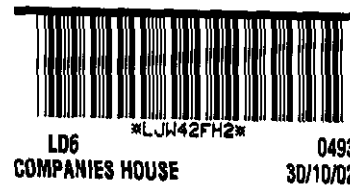


**INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED**  
(Registered Number: 3899652)

**DIRECTORS' REPORT AND ACCOUNTS**

**28 DECEMBER 2001**



**INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**PERIOD ENDED 28 DECEMBER 2001**

**DIRECTORS' REPORT**

The Directors submit their report and the accounts of the Company for the year ended 28 December 2001.

**REVIEW OF THE BUSINESS**

The principal activity during the period was investment holding. The Company's subsidiaries were engaged in newspaper publishing activities.

The Directors do not foresee any significant changes to the business in the forthcoming year.

**RESULTS AND DIVIDENDS**

Loss on ordinary activities for the year after taxation was £19,092 (2000 loss: £176,246). The Directors do not recommend the payment of a dividend (2000: nil).

**DIRECTORS**

The following Directors served throughout the year:

B M A Hopkins  
A J Round  
A A Canavan  
Dr C Gibson  
B McIvor  
Lady M Quigley  
T M Ringland  
Lord D Rogan  
L J P O'Hagan

None of the Directors had any beneficial interest in the shares of the Company during the year. The interests of the Directors, who are not directors of Independent News & Media PLC, the Company's ultimate parent undertaking, in the share options of that company at the beginning (or date of appointment, if later) and end of the year were:

	At 29 December 2000	Granted During Year	Exercised During Year	At 28 December 2001	Weighted Average Exercise Price
A J Round	350,000	40,000	-	390,000	€2.37

The interests of the other Directors, who are also directors of Independent News & Media PLC, in the shares and share options of that company, are disclosed in that company's accounts.

**INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**PERIOD ENDED 28 DECEMBER 2001**

**DIRECTORS' REPORT (continued)**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those accounts, the Directors are required to:

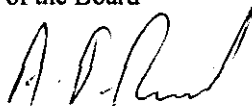
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS**

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution to concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



**A J Round**  
**Company Secretary**

18/10/ 2002

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**Basis of audit opinion**

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 28 December 2001 and of its loss for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers*

**PricewaterhouseCoopers**  
Chartered Accountants and Registered Auditors  
1 Embankment Place  
London WC2N 6RH  
18 October 2002

**INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED**

**PROFIT AND LOSS ACCOUNT**

**PERIOD ENDED 28 DECEMBER 2001**

	Note	52 weeks ended 28 December 2001 £	53 weeks ended 29 December 2000 £
Administrative expenses		(102,809)	(176,246)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	(102,809)	(176,246)
Taxation	4	83,717	-
<b>RETAINED LOSS FOR THE YEAR</b>		(19,092)	(176,246)
<b>ACCUMULATED LOSSES BROUGHT FORWARD</b>		(176,246)	-
<b>ACCUMULATED LOSSES CARRIED FORWARD</b>		(195,338)	(176,246)

The Company has no recognised gains or losses other than the loss for the period and therefore no separate statement of total recognised gains and losses has been presented.

The result for the financial period is derived entirely from continuing operations within the United Kingdom.

There is no difference between the results reported above and the results on an unmodified historical cost basis.

**The notes on pages 7 to 10 form part of these accounts.**


**INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED**

**BALANCE SHEET**

**AS AT 28 DECEMBER 2001**

	Note	28 December 2001 £	29 December 2000 £
<b>FIXED ASSETS</b>			
Investments	5	<u>172,015,350</u>	<u>172,092,599</u>
<b>CURRENTS ASSETS</b>			
Debtors	6	<u>124,162,073</u>	<u>123,778,664</u>
<b>CREDITORS</b>			
Amounts falling due within one year	7	<u>(296,372,760)</u>	<u>(296,047,508)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(172,210,687)</u>	<u>(172,268,844)</u>
<b>NET LIABILITIES</b>		<u>(195,337)</u>	<u>(176,245)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	<u>1</u>	<u>1</u>
Profit and loss account		<u>(195,338)</u>	<u>(176,246)</u>
<b>EQUITY SHAREHOLDER'S DEFICIT</b>		<u>(195,337)</u>	<u>(176,245)</u>

Approved by the Board on 19 / 10 / 2002.



A J Round - Director

The notes on pages 7 to 10 form part of these accounts.

**INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED**  
**RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S DEFICIT**  
**FOR THE PERIOD ENDED 28 DECEMBER 2001**

	52 weeks ended 28 December 2001 £	53 weeks ended 29 December 2000 £
Shareholder's deficit at beginning of period	(176,245)	-
Net proceeds of issue of ordinary share capital	-	1
Loss for the financial period	<u>(19,092)</u>	<u>(176,246)</u>
Shareholder's deficit at end of period	<u>(195,337)</u>	<u>(176,245)</u>

The notes on pages 7 to 10 form part of these accounts.

**INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED**

**NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 28 DECEMBER 2001**

**1 ACCOUNTING POLICIES**

**a) Historical cost convention**

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

**b) Investments**

Investments are stated at cost less provision for any diminution in value.

**2 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Loss on ordinary activities before taxation is stated after charging:		
Wages and salaries	175,000	160,419
Social security costs	17,318	15,827
Staff costs	192,318	176,246
Consultancy fees	138,090	-
Indemnity against libel	(227,599)	-

Auditors' remuneration is borne by the parent company.

**3 DIRECTORS' EMOLUMENTS**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Director's emoluments consist of:		
Aggregate emoluments	192,318	176,246

Full details of the Directors' emoluments of A J Round and B M A Hopkins in respect of their services to the UK Group and the international Group can be found in the financial statements of Independent News & Media (UK) Limited and Independent News & Media plc.

**4 TAXATION**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Group relief surrendered at 30%	30,843	-
Adjustment in respect of prior years	52,874	-
	83,717	-

# INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 5 INVESTMENTS

	Shares in Group Undertakings £
Opening balance	172,092,599
Movement	<u>(77,249)</u>
At 28 December 2001	<u>172,015,350</u>

The movement represents revisions to the cost of the acquisition of 100% of the share capital of TIH (Belfast), upon final settlement of the purchase price.

The principal activity of TIH (Belfast) is an intermediary investment holding company whose subsidiary company's activities are that of newspaper publishers and commercial contract printers.

Independent News & Media (Nominees) Ltd was dormant during the financial period.

The Directors are of the opinion that the fair values of the investments in subsidiaries are not less than their book values.

The Company's subsidiaries (which are all registered and operating in England) at 28 December 2001 were as follows:

Subsidiaries	Business	Percentage of nominal value of ordinary shares
TIH (Belfast)	Investment	100%
Independent News & Media (Nominees) Ltd	Investment	100%

Under Section 228 of the Companies Act the Company is exempted from the obligation to prepare Group accounts, as the Company is a wholly owned subsidiary of Independent News and Media PLC, a company incorporated in the Republic of Ireland (see Note 12).

### 6 DEBTORS (amounts falling due within one year)

	2001 £	2000 £
Amounts owed by Group undertakings	124,089,980	123,778,664
Other debtors	<u>72,093</u>	<u>-</u>
	<u>124,162,073</u>	<u>123,778,664</u>

Amounts owed by Group undertakings are non-interest bearing, unsecured and repayable on demand.

# INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 7 CREDITORS (amounts falling due within one year)

	2001 £	2000 £
Amounts owed to Group undertakings	296,356,761	296,047,508
Other creditors	15,999	-
	<u>296,372,760</u>	<u>296,047,508</u>

Amounts owed to Group undertakings are non-interest bearing, unsecured and repayable on demand.

### 8 SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	2001	2000	2001	2000
	£	£	£	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>1</u>	<u>1</u>

### 9 EMPLOYEES

The Company had no employees during the period (2000: nil).

### 10 CONTINGENT LIABILITIES

The Company has guaranteed the bank advances of its parent company and certain subsidiary undertakings to a maximum of €537,250,000 in conjunction with other Group companies.

### 11 CASH FLOW STATEMENT

The Company is exempt from producing a cash flow statement under Financial Reporting Standard 1 as it is wholly owned by a parent undertaking established under the law of a member state of the European Community. The parent undertaking prepares consolidated financial statements, including a consolidated cash flow statement, which includes all subsidiary undertakings. These financial statements are drawn up in accordance with companies legislation promulgated within the Republic of Ireland.

**INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED**

**NOTES TO THE ACCOUNTS (Continued)**

**12 ULTIMATE HOLDING COMPANY AND RELATED PARTY TRANSACTIONS**

The ultimate holding company is Independent News & Media PLC, a company incorporated in the Republic of Ireland.

As permitted by paragraph 3(c) of FRS8 - Related Party Disclosures, transactions with other entities in the Group are not disclosed

The only consolidated accounts produced that include the results of the Company are those of Independent News & Media PLC. A copy of those accounts can be obtained from Independent House, 2023 Bianconi Avenue, Citywest Business Campus, Naas Road, Dublin 24, Ireland.

**13 FINANCIAL SUPPORT**

The ultimate parent company, Independent News & Media PLC, has undertaken to provide such additional funds as may be required to enable the Company to meet its obligations as they fall due for a period of at least 12 months from the approval of these accounts.