



Independent News & Media PLC

PRELIMINARY RESULTS FOR THE YEAR ENDED 31st DECEMBER 2005

Dublin/London 22nd March 2006: The Board of Independent News & Media PLC [‘INM’ or the ‘Group’] (ticker: INWS.I; INWS.L) today presented the Group’s preliminary results for the year ended 31st December 2005. These results were prepared under International Financial Reporting Standards [‘IFRS’].

<u>RESULTS</u>	2005	2004	Change
	€m	€m	%
Revenue	1,611.5	1,499.2	+7.5%
Operating Profit Before Exceptionals	311.6	279.7	+11.4%
Operating Margin	19.34%	18.66%	+68bps
Profit Before Tax	272.5	192.4	+41.6%
Net Profit After Minority Interests	151.8	84.3	+80.1%
Earnings Per Share	20.30c	11.40c	+78.1%
Adjusted Earnings Per Share *	15.62c	13.33c	+17.2%
Dividend Per Share	10.75c	9.00c	+19.4%

* Diluted EPS, before exceptional items

SUMMARY HIGHLIGHTS

- Record results with strong revenue growth of 7.5% (advertising +10.7%, circulation +6.4%).
- All regions contributing to growth in both revenues and profits.
- Operating margins increased to 19.34% reflecting the impressive trading performance and strong cost management.
- Strong underlying trading performances across the Group delivered an 11.4% improvement in Operating Profit Before Exceptionals.
- Continued investment in new product development, marketing innovations and classified online services enhance market reach.
- Profit Before Tax increased by 41.6% reflecting the superior operating performance and good interest savings.
- Net Profit After Minority Interests up 80.1% to €151.8 million.
- EPS up 78.1% to 20.30c, with Adjusted EPS up 17.2% to 15.62c.
- Significant return realised on disposal of non-core iTouch plc shareholding.
- Strategic acquisition of 26% of Jagran Prakashan Limited [‘JPL’] in India – publisher of the Hindi-language title, *Dainik Jagran* – India’s largest selling newspaper.
- Proposed 2005 final dividend of 7.00c per share increases full-year dividend to 10.75c (up 19.4%) to reflect the strength of the 2005 performance and a confident outlook.

– OUTLOOK –

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

“We are very pleased to announce another year of strong growth for the Group.

“INM’s globally balanced portfolio of operations in strongly growing markets, diverse multimedia platforms and market-leading brands, continue to distinguish the Group from its media peer group. When coupled with the Group’s clear and compelling strategy for growth and its commitment to be the industry’s low cost operator, the Board is confident of INM’s ability to deliver another year of superior earnings growth for 2006, in line with current market expectations.”

– OVERVIEW –

Independent News & Media PLC today announced record preliminary results for the year ended 31st December 2005, delivering superior and sustainable growth.

Revenue increased by 7.5% to €1,611.5 million, with all regions showing growth across all media platforms. Both advertising (up 10.7%) and circulation (up 6.4%) revenues benefited from a combination of enhanced yield/price and higher volumes on core products. The Group’s ongoing investment in innovative new product offerings and its aggressive strides in effective and complementary online advertising platforms also contributed to the strong performance within each of our markets.

Operating Profit Before Exceptionals increased by 11.4% to €311.6 million, with operating margins improving to 19.34%. This performance is unique amongst our media peer group. It reflects INM’s distinctive multi-market, multi-language and multimedia strategy and confirms that INM operates in some of the world’s fastest growing markets. Allied to that, cost efficiency remained a key focus for the Group during 2005 with the full-year benefits from the 2004 restructuring programme flowing through and further efficiencies actioned.

Net Exceptional Items accounted for a positive €30.5 million in 2005, compared to an exceptional charge of €13.6 million in 2004. This net gain was primarily due to the successful disposal of the Group’s investment in iTouch plc, which generated a net gain of €62.7 million. This gain was partly offset by once-off redundancy and other costs associated with the closure of the *Sunday World* print site in Dublin, together with asset impairment costs and exceptional product launch, development and promotional expenditure across the Group.

Interest Payable decreased by 9.4% to €89.4 million, reflecting both INM’s improved credit profile and financing mix. During the year, the Group refinanced its core syndicated bank facility and replaced it with a new 5-year, €440.0 million unsecured facility. This new facility extends the maturity of the Group’s core bank debt to 2010 on improved terms and pricing.

Due to the timing of the implementation of IAS 32 and 39 (under the transition to IFRS), Net Finance Costs include dividends on the New Zealand Cumulative Exchangeable Preference Shares [‘NZ CEPS’] in 2005, whereas they are included as part of Minority Interests in 2004.

Similarly, in the Balance Sheet, the NZ CEPS have been reclassified from Minority Interests in 2004 to Compound Financial Instruments in 2005.

Profit After Tax was up a very strong 40.4% with Net Profit After Minority Interests up 80.1% to €151.8 million. Basic Earnings Per Share increased to 20.30 cent (+78.1%).

In June 2005, INM purchased a 26% strategic shareholding in JPL, publisher of *Dainik Jagran*, India's largest circulating and the world's largest read newspaper. JPL has recently entered the capital markets with a successful initial public offer ['IPO'] of shares on the Mumbai Stock Exchange. Based on the IPO market issue price, INM's stake – which has diluted to between 20.2% and 20.8% following the IPO (dependent on the full exercise of a green shoe option) – was valued at €62.5 million, more than double the Group's original investment. This strategic investment, in one of the world's fastest growing newspaper markets, presents significant growth potential for INM.

INM today also announced the launch of its new global brand trademark, which will be rolled out over the coming months. The INM Group has successfully expanded into a leading multimedia business, spanning four continents and 21 countries across the globe. As a global brand, INM has become a symbol for editorial independence, objectivity, excellence and continuous innovation. The power of the INM brand derives from its ethos and its ability to pioneer new market opportunities. INM is dedicated to excellence through expanding both consumer choice and advertiser opportunities. The new global brand trademark recognises INM's worldwide expansion and gives cogent expression to its core values.

– OPERATIONS REVIEW –

SOUTH AFRICA

The South African operation delivered another excellent result in 2005. A very strong business performance was significantly enhanced by continuing buoyancy in the economy, which was the strongest it has been in the past forty years. Reduced and steady interest rates, lower inflation levels, higher retail activity and the emergence of a rapidly growing “new middle class” has created favourable consumer driven economic conditions.

Driven by these favourable market conditions, operating profits, at €41.8 million, were 34.8% up on the prior year and operating margins grew by an impressive 320 bps to 18.8% in 2005. This performance reflects a combination of a strong double-digit improvement in total revenues and the benefits of strong cost containment initiatives.

Individually, all newspaper regions (the Cape, Gauteng and KwaZulu Natal) performed strongly, reflected in underlying improvements in both trading profits and operating margins. Newspaper advertising in South Africa showed solid growth throughout 2005 with the group's market-leading titles benefiting from this and maintaining their strong market share in both the display and classified advertising markets.

Despite competitive market conditions, circulation copy sales and revenues of each of the group's main 15 titles improved. Circulation growth of *Isolezwe* – the group's Zulu language newspaper launched in 2003 – has continued, with its average daily sale increasing to over 86,000 copies per day in the second half of 2005 (compared to 65,000 copies for the same period in the prior year). A new ‘red-top’ tabloid – *Daily Voice* – aimed at the emerging “mass-market” was successfully launched in Cape Town in March 2005. This publication

offers the group further growth opportunities in the other metropolitan areas in which the group operates.

While the African online market is still in its infancy – with relatively low internet penetration – the South African operation continues to invest in its online activities to good effect. The *iol.co.za* portal is now South Africa’s dominant news, current affairs and classified site.

The group’s wholly-owned Magazine division (Condé Nast Independent Magazines) had another good year, with *Glamour*, which was launched in March 2004, beating expectations in both copy sales and profits. *Glamour* is now the leading fashion and beauty magazine in South Africa. *GQ Cars*, which was also launched in 2004, performed well during 2005. Further expansion opportunities are being investigated.

The outdoor advertising business, Clear Channel Independent – in which the group has a 50% stake – delivered a 23% increase in its profit contribution through new product innovations and an ongoing focus on improving the profitability of its diverse African operations.

AUSTRALASIA

APN News & Media Ltd [‘APN’], in which INM has a 40.5% shareholding, has been listed on the Australian Stock Exchange since 1992 and has a current market capitalisation of €1.4 billion.

APN continued to show strong growth in 2005, with turnover increasing by 9.9% to €778.5 million and operating profit growing by 7.1% to €179.1 million. APN continued its expansion and development into a diverse multimedia company, with market-leading brands in a number of high growth geographic locations.

The New Zealand National Publishing division includes *The New Zealand Herald*, the *Herald on Sunday*, *The Aucklander* and New Zealand Magazines. This division increased revenue (pre New Product Initiatives [‘NPI’]) by 5% and operating profit (pre NPI) by 7% over the prior year. *The New Zealand Herald* remains by far the country’s largest and most important metropolitan daily, with over one million readers every week. Advertising revenues grew in all major revenue categories, with market shares maintained. Firm cost control and enhanced productivity, together with improved yields, resulted in an increased operating margin. The *Weekend Herald* continues to be the country’s most read weekend paper, with 656,000 readers every Saturday. The *Herald on Sunday* has exceeded expectations in both readership and circulation since its market launch 18 months ago, and has already become Auckland’s best-read Sunday newspaper and is expected to move into profit in 2007.

The Regional Newspaper division in Australia and New Zealand delivered excellent growth, with divisional revenues (pre NPI) increasing by 8% and operating profit (pre NPI) by 12%. In Australia, employment and real estate recorded exceptional growth of 29% and 13% respectively. A growing element in APN’s successful newspaper publishing strategy is the launch of new gloss “lifestyle” magazines, such as *Revive* which was launched in five of APN’s largest regional markets. The New Zealand titles also experienced a strong year, with real estate and employment pillars growing 27% and 23% respectively. National advertising revenues in the 44 local community titles doubled in 2005, following the formation of a dedicated national sales team. APN now publishes the two fastest growing regional daily newspapers in New Zealand, the *Bay of Plenty Times* and the *Wanganui Chronicle*.

Radio operations in both Australia and New Zealand had another strong year, growing divisional revenue by 7% and operating profit by 15%. APN is now the largest Australasian radio operator, with 128 stations and an audience of over 5 million people (10+ years). The Australian Radio Network (ARN) had an outstanding year, growing audience share through its two key brands, *MIX* and *Classic Hits*, and finishing the year in its strongest position ever, achieving the number one rated FM station in each of Sydney, Melbourne and Adelaide. In New Zealand, The Radio Network (TRN) – the clear market leader – grew its audience share in the economically dominant Auckland market to 53%.

APN Outdoor has continued to benefit from its integrated management model established two years ago to extract valuable synergies from a diversified portfolio of all of its major outdoor formats in five countries. Growth has occurred in all markets through a combination of site development, enhanced infrastructure, asset tender wins and acquisition. Outdoor revenues (pre NPI) increased by 6% and, including associates, operating profit (pre NPI) increased by 17%.

APN has developed a significant online presence in both editorial and classifieds. In New Zealand, *nzherald.co.nz* is the most popular news website and the 3rd most popular overall website, whilst *The Aucklander* has introduced its new business-to-consumer online auction, under the brand, *bidnsave.co.nz*. Over the last few years, successful online classified verticals have been established in both Australia and New Zealand and are growing rapidly. The amalgamation of the *search4.co.nz* classified portal in New Zealand and the *worksearch.com.au* jobs portal in Australia have supplemented APN's existing editorial and services sites (*ubd.co.nz* – business directories and *wises.co.nz* – mapping). Together, these online platforms are generating significant traffic and online usage and valuable incremental revenues.

UNITED KINGDOM

The UK operation recorded revenue of €209.1 million, an increase of 3.6% on 2004. Operating profit of €15.1 million was 11.0% ahead of last year.

In contrast to the broader market, the National division enjoyed strong advertising growth – which was partly offset by a further decline in the still poor London recruitment advertising market within the Magazines division. Generally tougher trading conditions in the regional newspaper market in Northern Ireland saw advertising revenues contract for the Belfast Telegraph Newspaper operations. However, INM's total overall UK advertising revenue increased by 1.5% year-on-year, versus declines for the rest of the market.

After a positive start to 2005, the UK advertising market has been in decline since the second quarter. Despite this, *The Independent* and *Independent on Sunday* dramatically outperformed the market and delivered very good growth in advertising (+11.4%), further capitalising on *The Independent's* strong circulation growth as a result of the pioneering conversion to compact format in late 2003, which has further strengthened the publishing proposition.

Following a re-design of *The Independent* in April 2005, the circulation growth continued, culminating in an October ABC of 267,037 which was the highest sale since September 1997, and the highest under INM's ownership. This circulation performance drove significant readership gains – per the National Readership Survey – with *The Independent* recording a 29.8% increase (Mon-Sat) for the six months to December 2005.

The Independent on Sunday also achieved a 21.6% increase in readership for the six months to December 2005. Furthermore, the *Independent on Sunday* benefited from a positive uplift in core circulation following the change to compact format in October 2005, which – in its first month – delivered the highest sale for over three years.

In the wake of the circulation success of *The Independent*, the Saturday edition of *The Belfast Telegraph* was launched in February 2005 in compact format, followed by a new weekday morning compact edition in March 2005. Both initiatives were well received. *The Belfast Telegraph* was the only top-twenty evening newspaper in the UK (ABC period July-December 2005) to show an increased year-on-year sale to 96,435 copies. The Belfast printing operation had a productive year, expanding its capacity with the addition of a new full-colour double-width press, completing the successful transfer of contracts from the former *Sunday World* print site in Dublin and securing a new 15-year print contract with News International (commencing 2007), which is worth circa €100 million in revenue over the term of the contract.

Following several tough years, during which the market for London secretarial and financial recruitment advertising declined, the group's specialist London-based Magazine division has developed its new recruitment website, *LondonCareers.net* – providing a dedicated 'reverse published' magazine of the same name, incorporating the four original recruitment magazine titles. This has been well received by the London recruitment agencies.

In conjunction with the Irish operations, the newly launched 'island of Ireland' recruitment portal, *LoadzaJobs.co.uk*, has resulted in a significant increase in online jobs advertising for *The Belfast Telegraph*, and – combined with the twice weekly Jobfinder supplement – has created the most powerful recruitment advertising proposition in Northern Ireland. In addition to jobs, property has been a key area of focus which has led to the successful launch of the *belfasttelegraphhomefinder.co.uk* property portal – which is complementary to the weekly newspaper supplement.

Following the year-end, the Group has also made a 20% investment in Cashcade Limited, a leading UK online gaming company which owns the *getminted.com* gaming portal which provides services ranging from casino to bingo to poker. Cashcade, with over 400,000 registered users, has grown strongly since its launch in 2001 and is now profitable.

IRELAND

Operating profit for the Irish group grew by 10.2% to €90.6 million in 2005, reflecting good growth in advertising revenue, solid circulation gains and the full year benefits of the restructuring of the cost base in 2004.

The Irish group achieved a 9.4% growth in advertising revenue year-on-year, slightly ahead of the industry's like-for-like growth of 9%. A buoyant year for new homes advertising was reflected in the *Irish Independent*, *Evening Herald* and *Sunday Independent*. These market-leading titles, along with the *Sunday World* and the *Irish Daily Star*, continued to benefit from an excellent year for retail and general run of paper advertising. A good recovery in recruitment activity was also evident across all titles. In-paper magazine revenues grew strongly as the high quality *Sunday Life* magazine, launched in 2004, was a hit with advertisers, combined with the continuing success of the *Irish Independent's Weekend Magazine*.

Circulation revenues grew year-on-year, driven by good sales volumes and the successful implementation of price increases on the *Sunday World*. The *Irish Independent* is consistently the largest selling daily in Ireland. During 2005, it consolidated the gains it made following the launch of a compact edition in early 2004, and the dual broadsheet/ compact offering delivered a July-December 2005 ABC of 163,598 copies per day – up 1.4% compared to the pre-compact ABC of July-December 2003. The *Irish Independent* reaches over 575,000 daily readers – making it the undisputed market-leader.

The *Sunday World* – Ireland’s largest selling popular Sunday title – grew its circulation volumes to 272,304 copies per week in the second half of 2005, up 1.5% over the comparable period in 2004, despite two price increases during the year.

The ongoing success of Ireland’s largest selling newspaper, the *Sunday Independent*, was illustrated by its further growth in readership to 1,095,000 (up 1.8%), as per the recent JNRS.

In October 2005, a new ‘freely available’ Dublin commuter title, *HeraldAM*, was launched and it quickly established itself as a key advertising vehicle for the under-35 ABC1 target reader. *HeraldAM* continues to outperform *Metro* on all key variables, including reach and distribution. In line with trends in major US metropolitan centres, the advent of daily free newspapers in the Dublin market has had no discernible impact on paid-for circulations and has grown the overall readership universe.

Underpinning the favourable market conditions, the group’s online activities continued to develop at pace, with the most notable being the successful Autumn launch of *LoadzaJobs.ie*, Ireland’s first dedicated 32 county recruitment portal. After only seven months, *LoadzaJobs.ie* has become Ireland’s second largest recruitment site, building on existing revenues and the group’s strong relationships within the recruitment industry. The ongoing development and consolidation of existing online (and in paper) classifieds under the *Loadza* brand will extend the group’s leading positions across all classified pillars.

Operating profits include the full year benefits of the major cost restructuring of the main Irish publishing operations undertaken in 2004. During 2005, that process continued in the *Sunday World* operations, which outsourced back office activities and closed its print site in Dublin resulting in the transfer of printing and related print contracts to the Belfast print operations in July.

As a result of the strong revenue performance and the impact of the various restructurings, operating margins increased by 160 bps to 22.6% for the year.

INDIA

INM’s strategic investment in JPL (JAGP.BO) – the publisher of India’s largest selling newspaper and the world’s largest read newspaper, *Dainik Jagran* – underscores INM’s global diversification and high growth strategy for the future. Following its heavily oversubscribed debut on the Mumbai Stock Exchange in February 2006, JPL has successfully raised over Rs 3.2 billion (approximately €60.0 million) to further expand and develop its publishing footprint and invest in other nascent media opportunities.

The vast potential of JPL is best reflected in the most recently released 12 month results (to 31st March 2005), which showed circulation and advertising revenue growth of 25.7% and 16.8% respectively. Revenue increases in each category were underpinned by both volume

and yield growth. Literacy rates in India now exceed 65% – but are slightly less than the national average in the *Dainik Jagran* footprint area, reflecting the potential for further organic growth. The dominance of *Dainik Jagran* is further evident in its most recent readership results (21.2 million daily readers – IRS 2005), which confirmed that in the five years since 2000, the readership of *Dainik Jagran* has increased by 120% – which is more than the combined readership growth for its four closest competitor newspapers and significantly, was more than three times the combined growth of the top six English language newspapers in India.

– DIVIDEND –

The Board is recommending a final dividend of 7.00 cent per share, up 16.7% on 2004. This brings the total dividend for the year to 10.75 cent per share, an increase of 19.4% on 2004, reflecting the strong operating performance, the significant return realised on the disposal of the stake in iTouch plc and continuing confidence in the Group’s ability to deliver superior earnings growth. This dividend will be paid on 12th June 2006 to ordinary shareholders registered at the close of business on 21st April 2006. A scrip dividend alternative will also be available.

ENDS

22nd March 2006

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ABOUT INDEPENDENT NEWS & MEDIA PLC ['INM']

– 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 and 21 individual countries, INM has market-leading newspaper positions in Australia (regional), India (regional), 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 175 newspaper and magazine titles – including the world's largest read newspaper, *Dainik Jagran*, in India – delivering a combined weekly circulation of over 31 million copies with a weekly audience of over 100 million consumers. The Group's titles are also well represented online with over 70 editorial and classified sites. INM is the largest radio (with 128 stations and an audience exceeding 5 million people (10+ years)) and outdoor advertising operator in Australasia and also has leading outdoor advertising positions in Hong Kong, Malaysia, 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 €4.0 billion, revenue of €1.8 billion and employs approximately 10,400 people worldwide. Further information is available on our Group website www.inmplc.com.

INDEPENDENT NEWS & MEDIA PLC

PRELIMINARY ANNOUNCEMENT

GROUP INCOME STATEMENT

		Year ended 31 December 2005 <u>€m</u>	Year ended 31 December 2004 <u>€m</u>
Revenue		1,611.5	1,499.2
Operating profit before exceptional items		311.6	279.7
Exceptional items	4	30.5	(13.6)
Operating profit after exceptional items		342.1	266.1
Share of results of associates and joint ventures		13.8	8.3
Net finance costs:			
- Interest receivable and similar income	5	17.3	19.6
- Interest payable and similar charges	5	(89.4)	(98.7)
- Cumulative exchangeable preference shares dividend	5	(11.3)	-
- Exceptional finance costs	5	-	(2.9)
Profit before taxation		272.5	192.4
Taxation		(43.3)	(29.2)
Profit for the year		229.2	163.2
Attributable to:			
Minority interests:			
- Cumulative exchangeable preference shares dividend	5	-	10.5
- Other minority interests		77.4	68.4
Equity holders of the parent		151.8	84.3
		229.2	163.2
Earnings per ordinary share (cent)			
- Basic	6	20.30c	11.40c
- Diluted	6	20.14c	11.34c

GROUP BALANCE SHEET

	31 Dec 2005 (IFRS Balance Sheet)	31 Dec 2004	31 Dec 2005 (Note 2)	31 Dec 2004
Assets	€m	€m	€m	€m
Non-Current Assets				
Intangible assets	1,842.1	1,701.6	2,950.5	2,797.5
Property, plant and equipment	363.1	341.7	363.1	341.7
Investments in associates and joint ventures	60.0	46.4	95.9	82.3
Deferred tax assets	89.8	89.3	89.8	89.3
Investments	-	15.0	-	15.0
Available-for-sale financial assets	15.7	-	15.7	-
Derivative financial instruments	9.4	-	9.4	-
Trade and other receivables	54.4	64.5	54.4	64.5
	2,434.5	2,258.5	3,578.8	3,390.3
Current Assets				
Inventories	21.9	16.9	21.9	16.9
Trade and other receivables	264.2	252.5	264.2	252.5
Current income tax assets	17.1	9.6	17.1	9.6
Cash and cash equivalents	132.8	123.8	132.8	123.8
	436.0	402.8	436.0	402.8
Total Assets	2,870.5	2,661.3	4,014.8	3,793.1
Liabilities				
Current Liabilities				
Trade and other payables	266.1	230.7	266.1	230.7
Current income tax liabilities	16.1	12.0	16.1	12.0
Borrowings	64.7	58.1	64.7	58.1
Derivative financial instruments	6.6	-	6.6	-
Provisions for other liabilities and charges	27.0	18.1	27.0	18.1
	380.5	318.9	380.5	318.9
Non-Current Liabilities				
Borrowings	1,045.2	1,046.9	1,045.2	1,046.9
Compound financial instruments	234.8	141.9	234.8	141.9
Retirement benefit obligations	115.4	106.5	115.4	106.5
Deferred taxation liabilities	292.3	279.9	25.7	28.2
Other creditors	2.2	8.8	2.2	8.8
Provisions for other liabilities and charges	3.7	16.1	3.7	16.1
	1,693.6	1,600.1	1,427.0	1,348.4
Total Liabilities	2,074.1	1,919.0	1,807.5	1,667.3
Net Assets	796.4	742.3	2,207.3	2,125.8
Equity				
Capital and Reserves Attributable to Company's Equity Holders				
Share capital	225.9	223.3	225.9	223.3
Other reserves	325.5	275.4	1,378.4	1,322.6
Retained earnings	(333.4)	(414.6)	(140.5)	(230.1)
	218.0	84.1	1,463.8	1,315.8
Minority interests	578.4	658.2	743.5	810.0
Total Equity	796.4	742.3	2,207.3	2,125.8

GROUP CASH FLOW STATEMENT

		Year ended 31	
		December	
	Notes	2005	2004
		€m	€m
Net cash generated by operating activities	8	293.3	242.2
Cash flows from investing activities			
Purchases of property, plant and equipment		(58.7)	(57.0)
Proceeds from sale of property, plant and equipment		21.4	7.1
Purchases of intangible assets		(18.1)	(15.7)
Purchases of available-for-sale financial assets		(4.7)	(0.6)
Advances to joint ventures and associates		(4.1)	(9.3)
Loans repaid by joint ventures and associates		10.8	-
Purchases of associates and joint ventures		(28.9)	(0.2)
Proceeds from sale of associate		96.9	-
Interest received		14.8	16.9
Dividends received		4.9	1.2
Net cash received from/(used in) investing activities		34.3	(57.6)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		8.8	2.1
Debt issue costs		(4.1)	(1.7)
Interest paid		(88.7)	(97.5)
Proceeds from borrowings		611.9	65.0
Repayment of borrowings		(644.6)	(63.9)
Dividends paid to Company's shareholders		(65.2)	(51.2)
Payment of finance lease liabilities		(15.1)	(60.5)
Issue of equity minority interests		3.7	5.0
Dividends paid to minority interests		(54.8)	(47.6)
Purchases of equity minority interests		(83.6)	-
Net cash used in financing activities		(331.7)	(250.3)
Net decrease in cash and bank overdrafts		(4.1)	(65.7)
Cash and bank overdrafts at beginning of the year		123.8	188.9
Exchange gains on cash and bank overdrafts		7.9	0.6
Cash and bank overdrafts at end of year		127.6	123.8

Statement of Changes in Shareholders' Equity for the Year Ended
31 December 2005

	Share Capital €m	Other Reserves €m	Retained Earnings €m	Minority Interests €m	Total Equity €m
At 31 December 2004	223.3	275.4	(414.6)	658.2	742.3
Adoption of IAS 32/39 on 1 January 2005	-	(5.3)	(0.9)	(115.1)	(121.3)
At 1 January 2005	223.3	270.1	(415.5)	543.1	621.0
Cash flow hedges	-	0.7	-	-	0.7
Currency translation adjustments	-	39.7	3.2	43.9	86.8
Net income recognised directly in equity	-	40.4	3.2	43.9	87.5
Profit for the year	-	-	151.8	77.4	229.2
Total recognised income and expense for the year	-	40.4	155.0	121.3	316.7
Dividends	-	-	(72.9)	(66.6)	(139.5)
Issue of share capital	2.6	13.9	-	46.9	63.4
Share based payment	-	1.1	-	0.5	1.6
Buyback of shares held by minority	-	-	-	(66.8)	(66.8)
	2.6	15.0	(72.9)	(86.0)	(141.3)
At 31 December 2005	225.9	325.5	(333.4)	578.4	796.4

Statement of Changes in Shareholders' Equity for the Year Ended
31 December 2004

	Share Capital €m	Other Reserves €m	Retained Earnings €m	Minority Interests €m	Total Equity €m
At 1 January 2004	221.3	256.2	(435.1)	629.5	671.9
Currency translation adjustments	-	9.3	(3.6)	(7.9)	(2.2)
Net income recognised directly in equity	-	9.3	(3.6)	(7.9)	(2.2)
Profit for the year	-	-	84.3	78.9	163.2
Total recognised income and expense for the year	-	9.3	80.7	71.0	161.0
Dividends	-	-	(60.2)	(63.7)	(123.9)
Issue of share capital	2.0	9.2	-	21.1	32.3
Share based payment	-	0.7	-	0.3	1.0
	2.0	9.9	(60.2)	(42.3)	(90.6)
At 31 December 2004	223.3	275.4	(414.6)	658.2	742.3

NOTES TO THE PRELIMINARY ANNOUNCEMENT

1. Basis of Preparation of Financial Information under IFRS

The European Union (EU) requires all EU listed companies to prepare consolidated financial statements in accordance with IFRS for accounting periods commencing on or after 1st January 2005. Accordingly, INM has prepared these preliminary results for the year ended 31st December 2005 on this basis.

The Group's transition date from Irish GAAP to IFRS is 1st January 2004 and the comparative financial information for the year ended 31st December 2004 has been restated on a consistent basis, except where otherwise required or permitted by IFRS 1 "First time adoption of International Accounting Standards".

The transition to IFRS is accounted for in accordance with IFRS 1. This standard sets out how to adopt IFRS for the first time and mandates that most IFRS are to be fully applied retrospectively. There are certain limited exemptions from this requirement.

The Group has availed of the exemption contained in IFRS 1 to only apply IAS 32 "Financial Instruments: Disclosure and Presentation" and IAS 39 "Financial Instruments: Recognition and Measurement" from 1st January 2005. The comparative financial information in relation to Financial Instruments for 2004 is presented in accordance with Irish GAAP.

This Preliminary Announcement has been prepared on the historical cost basis, 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 instruments on adoption of IAS 32 and IAS 39 on 1st January 2005.

A document was issued on 14th September 2005 detailing the impact of IFRS on the Group's financial statements for the year ended 31st December 2004 and the six months ended 30th June 2004. That document also contains a full list of the Group's IFRS Accounting Policies and the exemptions availed of under IFRS. That IFRS Restatement Document is available on the Group's website at www.inmplc.com or from the Company Secretary at: 2023 Bianconi Avenue, Citywest Business Campus, Naas Road, Dublin 24, Ireland.

Consistent with previous years, the full financial statements and the audit report thereon will be finalised and circulated to shareholders in April 2006.

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, *Irish Independent*, *Evening Herald* and the *Sunday Independent*) is reflected in the IFRS Balance Sheet.

NOTES TO THE PRELIMINARY ANNOUNCEMENT (*Continued*)

2. Value of Mastheads – Supplementary Information (continued)

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 the Group's newspaper mastheads at their revalued amounts, including those mastheads that have been created internally with a corresponding adjustment to equity.

At 31st December 2005, the Group's newspaper mastheads had a valuation of €2,479.3 million (31st December 2004: €2,388.4 million) compared to a carrying value under IFRS of €1,370.9 million (31st December 2004: €1,292.5 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 31st 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 €266.6 million (31st December 2004: €251.7 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	
	2005	2004	2005	2004
	<u>€m</u>	<u>€m</u>	<u>€m</u>	<u>€m</u>
Ireland	401.7	390.7	90.6	82.2
United Kingdom	209.1	201.9	15.1	13.6
South Africa	222.2	198.1	41.8	31.0
Australasia	778.5	708.5	179.1	167.2
Common costs	-	-	(15.0)	(14.3)
	1,611.5	1,499.2	311.6	279.7
Exceptional items				
Ireland			(5.1)	(2.7)
United Kingdom			40.6	(8.9)
South Africa			(0.6)	(0.9)
Australasia			-	(1.1)
Common/Unallocated			(4.4)	-
			30.5	(13.6)
Operating profit after exceptional items			342.1	266.1

By Class of Business

	Revenue		Operating Profit	
	2005	2004	2005	2004
	<u>€m</u>	<u>€m</u>	<u>€m</u>	<u>€m</u>
Printing, publishing, distribution and commercial printing	1,320.9	1,238.9	270.9	245.6
Radio	152.8	138.7	50.3	43.0
Outdoor advertising	137.8	121.6	5.4	5.4
Common costs	-	-	(15.0)	(14.3)
	1,611.5	1,499.2	311.6	279.7

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.

	2005	2004
	<u>€m</u>	<u>€m</u>
Included in profit before taxation are the following:		
Gain on sale of iTouch plc, net	(i) 62.7	-
Gain on sale of property	(ii) 11.4	-
Restructuring charges and impairment of property, plant, equipment and other assets	(iii) (27.2)	-
Product launch costs, development and other promotional expenditure	(iv) (16.4)	(13.2)
Other net exceptional charges	-	(0.4)
	30.5	(13.6)
Share of associates & joint ventures exceptional items	1.4	0.3
Exceptional finance charge	-	(2.9)
Total exceptional items	31.9	(16.2)

- (i) Net gain arising on the sale of the Group's shareholding in iTouch plc in June 2005.
- (ii) Gain arising on the sale of the Sunday World premises in Ireland.
- (iii) Restructuring charges relating to the closure of the *Sunday World* print facility in Ireland and impairment charges relating to the write down of property, plant, equipment and other assets to their recoverable amount across the Group.
- (iv) Relates to product launch costs, development and other promotional expenditure incurred in Ireland, UK and South Africa during 2005.

NOTES TO THE PRELIMINARY ANNOUNCEMENT (Continued)

5. Net Finance Costs

	2005	2004
	<u>€m</u>	<u>€m</u>
Interest receivable and similar income	(17.3)	(19.6)
Interest payable and similar charges	89.4	98.7
Net interest costs before exceptional finance costs	72.1	79.1
Exceptional finance costs	-	2.9
Net interest costs after exceptional finance costs	72.1	82.0
Cumulative exchangeable preference shares dividend	11.3	10.5
Total net finance costs (on a like-for-like basis) *	83.4	92.5
Total net finance costs (based on IFRS transitional provisions)	83.4	82.0

* The comparative numbers for the year ended 31st December 2004 have been restated on an IFRS basis, with the exception of IAS 32 and IAS 39, which were implemented from 1st January 2005. As a result, the cumulative exchangeable preference shares dividend is shown within net finance costs in the year ended 31st December 2005, but is shown within minority interests on the face of the Income Statement in the 2004 comparative numbers. On a comparable basis, the total net finance costs for the year ended 31st December 2005 were €83.4 million, compared to €92.5 million for the year ended 31st December 2004.

NOTES TO THE PRELIMINARY ANNOUNCEMENT (*Continued*)

6. Earnings Per Share

	2005	2004
	<u>€m</u>	<u>€m</u>
Profit attributable to Independent News & Media PLC	151.8	84.3
Exceptional items (note 4)	(31.9)	16.2
Tax credit on exceptional items	(2.2)	(0.9)
Minority interest share of exceptional items	-	(0.5)
Profit before exceptional items	117.7	99.1
Weighted average number of shares in issue during the year	747,883,265	739,713,574
Effect of:		
Conversion of options	5,742,439	3,972,264
Diluted number of shares	753,625,704	743,685,838
Basic earnings per share	20.30c	11.40c
Basic earnings per share before exceptional items	15.74c	13.40c
Diluted earnings per share	20.14c	11.34c
Diluted earnings per share before exceptional items	15.62c	13.33c

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 2005 or 2004.

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

7. Dividends - Approved and Paid

	2005	2004
	<u>€m</u>	<u>€m</u>
Final dividend for the year ended 31 st December 2004 of €0.06 (2003: €0.0515) per share	44.7	38.0
Interim dividend for the year ended 31 st December 2005 of €0.0375 (2004: €0.03) per share	28.2	22.2
	72.9	60.2

The Directors are proposing a final dividend in respect of the year ended 31st December 2005 of €0.07 per share (€52.8 million). This proposed dividend is subject to approval by the shareholders at the AGM.

NOTES TO THE PRELIMINARY ANNOUNCEMENT (*Continued*)

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

	2005	2004
	<u>€m</u>	<u>€m</u>
Operating profit before exceptional items	311.6	279.7
Depreciation/amortisation	43.0	43.8
Non-cash share option charge	1.6	1.0
Cash exceptional items	(16.4)	(13.6)
Unrealised foreign exchange movements	(4.9)	(6.8)
Cash generated from operations before changes in working capital and provisions	334.9	304.1
(Increase)/decrease in stocks	(3.8)	2.1
Decrease/(increase) in short term and medium term debtors	3.9	(5.6)
Increase in short term and long term creditors	14.3	26.6
Increase in provisions (excluding restructuring payments)	1.0	2.0
Restructuring payments	(20.2)	(36.8)
Net cash generated from operations	330.1	292.4
Income tax paid	(36.8)	(50.2)
Net cash generated by operating activities	293.3	242.2