2013 INDEPENDENT NEWS & MEDIA PLC

ANNUAL REPORT & ACCOUNTS 2013

KEY PERFORMANCE INDICATORS

REVENUE	OPERATING PROFIT * (continuing group)
€322.4M -6.6%	**€32.7M** 0% (unchanged)

OPERATING MARGIN	NET DEBT
10.1% +60BPS	**€95.3M** -77.4%

REVENUE (€M)

Year	Value
2013	322.4
2012	345.1

OPERATING PROFIT (€M)

Year	Value
2013	32.7
2012	32.7

OPERATING MARGIN

Year	Value
2013	10.1%
2012	9.5%

NET DEBT (€M)
NET DEBT (EXCLUDES APN)

Year	Value
2013	95.3
2012	422.4

*NOTE
The 'Continuing Group' excludes the results of the South African business which was disposed of during 2013 and the Education businesses, which were classified as "held for sale" at the year end. Unless otherwise stated, the figures quoted in this section are for the 'Continuing Group'.

INDEPENDENT NEWS & MEDIA PLC ANNUAL REPORT 2013

INDEPENDENT NEWS & MEDIA PLC IS A LEADING NEWSPAPER AND MEDIA GROUP, WITH ITS MAIN INTERESTS IN THE REPUBLIC OF IRELAND AND NORTHERN IRELAND, AND WITH A SIGNIFICANT SHAREHOLDING IN APN NEWS & MEDIA, AN AUSTRALASIAN PUBLICLY LISTED MEDIA COMPANY.

The Group has market-leading newspaper positions in the Republic of 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 Australia, the Group has a c. 18.6% 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 with over 140 stations and has a 50% interest in Adshel, which specialises in street furniture in Australia and New Zealand. APN also has a leading outdoor advertising position in Hong Kong.

In aggregate, INM manages gross assets of €273.8 million and employs approximately 1,000 people.

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CHAIRMAN'S STATEMENT

LESLIE BUCKLEY

2013 was a truly transformational year for INM. We have successfully restructured the Group's Balance Sheet and now have an appropriate capital structure to support our growth objectives in 2014 and beyond.

The Group's financial restructuring was complex and involved three key stages: the sale of Independent News & Media South Africa ('INMSA'); the restructuring of the Group's significant Republic of Ireland defined benefit pension schemes; and, an equity raise of €40 million, net of expenses. Following the restructuring, INM's net debt was reduced from €422.4 million to €95.3 million at the year end and we now have a capital structure which will allow us to focus on business growth and development.

Despite the restructuring consuming substantial management time, we also successfully reduced operating costs by €22.7 million or 7.3% in 2013. This reflects the Group's continuing commitment to reduce operating costs in every aspect of its business and to produce and deliver all of our market-leading products more efficiently.

We also commenced investing in digital, as part of our strategy to position the Group to capitalise on a fast evolving media landscape. The integration and strengthening of our publishing and digital editorial teams will drive continued digital growth.

We also have a valuable asset in APN News & Media Ltd. In February, APN announced the launch of an A$132 million equity issue to finance the acquisition of the remaining 50% of its Australian and New Zealand radio assets. Having only recently

2013 WAS A TRANSFORMATIONAL YEAR FOR INM. WE HAVE SUCCESSFULLY RESTRUCTURED THE GROUP'S BALANCE SHEET AND NOW HAVE THE CAPITAL STRUCTURE TO SUPPORT OUR GROWTH OBJECTIVES IN 2014 AND BEYOND.

completed a substantial restructuring, the Board believed it was not in the best interests of INM shareholders to participate in APN's equity issue. This has resulted in INM's stake in APN being reduced to c. 18.6%. INM is fully supportive of APN's acquisition of the remaining 50% of its radio assets and the related capital raise.

On behalf of my fellow Board members, I wish to acknowledge the continuing exceptional contribution of our talented and hardworking management and staff. I also wish to acknowledge the loyalty of our consumers; our advertisers and finally our shareholders during what has been a challenging period.

In particular I would like to thank Vincent Crowley, who is stepping down as CEO, for his leadership and support and to acknowledge the very substantial progress made by INM under his stewardship.

I would like to particularly thank the Board for its support of the executive and its input into the considerable positive turnaround in the business.

We now have the appropriate capital structure and cost base to invest in our business, develop our digital offering and are well positioned to capitalise on the benefits of an improved Irish economy.

LESLIE BUCKLEY
CHAIRMAN

CHIEF EXECUTIVE'S REVIEW

VINCENT CROWLEY

OVERVIEW

2013 was a defining year for INM. We re-shaped and re-positioned the business and have a clear strategy and a strong, capable and committed team to drive the development of the business. In addition to developing and investing in the Group's digital business in 2013, we continued to reduce operating costs and enhance efficiencies. This continued focus on efficiencies provides us with significant operating leverage to convert an improving Irish macro-economic performance into an improved financial performance in the years ahead. Our Balance Sheet has been restructured and we now have the capital structure to support our planned digital investment. The delivery of a successful restructuring means the attention of the team is focused on the development of our business in 2014 and beyond.

The restructuring, which was agreed by our syndicate of eight lenders in April 2013, comprised three stages. Firstly, the sale of INMSA for R2 billion (€150.7 million) which was completed in August 2013. Secondly, a restructuring of the Group's significant Republic of Ireland defined benefit pension schemes and finally, an equity issue, which was completed in December 2013.

Having completed this transformative financial restructuring, the Group's core strategy will be to maximise revenues from its market leading newspaper and digital assets across all of its market segments in the Republic of Ireland and in Northern Ireland. Despite the structural changes that the newspaper industry has experienced in recent years, the Group believes that its market leading positions leave the Group well positioned to benefit from any increase in advertising spend on the Irish economy's return to economic growth.

SHARE OF RESULTS FOR ASSOCIATES AND JOINT VENTURES

The Group's Associates and Joint Ventures mainly comprise of the results from its 28.95% shareholding in APN (now reduced to c. 18.6% following the recent equity issue) and its 50% shareholding in the *Irish Daily Star.* APN's net profit after tax before exceptional items was A$59.5 million, up 10% on the prior year. Earnings before interest, tax, depreciation and amortisation ('EBITDA') from continuing operations and before exceptional items was up 8% to A$162.8 million, with revenue from continuing operations down A$5.8 million to A$817.2 million.

APN's ongoing focus on cost reductions and generating cash, as well as the contribution from a number of small asset sales, resulted in A$63 million in net cash inflows during the period. Since year end, APN completed the sale of APN Outdoor to Quadrant Private Equity for A$69.0 million and the sale of e-commerce business brandsExclusive for A$2.0 million in cash and 8% of the equity in Aussie Commerce, one of Australasia's leading e-commerce groups.

In addition, APN has recently announced the acquisition of the remaining 50% of Australian Radio Network and The Radio Network from its US joint venture partner, Clear Channel Communications Inc., for A$246 million, partly financed by a A$132.0 million equity issue. As announced on 19 February, the Group did not participate in APN's equity issue - resulting in INM's stake in APN being reduced to c. 18.6%.

2013 WAS A DEFINING YEAR FOR INM. WE RE-SHAPED AND RE-POSITIONED THE BUSINESS AND HAVE A CLEAR STRATEGY AND A STRONG, CAPABLE AND COMMITTED TEAM TO DRIVE THE DEVELOPMENT OF THE BUSINESS.

COST REDUCTION

In 2013, the Group successfully reduced operating costs by €22.7 million or 7.3%.

In late 2013, the Group embarked on a further profit enhancement programme, "Project Quantum" – targeting substantial additional cost savings and revenue enhancements (approximately €9 million in 2014, with further benefits targeted in 2015 and beyond).

CORE OPERATIONS

In late 2013, in a commitment to focus on the Group's core operations, the Board announced its intention to dispose of INM's Education businesses. The Board is currently reviewing a range of options in this regard. The Company will continue to hold its strategic shareholding in APN, which it sees as a valuable asset, given its exposure to radio and outdoor advertising, as well as publishing.

DIGITAL

INM continues to invest in digital and it is a key element of the Group's business development strategy. To implement the Group's digital strategy, an initial investment of approximately €10 milllion has been identified over the next two year period. The digital strategy involves monetisation of INM's online audience, an increased emphasis on data analysis to enable sub-segmentation of the customer base, and product and service innovation delivered across multiple platforms, with a particular focus on mobile.

FOCUS

My focus as CEO of INM over the past two years has been to restore financial stability and to restructure and reposition the company for growth across multiple platforms. With the support of a wide range of stakeholders, substantial progress has been made with net debt reduced from €422.4 million to €95.3 million, divestments of over €150 million have been achieved and INM's cost and operational base have been transformed. I believe INM is now well positioned for an island of Ireland recovery.

As this is my final report as CEO, I would like to thank all those who have worked with me and supported me in my role as CEO and indeed during my 24 years at INM. Denis O' Brien, Sir Anthony O' Reilly and other shareholders have all played their part and have been supportive in the development of the Group over the years. I would also like to recognise the current Board's input and support for the restructuring last year and their focus on the strategic challenges facing the Group. In particular though, I would like to recognise the hard work, creativity and sacrifices of my management and staff over the years. Their loyalty and support for the Group and for me has been a notable feature of my 24 years in INM. I wish the Board, management and staff every success as the Group deals with the many challenges and opportunities facing media companies and INM in the coming years.

Vincent Crowley

VINCENT CROWLEY
GROUP CHIEF EXECUTIVE OFFICER

FINANCIAL REVIEW

EAMONN O'KENNEDY

During 2013, revenues for the Continuing Group decreased by €22.7 million, from €345.1 million to €322.4 million (-6.6%). However, due to significant cost take-out, operating profit before exceptionals was unchanged at €32.7 million.

Total advertising revenue in the year decreased by €8.5 million, from €90.9 million to €82.4 million (-9.4%). However, Digital Revenue increased by 12% in 2013, whilst the Group experienced an improving advertising trend in H2 in print and online.

Despite circulation revenue declining by 4.4% in 2013, the Group's leading titles maintained and in some cases increased market share.

FINANCIAL RESTRUCTURING

The completion of the Group's financial restructuring was a key focus in 2013. The restructuring agreement included three stages, the first of which was the sale of Independent News & Media South Africa ('INMSA'). The sale of INMSA for 2 billion Rand (€150.7 million) was completed in August 2013 and the net proceeds were applied to debt reduction.

The second stage was a restructuring of the Group's significant Republic of Ireland defined benefit pension schemes, involving the reduction in members' accrued pension benefits. The reductions were approved by the Irish Pensions Board (subsequently renamed The Pensions Authority) in September 2013 and delivered a reduction in the Group's pension deficit of €111.4 million. The third and final stage of the restructuring was an equity issue which was completed in December 2013. INM raised €40 million of net proceeds through the issuance of 614,285,714 new ordinary shares. This €40 million was also applied to debt reduction and delivered a gross core debt of €118.0 million at the year end, plus additional facilities and credit lines of approximately €10 million. In addition to substantially reducing INM's debt, the completion of the financial restructuring also significantly reduces the Groups annual interest costs and extended INM's debt maturity profile.

Net Debt at 31 December 2013 was reduced by €327.1 million to €95.3 million, resulting in a Net Debt to EBITDA of 2.4 times.

DISCONTINUED OPERATIONS - SOUTH AFRICA AND EDUCATION BUSINESSES

The Group successfully disposed of INMSA in August 2013, and in late 2013, the Board committed to selling the Group's Education businesses, due to its desire to focus on its core operations.

Accordingly, INMSA and the Education businesses results for the year are reported as 'Discontinued Operations'.

EXCEPTIONALS

The Group recorded a Net Exceptional Credit of €215.3 million in 2013. This credit mainly consists of a restructuring gain of €111.4 million due to the restructuring of the significant Republic of Ireland defined benefit pension schemes, a debt write-off on the Group's Bank Facilities of €142.0 million, a write back of back end fees of €12.6 million and a net gain on the disposal of INMSA of €28.0 million.

The balance of the exceptionals figure, consists of a charge of €4.9 million relating to the employee share issue in December 2013, a charge of €14.4 million relating to miscellaneous restructuring costs (primarily redundancy costs) in the Island of Ireland, costs of €5.6 million relating to the renegotiation of the Group's financing arrangements, non-cash impairment charges totaling €15.0 million in APN, €10.1 million of foreign exchange losses booked on an intergroup loan (relating to South Africa, whilst held for sale) and a €30.4 million exceptional tax charge primarily due to a reduction in the Group's deferred tax asset related to retirement benefit obligations and a revision to the estimate of the recoverability of the Group's deferred tax assets. 2013 saw a total tax charge of €38.6 million, all non-cash.

FINANCE EXPENSE

The restructuring of the Group's Bank Facilities resulted in a net finance expense, before exceptionals, in 2013 of €20.7 million, which was €15.1 million down on 2012, with a further significant reduction to follow in 2014.

DIVIDENDS

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

EAMONN O'KENNEDY
GROUP CHIEF FINANCIAL OFFICER

OPERATIONS REVIEW IRELAND

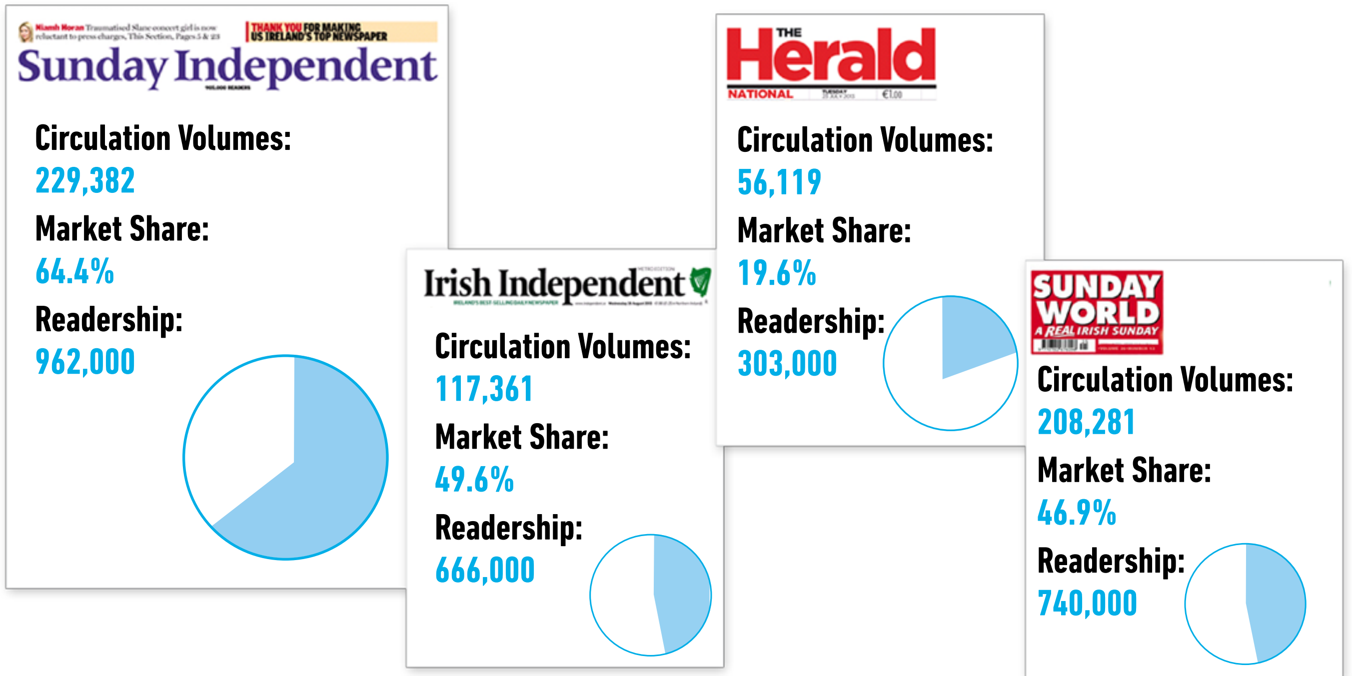
ISLAND OF IRELAND

The Island of Ireland division combines all of INM's operations in the North and South of Ireland and is the largest media operation across the 32 counties. With a portfolio of strong national, regional and local print titles and a range of leading digital sites, the Group's leading print titles maintained and in some cases increased market share in 2013. The Group's digital sites continue to demonstrate consistent and strong growth.
The Group's strategy involves capitalising on the strength of our media assets and building customer engagement online. Content remains the key component and our continued investment in high quality journalists reflects this. INM's digital strategy is to drive profitable growth by:

- Capitalising on its strength in creating best in class digital content;
- Growing content & audience reach across new content verticals;
- Continuing to be the leader in breaking news online;
- Bringing new innovative advertising solutions to the market;
- Amplifying brands across the *Independent.ie* platform;
- Exploiting eCommerce opportunities;
- Ongoing growth of local, national & international online audiences & communities;
- Superior customer engagement; and
- Audience first newsroom.

REPUBLIC OF IRELAND

INM has a strong market position in the Republic of Ireland in both print and digital. 2013 focused on the integration and strengthening of our publishing and digital editorial teams to drive continued growth and capitalise on our market-leading portfolio.
The *Irish Independent* is the clear market leader with an ABC[1] of 117,361, marginally increasing its market share. Readership in print and online increased to 666,000[2] in 2013 and now reaches 52,000 more readers than its two closest rivals combined.
independent.ie remains the No.1 news website in the Republic of Ireland, with an average of 4.8 million unique visitors, an increase of 54% on 2012, generating an average of 51.6 million page impressions, which is up 35% year on year. This substantial growth on the prior year reflects the continuing



development of the *independent.ie* site to include greater multi-media content, an increasing number of domestic and international breaking news stories, greater presence across social media and greater functionality across multiple platforms, including mobile. The *Sunday Independent*, which recorded an ABC[1] circulation figure of 229,382 remains the biggest selling quality Sunday newspaper and with a readership of 962,000[2] continues to provide the largest regular audience on the island of Ireland across any advertising platform.

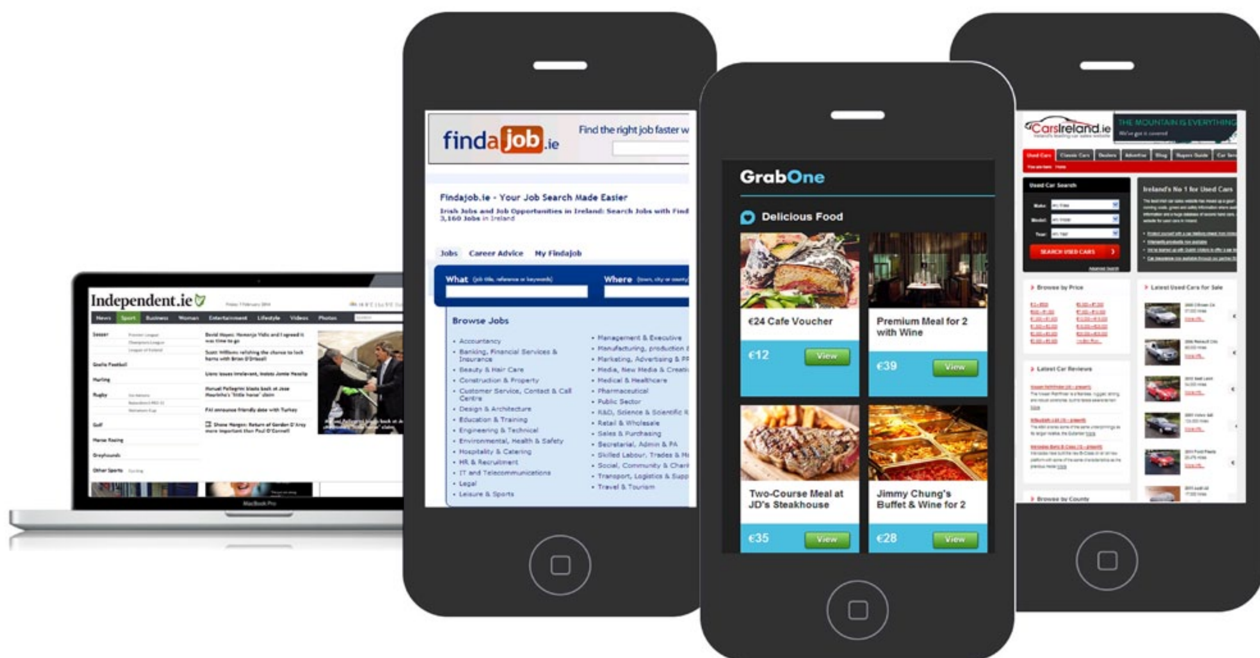
The Herald, with 235,000[2] readers in Dublin makes it Dublin's most-read newspaper. 2013 saw it deliver a marginal increase in market share, with an ABC[1] of 56,119. The paper has a total readership of 303,000[2]. The *Sunday World*, which recorded an ABC[1] of 208,281 increased its market share in the popular market every Sunday and continues to be the largest selling and most-read tabloid on the island of Ireland. The *Sunday World* has a total readership of 740,000[2].

The Group's joint venture *CarsIreland.ie* is the No. 2 player in the Republic of Ireland online cars market and continues to perform well.

NORTHERN IRELAND

The Belfast Telegraph and Sunday Life brands reach over 575,000[3] people each week both in print and online. The *belfasttelegraph.co.uk* is Northern Ireland's number one commercial news website (by readership). The *belfasttelegraph.co.uk* registered 2.3 million visitors and 15.3 million page impressions in September 2013, representing year on year growth of 3% and 29% respectively.

In addition to market-leading news sites, INM has a strong and growing portfolio of commercially focused classified sites in Northern Ireland, including *niJobfinder.co.uk* and *propertynews.com*, which showed very strong year on year revenue growth of 20.4%. Completing the classified portfolio, the Group operates *niCarfinder.co.uk*, a classified online car website. Ongoing development has seen all three of its classified sites re-launched in 2013 with a host of new features and functionality, with all sites now available in mobile format, improving access and resulting in improved audiences.



WHOLESALE AND DISTRIBUTION

Newspread, the largest newspaper wholesale distributor on the island of Ireland continues to successfully execute its diversification strategy through maximising the product lines it delivers through its extensive retail network.

PRODUCT INNOVATION

The Group continues to invest in product innovation across the Island of Ireland in both print and digital. In December, the Group launched the *independent.ie* iPad App, which is the first Republic of Ireland paid-for news App. The results to date have been positive and we are currently refining our strategy based on the response. We are also developing the new mobile *independent.ie* App, designed for smartphone and tablet consumption which will be launched in the coming months.

2013 saw the redesign of the *Sunday Independent's* business section as well as the introduction of "Seachtain" in the *Irish Independent*. In addition, *sundayworld.com* a tabloid 24/7 news website, was successfully launched in 2013.

GRABONE

GrabOne is the No.1 Irish-owned daily deals eCommerce site, which continues to demonstrate strong growth and, in particular, showed a substantial increase in mobile transactions. During 2013, *GrabOne*'s revenue increased by 29.3%. Market share of the coupon market is now at c. 19%. The *GrabOne* product portfolio was extended in 2013, with further growth targeted in 2014 through a series of specific sites, including *GrabOne*Escapes and *GrabOne*Store, along with a number of other innovations.

INM'S DIGITAL STRATEGY WILL BE LED BY A 'DIGITAL FIRST' NEWSROOM – A 24 HOUR, 7 DAY NEWSROOM THAT HAS BEEN RE-ENGINEERED TO BE 'DIGITAL-CENTRIC'. IN PRACTICAL TERMS, THIS MEANS JOURNALISTS ARE NOW EQUIPPED TO CREATE VIDEO AND AUDIO CONTENT AND INTERACT VIA SOCIAL MEDIA, IN ADDITION TO SERVING THE GROUP'S PRINTED PRODUCTS.

INVESTMENT IN DIGITAL

The Group's digital investment will see the introduction of a structured approach to new product development and deployment to enable a fast-moving product innovation environment. This investment will see the introduction of a structured approach to new product development and deployment to enable a fast-moving product innovative environment. The development of new products and services, to drive increased customer engagement and revenue growth, will be delivered across multiple platforms, with a focus on the high growth mobile market. Our enhanced digital team enables INM to capitalise on emerging opportunities in the digital arena and to better leverage our unique content across all of our platforms. Our unrivalled audience reach, both in print and online, is the foundation of our publishing performance and growing digital strategy.

DIGITAL FIRST NEWSROOM

INM's digital strategy will be led by a 'digital first' newsroom – a 24 hour, 7 day newsroom that has been re-engineered to be 'digital-centric'. In practical terms, this means journalists are now equipped to create video and audio content and interact via social media, in addition to serving the Group's printed products.

1 ABC July to Dec 2013

2 JNRS 2013

3 NI TGI 2013

OPERATIONS REVIEW AUSTRALASIA

APN News & Media is a leading media company with a portfolio of vibrant media assets. APN is the largest radio operator in Australasia, newspaper publisher in New Zealand and a leading regional publisher in Australia. Through Adshel, the Group is also a leading provider of outdoor advertising in Australia and New Zealand and has a growing business in Hong Kong.

APN reported a Net Profit After Tax before exceptional items of A$59.5m, a 10% increase on 2012. EBITDA was up 8% year-on-year to A$162.8 million and net debt was reduced to A$436.9 million.

These results reflect strong earnings growth in the Company's radio businesses, through an improved market share a record result at Adshel and an improved second half performance from the Company's publishing businesses.

Streamlining the Company's operating structure was a key focus for management throughout 2013 and the majority of the business is now wholly owned and operated, with a reduction in the number of part owned businesses from seven to two during the year. The sale of APN Outdoor for A$69 million and the sale of e-commerce business, *BrandsExclusive* for A$2 million plus 8% of the equity of Aussie Commerce (one of Australia's leading e-commerce Groups) were both completed in January and February 2014 respectively. In February 2014, APN announced the acquisition of the remaining 50% of Australian Radio Network ('ARN') and The Radio Network ('TRN') from US joint venture partner Clear Channel Communications Inc. for A$246 million.

Despite a challenging market environment, APN has made significant progress over the last 12 months, strengthened the Company's portfolio and is well positioned to grow revenues across all divisions.

PUBLISHING

APN is the largest newspaper publisher in New Zealand and a leading regional publisher in Australia. The Company's publishing businesses had an improved second quarter, underpinning strong cost savings of in excess of A$40m, considerably ahead of the Company's A$25m to A$35m target.

AUSTRALIAN REGIONAL MEDIA (ARM)

APN Australian Regional Media (ARM) is the leading publisher in regional Queensland and Northern New South Wales. The Company's portfolio includes 12 daily newspapers, more than 58 non-daily newspapers and an online Regional News Network of over 35 websites. In 2013, EBITDA was down 23% to A$29.7 million, with revenue down 13% to A$217 million. ARM outperformed in the Australian regional newspaper market in both national revenue share and circulation results. Neil Monaghan was appointed as Chief Executive Officer in April 2013 and with a restructuring of the management team, a number of cost saving initiatives were introduced. Cost saving will continue to be a focus for ARM in 2014.
ARM is continuing to develop its digital strategy within the business and the Company's online audience across both mobile and web platforms grew to approximately grew 1.7 million and 1.1 million unique users respectively.

DESPITE THESE CHALLENGING MARKET CONDITIONS, THE GROUP'S TITLES MAINTAINED, AND IN SOME CASES ADVANCED, THEIR MARKET-LEADING POSITIONS

NEW ZEALAND MEDIA (NZM)

NZM is New Zealand's leading publisher, with a portfolio of newspaper, and digital assets that engage with almost 2.1 million consumers every week, across print and digital platforms. Assets include *The New Zealand Herald* and *nzherald.co.nz*, some of the country's most read brands.

NZM had a positive 2013, delivering EBITDA growth of 2% to A$53 million on a local currency basis. NZM achieved cost reductions of more than A$20 million during 2013, driven by initiatives including outsourced printing, a franchised newspaper delivery network, centralised sales functions and the introduction of offshore advertising production. Cost savings will continue to be a focus area for 2014.

Digital advertising revenue grew by 16% in 2013 due to a strong uplift in mobile and video audiences. The second half of 2014 will see the introduction of digital subscriptions for *nzherald.co.nz.*

RADIO

In February 2014, APN announced the acquisition of the remaining 50% of Australian Radio Network (ARN) and The Radio Network (TRN) from Clear Channel Communications Inc.. This acquisition reflects APN's confidence in radio as a growth medium in the region.

APN's radio business delivered strong results in 2013. ARN continued to outperform the market, with revenue growth of 6% to $148.9 million. ARN continues to develop its digital offering, with the 2013 delivering growth of 111% on the number of digital pageviews. *iHeartRadio*, the free digital radio platform launched in August 2013, has already secured more than 300,000 registered users across Australia and New Zealand.

In New Zealand, TRN delivered strong revenue growth, up 9% to A$102.3 million. In 2014, TRN will launch new programming and look to further leverage partnerships to grow its audience base.

OUTDOOR

Following the sale of APN Outdoor the remaining outdoor group consists of Adshel, and Hong Kong Outdoor. 2013 saw record results from Adshel, with EBITDA growth of 14% to A$40.2 million. Adshel's Sydney Trains contract win, announced in December was a significant step in the Company's digital strategy, with full revenue benefits due to flow through from 2015 for the duration of the 5 year contract. Revenue for Hong Kong Outdoor, which operates in the transit and billboards segments, saw an EBITDA decrease of 55% to A$1.8 million. Management is confident of an improved performance in 2014.

DIGITAL

Digital continues to be a key focus of APN's strategy. The Company's overall digital portfolio performed well in 2013 and 2014 will see a number of other digital ventures come to the fore. In New Zealand, *GrabOne* delivered revenues of A$18.2 million, up 13% on a local currency basis and it maintained the 80% market share that was reached in the first half of the year.

CORPORATE SOCIAL RESPONSIBILITY

At Independent News & Media, we believe that supporting the communities in which we operate is an integral part of our success, both today and as we look towards the future. We have a strong track record of operating at the highest level of integrity and we continue to place social responsibility as a central part of our business strategy.

Our individual titles have always recognised the importance of championing their local communities. This connection with our immediate societies will remain a key pillar going forward.

We recognise that media plays a central and crucial role in all societies. This makes conducting our business in an ethical and responsible manner especially important. INM is proud of its track record in supporting humanitarian causes on a local basis. Our media assets allow us to create and promote awareness and we support, both directly and indirectly, dozens of causes every year.

On 8 September 2013, the *Sunday Independent*, in association with the Irish Cancer Society, published 'A Future Without Cancer' – a specially-commissioned magazine celebrating 50 years of the Irish Cancer Society, provided an insight into the work of the charity over the past 50 years, from its set-up in 1963, to the work involved in Daffodil Day and looking forward to the next developments in the fight against the disease.

From 6 October to 13 October, the *Irish Independent* and *Sunday Independent* compiled and curated a ground breaking series titled 'Mind Yourself Week'. The initiative focused on looking after your mental well-being, a subject that is no longer taboo but extremely relevant in society. Each day our journalists and contributors looked at practical ways to look after mental health, from overcoming anxiety, the 'good mood' foods and advice on looking after your children's mental health.

The Herald has had a long standing partnership with the Flora Women's Mini Marathon. Every year, from February until the race day on the June bank holiday, *The Herald* publishes a dedicated Flora Women's Mini Marathon section. This section provides a platform for charities to promote what they do through editorial coverage.

The *Irish Independent* became media partner for Shades 2013 - Irish guide Dogs for the Blind, whereby the paper ran a series of advertisements around Shades week asking our readers to buy a pin in their local Tesco to help train future guide and assistance dogs.

ENVIRONMENTAL SUSTAINABILITY

INM acknowledges that our activities impact the environment and we are committed to identifying and minimising negative impacts across all of our operations.

It is our policy to understand the environmental impact of our activities and those of our suppliers and to develop strategies to reduce these impacts, particularly in the areas of energy, natural resources and materials.

INM participated in the 'Trees for Schools' project for the 6th year running. The project is run by The Native Woodland Trust, and is supported by the Group. This project saw 30 trees planted for every participating school. The aim of 'Trees for Schools' is to reach as many schools as possible countrywide, having a positive impact on the environment. During March, schools could order their trees through the *Irish Independent*.

INM actively promotes a number of industry best practice green initiatives and have been involved with the Green Awards over the last number of years. In 2013 we were the media partner for the Awards as well as sponsor of 3 individual awards: The Green Technology Award; The Green Large Organisation Award; and The Green Entrepreneur Award.
We are actively working with our supply chain to increase the percentage of recycled materials we use. A number of our key newsprint providers supply 100% recycled materials and we are working with the others to increase the recycled fibre content. All paper waste from our plants is reprocessed through the recycling channel.
INM will continue to comply with all regulatory requirements and focus our efforts on those activities with the most significant environmental sustainability impact.

GROUP CODE OF ETHICS

The sustainable development and growth of INM is based on respecting, developing and fostering relationships with all our stakeholders. We are committed to acting in the best interests of our stakeholders.

INM believes in full compliance with both the spirit and letter of the law in the countries in which we operate. Combining 'good business with good ethics' is a principle that extends across all our markets and underpins how we meet our corporate, social and environmental responsibilities.

Our business is built on trust and integrity, on ethical performance, on understanding and contributing to the interests of wider society. The concept that organisations have a responsibility to a range of stakeholders that extend beyond their owners – employees, communities, suppliers, customers and the environment – is not new. However, the last decade has seen a growing focus on ethics in business and a realisation of the wider role of business in society. As a Group, we have witnessed time and time again that strong values and principled leadership are crucial to generating long term rewards for business.

INM is committed to maintaining the highest standards of ethical behaviour. Our Code of Ethics guides our behaviour on a daily basis and ensures that we safeguard the Group's integrity and protect our values.

Commitment to our employees

INM's growth as a leading Irish newspaper and media Group has been underpinned by the dedication and commitment of our approximately 1,000 employees. We recognise that our employees are one of our greatest assets and central to our success. They are the face of our business and, combined with our market-leading brands, are the point of recognition for our many millions of consumers. Our human resource policies embrace diversity, seek to reward performance and are actively committed to promoting the well-being of our employees. Creating a safe working environment for our workforce is a clear priority. We are fully committed to safeguarding the health and safety of those people who work in, or visit, our organisation and we provide appropriate training and professional expertise in this area along with clear health and safety guidelines.

Commitment to our customers

The core philosophy of our business continues to be meeting our customers' needs. Across all our product offerings which includes printing, distribution, wholesaling, online and education, our commitment to offering the highest level of quality and service to our customers remains steadfast.

Editorial principles – a newspaper's greatest assets are its integrity and credibility. INM requires our editors and editorial staff to be professional, courageous and aggressive in pursuit of truth in the news. We are committed to independence, fairness and balance in informing people of events and issues which they have a right to know. This right is balanced by compliance with the laws of defamation and privacy and adherence to the principles of taste, balance and accuracy.

Confidentiality – as part of our business relationship with our customers we are entrusted with personal and sensitive data. Subject to any legal requirement to disclose information, we are committed to ensuring that such information is safeguarded at all times, is never shared with unauthorized parties and is maintained in accordance with relevant data privacy and protection laws as well as best practice.

Marketing and promotion – we are committed to ensuring that all sales and promotion practices are truthful, balanced and do not mislead our customers.

Commitment to our community

From the outset the INM Group has always been acutely aware that no organisation can survive, let alone flourish, in a vacuum without reaching beyond itself to make a deeper contribution to the well being of society. This commitment is at the heart of the INM Group's ethos and underpins how we conduct our business, mindful of our corporate, social and environmental responsibilities to sustainable development.

Commitment to the market place

We aim to compete vigorously but fairly in the market place and in a manner that complies with all relevant laws and regulations.

Commitment to our shareholders

In INM we are guided by our duty to act in the best interests of INM and our shareholders. By promoting long-term stable growth the business aims to build enduring shareholder value. We recognize that our relationship with our shareholders is built on trust and transparency.

We are committed to maintaining high standards of corporate governance and ensuring the correct mix of experience at Board level, for the optimum strategic and operational governance of the INM Group.

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DIRECTORS AND OTHER INFORMATION

BOARD OF DIRECTORS

L Buckley (Chairman)
T Buckley
P Connolly
V Crowley (Chief Executive)
L Gaffney
D Harrison
J Kennedy (Senior Independent Director)
A Marshall
T Mullane
L O'Hagan

BOARD COMMITTEES & COMPANY SECRETARY

Audit Committee
J Kennedy (Chairman)
T Buckley
L O'Hagan
T Mullane

Remuneration Committee
L O'Hagan (Chairman)
A Marshall
T Mullane
P Connolly

Nomination and Corporate Governance Committee
T Buckley (Chairman)
L Gaffney
J Kennedy
V Crowley

Corporate Social Responsibility Committee
L Gaffney (Chairperson)
V Crowley

ADVISORS

Solicitors
McCann FitzGerald
Matheson

Statutory Auditors
KPMG Dublin

Principal Bankers
Allied Irish Banks, p.l.c.
Bank of Ireland
KBC Bank Limited
Lloyds Banking Group plc
Ulster Bank Ireland Limited

Registrars
Capita Registrars (Ireland) Limited
2 Grand Canal Square
Dublin 2

Secretary and Registered Office
M Doorly
Independent News & Media PLC
Independent House
27-32 Talbot Street
Dublin 1

DIRECTOR BIOGRAPHIES

CHAIRMAN
L Buckley, MSc

Age	**Nationality**	**Elected to Board**
69	Irish	2012

Directorships/Experience: L Buckley is a founding Director and vice chairman of Digicel Group Limited, a Caribbean based telecommunications company. Previously he was involved in the start-up of Esat Telecom Group plc and Esat Digifone Limited and held the position of acting Chief Operating Officer of Esat Telecom during 1996 and 1997. He established his own consultancy business in 1990 and was retained on a number of key public and private sector appointments. He is currently the chairman of China HR which is China's 3rd leading online recruitment company. He is chairman of Another 9 and a Director and shareholder of a number of other Irish companies including Siteserv Limited. He was the nominee of the Minister for Transport (acting through the Minister for Finance) on the board of Aer Lingus Group plc from 2009 to 2012. He was previously a Director of the Company from March 2009 until June 2011. L Buckley was re-appointed as a Director of the Company in 2012. The Board believes that L Buckley's significant experience as a board Director, together with his entrepreneurial and business consultancy background, is of service to the Board.

EXECUTIVE DIRECTOR
V Crowley, BA, FCA

Age	**Nationality**	**Elected to Board**
59	Irish	2012

INM Committees: Member of the Nomination and Corporate Governance Committee; member of the Corporate Social Responsibility Committee.

Directorships/Experience: V Crowley was appointed a Director and Group Chief Executive Officer on 19 April 2012, having been Group Chief Operating Officer since November 2009. He was previously Chief Executive of Independent News & Media – Ireland. He was Finance Director, and later Chief Executive, of APN News & Media Limited. A chartered accountant, he joined the Group in 1990. He was previously a Director of the Company from 1997 until 2009.

DIRECTOR BIOGRAPHIES (CONTINUED)

NON-EXECUTIVE DIRECTORS

T Buckley

Age	**Nationality**	**Elected to Board**
53	Irish	2012

INM Committees: Member of the Audit Committee; Chairman of the Nomination and Corporate Governance Committee

Directorships/Experience: T Buckley is Managing Director of Clear Channel Ireland. He is a founder and Chairman of Rockall Technologies. A graduate of University College Dublin, he also holds a Masters in Business Administration from Trinity College, Dublin. He completed the Chartered Director Programme in 2010/2011 and he qualified as a Chartered Director in 2012. He was Group Marketing Director of Allegro Group from 1995 to 1997 and prior to that he held a number of senior positions with United Drug plc including the position of Executive Director from 1991 to 1995. His experience as a senior executive and his knowledge of the advertising industry are of considerable benefit to the Board.

P Connolly, B Comm, FCA

Age	**Nationality**	**First elected to Board**	**Re-elected**
54	Irish	2009	2012

INM Committee: Member of the Remuneration Committee

Directorships/Experience: Since 1991, Mr Connolly has been Chairman of Connolly Capital Limited, a Dublin based corporate finance advisory firm focused on the telecom, media and technology sectors. He was a Director of Esat Telecommunications Limited (Esat Telecom), an Irish telecommunications company, from 1997 to 2000, and then a Director of Digicel Limited, a Caribbean based telecommunications company. From 1987 through 1991, Mr Connolly held a position of Financial Controller of Hibernia Meats Limited and prior to that he worked with KPMG as an accountant. In October 2010 he was invited to become an external Senior Advisor to Credit Suisse. Mr Connolly holds a Bachelor of Commerce degree from University College Dublin, Ireland; he is a Fellow of Chartered Accountants Ireland and a member of Executive Summit at Stanford Graduate School of Business.

D Harrison FCCA

Age	**Nationality**	**Elected to Board**
46	Irish	2012

Directorships/Experience: D Harrison is Chief Executive of Intuition Publishing Limited ('Intuition'). Intuition is a publisher of specialised online education and knowledge management products to the investment banking and financial markets sectors. He is a Fellow of the Association of Chartered Certified Accountants and completed the Leadership 4 Growth Chief Executive Programme with Stanford University Graduate School of Business. He was Chief Financial Officer of Intuition from 1998 to 1999 and prior to that he held a senior management position with Irish Food Processors from 1994 to 1998. Prior to that, he trained in public practice with BDO Simpson Xavier. D Harrison brings considerable business experience to the Board.

DIRECTOR BIOGRAPHIES (CONTINUED)

NON-EXECUTIVE DIRECTORS

L Gaffney

Age	**Nationality**	**First elected to Board**	**Re-elected**
54	Irish	2009	2012

INM Committee: Chairperson of the Corporate Social Responsibility Committee; member of the Nomination and Corporate Governance Committee.

Directorships/Experience: L Gaffney is a founding Director of Digicel Group Limited, a Caribbean-based telecommunications company. She was formerly Chief Operating Officer at Esat Telecom and held a number of senior positions within that company. She has also held senior positions with the Irish Press Group plc and Bell Advertising. She was a non-executive Director of the Board of Ulster Bank Ltd, whose ultimate parent company is the Royal Bank of Scotland Group plc, from 2004 to 2007. She was appointed Chairperson of the steering committee of the National Action Plan Against Racism by the Government of Ireland. She is currently Chairperson of Communicorp Group Limited – Ireland's largest, independent radio broadcaster. She brings extensive industry experience to the Board of INM as a result of her background in senior positions in print, broadcast and advertising companies.

J Kennedy FCA
Senior Independent Director

Age	**Nationality**	**Elected to Board**
65	Irish	2012

INM Committees: Chairman of the Audit Committee; member of the Nomination and Corporate Governance Committee

Directorships/Experience: J Kennedy is an experienced non executive Director having served on the boards of a number of public and private companies. He is currently a non executive director of Total Produce Plc, Green REIT Plc, Caulfield McCarthy Group and a number of other private companies. He was Managing Partner of KPMG Ireland and a board member of KPMG Europe from 1995 to 2004.

A Marshall

Age	**Nationality**	**Elected to Board**
61	Australian	2012

INM Committees: Member of the Remuneration Committee

Directorships/Experience: A Marshall is a graduate of the Harvard Business School's Program for Management Development. He began his career in newspaper publishing in 1971 at a regional newspaper in Australia. In the mid 1980's he moved into editorial management and was a senior editor at The West Australian Newspaper. In 1987 he moved to Associated Newspapers Ltd to join the Evening Standard in London. In 1994 he was appointed a Director of Associated Newspapers Ltd and was later appointed chief Operations & Technology Director. He is a founder of iMedia, a leading international advisory service to the publishing industry. He previously headed up the Telegraph Media Group technology transformation and brings considerable media experience to the Board.

DIRECTOR BIOGRAPHIES (CONTINUED)

NON-EXECUTIVE DIRECTORS

T Mullane BSC Computer Systems

Age	**Nationality**	**Elected to Board**
48	Irish	2012

INM Committees: Member of the Audit Committee; member of the Remuneration Committee

Directorships/Experience: T Mullane has occupied a number of senior roles across technology companies. She was formerly Chief Technology Officer for NewBay Software from 2007 to 2011 and previously Chief Technology Officer for ANAM Mobile Limited (from 2003 to 2006). From 1995 to 2003 she was Director of Engineering and subsequently Vice President Technology for Logica and prior to that she was the Professional Services Director at Retix. She is currently CEO and Founder of mAdme Technologies Limited and also a non-executive Director of Cleverbug. T Mullane's strong background in the technology space is of assistance to the Board.

Dr. L O'Hagan, CBE

Age	**Nationality**	**Elected to Board**
59	Irish	2012

INM Committees: Member of the Audit Committee; Chairman of the Remuneration Committee

Directorships/Experience: L O'Hagan is Chairman of Belfast Harbour Commissioners. He was recently appointed acting CEO of the Royal College of Physicians of Ireland. He has held senior positions in a number of international public companies including Fitzwilton Plc, Jefferson Smurfit Group and Safeway Ireland of which he was Chairman. He has also been a Director of Waterford Wedgwood UK plc and, until 2008, was a member of an advisory board of Independent News & Media (Northern Ireland), a wholly owned subsidiary of INM. He is Chairman of The MAC (The Metropolitan Arts Centre) in Belfast. He is also Vice President of the Ireland US Council. L O'Hagan brings considerable business and directorial experience to the Board.

CORPORATE GOVERNANCE REPORT

THE BOARD OF DIRECTORS

General

The Company is committed to maintaining the highest standards of corporate governance and the Directors recognise their accountability to the Company's shareholders in this regard. The Company therefore applies the UK Corporate Governance Code (September 2012) published by the Financial Reporting Council in the UK and the Irish Corporate Governance Annex published by the Irish Stock Exchange (together the "Codes") in respect of its corporate governance practices.

A copy of the UK Corporate Governance Code can be obtained from the Financial Reporting Council's website, www.frc.org.uk. A copy of the Irish Corporate Governance Annex can be obtained from the ISE's website, www.ise.ie.

This Corporate Governance Report forms part of the Director's report.

Statement of compliance

During the year ended 31 December 2013, the Directors consider that the Company has complied with all relevant provisions of the UK Corporate Governance Code and the Irish Corporate Annex save for the following:

- the Chairman of the Company, L Buckley, is considered not to be independent in view of the fact that he is a representative of Mr Denis O'Brien who - owning 29.9% of the existing Issued Share Capital - is the largest shareholder in the Company;
- P Connolly, a non-executive Director is a member of the Remuneration Committee and is not deemed independent in view of the fact that he is a representative of Mr Denis O'Brien. The other three members of the Remuneration Committee are independent non-executive Directors; and
- the Board does not consider that a policy of annual re-election for all Directors, as recommended by the UK Corporate Governance Code, is appropriate for the executive Director and, accordingly, the Board has decided that the executive Director will be subject to re-election by shareholders once every three years in accordance with the Company's Articles of Association, with non-executive Directors subject to annual re-election, as recommended by the UK Corporate Governance Code.

Role

The duties of the Board and its committees are set out clearly in formal terms of reference which are reviewed regularly and state the items specifically reserved for decision by the Board.

The Board is responsible for the leadership, control and oversight of the Company. There are matters formally reserved to the Board for consideration and decision. The Board is responsible for establishing overall Company strategy. It approves the Company's commercial strategy and the operating budget and monitors performance through the receipt of monthly operating and financial information. The approval of acquisitions is also a matter for the Board. Similarly, there are authority levels covering capital expenditure which can be exercised by the Chief Executive or by the Chairman and Chief Executive jointly.

Other matters reserved to the Board include treasury policy; internal control; audit and risk management; remuneration of the non-executive Directors; pension arrangements; corporate governance; corporate social responsibility and the appointment or removal of the Company Secretary. The Board has delegated responsibility for the management of the Company, through the Chief Executive, to executive management. The Board also delegates some of its responsibilities to Board Committees, details of which are set out below.

CORPORATE GOVERNANCE REPORT (CONTINUED)

THE BOARD OF DIRECTORS (CONTINUED)

Role (continued)

The Board has a formal schedule of matters specifically reserved to it for decision, including:
- approval of interim and full year financial statements;
- approval of the Group's long-term objectives and strategy;
- changes relating to the Group's capital structure;
- material contracts;
- terms of reference of Chairman, Chief Executive and other executive Directors;
- terms of reference and membership of Board Committees;
- risk management strategy; and
- review of the Group's overall corporate governance arrangements.

Board size and membership

The Board currently comprises 10 Directors – one executive Director (V Crowley, Chief Executive Officer) and 9 non-executive Directors (including the Chairman). Detailed biographies of current Directors are set out on pages 19 to 22 together with a detailed description of the skills, expertise and experience that each of the Directors bring to the Board.

The Board considers that the Board is cohesive and that, between them, the Directors bring the breadth and depth of skills, knowledge and experience that are required to lead the Company. The Board also considers that the Directors have sufficient time to discharge their responsibilities.

Board independence

During 2013, of the non-executive Directors, T Buckley, J Kennedy, A Marshall, T Mullane and L O'Hagan were considered to be independent by the Board. During the entirety of 2013 – and at the date of this report – at least half the Board comprised non-executive Directors determined by the Board to be independent. The Company has fostered a culture of independent thinking and counsel among its Board members, and has worked assiduously to create the balanced conditions of diversity of experience and tenure that have delivered sound judgement and direction to the Management of the Company. It is the Company's intention to continue to review the composition of the Board to endeavour to continue to comply with this requirement in the UK Corporate Governance Code and to ensure the Directors bring the right range of skills, knowledge and experience to the Board to discharge its obligations to the Company and its shareholders.

The Board has determined that as at 31 December 2013, L Buckley, P Connolly and L Gaffney were not independent non-executive Directors, as they represent and have material business interests/relationships with a major shareholder, Denis O'Brien and D Harrison was not an independent non-executive Director, as he represents and has material business interests/relationships with a major shareholder, Dermot Desmond.

Chairman

L Buckley was appointed as Chairman on 27 August 2012. The Chairman is responsible for the effective working of the Board and the Chief Executive is responsible for running the business of the Company. The division of responsibilities between the Chairman and the Chief Executive is clearly established and has been set out in writing and approved by the Board. Throughout 2013, the roles of Chairman and Chief Executive were independent of each other.

The Chairman and the Company Secretary work closely together in planning a forward programme of Board meetings and establishing their agendas. During 2013, the Chairman ensured that the Board was supplied in a timely manner with information in a form and of a quality to enable it to discharge its duties.

CORPORATE GOVERNANCE REPORT (CONTINUED)

THE BOARD OF DIRECTORS (CONTINUED)

The Chairman encourages openness, debate and challenge at Board meetings. The Chairman holds a number of other Directorships and the Board considers that these do not interfere with the discharge of his duties to the Company.

Senior Independent Director

J Kennedy is the Senior Independent Director ('SID'). The role of the SID is clearly established and has been set out in writing and approved by the Board. The SID is available to all shareholders who have concerns that cannot be addressed through the normal channels of Chairman, Chief Executive or Chief Financial Officer.

Terms of appointment

The Chief Executive Officer has a service contract with the Company which has a notice period of 12 months or less.

The terms upon which each of the non-executive Directors are appointed are set out in letters of appointment which reflect the form recommended by the UK Corporate Governance Code. Subject to the requirement for annual election for all Directors as required by the UK Corporate Governance Code, it is the Company's policy that each non-executive Director will be appointed for a fixed period not exceeding three years (with the potential for a second three year term), subject to satisfactory performance and re-election at any annual general meeting where this is required. None of the non-executive Directors is a party to any service contract with the Company that provides for benefits upon termination.

However the Board does not consider that the policy of annual re-election is appropriate for executive Directors and accordingly the Board has decided that executive Directors will be subject to re-election once every three years in accordance with the Company's Articles of Association.

Accordingly, the Board has determined that all non-executive Directors eligible for re-election will retire at the 2014 Annual General Meeting and will offer themselves for re-election.

The following Directors will retire at the AGM and will offer themselves up for re-election:

L Buckley (Chairman)	Re-election
T Buckley	Re-election
J Kennedy	Re-election
A Marshall	Re- election
T Mullane	Re-election
L O'Hagan	Re-election
P Connolly	Re-election
L Gaffney	Re-election
D Harrison	Re-election

Full biographical details of each of these Directors appear on pages 19 to 22 of this report.

The Board is fully satisfied that the Company greatly benefits from the diverse skill and broad commercial experience that the Directors bring to the Company and, accordingly, the Board recommends re-election of the Directors, comprising L Buckley, T Buckley, J Kennedy, A Marshall, T Mullane, L O'Hagan, P Connolly, L Gaffney and D Harrison.

CORPORATE GOVERNANCE REPORT (CONTINUED)

THE BOARD OF DIRECTORS (CONTINUED)

Retirement and re-election

It is the Board's policy to regularly review the Chairmanship of its committees. Appointments to committees are for a period of up to three years, which may be extended for a further three-year period provided the Director is re-elected by shareholders and remains independent, or in the case of some committees, a majority of the Directors on the committee remain independent. A Director may be permitted to continue as a member of the same Board committee for more than six years by approval of the Board. Recommendations to shareholders for the re-election of non-executive Directors for terms beyond six years will be made only after review by the Board.

			Year of appointment				
Director	**Role**	**Independent**	**Board**	**Audit Committee**	**Remuneration Committee**	**Corporate Social Responsibility Committee**	**Nominations and Corporate Governance Committee**
L. Buckley	Chairman	No	2012	-	-	-	-
V. Crowley	Chief Executive Officer	No	2012	-	-	2012	2012
T. Buckley	Non-executive Director	Yes	2012	2012	-	-	2012
P. Connolly	Non-executive Director	No	2009	-	2012	-	-
L. Gaffney	Non-executive Director	No	2009	-	-	2012	2009
D. Harrison	Non-executive Director	No	2012	-	-	-	-
J. Kennedy	Non-executive Director	Yes	2012	2012	-	-	2012
A. Marshall	Non-executive Director	Yes	2012	-	2012	-	-
T. Mullane	Non-executive Director	Yes	2012	2012	2012	-	-
L. O'Hagan	Non-executive Director	Yes	2012	2012	2012	-	-

Induction and development/ Information and Professional Development

New Directors are comprehensively briefed on the Company and its operations, including the provision of extensive induction materials on appointment. An induction process is clearly established and has been set out in writing and approved by the Board. In addition, to aid their ongoing development and understanding of the business, Directors engage with the executive and senior management teams on a continuing basis.

CORPORATE GOVERNANCE REPORT (CONTINUED)

THE BOARD OF DIRECTORS (CONTINUED)

A procedure is in place under which Directors, in furtherance of their duties, are able to take professional advice, if necessary at the Company's expense.

The Company Secretary is responsible for ensuring that Board procedures are followed and all Directors have access to his advice and services. The Company Secretary ensures that the Board members receive appropriate training as necessary. The Company Secretary is responsible for advising the Board on all corporate governance matters.

The Company has an insurance policy in place which insures the Directors in respect of legal action taken against them in respect of their reasonable actions as officers of the Company.

Meetings

The Board has a fixed schedule of meetings each year and may meet more frequently as required. There were 16 Board meetings held in 2013. Details of Directors' attendance at these meeting are outlined in the table on page 30 in line with best practice guidelines. All Directors attended in excess of 94% of Board meetings in 2013.

For regular Board meetings, the agenda will usually comprise of reports from the Chief Executive Officer, Chief Financial Officer and executive management. The practice is to have the agenda and supporting papers circulated to the Directors five days ahead of each meeting. It is inevitable that there will be occasions when circumstances arise to prevent Directors from attending meetings. In such circumstances, it is practice for the absent Director to review the Board papers with the Chairman and convey any views on specific issues. It should also be noted that the time commitment expected of non-executive Directors is not restricted to Board meetings. All of the Directors are to be available for consultation on specific issues falling within their particular fields of expertise. The Chairman and non-executive Directors meet at least annually as a group without any executive Director present. In addition a further meeting each year consists of the Senior Independent Director and the other non-executive Directors, without the Chairman being present.

Performance Evaluation

The Code requires that the Board should undertake a formal and rigorous annual evaluation of its own performance and that of its Committees and individual Directors. The following steps were taken by the Company to ensure its self-evaluation process was as robust and objective as possible. A Board Effectiveness Review Questionnaire was completed by each Director for 2013. The Chairman then reviewed the completed questionnaire with each Director individually as appropriate. The questionnaire, which has as its objective, the assessment of whether each Director continues to contribute effectively and to demonstrate commitment to the role (including commitment of time for Board and Committee meetings and any other duties) together with an assessment of the Board process and of collective Board strength, included the following areas:

- Board Strategy;
- Board Relations and Communications;
- Board Administration and Composition;
- Performances of Individual Directors; and
- Board Committees Composition and Performance.

In line with the Code, the Board, both collectively and individually, will be evaluated by an external evaluator at least every three years. Due to a Board change in 2012, the next external evaluation will take place in 2015.

CORPORATE GOVERNANCE REPORT (CONTINUED)

THE BOARD OF DIRECTORS (CONTINUED)

During the year, the Chairman and the non-executive Directors met without the executive Director being present to review his performance, specifically in relation to the implementation of the agreed strategy of the Board. The non-executive Directors, led by the Senior Independent Director, met without the Chairman being present to review his performance. This forms part of the broader Board effectiveness review and ensures a robust, independent and effective Board.

In addition, the Audit Committee, with the assistance of the external auditors, reviewed its Terms of Reference concerning the Committee's role in the audit and financial management of the Company and its own effectiveness in order to identify and submit any amendments to the Board for approval. A number of minor wording amendments were approved to ensure the Terms of Reference more fully reflects the provisions of the current UK Combined Code ('Code').

Remuneration

Details of Directors' remuneration are set out in the Report of the Remuneration Committee on Directors Remuneration on pages 37 to 43.

Share ownership and dealing

Details of the shares held by Directors are set out in the table on page 42. The Company has a policy on dealing in shares that applies to all Directors and senior management. Under the policy, Directors are required to obtain clearance from the Chairman before dealing in Company shares. Directors and senior management are prohibited from dealing in Company shares during designated prohibited periods and at any time during which the individual is in possession of price-sensitive information.

Board Committees

There are four Board Committees with formal terms of reference:
- the Audit Committee;
- the Remuneration Committee;
- the Nomination and Corporate Governance Committee; and
- the Corporate Social Responsibility Committee.

Audit Committee

The members of the Committee at 31 December 2013 were:
J Kennedy (Chairman)
T Buckley
T Mullane
L O'Hagan

The role and responsibilities of the Committee are set out in the Committee's Terms of Reference, copies of which are available from the Company Secretary and on the Company's website at inmplc.com. There were four meetings of the Committee during the year and the attendance details of each of the members of the Committee are set out on page 30 of this report.

The report from the Audit Committee for the year ended 31 December 2013 is set out on pages 32 to 36 of this report.

CORPORATE GOVERNANCE REPORT (CONTINUED)

THE BOARD OF DIRECTORS (CONTINUED)

Remuneration Committee

The members of the Committee at 31 December 2013 were:
L O'Hagan (Chairman)
P Connolly
A Marshall
T Mullane

The Remuneration Committee is responsible for determining the remuneration of the Chief Executive and the Chairman and for determining, in consultation with the Chief Executive, the remuneration of executive management. The terms of reference of the Committee are available from the Company Secretary and also from the Company's website at inmplc.com. There was one meeting of the Committee during the year and the attendance details of each of the members of the Committee are set out on page 30 of this report. The Remuneration Committee Report for 2013 appears on pages 37 to 43.

Nomination and Corporate Governance Committee

The members of the Committee at 31 December 2013 were:
T Buckley (appointed Chairman[1] 31 December 2013)
L Gaffney
V Crowley
J Kennedy

[1] F Murray retired from the Board and as Chairman of the Committee at 31 December 2013.

The Nomination and Corporate Governance Committee is responsible for making recommendations on Board appointments and for regularly reviewing the efficacy, efficiency, structure, size and composition of the Board with regard to the complexities of the media industry and the diversity of international markets in which the Group operates. The Committee considers candidates from a wide variety of backgrounds. Candidates are assessed against objective criteria and with regard to the benefit of diversity on the Board, including gender.

The Committee is also responsible for reviewing the Group's Corporate Governance policies and ongoing compliance. The full terms of reference of the Committee are available from the Company Secretary and also from the Company's website at inmplc.com. There were no meetings of the Committee during the year.

Corporate Social Responsibility Committee

The Group is committed to acting in the best interests of all its stakeholders: customers; employees; suppliers; and shareholders (see Corporate Social Responsibility statement on page 14). The Board has a Committee with responsibility for corporate social responsibility. The terms of reference of the Committee are available from the Company Secretary and on the Company's website at inmplc.com.

The members of the Committee are:
V Crowley
L Gaffney

Employment

The Group is committed to equal opportunity of employment and all employment decisions are based on merit, qualifications and abilities. The Group is committed to providing a working environment that is free from all forms of discrimination and harassment. Many of the Group's employees are represented by trade unions and any such trade unions are recognised by the Group. At a minimum, all Group companies are required to comply with all applicable local legislation in employment matters.

CORPORATE GOVERNANCE REPORT (CONTINUED)

THE BOARD OF DIRECTORS (CONTINUED)

Health and Safety

The Group is committed to creating and maintaining a safe and healthy working environment for all employees. This includes providing appropriate training to enable employees to perform their work safely and effectively. All Group companies are required, at a minimum, to comply with all applicable local legislation in this area.

Social, Community and Environmental

The Group supports a wide variety of charitable organisations by making financial contributions and by providing editorial coverage. The Group provides significant editorial coverage and support for environmental and health issues in the local and national community. The Group is committed to supporting best practice and complying with all relevant legislation in relation to the production of its products and to environmental issues. The Group is in regular dialogue with suppliers in relation to new products and processes, and environmental issues are considered in the decision-making process.

Other Committees

In addition to the above Committees, a number of other Committees were established towards the end of 2012 and the beginning of 2013 to assist management in dealing with the various issues and challenges facing the Group. The Committees established included the Debt Restructuring Committee to assist with the financial restructuring discussions, the Strategy Committee to work with management in establishing a longer term strategy for the development of the Group's business in future years and the Pension Committee to assist in developing proposals to restructure the Group's Defined Benefit Pension schemes. Directors were not paid any additional fees for their work on these Committees.

Attendance at Board and Committee Meetings during the year ended 31 December 2013

	Board		Audit Committee		Remuneration Committee	
	A	B	A	B	A	B
Continuing Directors						
L Buckley	16	15				
T Buckley	16	15	4	4		
P Connolly	16	16			1	1
V Crowley	16	16				
L Gaffney	16	15				
D Harrison	16	15				
J Kennedy	16	16	4	4		
A Marshall	16	15			1	1
T Mullane	16	16	4	4	1	1
L O'Hagan	16	16	4	3	1	1
Former Directors						
F Murray[1]	16	16				

The attendance statistics are outlined above in the format 'A/B' where 'A' represents the total number of meetings held and 'B' represents the number of meetings attended by the Director.
[1]F Murray retired from the Board on 31 December 2013.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Board Appointments and Succession Planning

Responsibility for Board appointments and succession planning falls within the scope of the full Board, with recommendations from the Group's Nomination and Corporate Governance Committee as appropriate.

Accountability and Audit

Under Irish company law, the Directors are responsible for the preparation of the financial statements and these responsibilities are outlined in detail under in the Statement of Directors' Responsibilities on page 51.

Internal Control

The Directors acknowledge that they are responsible for the Group's systems of internal controls and for reviewing their effectiveness. This review is carried out with the assistance of the Audit Committee.

An ongoing process, in accordance with the guidance of the Turnbull Committee on Internal Control, has been established for identifying, evaluating and managing risks faced by the Group, and is reviewed regularly by the Board. This process was in place for the year ended 31 December 2013 and was also in place at the date of this report. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Group's strategic objectives. It should be recognised that such systems can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk assessment and evaluation take place as an integral part of the annual planning and budgeting process, the results of which are reviewed by senior management and the Board. In addition to work performed by the Internal Audit function, a co-ordinated annual programme of risk and control self-assessment is also carried out and the results of this are reported to the Audit Committee. This process had regard to the material risks that could affect the Group's business. The Board's annual review of the effectiveness of internal control, advised by the Audit Committee, has been based on that programme.

In accordance with the process outlined above, the Board has satisfied itself on the effectiveness of the internal control systems in operation and it has approved the reporting lines to ensure the ongoing effectiveness of the internal controls and reporting structures.

CORPORATE GOVERNANCE REPORT (CONTINUED)

REPORT FROM THE AUDIT COMMITTEE

Members of the Committee

The Audit Committee is comprised of four independent non-executive Directors. The members of the Committee are:

J Kennedy (Chairman);
T Buckley;
T Mullane; and
L O'Hagan.

The terms of reference of the Committee are available from the Company Secretary and on the Company's website at inmplc.com.

Role and Responsibilities

The Committee's functions include the following:

- to monitor the integrity of the financial statements of the Company and any formal announcements relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain;
- to review and challenge where necessary the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company/Group;
- to review and challenge where necessary the methods used to account for significant or unusual transactions where different approaches are possible;
- to review and challenge where necessary the clarity of disclosure in the Company's financial reports and the context in which the statements are made;
- to review the effectiveness of the Company's internal controls and risk management systems and to review the statements to be included in the Annual Report concerning internal controls and risk management;
- to monitor and review the effectiveness of internal audit activities;
- to monitor and review the external auditors' independence, objectivity and effectiveness, taking into account professional and regulatory requirements; and
- to meet with the external auditors independent of management at least annually.

How the Committee has Discharged its Responsibilities

The Committee held four meetings during the year. Members of management attended each meeting and the external auditors attended as appropriate. Matters considered at meetings included the following:

- the Group Internal Audit reports and findings;
- the External Audit Plan;
- the annual and interim financial statements and the related Stock Exchange announcements; and
- the reports from the external auditors on any issues raised during the conduct of their audit including any significant accounting and judgemental issues.

Monitoring the Integrity of the Financial Statements including Significant Judgements

In accordance with the reporting requirements of the 2012 UK Corporate Governance Code ('the Code') the Audit Committee confirms to the Board that, in our view, the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the company's performance, business model and strategy.

CORPORATE GOVERNANCE REPORT (CONTINUED)

REPORT FROM THE AUDIT COMMITTEE (CONTINUED)

As part of this work, the Committee considered whether the financial statements are consistent with the operating and financial reviews elsewhere in the annual report and, in particular, whether the financial statements contain any significant matters that are not addressed in those reviews. The Committee reviewed and approved the group's policy in respect of the arrangements in place to ensure that the annual report is fair, balanced and understandable. The Committee also considered the operation of these arrangements in practice including a review of the guidance provided to group personnel involved in financial and management reporting and the degree of verification carried out in respect of the factual content of the Annual Report.

This year the Committee meetings focused on the following key areas which require significant judgement:

Key Areas

Carrying Value of APN

The carrying value of APN was considered at year end. As at 31 December 2013, INM carried its investment in APN on its Balance Sheet at an amount of €86.9 million or A$0.70 per APN share held. However, at 31 December 2013, the APN share price, as listed on the Australian Stock Exchange, was A$0.45 per share (the value of the INM stake was approximately €55.8 million at 31 December 2013, and increased to approximately €89.9 million at 24 April 2014). As APN is an associate of INM, the Group has compared the carrying value of its investment in APN to its estimated recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. INM calculated the value in use of its investment in APN and concluded that the calculation showed that the value in use of INM's investment in APN was greater than its carrying value and hence INM's investment in APN is not impaired. Further details are provided in Note 8 to the Group Financial Statements.

Deferred Tax

Deferred tax assets require judgement, in particular, when assessing the extent to which deferred tax assets should be recognised, with consideration given to the timing and level of future taxable income in the relevant tax jurisdiction. The Group has tax losses, capital allowances and tax credits in relation to retirement benefits available that have the potential to reduce tax payments in future years. Deferred tax assets have been recognised in relation to these items to the extent that their recovery is probable having regard to the projected future taxable profits of the relevant business units. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is realised, based on tax rates and tax laws substantively enacted at the balance sheet date. As at 31 December 2013, the Group Balance Sheet reflects a deferred tax asset of €17.9 million. The reduction of this deferred tax asset and the rationale for the reduction are outlined in detail in Note 23 to the Group Financial Statements.

Other Areas

Debt Restructuring

Throughout 2013, the Committee considered the actions taken by management as part of the Debt Restructuring process. The Committee reported to the full Board of Directors on these discussions. This process was completed with the successful Capital Raise in December 2013. The Group recorded a net exceptional credit of €148.5 million resulting from the restructuring of the Group's bank facilities. Further details in relation to going concern are outlined in Note 1 and in relation to the exceptional credit in Note 7 to the Group Financial Statements.

CORPORATE GOVERNANCE REPORT (CONTINUED)

REPORT FROM THE AUDIT COMMITTEE (CONTINUED)

Retirement Benefits Restructuring
The Group operates a number of defined benefit pension schemes which have significant deficits. Included in exceptional items in 2013 is a gain of €111.4m due to the restructuring of the significant defined benefit pension schemes in the Republic of Ireland. Further details in relation to this exceptional gain are outlined in Note 35 to the Group Financial Statements.

Sale of subsidiary operations

In August 2013, the sale of the Group's South African business was concluded. Accordingly, the South African results are presented as a discontinued operation and the effect of the sale of this business is presented in Note 28 to the Group Financial Statements. A gain of €28.0 million arising from the disposal of the South African business, together with an associated foreign exchange loss of €10.1 million is recognised and outlined in Note 7 to the Group Financial Statements. In late 2013, the Board committed to selling the Group's Education businesses. Accordingly INMSA and the Education businesses results are reported as 'Discontinued Operations'.

Each of these significant issues was addressed in the report received by the Committee from the external auditors and was discussed in the Committee's meeting with management and reported on by the external auditors. As a result of these deliberations the Committee is satisfied that the Group Financial Statements deal appropriately with each of the areas of significant judgement.

Risk Management, Internal Control and Internal Audit

The Committee reviewed the Group's systems of internal control and the ongoing process for identifying, evaluating and managing risks faced by the Group. The Committee reviewed and approved the statement to be issued in the Annual Report concerning internal control and risk management.

The Committee received and reviewed periodic internal audit reports and agreed any actions arising therefrom. The Committee also considered changes in the internal audit function and adequacy of resourcing in 2013 and concluded that the function is adequately resourced at present.

The importance of risk management is embedded within all levels and functions of the Group's activities. All significant business units and regional corporate offices are required on a semi-annual basis to review the key risks facing their business.

The main features of the Group's internal control and risk management systems that relate specifically to the Group's financial reporting and accounts consolidation process include:

- The preparation of financial statements by finance personnel with the appropriate level of qualifications and expertise;
- The review of reporting packages for each entity / division as part of the year-end audit process;
- The reconciliation of reporting packages to management packs as part of the audit process and as part of management review;
- The validation of consolidation journals as part of the management review process and as an integral component of the year-end audit process;
- The review and analysis of results by the Chief Financial Officer and the auditors, with the management of each division; and
- The review of audit management letters by the Chief Financial Officer, Head of Internal Audit and the Audit Committee; and the follow up of any critical management letter points to ensure issues highlighted are addressed.

CORPORATE GOVERNANCE REPORT (CONTINUED)

REPORT FROM THE AUDIT COMMITTEE (CONTINUED)

The Audit Committee is responsible for monitoring the integrity of the Group's financial statements and reviewing the significant financial reporting judgements contained therein.

In respect of the current year, the Committee reviewed the Group's interim report for the six months to 30 June 2013 and the preliminary announcement and annual report for the year. In carrying out these reviews, the Committee considered:

- whether the Group had applied appropriate accounting policies and practices;
- the consistency of accounting policies both on a year on year basis and across the Group;
- the clarity and completeness of disclosures and compliance with relevant financial reporting standards and corporate governance and regulatory requirements; and
- the significant areas in which judgement had been applied in preparation of the financial statements in accordance with the accounting policies.

Local management within these business units are also required to assess whether these key risks are being satisfactorily mitigated or whether further action is required. The results of these self assessments are collated by internal audit and submitted in a report which is presented to both the regions and Group for review.

The Audit Committee receives annually a detailed report arising from this risk self assessment process for review. In Australasia, APN has an internal audit function which reports to its Audit Committee. The Group Chief Executive Officer conducted detailed reviews with regional head office executives and in addition, Executive Committee meetings, chaired by the Group Chief Executive Officer, were conducted with regional management to assess business and operational performances and market conditions.

External Audit

It is the responsibility of the Committee to monitor and review the external auditors' independence, objectivity and effectiveness, taking into account professional and regulatory requirements. In June 2013 following a tender process, the Board formally appointed KPMG as external auditors. In August, the Committee met with the external auditors who presented their review of the interim results and again in December where the Committee agreed the audit strategy and plan for the year, highlighting the key financial statement and audit risks, to ensure the audit was appropriately focused. In March 2014 in advance of approving the annual report, the Audit Committee received a report from KPMG on their key audit findings including the key areas of judgement referred to above. This report was discussed with KPMG in advance of the Audit Committee recommendation of the approval of the annual report by the Board.

Objectivity and Independence

In accordance with the Audit Committee's Terms of Reference the Committee is required to explain how, if the auditors provide non-audit services, auditor objectivity and independence is safeguarded. The Committee reviewed the total fees (audit and non-audit) paid to the auditors in 2013 and assessed the fees paid for non-audit services. The Committee discussed this with the auditors. The auditors have described how auditor independence is managed in their firm and also confirmed that they complied with all regulatory and ethical guidelines in this matter. The Committee was satisfied with the explanations received. During the year, PwC resigned as auditors. Note 6 to the financial statements provides further details on the level of total fees (audit and non – audit) paid to auditors during the year.

CORPORATE GOVERNANCE REPORT (CONTINUED)

REPORT FROM THE AUDIT COMMITTEE (CONTINUED)

Committee Effectiveness

The effectiveness of the Committee is reviewed on an annual basis by both the Board and the Committee itself. Following such reviews, we are pleased to advise that the Committee is considered to be operating effectively and efficiently.

RELATIONS WITH SHAREHOLDERS

The Group attaches considerable importance to open and regular shareholder communications and has a well-established investor relations function. There is regular dialogue with institutional investors, as well as detailed presentations and roadshows after the announcement of interim and full year results. This dialogue is primarily with key executives who met with institutional investors during the year and participate in broker/investment conferences. The non-executive Directors are informed of any significant shareholder concerns. The Annual Report is made available to all shareholders either by post or on the Company's website and results announcements, together with detailed investor presentations, are published on the Company's website at inmplc.com. The website contains additional information for investors which is regularly updated.

At the Company's AGM, the Chairman and the Group Chief Executive Officer make presentations and all Directors are available to answer questions on any aspect of the Group's strategy, business and performance during the prior year. Arrangements will be made for the 2013 Annual Report and AGM notice to be available to shareholders at least 21 working days before the meeting and for the level of proxy votes cast on each resolution, and the numbers for and against, to be announced at the meeting. The details of the levels of votes cast will be announced to the Dublin and London Stock Exchanges and will also be published on the Company's website at inmplc.com.

REMUNERATION REPORT

The Remuneration Committee is comprised of three independent non-executive Directors and one non-independent non-executive Director. The members of the Committee are:

L O'Hagan (Chairman)
P Connolly
A Marshall
T Mullane.

The Committee held one meeting during the year.

The purpose of the Committee is to assist the Board in fulfilling its responsibilities to the Company and its shareholders by determining and agreeing with the Board the framework of Board policy for the remuneration of the Company's Chief Executive, Chairman of the Board, Chief Financial Officer, and such other members of the executive management as it is designated to consider.

The Remuneration Committee's ongoing work is designed to align the interests of executive management with all shareholders and to give the executive management the appropriate incentive to perform at the highest levels, rewarding consistent, strong performance. A full copy of the terms of reference of the Committee is available from the Company Secretary and on the Company's website at inmplc.com.
The Committee's functions include:

- determining the remuneration of the Chairman of the Board;
- determining the remuneration of the Chief Executive;
- determining, in consultation with the Chief Executive, the remuneration of other members of the executive management;
- satisfying itself that remuneration is competitive so as to attract, retain and incentivise key personnel; and
- advising on the share option scheme (or other share-based incentives), determining eligibility to participate therein and the granting of options (or other share-based incentives).

The Remuneration Committee received advice from Mercer. Mercer also provide actuarial advice to the company and are actuaries and investment advisors to a number of the company's approved pension schemes.

The remuneration of non-executive Directors is determined by the Chairman of the Board and the executive Director. Such remuneration consists of a basic fee of €45,000 (2012: €45,000) payable to each non-executive Director and additional fees are payable to the Chairman of the Board, the Senior Independent Director and for participation on Board sub-committees. There was no increase in individual Director basic fees in 2013. Non-executive Directors' emoluments are detailed on page 41.

Non-executive Directors of INM currently receive no additional remuneration from the Company apart from a Director's fee. Non-executive Directors are not eligible to participate in the Group's share option scheme. None of the remuneration of the non-executive Directors is performance related. Non-executive Directors' fees are not pensionable and non-executive Directors are not eligible to join any Group pension plan.

Remuneration for the executive Director consists of basic salary, potential for performance-related annual bonus (short-term incentive plan), participation in a share option scheme (long-term incentive plan), pension benefits and a company car. The executive Director does not receive any separate fees for serving as a Director of any Group company or of any company where the Director is nominated by the Company. The executive Director's emoluments are detailed on page 40.

REMUNERATION REPORT (CONTINUED)

Basic Salary

The salary for the executive Director is reviewed annually. There was no change in 2013.

Short-Term Incentive Plan (Performance Related Bonus)

The Short-Term Incentive Plan is tied to clear objectives, both financial and personal, and is the primary mechanism by which the company rewards individual performance.

In March 2014, the Board, on the recommendation of the Remuneration Committee, approved a Short Term Incentive Plan in respect of 2014. The Plan provides for a performance incentive, payable in cash through payroll, based on the achievement of specific financial criteria and individual performance. The Plan comprises the following elements:

- A target incentive as a percentage of base salary.
- A rating of financial performance. Initially the measure will be EBITDA (Earnings Before Interest Tax Depreciation and Amortisation). Other measures may be added in the future.
- A rating of personal performance based on the individual's contribution to the financial performance and achievements against personal objectives.

The incentive payment is calculated as follows:

Target as percentage of base salary		Rating of Financial Performance		Rating of Personal Performance
	X		X	

The individual target will be a percentage of base salary to be approved by the Remuneration Committee.

The maximum target is 70% of base salary in the case of the Chief Executive and 50% in the case of other executive Directors and Senior Executives. The maximum award, based on the achievement of the annual budget plus 10% or more and a personal performance rating of 'significantly exceeded expectations' is 105% of base salary in the case of the Chief Executive and 75% in the case of other executives. The rating of financial performance is based on the agreed EBITDA budget for the year in accordance with the following table:

Achievement against budget	Rating of financial performance
Less than 90%*	Nil
90%*	30%
100%	100%
110%	125%

**Payment for performance below 100% of target is at the discretion of the Remuneration Committee.*

REMUNERATION REPORT (CONTINUED)

The rating of personal performance is based on the following schedule:

Rating of personal performance	Description	Adjustment for personal performance*
5. Significantly exceeded expectations	Clearly exceeds all personal objectives and makes a significant contribution to the overall business performance	120%
4. Exceeded expectations	Exceeds the majority of personal objectives and makes a marked contribution to the overall business performance	110%
3. Met expectations	Meets all personal objectives and makes the expected contribution to the overall business performance	100%
2. Partially met expectations	Meets many, but not all personal objectives and makes a reasonable contribution to the overall business performance	50%
1. Did not meet expectations	Fails to meet personal objectives and / or does not make the expected contribution to the overall business performance	Nil

**Where performance is assessed between levels, a proportionate rating will apply, subject to approval by the Remuneration Committee.*

Any award under the Short Term Incentive Plan will be payable as soon as practical following the completion of the audit for the relevant year. Executives who leave the Group will not be entitled to any award in respect of that year.

Long Term Incentive Plan (Share Option Scheme)

The Company operated a Long Term Incentive Plan (Share Option Scheme) for executive Directors and senior executives which was approved by the shareholders on 12 June 2009. A range of amendments to this Plan were subsequently approved by shareholders in 2011. On 30 December 2012, the executive Director and senior executives voluntarily agreed to cancel their remaining share options as it was unlikely that the options would ever become exercisable.

No further options were issued in 2013.

The Board believes that a Long Term Incentive Plan is beneficial in supporting the recruitment, motivation and retention of senior executives. The Board, on the advice of the Remuneration Committee, will be including proposals for a new share option based Long Term Incentive Plan for consideration by shareholders at the forthcoming AGM. Full details of the new Long Term Incentive Plan are set out in the Company's Notice to shareholders in respect of the AGM.

REMUNERATION REPORT (CONTINUED)

Pension Benefits

Pension benefits for executive Directors are based on basic salary only. The Company provides Defined Benefit schemes and Defined Contribution plans for the executive Director.

A strategic review of INM's significant Republic of Ireland defined benefit pension plans was completed during 2013. All four Republic of Ireland defined benefit pension plans closed to future service during the year. In addition, following the required consultation process with all of the members concerned, the Trustees submitted Section 50 applications to the Irish Pensions Board for three of the plans which included proposals to substantially reduce members' accrued benefits. In September 2013, the Trustees received confirmation from the Pensions Board that they had approved their applications and the reduction in benefits became effective on 9 September 2013. Details in respect of the executive Director are shown on page 41.

Service Contracts

There are no service contracts between Directors and the Company with notice periods of more than 12 months.

Emoluments – Executive Directors

	Salary €000	Benefits in kind €000	Bonus €000	Pension €000	Other Payments €000	2013 Audited total €000	2012 Audited total €000
Executive Directors					-		
V Crowley[1]	608	20	250	-	121[2]	999	627
GK O'Reilly[3]	-	-	-	-	-	-	2,131
DJ Buggy[4]	-	-	-	-	-	-	219
Total for 2013	**608**	**20**	**250**	**-**	**121**	**999**	**-**
Total for 2012	822	53	-	56	2,046	-	2,977

1. V Crowley was appointed a Director and Chief Executive Officer with effect from 19 April 2012.
2. V Crowley previously elected to receive taxed cash compensation in lieu of future pension benefits and the figure of €121,200 under Other Payments represents this taxed cash compensation amount due for 2013.
3. GK O'Reilly resigned as a Director and Chief Executive Officer with effect from 19 April 2012.
4. DJ Buggy was not re-elected as a Director at the Annual General Meeting on 8 June 2012 and he resigned as Chief Financial Officer on 5 October 2012 and the details above refer to his period as a Director in 2012.

REMUNERATION REPORT (CONTINUED)

Pensions – Executive Directors

Benefits Under Defined Benefit Schemes

Pension benefits attributable to executive Directors:

	Decrease in accrued pension during the year €000	Transfer value of the (decrease)/increase in accrued pension €000	2013 Audited total accrued pension €000	2012 Audited total accrued pension €000
V Crowley	(106)	(1,694)	165	-
GK O'Reilly	-	-	-	235
DJ Buggy	-	-	-	115
Total for 2013	**(106)**	**(1,694)**	**165**	**-**
Total for 2012	1	14	350	350

Emoluments – Non-Executive Directors

	2013 Audited total €000	2012 Audited total €000
Non-Executive Directors		
L Buckley (appointed 27/8/2012)	158	55
T Buckley (appointed 7/7/2012)	55	26
P Connolly*	50	47
L Gaffney	50	50
D Harrison (appointed 10/12/2012)	45	3
J Kennedy (appointed 27/8/2012)	90	31
A Marshall (appointed 14/6/2012)	50	26
T Mullane (appointed 27/8/2012)	55	19
F Murray (retired 19/12/2013)	65	67
L O'Hagan (appointed 27/8/2012)	70	24
B Braun (resigned 25/4/2012)	-	16
Baroness M Jay (retired 8/6/2012)	-	29
L Lanz (resigned 6/6/2012)	-	29
J Osbourne (retired 8/6/2012)	-	72
D Reid Scott (resigned 12/6/2012)	-	26
Total for 2013	**688**	**-**
Total for 2012	**-**	**520**

* In addition, P Connolly was paid an amount of €59,560 for consultancy services in relation to APN News & Media.

Pensions – Non-Executive Directors

Pensions payable to past Directors during the current financial year amounted to €23,002 (2012: €23,270).

REMUNERATION REPORT (CONTINUED)

Further Information

Total Directors' remuneration for the year amounted to €1,687,000: €999,000 for services as Executive Directors and €688,000 for services as non-executive Directors of INM (2012: €3,497,000: €2,977,000 paid to Executive Directors (including €1,870,000 paid as part of a compromise agreement) and €520,000 for services as non-executive Directors of INM).

Payments to Former Executive Directors

In 2013, the Group paid €616,000 (2012: €1,564,934) in respect of the entitlements of former executive Directors.

Directors and Company Secretary and their Interests

The interests of the Directors and Company Secretary of Independent News & Media PLC in office at 31 December 2013 in the share capital of Independent News & Media PLC and APN News & Media Limited at the beginning (or date of appointment, if later) and end of the year are set out in the table below.

The Company has a policy on dealing in shares that applies to all Directors. This policy adopts the terms of the Model Code as set out in the Listing Rules published by the UK Listing Authority and the Irish Stock Exchange. Under this policy Directors are required to obtain clearance from the Company before dealing in INM shares. Directors are prohibited from dealing in INM shares during designated close periods and at any other time when they are in possession of Inside Information (as defined by the Market Abuse Directive 2003/6/EC Regulations 2005).

Interests in Share Capital:
Independent News & Media PLC

Ordinary shares of €0.01 each & deferred shares of €0.34 each*

	At 31 December 2013	At 31 December 2012
Beneficial		
L Buckley	863,684	342,857
T Buckley	426,142	69,000
P Connolly	359,868	142,857
V Crowley	795,119	315,639
L Gaffney	359,868	142,857
D Harrison	357,142	-
J Kennedy	400,000	-
A Marshall	-	-
T Mullane	-	-
F Murray (retired 19/12/2013)	4,152	3,114
L O'Hagan	1,993	1,495
	3,567,968**	**1,017,819**

Company Secretary		
M Doorly	14	14

*A capital reorganisation occured on 17 June 2013, where the ordinary shares of €0.35 each were reorganised as ordinary shares of €0.01 each and deferred shares of €0.34 each. See Note 25 to the financial statements for further information regarding share capital.
**All movements in the table above relate to changes in investments arising from the Firm Placing and Placing and Open Offer which occurred in December 2013.

REMUNERATION REPORT (CONTINUED)

Interests in Share Options:
The Executive Director and the Company Secretary do not have any share options. Details of outstanding share options in the Company are given in Note 26 to the financial statements.

The Directors and Company Secretary and their families had no other beneficial interests in the shares of the Company or any subsidiary undertaking of the Company at 31 December 2013, other than interests in Independent News & Media PLC and APN News & Media Limited as noted above.

Full details of Directors' shareholdings and options are included in the Register of Directors' Interests.

APN News & Media Limited

Ordinary Shares of A$0.40 each

	At 31 December 2013	At 31 December 2012
Beneficial		
V Crowley	760,404	760,404

Post Year End
There have been no changes in any of the above interests between 31 December 2013 and 24 April 2014 with the exception that V Crowley participated in APNs recent capital raise and acquired an additional 422,447 Ordinary Shares.

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and financial statements for the year ended 31 December 2013.

Principal Activities

INM is a leading Irish news and media Group. The principal activities of the Group and its associates and joint ventures during 2013 continued to be the printing and publishing of national and regional newspapers primarily in the island of Ireland. The Group continues to operate the largest wholesale distributor of newspapers on the island of Ireland. The Group has a broad portfolio of digital assets including *independent.ie*, the number one news website in the Republic of Ireland, *belfasttelegraph.co.uk*, the number one commercial news website in Northern Ireland, and over thirty-five other editorial and classified websites. The Group also holds a significant shareholding in APN News & Media, an Australasian publicly listed media company which has leading publishing and radio operations in Australia and New Zealand and leading outdoor advertising operations in Australia, New Zealand and South-East Asia.

Results and Dividends

Profit of the Group attributable to equity holders of the parent was €240.1 million. No dividends were paid during the year.

Research and Development

Certain of the Company's subsidiary undertakings are engaged in ongoing research and development aimed at improving production processes and expanding product ranges. Further information in relation to product development is contained in the Operations Review which appears on pages 8 to 13.

Review of the Business

The Chairman's Statement, the Group Chief Executive's Review, the Financial Review, the Operations Review, the Corporate Social Responsibility Statement and the Environmental Sustainability Statement sections of the Annual Report provide a review of the Group's business for 2013, including comments on key performance and operational indicators.

Risks and Uncertainties

There is an ongoing process for the identification, evaluation and management of the significant risks faced by the Group. See Corporate Governance Report on pages 23 to 36 which discusses the Group's systems of internal control and the ongoing process for identifying, evaluating and managing risks faced by the Group. The principal risks and uncertainties are set out below across four broad categories being Financial, Strategic, Operational and Reputational. Given the nature of our business and the complexity of the environment in which we operate we are cognisant that some risks and uncertainties may cross multiple categories.

A.) Financial Risks and Uncertainties

Financial and General Covenants – Debt Service Obligations

The principal financial risks are credit risk, liquidity risk, and market risk. Market risk includes foreign exchange risk, interest rate risk, and price risk. The Group's ability to service its debts in the longer term is dependent on the Group's future operating and financial performance which will be affected by the Groups ability to implement successfully its business strategy (focused on ownership of strategically valuable publishing assets, development of its online operations and containing Group overheads) as well as general economic, financial, competitive, regulatory, technical and other factors beyond its control. Further details on financial risks are outlined in Note 32 to the Group Financial Statements.

DIRECTORS' REPORT (CONTINUED)

Employee Retirement Benefit Obligations

The Group operates a number of Defined Benefit pension schemes. Reported earnings may be adversely affected by changes in pension costs and funding requirements due to lower than expected investment returns, changes in demographics and particularly, longer life expectancy. Although these are carefully monitored and there are regular reviews with trustees, there are a number of factors which are outside the Group's control including bond yields, inflation rates, mortality and regulatory change. The Company finalised in 2013 with the Trustees of the significant Republic of Ireland Defined Benefit Pension Schemes a restructuring of the schemes which has substantially reduced accrued pension benefits, closed the schemes to new members and significantly reduced the future liabilities of the Group.

Taxation Risk

The Group operates within a number of jurisdictions and earnings are therefore subject to taxation at differing rates across these jurisdictions. Whilst endeavouring to manage its tax affairs in an efficient manner, due to an ever more complex international tax environment, there will always be a level of uncertainty when provisioning for the Group's tax liabilities. There is also a risk of tax laws being amended by authorities in the different jurisdictions in which the Group operates which could have an adverse effect on the Group's results. The Group continually takes the advice of external experts to help minimise this risk.

B.) Strategic Risks and Uncertainties

Cyclicality of Advertising Revenues and Economic Condition of the Markets in which we operate

General economic conditions can positively or negatively affect the performance of the Group's businesses. The current global economic outlook represents a significant risk to the Group. A significant proportion of the Group's revenue is derived from advertising which has historically been cyclical, with less being spent on advertising in times of economic slowdown.

The main geographies which the Group is directly exposed are now the Republic of Ireland and Northern Ireland (with indirect exposure to Australasia via its investment in APN). This geographic concentration means the Group is significantly exposed to the economic environment in the Republic of Ireland and Northern Ireland. In this market there are ongoing weaknesses in advertising. While there are some signs of stabilisation in the Irish economy in recent months, particularly in the property market, in the current economic climate forecasting financial performance remains challenging given the extent that the Group is dependant upon economic trends. To the extent that economic conditions in the Group's markets declines or do not improve, or improve over an extended period of time only, the Group's business, operating results, financial condition or prospects may be materially or adversely affected.

The Impact of Technological and Market Changes

The Group operates in highly competitive environments that can be subject to rapid change. The Group's products and services, and their means of delivery, can be affected by technological innovations, changing legislation, competitor activity or changing customer behaviour. A structural change in advertising markets resulting in significant advertising moving away from traditional products to the internet may affect the Group's results both positively and negatively. Also, print media operations have been facing declining circulation numbers for some time due to factors including, but not limited to, the proliferation of internet use. The Group continues to develop its Digital Strategy to complement its products. Through both the *independent.ie* and *belfasttelegraph.co.uk* the Group has successfully transitioned trusted brands to online platforms. However, the success in continuing to grow revenues from these platforms is dependant on continuing to adapt to changing consumer habits.

DIRECTORS' REPORT (CONTINUED)

Political, Economic and Social Risks

The markets in which the Group operates may be affected by numerous factors, many of which are beyond the Group's control and the exact effects of which cannot be accurately predicted. Within geographical markets, such factors include general economic and political activities, including the extent of any governmental regulation and taxation. The Group could be adversely affected by changes in economic, political, administrative, taxation or other regulatory factors, whether under Irish law or in any other jurisdictions in which the Group may operate now or in the future.

Dependency on senior management and skilled resources

The Group has undergone significant changes in its senior management in recent years. The Group is dependent on members of its senior management team and skilled personnel and believe its future success will depend, in part, on its ability to attract and retain highly skilled management and personnel. Future growth may be affected if this does not occur.

C.) Operational Risks and Uncertainties

Technology dependency

The Group's businesses are dependent on the on going operation of its printing plants, distribution lines and IT infrastructure. Information technology systems are critical for the effective management and provision of services around the Group. Disruption to the Group's information technology infrastructure could result in lost revenue. IT Disaster Recovery plans and Business continuity plans are in place for all significant businesses.

Newsprint Price Risk/Supply Risk

Newsprint represents a significant cost within the Group's publishing operations. Newsprint price volatility is a factor facing all operators in the print media industry and can influence a company's profitability significantly. In some instances, it is possible that cover prices can be increased to offset newsprint price increases and thereby maintain margins, although there can be no assurance that cover prices can be effectively increased. As the price of newsprint affects all such operators in broadly equal terms, it does not tend to result in competitive advantage or disadvantage for any one participant in that market. Newsprint prices are subject to volatility arising from variations in supply and demand. Generally, these variations are not large but from time to time increases may be significant. The Group's newsprint requirements are monitored closely and, where deemed advantageous, long-term arrangements are agreed with suppliers to limit the potential for price volatility. The Group has a number of newsprint suppliers to reduce dependency on any specific supplier.

Cost Savings

Cost containment across all areas of the business to protect and grow margin remains a key priority of the Group and the Group has intentions to pursue further cost saving opportunities through a targeted programme of process review and improvement. It is expected that these further cost saving initiatives will be implemented in 2014 and 2015.

Environmental, Health and Safety Laws, Regulations and Standards

The Group is subject to a broad range of laws, regulations and standards, including those relating to pollution, the health and safety of employees, protection of the public, protection of the environment and the storage and handling of hazardous substances and waste materials. These regulations and standards are becoming increasingly stringent. It is the Group's policy to require that all of its subsidiaries comply with applicable laws, regulations and standards. However, violations of such laws, regulations and standards, in particular environmental and health and safety laws, could result in restrictions on the operation of the Group's sites, damages, fines or other sanctions and increased costs of compliance with potential reputational damage.

DIRECTORS' REPORT (CONTINUED)

D.) Reputational Risks and Uncertainties

Litigation

From time to time, by the nature of their business, newspapers are subject to libel or other types of litigation. Although the Group's newspaper titles have procedures in place to attempt to limit the nature and extent of any exposure in this area and the Group also makes provisions, where necessary, in this regard on an annual basis, there can be no assurance that litigation in the future will not have a material adverse effect on the Group's business, results or financial condition.

Brand Perception and protection of intellectual property

The strong brand names of certain key titles are important intangible assets which contribute to the success of the titles and to the attraction of advertiser revenue. Any loss of perceived brand strength or excessive cost in relation to brand promotion could have an adverse effect on the Group's business.

The Group depends on its intellectual property, from both its brands and INM developed content. Advances in technology have increased the risk of unauthorised parties attempting to copy or otherwise obtain and use INM's content or other intellectual property. If the Group is unable to protect and enforce its intellectual property rights, the Group may not realise the full value of its intellectual property.

Events since the Year End

Information in respect of events since the year end as required by both the Companies (Amendment) Act, 1986 and under IFRS is contained in the Operations Review which appears on pages 8 to 13 and in Note 39 to the financial statements.

Related Party Transactions

There have not been any contracts or arrangements with the Company or any subsidiary undertaking during the year in which a Director of the Company was materially interested and which were significant in relation to the Company's business, except as detailed in Note 34 to the financial statements.

Substantial Shareholdings

The company has been notified by Denis O' Brien that he held 29.88%, by IIU Nominees Limited that it held 15%, by Sir Anthony O' Reilly that he held 5.00% and by Marathon Asset Management that it held 4.78% of the issued Ordinary Share capital of the Company at 23 April 2014. As far as the Board is aware, other than the shareholding set out above, no person or corporation held 3% or more of the Ordinary Share capital of the Company at 23 April 2014.

Subsidiary, Associate and Joint Venture Undertakings

Principal subsidiaries, associates and joint ventures are listed in Note 36 to the financial statements.

European Communities (Takeover Bids (Directive 2004/25/EC)) 2006

Particulars of the authorised and issued Ordinary Share capital of the Company are set out in note 25 to the financial statements.

DIRECTORS' REPORT (CONTINUED)

Holders of Ordinary Shares are entitled:

- To receive duly declared dividends in cash or, when offered, additional Ordinary Shares;
- To receive notice of and to attend, speak and vote in person or by proxy, at general meetings having, on a show of hands, one vote, and, on a poll, a vote for each Ordinary Share held;
- To appoint a proxy to attend, speak and/or vote at general meetings;
- To receive, 21 days at least before the Annual General Meeting, a copy of the Annual Report and Financial Statements; and
- In a winding-up of the Company, and subject to payments of amounts due to creditors and to any holders of shares ranking in priority to the Ordinary Shares, repayment of the capital paid up on the Ordinary Shares and a proportionate part of any surplus of the Company.

European Communities (Takeover Bids (Directive 2004/25/EC)) 2006 (continued)

When served with notice from the Directors, shareholders are required to inform the Company in writing, not more than 14 days thereafter, of the capacity in which the shareholder holds any Ordinary Shares and if the entire beneficial interest is not held, to furnish, so far as the shareholder is aware, the name and address of any person having any beneficial interest in the Ordinary Shares. Where there is a failure to furnish the information required, the Directors are entitled to resolve that the shareholder shall not be entitled to attend general meetings nor to exercise voting rights attached to such Ordinary Shares and, if the shareholder holds 0.25 per cent or more of the issued Ordinary Shares, the Directors are entitled to withhold any dividends payable on such Ordinary Shares and no transfer of such shares can take place except through a Stock Exchange to a bona fide unconnected third party. Such sanctions will cease after not more than seven days from the earlier of receipt by the Company of notice that the member has sold the Ordinary Shares to an unconnected third party or satisfactory compliance with the notice served as provided for above.

There are no limitations in Irish law on the holding of the Ordinary Shares and transfers of Ordinary Shares require no approval save that the Directors may decline to register a transfer of Ordinary Shares on which the Company has a lien or, in the case of a single transfer of Ordinary Shares in favour of more than four persons jointly, upon notice to the transferee within two months after the lodgement of such transfer.

Certificated Ordinary Shares are transferable upon production to the Company's Registrars of the original share certificate and the usual form of stock transfer duly executed by the holder of the Ordinary Shares; Uncertificated Ordinary Shares are transferable in accordance with the rules or conditions imposed by the operator of the relevant system which enables title to be evidenced and transferred without a written instrument and in accordance with the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996; Rights attaching to Ordinary Shares remain with the transferor until the transferee's name is entered on the Register of Members of the Company.

Where a person is appointed as proxy, the instrument of appointment must be received by the Company not less than 48 hours (or such lesser time as the Directors may from time to time decide) before the meeting or adjourned meeting or, in the case of a poll, not less than 48 hours (or such lesser time as the Directors may from time to time decide) before the taking of the poll. The Articles may be amended by a special resolution of the shareholders.

Directors are appointed by the shareholders in general meeting. No person, other than a Director retiring at a general meeting, is eligible for appointment without a recommendation by the Directors unless, not less than 7 nor more than 21 days before the date of the general meeting, written notice by a shareholder, duly qualified to be present and vote at the meeting, of the intention to propose the person for election and notice in writing signed by the person of his willingness to act, shall have been given to the Company.

DIRECTORS' REPORT (CONTINUED)

The Directors may fill a casual vacancy and any Director so appointed holds office only to the next Annual General Meeting following his appointment, when the Director concerned shall retire, but shall be eligible for re-appointment at that meeting. One third of the Directors, for the time being, are obliged to retire from office at each Annual General Meeting on the basis of the Directors who have been longest in office since their last appointment. In 2010, the Board adopted a policy of annual re-election for all Directors as recommended in the UK Corporate Governance Code. The Board has reflected on this policy and confirms that the policy of annual re-election will continue for all non-executive Directors. However the Board does not consider that the policy of annual re-election is appropriate for executive Directors and accordingly the Board has decided that executive Directors will be subject to re-election once every three years in accordance with the Company's Articles of Association.

The Board of Directors is responsible for the management of the business of the Company and may exercise all the power of the Company subject to the provisions of the Company's Memorandum and Articles of Association. The powers relating to the issuing, buying back and reissuing of Ordinary Shares are included in the Articles of Association. A copy of the Articles is available on request from the Company Secretary.

The Company's Articles of Association may be amended by special resolution passed by shareholders at a general meeting. There are no additional rules in force governing such amendment.

The Group has certain banking facilities which may require repayment in the event that a change of control occurs with respect to the Company. In addition the Group is party to certain long term printing and distribution contracts and joint venture arrangements which allow for termination at the option of the counterparty in the event that a change of control occurs with respect to the Company.

Treasury Shares

The total number of shares held as Treasury Shares at 31 December 2013 was 5,597,077 (2012: 5,597,077). This represents 0.4% of the total number of Ordinary shares at 31 December 2013 (2012: 1.0%).

Going Concern

After making enquiries the Directors confirm that they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. See Note 1 of the financial statements for further information.

Corporate Governance

During the year ended 31 December 2013, except as outlined on page 23, the Group was compliant with the Principles and Provisions of the UK Corporate Governance Code (September 2012) and the provisions of the Irish Corporate Governance Annex in relation to the membership of the Audit Committee and the Remuneration Committee.

Directors' Statement Pursuant to the Transparency Regulations

DIRECTORS' REPORT (CONTINUED)

Each of the Directors, whose names are listed on page 18, confirms that to the best of each person's knowledge and belief:

- the financial statements, prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities and financial position of the Company and the Group and of the profit of the Group; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the Company and Group, together with a description of the principal risks and uncertainties that they face.

In accordance with the UK Corporate Governance Code (September 2012), the Annual Report and financial statements, taken as a whole, provides the information necessary for shareholders to assess the Group's performance, business model and strategy, and is fair, balanced and understandable.

Electoral Act

During the financial year ended 31 December 2013 and prior year 31 December 2012, the Company made no political contributions which would require disclose under the Electoral Act 1997.

Auditors

During the period PricewaterhouseCoopers resigned as auditors and KPMG were appointed in their place. In accordance with section 160(2) of the companies act 1963, KPMG Registered Auditors will continue in office.

On behalf of the Board
Leslie Buckley
Vincent Crowley
24 April 2014

The Directors are responsible for preparing the Annual Report and the financial statements in accordance

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

with applicable laws and regulations.

Irish company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Company financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU'). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group.
In preparing these 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 that the financial statements comply with IFRS as adopted by the EU; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

The Directors are also required by applicable law and the Listing Rules issued by the Irish Stock Exchange, to prepare a Directors' Report and reports relating to Directors' remuneration and corporate governance. In accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 ('the Transparency Regulations'), the Directors are required to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

The Directors are responsible for keeping proper books of account which 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 Acts, 1963 to 2012, and, as regards the Group financial statements, Article 4 of the IAS Regulation.

They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The measures taken by Directors to secure compliance with the Company's obligation to keep proper books of account are the use of appropriate systems and procedures and the employment of competent persons. The books of account are kept at the registered office of the Company.

On behalf of the Board
Leslie Buckley
Vincent Crowley
24 April 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INDEPENDENT NEWS & MEDIA PLC

Opinions and conclusions arising from our audit

1. **Our opinion on the financial statements is unmodified**
   We have audited the financial statements of Independent News & Media PLC for the year ended 31 December 2013 set out on pages 56 to 147 which comprise the Group Income Statement, the Group and Company Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group and Company Statement of Changes in Equity, the Group and Company Cash Flow Statements and the Group and Company accounting policies and related notes. Our audit was conducted in accordance with International Standards on Auditing (ISA) (UK and Ireland).

   In our opinion:
   - the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's and Company's affairs as at 31 December 2013 and of its profit for the year then ended;
   - the Company Balance Sheet gives a true and fair view, in accordance with IFRSs as adopted by the EU as applied in accordance with the provisions of the Companies Acts 1963 to 2013, of the state of the Company's affairs as at 31 December 2013; and
   - the financial statements have been properly prepared in accordance with the Companies Acts 1963 to 2013 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

2. **Our assessment of risks of material misstatement**
   The risks of material misstatement detailed in this section of this report are those risks that we have deemed, in our professional judgment, to have had the greatest effect on: the overall audit strategy; the allocation of resources in our audit; and directing the efforts of the engagement team. Our audit procedures relating to these risks were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of these risks, and we do not express an opinion on these individual risks.

   In arriving at our audit opinion above on the Group financial statements the risks of material misstatement that had the greatest effect on our Group audit were as follows:

Carrying amount of investment in APN News & Media Limited ('APN') €86.9m:
Refer to the Report from the Audit Committee in the Corporate Governance Report and notes 1, 8 and 16 to the financial statements.

The risk

- The Group has a 28.95 per cent shareholding in APN. Its carrying amount of €86.9m is €19.0m higher than the Group's share of the APN net assets at the balance sheet date per APN's audited financial statements. It is also €31.1m higher than its related market value on the Australian Stock Exchange at the balance sheet date. Therefore, there is a significant risk over the carrying amount of this investment.

Our response

- Our audit procedures included liaising with the statutory auditor to APN (PwC Australia). PwC Australia issued a separate written report to us on their audit of APN. Their audit included specific procedures focusing particularly on the impairment assessment model that supports the carrying amount of the Group's investment in APN (e.g. reasonableness of key assumptions, mathematical accuracy). We also held a number of conference calls with PwC Australia before, during and after their audit of APN.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INDEPENDENT NEWS & MEDIA PLC (CONTINUED)

2. Our assessment of risks of material misstatement (continued)

Carrying amount of investment in APN News & Media Limited ('APN') €86.9m (continued)
Our response (continued)

- We also read the APN Annual Report and the consolidation pack submitted to the Group by APN. Our audit procedures were designed to ensure compliance with ISA 600 Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors). We have also assessed the adequacy of the Group's disclosures about the recoverability of this investment and the degree of estimation involved in determining the recoverable amount.
  We are satisfied that the work performed adequately addresses the impairment issue.

Recoverability of deferred tax assets €17.9m:
Refer to the Report from the Audit Committee in the Corporate Governance Report and notes 1, 7, 9 and 23 to the financial statements.

The risk

- The Group has gross deferred tax assets with a carrying amount of €17.9m at 31 December 2013. These relate primarily to capital allowances and retirement benefit obligations. A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deferred tax asset can be utilised. There is a risk over the recoverability of these deferred tax assets.

Our response

- Our audit procedures included testing the accuracy of the Group's calculations and determining whether the assumptions used are sufficiently robust to support the level of profits anticipated in future years. We have also assessed the adequacy of the Group's disclosures about the recoverability of the deferred tax assets.

3. Our application of materiality and an overview of the scope of our audit

Materiality is a term used to describe the acceptable level of precision in financial statements. Auditing standards describe a misstatement or an omission as 'material' if it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. We identify a monetary amount as 'materiality for the financial statements as a whole' based on this criteria and apply the concept of materiality in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming our opinion on them.

The materiality for the Group financial statements as a whole was set at €2.5m. This has been determined using a benchmark of Group revenue from continuing operations which we have determined, in our professional judgment, to be one of the principal financial benchmarks relevant to members of the Company in assessing financial performance.

We agreed with the audit committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of €0.125m, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Following the disposal of its South African business, the Group's operations are predominantly based in the island of Ireland, with the exception of the Group's investment in APN. Audits for Group reporting purposes were conducted by KPMG Ireland at the key reporting components. These audits covered substantially all of the Group revenue from continuing operations, the Group profit before taxation and the Group assets. Audits of these components are performed at a materiality level calculated by reference to a proportion of Group materiality appropriate to the relative scale of the business concerned.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INDEPENDENT NEWS & MEDIA PLC (CONTINUED)

3. Our application of materiality and an overview of the scope of our audit (continued)

The audit of APN undertaken for Group reporting purposes was performed by PwC Australia who reported separately to us based on a materiality level calculated by reference to a proportion of Group materiality appropriate to the relative scale of that component. This materiality level was discussed and agreed with PwC Australia in advance of commencement of their audit of APN.

Statutory audits are performed at all of the other subsidiaries that are not included in scope for Group reporting purposes but generally these are completed after the date of this report.

4. We have nothing to report in respect of the matters on which we are required to report by exception

We have nothing to report in respect of the following:

ISAs (UK and Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified any inconsistencies between the knowledge we acquired during our audit and the Directors' statement that they consider the annual report is fair, balanced and understandable and provides information necessary for shareholders to assess the entity's performance, business model and strategy; or
- the Report from the Audit Committee included in the Corporate Governance Report does not appropriately disclose those matters that we communicated to the audit committee.

The Listing Rules of the Irish Stock Exchange and UK Listing Authority require us to review:

- the Directors' statement, set out on page 51, in relation to going concern;
- the parts of the Corporate Governance Report relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code and the two provisions of the Irish Corporate Governance Annex specified for our review; and
- certain elements of disclosures in the report to shareholders by the Board of Directors' remuneration.

In addition, the Companies Acts require us to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions specified by law are not made.

5. Our conclusions on other matters on which we are required to report by the Companies Acts 1963 to 2013 are set out below:

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

The Company Balance Sheet is in agreement with the books of account and, in our opinion, proper books of account have been kept by the Company.

In our opinion the information given in the Directors' Report is consistent with the financial statements and the description in the Corporate Governance Report of the main features of the internal control and risk management systems in relation to the process for preparing the Group financial statements is consistent with the Group financial statements.

The net assets of the Company, as stated in the Company Balance Sheet are less than half of the amount of its called-up share capital and, in our opinion, on that basis there did exist at 31 December 2013 a financial situation which under Section 40(1) of the Companies (Amendment) Act, 1983 may require the convening of an extraordinary general meeting of the Company.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INDEPENDENT NEWS & MEDIA PLC (CONTINUED)

Respective responsibilities of Directors and auditor and restrictions on use
As explained more fully in the Statement of Directors' Responsibilities set out on page 51, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group and Company financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK and Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK and Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

Our report is made solely to the Company's members, as a body, in accordance with Section 193 of the Companies Act 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ruaidhri Gibbons
for and on behalf of KPMG
Chartered Accountants, Statutory Audit Firm
Dublin, Ireland

24 April 2014

GROUP INCOME STATEMENT

		Year Ended 31 December 2013			Year Ended 31 December 2012		
	Notes	Before Exceptional Items €m	Exceptional Items* €m	Total €m	Before Exceptional Items (restated) €m	Exceptional Items* (restated) €m	Total (restated) €m
Continuing operations							
Revenue	5	**322.4**	**–**	**322.4**	345.1	–	345.1
Operating profit/(loss)	3	**32.7**	**92.1**	**124.8**	32.7	(131.1)	(98.4)
Share of results of associates and joint ventures	16	**13.5**	**(12.4)**	**1.1**	13.5	(139.1)	(125.6)
Impairment of associates and joint ventures	16	**–**	**–**	**–**	–	(24.0)	(24.0)
		46.2	**79.7**	**125.9**	46.2	(294.2)	(248.0)
Finance income/(expense):	4						
— Finance income		**0.2**	**148.5**	**148.7**	0.6	–	0.6
— Finance expense		**(20.9)**	**–**	**(20.9)**	(36.4)	(7.5)	(43.9)
Profit/(loss) before taxation		**25.5**	**228.2**	**253.7**	10.4	(301.7)	(291.3)
Taxation (charge)/credit	9	**(8.2)**	**(30.4)**	**(38.6)**	(4.4)	18.6	14.2
Profit/(loss) for the year from continuing operations		**17.3**	**197.8**	**215.1**	6.0	(283.1)	(277.1)
Discontinued operations							
Profit/(loss) from discontinued operations (net of tax)	28	**7.3**	**17.5**	**24.8**	21.4	(2.8)	18.6
Profit/(loss) for the year		**24.6**	**215.3**	**239.9**	27.4	(285.9)	(258.5)
Profit/(loss) attributable to:							
Non-controlling interests		**(0.2)**	**–**	**(0.2)**	(0.1)	–	(0.1)
Equity holders of the Company		**24.8**	**215.3**	**240.1**	27.5	(285.9)	(258.4)
		24.6	**215.3**	**239.9**	27.4	(285.9)	(258.5)
Continuing operations – Earnings/(loss) per ordinary share (cent) – Basic & Diluted	13			**37.1c**			(50.3c)
Discontinued operations – Earnings per ordinary share (cent) – Basic & Diluted	13			**4.3c**			3.4c
Total operations – Earnings/(loss) per ordinary share (cent) – Basic & Diluted	13			**41.4c**			(46.9c)

*Note 7

On behalf of the Board

Leslie Buckley

Vincent Crowley

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Year Ended 31 December 2013 €m	Year Ended 31 December 2012 (restated) €m
Profit/(loss) for the year	**239.9**	(258.5)
Other comprehensive income/(loss)		
Items that will never be reclassified to profit or loss:		
Retirement benefit obligations:		
— Remeasurement losses	**(7.0)**	(46.6)
— Movement on deferred tax asset	**1.2**	5.8
	(5.8)	(40.8)
Items that are or may be reclassified subsequently to profit or loss:		
Currency translation adjustments – subsidiaries and associates	**(22.5)**	(0.5)
Currency translation adjustments – reclassification on loss of control	**51.6**	–
Share of other comprehensive income of associates	**1.5**	5.2
Profits relating to cash flow hedges/available-for-sale financial assets	**0.3**	1.4
Other comprehensive income/(expense) for the year, net of tax	**25.1**	(34.7)
Total comprehensive income/(expense) for the year	**265.0**	(293.2)
Total comprehensive income/(loss) attributable to:		
Non-controlling interests	**(0.2)**	(0.2)
Equity holders of the Company	**265.2**	(293.0)
	265.0	(293.2)
Total comprehensive income/(loss) attributable to:		
Continuing operations	**191.1**	(308.0)
Discontinued operations	**73.9**	14.8
	265.0	(293.2)

On behalf of the Board
Leslie Buckley
Vincent Crowley

GROUP BALANCE SHEET

	Notes	**31 December 2013 €m**	31 December 2012 (restated) €m
Assets			
Non-Current Assets			
Intangible assets	14	**44.4**	121.9
Property, plant and equipment	15	**52.6**	63.7
Investments in associates and joint ventures	16	**87.2**	105.6
Deferred tax assets	23	**17.9**	65.9
Available-for-sale financial assets	17	**2.7**	2.9
Trade and other receivables	20	**1.9**	1.9
		206.7	361.9
Current Assets			
Inventories	19	**3.0**	4.7
Trade and other receivables	20	**25.9**	54.3
Derivative financial instruments	18	**0.4**	–
Assets classified as held for sale	28	**3.4**	–
Restricted cash	28	**10.0**	–
Cash and cash equivalents	29	**24.4**	17.2
		67.1	76.2
Total Assets		**273.8**	438.1
Liabilities			
Current Liabilities			
Trade and other payables	21	**47.9**	92.1
Borrowings	24	**11.2**	63.3
Provisions	22	**21.1**	18.3
Liabilities classified as held for sale	28	**3.3**	–
		83.5	173.7
Non-Current Liabilities			
Borrowings	24	**118.5**	376.3
Retirement benefit obligations	35	**60.6**	190.2
Deferred taxation liabilities	23	**4.1**	4.4
Other payables		**1.9**	2.0
Provisions	22	**4.4**	11.7
		189.5	584.6
Total Liabilities		**273.0**	758.3
Net Assets/(Liabilities)		**0.8**	(320.2)
Equity			
Equity Attributable to Company's Equity Holders			
Share capital	25	**202.9**	194.6
Share premium	25	**766.6**	576.7
Other reserves		**133.9**	103.0
Retained losses		**(1,102.1)**	(1,194.4)
		1.3	(320.1)
Non-controlling interests		**(0.5)**	(0.1)
Total Equity		**0.8**	(320.2)

On behalf of the Board

Leslie Buckley

Vincent Crowley

GROUP STATEMENT OF CHANGES IN EQUITY

	Transactions with owners of the Company										
	Share Capital €m	Share Premium €m	Share Option Reserve €m	Capital Conversion Reserve €m	Capital Redemption Reserve €m	Currency Translation Reserve €m	Other* €m	Retained Losses €m	Equity Interest of Parent €m	Non-Controlling Interests €m	Total €m
Group											
At 31 December 2011 (restated)	194.6	576.7	10.4	4.5	219.7	(136.4)	(1.4)	(891.1)	(23.0)	0.2	(22.8)
Loss for the year (restated)	–	–	–	–	–	–	–	(258.4)	(258.4)	(0.1)	(258.5)
Other comprehensive expense (restated)	–	–	–	–	–	4.8	1.4	(40.8)	(34.6)	(0.1)	(34.7)
Arising within associates – transactions with associate's non-controlling interests	–	–	–	–	–	–	–	(4.1)	(4.1)	–	(4.1)
Dividends – non-controlling interests	–	–	–	–	–	–	–	–	–	(0.1)	(0.1)
At 31 December 2012 (restated)	**194.6**	**576.7**	**10.4**	**4.5**	**219.7**	**(131.6)**	**–**	**(1,194.4)**	**(320.1)**	**(0.1)**	**(320.2)**
Profit/(loss) for the year	–	–	–	–	–	–	–	240.1	240.1	(0.2)	239.9
Other comprehensive income/(expense)	–	–	–	–	–	30.6	0.3	(5.8)	25.1	–	25.1
Employee Benefit Trust Share Issue	0.7	4.2	–	–	–	–	–	–	4.9	–	4.9
Firm Placing and Placing and Open Offer Share Issue (net of expenses)	6.1	34.5	–	–	–	–	–	–	40.6	–	40.6
Lender Share Issue and Lender Debt Reduction	1.5	151.2	–	–	–	–	–	(142.0)	10.7	–	10.7
Elimination on sale of South African businesses	–	–	–	–	–	–	–	–	–	(0.2)	(0.2)
At 31 December 2013	**202.9**	**766.6**	**10.4**	**4.5**	**219.7**	**(101.0)**	**0.3**	**(1,102.1)**	**1.3**	**(0.5)**	**0.8**

*2013: Other movement of €0.3m relates to cash flow hedging reserve €0.4m and available-for-sale financial assets reserve (€0.1m).
(2012: Other movement of €1.4m includes cashflow hedging reserve €2.0m and available-for-sale financial assets reserve (€0.6m)).

On behalf of the Board
Leslie Buckley
Vincent Crowley

COMPANY BALANCE SHEET

	Notes	31 December 2013 €m	31 December 2012 €m
Assets			
Non-Current Assets			
Investments in subsidiary undertakings		**345.2**	345.2
Current Assets			
Trade and other receivables	20	**254.7**	70.2
Cash and cash equivalents	29	**20.4**	8.2
		275.1	78.4
Total Assets		**620.3**	423.6
Liabilities			
Current Liabilities			
Trade and other payables	21	**539.3**	529.9
Total Liabilities		**539.3**	529.9
Net Assets/(Liabilities)		**81.0**	(106.3)
Equity			
Capital and Reserves Attributable to Company's Equity Holders			
Share capital	25	**202.9**	194.6
Share premium	25	**766.6**	576.7
Other reserves		**265.0**	265.0
Retained losses		**(1,153.5)**	(1,142.6)
Total Equity		**81.0**	(106.3)

On behalf of the Board
Leslie Buckley
Vincent Crowley

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share Capital €m	Share Premium €m	Share Option Reserve €m	Capital Conversion Reserve €m	Capital Redemption Reserve €m	Non-Distributable Reserve €m	Retained Losses €m	Total €m
At 31 December 2011	194.6	576.7	10.2	4.5	219.7	30.6	(360.2)	676.1
Total comprehensive expense	–	–	–	–	–	–	(782.4)	(782.4)
At 31 December 2012	**194.6**	**576.7**	**10.2**	**4.5**	**219.7**	**30.6**	**(1,142.6)**	**(106.3)**
Total comprehensive income	–	–	–	–	–	–	131.1	131.1
Employee Benefit Trust Share Issue	0.7	4.2	–	–	–	–	–	4.9
Firm Placing and Placing and Open Offer Share Issue (net of expenses)	6.1	34.5	–	–	–	–	–	40.6
Lender Share Issue and Lender Debt Reduction	1.5	151.2	–	–	–	–	(142.0)	10.7
At 31 December 2013	**202.9**	**766.6**	**10.2**	**4.5**	**219.7**	**30.6**	**(1,153.5)**	**81.0**

The share premium reserve, share option reserve, capital conversion reserve, capital redemption reserve and non-distributable reserve total €1,031.6m (2012: €841.7m). The non-distributable reserve primarily relates to profits arising on the sale of assets to a Group company.

On behalf of the Board

Leslie Buckley

Vincent Crowley

GROUP CASH FLOW STATEMENT

	Year Ended 31 December 2013 €m	Year Ended 31 December 2013 €m	Year Ended 31 December 2012 (restated) €m	Year Ended 31 December 2012 (restated) €m
Profit/(loss) for the year	**239.9**		(258.5)	
Exceptional items	**(215.3)**		285.9	
Profit for the year before exceptional items	**24.6**		27.4	
Share of results of associates and joint ventures (continuing & discontinued)	**(13.7)**		(13.9)	
Finance costs (continuing & discontinued)	**20.6**		35.3	
Tax charge (continuing & discontinued)	**9.7**		9.5	
Operating profit before exceptional items (continuing & discontinued)	**41.2**		58.3	
Depreciation/amortisation	**6.8**		9.9	
Earnings Before Interest, Tax, Depreciation and Amortisation	**48.0**		68.2	
(Increase)/decrease in inventories	**(0.3)**		1.1	
Decrease/(increase) in short term and medium term receivables	**7.1**		(2.2)	
(Decrease)/increase in short term and long term payables	**(1.5)**		3.3	
Decrease in provisions	**(7.1)**		(6.8)	
Retirement benefit obligations	**(3.1)**		(0.7)	
Cash generated from operations (before cash exceptional items)	**43.1**		62.9	
Exceptional expenditure (note 7)	**(13.7)**		(20.6)	
Cash generated from operations	**29.4**		42.3	
Income tax paid	**(3.0)**		(8.2)	
Cash generated by operating activities		**26.4**		34.1
Cash flows from investing activities				
Dividends received from associates and joint ventures	**1.4**		11.1	
Purchases of property, plant and equipment	**(2.5)**		(3.7)	
Purchases of intangible assets	**(3.9)**		(2.4)	
Proceeds from sale of property, plant and equipment	**0.1**		0.5	
Purchases of associates and joint ventures	**(0.3)**		(0.1)	
Advances to associates and joint ventures	–		(0.2)	
Purchases of available-for-sale financial assets	–		(0.1)	
Interest received	**0.4**		0.9	
Movement in restricted cash	**(10.0)**		–	
Disposal of INMSA (net of bank balance €9.9m)	**140.8**		–	
Net cash generated by investing activities		**126.0**		6.0

GROUP CASH FLOW STATEMENT (CONTINUED)

	Year Ended 31 December 2013 €m	Year Ended 31 December 2013 €m	Year Ended 31 December 2012 (restated) €m	Year Ended 31 December 2012 (restated) €m
Cash flows from financing activities				
Interest paid	**(17.9)**		(32.1)	
Proceeds from borrowings	**13.0**		33.7	
Repayment of borrowings	**(174.3)**		(40.2)	
Payments relating to finance lease liabilities	–		(0.3)	
Dividends paid to non-controlling interests	–		(0.1)	
Issue of equity (net of costs)*	**41.2**		–	
Net cash used in financing activities		**(138.0)**		(39.0)
Net increase in cash and cash equivalents and bank overdrafts in the year		**14.4**		1.1
Balance at beginning of the year		**12.0**		11.9
Foreign exchange losses		**(2.0)**		(1.0)
Cash and cash equivalents and bank overdrafts at end of the year (note 29)		**24.4**		12.0

*Share issue costs of €0.6m unpaid at year end.

On behalf of the Board
Leslie Buckley
Vincent Crowley

COMPANY CASH FLOW STATEMENT

	Year Ended 31 December 2013 €m	Year Ended 31 December 2012 €m
Loss Before Interest, Tax, Depreciation and Amortisation	**(0.9)**	(9.5)
(Decrease)/increase in short term payables	**(1.0)**	9.4
Net cash used in operating activities (before cash exceptional items)	**(1.9)**	(0.1)
Exceptional expenditure	**(10.2)**	(4.9)
Cash used in operations	**(12.1)**	(5.0)
Cash flows from investing activities		
Interest received	**0.1**	0.2
Net cash received from investing activities	**0.1**	0.2
Cash flows from financing activities		
Movement on loans due to/from Group companies	**(17.0)**	9.1
Issue of equity (net of costs)*	**41.2**	–
Net cash generated by financing activities	**24.2**	9.1
Net increase in cash and cash equivalents and bank overdrafts in the year	**12.2**	4.3
Balance at beginning of the year	**8.2**	3.9
Cash and cash equivalents and bank overdrafts at end of the year	**20.4**	8.2

* Share issue costs of €0.6m unpaid at year end.

On behalf of the Board
Leslie Buckley
Vincent Crowley

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Changes in accounting policies
Except for the changes outlined below, the Group has consistently applied the following accounting policies in these consolidated financial statements.

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)
- IAS 19 *Employee Benefits* (2011)
- IFRS 13 *Fair Value Measurements*

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 ('OCI') 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 year by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the net defined benefit liability at the beginning of the year. It then takes into account any changes in the net defined benefit liability during the year 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 the return 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. It reduced 2012 profit before exceptional items (operating costs line item) by €1.4m, with a corresponding decrease in OCI in retirement benefits actuarial losses. The impact on 2012 EPS was to increase the loss per ordinary share (basic and diluted) by €0.003.

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'*.

There are a number of other amendments to existing standards, that are effective for the Group for the first time from 1 January 2013.
In addition, the Group early adopted the amendment to IAS 36. None of these had a material impact on the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

Going Concern
Independent News & Media PLC ('the Company') is a company domiciled in Ireland. These Group financial statements as at and for the year ended 31 December 2013 comprise of the Company and its subsidiaries (together referred to as 'the Group') and the Group's interest in associates and joint ventures.

In accordance with EU Regulations, the Group financial statements for the year ended 31 December 2013 have been prepared in accordance with EU adopted International Financial Reporting Standards ('IFRS'), and with those parts of the Companies Acts, 1963 to 2013, and Article 4 of the IAS Regulation, applicable to companies reporting under IFRS.

These financial statements have 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 during the 12 months from the date of the approval of the 2013 Annual Report, the time period that the Directors have considered in evaluating the appropriateness of the going concern basis.

Historical Cost Convention
This financial information has been prepared on the historical cost basis except for the measurement at fair value of certain financial instruments.

Basis of Consolidation
The presentation currency of the Group financial statements is Euro and the functional and presentation currency of the Parent Company, Independent News & Media PLC, is Euro. The Group financial statements are rounded to hundreds of thousands.

The financial statements of the Parent Company and its subsidiary undertakings for the year to 31 December 2013 are incorporated in the Group financial statements. The Group's share of results of joint ventures and associates is based on their financial statements for the year to the end of December 2013.

(i) Subsidiary undertakings are included in the financial statements from the date on which control is obtained and cease to be consolidated from the date on which control is transferred out of the Group. Subsidiaries are all entities (including special purpose entities) where the Group has control. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities.
The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

(ii) Non-controlling interests represent the proportion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Parent Company. The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests, without a loss of control, are also recorded in equity.

(iii) Share issue programmes by subsidiaries in which the Group does not participate can give rise to changes in the Group's shareholding. Gains or losses arising from a dilution in the Group's shareholding from such transactions are recognised in equity where there is no change of control. Any difference between consideration paid and the relevant share of net assets acquired when purchases of non-controlling interests are made is also reflected in equity.

(iv) A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:
  (a) represents a separate major line of business or geographical area of operations; or
  (b) is part of a single co-ordinated plan to dispose of a separate line of business or geographical area of operations.

(v) When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost. On the loss of control, the group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the components of equity related to the subsidiary. Any surplus or deficit in the loss of control is recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

Associates and Joint Ventures

Associates are entities, not being subsidiary undertakings or joint ventures, where the Group has the ability to exercise significant influence over their operating and financial policies. Joint ventures are entities which the Group jointly controls by contractual agreement with one or more entities/companies.

The Group's share of the results and net assets of associates and joint ventures is included based on the equity method of accounting. The Group's share of its associates' and joint ventures' post-acquisition profits or losses is recognised in the Income Statement and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. The Group ceases to recognise its share of post-acquisition losses when its investment in the relevant associate or joint venture has been written down to nil, once the Group does not have a constructive or legal obligation to fund the associate or joint venture. The Group's investment in associates and joint ventures includes goodwill identified on acquisition, net of any accumulated impairment loss. Losses recognised under the equity method in excess of the investor's investment in ordinary shares are applied to the other components of the investor's interest in an associate or joint venture in the reverse order of their seniority. The results of associates and joint ventures are included from the effective date on which the Group obtains significant influence/joint control and are excluded from the effective date on which the Group ceases to have significant influence/joint control. The fair value of any investment retained in a former subsidiary shall be regarded as the cost on initial recognition of an investment in an associate or joint venture.

Share issue programmes by associates and joint ventures in which the Group does not participate can give rise to changes in the Group's shareholding. Gains or losses arising from a dilution in the Group's shareholding from such transactions are recognised in the Income Statement within share of associates and joint ventures exceptional items.

Comparative Information

In certain instances, the comparative information to the financial statements has been restated as follows:

- **(i)** On 11 December 2013, APN advised that their company's 2012 financial statements contained a non-cash error arising from the impairment modelling of the intangible assets of its wholly owned subsidiary, Australian Regional Media ('ARM'). The ARM intangible assets were overstated at 31 December 2012 by A$51.5m (€40.5m). INM's share of this error is reflected in the 2012 restated comparatives. The impact on the 2012 comparatives was to increase INM's share of APN's impairments by €12.2m, and to reduce INM's investment in associates and net assets by €11.9m, with the balance of €0.3m impacting on foreign currency translation reserves. The impact on 2012 was to increase the loss per share (basic and diluted) by €0.022.
- **(ii)** INM's South African business was disposed of in August 2013, consequently the South African business is treated as a discontinued operation in 2013 and the Income Statement comparatives for 2012 have been reclassified accordingly (note 28).
- **(iii)** INM's Education businesses are classified as held for sale as at 31 December 2013 and are treated as a discontinued operation in 2013, with the Income Statement comparatives for 2012 reclassified accordingly (note 28).
- **(iv)** €5.8m of refinancing fees recognised in 2012 in relation to the Group's renegotiation of its financing arrangements have been reclassified from exceptional operating costs to exceptional finance costs.
- **(v)** 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. See aforementioned IAS 19 in this note for further details.

Exceptional Items

The Group has adopted an Income Statement format which highlights significant items within the Group's results for the year. 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. Judgement is used by the Group in assessing the particular items which, by virtue of their materiality and/or nature, are disclosed in the Group Income Statement and related notes as exceptional items. The tax element of exceptional items is included as exceptional tax.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

Segmental Reporting
The Chief Operating Decision Maker ('CODM') reviews and considers management information in respect of each of: Island of Ireland – Publishing, Island of Ireland – Non-Publishing, South Africa – Publishing and, within associates and joint ventures, APN is disclosed separately. The key performance measure that is reviewed for these segments is operating profit/(loss) before exceptional items. Exceptional items are reviewed at Group level across different categories and appear separately from the key performance measure reviewed by the CODM.

Interest income and expense, share of result of associates and joint ventures (with the exception of significant associates which are separately considered) and taxation were reviewed and considered by the CODM at Group level only.

The Group continued 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 operated in two geographical areas: Island of Ireland and South Africa. Any transactions between reportable segments are on an arm's length basis.

Revenue Recognition
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the course of ordinary activities, net of discounts, returns and Value Added Tax. Where the Group enters barter transactions to provide advertising services in exchange for receiving advertising services, the Group recognises revenue from the advertising services provided once the advertising services exchanged are dissimilar and the amount of revenue can be measured reliably.

Circulation and printing revenue is recognised when control of the goods passes to the buyer. Circulation revenue is net of publication returns. Advertising revenue (net of agency commission) from publishing is recognised when a newspaper or magazine is published. Online advertising revenue is recognised over the period that the advertisement is displayed. Distribution revenue is recognised when the newspaper or magazine has been delivered.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate over the period to expected maturity.

Dividend income is recognised when the right to receive payment is established.

Property, Plant and Equipment
Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss. Cost includes all expenditure that is directly attributable to the acquisition of the items. Cost will also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation is charged so as to write off the cost of assets, other than land, less their residual values, over their estimated useful lives, using the straight-line method as follows:

Buildings	40-100 years
Plant and equipment	3-25 years
Vehicles	4-6 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial year in which they are incurred.

Borrowing costs directly attributable to the construction of property, plant and equipment are capitalised as part of the cost of those assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

Leases

Leases of property, plant and equipment where the Group has substantially all of the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the outset of the lease at the fair value of the leased property, plant and equipment or, if lower, at the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the balance of the liability outstanding. The interest element of the finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases are depreciated over a useful economic life consistent with that for depreciable assets that are owned. If there is no reasonable certainty that title to the asset will transfer to the lessee at the end of the lease period, the asset shall be depreciated over the shorter of the lease term and its useful life.

Leases in which substantially all of the risks and rewards of ownership have not been transferred to the Group are classified as operating leases. Payments made under operating leases, excluding contingent payments, are charged to the Income Statement on a straight-line basis over the period of the lease.

Intangible Assets

(i) Goodwill

Goodwill is measured at cost less accumulated impairment losses. Goodwill arising in respect of acquisitions completed prior to 1 January 2004 is included at its carrying amount as recorded under Irish GAAP.

The Group recognises goodwill as of the acquisition date measured as the excess of (a) over (b) below:

(a) the aggregate of:
   - i. the fair value consideration transferred measured in accordance with IFRS 3;
   - ii. the amount of any non-controlling interest in the acquiree measured in accordance with IFRS 3; and
   - iii. in a business combination achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree.

(b) the net of the acquisition date fair values of the identifiable assets acquired and the liabilities assumed measured in accordance with IFRS 3.

Goodwill acquired in a business combination is recognised as an asset and is allocated, from the acquisition date, to the respective cash generating units ('CGUs') or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. Goodwill is reviewed for impairment at least annually. Any impairment is recognised immediately in the Income Statement and is not subsequently reversed. Goodwill on acquisition of associates and joint ventures is included in investments in associates and joint ventures. When calculating gains and losses on the disposal of an entity, the carrying value of goodwill relating to that entity is included in the carrying amount of the entity sold.

If tax losses of a company acquired in a business combination are recognised in a period subsequent to the period in which the business combination took place, then the Group recognises acquired deferred tax benefits that it realises after the business combination as follows:

(a) Acquired deferred tax benefits recognised within the measurement period that result from new information about facts and circumstances that existed at the acquisition date shall be applied to reduce the carrying amount of any goodwill related to that acquisition. If the carrying amount of that goodwill is zero, any remaining deferred tax benefits shall be recognised in profit or loss.

(b) All other acquired deferred tax benefits realised shall be recognised in profit or loss (or, if IAS 12 requires, outside profit or loss).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

Intangible Assets (continued)

(ii) Mastheads

An intangible asset shall be recognised if, and only if, it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Mastheads are initially recorded at cost. Where these assets have been acquired through a business combination, cost will be the fair value allocated in acquisition accounting.

An intangible asset shall be regarded by the Group as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. Based on an analysis of relevant factors (such as the actions of competitors and typical product life cycles), most of the Group's mastheads are regarded as having an indefinite useful life. This is supported by a range of factors including their proven value over long periods, their sustainable position in the market and durability, because they are expected to maintain market share and profitability over a long period. This is also supported by the barriers to entry that exist, the nature of competition in these industries, the intellectual property rights and the quality of branding associated with these mastheads.

These mastheads are subject to an annual impairment review at CGU level to identify whether the carrying amount exceeds the recoverable amount.

Internally generated mastheads are not capitalised and any expenditure on such assets is charged to the Income Statement in the year in which the expenditure is incurred.

(iii) Computer Software

Acquired computer software licences are capitalised as intangible assets on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly attributable to the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Directly attributable costs include software development, employee costs and an appropriate portion of relevant overheads.

Computer software costs are amortised over their estimated useful lives (ranging in most cases from three to five years, but up to ten years where specific bespoke software has been developed which is expected to provide benefits over a longer period). Other costs in respect of computer software are recognised as an expense as incurred.

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are included within equity as a deduction from the proceeds.

Where any Group company purchases the Parent Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to the Parent Company's equity holders until the shares are reissued. Where such shares are subsequently reissued any consideration received, net of any directly attributable incremental transaction costs, is included in equity attributable to the Parent Company's equity holders.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

Impairment of Non-Financial Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually and at reporting periods when there is an indication that the asset may be impaired. Assets that are subject to amortisation are reviewed for impairment at each reporting date and tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The impairment loss recognised is the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where an asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. A CGU is the lowest level for which there are separately identifiable cash flows. Certain of the Group's intangibles are held centrally as these have arisen as a result of the Group's acquisitions. For the purposes of carrying out impairment reviews at the individual CGU level, these centrally held intangibles are allocated to the relevant CGU which appropriately reflects the history of the acquisition of these intangibles.

If an impairment loss is recognised for a CGU, it is allocated to reduce the carrying amount of the assets of the unit in the following order:
(i) first, to reduce the carrying amount of any goodwill allocated to the CGU; and
(ii) then, to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation and amortisation if no impairment loss had been recognised.

Business Combinations

The Group availed of the IFRS 1 exemption in relation to business combinations and has not restated business combinations prior to the date of transition to IFRS on 1 January 2004. The Group uses the acquisition method of accounting to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities that are present obligations assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the recognised amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the Income Statement.

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated upon consolidation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

Employee Benefits

(i) Pension Obligations

The Group operates a number of defined benefit and defined contribution plans, the assets of which are held in separate trustee administered funds. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligations to pay further amounts.

Defined Contribution Plans

Contributions to defined contribution plans are recognised as an expense in the Income Statement as incurred.

Defined Benefit Plans

The Group's net obligation in respect of defined benefit plans (both funded and unfunded schemes) is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised immediately in the OCI. The Group determines the net interest expense (income) in the net defined benefit liability (asset) 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 (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service is recognised immediately in profit or loss, as a past service cost or credit. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(ii) Share Based Compensation

The Group operates an equity-settled share based compensation plan for directors and executives.

In accordance with IFRS 1, the Group has elected to implement the measurement requirements of IFRS 2 in respect of only those equity-settled share options that were granted after 7 November 2002 and that had not vested as at 1 January 2005.

The fair value of the employee services received in exchange for the grant of options is recognised as an expense over the vesting period, with a corresponding increase in equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted at the grant date. At each reporting date, the Group revises its estimate of the number of options that are expected to vest. It recognises the impact of the revision of original estimates arising from non-market vesting or service conditions, if any, in the Income Statement and a corresponding adjustment to equity over the remaining vesting period. When share options are cancelled, the Group accounts for the cancellation as an acceleration of vesting and therefore recognises immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The fair value of share options has been assessed using the Binomial Model. The 2009 scheme includes market and performance conditions as described in note 26.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

Employee Benefits (continued)

(iii) Termination Benefits
Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a related restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Cost comprises cost of purchase i.e. supplier's invoice price (net of discounts), with the addition of charges such as freight or duty where appropriate.

Net realisable value comprises the actual or estimated selling price (net of discounts) less all costs to be incurred in marketing, selling and distribution.

Dividends
Dividends are recognised as a liability in the financial statements in the period in which the dividends are approved. Proposed dividends that are approved after the reporting date are not recognised as a liability at that reporting date but are disclosed in a note to the financial statements.

Taxation
The tax expense represents the sum of current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or item recognised directly in equity or in other comprehensive income.

Current tax is based on taxable profit for the year and is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided, using the liability method, on temporary differences that exist at the reporting date. A temporary difference is a difference arising between the tax base of all assets (except goodwill) and liabilities and their carrying amounts in the financial statements. However, if the temporary difference arises from the initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not recognised. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax income or expense is reported in the Income Statement if it relates to items that are reported in the Income Statement. For items that are recognised in OCI or equity, the related tax is also recognised in OCI or equity.

Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions include onerous contracts in which the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assumptions of the time value of money and the risks specific to the obligation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

Financial Assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; and available-for-sale financial assets. Financial assets that meet the criteria to be designated as financial assets at fair value through profit or loss, or loans and receivables, as listed below, are so designated, with all other financial assets classified as available-for-sale financial assets. Management determines the classification of its financial assets at initial recognition.

(i) Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss are financial assets that are classified as held-for-trading or financial assets that the Group designates as at fair value through profit or loss on initial recognition. Derivative financial instruments are always categorised as held-for-trading financial assets at fair value through profit or loss unless they are accounted for as effective hedging instruments. The Group has not chosen to designate any other financial assets within this category.

(ii) Loans and Receivables

Loans and receivables are non-derivative financial assets, with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are initially recognised at fair value and subsequently recorded at amortised cost. They are included in current assets, except for maturities greater than 12 months after the reporting date. Those loans and receivables with a maturity greater than 12 months are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Balance Sheet.

(iii) Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivative assets. They mainly include investments in equity securities in which the Group does not have significant influence or control. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the Balance Sheet date.

Purchases and sales of available-for-sale financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. Available-for sale financial assets are derecognised when the rights to receive cash flows from the available-for-sale financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets are carried at fair value. Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income. When available-for-sale financial assets are sold or impaired the accumulated fair value adjustments, previously recognised in equity, are included in the Income Statement as gains and losses. The fair values of quoted available-for-sale financial assets are based on current bid prices.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets are impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists on available-for-sale financial assets the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the Income Statement, is recognised in the Income Statement.

For such available-for-sale financial assets, past impairment losses recognised in the Income Statement are not reversed through the Income Statement when fair value increases. Subsequent increases in fair value that have the effect of reversing earlier impairment losses are recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

Accounting for Derivative Financial Instruments and Hedging Activities
Derivative financial instruments are mainly used to manage exposures to foreign exchange and interest rate risks.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The Group designates certain derivatives as hedges of the variability in cash flow attributable to a particular risk associated with assets and/or liabilities or highly probable forecast transactions (cash flow hedges). The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of the effectiveness of the hedge in offsetting changes in cash flows of hedged items. The fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Cash flow Hedges
The effective portion of changes in the fair values of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income presented in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement. Amounts accumulated in equity are reclassified to the Income Statement in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in OCI at that time is recognised in the Income Statement when the forecast transaction to which it relates occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately reclassified to the Income Statement.

(ii) Derivatives at Fair Value through Profit or Loss
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of such derivative instruments are recognised immediately in the Income Statement.

(iii) Net Investment Hedges
Where foreign currency borrowings provide a hedge against a net investment in a foreign operation, to the extent that the hedge is effective foreign exchange differences are recognised in other comprehensive income and presented in the currency translation reserve (being a separate component of equity). Cumulative gains and losses remain in OCI until disposal of the net investment in the foreign operation at which point the related foreign exchange differences are reclassified to the Group Income Statement as part of the overall gain or loss on sale.

Borrowings
Interest bearing loans and overdrafts are recognised initially at fair value, which is the proceeds received, net of transaction costs. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents
Cash and cash equivalents includes cash on hand, deposits held on call with banks, other short-term highly liquid investments with maturities of three months or less at inception and bank overdrafts where a legal right of set-off exists. Bank overdrafts where no legal right of set-off exists are shown within borrowings in current liabilities on the Balance Sheet.

Trade Receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. The carrying amount of trade receivables is reduced through the use of a provision for impairment when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default in payments, are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the provision is recognised in the Income Statement.

Trade Payables
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Foreign Currency Translation

(i) Functional and Presentation Currency
The consolidated financial statements are presented in Euro, which is the Company's functional and presentation currency.
Items included in the financial statements of each of the Group's entities are measured using the currency that reflects the primary economic environment in which the entity operates ('the functional currency').

(ii) Transactions and Balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement, except when deferred in equity as qualifying cash flow hedges or hedges of net investments in foreign operations.

(iii) Group Companies
The results and financial position of all of the Group entities and associates and joint ventures that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
(a) assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet;
(b) goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate;
(c) income and expenses for each Income Statement are translated at actual exchange rates or when they are a reasonable approximation at average exchange rates; and
(d) all resulting exchange differences are recognised in other comprehensive income and presented as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income. When the Group disposes of its investment in a foreign entity, all cumulative exchange differences previously taken to equity are reclassified and booked as part of the gain or loss on disposal in the Income Statement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

Subsidiary Undertakings and Intercompany Loans
Shares in subsidiary undertakings are stated in the Parent Company's Balance Sheet at cost less provision for impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Intercompany loans are payable on demand and are stated at cost less provision for impairment.

Earnings Per Share
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 (excluding treasury shares). 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 or increase earnings per share. Basic and diluted earnings per share before exceptional items are presented in order to give a better understanding of the Group's financial performance.

Non-Current Assets Classified as Held for Sale
The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable.

Use of Judgements in Applying the Group's Accounting Policies
The preparation of financial statements in conformity with IFRS requires the use of significant judgements, estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Actual results may differ from these estimates.

The areas requiring a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, relate primarily to accounting for deferred income tax, indefinite life intangible assets, exceptional items, and retirement benefit obligations.

Key Areas

(i) Accounting Treatment of APN News & Media Limited (APN)
As at 31 December 2013, INM carried its investment in APN on its Balance Sheet at an amount of €86.9m or A$0.70 per APN share held. However, at 31 December 2013, the APN share price, as listed on the Australian Stock Exchange, was A$0.45 per share (value of INM stake was approx. €55.8m at 31 December 2013 and increased to approx. €89.9m at 24 April 2014). The Group has compared the carrying value of its investment in APN to the estimated recoverable amount of its investment in APN. Under IFRS the estimated recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. The Group has determined that the value in use of INM's investment in APN was greater than its carrying value of A$0.70 per APN share and hence INM's investment in APN is not impaired.

(ii) Deferred Income Tax
Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. Significant judgement is used when assessing both the extent to which deferred tax assets should be recognised and the amount to be recognised, with consideration given to the timing and level of future taxable income in the relevant tax jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

Use of Judgements in Applying the Group's Accounting Policies (continued)

Other Areas

(i) Determination of Useful Lives and Assessment for Impairment – Intangibles and Other Assets

Estimates of value in use or fair value are key judgemental estimates in the financial statements. A number of key assumptions have been made as a basis for the impairment tests. In each case, these key assumptions have been made by management reflecting past experience and are consistent with relevant external sources of information (see note 14 for further information).

An intangible asset shall be regarded by the Group as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. Based on an analysis of relevant factors (such as the actions of competitors and typical product life cycles), most of the Group's mastheads are regarded as having an indefinite useful life. These mastheads are subject to an annual impairment review at CGU level to identify whether the carrying amount exceeds the recoverable amount. Deferred tax on indefinite life intangible assets is assessed on a sales basis.

An impairment review is carried out at a reporting date on property, plant and equipment when there are indications that the relevant property, plant and equipment may be impaired. The impairment review compares the carrying amount of property, plant and equipment to its recoverable amount. If the carrying amount exceeds the recoverable amount an impairment is recorded.

An impairment review is carried out at a reporting date on investments in subsidiaries carried on the Company Balance Sheet when there are indications that the relevant investment may be impaired. The impairment review compares the carrying amount of the investment to its recoverable amount. If the carrying amount exceeds the recoverable amount an impairment charge is recorded.

(ii) Exceptional Items

The Group has adopted an Income Statement format which highlights significant items within the Group's results for the year. 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. Judgement is used by the Group in assessing the particular items which, by virtue of their materiality and/or nature, are disclosed in the Group Income Statement and related notes as exceptional items.

(iii) Retirement Benefits

The determination of the pension cost and defined benefit obligation of the Group's defined benefit pension schemes depends on the selection of certain assumptions which include, inter alia, the discount rate, inflation rate, salary growth, and longevity, all of which are key judgements. Advice is sourced from independent actuaries in selecting suitable assumptions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. FINANCIAL RESTRUCTURING

During 2013, the Group restructured its debt facilities ('the Restructuring'). This Restructuring entailed a number of elements:

(a) The disposal of INMSA in August 2013 (note 28) and the application of the net proceeds to the repayment of debt resulting in an initial amendment and restatement of the Group's remaining core debt facilities;

(b) A restructuring of the Group's significant Republic of Ireland defined benefit pension schemes involving the reduction of members' accrued benefits (this was approved by the Irish Pensions Board in September 2013). In accordance with IAS 19, an exceptional gain of €111.4m arose on completion of the restructuring relating to negative past service costs and settlement of liabilities (note 35); and

(c) Following the completion of these events at (a) and (b), the final stage of the Restructuring took place in December 2013, whereby, in return for the payment to the Lenders of €40.0m, being the net proceeds of a capital raise and the issue to them of 152,517,988 new fully-paid Ordinary Shares ('Lender Shares') representing €10.7m in value of the enlarged issued share capital of the Company (see note 25), the Company achieved a debt reduction of approximately €199.3m and modified terms (including a maturity in 2018, with no bank amortisations until 2015) for the residual debt. Of this €199.3m debt reduction, €40.0m was repaid from the proceeds of the capital raise, €10.7m related to the Lender Shares at the issue price and the balance of €148.6m (including €6.6m of interest differential capitalised – see note 4 for further information) related to the debt write-off. In addition, €12.1m of net bank fees were credited to the Income Statement as an exceptional finance gain.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. ANALYSIS OF OPERATING PROFIT/(LOSS)

	Before Exceptional items €m	Exceptional items* €m	Total €m
2013			
Revenue	322.4	–	322.4
Cost of sales	(217.7)	(0.6)	(218.3)
Gross profit/(loss)	104.7	(0.6)	104.1
Distribution expenses	(36.6)	–	(36.6)
Administration expenses	(26.8)	92.8	66.0
Other operating expenses	(8.6)	(0.1)	(8.7)
Operating profit	**32.7**	**92.1**	**124.8**
2012 (restated)			
Revenue	345.1	–	345.1
Cost of sales	(224.8)	(70.3)	(295.1)
Gross profit/(loss)	120.3	(70.3)	50.0
Distribution expenses	(42.3)	–	(42.3)
Administration expenses	(30.8)	(8.1)	(38.9)
Other operating expenses	(14.5)	(52.7)	(67.2)
Operating profit/(loss)	**32.7**	**(131.1)**	**(98.4)**

*Exceptional items include impairment charges of €nil (2012: €117.8m). Refer to note 7 for details of exceptional items and note 1 for details of the restatement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. NET FINANCE (INCOME)/EXPENSES

	2013 €m	2012 (restated) €m
Recognised in profit or loss:		
Finance income	**(0.2)**	(0.6)
Finance expenses	**20.9**	36.4
Net finance expenses (before exceptional finance items)	**20.7**	35.8
Exceptional finance (income)/expenses (note 7)	**(148.5)**	7.5
Net finance (income)/expenses	**(127.8)**	43.3

On 2 April 2013, the Group entered into a formal agreement ('Lock-up Agreement') with its Banks to restructure its bank debt facilities entered into in 2009 ('2009 Bank Facility') over a number of stages, to be completed by no later than 31 December 2013 ('the Restructuring'). Interest was accrued and paid in accordance with the 2009 Bank Facility up to the date of the Lock-up Agreement. Thereafter interest was paid on the basis of a notional €150.0m of debt up to the date of completion of the first stage of the Restructuring, being the successful disposal of INMSA and application of the proceeds to reduce the 2009 Bank Facility on 27 August 2013 ('Retranche Date'). The interest differential between the cash paid on the notional €150.0m of debt and the interest accrued on the full 2009 Bank Facility during this interim period was accrued and capitalised to debt on the Retranche Date.

On subsequent completion of the final stage of the Restructuring on 20 December 2013, being the successful capital raise and application of €40.0m of these proceeds to further reduce the 2009 Bank Facilities, the Group's core debt was reduced to €118.0m plus other available facilities and credit lines. An element of the debt reduction (€6.6m), primarily reflecting write-off of the capitalised interest differential noted above, was credited to finance costs, with the balance of the debt write-off reflected as an exceptional finance gain (note 7).

5. REVENUE

An analysis of the Group's revenue from continuing operations for the year is as follows:

	2013 €m	2012 (restated) €m
Newspaper advertising revenues	**73.1**	82.6
Online advertising revenues	**9.3**	8.3
Revenue from sale of newspapers and magazines	**107.6**	112.5
Revenue from distribution/commercial printing activities	**132.4**	141.7
	322.4	345.1

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. PROFIT/(LOSS) FOR THE YEAR

	2013 €m	2012 €m
Group		
Profit/(loss) for the year has been arrived at after charging:		
Depreciation, amortisation and impairment		
Depreciation (note 15)	**4.2**	6.7
Amortisation (note 14)	**2.6**	3.2
Impairment/accelerated depreciation (note 14 and note 15)	**–**	117.2
	6.8	127.1
Operating lease rentals		
Minimum lease payments*	**3.6**	4.5

*Includes €0.2m of sublease payments in 2013 (2012: €0.2m).

During the year, the Group obtained the following services from the Group's auditors, KPMG and others:

	2013 KPMG €m	2012 PwC €m
Statutory audit of Group Accounts		
— Ireland (statutory auditor)	**0.4**	0.2
— Other network firms	**–**	0.4
Other assurance services		
— Ireland (statutory auditor)	**0.1**	0.1
— Other network firms	**–**	0.1
Tax advisory services		
— Ireland	**0.1**	0.2
— Other network firms	**–**	0.2
Other non-audit services		
— Ireland	**0.2**	0.2
— Other network firms	**–**	0.3
	0.8	1.7

During the year, the Company obtained audit services from the Group's auditors to the value of €24k (2012: €20k).

During the year, PwC resigned as auditors and KPMG were appointed in their place. All fees in 2013 relate to KPMG. All fees in 2012 relate to PwC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. 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.

		2013 €m	2012 (restated) €m
Included in profit/(loss) before taxation are the following:			
Continuing operations:			
Impairment of assets	(i)	–	(117.8)
Restructuring credit/(charge)	(ii)	**92.1**	(13.3)
		92.1	(131.1)
Exceptional finance income/(expense) (note 4)	(iii)	**148.5**	(7.5)
		240.6	(138.6)
Share of associates' and joint ventures' exceptional items (net of tax and non-controlling interests)	(iv)	**(12.4)**	(139.1)
Impairments of associates and joint ventures	(iv)	–	(24.0)
Net exceptional tax (charge)/credit (note 9)		**(30.4)**	18.6
Continuing operations – exceptional items net of taxation		**197.8**	(283.1)
Discontinued operations:			
Gains/(losses) on sale of assets (note 28)	(v)	**27.6**	(0.8)
Impairment of assets	(vi)	–	(0.3)
Restructuring charges	(vii)	–	(2.5)
Exceptional finance expense	(viii)	**(10.1)**	–
		17.5	(3.6)
Net exceptional tax credit (note 9)		–	0.8
Discontinued operations – exceptional items net of taxation		**17.5**	(2.8)
Total – exceptional items net of taxation and non-controlling interests		**215.3***	(285.9)

* Of this exceptional gain of €215.3m in 2013, €13.7m is shown as an exceptional expenditure outflow in the Group Cashflow Statement. The €13.7m primarily relates to South African asset disposal costs of €6.2m and miscellaneous restructuring costs (primarily redundancy costs) of €7.5m in the Island of Ireland.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. EXCEPTIONAL ITEMS (CONTINUED)

(i) 2012

Primarily relates to the following non-cash impairment charges of €117.8m:

(a) €50.4m due to non-cash impairment charges on intangible assets in the Island of Ireland. This impairment is as a result of a number of factors, including the continued impact of the global financial crisis and the prolonged economic downturn in the Island of Ireland and the resulting impact of these on the expected recovery of the advertising markets in the Island of Ireland (note 14);

(b) €66.8m due to non-cash impairment charges on certain property, plant and equipment in the Island of Ireland (note 15). This impairment is as a result of the reduced profitability arising in the Group's printing operations which has arisen due to the economic downturn; and

(c) €0.6m non-cash impairment charge on available-for-sale financial asset investments (note 17).

(ii) 2013

Primarily relates to the following:

(a) A retirement benefits restructuring gain of €111.4m due to the restructuring of the significant Republic of Ireland defined benefit pension schemes (note 35);

(b) A charge of €4.9m related to the employee share issue in December 2013 (note 25); and

(c) A charge of €14.4m related to miscellaneous restructuring costs, primarily redundancy costs in the Island of Ireland.

2012

Primarily relates to the following:

(a) Headcount restructuring charges of €13.6m across the Group;

(b) Onerous contracts of €0.6m in respect of property and other assets across the Group; and

(c) A credit of €0.9m in respect of the Group's retirement benefit obligations arising on a negative past service cost in the Island of Ireland.

(iii) 2013

Primarily relates to the following:

(a) A debt write-off of the Group's Bank Facilities of €142.0m in relation to the Restructuring completed in 2013;

(b) A write back of bank back end and amendment fees of €12.6m;

(c) Costs incurred during the year in relation to the Group's renegotiation of its financing arrangements of €5.6m; and

(d) A write off of the balance of the 2009 Bank Facility front end fees of €0.5m.

2012

Relates to costs incurred during the period in relation to the Group's renegotiation of its financing arrangements. These costs primarily comprise of (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). The costs also relate to amendment fees payable to the Group's Banks as part of the renegotiation of financing arrangements during 2012.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. EXCEPTIONAL ITEMS (CONTINUED)

(iv) 2013

The share of associates' and joint ventures' exceptional items (net of tax and non-controlling interests) of €12.4m can be broken down as follows:

(a) APN – primarily relates to the Group's share of non-cash impairment charges for brandsExclusive and APN Outdoor (€15.0m), offset by other items of €3.0m; and

(b) Independent Star Limited – redundancies of €0.4m.

The above amounts represent INM's share of these items.

2012

The net charge of €139.1m includes a €148.0m non-cash impairment charge (see note 1 for further information on the 2012 restatement) and a €17.8m disposal gain arising in APN, which represents INM's share of these items. The impairment charge arises on APN's New Zealand and Australian regional mastheads. The impairment charges are a result of the continuing economic weakness facing the New Zealand and Australian regional economies as well as the structural changes continuing to impact those advertising markets. The disposal gain arose on the disposal by APN of 50% of its interest in APN Outdoor Group Pty Limited. The charge also includes a €5.4m non-cash deemed partial disposal loss. The remaining net cost of €3.5m mainly relates to restructuring costs and asset write downs in APN. The €24.0m relates to an impairment on the Group's investment in APN.

(v) 2013

Relates to the gain of €28.0m on the disposal of the South African business, offset by costs of €0.4m related to the disposal of the Education businesses.

2012

Relates to INM's South African business which was disposed of in August 2013 and presented as a discontinued operation. This exceptional item relates to costs of disposal on the sale of the South African business.

(vi) 2012

Relates to impairment of assets in South Africa.

(vii) 2012

Relates to restructuring costs in South Africa.

(viii) 2013

Relates to INM's South African business which was disposed of in August 2013 and presented as a discontinued operation (see note 28 for further information). This exceptional item relates to the foreign exchange losses of €10.1m booked on an intergroup loan (the settlement of which has occurred arising from the South African disposal proceeds), following classification of this business as held for sale. In the past, foreign currency gains and losses on this loan were recognised in other comprehensive income, on the basis that it formed part of the net investment and its settlement was neither planned nor foreseen in the consolidated financial statements, and presented in the currency translation reserve within equity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. EQUITY INTEREST IN APN AND ASSESSMENT OF CARRYING VALUE

INM had a 28.95% shareholding in APN as at 31 December 2013 (31 December 2012: 28.95%). INM accounts for APN as an associate and INM's share of APN's Net Profit is reported in INM's Income Statement within 'Share of results of associates and joint ventures' and within 'Impairment of associates and joint ventures'. As mentioned in note 7, in 2012 the Group recognised a €24.0m goodwill impairment on the Group's investment in APN. No such impairment was recognised in 2013. See note 16 for summarised financial information in relation to APN.

Value in Use Assessment of Investment in APN

As at 31 December 2013, INM carried its investment in APN on its Balance Sheet at an amount of €86.9m or A$0.70 per APN share held. However, at 31 December 2013 the APN share price as listed on the Australian Stock Exchange was A$0.45 per share (value of INM stake was approx. €55.8m at 31 December 2013). The APN share price as listed on the Australian Stock Exchange on 24 April 2014 was A$0.70 per share (value of INM stake approximately €89.9m).

The Group has compared the carrying value of its investment in APN to the estimated recoverable amount of its investment in APN. Under IFRS, the estimated recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. The Group has determined that the value in use of INM's investment in APN was greater than its carrying value of A$0.70 per APN share and hence INM's investment in APN is not impaired.

Impairment Charges Recorded by APN

See note 7 for details of exceptional items booked in relation to APN. As disclosed by APN, the value in use calculations are highly sensitive to changes in certain key assumptions. As mentioned in note 7, INM recognised a non-cash impairment charge of €15.0m in relation to APN's brandsExclusive and APN's Outdoor cash generating units ('CGUs') (being INM's share of the impairment charge recorded by APN in respect of these CGUs) as these CGUs were treated as discontinued operations and assets held for sale.

Sensitivity Analysis

All of APN's CGUs, except for the Australian Regional Media (ARM) and the iNC Digital Media CGUs, have sufficient headroom such that reasonably possible changes to key assumptions would not give rise to an impairment charge. For the ARM CGU, a 1% increase in the discount rate used would result in an impairment provision of €5.8m. A 1% decrease in long-term growth rates would result in an impairment of €4.8m. If forecasted cash flows were to decrease by 10%, an increase in the impairment provision of €6.7m would be required.

For the iNC Digital Media CGU, a 1% increase in the discount rate used would result in an impairment provision of €0.6m. A 1% decrease in long-term growth rates would result in an impairment provision of €0.6m. If forecasted cash flows were to decrease by 10% in iNC Digital Media CGU, an impairment provision of €0.5m would be required.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. TAXATION

(a) Amounts recognised in profit or loss

	2013 €m	2012 (restated) €m
Current tax	–	1.1
Deferred tax:		
Origination and reversal of temporary differences	**1.0**	(18.2)
Release of deferred tax asset on restructuring of defined benefit schemes	**13.9**	–
Release of deferred tax asset arising from a change in accounting estimate	**19.3**	–
Charge in respect of tax losses	–	1.3
Impact of change in tax rates (on deferred tax asset)	**4.4**	1.6
Taxation charge/(credit) on continuing operations	**38.6**	(14.2)

(b) Amounts recognised in OCI

	2013 €m	2012 (restated) €m
Movement on deferred tax asset related to remeasurement losses on retirement benefit obligations	**1.2**	5.8

(c) Reconciliation of effective tax rate

The total tax charge for the year is different from the standard rate of Corporation Tax in Ireland of 12.5% (2012: 12.5%). The differences are explained below:

	2013 €m	2012 (restated) €m
Profit/(loss) before taxation	**253.7**	(291.3)
Less share of results of associates and joint ventures	**(1.1)**	125.6
Less impairments of associates and joint ventures	–	24.0
Profit/(loss) of Company and subsidiary undertakings before taxation	**252.6**	(141.7)
Profit/(loss) of Company and subsidiary undertakings before taxation multiplied by standard rate of Corporation Tax in Ireland of 12.5% (2012: 12.5%)	**31.6**	(17.7)
Effects of:		
Changes in tax rates	**4.4**	1.6
Income/expense subject to higher rate of tax than Irish statutory rate	**0.5**	0.8
Exceptional items with a higher/lower tax effect than Irish statutory rate	–	(1.3)
Income/expense subject to lower rate of tax than Irish statutory rate (including items with no tax impact)	**(17.1)**	2.4
Release of deferred tax asset arising from a change in accounting estimate	**19.3**	–
Other	**(0.1)**	–
	38.6	(14.2)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. TAXATION (CONTINUED)

In 2012, the €18.2m deferred tax credit in respect of origination and reversal of temporary differences primarily represents a tax credit arising on the impairment of property, plant and equipment in the Island of Ireland printing operations. The recognition of this tax credit is the primary reason for the increase in the Group's deferred tax asset on the Group's Balance Sheet from €44.9m at 31 December 2011 to €65.9m at 31 December 2012.

For further information on movement in deferred tax assets in 2013, see note 23.

Within the total tax charge of €38.6m (2012: credit of €14.2m), a net charge of €30.4m (2012: credit of €18.6m) is classified as exceptional tax. In 2013, the exceptional tax charge primarily relates to a reduction in the Group's deferred tax asset related to retirement benefit obligations arising from the restructuring of its significant Republic of Ireland defined benefit pension schemes (€13.9m); the reassessment of the probability of recoverability of the Group's deferred tax asset in relation to forecast future profitability as outlined in note 23 (€19.3m); and a tax credit for other exceptional items of €2.8m. In 2012, the exceptional tax credit primarily relates to a tax credit arising on the impairment of property, plant and equipment.

10. EMPLOYEES

The average number of persons employed by the Group (both continuing and discontinued operations) (including executive Directors) during the year was as follows:

	2013	2012
Printing, publishing, online, distribution and commercial printing*	**2,671**	2,774

*Including Education businesses.

Staff costs for the Group (both continuing and discontinued operations) (excluding termination payments – see note 22) are comprised of:

	2013 **€m**	2012 (restated) €m
Wages and salaries	**77.7**	104.0
Social welfare costs	**7.1**	9.0
Retirement benefit (credits)/costs (note 35)	**(101.4)**	13.3
	(16.6)	126.3

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. 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. Finance income and expense, share of results of associates and joint ventures (with the exception of significant associates which are separately considered) and taxation are reviewed and considered by the CODM at a Group level only.

The Group's subsidiaries operated in two geographical areas: Island of Ireland and South Africa. The components of the Group whose operating results were regularly reviewed by the CODM to make decisions about the allocation of resources, and in performance assessment are contained in the table below.

In 2013, the Group disposed of its South African segment and accordingly this segment is included under discontinued operations. As at 31 December 2013, the Island of Ireland Non-Publishing segment is classified as held for sale, and hence included as a segment under discontinued operations.

	Revenue (3rd Party)				Operating Profit/(Loss) (Before Exceptional Items)			
	2013	**2013**	2012	2012	**2013**	**2013**	2012 (restated)	2012 (restated)
	€m	**€m**	€m	€m	**€m**	**€m**	€m	€m
Continuing Operations:								
Island of Ireland – Publishing	**322.4**		345.1		**37.4**		38.2	
Central Costs	**–**		–		**(4.7)**		(5.5)	
Total – continuing operations		**322.4**		345.1		**32.7**		32.7
Discontinued Operations:								
Island of Ireland – Non-Publishing	**7.4**		9.8		**(0.7)**		(1.4)	
South Africa – Publishing	**95.2**		184.8		**9.2**		27.0	
Total – discontinued operations		**102.6**		194.6		**8.5***		25.6**
		425.0		539.7		**41.2**		58.3

* €8.5m plus discontinued operations share of associates and joint ventures of €0.2m, and discontinued operations net finance income of €0.1m, less discontinued operations taxation charge of €1.5m equals €7.3m of discontinued operating profit (before exceptional items) per the Income Statement.

** €25.6m plus discontinued operations share of associates and joint ventures of €0.4m, and discontinued operations net finance income of €0.5m, less discontinued operations taxation charge of €5.0m, less discontinued operations minority interest of €0.1m equals €21.4m of discontinued operating profit (before exceptional items) per the Income Statement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. SEGMENTAL REPORTING (CONTINUED)

APN's revenues for the year ended 31 December 2013 were €616.9m (2012: €717.8m) and APN's operating profit before exceptional items for the year ended 31 December 2013 was €82.0m (2012: €89.6m).

	Continuing Operations	
	2013 **€m**	2012 (restated) €m
Total operating profit before exceptional items	**32.7**	32.7
Operating exceptionals	**92.1**	(131.1)
Share of results of associates and joint ventures (post exceptionals)	**1.1**	(125.6)
Impairment of associates and joint ventures (post exceptionals)	**–**	(24.0)
Net finance income/(expense) (post exceptionals)	**127.8**	(43.3)
Taxation (charge)/credit (post exceptionals)	**(38.6)**	14.2
Profit/(loss) for the year from continuing operations (post exceptionals)	**215.1**	(277.1)

	Capital Additions (Property, Plant, Equipment and Intangible Assets)	
	2013 **€m**	2012 €m
Other Segment Information		
Continuing Operations:		
Island of Ireland – Publishing	**6.9**	4.8
Central Costs	**–**	0.1
Total – continuing operations	**6.9**	4.9
Discontinued Operations:		
Island of Ireland – Non-Publishing	**0.1**	0.2
South Africa – Publishing	**0.1**	0.5
Total – discontinued operations	**0.2**	0.7
Total	**7.1**	5.6

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. SEGMENTAL REPORTING (CONTINUED)

	Depreciation €m	Amortisation €m	Impairment €m	Total €m
2013				
Continuing Operations:				
Island of Ireland – Publishing	3.7	2.6	–	6.3
Central Costs	–	–	–	–
Total – continuing operations	**3.7**	**2.6**	**–**	**6.3**
Discontinued Operations:				
Island of Ireland – Non-Publishing	0.2	–	–	0.2
South Africa – Publishing	0.3	–	–	0.3
Total – discontinued operations	**0.5**	**–**	**–**	**0.5**
Total	**4.2**	**2.6**	**–**	**6.8**
2012				
Continuing Operations:				
Island of Ireland – Publishing	5.5	2.8	117.2	125.5
Central Costs	0.1	–	–	0.1
Total – continuing operations	**5.6**	**2.8**	**117.2**	**125.6**
Discontinued Operations:				
Island of Ireland – Non-Publishing	0.2	–	–	0.2
South Africa – Publishing	0.9	0.4	–	1.3
Total – discontinued operations	**1.1**	**0.4**	**–**	**1.5**
Total	**6.7**	**3.2**	**117.2**	**127.1**

Third party revenue of €257.1m (2012: €273.5m) relates to Republic of Ireland, €72.7m (2012: €81.4m) to Northern Ireland, €95.2m (2012: €184.8m) to South Africa. Within non-current assets (excluding deferred tax) of €188.8m (2012: €296.0m), €69.7m (2012: €72.6m) relates to assets located in the Republic of Ireland and €28.4m (2012: €28.4m) relates to assets located in Northern Ireland.

12. PROFIT/(LOSS) DEALT WITH IN THE PARENT COMPANY

Profit/(losses) of €131.1m (2012: (€782.4m)) have been dealt with in the financial statements of Independent News & Media PLC, whose Income Statement, as permitted by Section 148(8) of the Companies Act, 1963 is not presented in these financial statements and, as permitted by Section 7(1A) of the Companies (Amendment) Act, 1986, is not filed with the Registrar of Companies.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. EARNINGS PER SHARE

	2013 €m Continuing	2013 €m Discontinued	2013 €m Total	2012 €m Continuing (restated)	2012 €m Discontinued	2012 €m Total (restated)
Profit/(loss) attributable to ordinary shareholders						
Profit/(loss) attributable to the equity holders of the Company (basic and diluted)	**215.3**	**24.8**	**240.1**	(277.0)	18.6	(258.4)
Exceptional items (note 7)	**(197.8)**	**(17.5)**	**(215.3)**	283.1	2.8	285.9
Profit/(loss) before exceptional items attributable to the equity holders of the Company (adjusted)	**17.5**	**7.3**	**24.8**	6.1	21.4	27.5

	2013	2013	2013	2012	2012	2012
Weighted average number of shares						
Weighted average number of shares outstanding during the year (excluding 5,597,077 treasury shares)			**579,981,841**			550,418,282
Effect of:						
Conversion of options	–	–	–	–	–	–
Diluted number of shares			**579,981,841**			550,418,282
Basic/Diluted earnings/(loss) per share	**37.1**	**4.3c**	**41.4c**	(50.3c)	3.4c	(46.9c)
Basic/Diluted earnings/(loss) per share before exceptional items	**3.0c**	**1.3c**	**4.3c**	1.1c	3.9c	5.0c

Basic earnings per share is calculated by dividing the profit 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 or increase earnings per share.

At 31 December 2013, 936,949 options (2012: 1,051,835) were excluded from the diluted weighted average number of ordinary shares calculation because their effect would have been anti-dilutive.

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 FINANCIAL STATEMENTS (CONTINUED)

14. INTANGIBLE ASSETS

	Mastheads €m	Goodwill €m	Software €m	Total €m
2013				
Group				
Cost				
At 1 January 2013	475.7	20.9	28.2	524.8
Additions	–	–	4.3	4.3
Reclassification of assets to held for sale	–	(2.3)	–	(2.3)
Disposal of INMSA	(61.6)	–	(3.1)	(64.7)
Exchange movements	(22.4)	–	(0.7)	(23.1)
At 31 December 2013	391.7	18.6	28.7	439.0
Accumulated Amortisation and Impairment				
At 1 January 2013	(382.9)	(3.8)	(16.2)	(402.9)
Disposal of INMSA	–	–	2.4	2.4
Reclassification from property, plant and equipment*	–	–	(1.8)	(1.8)
Amortisation**	–	–	(2.6)	(2.6)
Exchange movements	9.9	–	0.4	10.3
At 31 December 2013	(373.0)	(3.8)	(17.8)	(394.6)
Net Book Amount				
At 1 January 2013	92.8	17.1	12.0	121.9
At 31 December 2013	**18.7**	**14.8**	**10.9**	**44.4**

*Relates to an opening balance reclassification impacting both tangible and intangible assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. INTANGIBLE ASSETS (CONTINUED)

	Mastheads €m	Goodwill €m	Software €m	Total €m
2012				
Group				
Cost				
At 1 January 2012	468.8	20.4	31.8	521.0
Additions	–	–	2.4	2.4
Transfer	–	–	0.2	0.2
Disposals	–	–	(6.5)	(6.5)
Exchange movements	6.9	0.5	0.3	7.7
At 31 December 2012	475.7	20.9	28.2	524.8
Accumulated Amortisation and Impairment				
At 1 January 2012	(323.5)	(3.4)	(18.2)	(345.1)
Disposals	–	–	6.5	6.5
Amortisation**	–	–	(3.2)	(3.2)
Impairment***	(49.2)	–	(1.2)	(50.4)
Exchange movements	(10.2)	(0.4)	(0.1)	(10.7)
At 31 December 2012	(382.9)	(3.8)	(16.2)	(402.9)
Net Book Amount				
At 1 January 2012	145.3	17.0	13.6	175.9
At 31 December 2012	**92.8**	**17.1**	**12.0**	**121.9**

** Charged to cost of sales.
***Charged to other operating expenses.

Impairment testing of Cash Generating Units (CGUs) containing Goodwill or other Intangible Assets with an Indefinite Useful Life
The Group tests goodwill and other indefinite life intangible assets for impairment on an annual basis or whenever there is an indication that the intangible assets may be impaired. Goodwill and other indefinite life intangible assets have been allocated as appropriate to the relevant CGUs. The CGUs (Group of CGUs) represent the lowest level at which the related goodwill and intangible assets are monitored for internal management purposes and are not larger than the operating segments determined in accordance with IFRS 8 (before aggregation). Certain of the Group's intangibles are held centrally as these have arisen as a result of the Group's acquisitions. For the purposes of carrying out impairment reviews at the individual CGU level, these centrally held intangibles are allocated to the relevant CGU which appropriately reflects the history of the acquisition of these intangibles.

This testing involves determining the CGU's value in use and comparing this to the carrying amount of the CGU. Where the value in use exceeds the carrying value of the CGU, the asset is not impaired, but where the carrying amount exceeds the value in use, an impairment loss is recognised to reduce the carrying amount of the CGU to its value in use. Estimates of value in use are key judgemental estimates in the financial statements. A number of key assumptions have been made as a basis for the impairment tests. In each case, these key assumptions have been made by management reflecting past experience and are consistent with relevant external sources of information. These are set out in the following tables:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. INTANGIBLE ASSETS (CONTINUED)

Impairment testing of Cash Generating Units (CGUs) containing Goodwill or other Intangible Assets with an Indefinite Useful Life (continued)

	Mastheads	Goodwill	Total
2013			
Island of Ireland – Belfast Publishing (net book amount)	€14.6m	–	€14.6m
— Basis of recoverable amount	Value in use	N/A	
— Discount rate applied	12.5%	N/A	
— Long-term growth rate	1.9%	N/A	
Island of Ireland – Irish Independent, Sunday Independent & The Herald (net book amount)	–	€9.1m	€9.1m
— Basis of recoverable amount	N/A	Value in use	
— Discount rate applied	N/A	12.0%	
— Long-term growth rate	N/A	2.9%	
Island of Ireland – Sligo Champion (net book amount)	€0.8m	–	€0.8m
— Basis of recoverable amount	Value in use	N/A	
— Discount rate applied	11.6%	N/A	
— Long-term growth rate	2.9%	N/A	
Island of Ireland – Sunday World (net book amount)	€3.3m	–	€3.3m
— Basis of recoverable amount	Value in use	N/A	
— Discount rate applied	14.3%	N/A	
— Long-term growth rate	2.9%	N/A	
Island of Ireland – Newspread (net book amount)	–	€5.7m	€5.7m
— Basis of recoverable amount	N/A	Value in use	
— Discount rate applied	N/A	11.5%	
— Long-term growth rate	N/A	2.9%	
Island of Ireland – International House (net book amount)	–	€2.3m	€2.3m
— Basis of recoverable amount	N/A	Value in use	
— Discount rate applied	N/A	11.4%	
— Long-term growth rate	N/A	2.9%	
At 31 December 2013	**€18.7m**	**€17.1m***	**€35.8m**

*€2.3m of this amount relates to assets held for sale.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. INTANGIBLE ASSETS (CONTINUED)

Impairment testing of Cash Generating Units (CGUs) containing Goodwill or other Intangible Assets with an Indefinite Useful Life (continued)

	Mastheads	Goodwill	Total
2012			
Island of Ireland – Belfast Publishing (net book amount)	€14.9m	–	€14.9m
— Basis of recoverable amount	Value in use	N/A	
— Discount rate applied	10.2%	N/A	
— Long-term growth rate	2.0%	N/A	
Island of Ireland – Irish Independent, Sunday Independent & The Herald (net book amount)	–	€9.1m	€9.1m
— Basis of recoverable amount	N/A	Value in use	
— Discount rate applied	N/A	12.0%	
— Long-term growth rate	N/A	2.5%	
Island of Ireland – Sligo Champion (net book amount)	€0.8m	–	€0.8m
— Basis of recoverable amount	Value in use	N/A	
— Discount rate applied	12.0%	N/A	
— Long-term growth rate	2.5%	N/A	
Island of Ireland – Sunday World (net book amount)	€3.3m	–	€3.3m
— Basis of recoverable amount	Value in use	N/A	
— Discount rate applied	12.0%	N/A	
— Long-term growth rate	2.5%	N/A	
Island of Ireland – Newspread (net book amount)	–	€5.7m	€5.7m
— Basis of recoverable amount	N/A	Value in use	
— Discount rate applied	N/A	12.0%	
— Long-term growth rate	N/A	2.5%	
Island of Ireland – International House (net book amount)	–	€2.3m	€2.3m
— Basis of recoverable amount	N/A	Value in use	
— Discount rate applied	N/A	12.0%	
— Long-term growth rate	N/A	2.5%	
South Africa (net book amount)	€73.8m	–	€73.8m
— Basis of recoverable amount	Value in use	N/A	
— Discount rate applied	16.7%	N/A	
— Long-term growth rate	4.5%	N/A	
At 31 December 2012	**€92.8m**	**€17.1m**	**€109.9m**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. INTANGIBLE ASSETS (CONTINUED)

Impairment testing of Cash Generating Units (CGUs) containing Goodwill or other Intangible Assets with an Indefinite Useful Life (continued)

Value in Use Calculations
Where a value in use approach is used to assess the recoverable amount of the CGU, calculations use pre-tax cash flow projections based on financial budgets/projections approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using the estimated growth rates stated above.

The growth rate does not exceed the estimated long-term average growth rate for the country in which the CGU operates. The key assumptions used in determining the value in use are:

Forecasted cash flows
Forecasted cash flows are based on budgeted EBITDA as adjusted for expenditure necessary to maintain the asset or CGU at its current standard of performance. The budgeted EBITDA results are based on the approved 2014 budget and projections for 2015 to 2018.

Long-term growth rates/terminal multiple
Cash flow projections beyond year five are extrapolated by applying estimated growth rates reflecting the expected average long-term growth in GDP in the market in which the CGU operates. A range of terminal multiples of between five and six was used in 2013 (2012: seven) in the value in use calculations.

Discount rates
The discount rate applied to the cash flows of each of the Group's operations is based on the pre-tax risk adjusted Weighted Average Cost of Capital, which is calculated based on the cost of equity and the cost of debt.

Inputs required to calculate the cost of equity include the risk free rate and an adjustment for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of the specific Group operating CGU. In making this adjustment, inputs required include the equity market risk premium (i.e. the increased return required over and above a risk free rate by an investor who is investing in the market as a whole) and the risk adjustment 'beta' applied to reflect the risk specific to the Group relative to the market as a whole.

The equity market risk premium used in the calculation has been based on credit default spreads and relative volatility of the equity index specific to the region in which the CGU operates. The risk adjusted 'beta' has been based on betas of comparable companies in the newspaper publishing industry.

The cost of debt is calculated based on the margin over the risk free rate and is based on market rates and not specific individual company rates.

Risk adjusted discount rates used for each CGU tested for impairment are set out in the previous tables.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. INTANGIBLE ASSETS (CONTINUED)

Impairment testing of Cash Generating Units (CGUs) containing Goodwill or other Intangible Assets with an Indefinite Useful Life (continued)

Value in Use Calculations (continued)

Impairments

The foregoing impairment tests did not result in any impairments being booked by the Group for the year ended 2013.

In 2012, the following impairments were booked:

	Mastheads €m	Software €m	Total €m
2012			
Belfast Publishing	45.3	0.6	45.9
Irish Independent, Sunday Independent & The Herald	–	0.6	0.6
Sligo Champion	3.9	–	3.9
Total	**49.2**	**1.2**	**50.4**

The impairment loss in 2012 was as a result of the continued weak advertising conditions in the Island of Ireland.

Sensitivity

The Group ran sensitivities based on reasonably possible changes in assumptions and these sensitivities did not result in the need to book an impairment in 2013.

2012

- A decrease in the long-term growth rate of 0.5% would result in a further impairment of €0.5m in Belfast Publishing.
- An increase in the discount rate of 0.5% would result in a further impairment of €0.9m in Belfast Publishing.
- A reduction of 5% in the terminal value multiples used would result in a further impairment of €0.2m in Belfast Publishing.
- A reduction of 5% in management's estimate of future profitability would result in a further impairment of €1.0m in Belfast Publishing and a further impairment of €0.1m in Sligo Champion.

Intangible Assets – Supplementary Non-IFRS Information

The Balance Sheet reports the carrying value of newspaper mastheads at their acquired cost (less impairment). Where these assets have been acquired through a business combination, cost will be the fair value allocated in acquisition accounting. The value of internally generated newspaper mastheads or post-acquisition revaluations are not permitted to be recognised in the Balance Sheet in accordance with IFRS and, as a result, no value for certain of the Group's internally generated newspaper mastheads (e.g. the three main Irish titles, the *Irish Independent*, the *Sunday Independent* and *The Herald*) 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 either 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.

Company – Impairment of Investments in Subsidiary Undertakings

Impairment charges of €nil have been recorded in respect of the Company's investment in subsidiary undertakings as at 31 December 2013 (2012: €204.2m) as a result of the ongoing economic uncertainty. This testing for impairment involves determining the investment's recoverable amount and comparing this to the carrying amount of the investment. If the carrying amount exceeds the recoverable amount an impairment charge is recorded. Where a value in use approach is used to assess the recoverable amount of the investment, calculations use pre-tax cash flow projections based on financial budgets/projections approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using the estimated growth rates that do not exceed the estimated long-term average growth rate for the country in which the subsidiary operates. The cash flows are then discounted at the applicable rates disclosed in the table earlier in this note.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings €m	Plant & Equipment €m	Vehicles €m	Total €m
2013				
Group				
Cost				
At 1 January 2013	66.6	179.1	2.3	248.0
Additions	–	2.8	–	2.8
Disposals	–	(0.2)	(0.1)	(0.3)
Disposal of INMSA	(7.0)	(27.4)	(1.3)	(35.7)
Reclassification of assets to held for sale*	–	(1.4)	–	(1.4)
Exchange movements	(1.9)	(7.6)	(0.3)	(9.8)
At 31 December 2013	57.7	145.3	0.6	203.6
Accumulated Depreciation and Impairment				
At 1 January 2013	(20.2)	(162.5)	(1.6)	(184.3)
Disposals	–	0.2	0.1	0.3
Disposal of INMSA	1.9	23.9	0.9	26.7
Depreciation	(0.8)	(3.3)	(0.1)	(4.2)
Reclassification to intangible assets**	(1.7)	3.5	–	1.8
Reclassification of assets to held for sale*	–	0.9	–	0.9
Exchange movements	0.5	7.1	0.2	7.8
At 31 December 2013	(20.3)	(130.2)	(0.5)	(151.0)
Net Book Amount				
At 1 January 2013	46.4	16.6	0.7	63.7
At 31 December 2013	**37.4**	**15.1**	**0.1**	**52.6**

* See note 28 for further details of assets held for sale.

**Relates to an opening balance reclassification impacting both tangible and intangible assets.

For further information regarding impairment considerations relating to Property, Plant and Equipment, see note 14.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land & Buildings €m	Plant & Equipment €m	Vehicles €m	Total €m
2012				
Group				
Cost				
At 1 January 2012	67.2	178.8	2.7	248.7
Exchange movements	–	(0.2)	(0.1)	(0.3)
Additions	0.3	2.6	0.3	3.2
Reclassification	(0.9)	0.9	–	–
Transfer to inventory	–	(0.9)	–	(0.9)
Disposals	–	(2.1)	(0.6)	(2.7)
At 31 December 2012	66.6	179.1	2.3	248.0
Accumulated Depreciation and Impairment				
At 1 January 2012	(18.0)	(94.6)	(1.9)	(114.5)
Disposals	–	1.6	0.5	2.1
Depreciation	(1.2)	(5.2)	(0.3)	(6.7)
Impairment*	(0.1)	(66.7)	–	(66.8)
Reclassification	(0.9)	0.9	–	–
Exchange movements	–	1.5	0.1	1.6
At 31 December 2012	(20.2)	(162.5)	(1.6)	(184.3)
Net Book Amount				
At 1 January 2012	49.2	84.2	0.8	134.2
At 31 December 2012	**46.4**	**16.6**	**0.7**	**63.7**

*The Directors review the carrying value of property, plant and equipment annually and in 2012 wrote down €66.8m of certain property, plant and equipment in the Island of Ireland publishing division to its recoverable amount. This impairment was driven by the downturn in the economy which has resulted in reduced profitability of the Group's printing operations. This assessment was based on a value in use basis. This testing involved determining the CGU's value in use and comparing this to the carrying amount of the CGU. As the carrying value exceeded the value in use of the CGU, the asset was impaired and an impairment of €66.8m was recognised within cost of sales. The value in use calculation used a pre-tax discount rate of 10.2%.

(i) Included in property, plant and equipment are amounts in respect of land and buildings and computer equipment held under finance leases by Group companies as follows:

	2013 €m	2012 €m
Net Book Amount	–	0.7

(ii) No finance costs were capitalised within plant and equipment during 2013 or 2012.

(iii) Certain of the Group's Bank Facilities benefit from fixed and floating charges over certain assets held by material subsidiaries, as defined in the Bank Facilities. Included in property, plant and equipment at 31 December 2013 are assets with a net book value of €52.3m (2012: €51.8m) subject to such charges.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	2013 €m	2012 (restated) €m
Group		
At 1 January	**105.6**	263.6
Acquisitions	**0.3**	0.1
Disposal (note 28)	**(1.4)**	–
Share of results*	**1.3**	(149.1)
Dividends	**(1.4)**	(10.9)
Arising on transactions with associates non-controlling interest***	**–**	(4.1)
Share of other comprehensive income/(expense) of associates	**1.5**	5.2
Exchange movements	**(18.7)**	0.8
At 31 December**	**87.2**	105.6

* In 2013, share of results of associates and joint ventures of €1.1m as shown in the Income Statement, plus share of results of associates and joint ventures within discontinued operations of €0.2m, gives the total share of results of associates and joint ventures of €1.3m.
In 2012, within share of results, the carrying value of certain investments in associates and joint ventures were reduced to their recoverable amount through the recognition of an impairment loss of €24.0m. This impairment loss arose on the Group's investment in APN and was the result of the impact of the economic downturn on APN's operations. In 2012, share of losses of €149.1m, plus the impairment of €0.1m on loans to associates adjusted for share of profits of associates and joint ventures within discontinued operations of €0.4m, gives the total share of losses of associates and joint ventures of continuing operations of €149.6m. The €149.6m is broken down as follows in the Income Statement:
- €125.6m – Share of results of associates and joint ventures; and
- €24.0m – Impairment of associates and joint ventures.

** The closing balance primarily relates to the Group's 28.95% investment in APN. See note 8 for details of the carrying value and impairment assessment relating to the Group's investment in APN.

*** See note 27 for further information.

(i) Carrying Value

	2013 €m	2012 (restated) €m
Associates****	**87.0**	105.0
Joint ventures	**0.2**	0.6
	87.2	105.6

The reporting year end dates of the Group's associates and joint ventures are the same as the Group's reporting year end date.

****€87.0m in 2013 relates to APN (€86.9m) and Other (€0.1m).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

(ii) Associates

Summarised financial information in respect of the Group's associates is set out below:

	2013 €m	2012 (restated) €m
Group		
Total gross assets	**812.0**	1,034.8
Total gross liabilities	**(416.7)**	(565.6)
Net assets	**395.3**	469.2
Group's carrying amount of associates (including goodwill arising on acquisition)	**87.0**	105.0
Group's share of associates' revenues	**178.6**	229.3
Group's share of associates' profits/(losses) after tax	**0.3**	(149.9)

Within the summarised financial information for 2013 are the following amounts in respect of APN: gross assets of €812.0m (2012: €1,019.1m); gross liabilities of €416.7m (2012: €555.4m); Group's share of associates' revenues of €178.6m (2012: €211.5m); and Group's share of associates' profits after tax of €0.3m (2012: Group's share of associates' losses after tax of €150.3m).

The fair value of the Group's interests in associates, which are stock exchange quoted as at 31 December 2013, was €55.8m (2012: €37.7m), all of which relates to APN (see note 8 for further information).

(iii) Joint Ventures

The Group's significant joint ventures are listed in note 36 to the financial statements. Summarised financial information in respect of the Group's share of its joint ventures is set out below:

	2013 €m	2012 €m
Group share of:		
Income	**13.4**	15.4
Expenses (including interest and tax)	**(12.6)**	(14.7)
Profit after tax	**0.8**	0.7
Group share of:		
Current assets	**1.3**	2.6
Non-current assets	**1.0**	0.7
Current liabilities	**(2.1)**	(2.7)
Non-current liabilities	**–**	–

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	€m
Group	
At 1 January 2012	4.1
Fair value movement (recognised in other comprehensive income)	(0.6)
Impairment (note 7)	(0.6)
At 31 December 2012	**2.9**
Fair value movement (recognised in other comprehensive income)	(0.1)
Disposal of South African business	(0.1)
At 31 December 2013	**2.7**

The Group has not designated any financial assets as held to maturity or at fair value through profit or loss. The investments included above represent investments in listed and unlisted equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values are based on quoted market prices where available. While these investments are classified as available-for-sale financial assets in accordance with IFRS, it is not currently the intention of management to sell these assets.

Certain of the Group's available-for-sale financial assets comprise of equity instruments that do not have a quoted market price in an active market. Unquoted available-for-sale financial assets and derivatives are measured using valuation techniques. The carrying value of such investments amounts to €1.1m at 31 December 2013 (2012: €1.1m).

The Group follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement the Group evaluates, among other things, the duration and extent to which the fair value of an investment is less than cost. In 2013, no impairment loss was recognised (2012: the financial position of the Group's investment in its quoted (€0.5m) and unquoted (€0.1m) investments deteriorated, which resulted in a total impairment loss of €0.6m being recognised).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets €m	Liabilities €m
2013		
Group		
Forward foreign exchange contracts	**0.4**	–
	0.4	–
Analysed as:		
Current	**0.4**	–
2012		
Group		
Forward foreign exchange contracts	–	–
	–	–

Forward foreign exchange contracts
The currency derivatives above have been used to hedge certain significant future transactions and cash flows. These currency forward contracts have been designated as hedging instruments and, where effective as cash flow hedges, the fair value thereof is deferred in equity. Gains and losses in equity as at 31 December 2013 will be released to the Income Statement at various dates up to one year from the Balance Sheet date.

19. INVENTORIES

	2013 €m	2012 €m
Group		
Raw materials	**1.6**	3.2
Work in progress	–	0.2
Finished goods	**1.4**	1.3
	3.0	4.7

The amount of inventories recognised as an expense in 2013 was €22.6m (2012: €28.3m).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. TRADE AND OTHER RECEIVABLES

	2013 €m	2012 €m
Group		
Current		
Trade receivables	**24.9**	53.5
Impairment of trade receivables	**(2.7)**	(6.0)
Trade balances owed by joint ventures	**0.9**	0.6
Trade balances owed by associates	**0.4**	0.2
Prepayments	**2.2**	5.8
Value added tax recoverable	**0.2**	0.2
	25.9	4.3
Non-Current		
Loans to joint ventures	**0.3**	0.3
Other	**1.6**	1.6
	1.9	1.9

Loans to associates and joint ventures include an impairment of €0.1m (2012: €0.1m).

The above balance excludes trade and other receivables for the Education businesses of €0.6m held for sale (note 28).

	€m	€m
Company		
Current		
Loans owed by subsidiary undertakings	**254.7**	70.2

Loans owed by subsidiary undertakings include a net impairment reversal of €0.3m booked in 2013 and an impairment provision booked in 2012 of €562.5m.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. TRADE AND OTHER PAYABLES

	2013 €m	2012 €m
Group		
Current		
Trade payables	**22.1**	39.9
Trade balances owed to joint ventures	**1.4**	2.1
Payables for taxation and social welfare	**4.4**	8.6
Deferred income	**–**	5.1
Accrued liabilities	**20.0**	36.4
	47.9	92.1
Payables for taxation and social welfare included above are as follows:		
Income tax deducted under PAYE	**1.1**	2.3
Other income tax deducted at source	**0.4**	1.6
Pay related social insurance	**0.7**	1.5
Value Added Tax payable	**2.2**	3.2
	4.4	8.6

	2013 €m	2012 €m
Company		
Current		
Loans owed to subsidiary undertakings	**537.6**	527.8
Payables for taxation and social welfare	**0.1**	0.1
Accrued liabilities	**1.6**	2.0
	539.3	529.9
Payables for taxation and social welfare included above are as follows:		
Income tax deducted under PAYE	**0.1**	0.1

The above balance excludes trade and other payables of €2.6m for the Education businesses held for sale (note 28).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. PROVISIONS

	Onerous contracts and Restructuring Provision €m	Other Provisions €m	Total €m
Group			
At 1 January 2013	19.8	10.2	30.0
Income Statement charge	14.5	6.3	20.8
Utilised during year	(15.5)	(5.8)	(21.3)
Transfer to held for sale (note 28)	(0.7)	–	(0.7)
Disposal of INMSA (note 28)	–	(2.3)	(2.3)
Exchange movements	(0.5)	(0.5)	(1.0)
At 31 December 2013	**17.6**	**7.9**	**25.5**

	2013 €m	2012 €m
Analysis of total provisions:		
Current provisions	**21.1**	18.3
Non-current provisions	**4.4**	11.7
	25.5	30.0

The Onerous Contracts and Restructuring provision primarily comprises obligations in relation to a number of property leases and other onerous trading contractual arrangements from which the Group no longer derives economic benefit.

These obligations (which total €13.0m as at 31 December 2013) will expire as follows:

2014	2015	2016	2017 and beyond
€7.9m	€3.4m	€1.1m	€0.6m

There is relative certainty around timing and amounts due to the fact that they represent contractual obligations of the Group. The Group's obligations in respect of onerous contracts and the expected timing of payment are also reflected in the liquidity analysis included in note 32.

Other provisions at 31 December 2013 primarily include provisions for libel (2012: Other provisions primarily include provisions for holiday entitlements and libel). A certain level of uncertainty exists around the timing and the amount, recognising the nature of libel provisioning.

The restructuring charge incurred during the year primarily relates to the restructuring of operations across the Group and includes €7.3m (2012: €13.4m) in termination payments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. ANALYSIS OF DEFERRED TAXATION BALANCES

	Capital Allowances €m	Retirement Benefit Obligations €m	Tax Losses €m	Arising on Intangible Assets €m	Other €m	Total €m
Group						
At 1 January 2012	(4.3)	22.9	18.8	(0.7)	3.7	40.4
Credit/(charge) to Income Statement	19.6	(0.5)	(2.9)	–	(0.9)	15.3
Recognised in other comprehensive income*	–	5.8	–	–	–	5.8
Exchange movements	–	(0.4)	0.6	–	(0.2)	–
At 31 December 2012	**15.3**	**27.8**	**16.5**	**(0.7)**	**2.6**	**61.5**
(Charge)/credit to Income Statement	(7.0)	(16.2)	(15.2)	0.7	(0.9)	(38.6)
Disposal of subsidiary	0.4	(5.4)	–	–	(3.0)	(8.0)
Recognised in other comprehensive income*	–	1.2	–	–	–	1.2
Exchange movements	(0.5)	(1.0)	(0.7)	–	(0.1)	(2.3)
At 31 December 2013	**8.2**	**6.4**	**0.6**	**–**	**(1.4)**	**13.8**

*Tax effect of remeasurement losses on retirement benefits.

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, significant judgement is used when assessing the extent to which deferred tax assets should be recognised, with consideration given to the timing and level of future taxable income in the relevant tax jurisdiction. The Group has tax losses, capital allowances, and tax credits in relation to retirement benefit obligations available that have the potential to reduce tax payments in future years. Deferred tax assets have been recognised in relation to these to the extent that their recovery is probable having regard to the projected future taxable profits of the relevant companies. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is realised or the liability settled, based on tax rates and tax laws substantively enacted at the Balance Sheet date.

The net deferred tax asset at 31 December 2013 was €13.8m and the Group estimates that the majority of this will be settled/recovered more than 12 months after the Balance Sheet date.

The above net deferred tax balance is reflected in the Balance Sheet as follows:

	2013 €m	2012 €m
Deferred taxation assets	**17.9**	65.9
Deferred taxation liabilities	**(4.1)**	(4.4)
	13.8	61.5

Analysis of deferred taxation assets:

		2013 €m	2012 €m
Retirement benefit obligations	(i)	**6.4**	27.8
Capital allowances	(ii)	**10.9**	18.2
Tax losses	(iii)	**0.6**	16.5
Other		**–**	3.4
		17.9	65.9

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. ANALYSIS OF DEFERRED TAXATION BALANCES (CONTINUED)

Analysis of deferred taxation liabilities:

	2013 €m	2012 €m
Capital allowances	**(2.7)**	(2.9)
Arising on intangible assets	–	(0.7)
Other	**(1.4)**	(0.8)
	(4.1)	(4.4)

The reduction of €48.0m in the Group's deferred tax asset during the year primarily relates to the following:

(i) During 2013, the Group completed a restructuring of its significant Republic of Ireland defined benefit pension schemes, resulting in a reduction in the Group's pension deficit of €111.4m (note 7), and a corresponding reduction to the deferred tax asset of €13.9m.

(ii) At 31 December 2013, the Directors revised their estimate of the recoverability of the Group's deferred tax assets on losses and capital allowances based on their current assessment of the availability of future taxable profits against which to utilise the deferred tax assets. The Directors determine that capital allowances should be available to shelter a significant portion of the projected profit in the future periods and will be utilised in priority. As a result, applying updated risk adjustments to forecasted future profits, the Group recognised deferred tax assets projected to be realised in the timescale within which the Group believes that it can assess the likelihood of its profits arising as being more likely than not. This resulted in a €19.3m reduction in the level of deferred tax assets previously recognised with a corresponding charge to the Group's Income Statement. The deferred tax asset recognised represents approximately seven years of taxable profits in the relevant entities. The deferred tax assets released comprise tax losses of prior years and elements of both capital allowances and retirement benefits assets.

The Group has unrecognised tax losses as at 31 December 2013 of €226.0m (2012: €161.6m), which have a tax value of €39.4m (2012: €29.9m). In addition, the Group has unrecognised available capital allowances as at 31 December 2013 of €25.6m (2012: €nil), which have a tax value of €5.1m (2012: €nil). There is no expiry date applicable to these unrecognised tax losses or available capital allowances. In Northern Ireland, the Group has an unrecognised benefit from future retirement benefits of €9.8m (2012: €nil), which has a tax value of €1.9m (2012: €nil). The amounts disclosed for 2012 have been restated.

(iii) Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 2 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the Group's future current tax charge accordingly. The deferred tax asset at the Balance Sheet date has been calculated based on the rates of 20% and 21% substantively enacted at the Balance Sheet date. The impact of this rate change is a €4.4m operating deferred tax charge in the current year.

(iv) The Group disposed of its subsidiary, Independent News & Media (South Africa) (Pty) Limited, during the year. As a consequence, the related deferred tax asset of €8.0m has been released.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. Deferred income tax has not been recognised for withholding and other taxes that may be payable on the unremitted earnings of certain subsidiaries and joint ventures as the timing of the reversal of these temporary differences is controlled by the Group and it is probable that these temporary differences will not reverse in the foreseeable future.

As at 31 December 2013, reflecting the continuing economic downturn, no unremitted earnings were available in the Group which could have been repatriated to Ireland, which would have given rise to such a deferred tax liability.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. BORROWINGS

	2013 Loans & Overdrafts €m	2013 Finance Lease Liabilities €m	2013 Total €m	2012 Loans & Overdrafts €m	2012 Finance Lease Liabilities €m	2012 Total €m
Group						
Repayable as follows:						
Between one and two years*	**5.2**	–	**5.2**	375.6	0.2	375.8
Between two and five years	**113.3**	–	**113.3**	0.5	–	0.5
Total due after one year	**118.5**	–	**118.5**	376.1	0.2	376.3
Due within one year or on demand:						
— Loans & Finance lease liabilities**	**11.2**	–	**11.2**	57.9	0.2	58.1
— Bank overdrafts	–	–	–	5.2	–	5.2
Total borrowings	**129.7**	–	**129.7**	439.2	0.4	439.6
Split of total borrowings between:						
— Secured	**129.7**	–	**129.7**	439.2	0.4	439.6
— Unsecured	–	–	–	–	–	–
Total borrowings	**129.7**	–	**129.7**	439.2	0.4	439.6
Cash and cash equivalents***			**(24.4)**			(17.2)
Restricted cash (note 28)			**(10.0)**			–
Net debt			**95.3**			422.4

* In 2012, the finance lease liabilities due between one and two years related to finance leases held in the South African business. Following the sale of the South African business during the year, no finance leases exist at the year ended 31 December 2013.

** In 2013, mainly €10.0m of escrow debt and €1.0m of Anti-dilution debt.

*** Excludes restricted cash of €10.0m held in escrow in respect of warranties following the sale of the South African business (€10.0m shown as restricted cash above) (note 28).

The following is included in Loans & Overdrafts:
€129.0m (2012: €438.3m) drawn under the 2013 Bank Facilities**** repayable up to April 2018. See note 2 for further details in relation to the debt restructuring in 2013.

	Minimum Lease Payments 2013 €m	Minimum Lease Payments 2012 €m
Group		
Repayable as follows:		
Between one and five years	–	0.2
Due within one year	–	0.3
	–	0.5
Less future finance charges	–	(0.1)
	–	0.4

Finance lease liabilities above in 2012 were secured over the related property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. BORROWINGS (CONTINUED)

Undrawn Facilities

The Group has various borrowing facilities available to it. The undrawn facilities available to it at the year end in respect of which all conditions precedent have been met at that date were as follows:

	2013 €m	2012 €m
Expiring in less than one year	**–**	–
Expiring in more than one but less than two years	**–**	5.1
Expiring in more than two years	**10.0**	–
	10.0	5.1

****As in the prior year certain material subsidiaries in the Group, as defined in the Bank Facilities, have granted fixed and floating charges over certain Group assets in connection with the 2013 Bank 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 Bank 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.

25. SHARE CAPITAL AND SHARE PREMIUM

	2013 €m	2012 €m
Group and Company		
Authorised:		
740,000,000 ordinary shares of €0.35 each	**–**	259.0
7,000,000,000 ordinary shares of €0.01 each	**70.0**	–
556,015,358 deferred shares of €0.34 each	**189.0**	–
	259.0	259.0
Issued and fully paid:		
556,015,358 ordinary shares of €0.35 each	**–**	194.6
1,392,144,452 ordinary shares of €0.01 each	**13.9**	–
556,015,358 deferred shares of €0.34 each	**189.0**	–
	202.9	194.6

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. SHARE CAPITAL AND SHARE PREMIUM (CONTINUED)

The movement in the number of issued and fully paid ordinary shares during the year was as follows:

	Number of Shares	Nominal Value €	Share Capital €m	Share Premium €m
Group and Company				
At 1 January 2012 and at 1 January 2013	556,015,358	0.35	194.6	576.7
Share Capital Reorganisation:				
— 556,015,358 ordinary shares of €0.01 each	556,015,358	0.01	5.6	576.7
— 556,015,358 deferred shares of €0.34 each	556,015,358	0.34	189.0	–
Firm Placing and Placing and Open Offer Share Issue (net of expenses)	614,285,714	0.01	6.1	34.5
Employee Benefit Trust Share Issue	69,325,392	0.01	0.7	4.2
Lender Share Issue (Debt Equitisation)	152,517,988	0.01	1.5	9.2
Lender Debt Reduction	–	–	–	142.0
At 31 December 2013:				
— 1,392,144,452 ordinary shares of €0.01 each	**1,392,144,452**	**0.01**	**13.9**	**766.6**
— 556,015,358 deferred shares of €0.34 each	**556,015,358**	**0.34**	**189.0**	**–**
			202.9	**766.6**

Share Capital Reorganisation

On 17 June 2013, the Company undertook a Share Capital Reorganisation involving a sub-division of the share capital in order to ensure that the Group was in a position to issue new ordinary shares as part of the Group's Debt 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. This resulted in the authorised share capital being amended to include 7,000,000,000 ordinary shares of €0.01 and 565,015,358 deferred shares of €0.34 each, and the issued share capital being amended to include €5.6m in relation to 556,015,358 ordinary shares of €0.01 each and €189.0m in relation to 556,015,358 deferred shares of €0.34 each. 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 was no change in the number of Ordinary Shares in issue as a result of the Share Capital Reorganisation. The Share Capital Reorganisation did not have any effect on the Company's net assets. Each Shareholder's proportionate interest in the Company's issued share capital remained unchanged.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. SHARE CAPITAL AND SHARE PREMIUM (CONTINUED)

Share issues

As part of the Group's refinancing in 2013, a total of 836,129,094 new Ordinary Shares were issued during the year as follows:

(a) *Firm Placing and Placing and Open Offer*

On 18 December 2013, 614,285,714 new Ordinary Shares were issued by way of firm placing and placing and open offer at €0.07 per share to raise gross proceeds of €43.0m representing the final capital raise stage in the agreed Restructuring of the Group's debt.

(b) *Employee Benefit Trust*

On the same date, a further 69,325,392 new Ordinary Shares, representing 5% of the enlarged issued share capital of the Group, were issued to the trustees of a new Employee Benefit Trust, which was approved by shareholders at the AGM held on 5 September 2013. The objective was to partially compensate employees and former employees of the Group whose pension entitlements had been significantly reduced as a result of the restructuring of certain of the Group's Defined Benefit Pension Schemes.

(c) *Lender Share Issue*

On 23 December 2013, following the successful completion of the Capital Raise as outlined above, the Group issued 152,517,988 new Ordinary Shares to the Lenders representing €10.7m in value at the capital raise share issue price. The shares were issued in exchange for a reduction in the Group's borrowings to €118.0m in core debt, in addition to other facilities and credit lines. This resulted in €142.0m of a debt reduction (net of capitalised interest written off), that was recognised as an exceptional finance gain in the Group's Income Statement. This gain was subsequently transferred to share premium under the terms of the restructuring agreement, such that the aggregate subscription price for the issue of the Capital Raise Lender Shares should be inclusive of the amount of the debt reduction.

Of the issued shares shown above, as at 31 December 2013, the Company holds in treasury 5,597,077 of the ordinary shares of €0.01 each and 5,597,077 of the deferred shares of €0.34 each (2012: of the ordinary shares of €0.35 each, 5,597,077 shares held in treasury). Included in retained earnings is €133.5m related to treasury shares.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. SHARE BASED PAYMENT

The Company operates the following equity-settled share option schemes which provide for options to be granted to executive Directors and executives as follows:
(a) INM Employee Share Scheme 2008; and
(b) INM Share Option Scheme 2009 (Long-Term Incentive Plan).

On 30 December 2012, the executive Director and senior executives voluntarily agreed to cancel their remaining share options as it was unlikely that the options would ever become exercisable.

(a) INM Employee Share Scheme 2008
Eligibility is restricted to certain employees who agree to amend the terms and conditions of their employment to provide for a permanent reduction in salary. No option shall be exercisable more than ten years from the date it was granted or before the expiration of three years from the date it was granted. No other performance conditions attach to these options.

(b) INM Share Option Scheme 2009 (Long-Term Incentive Plan)
In June 2011, the Remuneration Committee proposed a range of amendments to the 2009 Share Option Scheme and these amendments were approved by shareholders at the AGM on 3 June 2011. This amended Share Option Plan is the basis for the Long-Term Incentive Plan ('LTIP'). No options have been granted to date under this amended Scheme.

Participants may be granted options equally divided between first tier and second tier options.

Details of the exercise criteria and vesting schedule are as follows:

Exercise Criteria
The LTIP is based on two performance measures, being a combination of earnings per share (EPS) and total shareholder return ('TSR'). 30% of the options are subject to the EPS measure over three or five years as appropriate and 70% of the options are subject to the TSR measure over three or five years as appropriate. If the options do not meet the performance criteria as described the options will lapse. In order for any First Tier Options to vest, the EPS must have increased by 5.0% compound in excess of the increase in the Consumer Price Index ('CPI') over the three financial years beginning in the year in which the options are granted, and the TSR must be greater than the median TSR over the same period (or as near as practical) for those companies listed in the FTSE 350 Media Index of the London Stock Exchange (based on the published audited accounts of those companies).

In order for any Second Tier Options to vest, the EPS must have increased by 7.5% in excess of the increase in the CPI compound over the five financial years beginning in the year in which the options are granted, and the TSR must be greater than the median TSR over the same period (or as near as practical) for those companies listed in the FTSE 350 Media Index of the London Stock Exchange (based on the published audited accounts of those companies).

The percentage of share capital which can be used under the amended scheme complies with the guidelines published by the Irish Association of Investment Managers ('IAIM'). The maximum number of shares for which options to subscribe may be granted cannot, within the ten years prior to such grant, exceed 10% of the issued share capital of the Company and cannot, within the three years prior to such grant, exceed 3% of the issued share capital of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. SHARE BASED PAYMENT (CONTINUED)

(c) INM Share Option Scheme 2009 (Long-Term Incentive Plan) (continued)

Vesting Schedule

The following tables summarise the performance hurdles on which awards under the LTIP will be based:

Earnings per Share Measure – representing 30% of LTIP

Compound Annual EPS Growth First Tier: 3 Year	Compound Annual EPS Growth Second Tier: 5 Year	Amount Vesting
less than CPI plus 5.0% per annum	less than CPI plus 7.5% per annum	0% vesting
between CPI plus 5.0% and CPI plus 7.5% per annum	between CPI plus 7.5% and CPI plus 10.0% per annum	50% to 100% vesting (pro rata)

Total Shareholder Returns Measure – representing 70% of LTIP

Relative to FTSE 350 Media Index TSR	Amount Vesting
Below median	0% vesting
Median + to upper quartile	25% to 100% vesting (pro rata)
Above upper quartile	100% vesting

The number of shares over which options may be granted may not exceed 10% of the Ordinary Shares of the Company in issue. Details of the movements in share options outstanding during the year are as follows:

	2013		2012	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
Outstanding at the beginning of the year	**1,051,835**	**€2.517**	1,207,813	€2.655
Forfeited/cancelled/lapsed during the year	**(114,886)**	**€1.321**	(155,978)	€3.589
Outstanding at the end of the year	**936,949**	**€2.664**	1,051,835	€2.517
Exercisable at the end of the year	**4,770**	**€8.144**	4,770	€8.144

No options were exercised during either 2013 or 2012. The options outstanding at the end of the year have a weighted average remaining contractual life of 4.8 years (2012: 5.8 years). No options were granted in 2013 or 2012.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. SHARE BASED PAYMENT (CONTINUED)

(c) INM Share Option Scheme 2009 (Long-Term Incentive Plan) (continued)

The Group recognised total expenses of €nil (2012: €nil) related to equity-settled share based payment transactions. Expected volatility is based on the weighted average historic volatility over a period equal to the weighted average expected life. The above mentioned options are exercisable at prices ranging from €1.32 to €13.69 per share as follows:

	2013 No. of Options
Exercisable Price Range	
Up to €1.00	–
Between €1.00 and €2.00	798,397
Between €8.00 and €10.00	110,162
Between €12.00 and €14.00	28,390
	936,949

The market price of Ordinary Shares of €0.01 each was €0.11 at 31 December 2013 and ranged from €0.03 to €0.15 during the year.

Based on the current share price it is unlikely that the remaining share options will ever become exercisable.

27. ACQUISITIONS AND DISPOSALS

(i) Transactions within Equity

2012 – the €4.1m movement in the Group Statement of Changes in Equity, described as arising within associates – transactions with associate's non-controlling interests, relates to transactions with non-controlling interests arising within APN, where such transactions do not result in a loss of control of the relevant subsidiary.

(ii) Deemed Disposal Loss Arising on Reduction in Ownership Interest

2012 – a non-cash deemed disposal loss arose on the Group's investment in APN. APN issued shares to some shareholders in lieu of dividend payments (i.e. scrip dividends). INM did not take any shares in lieu of dividends and as a result the Group's shareholding in APN fell from 30.4% to 28.95%. The deemed disposal loss of €5.4m (including currency translation adjustments) is the difference between the carrying value of the Group's share of net assets of APN, prior to dilution (30.4%) and the assessment of the Group's share of net assets in APN after dilution (28.95%) having adjusted for the fair value of the scrip dividends.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. DISCONTINUED OPERATIONS

(a) South African Business

In August 2013, the Group's South African business was sold. Accordingly, the South African results are presented as a discontinued operation. The comparative Group Income Statement and OCI have been restated to show the discontinued operation separately from continuing operations.

The proceeds on disposal below of €150.7m include €10.0m of cash to be held in escrow (see note 33 for further details). This amount is classified as restricted cash in the Group Balance Sheet. The profit on disposal of the South African business was €28.0m as outlined in the table below.

Effects of the disposal of the South African business on the Group:

	South Africa €m
Consideration received	150.7
Less:	
Intangible assets	(62.3)
Property, plant and equipment	(9.0)
Investments in associates and joint ventures	(1.4)
Deferred tax assets	(8.0)
Available-for-sale financial assets	(0.1)
Inventories	(1.2)
Trade and other receivables	(17.0)
Current income tax assets	(0.9)
Trade and other payables	23.4
Borrowings	0.3
Provisions	2.3
Retirement benefit obligations	18.6
Cash and cash equivalents disposed of	(9.9)
Non-controlling interest	0.3
	85.8
Currency translation reserve	(51.6)
Costs of disposal	(6.2)
Profit on disposal*	28.0

*No tax charge arose on the disposal.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. DISCONTINUED OPERATIONS (CONTINUED)

(b) Education Businesses

In late 2013, the Board committed to a plan to sell the Group's Education businesses. This is reported as the Island of Ireland – Non-Publishing segment. Accordingly, the assets and liabilities of the Education businesses are presented as held for sale as at 31 December 2013 and the results of the Education businesses are treated as a discontinued operation. The comparative Group Income Statement and OCI have been restated to show the discontinued operations separately from continuing operations.
As at 31 December 2013, the Education businesses comprised assets of €3.4m and liabilities of €3.3m, as detailed below:

	2013 €m	2013 €m
Intangible assets	2.3	
Property, plant and equipment	0.5	
Trade and other receivables	0.6	3.4
Trade and other payables	(2.6)	
Provisions	(0.7)	(3.3)
		0.1

(c) Results of discontinued operations

	2013 South Africa €m	2013 Education Businesses €m	2013 Total €m	2012 South Africa €m	2012 Education Businesses €m	2012 Total €m
Revenue	95.2	7.4	102.6	184.8	9.8	194.6
Expenses	(86.0)	(8.1)	(94.1)	(157.9)	(11.2)	(169.1)
Net Interest receivable/(payable)	0.2	(0.1)	0.1	0.6	(0.1)	0.5
Share of associated companies post tax results	0.2	–	0.2	0.4	–	0.4
Results from operating activities*	9.6	(0.8)	8.8	27.9	(1.5)	26.4
Taxation charge	(1.5)	–	(1.5)	(5.0)	–	(5.0)
Results from operating activities, net of tax	8.1	(0.8)	7.3	22.9	(1.5)	21.4
Gain/(loss) on sale of discontinued operation	28.0	(0.4)	27.6	–	–	–
Exceptional items (net of exceptional tax)	(10.1)	–	(10.1)	(2.8)	–	(2.8)
Results of discontinued operations – post exceptional items	26.0	(1.2)	24.8	20.1	(1.5)	18.6
Discontinued operations – Earnings per ordinary share (cent) – Basic and diluted			4.3c			3.4c

* Results for the South African business for 2013 relate to the period from 1 January 2013 to the date of sale in August 2013 at an average EUR: ZAR exchange rate of 12.3011. (2012: results for the South African business relate to the full twelve months of 2012 at an average EUR: ZAR exchange rate of 10.5523).

Of the profit from discontinued operations of €24.8m (2012: profit of €18.6m), €24.8m (2012: profit of €18.5m) is attributable to the owners of the Company. Of the profit from continuing operations of €215.1m (2012: loss of €277.1m), €215.3m (2012: loss of €276.9m) is attributable to the owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. DISCONTINUED OPERATIONS (CONTINUED)

(d) Cash flows generated from/(used in) discontinued operations:

	2013	2013	2013	2012	2012	2012
	South Africa €m	**Education Businesses €m**	**Total €m**	South Africa €m	Education Businesses €m	Total €m
Net cash generated from operating activities	**10.4**	**(0.7)**	**9.7**	22.9	(2.0)	20.9
Net cash generated by investing activities	**0.1**	**(0.1)**	**–**	0.4	(0.3)	0.1
Net cash used in financing activities	**–**	**–**	**–**	(0.4)	–	(0.4)
Net cash generated from/(used in) discontinued operations	**10.5**	**(0.8)**	**9.7**	22.9	(2.3)	20.6

29. CASH AND CASH EQUIVALENTS

	2013 €m	2012 €m
Group		
Cash at bank and in hand	**8.8**	10.1
Short term deposits	**15.6**	7.1
	24.4	17.2

Cash and cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	2013 €m	2012 €m
Cash and cash equivalents*	**24.4**	17.2
Bank overdrafts	**–**	(5.2)
	24.4	12.0

*Net of bank overdrafts where a legal right of set-off exists.

	2013 €m	2012 €m
Company		
Cash at bank and in hand	**5.4**	1.6
Short term deposits	**15.0**	6.6
	20.4	8.2

Cash and cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	2013 €m	2012 €m
Cash and cash equivalents	**20.4**	8.2

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. CAPITAL COMMITMENTS

	2013 €m	2012 €m
Group and share of joint ventures and associates		
Contracted but not provided for:		
— Group	–	0.3
— Associates	–	0.2
Authorised by Directors but not contracted for:		
— Group	–	–
— Associates	–	–
At end of year	–	0.5

In the prior year, capital commitments relate to property, plant and equipment.

31. OPERATING LEASE COMMITMENTS

The Group operating lease commitments primarily comprise obligations in relation to a number of property leases, in addition to other onerous trading contractual arrangements from which the Group no longer derives economic benefit.

(i) Future minimum lease payments

At the Balance Sheet date, the Group has outstanding commitments under non-cancellable operating leases which fall due as follows:

	2013 €m	2012 €m
No later than one year	**7.5**	9.1
Later than one and no later than five years	**10.2**	20.5
Later than five years	**3.4**	9.8
	21.1	39.4

The above balance includes operating lease commitments for the Education businesses of €2.3m held for sale.

(ii) Amounts recognised in profit or loss (continuing operations)

	2013 €m	2012 €m
Lease expense	**3.2**	3.4
Sublease income	–	(0.4)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. FINANCIAL RISK AND CAPITAL MANAGEMENT

Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern (as disclosed in note 1), to comply with the financial covenants under the Group's Bank Facilities and to maintain an optimal capital structure which maximises the return to shareholders while reducing the cost of capital.

The Group monitors capital on the basis of the Net Debt to EBITDA* ratio. Net debt consists of borrowings (as disclosed in note 24), net of cash and cash equivalents (as disclosed in note 29) and restricted cash of €10.0m held in escrow (note 28).

The Net Debt to EBITDA* ratios at 31 December 2013 and 31 December 2012 were as follows:

	2013 €m	2012 (restated) €m
Borrowings (note 24)	**129.7**	439.6
Restricted cash	**(10.0)**	–
Cash and cash equivalents	**(24.4)**	(17.2)
Net Debt	**95.3**	422.4
EBITDA*	**39.0**	69.6
Net Debt/EBITDA* ratio	**2.4x**	6.1x

*2013 EBITDA comprises earnings before interest, tax, depreciation and amortisation, before exceptional items, of continuing operations. 2012 EBITDA comprises earnings before interest, tax, depreciation and amortisation, before exceptional items, of total operations (i.e. continuing and discontinued operations). 2012 EBITDA has been restated to exclude dividends received from associates and joint ventures in line with 2013 EBITDA.

2013 EBITDA comprises EBIT of €32.7m plus depreciation/amortisation of €6.3m. 2012 EBITDA comprises EBIT of €59.7m plus depreciation/amortisation of €9.9m.

The Group's Bank Facilities, which were entered into in 2013, based upon a 5 year maturity extending into 2018, include cashflow cover, interest cover, leverage and capital expenditure covenants as calculated under the Bank Facilities. Non-compliance with financial covenants would give the relevant lenders the right to terminate facilities and demand early repayment of any sums drawn thereunder, thus altering the maturity profile of the Group's debt and the Group's liquidity, unless an amendment or waiver is granted in advance by the lenders.

The Bank Facilities contain a number of clauses in relation to the operations of the Group which are typical for a debt facility of this type, including the following:

- restrictions on the payment of dividends, buy-back of shares and to otherwise make changes to the Company's share capital;
- undertakings regarding the incurrence of further indebtedness and the granting of loans, guarantees or security interests other than those contemplated in the Agreement;
- undertakings regarding permitted capital expenditure, permitted acquisitions and permitted asset disposals; and
- obligations to apply the proceeds from permitted asset disposals towards the repayment of debt outstanding under the Facilities.

No final dividend will be paid in respect of the year ended 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

Financial Risk Management

The Group's financial risks are managed by Group Treasury within parameters defined formally by the Board. Group Treasury's activity is reported to the Audit Committee and to the Board. The main financial risks faced by the Group relate to credit, interest, foreign exchange translation and liquidity. The Board agrees policies for managing these risks as summarised below.

Financial instruments, including derivatives, are permitted to be used to manage financial risk arising from the Group's operations.

Credit Risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and trade and other receivables. The Board establishes the policy which Group Treasury follows in managing credit risk. Exposure is managed by distributing the credit risk, where possible, across banks or other institutions meeting required standards as assessed normally by reference to the major credit rating agencies. The Group held cash and cash equivalents of €24.4m at 31 December 2013 (2012: €17.2m). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated BBB to A, based on rating agency, Fitch's, ratings. Deals are authorised only with banks with which dealing mandates have been agreed. These policies are regularly monitored to ensure credit exposure to any one financial institution is limited.

The Group's credit risk management policy in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers. The maximum exposure to the top five receivables in any of the Group's geographical segments does not exceed €5.6m and the credit quality of such debtors in each case is good based on previous payment history. Average credit terms, where given, range from 15 days to 45 days.

Included in the Group's trade and other receivables as at 31 December 2013 are balances of €6.3m (2012: €21.9m) which are past due at the reporting date but not impaired in the majority of cases. The aged analysis of these balances is as follows:

	2013 €m	2012 €m
Less than 1 month	**4.0**	15.4
1 – 3 months	**1.6**	4.5
3 – 6 months	**0.1**	0.7
Over 6 months	**0.6**	1.3
	6.3	21.9

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

Financial Risk Management (continued)

Credit Risk (continued)

The Group's policy for the determination of the provision for bad debts is based on a line-by-line assessment of the credit risk attached to the individual debtors and an assessment of the resulting requirement for a provision for impairment. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable, including any indicators for impairment (which may include evidence of financial difficulty of the customer, payment default, breach of contract, etc.) and any collateral held, which in certain limited cases exists in the form of deposits, bank guarantees, sureties and agency security totalling €2.3m (2012: €2.7m). Amounts charged to the impairment provision are written off when there is no expectation of recovery. Subsequent recoveries of amounts previously written off are credited to the Income Statement. For the purpose of calculating the impairment provision, the Group does not take into account the impact of discounting the trade receivables as it is considered not material given the age profile of the Group's trade receivable balances.

Movements in the provision for impairment of trade receivables during the year were as follows:

	2013 **€m**	2012 €m
At 1 January	**6.0**	6.1
Provision for impairment recognised in year	**0.6**	2.5
Amounts recovered during the year	**–**	(0.3)
Amounts written off during the year	**(0.9)**	(2.2)
Disposal of INMSA	**(2.8)**	–
Reclassified to held for sale	**(0.2)**	–
Exchange movements	**–**	(0.1)
At 31 December (note 20)	**2.7**	6.0

The Group's other classes of financial assets do not contain impaired assets and are not past due other than the impairment charges included in notes 17 and 20. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates. Based on the credit history of these other assets, it is expected that these amounts will be received when due. The Group's maximum exposure to credit risk in relation to financial assets (i.e. financial assets excluding available-for-sale financial assets and prepayments) is €61.0m (2012: €67.6m).

Company

There were no past due or impaired trade receivables in the Company Balance Sheet as at 31 December 2013 or 31 December 2012 other than the impairment charge included in note 20.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

Financial Risk Management (continued)

Liquidity Risk
Liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Management monitors the adequacy of the Group's liquidity reserve (comprising undrawn borrowing facilities as detailed in note 24 and cash and cash equivalents as detailed in note 29) against rolling cash flow forecasts. In addition, the Group's liquidity risk management policy involves monitoring Balance Sheet liquidity ratios against internal requirements and maintaining debt financing plans. The influence of the global downturn has resulted in more restricted access to finance, and credit markets are anticipated to remain tight as long as the current uncertain economic environment prevails.

The following table analyses the Group's financial liabilities into the relevant maturity groupings based on the remaining period to contractual maturity at the Balance Sheet date. The amounts disclosed in the following table are the contractual undiscounted cash flows.

	<1 Year €m	1-2 Years €m	2-5 Years €m	>5 Years €m	Total €m	Carrying Value €m
Group						
2013						
Trade and other payables	47.9	–	–	–	47.9	47.9
Held for sale trade and other payables	2.6	–	–	–	2.6	2.6
Borrowings (principal repayments)	11.2	5.2	113.3	–	129.7	129.7
Future finance charges	5.8	5.8	10.4	–	22.0	–
Onerous contracts	7.9	3.4	1.2	0.5	13.0	13.0
Other payables	0.5	0.4	0.3	0.7	1.9	1.9
	75.9	14.8	125.2	1.2	217.1	195.1
Less future finance charges	(5.8)	(5.8)	(10.4)	–	(22.0)	–
	70.1	**9.0**	**114.8**	**1.2**	**195.1**	**195.1**
2012						
Trade and other payables	92.1	–	–	–	92.1	92.1
Borrowings (principal repayments)	63.9	376.0*	0.5	–	440.4	440.4
Future finance charges	20.1	7.3	–	–	27.4	–
Onerous contracts	7.9	6.5	4.7	0.4	19.5	19.5
Other payables	–	0.6	0.6	0.8	2.0	2.0
	184.0	390.4	5.8	1.2	581.4	554.0
Less future finance charges	(20.1)	(7.3)	–	–	(27.4)	–
	163.9	**383.1**	**5.8**	**1.2**	**554.0**	**554.0**

*Primarily related to 2014 of which €375.5m fell due under the Group's Bank Facilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

Financial Risk Management (continued)

Liquidity Risk (continued)

	<1 Year €m	1-2 Years €m	2-5 Years €m	>5 Years €m	Total €m	Carrying Value €m
Company						
2013						
Trade and other payables	**539.3**	–	–	–	**539.3**	**539.3**
2012						
Trade and other payables	529.9	–	–	–	529.9	529.9

The Board has reviewed the Group financial forecasts and associated risks for the period beyond one year from the date of approval of the financial statements. These detailed, bottom-up financial forecasts have been prepared by, and reviewed with, each of the Group's major business units. The extent of this review reflects the still-uncertain economic outlook, and the weakness in revenues experienced during 2013. The forecasts reflect key assumptions, based on information available to the Directors at the time of the preparation of this financial information, and include:

- detailed monthly forecasting by business for FY14, reflecting trends experienced up to the date of preparation; and
- future revenues for FY14-FY18 based on regional management's assessment of trends across individual regions and principal operating units.

The critical assumptions underlying the forecast were then stress-tested to ensure sufficient financial covenant headroom exists to cope with a reasonable level of negative movement in the key assumptions.

Having completed this forecasting process, the Directors expect that the Group will meet the covenants under the Bank Facilities and consider that there is sufficient liquidity available to the Group for a period of at least one year from the date of approval of these financial statements.

Market Risk

(a) Foreign Exchange Risk

Foreign exchange risk arises from recognised assets and liabilities and forecast future commercial transactions that are denominated in a currency that is not the entity's functional currency. Foreign exchange risk arising from forecast future commercial transactions is managed by the use of forward foreign exchange contracts where deemed appropriate. Foreign exchange transaction exposure in the Group is limited due to the fact that trading companies in the Group tend to have the majority of their revenues and expenses in their functional currency.

Foreign currency translation exposure arises from the retranslation of overseas subsidiaries' Income Statements and Balance Sheets into Euro. The Group is primarily exposed to translation risk on its Northern Irish operation and its investment in APN.

The Group uses forward rate contracts to mitigate the impact of exchange rate movements on the Group's Income Statement when the Group considers it economically viable to do so. Further information on the Group's use of foreign exchange contracts is given in note 18. Based on the net forward contracts outstanding at 31 December 2013, if the Euro had moved by 4% against Sterling, with all other variables being constant, net assets and total equity would have increased by €0.6m if Euro rates had strengthened against Sterling, or reduced by €0.6m if Euro rates had weakened against Sterling. There were no net forward contracts outstanding at 31 December 2012.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

Financial Risk Management (continued)

Market Risk (continued)

(b) Interest Rate Risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group has exposure to interest rate risk as debt is at variable rates. The Group has decided not to enter into interest rate swaps to fix interest repayments at the current time. The Group will continue to review this.

(c) Price Risk

The Group is not exposed to significant price risk in relation to its financial instruments, other than in respect of the Group's available-for-sale financial assets (note 17).

(i) Currency and interest rate exposure of financial liabilities

The Group's financial liabilities comprise borrowings, derivative financial instruments, trade and other payables and other non-current payables.

					Fixed Rate Financial Liabilities	
	Floating Rate Financial Liabilities* €m	Fixed Rate Financial Liabilities €m	Non-Interest Bearing Financial Liabilities €m	Total €m	Weighted Average Effective Interest Rate %	Weighted Average Time for which Rate is Fixed Years
Group						
At 31 December 2013						
Currency:						
Euro	129.0	–	37.1	166.1	–	–
Stg£	0.7	–	15.2	15.9	–	–
Other	–	–	0.1	0.1	–	–
Gross financial liabilities	**129.7**	**–**	**52.4**	**182.1**	**–**	**–**
At 31 December 2012						
Currency:						
Euro	435.5	–	50.8	486.3	–	–
Stg£	3.7	–	15.8	19.5	–	–
Other	–	0.4	27.5	27.9	9.0	1.7
Gross financial liabilities	**439.2**	**0.4**	**94.1**	**533.7**	**9.0**	**1.7**

* Of the Group's gross borrowings of €129.7m (2012: €439.6m), 0.0% (2012: 0.1%) is at fixed interest rates.

Interest on floating rate securities is based on national inter-bank rates in the relevant countries. In addition a margin is applied to borrowings under the Group's Bank Facilities based on the gross debt level as at the most recent quarter testing date.

Based on the outstanding net floating rate debt at 31 December 2013, a change in interest rates of +/-1% with all other variables being constant would reduce/increase post-tax profits by €0.8m (2012: €3.7m).

Non-interest bearing financial liabilities include trade and other payables, derivative financial instruments and other non-current payables, which do not have pre-determined dates of repayment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

Financial Risk Management (continued)

Market Risk (continued)

(i) Currency and interest rate exposure of financial liabilities (continued)

Company

The Company's financial liabilities primarily comprise loans from subsidiary undertakings which are denominated in Euro and are interest free. Based on the outstanding net floating rate debt (including cash and cash equivalents) at 31 December 2013, a change in interest rates of +/-1% with all other variables being constant would increase/reduce post-tax profits by €0.2m (2012: €0.1m).

(ii) Currency and interest rate analysis of financial assets

The Group's financial assets comprise available-for-sale financial assets, trade and other receivables, derivative financial instruments, restricted cash and cash and cash equivalents. A currency analysis of these financial assets is set out below:

	2013 €m	2012 €m
Group		
Currency:		
Euro	**48.5**	28.0
Stg£	**13.2**	11.8
Aus$	**-**	0.1
ZAR	**-**	31.8
Other*	**4.2**	4.6
	65.9	76.3

Included in the financial assets above are €50.4m (2012: €37.9m) which have been pledged as security against the Group's Bank Facilities, as disclosed in note 24.

*Primarily relates to USD and Indian Rupee.

The principal closing and average rates against the Euro relevant to the Group were as follows:

	2013 Closing	**2013 Average**	2012 Closing	2012 Average
Stg£	**0.83231**	**0.84912**	0.8126	0.8112
ZAR	**13.4049**	**12.3011**	11.1876	10.5523

Cash and cash equivalents are placed on deposit at floating rates of interest with an original maturity of 90 days or less. The effective interest rates earned during the year on short term bank deposits ranged from 0.4% to 3.75%. The Group's other financial assets, including available-for-sale financial assets, trade and other receivables, loans to associates and joint ventures and derivative financial instruments are non-interest bearing.

Company

The Company's closing cash and cash equivalents balance is denominated in Euro. The effective interest rates earned during the year on short term bank deposits ranged from 0.4% to 1.9%. All loans to subsidiary undertakings are denominated in Euro and are interest free.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

Financial Risk Management (continued)

Market Risk (continued)

(iii) Currency exposures

The table below shows the Group's trade assets and liabilities that give rise to the net monetary gains and losses recognised in the Income Statement. Such exposures comprise the monetary assets and liabilities of the Group that are not denominated in the functional currency of the unit involved. Whilst the Group as a whole has assets and liabilities in multiple currencies, individual entities in the Group do not have a significant foreign exchange exposure to currencies that are not their functional currency.
At 31 December, these exposures were as follows:

	Net foreign currency financial assets/(liabilities)		
	Stg£ €m	**Euro €m**	**Total €m**
2013			
Functional currency of Group operations			
Euro	(1.3)	–	(1.3)
Stg£	–	0.3	0.3
	(1.3)	**0.3**	**(1.0)**
2012			
Functional currency of Group operations			
Euro	(1.1)	–	(1.1)
Stg£	–	0.5	0.5
	(1.1)	**0.5**	**(0.6)**

Net exchange gains of €nil (2012: net exchange gains of €0.4m) on monetary items have been recognised in the Income Statement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

Financial Risk Management (continued)

Market Risk (continued)

(iv) Fair values of financial assets and financial liabilities

The fair values of quoted available-for-sale financial assets and derivative financial instruments are measured using market values. 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 as at the year end.

	Book Value		Fair Value	
	2013 €m	2012 €m	**2013 €m**	2012 €m
Group				
Financial Assets				
Available-for-sale financial assets	**2.7**	2.9	**2.7**	2.9
Derivative financial instruments				
— cash flow hedges	**0.4**	–	**0.4**	–
Loans and receivables (non-current)	**1.9**	1.9	**1.9**	1.9
	5.0	4.8	**5.0**	4.8

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

	Book Value		Fair Value	
	2013 €m	2012 €m	**2013 €m**	2012 €m
Group				
Financial Liabilities (excluding borrowings)				
Other payables	**(1.9)**	(2.0)	**(1.9)**	(2.0)
Group				
Financial Liabilities				
Borrowings	**(129.7)**	(439.6)	**(129.7)**	*

*See note 1 of 2012 Annual Report for further details on the Group's renegotiation of its Bank Facilities.

The Group has not disclosed the fair value of certain financial instruments such as short-term receivables and payables because their carrying amounts are a reasonable approximation of fair value.

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).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

Financial Risk Management (continued)

Market Risk (continued)

(iv) Fair values of financial assets and financial liabilities (continued)

The following table sets out the assets and liabilities that are measured at fair value on the Balance Sheet as at 31 December:

	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Group				
2013				
Financial Assets				
Available-for-sale financial assets	1.7	–	1.0	**2.7**
Derivative financial instruments				
— cashflow hedges	–	0.4	–	**0.4**
Loans and receivables (non-current)	–	–	1.9	**1.9**
	1.7	0.4	2.9	**5.0**
2012				
Financial Assets				
Available-for-sale financial assets	1.8	–	1.1	**2.9**
Loans and receivables (non-current)	–	–	1.9	**1.9**
	1.8	–	3.0	**4.8**

	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Group				
2013				
Financial Liabilities (excluding borrowings)				
Other payables	–	–	1.9	**1.9**
2012				
Financial Liabilities (excluding borrowings)				
Other payables	–	–	2.0	**2.0**

	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Group				
2013				
Financial Liabilities				
Borrowings	–	129.7	–	**129.7**
2012				
Financial Liabilities				
Borrowings	–	*	–	*

* See note 1 of 2012 Annual Report for further details on the Group's renegotiation of its Bank Facilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

Financial Risk Management (continued)

Market Risk (continued)

(v) Foreign exchange contracts

Details of significant foreign exchange contracts outstanding as at 31 December were as follows:

	2013 €m	2012 €m
Buy Sterling Pounds/Sell Euro	**14.5**	–

The Irish operations purchase newsprint in Sterling. In order to protect against adverse exchange rate movements the above foreign exchange contracts were entered into in 2013.

The table below shows the contractual cash flows due under the Group's derivative financial instruments included above which will be settled on a gross basis. The balances are due within one year from the Balance Sheet date, thus the impact of discounting is not significant.

	2013 €m	2012 €m
Forward foreign exchange contracts – cash flow hedges		
Inflow	**14.9**	–
Outflow	**(14.5)**	–

Movement in Cash flow hedges

During the year ended 31 December 2013, a gain of €0.4m (2012: €nil) was recognised in other comprehensive income and no gain or loss (2012: loss of €1.9m) was transferred from equity and recognised in the Income Statement in relation to cash flow hedges. Of this €1.9m in 2012, a gain of €0.8m was recognised within operating profit and a loss of €2.7m was recognised within finance charges.

(vi) Measurement of fair values

Certain financial instruments are measured in level 2 and level 3 of the fair value hierarchy. These are as follows:

Available-for-sale financial assets:

The Group's available-for-sale financial assets include unquoted equity instruments which are a level 3 fair value measurement. Initial fair value is equal to the cash amount paid for the assets. Subsequent fair value is determined using valuation techniques based on the related net asset values of the investments, which the Group considers to be a close approximation of their fair value.

Derivative financial instruments:

Derivative financial instruments consist of foreign exchange financial contracts entered into by the Group. These are not traded in active markets. The fair value of the contracts are estimated using a valuation technique that maximises the use of observable market inputs e.g. foreign exchange rates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

33. CONTINGENT LIABILITIES

(i) Guarantees

Independent News & Media PLC has guaranteed bank advances, EFT facilities and certain other obligations of subsidiary undertakings up to a maximum of €180.2m (2012: €464.8m).

(ii) APN

APN is involved in a dispute with the New Zealand Inland Revenue Department ('IRD') regarding certain financing transactions. The dispute involves tax of NZ$56.0m (€33.5m) for the period up to 31 December 2013. The IRD is seeking to impose penalties of between 10% and 50% of the tax dispute in addition to the tax claimed. APN has tax losses available to offset any amount of tax payable to the extent of NZ$40.0m (€23.9m).

On 22 February 2013, the Adjudication Unit of IRD advised that it agrees with the position taken by the IRD. Accordingly, APN was issued the Notice of Assessment denying deductions in relation to interest claimed on certain financing transactions. In response to this step, APN has commenced litigation in the High Court of New Zealand to defend its position in relation to this matter.

(iii) Litigation

Given the nature of the Group's business, from time to time, it is party to various legal proceedings. It is the opinion of the Directors that INM's share of the losses, if any, arising in connection with these matters will have no material adverse impact on the financial position of the Group.

(iv) Escrow

As part of the disposal of South African operations, the Group has given standard warranties with a total potential exposure of R200m (€13.8m as at 31 December 2013). €10.0m of the proceeds from the South African disposal have been retained in an escrow account (with this amount classified as restricted cash in the Group Balance Sheet) pending any potential warranty claims for a period of 12 to 24 months post completion (24 months if certain pre-existing industry wide competition commission enquiries are still open after 12 months). After the warranty period has elapsed, any remaining escrow cash will be used to repay the existing bank facility. In the event of there being less than €10.0m in the escrow account, the difference between the cash repaid to the banks and the €10.0m will be written off by the banks.

Management does not expect any material exposure to arise in relation to these warranties. Based on the 2013 year end exchange rates (ZAR/EUR 14.51:1) the warranty amount relates to €13.8m, creating a potential €3.8m exposure.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

34. RELATED PARTY TRANSACTIONS

Group

Transactions between the Group and its joint ventures and associates include both trade and loan transactions. Details of the Group's principal joint ventures and associates are provided in note 36 to the financial statements.

Details of transactions and balances outstanding with associates and joint ventures are as follows:

	Sale of goods		Purchase of goods		Amounts owed by related parties		Amounts owed to related parties	
	2013 €m	2012 €m	**2013 €m**	2012 €m	**2013 €m**	2012 €m	**2013 €m**	2012 €m
Associates	**6.5**	11.6	**5.9**	10.7	**0.4**	0.2	**–**	–
Joint ventures	**6.2**	6.9	**18.2**	20.3	**1.3**	0.9	**1.4**	2.1

During 2012, Sir Anthony O'Reilly served as President Emeritus of the Group. He did not receive any payment for this role in 2012. During the year, the Group incurred costs of €nil (2012: €18k) for the provision of secretarial services relating to the office of President Emeritus.

During the year, the Group signed a Business Continuity Agreement for €0.1m (2012: €nil) with Another 9, a company in which Leslie Buckley is Chairman and in which Denis O'Brien is a significant shareholder.

During the year, the Group entered into a number of transactions at arm's length with Communicorp Group Limited, a company in which Denis O'Brien has control. Under the terms of these barter advertising transactions, the Group received advertising services to the value of €1.0m and provided advertising services to the value of €1.0m (2012: received advertising services to the value of €0.5m and provided advertising services to the value of €0.5m).

Company

Details of Directors' remuneration are disclosed in the Remuneration Report on pages 40 to 41. Details of shares held in the Company by Directors and of share options granted to Directors are disclosed in the Remuneration Report on pages 42 to 43. During the year, the Company received €nil (2012: €nil) in dividends from its subsidiaries and was charged €nil (2012: €9.0m) in management fees by its subsidiaries. Details of loan balances due to/from subsidiaries are provided in notes 20 and 21 and all such loans are on an interest free basis.

Key Management Personnel

Key management personnel comprise the Board of Directors, including the CEO, who manage the business and affairs of the Company. The remuneration of key management personnel was as follows:

	2013 €m	2012 (restated) €m
Short term benefits	**1.7**	1.4
Post-employment benefits	**–**	0.1
	1.7	1.5
Termination payments	**–**	2.0
	1.7	3.5

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. RETIREMENT BENEFIT OBLIGATIONS

The funding of the Group's defined benefit pension plans is decided by the Company in conjunction with the Trustees of the plans and the advice of external actuaries. A strategic review and restructuring of INM's Republic of Ireland defined benefit pension plans was completed during 2013. All four Republic of Ireland defined benefit pension plans closed to accrual of benefits for future service during 2013 and the liability to pay benefits to pensioners in payment at July 2013 was transferred to insurance companies following the buy-out of their benefits. In addition, following a detailed consultation process with all of the members concerned, the Trustees of three of the four plans submitted Section 50 applications to the Irish Pensions Board which included proposals to substantially reduce members' accrued benefits. In September 2013, the Trustees of the three plans received confirmation from the Pensions Board that their applications were approved and the reduction in benefits became effective on 9 September 2013. The Group's intention is to make annual contributions of €7m over the next 11 years. No additional liability has been made for the difference between the intended contribution amount and the net liability on the Balance Sheet, as the Group is entitled to any surplus remaining at the end of the plan. In accordance with IAS 19, an exceptional gain of €111.4m (note 7) arose on completion of the review relating to negative past service costs and settlement of liabilities.

Defined Contribution Pension Schemes
The Group operates a number of defined contribution pension schemes. Scheme assets are held in separate trustee administered funds. The defined contribution charge for the year (for both continuing operations and discontinued operations combined) was €3.5m (2012: €3.9m).

Defined Benefit Pension Schemes and Post-Retirement Medical Aid Scheme
The Group operates a number of defined benefit pension schemes. Scheme assets are held in separate trustee administered funds. In general, actuarial valuations are not available for public inspection; however, the results of valuations are available to members of the various schemes. The last formal triennial actuarial valuation of the main defined benefit pension schemes was at 1 January 2012. The deficit on the Group's defined benefit pension schemes arises mainly in the Republic of Ireland operations. The Group also had, prior to the disposal of its South African business, a post retirement medical aid scheme. The determination of the pension cost and defined benefit obligation of the Group's defined benefit pension schemes and its post-retirement medical aid obligation depends on the selection of certain assumptions which include, inter alia, the discount rate, inflation rate, and longevity, all of which are key judgements. Differences arising from actual experience or changes in assumptions in both the defined benefit pension schemes and post-retirement medical aid scheme are reflected in the Statement of Comprehensive Income.

The amounts recognised in the Balance Sheet in respect of the defined benefit pension schemes and the post-retirement medical aid scheme as at 31 December were as follows:

	2013 €m	2012 €m	2011 €m	2010 €m	2009 €m
Defined Benefit Pension Schemes					
Present value of funded obligations	**168.9**	413.1	348.7	326.1	324.2
Fair value of plan assets	**(108.9)**	(245.5)	(227.6)	(232.2)	(228.7)
	60.0	167.6	121.1	93.9	95.5
Present value of unfunded obligations	**0.6**	0.8	1.3	2.0	2.6
Net liability in Balance Sheet	**60.6**	168.4	122.4	95.9	98.1

The combined net liability in the Balance Sheet for the Group's defined benefit pension schemes and the Group's post-retirement medical aid scheme was €60.6m, consisting of €60.6m of defined benefit pension schemes liabilities and no post-retirement medical aid scheme liabilities following the sale of the South African business (2012: €190.2m consisting of €168.4m of defined benefit pension scheme liabilities and €21.8m of post-retirement medical aid scheme liabilities).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Defined Benefit Pension Schemes and Post-Retirement Medical Aid Scheme (continued)

	Defined benefit pension schemes		**Post-retirement medical aid scheme**	
	2013	2012 (restated)	**2013**	2012
	€m	€m	**€m**	€m
Fair Value of Plan Liabilities				
At 1 January	**413.9**	350.0	**21.8**	24.6
Current service cost	**1.1**	2.3	**0.4**	0.2
Loss on settlements	**11.1**	–	**–**	–
Settlement payments from plan	**(138.0)**	–	**–**	–
Negative past service cost*	**(123.3)**	(1.5)	**–**	(0.5)
Interest cost	**11.9**	17.4	**–**	2.1
Contributions by plan participants	**0.4**	1.7	**–**	–
Remeasurements – effect of changes in financial assumptions	**(5.6)**	63.2	**–**	(1.9)
Remeasurements – effect of experience adjustments	**9.4**	(1.7)	**–**	–
Benefits paid**	**(9.2)**	(18.7)	**–**	(1.2)
Decrease due to effect of transfers	**(1.3)**	–	**–**	–
Disposal of South African business	**–**	–	**(18.6)**	–
Exchange movements	**(0.9)**	1.2	**(3.6)**	(1.5)
At 31 December	**169.5**	413.9	**–**	21.8

*Includes €0.8m of a non-exceptional credit in 2013 in respect of the permanent reduction on pensions in payment due to the passing through of the pensions levy.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Defined Benefit Pension Schemes and Post-Retirement Medical Aid Scheme (continued)

	Defined benefit pension schemes		Post-retirement medical aid scheme	
	2013	2012 (restated)	**2013**	2012
	€m	€m	**€m**	€m
Fair Value of Plan Assets				
At 1 January	**245.5**	227.6	–	–
Interest on assets	**6.9**	11.4	–	–
Return on plan assets excluding interest income	**(3.2)**	13.0	–	–
Contributions by plan participants	**0.4**	1.7	–	–
Contributions by employer	**9.2**	9.8	–	–
Settlement payments from plan	**(138.0)**	–	–	–
Benefits paid**	**(8.9)**	(18.2)	–	–
Administrative expenses	**(0.8)**	(0.8)	–	–
Decrease due to effect of transfers	**(1.3)**	–	–	–
Exchange movements	**(0.9)**	1.0	–	–
At 31 December	**108.9**	245.5	–	–
Actual return on plan assets	**3.7**	24.4	–	–

** Certain schemes are unfunded, thus the benefits paid for those schemes is funded by the Group on an ongoing basis rather than out of fund assets.

Total net remeasurement losses of €7.0m were recognised in the Statement of Comprehensive Income in 2013 (2012: €46.6m). Cumulatively since 1 January 2004, €149.3m has been recognised as a charge in the Statement of Comprehensive Income. Pension scheme assets do not include property occupied by Group companies.

The amounts recognised in the Income Statement in the year were as follows:

	Defined benefit pension schemes		Post-retirement medical aid scheme	
	2013	2012 (restated)	**2013**	2012
	€m	€m	**€m**	€m
Current service cost	**1.1**	2.3	**0.4**	0.2
Negative past service cost	**(123.3)**	(0.8)	–	–
Loss on settlements	**11.1**	–	–	–
Interest on obligation	**11.9**	17.4	–	2.1
Administrative expenses	**0.8**	0.8	–	–
Interest on plan assets	**(6.9)**	(11.4)	–	–
Gains on curtailments	–	(0.7)	–	(0.5)
	(105.3)	7.6	**0.4**	1.8

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Defined Benefit Pension Schemes and Post-Retirement Medical Aid Scheme (continued)

The total amount recognised in the Income Statement was charged as follows:

	Defined benefit pension schemes		Post-retirement medical aid scheme	
	2013	2012 (restated)	**2013**	2012
	€m	€m	**€m**	€m
Cost of sales	**4.4**	4.8	–	–
Administration expenses	**1.7**	2.8	–	–
Other operating expenses	–	–	**0.4**	1.8
Net exceptional income***	**(111.4)**	–	–	–
	(105.3)	7.6	**0.4**	1.8

***Relates to a negative past service cost of €123.3m, less a loss on settlements of €11.1m, less €0.8m of a non-exceptional gain in 2013 in respect of the permanent reduction on pensions in payment due to the passing through of the pensions levy.

The split of the fair value of the plan assets is as follows:

	Defined benefit pension schemes	
	2013	2012 (restated)
	€m	€m
Equities	**23.5**	74.3
Alternatives	**11.1**	9.8
Bonds	**67.6**	119.6
Property	**3.1**	2.6
Cash and cash equivalents	**3.4**	38.0
Other	**0.2**	–
Assets held by insurance company	–	1.2
	108.9	245.5

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Defined Benefit Pension Schemes and Post-Retirement Medical Aid Scheme (continued)

	Defined benefit pension schemes	
	2013 €m	2012 €m
Equities:		
Consumer Markets	**4.4**	14.2
Health Care	**3.6**	8.0
Oil and Gas	**2.2**	7.0
Telecoms	**2.1**	3.9
Financial Institutions	**3.7**	12.5
Industrials	**0.7**	5.9
Information Technology	**0.8**	6.9
Other	**6.0**	16.3
	23.5	74.7
Alternatives:		
Derivatives	**0.1**	–
Liquid Alternative Strategies	**9.4**	9.4
Venture Capital	**1.6**	0.4
	11.1	9.8
Bonds:		
Government Bonds	**47.2**	79.7
Enhanced Yield Bonds	**20.4**	39.9
	67.6	119.6
Cash and cash equivalents:		
Cash Deposits	**2.2**	35.8
Trustee Bank Accounts	**1.2**	2.2
	3.4	38.0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Defined Benefit Pension Schemes and Post-Retirement Medical Aid Scheme (continued)

Republic of Ireland Plan Assets:
The asset allocations are set by the Trustees of each Republic of Ireland defined benefit plan following advice by the appointed Investment Consultant.

In 2013, for each defined benefit plan, the asset allocation was determined with the aim of minimising risk while delivering the target expected return. For the main defined benefit plans:
- Equities were managed on a passive global basis, and the benchmark allocation is currently set at 10.5%;
- Government Bonds were managed on a passive Eurozone basis and have a benchmark allocation of 60.5%. There is an allocation of 14.5% to a mixture of corporate bonds, high yield debt and emerging market debt; and
- Liquid Alternative Strategies have a central allocation of 10.5% and there is a combined allocation of 4.0% to property and private equity.

Periodic reviews are carried out by the trustee boards and their advisors to determine if there are any opportunities to reduce investment risk while achieving the target level of expected return.

The asset allocation at year end 2012 reflected the liabilities of the schemes, the objectives of the trustee boards and the likely future funding/benefit policies of the scheme, but with no formal matching strategy. After the 2012 year end, the pensioner liabilities of the scheme were bought out through annuities purchased from insurance companies. This reduced the value of the assets of the schemes and led to a review of the asset allocation.

Belfast Telegraph Pension Scheme Plan Assets:
The scheme's allocation to equities, property, liquid alternatives, derivatives and a portion of their bond holdings are managed by diversified growth managers. The target allocation to diversified growth funds was 65.0% at 31 December 2013 and 31 December 2012.

The scheme has an allocation to actively managed UK corporate bonds that had a target allocation of 17.5% at 31 December 2013 and 31 December 2012.

The scheme has an allocation to passively managed UK index-linked government bonds that had a target allocation of 17.5% at 31 December 2013 and 31 December 2012.

The scheme invests 17.5% of assets in corporate bonds and 17.5% in index-linked gilts in order to provide a stream of cashflows which match the liabilities to provide a partial hedge against changes in interest rates and inflation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Defined Benefit Pension Schemes and Post-Retirement Medical Aid Scheme (continued)
Principal actuarial assumptions for the defined benefit pension schemes are as follows:

	2013	2012
Republic of Ireland		
Discount rate	**4.0%**	3.8%
Northern Ireland		
Discount rate	**4.4%**	4.6%

Republic of Ireland
Of the total Group defined benefit pension schemes net liability in the Balance Sheet of €60.6m at 31 December 2013, €50.8m relates to the Republic of Ireland defined benefit pension schemes.

It is possible that changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Defined benefit obligation	
	Increase €m	Decrease €m
31 December 2013		
Discount rate (1% movement)	(21.1)	26.2
Inflation rate (25 basis points movement)	-	-
Future salary growth (25 basis points movement)	-	-
Life expectancy (1 year movement)	(2.6)	2.5

Although the analysis does not take account of the full distribution of cashflows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

The mortality assumptions used in the Republic of Ireland schemes are based on standard tables published by the Institute of Actuaries which were adjusted in line with Irish experience. It is assumed that younger members will live longer in retirement than those retiring now, reflecting the expectation that longevity will improve over time.

The assumed life expectancy for a retired member currently aged 65 is 23.2 years (male) and 24.9 years (female). Life expectancy for future pensioners, retiring in 20 years time at age 65, is assumed to be 26.4 years (males) and 26.5 years (females).

At 31 December 2013, the weighted-average duration of the defined benefit obligation was 20.1 years (2012: 17.4 years).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Defined Benefit Pension Schemes and Post-Retirement Medical Aid Scheme (continued)

Northern Ireland

Of the total Group defined benefit pension schemes net liability in the Balance Sheet of €60.6m at 31 December 2013, €9.8m relates to the Northern Ireland defined benefit pension scheme.

It is possible that changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Defined benefit obligation	
	Increase €m	Decrease €m
31 December 2013		
Discount rate (1% movement)	(9.7)	12.0
Inflation rate (1% movement)	9.6	(9.1)
Life expectancy (1 year movement)	2.1	(1.9)

Although the analysis does not take account of the full distribution of cashflows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

The mortality assumptions used in the Northern Irish scheme is based on S1 normal tables using year of birth with a 130% scaling factor, CMI 2011 Mortality Projection Model and a long term rate of improvement of 1.25% per annum. It is assumed that younger members will live longer in retirement than those retiring now, reflecting the expectation that longevity will improve over time.

The assumed life expectancy for a retired member currently aged 65 is 20.3 years (male) and 22.7 years (female). Life expectancy for future pensioners, retiring in 20 years time at age 65, is assumed to be 21.9 years (males) and 24.7 years (females).

At 31 December 2013, the weighted-average duration of the defined benefit obligation was 21.4 years (2012: 21.3 years).

The estimated employer contributions to be paid in 2014 for the Group's defined benefit pension schemes are €8.6m.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

36. PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Name	Principal Activity	Issued and Fully Paid Share Capital
Parent Company (as at 31 December 2013)		
Independent News & Media PLC	Holding Company	1,392,144,452 (includes 5,597,077 treasury shares) ordinary shares of €0.01 each 556,015,358 (includes 5,597,077 treasury shares) deferred shares of €0.34 each
Subsidiary Undertakings (as at 31 December 2013) (Wholly owned unless otherwise stated)		
Incorporated and operating principally in Ireland:		
Independent Newspapers (Ireland) Limited 27-32 Talbot Street Dublin 1	Newspaper Publishing	5,000,000 ordinary shares of €1.25 each
Independent Newspapers Marketing Limited 27-32 Talbot Street Dublin 1	Newspaper Publishing	100 ordinary shares of €1.25 each 10,000 'A' ordinary shares of €1 each
Sunday Newspapers Limited 27-32 Talbot Street Dublin 1	Newspaper Publishing	80,002 ordinary shares of €1.25 each
Newspread Limited 3050 Lake Drive Citywest Business Campus Naas Road Dublin 24	Newspaper and Magazine Distribution	3,600 ordinary shares of €1.27 each
Independent Communications (Ireland) Limited* 27-32 Talbot Street Dublin 1	Holding Company	5,341,333 ordinary shares of €1.25 each
Independent News & Media Holdings (Ireland) Limited 27-32 Talbot Street Dublin 1	Holding Company	900 ordinary shares of €1.25 each
Independent News & Media Investments Limited 27-32 Talbot Street Dublin 1	Holding Company	1,249 ordinary shares of €1.25 each

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

36. PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

Name	Principal Activity	Issued and Fully Paid Share Capital
Subsidiary Undertakings (as at 31 December 2013) (continued) (Wholly owned unless otherwise stated)		
Incorporated and operating principally in Ireland (continued):		
Independent Communications (International) Limited* 27-32 Talbot Street Dublin 1	Holding Company	100 ordinary shares of €1.25 each
Independent Newspapers Management Services 27-32 Talbot Street Dublin 1	Provision of Management Services	542,635,000 ordinary shares of €1.25 each
Independent Colleges Limited 60-63 Dawson Street Dublin 2	Third Level College	195,481,212 ordinary shares of €0.01 each 950,007 ordinary shares of €1.00 each (91.59% interest) 25,000 ordinary redeemable shares of €0.01 each (50% interest)
GrabOne (Ireland) Limited 27-32 Talbot Street Dublin 1	Online Coupon Deals Website	10,000 ordinary shares of €1.00 each (70% interest)
Incorporated and operating principally in the United Kingdom:		
Independent News and Media Limited 11 Wellbeck Street London W1G 9XZ	Newspaper Publishing	35,942,899,875 ordinary shares of Stg£0.01 each 415,200 deferred shares of Stg£0.01 each
Independent News & Media (UK) Limited 11 Wellbeck Street London W1G 9XZ	Holding Company	328,900,000 ordinary shares of Stg£1 each
Belfast Telegraph Newspapers Limited 11 Wellbeck Street London W1G 9XZ	Dormant Company	11,687,800 ordinary shares of Stg£10 each

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

36. PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

Name	Principal Activity	Issued and Fully Paid Share Capital
Subsidiary Undertakings (as at 31 December 2013) (continued) (Wholly owned unless otherwise stated)		
Incorporated and operating principally in Belgium:		
Independent News & Media Belgium SA Havenlann 86C Box 204 1000 Brussels	Holding Company	61,500 ordinary shares of €1 each
Incorporated and operating principally in Jersey:		
Independent News & Media (Finance) Limited 13 Castle Street St Helier Jersey JE4 5UT	Finance Company	10 ordinary shares of €1 each
Incorporated and operating principally in The Netherlands:		
Abbey Communications (Netherlands) B.V. Luna ArenA Herikerbergweg 238 1101 CM Amsterdam Zuidoost	Holding Company	42 ordinary shares of €453.38 each
Incorporated and operating principally in Luxembourg:		
INM Holdings Luxembourg SARL 47 Avenue John F. Kennedy L-1855 Luxembourg	Holding Company	73,399 ordinary shares of €100 each
Incorporated and operating principally in Australasia:		
Independent News & Media Holdings Pty Limited Level 2, 580 George Street Sydney	Holding Company	264,500,002 ordinary shares of A$1 each
Independent News & Media (Australia) Limited Level 2, 580 George Street Sydney	Holding Company	10,000,000 ordinary shares of A$1 each
News & Media NZ Limited 46 Albert Street PO Box 32 Auckland	Holding Company	219,164,476 ordinary shares of NZ$1 each

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

36. PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

Name	Principal Activity	Issued and Fully Paid Share Capital
Associates (as at 31 December 2013)		
Incorporated and operating principally in Australasia:		
APN News & Media Limited	Holding Company	661,526,586 ordinary shares
Level 4	(Newspaper Publishing,	of A$0.40 each
100 William Street	Radio Broadcasting and	(28.95% interest)
Sydney NSW 2011	Outdoor Advertising)	
Joint Ventures (as at 31 December 2013)		
Incorporated and operating principally in Ireland:		
Independent Star Limited (effective 50% interest)	Newspaper Publishing	500 'E' ordinary shares
27-32 Talbot Street		of €1.27 each
Dublin 1		(0% interest)
		500 'I' ordinary shares
		of €1.27 each
		5,000 preference shares
		of €1.27 each

The respective addresses are the companies' registered offices.

* Direct 100% owned subsidiaries of Parent Company, Independent News & Media PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

37. COMPANIES (AMENDMENT) ACT, 1986 – GUARANTEES

The Company has guaranteed the liabilities of certain of its Irish registered subsidiary undertakings for the purpose of Section 17 of the Companies (Amendment) Act, 1986, as listed below, and as a result such subsidiaries have been exempted from the filing provisions of Section 7, Companies (Amendment) Act, 1986.

Argus Newspapers Limited
Champion Printing Limited
Crespen Limited
Gabani Limited
GrabOne (Ireland) Limited
ICON International Limited
Independent Colleges Limited
Independent Communications (International) Limited
Independent Communications (Ireland) Limited
Independent Communications Limited
Independent Digital Limited
Independent Directories Limited
Independent News & Media Holdings (Ireland) Limited
Independent News & Media Investments Limited
Independent Newspapers (Ireland) Limited
Independent Newspapers Marketing Limited
Independent Newspapers Property Limited
INM Overseas Limited
INM Securities (Ireland) Limited
Internet Interaction Limited
Newspread Limited
Nutley Investments Limited
Sunday Newspapers Limited
Terenure Printers Limited
The Drogheda Independent Company Limited
The Kerryman Limited
The People Newspapers Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

38. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE

A number of new Standards, Amendments to Standards and Interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements. These are set out as follows:

- IFRS 9 Financial Instruments (2009, and subsequent amendments in 2010 and 2013)*;
- IFRS 10 Consolidated Financial Statements (effective 1 January 2014);
- IFRS 11 Joint Arrangements (effective 1 January 2014);
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2014);
- IAS 27 (2011) Separate Financial Statements (effective 1 January 2014);
- IAS 28 (2011) Investments in Associates and Joint Ventures (effective 1 January 2014);
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27 (effective 1 January 2014);
- IAS 32 (Amendment) Offsetting financial assets and financial liabilities (effective 1 January 2014);
- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective 1 January 2014);
- IFRIC 21 Levies*;
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)*; and
- Annual improvements to IFRSs 2010-2012 Cycle, and Annual Improvements to IFRSs 2011-2013 Cycle*.

The Group has not yet completed its assessment of the full impact on the Group financial statements of these new Standards, Interpretations and Amendments to Published Standards.

*These Standards, Interpretations and Amendments to Published Standards have yet to be endorsed by the EU and will only be implemented once they have been endorsed by the EU.

39. SUBSEQUENT EVENTS

On 19 February 2014, APN announced the launch of a A$132m equity issue to finance the acquisition of the remaining 50% of its Australian and New Zealand radio assets.

Having recently concluded a substantial restructuring and strengthening of its balance sheet, including a significant equity issue, INM's priority objective at this time is to retain the operational flexibility necessary to reposition its operations for an improvement in Ireland's evolving media market. Accordingly, and given APN's capital raise timetable and the fact that INM's participation would have required a further significant capital raise from its shareholders, INM did not participate in APN's equity issue. This resulted in INM's stake in APN being reduced to approximately 18.6%. The Group continues to have significant influence and continues to treat APN as an associate.

40. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Directors and authorised for issue on 24 April 2014.

NOTES

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