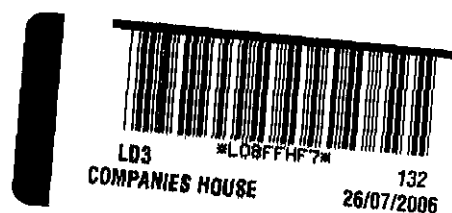


31 DECEMBER 2005



INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED

DIRECTORS' REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2005

DIRECTORS' REPORT

The Directors submit their report and the accounts of the Company for the year ended 31 December 2005.

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

Profit on ordinary activities for the year after taxation was £312,399 (2004 profit: £8,264,636). The Directors do not recommend the payment of a dividend (2004: nil).

DIRECTORS AND THEIR INTEREST

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
I G Fallon
D O'Reilly

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 26 December 2004	Granted During Year	Exercised During Year	At 31 December 2005	Weighted Average Exercise Price
A J Round	507,783	-	-	507,783	€2.10

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

YEAR ENDED 31 DECEMBER 2005

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

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the company will be put to the Annual General Meeting.

By order of the Board



D Bracken
Company Secretary

13 July 2006

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

We have audited the financial statements of Independent News & Media (Northern Ireland) Ltd for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet, the reconciliation of movements in shareholders' funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place
London WC2N 6RH

13 July 2006

INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2005

	Note	Year Ended 31 December 2005 £	Year Ended 31 December 2004 £
Administrative expenses		(331,902)	(359,224)
OPERATING LOSS		(331,902)	(359,224)
Income from shares in group undertakings	4	-	180,601,445
Impairment charge on investment in group undertaking	6	-	(172,015,350)
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(331,902)	8,226,871
Tax on (loss) / profit on ordinary activities	5	19,503	37,765
RETAINED (LOSS) / PROFIT FOR THE PERIOD		(312,399)	8,264,636
ACCUMULATED PROFIT / (LOSSES) BROUGHT FORWARD		7,589,002	(675,634)
ACCUMULATED PROFITS CARRIED FORWARD		7,276,603	7,589,002

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 11 form part of these accounts.

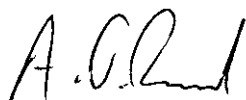
INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2005

	Note	31 December 2005 £	31 December 2004 £
CURRENTS ASSETS			
Debtors	7	7,292,604	7,597,003
CREDITORS			
Amounts falling due within one year	8	<u>(16,000)</u>	<u>(8,000)</u>
NET CURRENT ASSETS / (LIABILITIES)		<u>7,276,604</u>	<u>7,589,003</u>
NET ASSETS / (LIABILITIES)		<u>7,276,604</u>	<u>7,589,003</u>
CAPITAL AND RESERVES			
Called up share capital	9	1	1
Profit and loss account		<u>7,276,603</u>	<u>7,589,002</u>
EQUITY SHAREHOLDER'S FUNDS		<u>7,276,604</u>	<u>7,589,003</u>

Approved by the Board on 13 July 2006.



A J Round – Director

The notes on pages 7 to 11 form part of these accounts.

INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED
RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2005

	Year ended 31 December 2005 £	Year ended 31 December 2004 £
Shareholder's funds / (deficit) at end of period	7,589,003	(675,633)
(Loss) / profit for the financial period	<u>(312,399)</u>	<u>8,264,636</u>
Shareholder's funds at end of period	<u>7,276,604</u>	<u>7,589,003</u>

The notes on pages 7 to 11 form part of these accounts.

INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 2005

1 ACCOUNTING POLICIES

a) Basis of Preparation

The accounts are prepared under the historical cost convention, in accordance with the Companies Act and with applicable accounting standards. The financial statements are prepared on the going concern basis because the company's ultimate parent company has committed to provide financial support to the company to enable it to meet its liabilities as they fall due, for the foreseeable future

b) Investments

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

c) Deferred Tax

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profit and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is only recognised when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Amounts relating to deferred taxation are undiscounted.

2 (LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2005	2004
(Loss) / Profit on ordinary activities before taxation is stated after charging:	£	£
Wages and salaries	200,000	191,952
Social security costs	20,900	20,525
Staff costs	220,900	212,477
Consultancy fees	111,000	146,747

Auditors' remuneration is borne by the parent company.

3 DIRECTORS' EMOLUMENTS

	2005	2004
Director's emoluments consist of:	£	£
Aggregate emoluments (see note 2)	220,900	212,477

Full details of the Directors' emoluments of A J Round, I G Fallon 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.

INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED

NOTES TO THE ACCOUNTS (Continued)

4 INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2005 £	2004 £
Dividend received from TIH Belfast	-	180,601,445

TIH Belfast declared and paid a dividend to Independent News & Media (Northern Ireland) Ltd on 6 August 2004.

5 TAXATION

(a) Analysis of credit for the period

	2005 £	2004 £
Current tax		
Adjustment in respect of prior years	(19,503)	(37,765)
	<u>(19,503)</u>	<u>(37,765)</u>

(b) Factors affecting the tax credit for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2005 £	2004 £
Profit / (Loss) on ordinary activities before tax	<u>(331,902)</u>	<u>8,226,871</u>
Profit / (Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(99,571)	2,468,061
<i>Effects of:</i>		
Income not taxable	-	(2,575,829)
Losses brought forward utilised in the period	99,571	107,768
Adjustments to tax charge in respect of previous periods	<u>(19,503)</u>	<u>(37,765)</u>
Current tax credit for period	<u>(19,503)</u>	<u>(37,765)</u>

Both the current and total tax credit on the profit / (loss) before tax will continue to be affected by the generation and surrender of tax losses.

INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED

NOTES TO THE ACCOUNTS (Continued)

5 TAXATION (Continued)

(c) Deferred Tax

No deferred tax was recognised at 31 December 2005 (31 December 2004: £nil) on the basis that there is insufficient evidence of suitable taxable profits from which the tax losses can be offset against and from which the future reversal of the underlying timing difference can be deducted.

	2005 £	2004 £
Tax losses carried forward	<u>131,472</u>	<u>135,572</u>
	<u>131,472</u>	<u>135,572</u>

The potential deferred tax asset is measured on a non-discounted basis at the current corporation tax rate of 30% (2004:30%).

6 INVESTMENTS

	Shares in Group Undertakings £
At 31 December 2004 & 31 December 2005:	
Cost	172,015,350
Impairment provision	(172,015,350)
Net book value	<u>-</u>

The Company's subsidiaries (which are all registered and operating in England) at 31 December 2005 were as follows:

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

During 2004 TIH Belfast paid a dividend up to Independent News & Media (Northern Ireland) Ltd resulting in TIH Belfast no longer having any net assets. TIH Belfast is in the process of being wound up.

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

Under Section 228 of the Companies Act the company is exempt from the obligation to prepare group accounts, as the company is a wholly owned subsidiary of Independent News and Media PLC, and is included in the consolidated financial statements of that company, a company incorporated in the Republic of Ireland (see Note 13).

INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED

NOTES TO THE ACCOUNTS (Continued)

7 DEBTORS (amounts falling due within one year)

	2005 £	2004 £
Amounts owed by Group undertakings	7,279,603	7,584,000
Other debtors	13,001	13,003
	<u>7,292,604</u>	<u>7,597,003</u>

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

8 CREDITORS (amounts falling due within one year)

	2005 £	2004 £
Other creditors	16,000	8,000
	<u>16,000</u>	<u>8,000</u>

9 SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	2005	2004	2005	2004
	£	£	£	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>1</u>	<u>1</u>

10 EMPLOYEES

The Company had no employees other than directors (11) during the period (2004: 11).

11 CONTINGENT LIABILITIES

The Company has guaranteed the bank advances of its parent company and certain subsidiary undertakings to a maximum of €360,000,000 in conjunction with other Group companies.

12 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)

13 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. There are no other related party transactions.

The immediate parent company is Independent News & Media (UK) Ltd, a company incorporated in the United Kingdom.

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.