



# Independent News & Media PLC

## 2006 FIRST HALF PRE-CLOSE TRADING UPDATE

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

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*Dublin/ London - June 26<sup>th</sup> 2006:* Independent News & Media PLC [**'INM'** or the **'Group'**], the leading international media and communications group, today issued its regular trading update in respect of the 6 month period ending 30<sup>th</sup> June 2006, ahead of its close period. This update is intended to provide all market participants with an overview of the Group's financial and operating performance for the first half of 2006. INM's 2006 first half interim results are scheduled for release on 19<sup>th</sup> September 2006.

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### SUMMARY HIGHLIGHTS – H1 2006

- Group revenue expected to be ahead year-on-year by over 3%.
  - Group circulation revenues forecast to be up by over 3%.
  - Group advertising revenues forecast to be up by over 3.5%.
  - Operating costs continue to be well managed globally – despite European newsprint cost increases – reflecting the flow through benefits of prior years cost reductions.
  - Good savings in interest costs are anticipated, following the Group's significantly strengthened financial position.
  - Adjusted EPS expected to be ahead year-on-year by over 10%.
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### REVENUES

The Group continues to enjoy revenue growth across its geographically-balanced operations (Australia, Ireland, New Zealand, South Africa and the United Kingdom) during the first half of 2006. The Group has seen good underlying growth in advertising and circulation revenues and expects to report total revenue growth for the 6 months to 30<sup>th</sup> June 2006 of over 3%. This solid performance reflects the continued strength of the Group's market-leading positions in diverse and growing economies, against a strong first half revenue performance in 2005.

- **Advertising**

The Group's advertising revenues continue to show growth across the major advertising categories of ROP, colour display, retail, and classifieds. First half advertising revenues are expected to show underlying growth of over 3.5% - against strong comparisons.

- **Online**

Although modest in Group terms, online revenues continue to show good double-digit advertising growth, particularly across the main classified pillars. The Group continues to identify new incremental revenue streams and we are increasingly active participants in this area.

- **Circulation**

The Group's circulation revenues are anticipated to increase by over 3%, based on underlying volume and price increases.

## **OPERATING COSTS**

The Group remains committed to being the low cost operator in each of its markets and to sustaining the highest operating margins among its peer group. The Group expects to report continued underlying growth in operating margins in 2006, as the flow through benefits of prior cost efficiency programmes are fully realised.

## **GROUP DEVELOPMENTS: H1 2006**

- In February 2006, our 20.8% owned Indian investment, Jagran Prakashan Limited ['JPL'] completed a successful initial public offering ['IPO'] of shares on the Mumbai Stock Exchange. JPL publishes India's largest newspaper, which has the highest readership of any newspaper anywhere in the world.
- Also in February 2006, the Group acquired a 20% investment in Cashcade Limited, a leading UK online gaming company which owns the *getminted.com* gaming portal providing services ranging from casino to bingo.
- In May 2006, the Group completed the acquisition of 100% of *PropertyNews.com*, the largest online property website on the island of Ireland. Already the clear market-leader in Northern Ireland, *PropertyNews.com* continues to rapidly expand into the Republic of Ireland market.

## **OUTLOOK**

The Group's Chief Executive Officer, Sir Anthony O'Reilly, stated:

*"As we confirmed at our AGM on 8<sup>th</sup> June, INM, as a global media organisation, is unique in that it operates market-leading newspaper brands in some of the world's fastest growing economies. Our multi-media, multi-lingual and multi-market strategy for growth, combined with our low cost ethos, gives us confidence in our ability to deliver another year of superior earnings growth. Early results for 2006 are fully in line with expectations and we look forward to another successful year of double-digit earnings growth."*

-- Ends --

**For further information, please contact:**

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**About Independent News & Media PLC**

Independent News & Media PLC ['INM'] is the leading international media and communications group, with interests in Australia, Ireland, New Zealand, South Africa, the United Kingdom and most recently, India - operating in the areas of newspapers (national and regional), radio and outdoor advertising. The Group manages gross assets of €4.0 billion, revenue of €1.8 billion and employs approximately 10,400 people worldwide. Further information is available on our Group website [www.inm plc.com](http://www.inm plc.com).