16th March 2005

INDEPENDENT NEWS & MEDIA PLC
ANNOUNCES RECORD OPERATING PROFIT** OF €285.7 MILLION FOR 2004

The Board of Independent News & Media PLC [‘INM’] (ticker: INWS.I ; INWS.L) today presented the Group’s preliminary results for the year ended 31st December 2004. Robust growth across all INM’s segments delivered an excellent 22.8% increase in Operating Profit** to a record €285.7 million and an improved operating margin of 17.7%.

RESULTS	**2004 €m**	**2003 €m**	**%**
Turnover*	**1,557.4**	**1,363.4**	**14.2**
Operating Profit**	**285.7**	**232.6**	**22.8**
Profit Before Tax	**189.1**	**122.0**	**55.0**
Earnings Per Share (incl. exceptionals)	**10.90c**	**6.81c**	**60.1**
Adjusted Earnings Per Share***	**14.15c**	**12.63c**	**12.0**
Dividend per Share	**9.00c**	**7.90c**	**13.9**

SUMMARY HIGHLIGHTS FOR FULL YEAR 2004

- Results demonstrate a delivery of sustainable growth and meet our stated objectives.
- Operating profit** up 22.8%, driven by strong advertising and circulation growth together with efficient cost control.
- Profit before tax increased by 55.0%, reflecting good growth across all regions.
- Investment in enhanced product offering helps fuel readership, circulation and advertising growth.
- Successful implementation of Restructuring Plan nears completion and ensures realisation of considerable savings.
- Agreement (subject to government approval) to purchase 26% shareholding in JPPL, publisher of India’s No. 1 newspaper – *Dainik Jagran*.
- EPS up 60.1% to 10.90c, with Adjusted EPS*** up 12.0% to 14.15c.
- Dividend per share up 13.9% to 9.00c on the back of a record operating performance and favourable outlook for 2005.

* *From continuing operations*
** *From continuing operations before exceptional items*
*** *Fully diluted EPS, before exceptional items and amortisation*

- OVERVIEW -

Independent News & Media PLC today announced preliminary results for the year ended 31st December 2004.

Turnover from continuing operations, at €1,557.4 million, was up 14.2% on 2003. Advertising revenues from continuing operations grew by 18.0% from a combination of enhanced yield and higher volumes. Circulation from continuing operations also performed well with revenues up 7.7%, reflecting solid circulation volumes and some cover price increases. This year again showed further growth in our readership levels underpinning our titles' market leading positions.

Operating profit before exceptionals grew by 22.8% to a record €285.7 million. This excellent result reflects improved revenues across all regions together with INM's continued focus on tight cost control. The majority of the Restructuring Plan announced in December 2003 has already been successfully implemented and the Group is on target to achieve the full budgeted savings. This performance saw operating margin strengthen further from 16.96% in 2003 to 17.74% for 2004.

Profit before tax increased by 55.0% to €189.1 million, driven by the impressive operating results and reduced exceptional costs. This record performance has enabled INM to once again deliver its stated objective of double-digit earnings growth.

The Board is proposing to increase the Group's final dividend by 16.5% over last year to 6.00 cent per share, making a total dividend for the year of 9.00 cent per share – an increase of 13.9% on 2003. This reflects the record results and the Board's confidence in the Group's prospects. The final dividend will be paid on 13th June 2005 to ordinary shareholders registered at the close of business on 15th April 2005. A scrip dividend alternative will also be available.

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

"Following record results in 2004, trading in 2005 has continued the same positive trend with all operations showing strong revenue and profit growth in some of the world's fastest growing economies. Active cost management remains a central focus, and the Group believes that the expected cost savings from the restructuring program will be fully achieved during 2005 and into 2006.

"This very buoyant revenue profile has carried on through the first quarter, and with a continuation of these favourable conditions, your Board is confident of a further meaningful improvement in underlying profit for 2005."

- OPERATIONS REVIEW -

AUSTRALASIA

APN News & Media Limited [‘APN’] – in which INM has a 39.7% shareholding – is listed on the Australian Stock Exchange since 1992 and has a current market capitalisation of A$2.5 billion (€1.5 billion). APN reported double-digit growth for 2004 with turnover increasing by 16.9% to €747.1 million and operating profit growing by 23.5% to €161.4 million.

APN continues to benefit from operating in the strongest markets in Australasia. Queensland and the northern half of the North Island of New Zealand once again recorded strong economic conditions, producing above national average growth rates and near record employment levels.

The New Zealand National Publishing Division, which includes *The New Zealand Herald*, the *Herald on Sunday*, *The Aucklander* and New Zealand Magazines, increased overall revenue by 11% and EBIT by 16% on a comparable basis. *The New Zealand Herald* remains by far the largest circulating daily newspaper in New Zealand. Each week more than 1 million New Zealanders read the Herald. The on-going focus on advertising yields continues to underpin revenue gains. In 2004, advertising volume in the Herald increased by 1.7% while yield increased by 7.2%. The committed relationship with Herald subscribers and the Herald’s positive reputation with advertisers aided the successful launch of the *Herald on Sunday* in October, with a current average weekly circulation of more than 100,000 copies, of which 50,000 are regular subscriptions.

Regional newspapers in Australia and New Zealand continued to perform ahead of expectation in the second half, underpinned by buoyant real estate and employment advertising markets. Advertising yields strengthened in 2004, increasing in Australia by 9.7% and in New Zealand by 5.1% over the previous year. Overall, divisional revenues were up by 9% and underlying EBIT increased by 24% to A$100.2 million. Circulation revenue increased by 4% to A$61.0 million and ABC figures for the six months to December 2004 show that APN publishes the five fastest growing newspapers in Australia. In New Zealand, APN publishes the four fastest growing regional daily newspapers as shown in the latest audit period to March 2004.

Both the Australian and New Zealand radio operations performed well, growing revenue by 14% to A$243 million, and EBIT by 20% to A$67.5 million before the effect of the new radio licences in New Zealand. Strong audience survey results in both markets led to an increased share of agency advertising, as well as continued gains in direct advertising.

The benefits from the restructuring of APN Outdoor gained momentum during the year, with revenue increasing by 22% to A$227.0 million and underlying EBIT was up 14% to A$21.6 million.

The Print and Specialist Publishing Division produced a strong result, lifting revenue by 6% and EBIT by 31%. Gains from the restructuring undertaken over the past 18 months are now showing progress, in particular in commercial printing, where operational and sales efficiencies are producing good results.

IRELAND

Turnover for the Irish operation increased by 8.2% in 2004 to €410.3 million. This increase was driven by good growth in both advertising and circulation revenues in the publishing operations, together with continued growth in Newspread, the group's publishing wholesaling division.

Double-digit advertising revenue growth for the year was driven by strong property, retail and government related advertising. The improvement in recruitment revenues noted in the first half was again evident in the second half with revenues in this important category continuing to strengthen. All major categories of advertising have continued to show strong growth in the early weeks of 2005.

Circulation revenues grew by over 3% due to good underlying core circulation volumes and cover price increases in a number of the group's titles. The full national, six day roll out of the compact edition of the *Irish Independent* drove core circulation volume growth and a strong increase in readership. Recently released JNRS readership results showed that the *Irish Independent* readership grew by 80,000 (15%) to 612,000 readers.

The launch in early 2004 of the weekly glossy *Sunday Independent Life* magazine has been very successful, proving popular with both advertisers and readers. Steady circulation volumes and a 20 cent cover price increase have underpinned strong readership numbers (increasing by 11,000 to 1,075,000) and circulation revenues. All of the other group titles also showed strong and growing readership numbers.

The cost base in the Irish operation was considerably reduced in mid 2004 with 208 redundancies being made in the Abbey Street operation. Back office and telesales activities were outsourced to Cork and Armagh respectively with on-going efficiencies being achieved. The full year impact of this restructuring will be seen during 2005 and into 2006.

As a result of this strong operating performance, EBIT for the Irish operation grew by 9.8% to €82.7 million.

SOUTH AFRICA

The South African operation produced very strong results in a robust economic and trading environment. Operating profits, at €31.0 million, were 31.9% up on the prior year and operating margins showed an improvement from 14.7% in 2003 to 15.6%. This performance reflects a combination of a strong double-digit improvement in total revenue and the benefits of extremely low cost increases, which flowed from on-going cost containment initiatives. These initiatives included major efficiency improvements arising from the re-organisation and rationalisation of the company's production and distribution activities.

The Cape and Gauteng newspaper divisions performed strongly in their respective markets, reflecting on-going improvements in trading profits and in operating margins. In addition, the KwaZulu Natal division continued to build on the turnaround program, which began in the region during 2003, recording substantial growth on its prior year performance and making a major contribution to the group's overall result.

Press advertising in South Africa showed good growth during 2004 with the group maintaining its strong share of the display advertising market and retaining its dominant share in the classified market, where it enjoys a market share of more than 50%.

Circulation also performed very well, with all of the group's 15 titles showing year-on-year volume improvement in a market where many of the group's direct competitors showed on-going declines. Circulation of *Isolezwe,* the group's Zulu language newspaper, which was launched just over two years ago, has continued its remarkable development with its average daily sale increasing to over 65,000 copies per day in the second half of 2004 (last year 55,000 copies).

Today in Cape Town, the group launched South Africa's newest "red-top" tabloid, *Daily Voice,* aimed at the emerging mass-market readership.

The outdoor advertising business, which is now a 50:50 joint venture with Clear Channel of the US, delivered a 47% increase in its profit contribution through new product innovations and the on-going focus on improving the profitability of its African operations.

The magazine operation had a good year with the launch of *Glamour*, which sold 92,500 copies per month in its second ABC period, bringing critical mass to the business. This achievement was ahead of the group's launch expectations and has quickly established *Glamour* as the number two women's glossy monthly magazine, with a market share of 15%. In addition, the established titles, *House and Garden* and *GQ*, helped by the launch of a new product *GQ Cars*, performed well in very competitive markets.

UNITED KINGDOM

The UK operation recorded revenue of €201.9 million, an 8.7% increase on continuing operations. This reflected a good performance from the Belfast operations and a full year benefit of the additional circulation revenues from *The Independent*, arising from the sales uplift on conversion to compact format. EBIT from continuing operations of €14.3 million was 18.2% ahead of last year.

The UK advertising market showed signs of recovery, particularly in the second half with the *Belfast Telegraph* producing a strong performance in both the display and recruitment categories. The complexities of the conversion from broadsheet to compact format stalled the recovery in advertising at *The Independent* in the first half of the year but year-on-year growth in the last quarter laid the foundation for a strong start to 2005. The market for London secretarial and financial recruitment advertising continues to be depressed, but further cost efficiencies have left the specialist London-based magazine division in a good position to benefit from the eventual recovery in this market.

The initial success of the launch of *The Independent* as a compact product in 2003, continued through 2004 with the broadsheet offering finally withdrawn completely in May 2004. This resulted in a further uplift in the UK paid sale, which showed year-on-year growth of over 23% in 2004, against the backdrop of a declining market. The success has continued into 2005 with the February sale producing the seventeenth consecutive month of year-on-year growth in both UK newstrade and headline ABC sales.

This circulation success was further bolstered by enviable readership figures with the first figures following the conversion to compact showing a 31% increase in total readership for *The Independent*, including a 47% increase in female readership.

The high quality of journalism and innovative use of the front cover has been praised again this year with *The Independent* winning almost every industry award, including Newspaper of the Year for the second year running.

INDIA

On 22nd December 2004, INM announced that it had entered into a sale and purchase agreement to acquire 26% of Indian newspaper publisher, Jagran Prakashan Private Limited ['JPPL'], for a consideration of Rupees 1,500 million (€25.5 million). This transaction is currently being reviewed by the Indian Government and approval is expected in the coming weeks. JPPL publishes the Hindi-language newspaper, *Dainik Jagran*, selling over 2 million copies per day. It is India's largest read daily newspaper (16.4 million readers) - this represents one of the largest daily readerships of any newspaper worldwide.

Dainik Jagran, in its 63rd year, publishes 25 editions from 25 printing centres across India. The consideration will be financed from INM's existing cash balance and the acquisition is expected to be immediately earnings enhancing.

- INTERNATIONAL FINANCIAL REPORTING STANDARDS -

The results for the year ended 31st December 2004 have been prepared in accordance with Irish/UK GAAP. However, as a listed company in the EU, INM is required to prepare group accounts under International Financial Reporting Standards ('IFRS') from 1st January 2005. A substantial amount of work has been done on the IFRS conversion and restatement process and further guidance will be provided on the impact of IFRS later in the year.

- OUTLOOK -

Following record results in 2004, trading in 2005 has continued the same positive trend with all operations showing strong revenue and profit growth in some of the world's fastest growing economies. Active cost management remains a central focus, and the Group believes that the expected cost savings from the restructuring program will be fully achieved during 2005 and into 2006.

This very buoyant revenue profile has carried on through the first quarter, and with a continuation of these favourable conditions, your Board is confident of a further meaningful improvement in underlying profit for 2005.

- ANNUAL GENERAL MEETING -

The Annual General Meeting will be held at 12:00 noon on Wednesday, 8th June 2005 at the O'Reilly Hall, UCD, Belfield, Dublin 4.

ENDS **16th March 2005**

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ABOUT INDEPENDENT NEWS & MEDIA PLC

- CORPORATE PROFILE -

Independent News & Media PLC ['INM'] is a leading media and communications group, operating primarily in Australia, Ireland, New Zealand, South Africa and the United Kingdom.

Spanning four continents and eight individual countries, INM has market-leading newspaper positions in Australia (regional), New Zealand, Ireland and South Africa. In the UK, it owns the largest newspaper group in Northern Ireland and the flagship Independent titles. The Group publishes over 175 newspaper and magazine titles with a weekly circulation of 14.3 million copies and operates over 70 online websites.

The Group is also the largest radio and outdoor advertising operator in Australasia, and has leading outdoor advertising operations in South Africa, Hong Kong, Malaysia and Indonesia.

The Group has grown consistently over the last fifteen years by building a geographically diverse portfolio of market-leading brands, and today manages gross assets of over €3.9 billion, turnover of €1.8 billion and employs over 11,000 people worldwide.

INDEPENDENT NEWS & MEDIA PLC

PRELIMINARY ANNOUNCEMENT OF RESULTS

GROUP PROFIT AND LOSS ACCOUNT	2004 €m	2003 €m
Turnover - continuing operations	1,557.4	1,363.4
- discontinued operations	-	24.8
	1,557.4	1,388.2
Operating profit		
- Continuing operations	285.7	232.6
- Exceptional items	(15.8)	(82.3)
Operating profit from continuing operations	269.9	150.3
- Discontinued operations	-	6.1
	269.9	156.4
Exceptional items	2.5	57.7
Profit on ordinary activities	272.4	214.1
Net interest charge	(80.4)	(84.1)
Exceptional finance charge	(2.9)	(8.0)
Profit on ordinary activities before taxation	189.1	122.0
Taxation on profit on ordinary activities	(31.8)	(14.6)
Profit on ordinary activities after taxation	157.3	107.4
Minority interests (including non-equity minority interests)	(76.7)	(60.5)
Profit on ordinary activities after taxation and minority interests	80.6	46.9
Dividends paid	(22.2)	(20.2)
Dividends proposed	(44.7)	(38.0)
Retained profit/(loss) for the Group and its share of joint ventures and associates	13.7	(11.3)
Earnings per share	10.90c	6.81c
Fully diluted earnings per share	10.84c	6.81c
Fully diluted earnings per share before exceptional items and amortisation	14.15c	12.63c

RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	2004 €m	2003 €m	2004 (Inc. Mastheads) €m	2003 (Inc. Mastheads) €m
Profit on ordinary activities after taxation and minority interests	80.6	46.9	80.6	46.9
Dividends paid	(22.2)	(20.2)	(22.2)	(20.2)
Dividends proposed	(44.7)	(38.0)	(44.7)	(38.0)
	13.7	(11.3)	13.7	(11.3)
New share capital subscribed (including share premium)	11.2	114.2	11.2	114.2
Currency translation differences on foreign currency net investments	6.3	(28.0)	16.0	(27.9)
Revaluation surplus	-	-	453.7	-
Disposal of UK regional mastheads	-	-	-	(28.2)
Movement in treasury shares	-	19.5	-	19.5
Net movement in equity shareholders' funds	31.2	94.4	494.6	66.3
Opening equity shareholders' funds	240.2	145.8	933.1	866.8
Closing equity shareholders' funds	271.4	240.2	1,427.7	933.1

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2004 €m	2003 €m	2004 (Inc. Mastheads) €m	2003 (Inc. Mastheads) €m
Profit on ordinary activities after taxation and minority interests	80.6	46.9	80.6	46.9
Currency translation differences on foreign currency net investments	6.3	(28.0)	16.0	(27.9)
Revaluation surplus	-	-	453.7	-
Profit on sale of treasury shares	-	0.9	-	0.9
Total recognised gains relating to the year	86.9	19.8	550.3	19.9

GROUP BALANCE SHEET

	2004 €m	2003 €m	2004 (Inc. Mastheads) €m	2003 (Inc. Mastheads) €m
Fixed assets				
Intangible assets	1,676.8	1,662.4	2,797.1	2,346.2
Tangible assets	354.8	338.3	354.8	338.3
Financial assets				
Investment in joint ventures				
- share of gross assets	43.2	30.5	79.2	39.6
- share of gross liabilities	(8.1)	(7.0)	(8.1)	(7.0)
	35.1	23.5	71.1	32.6
Investment in associates	60.9	57.8	60.9	57.8
Other investments	15.0	18.2	15.0	18.2
	111.0	99.5	147.0	108.6
	2,142.6	2,100.2	3,298.9	2,793.1
Current assets				
Stocks	22.0	24.3	22.0	24.3
Debtors (short and medium term)	338.4	307.5	338.4	307.5
Cash at bank and in hand	123.8	188.9	123.8	188.9
	484.2	520.7	484.2	520.7
Creditors - amounts falling due within one year	(369.5)	(306.5)	(369.5)	(306.5)
Net current assets	114.7	214.2	114.7	214.2
Total assets less current liabilities	2,257.3	2,314.4	3,413.6	3,007.3
Creditors - amounts falling due after more than one year	1,202.2	1,286.6	1,202.2	1,286.6
Provisions for liabilities and charges	37.7	72.5	37.7	72.5
	1,239.9	1,359.1	1,239.9	1,359.1
Capital and reserves				
Called up share capital	223.3	221.3	223.3	221.3
Capital conversion reserve fund	4.5	4.5	4.5	4.5
Share premium account	260.8	251.6	260.8	251.6
Revaluation reserve	(73.5)	(73.7)	1,082.8	619.2
Other reserves	(240.6)	(241.9)	(240.6)	(241.9)
Profit and loss account	96.9	78.4	96.9	78.4
Equity shareholders' funds	271.4	240.2	1,427.7	933.1
Minority interests				
Equity minority interests	632.2	542.3	632.2	542.3
Non-equity minority interests	113.8	172.8	113.8	172.8
	746.0	715.1	746.0	715.1
	2,257.3	2,314.4	3,413.6	3,007.3

GROUP CASH FLOW STATEMENT

	2004 €m	2004 €m	2003 €m	2003 €m
Net cash inflow from operating activities (before restructuring payments)		331.3		286.8
Restructuring payments		(36.8)		(19.1)
Net cash inflow from operating activities		294.5		267.7
Dividends received from joint ventures		1.2		0.9
Returns on investments and servicing of finance				
Interest received - Group	16.9		14.4	
Interest paid - Group	(97.5)		(96.5)	
Dividends and other payments to equity minority shareholders	(40.3)		(23.4)	
Dividends and other payments to non-equity minority shareholders	(7.3)		(14.8)	
Debt issue costs	(1.7)		(13.9)	
Net cash outflow from returns on investments and servicing of finance		(129.9)		(134.2)
Net cash outflow from taxation		(50.2)		(37.2)
Capital expenditure and financial investment				
Purchase of tangible fixed assets and titles	(64.4)		(22.1)	
Sale of tangible fixed assets, titles and investments	7.1		60.1	
Purchase of investments/advances to investees	(0.6)		(11.0)	
Increase in investment in joint ventures and associates	(0.2)		(2.3)	
Advances to/repaid by joint ventures and associates	(9.3)		(1.0)	
Other capital expenditure	(10.4)		(12.1)	
Net cash (outflow)/inflow from capital expenditure and financial investment		(77.8)		11.6
Acquisitions and disposals				
Purchase of equity minority interests	-		(3.2)	
Disposal of assets and business of subsidiary undertaking	-		77.0	
Net cash inflow from acquisitions and disposals		-		73.8
Equity dividends paid		(51.2)		(40.8)
Cash (outflow)/inflow before management of liquid resources and financing		(13.4)		141.8

GROUP CASH FLOW STATEMENT (continued)

	2004		2003	
	€m	€m	€m	€m
Cash (outflow)/inflow before management of liquid resources and financing (brought forward)		(13.4)		141.8
Management of liquid resources				
Movement in short term deposits	-		-	
Net cash flow from management of liquid resources		-		-
Financing				
Issue of shares	2.1		108.3	
Share issue costs	-		(4.8)	
Issue of equity minority interests	5.0		59.9	
Sale of treasury shares	-		19.5	
Issue of non-equity minority interests	-		66.9	
Redemption of non-equity minority interests	-		(131.8)	
Receipt of long term loans	65.0		690.7	
Receipt of short term loans	-		258.0	
Repayment of long term loans	(2.4)		(510.2)	
Repayment of short term loans	(61.5)		(537.7)	
Capital element of finance lease rental payments	(60.5)		(33.7)	
Net cash outflow from financing		(52.3)		(14.9)
(Decrease)/increase in cash		(65.7)		126.9

SEGMENTAL REPORT

The Group operates mainly in Ireland, the United Kingdom, South Africa and Australasia. The following is an analysis of the Group's results by geographical market.

(A) BY GEOGRAPHICAL SEGMENTS

	TURNOVER		OPERATING PROFIT	
	2004 €m	2003 €m	2004 €m	2003 €m
Turnover (By origin):				
Group and share of joint ventures and associates	1,659.2	1,470.7		
Less: share of joint ventures' turnover	(22.4)	(17.3)		
share of associates' turnover	(79.4)	(65.2)		
Group turnover	1,557.4	1,388.2		
Ireland	410.3	379.2	82.7	75.3
United Kingdom				
-continuing operations	201.9	185.7	14.3	12.1
-discontinued operations	-	24.8	-	6.1
South Africa	198.1	159.5	31.0	23.5
Australasia	747.1	639.0	161.4	130.7
	1,557.4	1,388.2	289.4	247.7
Exceptional items			(14.0)	(78.3)
Group share of joint ventures	22.4	17.3	3.8	2.3
Group share of associates	79.4	65.2	3.8	(3.0)
Common costs			(13.1)	(12.3)
Exceptional items			2.5	57.7
Net interest charge			(80.4)	(84.1)
Exceptional finance charge			(2.9)	(8.0)
Group profit on ordinary activities before taxation and minority interests			189.1	122.0

Turnover by origin has been shown above and does not differ materially from turnover by destination. Turnover significantly relates to external customers. The minority interest share of operating profit for the financial year is €101.2 million (2003: €77.3 million).

SEGMENTAL REPORT (continued)

(B) BY CLASS OF BUSINESS

The Group has three main classes of business:

- Printing, publishing and distribution of newspapers and magazines and commercial printing
- Radio
- Outdoor advertising

The following is an analysis of the Group's results by class of business.

	TURNOVER		OPERATING PROFIT	
	2004 €m	**2003 €m**	**2004 €m**	**2003 €m**
Turnover:				
Group and share of joint ventures and associates	1,659.2	1,470.7		
Less: share of joint ventures' turnover	(22.4)	(17.3)		
share of associates' turnover	(79.4)	(65.2)		
Group turnover	1,557.4	1,388.2		
Printing, publishing, distribution and commercial printing				
-continuing operations	1,269.6	1,131.3	245.1	206.9
-discontinued operations	-	24.8	-	6.1
Radio	153.5	127.4	37.5	28.2
Outdoor advertising	134.3	104.7	6.8	6.5
	1,557.4	1,388.2	289.4	247.7
Exceptional items			(14.0)	(78.3)
Group share of joint ventures	22.4	17.3	3.8	2.3
Group share of associates	79.4	65.2	3.8	(3.0)
Common costs			(13.1)	(12.3)
Exceptional items			2.5	57.7
Net interest charge			(80.4)	(84.1)
Exceptional finance charge			(2.9)	(8.0)
Group profit on ordinary activities before taxation and minority interests			189.1	122.0

The minority interest share of operating profit for the financial year is €101.2 million (2003: €77.3 million).

NOTES TO THE PRELIMINARY ANNOUNCEMENT

1. Basis of Preparation

This preliminary announcement has been prepared on a consistent basis with the accounting policies set out in the audited financial statements for the year ended 31st December 2003.

2. Pension Fund Position

At year-end, the Group's defined benefit pension funds had a net deficit of €86.7 million (2003: net deficit of €69.6 million) as measured under FRS 17 – Retirement Benefits. As permitted by FRS 17 this amount has not been provided for in the Group's Balance Sheet.

3. Earnings Per Share

	2004 €m	2003 €m
Profit attributable to Independent News & Media PLC	80.6	46.9
Exceptional items net of taxation and minority interests	14.8	29.2
Amortisation of mastheads/goodwill/development expenditure	9.8	11.0
Fully diluted profits before exceptional items and amortisation	105.2	87.1
Weighted average number of shares in issue during the year	739,713,574	688,208,464
Effect of:		
Conversion of options	3,972,264	1,320,360
Fully diluted number of shares	743,685,838	689,528,824
Earnings per share*	10.90c	6.81c
Fully diluted earnings per share*	10.84c	6.81c
Fully diluted earnings per share before exceptional items and amortisation	14.15c	12.63c

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 year.

For fully 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. The cumulative exchangeable preference shares were not dilutive in either 2004 or 2003.

Fully diluted earnings per share before exceptional items and amortisation is presented in order to give a better indication of the underlying performance of the Group.

*Earnings per share and fully diluted earnings per share in 2003 are identical because the exercise of share options was not dilutive on the result from continuing operations.

NOTES TO THE PRELIMINARY ANNOUNCEMENT (continued)

4. Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	2004 €m	2003 €m
Operating profit from operations	269.9	156.4
Non-cash operating exceptional items	-	43.6
Operating profit (net of non-cash exceptional items)	269.9	200.0
Share of profit of joint ventures	(3.8)	(2.3)
Share of (profit)/loss of associates	(3.8)	3.0
Depreciation and amortisation charges	53.4	56.5
Decrease in stocks	2.1	4.1
(Increase)/decrease in short term and medium term debtors	(6.3)	3.7
Increase in creditors	24.6	15.6
Net movement in provisions (excl. restructuring payments)	2.0	9.5
Effects of foreign exchange rate changes	(6.8)	(3.3)
Net cash inflow from operating activities (before restructuring payments)	331.3	286.8
Restructuring payments	(36.8)	(19.1)
Net cash inflow from operating activities	294.5	267.7

5. Exceptional Items

	2004 €m	2003 €m
Included in profit on ordinary activities before taxation are the following:		
Continuing operations		
Restructuring charges	-	(56.0)
Exceptional start-up and product development costs	(13.2)	(16.6)
Other rationalisation charges and asset write-downs	(2.6)	(9.7)
	(15.8)	(82.3)
Gain on sale of assets of UK regional newspapers	-	51.7
Gain on sale of tangible fixed assets	-	16.4
Gain on sale of investment in Lusomundo Media	-	3.7
Write-down of investment in Chorus Communications	-	(9.9)
Other exceptional gains/(charges)	2.5	(4.2)
	2.5	57.7
Exceptional finance charge (2004: redemption of sterling bond)	(2.9)	(8.0)
Total exceptional items	(16.2)	(32.6)
Tax credit on exceptional items	0.9	3.6
Minority interest share of exceptional items	0.5	(0.2)
Exceptional items net of taxation and minority interests	(14.8)	(29.2)