	15.62c	+11.6%
Earnings Per Share *	15.67c	20.30c	-22.8%
Dividend Per Share	12.45c	10.75c	+15.8%

* 2005 includes a large once-off exceptional gain of €62.7 million on the sale of iTouch plc

** Diluted EPS, before exceptionals

SUMMARY HIGHLIGHTS

- Profit before tax and exceptionals up 10.4% to €265.7 million, bolstered by a particularly strong South African operating result.
- Adjusted Earnings Per Share ** up 11.6%, at 17.43 cent.
- Revenues of €1,635.7 million, up 1.5% on 2005 (+3.1% in constant currency). This reflects underlying revenue growth in excess of 5% for both advertising and circulation within the Publishing division.
- Operating profit before exceptionals of €329.5 million, up 5.7% on 2005 (+8.0% in constant currency terms), reflecting good performances from all divisions.
- Record 20.1% operating margin, delivering on INM’s stated objective to be the industry low cost operator.
- Indian associate, Jagran Prakashan Limited [‘JPL’], continues to thrive and recorded profit after tax growth of 205.8% for the 9 months ended 31st December 2006.
- INM’s asset base enhanced by further investment during the year including:
 - 100% acquisition of *propertynews.com*, the largest property website on the island of Ireland and Wholesale Newspaper Services [‘WNS’], the major newspaper and magazine wholesale distribution company in Northern Ireland.
 - Entry into the outdoor and radio markets in India.
 - Expansion of online interests throughout the Group, including investments in Cashcade, Verivox, Truphone, sellmefree and APN finda.
 - New full-colour production facility in Yandina, Queensland, Australia.
- Proposed 2006 final dividend up 18.6% to 8.30 cent per share.

– OVERVIEW –

Operating Profit Before Exceptionals increased by 5.7% (+8.0% in constant currency) to a record €329.5 million on the back of good performances from all regions, which drove the Operating Margin (before exceptionals) to a record 20.1%, achieving the Group's stated medium-term target.

Significantly, all operating divisions (publishing & online, radio and outdoor) achieved year-on-year profit growth in constant currency terms. INM's South African performance was particularly noteworthy, surpassing all expectations and reporting operating profit growth of 32.1% on 2005.

The Group's share of results from associates and joint ventures also grew strongly, up 19.6% to €16.5 million, reflecting increased contributions from JPL in India and the Group's South African outdoor joint venture.

Group Revenue increased by 1.5% (+3.1% in constant currency) to €1,635.7 million in 2006, and significantly, all the Group's main geographic markets achieved revenue growth in constant currency. This overall 1.5% revenue increase was achieved notwithstanding adverse currency movements, the loss of certain wholesale distribution contracts in Ireland, and the disposal of the Security Print business in Australasia. Both circulation and advertising revenues for the Publishing division were up in excess of 5% each on the prior year (in constant currency terms).

Reflecting the Group's stated ambition to be the industry low cost operator, costs were tightly managed across all regions in 2006, with costs only up 0.5% (+1.9% in constant currency terms), despite revenue-driven and newsprint-related increases.

Exceptional Items accounted for a net charge of €15.6 million in 2006, compared to a net exceptional gain of €30.5 million in 2005. The net charge of €15.6 million in 2006 mainly related to employee restructuring costs in Australasia, Northern Ireland and Ireland, partly offset by gains on sale of assets. The net gain in 2005 was primarily due to the successful disposal of the Group's investment in iTouch plc.

Net Interest Costs reduced by 3.7% to €80.3 million, despite increased interest rates in the Eurozone, Australia and New Zealand.

Stripping out exceptionals (including the 2005 €62.7 million iTouch plc disposal gain), Profit Before Tax increased by 10.4% to €265.7 million.

Adjusted Earnings Per Share increased to 17.43 cent (+11.6%) due to the Group's strong operating performance and reduced interest costs.

The Group continued to develop and expand its geographically-diversified portfolio of leading media assets via several bolt-on and strategic investments during the year. February saw the successful initial public offering of JPL, of which INM owns 20.8%, on the Mumbai Stock Exchange. In May, INM acquired *propertynews.com*, the largest online property website on the island of Ireland. In October, INM completed the acquisition of WNS, Northern Ireland's major newspaper and magazine wholesale distribution company. During the year, the Group further expanded its online offering with investments in Cashcade (20%) – a UK-operated online bingo and gaming company; Verivox (49%) – a European online

utility price comparison business; Truphone (17%) – a mobile VoIP operator in the UK and US; together with a number of online joint ventures in Australasia.

– DIVIDEND –

Reflecting the good underlying operating performance, a robust balance sheet and the strong prospects for the Group's future, the Board is recommending a final dividend of 8.30 cent per share, up 18.6% on 2005. This brings the total dividend for the year to 12.45 cent per share, an increase of 15.8% on 2005.

This final dividend will be paid on 15th June 2007 to ordinary shareholders registered at the close of business on 20th April 2007 and a scrip dividend will also be available.

– OPERATIONS REVIEW –

AUSTRALASIA

APN News & Media Ltd ['APN'], in which INM has a 41.6% shareholding, is listed on the Australian and New Zealand Stock Exchanges with a current market capitalisation of €1.6 billion.

Operating Profit grew 1.1% to €181.1 million (up 6.8% in constant currency) producing a record 24.4% operating margin, up 140bps on the prior year.

Revenue contracted by 4.7% to €741.6 million in 2006, primarily due to adverse currency movements, the sale of the Security Print division and weakness in certain advertising markets. On a like-for-like basis, revenue actually increased by 2% with the advertising market of Queensland again recording good growth, partially offset by the markets of Auckland, Sydney and Melbourne which were flat to negative.

The Regional Publishing division performed well, growing EBIT by 8% in local currency, helped by the strong advertising support from the local economies within Queensland and notably strong property advertising in the New Zealand division.

The New Zealand National Publishing division experienced a weak performance from its commercial printing division and a generally soft advertising market for most of 2006. However (excluding commercial printing), strong cost management in the market-leading *The New Zealand Herald*, coupled with good market gains for the *Herald on Sunday* (launched in October 2004) produced an overall 3% growth in EBIT in constant currency for the division.

The Online division continued its rapid expansion with a number of exciting new projects, including joint ventures with *finda* (New Zealand search directory) and the Packer-owned ACP (*sellmefree* classified listings). In addition, APN established its job portal, *search4jobs*, as the clear number two in the online jobs market in Auckland. *The New Zealand Herald* website continues to be the most popular news website in New Zealand, attracting more than 500,000 unique visitors and generating more than 6.2 million page impressions each week, and grew its online display advertising by 57%.

The Radio division delivered a solid result in the face of ever-competitive market conditions, producing full year EBIT growth of 3.3% in local currency. In Australia, revenue actually contracted by 3.3%, but EBIT grew by 6.2%, reflecting excellent cost management and ongoing programming enhancements, which produced good ratings and agency market share growth. In New Zealand, revenues advanced by 3.8% and The Radio Network maintained its market leadership position.

The Outdoor division (including associates) grew EBIT by an impressive 41%, following the cessation of a number of uneconomic contracts, the successful retention of key contracts and gains in new business. In Australia, the Outdoor market grew by 6.5% in 2006 and APN maintained its market leadership in all the main categories. In New Zealand, APN Outdoor also enjoyed a positive year despite a slowing national economy. In Asia, strong local economies contributed to the improved results for each of APN's businesses in Hong Kong, Malaysia and Indonesia.

IRELAND

Operating profit grew by 4.2% to €94.4 million in 2006, pushing operating margins up by 77bps to 23.3%.

Revenue grew by 0.7% to €404.7 million in 2006, with strong gains in advertising and circulation, partly offset by the loss of some high revenue, but low margin, wholesale distribution contracts.

Advertising revenue increased by 9.3%, reflecting strong run-of-paper colour revenues, driven by government and financial advertising, along with notable buoyancy in the recruitment, property, retail and motor categories. In addition, magazine revenues grew strongly on the back of good readership numbers.

In the most competitive newspaper market seen in years, circulation revenue increased by 2.6%, driven by good sales volumes and cover price increases for the market-leading *Irish Independent*, *Sunday Independent* and *Sunday World*. Ireland's number one quality daily newspaper, the *Irish Independent*, recorded a year-on-year increase in circulation volumes to 163,732 copies per day in the July to December 2006 period. Ireland's largest selling newspaper, the *Sunday Independent*, also grew its circulation volumes to 287,750 for the period July to December 2006, and the recently released JNRS industry readership research confirmed its position – once again – as the nation's best read newspaper, with over 1 million readers. The ongoing success of the *Sunday World*, Ireland's most read and biggest selling tabloid newspaper, was again underlined by its sales increase to 278,395 in the period July to December 2006, a 2.2% year-on-year increase. Both the *Evening Herald* and the group's joint venture, the *Irish Daily Star*, also reported good circulation performances, maintaining or slightly growing their ABC circulation volumes in the second half.

The group's daily free newspaper, *herald am*, showed impressive gains in advertising revenue and after 18 months remains the Dublin region's largest free newspaper, with recent audited figures confirming a verified free distribution of over 84,000 copies daily, exceeding *Metro* by more than 7,000 copies.

In its inaugural full year of operation, the group's online recruitment site, *LoadzaJobs.ie*, established itself as Ireland's number two employment site and continues to show impressive

revenue growth. The full rollout of *propertynews.com* in the Republic of Ireland is firmly on track and its expansion across the island of Ireland has been extremely well received by both estate agents and consumers.

SOUTH AFRICA

Operating profit grew by 32.1% to €55.2 million, driving the operating margin to 21.0%, up an impressive 220bps on the prior year.

Revenue grew by 18.3% to €262.8 million in 2006 (+11.4% in constant currency), with very strong gains in advertising and circulation revenues in all regions. The ongoing buoyancy of the South African economy coupled with an expansion in the fast-growing new, middle-class consumer base, in particular, drove strong activity in retail, motors and the property sectors in all regional markets (Cape, Gauteng and KwaZulu Natal). Individually, all markets produced improvements in revenues, trading profits and operating margins.

Newspaper advertising revenue increased by 12.2% on the prior year, with all titles either maintaining or improving their already strong market shares in both the display and classified advertising markets.

Circulation copy sales of each of the group's main 15 titles improved year-on-year – pushing circulation revenue up by 8.9% on the prior year. Most notably, circulation growth of *Isolezwe* – the group's Zulu language newspaper – continued in 2006, achieving an average daily sale of over 92,000 copies in the second half (compared to 86,000 copies for the comparable period). In addition, the group's weekly title, *Post*, aimed at the Indian market, grew its sale by 4.8% on the prior year. Cape Town's newest, populist tabloid newspaper, *Daily Voice* (launched in March 2005 to cater for the emerging mass-market) continues to prosper and gain sales.

Investment in online activities continues to good effect and the *iol.co.za* portal is South Africa's dominant news, current affairs and classified site. It, together with the group's individual newspaper titles and other niche sites, now delivers well over two million unique visitors per month.

The group's Magazine division (Condé Nast Independent Magazines) traded well, with *Glamour*, in only its second full-year of operation, continuing to beat expectations in both copy sales and profits and it is now the second-largest selling women's magazine in South Africa. This division is now positioned for further expansion and opportunities are being actively pursued.

The Group's 50%-owned Outdoor advertising business, Clear Channel Independent, had another good year in both South Africa and across its diverse African operations, delivering net profit growth of 16.8%.

UNITED KINGDOM

Operating Profit was marginally down (€0.8 million) on the prior year primarily due to the weak advertising market in Northern Ireland – which prevailed until the end of Quarter 3 2006 – and continuing investment in supporting the group's products and brands at a time of

significant change in the market place. This modest contraction produced an operating margin of 6.3%.

Revenue grew by 8.4% to €226.6 million in 2006, reflecting continuing cover price increases, additional contract print revenues in Belfast and additional revenue from the two acquisitions made during 2006, *propertynews.com* in May and WNS in October.

Despite the generally poor advertising market – particularly in the first half – overall UK group advertising revenues were actually up 0.5% in constant currency. *The Independent* continued to buck a weak market trend for national titles and actually reported a 2.2% growth in advertising revenue. The *Belfast Telegraph*, although down 3.2% year-on-year in advertising, encouragingly returned to growth in the second half of 2006 and continues to show good growth in the initial weeks of 2007.

Both Independent titles continued to perform strongly, with *The Independent* achieving its highest market share for over ten years in the recent February 2007 ABC figures. Circulation revenues were up 8.7% on 2005, driven by cover price increases and strong circulation figures for *The Independent on Sunday* in particular, which had the best performance of any national newspaper in 2006. The latest National Readership Survey figures for 2006 again showed impressive growth in readership, with *The Independent* up 8.2% to 763,000 readers, the highest uplift in the market and *The Independent on Sunday* up 4.3% year-on-year.

Belfast's contract print division, now the largest on the island of Ireland and a major centre of production for many of the Group's Republic of Ireland titles, performed strongly and has further expanded with the addition of a new major full-colour Goss FPS production facility in Newry, which will be fully operational in Autumn 2007, and which will cater for both internal and external print contracts.

Online revenues continue to grow strongly, led by a very good performance from the *independent.co.uk* website, which was up 65%.

The focus has continued on reducing the UK cost base further through operational efficiencies, improved systems and outsourcing across all areas of the business. 2006 saw a major cost restructuring of the Belfast operations, resulting in significant headcount and cost reductions across all publishing functions and the outsourcing of back-office processing functions. The recently announced restructuring and investment in new editorial systems in London, Belfast and Dublin will enable further cost efficiencies going forward for the Group.

INDIA

JPL, publisher of India's largest selling newspaper, *Dainik Jagran*, was successfully listed on the Mumbai Stock Exchange in February 2006. This follows INM's initial investment in June 2005 at a cost of €28.9 million, which today is valued at approximately €80 million.

The inherent strength of the *Dainik Jagran* franchise, allied to the extraordinary growth of the Indian economy, produced a year-on-year increase of 172.1% in Profit Before Tax to €15.0 million (100%) for the nine months ended 31st December 2006 (JPL's financial year-end is 31st March).

In that period, JPL reported an excellent 27.3% increase in total revenues, predominantly from increased advertising revenue (up 26.0%) and increased circulation revenue (up 6.7%).

In addition to the core *Dainik Jagran* brand, JPL expanded its publishing operations through 2006, with the launch of both *City Plus* and *i-next*. *i-next*, which was launched in Lucknow and Kanpur in mid-December, is the first bilingual newspaper in India and targets urban professionals and consumers in the 18-35 age bracket. *i-next* will be launched in 5 more cities in northern India during 2007. *City Plus* is an English language infotainment newspaper – launched in September – and is now published in 4 different locations around Delhi and northern India.

Outdoor advertising also performed very well, accounting for 2.5% of total revenues for the nine months, even though the Outdoor division was only established in mid-2006. JPL's outdoor advertising division now has in excess of 700 sites across the leading markets of northern India.

INM also made a strategic investment in the fast-growing radio sector in India, taking a 20% stake (the maximum currently allowable for foreign investors) in *Radio Mantra*. The balance is owned by the Gupta family, who are the other major shareholders in JPL. Last month, *Radio Mantra* was launched in the Hissar market and plans are well advanced to launch a further 7 stations over the next three months.

– 2007 DEVELOPMENTS –

CONSORTIUM OFFER TO ACQUIRE APN

In February 2007, INM, in conjunction with Providence Equity Partners ['Providence'] and The Carlyle Group ['Carlyle'] [together the 'Consortium'] made an all-cash offer of A\$6.10 per share to purchase, by way of a Scheme of Arrangement, the entire issued share capital of APN [the 'Transaction']. The board of APN has since recommended this offer to its shareholders and a meeting will be held where APN shareholders will vote on the proposed Scheme. The Transaction is also subject to the approval of INM shareholders at an Extraordinary General Meeting. Full particulars of the Transaction will be set out in documents to be mailed to INM shareholders in advance of that meeting.

Assuming the Transaction is completed, INM would hold a 35% economic interest in the Consortium – which it will account for as an associate – with Providence at 37.5% and Carlyle at 27.5%. To reflect the continued primary role of INM within the operations of APN, INM would hold the largest voting interest (c. 39.3%) and would also have preferential rights.

The Board of INM believes that the Transaction presents a number of opportunities and benefits for the INM Group. It monetises a valuable investment in APN at a time when the value of Australian media assets is strong, which should result in INM receiving net proceeds in excess of €350 million. These funds are intended to be used to maximise shareholder returns via the acceleration of the Group's expansion in its global markets and a further strengthening of the Group's balance sheet. On completion of the Transaction, APN would be de-listed from the Australian and New Zealand Stock Exchanges.

– OUTLOOK –

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

“The Group’s singular focus on producing the highest-quality brands, products and channels relevant to its consumers in 10 major international markets, provides its advertisers with the best means of connecting with their target audience. It continues to differentiate INM from both its peers and other media platforms.

“The Group’s ongoing investment in its brands and its utter determination to be the low cost producer has enabled it to report yet another excellent performance in 2006, with improved margins, while producing a range of products that are best in class in all the markets in which they operate. Significantly, all operating divisions (publishing & online, radio and outdoor) achieved year-on-year growth in their markets.

“The positive trend in 2006 has continued into 2007. Given a continuation of current trading conditions, the Board remains committed to its stated objective of double-digit earnings growth.”

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-statements are reasonable. However, because they involve known and unknown risks, uncertainties and other factors, which are in some cases beyond our control, our actual results or performance may differ materially from those expressed or implied by such forward-looking statements. These forward-looking statements speak only as of the date of this document and no obligation is undertaken, save as required by law or by the Listing Rules of the Irish Stock Exchange and/or the UK Listing Authority to reflect new information, future events or otherwise.

ENDS
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ABOUT INDEPENDENT NEWS & MEDIA PLC

– CORPORATE PROFILE –

INM is a leading international newspaper and communications group, with its main interests in Australia, India, Ireland, New Zealand, South Africa and the United Kingdom. Spanning four continents, 10 major markets and 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 exceeding five 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 €3.9 billion, revenue of €1.8 billion and employs approximately 9,800 people worldwide. Further information is available on the Group's website www.inmplc.com.

INDEPENDENT NEWS & MEDIA PLC

PRELIMINARY ANNOUNCEMENT

Group Income Statement

		Year ended 31 December 2006 €m	Year ended 31 December 2005 €m
Revenue		1,635.7	1,611.5
Operating profit before exceptional items		329.5	311.6
Exceptional items	4	(15.6)	30.5
Operating profit after exceptional items		313.9	342.1
Share of results of associates and joint ventures		16.5	13.8
Net finance costs:	5		
- Interest receivable and similar income		12.0	17.3
- Interest payable and similar charges		(92.3)	(100.7)
Profit before taxation		250.1	272.5
Taxation		(51.7)	(43.3)
Profit for the year		198.4	229.2
Attributable to:			
Minority interests		79.5	77.4
Equity holders of the parent		118.9	151.8
		198.4	229.2
Earnings per ordinary share (cent)			
- Basic	6	15.67c	20.30c
- Diluted	6	15.60c	20.14c

Group Statement of Recognised Income and Expense

	Year ended 31 December 2006 €m	Year ended 31 December 2005 €m (as restated)
Items of income/(expense) recognised directly in equity		
Currency translation adjustments	(93.4)	86.8
Retirement benefit obligations:		
- Actuarial gains/(losses)	25.0	(31.1)
- Movement on deferred tax asset	(1.6)	4.8
Gains relating to cash flow hedges	4.2	0.7
Net (expense)/income recognised directly in equity	(65.8)	61.2
Profit for the period	198.4	229.2
Total recognised income and expense for the period	132.6	290.4
Attributable to:		
Minority interests	46.1	121.3
Equity holders of the parent	86.5	169.1
	132.6	290.4

Changes in Equity

	2006 €m	2005 €m (as restated)
At 1 January	751.4	621.0
Effect of change in accounting policy (note 1)	-	(18.7)
At 1 January as restated	751.4	602.3
Issue of share capital	45.6	63.4
Share based payment	2.8	1.6
Dividends (including minority interests)	(149.5)	(139.5)
Buyback of shares held by minority	(64.7)	(66.8)
Total recognised income and expense for the period	132.6	290.4
At 31 December	718.2	751.4

Group Balance Sheet

	31 Dec 2006 (IFRS Balance Sheet) €m	31 Dec 2005 (as restated) €m	31 Dec 2006 (Note 2) €m	31 Dec 2005 (as restated) €m
Assets				
Non-Current Assets				
Intangible assets	1,800.5	1,842.1	2,863.6	2,950.5
Property, plant and equipment	371.4	363.1	371.4	363.1
Investments in associates and joint ventures	83.0	60.0	118.9	95.9
Deferred tax assets	90.8	96.7	90.8	96.7
Available-for-sale financial assets	26.2	15.7	26.2	15.7
Derivative financial instruments	-	9.4	-	9.4
Trade and other receivables	42.8	54.4	42.8	54.4
	2,414.7	2,441.4	3,513.7	3,585.7
Current Assets				
Inventories	15.9	21.9	15.9	21.9
Trade and other receivables	266.3	264.2	266.3	264.2
Current income tax assets	15.5	17.1	15.5	17.1
Derivative financial instruments	1.8	-	1.8	-
Cash and cash equivalents	104.5	132.8	104.5	132.8
	404.0	436.0	404.0	436.0
Total Assets	2,818.7	2,877.4	3,917.7	4,021.7
Liabilities				
Current Liabilities				
Trade and other payables	287.6	266.1	287.6	266.1
Current income tax liabilities	6.1	16.1	6.1	16.1
Compound financial instruments	120.0	-	120.0	-
Borrowings	59.3	64.7	59.3	64.7
Derivative financial instruments	2.0	6.6	2.0	6.6
Provisions for other liabilities and charges	31.2	27.0	31.2	27.0
	506.2	380.5	506.2	380.5
Non-Current Liabilities				
Borrowings	1,086.4	1,045.2	1,086.4	1,045.2
Compound financial instruments	88.7	234.8	88.7	234.8
Retirement benefit obligations	126.9	167.3	126.9	167.3
Deferred taxation liabilities	282.6	292.3	24.5	25.7
Other creditors	7.7	2.2	7.7	2.2
Provisions for other liabilities and charges	2.0	3.7	2.0	3.7
	1,594.3	1,745.5	1,336.2	1,478.9
Total Liabilities	2,100.5	2,126.0	1,842.4	1,859.4
Net Assets	718.2	751.4	2,075.3	2,162.3
Equity				
Capital and Reserves Attributable to Company's Equity Holders				
Share capital	229.3	225.9	229.3	225.9
Other reserves	329.9	325.5	1,346.3	1,378.4
Retained earnings	(360.2)	(378.4)	(167.8)	(185.5)
	199.0	173.0	1,407.8	1,418.8
Minority interests	519.2	578.4	667.5	743.5
Total Equity	718.2	751.4	2,075.3	2,162.3

Group Cash Flow Statement

	Notes	Year ended 31 December	
		2006 €m	2005 €m
Net cash generated from operations (before restructuring payments)		354.0	350.3
Restructuring payments		(34.1)	(20.2)
Net cash generated from operations		319.9	330.1
Income tax paid		(51.7)	(36.8)
Net cash generated by operating activities	8	268.2	293.3
Cash flows from investing activities			
Purchases of property, plant and equipment		(62.9)	(58.7)
Proceeds from sale of property, plant and equipment		21.6	21.4
Purchases of intangible assets		(14.1)	(18.1)
Purchases of subsidiary undertakings		(18.4)	-
Cash acquired with subsidiary undertakings		2.7	-
Proceeds from sale of subsidiary undertaking		19.2	-
Purchases of associates and joint ventures		(16.0)	(28.9)
Proceeds from sale of associate		-	96.9
Advances to joint ventures and associates		-	(4.1)
Loans repaid by joint ventures and associates		8.0	10.8
Purchases of available-for-sale financial assets		(14.3)	(4.7)
Proceeds from sale of available-for-sale financial assets		4.2	-
Interest received		8.6	14.8
Dividends received		6.3	4.9
Net cash (used in)/received from investing activities		(55.1)	34.3
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		14.0	8.8
Debt issue costs		(0.8)	(4.1)
Interest paid		(80.2)	(88.7)
Proceeds from borrowings		206.4	611.9
Repayment of borrowings		(107.1)	(644.6)
Dividends paid to Company's shareholders		(76.3)	(65.2)
Payment of finance lease liabilities		(41.2)	(15.1)
Issue of equity minority interests		7.4	3.7
Dividends paid to minority interests		(64.9)	(54.8)
Purchases of equity minority interests		(83.7)	(83.6)
Net cash used in financing activities		(226.4)	(331.7)
Net decrease in cash and bank overdrafts		(13.3)	(4.1)
Cash and bank overdrafts at beginning of the year		127.6	123.8
Exchange (losses)/gains on cash and bank overdrafts		(13.6)	7.9
Cash and bank overdrafts at end of year		100.7	127.6

NOTES TO THE PRELIMINARY ANNOUNCEMENT

1. Basis of Preparation of Financial Information under IFRS

In accordance with EU Regulations, the Group is required to present its annual consolidated financial statements for the year ended 31 December 2006 in accordance with EU endorsed International Financial Reporting Standards (“IFRS”) and IFRIC interpretations and with those parts of the Companies Acts, 1963 to 2006 applicable to companies reporting under IFRS.

The preliminary results for the year to 31 December 2006 have been prepared in accordance with the Listing Rules of the Irish Stock Exchange. The Group’s financial information has been prepared in accordance with the accounting policies which were set out in the Group’s 2005 consolidated financial statements except for the change in accounting policy in relation to employee benefits noted below. The consolidated financial statements have been prepared under the historical cost convention, except for certain fixed assets where the fair value was regarded as deemed cost on transition to IFRS and the measurement at fair value of certain financial investments.

In 2006, the Group has adopted the amendment to International Accounting Standard No. 19 “Employee Benefits” (IAS 19 – Revised). A prior year adjustment arose on the implementation of IAS 19 – Revised. Previously, in relation to its retirement benefit obligations, the Group applied the “corridor approach” to actuarial gains and losses arising after the date of transition to IFRS on its defined benefit post-employment schemes. The “corridor approach” refers to a threshold being the higher of 10% of the fair value of the plan assets or 10% of the present value of the defined benefit obligations at the end of the previous reporting period. Actuarial gains and losses at the end of the previous reporting period in excess of this threshold are recognised as income or expense over the average remaining service lives of employees participating in the plan. Other than these, the actuarial gain or loss arising was not recognised. In applying IAS 19 – Revised, the Group is choosing the option to recognise all actuarial gains and losses in the period that they occur. Such gains and losses will now be recognised in the Statement of Recognised Income and Expense. The Group believes that the election to recognise all the actuarial gains and losses immediately more fully reflects the net asset position of the Group. As a result of applying IAS 19 – Revised, the Group has restated its results for the year ended 31 December 2005 with the following consequences:

- An amount of €26.3 million is reflected as a charge in the Statement of Recognised Income and Expense which represents the actuarial gains and losses (net of deferred taxation) arising in the year ended 31 December 2005. In the Balance Sheet this €26.3 million results in an increase in retirement benefit obligations of €31.1 million and an increase in deferred tax assets of €4.8 million.
- An amount of €18.7 million is reflected as a charge to opening retained earnings as at 1 January 2005 which reflects the previously unrecognised actuarial gains and losses (net of deferred taxation) as at 1 January 2005. In the Balance Sheet this €18.7 million results in an increase in retirement benefit obligations of €20.8 million and an increase in deferred tax assets of €2.1 million. Profit and cashflows for the year ended 31 December 2005 remain as previously reported.

Consistent with prior years, the full financial statements for 2006 and the audit report thereon will be finalised and circulated to shareholders at least 20 working days before the AGM.

NOTES TO THE PRELIMINARY ANNOUNCEMENT (Continued)

2. Value of Mastheads – Supplementary Information

The “IFRS 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 IFRS Balance Sheet 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 Sheet.

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 31 December 2006, the Group’s newspaper mastheads had a valuation of €2,372.6 million (31 December 2005: €2,479.3 million) compared to a carrying value under IFRS of €1,309.5 million (31 December 2005: €1,370.9 million). 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 €258.1 million (31 December 2005: €266.6 million) has been provided in respect of the Group’s intangible assets in the IFRS Balance Sheet.

NOTES TO THE PRELIMINARY ANNOUNCEMENT (continued)

3. Segmental Report

By Geographical Segment

	Revenue		Operating Profit	
	2006	2005	2006	2005
	<u>€m</u>	<u>€m</u>	<u>€m</u>	<u>€m</u>
Ireland	404.7	401.7	94.4	90.6
United Kingdom	226.6	209.1	14.3	15.1
South Africa	262.8	222.2	55.2	41.8
Australasia	741.6	778.5	181.1	179.1
Common costs	-	-	(15.5)	(15.0)
	1,635.7	1,611.5	329.5	311.6
Exceptional items:				
Ireland			(8.1)	(5.1)
United Kingdom			(13.1)	40.6
South Africa			-	(0.6)
Australasia			(0.4)	-
Common/Unallocated			6.0	(4.4)
			(15.6)	30.5
Operating profit after exceptional items			313.9	342.1

By Class of Business

	Revenue		Operating Profit*	
	2006	2005	2006	2005
	<u>€m</u>	<u>€m</u>	<u>€m</u>	<u>€m</u>
Printing, publishing, online, distribution and commercial printing	1,355.1	1,320.9	281.9	270.9
Radio	144.6	152.8	49.7	50.3
Outdoor advertising	136.0	137.8	13.4	5.4
Common costs	-	-	(15.5)	(15.0)
	1,635.7	1,611.5	329.5	311.6

* before exceptional items

NOTES TO THE PRELIMINARY ANNOUNCEMENT (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.

	2006	2005
	€m	€m
Included in profit before taxation are the following:		
Gain on sale of iTouch plc, net	-	62.7
Gain on sale of assets (i)	18.2	11.4
Restructuring charges and impairment of property, plant, equipment and other assets (ii)	(33.0)	(27.2)
Product launch costs, development and other promotional expenditure (iii)	(6.0)	(16.4)
Gain on foreign exchange contracts, net of other exceptional items (iv)	5.2	-
	(15.6)	30.5
Share of associates & joint ventures exceptional items	-	1.4
Total exceptional items	(15.6)	31.9

- (i) Gain on disposal of investments and properties during 2006, primarily arising in Australasia.
- (ii) 2006 charge arises from the restructuring of operations in Ireland, Northern Ireland and within Australasia, and includes impairment charges relating to the write down of property, plant, equipment and other assets to their recoverable amount across the Group.
- (iii) Relates mainly to online development costs in Australasia and Ireland and also to other promotional expenditure incurred in Ireland and the United Kingdom during 2006.
- (iv) Gain on foreign exchange forward contracts related to the return of cash from South Africa, net of other exceptional costs.

NOTES TO THE PRELIMINARY ANNOUNCEMENT (continued)

5. Net Finance Costs

	2006	2005
	<u>€m</u>	<u>€m</u>
Interest receivable and similar income	(12.0)	(17.3)
Interest payable and similar charges	92.3	100.7
Net finance costs	<u>80.3</u>	<u>83.4</u>

6. Earnings Per Share

	2006	2005
	<u>€m</u>	<u>€m</u>
Profit attributable to Independent News & Media PLC	118.9	151.8
Exceptional items (note 4)	15.6	(31.9)
Tax credit on exceptional items	(3.3)	(2.2)
Minority interest share of exceptional items	1.6	-
Profit before exceptional items	<u>132.8</u>	<u>117.7</u>
Weighted average number of shares in issue during the year	758,880,670	747,883,265
Effect of:		
Conversion of options	3,140,113	5,742,439
Diluted number of shares	<u>762,020,783</u>	<u>753,625,704</u>
Basic earnings per share	<u>15.67c</u>	20.30c
Basic earnings per share before exceptionals	<u>17.50c</u>	15.74c
Diluted earnings per share	<u>15.60c</u>	20.14c
Diluted earnings per share before exceptionals	<u>17.43c</u>	15.62c

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 2006 or 2005.

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

NOTES TO THE PRELIMINARY ANNOUNCEMENT (continued)

7. Dividends - Approved and Paid

	2006	2005
	<u>€m</u>	<u>€m</u>
Final dividend for the year ended 31 December 2005 of €0.07 (2004: €0.06) per share	53.1	44.7
Interim dividend for the year ended 31 December 2006 of €0.0415 (2005: €0.0375) per share	<u>31.5</u>	<u>28.2</u>
	<u>84.6</u>	<u>72.9</u>

The Directors are proposing a final dividend in respect of the year ended 31 December 2006 of €0.083 per share (€63.5 million). This proposed dividend is subject to approval by the shareholders at the AGM.

8. Reconciliation of Operating Profit to Net Cash Generated by Operating Activities

	2006	2005
	<u>€m</u>	<u>€m</u>
Operating profit before exceptional items	329.5	311.6
Depreciation/amortisation	38.3	43.0
Non-cash share option charge	2.8	1.6
Cash exceptional items	(0.8)	(16.4)
Unrealised foreign exchange movements	(9.7)	(4.9)
Cash generated from operations before changes in working capital and provisions	360.1	334.9
Decrease/(increase) in inventories	2.3	(3.8)
(Increase)/decrease in short term and medium term debtors	(8.7)	3.9
Increase in short term and long term creditors	6.8	14.5
Increase in provisions (excluding restructuring payments)	1.9	1.0
Retirement benefit obligations	(8.4)	(0.2)
Net cash generated from operations (before restructuring payments)	354.0	350.3
Restructuring payments	(34.1)	(20.2)
Net cash generated from operations	319.9	330.1
Income tax paid	(51.7)	(36.8)
Net cash generated by operating activities	268.2	293.3