

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

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 2006

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INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED

DIRECTORS' REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2006

DIRECTORS' REPORT

The Directors submit their report and the accounts of the Company for the year ended 31 December 2006

REVIEW OF THE BUSINESS

The principal activity during the period was investment holding

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 £217,761 (2005 loss £312,399) The Directors do not recommend the payment of a dividend (2005 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

Following changes to UK company law by the Companies Act 2006, which changes came into effect on 6 April 2007, the requirements to maintain a register of Directors' interests and to disclose these interests in the Company's statutory report and accounts have been repealed. Consequently the Company no longer makes a disclosure in this regard.

INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED

DIRECTORS' REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2006

DIRECTORS' REPORT (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 financial statements, 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements 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.

In the case of each of the persons who are directors at the time when the report is approved, the following applies:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

3. October

2007

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

We have audited the financial statements of Independent News and Media (Northern Ireland) Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, 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 report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

1 Embankment Place

London

WC2N 6RH

30 October 2007

INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2006

	Note	Year Ended 31 December 2006 £	Year Ended 31 December 2005 £
Administrative expenses		<u>(316,761)</u>	<u>(331,902)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(316,761)	(331,902)
Tax on loss on ordinary activities	4	<u>99,000</u>	<u>19,503</u>
RETAINED LOSS FOR THE PERIOD		(217,761)	(312,399)
ACCUMULATED PROFIT BROUGHT FORWARD		<u>7,276,603</u>	<u>7,589,002</u>
ACCUMULATED PROFITS CARRIED FORWARD		<u>7,058,842</u>	<u>7,276,603</u>

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 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 notes on pages 6 to 10 form part of these accounts.

INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2006

	Note	31 December 2006 £	31 December 2005 £
CURRENT ASSETS			
Debtors	6	7,066,843	7,292,604
CREDITORS			
Amounts falling due within one year	7	<u>(8,000)</u>	<u>(16,000)</u>
NET CURRENT ASSETS		<u>7,058,843</u>	<u>7,276,604</u>
NET ASSETS		<u>7,058,843</u>	<u>7,276,604</u>
CAPITAL AND RESERVES			
Called up share capital	8	1	1
Profit and loss account		<u>7,058,842</u>	<u>7,276,603</u>
EQUITY SHAREHOLDER'S FUNDS		<u>7,058,843</u>	<u>7,276,604</u>

Approved by the Board on 30 October 2007



A J Round – Director

The notes on pages 6 to 10 form part of these accounts.

INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 2006

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) 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 ON ORDINARY ACTIVITIES BEFORE TAXATION

	2006 £	2005 £
Loss on ordinary activities before taxation is stated after charging		
Wages and salaries	200,000	200,000
Social security costs	20,761	20,900
Staff costs	220,761	220,900
Consultancy fees	96,000	111,000

Auditors' remuneration is borne by the parent company.

3 DIRECTORS' EMOLUMENTS

	2006 £	2005 £
Director's emoluments consist of		
Aggregate emoluments (see note 2)	220,761	220,900

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 TAXATION

(a) Analysis of credit for the period

	2006	2005
	£	£
Current tax		
Adjustment in respect of prior years	<u>(99,000)</u>	<u>(19,503)</u>
	<u>(99,000)</u>	<u>(19,503)</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

	2006	2005
	£	£
Profit / (Loss) on ordinary activities before tax	<u>(316,761)</u>	<u>(331,902)</u>
Profit / (Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(95,028)	(99,571)
<i>Effects of</i>		
Losses not utilised in the period	95,028	99,571
Adjustments to tax charge in respect of previous periods	<u>(99,000)</u>	<u>(19,503)</u>
Current tax credit for period	<u>(99,000)</u>	<u>(19,503)</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

TAXATION

(c) Deferred Tax

No deferred tax was recognised at 31 December 2006 (31 December 2005 £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

	2006	2005
	£	£
Tax losses carried forward	<u>126,930</u>	<u>131,472</u>
	<u>126,930</u>	<u>131,472</u>

The potential deferred tax asset is measured on a non-discounted basis at the current corporation tax rate of 30% (2005 30%)

INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED

NOTES TO THE ACCOUNTS (Continued)

5 INVESTMENTS

	Shares in Group Undertakings £
At 31 December 2005 & 31 December 2006	
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 2006 were as follows

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

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 12)

6 DEBTORS (amounts falling due within one year)

	2006 £	2005 £
Amounts owed by Group undertakings	7,053,842	7,279,603
Other debtors	<u>13,001</u>	<u>13,001</u>
	<u>7,066,843</u>	<u>7,292,604</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)

	2006 £	2005 £
Other creditors	8,000	16,000
	<u>8,000</u>	<u>16,000</u>

8 SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	2006	2005	2006	2005
	£	£	£	£
Ordinary shares of £1 each	100	100	1	1
	<u>100</u>	<u>100</u>	<u>1</u>	<u>1</u>

9 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	£'000
Opening Shareholders Funds at 1 January 2006	7,276,604
Loss for the year	(217,761)
Closing Shareholders Funds at 31 December 2006	<u>7,058,843</u>

10 EMPLOYEES

The Company had no employees other than directors (11) during the period (2005-11)

11 CONTINGENT LIABILITIES

The Company has guaranteed the bank advances of its parent company and certain subsidiary undertakings to a maximum of €380,000,000 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 POST BALANCE SHEET EVENTS

Subsequent to the year end, the UK Chancellor of the Exchequer has announced that the corporation tax rate will be reduced from 30% to 28% with effect from 1 April 2008. In accordance with UK GAAP, the rate of 30% has still been used as the basis for the calculation of the deferred taxation balances stated in Note 4 as the change was not substantively enacted at the balance sheet date.

14 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.