Independent News & Media PLC

INM RECORDS EBITDA OF €50.5M (INCLUDING DIVIDENDS) AND FURTHER DEBT REDUCTION

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

Dublin/London 26 August 2011: The Board of Independent News & Media PLC ('INM' or the 'Group') today announced the Group's results for the six months ended 30 June 2011. These results, as well as a detailed presentation on these results, are available on the Group's website *inmplc.com*.

SUMMARY

- Group Revenue was down by 12.3% year-on-year, reflecting the disposal of London Independent titles and the continuing poor macro-economic conditions in Ireland
- Underlying* Group Revenue declined by 5.0%
- Operating Costs down 4.4%, with underlying* Operating Costs reduced by €6.6 million (2.6%) despite a 30% newsprint price increase for Island of Ireland operations
- Operating Profit (pre exceptionals) was €34.5 million, down only €2.3 million year-on-year
- EBITDA of €50.5 million (including dividends received of €10.4 million) - only 0.6% behind H1 2010
- Operating margin increased by 80 basis points to 12.1%
- Successful launch of new digital enterprises, including *GrabOne.ie* in Ireland
- Net Finance Costs reduced by more than 35% from €25.9 million to €16.8 million
- Net Profit Attributable to Equity Holders (excluding exceptional items) up by 22.4% to €20.2 million
- Ongoing Free Cash Flow of €23 million for H1 2011
- Net Debt down by €91.1 million (16.8%) year-on-year from €543.2 million (APN deconsolidated) to €452.1 million

€ millions	***2011 H1***	*2010 H1*	**Change**
Reported			
Revenue	**284.6**	324.5	-12.3%
Operating Profit (pre exceptionals)	**34.5**	36.8	-6.3%
EBITDA (incl. dividends received)	**50.5**	50.8	-0.6%
Operating Margin	**12.1%**	11.3%	+80bps
Basic EPS	**(3.2c)**	5.4c	-159.3%
Basic EPS (pre exceptionals)	**3.7c**	3.3c	+12.1%

**Underlying – in constant currency, excluding The Independent and Independent on Sunday titles in the UK (disposed of in April 2010) and compares 26 weeks in both 2011 and 2010*

– PERFORMANCE OVERVIEW AND OUTLOOK –

The Group reported an Operating Profit (pre exceptionals) for the first six months of 2011 of €34.5 million, €2.3 million behind the same period in 2010. Group Revenue fell 12.3% to €284.6 million, mainly as a result of the disposal of the London Independent titles at the end of April 2010 and still weak domestic demand and spending in Ireland.

Trading conditions, particularly in Ireland, remained very difficult and a significant increase in exports failed to translate into domestic demand. While exports continue to grow in Ireland, consumer uncertainty about the impact of austerity measures, taxes and the Euro zone debt crisis has led to a substantial increase in the rate of personal savings in Ireland.

Against this backdrop, the Group's Operating Profit of €34.5 million represents a decline of only €2.3 million compared to H1 2010. The Group is delivering on its core strategic objectives of significantly deleveraging (achieving a year-on-year reduction in Net Debt of €91.1 million, €21.5 million in H1 2011 and more than €400 million in Net Debt reduction since 2008), positioning the Group for an economic upturn, and investing in its multi-region digital diversification strategy.

Underlying advertising revenues, which represent 40% of Group revenues, remained subdued and were down by 7.3%. Underlying circulation revenues, which represent 29% of Group revenues, fell by 2.1%. However, underlying digital revenues, which represent 4% of Group advertising revenues, grew by 5.7%, with a number of strategic initiatives in H1 2011.

Operating Costs continue to be aggressively managed and, on an underlying basis, have been reduced across the Group by €6.6 million. This is despite a 30% year-on-year increase in the price of newsprint in the Island of Ireland division. All the Group's titles are profitable and the vast majority enjoy market-leading positions.

As part of the Group's focus on eliminating loss-making activities, 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.

The Group continued its investment in its digital offering during the first six months of 2011. *GrabOne.ie*, an online coupon joint venture with APN News & Media Limited ('APN'), was launched in mid-May 2011 and has already secured almost 10% of the online deals market in Ireland. INM also acquired a 33% shareholding in *carsireland.ie*, Ireland's fastest growing car sales site and appointed a new Online Editor for its Irish news websites.

Net Exceptional Charges After Tax totalled €37.7 million in the six months to 30 June 2011. This was mainly due to INM's share (€27.7 million) of APN's exceptional charge, primarily arising on the non-cash impairment of APN's New Zealand mastheads, which required a write down of their book carrying value but had no cash impact.

Profit Attributable to Equity Holders of the Parent amounted to €20.2 million in H1 2011 (excluding exceptionals) and this was up 22.4% on H1 2010. Based on this, Earnings Per Share (excluding exceptionals) at 3.7 cent were up 12.1% on H1 2010.

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

"In what are still remarkably tough advertising and consumer markets, particularly in Ireland, the Group has performed well in the first six months of 2011, to generate €50.5 million in EBITDA, improve its Operating Margins and further reduce its Net Debt.

"We've been resolutely focused on our operating costs, which are already down 2.6% year-on-year on an underlying basis, while, at the same time, prudently investing in a market share strategy and digital expansion. Without exception, all our titles are profitable and their aggregate cash performance yielded yet further progress towards our stated objective of significantly deleveraging.

"Our Net Debt at June 30 was €452 million, almost 17 per cent, or €91 million, less than it was 12 months ago. Our debt repayments are ahead of plan, we have comfortably complied with all financial covenants and have no significant debt maturities until May 2014.

"General advertising conditions still remain tough and volatile. Visibility has not improved since our AGM in June and continuing uncertainty over the response to the Euro zone debt crisis continues to constrain advertising and consumer spending.

"As a result, we are not anticipating any material advertising uplift or normalisation in advertising conditions before the year-end. While short-term forecasting remains challenging, both our market share and cost profile should improve further, and thus, we are targeting a Full Year 2011 Operating Profit in the range of €78 million to €83 million. We anticipate that the strong free cash flow generation of the first half will continue and will allow us to further deleverage in the second half of 2011."

– 2011 H1 OPERATIONS REVIEW –

ISLAND OF IRELAND

OVERVIEW	**2011 €m**	**2010 €m**	**Change**	**Change Underlying***
Revenue	183.2	204.1	-10.2%	-6.9%
Operating Profit before Exceptional Items	20.2	26.5	-23.8%	-21.5%
Operating Margin	11.0%	13.0%		

**Underlying – in constant currency and compares 26 weeks in both 2011 and 2010*

The Island of Ireland division combines all of INM's operations in the North and South of Ireland. Underlying Revenue of €183.2 million was down 6.9% in what continues to be a very difficult market. Operating Profit for H1 2011 was €20.2 million. This meant that, despite a €20.9 million reduction in revenue, the Operating Profit decline was contained to €6.3 million, reflecting the strong ongoing cost management throughout all parts of the business in spite of a significant cost push on newsprint price (+30%).

The downturn in Ireland's economic fortunes, and resultant contraction in advertising revenues as experienced in recent years, continued into 2011. INM's market-leading brands *(Irish Independent, Sunday Independent, Belfast Telegraph, Evening Herald, Sunday World, Sunday Life*, 13 regional titles and digital brands) experienced an 11.1% reduction in underlying advertising revenues. With the exception of magazine advertising and digital, which both performed ahead of last year, all other advertising categories tracked behind the prior year.

Against the backdrop of a most challenging retail environment and in what continues to be an extremely competitive market, underlying circulation revenues for the Island of Ireland were down 3.3% on last year, reflecting the combination of some selective cover price increases (in late 2010), elimination of costly bulk sales, and some market share gains despite a fall off in volumes due to weak economic conditions.

The Group's titles maintained, and in some cases advanced, their market-leading positions in the first six months of the year. The *Irish Independent* remains the clear No. 1 quality daily newspaper with an average daily readership of 500,000[1]. It continues to dominate the quality morning market, with a readership in excess of the combined readership of its two closest competitors. The *Evening Herald* remains the No. 1 read title in the very important Dublin market and attracted a very strong 235,000 readers[1] in 2011.

Ireland's largest selling Sunday quality newspaper, the *Sunday Independent*, continues to be the Republic of Ireland's No. 1 newspaper and, in attracting just under one million readers[1] 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.

The *Sunday World* continues to be Ireland's No. 1 tabloid newspaper, attracting 807,000 readers[1] every Sunday. Both the *Sunday World* and *Sunday Independent*, supported by investment in both the products and marketing, have recently benefitted from a good sales uplift following the closure of the Irish News of the World in July.

The Belfast Telegraph Group continues to be the dominant player in the Northern Ireland newspaper market, with the *Belfast Telegraph*, the clear No. 1 daily newspaper, recording 181,000 readers[2] per issue whilst the *Sunday Life* achieved 206,000[2] readers.

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 more demanding than that of the Group's national business due to the ongoing difficult economic backdrop prevalent in regional Ireland. However, each of the Group's regional operations continued to be profitable.

The *independent.ie* suite of publishing platforms continued to show strong progress during the first six months of the year, attracting 3.4 million unique users and over 37.9 million page impressions on average per month over the six month period, showing strong growth of 33% and 19% respectively on the same period in 2010. The *independent.ie* portal continued its innovative approach to improving advertiser return, with increased video content and new mobile apps amongst its more notable developments.

The Group also owns Northern Ireland's largest online newspaper portal, with its award-winning website, *belfasttelegraph.co.uk* (with an average of 1.6 million monthly unique users and 15.6 million monthly page impressions in the first 6 months of 2011 – an increase of 26% and 13% respectively on the same period in 2010). In line with the Belfast Telegraph's multi-platform publishing strategy, subscription versions of the paper were launched for both the ipad and iphone in June of this year. The Group's leading classified portals, *propertynews.com*, *NIjobfinder.co.uk* and *NICarfinder.co.uk,* continue to perform well, are fully integrated with the print products to enhance cross-selling opportunities and are well positioned for future growth.

Having moved to 100% ownership of *yourlocal.ie* during 2010, the Group's classified search site (re-launched in early 2011) has seen a very substantial increase in traffic. The Group's online coupon site *GrabOne.ie w*as successfully launched in Dublin in May and has already been very well received by consumers, taking an almost 10% share of the market in July – just two months after its launch. Now operating in Belfast, Cork and Dublin, with plans to launch in both Limerick and Galway in the near future, the business is extremely well positioned for future growth. In June, the Group acquired a stake in *carsireland.ie*, thereby giving the Group a strong presence in the important online motors classified space. In a further development, the Group has relaunched its online jobs site *loadzajobs.ie* as *findajob.ie*, in conjunction with Stepstone – Europe's largest online recruitment network.

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[1] JNRS 2010/2011
[2] NITGI J-J 2011

Newspread is Ireland's largest wholesale distributor of Irish and UK newspapers, magazines and periodicals. Despite weaker copy sales by competing titles, Newspread continued to improve its profit performance. INM's contract print division, the largest on the Island of Ireland, continues to perform well in difficult market conditions, underpinned by substantial long-term contracts in place with all of the major UK national newspapers.

In education, Independent Colleges (74% owned by INM) continued a further widening of its course portfolio in 2011 through the addition of important new Business, Law Mediation, Communications and Life Science programmes to target a wider domestic and international audience base. It is also offering, for the first time, a government funded back to work/reskilling programme in 2011. Independent Colleges now offers over 70 courses across five faculties and continues to have the largest student body for professional accountancy courses in the country with the professional law school also occupying a market-leading position.

SOUTH AFRICA

OVERVIEW	**2011 €m**	**2010 €m**	**Change**	**Change Underlying***
Revenue	101.4	99.6	+1.8%	-1.2%
Operating Profit before Exceptional Items	19.1	21.0	-9.0%	-15.1%
Operating Margin	18.8%	21.1%		

**Underlying – in constant currency and compares 26 weeks in both 2011 and 2010*

Revenue of €101.4 million was 1.8% up on 2010, assisted by a favourable foreign currency movement, while in underlying terms revenues were 1.2% down on the prior year. The comparative period was buoyed by once-off advertising revenue garnered on account of the build up to the 2010 FIFA World Cup in South Africa. In addition, the local economy experienced subdued consumer spending and generally weaker trading conditions during H1 2011 which were exacerbated by numerous bank holidays in close succession and the trading disruptions leading up to and during the local elections in May 2011.

Underlying advertising revenue declined by 3.7%, with classified advertising volumes down as activity in the recruitment and property sectors contracted. National/brand and agency retail advertising was softer than the prior year due to tougher comparatives in respect of the World Cup.

Underlying circulation revenues increased by 1.0% largely on account of cover price increases across all titles in late 2010. The overall circulation sales market remained very competitive and the Group's volume sales declined in aggregate terms mainly as a result of the elimination of costly bulk copies. Despite this, the Group's titles collectively outperformed the market. In particular, the Group's Zulu-language *Isolezwe* franchise continued to perform strongly with copy sales of the daily growing by more than 8% and the Sunday improving by more than 14% (January to June 2011 ABC). Readership of *Isolezwe* is now 696,000 readers and *Isolezwe NgeSonto* has 755,000 readers (per AMPS 2010B).

The Operating Profit of €19.1 million was 15.1% down on the prior year in underlying terms but continued to yield a strong operating margin of 18.8%. Underlying Operating Costs increased by 2.5% driven by payroll and general inflationary increases of approximately 7%. Strict cost containment measures and business re-engineering initiatives, including the closure of the Cape Town printing operation, have resulted in a permanent lowering of the operational cost base.

Condé Nast Independent's high-end niche magazine titles performed very well in 2011, growing H1 revenues in a highly competitive market by 11.8%. *House & Garden* (which now includes an edition translated into South Africa's third most used language, Afrikaans) continues to be the first choice home décor magazine and *Glamour* retains its position as the second largest selling fashion and beauty magazine in South Africa. *GQ* continues to hold its position in a highly contested male market.

Digital revenues, achieved through the *iol.co.za* portal, enjoyed strong year-on-year revenue growth of 17.8% as a result of new product development and expansion of its classified pillars. IOL consists of more than 40 distinct sites and sections which attract more than 2.1 million visitors[3] and deliver over 30 million page impressions[3] a month.

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[3] Nielsen's Effective Measure 2011

– SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES –

The Group's Associates and Joint Ventures mainly comprise of its 31.0% shareholding in APN (INM's equity stake is currently valued at €110 million), its 50.0% shareholding in the *Irish Daily Star*, its 33.3% shareholding in *metro herald* and its recently acquired 33.0% shareholding in *carsireland.ie*.

INM accounted for APN (in which it is the largest shareholder) as a subsidiary undertaking up to 31 December 2010. At this date, APN was no longer consolidated in INM's Group financial statements. From 1 January 2011, INM's share of APN's Net Profit is reported in INM's Income Statement within 'Share of Results of Associates and Joint Ventures.'

APN reported Operating Profit (excluding exceptionals) of A$64.8 million for the 6 months ended 30 June 2011, with weak retail markets and the shocks of two natural disasters (the floods in Queensland and devastating earthquakes in Christchurch) impacting on the Australian and New Zealand publishing divisions. Partly offsetting this was a strong contribution from APN's outdoor division and a solid performance from its radio division. Net Profit After Tax (excluding exceptionals) was A$21.8 million (INM's share €4.9 million). APN also reported after-tax exceptional charges totalling A$120.1 million (INM's share €27.7 million), mainly due to a non-cash impairment charge principally associated with its metropolitan newspapers in New Zealand. Including exceptionals, APN reported a Net Loss of A$98.3 million (INM's share €22.8 million). APN declared a fully franked interim dividend of 3.5 Australian cents per share, payable on 28 September 2011, from which INM will receive €4.9 million.

The *Irish Daily Star*, Ireland's No. 1 daily tabloid newspaper, delivered another solid result, achieving a readership of 372,000[1] for January to June 2011. *metro herald*, Dublin's only freely distributed newspaper, continued to make good progress during the first six months of 2011, with a readership of 53,000[1].

– FINANCING –

The Group's Net Debt at 30 June 2011 of €452.1 million, is down €91.1 million year-on-year and down €21.5 million in H1 2011, delivering on its commitment to continue to actively reduce leverage. Under INM's Bank Facilities, the Group has no significant maturities until May 2014 and Net Debt is targeted to reduce further during the remainder of 2011, with positive free cash flow and no material capital expenditure requirements.

Net Finance Costs reduced by 35.1% from €25.9 million in H1 2010 to €16.8 million in H1 2011. This reduction partially came about as a result of the redemption of the expensive PIK Note (€29.3 million in November 2010 and €6.7 million in March 2011) with the balance of the savings as a result of the reduced debt levels and improved margins.

– DIVIDENDS –

The Directors do not propose recommending an interim dividend for 2011 and believe there is currently greater scope to create shareholder value through continued debt pay down.

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 the Republic of Ireland, Northern Ireland and South Africa.

The Group has market-leading newspaper positions in the Republic of Ireland, Northern Ireland and South Africa and has established a strong and growing online presence, including market-leading online positions in each of its 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 31.0% 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 €739 million, revenue of €605 million and employs approximately 2,800 people worldwide.

INDEPENDENT NEWS & MEDIA PLC
CONDENSED INTERIM GROUP FINANCIAL STATEMENTS

GROUP INCOME STATEMENT (unaudited)

	Notes	Six months ended 30 June 2011 Before Exceptional Items €m	Six months ended 30 June 2011 Exceptional Items** €m	Six months ended 30 June 2011 Total €m	Six months ended 30 June 2010 (restated)* Before Exceptional Items €m	Six months ended 30 June 2010 (restated)* Exceptional Items** €m	Six months ended 30 June 2010 (restated)* Total €m
Revenue	4	**284.6**	**-**	**284.6**	324.5	-	324.5
Operating profit/(loss)	4	**34.5**	**(11.4)**	**23.1**	36.8	9.5	46.3
Share of results of associates and joint ventures		**6.0**	**(28.7)**	**(22.7)**	1.0	-	1.0
Finance income/costs:							
- Finance income		**0.6**	**-**	**0.6**	0.8	-	0.8
- Finance costs		**(17.4)**	**-**	**(17.4)**	(26.7)	-	(26.7)
Profit/(loss) before taxation		**23.7**	**(40.1)**	**(16.4)**	11.9	9.5	21.4
Taxation (charge)/credit		**(3.7)**	**2.4**	**(1.3)**	(4.4)	1.4	(3.0)
Profit/(loss) from continuing operations		**20.0**	**(37.7)**	**(17.7)**	7.5	10.9	18.4
Profit/(loss) from discontinued operations***		**-**	**-**	**-**	33.5	(0.6)	32.9
Profit/(loss) for the period		**20.0**	**(37.7)**	**(17.7)**	41.0	10.3	51.3
Attributable to non-controlling interests		**0.2**	**-**	**0.2**	(24.5)	0.2	(24.3)
Attributable to equity holders of the parent		**20.2**	**(37.7)**	**(17.5)**	16.5	10.5	27.0
(Loss)/earnings per ordinary share (cent)							
Continuing operations				**(3.2c)**			3.7c
Discontinued operations***				**-**			1.7c
Total operations – Basic & Diluted	6			**(3.2c)**			5.4c

* Restated due to the change in accounting treatment of APN (note 2)
** Note 5
*** Discontinued operations: this represents the results of APN for the six months ending 30 June 2010 which, under accounting standards, is deemed to be a discontinued operation in 2010 even though INM's shareholding in APN remained unchanged in that year. In 2011, INM's share of APN's results is reported as part of "Share of results of associates and joint ventures". See note 2 for further details.

The notes to the condensed interim Group financial statements on pages 14 to 25 form an integral part of this financial information.

GROUP STATEMENT OF COMPREHENSIVE INCOME (unaudited)

	Six months ended 30 June 2011 €m	Six months ended 30 June 2010 €m
(Loss)/Profit for the period	**(17.7)**	51.3
Other comprehensive (expense)/income		
Currency translation adjustments	**(22.4)**	86.0
Retirement benefit obligations:		
- Actuarial losses	**(1.4)**	(36.3)
- Movement on deferred tax asset	**0.1**	3.2
Gains/(losses) relating to cash flow hedges/available-for-sale financial assets	**1.3**	(2.5)
Other comprehensive (expense)/income for the period, net of tax	**(22.4)**	50.4
Total comprehensive (expense)/income for the period	**(40.1)**	101.7
Attributable to:		
Non-controlling interests	**(0.3)**	71.4
Equity holders of the parent	**(39.8)**	30.3
	(40.1)	101.7
Continuing operations	**(40.1)**	1.0
Discontinued operations	**-**	100.7
	(40.1)	101.7

The notes to the condensed interim Group financial statements on pages 14 to 25 form an integral part of this financial information.

GROUP BALANCE SHEET

	Notes	30 June 2011 unaudited	31 Dec 2010 audited	30 June 2010* Unaudited
Assets		**€m**	€m	€m
Non-Current Assets				
Intangible assets		**248.8**	277.2	1,515.1
Property, plant and equipment		**135.7**	142.3	341.9
Investments in associates and joint ventures		**246.4**	286.9	30.4
Deferred tax assets		**26.7**	28.8	25.2
Available-for-sale financial assets		**8.9**	11.9	55.2
Derivative financial instruments		**0.6**	-	0.4
Trade and other receivables		**1.8**	1.9	6.5
		668.9	749.0	1,974.7
Current Assets				
Inventories		**4.7**	6.0	13.0
Trade and other receivables		**54.1**	70.2	202.0
Current income tax assets		-	-	0.6
Derivative financial instruments		**0.6**	0.4	1.3
Cash and cash equivalents		**10.9**	15.6	38.0
		70.3	92.2	254.9
Total Assets		**739.2**	841.2	2,229.6
Liabilities				
Current Liabilities				
Trade and other payables		**91.3**	103.5	188.4
Current income tax liabilities		**4.1**	3.6	5.9
Borrowings	9	**35.6**	31.7	43.1
Derivative financial instruments		**1.2**	3.5	4.5
Provisions for other liabilities and charges		**9.8**	15.2	32.2
		142.0	157.5	274.1
Non-Current Liabilities				
Borrowings	9	**427.4**	457.5	1,006.0
Retirement benefit obligations	8	**127.1**	132.0	161.7
Deferred taxation liabilities		**16.1**	23.3	127.2
Other payables		**1.6**	2.0	4.3
Derivative financial instruments		-	1.1	2.0
Provisions for other liabilities and charges		**13.0**	15.7	18.0
		585.2	631.6	1,319.2
Total Liabilities		**727.2**	789.1	1,593.3
Net Assets		**12.0**	52.1	636.3
Equity				
Capital and Reserves Attributable to Company's Equity Holders				
Share capital		**194.6**	194.6	176.9
Other reserves		**664.2**	685.2	690.9
Retained losses		**(844.4)**	(825.6)	(882.2)
		14.4	54.2	(14.4)
Non-Controlling Interests		**(2.4)**	(2.1)	650.7
Total Equity		**12.0**	52.1	636.3

* The June 2011 and December 2010 Balance Sheets reflect INM's investment in APN as a single line item within the "Investments in associates and joint ventures" category. However, the June 2010 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.

The notes to the condensed interim Group financial statements on pages 14 to 25 form an integral part of this financial information.

GROUP STATEMENT OF CHANGES IN EQUITY (unaudited)

Group	Share Capital €m	Share Premium €m	Share Option Reserve €m	Capital Redemption Reserve €m	Capital Conversion 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 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)	-	-	-	-	-	75.1	(12.1)	(32.7)	30.3	71.4	101.7
Issue of equity non-controlling interest (note 8)	-	-	-	-	-	-	-	-	-	5.4	5.4
Cancellation of deferred shares	(219.7)	-	-	219.7	-	-	-	-	-	-	-
Share based payment	-	-	0.5	-	-	-	-	-	0.5	-	0.5
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(16.7)	(16.7)
At 30 June 2010	**176.9**	**572.8**	**9.1**	**219.7**	**4.5**	**(114.3)**	**(0.9)**	**(882.2)**	**(14.4)**	**650.7**	**636.3**
At 31 December 2010	194.6	583.4	10.1	219.7	4.5	(132.6)	0.1	(825.6)	54.2	(2.1)	52.1
Total comprehensive income/(expense)	-	-	-	-	-	(22.3)	1.3	(18.8)	(39.8)	(0.3)	(40.1)
At 30 June 2011	**194.6**	**583.4**	**10.1**	**219.7**	**4.5**	**(154.9)**	**1.4**	**(844.4)**	**14.4**	**(2.4)**	**12.0**

*Other relates to available-for-sale financial assets reserves of €1.4m

The notes to the condensed interim Group financial statements on pages 14 to 25 form an integral part of this financial information.

GROUP CASH FLOW STATEMENT

	Six Months ended 30 June 2011	Six Months ended 30 June 2011	Six Months ended 30 June 2010 (restated)*	Six Months ended 30 June 2010 (restated)*
	€m	**€m**	€m	€m
Continuing Operations				
Cash generated from operations (before cash exceptional items) (note 7)	**37.8**		35.6	
Exceptional expenditure	**(3.5)**		(12.6)	
Cash generated from operations	**34.3**		23.0	
Income tax paid	**(7.3)**		(17.7)	
Cash generated by operating activities		**27.0**		5.3
Cash flows from investing activities				
Dividends received	**10.4**		6.3	
Purchases of property, plant and equipment	**(2.0)**		(1.8)	
Purchases of intangible assets	**(0.9)**		(0.5)	
Purchases of associates and joint ventures	**(0.2)**		(0.2)	
Disposal of associates and joint ventures	**1.5**		43.8	
Advances to associates and joint ventures	-		(1.3)	
Purchases of available-for-sale financial assets	-		(0.1)	
Proceeds from sale of available-for-sale financial assets	**1.8**		-	
Interest received	**0.6**		0.9	
Net cash generated by investing activities		**11.2**		47.1
Cash flows from financing activities				
Interest paid	**(15.6)**		(18.3)	
Proceeds from borrowings	**2.5**		-	
Repayment of borrowings	**(27.8)**		(56.6)	
Payments relating to finance lease liabilities	**(1.0)**		(0.8)	
Net cash used in financing activities		**(41.9)**		(75.7)
Net decrease in cash and cash equivalents and bank overdrafts in the period		**(3.7)**		(23.3)
Balance at beginning of the year		**11.3**		32.0
Foreign exchange losses		**(0.9)**		(2.4)
Cash and cash equivalents and bank overdrafts at end of period		**6.7**		6.3

* Restated due to the change in accounting treatment of APN (note 2)

The notes to the condensed interim Group financial statements on pages 14 to 25 form an integral part of this financial information.

GROUP CASH FLOW STATEMENT (continued)

	Six Months ended 30 June 2011 €m	Six Months ended 30 June 2011 €m	Six Months ended 30 June 2010 (restated) €m	Six Months ended 30 June 2010 (restated) €m
Continuing Operations (continued)				
Cash and cash equivalents and bank overdrafts at end of period		**6.7**		6.3
APN – Discontinued Operations*				
Cash generated from operations (before cash exceptional items) (note 7)	-		76.4	
Exceptional expenditure	-		(2.5)	
Cash generated from operations	-		73.9	
Income tax paid	-		(6.6)	
Cash generated by operating activities		-		67.3
Net cash used in investing activities		-		(3.8)
Net cash used in financing activities		-		(62.8)
Net increase in cash and cash equivalents and bank overdrafts in the period		-		0.7
Balance at beginning of the year		-		20.6
Foreign exchange gains		-		6.6
APN – discontinued cash and cash equivalents and bank overdrafts at end of period		-		27.9
Total Operations				
Cash and cash equivalents and bank overdrafts at end of period		**6.7**		**34.2**

* Discontinued operations represent the net cash flows of APN which, under accounting standards, is deemed to be a discontinued operation in 2010 even though INM's shareholding in APN remained unchanged. In 2011, APN's cash flows are not reported as part of INM's cash flows except INM's share of APN's dividends paid is reported as part of dividends received within "Investing Activities". As a result of the change in accounting treatment from subsidiary to associate at 31 December 2010, the 2010 cashflow statement has been restated and separate cash flows have been presented for "continuing" and "discontinued" operations. In 2010, dividends received from APN of €5.0m 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. See note 2 for further details.

The notes to the condensed interim Group financial statements on pages 14 to 25 form an integral part of this financial information.

NOTES TO THE INTERIM STATEMENT (unaudited)

1. Basis of Preparation and Going Concern

The condensed interim Group financial statements for the six months ended 30 June 2011, which should be read in conjunction with the 2010 Annual Report, have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency Rules of the Irish Financial Services Regulatory Authority and in accordance with International Accounting Standard 34, Interim Financial Reporting (IAS 34) as adopted by the European Union.

During the period the Group's net debt was reduced by €21.5m from €473.6m at 31 December 2010 to €452.1m at 30 June 2011. The Group redeemed the remaining €6.7m outstanding on the PIK Note during 2011.

The Group's Senior Bank Debt Facilities are based upon a 4½ year term and have no significant debt maturities until 2014. All the quarterly financial covenant tests under the Group's Senior Bank Debt Facilities were met during the six months ended 30 June 2011. Net debt is expected to reduce further in the remainder of 2011, with positive free cash flow and no material capital expenditure requirements. 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 has 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.

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 2010 and are described in those financial statements on pages 59 to 68.

The following interpretations or amended standards are mandatory for the first time for the financial year beginning 1 January 2011, and are either not relevant to the Group or they do not have any significant impact on the condensed interim Group financial statements:

- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments;
- IAS 24 (Revised) Related Party Disclosures; and
- IAS 32 (Amendment) Classification of Rights Issue.

The Group has also adopted the "Improvements to IFRS", (effective for financial periods beginning on or after 1 January 2011). 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 the condensed interim Group financial statements.

1. Basis of Preparation and Going Concern (Cont'd)

The condensed interim Group financial statements for the six months ended 30 June 2011 and the comparative amounts have not been audited or reviewed by the auditors. The condensed interim Group financial statements are not the statutory accounts of the Company. A copy of the statutory accounts 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 2010 and has been so annexed.

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 was no longer consolidated in INM's Group financial statements and instead, given INM continued to have 'significant influence' over APN, INM accounted for its shareholding as an associate.

From 1 January 2011 , INM's share of APN's Net Profit is reported in INM's Income Statement within 'Share of results of associates and joint ventures'. INM's Cash Flow Statement for 2011 does not reflect any cash flows relating to APN other than dividends received from APN.

INM's Balance Sheet from 31 December 2010 reflects the deconsolidation of the assets, liabilities and non-controlling interests of APN (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 the 2010 comparative information in these condensed interim financial statements, even though INM's shareholding remained unchanged and no disposal of shares took place. As a result, in INM's Income Statement and Cash Flow Statement for 2010, APN is reported as a Discontinued Operation.

3. Risks and Uncertainties

The principal risks and uncertainties which could impact the Group's future results were outlined in the Directors' Report and in note 32 of the 2010 Annual Report and include liquidity risk, economic risk, interest rate risk and foreign exchange risk. The key risk specific to the remaining six month period is the economic risk for the global advertising environment. A significant proportion of the Group's revenue is derived from advertising which has historically been cyclical, with companies spending less on advertising in times of economic slowdown. The global advertising environment continues to be volatile due to weak economic activity and the extent and duration of this is difficult to predict. Therefore, the outlook for consumer advertising in the Group's markets remains uncertain.

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. Interest 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. The Group's subsidiaries operate in three geographical areas: Island of Ireland; United Kingdom (disposed on 30 April 2010); and South Africa. 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 on the following page. The Group's Australasian operations were previously reported to the Board of Directors as part of the Group's subsidiaries operations. However, with effect from 1 January 2011, (as explained in note 2) the Group's Australasian operations are now treated as an associate and are also reported to the CODM as part of the Group's share of results of associates and joint ventures. Thus the results of the Group's Australasian operations for 2010 have been restated on a consistent basis.

The Group's global diversity helps insulate total Group revenues from the impact of seasonality.

NOTES TO THE INTERIM STATEMENT (unaudited) (Cont'd)

4. Segmental Reporting (Cont'd)

	Revenue (3rd Party)				Operating Profit/(Loss) (Before Exceptional Items)			
	30 June 2011	**30 June 2011**	30 June 2010 (restated)	30 June 2010 (restated)	**30 June 2011**	**30 June 2011**	30 June 2010 (restated)	30 June 2010 (restated)
	€m	**€m**	€m	€m	**€m**	**€m**	€m	€m
Island of Ireland - Publishing	**180.8**		201.8		**21.0**		27.5	
Island of Ireland - Non-Publishing*	**2.4**		2.3		**(0.8)**		(1.0)	
Island of Ireland - Total		**183.2**		204.1		**20.2**		26.5
United Kingdom - Publishing	**-**		20.8		**-**		(5.2)	
United Kingdom - Total		**-**		20.8		**-**		(5.2)
South Africa - Publishing	**101.4**		99.6		**19.1**		21.0	
South Africa - Total		**101.4**		99.6		**19.1**		21.0
Common/Unallocated		**-**		-		**(4.8)**		(5.5)
		284.6		324.5		**34.5**		36.8

* Island of Ireland – Non-Publishing contains the education business.

NOTES TO THE INTERIM STATEMENT (unaudited) (Cont'd)

4. Segmental Reporting (Cont'd)

	Six months ended 30 June 2011			Six months ended 30 June 2010 (restated)		
	Before Exceptional Items €m	**Exceptional Items €m**	**Total €m**	Before Exceptional Items €m	Exceptional Items €m	Total €m
Operating profit/(loss)	**34.5**	**(11.4)**	**23.1**	36.8	9.5	46.3
Share of results of associates and joint ventures						
- APN	**4.9**	**(27.7)**	**(22.8)**	8.9	(0.4)	8.5
- Other associates and joint ventures	**1.1**	**(1.0)**	**0.1**	1.0	-	1.0
Net finance costs	**(16.8)**	**-**	**(16.8)**	(25.9)	-	(25.9)
Profit/(loss) before taxation	**23.7**	**(40.1)**	**(16.4)**	20.8	9.1	29.9
Taxation (charge)/credit	**(3.7)**	**2.4**	**(1.3)**	(4.4)	1.4	(3.0)
Profit/(loss) for the period	**20.0**	**(37.7)**	**(17.7)**	16.4	10.5	26.9
Attributable to non-controlling interests	**0.2**	**-**	**0.2**	0.1	-	0.1
Attributable to equity holders of the parent	**20.2**	**(37.7)**	**(17.5)**	16.5	10.5	27.0

APN's revenues for the six months ended 30 June 2011 were €374.1m (2010: €341.5m) and APN's operating profit before exceptional items for the six months ended 30 June 2011 was €47.7m (2010: €58.2m).

The taxation charge for the period comprises a charge of €nil (2010: credit of €0.8m) in respect of Irish taxation and a charge of €1.3m (2010: charge of €3.8m) in respect of overseas taxation.

NOTES TO THE INTERIM STATEMENT (unaudited) (Cont'd)

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 2011 €m	30 June 2010 €m
Included in profit/(loss) before taxation are the following:			
Impairment of assets and gains on sale of assets, net of transaction costs	(i)	**(11.3)**	5.8
Restructuring (charges)/credit	(ii)	**(0.1)**	3.7
Total exceptional items		**(11.4)**	9.5
Share of associates and joint ventures exceptional items (net of tax and non-controlling interests)	(iii)	**(28.7)**	-
Net exceptional tax credit		**2.4**	1.4
Discontinued operations exceptional items (net of tax)		**-**	(0.6)
Non-controlling interest share of exceptional items (net of tax)		**-**	0.2
Exceptional items net of taxation and non-controlling interests		**(37.7)**	10.5

(i) 2011
Primarily relates to a €10.8m impairment arising on intangible assets mainly in Belfast.

2010
Primarily relates to the following:

a. A €42.1m gain arising on the disposal of a 7.8% stake in Jagran Prakashan Limited (India) and the resulting fair value gain arising from the loss of significant influence;
b. A €16.6m net loss on the disposal of the *The Independent* and the *Independent on Sunday* in the United Kingdom;
c. €13.5m due to an accelerated depreciation charge and a provision for onerous contracts; and
d. €4.9m due to the impairment of intangible assets.

(ii) 2011
Relates to restructuring charges arising in Island of Ireland (€1.6m) and South Africa (€0.4m). It also includes a credit of €1.9m in relation to negative past service costs/curtailment gains arising on the Group's retirement benefit obligations.

2010
Relates to restructuring charges arising in Island of Ireland (€1.2m) and South Africa (€0.9m) and also includes a credit of €5.8m in relation to a negative past service cost arising on the Group's retirement benefit obligations.

(iii) 2011
Mainly relates to a non-cash impairment charge arising in APN News & Media Limited (APN). This charge arises on APN's New Zealand mastheads, which reflects an impairment charge on these assets in line with prevailing international benchmarks and current market conditions. This impairment is as a result of a number of factors, including the impact of the Christchurch earthquakes on the New Zealand economy, the slower than expected recovery of the advertising markets and the ongoing impacts of the global financial crisis.

NOTES TO THE INTERIM STATEMENT (unaudited) (Cont'd)

6. Earnings Per Share

	2011 €m	2010 (restated) €m
(Loss)/Profit attributable to the equity holders of the parent	**(17.5)**	27.0
Continuing operations:		
- Exceptional items (note 5)	**11.4**	(9.5)
- Net exceptional tax credit	**(2.4)**	(1.4)
- Share of associates and joint ventures exceptional items (net of tax and non-controlling interests)	**28.7**	-
Discontinued operations: *		
- Exceptional items (net of tax)	**-**	0.6
- Non-controlling interests share of exceptional items (net of tax)	**-**	(0.2)
Profit before exceptional items	**20.2**	16.5
(Loss)/Profit attributable to the equity holders of the parent:		
Continuing operations	**(17.5)**	18.5
Discontinued operations *	**-**	8.5
	(17.5)	27.0
Profit before exceptional items:		
Continuing operations	**20.2**	7.6
Discontinued operations *	**-**	8.9
	20.2	16.5
Weighted average number of shares outstanding during the year (excluding treasury shares)	**550,418,282**	499,871,432
Effect of:		
Conversion of options	**-**	-
Diluted number of shares	**550,418,282**	499,871,432
Basic/Diluted (loss)/earnings per share		
Continuing operations	**(3.2c)**	3.7c
Discontinued operations*	**-**	1.7c
Total	**(3.2c)**	5.4c
Basic/Diluted earnings per share before exceptional items		
Continuing operations	**3.7c**	1.5c
Discontinued operations *	**-**	1.8c
Total	**3.7c**	3.3c

* 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 remained unchanged. From 2011 onwards, INM's share of APN's results is reported as part of "Share of results of associates and joint ventures". See note 2 for further details.

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.

NOTES TO THE INTERIM STATEMENT (unaudited) (Cont'd)

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

	30 June 2011	**30 June 2011**	30 June 2010 (restated)	30 June 2010 (restated)
	€m	**€m**	€m	€m
Continuing Operations				
Operating profit before exceptional items	**34.5**		36.8	
Depreciation/amortisation	**5.6**		7.2	
Non-cash share option charge	**-**		0.5	
Earnings Before Interest, Tax, Depreciation and Amortisation	**40.1**		44.5	
Decrease in inventories	**1.0**		1.6	
Decrease in short term and medium term receivables	**11.8**		9.7	
Decrease in short term and long term payables	**(7.9)**		(16.5)	
Decrease in provisions	**(7.2)**		(3.7)	
Cash generated from operations (before cash exceptional items)		**37.8**		35.6
Exceptional expenditure		**(3.5)**		(12.6)
Cash generated from operations		**34.3**		23.0
Income tax paid		**(7.3)**		(17.7)
Cash generated by operating activities		**27.0**		5.3

NOTES TO THE INTERIM STATEMENT (unaudited) (Cont'd)

7. Reconciliation of Operating Profit before Exceptional Items to Cash Generated by Operating Activities (Cont'd)

	30 June 2011	**30 June 2011**	30 June 2010 (restated)	30 June 2010 (restated)
	€m	**€m**	€m	€m
Discontinued Operations				
Operating profit before exceptional items	-		57.8	
Depreciation/amortisation	-		13.3	
Earnings Before Interest, Tax, Depreciation and Amortisation	-		71.1	
Decrease in inventories	-		2.0	
Decrease in short term and medium term receivables	-		3.3	
Decrease in short term and long term payables	-		(0.8)	
Increase in provisions	-		0.8	
Cash generated from operations (before cash exceptional items)		-		76.4
Exceptional expenditure		-		(2.5)
Cash generated from operations		-		73.9
Income tax paid		-		(6.6)
Cash generated by operating activities		-		67.3

8. Other Items

a. Retirement Benefits

The retirement benefit obligations as at 30 June 2011 in the Balance Sheet have decreased by €4.9m to €127.1m compared to €132.0m at 31 December 2010. This comprises a defined benefit pension obligation of €95.4m (2010: €95.9m) and a medical aid liability of €31.7m (2010: €36.1m). This decrease in the retirement benefit obligations is driven predominately by a €4.0m foreign exchange movement.

b. Statement of Comprehensive Income

A negative currency translation adjustment of €22.4m has been booked in the Group Statement of Comprehensive Income for the half year to 30 June 2011. This has arisen due to the weakening of the South African Rand, Australian Dollar and Sterling Pound exchange rates at 30 June 2011 compared to the rates at 31 December 2010 used in the translation of the Group's investments in subsidiaries and associates with a functional currency different to that of the Parent Company. In the Statement of Comprehensive Income the amount attributable to non-controlling interests has gone from €71.4m in 2010 to (€0.3m) in 2011 due to the deconsolidation of APN.

c. Transactions within Equity

2010

The €5.4m issue of equity non-controlling interest reflects the issue of shares by APN News & Media Limited (APN) to the non-controlling interests in lieu of dividend payments.

d. Dividends

The Directors are not proposing an interim dividend for 2011. There was no dividend paid in 2010.

e. Disposals

Subsidiaries - There were no businesses disposed of during 2011 (2010: INM completed the disposal of *The Independent* and the *Independent on Sunday* in the UK).

Associates and Joint Ventures - 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. (2010: INM disposed of 7.8% of Jagran Prakashan Limited (India)).

f. Tax Effect on Items in Statement of Comprehensive Income

	30 June 2011 €m	30 June 2010 €m
Retirement benefit obligations	**0.1**	3.2
Gains/(losses) relating to cash flow hedges/available-for-sale financial assets	**-**	(0.4)
Total Tax Effect	**0.1**	2.8

9. Borrowings

Group	June 2011 Loans & Overdrafts €m	June 2011 Finance Lease Liabilities €m	June 2011 Total €m	December 2010 Loans & Overdrafts €m	December 2010 Finance Lease Liabilities €m	December 2010 Total €m
Repayable as follows:						
Between one and two years	**41.7**	**-**	**41.7**	37.6	-	37.6
Between two and five years	**385.6**	**-**	**385.6**	419.6	-	419.6
More than five years	**0.1**	**-**	**0.1**	0.3	-	0.3
Total due after one year	**427.4**	**-**	**427.4**	457.5	-	457.5
Due within one year or on demand	**35.6**	**-**	**35.6**	30.7	1.0	31.7
Total borrowings (all secured)	**463.0**	**-**	**463.0**	488.2	1.0	489.2
Cash and cash equivalents			**(10.9)**			(15.6)
Net debt			**452.1**			473.6

Included in Loans and Overdrafts is €462.0m 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.

10. Intangible Assets/Investment in Associates and Joint Ventures

The carrying value of the Group's intangible assets decreased by €28.4m from €277.2m at 31 December 2010 to €248.8m at 30 June 2011. This decrease is driven by a €10.8m impairment charge (see note 5) and by unfavourable foreign exchange rate movements in the period.

Impairment Reviews and Supplementary Non-IFRS Information

The Group's indefinite life intangible assets (including goodwill) are tested annually for impairment or whenever there is an indication of impairment. As at 30 June 2011, due to indications of impairment, certain intangible assets were tested for impairment, and as a result, an impairment charge of €10.8m (2010: €4.9m) 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 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 2010 annual report.

10. Intangible Assets/Investment in Associates and Joint Ventures (Cont'd)

Impairment Reviews and Supplementary Non-IFRS Information (Cont'd)

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 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.

Investments in Associates and Joint Ventures

Included in exceptional items (note 5) is a charge of €28.7m in relation to exceptional items arising in the Group's associates and joint ventures. This charge mainly arises in APN and is due to an impairment charge booked on APN's New Zealand mastheads.

11. Related Party Information

There have been:

- no related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period; and

- 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 in the first six months of the current financial year.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR THE SIX MONTHS ENDED 30 JUNE 2011

The Directors (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 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, being the international accounting standard applicable to interim financial reporting adopted pursuant to the procedure provided for under Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

(2) 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 and that have materially affected the financial position or the performance of the enterprise 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 enterprise in the first six months of the current financial year.

On behalf of the Board

Gavin K O'Reilly
Group Chief Executive Officer

Dónal J Buggy
Group Chief Financial Officer