



## Independent News & Media PLC

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### **2007 FIRST HALF PRE-CLOSE TRADING UPDATE**

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

*Dublin/ London -29<sup>th</sup> June 2007:* Independent News & Media PLC [‘INM’ or the ‘Group’], the leading international media and communications group, today issued its regular trading update in respect of the 6 month period ending 30<sup>th</sup> June 2007, ahead of its close period.

This update is intended to provide all market participants with an overview of the Group’s financial and operating performance for the first half of 2007. INM’s 2007 first half interim results are scheduled for release on 18<sup>th</sup> September 2007.

#### **SUMMARY HIGHLIGHTS | H1 2007 \***

- Group revenue expected to be ahead year-on-year by approx. 3%.
  - Group circulation revenues forecast to be up by approx. 2%.
  - Group advertising revenues forecast to be up by approx. 5%.
- Operating costs continue to be well managed globally – despite newsprint cost increases – reflecting the flow through benefits of new editorial system work flows and prior year cost reductions.
- Recent acquisitions and investments (Verivox, Truphone, WNS, Propertynews.com, and Cashcade) performing to, or ahead of, plan.
- Indian associate, Jagran Prakashan Limited [‘JPL’], continues to thrive and today announced record after tax profits up 140.45% for the 12 months to 31<sup>st</sup> March 2007.

*\* in constant currency terms*

#### **REVENUES | H1 2007**

The Group continues to enjoy revenue growth across its geographically-balanced operations (Australia, Ireland, New Zealand, South Africa and the United Kingdom) during the first half of 2007. The Group has seen good underlying growth in advertising and circulation revenues and expects to report total revenue growth for the 6 months to 30<sup>th</sup> June 2007 of approximately 3% in constant currency terms. This solid performance reflects the continued strength of the Group’s market-leading positions in diverse and growing economies, against strong comparisons in the first half of 2006.

- **Advertising – Publishing**  
The Group's advertising revenues continue to show growth across the major advertising categories of ROP, colour display, retail, property and recruitment. Newspaper advertising revenues for H1 2007 are expected to show underlying growth of approximately 6% in constant currency terms, despite strong comparators for the same period of 2006. This reflects good performances across all regions.
- **Advertising – Online**  
Online revenues continue to show very strong (>30%) growth in H1 2007, particularly across the main classified pillars (loadzajobs.co.uk/.ie, propertynews.com, search4.co.nz) and online display, which has benefited from the progressive re-design and additional advertising inventory on the Group's leading portal sites. The Group continues to actively expand its varied online offerings across classifieds, education and services (e.g. price comparators and mobile communications/ solutions).
- **Circulation**  
The Group's circulation revenues for H1 2007 are expected to be up by approximately 2% in constant currency terms, based on a combination of good volumes and select price increases for many of the Group's market-leading titles. In addition, the Group's most recently launched titles - *Isolezwe* and *Daily Voice* in South Africa and the *Herald on Sunday* in New Zealand - continue their successful expansion. The Group's free commuter daily title, *herald am*, continues to outperform its competitor in the Dublin market.
- **Radio and Outdoor**  
Both the Radio (Australia and New Zealand) and Outdoor Advertising (Africa, Australia, Hong Kong, India, Indonesia, Malaysia, and New Zealand) divisions continued to trade well, with advertising revenues expected to be ahead of last year in constant currency terms. Outdoor profitability is expected to be up strongly against the prior comparative period. This reflects the cessation of a number of uneconomic contracts, the successful retention of key contracts and good gains in new business contracts.

## **OPERATING COSTS | H1 2007**

In H1 2007, the Group continued to make significant progress towards its stated goal of being the industry low cost operator, despite newsprint price increases of c. 5%. The Group's installation of a common Atex editorial system across all operating centres is delivering significant efficiencies in page planning, make up and real-time editorial sharing across the Group's network of titles, with particular reference to utilization of material worldwide from *The Independent* in London. Moreover, the benefits of strong cost control and effective ongoing headcount restructurings will further enhance the Group's operating margin in 2007.

## **GROUP DEVELOPMENTS | H1 2007**

- Earlier today, INM's 20.8%-owned Indian associate, JPL (publisher of India's largest read newspaper, *Dainik Jagran*) announced its full-year results (for the year-ended 31<sup>st</sup> March 2007), with profit after tax up 140.45% on the back of very strong increases in both advertising and circulations.

- On 25<sup>th</sup> May, APN News & Media Limited (“APN”), in which INM holds a 38.5% shareholding, confirmed that the previously announced Scheme to acquire the entire issued share capital of APN would not proceed. INM continues to review opportunities in Australasian media, with the objective of maximising value for INM shareholders.
- During H1 2007, *Radio Mantra*, a new Hindi-language radio network (currently comprising seven FM stations) was launched in the very fast-growing radio sector in Northern India, in conjunction with the Gupta family (the major shareholders in JPL). INM owns 20% of this radio investment (the maximum currently allowable for foreign investors).
- During H1 2007, the Group has made significant progress in identifying new revenue streams across each of its operations in the areas of online and education, and further announcements are expected in H2 2007.

## **CAPITAL MANAGEMENT**

In light of the Group’s strong Balance Sheet position, strong financial ratios, and as part of the Group’s efficient capital management policy, the Group purchased 13,582,299 of its own shares during the first half – representing a net 1.78% of the entire issued share capital. This on-going strategy will enable the Group to proactively manage the dilutive impact on all INM shareholders, which will arise on the maturity of the New Zealand Cumulative Exchangeable Preference Shares, if as expected, they convert into INM shares (c. 56 million) in late November 2007.

## **OUTLOOK**

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

*"INM's global spread of assets across publishing and online, radio and outdoor advertising continue to enjoy solid revenue growth in some of the world's fastest growing economies.*

*As I stated at the AGM on June 13th, your Group's proven strategy of harnessing new technology to positively re-engineer workflows and sponsor new innovations and products – coupled with sensible pricing strategies – gives us confidence in our ability to deliver another year of superior earnings growth."*

**-- Ends --**

### **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.

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**CORPORATE PROFILE**

Independent News & Media PLC ['INM'] is a leading international newspaper and communications group, with its main interests in Australia, India, Ireland, New Zealand, South Africa and the United Kingdom. Spanning four continents, 10 major markets and 21 individual countries, INM has market-leading newspaper positions in Australia (regional), India, Ireland, New Zealand and South Africa. In the United Kingdom, it publishes the flagship national title, *The Independent*, as well as being the largest newspaper group in Northern Ireland.

Across these regions, the Group publishes over 180 newspaper and magazine titles, delivering a combined weekly circulation of over 31 million copies with a weekly audience of over 100 million consumers and includes the world's largest read newspaper, *Dainik Jagran*, in India. The Group has established a strong and growing online presence, with over 100 editorial and classified sites.

INM is the largest radio operator – over 130 stations and an audience exceeding five million people – and outdoor advertising operator in Australasia and also has leading outdoor advertising positions in Hong Kong, Malaysia, India, Indonesia and across Africa.

The Group has grown consistently over the last 15 years by building a geographically unique and diverse portfolio of market leading brands, and today manages gross assets of €3.9 billion, revenue of €1.8 billion and employs approximately 9,800 people worldwide.

Further information is available on the Group's website [www.inmplc.com](http://www.inmplc.com).