PROFIT BEFORE TAX GROWTH OF 22.5% TO €18.5M, GROUP REVENUE GROWTH OF 2.7%

Dublin and London 26 August 2016: Independent News & Media PLC (INM ID, INM LN) today announces its half year results for the 6 months ended 30 June 2016.

KEY HIGHLIGHTS[1]

(€m except where stated)	H1 2016	H1 2015	Change
Total revenue	161.6	157.3	**+2.7%**
Profit before tax[2]	18.5	15.1	**+22.5%**
Operating Margin[2]	10.9%	10.4%	**+50 bps**
Basic & Diluted EPS[2]	1.2c	1.0c	**+0.2c**
Cash and Cash Equivalents	62.4	35.4	**+27.0**
Net Assets	37.3	27.6	**+9.7**

- **Profit before tax[2] growth of €3.4m to €18.5m**
  Profit before tax[2] growth has been achieved by strong digital advertising revenue growth of 23.4%, a year on year reduction in net interest costs[2] of €2.2m and a significant decrease in operating costs. EBIT[2] growth of 3.1% excluding GrabOne (+7.3% including GrabOne) reflects the operating performance of the Group.

- **Total revenue increase of 2.7%**
  Total revenue of €161.6m was up 2.7% on the prior year. This was driven by a growth in digital advertising revenue (+23.4%) and increased revenue from distribution, offsetting a continued decline in publishing advertising revenue, circulation revenue and commercial printing due to the closure of the printing operation in Belfast.

- **Significant decrease in operating costs**
  A reduction in pre-distribution operating expenses was due to the closure of the printing operation in Belfast, the integration of the print and digital newsrooms, the wind down of GrabOne and operational savings from lower volumes. Operating Margin[2] increased to 10.9%.

- **Balance sheet strength maintained**
  Net assets currently stand at €37.3m, versus net assets of €27.6m as at 30 June 2015, despite an increase in the net retirement benefit obligation of €13.7m. The cash balance has risen to €62.4m.

- **Acquisitions**
  In H1 2016, the acquisitions of both the remaining 50% shareholding in CarsIreland.ie and Greer Publications were completed. The Company continues to actively review potential acquisition opportunities that generate attractive returns on capital and represent a strategic fit to the Group.

- **Largest weekly audience connection on the island of Ireland**
  In the Republic of Ireland, under the *Irish Independent* and *Sunday Independent* titles INM accounts for c.50%[3] of the quality daily market, and c.65%[3] of the quality Sunday market. *The Sunday World* and *The Star* (in which INM holds 50%) also command leading market positions in their segments. The *Irish Independent*, *Sunday Independent*, *Sunday World* and *The Herald* achieve sales on average of 1.2m copies per week. The *Belfast Telegraph* continues to hold a strong No.1 position within the local daily newspaper market place in Northern Ireland and the *Sunday Life* has increased circulation market share, performing ahead of local competitors.

- **Continued innovation in content delivery**
  The Digital team has rolled out new content delivery formats which have successfully driven greater engagement with audiences resulting in improved commercial revenues. Traffic across the independent.ie desktop and mobile platforms grew by 24% year on year fuelled by strong combined mobile web and app growth of 40%. Audience numbers as defined by unique visitors/month to independent.ie grew to an average of 9.4m[4], an increase of 8.9% on H1 2015, peaking at 10.2m[4] in March 2016, while the app's user base grew to a peak of 230,000 highly engaged readers in June 2016. Visits to the belfasttelegraph.co.uk website grew by 24% year on year and mobile usage increased by 48%.

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[1] Excludes the results of APN - sold in H1 2015.
[2] Pre-exceptionals
[3] ABC Jan to Jun 2016.
[4] Per Google Analytics.

Commenting on the results, **Robert Pitt, Group Chief Executive Officer**, said: *"Despite a challenging trading environment, the Group performed well in the first half of 2016, with profit before tax growth of 22.5% to €18.5 million. However, underlying operating profit growth of 3.1% better reflects the challenges the industry and INM face. Overall Group revenues grew by 2.7%, driven by significant contributions from both digital and distribution revenue streams. The Group continued to generate positive cashflow and applied a portion thereof to the acquisitions of the remaining 50% shareholding in CarsIreland.ie and Greer Publications, reflecting INM's belief that further consolidation is necessary in the industry in order to both protect shareholder value and the viability of smaller publications. While the outlook for H2 continues to be challenging, particularly in print advertising, the Group will continue to deal with those challenges pro-actively. I would like to thank all colleagues for their contribution in delivering such strong results, considering the challenges INM faces and I am sure they will continue to work tirelessly to both mitigate any impacts and also build INM's future."*

FINANCIAL HIGHLIGHTS[1]

- Profit before tax[2] growth of €3.4m has been achieved by a year on year reduction in net interest costs of €2.2m, strong digital advertising revenue growth of 23.4% and a significant decrease in operating costs.

- EBIT growth of 3.1% excluding GrabOne (+7.3% including GrabOne) reflects the operating performance of the Group.

- Total revenue of €161.6m, up 2.7% on the prior year.

- Digital advertising continued to grow throughout the period with revenues increasing 23.4%.

- Distribution also experienced strong year on year growth in H1, which is expected to slow in the second half of the year, as the H2 2015 revenues included new contract signings (such as The Irish Times).

- Publishing advertising revenue declined by 7.8% and circulation revenue declined by 5.4%.

- A reduction in pre-distribution operating expenses of c.9% due to the closure of the printing operation in Belfast, the integration of the print and digital newsrooms, the wind down of GrabOne and operational savings from lower volumes.

- The Group operating margin[2] is up 0.5% to 10.9%.

- Net assets currently stand at €37.3m, versus net assets of €27.6m as at 30 June 2015, despite an increase in the net retirement benefit obligation of €13.7m.

- The Group ended the period with an increased cash balance of €62.4m, generated primarily from a strong EBITDA performance, somewhat offset by the CarsIreland.ie and Greer Publications acquisitions, a negative foreign exchange impact and a working capital outflow.

- The net retirement benefit obligation has increased from €86.1m at 31 December 2015 to €106.8m at 30 June 2016, with the increase driven primarily by a decrease in the discount rate applicable to the various schemes. The action taken by the Group in 2013 to restructure its defined benefit schemes limited the impact of the decrease in the discount rate. The Group has agreed funding plans in place and will continue to review these plans.

- The Group recorded a total net exceptional gain of €1.2m in 2016, which included:
  - A €2.9m gain from the re-measurement to fair value of the Group's pre-existing 50% interest in CarsIreland.ie;
  - A €0.2m tax credit relating to restructuring charges;
  - A €1.3m exceptional impairment and restructuring charge in the Group; and
  - A €0.6m exceptional charge due to the write down of available-for-sale financial assets.

- The Directors are not proposing a dividend for 2016.

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[1] Excludes the results of APN - sold in H1 2015.
[2] Pre-exceptionals

OPERATIONAL HIGHLIGHTS

Publishing performance

- The *Irish Independent* continues to lead the quality daily market with an ABC[3] of 102,537, maintaining its No.1 position in the daily quality market. It has c.50% of the daily quality market in the Republic of Ireland and it sells approximately the same number of copies per day as The Irish Times and Irish Examiner combined.

- The *Sunday Independent*, which recorded an ABC[3] of 199,210, has c.65% of the Sunday quality market and remains by far the biggest selling quality Sunday newspaper, while also providing the largest regular audience on the island of Ireland across any advertising platform.

- The *Sunday World* is the nation's largest tabloid with an ABC[3] of 162,938 (c.46% of the Sunday popular market). It continues to lead the way in investigative journalism and the recently redesigned magazine and sports section are delivering positive reader feedback.

- *The Herald* holds the position as the No.1 popular title for Dubliner's with an ABC[3] of 44,085. The newspaper benefits from rich local community connections such as Dublin GAA and Schoolboy Soccer whilst also having a morning & evening edition which are sold in-store, on street and direct to homes every day.

- INM Regional newspapers are market leaders in every region they publish (Kerry, Wexford, Sligo, and Drogheda/Dundalk). Advertising revenue in H1 has remained strong despite the challenging environment. Top quality local editorial content and high quality design values continue to drive circulation numbers.

- *The Star* is one of Ireland's most popular daily tabloid newspapers with an ABC[3] of 53,945 and 22.2% of the daily popular market.

- In Northern Ireland the *Belfast Telegraph,* which recorded an ABC[3] of 41,912, continues to hold a strong No.1 position within the local daily newspaper market, while the *Sunday Life* recorded an ABC[3] of 38,355, performing ahead of local competitors.

- The strong revenue performance of Newspread, the Group's wholesale distribution business, continued following its appointment as the wholesaler for a number of new contracts (including The Irish Times in H2 2015). It has recently also renewed the contract to distribute the RTE Guide and won the contract to distribute The Irish News in the ROI market. Newspread's diversification strategy into adjacent categories continues apace.

Digital performance

- The independent.ie platform strengthened its position as Ireland's No.1 online news publisher across desktop and mobile (comScore, Media Metrix Newspaper category report) growing traffic by 24% on the same period last year. Much of the growth has been fuelled by the continued focus on the mobile app user experience.

- Digital revenues in independent.ie grew in the period, driven in large part by our unique capabilities to develop engaging advertising formats for brands. The StoryPlus native product offering launched in 2015 has grown steadily and is proving very popular with brands seeking to amplify their messages more effectively with content-led marketing.

- INM retains a market leading position for breaking news, consistently delivering first to market and exclusive stories and footage on major national events. New podcast series, including *The Floating Voter* and *The Paul Williams Podcast,* launched in H1 and proved hugely popular with our audiences.

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[3] ABC Jan to Jun 2016.

- Our *election 2016* coverage which specifically targeted the younger voter with our *Count Us In* campaign delivered large engagement on independent.ie for latest results, analysis and live studio debate. The continued focus on developing news products for younger audiences is delivering results for the business with independent.ie now considered to be the No.1 online news brand for 18-24 year olds in Ireland (Digital News Report Ireland 2016, FuJo Institute (DCU) & Broadcasting Authority of Ireland).

- belfasttelegraph.co.uk, Northern Ireland's leading commercial news website, continues to enjoy strong audience and commercial success, with visits up 24% year on year and mobile usage increasing by 48% during the same period. Despite the entrance of new competitors, nijobfinder.co.uk and recruitni.com, the Group's recruitment sites in Northern Ireland continued to deliver strong audiences and double digit revenue growth, whilst propertynews.com maintained its market leading position growing visits to the site by 13%.

- CarsIreland.ie continues to grow as one of the leading online classified platforms in the Republic of Ireland for motor vehicles. It has an average of 1.86m searches each month and approximately 45,000 cars for sale at any one time.

Strengthened management team & key appointments

- Dearbhail McDonald appointed Group Business Editor at INM in February 2016. Dearbhail is a global Eisenhower Fellow and previously served as Associate Editor and Legal Editor of the *Irish Independent* and is a *Sunday Independent* columnist.

- Cormac McNulty joined INM in June 2016 as Group Director, Mergers & Acquisitions. Prior to joining, Cormac worked with HSBC Investment Bank (London) where he was an Associate Director. Cormac has significant experience in corporate finance and investment experience with HSBC, J.P. Morgan and Eisvogel Capital.

- Brendan Hughes joined INM in July 2016 as Chief Digital Officer where he oversees the management of INM's digital platforms including independent.ie. Before joining INM Brendan was the Commercial Director of BoyleSports with a strong track record in digital growth. Brendan has also worked with Intuition, VHI, FBD, Ubiquity and Etruvian in Gibraltar.

- Ross Conlon joined INM in July 2016 as Managing Director, New Business Ventures. Prior to taking up this role Ross was with Zamano PLC, where he was CEO from January 2014 and CTO from June 2010. Previously he held senior roles in Red Circle Technologies and co-founded a company called Suka Technologies in 2000.

Outlook

The United Kingdom voting to leave the European Union has increased economic uncertainty, particularly in publishing advertising spend and negatively impacted consumer confidence, resulting in H2 looking increasingly uncertain. Despite these challenges, the Board remains confident that its strategy should enable continued progress and deliver a full year performance within the current range of expectations.

- Ends -

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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.

ABOUT INDEPENDENT NEWS & MEDIA PLC

INM is a market-leading media company in the Republic of Ireland and Northern Ireland, with a strong newspaper and digital presence. INM is the largest newspaper contract printer, leading online news publisher and wholesale newspaper distributor on the island of Ireland. It manages gross assets of €206.0m and employs approximately 850 people.

INDEPENDENT NEWS & MEDIA PLC - CONDENSED INTERIM GROUP FINANCIAL STATEMENTS - CONDENSED GROUP INCOME STATEMENT (unaudited)

		Six months ended 30 June 2016			Six months ended 30 June 2015		
		Before Exceptional Items	**Exceptional Items***	**Total**	Before Exceptional Items	Exceptional Items*	Total
Continuing operations	Notes	**€m**	**€m**	**€m**	€m	€m	€m
Revenue	3	**161.6**	**-**	**161.6**	157.3	**-**	157.3
Operating costs		**(144.0)**	**(1.3)**	**(145.3)**	(140.9)	(1.7)	(142.6)
Operating profit/(loss)	3	**17.6**	**(1.3)**	**16.3**	16.4	(1.7)	14.7
Share of results of associates and joint ventures		**0.6**	**-**	**0.6**	0.6	-	0.6
Finance income/(expense):							
- Finance income	4	**0.3**	**2.9**	**3.2**	-	-	-
- Finance expense	4	**-**	**(0.6)**	**(0.6)**	(1.9)	-	(1.9)
Profit/(loss) before taxation		**18.5**	**1.0**	**19.5**	15.1	(1.7)	13.4
Taxation (charge)/credit		**(1.4)**	**0.2**	**(1.2)**	(1.6)	(0.3)	(1.9)
Profit/(loss) for the period from continuing operations		**17.1**	**1.2**	**18.3**	13.5	(2.0)	11.5
Discontinued operations							
Profit from discontinued operations (net of tax)	11	**-**	**-**	**-**	0.5	47.4	47.9
Profit for the period		**17.1**	**1.2**	**18.3**	14.0	45.4	59.4
Profit attributable to:							
Non-controlling interests		**-**	**-**	**-**	(0.2)	-	(0.2)
Equity holders of the Company		**17.1**	**1.2**	**18.3**	14.2	45.4	59.6
		17.1	**1.2**	**18.3**	14.0	45.4	59.4
Continuing operations – Profit per ordinary share (cent) – Basic & Diluted	6			**1.3c**			0.8c
Discontinued operations –Profit per ordinary share (cent) – Basic & Diluted	6			**-**			3.5c
Total operations – Profit per ordinary share (cent) – Basic & Diluted	6			**1.3c**			4.3c

* See note 5 for further information. The notes to the condensed interim Group financial statements on pages 11 to 27 form an integral part of this financial information.

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME (unaudited)

	Six months ended 30 June 2016 €m	Six months ended 30 June 2015 €m
Profit for the period	**18.3**	59.4
Other comprehensive (expense)/income		
Items that will never be reclassified to profit or loss:		
Retirement benefit obligations:		
- Remeasurement (losses)/gains	**(25.5)**	12.4
- Related movement on deferred tax asset	**2.5**	(1.4)
	(23.0)	11.0
Items that are or may be reclassified subsequently to profit or loss:		
Currency translation adjustments – subsidiaries	**(1.9)**	1.6
Currency translation adjustments – associates	**-**	3.5
Currency translation adjustments – reclassification on disposal of associate	**-**	(3.8)
Currency translation adjustments – reclassification on disposal of subsidiaries	**(0.6)**	-
Fair value adjustments – reclassification on disposal of associate	**-**	(0.7)
Unrealised (losses)/gains relating to cashflow hedges	**(0.3)**	0.5
Unrealised losses relating to available for sale financial assets	**-**	(0.2)
	(2.8)	0.9
Other comprehensive (expense)/income for the period, net of tax	**(25.8)**	11.9
Total comprehensive (expense)/income for the period	**(7.5)**	71.3
Total comprehensive (expense)/income attributable to:		
Non-controlling interests	**-**	(0.2)
Equity holders of the Company	**(7.5)**	71.5
	(7.5)	71.3
Total comprehensive (expense)/income attributable to:		
Continuing operations	**(7.5)**	24.4
Discontinued operations	**-**	46.9
	(7.5)	71.3

The notes to the condensed interim Group financial statements on pages 11 to 27 form an integral part of this financial information.

CONDENSED GROUP BALANCE SHEET (unaudited)

	Notes	**30 June 2016 Unaudited €m**	31 Dec 2015 Audited €m	30 June 2015 Unaudited €m
Assets				
Non-Current Assets				
Intangible assets	9	**48.3**	44.0	47.1
Property, plant and equipment	9	**46.2**	47.8	52.1
Investments in associates and joint ventures	9	**1.2**	1.6	1.4
Deferred tax assets		**18.8**	17.1	20.3
Available-for-sale financial assets		**1.1**	2.0	2.1
		115.6	112.5	123.0
Current Assets				
Inventories		**3.2**	2.6	2.9
Trade and other receivables		**24.8**	24.8	25.8
Derivative financial instruments		**-**	-	0.5
Cash and cash equivalents		**62.4**	59.7	35.4
		90.4	87.1	64.6
Total Assets		**206.0**	199.6	187.6
Liabilities				
Current Liabilities				
Trade and other payables		**41.0**	45.1	45.4
Corporation tax payable		**3.6**	2.4	1.0
Derivative financial instruments	12	**0.2**	-	-
Provisions	9	**11.8**	16.0	14.5
		56.6	63.5	60.9
Non-Current Liabilities				
Retirement benefit obligations	7	**106.8**	86.1	93.1
Deferred taxation liabilities		**3.8**	3.8	4.2
Other payables		**1.0**	1.1	1.2
Provisions	9	**0.5**	0.6	0.6
		112.1	91.6	99.1
Total Liabilities		**168.7**	155.1	160.0
Net Assets		**37.3**	44.5	27.6
Equity				
Equity Attributable to Company's Equity Holders				
Share capital		**13.9**	13.9	13.9
Share premium		**767.0**	767.0	767.0
Other reserves		**318.5**	321.0	321.3
Retained losses		**(1,062.1)**	(1,057.4)	(1,073.7)
		37.3	44.5	28.5
Non-Controlling Interests		**-**	-	(0.9)
Total Equity		**37.3**	44.5	27.6

The notes to the condensed interim Group financial statements on pages 11 to 27 form an integral part of this financial information.

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY (unaudited)

	Attributable to owners of the Company									
	Share Capital €m	**Share Premium €m**	**Share Based Payment Reserve €m**	**Other Undenominated Capital €m**	**Currency Translation Reserve €m**	**Other* €m**	**Retained Losses €m**	**Equity Interest of Parent €m**	**Non-Controlling Interests €m**	**Total €m**
At 1 January 2015	13.9	767.0	-	413.2	(93.0)	-	(1,144.3)	(43.2)	(0.7)	(43.9)
Total comprehensive income/ (expense) for the period										
Profit/(loss) for the period	-	-	-	-	-	-	59.6	59.6	(0.2)	59.4
Other comprehensive income/ (expense)	-	-	-	-	1.3	(0.4)	11.0	11.9	-	11.9
Total comprehensive income/ (expense) for the period	**-**	**-**	**-**	**-**	**1.3**	**(0.4)**	**70.6**	**71.5**	**(0.2)**	**71.3**
Transactions with owners of the Company, recognised directly in equity										
Equity settled share based payments	-	-	0.2	-	-	-	-	0.2	-	0.2
Total transactions with owners of the Company	**-**	**-**	**0.2**	**-**	**-**	**-**	**-**	**0.2**	**-**	**0.2**
At 30 June 2015	**13.9**	**767.0**	**0.2**	**413.2**	**(91.7)**	**(0.4)**	**(1,073.7)**	**28.5**	**(0.9)**	**27.6**
At 1 January 2016	13.9	767.0	0.4	413.2	(92.6)	-	(1,057.4)	44.5	-	44.5
Total comprehensive expense for the period										
Profit for the period	-	-	-	-	-	-	18.3	18.3	-	18.3
Other comprehensive expense	-	-	-	-	(2.5)	(0.3)	(23.0)	(25.8)	-	(25.8)
Total comprehensive expense for the period	**-**	**-**	**-**	**-**	**(2.5)**	**(0.3)**	**(4.7)**	**(7.5)**	**-**	**(7.5)**
Transactions with owners of the Company, recognised directly in equity										
Equity settled share based payments	-	-	0.3	-	-	-	-	0.3	-	0.3
Total transactions with owners of the Company	**-**	**-**	**0.3**	**-**	**-**	**-**	**-**	**0.3**	**-**	**0.3**
At 30 June 2016	**13.9**	**767.0**	**0.7**	**413.2**	**(95.1)**	**(0.3)**	**(1,062.1)**	**37.3**	**-**	**37.3**

* Other at 30 June 2016 related to cash flow hedging reserve €0.3m (31 December 2015: €nil).

The notes to the condensed interim Group financial statements on pages 11 to 27 form an integral part of this financial information.

CONDENSED GROUP CASH FLOW STATEMENT (unaudited)

	Six months ended 30 June			
	2016	**2016**	2015	2015
	€m	**€m**	€m	€m
Profit for the period	**18.3**		59.4	
Exceptional items	**(1.2)**		(45.4)	
Profit for the period before exceptional items	**17.1**		14.0	
Share of results of associates and joint ventures (continuing & discontinued)	**(0.6)**		(1.1)	
Net finance expenses (continuing & discontinued)	**-**		1.9	
Net finance income (continuing & discontinued)	**(0.3)**		-	
Tax charge (continuing & discontinued)	**1.4**		1.6	
Operating profit before exceptional items (continuing & discontinued)	**17.6**		16.4	
Depreciation/amortisation	**3.2**		3.7	
Earnings before Interest, Tax, Exceptional items, Depreciation and Amortisation	**20.8**		20.1	
Share based payment charge	**0.3**		0.2	
Movement in provisions/working capital	**(7.2)**		(4.2)	
Retirement benefit obligations	**(2.5)**		(3.0)	
Cash generated from operations (before cash exceptional items)	**11.4**		13.1	
Exceptional expenditure	**(0.7)**		(4.3)	
Cash generated from operations	**10.7**		8.8	
Income tax paid	**-**		-	
Cash generated by operating activities		**10.7**		8.8
Cash flows from investing activities				
Dividends received from associates and joint ventures	**0.5**		0.2	
Purchases of property, plant and equipment	**(2.0)**		(0.8)	
Purchases of intangible assets	**(1.4)**		(0.6)	
Acquisition of subsidiary, net of cash acquired	**(3.0)**		-	
Disposal of APN shareholding	**-**		119.3	
Advances to associates and joint ventures	**(0.1)**		(0.1)	
Decrease in restricted cash	**-**		10.0	
Proceeds from disposal of available-for-sale financial assets	**0.3**		-	
Net cash (used in)/generated from investing activities		**(5.7)**		128.0
Cash flows from financing activities				
Interest paid	**-**		(2.0)	
Repayment of borrowings*	**-**		(125.5)	
Net cash used in financing activities		**-**		(127.5)
Increase in cash and cash equivalents in the period		**5.0**		9.3
Foreign exchange losses		**(2.3)**		(0.1)
Net increase in cash and cash equivalents in the period		**2.7**		9.2
Balance at beginning of the period		**59.7**		26.2
Cash and cash equivalents at end of the period		**62.4**		35.4

The notes to the condensed interim Group financial statements on pages 11 to 27 form an integral part of this financial information.

* Repayment of borrowings is comprised of release of escrow cash €10.0m and €115.5m repayment of debt, primarily from proceeds of disposal of APN shareholding.

NOTES TO THE INTERIM STATEMENT (unaudited)

1. Basis of Preparation of Financial Information under IFRS

Basis of Preparation and Going Concern

Independent News & Media PLC ("the Company") is a company domiciled in Ireland. These condensed interim Group financial statements as at and for the six months ended 30 June 2016 comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interest in associates and joint ventures. 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 condensed interim Group financial statements for the six months ended 30 June 2016 and the comparative amounts have not been audited or reviewed by the auditors. The condensed interim Group financial statements are not the statutory financial statements of the Company. A copy of the statutory financial statements is required to be annexed to the Company's annual return to the Companies Registration Office in Ireland in respect of the year ended 31 December 2015. The auditor's report on those financial statements was unqualified. The financial statements for the year ended 31 December 2015 are available online at www.inmplc.com.

These condensed interim Group financial statements are presented in Euro, which is the functional currency of the Company and presentation currency of the Group.

The condensed interim Group financial statements were approved by the Directors on 25 August 2016.

The condensed interim Group financial statements for the six months ended 30 June 2016, which should be read in conjunction with the 2015 Annual Report, have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency Rules of the Central Bank of Ireland and in accordance with International Accounting Standard 34, *Interim Financial Reporting* (IAS 34) as adopted by the European Union.

Accounting Policies

The accounting policies and methods of computation and presentation adopted in the preparation of the condensed interim Group financial statements are consistent with those applied in the Annual Report for the year ended 31 December 2015 and are described in those financial statements on pages 107 to 123, except for the impact of the standards described below.

The following new and amended standards and interpretations are effective for the Group for the first time for the financial year beginning 1 January 2016.

- Amendments to IFRS 11: Accounting for acquisitions of interests in Joint Operations
- Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortisation
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture
- Amendments to IAS 27 Equity method in Separate Financial Statements
- Amendments to IAS 1: Disclosure Initiative
- Annual Improvements to IFRSs 2012-2014 Cycle

None of these had a material impact on the Group.

2. Risks and Uncertainties

The principal risks and uncertainties facing the Group were detailed in the Risk Report in the 2015 Annual Report and these continue to be considered the principal risks and uncertainties for the remaining six months of the year most likely to influence the performance of the Group.

In addition to risks detailed in the 2015 Annual Report, the United Kingdom voting to leave the European Union has increased economic uncertainty, particularly in publishing advertising spend and negatively impacted consumer confidence.

The preparation of interim Group financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results could differ materially from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2015.

When measuring the fair value of an asset or a liability, the group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categories in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest input that is significant to the entire measurement.

The group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 12.

NOTES TO THE INTERIM STATEMENT (unaudited) *(continued)*

3. 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 on the following page. 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 results of associates and joint ventures (with the exception of significant associates which are separately considered) and taxation are reviewed and considered by the CODM at a Group level only.

The components of the Group, whose operating results are regularly reviewed by the CODM to make decisions about the allocation of resources, and in performance assessment, are contained in the table on the following page.

In 2015, the Group disposed of its entire shareholding in APN and accordingly this associate is included under discontinued operations in 2015.

NOTES TO THE INTERIM STATEMENT (unaudited) (*continued)*

3. Segmental Reporting *(continued)*

	Revenue (3rd Party)				Operating Profit/(Loss) (Before Exceptional Items)			
	30 June 2016 €m	**30 June 2016 €m**	30 June 2015 €m	30 June 2015 €m	**30 June 2016 €m**	**30 June 2016 €m**	30 June 2015 €m	30 June 2015 €m
Continuing Operations:								
Island of Ireland – Publishing	**161.6**		157.3		**20.3**		18.8	
Central Costs	**-**		-		**(2.7)**		(2.4)	
Total - continuing operations		**161.6**		157.3		**17.6**		16.4
Discontinued Operations:								
Island of Ireland – Non- Publishing	**-**		-		**-**		-	
APN	**-**		-		**-**		0.5	
Total - discontinued operations		**-**		-		**17.6**		0.5
		161.6		157.3		**17.6**		16.9

NOTES TO THE INTERIM STATEMENT (unaudited) *(continued)*

3. Segmental Reporting *(continued)*

	Continuing Operations	
	30 June 2016 €m	30 June 2015 €m
Continuing Operations:		
Total operating profit before exceptional items	**17.6**	16.4
Operating exceptionals	**(1.3)**	(1.7)
	16.3	14.7
Share of results of associates and joint ventures (post exceptionals)	**0.6**	0.6
Net finance expense (post exceptionals)	**2.6**	(1.9)
Taxation charge (post exceptionals)	**(1.2)**	(1.9)
Profit for the period from continuing operations (post exceptionals)	**18.3**	11.5

For continuing operations, the taxation charge for the period comprises a charge of €1.2m (2015: €0.8m) in respect of Republic of Ireland taxation, a charge of €nil (2015: charge of €0.5m) in respect of Northern Ireland taxation and a charge of €nil (2015: €0.6m) in respect of overseas taxation.

4. Net Finance Income/(Expense)

	30 June 2016 €m	30 June 2015 €m
Finance income	**0.3**	-
Finance expense	**-**	(1.9)
Net finance income/(expense) (before exceptional finance items)	**0.3**	(1.9)
Exceptional finance income (note 5)	**2.9**	-
Exceptional finance expense (note 5)	**(0.6)**	-
Net finance income/(expense)	**2.6**	(1.9)

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.

		30 June 2016 €m	30 June 2015 €m
Included in profit before taxation are the following:			
Continuing operations:			
Restructuring charges	(i)	**0.3**	(1.7)
Impairments	(ii)	**(1.6)**	-
		(1.3)	(1.7)
Exceptional finance income (note 14)	(iii)	**2.9**	-
Exceptional finance expense (note 4)	(iv)	**(0.6)**	-
Continuing operations – exceptional items before taxation		**1.0**	(1.7)
Tax on exceptional items		**0.2**	(0.3)
Continuing operations – exceptional items net of taxation		**1.2**	(2.0)
Discontinued operations:			
Gain on sale of associate	(v)	**-**	47.4
Discontinued operations – exceptional items net of taxation		**-**	47.4
Total - Exceptional items net of taxation and non-controlling interests		**1.2**	45.4

5. Exceptional Items *(continued)*

(i) 2016
Relates to a credit for a currency translation adjustment (€0.6m) due to the disposal of two Australian subsidiaries and the reversal of provisions (€0.3m), partially offset by charges for restructuring in the Island of Ireland (€0.4m) and acquisition related fees (€0.2m).

2015
Relates to restructuring charges arising in the Island of Ireland, somewhat offset by the utilisation of provisions.

(ii) 2016
Relates to a charge for the write down of property, plant and equipment (€1.0m) and impairment of computer software (€0.6m) across the group.

(iii) 2016
Relates to a gain arising from the re-measurement to fair value of the Group's pre-existing 50% interest in Digital Odyssey Limited (see note 14).

(iv) 2016
Relates to a charge of €0.6m for the write down of available-for-sale financial assets.

(v) 2015
Relates to the gain on disposal of the Group's entire shareholding in APN (see note 11).

NOTES TO THE INTERIM STATEMENT (unaudited) *(continued)*

6. Earnings Per Share

	2016	**2016**	**2016**	2015	2015	2015
	€m **Continuing**	**€m** **Discontinued**	**€m** **Total**	€m Continuing	€m Discontinued	€m Total
Profit attributable to ordinary shareholders						
Profit attributable to the equity holders of the Company (basic and diluted)	**18.3**	**-**	**18.3**	11.7	47.9	59.6
Exceptional items (note 5)	**1.3**	**-**	**1.3**	1.7	(47.4)	(45.7)
Exceptional finance income (note 5)	**(2.9)**	**-**	**(2.9)**	-	-	-
Exceptional finance expense (note 5)	**0.6**	**-**	**0.6**	-	-	-
Net exceptional tax (credit)/charge	**(0.2)**	**-**	**(0.2)**	0.3	-	0.3
Profit before exceptional items attributable to the equity holders of the Company	**17.1**	**-**	**17.1**	13.7	0.5	14.2
Weighted average number of shares	**2016**	**2016**	**2016**	2015	2015	2015
Weighted average number of shares outstanding during the period (excluding 5,597,077 treasury shares)			**1,386,547,375**			1,386,547,375
Impact of share options			**3,075,592**			-
Diluted number of shares			**1,389,622,967**			1,386,547,375
Basic & Diluted earnings per share	**1.3c**	**-**	**1.3c**	0.8c	3.5c	4.3c
Basic & Diluted earnings per share before exceptional items	**1.2c**	**-**	**1.2c**	1.0c	0.0c	1.0c

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

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Share options are the Company's only category of dilutive potential ordinary shares.

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

7. Other Items

a) Retirement Benefits

The retirement benefit obligations as at 30 June 2016 in the Balance Sheet has increased by €20.7m to €106.8m compared to €86.1m at 31 December 2015. This increase in the retirement benefit obligations is primarily driven by a decrease in the discount rate used in valuing the pension obligations. The discount rate used in the Republic of Ireland at 30 June 2016 was 1.80% versus the discount rate of 2.65% used at 31 December 2015. The discount rate used in Northern Ireland at 30 June 2016 was 2.80% versus the discount rate of 3.80% used at 31 December 2015.

b) Statement of Comprehensive Income

A negative currency translation adjustment of €2.5m (all of which relates to subsidiaries) has been recognised in the Group Statement of Comprehensive Income for the half year to 30 June 2016 (2015: a gain of €1.6m relating to subsidiaries, a loss of €0.3m relating to associates). The negative currency translation adjustment has arisen due to the weakening of the Sterling Pound exchange rate at 30 June 2016 compared to the rates at 31 December 2015 used in the translation of the Group's investments in subsidiaries with a functional currency different to that of the Parent Company (€1.9m) and due to the disposal of two Australian subsidiaries (€0.6m).

c) Dividends

The Directors are not proposing a dividend for 2016. There was no dividend paid or declared in respect of 2015.

d) Tax Effect on Items in Statement of Comprehensive Income

	30 June 2016 **€m**	30 June 2015 €m
Retirement benefit obligations	**2.5**	(1.4)
Total tax effect	**2.5**	(1.4)

NOTES TO THE INTERIM STATEMENT (unaudited) ***(continued)***

8. Borrowings

As of 30 June 2016, the Group held no debt and had cash and cash equivalents of €62.4m (€59.7m as at 31 December 2015).

During 2015 the Group entered into an agreement to dispose of all of the Group's shareholding in APN at a fixed price per APN ordinary share ("APN Share") of AUD$0.88. All of the net proceeds of the transaction were applied to repay INM Group indebtedness (being €125.5m total borrowings as at 31 December 2014) in full.

9. Intangible Assets/ Investment in Associates and Joint ventures/ Property, Plant & Equipment

Intangible Assets

The carrying amount of the Group's intangible assets increased by €4.3m, from €44.0m at 31 December 2015 to €48.3m at 30 June 2016. This increase is driven primarily by an increase in goodwill and mastheads arising from acquisitions (see note 14), offset in part by an unfavourable foreign exchange movement and software amortisation and impairment.

Impairment Reviews

The Group's indefinite life intangible assets (including goodwill) are tested annually for impairment at 31 December or whenever there is an indication of impairment. There were no impairments recognised at 30 June 2016. 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 projections, which reflect management's current experience and future expectations of the markets in which the CGU operates. The detailed methodology (updated for changes in any of the key assumptions to reflect past experience and also consistent with external sources of information) as used by the Group for impairment testing is as outlined in the 2015 annual report.

The Balance Sheet reports the carrying amount of newspaper mastheads at their acquired cost (less impairment). Where these assets have been acquired through a business combination, cost will be the fair value in acquisition accounting. The value of internally generated newspaper mastheads or post-acquisition uplifts in value are not permitted to be recognised in the Balance Sheet in accordance with IFRS and, as a result, no values for certain of the Group's internally generated newspaper mastheads (e.g. three of the main Irish titles, the Irish Independent, the Sunday Independent and The Herald) are reflected in the Balance Sheet.

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 carried in the Group's Balance Sheet at a nil value or at 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.

9. Intangible Assets/ Investment in Associates and Joint ventures/ Property, Plant & Equipment *(continued)*

Investments in Associates and Joint Ventures

The carrying amount of investments in associates and joint ventures decreased by €0.4m, from €1.6m as at 31 December 2015 to €1.2m as at 30 June 2016. The movement is primarily due to the re-measurement of the previous shareholding on obtaining control of the remaining 50% in Digital Odyssey Limited (trading as CarsIreland.ie) due to the acquisition of the entire business (see note 14 for further information on the acquisition of subsidiary) and dividends received from associates, offset by the Group's share in profits from associates and joint ventures.

Property, Plant & Equipment

The carrying amount of the Group's property, plant & equipment decreased by €1.6m, from €47.8m at 31 December 2015 to €46.2m at 30 June 2016. This decrease is driven primarily by depreciation charges, impairments and an unfavourable foreign exchange movement, somewhat offset by additions.

Provisions

The carrying amount of provisions decreased by €4.3m, from €16.6m at 31 December 2015 to €12.3m at 30 June 2016. This decrease is primarily driven by payments on restructuring projects and a number of onerous leases.

10. Related Party Information

During the first six months of the current financial year there have been no material related party transactions that have taken place requiring disclosure and there have been no changes in the related party transactions described in the last Annual Report that could have a material effect on the financial position or performance of the enterprise.

11. Discontinued Operations

a) APN

In the six months to 30 June 2015, the Group disposed of its entire shareholding in APN. As APN was a separate major line of business, the APN results are presented as a discontinued operation.

Effects of the disposal of the Group's shareholding in APN:

	APN 2015 €m
Consideration received	119.3
Less:	
Carrying value (see table below)	(73.5)
	45.8
Foreign currency translation reserve balance reclassified to the Income Statement on disposal	3.8
Fair value reserve balance reclassified to the Income Statement on disposal	0.7
	50.3
Costs of disposal	(2.9)
Gain on disposal*	47.4

* No tax charge arose on the disposal as the base cost of the APN shares (A$0.88) equalled the sale price of the shares (A$0.88).

	Carrying value €m
Carrying value as at 31 December 2014	68.7
Foreign currency translation in period	4.3
Share of profits of APN in period	0.5
Carrying value at date of disposal	73.5

11. Discontinued Operations *(continued)*

b) Results of discontinued operations

	2016 APN €m	2015 APN €m
Revenue	-	-
Expenses	-	-
Share of associated companies post tax results	-	0.5
Results from operating activities	-	0.5
Taxation charge	-	-
Results from operating activities, net of tax	-	0.5
Gain on sale of discontinued operations	-	47.4
Results of discontinued operations - post exceptional items	-	47.9
Discontinued operations – Earnings per ordinary share (cent) – Basic & Diluted	-	3.5c

There were no discontinued operations in 2016. In 2015, of the profit from discontinued operations of €47.9m, all was attributable to the owners of the Company. Of the profit from continuing operations of €18.3m (2015: profit of €11.5m), €18.3m (2015: profit of €11.7m) is attributable to the owners of the Company.

c) Cash flows generated from discontinued operations

	2016 APN €m	2015 APN €m
Net cash used in operating activities	-	(2.9)
Net cash generated from investing activities	-	119.3
Net cash generated from discontinued operations*	-	116.4

* €116.4m represents net cash disposal proceeds on the sale of the Group's shareholding in APN.

12. Fair Value

Fair values of financial assets and financial liabilities

The fair values of quoted available-for-sale financial assets and derivative financial instruments are measured using market values. Unquoted available-for-sale financial assets and derivatives are measured using valuation techniques. The carrying amount of non interest bearing financial assets and financial liabilities and cash and cash equivalents approximates their fair values. The Group has not disclosed the fair value of certain financial instruments such as other payables, short-term receivables and short term payables because their carrying amounts are a reasonable approximation of fair value.

Of the available-for-sale financial assets of €1.1m (31 December 2015: €2.0m), €0.9m (31 December 2015: €0.9m) are measured at Level 1 of the fair value hierarchy and €0.2m (2015: €1.1m) are measured at Level 3 of the fair value hierarchy.

The derivative financial instruments - cashflow hedges of €0.2m (2015: €nil) are measured at Level 2 of the fair value hierarchy.

Additional disclosures in relation to fair value have not been made on the grounds of materiality.

13. Share-based payment arrangement

At 30 June 2016, the Group had the following share-based payment arrangements.

Share option programme (equity-settled)

In June 2014, the Remuneration Committee proposed the introduction of a new share option scheme and this was approved by the shareholders at the AGM on 6 June 2014. This scheme entitles certain employees to purchase shares in the Company.

On 1 January 2015 a grant under the scheme, with two separate and independent sets of vesting conditions, was made to certain employees. Holders of vested options are entitled to purchase shares at the nominal value of the share at the grant date.

On 1 January 2016, a further grant on similar terms was offered to key management personnel and senior employees.

All options are to be settled by physical delivery of shares. The terms and conditions of the share options granted during the six months ended 30 June 2016 are set out in the below tables as follows:

Grant date/employees entitled	Number of instruments	Vesting conditions	Contractual life of options
- On 1 Jan 2015 to certain employees - On 1 Jan 2016 to certain employees	4,657,636 (50% of total grant) 1,704,172 (50% of total grant)	3 years service from grant date and a sliding TSR condition (share price growth and dividends of INM compared with companies in the FTSE 350 Media Group): -Below median: 0% of total grant -Between median and 75th percentile: 25% - 50% of total grant pro rata -75th percentile or above: 50% of total grant	7 years
- On 1 Jan 2015 to certain employees - On 1 Jan 2016 to certain employees	4,657,636 (50% of total grant) 1,704,172 (50% of total grant)	3 years service from grant date and a sliding EPS condition (level that INM's annualised EPS growth is in excess of the annualised change in CPI): -Less than 5%: 0% of total grant -Between 5% and 10%: 20% - 50% of total grant pro rata -Above 10%: 50% of total grant In addition, the annualised EPS growth must be positive and the average 30 day share price at the end of the arrangement must be higher than at the start of the arrangement.	7 years

13. Share-based payment arrangement *(continued)*

The fair value of services received in return for share options granted is based on the fair value of the share options granted.

Measurement of grant date fair values

The following inputs were used in the measure of the fair value at grant date of the share-based payment arrangement.

	Share option programme for certain employees	**Share option programme for certain employees**
	2016	**2015**
Fair value at grant date	€0.164	€0.125
Share price at grant date	€0.169	€0.130
Exercise price	€0.01	€0.01
Expected volatility (weighted average volatility)	39%	39%
Option life (expected weighted average life)	3 years	3 years
Expected dividends	0%	0%
Risk free interest rate (based on German government bonds)	0.04%	0.83%

Expected volatility is estimated taking into account historic average share price volatility.

14. Acquisition of Subsidiary

On 13 May 2016, the Group acquired the remaining 50% of the shares and voting interests in Digital Odyssey Limited (trading as CarsIreland.ie). As a result, the Group's equity interest in Digital Odyssey Limited increased from 50% to 100%, obtaining control of Digital Odyssey Limited.

a) Consideration transferred
The total consideration transferred was cash of €3.5m.

b) Acquisition Related Costs
The Group incurred acquisition-related costs of €0.2m on legal fees and due diligence costs. These costs have been included in 'exceptional items'.

c) Identifiable assets acquired and liabilities assumed
The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	€m
Intangible assets	0.2
Trade receivables	0.1
Cash and cash equivalents	0.5
Trade and other payables	(0.2)
Total identifiable net assets acquired	**0.6**

d) Goodwill
Goodwill arising from the acquisition has been recognised as follows.

	€m
Consideration transferred	3.5
Fair value of pre-existing interest in Digital Odyssey Limited	3.5
Fair value of identifiable net assets	(0.6)
Goodwill and other intangibles*	**6.4**

The re-measurement to fair value of the Group's pre-existing 50% interest in Digital Odyssey Limited resulted in a gain of €2.9m. This amount has been included in 'exceptional items'.

*The amounts recognised above are provisional amounts based on information available at the acquisition date. The Group expects to complete this acquisition accounting by 31 December 2016.

15. Subsequent Events

There were no events since the period end that would require adjustment or disclosure in the interim group financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR THE SIX MONTHS ENDED 30 JUNE 2016

The Directors are responsible for preparing this interim management report and the condensed interim financial information in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 (as amended), the Transparency Rules of the Central Bank of Ireland and with IAS 34, Interim Financial Reporting as adopted by the European Union.

The Directors as listed on pages 37 to 39 of our 2015 Annual Report (being the persons responsible within INM for making this statement) confirm that to the best of their knowledge:

(1) the condensed interim Group financial statements, comprising the condensed Group Income Statement, the condensed Group Statement of Comprehensive Income, the condensed Group Balance Sheet, the condensed Group Statement of Changes in Equity, the condensed Group Cash Flow Statement and the related notes, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted by the European Union.

(2) the Interim Management Report and the condensed interim Group financial statements include a fair review of:

- (a) the important events that have occurred during the first six months of the financial year, and their impact on the condensed interim Group financial statements;
- (b) the principal risks and uncertainties for the remaining six months of the financial year;
- (c) related party transactions that have taken place in the first six months of the current financial year that have materially affected the financial position or the performance of the Group during that period; and
- (d) any changes in the related party transactions described in the last Annual Report, that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

On behalf of the Board

Leslie Buckley
Group Chairman