Independent News & Media PLC

OPERATING PROFIT UP 8.6%
SIGNIFICANT PROGRESS ON RESTRUCTURING

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

Dublin/London 30 August 2013: Independent News & Media PLC ('INM' or the 'Group') today announced the Group's results for the six months ended 30 June 2013.

2013 FIRST HALF FINANCIAL PERFORMANCE FOR THE CONTINUING GROUP*

- Operating Profit, pre-exceptionals, of €15.2 million, up €1.2 million (8.6%)
- Revenue of €164.1 million, down €14.7 million (8.2%)
- Significant cost reductions of €15.9 million (9.6%) more than offset the revenue decline
- Operating Margin, pre-exceptionals, of 9.3%, up from 7.8%
- Digital revenue growth of 8.2%

STRATEGIC & OPERATING HIGHLIGHTS

- Significant progress on the restructuring of the Group's debt facilities which will provide INM with a sustainable debt level on completion of all stages
  - Completed first stage of restructuring with the disposal of the Group's South African business for R2 billion, with the net proceeds applied to debt reduction
  - Progress on second stage with Section 50 submissions made to the Irish Pensions Board in respect of the proposed restructuring of INM's significant Republic of Ireland (ROI) defined benefit pension schemes by the Trustees of the schemes
- Operating profit and margin growth, despite tough market conditions. Market share positions in advertising and circulation generally increased or maintained
- Further delivery on €26 million initiative programme previously announced, which will be fully implemented by the end of the year
- Appointments of Managing Director, Digital and Editor in Chief of the *Irish Independent, independent.ie, Sunday Independent* and *The Herald* position the Group to benefit from the significant emerging opportunities in the digital arena

Continuing Group ***€m except where stated***	**2013 H1**	2012 H1	**Change**
Revenue	**164.1**	178.8	-8.2%
Operating Profit (pre-exceptionals)	**15.2**	14.0	+8.6%
Operating Margin	**9.3%**	7.8%	+150 bps
Basic & Diluted EPS (cent)	**(1.85c)**	(29.87c)	
Basic & Diluted EPS (pre-exceptionals) (cent)	**0.03c**	(0.22c)	

* 'Continuing Group' excludes Independent News & Media South Africa

– PERFORMANCE OVERVIEW –

Commenting on these results, Vincent Crowley, Group Chief Executive Officer, said:

"In the first half we have made substantial progress in re-shaping and re-positioning INM. We have agreed a restructuring of our debt, disposed of our South African business for R2 billion and agreed a pension restructuring of the significant ROI defined benefit pension schemes with the relevant Trustees, involving Section 50 submissions to the Irish Pensions Board. We have delivered substantial year-on-year cost savings and increased profitability, despite revenue reductions.

"Our focus for the second half, and into 2014, is to continue to identify new revenue opportunities and drive efficiencies across our business. A key focus will be the development of our digital activities and related digital revenues. Yesterday's announcement of the appointment of Fiona O'Carroll as Managing Director, Digital and the recent appointment of Stephen Rae as Editor in Chief, positions the Group to benefit from the significant emerging opportunities in the digital arena and to better leverage our unique content across all platforms. Our unrivalled audience reach, both in print and online, is the foundation of our publishing performance and growing digital strategy.

"We have a strong portfolio of market-leading national and regional titles which are profitable and supported by a growing digital revenue stream. Whilst we have experienced some recent reductions in the rate of advertising decline, forecasting in current trading conditions is difficult and visibility remains short. We have strong operating leverage and are well positioned to convert any improvement in trading conditions into an improved financial performance."

RESTRUCTURING

In April this year, the Group announced that it had reached a restructuring agreement ("Restructuring)" with its syndicate of lenders. The Restructuring involved a number of steps, the first of which was the sale of Independent News & Media South Africa ("INMSA"). As announced last week, the sale of INMSA has been successfully completed and the net proceeds from the disposal of INMSA have been applied to debt reduction.

The Group has made significant progress on the second stage of the Restructuring, which was a restructuring of the Group's significant ROI defined benefit pension schemes (the "Pension Schemes"), involving the reduction of members' accrued benefits. The Trustees of these Pension Schemes have recently made their Section 50 submissions to the Irish Pensions Board.

Work on the third and final stage of the Restructuring – a €40 million capital raise to further reduce debt – is underway and INM remains confident that this can be implemented by the 31 December 2013 deadline.

On completion of all stages, the Group's core debt will reduce to €118 million, with approximately €10 million of other facilities and credit lines, in addition to €10 million placed in escrow to cover future potential warranty claims relating to the sale of INMSA.

At 30 June 2013, Net Debt for the Continuing Group was €434.6 million. On a pro-forma basis, following the sale of INMSA, the Group's Net Debt is reduced to €290.6 million.

For the first six months of the year, the Group's finance costs (before exceptionals) amounted to €18.7 million. Following the restatement of the Group's Bank Facilities, the interest cost will be approximately €20 million for the 2013 full year. Going forward, assuming the capital raise is completed by the agreed deadline, the Group's expected annual interest charge will be approximately €7 million.

DIGITAL INITIATIVES

During the first six months of the year, the Group has continued to pursue its strategy to promote an "audience-first" ethos across the island of Ireland which is intended to capitalise on the combined strength of the Group's market-leading newspaper titles and websites. As part of this focus on digital development, and to ensure the Group's key titles are properly positioned to capitalise on a changing media landscape, INM recently appointed Stephen Rae as Editor in Chief of the *Irish Independent, independent.ie* (and related websites)*, Sunday Independent* and *The Herald*. Subsequent to the period end, INM also appointed Claire Grady as Editor of the *Irish Independent*, and Ian Mallon to a new position as Group Head of News. These appointments are part of INM's strategy to build a seven-day newsroom which will be integral to the continued growth of INM's portfolio of market-leading newspapers, websites and developing mobile/tablet applications.

Yesterday's announcement of the appointment of Fiona O'Carroll as Managing Director, Digital represents a further important milestone in repositioning the Group to grow our digital presence and revenues. Her extensive experience in digital transition will benefit the Group enormously.

Significant progress is being made on all of the Group's websites across the island of Ireland with the integration of print and digital editorial and commercial teams. The Group plans to implement a "leaky" paywall on our main sites by year-end and to launch a new range of mobile and tablet applications at the same time.

GrabOne, the Group's leading e-commerce website has continued to grow rapidly and has increased its market share to approximately 20% in quarter two, making it the clear No.1 Irish owned operator. *GrabOne's* mobile penetration has doubled with 30% of all transactions now occurring through this channel. Since launch, this operation has brought over one million new Irish consumers to transact with local SME's. Key areas of focus for the rest of the year include new product launches and the continued growth of its *'GrabOne Store'* online retail channel. *GrabOne* recorded revenue growth of over 35% during the period.

Since 30 June, the Group has acquired a shareholding in *ClickandGo.com*, with an option to secure a majority stake. *ClickandGo.com* is an online travel agent with a strategic alliance to Aer Lingus, offering holidays in Europe and the United States, currently targeted at the Irish market. The Group believes it has bought into a company with attractive growth prospects, which has obvious synergies with INM's media assets.

The Group's joint venture *CarsIreland.ie* continues to perform well showing good growth in both its audience and its number of registered car dealers, making it the No.2 player in the ROI market.

In Northern Ireland, the Belfast Telegraph Group continues to grow its print and online audience, which is up 8% to 470,000 readers (TGI), making it the clear No.1 in the local marketplace. The Group's classified verticals, *jobfinder.co.uk* and *propertynews.com*, continue to be leading portals in the Northern Ireland market.

OPERATIONS

Key Operating Highlights

The Key Operating Highlights in the first six months of 2013 were as follows:

- All publishing websites relaunched utilising the latest HTML 5 technologies
- *independent.ie* positioned as No.1 news website (comScore) in Rep of Ireland with 5.1 million unique visitors (up 39% on the prior year) and 59 million page impressions (up 37% on the prior year) in July 2013
- *Irish Independent* recorded an ABC[1] of 121,120 copies – continues to dominate quality morning market – increased market share
- *Sunday Independent*, with an ABC[1] of 232,494 copies, increased market share – continues to provide the largest regular audience in Ireland across any advertising platform

[1] ABC Jan to June 2013

- *The Herald* – successfully rebranded since year end – recorded an ABC[1] of 58,545 copies – increased market share – moved to morning national distribution

- *Sunday World*, the largest-selling and most-read tabloid in Ireland – recorded an ABC[1] of 211,161 – increased market share

- Belfast Telegraph Group grows print and online audience – No.1 in local marketplace

- *GrabOne* – increased market share to c.20% – transactions via mobile doubled to 30% – revenue growth of over 35%

- Newspread – the largest newspaper and magazine wholesale distributor in Ireland continues its diversification strategy

- Education business reduced losses during the period

Trading Performance (Continuing Group)
During the period, operating profit before exceptionals increased by 8.6% to €15.2 million, with a revenue reduction of 8.2% (to €164.1 million), more than offset by significant cost savings of €15.9 million. This growth in operating profit increased the Group's operating margins to 9.3% (up from 7.8% in the same period last year).

Whilst trading conditions on the Island of Ireland remain difficult, there was a notable improvement in the advertising performance in the period from June to August as the Group experienced reduced year-on-year declines. However, it is too early to say whether the recent improvement in performance will be sustained throughout the second half as forecasting in the current operating environment is difficult and visibility remains short.

During the period, total advertising revenue was down 12.7% (with digital revenue up 8.2%) as the competitive advertising market continued to contract. However, the Group's market-leading publishing brands (*Irish Independent, Sunday Independent, The Herald, Belfast Telegraph, Sunday World, Sunday Life* and 13 regional titles), successfully maintained and in some cases increased market-share. With the exception of Digital, the Group experienced declines in all advertising categories, with the largest decline being in the Retail/Run of Paper category.

Despite circulation revenue declining by 4.4% in the period, the Group's leading titles maintained and in many instances strengthened their market positions.

During the period, INM successfully reduced operating costs by €15.9 million on the prior year – a reduction of 9.6%. This reflects the Group's commitment to drive cost reductions in all aspects of its business and to produce and deliver all of its market-leading products more efficiently. INM previously announced that it had identified various initiatives which, when implemented, together with the effect of the previously implemented initiatives, are expected to deliver annualised benefits of approximately €26 million. The Group is on track to deliver these savings by year end.

South Africa
As noted above, the Group has successfully disposed of INMSA for R2 billion; with the net sales proceeds being used to reduce the Group's debt. The assets and liabilities of the South African business have been classified as "held for sale" in the Balance Sheet.

INMSA's Revenue for the first six months of 2013 was €76.8 million, down 17.7% on the prior year (down 3.3% in constant currency) and Operating Profit was €7.8 million, down 31.6% on the prior year (down 19.2% in constant currency).

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[1] ABC Jan to June 2013

Dividends
The Directors are not proposing an interim dividend for 2013. There was no dividend paid or declared in respect of 2012.

Share of Results of Associates and Joint Ventures
The Group's Associates and Joint Ventures mainly comprise of its 28.95% shareholding in APN, its 50% shareholding in the *Irish Daily Star*, its 50% shareholding in *CarsIreland.ie* and its 33.3% shareholding in *metro herald*.

APN's revenues for the six months ended 30 June 2013 were A$426.5 million, up 5% on the same period last year, while EBITDA at A$65 million was down 4%. In their recent half-year announcement, APN indicated that they were on track to reduce net debt by A$40 million to A$50 million by year end. Consistent with its net debt reduction strategy, APN did not declare an interim dividend.

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

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CORPORATE PROFILE
Independent News & Media PLC is a leading newspaper and media group across the island of Ireland. It also has a significant shareholding in APN News & Media, an Australasian publicly listed media company.

The Group has market-leading newspaper positions in Ireland and Northern Ireland, with a strong and growing digital presence, including market-leading digital positions with more than 35 editorial, classified and transactional sites. INM is the largest newspaper contract printer and wholesale newspaper distributor on the island of Ireland.

In Australasia, the Group has a 28.95% investment in APN News & Media Limited – which is quoted on the ASX (Sydney). APN is the largest newspaper publisher in New Zealand and a leading regional publisher in Australia. It is also Australasia's largest radio operator (50% owned) with over 140 stations and is in joint ventures in Australasia's largest outdoor advertising operators. APN also has a leading outdoor advertising position in Hong Kong.

In aggregate, INM manages gross assets of €437.5 million and employs approximately 1,000 people.

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

		Six months ended 30 June 2013			Six months ended 30 June 2012		
		Before Exceptional Items	Exceptional Items*	Total	Before Exceptional Items (restated)	Exceptional Items* (restated)	Total (restated)
Continuing operations	Notes	€m	€m	€m	€m	€m	€m
Revenue	3	**164.1**	**-**	**164.1**	178.8	-	178.8
Operating profit/(loss)	3	**15.2**	**(6.1)**	**9.1**	14.0	(51.7)	(37.7)
Share of results of associates and joint ventures		**4.2**	**(1.0)**	**3.2**	5.1	(108.0)	(102.9)
Finance income/costs:							
- Finance income		**-**	**-**	**-**	0.1	-	0.1
- Finance costs	4	**(18.7)**	**(3.2)**	**(21.9)**	(17.1)	(3.6)	(20.7)
Profit/(loss) before taxation		**0.7**	**(10.3)**	**(9.6)**	2.1	(163.3)	(161.2)
Taxation charge		**(0.6)**	**-**	**(0.6)**	(3.3)	-	(3.3)
Profit/(loss) for the period from continuing operations		**0.1**	**(10.3)**	**(10.2)**	(1.2)	(163.3)	(164.5)
Discontinued operations – South Africa	11	**6.8**	**(8.2)**	**(1.4)**	12.6	(0.4)	12.2
Profit/(loss) for the period		**6.9**	**(18.5)**	**(11.6)**	11.4	(163.7)	(152.3)
Profit/(loss) attributable to:							
Non-controlling interests		**-**	**-**	**-**	-	-	-
Equity holders of the parent		**6.9**	**(18.5)**	**(11.6)**	11.4	(163.7)	(152.3)
		6.9	**(18.5)**	**(11.6)**	11.4	(163.7)	(152.3)
Continuing operations – (Loss) per ordinary share (cent) – Basic & Diluted	6			**(1.9c)**			(29.9c)
Discontinued operations – (Loss)/profit per ordinary share (cent) – Basic & Diluted				**(0.2c)**			2.2c
Total operations – (Loss) per ordinary share (cent) – Basic & Diluted				**(2.1c)**			(27.7c)

* See Note 5 for further information

The notes to the condensed interim Group financial statements on pages 11 to 26 form an integral part of this financial information.

GROUP STATEMENT OF COMPREHENSIVE INCOME (unaudited)

	Six months ended 30 June 2013	Six months ended 30 June 2012
	€m	€m
Loss for the period	**(11.6)**	(152.3)
Other comprehensive (loss)/income		
Items that will never be reclassified to profit or loss:		
Retirement benefit obligations:		
- Actuarial losses	**(32.2)**	(41.8)
- Related movement on deferred tax asset	**4.2**	5.3
	(28.0)	(36.5)
Items that are or may be reclassified subsequently to profit or loss:		
Currency translation adjustments	**(18.1)**	7.8
Share of other comprehensive income of associates	**(0.2)**	4.1
Losses relating to cash flow hedges	**-**	(0.2)
	(18.3)	11.7
Other comprehensive loss for the period, net of tax	**(46.3)**	(24.8)
Total comprehensive loss for the period	**(57.9)**	(177.1)
Total comprehensive loss attributable to:		
Non-controlling interests	**-**	-
Equity holders of the parent	**(57.9)**	(177.1)
	(57.9)	(177.1)

The notes to the condensed interim Group financial statements on pages 11 to 26 form an integral part of this financial information.

GROUP BALANCE SHEET

	Notes	30 June 2013 Unaudited	31 Dec 2012 Audited	30 June 2012 Unaudited
Assets		**€m**	€m	€m
Non-Current Assets				
Intangible assets	9	**46.3**	121.9	168.1
Property, plant and equipment	9	**51.0**	63.7	99.2
Investments in associates and joint ventures	9	**105.8**	117.5	157.3
Deferred tax assets		**58.7**	65.9	48.5
Available-for-sale financial assets		**2.9**	2.9	3.5
Trade and other receivables		**2.0**	1.9	2.1
		266.7	373.8	478.7
Current Assets				
Inventories		**2.8**	4.7	4.8
Trade and other receivables		**28.4**	54.3	58.7
Current income tax assets		**-**	-	2.2
Derivative financial instruments		**-**	-	0.6
Cash and cash equivalents	13	**24.1**	17.2	20.2
Assets classified as held for sale	11	**115.5**	-	-
		170.8	76.2	86.5
Total Assets		**437.5**	450.0	565.2
Liabilities				
Current Liabilities				
Trade and other payables		**66.1**	92.1	102.4
Current income tax liabilities		**-**	-	0.2
Borrowings	8	**458.1**	63.3	37.3
Derivative financial instruments		**-**	-	2.2
Provisions		**17.1**	18.3	11.3
Liabilities classified as held for sale	11	**47.4**	-	-
		588.7	173.7	153.4
Non-Current Liabilities				
Borrowings	8	**0.6**	376.3	406.2
Retirement benefit obligations	7	**199.0**	190.2	187.8
Deferred taxation liabilities		**4.4**	4.4	4.5
Other payables		**1.9**	2.0	2.2
Provisions		**9.1**	11.7	15.0
		215.0	584.6	615.7
Total Liabilities		**803.7**	758.3	769.1
Net Liabilities		**(366.2)**	(308.3)	(203.9)
Equity				
Capital and Reserves Attributable to Company's Equity Holders				
Share capital	12	**194.6**	194.6	194.6
Share premium		**583.4**	583.4	583.4
Other reserves		**84.4**	102.7	108.5
Retained losses		**(1,228.5)**	(1,188.9)	(1,090.6)
		(366.1)	(308.2)	(204.1)
Non-Controlling Interests		**(0.1)**	(0.1)	0.2
Total Equity		**(366.2)**	(308.3)	(203.9)

The notes to the condensed interim Group financial statements on pages 11 to 26 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 2011	194.6	583.4	10.4	219.7	4.5	(136.4)	(1.4)	(897.8)	(23.0)	0.2	(22.8)
Loss for the period	-	-	-	-	-	-	-	(152.3)	(152.3)	-	(152.3)
Other comprehensive income/(expense)	-	-	-	-	-	11.9	(0.2)	(36.5)	(24.8)	-	(24.8)
Arising within associates-transactions with associate's non-controlling interests	-	-	-	-	-	-	-	(4.0)	(4.0)	-	(4.0)
At 30 June 2012	**194.6**	**583.4**	**10.4**	**219.7**	**4.5**	**(124.5)**	**(1.6)**	**(1,090.6)**	**(204.1)**	**0.2**	**(203.9)**
At 31 December 2012	194.6	583.4	10.4	219.7	4.5	(131.9)	-	(1,188.9)	(308.2)	(0.1)	(308.3)
Loss for the period	-	-	-	-	-	-	-	(11.6)	(11.6)	-	(11.6)
Other comprehensive expense	-	-	-	-	-	(18.3)	-	(28.0)	(46.3)	-	(46.3)
At 30 June 2013	**194.6**	**583.4**	**10.4**	**219.7**	**4.5**	**(150.2)**	**-**	**(1,228.5)**	**(366.1)**	**(0.1)**	**(366.2)**

* Other at 30 June 2012 related to cash flow hedging reserve of €1.6m.

The notes to the condensed interim Group financial statements on pages 11 to 26 form an integral part of this financial information.

GROUP CASH FLOW STATEMENT (unaudited)

	Notes	Six Months Ended 30 June			
		2013	**2013**	2012	2012
		€m	**€m**	€m	€m
Profit for the period before exceptional items		6.9		11.4	
Share of results of associates and joint ventures (Continuing & discontinued)		(4.4)		(5.2)	
Finance costs (Continuing & discontinued)		18.6		16.7	
Tax charge (Continuing & discontinued)		1.9		2.5	
Operating profit before exceptional items (Continuing & discontinued)		**23.0**		25.4	
Depreciation/ amortisation		4.2		5.7	
Earnings before Interest, Tax, Exceptional items, Depreciation and Amortisation		**27.2**		31.1	
Decrease in inventories		0.5		0.7	
Decrease/(increase) in short term and medium term receivables		1.0		(2.9)	
(Decrease)/increase in short term and long term payables		(1.6)		4.1	
(Decrease) in provisions		(4.7)		(5.6)	
Cash generated from operations (before cash exceptional items)		**22.4**		27.4	
Exceptional expenditure		(3.3)		(5.0)	
Cash generated from operations		**19.1**		22.4	
Income tax paid		(2.9)		(5.1)	
Cash generated by operating activities			**16.2**		17.3
Cash flows from investing activities					
Dividends received from associates		0.4		8.0	
Purchases of property, plant and equipment		(1.3)		(2.1)	
Purchases of intangible assets		(1.0)		(0.8)	
Advances to associates and joint ventures		(0.1)		(0.1)	
Interest received		0.2		0.5	
Net cash (used in)/generated by investing activities			**(1.8)**		5.5
Cash flows from financing activities					
Interest paid and similar charges		(11.1)		(18.8)	
Proceeds from borrowings		13.0		18.0	
Repayment of borrowings		(0.1)		(17.1)	
Payments relating to finance lease liabilities		(0.1)		(0.1)	
Net cash generated by/(used in) financing activities			**1.7**		(18.0)
Net increase in cash and cash equivalents and bank overdrafts in the period			**16.1**		4.8
Balance at beginning of the period			**12.0**		11.9
Foreign exchange losses			**(1.7)**		(0.1)
Cash and cash equivalents and bank overdrafts at end of the period	13		**26.4**		16.6

The notes to the condensed interim Group financial statements on pages 11 to 26 form an integral part of this financial information.

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 2013 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 2013 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 2012 and has been so annexed. The auditor's report on those financial statements was unqualified.

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 29 August 2013.

Over the last number of months, the Group has been involved in negotiations with its Lenders in relation to a restructuring of its Bank Facilities (the "Restructuring"). The Restructuring is a multi-staged process designed to put in place a sustainable and appropriate capital structure for the operation of the Group's business.

The Board believes that the Restructuring, assuming the completion of all its steps (i.e. implementation of the Final Stage Restructuring), will provide the Group with financial stability and give it a firm platform to implement its business plan and strategic repositioning (further diversifying revenues and exploiting opportunities in the digital space). Additionally, in negotiating with its Lenders the terms of the Restructuring, the Company sought to facilitate future investment in the business in order to support EBITDA improvement and to create an opportunity for investment by shareholders.

Following the recent receipt of proceeds from the sale of the Group's South African (INMSA) business and the pay-down of an equivalent amount of the Group's existing bank facilities, the first phase of the Restructuring is now complete ("First Stage Restructuring"). This results in the Group's existing bank facilities being reorganised into four facilities, with amendments to its interest terms, covenants and scheduled repayments. The four new facilities are Facility A (€150m), Facility B (€50m), Facility C (approximately €128.0m), plus additional facilities and a revolving credit facility (approximately €10m).

The Trustees of the Group's significant Republic of Ireland defined benefit pension schemes have recently made Section 50 submissions to the Irish Pensions Board, in order to effect the proposed reductions in members' pension benefits. The anticipated approval of the Section 50 Orders ("Pension Restructuring") will enable the Group to move to the final phase of the Restructuring programme – to raise €40m by way of a rights issue, which has already been approved by shareholders ("Capital Raise Option") to pay-down on bank debt. The completion of the rights issue will result in a material reduction in the Group's core debt to €118m (plus other facilities and credit lines of approximately €10m, in addition to €10m placed in escrow to cover future potential warranty claims relating to the INMSA sale), and more favourable terms for the residual debt, plus importantly, a five year maturity profile. The Group's Lenders will also take an equity stake in the Company valued at €10m, post rights issue, subject to a minimum shareholding in the company of 11% ("Equitisation").

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

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

Basis of Preparation and Going Concern *(continued)*

If the Pensions Board approves the Section 50 submissions, but it is not possible to proceed with a rights issue (for example if it were considered by the Board that the required proceeds could not be raised on satisfactory terms), the Group's Banks will take a 70% equity stake ("Debt Equitisation") in the Company and the Group will be left with €200m in debt (Facilities A and B above), plus additional facilities and a revolving credit facility (of approximately €10m).

If the Capital Raise Option or Debt Equitisation ("Final Stage Restructuring") do not occur (for whatever reason), then the proposed debt facilities would remain as those arising on completion of the First Stage Debt Restructuring. In this scenario, all facilities would mature on 1 April 2016. In the opinion of the Directors, further negotiations with the Group's Banks would be needed in the near term, as this would not be a sustainable level of debt for the Group over the medium to long term, but the Group would have sufficient liquidity and funding for its present requirements, during the period of going concern assessment.

The Restructuring has been designed to address a number of important concerns for the Group in the short and longer term. The First Stage Restructuring reflects the Group's ability to service an amount of debt and provides the Continuing Group with sufficient 'headroom' to avoid any short term liquidity issues, as well as allowing for investment in future initiatives (both new business and cost restructuring programmes), in order to reposition the Group. The Capital Raise Option allows the Company to seek new investment and to provide shareholders with an opportunity to participate in that investment on a pro rata basis. The Restructuring has been designed to achieve a capital structure for the Continuing Group which (subject to the completion of the Pension Restructuring) should enable the attraction of new investment into the Group by the Capital Raise. The Equitisation as part of the Capital Raise Option enables the Lenders to participate in any potential equity upside, and in the event that the Capital Raise Option is not implemented, through the Debt Equitisation, the Lenders will own a more significant portion of the Company.

Having regard to the above progress and having made due enquiries and regardless of whether or not the Final Stage Restructuring is achieved, the Directors have a reasonable expectation that the Group will be able to operate within the terms of the Group's financing facilities and has, and will have, adequate resources to continue in operational existence for the foreseeable future. For these reasons, the Directors continue to adopt the going concern basis in preparing this financial information.

The condensed interim Group financial statements for the six months ended 30 June 2013, which should be read in conjunction with the 2012 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.

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

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

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 2012 and are described in those financial statements on pages 58 to 73, 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 2013:

Presentation of Items of Other Comprehensive Income (Amendments to IAS 1): As a result of the amendments to IAS 1, the Group has modified the presentation of items of other comprehensive income in its consolidated statement of comprehensive income, to present separately items that may be reclassified to profit or loss in the future from those that would never be reclassified. Tax impacts have also been so allocated. Comparative information has been re-presented accordingly. The adoption of the Amendment to IAS 1 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

IAS 19 *Employee Benefits* (2011): The Group's adoption of IAS 19 Employee Benefits (2011) changed its basis for determining the income or expense related to defined benefit plans. As a result of the change, the Group now determines the net interest expense/income on the net defined liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability at the beginning of the annual period. It then takes into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. The net interest on the net defined benefit liability comprises (i) interest expense on the defined benefit obligation; (ii) interest income on plan assets; and (iii) the interest on the effect of the asset ceiling. Previously the Group determined interest income on plan assets based on their expected long-term rate of return.

In addition, IAS 19 (2011) states that only the costs of managing plan assets reduce the return on plan assets, thereby requiring any other administration costs to be treated as an expense within profit or loss.

The change in accounting policy had no impact on net assets as at 31 December 2012 or 30 June 2013. It also had no material impact on profit or loss or earnings per share for the current and comparative period (2012 impact: €0.4m reduction in profit).

IFRS 13, "*Fair value measurement*": IFRS 13 aims to improve consistency and reduce complexity by providing a single, unified definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements do not extend the use of fair value accounting but provide guidance on how fair value should be measured where its use is already required or permitted by other standards within IFRS. IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7, *"Financial Instruments: Disclosures"*. Some of these disclosures are specifically required for financial instruments by IAS 34, thereby affecting the interim condensed consolidated half year financial statements period. We provide these disclosures in Note 14.

There are a number of other amendments to existing standards that are effective for the Group for the first time from 1 January 2013. 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 Directors' Report and in Note 32 of the 2012 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. The key risks remain those that relate to liquidity risk and the general economic outlook for the advertising markets within which the Group operates.

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 2012.

Liquidity

The Group has successfully progressed key steps in the ongoing restructuring process (as outlined in Note 1). The Directors therefore believe that the Group has sufficient liquidity and funding for its present requirements.

Advertising

The advertising environment continues to be depressed due to weak economic activity. It is difficult to estimate when the economies in which the Group operates will emerge from the current economic recession and therefore the outlook for consumer advertising in the Group's markets remains unclear.

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. 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 two geographical areas: Island of Ireland 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. Due to the nature of the Group's business, the exposure to seasonality is limited.

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

3. Segmental Reporting *(continued)*

	Revenue (3rd Party)				Operating Profit/(Loss) (Before Exceptional Items)			
	30 June 2013 €m	**30 June 2013 €m**	30 June 2012 €m	30 June 2012 €m	**30 June 2013 €m**	**30 June 2013 €m**	30 June 2012 €m	30 June 2012 €m
Continuing Operations:								
Island of Ireland – Publishing	**161.1**		175.1		**18.4**		18.6	
Island of Ireland – Non-Publishing*	**3.0**		3.7		**(0.7)**		(1.0)	
Island of Ireland - Total		**164.1**		178.8		**17.7**		17.6
Common/Unallocated		**-**		-		**(2.5)**		(3.6)
		164.1		178.8		**15.2**		14.0
Discontinued Operations:								
South Africa – Publishing	**76.8**		93.4		**7.8**		11.4	
South Africa – Total		**76.8**		93.4		**7.8**		11.4
		240.9		272.2		**23.0**		25.4

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

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

3. Segmental Reporting ***(continued)***

	Six months ended 30 June 2013			Six months ended 30 June 2012		
	Before Exceptional Items	**Exceptional Items**	**Total**	Before Exceptional Items (restated)	Exceptional Items (restated)	Total (restated)
	€m	**€m**	**€m**	€m	€m	€m
Operating profit/(loss)	**15.2**	**(6.1)**	**9.1**	14.0	(51.7)	(37.7)
Share of results of associates and joint ventures						
- APN	**3.5**	**(0.7)**	**2.8**	4.4	(107.9)	(103.5)
- Other associates and joint ventures	**0.7**	**(0.3)**	**0.4**	0.7	(0.1)	0.6
Net finance costs	**(18.7)**	**(3.2)**	**(21.9)**	(17.0)	(3.6)	(20.6)
Profit/(loss) before taxation	**0.7**	**(10.3)**	**(9.6)**	2.1	(163.3)	(161.2)
Taxation charge	**(0.6)**	**-**	**(0.6)**	(3.3)	-	(3.3)
Profit/(loss) for the period from continuing operations	**0.1**	**(10.3)**	**(10.2)**	(1.2)	(163.3)	(164.5)
Discontinued operations – South Africa	**6.8**	**(8.2)**	**(1.4)**	12.6	(0.4)	12.2
Profit/(loss) for the year	**6.9**	**(18.5)**	**(11.6)**	11.4	(163.7)	(152.3)
Attributable to non-controlling interests	**-**	**-**	**-**	-	-	-
Attributable to equity holders of the parent	**6.9**	**(18.5)**	**(11.6)**	11.4	(163.7)	(152.3)

APN's revenues for the six months ended 30 June 2013 were €329.3m (A$426.5m) (2012: €322.6m; A$405.5m) and APN's net profit after tax before exceptional items for the six months ended 30 June 2013 was €12.5m (A$16.2m) (2012: €12.1m; A$15.2m).

For continuing operations, the taxation charge for the period comprises a charge of €nil (2012: €nil) in respect of Irish taxation and a charge of €0.6m (2012: charge of €3.3m) in respect of overseas taxation.

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

4. Finance Costs

For the first six months of the year, the Group's finance costs (before exceptionals) paid and accrued amounted to €18.7m, pre-restructuring. Completion of the Final Stage Restructuring enables the restatement of the interest accrual to reflect the restructured bank debt.

Taking account of the above, the interest cost will be approximately €20m for the 2013 full year.

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 2013 €m	30 June 2012 €m
Included in profit/(loss) before taxation are the following:			
Continuing operations:			
Impairment of assets	(i)	**-**	(45.0)
Restructuring charges	(ii)	**(6.1)**	(6.7)
		(6.1)	(51.7)
Exceptional finance costs	(iii)	**(3.2)**	(3.6)
		(9.3)	(55.3)
Share of associates and joint ventures exceptional items (net of taxation and non-controlling interests)	(iv)	**(1.0)**	(108.0)
Continuing operations – exceptional charge		**(10.3)**	(163.3)
Discontinued operations:			
Restructuring charges	(v)	**-**	(0.5)
Disposals	(vi)	**(8.2)**	-
		(8.2)	(0.5)
Net exceptional tax credit		**-**	0.1
Discontinued operations – exceptional charge		**(8.2)**	(0.4)
Total - Exceptional items net of taxation and non-controlling interests		**(18.5)**	(163.7)

(i) 2012
Primarily relates to the following:
a. €34.5m due to a non-cash impairment charge arising on property, plant and equipment in the Island of Ireland; and
b. €10.4m non-cash impairment charge arising on intangibles assets in the Island of Ireland.

(ii) 2013
Relates to restructuring charges arising in the Island of Ireland (€6.0m) and Common Costs (€0.1m).

5. Exceptional Items ***(continued)***

2012
Relates to restructuring charges arising in Island of Ireland (€3.2m) and Common Costs (€3.5m).

(iii) 2013
Relates to costs incurred during the period in relation to the Group's renegotiation of its financing arrangements. These costs primarily comprise (i) professional fees incurred in respect of professional advice received by the Group during the renegotiation process and (ii) professional fees paid by the Group on behalf of and under the instruction of the Group's banks (as the Group is obligated by the banks to cover costs incurred by their legal and financial advisers for the duration of the refinancing negotiations).

2012
The exceptional finance costs relate to fees paid to the Group's banks as part of the renegotiation of financing arrangements in March 2012 and to costs incurred during the period in relation to the Group's renegotiation of its financing arrangements.

(iv) 2013
Relates primarily to restructuring charges recognised in APN and the Star.

2012
The net charge of €108.0m includes a €99.3m non-cash impairment charge and a €19.0m disposal gain arising in APN News & Media Limited (APN). The impairment charge arises on APN's New Zealand mastheads. The impairment of the New Zealand assets is a result of a number of factors including the economic weakness facing the New Zealand economy and the structural changes in that advertising market. The disposal gain arose on the disposal by APN of 50% of its interest in APN Outdoor Group Pty Limited. The charge of €108.0m also includes a €3.7m non-cash deemed disposal loss and a €23.9m goodwill write-off on the Group's investment in APN.

(v) 2012
Relates to restructuring costs in South Africa.

(vi) 2013
Relates to INM's South African business which is classified as held for sale and presented as a discontinued operation. These costs relate primarily to foreign exchange losses of €7.2m booked on an intergroup loan, the settlement of which has occurred arising from the South African disposal proceeds. In the past, foreign currency gains and losses on this loan were recognised in other comprehensive income in the consolidated financial statements and presented in the currency translation reserve within equity. In addition, the charge includes professional fees of €1.0m incurred in connection with the disposal process.

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

6. Earnings Per Share

	2013	**2013**	**2013**	2012	2012	2012
	€m	**€m**	**€m**	€m	€m	€m
	Continuing	**Discontinued**	**Total**	Continuing	Discontinued	Total
Profit attributable to ordinary shareholders						
Loss attributable to the equity holders of the parent (basic and diluted)	**(10.2)**	**(1.4)**	**(11.6)**	(164.5)	12.2	(152.3)
Exceptional items (note 5)	**6.1**	**8.2**	**14.3**	51.7	0.5	52.2
Exceptional finance charge (note 5)	**3.2**	**-**	**3.2**	3.6	-	3.6
Net exceptional tax credit	**-**	**-**	**-**	-	(0.1)	(0.1)
Share of associates and joint ventures exceptional items (net of tax and non-controlling interests) (note 5)	**1.0**	**-**	**1.0**	108.0	-	108.0
Profit/(loss) before exceptional items attributable to the equity holders of the parent (adjusted)	**0.1**	**6.8**	**6.9**	(1.2)	12.6	11.4
Weighted average number of shares	**2013**	**2013**	**2013**	2012	2012	2012
Weighted average number of shares outstanding during the period (excluding 5,597,077 treasury shares)			**550,418,282**			550,418,282
Effect of:						
Conversion of options	**-**	**-**	**-**	-	-	-
Diluted number of shares			**550,418,282**			550,418,282
Basic/Diluted (loss)/earnings per share	**(1.9c)**	**(0.2c)**	**(2.1c)**	(29.9c)	2.2c	(27.7c)
Basic/Diluted earnings/(loss) per share before exceptional items	**0.0c**	**1.3c**	**1.3c**	(0.2c)	2.3c	2.1c

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 underlying financial performance.

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

7. Other Items

a. Retirement Benefits

The retirement benefit obligation as at 30 June 2013 in the Balance Sheet has increased by €8.8m to €199.0m compared to €190.2m at 31 December 2012. This increase in the retirement benefit obligation is primarily driven by a decrease in the discount rate used in valuing the pension obligations somewhat offset by the reclassification of €19.3m of South African retirement benefit obligations to held for sale. The discount rate used at 30 June 2013 was 3.4% versus the discount rate of 3.8% used at 31 December 2012.

b. Statement of Comprehensive Income

A negative currency translation adjustment of €18.3m (€18.1m relating to subsidiaries and €0.2m relating to associates) has been booked in the Group Statement of Comprehensive Income for the half year to 30 June 2013 (2012: gain of €7.8m relating to subsidiaries and a gain of €4.1m relating to associates). This has arisen due to the weakening of the South African Rand, Australian Dollar and Sterling Pound exchange rates at 30 June 2013 compared to the rates at 31 December 2012 used in the translation of the Group's investments in subsidiaries and associates with a functional currency different to that of the Parent Company.

c. Dividends

The Directors are not proposing an interim dividend for 2013. There was no dividend paid or declared in respect of 2012.

d. Tax Effect on Items in Statement of Comprehensive Income

	30 June 2013	30 June 2012
	€m	€m
Retirement benefit obligations	**4.2**	5.3
Total tax effect	**4.2**	5.3

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

8. Borrowings

Group	30 June 2013 Loans & Overdrafts €m	30 June 2013 Finance Lease Liabilities €m	30 June 2013 Total €m	31 Dec 2012 Loans & Overdrafts €m	31 Dec 2012 Finance Lease Liabilities €m	31 Dec 2012 Total €m
Repayable as follows:						
Between one and two years	**0.1**	**-**	**0.1**	375.6	0.2	375.8
Between two and five years	**0.5**	**-**	**0.5**	0.5	-	0.5
Total due after one year	**0.6**	**-**	**0.6**	376.1	0.2	376.3
Due within one year or on demand :						
-Loans & Finance Lease Liabilities	**452.3**	**-**	**452.3**	57.9	0.2	58.1
-Bank overdrafts	**5.8**	**-**	**5.8**	5.2	-	5.2
Total borrowings (all secured)	**458.7**	**-**	**458.7**	439.2	0.4	439.6
Cash and cash equivalents (excluding South Africa in 2013 only)			**(24.1)**			(17.2)
Net debt (excluding South Africa in 2013 only)			**434.6**			422.4

In addition to the above, there was €0.2m in Finance Leases Liabilities and €8.1m in Cash and Cash Equivalents included in held for sale as at 30 June 2013 in respect of South Africa.

Included in Loans and Overdrafts is €457.9m drawn under the 2009 multicurrency term and revolving bank facilities* repayable up to May 2014.

See note 1 for details of the Restructuring underway with respect to the Group's borrowings.

* 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.

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

Intangible Assets

The carrying value of the Group's intangible assets decreased by €75.6m from €121.9m at 31 December 2012 to €46.3m at 30 June 2013. This decrease is driven primarily by the reclassification of €64.6m of South African intangible assets to held for sale and by unfavourable foreign exchange rate movements in the period.

Impairment Reviews

The Group's indefinite life intangible assets (including goodwill) are tested annually for impairment or whenever there is an indication of impairment. There were no impairments recognised at 30 June 2013. 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 2012 annual report.

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

Impairment Reviews *(continued)*

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 recognised 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 *Herald* and the *Sunday Independent*) is 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 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

The carrying value of investments in associates and joint ventures decreased by €11.7m from €117.5m as at 31 December 2012 to €105.8m as at 30 June 2013. The principal reason was an unfavourable exchange movement in the Australian Dollar and its consequential impact on the carrying value of INM's investment in APN. In addition, €1.4m of South African Investments in Associates and Joint Ventures were reclassified to held for sale. The share of results for associates and joint ventures was €3.2m.

Property, Plant & Equipment

The carrying value of the Group's property, plant & equipment decreased by €12.7m from €63.7m at 31 December 2012 to €51.0m at 30 June 2013. This decrease is driven primarily by €9.4m of South African Property, Plant and Equipment reclassified to held for sale, a €3.2m depreciation charge, and a negative foreign exchange movement of €1.8m, somewhat offset by capital additions of €1.8m.

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 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.

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

11. Business Held for Sale

During the first six months of 2013, the Board committed to a plan to sell the Group's South African business. Accordingly, the South African balance sheet is presented as a business held for sale as at 30 June 2013 and the South African results are presented as a discontinued operation. The comparative group income statement has been re-presented to show the discontinued operation separately from continuing operations.

The sale was completed on 16 August 2013. The expected gain on sale in the second half of 2013 arising in connection with the disposal is expected to be in the region of approximately €23m subject to the finalisation of net asset movements from 30 June 2013 to completion date.

As at 30 June 2013, the business comprised assets of €115.5m and liabilities of €47.4m, as detailed below:

	2013 **€m**	**2013** **€m**
Intangible assets	**64.6**	
Property, plant and equipment	**9.4**	
Investment in Associates and Joint Ventures	**1.4**	
Deferred tax assets	**8.3**	
Available for sale financial assets	**0.1**	
Inventories	**1.2**	
Trade and other receivables	**21.3**	
Current income tax assets	**1.1**	
Cash and cash equivalents	**8.1**	**115.5**
Trade and other payables	**(25.5)**	
Borrowings	**(0.2)**	
Provisions	**(2.4)**	
Retirement benefit obligations	**(19.3)**	**(47.4)**
		68.1

For the first six months ended 30 June	**2013** **€m**	2012 €m
Results of discontinued operation		
Revenue	**76.8**	93.4
Expenses	**(69.0)**	(82.0)
Interest receivable	**0.1**	0.3
Share of associated companies post tax results	**0.2**	0.1
Results from operating activities	**8.1**	11.8
Taxation (charge) /credit	**(1.3)**	0.8
Results from operating activities, net of tax	**6.8**	12.6
Exceptional items	**(8.2)**	(0.4)
Results of discontinued operation - post exceptional items	**(1.4)**	12.2
Discontinued operations – (Loss)/profit per ordinary share (cent)	**(0.2c)**	2.2c

11. Business Held for Sale (*continued*)

Of the loss from discontinued operations of €1.4m (2012: profit of €12.2m), €1.5m (2012: €12.2m) is attributable to the owners of the Company.

Cash flows from (used in) discontinued operation

For the six months ended 30 June

	2013	2012
	€m	€m
Net cash generated from operating activities	**6.2**	13.3
Net cash generated by investing activities	**-**	-
Net cash used in financing activities	**(0.1)**	(0.1)
Net cash generated	**6.1**	13.2

12. Share Capital

During the first six months of the year, there was a Share Capital Reorganisation involving a sub-division of the share capital in order to ensure the Company is in a position to issue new ordinary shares as part of the Restructuring.

The new nominal value of the ordinary shares is €0.01 (previously €0.35) and deferred shares of nominal value of €0.34 have also been created. The issued share capital was consequently amended to include €5.6m in relation to ordinary shares and €189.0m in relation to deferred shares. The deferred shares have no significant rights and have no, or negligible, economic value.

Each ordinary share of nominal value €0.01 (“Ordinary Shares”) has the same rights (except as to nominal value) as the previous ordinary shares of nominal value €0.35. There is no change in the number of Ordinary Shares in issue as a result of the Share Capital Reorganisation. The Share Capital Reorganisation does not have any effect on the Company’s net assets.

Each Shareholder’s proportionate interest in the Company’s issued share capital remains unchanged.

13. Cash and cash equivalents

The cash and cash equivalents on the Group Balance Sheet as at 30 June 2013 can be reconciled to the cash and cash equivalents and bank overdrafts at end of period in the Cash Flow Statement as follows:

	30 June 2013 €m
Cash and cash equivalents per Group Balance Sheet	**24.1**
Cash held for sale – South Africa (see note 11)	**8.1**
Bank overdrafts (see note 8)	**(5.8)**
Cash and cash equivalents and bank overdrafts per Cash Flow Statement	**26.4**

14. Fair Value

The fair values of quoted available-for-sale financial assets are measured using market values. The fair values of non-listed debt are measured by discounting cash flows at prevailing interest and exchange rates. Unquoted available-for-sale financial assets and derivatives are measured using valuation techniques. The carrying value of non-interest bearing financial assets and financial liabilities and cash and cash equivalents approximates their fair values. The following is a comparison by category of book values and fair values of the Group's and Company's financial assets and financial liabilities:

	Carrying Amount		**Fair Value**	
Group	**30 June 2013 €m**	31 December 2012 €m	**30 June 2013 €m**	31 December 2012 €m
Financial Assets				
Available-for-sale financial assets	**2.9**	2.9	**2.9**	2.9
Loans and receivables (non-current)	**2.0**	1.9	**2.0**	1.9
Loans and receivables (current)	**28.4**	54.3	**28.4**	54.3
Cash and cash equivalents	**24.1**	17.2	**24.1**	17.2
	57.4	76.3	**57.4**	76.3

Financial assets whose fair value could not be reliably measured amounted to €nil (2012: €nil).

14. Fair Value ***(continued)***

Group	Carrying Amount 30 June 2013 €m	Carrying Amount 31 December 2012 €m	Fair Value 30 June 2013 €m	Fair Value 31 December 2012 €m
Financial Liabilities (excluding borrowings)				
Other payables	**(1.9)**	(2.0)	**(1.9)**	(2.0)
Trade and other payables	**(66.1)**	(92.1)	**(66.1)**	(92.1)
	(68.0)	(94.1)	**(68.0)**	(94.1)
Group				
Financial Liabilities				
Borrowings	**(458.7)**	(439.6)	*	*

* See Note 1 for further detail on the Group's renegotiation of its Bank Facilities.

The Group has adopted the following fair value measurement hierarchy in relation to its financial assets and financial liabilities that are carried in the Balance Sheet at fair value as at the year end:

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

The following table sets out the assets and liabilities that are measured at fair value on the Balance Sheet as at 30 June:

Group 2013 Financial Assets	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Available-for-sale financial assets	1.9	-	1.0	**2.9**

Group 2012 Financial Assets	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Available-for-sale financial assets	1.8	-	1.1	**2.9**

There were no significant movements from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

As the unquoted Level 3 available for sale financial assets were not listed on any stock exchange in 2013, a quoted market price was not available. The fair value of the unquoted Level 3 available for sale financial assets were calculated by using expected cash flows and risk-adjusted discount rates based on the probability weighted average of the Group's ranges of possible outcomes.

15. Subsequent Events

Please refer to Note 11 for details of the South African disposal and Note 1 for update on the Pension Restructuring.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR THE SIX MONTHS ENDED 30 JUNE 2013

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, the related Transparency Rules of the Irish Financial Services Regulatory Authority and with IAS 34, Interim Financial Reporting as adopted by the European Union.

The Directors as listed on pages 20 to 24 of our 2012 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 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

Vincent C Crowley
Group Chief Executive Officer