Independent News & Media PLC

INM INCREASES UNDERLYING EBITDA TO €115.9M AND CONTINUES SUBSTANTIAL DEBT PAYDOWN

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

Dublin/London 22 March 2011: The Board of Independent News & Media PLC ('INM' or the 'Group') today announced the Group's full year results for the 12 months ended 31 December 2010, which are in line with prior market guidance. A detailed presentation on these results is available on the Group's website *inmplc.com*.

HIGHLIGHTS*

- Underlying Group Revenue (+3.3%), EBITDA (+6.8%), Operating Profit (+13.9%) and Operating Margin (+130bps) all show growth
- Underlying EBITDA of €115.9 million (including dividends received of €14.7 million)
- Significant simplification of financial reporting going forward with the deconsolidation of APN following changes in INM's representation on the Board of APN at 31 December 2010
- Reported Net Debt reduced by €570.4 million (€470.2 million due to the deconsolidation of APN), with a €100.2 million (17.5%) core Net Debt reduction
- Underlying Publishing Margin of 18.2%, strong relative to peer group
- Underlying Operating Costs reduced by 3.6%, in constant currency
- All segments of the Group's business showing profit growth, strong cash generation and improved profit margins
- Continued progress in online, with year-on-year revenue growth of 13% and strategic announcements post year-end
- Reported Basic Earnings Per Share of 10.6 cent

€ millions	***2010***	*2009*	**Change**
Underlying*			
Revenue	**605.3**	585.7	+3.3%
EBITDA	**115.9**	108.5	+6.8%
Operating Profit	**87.9**	77.2	+13.9%
Net Debt	**473.6**	573.8	-17.5%
Reported			
Operating Profit**	**82.6**	75.5	+9.4%
Profit After Tax**	**114.6**	92.0	+24.6%

* *Underlying – where used in this document shows the underlying trends by excluding the disposals of INM Outdoor South Africa in December 2009 and The Independent and Independent on Sunday titles in the UK in April 2010, in order to properly assess the comparative performance. In addition, APN News & Media Limited ('APN') was deconsolidated as at 31 December 2010 and APN's Revenue and Operating Profit are not included in INM's Revenue and Operating Profit in both 2010 and 2009, but dividends received from APN are included in underlying EBITDA*

** *Before exceptional items*

– PERFORMANCE OVERVIEW AND 2011 OUTLOOK –

The Group reported an Operating Profit before Exceptionals of €82.6 million, up 9.4% on 2009. This excluded APN News & Media Limited's ("APN") Operating Profit of €139.2 million (see Note 2 on page 17). Including APN's Operating Profit, INM's Operating Profit before Exceptionals was €221.8 million, up 25.2%, and in line with prior market guidance.

While economic conditions have been difficult, this strong performance is indicative of the Group's market-leading position and ability to successfully manage its cost base.

The key performance drivers for the Group are advertising and circulation revenues. In constant currency, underlying advertising revenue, which represents 41% of Group revenues, was down 6.9% and underlying circulation revenue, which represents 28% of Group revenues, fell by 2%.

In 2011, revenue trends year-to-date are broadly in line with 2010, with advertising revenues down 7% in constant currency terms (down 2% in Euro terms) and circulation revenues down 1% in constant currency (2% up in Euro terms).

There has been a significant increase in newsprint prices in the Irish market of approximately 20% in 2011 but this has been offset by continuing cost reductions across the Group. As a result, year-to-date underlying Group costs are down 2% in constant currency terms (up 1% in Euro terms).

Commenting on these results, Gavin O'Reilly, Group Chief Executive Officer, said:

> *"The last year has been hugely significant for INM. After an extremely difficult 2009, we achieved what we said we were going to achieve in 2010. We recorded growth in underlying Group revenue and good growth in EBITDA. Importantly we reduced our core net debt by 17.5% or over €100 million.*
>
> *"The deconsolidation of APN allows for greater transparency and clarity in evaluating the very strong fundamentals of the Group.*
>
> *"Advertising conditions remain challenging and, while visibility remains short, we are not anticipating any material advertising uplift in 2011. Assuming more normalised advertising conditions, easier comparatives, continued cost vigilance and having eliminated loss-making businesses, we are targeting a further improvement in operating profit for the year. This, coupled with accelerated free cash flow generation, will ensure further, meaningful deleveraging in 2011."*

– SUBSEQUENT TO YEAR END –

Today, the Group announces four significant online developments in its Irish publishing division. These are:

- The launch of a new online jobs portal in Q2, in conjunction with Stepstone as technology provider, which will combine all of INM's job boards. Stepstone is Europe's largest online recruitment portal and part of 'The Network' – an alignment of 49 leading job boards across 136 countries.

- The Q2 Irish launch of *GrabOne*, an online coupon service, in a joint venture with APN. *GrabOne* is already very successful in the Australasian markets.

- Heads of Agreement signed for the acquisition of a 50% shareholding in *carsireland.ie*, which is the fastest growing car sales site in Ireland. This will be completed in April 2011.

- The appointment of a new Online Editor for Ireland and the redevelopment of *independent.ie* (which already has 3.2 million unique users per month).

Also, as part of the Group's focus on eliminating loss-making activities in what was a very crowded Sunday newspaper market in Ireland, the *Irish Daily Star Sunday*, in which INM was a 50% shareholder, and the *Sunday Tribune*, in which INM was a 29.9% shareholder, ceased publication in January and February 2011 respectively.

In South Africa, the outsourcing of Cape Town's newspaper printing operations has already commenced and will be completed next month. This move will further enhance printing cost efficiencies, providing enhanced quality and full colour availability for all the divisions' titles.

– 2010 OPERATIONS REVIEW –

ISLAND OF IRELAND

	2010	*2009*	Change
	€m	€m	
Revenue	**399.1**	414.1	-3.6%
Operating Profit	**53.9**	53.2	+1.3%
Operating Margin	**13.5%**	12.8%	

The Island of Ireland division combines all of INM's operations in the North and South of Ireland and is the largest media company across the 32 counties. Revenue of €399.1 million was down 3.6% on 2009 in what continued to be tough market conditions.

Despite the continuation of this challenging economic backdrop, across the Island of Ireland, the business delivered an increase in Operating Profits to €53.9 million, up 1.3% on 2009. This was due to vigilant cost control and the benefits of prior year cost reductions which, despite significant newsprint price increases, saw operating costs reduced by a further €15.7 million, equivalent to 4.4%.

Island of Ireland management and operational integration has been one of the key ingredients in driving the 2010 performance. An integrated reporting structure has facilitated detailed benchmarking and resultant revenue and cost benefits. Full integration of all major IT systems, management of the Group's print facilities across all of Ireland as a single business unit and Island of Ireland advertising sales are indicative of consolidated initiatives that will continue to benefit the trading performance into the future, particularly on the return of more favourable market conditions. In addition, Newspread, the Group's distribution company, has benefited significantly from synergies arising from operating on an Island of Ireland basis.

The significant contraction in advertising revenues experienced in 2009 continued into 2010, albeit at a lesser rate than experienced throughout 2009. In this market, the Group's market-leading publishing brands (*Irish Independent, Sunday Independent, Evening Herald, Sunday World, Belfast Telegraph, Sunday Life* and 13 regional titles) experienced a 12.5% advertising revenue reduction, in constant currency. With the exception of recruitment advertising, which proved to be surprisingly resilient despite the economic conditions and traded just ahead of last year, all other advertising categories tracked behind the prior year. This reflected the ongoing challenges of a difficult domestic economy. Property continues to be one of the hardest hit categories as a consequence of a market that remains at a virtual standstill due to the crisis in the banking sector and the poor performance of the domestic economy.

Against this difficult backdrop, and in what continues to be an extremely competitive market, circulation revenues for the Island of Ireland remained solid, with revenues for the full year just under 2% down on last year.

Despite these challenging market conditions, the Group's titles maintained, and in some cases advanced, their market-leading positions in the second six months of the year. The *Irish Independent* remains the clear No. 1 quality daily newspaper. With an ABC[1] of 138,510 copies (48.3% share of quality market) and an average daily readership of 539,000 readers[2], it continues to dominate the quality morning market, with a readership in excess of the combined readership of its two closest competitors.

Ireland's largest selling newspaper, the *Sunday Independent*, further extended its market share during the six month period, recording an ABC[1] figure of 254,311 copies. It continues to be the Republic of Ireland's most-read newspaper and, in attracting in excess of one million readers[2] each and every Sunday, has by far the largest regular audience in Ireland across any advertising medium, thereby presenting advertisers with an extremely compelling route to market.

1 ABC July to December 2010
2 JNRS 2010

The *Evening Herald* continues to show the strength of its brand in an evening market that remains challenging and attracted a strong 236,000 readers[2] in 2010, thereby maintaining its place as Dublin's most-read newspaper. The *Evening Herald's* strategy to strengthen its offering was further underlined by the launch, in early 2010, of the glossy *Dubliner* magazine every Thursday.

The *Sunday World* continues to be Ireland's largest-selling and most-read tabloid newspaper, delivering an ABC[1] of 251,334 copies and attracting 821,000 readers[2] every Sunday. It has gained 9,000 readers in the past 12 months and leads its closest competitor by 293,000 readers per edition.

The Belfast Telegraph Group remains the dominant player in the Northern Ireland newspaper market, with the *Belfast Telegraph* the clear No. 1 quality newspaper, recording an ABC[1] (Mon – Sat) of 58,491 copies, whilst the *Sunday Life* achieved an ABC[1] of 54,435 copies.

The trading conditions experienced by the Group's 13 paid-for weekly regional titles (in counties Cork, Kerry, Dublin, Louth, Wexford, Wicklow, Carlow and Sligo) continued to be demanding due to the more difficult economic backdrop prevalent in regional Ireland. However, despite these challenging conditions, each of the Group's regional operations remains highly profitable. The Group's most recent product launch, *24Seven* magazine, inserted in each of the Group's regional titles, is an exciting new addition, further diversifying the weekly offering available to its readers.

The *metro herald*, the Group's joint venture publication with the Irish Times and DMGT, is Dublin's only daily free newspaper and made good progress in its launch year, 2010, with an ABC[1] verified daily distribution of 60,590 copies. The Group's other joint venture publication, the *Irish Daily Star*, delivered another solid result in what remains a challenging tabloid market, recording an ABC[1] of 90,709 copies.

In online, the *independent.ie* suite of publishing platforms continued its upward trajectory during 2010, attracting 3.2 million unique users and over 41.2 million page impressions in November 2010 (its most recent ABCe), showing strong growth of 39% and 34% respectively on October 2009. Throughout 2010, *independent.ie* continued to innovate, with a number of first-to-market initiatives targeted at improving advertiser return, including the first 'paid-for' iPhone application. The Group has continued to improve its leading online property portal, *globrix.ie,* which now has the second highest number of listed properties in Ireland and continues to attract significant new users, despite the depressed property market. The Group's local search platform, *yourlocal.ie,* was re-launched and re-branded in late 2010 – the new platform has been well received by consumers and advertisers alike, with a substantial increase in traffic positioning the Group well in this important online directory space.

The Group also owns Northern Ireland's largest online newspaper portal, with its award-winning website, *belfasttelegraph.co.uk* (with an average of 1.3 million monthly unique users and 13.9 million monthly page impressions in November 2010 – an increase of 8.3% and 24.1% respectively on 2009) and the leading classified portals: *propertynews.com; NIjobfinder.co.uk;* and *NIcarfinder.co.uk*. These classified portals are all integrated with the print products to enhance cross-selling opportunities and are well positioned for future growth.

The contract print division, the largest on the Island of Ireland, continues to trade well, underpinned by substantial long-term print contracts in place with all of the major UK national newspapers.

In education, Independent Colleges (74% owned by INM) continued to make excellent progress with a further widening of its programme offering in 2010 through the addition of important new academic programmes. These include a BA in Business validated by the Higher Education and Training Awards Council targeting a wider international audience and an MA in Dispute Resolution awarded by the University of the West of England to capitalise on recent Irish mediation legislation change. Launched just over three years ago, Independent Colleges now offers over 70 courses across five faculties. Independent Colleges had the largest student body for professional accountancy courses in the country in 2010, with the professional law school also holding a market-leading position.

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1 ABC July to December 2010
2 JNRS 2010

SOUTH AFRICA

	2010	2009	Change
	€m	€m	
Revenue	**206.2**	209.5	-1.6%
Revenue – Underlying	**206.2**	171.6	+20.2%
Operating Profit	**43.5**	47.8	-9.0%
Operating Profit – Underlying	**43.5**	33.7	+29.1%
Operating Margin	**21.1%**	22.8%	
Operating Margin – Underlying	**21.1%**	19.6%	

The South African division reported revenue of €206.2 million, which was down 1.6% on 2009. This marginal revenue contraction was entirely accounted for by the loss of revenues from INM Outdoor (2009: revenue of €37.9 million), which was sold in December 2009. On an underlying basis, stripping out those lost revenues from INM Outdoor, the South African operation lifted its revenues by 20.2%. This performance was the result of favourable currency translation, good yield and revenue management, with the still generally subdued economic backdrop offset to some extent by improved advertising revenues generated during the World Cup period of May – July 2010.

Operating Profits of €43.5 million declined year-on-year by €4.3 million as a consequence of the lost contribution of €14.1 million from INM Outdoor. Significantly, the underlying business – representing market-leading positions in publishing, online and also contract print – covered off the lost INM Outdoor contribution and recorded an aggregate 29.1% increase in Operating Profit, assisted by favourable currency translation. This increase produced a very strong underlying operating margin of 21.1% (up from 19.6% in 2009).

This performance was assisted by the positive impact of strict cost containment measures and the introduction of a number of further business improvement initiatives, which leaves the division in an excellent position to exploit a future economic upturn. Costs in the newspaper operation were flat year-on-year (in constant currency) despite ongoing inflationary pressures on salaries, raw materials and transport costs.

Circulation revenue fell by 1.4% (in constant currency) following the broader trends in circulation sales across the market in 2010. Ironically, the World Cup actually had a negative impact on circulation as radically disrupted daily routines, attendance at matches and an influx of British newspapers (which were given away free) caused a dip in circulation across the market.

This solid revenue performance was assisted by exceptionally strong sales of the daily and Sunday editions of Isolezwe, with the daily maintaining a sales level over 100,000 copies (achieving a daily average of 100,786 copies in the October to December ABC period and 760,000 readers per day) and the Sunday selling almost 75,000 copies and achieving 715,000 readers. In addition, South Africa's quality Sunday title, *Sunday Independent,* saw significant growth, with sales for the October to December ABC period up 10% on the previous year.

South Africa's largest quality daily newspaper, *The Star*, continued to innovate with new zoned editions in key growth areas in the greater Johannesburg area, such as Soweto, as well as launching new supplements such as *The Migrant*, targeted at emerging demographic groups. It is intended to enlarge its footprint further through 2011. In addition, a weekly soccer supplement, *Shoot*, was published daily during the World Cup. Overall, the Group's titles achieved circulation market share growth in what was an historic year for the country.

Advertising revenue was flat (in constant currency) in the publishing operations. Trading conditions in the immediate aftermath of the World Cup disimproved in Q3, offsetting the benefit derived from the World Cup but a year-on-year uplift in revenue in the second half was still achieved. Despite the highly competitive and challenging trading climate, advertising market share was also up on the previous year.

The *iol.co.za* portal, through which the Group's individual newspaper titles and other niche sites are accessed, is one of South Africa's leading news, current affairs and classified sites and the sites combined now comfortably deliver more than 3.5 million unique visitors per month. The already successful *ioljobs.co.za* and *iolproperty.co.za* sites were joined by the successful launch during the year of *wegotads.co.za* enabling the internet-based upload of classified advertising into print.

Condé Nast Independent's high-end niche magazine titles performed well in 2010, with *Condé Nast House & Garden* continuing to be number one in the South African home decor market. *Glamour* remains the second largest selling fashion and beauty magazine in South Africa and is the largest profit contributor in the division.

AUSTRALASIA*

	2010	*2009*	Change
	€m	€m	
Revenue	**712.1**	566.2	+25.8%
Operating Profit	**139.2**	101.7	+36.9%
Operating Margin	**19.5%**	18.0%	

* *The results of APN are excluded from underlying performance on the basis that the contribution of the Group's 31.6% shareholding in APN will be shown within "Share of associates and joint ventures" going forward.*

APN, in which INM has a 31.6% shareholding, was accounted for as a subsidiary undertaking by INM until 31 December 2010.

2010 marked a return to growth (in Euro terms) for APN, with revenue up 25.8% to €712.1 million and Operating Profit up 36.9% to €139.2 million. These significant growth levels were due to a combination of a strong operating performance and favourable currency movements.

In October, the board of APN announced the appointment of a new Chief Executive Officer, Brett Chenoweth, effective 1 January 2011. Brett has a proven track record in media, communications and technology and his appointment will drive APN's expansion of its multimedia strategy.

Australian Regional Media produced good revenue growth. This included some recovery in classifieds as well as the benefit of the introduction of an online alliance in classifieds with Fairfax Media from August. National advertising also performed well, up 9%, while Q4 was impacted by the weaker overall retail environment. Costs in this division were impacted by the new online classified alliance as well as the cost of investing in new online products.

New Zealand Media had a very solid year, with revenue growth of 1.7% in local currency terms and Operating Profit up 9.6%. *The New Zealand Herald* ended the year with gains in circulation and delivered seven year highs in readership. Together with its online presence, the *Herald* brand now reaches 1.3 million New Zealanders each week. APN was a launch partner with Apple for the introduction of the iPad into New Zealand and the *New Zealand Herald* app has been downloaded by more than 33,000 users and is regarded as the industry leader in its category.

The Radio markets in Australia and New Zealand recorded good progress, with the New Zealand radio market returning to solid growth in the second half. Both the Australian Radio Network and The Radio Network (NZ) have gained market share in recent months. Investment in new structures and programming are beginning to produce good returns. In addition, the New Zealand radio licences were renewed for a further 20 years.

The Outdoor advertising market has responded exceptionally strongly to the improved economic conditions. During 2010, MOVE, the new audience measurement system, became fully operational, underpinning a strong performance from the Australian outdoor market. APN Outdoor performed well in all of its markets in Australia, New Zealand and Asia, with the entire division recording Operating Profit growth of 79% in 2010.

The launch of *GrabOne,* APN's online coupon business, in New Zealand in June was very successful and it now leads the New Zealand market in that sector. In the second half, *GrabOne* was launched in Australia. Subsequent to year-end, APN lifted its shareholding in this venture from 50% to 75%.

APN declared a partially franked final dividend of 7 Australian cents per share for 2010, payable on 31 March 2011 (dividend payable to INM of A$13.4 million). Together with the 2010 interim dividend of 5 Australian cents per share, this represents an annual dividend of 12 Australian cents per share (dividend payable to INM of A$23.0 million).

Subsequent to year end, APN issued a trading update on 21 March 2011. It stated that the Q1 Operating Profit impact of the extraordinary coincidence of two natural disasters of the major floods in Queensland, Australia and the very damaging earthquake in Christchurch, New Zealand, would be A$9 million (impact on INM of approximately €1.5 million after tax). However, APN indicated that the impact of the Queensland floods is moderating and Radio and Outdoor continue to trade ahead of the prior year. A range of initiatives are being implemented in New Zealand to limit the impact of the weaker New Zealand economy. Also, APN's online initiatives continue to build meaningful new revenue streams for APN.

UNITED KINGDOM

	2010	*2009*	Change
	4 months	12 months	
	€m	€m	
Revenue	**21.1**	66.1	-68.1%
Operating Loss	**(5.3)**	(15.8)	+66.5%

The United Kingdom segment represents the results for the businesses of *The Independent* and *Independent on Sunday.* These titles were sold to Independent Print Limited, a company controlled by the family of Mr. Alexander Lebedev on 30 April 2010. Therefore, the 2010 results only include four months trading.

The resulting elimination of all future trading liabilities, obligations and future losses incurred by *The Independent* titles was immediately earnings accretive for INM and was an important strategic step that focuses the Group solely on its market-leading, cash-generative businesses going forward.

– 2010 FINANCIAL REVIEW –

The Group reported an Operating Profit before Exceptionals of €82.6 million, up 9.4% on 2009. This excluded APN's Operating Profit of €139.2 million (see Note 2 on page 17). Including APN's Operating Profit, INM's Operating Profit before Exceptionals was €221.8 million, up 25.2%, and in line with prior market guidance.

Net Profit attributable to equity shareholders was €53.6 million, compared to a net loss of €87.8 million in 2009, and basic earnings per share totalled 10.6 cent compared to a loss per share of 39.8 cent in 2009.

Underlying Performance

The disposals of INM Outdoor South Africa in December 2009 and *The Independent* and *Independent on Sunday* titles in the UK in April 2010 distort the year-on-year trading performance. In order to properly assess the comparative performance, these disposals have been excluded to show underlying trends. In aggregate, these disposals accounted for Revenue of €21.1 million in 2010 (FY 2009: €104.0 million) and Operating Loss of €5.3 million in 2010 (FY 2009: €1.7 million loss).

Underlying Group Revenue was up 3.3% on 2009 in Euro terms (down 3.0% in constant currency). Underlying advertising revenue was down 6.9% in constant currency terms, with Island of Ireland down 12.5% and South Africa only down 0.3%. The weak economic conditions in Ireland continued to impact on Irish advertising but advertising in South Africa reported an improving trend as the second half progressed. Group circulation revenues proved more resilient and underlying circulation revenue was only down 2.0% in constant currency. Despite the tough economic conditions, good market share advances were recorded in both advertising and circulation across the Island of Ireland operations and in South Africa.

Underlying EBITDA (adjusted to include dividends received from APN and other associates) was €115.9 million in 2010, up 6.8% on 2009. All regions reported an improvement in profitability with underlying Operating Profit up 13.9% to €87.9 million in 2010, driven by a combination of revenue growth and reduced operating costs.

Operating Costs and Margins

Operating costs continued to be well-controlled, with reported costs of €543.8 million, down 11.5%, assisted by favourable foreign exchange rates and disposals. Underlying costs were down 3.6% in constant currencies. This good cost performance allied with underlying revenue growth produced an underlying operating margin of 14.5%. Within this, the Island of Ireland and South African Publishing operations reported margins of 19.6% and 21.1% respectively, which rank at the top end of INM's peer group.

Exceptional Charges
The Group recorded an Exceptional Credit (net of tax and non-controlling interests) of €1.9 million in 2010, compared to a net Exceptional Charge in 2009 of €133.6 million. The net gain on the disposal of JPL (India) and *The Independent* and *Independent on Sunday* (UK) titles was €30.6 million. This was partly offset by non-cash asset impairment charges (primarily on intangible assets resulting from the continuing economic downturn on the Island of Ireland), net of fair value gains, totalling €24.4 million. The exceptional items also include restructuring charges (net of certain pension gains) relating to the Island of Ireland, UK and South African operations which amounted to €11.4 million and APN's exceptional charges were €1.7 million (net of tax and non-controlling interests). Other tax credits on exceptional charges amounted to €8.8 million.

Finance Charges
Despite a reduction in Net Debt during 2010, net finance charges at €48.2 million were up €4.3 million on 2009. This increase was driven by the 25% interest charged on the €36 million PIK Note and the increased margin charged on bank debt following the financial restructuring in late 2009, at a time when the global credit crisis had reduced available credit and increased pricing. A significant reduction in the 2011 net finance charge is expected following redemption of the €36 million PIK Note and a reduction in the margin charged on bank debt as INM's leverage reduces.

Capital Expenditure
Capital expenditure was €7.6 million in 2010, well below the 2010 depreciation charge of €12.6 million. With all major capital expenditure projects across the Group now completed, no significant capital investment is required in the medium term and, as a result, capital spend is projected to remain below current depreciation levels for the next few years.

Disposals
INM's remaining stake of 13.5% in JPL (India) was sold in March and August 2010. This successfully raised combined proceeds of €74 million. JPL has yielded a return in excess of 250% for INM on its total investment. As mentioned above, *The Independent* and *Independent on Sunday* (UK) were sold to Independent Print Limited in Q2 2010. These UK titles were both loss-making and the transaction was immediately earnings accretive for INM.

Net Debt
Net Debt at 31 December 2010 was €473.6 million, down €570.4 million on 2009. Excluding APN, Net Debt was down €100.2 million (17.5%), inclusive of the disposal proceeds from INM's remaining stake in JPL (India) and the €28.3 million raised from the share placement in November 2010. Net Debt to EBITDA (including dividends received) stood at 4.3 times at the end of 2010 (4.1 times on an underlying basis). Core Net Debt has reduced by €379.8 million (44.5%) over the last two years and the focus remains on further deleveraging.

Deconsolidation of APN
As a result of the changes to the APN board at the end of 2010, whereby representatives of INM on the APN board no longer constituted the majority, INM was required to deconsolidate APN as and from 31 December 2010. The changes to the APN board had no impact on INM's shareholding in APN, which remains at 31.6%, and INM's economic exposure to Australasia and the diversification that it brings remains unaffected.

Despite no change in INM's shareholding in APN, under accounting standards the deconsolidation of APN requires APN to be described as a "Discontinued Operation" in INM's Group financial statements for 2010, with the 2009 comparatives restated accordingly. Therefore, in INM's 2010 Income Statement, APN is excluded from reported Revenue, Operating Profit, Finance Charges and Tax and INM's share of APN's net profit is reflected separately as a Discontinued Operation. While APN is described as a Discontinued Operation in INM's 2010 results, no disposal of shares has taken place. APN continues to be an integral part of the INM Group and will continue to contribute significantly to INM's Net Profit and Earnings Per Share.

INM will report its share of APN's results as an associate from 2011 onwards and will continue to earn dividend income on its 31.6% shareholding in APN.

The deconsolidation of APN from INM's 2010 Balance Sheet, combined with INM's core Net Debt reducing by €100.2 million in 2010, means that INM's Net Debt has been significantly reduced to €473.6 million at the end of 2010. In addition, a number of other line items have also reduced significantly, with the 2009 Balance Sheet comparatives not being restated. The net impact of this is to reflect the net carrying value of the investment in APN in 2010, including a fair value gain on deconsolidation of APN, as a single asset within "Investments in associates and joint ventures".

While the change in accounting treatment for APN will result in some line classification changes in INM's Group financial statements, it is important to note that these changes will not impact the profit for the year (attributable to equity shareholders) as INM's share of APN's results will remain the same both before and after these accounting changes. The deconsolidation of APN removes a complexity from INM's financial statements, simplifies INM's equity story and improves transparency regarding market values.

Share Consolidation, Placement and Dividend

A 1-for-7 share consolidation was approved at the 2010 AGM and became effective on 14 June 2010.

In November 2010, INM announced that it had raised €29.3 million by way of a placing of 50,546,850 new ordinary shares at a price of €0.58 per share. The proceeds of this placement were utilised to partly repay a €36 million PIK Note. Subsequent to year end the Group cleared the outstanding balance of the PIK Note.

Consistent with INM's immediate focus on further meaningful debt reduction, the Directors do not propose recommending a dividend for 2010.

Financial Calendar 2011

- Annual General Meeting 3 June 2011
- Interim Results 26 August 2011

NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some statements in this announcement are forward-looking. They represent our expectations for our business and involve risks and uncertainties. We have based these forward-looking statements on our current expectations and projections about future events. We believe that our expectations and assumptions with respect to these forward-looking statements are reasonable. However, because they involve known and unknown risks, uncertainties and other factors, which are in some cases beyond our control, our actual results or performance may differ materially from those expressed or implied by such forward-looking statements. These forward-looking statements speak only as of the date of this document and no obligation is undertaken, save as required by law or by the Listing Rules of the Irish Stock Exchange and/or the UK Listing Authority, to reflect new information, future events or otherwise.

- ENDS -

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CORPORATE PROFILE

Independent News & Media PLC (INM) is a leading international newspaper and media group. Its main interests are located in Ireland, Northern Ireland, and South Africa.

The Group has market-leading newspaper positions in Ireland, Northern Ireland, and South Africa and has established a strong and growing online presence, including market-leading online positions in each of our main markets with over 70 editorial and classified sites. INM is the largest newspaper contract printer and wholesale newspaper distributor on the Island of Ireland.

In Australasia, the Group has a 31.6% investment in APN News & Media Limited – which is quoted on the ASX (Sydney). APN is the largest newspaper publisher in New Zealand and leading regional publisher in Australia. It is also Australasia's largest outdoor advertising operator and radio operator, with over 140 stations. APN also has leading outdoor advertising positions in Hong Kong and Indonesia.

From its newspaper origins in Ireland, INM has grown and evolved to become a geographically and media diverse group with market-leading brands. In aggregate, INM manages gross assets of €841 million, revenue of €605 million and employs approximately 2,900 people worldwide.

INDEPENDENT NEWS & MEDIA PLC

GROUP INCOME STATEMENT

	Notes	Year Ended 31 December 2010 Before Exceptional Items €m	Exceptional Items* €m	Total €m	Year Ended 31 December 2009 (restated) Before Exceptional Items €m	Exceptional Items* €m	Total €m
Revenue	4	**626.4**	**-**	**626.4**	689.7	-	689.7
Operating profit/(loss)	4	**82.6**	**(32.7)**	**49.9**	75.5	(143.6)	(68.1)
Share of results of associates and joint ventures		**2.9**	**-**	**2.9**	7.7	-	7.7
Finance income/costs:	6						
- Finance income		**1.4**	**-**	**1.4**	1.8	-	1.8
- Finance costs		**(49.6)**	**-**	**(49.6)**	(45.7)	-	(45.7)
Profit/(loss) before taxation		**37.3**	**(32.7)**	**4.6**	39.3	(143.6)	(104.3)
Taxation (charge)/credit		**(8.6)**	**8.8**	**0.2**	(11.5)	9.6	(1.9)
Profit/(loss) for the year from continuing operations		**28.7**	**(23.9)**	**4.8**	27.8	(134.0)	(106.2)
APN – discontinued operations: **	2						
- Profit for the year from APN		**85.9**	**(6.3)**	**79.6**	64.2	0.9	65.1
- Fair value gain arising on deconsolidation of APN		**-**	**27.5**	**27.5**	-	-	-
Profit for the year from discontinued operations – APN		**85.9**	**21.2**	**107.1**	64.2	0.9	65.1
Profit/(loss) for the year		**114.6**	**(2.7)**	**111.9**	92.0	(133.1)	(41.1)
Attributable to:							
Non-controlling interests		**62.9**	**(4.6)**	**58.3**	46.2	0.5	46.7
Equity holders of the parent		**51.7**	**1.9**	**53.6**	45.8	(133.6)	(87.8)
		114.6	**(2.7)**	**111.9**	92.0	(133.1)	(41.1)
Earnings/(loss) per ordinary share (cent)							
Continuing operations (excluding APN)				**1.0c**			(48.1c)
APN **				**9.6c**			8.3c
Total operations – Basic & Diluted	7			**10.6c**			(39.8c)

* Note 5

** APN - discontinued operations: this represents the results of APN which, under accounting standards, are deemed to be a discontinued operation in 2010 even though INM's shareholding in APN remains unchanged. From 2011 onwards, INM's share of APN's results will be reported as part of "Share of results of associates and joint ventures". See note 2 for further details.

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 Dec 2010 €m	Year ended 31 Dec 2009 €m
Profit/(loss) for the year	**111.9**	(41.1)
Other comprehensive income		
Currency translation adjustments	**189.6**	195.1
Retirement benefit obligations:		
- Actuarial (losses)/gains	**(10.5)**	23.7
- Movement on deferred tax asset	**0.5**	(2.6)
(Losses)/gains relating to cash flow hedges/available-for-sale financial assets	**(1.2)**	7.8
Other comprehensive income for the year, net of tax	**178.4**	224.0
Total comprehensive income for the year	**290.3**	182.9
Attributable to:		
Non-controlling interests	**173.3**	132.8
Equity holders of the parent	**117.0**	50.1
	290.3	182.9
Continuing operations (excluding APN)	**116.6**	49.7
APN – discontinued operations	**173.7**	133.2
	290.3	182.9

GROUP BALANCE SHEET

	Notes	31 Dec 2010*	31 Dec 2009
Assets		**€m**	€m
Non-Current Assets			
Intangible assets		**277.2**	1,408.9
Property, plant and equipment		**142.3**	339.0
Investments in associates and joint ventures		**286.9**	48.1
Deferred tax assets		**28.8**	21.2
Available-for-sale financial assets		**11.9**	22.4
Trade and other receivables		**1.9**	11.5
		749.0	1,851.1
Current Assets			
Inventories		**6.0**	15.8
Trade and other receivables		**70.2**	193.5
Current income tax assets		**-**	0.5
Derivative financial instruments		**0.4**	0.6
Cash and cash equivalents		**15.6**	54.8
		92.2	265.2
Non-current assets classified as held for sale		**-**	12.6
Total Assets		**841.2**	2,128.9
Liabilities			
Current Liabilities			
Trade and other payables		**103.5**	169.9
Current income tax liabilities		**3.6**	17.9
Borrowings	11	**31.7**	29.0
Derivative financial instruments		**3.5**	0.5
Provisions for other liabilities and charges		**15.2**	28.7
		157.5	246.0
Liabilities directly associated with non-current assets classified as held for sale		**-**	14.0
Non-Current Liabilities			
Borrowings	11	**457.5**	1,069.8
Retirement benefit obligations		**132.0**	128.2
Deferred taxation liabilities		**23.3**	114.8
Other payables		**2.0**	4.5
Derivative financial instruments		**1.1**	-
Provisions for other liabilities and charges		**15.7**	6.2
		631.6	1,323.5
Total Liabilities		**789.1**	1,583.5
Net Assets		**52.1**	545.4
Equity			
Capital and Reserves Attributable to Company's Equity Holders			
Share capital		**194.6**	396.6
Other reserves		**685.2**	398.1
Retained losses		**(825.6)**	(849.5)
		54.2	(54.8)
Amounts recognised in other comprehensive income and accumulated in equity related to non-current assets held for sale		**-**	9.6
		54.2	(45.2)
Non-controlling interests		**(2.1)**	590.6
Total Equity		**52.1**	545.4

* The 2010 Balance Sheet reflects INM's investment in APN as a single line item within the "Investments in associates and joint ventures" category. However, the 2009 Balance Sheet has not been restated and includes APN as a subsidiary consolidated within all relevant Balance Sheet categories. See note 2 for further details.

GROUP STATEMENT OF CHANGES IN EQUITY

Group	Share Capital €m	Share Premium €m	Share Option Reserve €m	Capital Conversion Reserve €m	Capital Redemption Reserve €m	Currency Translation Reserve €m	Other* €m	Retained Losses €m	Equity Interest of Parent €m	Non-Controlling Interests €m	Total €m
At 31 December 2008	263.6	492.9	6.9	4.5	-	(301.2)	(6.2)	(738.5)	(278.0)	411.0	133.0
Total comprehensive income/(expense)	-	-	-	-	-	109.3	7.8	(67.0)	50.1	132.8	182.9
Issue of share capital	133.0	79.9	-	-	-	-	-	-	212.9	-	212.9
Issue of equity non-controlling interest	-	-	-	-	-	2.5	-	(34.4)	(31.9)	84.5	52.6
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	(1.0)	(1.0)
Share based payment	-	-	1.7	-	-	-	-	-	1.7	-	1.7
Dividends – non-controlling interests	-	-	-	-	-	-	-	-	-	(36.7)	(36.7)
Transfer in respect of non-current assets held for sale	-	-	-	-	-	-	9.6	(9.6)	-	-	-
At 31 December 2009	396.6	572.8	8.6	4.5	-	(189.4)	11.2	(849.5)	(45.2)	590.6	545.4
Total comprehensive income/(expense)	-	-	-	-	-	103.5	(10.8)	24.3	117.0	173.3	290.3
Issue of share capital	17.7	10.6	-	-	-	-	-	-	28.3	-	28.3
Issue of equity non-controlling interest	-	-	-	-	-	(0.2)	-	(0.4)	(0.6)	15.3	14.7
Share based payment	-	-	2.8	-	-	-	-	-	2.8	-	2.8
Deconsolidation of APN	-	-	(1.3)	-	-	(46.5)	(0.3)	-	(48.1)	(748.3)	(796.4)
Cancellation of deferred shares	(219.7)	-	-	-	219.7	-	-	-	-	-	-
Dividends – non-controlling interests	-	-	-	-	-	-	-	-	-	(33.0)	(33.0)
At 31 December 2010	**194.6**	**583.4**	**10.1**	**4.5**	**219.7**	**(132.6)**	**0.1**	**(825.6)**	**54.2**	**(2.1)**	**52.1**

* Other of €0.1m includes cash flow hedging (€4.2m) and available-for-sale financial assets €4.3m reserves.

GROUP CASH FLOW STATEMENT

	Year ended 31 Dec 2010	**Year ended 31 Dec 2010**	Year ended 31 Dec 2009 (restated)	Year ended 31 Dec 2009 (restated)
	€m	**€m**	€m	€m
<u>**Continuing Operations**</u>				
Cash generated from operations (before cash exceptional items) (note 9)	**79.4**		66.9	
Exceptional expenditure	**(22.5)**		(47.4)	
Cash generated from operations	**56.9**		19.5	
Income tax paid	**(23.2)**		(18.0)	
Cash generated by operating activities		**33.7**		1.5
Cash flows from investing activities				
Dividends received	**14.7**		16.5	
Purchases of property, plant and equipment	**(4.5)**		(10.1)	
Proceeds from sale of property, plant and equipment	**0.2**		0.4	
Purchases of intangible assets	**(3.1)**		(5.6)	
Disposal of subsidiary undertakings	-		94.8	
Cash within subsidiary undertakings disposed	-		(2.4)	
Disposal of associates and joint ventures	**76.5**		52.5	
Purchases of associates and joint ventures	**(0.3)**		(0.5)	
Advances to associates and joint ventures	**(2.4)**		(4.8)	
Purchases of available-for-sale financial assets	**(0.1)**		(0.6)	
Proceeds from sale of available-for-sale financial assets	**0.2**		-	
Interest received	**1.3**		1.8	
Net cash generated by investing activities		**82.5**		142.0
Cash flows from financing activities				
Proceeds from issuance of ordinary shares	**28.3**		49.7	
Debt issue costs	-		(3.2)	
Interest paid	**(44.6)**		(57.1)	
Proceeds from borrowings	**14.5**		51.5	
Repayment of borrowings	**(135.7)**		(209.0)	
Payments relating to finance lease liabilities	**(0.8)**		(0.7)	
Issue of non-controlling interests by subsidiary undertaking	-		0.2	
Dividends paid to non-controlling interests	**(0.1)**		-	
Net cash used in financing activities		**(138.4)**		(168.6)
Net decrease in cash and cash equivalents and bank overdrafts in the year		**(22.2)**		(25.1)
Balance at beginning of the year		**32.0**		42.0
Overdraft reclassified as long term loan		-		16.4
Foreign exchange gains/(losses)		**1.5**		(1.3)
Cash and cash equivalents and bank overdrafts at end of the year		**11.3**		32.0

GROUP CASH FLOW STATEMENT (continued)

	Year ended 31 Dec 2010 €m	**Year ended 31 Dec 2010 €m**	Year ended 31 Dec 2009 (restated) €m	Year ended 31 Dec 2009 (restated) €m
Continuing Operations (continued)				
Cash and cash equivalents and bank overdrafts at end of the year		**11.3**		32.0
APN – Discontinued Operations*				
Cash generated from operations (before cash exceptional items) (note 9)	**173.3**		117.0	
Exceptional expenditure	**(9.8)**		(9.6)	
Cash generated from operations	**163.5**		107.4	
Income tax paid	**(11.0)**		(10.6)	
Cash generated by operating activities		**152.5**		96.8
Net cash (used in)/generated by investing activities		**(31.5)**		7.2
Net cash used in financing activities		**(94.8)**		(114.9)
Net increase/(decrease) in cash and cash equivalents and bank overdrafts in the year		**26.2**		(10.9)
Balance at beginning of the year		**20.6**		29.6
Foreign exchange gains		**1.8**		1.9
Deconsolidation of APN balance at end of the year		**(48.6)**		-
APN – discontinued cash and cash equivalents and bank overdrafts at end of the year		**-**		20.6
Total Operations				
Cash and cash equivalents and bank overdrafts at end of the year		**11.3**		**52.6**

* Discontinued operations represent the net cash flows of APN which, under accounting standards, are deemed to be a discontinued operation in 2010 even though INM's 31.6% shareholding in APN remains unchanged. From 2011 onwards, APN's cash flows will not be reported as part of INM's cash flows except INM's share of APN's dividends paid will be reported as part of dividends received within "Investing Activities". In 2010 as a result of the change in accounting treatment from subsidiary to associate at 31 December 2010, separate cash flows have been presented for "continuing" and "discontinued" operations. Dividends received from APN have been shown as part of the Group's continuing cash flows within "Investing Activities" and have been shown as an outflow under financing in APN - discontinued operations. APN is treated as an Associate at the end of 2010. See note 2 for further details.

NOTES TO THE FINANCIAL INFORMATION

1. Basis of Preparation of Financial Information under IFRS

Basis of Preparation and Going Concern
This financial information has been prepared on the going concern basis, which assumes that the Group will continue to be able to meet its liabilities as they fall due for the foreseeable future.

The Group's Senior Bank Debt Facilities are based upon a 4 ½ year maturity extending into 2014. The Board has reviewed the Group's forecasts and associated risks, for a period one year after the date of release of this financial information. The extent of this review reflects the still-uncertain economic outlook.

After making due enquiries, the Directors have a reasonable expectation that the Group and Company will be able to operate within the terms and conditions of the Group's financing facilities and will have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing this financial information.

Financial Information
The financial information in this announcement does not constitute the statutory accounts of the Company and the Group, a copy of which is required to be annexed to the Company's annual return to the Companies Registration Office in Ireland. A copy of the statutory accounts in respect of the year ended 31 December 2010 will be annexed to the Company's annual return for 2010. The annual report and accounts will be approved by the Board of Directors in due course. Accordingly, this financial information is unaudited. A copy of the statutory accounts required to be annexed to the Company's annual return in respect of the year ended 31 December 2009 has been annexed to the Company's annual return for 2009 to the Companies Registration Office.

The 2010 statutory accounts of the Company will be available on the Company's website *inmplc.com* as of 30 April 2011. Consistent with prior years, the full financial statements for the year ended 31 December 2010 and the audit report thereon will be completed and available to all shareholders at least 20 working days before the AGM.

General Information
In accordance with EU Regulations, the Group is required to present its annual consolidated financial statements for the year ended 31 December 2010 in accordance with EU adopted International Financial Reporting Standards ("IFRS") and IFRIC interpretations and with those parts of the Companies Acts, 1963 to 2009 applicable to companies reporting under IFRS. This financial information comprises the Group Balance Sheets as of 31 December 2010 and 31 December 2009 and related Group Income Statements, Cash Flow Statements, Statements of Comprehensive Income, Statements of Changes in Equity and related notes for the years then ended of Independent News & Media PLC. This financial information for the years ended 31 December 2010 and 31 December 2009 has been prepared in accordance with the Listing Rules of the Irish Stock Exchange.

The consolidated financial statements are prepared under the historical cost convention with certain financial instruments measured at fair value. Except as described below, the accounting policies and methods of computation and presentation adopted in the preparation of this financial information are consistent with those applied in the Annual Report for the year ended 31 December 2009 and are described in those financial statements on pages 54 to 64.

The following interpretations or amended standards are mandatory for the first time for the financial year beginning 1 January 2010, and are either not relevant to the Group or they do not have any significant impact on this financial information:

- IFRIC 14 (Amendment), Prepayments of a Minimum Funding Requirement;
- IFRIC 17, Distributions of Non-cash Assets to Owners;
- IFRIC 18, Transfers of Assets from Customers;
- IAS 39 (Amendment) Eligible Hedged Items;
- IFRS 1 (Revised) First-time Adoption of International Financial Reporting Standards;

NOTES TO THE FINANCIAL INFORMATION (continued)

1. Basis of Preparation of Financial Information under IFRS (continued)

General Information (continued)

- IFRIC 9 and IAS 39 (Amendment) Embedded Derivatives; and
- IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions.

The Group have early adopted the provisions of the amendment to IAS 1 (paras 106, 106A, 139F (as amended)). The Group has also adopted the "Improvements to IFRS", (effective for financial periods beginning on or after 1 January 2010). The IASB has issued the 'Improvements to IFRS' standard which amends a number of standards, basis of conclusions and guidance. The improvements include changes in presentation, recognition and measurement plus terminology and editorial changes. These amendments do not have a significant impact on this financial information.

2. Deconsolidation of APN

INM accounted for APN as a subsidiary undertaking up to 31 December 2010, on the basis that its representatives on the Board of APN constituted a majority of the APN Directors up to that date and therefore the Group had the ability to control APN in accordance with the provisions of IAS 27R Consolidated and Separate Financial Statements and was required to consolidate the results of APN up to 31 December 2010.

As at 31 December 2010, there were a number of changes to the board of directors of APN and as a result INM representatives on the Board of APN no longer comprised the majority on the APN Board. Therefore, under accounting rules (IAS 27R), at that date a 'triggering event' for loss of ability to control took place. As a result, from 31 December 2010, APN will no longer be consolidated in INM's Group financial statements and instead, given INM continues to have 'significant influence' over APN, INM will account for its 31.6% shareholding as an associate. In addition, APN's Net Debt is deconsolidated from INM's Net Debt and this, combined with INM's core Net Debt reducing by €100.2m in 2010, has significantly reduced INM's Net Debt to €473.6m as at 31 December 2010.

The changes to the APN Board had no impact on INM's shareholding in APN, which remained at 31.6%. INM will continue to earn dividend income on its 31.6% shareholding in APN. INM's economic exposure to Australasia and the diversification that it brings also remain unaffected.

From 2011 onwards, INM's share of APN's Net Profit will be reported in INM's Income Statement within 'Share of results of associates and joint ventures' (therefore, INM's profit for the year attributable to equity holders of the parent will remain the same as if APN had continued to be consolidated). INM's Cash Flow Statement for 2011 and beyond will not reflect any cash flows relating to APN other than any dividends received from APN.

INM's Balance Sheet at 31 December 2010 reflects the deconsolidation of the assets, liabilities and non-controlling interests of APN as illustrated below (as adjusted by consolidation adjustments required by INM's accounting policies under IFRS as adopted by the European Union).

Under accounting standards (IAS 27R), the change in accounting treatment from subsidiary undertaking to associate undertaking results in APN being deemed to be a "Discontinued Operation" in INM's financial statements for 2010, even though INM's shareholding remains unchanged and no disposal of shares has taken place. As a result, in INM's Income Statement and Cash Flow Statement for 2010, APN is reported as a Discontinued Operation, with the 2009 comparatives restated accordingly.

In order to provide a better understanding of the transition in accounting treatment of APN in INM's 2010 Income Statement, the following table has been produced showing INM's results (before exceptionals) for 2010, with APN reported as a consolidated subsidiary (as it would have been reported prior to the APN Board changes) and the transition to reporting APN as a Discontinued Operation for the year-ended 31 December 2010 (as required under accounting standards):

NOTES TO THE FINANCIAL INFORMATION (continued)

2. Deconsolidation of APN (continued)

	Non IFRS			
	INM with APN Consolidated (pre-exceptionals) 2010 €m	APN Reclassified as Discontinued (pre-exceptionals) 2010 €m	Exceptionals 2010 €m	INM as Reported 2010 €m
Revenue	**1,338.5**	**(712.1)**	**-**	**626.4**
Operating profit	**221.8**	**(139.2)**	**(32.7)**	**49.9**
Share of results of associates and joint ventures	5.0	(2.1)	-	2.9
Finance income	1.8	(0.4)	-	1.4
Finance costs	(84.5)	34.9	-	(49.6)
Profit before taxation	**144.1**	**(106.8)**	**(32.7)**	**4.6**
Taxation	(29.5)	20.9	8.8	0.2
Profit after tax	**114.6**	**(85.9)**	**(23.9)**	**4.8**
Non-controlling interests	(62.9)	63.3	-	0.4
Discontinued operations profit (net of non-controlling interests)*	-	22.6	(1.7)	20.9
Fair value gain on deconsolidation of APN **	-	-	27.5	27.5
Net Profit	**51.7**	**-**	**1.9**	**53.6**

* €22.6m represents INM's 31.6% share of APN's Net Profit After Tax and Non-Controlling Interests (pre-exceptionals) and the €1.7m represents INM's 31.6% share of APN's Exceptional Items, net of Tax and Non-Controlling Interests.

** When APN ceased to be a subsidiary and became an associate the Group was required under IFRS to fair value its stake in APN. As a result, a fair value gain of €27.5m arose, which is the difference between the carrying value of APN and the fair value of APN at the date APN ceased to be a subsidiary.

NOTES TO THE FINANCIAL INFORMATION (continued)

2. Deconsolidation of APN (continued)

As explained above, the carrying amounts of the assets, liabilities and non-controlling interest relating to APN were derecognised on INM's 31 December 2010 Balance Sheet. The impact of this deconsolidation of APN on the individual line items on the Balance Sheet at 31 December 2010 can be summarised as follows:

		Non IFRS		
Assets	INM with APN Consolidated 31 Dec 09 €m	**INM with APN Consolidated 31 Dec 10 €m**	**Deconsolidation of APN 31 Dec 10 €m**	**INM as Reported 31 Dec 10 €m**
Non-Current Assets				
Intangible assets	1,408.9	**1,624.8**	**(1,347.6)**	**277.2**
Property, plant and equipment	339.0	**344.3**	**(202.0)**	**142.3**
Investments in associates and joint ventures*	48.1	**34.6**	**252.3**	**286.9**
Deferred tax assets	21.2	**27.6**	**1.2**	**28.8**
Available-for-sale financial assets	22.4	**31.9**	**(20.0)**	**11.9**
Derivative financial instruments	-	**0.6**	**(0.6)**	**-**
Trade and other receivables	11.5	**6.8**	**(4.9)**	**1.9**
	1,851.1	**2,070.6**	**(1,321.6)**	**749.0**
Current Assets				
Inventories	15.8	**15.5**	**(9.5)**	**6.0**
Trade and other receivables	193.5	**215.7**	**(145.5)**	**70.2**
Current income tax assets	0.5	**-**	**-**	**-**
Derivative financial instruments	0.6	**0.6**	**(0.2)**	**0.4**
Cash and cash equivalents	54.8	**64.2**	**(48.6)**	**15.6**
	265.2	**296.0**	**(203.8)**	**92.2**
Non-current assets classified as held for sale	12.6	**-**	**-**	**-**
Total Assets	2,128.9	**2,366.6**	**(1,525.4)**	**841.2**
Liabilities				
Current Liabilities				
Trade and other payables	169.9	**183.8**	**(80.3)**	**103.5**
Current income tax liabilities	17.9	**7.9**	**(4.3)**	**3.6**
Borrowings	29.0	**51.4**	**(19.7)**	**31.7**
Derivative financial instruments	0.5	**3.9**	**(0.4)**	**3.5**
Provisions for other liabilities and charges	28.7	**32.1**	**(16.9)**	**15.2**
	246.0	**279.1**	**(121.6)**	**157.5**
Liabilities directly associated with non-current assets classified as held for sale	14.0	**-**	**-**	**-**
Non-Current Liabilities				
Borrowings	1,069.8	**988.8**	**(531.3)**	**457.5**
Retirement benefit obligations	128.2	**130.9**	**1.1**	**132.0**
Deferred taxation liabilities	114.8	**118.9**	**(95.6)**	**23.3**
Other payables	4.5	**4.0**	**(2.0)**	**2.0**
Derivative financial instruments	-	**3.0**	**(1.9)**	**1.1**
Provisions for other liabilities and charges	6.2	**20.9**	**(5.2)**	**15.7**
	1,323.5	**1,266.5**	**(634.9)**	**631.6**
Total Liabilities	1,583.5	**1,545.6**	**(756.5)**	**789.1**
Net Assets	545.4	**821.0**	**(768.9)**	**52.1**
Equity				
Capital and Reserves Attributable to Company's Equity Holders				
Share capital	396.6	**194.6**	**-**	**194.6**
Other reserves	398.1	**733.3**	**(48.1)**	**685.2**
Retained losses	(849.5)	**(853.1)**	**27.5**	**(825.6)**
	(54.8)	**74.8**	**(20.6)**	**54.2**
Amounts recognised in other comprehensive income and accumulated in equity related to non-current assets held for sale	9.6	**-**	**-**	**-**
	(45.2)	**74.8**	**(20.6)**	**54.2**
Non-controlling interests	590.6	**746.2**	**(748.3)**	**(2.1)**
Total Equity	545.4	**821.0**	**(768.9)**	**52.1**

* The assets and liabilities of APN were derecognised at 31 December 2010 and the Group's continued shareholding in APN is recognised at fair value (€283.7m) and included in "Investments in Associates and Joint Ventures".

NOTES TO THE FINANCIAL INFORMATION (continued)

3. Risks and Uncertainties

The principal risks and uncertainties facing the Group were detailed in the Directors' Report in the 2009 Annual Report and these continue to be those most likely to influence the performance of the Group. The most important factors remain those that relate to the general economic outlook of the markets within which the Group operates.

4. Segmental Reporting

Segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ('CODM'). The CODM has been identified as the Board of Directors. The reportable segments based on the internal reporting information provided are listed in the table below. The key performance measure that is reviewed for these segments is operating profit/(loss) before exceptional items. Exceptional items are reviewed at a level higher than these operating segments and appear as a reconciling item from the key performance measure reviewed by the CODM to the IFRS result. Finance income and expense, share of result of associates and joint ventures and taxation are reviewed and considered by the CODM at a Group level only.

The Group continues to report its revenues and operating profit before exceptional items by geographical areas with a further analysis of the geographical areas by class of business also provided. In 2010 the Group's subsidiaries operated in four geographical areas: Island of Ireland; United Kingdom (disposed on 30 April 2010); South Africa; and Australasia. The components of the Group that are considered by the CODM, whose operating results are regularly reviewed by the Board of Directors to make decisions about the allocation of resources, and in performance assessment, are contained in the table below.

The Group's Northern Ireland operations were previously reported to the Board of Directors as part of the United Kingdom component. However, with effect from 1 January 2010, the Group's operations in the Republic of Ireland and Northern Ireland are reported to and considered by the Board of Directors as a single component as part of a combined Island of Ireland strategy. Thus the results of the Group's Northern Ireland and Republic of Ireland operations are reported as part of the Group's Island of Ireland operations, and therefore form a reportable segment. Comparatives for 2009 have been restated on a consistent basis.

NOTES TO THE FINANCIAL INFORMATION (continued)

4. Segmental Reporting (continued)

The segment information presented includes the results of the Australasia segment (which relates to APN) as this is consistent with the way information was presented during 2010 to the CODM.

	Revenue (3rd Party)		Operating Profit/(Loss) (Before Exceptional Items)	
	2010	2009 (restated)	**2010**	2009 (restated)
	€m	€m	**€m**	€m
Island of Ireland – Publishing	**394.5**	406.8	**55.5**	56.3
Island of Ireland – Non-Publishing*	**4.6**	7.3	**(1.6)**	(3.1)
Island of Ireland – Total	**399.1**	414.1	**53.9**	53.2
United Kingdom – Publishing	**21.1**	66.1	**(5.3)**	(15.8)
South Africa – Publishing	**206.2**	171.6	**43.5**	33.7
South Africa – Outdoor	**-**	37.9	**-**	14.1
South Africa – Total	**206.2**	209.5	**43.5**	47.8
Common/Unallocated	**-**	-	**(9.5)**	(9.7)
Total – continuing operations	**626.4**	689.7	**82.6**	75.5
Australasia – New Zealand Publishing	**223.9**	183.1	**48.8**	36.2
Australasia – Australian Publishing	**194.3**	149.1	**41.6**	33.6
Australasia – Radio	**140.0**	111.2	**38.6**	32.0
Australasia – Outdoor	**153.9**	122.8	**17.4**	7.3
Australasia – Unallocated	**-**	-	**(7.2)**	(7.4)
Australasia – Total	**712.1**	566.2	**139.2**	101.7
Total (including APN)	**1,338.5**	1,255.9	**221.8**	177.2

	2010			2009 (restated)		
	Continuing	**APN**	**Total**	Continuing	APN	Total
	€m	**€m**	**€m**	€m	€m	€m
Operating profit before exceptional items	**82.6**	**139.2**	**221.8**	75.5	101.7	177.2
Exceptional items	**(32.7)**	**19.7**	**(13.0)**	(143.6)	(2.2)	(145.8)
Operating profit/(loss) after exceptional items	**49.9**	**158.9**	**208.8**	(68.1)	99.5	31.4
Share of results of associates and joint ventures	**2.9**	**2.1**	**5.0**	7.7	1.8	9.5
Net finance costs	**(48.2)**	**(34.5)**	**(82.7)**	(43.9)	(28.4)	(72.3)
Profit/(loss) before taxation	**4.6**	**126.5**	**131.1**	(104.3)	72.9	(31.4)
Taxation credit/(charge)	**0.2**	**(19.4)**	**(19.2)**	(1.9)	(7.8)	(9.7)
Profit/(Loss) for the year	**4.8**	**107.1**	**111.9**	(106.2)	65.1	(41.1)

The taxation charge for the year comprises a charge of €0.5m (2009: €1.2m) in respect of Irish taxation and a charge of €18.7m (2009: €8.5m) in respect of overseas taxation.

* Island of Ireland – Non-Publishing contains the activities of the Irish Group’s directory and education businesses.

NOTES TO THE FINANCIAL INFORMATION (continued)

5. 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.

		2010	2009 (restated)
		€m	€m
Included in profit/(loss) before taxation are the following:			
Impairment of assets and gains/(losses) on sale of assets, net of transaction costs	(i)	**(21.3)**	(95.6)
Restructuring charges	(ii)	**(11.4)**	(21.4)
Online and education start-up and other development costs	(iii)	-	(0.5)
Costs associated with financing arrangements	(iv)	-	(26.1)
		(32.7)	(143.6)
Net exceptional tax credit		**8.8**	9.6
APN – discontinued operations* exceptional items (net of tax)	(v)	**21.2**	0.9
Non-controlling interest share of exceptional items (net of tax)		**4.6**	(0.5)
Exceptional items net of taxation and non-controlling interests		**1.9**	(133.6)

* Discontinued operations represent the exceptional items (net of tax) of APN which, under accounting standards, are deemed to be a discontinued operation in 2010 even though INM's shareholding in APN remains unchanged. From 2011 onwards, INM's share of APN's exceptionals will be reported as part of "Share of results of associates and joint ventures". See note 2 for further details.

(i) Primarily relates to the following:

(a) a €45.4m gain which arose on the disposal of the Group's 13.5% stake in Jagran Prakashan Limited (India);
(b) a €14.8m net loss on the Group's disposal of the *The Independent* and the *Independent on Sunday* in the United Kingdom. This net loss includes a credit of €6.7m arising on amounts recycled from the foreign currency translation reserve on disposal;
(c) €9.8m due to a non-cash impairment/accelerated depreciation charge, on reassessment of the useful economic life on certain property, plant and equipment;
(d) €41.2m due to non-cash impairment charges on intangible assets in the Island of Ireland;
(e) €2.1m impairment charge on loans to associates and joint ventures;
(f) €1.0m fair value gain on the transfer of the Group's investment in PT Mahaka Media Tbk. from associates and joint ventures to available-for-sale financial assets on the dilution of the Group's shareholding; and
(g) a net gain of €0.2m arising on other items.

(2009: This relates to non-cash impairment charges of €92.3m, net losses on disposal of businesses of €2.7m, and other costs of €0.6m. The non-cash impairment charges of €92.3m in 2009 were in respect of the Group's operations in Island of Ireland and the United Kingdom and arose on intangible assets (€75.2m), investments in associates and joint ventures (€2.1m), loans to associates and joint ventures (€11.2m), property, plant and equipment (€3.3m) and available-for-sale financial assets (€0.5m).)

(ii) Relates to restructuring charges arising in Island of Ireland (€6.3m), United Kingdom (€2.8m), South Africa (€3.5m) and a charge on the cancellation of share options previously granted to certain employees across the Group (€2.1m). It also includes a credit of €14.5m arising on the Group's retirement benefit obligations, €5.8m of which relates to a negative past service cost that arose due to a permanent reduction in retirement benefits being provided to executive Directors and certain senior executives, with the remaining €8.7m relating to curtailment gains arising on the Group's retirement benefit obligations. The total restructuring charge also includes onerous contracts of €11.2m arising across the Group.

5. Exceptional Items (continued)

(2009: Relates to the restructuring of operations in Island of Ireland (€7.3m), the United Kingdom (€4.2m) and South Africa (€1.7m) and also includes €2.4m in relation to the retirement of the former Group CEO. The total restructuring charge also includes onerous contracts of €5.8m arising across the Group.)

(iii) 2009 relates to start-up and other development costs in respect of online in Island of Ireland.

(iv) 2009 relates to costs incurred throughout the period of the Group's re-negotiation of its financing arrangements.

(v) Net gain of €21.2m comprises a fair value gain of €27.5m arising on the deconsolidation of APN and also includes €6.3m of exceptional items arising in APN of which €1.9m relates to gains on the sale of property, plant and equipment and the reversal of a prior year impairment charge and €8.2m relates to restructuring costs incurred within APN.

(2009: Net gain of €0.9m arising in APN, includes €6.5m relating to gains on the sale of property, plant and equipment and the reversal of a prior year impairment charge and €5.6m which mainly relates to restructuring costs incurred within APN.)

6. Net Finance Costs

	2010	2009 (restated)
	€m	€m
Finance income	**(1.4)**	(1.8)
Finance costs	**49.6**	45.7
Net finance costs	**48.2**	43.9

7. Earnings/(Loss) Per Share

	2010	2009 (restated)
	€m	€m
Profit/(Loss) attributable to the equity holders of the parent	**53.6**	(87.8)
Continuing operations (excluding APN):		
- Exceptional items (note 5)	**32.7**	143.6
- Net exceptional tax credit	**(8.8)**	(9.6)
APN *		
- Exceptional items (net of tax)	**(21.2)**	(0.9)
- Non-controlling interests share of exceptional items (net of tax)	**(4.6)**	0.5
Profit before exceptional items	**51.7**	45.8
Profit/(Loss) attributable to the equity holders of the parent:		
Continuing operations (excluding APN)	**5.2**	(106.1)
APN *	**48.4**	18.3
	53.6	(87.8)
Profit before exceptional items:		
Continuing operations (excluding APN)	**29.1**	27.9
APN *	**22.6**	17.9
	51.7	45.8

NOTES TO THE FINANCIAL INFORMATION (continued)

7. Earnings/(Loss) Per Share (continued)

	2010 €m	2009 (restated) €m
Weighted average number of shares outstanding during the year (excluding treasury shares) **	**507,211,112**	220,409,432
Effect of:		
Conversion of options	**-**	-
Diluted number of shares **	**507,211,112**	220,409,432
Basic/Diluted earnings/(loss) per share		
Continuing operations (excluding APN)	**1.0c**	(48.1c)
APN *	**9.6c**	8.3c
Total	**10.6c**	(39.8c)
Basic/Diluted earnings per share before exceptional items		
Continuing operations (excluding APN)	**5.7c**	12.7c
APN *	**4.5c**	8.1c
Total	**10.2c**	20.8c

* The results of APN, under accounting standards, are required to be shown separately as they are deemed to be a discontinued operation in 2010 even though INM's shareholding in APN remains unchanged. From 2011 onwards, INM's share of APN's results will be reported as part of "Share of results of associates and joint ventures". See note 2 for further details.

** The average number of shares outstanding for 2009 has been adjusted to reflect the bonus element of the Rights Issue which took place in December 2009. The average number of shares outstanding for both 2010 and 2009 has been adjusted to reflect the share consolidation (on a one-for-seven basis) which took place in June 2010.

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

For diluted earnings per share, the weighted average number of ordinary shares outstanding is adjusted to assume conversion of all potential dilutive options over ordinary shares once the adjustment does not reduce a loss per share.

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

8. Share Capital and Dividends

The movements in the number of issued and fully paid ordinary shares were as follows:

	2010	2009
At the beginning of the year	**3,538,279,562**	878,775,439
Share consolidation 1 for 7	**(3,032,811,053)**	-
Share placement	**50,546,850**	-
Issue of shares to bondholders	**-**	723,200,000
Rights issue of shares (incl. underwriting shares)	**-**	1,936,304,123
At the end of the year	**556,015,359**	3,538,279,562
Treasury shares (no voting rights)	**(5,597,077)**	(39,179,536)
At the end of the year (net of treasury shares)	**550,418,282**	3,499,100,026

8. Share Capital and Dividends (continued)

At the Company's AGM on 2 June 2010, resolutions were passed consolidating the authorised and issued share capital of the Company on a one-for-seven basis and cancelling 878,775,439 Deferred Shares of €0.25 each. These Deferred Shares had no voting rights and they did not entitle the holder to receive any dividends or distributions. Following these changes the authorised share capital of the Company is 658,017,542 Ordinary Shares of €0.35 each and the issued share capital of the Company as at 31 December 2010 is 556,015,359 Ordinary Shares of €0.35 each.

In November 2010 the Company raised gross proceeds of €29.3m by way of a placing of 50,546,850 new ordinary shares. The Company used the proceeds of the placing to repay approximately €29.3m of the principal of Bank Facility C outstanding. Facility C is a €36m PIK Note, which bears interest at a rate of 25 per cent per annum, and arose as part of the Group's refinancing in December 2009. Subsequent to the year end, in March 2011, the Company redeemed the outstanding balance of Bank Facility C (€6.7m).

As part of the Company's refinancing in 2009, 723,200,000 new shares were issued on 11 November 2009 to the Group's Bondholders and the Company completed a Rights Issue, where it issued 1,844,099,165 new shares on 15 December 2009. The underwriters of this Rights Issue received an additional 92,204,958 shares in the Company for underwriting the Rights Issue.

No dividends were paid during the year and no final dividend will be paid in respect of the year ended 31 December 2010.

9. Reconciliation of Operating Profit before Exceptional Items to Cash Generated by Operating Activities

	31 Dec 2010	**31 Dec 2010**	31 Dec 2009 (restated)	31 Dec 2009 (restated)
	€m	**€m**	€m	€m
Continuing Operations				
Operating profit before exceptional items	**82.6**		75.5	
Depreciation/amortisation	**12.6**		15.2	
Non-cash share option charge	**0.7**		1.7	
Earnings Before Interest, Tax, Depreciation and Amortisation	**95.9**		92.4	
Decrease/(increase) in inventories	**2.4**		(2.0)	
Decrease in short term and medium term receivables	**13.4**		14.6	
Decrease in short term and long term payables	**(25.9)**		(30.5)	
Decrease in provisions	**(4.3)**		(1.4)	
Retirement benefit obligations	**(2.1)**		(6.2)	
Cash generated from operations (before cash exceptional items)		**79.4**		66.9
Exceptional expenditure		**(22.5)**		(47.4)
Cash generated from operations		**56.9**		19.5
Income tax paid		**(23.2)**		(18.0)
Cash generated by operating activities		**33.7**		1.5

Within the Cash Flow Statement, proceeds from issuance of ordinary shares is net of costs of issuance of €1.0m (2009: €2.3m).

9. Reconciliation of Operating Profit before Exceptional Items to Cash Generated by Operating Activities (continued)

	31 Dec 2010	**31 Dec 2010**	31 Dec 2009 (restated)	31 Dec 2009 (restated)
	€m	**€m**	€m	€m
APN – Discontinued Operations				
Operating profit before exceptional items	**139.2**		101.7	
Depreciation/amortisation	**26.8**		22.9	
Earnings Before Interest, Tax, Depreciation and Amortisation	**166.0**		124.6	
Decrease in inventories	**0.8**		2.9	
Decrease in short term and medium term receivables	**9.0**		8.9	
Decrease in short term and long term payables	**(1.9)**		(13.4)	
Decrease in provisions	**(0.3)**		(5.9)	
Retirement benefit obligations	**(0.3)**		(0.1)	
Cash generated from operations (before cash exceptional items)		**173.3**		117.0
Exceptional expenditure		**(9.8)**		(9.6)
Cash generated from operations		**163.5**		107.4
Income tax paid		**(11.0)**		(10.6)
Cash generated by operating activities		**152.5**		96.8

10. Other Items

(a) Retirement Benefits

The retirement benefit obligations as at 31 December 2010 in the Balance Sheet have increased by €3.8m to €132.0m. This movement in the deficit is mainly driven by:

- an actuarial loss of €10.5m as disclosed in the Group Statement of Comprehensive Income;
- a credit of €14.5m arising on the Group's retirement benefit obligations, €5.8m of which relates to a negative past service cost that arose due to a permanent reduction in retirement benefits being provided to executive Directors and certain senior executives, with the remaining €8.7m relating to curtailment gains arising on the Group's retirement benefit obligations;
- a negative foreign exchange movement of €6.7m; and
- other negative movements of €1.1m.

Principal actuarial assumptions used for the defined benefit pension schemes are as follows:

	2010	2009
Discount rate on scheme liabilities	**5.5%**	6.0%
Expected return on plan assets	**6.4%**	6.7%
Future salary increases	**2.2%**	3.6%

NOTES TO THE FINANCIAL INFORMATION (continued)

10. Other Items (continued)

(b) Currency Translation Adjustments

A positive currency translation adjustment of €189.6m has been booked in the Group Statement of Comprehensive Income for the year ended 31 December 2010. This has arisen due to the strengthening of the South African Rand, Australian Dollar and Sterling Pound exchange rates at 31 December 2010 compared to the rates at 31 December 2009 used in the translation of the balance sheets of subsidiaries with a functional currency different to that of the Parent Company.

(c) Tax Effect on Items in Statement of Comprehensive Income

	31 Dec 2010 €m	31 Dec 2009 €m
Retirement benefit obligations	**0.5**	(2.6)
Losses/gains relating to cash flow hedges/available-for sale financial assets	**0.1**	(1.2)
Total tax effect	**0.6**	(3.8)

(d) Transactions within the Group Statement of Changes in Equity

2010

The €14.7m issue of equity to non-controlling interests reflects the issue of shares by APN to the non-controlling interests in lieu of dividend payments.

2009

The Group's shareholding in APN decreased from 39.1% to 32.2% during the 12 months ended 31 December 2009, as a result of the Group's non participation in APN's 1 for 5 accelerated non-renounceable pro-rata entitlement offer, announced in May 2009, and completed in June 2009.

Prior to the non-renounceable entitlement offer, and dividend reinvestment plan by APN, the Group held 39.1% of the shares in APN. The number of shares held by the Group did not change as a result of the share issue by APN in June 2009, but the Group's shareholding was diluted from 39.1% to 32.2%. The percentage of shares, held by the 'non-controlling interest' in APN, therefore increased from 60.9% to 67.8%.

The deemed loss of €31.9m (including currency translation adjustments), included within equity in accordance with the provisions of IAS 27R is the difference between the carrying value of the Group's share of net assets in APN, prior to the dilution (i.e. at 39.1%), and the assessment of the Group's share of net assets in APN after the dilution (i.e. at 32.2%) having adjusted for the proceeds of the issue of non-controlling interests.

NOTES TO THE FINANCIAL INFORMATION (continued)

11. Borrowings

Group	**2010 Loans & Overdrafts €m**	**2010 Finance Lease Liabilities €m**	**2010 Total €m**	2009 Loans & Overdrafts €m	2009 Finance Lease Liabilities €m	2009 Total €m
Repayable as follows:						
Between one and two years	**37.6**	**-**	**37.6**	252.6	2.4	255.0
Between two and five years	**419.6**	**-**	**419.6**	783.6	30.0	813.6
More than five years	**0.3**	**-**	**0.3**	1.2	-	1.2
Total due after one year	**457.5**	**-**	**457.5**	1,037.4	32.4	1,069.8
Due within one year or on demand	**30.7**	**1.0**	**31.7**	26.7	2.3	29.0
Total borrowings	**488.2**	**1.0**	**489.2**	1,064.1	34.7	1,098.8
Split of total borrowings between:						
- Secured	**488.2**	**1.0**	**489.2**	606.3	34.7	641.0
- Unsecured	**-**	**-**	**-**	457.8	-	457.8
Total borrowings	**488.2**	**1.0**	**489.2**	1,064.1	34.7	1,098.8
Cash and cash equivalents			**(15.6)**			(54.8)
Net debt			**473.6**			1,044.0

The 2009 net debt figure of €1,044.0m included net debt of €470.2m relating to APN. APN's net debt of €502.4m at 31 December 2010 has not been included in INM's net debt at 31 December 2010, as APN has been deconsolidated from that date.

Included in Loans and Overdrafts is €487.1m drawn under the 2009 multicurrency term and revolving bank facilities* repayable up to May 2014.

* Certain material subsidiaries in the Group, as defined in the Senior Bank Debt Facilities, have granted fixed and floating charges over certain Group assets in connection with the above facilities. An Intercreditor Agreement also exists in relation to these facilities. This agreement provides that, in a liquidation situation, all intergroup debt within those companies which have signed up to the agreement is subordinated to the Senior Bank Debt Facilities until such time as this debt has been discharged in full. All subsidiaries with material intergroup debt within the Group have signed up to this Intercreditor Agreement, with the exception of any Group company incorporated in South Africa.

12. Intangible Assets

Impairment Reviews

The Group's indefinite life intangible assets (including goodwill) are tested annually for impairment or whenever there is an indication of impairment. As at 31 December 2010, certain intangible assets were tested for impairment, and as a result, an impairment charge of €41.2m (note 5) arose on certain intangible assets in the Island of Ireland. When testing for impairment, the recoverable amounts for the Group's cash-generating units (CGUs) are measured at their value in use by discounting future expected cash flows. These calculations use cash flow projections based on management approved forecasts which reflect management's current experience and future expectations of the markets in which the CGU operates.

Supplementary Non-IFRS Information

The 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 Balance Sheet in accordance with IFRS 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 Balance Sheet.

While impairment charges have been recorded during the current and prior periods on certain of the Group's intangible assets, the Directors are of the view that the Group has many other intangible assets which have substantial value that is not reflected on the Group's Balance Sheet. This is because these intangible assets are

12. Intangible Assets (continued)

Supplementary Non-IFRS Information (continued)

carried in the Group's Balance Sheet at a nil value or a value which is much less than their recoverable amount. The Directors are of the view that if these intangible assets were allowed to be carried on the Group's Balance Sheet then the Group's intangible assets would be greater than currently reported.

13. JPL (India) and *The Independent* and the *Independent on Sunday*

Jagran Prakashan Limited (India)

During 2010, the Group received disposal proceeds of €74.2m from the disposal of its remaining 13.5% interest in Jagran Prakashan Limited (India).

The Independent and the *Independent on Sunday*

On 30 April 2010, INM completed the disposal of *The Independent* and the *Independent on Sunday* to Independent Print Limited ("IPL"), a company controlled by the family of Mr. Alexander Lebedev. IPL acquired all rights to *The Independent*, the *Independent on Sunday* and the related website, *independent.co.uk* (the "Titles"). The consideration payable by IPL was Stg£1. As part of the transaction, INM agreed to pay IPL Stg£9.25m over the ten months post completion for use within the Titles, in exchange for IPL assuming all future trading liabilities and obligations. The Titles will continue to be printed by Trinity Mirror under a new five year contract agreed between IPL and Trinity Mirror and INM will continue to print certain Trinity Mirror publications in INM's Northern Ireland production facilities under an adjusted print contract. The total net loss to the Group arising on the disposal of these titles was €14.8m. The net loss includes a credit of €6.7m arising on amounts recycled from the foreign currency translation reserve on disposal (see note 5).